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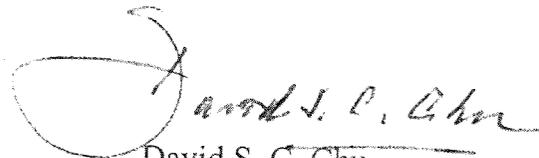
PERSONNEL AND  
READINESS

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MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS  
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UNDER SECRETARIES OF DEFENSE  
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DIRECTORS OF THE DEFENSE AGENCIES  
DIRECTORS OF THE DOD FIELD ACTIVITIES

SUBJECT: Supplemental Guidance for Department of Defense (DoD) Nonappropriated  
Fund (NAF) Civilian Human Resources (HR) at Joint Bases

By memorandum of January 22, 2008, the Deputy Secretary of Defense signed the Initial Guidance for Base Realignment and Closure 2005 Joint Base Implementation. On April 21, 2008, I signed two memorandums providing supplemental guidance for nonappropriated fund instrumentality (NAFI) activities and programs at joint bases, and civilian HR guidance for joint bases. The attached provides additional civilian HR guidance specific to the movement of NAF employees between NAFIs at joint base locations. The point of contact for NAF Personnel Policy is Donna Trantum, Chief, NAF Personnel Policy Division, Civilian Personnel Management Service (CPMS), 703-696-6568.

  
David S. C. Chu

Attachment:  
As stated



**DEPARTMENT OF DEFENSE (DoD)  
SUPPLEMENTAL GUIDANCE FOR NONAPPROPRIATED FUND (NAF)  
CIVILIAN HUMAN RESOURCES (HR) AT BASE REALIGNMENT AND  
CLOSURE (BRAC) 2005 JOINT BASES**

REFERENCES:

- (a) DoD Initial Guidance for BRAC 2005 Joint Basing Implementation, January 22, 2008
- (b) DoD Supplemental Guidance for Nonappropriated Fund Instrumentality (NAFI) Activities and Programs at Joint Bases, April 21, 2008
- (c) DoD Civilian Personnel/Human Resources Supplemental Guidance for BRAC 2005 Joint Basing Implementation, April 21, 2008
- (d) DoD 1401.1-M, "Personnel Policy Manual for Nonappropriated Fund Instrumentalities," December 1988
- (e) DoD 1400.25-M, "Department of Defense Civilian Personnel Manual," December 1996

1. PURPOSE

1.1. Supplement the Department of Defense BRAC 2005 Joint Basing implementation guidance in reference (a), the supplemental guidance for NAFI activities and programs in reference (b) and the civilian personnel HR guidance in reference (c).

1.2. Ensure that the movement of NAF employees between NAFI activities and programs at Joint Basing locations is managed consistently and properly across the Components.

2. APPLICABILITY

This supplemental guidance applies to NAF employees working in NAFI activities and programs described in Attachment D of reference (a) at BRAC 2005 Joint Base locations listed in reference (b). The Department of Army, the Department of Navy's Commander,

Navy Installations Command, and the Department of the Air Force have NAF employees at the Joint Base locations.

### 3. DEFINITIONS

Unless otherwise specified, the terms used in this memorandum are defined in the references.

### 4. BACKGROUND

4.1. Reference (b) prescribes procedures governing the operation of NAFI activities and programs at BRAC 2005 Joint Bases. Civilian HR guidance for appropriated fund and NAF positions at Joint Bases is found in reference (c). This supplemental guidance applicable to the movement of employees from NAF positions in one Component to NAF positions in a different Component at a Joint Base location builds upon the foundation laid by references (b) and (c) and addresses placement, severance pay, retirement benefit and nonforeign Cost of Living Allowance (COLA) issues and procedures that are specific to the NAF employment system.

4.2. DoD NAF HR policy in references (d) and (e) provide Heads of Components with flexibility, in certain specified areas and within specific parameters, to establish NAF personnel policies and benefit levels that best fit the Component's business needs. Consequently, the three Components involved in Joint Basing, the Department of the Army, the Department of the Navy, and the Department of the Air Force, have different NAF placement and reduction in force policies, severance pay levels, retirement benefits, and nonforeign COLA practices.

4.3. This supplemental guidance provides placement procedures, severance pay procedures, NAF to NAF retirement benefit portability procedures, and nonforeign COLA guidance to ensure that NAF employees are treated fairly when a Joint Basing action requires movement from NAF positions in one Component to NAF positions in a different Component.

4.4. This supplemental guidance incorporates and builds upon inputs provided by the Civilian Personnel Subworking Group and the Components with NAF employees involved in Joint Basing. Components shall use this supplemental guidance and may adapt it to local needs as necessary to ensure continuity of operations, provided the adaptation is consistent with the direction herein.

## 5. GUIDANCE

### 5.1. General

5.1.1. Components shall follow the guidance in reference (c) regarding development of a plan that addresses each new joint NAFI activity and program organization. This plan must include the numbers, pay grade or band, occupational series and codes, and employment category of positions in the new joint organization.

5.1.2. The Supporting Component's definitions and personnel policy will be used when establishing the employment category for positions in each new joint NAFI activity and program organization.

5.1.3. A properly classified position description is required for each position in each NAFI activity and program prior to implementing any personnel action.

### 5.2. Placement Procedures for Movement of NAF Employees to a NAF Position in a Different Component at a Joint Basing Location.

5.2.1. Each Component shall develop a retention register using that Component's existing NAF Business Based Action (BBA) procedures. The Components shall take turns selecting from their respective registers and matching eligible employees to appropriate NAF positions in each new NAFI activity and program organization.

