



# Defense Civilian Personnel Advisory Service

## NONAPPROPRIATED FUND (NAF) FURLOUGH

Frequently Asked Questions (FAQs)  
Updated November 2023

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## 1.0 REFERENCES

- a. Office of Personnel Management (OPM) Guidance for Shutdown Furloughs, *December 2021*, <https://www.opm.gov/policy-data-oversight/pay-leave/furlough-guidance/guidance-for-shutdown-furloughs.pdf>
- b. Contingency Plan Guidance for Continuation of Essential Operations in the Absence of Available Appropriations, *August 2023*, <https://media.defense.gov/2023/Sep/12/2003299418/-1/-1/1/GUIDANCE-FOR-CONTINUATION-OF-OPERATIONS-DURING-A-LAPSE-IN-APPROPRIATIONS.PDF>
- c. OPM Addendum to OPM Guidance for Shutdown Furloughs, *September 29, 2023*, <https://www.opm.gov/policy-data-oversight/pay-leave/furlough-guidance/addendum-to-opm-guidance-for-shutdown-furloughs.pdf>

## 2.0 INTRODUCTION

Formal guidance is provided in the OPM Guidance for Shutdown Furloughs, which can be found at the links within References a. and c., above. These FAQs respond to commonly asked questions related to NAF employment. They are not intended to replace the OPM Guidance for Shutdown Furloughs, but rather to help human resources professionals in their furlough contingency planning.

## 3.0 FURLOUGH - GENERAL ADMINISTRATION

### **1. What is a furlough and when are furloughs of NAF employees necessary?**

A furlough is the placing of a NAF regular employee in a temporary non-duty, non-pay status. A furlough of NAF employees may be necessary to absorb reductions in resources necessitated by downsizing, lack of work, or other budget situations. In non-emergency situations, a furlough is typically a planned event in that the Department of Defense (DoD) Component has sufficient time to reduce spending and give adequate notice to employees of its specific furlough plan and how many furlough days will be required. A furlough may also occur in emergency situations requiring the curtailment, suspension, or shutdown of operations.

### **2. How will a NAF employee know if he or she is in a position that is subject to furlough if there is a lapse in appropriations?**

The employee's supervisor will inform the employee if his or her position is excepted or exempt from furlough based on whether it is affected by the government shutdown due to lapse of appropriation.

### **3. If a NAF employees are exempt from furlough, are there any restrictions on their duties?**

No. Employees exempt from furlough may perform all of the duties of their position.

## 4.0 EMPLOYEE COVERAGE

### 1. Who are “excepted” employees?

Excepted NAF employees are those employees whose work is funded through reimbursements from annual appropriations, but who are not furloughed because they are performing tasks that, by law, are allowed to continue during a lapse in appropriations.

### 2. Who are non-excepted employees?

Employees whose work is financed through reimbursements from annual appropriations but which is not classified as excepted work are prohibited from working during a shutdown, except for carrying out minimal actions required to orderly suspend agency operations connected to non-exempted activity. These employees will be placed on furlough.

### 3. Who are “exempt” employees?

Employees are considered “exempt” from furlough if they are not affected by a lapse in appropriations. This includes employees whose functions are not funded by annually appropriated funds. Generally, NAF employees are exempt unless their positions are funded by reimbursements from appropriated funds.

*The below FAQs only apply to those NAF employees subject to furlough if there is a government shutdown due to a lapse in appropriations.*

## 5.0 WORK STATUS AND NOTIFICATION

### 1. If a NAF employee is furloughed, how will he or she be notified?

NAF employees will be informed through their supervisory chain if they are subject to furlough because of a government shutdown. Due to the emergency nature of a government shutdown, requiring immediate curtailment of DoD activities, advance notification may not be possible. As locally determined, agencies are encouraged to allow other employees to conduct necessary shutdown activities from a remote location, even without an existing telework agreement, if the nature of the employees' shutdown activities are de minimis (i.e., can be completed in approximately 15 minutes). Electronic furlough notices must be delivered electronically through agency email.

### 2. In the event of a shutdown furlough, can an employee be furloughed without first receiving a written notice of decision to furlough?

