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USD(P&R)

SUBJECT: DoD Civilian Personnel Management System: Nonappropriated Fund (NAF)
~~Classification~~, Pay and Allowances

References: See Enclosure 1

1. PURPOSE

a. Instruction. This Instruction is composed of several Volumes, each containing its own purpose. The purpose of the overall Instruction, in accordance with the authority in DoD Directive (DoDD) 5124.02 (Reference (a)), is to establish and implement policy, establish procedures, provide guidelines and model programs, delegate authority, and assign responsibilities regarding civilian personnel management within the Department of Defense.

b. Volume. This Volume of this Instruction:

(1) Establishes and implements policy, assigns responsibilities, provides guidance, and establishes procedures for NAF employee pay, ~~classification~~, and allowances.

(2) Provides guidance and requirements for setting and adjusting the pay of NAF executives in the NAF Payband (NF) System, NF-6 payband.

(3) Incorporates and cancels Under Secretary of Defense for Personnel and Readiness (USD(P&R)) Memorandum (References (b) and (c)).

2. APPLICABILITY. This Volume applies to OSD, the Military Departments, the Office of the Chairman of the Joint Chiefs of Staff and the Joint Staff, the Combatant Commands, the Office of the Inspector General of the Department of Defense, the Defense Agencies, the DoD Field Activities, and all other organizational entities within the Department of Defense (hereafter referred to collectively as the "DoD Components").

3. POLICY. It is DoD policy that:

a. The pay systems described in this Volume are the only pay systems authorized for DoD NAF employees.

b. NAF employee pay and allowances shall be administered equitably and in compliance with all applicable laws and regulations and the requirements in this Volume.

~~c. Each NAF position shall be assigned to its occupational category, title, code, and grade or payband level, consistent with the duties and responsibilities of the position and application of proper job grading standards.~~

~~d.~~ c. With respect to the matters covered by this Volume, the Commander of the Army and Air Force Exchange Service (AAFES) may make those decisions and take those actions that are the responsibility of the Head of a DoD Component, provided this authority is expressly delegated by both the Secretary of the Army and the Secretary of the Air Force.

4. RESPONSIBILITIES

a. Principal Deputy Under Secretary of Defense for Personnel and Readiness (PDUSD(P&R)). The PDUSD(P&R), under the authority, direction, and control of the USD(P&R), is responsible for policy and oversight of DoD NAF personnel policy, including policies governing pay and allowances.

b. Heads of the DoD Components. The Heads of the DoD Components or their designees shall:

(1) Delegate ~~classification~~ and pay-setting authority to the lowest practical level.

(2) Oversee NAF programs, through personnel management evaluations or other means, to ensure equitable and efficient pay administration and the balancing of fiscal constraints with the need to recruit and retain a high-quality workforce.

(3) Ensure that managers have access to necessary operating instructions, and advise the Deputy Under Secretary of Defense for Civilian Personnel Policy (DUSD(CPP)) of any need for such instructions to be included in this Volume.

(4) Ensure compliance with the labor relations provisions of chapter 71 of title 5, United States Code (U.S.C.) (Reference (d)).

5. PROCEDURES. See Enclosure 2.

6. RELEASABILITY. UNLIMITED. This Volume is approved for public release and is available on the Internet from the DoD Issuances Web Site at <http://www.dtic.mil/whs/directives>.

7. EFFECTIVE DATE. This Volume is effective immediately.

Enclosures

1. References
2. Pay, ~~Classification~~, and Allowances for DoD NAF Employees

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ENCLOSURE 1

REFERENCES

- (a) DoD Directive 5124.02, "Under Secretary of Defense for Personnel and Readiness (USD(P&R))," June 23, 2008
- (b) Under Secretary of Defense for Personnel and Readiness Memorandum, Directive-Type Memorandum 08-055, "Post Allowance Payment Policy for Locally Hired Nonappropriated Fund (NAF) Employees in Foreign Areas," May 6, 2009 (hereby canceled)
- (c) Under Secretary of Defense for Personnel and Readiness Memorandum, "Re-delegation of Authority to Approve Compensatory Time Off for Certain Nonappropriated Fund (NAF) Employees," March 30, 2006 (hereby canceled)
- (d) Title 5, United States Code
- (e) Office of Personnel Management Operating Manual, "Federal Wage System - Nonappropriated Fund, current edition"¹
- (f) Parts 530-532, 550-551, 575, and 581-582 of title 5, Code of Federal Regulations
- (g) DoD Instruction 5120.39, "DoD Wage Fixing Authority - Appropriated Fund and Nonappropriated Fund Compensation Programs," September 10, 2008
- (h) Sections 1587(a) and 1791-1800 of title 10, United States Code
- (i) DoD Instruction 6060.2, "Child Development Programs," January 19, 1993
- (j) Title 29, United States Code
- (k) DoD 7000.14-R, "Department of Defense Financial Management Regulations (FMRs)," Volume 5, "Disbursing Policy and Procedures," Volume 8, "Civilian Pay Policy and Procedures," and Volume 13, "Nonappropriated Funds Policy and Procedures," as amended
- (l) Section 659 of title 42, United States Code
- (m) Joint Travel Regulations, Volume 2, "Department of Defense Civilian Personnel," current edition
- (n) Executive Order 11137, "Certain Allowances and Benefits for Civilian Employees of Nonappropriated Fund Instrumentalities of the Armed Forces," January 7, 1964, as amended
- ~~(o) Office of Personnel Management Standards, "Job Grading Standards for Trades, Craft, and Labor Positions," current edition²~~
- ~~(p) DoD 1401.1 M-1, "NAF Job Grading System Manual," October 1, 1981~~
- ~~(qo)~~ DoD Instruction 6060.4, "Department of Defense (DoD) Youth Programs (YPs)," August 23, 2004
- ~~(fp)~~ DoD Instruction 6060.3, "School-Age Care (SAC) Program," December 19, 1996
- ~~(sq)~~ Chapter 43 of title 38, United States Code

¹ Available through the Internet at <http://www.opm.gov/oca/wage/nafnew/index.asp>

² ~~Available through the Internet at <http://www.opm.gov/fedclass/html/fwseries.asp>~~

ENCLOSURE 2

PAY, ~~CLASSIFICATION~~, AND ALLOWANCES FOR DoD NAF EMPLOYEES

1. PAY SYSTEMS FOR DoD NAF EMPLOYEES. *Occupational categories authorized for DoD NAF positions are described in Volume 1407 of this Instruction.* The only pay systems authorized for DoD NAF employees are:

a. ~~Payband Classification and~~ Pay System for White-Collar (Non-Crafts and Trades) NAF Employees. This system covers NAF white-collar employees world-wide except as otherwise indicated in paragraphs 1.c. through 1.f. of this enclosure. The NAF payband classification and pay system for white-collar employees shall be implemented in accordance with Appendix 1 to this enclosure.

b. Crafts and Trades (CT) Federal Wage System (FWS). Mandatory instructions for implementing the Nonappropriated Fund Instrumentality (NAFI) FWS for CT employees are contained in Office of Personnel Management (OPM) Operating Manual (Reference (e)), which implements subchapter IV of chapter 53 of Reference (d) and part 532 of title 5, Code of Federal Regulations (Reference (f)). Appendix 2 to this enclosure provides supplemental instructions. DoD Instruction 5120.39 (Reference (g)) defines the authorities and responsibilities of the Wage and Salary Division (WSD) of the Civilian Personnel Management Service (CPMS) for determining pay for NAF employees.

c. Child and Youth (CY) Payband System. This system covers NAF CY Program Assistants, Leaders, and Technicians. It implements the provisions of sections 1791-1800 of title 10, U.S.C. (Reference (h)), which requires that child caregivers at military installations be paid wages competitive with those of other Federal employees in the labor pool. It also implements DoD Instruction 6060.2 (Reference (i)) to apply comparable requirements to youth program employees. The CY Payband System shall be implemented in accordance with Appendix 3 to this enclosure.

d. Summer and Student Employment of Dependent Youth in Foreign Areas. Youth employed at DoD overseas installations where Chapter 8 of title 29, U.S.C., (Reference (j)), commonly known and hereafter referred to as the "Fair Labor Standards Act (FLSA)") does not apply shall be paid in accordance with the rates issued by WSD.

e. Foreign National Pay. Pay for foreign national NAF employees shall be in accordance with Volume 1231 of this Instruction.

2. SPECIFIC PAY PROCEDURES

a. Prohibition on Personal Service Contracts. A personal service contract may not be used where an employer and employee relationship results from the performance of work. Such jobs shall be graded and paid under the applicable pay system described in this Volume. Volume 13

of DoD 7000.14-R (Reference (k)) lists the common law rules that characterize employment relationships.

b. FLSA. FLSA provisions cover all employees, including off-duty military personnel determined to be nonexempt from FLSA. FLSA nonexempt and exempt determinations shall be made in accordance with part 551 of Reference (f).

c. Premium Pay (Overtime, Holiday, Sunday, and Night Pay). Refer to Appendix 4 to this enclosure for NAF premium pay rules.

d. Severance Pay. Refer to Appendix 5 to Enclosure 2 for NAF severance pay rules.

e. Garnishment of Wages. NAF employees are subject to the garnishment rules of section 659 of title 42, U.S.C., (Reference (l)) and section 5520a of Reference (d). OPM implementing regulations, parts 581 and 582 of Reference (f), apply to Executive Branch employees, including NAF employees. The agents designated to accept legal process are listed in Appendix A of part 581 of Reference (f). Appendix A of part 582 of Reference (f) provides listings only for those executive agencies where the designations differ from those found in Appendix A of part 581 of Reference (f).

f. Debt Collection by Offset. NAF employees are subject to section 5514 of Reference (d). Volumes 5, 8, and 13 of Reference (k) identify salary offset rules for debt collection. NAFIs are required to ensure procedures are developed to comply with section 5514 of Reference (d). NAFIs shall refer to chapter 30 of Volume 5 and chapter 8 of Volume 8 of Reference (k) and use the applicable guidance in developing indebtedness and debt collection procedures. Volume 13 of Reference (k) also identifies additional implementing instructions covering those NAFIs that receive payroll services from the Defense Finance and Accounting Service.

g. Pay Limitations or Restrictions

(1) Pay Supplementation. No monetary or non-monetary supplementation of wages shall be provided to or accepted by any NAF employee except as authorized by applicable laws, executive orders, DoD issuances, or this Volume.

(2) Dual Compensation. The provisions of sections 5531 and 5533 of Reference (d) pertaining to dual pay and employment apply to NAF employees.

(3) Aggregate Limitation on Pay. Other provisions of this Volume limit specific elements of compensation. An employee's aggregate compensation, basic pay plus any allowance, differential, bonus, award, or other cash payment, shall not exceed the annual rate payable for Level I of the Executive Schedule as of the end of the calendar year. This aggregate limitation on pay shall be in accordance with subpart B of part 531 of Reference (f). Subparagraph 5.f.(2) of Appendix 1 to this enclosure provides rules for the aggregate limitation on NF-6 pay.

h. Payment of Travel and Transportation Expenses. When it is clearly in the interest of the NAFI, expenses for essential travel and transportation of employees and their dependents shall

be allowed in amounts not to exceed those prescribed in Volume 2 of the Joint Travel Regulations (Reference (m)). Travel and transportation shall be paid pursuant to Reference (m), when appropriate, to employees assigned duties associated with area wage surveys. The Heads of the DoD Components and the Commander, Army and Air Force Exchange Service, have approval authority for all matters covered by Reference (m) and may authorize specific exceptions only when it is in the best interest of the Component.

i. Separate Maintenance Allowance (SMA) for PCS Transfers. The DoD Components may pay SMA to NF employees who transfer nonlocally and who maintain separate households for minor dependent children so that they can finish the school term at the old duty station. The allowance shall be paid for no more than one semester, except that it may be paid for a full school year when the dependent is a high school senior. Maintaining a separate household means any living arrangement at the old duty station where the employee is paying a monthly amount for room and board for the dependents. The allowance shall be in the same amount as those prescribed by the Department of State for overseas employees receiving SMA for dependents living in the continental United States. Employees stationed in foreign overseas areas may receive SMA for other reasons as prescribed by the Department of State.

j. Recruiting Bonuses, Relocation Bonuses, and Retention Allowances

(1) General. These bonuses and allowances may be paid to NAF employees not to exceed the basic limitations applicable to appropriated fund (APF) employees in sections 5753 and 5754 of Reference (d) and part 575 of Reference (f). Restrictions related to the Federal Government or non-Federal Government status of the prospective employer in Reference (f) do not apply. These bonuses and allowances are used sparingly and only in very selective situations. They shall not be considered part of an employee's rate of basic pay for any purpose, including calculation of retirement annuity. Recovery of funds on a pro-rata basis must be sought when employees fail to complete their required period of service. The amount of a retention allowance should be reduced or terminated when it is determined that a lesser amount or no allowance at all would be sufficient to retain the employee; i.e., labor-market conditions have changed to the extent that recruitment of employees with needed qualifications is possible, the need for the services of the employee has lessened, or budgetary considerations preclude payment. An annual review and recertification of necessity must be made to continue the payment of the retention allowance.

(2) Documentation and Record Keeping. At a minimum, this information shall be recorded annually:

(a) The number of employees accepting recruiting and relocation bonuses and retention allowances.

(b) The percentage of salary accepted, and the justification for the payment, in each individual case.

(c) Any recertification of necessity, in each individual case, to continue the payment of a retention allowance.

(d) A summary statement assessing the effect the bonus and allowance authority had on the activity's ability to recruit and retain high-quality employees in key positions.

k. Nonforeign Area Allowances and Differentials. A nonforeign allowance may be paid to DoD NAF employees in accordance with the provisions of part II of Executive Order 11137 (Reference (n)). A nonforeign allowance or differential is not granted to employees in bands NF-1 and NF-2 as their rates already are based on the prevailing rate, but may be granted to employees in bands NF-3 through NF-6. Managers should strive for consistency in a geographic area, internally and among Components. Nonforeign allowance procedures covering Child and Youth Program employees is provided in subparagraph 1.b.(2)(b).2. of Appendix 3 to this enclosure.

l. Foreign Allowances and Differentials. Part I of Reference (n) authorizes the Department of Defense to prescribe regulations providing allowances and differentials in foreign areas to DoD NAF employees.

(1) Allowances and Differentials Other Than Post Allowance. The payment of allowances and differentials to NAF employees in foreign areas shall be made on the same basis as such allowances and differentials paid to DoD APF employees under Volume 1250 of this Instruction. The adoption of Volume 1250 to apply to DoD NAF employees includes eligibility criteria and delegation of authority restrictions.

(2) Post Allowance

(a) Eligibility. To be eligible for post allowance, a NAF employee must be a U.S. citizen living in a foreign area and employed in a Regular full-time position. The employing DoD Component's definition of full-time applies, as long as that definition is not less than 35 hours per week nor more than 40 hours per week, and covers all employees in Regular positions who regularly work what the Component defines to be a full-time schedule of hours. Regular part-time, Flexible employees and seasonal (summer or winter) hire employees are not eligible for post allowance.

(b) Application to Locally Hired Employees. The Head of a DoD Component shall have discretion to determine whether or not to pay post allowance to eligible NAF employees who are recruited outside of the United States; i.e., locally hired employees. This authority may not be delegated below the Component Head, with the exception that the Secretary of the Navy may delegate authority for post allowance eligibility and payment no lower than the heads of the United States Marine Corps, the Navy Exchange Service Command, and the Navy Installations Command for their respective NAF employees.

(c) Discretionary Authority. The Head of a DoD Component may prohibit payment of post allowance to all Component locally hired employees, require payment of post allowance to all Component locally hired employees, or limit the payment of post allowance to locally hired employees in specific geographic areas and/or to specific groups of similarly situated locally hired employees. For example, a DoD Component Head may choose to pay post allowance to locally hired employees at a specific overseas installation, to locally hired employees at all installations within a specific country, and/or to locally hired employees in certain occupations,

such as child-care and youth services positions. The DoD Components shall not grant or deny post allowance payment based on employee performance or achievement levels, or on individual employee situations (such as status as the spouse of a military or civilian employee).

(d) Payment Eligibility. When post allowance is granted to locally hired NAF employees, payments shall be made under the same eligibility criteria and in the same amounts provided for DoD APF employees.

(e) Grandfathering of Post Allowance. Locally hired employees who were receiving post allowance as of May 5, 2009, shall continue to receive the allowance as long as they remain eligible under the policy applicable to DoD APF employees and continue to be employed at the current installation by the current DoD NAF Component. Upon separation from that installation or NAF component, the employee's grandfathered entitlement to post allowance ceases.

(f) Documentation of Post Allowance Policy. The Heads of the DoD Components or their designees shall provide the PDUSD(P&R) with copies of documents implementing their Component post allowance policy and applicable grandfathering guidance. Documents shall be forwarded to the Chief, DoD NAF Personnel Policy Division, CPMS, within 30 days following implementation.

~~3. SPECIFIC JOB CLASSIFICATION PROCEDURES. Each position shall be assigned to its proper occupational category, title, code, and grade or payband level, consistent with the duties and responsibilities of the position and application of proper job grading standards. The only authorized occupational categories and associated job grading standards for NAF positions are stated in paragraphs 3.a. through 3.d. of this enclosure. OPM has final classification authority for CT positions.~~

~~— a. CT. The CT category includes positions in a recognized craft or trade, or in an unskilled, semiskilled, or skilled manual labor occupation, including supervisory and leader positions having craft, trade, or laboring experience and knowledge as paramount requirements. In accordance with subchapter IV of chapter 53 of Reference (d), the DoD Components shall accomplish job grading for CT positions in accordance with subchapter S6 of Reference (e) and OPM Standards (Reference (o)). Supplemental guidelines are included in DoD 1401.1-M-1 (Reference (p)). The DoD Components shall review new or revised OPM standards and affected positions and take appropriate action within 6 months of the effective date of the standard.~~

~~— b. NF. White collar or non-craft and trades positions shall be placed in the NF category and graded (assigned to the proper payband level) consistent with Appendix 1 to this enclosure.~~

~~— c. AS and PS. See Reference (p).~~

~~— d. CY Payband System. As an exception to paragraph 3.b. of this enclosure, positions directly involved in the care and supervision of children and youth in a child development program or youth program shall be placed in the CY category and graded in accordance with Appendix 3 to this enclosure. The CY category does not include home-based child-care providers or administrative and support personnel such as cooks, janitors, and clerical assistants.~~

~~—e. Mixed Jobs. A mixed job involves performance of duties in two or more occupations at the same or different pay levels or plans on a regular and recurring basis. A mixed job is graded based on the duties that involve the highest skill and qualification requirements. The pay plan for a mixed job with both CT and NF duties is determined as follows:~~

~~——(1) The position must be classified based on its “paramount requirements.” Paramount requirements relate to knowledge, skills, and abilities needed to perform the primary duty or responsibility of the position. The primary duty is the duty that constitutes the basic reason for the existence of the position and governs the qualification requirements. If a position requires trades, crafts, or laboring experience and knowledge for the performance of its primary duty, and this requirement is paramount, the position is a CT position and shall be so classified.~~

~~——(2) A position is classified as NF if its primary duty requires knowledge or experience of an administrative, clerical, services, business management, or technical nature not related to trades, crafts, or manual labor work.~~

~~—f. Job Classification Appeals and Grievances. The Heads of the Components, or designees, shall establish a position classification review and employee appeal system in accordance with the provisions of subchapter S7 of Reference (e) for CT jobs, and a grievance procedure in accordance with Appendix 1 to this enclosure for NF jobs and Appendix 3 to this enclosure for CY jobs.~~

~~(1) Until AS and PS jobs are converted to the payband system, AS and PS employees continue to have the right to appeal to the DoD NAF Personnel Policy Division after the DoD Component review process is completed. The decision of the DoD NAF Personnel Policy Division is binding; the employee has no further right to an administrative appeal.~~

~~(2) Pursuant to Reference (e), CT employees may appeal to OPM, but must first use the agency’s established appeal procedures.~~

Appendixes:

1. Payband ~~Classification and Pay~~ System for White-Collar NAF Employees
2. CT Employees Pay Administration
3. ~~Classification and~~ Pay System for ~~Child and Youth Program~~ NAF *CY Program* Assistants, Leaders, and Technicians
4. Premium Pay (Overtime, Night, Sunday, or Holiday)
5. Severance Pay

APPENDIX 1 TO ENCLOSURE 2

PAYBAND ~~CLASSIFICATION AND~~ PAY SYSTEM FOR WHITE-COLLAR NAF EMPLOYEES

1. GENERAL. Basic policy on coverage, purpose, and requirements are in the front matter and Enclosure 2. Procedures for implementing the payband system are in sections 2 through 6 of this appendix. The CY payband procedures are at Appendix 3 to this enclosure.

~~2. STRUCTURE OF PAYBAND SYSTEM. Table 1 depicts the NF structure. It shows, for each band, the generic work level, pay category, approximate number of employees covered, grades replaced, comparable General Schedule (GS) grades, characteristics of work covered, and examples of jobs covered.~~

~~3. CLASSIFICATION~~

~~— a. Determining Correct Band. Information from Table 1, along with a more detailed description of work characteristics for each band and a hierarchy of position guides or standard jobs for each band, are used to place a set of duties in the proper band. Any available OPM, OSD, or DoD Component guidance on classification may be used as appropriate.~~

~~— b. Authority for Placing a Position or an Employee in Band NF-6. Establishing an NF-6 (Senior Executive) position or appointing an employee to an NF-6 position requires approval by the Component Assistant Secretary or designee, or the Defense Agency Director. For AAFES, approval is required by the AAFES Board of Directors.~~

~~— c. Classification Grievances. Employees may grieve the assignment of their position to a particular band. Also, where levels within a band have been established, the assignment of a position to a particular level may be grieved. Either the negotiated grievance procedure or the applicable NAF administrative grievance system may be used, as appropriate. In accordance with section 7121 of Reference (d), the negotiated grievance procedure may be used only if the classification results in a pay or payband reduction. Bargaining unit employees may use the applicable NAF administrative grievance system for classification complaints about actions that do not result in a reduction of pay or payband.~~

4.2. PAY SCHEDULES

a. Wage and Salary Division (WSD), CPMS. WSD publishes NAF payband schedules. These schedules establish the minimum and maximum pay rates for each payband in accordance with these procedures:

(1) Minimum and Maximum for Bands NF-1 and 2 and Minimum for Band NF-3. These rates are determined by a WSD survey of wages paid to employees in a representative number of

retail, wholesale, recreation, finance, and insurance establishments in the immediate locality who are engaged in activities similar to those in NAFIs. WSD issues separate pay schedules for each geographic area surveyed. The effective dates of schedules vary depending on the survey dates. To aid pay-setting decisions, a WSD-developed pay report is attached to each schedule. It contains the average hourly rate of pay and the range of pay from high to low for certain surveyed jobs.

(2) Maximum for Band NF-3 and Minimum and Maximum for Bands NF-4 through NF-5. Minimum rates in effect on August 4, 1995, the date of implementation of the NAF payband system, serve as the basis for adjustments to minimum rates. The minimum rates for NF-4 through NF-5 will be adjusted by a percentage equal to any “national” Employment Cost Index (ECI) percentage increase for GS employees, rounded down to the nearest \$500. The maximum rate for NF-5 will be adjusted to equate to the highest GS-15, step 10, locality pay rate. The maximum rates for NF-3 and NF-4 will be adjusted to equate to 40 and 63 percent, respectively, of the NF-5 maximum rate, rounded up to the nearest \$500.

(3) Minimum and Maximum for Band NF-6. In accordance with Section 1587a of Reference (h), NAF senior executives shall be paid at the rates of pay established in subsections (a) and (b) of section 5382 of Reference (d). Accordingly, NF-6 employees shall have their basic pay set within a pay band of 120 percent of a GS-15 step 1 to Executive Level III. Maximum pay shall be set at up to Executive Level II with the use of a performance appraisal system certified by the PDUSD(P&R) as making meaningful distinctions based on relative performance, as described in Enclosure 4 of Volume 1404 of this Instruction.

b. Amendments to Pay Schedule Policy. The DoD NAF Personnel Policy Committee will review pay schedule policy periodically and propose any amendments to the DUSD(CPP) who, in turn, will formally coordinate proposals with the DoD Components.

53. PAY SETTING

a. General. Except for the special pay-setting situations in subsection 5.b. of this appendix, management may determine where within the minimum and maximum rates of the proper band to set an employee’s annual rate of basic pay. In setting an employee’s rate of basic pay, consideration should be given, but not necessarily limited to, such factors as assigned duties and responsibilities; performance (performance management program policy is discussed in Volume 1404 of this Instruction); budget; competitiveness with Federal and private sector pay; current rates of pay for similar positions; and the amount and timing of previous pay increases, cash awards, bonuses, and allowances. The term “basic pay” as used in this appendix means the annual rate of pay for the employee, including any portion that may be attributed to comparability with private sector pay in a locality, before any deductions and exclusive of additional pay of any kind. Basic pay may not exceed the maximum rate for the employee’s payband. The hourly rate of basic pay is determined by dividing the annual rate by 2087. The representative rate for a payband position, used for determining whether a personnel action is a promotion, reassignment, or change to lower grade when moving to or from a CT position, is the rate of basic pay paid to an employee.

b. Special Pay-Setting Situations

(1) FLSA Minimum Rate Requirement. The minimum rate paid may not be less than the current Federal minimum wage, or the applicable State or municipal wage, whichever is higher. A tip offset may be authorized for payband employees engaged in coat and hat check work if they customarily and regularly receive tips. The policies and procedures established for waiters by OPM pursuant to subpart 532.283 of Reference (f) are administratively extended to those employees provided that local laws provide such tip offset.

(2) Transfer of Function. When a function is transferred from one NAFI to another within or between Components, pay for employees who move with their positions shall be set at a rate within the band that is not less than the employee's rate of basic pay immediately before the move. As an exception to this provision, where a portion of the pay is clearly defined as a locality adjustment, the locality pay adjustment need not be continued when the employee moves to an area with a lower locality pay adjustment. Future rates of pay will be in accordance with the receiving NAFI's policies and compensation programs consistent with the requirements of this Volume.

(3) Promotion. See paragraph 5.c. of this appendix.

(4) Involuntary Moves to NAF under the DoD Employee Benefit Portability Program. When a GS employee is involuntarily moved to a NAF payband position, the employee's basic rate of pay will be set at a rate within the payband to which assigned that is not less than the employee's GS scheduled annual rate of pay as defined in subpart 531.602 of Reference (f), plus the corresponding GS locality differential. Future rates of pay will be in accordance with the receiving NAFI's policies and compensation programs consistent with the requirements of this Volume. If the employee's last GS scheduled annual rate of pay plus the GS locality differential is above the maximum rate of the payband level to which moved, pay retention is required.

c. Pay Increase. An employee may be granted a pay increase within a band with or without a position change. A promotion occurs, except for temporary details, when an employee is moved to a higher band. It may also occur where the Component has established tiers or sub-bands and the employee is moved to a higher level. A promotion requires a minimum pay increase of 5 percent, or an increase to the minimum rate of the higher band, whichever is greater.

d. Pay Decrease. An employee's pay may be decreased within the band for these reasons: change in duty station to a locality pay area with a lower locality rate of pay; business-based action, performance-based action, or disciplinary action; classification error; or employee-requested job reassignment. A detail is not a basis for a pay decrease. When an employee is moved to a lower band involuntarily, it is a demotion.

e. Annual Across-the-Board Adjustment for Employees in Bands NF-1 through NF-5. These adjustments are not required, but may be granted not to exceed the limits in subparagraphs 5.e.(1) through 5.e.(4) of this appendix. When the minimum rate for the band is raised in accordance with section 4 of this appendix, employees at the bottom of the band who are rated at

least satisfactory or equivalent must be given a pay increase to keep their rate of pay within the pay range for the band.