Yes. While an employee ultimately must receive a written notice of decision to furlough, it is not required that such written notice be given prior to effecting the emergency furlough or in person. Advance written notice (including through e-mail) is preferable, but when prior written notice is not feasible, then any reasonable notice (e.g., telephonic, oral, personal e-mail, or by mail promptly after the furlough) is permissible.

### **3. What procedures should be followed for orderly shutdown?**

Non-excepted employees will be informed where they are expected to report to work on their next scheduled work day following the lapse in appropriations to carry out orderly shutdown activities. These shutdown activities may include receiving and acknowledging furlough notices, completing any required time and attendance, setting email/voicemail out-of-office notifications, securing files, and other activities necessary to preserve the employee's work. Supervisors must ensure shutdown activities are completed in the most expeditious manner possible; generally such activities may not exceed three to four hours.

Supervisors may permit non-excepted employees who are scheduled to telework on their next scheduled work day to perform necessary shutdown activities from their telework location, if an existing telework agreement is in place. To the greatest extent practical, and as locally determined, agencies may allow other employees to conduct necessary shutdown activities from a remote location, even without an existing telework agreement, if the nature of the employees' shutdown activities are *de minimis* (i.e., can be completed in approximately 15 minutes). For example, such activities would include receiving and acknowledging receipt of an electronic furlough notice and adjusting voicemail and email to reflect current work status.

### **4. May a NAF employee volunteer to do his or her job on a non-pay basis while furloughed due to the government shutdown?**

No.

### **5. How will a NAF employee know when to come back to work?**

Furloughed employees should monitor media outlets for notification that a continuing resolution or appropriation for DoD has been signed by the President. The OPM website ([www.opm.gov](http://www.opm.gov)) will also provide information. If the notification occurs during duty hours, supervisors should apply a rule of reason in requiring employees to return to work as soon as possible, taking into account the disruption in the lives and routines of furloughed employees that a shutdown causes. In general, employees with telework agreements should resume work promptly during that day. If notification occurs during off-duty hours, employees are expected to resume work on the next scheduled duty day. Employees should contact their supervisor and let them know their status.

### **6. If a NAF employee is subject to furlough but is excepted from the furlough, are there restrictions on their duties?**

Yes. Employees excepted from furlough may only perform excepted work activities as directed by their chain of supervision.

## **6.0 PAY**

### **1. Will NAF employees who are furloughed due to the lapse in appropriations get paid for the time they are not at work?**

Furloughed employees may be authorized to receive pay for the furlough period.

### **2. Will NAF employees designated as excepted who work during the furlough be paid?**

Yes. Agencies will incur obligations to pay for services performed by excepted employees during a lapse in appropriations, and those employees will be paid after Congress passes and the President signs a new appropriation or continuing resolution.

**3. Will NAF employees designated as excepted be permitted to earn premium pay (e.g., overtime pay, Sunday premium pay, night differential) during the furlough period?**

Yes. Excepted employees who meet the conditions for overtime pay, Sunday premium pay, night differential and other premium payments will be entitled to payment in accordance with applicable rules, subject to any relevant payment limitations. Premium pay may be earned but cannot be paid until Congress passes and the President signs a new appropriation or continuing resolution.

**4. May a NAF employee designated as excepted employee be permitted to earn compensatory time off during the shutdown period?**

Yes. With management approval, NAF employees designated as excepted employees may earn compensatory time off in accordance with the NAF Employer provisions regarding compensatory time off. NAF employees will not be permitted to use earned compensatory time off during the shutdown period.

## **7.0 LEAVE**

**1. What happens if a furloughed employee is scheduled to be on annual or sick leave during the furlough period?**

Upon furlough, all scheduled leave is canceled (annual leave, sick leave, or other). An employee who is furloughed may not be placed on annual or sick leave.

**2. Does a NAF employee continue to accrue annual and sick leave while out on furlough?**

No. NAF employees do not accrue annual or sick leave while in a non-pay status.

**3. May NAF employees who are excepted from furlough be granted paid leave?**

No. If an excepted employee is unavailable to be at work and perform the duties determined by the employing agency to be allowable activities, the employee must be furloughed.