(1) Employees in Bands NF-1 and NF-2. The adjustment shall not exceed the average percentage adjustment stated on the pay report attached to the current pay schedule. It shall not be granted if both the ECI adjustment and the locality adjustment are canceled for APF GS employees.

(2) Employees in Bands NF-3 through NF-5. The adjustment shall not exceed the adjustment granted to corresponding APF GS employees.

(3) Employees at or Near the Top of a Band. The employee's basic pay may not exceed the maximum rate for the employee's band.

(4) Employees in a Less than Satisfactory or Equivalent Status. Such employees are ineligible for pay increase. This means that in some cases their pay may fall below the minimum rate of the band.

f. Pay Setting and Pay Adjustments for Employees in NF-6 Payband

(1) General. Pay for NF-6 employees shall be based on individual and organizational performance results, the complexity and scope of the work, the breadth of responsibility of the position, and the employee's experience, pay history, and qualifications.

(a) NF-6 pay adjustments must be linked to performance. Volume 1404 of this Instruction contains the DoD NAF performance appraisal system applicable to NF-6 employees.

(b) NF-6 basic pay is exclusive of bonuses, differentials, and allowances.

(c) Basic pay increases shall not be granted to NF-6 executives at the top of the payband. However, an executive may receive a performance bonus that does not exceed the aggregate limitation on NF-6 pay, described in subparagraph 5.f.(2) of this appendix.

(d) The DoD Component's highest rates of executive basic pay and/or pay adjustments must go to those executives who demonstrate the highest level of performance and who make the greatest contributions to Component performance.

(2) Aggregate Limitation on NF-6 Pay. Total compensation paid to an NF-6 employee during a calendar year, including allowances, differentials, bonuses, awards, or similar cash payments, may not exceed Executive Level I under a performance appraisal system that is not certified by the PDUSD(P&R). Total compensation established with the use of a performance appraisal system certified by the PDUSD(P&R) (see Volume 1404 of this Instruction) may not exceed the Vice President's salary.

(3) Pay Adjustments for NF-6 Employees. An authorizing official, as defined in Volume 404 of this Instruction, may approve an increase in basic pay if warranted by the NF-6 employee's individual performance and/or contributions to DoD Component performance. An

increase may not be approved more than once in any 12-month period, except when the authorizing official determines and documents in writing that the additional increase is needed for one or more of these reasons:

(a) To recognize an exceptionally meritorious accomplishment that contributes significantly to DoD or DoD Component performance.

(b) To compensate the senior executive for reassignment to a position with substantially greater scope and responsibility.

(c) To retain a senior executive who is critical to the mission of the DoD Component and who would likely leave the Component in the absence of a pay increase.

(d) To align a senior executive with the DoD Component's senior executive appraisal and pay adjustment cycle.

(e) To approve an increase in basic pay to maintain the senior executive's relative position in the NF-6 pay band following an increase in the NF-6 minimum or maximum rates of pay.

(4) Setting or Increasing Basic Pay Above Executive Level III Under a Certified Appraisal System.

(a) Rates of basic pay higher than Executive Level III, but less than or equal to Executive Level II, authorized under a certified appraisal system (described in Volume 1404 of this Instruction) may be authorized by the authorizing official where warranted by the position's responsibilities, the scope of the work level, the breadth of responsibility and impact on the DoD or DoD Component mission, and the executive's experience and accomplishments.

(b) Rates higher than Executive Level III should be reserved for:

1. Executives who have demonstrated the highest levels of individual performance and/or made the greatest contributions to DoD Component performance.

2. Newly appointed executives who possess superior leadership or other competencies, consistent with the DoD Component's strategic human capital plan.

(5) Performance Bonuses

(a) A performance bonus is a lump-sum monetary bonus paid in recognition of an executive's performance during the appraisal period. A performance bonus is not part of the executive's basic pay.

(b) Performance bonuses are tools to recognize, motivate, and reward significant individual achievements or contributions and shall be an integral part of NF-6 executive performance management.

(c) Executives must have a performance rating of Achieved Expectations (based on a performance score of at least 70), or the equivalent, and must have achieved expectations for all performance elements to be eligible for a bonus.

(d) A performance bonus must not exceed 20 percent of basic pay. Normally, bonuses will not exceed 10 percent of the employee's annual rate of basic pay. Exceptional performance results by the executive, including consideration of contributions to the organization's performance, may justify a bonus of up to 20 percent of basic pay.

(6) Prorated Payout. A prorated payout (of the increase to basic pay/and or performance bonus) may be recommended by the rating official and/or performance review board (defined in Volume 1404 of this Instruction) for executives who have less than a full year of contributing to organizational goals. The final determination to prorate the payout will be made by the authorizing official.

(7) Incentive Awards

(a) Receiving a performance bonus does not preclude an NF-6 executive from receiving other awards, provided that the employee is not monetarily awarded twice for the same accomplishment.

(b) Consistent with DoD Component awards authorities, awards may be granted to NF-6 executives either as individuals or as members of a team. An award may be based on a suggestion, invention, superior accomplishment, productivity gain, or other personal effort that contributes to the efficiency or economy of or other improvement to DoD or DoD Component operations, or that achieves a significant reduction in paperwork. The award may be monetary, non-monetary, informal recognition, honorary, or a combination.

~~6. GUIDANCE FOR CLASSIFYING JOBS TO THE CORRECT PAYBAND LEVEL~~

~~— a. Examples of Jobs Properly Placed for Each Payband Level. These job titles are at Table 1.~~

~~— b. Examples of Characteristics of Work Performed and Degree of Supervision Provided Within Each Payband Level. Examples are provided in sections 7 through 12 of this appendix.~~

~~7. NF 1~~

~~— a. Routine Clerical Duties. Greets and directs visitors to the appropriate area or person; receives and routes incoming calls; and provides routine or general information to the public. Files to existing alphabetical, chronological, or numeric files. Completes routine reports and forms. Types documents and final copies from draft, ensuring correct format, spelling, grammar, and punctuation. Receives, sorts, and routes incoming mail and supplies. Maintains logs of incoming or outgoing documents, etc. Follows prescribed procedures for processing~~

~~transactions. Receives merchandise and verifies quantities received against shipping documents. Assists in conducting inventories.~~

~~— b. Customer Service Duties. Represents program to potential patrons, providing information about special events, services, prices, dress codes, and standards of behavior. Provides assistance to facility users by explaining the functions and features available on equipment. Demonstrates the use of simple tools and equipment. Assists clientele in completing forms and registration cards. Serves as an escort or guide. Issues customer checkout items. Receives returned items and checks for damage. Serves as a sales representative in a general or specialized area. Performs cashier duties by receiving monies due, issuing change and receipts, and completing related cash control forms. Stocks shelves, cleans and returns equipment and supplies to storage areas, and performs basic maintenance and general housekeeping duties. Maintains security by inspecting parcels and escorting visitors to closed access areas. Checks identification of persons entering clubs, exchanges, etc., and enforces conduct rules. Monitors and ensures safety of patrons using swimming pools and other facilities.~~

~~— c. Youth Services Duties. Monitors, directs, and organizes summer camp, arts and crafts, or swimming program for children. Arranges supplies and equipment to facilitate games. Leads children in developmental activities (e.g., songs, fingerplays). Receives and carries out parental instruction for children. Informs parent of child's activities.~~

~~— d. Exchange (Retail or Resale Activities) Duties. Sells goods and services; operates a cash register; and accepts payment. Upper tier associates are knowledgeable of specified merchandise sold and may use personal computers or terminals to perform routine, standardized tasks.~~

~~— e. Degree of Supervision Provided. Close supervision is provided when new or procedurally complex duties are performed. The supervisor is readily available to deal with unusual situations and provide guidance and instruction. Routine work may be performed independently.~~

8. NF-2

~~— a. Complex Clerical Duties. Performs life-cycle records maintenance (establishment, maintenance, destruction) of official files and other reference materials in accordance with established procedures. Receives telephone calls and visitors, providing requested information from own knowledge and office files or referring callers to appropriate source. Takes and transcribes dictation into proper final format. Types correspondence, reports, and statistical and tabular data in final format. Gathers data and documentation for special projects and prepares briefing support materials. Establishes, maintains, or controls suspense logs.~~

~~— b. Administrative or Technical Support Duties. Applies regulations in a specialized area such as cash management, accounting, procurement, purchasing, temporary housing, visual merchandising, or travel. Assists higher level technicians or specialists in a narrow area (e.g., rate and rank applications guided by a Staffing Specialist; drafts contract specifications guided by a Procurement Specialist; takes still photographs and develops film directed by a Photographer; or develops a specific segment of a large recreation program in accordance with guidance of a Program Manager). Examines, verifies, and analyzes various documents to~~

~~determine their correctness, validity, and accuracy. Resolves disagreements by contacting vendor, manager, or other originator. Processes documents and supporting forms as appropriate; posts to ledger or journal account, inventory system, or other tracking systems. Conducts studies in a specific administrative area to address specific situations; coordinates with personnel outside the work unit in identification, research, and clarification of problems and discrepancies.~~

~~—c. Customer Service Duties. Demonstrates and sells merchandise directly to customers when technical knowledge of the product is required. Decorates display areas; develops proposals for displaying merchandise including sketches and material and budget requirements. Plans and conducts recurring patron activities such as dances, dinners, tournaments, and related social activities. Assists patrons in use of facilities. Provides safety instruction and demonstrates use of equipment. Circulates among patrons and receives and resolves customer complaints. Carries out a specialized arts and crafts program. Demonstrates new or unusual hobby techniques. Teaches classes and plans related functions (e.g., ceramics, lapidary, stained glass). Teaches swimming and water safety in a formal program. Supervises and directs the activity of participants in established youth and recreation programs such as Teen and Summer Camp.~~

~~—d. Exchange (Retail or Resale Activities) Duties. Supervises or manages a small facility or department. Performs a technical skill or operates an Electronic Point of Sale as a sales associate.~~

~~—e. Supervisory Duties. Establishes work assignments to meet peak loads and emergencies. Trains employees in methods and procedures of performing work. Reviews work in progress for quality and productivity. Develops and implements internal methods and procedures. Plans and controls for the efficient operation of the unit. Interviews and selects applicants. Conducts performance appraisals. Initiates disciplinary actions and recommends employees for awards.~~

~~—f. Other Duties. Ensures stock or supplies are on hand and adequate to conduct business. Maintains security of building, cash, and fixed assets. Observes customers and reviews procedures to prevent or detect illegal or unsafe activity.~~

~~—g. Supervision Provided. Detailed instruction is provided when new or procedurally complex duties are performed. Supervisor is usually available to provide guidance and instruction in unusual situations. Routine work is performed independently.~~

9. NF-3

~~— a. Administrative, Technical, and Professional Support Duties. Reviews documents prepared by staff members for supervisory signature. Prepares reports and correspondence of a confidential nature. Establishes and maintains official files and pertinent publications. Arranges appointments and conferences; prepares travel orders and makes reservations. Provides guidance by interpreting regulations on administrative services and functions. Sets internal priorities and suspenses and develops procedures to meet general administrative requirements. Gathers, organizes, analyzes, verifies, and reviews data. Conducts and participates in studies examining current practices and operations. Assists a full performance specialist in a specific program area such as:~~

~~—— (1) Personnel. Devises recruiting strategies for hard to fill jobs; rates and ranks applications; develops referral lists, ensuring compliance with established procedures and requirements. Develops and teaches classes in supervisory and employee training programs. Counsels and advises employees on benefit programs and represents the program to the general public.~~

~~—— (2) Accounting. Reviews and verifies incoming documents; posts to ledgers; processes payments; conducts quality audits of documents and vouchers for completeness and validity; prepares a variety of financial requests from records; identifies errors and takes corrective action.~~

~~—— (3) Payroll. Establishes and maintains individual pay records; determines pay due and applicable withholdings; verifies all pay action documents; processes payroll checks; and completes all related reports.~~

~~—— (4) Budget. Gathers and verifies narrative and statistical data; prepares preliminary budget estimates; and summarizes narrative, quantitative, and statistical data included in budget forms, schedules, and reports.~~

~~—— (5) Theater. Organizes and participates in staging, rehearsal, playwriting, and set construction.~~

~~—— (6) Catering. Develops menus, advises customers, writes contracts, and arranges for all required support (i.e., menu printing, decorations, entertainment, room arrangement, china, linen, and security).~~

~~—— (7) Purchasing. Assembles specifications to be used in writing contracts; searches catalogs and other sources on goods available; recommends contract terminology; and coordinates contract execution with vendor, ensuring compliance with delivery dates.~~

~~—— (8) Procurement. Develops contracts and purchases supplies and equipment up to the authorized dollar amount.~~

~~—— (9) Computers. Operates computers, peripheral equipment, and remote terminals. Maintains and reviews documentation of computer activity. Reviews completed projects ensuring completeness and accuracy. Monitors system's operation and performance; researches,~~

~~assembles, and conducts preliminary analysis of data for use by higher level specialist. Researches prior records of similar actions; prepares summaries; and participates in evaluation of data. Reviews regulations and directives to determine appropriate actions to take or recommend. Gathers, monitors, and maintains data to complete reports and respond to inquiries. Plans, organizes, schedules, and coordinates conferences and events (i.e., tournaments, intramural competition, fund raising functions, workshops, and training). Arranges for supplies and support services (i.e., transportation, facilities, security, and funding).~~

~~———(10) Child Care. Serves as a teacher in a preschool classroom. Directs the school-age or latch key program, or serves as a Family Child Care Outreach Worker monitoring home child-care programs.~~

~~———(11) Sports or Recreation. Interprets rules and procedures to program participants (American Bowling Congress to bowling league members and Amateur Softball Association to summer softball program participants); and serves as point of contact (POC) for group activities. Serves as an instructor for individuals and groups; monitors and evaluates the effectiveness of program activities; develops program plans and activities; and arranges for program support functions. Plans and administers part of a large sports or recreation program, or manages a small program.~~

~~———(12) Marketing. Designs and develops marketing material (i.e., viewgraphs, slides, posters, fliers, brochures, and videos). Develops and writes announcements, press releases, speeches, and related material.~~

~~———(a) As a Unit Manager. Plans and directs a sales operation. Enforces facility usage requirements and limitations. Receives and resolves customer complaints and requests for special services. Coordinates activities between units. Develops and implements promotional events, and maintains required financial and customer usage data.~~

~~———(b) As a Trainee. Under the direct guidance of a full performance specialist, performs a limited scope of the duties that will be required at the full performance level.~~

~~———(c) As a Supervisor. In addition to those duties described for NF-2, orientates and trains employees, interviews and selects applicants; develops performance standards; initiates disciplinary actions; and rewards or recognizes exceptional performance. As a second level supervisor, approves performance and disciplinary actions; manages employee recognition program; and monitors employee development program. In an exchange service, NF-3 positions are extensively used in a supervisory role or as a local, technical authority (e.g., Retail or Sales Managers Supervisory, Food Activity Managers (annex), and Food Sales Supervisors).~~

~~—— b. Supervision Provided. Trainee positions are closely supervised with an immediate supervisor or senior specialist available at all times. Positions are developmental to either full performance in this payband or advancement to limited supervision on entering payband level 4. Technicians who operate independently receive little or no guidance in their area of expertise. General supervision is provided in other areas. Assistants receive direction and guidance from specialists or supervisors on assignments and complicated projects. Unit managers operate under general direction and guidance.~~

10. ~~NF-4~~

~~— a. Covers Full Performance Positions. NF-4 covers full performance positions including accountants, personnel specialists, budget analysts, marketing specialists, merchandisers, purchasers, and computer specialists. Serves as the subject matter expert in a highly specialized area responsible for interpreting regulations, developing local compliance procedures, and addressing related problem situations. Represents area of expertise to the NAFI and general public.~~

~~—— (1) Manages a program area that involves planning, organizing, and directing activities all within budget. Performs the full range of supervision of subordinate employees. Evaluates program effectiveness. Represents program to customers, and coordinates support services with POCs. Positions include club, store, bowling, food, billeting, sports, recreation, and child development center managers.~~

~~—— (2) In an audit or review capacity, conducts surveys or studies of activities and functions. Examines missions, functions, work processes, organizations, records, reports, and functional statements to gather, correlate, analyze, determine, and recommend action to resolve problems or improve the efficiency of operations. Positions include management, program, and budget analysts, and financial managers.~~

~~—— (3) In an exchange service (retail or resale activity), functions as a manager or technical specialist, ensuring compliance with established policies and procedures. Participates in the development of new policies and procedures. Positions include exchange, food, and service managers.~~

~~— b. Supervision Provided. Supervision is general in nature. As these are subject matter expert positions, technical guidance is not normally available through the chain of command.~~

11. ~~NF-5.~~ Covers managerial and supervisory positions, and specialist positions at a regional or national level. At a large installation, manages a large NAFI. At a regional level, directs a major program area. At a national level, plans, organizes, and conducts a comprehensive program integrating a variety of resources. Develops policies, procedures, and regulations. Develops supporting instructions, directives, and procedures applicable to a specialized program area. As a consultant, provides guidance, assistance, and advice to field activities. Coordinates mission activities with representatives of the Military Service NAFIs, other national staff, and other Military Departments. Consults with top installation and regional management to evaluate program effectiveness and improve operations. In an exchange service (retail or resale activity), functions in a managerial capacity at a major field facility or headquarters staff element. Lower tier NF-5 associates may function as widely recognized technical authorities with responsibilities in their field (e.g., General Managers).

~~12. NF 6. Covers senior management positions with extensive mission accomplishment responsibilities. Positions are considered to be Senior Executive Service (SES) equivalent. Directs the entire NAF component or a major subdivision thereof. As a Senior Executive, is responsible for major field elements or an exchange service (e.g., Executive Vice President, Executive Director, or Senior Vice President). Monitors progress toward organizational goals, and periodically evaluates and makes appropriate adjustments to such goals. Is accountable for the success of the specific program or operation for which responsible.~~

Table 1. Payband Classification and Pay System for White Collar NAF Employees

WORK LEVEL AND PAY CATEGORY	GRADES REPLACED	COMPARABLE GS GRADES	BASIC WORK CHARACTERISTICS	EXAMPLES OF JOB TITLES
Junior Clerical/ Customer Service NF-1	AS/PS 1-4	GS 1-3	Routine clerical and customer service duties such as filing, typing, or selling merchandise.	Computer, Accounting, Personnel, Operations, Supply, Sales, Mail, File and Desk Clerk, Receptionist, Identification Checker, Life Guard, Recreation Aid, Cashier, Duty Officer, Courier, Clerk Typist, and Customer Service Assistant.
Senior Clerical/ Customer Service NF-2	AS/PS 5-6	GS 4	More complex clerical, customer service, administrative, and technical support duties such as creating and maintaining files, applying regulations, conducting studies, demonstrating and selling merchandise, planning and conducting patron activities, or supervising activities.	Recreational Assistant, Water Safety Instructor, Secretary, Cashier, Computer or Personnel Clerk/Assistant, Illustrator, Club Operations Assistant, Payroll Clerk/Technician, Senior Sales Clerk, Accounting Technician, and Head of Customer Service.
Specialist/ Management NF-3	AS/PS 7 and UA 5-8	GS 5-8	Entry level management jobs and certain full performance administrative and technical jobs. Also includes jobs that assist specialists in these program areas: sports, accounting, payroll, budget, theater, catering, purchasing, automation, personnel, and retail.	Retail or Stockroom Manager, Administrative Assistant or Secretary, Recreation Specialist, Supervisory Recreation Specialist, Computer Specialist, Accounting Technician, Illustrator, Bowling Center Manager, Caterer, Club Manager, Procurement or Purchasing Agent.

Table 1. Payband Classification and Pay System for White Collar NAF Employees, Continued

WORK LEVEL AND PAY CATEGORY	GRADES REPLACED	COMPARABLE GS GRADES	BASIC WORK CHARACTERISTICS	EXAMPLES OF JOB TITLES
Senior Specialist/ Management NF-4	UA 9-12	GS 9-12	A subject matter expert in a highly specialized area, responsible for ensuring compliance with regulatory procedures and fiscal constraints. Represents area of expertise to a NAFI and the public. Plans, organizes, directs, and evaluates program activities. Performs the full range of supervisory duties. Conducts surveys and studies of activities and functions to resolve problems or improve efficiency of operations.	Senior Auditor; Mechanical Engineer; Food Activity Manager (Burger King); General Manager (Exchange); Retail and Branch Managers; Family Support Officer; Human Resources Specialist and Support Services Supervisor; Recreation Specialist; Employee Relations Specialist; Computer Specialist; Program Analyst; Support Services Supervisor; Food and Beverage Director; Marketing and Advertising Specialist; Club Coordinator; Morale Welfare and Recreation Director.
Top Management NF-5	UA 13-15	GS 13-15	Typically management and supervisory positions. Staff specialist positions at a regional or national level may be included. Includes managing a large NAFI at a large installation or directing a major program area at a regional level. Plans, organizes, and conducts a comprehensive program that integrates a variety of resources. Provides guidance, assistance, and advice to field activities. Coordinates with other national staff and the Military Services. Directs all phases of a major area or division within a NAFI, or the management of subordinate activities to include examination and recommendation for expansion;	General Manager (Exchange); Attorney; Retail Manager (Main Store); Retail Manager (Region); Family Support Officer; Personnel Management Specialist or Officer; Policy and Program Manager or Analyst; Senior Program Analyst; Comptroller; Finance Manager; Club Manager; Community Operations Officer; Executive Director; Benefits Program Manager; Club Coordinator; and MWR Director.

Table 1. Payband Classification and Pay System for White Collar NAF Employees, Continued

WORK LEVEL AND PAY CATEGORY	GRADES REPLACED	COMPARABLE GS GRADES	BASIC WORK CHARACTERISTICS	EXAMPLES OF JOB TITLES
			relocation, or discontinuation.	
Senior Executive NF-6	UA 16-18	SES	Executive duties with extensive mission accomplishment responsibilities in directing an entire NAF component or a major sub-division thereof.	Director, Hospitality Management (Component Level); Chief Operating Officer (Entire Exchange System)

APPENDIX 2 TO ENCLOSURE 2

CT EMPLOYEES PAY ADMINISTRATION

1. GENERAL. This appendix supplements and complements governing pay policies and procedures prescribed by subchapter S8 of Reference (e). Section and paragraph titles within this appendix are followed by parenthetical references to the applicable parts of Reference (e).

2. SECTIONS OF OPM OPERATING MANUAL, "FEDERAL WAGE SYSTEM, NAF," SUBCHAPTER S8 CLARIFIED

a. General (S8-1)

(1) Introduction (S8-1.a.). For purposes of subchapter S8 and this appendix, the term "lead agency" means the Department of Defense. The DoD wage fixing authority is exercised by the Wage and Salary Division (WSD), CPMS.

(2) Agency Responsibility (S8-1.b.). As used in this appendix, the term "agency" includes the DoD Components. Unless authority is delegated to subordinate levels, Component headquarters are responsible for:

(a) Defining the period of 7 consecutive calendar days that make up each employee's administrative workweek.

(b) Determining each employee's basic workweek. (See definitions of these terms under section S8-2 of subchapter S8.)

b. Definitions (S8-2)

(1) Scheduled Rate of Pay (S8-2.(2)). Any rate corresponding to the appropriate grade and step on the CT Nonsupervisory (NA), Leader (NL), or Supervisory (NS) wage schedules issued by WSD, including a retained rate of pay and a rate on a temporary promotion when applicable.

(2) Employee (S8-2.(3))

(a) NAF Prevailing Rate Employee. Refers to an employee of a DoD NAFI who is employed in a recognized craft or trade or other skilled mechanical craft, or in an unskilled, semiskilled, or skilled manual labor occupation, and any other individual, including a foreman and a supervisor, in a position having craft, trade, or laboring experience and knowledge as the paramount requirement.

(b) Nonwage. Where used, refers to an NF employee.

(3) Overtime Work (S8.2.(19)). In addition to the definition of overtime work in subchapter S8, overtime work means any hours worked, whether scheduled, ordered, suffered, or permitted, that exceed 40 hours of ACTUAL WORK performed in a week pursuant to FLSA. (See subparagraph 2.d.(2) of this appendix for further discussion.)

(4) Night Shift (S8-2.(23)). Regularly scheduled, non-overtime work when a majority of the whole hours of such work occurs between 3 p.m. and midnight (second shift) or between 11 p.m. and 8 a.m. (third shift).

c. Application of Pay Rates to NAF Wage Employees (S8-3)

(1) New Appointments (S8-3.b.)

(a) Appointments Above Minimum Rates in Recognition of Special Qualifications (S8-3.b.(1)). DoD NAFIs may exercise the authority contained in S8-3.b.(1) of subchapter S8.

(b) Appointments Above Minimum Rates for Jobs in Specific Hard-to-Fill Occupations (S8-3.b.(2)). The term “Federal wage schedule” includes the NA, NL, and NS wage schedules. A particular finding that a local NAF activity cannot recruit at the minimum rate may be based on a study by the Department of Defense, a DoD Component, or any local installation that has NAF employees.

(2) Position or Appointment Change (S8-3.c.). DoD NAFIs may exercise the authority provided under this paragraph to set an employee’s step rate based on his or her highest previous rate, but only in connection with those personnel actions identified within the paragraph. (See subparagraph 2.c.(3) of this appendix for an illustration of the computation and application of the highest previous rate rule.)

(3) Computation of Highest Previous Rate (S8-3.e.)

(a) Illustration of Computation. Table 21 illustrates subparagraph S8-3.e.(5). (Although this example uses NA grades, the same principle applies to NL and NS.)

(b) Description of Steps to be Followed. Compare the NA-8, step 1 rate (\$10.97) in Washington, DC, with the employee’s previous earned rate (\$11.17). In this instance, the previous earned rate is higher; therefore, this rate is the employee’s highest previous rate. Thus, in this example, the employing DoD NAFI may pay this employee at any rate of grade NA-7 (the grade at which reemployed) that does not exceed the fourth step rate. (Since the employee’s highest previous rate (\$11.17) falls between two steps of grade NA-7 (steps 3 and 4), the employee shall be paid at step 4.) In no case shall an employee be paid more than the top step of the grade in which reemployed, regardless of the employee’s highest previous rate. A NAF employee is not entitled to receive his or her highest previous rate of pay upon reemployment. The designated official with delegated authority has the administrative discretion to fix the employee’s rate at the minimum step rate of the grade, or at any step rate in between. However, a DoD Component may adopt a policy of always using the highest previous rate or placing an employee at the first step rate of the grade upon reemployment.

Table 21. Highest Previous Rate Computation

EXAMPLE. An employee in New York earning NA-8 step 1 was reemployed in Washington, DC, at the NA-7 grade level. Pertinent wage schedule rates are:						
LOCATION	GRADE	STEP RATES				
		1	2	3	4	5
New York	NA-8	\$11.17*	\$11.66	\$12.13	\$12.61	\$13.07
Washington, DC**	NA-8	\$10.97	\$11.42	\$11.88	\$12.34	\$12.79
Washington, DC**	NA-7	\$10.28	\$10.73	\$11.14	\$11.58	\$12.01
* Previously earned rate.						
** Current rates in the wage area where the employee is being employed.						

d. Night Shift Differential and Premium Pay (S8-4.)

(1) General (S8-4.a.). The term “premium pay,” as used in this subsection, refers to additional compensation for overtime, holiday, and Sunday work, as well as for standby or on-call duty and callback overtime work. For purposes of all premium pay computations under S8-4, where there is a reference to payline rate or representative rate, the employee’s actual grade and step are to be used.