**4. What happens to employees on leave-without-pay (LWOP) under Family Medical Leave Act (FMLA)?**

Furloughed employees on LWOP under FMLA continue to be charged LWOP for the period of family medical leave. However, if the employee was scheduled to take paid leave under the FMLA instead of LWOP, the paid leave is cancelled and the employee is placed on furlough. If the paid leave is cancelled, the period of absence may not be used to reduce the 12-week entitlement to FMLA leave.

## **8.0 HEALTH BENEFITS**

**May a NAF employee who is furloughed continue to participate in the NAF Health Benefits Program (HBP)?**

Yes. Benefits for medical and dental coverage may be continued up to twelve months, provided the employee pays the required employee share of the premium. NAF employees should contact the servicing NAF Human Resource Office for information and instructions on premium payment procedures.

## 9.0 GROUP LIFE INSURANCE

### **May a NAF employee who is furloughed continue participation in their NAF Employer's NAF Group Life insurance plan?**

Yes. Furloughed employees may elect to continue paying life insurance premiums. Group life insurance coverage varies among the DoD Components depending on the provisions of the particular NAF employer's plan. NAF employees should contact the servicing NAF Human Resource Office for information on Group Life insurance.

## 10.0 RETIREMENT

### **1. What happens to an employee's NAF retirement and 401(k) plan during a furlough?**

Retirement coverage and provisions vary depending on the NAF employer. Since the various NAF Employers each offer their own retirement programs, employees in a non-pay status should check with their servicing NAF HRO (or NAF Component) regarding creditable service and deposit contributions.

### **2. What happens to a NAF employee's 401(k) loan if he or she is furloughed?**

The employee is responsible for making loan payments while in a non-pay status in order for the loan not to default. Loan program provisions must meet Internal Revenue Service requirements and vary by sponsoring NAF Employer. Questions about individual NAF 401(k) benefits should be addressed to the appropriate NAF HRO or respective NAF 401(k) plan administrator.

### **3. What happens to a NAF employee's Civil Service Retirement System (CSRS)/Federal Employees Retirement System (FERS) retirement plan (elected following a move from civil service to NAF) while the employee is on furlough?**

An employee who made a decision to remain enrolled in CSRS or FERS and Thrift Savings Plan is subject to the applicable plan's rules regarding deductions during periods in a non-pay status. Employees should contact their local NAF HRO for information. Employees may also refer to the OPM website for specific information about the effect of LWOP on CSRS and FERS retirement benefits: <http://www.opm.gov/policy-data-oversight/pay-leave/leave-administration/fact-sheets/effect-of-extended-leave-without-pay-lwop-or-other-nonpay-status-on-federal-benefits-and-programs/>.

## 11.0 WORKERS' COMPENSATION

### **What happens to NAF employees who are receiving benefits under Longshore and Harbor Workers' Compensation Act (LHWCA) during a furlough?**

Employees who are receiving benefits under workers' compensation must be notified in writing if their

position is identified as being furloughed. Workers' compensation benefits continue for eligible employees; however, there is no leave supplement available during a furlough. NAF employees may contact their DoD Component's workers' compensation office for assistance.

## 12.0 UNEMPLOYMENT INSURANCE

### **Are NAF employees who are furloughed and excepted eligible to apply for unemployment compensation?**

Maybe. Employees who are placed in a non-pay status may be eligible to receive unemployment compensation. Affected employees should be provided with a Standard Form 8, "Notice to Federal Employee about Unemployment Insurance" and advised to contact the State Public Employment Service Office at: <https://www.careeronestop.org/LocalHelp/UnemploymentBenefits/find-unemployment-benefits.aspx>. For further information, see the Department of Labor website "Unemployment Compensation for Federal Employees" at: <https://oui.doleta.gov/unemploy/unemcomp.asp>.

## 13.0 LONG TERM CARE (LTC) INSURANCE

### **What happens to a NAF employee's LTC insurance coverage during a furlough?**

Furloughed employees may elect to continue paying LTC insurance premiums. LTC insurance coverage varies among the DoD Components depending on the provisions of the particular NAF employer's plan. NAF employees should contact the servicing NAF HRO for information.

## 14.0 FLEXIBLE SPENDING ACCOUNT (FSA)

### **1. What happens to a NAF employee's FSA during a furlough?**

FSA provisions vary among the DoD Components depending on the provisions of the particular NAF employer's plan. NAF employees should contact the servicing NAF HRO for information.