(2) Overtime Pay (S8-4.b.). Entitlement to overtime pay is authorized as described in section S8-4. and amplified in this appendix. However, consideration must also be given to the overtime provisions of FLSA as prescribed in part 551 of Reference (f). (Employees covered by FLSA are referred to as nonexempt. Such employees are entitled to overtime pay pursuant to part 551 of Reference (f).) Subchapter S8 speaks only to the overtime provisions of Reference (d). Therefore, the examples regarding overtime illustrate overtime pay entitlements solely under those provisions. The examples do not apply to any FLSA overtime entitlements.

(a) Work Exceeding 8 Hours in a Day (S8-4.b.). Tables 32 and 43 illustrate the pay entitlements authorized by this subparagraph.

Table 32. Overtime Pay Computation, Example I

Four 10-hour days. Employee works from 7 a.m. to 6 p.m. Tuesday through Friday. (Where a Component has authorized the use of flextime or compressed time, the provisions of sections 6123 and 6128 of Reference (d) will apply.)								
	Compensable Hours							
	S	M	T	W	T	F	S	Total
Scheduled hours			10	10	10	10		40
Basic rate (scheduled rate plus environmental/night shift differentials, if applicable)			8	8	8	8		32
Overtime rate (1.5 times the basic rate)			2	2	2	2		8

Table 43. Overtime Pay Computation, Example II

Four 9-hour days and one 4-hour day. Employee works from 7 a.m. to 5 p.m., Tuesday through Friday, and 7 a.m. to 11 a.m. on Saturday. Employee has a 1-hour meal period Tuesday through Friday, none on Saturday. Overtime pay is computed as follows:								
	Compensable Hours							
	S	M	T	W	T	F	S	Total
Scheduled hours			9	9	9	9	4	40
Basic rate (scheduled rate plus environmental/night shift differentials, if applicable).			8	8	8	8	4	36
Overtime rate (1.5 times the basic rate)			1	1	1	1		4

(b) Computing Overtime Pay for Night Work (S8-4.b.(6)). Tables 54 through 87 illustrate the pay entitlements authorized by subparagraph S8-4.b.(6)(a). Tables 98 and 109 illustrate overtime pay for employees with regularly rotating tours as authorized by subparagraph S8-4.b.(6)(b).

Table 54. Overtime Pay Computation With Night Shift Differential, Example I

This table illustrates the computation of overtime pay for employees who regularly work a night shift for which the shift differential is payable when the overtime period falls within the day shift.								
An employee's regular schedule requires that work be performed between 11 p.m. and 7:30 a.m., Monday through Friday. On Tuesday the employee performed overtime work from 7:30 a.m. until 11:30 a.m. Overtime pay is computed as follows:								
	Compensable Hours							
	S	M	T	W	T	F	S	Total
Basic rate (scheduled rate plus 10 percent shift differential)		8	8	8	8	8		40
Overtime rate - 1.5 times the basic rate (scheduled rate plus 10 percent shift differential)			4					4

Table 65. Overtime Pay Computation With Night Shift Differential, Example II

This table illustrates the computation of overtime pay when an employee performs overtime work on a day not regularly scheduled as a workday for the employee or for the organization.								
The organization operates 24 HOURS A DAY, MONDAY THROUGH FRIDAY. The employee's regular schedule is Monday through Friday, 3 p.m. to 11:30 p.m. The employee performed overtime work on Saturday, 8 a.m. to 12 noon. Overtime pay is computed as follows:								
	Compensable Hours							
	S	M	T	W	T	F	S*	Total
Basic rate (scheduled rate plus 7.5 percent shift differential)		8	8	8	8	8		40
Overtime rate - 1.5 times the basic rate (scheduled rate plus 7.5 percent shift differential)							4*	4
* Not a scheduled workday for the organization or the employee.								

Table 76. Overtime Pay Computation With Night Shift Differential, Example III

This table further illustrates the computation of overtime pay when an employee performs overtime work on a day not regularly scheduled as a workday for the employee or for the organization.

The organization operates 24 HOURS A DAY, MONDAY THROUGH FRIDAY. The employee's regular schedule is 3:30 p.m. to 12 midnight, Monday through Thursday, and 7:30 a.m. to 4 p.m. on Friday. The employee performed overtime work on Saturday, 9 a.m. to 1 p.m. Overtime pay is computed as follows:

	Compensable Hours							Total
	S	M	T	W	T	F	S*	
Basic rate (scheduled rate plus 7.5 percent shift differential for Monday through Thursday only)		8	8	8	8	8		40
Overtime rate - 1.5 times the basic rate (scheduled rate only)**							4*	4

*Not a scheduled workday for the organization or the employee.
 ** No shift differential is added because the scheduled shift PRIOR TO the overtime was a day shift. This would be true even if the OVERTIME HOURS were, for example, 4 p.m. to 8 p.m.

Table 87. Overtime Pay Computation With Night Shift Differential, Example IV

This table illustrates the computation of overtime pay for an employee performing overtime work on a day other than a regularly scheduled workday for the employee, but one that is a regular workday for the organization.

The organization operates 24 HOURS A DAY, 7 DAYS A WEEK. An employee's regular schedule is Tuesday through Saturday, 8 a.m. to 4:30 p.m. The employee performed 4 hours of overtime work on Monday between 8 p.m. and 12 midnight. Overtime pay is computed as follows:

	Compensable Hours							Total
	S	M	T	W	T	F	S	
Basic rate (scheduled rate only)			8	8	8	8	8	40
Overtime rate - 1.5 times the basic rate (scheduled rate plus 7.5 percent shift differential)		4						4

Table 98. Overtime Pay Computation With Night Shift Differential (Regularly Rotating Tour of Duty), Example I

This table illustrates the computation of overtime pay for an employee who has a regularly rotating tour of duty that includes two or more shifts, and who performs overtime work on a regularly scheduled workday.

An employee’s regular schedule rotates on a weekly basis, Monday through Friday, among these three shifts: 7 a.m. and 3:30 p.m.; 3 p.m. and 11:30 p.m.; and 11 p.m. and 7:30 a.m. For this week the employee works the first shift from Monday through Wednesday, the second shift on Thursday, and the third shift on Friday. The employee performed 2 hours of overtime work on Tuesday. Overtime pay is computed as follows:

	Compensable Hours							Total
	S	M	T	W	T	F	S	
Basic rate		8	8	8				24
Basic rate (scheduled rate plus 7.5 percent shift differential)					8			8
Basic rate (scheduled rate plus 10 percent shift differential)						8		8
Overtime rate (1.5)*			2					2

* Shift differential does not apply on Tuesday. The scheduled rate is multiplied by 1.5 to determine the overtime rate. The overtime rate is then multiplied by the number of overtime hours. If overtime work is performed on a day during the following week when the employee is working the second shift (3 p.m. to 11:30 p.m.), the computed overtime rate would be 1.5 times the scheduled rate plus the 7.5 percent shift differential.

Table 109. Overtime Pay Computation With Night Shift Differential (for Two Different Shifts on a Scheduled Rotating Basis), Example II

This table illustrates how to compute overtime pay for an employee who works two different shifts on a scheduled rotating basis and who performs overtime work on a day other than a regularly scheduled workday.

An employee is regularly scheduled to work Monday, Tuesday, and Wednesday from 3 p.m. to 11:30 p.m. and Thursday and Friday from 11 p.m. to 7:30 a.m. The overtime work is performed on Saturday from 8 a.m. to 12 noon.

	Compensable Hours							Total
	S	M	T	W	T	F	S	
Basic rate (scheduled rate plus 7.5 percent shift differential)		8	8	8				24
Basic rate (scheduled rate plus 10 percent shift differential)					8	8		16
Overtime rate (1.5)							4	4

Step 1. Compute the AVERAGE RATE OF BASIC PAY for the regularly scheduled shifts worked by the employee. The AVERAGE RATE OF BASIC PAY is determined by adding the total hours worked at each shift and multiplying that number by the employee’s scheduled rate of pay plus any shift differential. The total would then be divided by the number of regularly scheduled hours in the employee's work week (i.e., 24 hours x (scheduled rate of pay plus 7.5 percent shift differential) + 16 hours x (scheduled rate of pay plus 10 percent shift differential) divided by 40.

Step 2. Compute the total overtime pay by multiplying the AVERAGE RATE OF BASIC PAY by the overtime rate by the number of overtime hours worked (i.e., AVERAGE RATE OF BASIC PAY x 1.5 x 4).

(c) Computing Overtime Pay for NAF Employees Paid on Other than a Time Rate Basis (S8.4.b.(7)). For employees paid from a NAF regular wage schedule or agency multistep special schedule, computation of overtime payments is based on the employee’s grade and step if he or she is on a multistep rate schedule before any reduction in consideration of tips. The amount of the tip offset (no more than 50 percent of the current FLSA minimum hourly rate, or State or local rate, whichever is higher) may then be deducted from the overtime rate, but only where the offset has been authorized for use at the appropriate component level and is not precluded when State or local laws are considered as required by section 18(a) of Reference (j). Table 110 provides an example.

Table ~~410~~. Overtime Pay Computation With Night Shift Differential and Tip Offset

A waiter who receives tips and has an authorized tip offset of \$.90 per hour performs 2 hours of overtime work. The employee is regularly scheduled to work from 3 p.m. to 12 midnight, Tuesday through Saturday. On Saturday, the employee worked overtime from 12 midnight to 2 a.m. Overtime is computed as follows:								
	Compensable Hours							
	S	M	T	W	T	F	S	Total
Scheduled hours			8	8	8	8	8	40
Basic rate (scheduled rate plus 7.5 percent shift differential)			8	8	8	8	8	40
Overtime rate - 1.5 times the basic rate (scheduled rate plus 7.5 percent shift differential) (minus the tip offset)							2*	2*
* As the employee has a tip offset of \$.90 per hour and earned sufficient tips to cover the amount, this amount is subtracted from the overtime rate before multiplying by the number of hours worked.								

(d) Computation of Overtime Worked (S8-4.b.(8)), Leave with Pay. Table ~~4211~~ illustrates the computation of overtime hours when an employee is in a leave-with-pay status. This provision applies only to Regular full-time and Regular part-time employees as defined in this Volume.

Table ~~4211~~. Overtime Pay Computation with Paid Leave

An employee has a regularly scheduled workweek of 40 hours, Monday through Friday, 8 a.m. to 4:30 p.m. The employee takes annual leave from 8 a.m. to 4:30 p.m. on Tuesday. The employee performed 4 hours of overtime work outside the employee's basic workweek on Saturday. Overtime hours are computed as follows:								
	Compensable Hours							
	S	M	T	W	T	F	S	Total
Hours of work		8		8	8	8		32
Approved annual leave			8					8
Overtime hours worked							4	4

(3) Night Shift Differential (S8-4.c.). The term "majority of hours," as used in subsection S8-4.c., means majority of WHOLE hours. (Hours are considered to be periods of 60 minutes.) Accordingly, there must be a minimum of 5 whole hours of a scheduled 8-hour shift that fall during the period covered by a night shift differential for an employee to qualify for such payment for the entire shift.

(a) Part-Time and Intermittent Employees (S8-4.c.(5)). These categories of employees are entitled to night shift differentials when the majority of their whole hours are worked during a period in which a night shift differential is payable. The term INTERMITTENT includes employees employed in a flexible category of employment.

1. EXAMPLE I. An employee is regularly scheduled to work a period from 2 p.m. to 8 p.m. Since the majority of whole hours were worked during a period for which the night shift differential of 7.5 percent is payable, the employee is entitled to that differential for the entire shift.

2. EXAMPLE II. An employee is regularly scheduled to work from 1 p.m. to 5:30 p.m. Because the employee performed 2 hours of work before the night shift period and only 2.5 hours within the night shift period, the employee is not entitled to the shift differential. (To qualify for the differential, the employee must perform 3 whole hours of work during the applicable night shift period.)

(b) Split Shifts (S8-4.c.(6)). The following examples illustrate night shift differential entitlements under the “majority of whole hours” concept when an employee’s tour of duty overlaps more than one established shift, or includes a break of more than 1 hour within a scheduled basic workday.

1. EXAMPLE I. An employee works an 8-hour shift from 8 p.m. to 4 a.m. with a 20-minute paid meal period. The employee works 3 hours in the second shift (7.5 percent differential) and 5 hours in the third shift (10 percent differential) and will be paid a 10 percent differential for all 8 hours because a majority of whole hours falls within a period for which the 10 percent night shift differential is payable.

2. EXAMPLE II. An employee who works 4 hours during the second shift (7.5 percent differential) and 4 hours in the third shift (10 percent differential) will be paid a 7.5 percent differential for the entire shift since a majority of hours is not worked during the third shift. The 7.5 percent differential is paid because a majority of hours is worked during a period in which a night shift differential is payable.

3. EXAMPLE III. An employee scheduled to work 3 hours during the third shift, 3 hours during the first shift, and 2 hours during the second shift (i.e., 5 a.m. to 11 a.m. and 3 p.m. to 5 p.m.) is entitled to a 7.5 percent night shift differential for all 8 hours because a majority of the regularly scheduled hours of work fall within a period during which a night shift differential is payable. The 10 percent differential is not paid because a majority of the regularly scheduled 8-hour shift does not fall within the period of 11 p.m. to 8 a.m.

4. EXAMPLE IV. An employee performs work from 10 a.m. to 12 noon, and from 4 p.m. and 8 p.m. on the same day. Hours worked each day total 6, with the employee performing 4 hours of work during the established night-shift period. This employee is entitled to the 7.5 percent night differential for all hours of work performed (i.e., 6 hours).

(c) Meal Breaks (S8-4.c.(7)). These examples illustrate how meal breaks of 1 hour or less are included in the computation of majority of whole hours.

1. EXAMPLE I. An employee works an 8-hour shift from 11:30 a.m. to 8 p.m. The meal break is set from 3:30 p.m. to 4 p.m., and is included in the 5-hour period from 3 p.m. to 8 p.m. The resulting majority of whole hours entitles the employee to a 7.5 percent shift differential for all 8 hours.

2. EXAMPLE II. If the employee’s shift is from 11 a.m. to 7:30 p.m. with a meal break from 3 p.m. to 3:30 p.m., no shift differential is paid because there is no majority of whole hours between 3 p.m. and midnight (i.e., the employee is credited with only 4.5 hours during the second shift).

3. EXAMPLE III. An employee who works from 7 p.m. to 3:30 a.m. with a meal break from 11 p.m. to 11:30 p.m. is paid a 7.5 percent differential for all 8 hours because a majority of whole hours is worked during a period in which a night shift differential is payable. The 10 percent differential is not paid because, even when the meal period is counted, a majority of the employee’s regularly scheduled 8-hour shift does not fall between 11 p.m. and 8 a.m.

(4) Pay for Work Performed on a Holiday (S8-4.d.). Tables ~~1312~~ through ~~1615~~ illustrate the pay entitlements authorized by subparagraph S8-4.d.(2).

Table ~~1312~~. Holiday Premium Pay Computation, Example I

An employee’s regularly scheduled workweek is 8 a.m. to 4:30 p.m., Monday through Friday. Monday is a holiday and the employee is required to work 8 hours on that day. Holiday premium pay is computed as follows:								
	Compensable Hours							
Regularly scheduled workweek	S	M	T	W	T	F	S	Total
Basic rate (scheduled rate only)		8	8	8	8	8		40
Premium pay - equal to the employee’s basic rate		8*						8
* Holiday								
The employee is paid for all regularly scheduled hours at the basic rate. Premium pay at a rate equal to the basic rate is paid for the number of non-overtime hours worked on the holiday.								
If the employee does not work on the holiday but instead is excused from work, the employee is simply paid the basic rate for the number of regularly scheduled hours normally worked.								
If the employee is excused on the holiday, and if a shift differential would otherwise have been earned because of the employee’s regular schedule of work, the shift differential is retained in the basic rate for that day.								

Table ~~44~~13. Holiday Premium Pay Computation with Overtime, Example II

A Regular, full-time employee's workweek is 11 p.m. to 7:30 a.m., Tuesday through Saturday. Monday is a legal holiday. Tuesday is the employee's "in-lieu-of" holiday. The employee is required to work 8 hours on Monday and Tuesday. Premium pay is computed as follows:								
	Compensable Hours							
Regularly scheduled workweek	S	M	T	W	T	F	S	Total
Basic rate (scheduled rate plus 10 percent differential)			8	8	8	8	8	40
Holiday premium pay (scheduled rate plus 10 percent shift differential)			8					8
Overtime - 1.5 times the basic rate (scheduled rate plus 10 percent night differential)		8*						
* The employee's regularly scheduled workweek consists of 40 hours, Tuesday through Saturday. Monday becomes the overtime period because it is outside the employee's basic workweek.								

Table ~~45~~14. Holiday Premium Pay Computation with Overtime, Example III

An employee's regularly scheduled workweek is 9 a.m. to 5:30 p.m., Monday through Friday. Monday is a holiday but the employee is required to perform 10 hours of work. Premium pay is computed as follows:								
	Compensable Hours							
Regularly scheduled workweek	S	M*	T	W	T	F	S	Total
Basic rate (scheduled rate only)		8	8	8	8	8		40
Holiday premium pay (equal to basic rate)		8						8
Overtime - 1.5 times the basic rate		2						2
* Holiday								

Table ~~46~~15. Holiday Premium Pay Computation for a Part-Time Employee, Example IV

A part-time employee who is entitled to observe a holiday has a regularly scheduled workweek from 9 a.m. to 4 p.m. (Monday, Wednesday, and Friday); there is no meal period during which the employee is entirely free from work requirements. Monday is a holiday and the employee is required to work 3 hours on that day. Holiday premium pay is computed as follows:								
	Compensable Hours							
Regularly scheduled workweek	S	M*	T	W	T	F	S	Total
Scheduled hours		7		7		7		21
Basic rate (scheduled rate only)		7		7		7		21
Holiday premium pay (equal to the basic rate)		3**						3
* Holiday								
** If the employee had performed 10 hours of work on the holiday, 2 of these hours would be treated as overtime. (See Table 45 14.)								

(5) Pay for Sunday Work (S8-4.e.)

(a) Authorization of Pay for Sunday Work (S8-4.e.(1)). This subparagraph illustrates the computation of Sunday premium pay.

1. An employee who is on a basic workweek of 40 hours per week, and whose work schedule for the week includes a workday that begins at 6 p.m. Saturday and ends at 2:30 a.m. Sunday, is entitled to Sunday premium pay for that workday.

2. In this example, Sunday premium pay is computed as follows:

a. 8 hours - basic rate (scheduled rate plus 7.5 percent night shift differential).

b. 8 hours - Sunday premium pay at a rate equal to 25 percent of the basic rate.

(b) Two Separate Tours of Duty (S8-4.e.(4)). This subparagraph illustrates the computation of Sunday premium pay when two Sunday tours of duty fall in part on the same Sunday.

1. An employee on a 40-hour basic workweek works a regularly scheduled night shift from 5 p.m. to 1:30 a.m. (with a .5 hour meal break); one shift begins at 5 p.m. on Saturday and ends at 1:30 a.m. on Sunday, and the next begins at 5 p.m. on Sunday and ends at 1:30 a.m. on Monday.

2. The employee is entitled to Sunday premium pay for both tours (a total of 16 hours), computed as follows:

a. 16 hours - basic rate (scheduled rate plus 7.5 percent night shift differential).

b. 16 hours - Sunday premium pay at a rate equal to 25 percent of the basic rate.

(6) Within-Grade Increases - Waiting Period (S8-5.b.). Table ~~1716~~ shows waiting periods for Regular and Flexible employees with a regularly scheduled tour of duty. Table ~~1817~~ shows waiting periods for Flexible employees without a regularly scheduled tour of duty.

Table ~~1716~~. Waiting Period for Within Grade Increases (For Regularly Scheduled Employees)

Employee advances to step rate number...	At the end of a waiting period of creditable service in the previous step of...	Provided the number of workweeks in a nonpay status during the waiting period does not exceed...*
2	26 calendar weeks	1 workweek
3	78 calendar weeks	3 workweeks
4	104 calendar weeks	4 workweeks
5	104 calendar weeks	4 workweeks
* Leave without pay in excess of these amounts must be made up with creditable service before the within-grade increase is effected.		

Table ~~1817~~. Waiting Period for Within Grade Increases (For Non-Regularly Scheduled Employees)

Employee advances to step rate number...	When the employee has worked...*	Over a period of no fewer than...
2	130 workdays in a pay status	26 calendar weeks
3	390 workdays in a pay status	78 calendar weeks
4	520 workdays in a pay status	104 calendar weeks
5	520 workdays in a pay status	104 calendar weeks
* Any day on which part-time service is performed constitutes a full workday of credit. (Only the days on which service is performed are counted for employees without a prearranged, regularly scheduled tour of duty.)		

(7) Procedures for Requesting Increased Minimum Rates (Hourly Paid Employees)

(a) Coordination. The Components shall submit requests to WSD, who shall coordinate such requests with the Military Departments and AAFES.

(b) Increased Minimum Rates. WSD may authorize increased minimum rates in accordance with subparagraph S5-13 when demonstrated recruitment and retention problems exist for an hourly paid occupation in a wage area. Authorization of increased minimum rates permits a NAFI to pay at a higher step rate of the wage schedule at the location concerned. Requests shall contain the title of the occupation, series, and grade; the recommended minimum step of the grade to use as the increased minimum rate; the area or location for which the rates are recommended; and any additional information supporting the need for increased minimum rates.

(c) Special Rates. Special rates may be authorized when increased minimum rates are not sufficient to respond to existing or likely significant staffing problems for an hourly paid occupation. When a Component can demonstrate that special rates are required for the recruitment or retention of qualified personnel, the request shall be forwarded to WSD in accordance with subchapter S12. OPM approval is required to apply special rates to CT employees.

APPENDIX 3 TO ENCLOSURE 2

~~CLASSIFICATION AND PAY SYSTEM FOR NAF CY PROGRAM ASSISTANTS, LEADERS, AND TECHNICIANS~~

~~1. CLASSIFICATION AND PAY SYSTEM FOR NAF CY PROGRAM ASSISTANTS, LEADERS, AND TECHNICIANS~~

a. General. Basic policy on coverage, purpose, and requirements for classification, pay, and allowances is in section 3 of the front matter of this Volume. This appendix to Enclosure 2 implements chapter 71 of Reference (d), sections 1791-1800 of Reference (h), DoD Instruction 6060.4 (Reference (~~qo~~)) and DoD Instruction 6060.3 (Reference (~~fp~~)) to provide additional procedures and guidance for administering the classification and pay system for NAF CY program assistants, leaders, and technicians.

b. Structure of ~~Classification and~~ Pay System. Table ~~1918~~ depicts the two-band structure.

Table ~~1918~~. Structure of ~~Classification and~~ Pay System for NAF CY Program

BAND	STANDARD POSITIONS	PAY RATES (Equivalent to the Corresponding OPM-Designated GS Locality Schedule Rate)	
		MINIMUM	MAXIMUM
CY-I	CY Program Assistant, Entry Level, CY-1702-I (Comparable to the GS-2 Level) CY Program Assistant, Intermediate Level, CY-1702-I (Comparable to the GS-3 Level)	GS-2, Step 1	GS-3, Step 10
CY-II	CY Program Assistant, Target Level, CY-1702-II (Comparable to the GS-4 Level) CY Program Assistant, Leader Level, CY-1702-II (Comparable to the GS-5 Level) CY Program Technician, CY1702-II (Comparable to the GS-5 Level)	GS-4, Step 1	GS-5, Step 10

~~(1) Classification~~

~~(a) Standard Position Descriptions. All direct care staff are assigned to one of the DoD-wide standard position descriptions in sections 2 and 3 of this appendix. As shown in Table 18, band CY I covers entry and intermediate level CY program assistant (CYPA) positions. Band CY II covers the positions of CYPA at the target and leader levels as well as CY program technicians. CY I positions are developmental positions for entry into band CY II positions.~~

~~(b) Classification Grievances. NAF direct care staff may grieve their assignment to a standard position description when they believe they are required to perform the duties of, and have met the qualification requirements for, a higher level standard position description. Employees may not grieve the content of the position description or the assignment of the position to a band where the content and assignment are in compliance with this appendix. Either the negotiated or the administrative grievance procedure may be used as appropriate. In accordance with chapter 71 of Reference (d), the negotiated grievance procedure may be used only if the classification results in a pay or payband reduction. Bargaining unit employees may use the applicable NAF administrative grievance system for classification complaints regarding actions that do not result in a reduction of pay or payband.~~

(21) Pay

(a) Schedules and Across-the-Board Pay Increases. WSD does not issue CY schedules. As shown in Table 18, the minimum and maximum rates for payband CY-I are the rates for GS-2, step 1, and GS-3, step 10, respectively; for CY-II, they are the rates for GS-4, step 1, and GS-5, step 10, respectively. These minimum and maximum rates shall be adjusted by servicing civilian personnel offices or human resources offices, as necessary, to equate to the corresponding rates on the GS schedule for the locality in which the CY job is located. Adjustments are effective the first day of the first pay period beginning on or after the effective date of the GS locality schedule. An employee's pay must be increased as necessary to prevent it from falling below the minimum rate of the band. However, employers have the discretion to set pay within the minimum and maximum rates for each band within the limits of subparagraph 1.b.(2)(b). of this appendix.

(b) Pay-Setting

1. Pay Comparability. Sections 1791-1800 of Reference (h) establish pay comparability requirements related to NAF child caregiver positions in military child development centers. Reference (e) applies comparable requirements to youth program employees. Accordingly, pay for CY positions shall be set at a rate of pay substantially equivalent to the rates of pay of other employees at their installation with similar training, seniority, and experience. To meet the requirements in sections 1791-1800 of Reference (h) and in Reference (e), the CY-I and CY-II paybands apply the pay rates for comparable-level civil service positions. (Pay ranges are described in subparagraph 1.b.(2)(a) of this appendix.)

2. The pay-setting provisions of section 5. of Appendix 1 apply within the requirements of subparagraph 1.b.(2)(b)1. of this appendix by substituting "CY" for "NF," with the exception of the rules for promotions in subparagraph 5.b.(3) of Appendix 1. Additionally, non-foreign allowances established for similarly situated APF employees shall be granted to CY employees.

(c) Premium Pay. Refer to Appendix 4 to this enclosure.

(d) Pay Upon Advancement Within or Between Paybands. A position change to the next level of responsibility within or between paybands requires a minimum 6 percent hourly

rate increase, or payment of the minimum rate associated with the applicable GS grade in the locality to which assigned, whichever is higher. Advancement occurs when an employee moves from the CYPA entry level to the intermediate level and to the target levels, or from the target level to either the program leader or program technician position.

(32) Training and Advancement to Target Position

(a) Training Requirements. The Office of the Deputy Under Secretary of Defense for Military Community and Family Policy implements sections 1791-1800 of Reference (h) requirements for a training program for child-care employees. Training requirements for NAF positions providing direct care for children and youth are found in References (q), (i), and (r). Before advancing to the next level of responsibility within or between paybands, direct-care staff must have completed prerequisite training and education using approved OSD and Service materials, to include designated training modules. Managers must promptly inform new CY staff of the training requirements for advancement and ensure that the training is available.

(b) Mandatory Assignment to Target Level After Training. Within two pay periods of completing prerequisite training and experience at a satisfactory level, direct-care staff must be advanced to the CYPA position in band CY-II, the target level position.

~~2. POSITION DESCRIPTIONS FOR CY PROGRAM ASSISTANT, ENTRY, INTERMEDIATE, TARGET, AND LEADER LEVELS, 1702 PAYBAND CY I AND CY II~~

~~— a. Introduction. The primary function of these positions is to provide appropriate developmental care and instruction for children and youth ranging in age from 6 weeks to 18 years in a DoD CY program.~~

~~— b. Major Duties and Responsibilities. The grade levels of these positions represent the entry, intermediate, target, leader, and technician level for CY positions within the Department of Defense.~~

~~—— (1) Entry Level (1702 Payband CY-I). Serves as a CYPA in one or more CY programs. Maintains control of and accounts for whereabouts and safety of children and youth ranging in age from 6 weeks to 18 years. Assists in providing and leading planned activities for program participants.~~

~~—— (a) Performs the more routine simple child care tasks, following step-by-step instructions. Little or no previous training or experience is required. Work is reviewed in detail, while in progress and upon completion, to ensure and assess trainee's progress and to evaluate attainment of training objectives and readiness for further training. Training will be of a progressively more responsible and specialized nature associated with the child care and development operations. These duties are performed to increase knowledge of child care duties and responsibilities and to develop skills for advancing to the higher level positions.~~

~~—————(b) Helps establish a program environment that promotes positive interactions with other children, youth, and adults. Helps prepare, arrange, and maintain indoor and outdoor activity areas and materials to accommodate daily schedules. Uses prepared curriculum and program materials and assists with developing a list of needed supplies and equipment.~~

~~—————(c) Helps create adult made games and play materials (mixing paint and play dough and assembling props for dramatic plays, activities, etc.) and assists with developing a list of needed supplies and equipment for submission to the supervisor.~~

~~—————(d) Interacts with children and youth using approved child guidance and youth development techniques as provided by supervisors. Interacts professionally with staff members, parents, and local installation command personnel.~~

~~—————(e) Supervises children and youth during daily schedule of indoor and outdoor activities and on field trips, outings, and special events. Promotes and models safety, fitness, health, and nutrition practices. Cares for special needs children and youth as directed by the supervisor. Notifies supervisor of health, fire, and safety compliance concerns. Helps arrange for and/or serve appropriate snacks or meals where applicable.~~

~~—————(f) Observes program participants for signs that may indicate illness, abuse, or neglect and reports as directed. Notes special instructions provided by parents. Ensures children and youth (as applicable) depart with authorized person according to written parental instructions.~~

~~—————(g) Assists in maintaining program participation data and completing required daily reports. Provides care and supervision, oversight, and accountability for program participants in compliance with DoD, NAF Component, and local installation policies, guidance, and standards.~~

~~—————(h) Completes training requirements using approved OSD and Service materials to include designated training modules. Participates in program evaluation as required. Assists in achieving and maintaining DoD certification and national accreditation where applicable. Ensures compliance with law, policies, and regulations applicable to DoD CY programs.~~

~~—————(i) Performs other related duties as assigned.~~

~~—————(2) Intermediate Level (1702 Payband CY I). Performs major target level duties and responsibilities working under the close supervision of a supervisor or other qualified higher-graded employee who makes assignments of specific basic tasks, provides detailed initial instructions, and is available for guidance and advice on all aspects of work to be accomplished.~~

~~—————(a) Serves as a CYPA in one or more CY programs. Maintains control of and accounts for whereabouts and safety of children and youth ranging in age from 6 weeks to 18 years. Assists in planning, coordinating, and conducting activities for program participants, including group as well as individual child activities. Establishes a program environment that sustains participant interest and promotes positive interactions with other children, youth, and adults. Helps prepare, arrange, and maintain indoor and outdoor activity areas and materials to~~

~~accommodate daily schedule. Assists children and youth with special projects and homework. Participates in conferences with parents and staff. Reviews and implements daily schedules and activity plans to ensure age and/or stage appropriateness. Sets up displays and bulletin boards.~~

~~—————(b) Interacts with children and youth using approved child guidance and youth development techniques. Interacts professionally with staff members, parents, and local installation command personnel.~~

~~—————(c) Supervises children and youth during daily schedule of indoor and outdoor activities, on field trips, outings, and special events. Promotes and models safety, fitness, health, and nutrition practices. Cares for special needs children and youth as directed by the supervisor. Notifies supervisor of health, fire, and safety compliance concerns. Helps arrange for and/or serve appropriate snacks or meals where applicable.~~

~~—————(d) Observes program participants for signs that may indicate illness, abuse, or neglect and reports as directed. Notes special instructions provided by parents. Ensures children and youth (as applicable) depart with authorized person according to written parental instructions.~~

~~—————(e) Participates in program evaluation using designated instruments such as programmatic rating scales, risk assessment tools (as required), self-inspection materials, and national accreditation tools. Assists in achieving and maintaining DoD certification and national accreditation or equivalent. Provides care and supervision, oversight, and accountability for program participants in compliance with local policies, guidance, and standards.~~

~~—————(f) Completes training requirements using approved OSD and Service materials to include designated training modules. Ensures compliance with law, policies, and regulations applicable to DoD CY programs.~~

~~—————(g) Inventories equipment on a recurring basis and recommends replenishing damaged, missing, and depleted supplies. Secures supplies, equipment, and facilities. Collects, maintains, and reports program participation data.~~

~~—————(h) Performs other related duties as assigned.~~

~~—————(3) Program Assistant—Target Level (1702 Payband CY II). Works under the written and verbal direction of the supervisor, who provides guidance on scope of assignments and assistance on the more complex, non-routine problems encountered. Work is reviewed in terms of results achieved and adherence to established standards and procedures. Routine day-to-day assignments are normally performed independently with technical assistance available from the supervisor when required. Routine assignments are spot-checked; the more technical assignments are closely reviewed for adherence to policies, procedures, and instructions.~~

~~—————(a) Serves as a CYPA in one or more CY programs. Maintains control of and accounts for whereabouts and safety of children and youth. Plans, coordinates, and conducts activities for program participants based on observed needs of individual children and youth~~

~~ranging in age from 6 weeks to 18 years. Implements activities and special events that meet the physical, social, emotional, and cognitive needs of children and youth. Establishes a program environment that sustains participant interest and promotes positive interactions with other children, youth, and adults. Helps prepare, arrange, and maintain indoor and outdoor activity areas and materials to accommodate daily schedules. Prepares and implements program options for children and youth with special requirements.~~

~~————(b) Reviews, provides input to, and implements schedules and activity plans. Demonstrates, instructs, leads, and facilitates planned and spontaneous program activities. Sets up displays and bulletin boards.~~

~~————(c) Interacts with children and youth using approved child guidance and youth development techniques. Interacts professionally with staff members, parents, and local installation command personnel. Participates in conferences with parents and staff. Briefs other employees and parents.~~

~~————(d) Supervises children and youth during daily schedule of indoor and outdoor activities and on field trips, outings, and special events. Promotes and models safety, fitness, health, and nutrition practices. Cares for special needs children and youth as directed by the supervisor. Notifies supervisor of health, fire, and safety compliance concerns. Helps arrange for and/or serve appropriate snacks or meals where applicable.~~

~~————(e) Observes program participants for signs that may indicate illness, abuse, or neglect and reports as directed. Notes special instructions provided by parents. Ensures children and youth (as applicable) depart with authorized person according to written parental instructions.~~

~~————(f) Participates in program evaluation using designated instruments such as programmatic rating scales, risk assessment tools (as required), self-inspection materials, and national accreditation tools. Assists in achieving and maintaining DoD certification and national accreditation or equivalent. Provides care and supervision, oversight, and accountability for program participants in compliance with local policies, guidance, and standards.~~

~~————(g) Completes training requirements using approved OSD and Service materials to include designated training modules. Ensures compliance with law, policies, and regulations applicable to DoD CY programs.~~

~~————(h) Inventories equipment on a recurring basis and recommends replenishing damaged, missing, and depleted supplies. Secures supplies, equipment, and facilities. Collects, maintains, and reports program participation data.~~

~~————(i) Performs other related duties as assigned.~~

~~————(4) Program Assistant – Leader Level (1702 Payband CY-II). Works under the written and verbal direction of the supervisor, who provides guidance on scope of assignments and assistance on the more complex, non-routine problems encountered. Work is reviewed in terms~~

~~of results achieved and adherence to established standards and procedures. Routine day-to-day assignments are normally performed independently with technical assistance available from the supervisor when required. Routine assignments are spot-checked; the more technical assignments are closely reviewed for adherence to policies, procedures, and instructions.~~

~~—————(a) Serves as a team leader for program staff with responsibility for the operation and program in accordance with applicable regulations in one or more CY programs. Maintains control of and accounts for the whereabouts and safety of children and youth. Oversees arrival and departure of children and youth. Supervises children and youth ranging in age from 6 weeks to 18 years during daily schedule of indoor and outdoor activities and on field trips, outings, and special events. Works within prescribed staff-to-child ratio with children and youth.~~

~~—————(b) Encourages participant interest and establishes a program setting that promotes positive interactions with other children, youth, and adults. Monitors staff-to-child or youth ratios to ensure adequate staffing. Plans, coordinates, and conducts activities for program participants based on observed needs of individual children and youth. Prepares and implements program options for children and youth with special requirements. Works with trainers and supervisors to implement activities and special events that meet the physical, social, emotional, and cognitive needs of children and youth. Works with team members to prepare, arrange, and maintain indoor and outdoor activity areas and materials to accommodate daily schedules. Assists children and youth with special projects, homework, and life skills.~~

~~—————(c) Interacts with children and youth using approved child guidance and youth development techniques. Interacts professionally with staff members, parents, and local installation command personnel. Participates in conferences with parents, program staff, school representatives, and local installation command personnel. Briefs other employees and parents. Notes special instructions provided by parents. Ensures children and youth (as applicable) depart with authorized person according to written parental instructions. Provides opportunities for parental involvement.~~

~~—————(d) Instructs team members in specific tasks and job techniques; makes available written instructions, reference materials, and supplies. Explains program guidance, procedures, policies, and directives to team members. Resolves problems and conflicts or obtains information and guidance from the supervisor. Demonstrates proper work methods and provides work-related guidance to subordinates. Models appropriate behaviors and techniques for working with children and youth. Provides on-the-job training and instruction to team members. Ensures team members follow safety, fire, fitness, health, and nutrition procedures and informs supervisor of compliance concerns. Relays instructions from the supervisor, makes activity assignment, and gets the work started in accordance with daily activity plans. Provides input to the supervisor as requested concerning promotions, reassignments, performance appraisals, incentive awards, etc.~~

~~—————(e) Observes program participants for signs that may indicate illness, abuse, or neglect and reports as directed. Sets up displays and bulletin boards. Arranges for and/or serves appropriate snacks or meals where applicable. Inventories equipment on a recurring basis and~~

~~recommends replenishing damaged, missing, and depleted supplies. Secures supplies, equipment, and facilities. Collects, maintains, and reports program participation data.~~

~~—————(f) Uses designated evaluation materials to ensure assigned area is in compliance with DoD, NAF Component, and local installation command baseline standards and metrics. Ensures assigned area achieves and maintains standards for DoD certification and national accreditation or equivalent. Provides care and supervision to children and youth ranging in age from 6 weeks to 18 years. Provides care and supervision, oversight, and accountability for program participants in compliance with DoD, Component, and local installation command policies, guidance, and standards.~~

~~—————(g) Completes training requirements using approved OSD and Service materials to include designated training modules. Ensures compliance with law, policies, and regulations applicable to DoD CY programs. Acts as manager in non-routine or emergency situations for purposes of opening or closing facility when 15 or fewer children and/or youth are present.~~

~~—————(h) Performs other related duties as assigned.~~

3. POSITION DESCRIPTION FOR CY PROGRAM TECHNICIAN LEVEL 1702-PAYBAND CY-II

~~——a. Introduction. The primary function of this position is to provide appropriate specialized developmental care and instruction for children and youth in a DoD CY program.~~

~~——b. Major Duties and Responsibilities~~

~~————(1) Works under the written and verbal direction of the supervisor, who provides guidance on scope of assignments and assistance on the more complex, non-routine problems encountered. Work is reviewed in terms of results achieved and adherence to established standards and procedures. Routine day-to-day assignments are normally performed independently with technical assistance available from supervisor when required. Routine assignments are spot-checked; the more technical assignments are closely reviewed for adherence to policies, procedures, and instructions.~~

~~————(2) Serves as a mentor for assigned CY team. Works with senior staff to provide instruction and training to lower-level employees. Assists lower-level employees in completing the Foundation Training Program. Assists trainer in helping lower-level program assistants translate professional development training into practice. Models appropriate behaviors and techniques for working with children and youth. Provides suggestions and makes recommendations to credential practicum candidates. Records observations and charts progress of team members' on-the-job skills and reports findings to trainer. Frequently consults trainer on strategies to further assist team members' professional development efforts. Provides input to the supervisor as requested concerning promotions, reassignments, performance appraisals, incentive awards, etc. Provides input to CY training plans based on observed training needs.~~

~~———(3) Works within prescribed staff to child ratios with children and youth ranging in age from 6 weeks to 18 years. Maintains control of and accounts for the whereabouts and safety of children and youth. Oversees arrival and departure of children and youth. Supervises children and youth during daily schedule of indoor and outdoor activities and on field trips, outings, and special events. Plans, coordinates, and conducts activities for program participants based on observed needs of individual children and youth. Prepares and implements program options for children and youth with special requirements. Encourages participant interest and establishes a program setting that promotes positive interactions with other children, youth, and adults. Recommends to trainer and program leader changes and adjustments to activities and plans where necessary to meet unusual situations.~~

~~———(4) Continually reviews activities and plans for appropriateness. Works with trainer, supervisor, and program leader to implement activities and special events that meet the physical, social, emotional, and cognitive needs of children and youth. Works with team members to prepare, arrange, and maintain indoor and outdoor activity areas and materials to accommodate daily schedules. Assists children and youth with special projects, homework, and life skills.~~

~~———(5) Interacts with children and youth using approved child guidance and youth development techniques. Interacts professionally with staff members, parents, and local installation command personnel. Participates in conferences with parents, program staff, school representatives, and local installation command personnel. Briefs other employees and parents. Notes special instructions provided by parents. Ensures children and youth (as applicable) depart with authorized person according to written parental instructions. Plans and conducts activities for parents encouraging parents to become involved.~~

~~———(6) Observes program participants for signs that may indicate illness, abuse, or neglect and reports as directed. Sets up displays and bulletin boards. Arranges for and/or serves appropriate snacks or meals where applicable. Inventories equipment on a recurring basis and recommends replenishing damaged, missing, and depleted supplies. Secures supplies, equipment, and facilities. Collects, maintains, and reports program participation data.~~

~~———(7) Uses designated evaluation materials to ensure assigned area is in compliance with DoD, NAF Component, and local installation command baseline standards and metrics. Ensures assigned area achieves and maintains standards for DoD certification and national accreditation or equivalent. Provides care and supervision, oversight, and accountability for program participants in compliance with DoD, NAF Component, and local installation command policies, guidance, and standards.~~

~~———(8) Completes training requirements using approved OSD and Service materials, to include designated training modules. Ensures compliance with law, policies, and regulations applicable to DoD CY programs.~~

~~———(9) Performs other related duties as assigned.~~

APPENDIX 4 TO ENCLOSURE 2

PREMIUM PAY (OVERTIME, NIGHT, SUNDAY, OR HOLIDAY)

1. OVERTIME PAY RULES. These rules vary depending on whether the employee is exempt or nonexempt from FLSA and is assigned to a CT or white-collar position. Table 2019 references the laws and regulations and provides guidance on overtime pay for NAF employees.

2. FLSA EXEMPT OR NONEXEMPT DETERMINATION. The criteria in part 551 of Reference (f) should be used to make this determination. The designation must be documented on the position description and personnel action documents. Based on Reference (f) criteria, all employees properly placed in paybands NF-1 and NF-2 are designated nonexempt unless they are permanently stationed in an exempt area as defined in Reference (f).

3. NIGHT, SUNDAY, AND HOLIDAY PAY. Since FLSA does not cover night, Sunday, or holiday pay, the exempt or nonexempt status is not a factor in determining such pay. The prevailing rate law covering CT employees, subchapter IV of chapter 53 of Reference (d), does cover this pay. Therefore, there are two categories of employees for purposes of applying rules for night, Sunday, and holiday pay: CT and white-collar.

a. CT Employees. Payment for night, Sunday, and holiday work shall comply with sections 5343 and 5544 of Reference (d); subparts 532.505, 532.507, and 532.509 of Reference (f); and Reference (e).

b. White-Collar Employees. There is no law or regulation external to the Department of Defense that addresses night, Sunday, or holiday pay for NAF white-collar employees. Components may grant these payments in consideration of the prevailing practice in the locality, and recruitment and retention problems. Payments may be less than, but may not exceed, payments pursuant to part 550 of Reference (f).

4. COMPENSATORY TIME-OFF IN LIEU OF OVERTIME PAY. In accordance with section 5543(d) of Reference (d) and Reference (c), DoD NAF employees, at their request, may be granted time off in lieu of overtime pay for overtime work. The Secretaries of the Military Departments and the Commander, Army and Air Force Exchange Service, are delegated the authority to grant DoD NAF employees, at their request, compensatory time-off from duty in lieu of overtime pay for overtime work. That authority may be further delegated in writing.

Table ~~2019~~. Overtime Pay Rules for NAF Employees

CATEGORY	WHERE RULES ARE FOUND	GUIDANCE
1. <u>Nonexempt CT</u>	<ul style="list-style-type: none"> • FLSA • Section 2105(c)(1)(C) of Reference (d). • Part 551 of Reference (f). • Section 5543 of Reference (d). • Subchapter II of chapter 61 of Reference (d). 	<ul style="list-style-type: none"> • Overtime pay for hours worked in excess of 8 per day and 40 per week (section 551.501(a) of Reference (d)). • Paid leave is counted as hours worked (part 532.503(b) of Reference (f)). • Compensatory time off is authorized (sections 5543(d) and 6123 of Reference (d)). Compensatory time off must be used by the end of the 26th pay period after that in which it was earned or be paid at the overtime rate at which it was earned if not used within the established time period. • Overtime rate is 150 percent of hourly regular rate (parts 551.511 and 551.512 of Reference (f)).
2. <u>Nonexempt White-Collar</u>	<ul style="list-style-type: none"> • FLSA • Sections 2105(c)(1)(C) and 5543(d) of Reference (d). • Part 551 of Reference (f). 	<ul style="list-style-type: none"> • Overtime pay only for hours worked in excess of 40 hours per week (section 551.501(a)(4)) of Reference (f)). • Paid leave is NOT counted toward hours worked. (NAF white-collar employees are not employees as defined by section 5541(2) of Reference (d); therefore part 551.401(b) of Reference (f) does not apply.) • Compensatory time off is authorized (sections 5543(d) and 6123 of Reference (d)). Compensatory time off must be used by the end of the 26th pay period after that in which it was earned or be paid at the overtime rate at which it was earned if not used within the established time period. • Overtime rate is 150 percent of hourly regular rate (parts 551.511 and 551.512 of Reference (f)).
3. <u>Exempt CT</u>	<ul style="list-style-type: none"> • Section 5544 of Reference (d). • Part 532.503 of Reference (f). • Reference (e). 	<ul style="list-style-type: none"> • OPM rules apply. • Overtime pay for hours worked in excess of 8 per day and 40 per week (section 5544(a) of Reference (d)). • Compensatory time off is authorized (sections 5543(d) and 6123(a)(1) of Reference (d)). Compensatory time off must be used by the end of the 26th pay period after that in which it was earned or be paid at the overtime rate at which it was earned if not used within the established time period. • Paid leave is counted as hours worked (part 532.503(b) of Reference (f)). • Overtime rate is 150 percent of basic rate of pay (section 5544(a) of Reference (d)).

Table 2019. Overtime Pay Rules for NAF Employees, Continued

CATEGORY	WHERE RULES ARE FOUND	GUIDANCE
4. <u>Exempt White-Collar</u>	<ul style="list-style-type: none"> • No laws or regulations external to the Department of Defense establish overtime pay policy for exempt white-collar NAF employees. • DoD NAF procedures are found in this appendix. 	<p>The DoD Components may grant overtime pay to these employees as follows:</p> <p>DEFINITIONS</p> <ul style="list-style-type: none"> • <u>Overtime Pay</u>. Pay for officially ordered and approved overtime work. • <u>Overtime Work</u>. Time in a duty status in excess of 40 hours in an administrative workweek. • <u>Duty Status</u>. Time on duty at the workplace, and not on paid leave or otherwise absent from duty. • <u>Administrative Workweek</u>. The 40-hour workweek established for 7 consecutive calendar days for full-time employees. It need not coincide with the calendar week and may begin on any day and at any hour. <p>AUTHORIZED AND APPROVED RULE. No employee identified as an exempt white-collar employee may be paid overtime pay or given compensatory time off for work in excess of 40 hours in an administrative workweek unless the overtime work is specifically authorized and approved in advance. The doctrine of compensation for hours permitted or suffered shall not apply. Overtime pay or compensatory time off for administratively uncontrollable overtime work is not authorized.</p> <p>OVERTIME PAY CALCULATION. The overtime rate equals 1.5 times the basic pay rate for hours that exceed 40 in duty status in a workweek, provided the employee's basic rate does not exceed the locality rate for grade GS-10 /1. When it exceeds the locality rate for GS-10/1, the overtime rate equals 1.5 times the rate for grade GS-10/1 or the employee's hourly rate of basic pay, whichever is greater.</p> <ul style="list-style-type: none"> • <u>Leave with Pay</u>. If an employee is on annual or sick leave, absent on legal holidays, absent on non-workdays established by Executive or administrative order, or absent on compensatory time during the basic workweek, the employee must be in a duty status an equal period or time before any remaining period may be paid for at overtime rates on the basis of exceeding 40 hours in a week. • <u>Nonpaid Absence</u>. A nonpaid absence is not counted as duty status in determining overtime pay.

Table ~~2019~~. Overtime Pay Rules for NAF Employees, Continued

CATEGORY	WHERE RULES ARE FOUND	GUIDANCE
4. <u>Exempt White-Collar</u> , Continued		<ul style="list-style-type: none"> • <u>Night, Sunday, or Holiday Duty</u>. These duty hours are included in the hours of employment in the administrative workweek. <p>COMPENSATORY TIME OFF IN LIEU OF OVERTIME PAY. Compensatory time off may be granted to exempt white-collar employees in lieu of overtime pay for an equal amount of irregular or occasional overtime work. Compensatory time off must be used by the end of the 26th pay period after that in which it was earned.</p>

APPENDIX 5 TO ENCLOSURE 2

SEVERANCE PAY

1. ELIGIBLE EMPLOYEES. Regular employees who have completed at least 12 months of continuous creditable service (see section 4 of this appendix) with one or more DoD NAFIs are eligible for severance pay. The continuous service qualifying the employee for severance pay must have occurred within the 12 months preceding the effective date of the business-based action (BBA).

2. CONDITIONS UNDER WHICH ELIGIBLE EMPLOYEES RECEIVE SEVERANCE PAY. An eligible employee shall receive severance pay when, as a result of a BBA:

a. The employee is separated. An employee who resigns following receipt of a specific written notice of separation due to BBA or a general written notice that announces that all positions will be abolished is considered to have been involuntarily separated.

b. The employee's basic pay is reduced, and the employee resigns instead of accepting the reduction.

c. The employee's employment category is involuntarily changed from Regular full-time to Regular part-time, or from Regular to Flexible, and the employee resigns instead of accepting the change. Components have discretion to establish a policy whereby employees involuntarily changed from Regular to Flexible may be paid severance pay without resigning.

d. The employee is furloughed for more than 60 consecutive days and resigns in lieu of accepting the furlough.

3. EXCLUSIONS. Otherwise eligible employees shall not receive NAF severance pay if they:

a. Are employed, without a break in service of more than 3 calendar days after separation, in another DoD NAF Regular position or a DoD APF position, without a time limit on the length of the appointment. DoD NAF employees who move to DoD APF positions without a break in service of more than 3 days are eligible for portability of benefits. Pursuant to subpart 550.708 of Reference (f), NAF service is creditable for computing an employee's APF severance pay if the employee is later separated from an APF position under conditions entitling the employee to APF severance pay. Section 7 of this appendix addresses entitlement to APF severance pay for certain NAF employees, based on a previous involuntary move from a DoD APF position to a DoD NAF position.

b. Have refused an offer of employment in any DoD NAFI that would not result in a rate of basic pay that is lower than the rate of basic pay received immediately before the BBA, or that would not result in a loss of employment category (i.e., from Regular full-time to Regular

part-time, or from Regular to Flexible). Offers must be in the same commuting area unless the employee is covered by an agreement in which mobility is a condition of employment.

c. Are entitled to an immediate annuity that is not reduced because of the employee's age at the time of retirement. This exclusion covers an annuity from a NAF retirement plan, or from a civil service retirement plan in which the employee elected to remain following movement between employment systems pursuant to sections 8347(q) and 8461(n) of Reference (d).

d. Are receiving payments from the Department of Labor's Office of Workers Compensation Programs for a job-related injury.

4. DETERMINING CREDITABLE SERVICE

a. This service is creditable for purposes of NAF severance pay:

(1) Service in a pay status as a Regular employee in one or more DoD NAFIs.

(2) Military service that interrupted creditable service, as prescribed in chapter 43 of title 38, U.S.C. (Reference (sr)).

(3) Service in a continuing (i.e., without a time limit on the length of the appointment) APF position, if the employee moved from a DoD APF position to a DoD NAF position on or after January 1, 1987, without a break in service of more than 3 calendar days.

b. This service is not creditable for purposes of NAF severance pay:

(1) Service upon which a NAF or civil service annuity is based if the annuity began before the date of the BBA.

(2) Periods of service for which NAF or APF severance pay was previously granted.

(3) Service used to determine an employee's APF severance pay entitlement pursuant to the provisions of section 5595(h) of Reference (d). (See section 7 of this appendix.)

5. COMPUTATION OF SEVERANCE PAY. The DoD Components shall establish severance pay calculation formulas. Formulas may be more generous for employees for whom unlimited mobility has been made a condition of employment, and for employees separated because of base realignment and closure. Calculation formulas shall be established within these limits:

a. Minimum. One week of basic pay for each full year of creditable service. Components may give prorated credit for service of less than 1 year. The amount of severance pay shall be based on the number of hours the employee is regularly scheduled to work during the week, averaged over a period not to exceed the preceding 12 months, and at the basic pay rate received

immediately before separation. The Components may place a cap on the maximum number of weeks paid under this option; however, the cap may not be set at less than 4 weeks of basic pay.

b. Maximum. A NAF employee shall not be paid severance pay greater than the amount calculated using the severance pay formula in section 5595(c) of Reference (d).

6. PAYMENTS. The DoD Components may pay severance pay on a bi-weekly basis or in a lump sum. Personnel action documents shall reflect the amount paid and the creditable service on which it was based to prevent overpayment or duplicate credit for service.

7. LIMITATION ON PAYMENT OF APF SEVERANCE PAYMENTS TO CERTAIN EMPLOYEES MOVING TO NAF POSITIONS

a. Pursuant to section 5595(h) of Reference (d), DoD APF employees may not receive APF severance pay upon movement to DoD NAF positions without a break in service (i.e., no more than 3 calendar days). The law provides that the original APF severance pay entitlement shall be reinstated if the employee is subsequently involuntarily separated from NAF employment. The employee will be advised at the time of move and an annotation placed in the official personnel folder.

b. When an employee who is entitled to resumption of APF severance pay pursuant to section 5595(h) of Reference (d) is involuntarily separated from a NAF position, the servicing NAF civilian personnel office or human resources office will inform the employee of his potential entitlement and notify the employee's previous APF employer (or the successor in cases of regionalization, consolidation, or reorganization). This notification should include documentation of the BBA resulting in the involuntary separation from NAF. The notice should also include any NAF severance pay paid at the time of separation from NAF and the period of service for which the severance pay was computed. This information will help ensure that the employee is not inadvertently paid severance pay from both APF and NAF for the same service. The intent of the law and this Instruction is that eligible employees shall receive APF severance pay for creditable APF service, and NAF severance pay for creditable NAF service.