5.2.2. Employees are eligible for placement in the new joint NAFI activity and program under these procedures if they are occupying positions identified as Regular and have completed their probationary period. The Regular employment category may be further defined as Regular Full Time (RFT) or Regular Part Time (RPT). Also covered are those Flexible employees who have been on the rolls of the NAFI activity for three or more continuous years of service. Excluded from coverage are employees currently serving probationary periods (non-supervisory), employees with less than satisfactory performance ratings, and Flexible employees with less than three years of continuous service with the NAFI activity.

5.2.3. Employee placements may occur in one of three ways: (1) on a noncompetitive basis; (2) competitive placement using Supporting and Supported Components' retention registers; and (3) the Joint Basing Reemployment Priority List (RPL).

5.2.3.1. Noncompetitive placement occurs when an occupied position in the Supported or Supporting Components matches a position in the new joint NAFI activity and program organization by title, series, grade/payband, and employment

category and there are no competing NAF employees in the Supported or Supporting Components. In that situation, the incumbent NAF employee shall be automatically placed in the new Joint NAFI activity and program organization noncompetitively.

5.2.3.1.1. Matching may be done at the NAFI activities and programs functional level, depending upon prior agreement between the Supporting and Supported Component on definition of competitive area. As an example, if management determines that the new Bowling Center activity requires two Regular Pinsetter (Mech), NA-4819-04 positions, and there are only two employees in the affected activities with that similar title, series, grade/payband, and employment category, then both employees shall be placed in the new NAFI Joint Basing activity without competition. In some instances, matching employees to positions will require more than simply matching title, series, grade/payband, and employment category; comparison of PDs may be needed. A perfect match is not needed; the comparison should identify similarities in the levels and types of duties and responsibilities in the Supported and Supporting Components.

5.2.3.1.2. In the Noncompetitive Placement process, Regular employees may only be matched to Regular positions and Flexible employees to Flexible positions. Due to the differences in Component definitions of employment category, matching of RFT and RPT employment categories is not required for Noncompetitive Placement, but may be used. Supporting and Supported Components must, prior to the matching of employees and positions, reach agreement as to defining work schedules for Regular positions and convey such information to affected employees. In reaching agreement, Components must consider Supporting and Supported Components' current severance pay policies and current employment category structures.

5.2.3.2. Competitive Placement occurs where there are more employees with the same title, series, grade/payband, and employment category than there are matching positions in a new joint NAFI activity and program at the Joint Base. In that situation, NAF employees within a pre-established competitive placement area will compete with each other via the Supporting and Supported Components' Retention Registers for the available positions in the NAFI activity or program. The Joint Basing competitive placement area will be defined by the designated authorizing official, with input from the Supporting and Supported Components.

5.2.3.2.1. The Supporting Component retains the right to make the initial selection, in priority order, from the Supporting Component's retention register. Irrespective of the competitive placement area, subsequent selections will rotate between the Components until all positions within the Joint Basing NAFI activity and program are filled with "matching" employees. During this "shared" selection and placement process, local Joint Basing authorizing officials must strive to integrate management staff from both Supporting and Supported Components.

5.2.3.2.2. In the Competitive Placement process, Regular employees may be offered a Flexible position with the same title, series and grade/payband, if there are no matching Regular positions if the Supported and Supporting Components agree. However, covered Flexible employees may only be matched to positions with a Flexible employment category designation. Because Component definitions of employment category differ with respect to full-time and part-time and the employment category designation for positions in the new joint NAFI activity and program organization is based on the personnel policy of the Supporting Component, for Joint Basing placement purposes, there will be no differentiation between full or part time employment categories. As such, full time may be matched to part time, and part time to full time.

5.2.3.2.3. NAF employees who are not placed in the new joint NAFI activity and program will be subject to their current Component's NAF BBA separation policies and related separation benefits. Those employees shall be placed on the Reemployment Priority List (RPL) established by their current employer through the servicing personnel office. DoD NAF policy in references (d) and (e) describe the RPL benefits available to eligible employees, including placement consideration at other NAFI activities within the commuting area.

5.2.3.3. To permit optimal placement assistance to displaced NAF employees at Joint Base locations, the Supporting and Supported Components at Joint Base locations will establish a NAF Joint Basing RPL for employees who were not placed in the new joint NAFI activity or program. The NAF Joint Basing RPL provides certain exceptions to the DoD NAF policy in references (d) and (e).

5.2.3.3.1. Where a Joint Basing RPL has been established, vacant positions in the Supporting and Supported activities may be open for competition only after RPL registrants have been matched for placement. RPL registrants shall receive priority placement in the new joint NAFI activity or program.

5.2.3.3.2. Joint Basing RPL registration is provided to all Regular and Flexible NAF employees in the Supporting and Supported Components who are separated by BBA as a result of Joint Basing. Although Regular probationary and Flexible employees with less than three years of continuous service are excluded from the BBA process, these employees are eligible for Joint Basing RPL registration at the Supporting and Supported activities involved in the identified Joint Basing action.

5.2.3.3.3. Designated servicing human resources offices are responsible for establishing and maintaining a NAF Joint Basing RPL. All affected NAF Joint Basing RPL registrants will have **priority placement rights** and must be offered employment in a vacant position in the new joint NAFI activity or program regardless of whether they are from the Supported or Supporting activity, providing the vacant position

is: (1) in the same or lower employment category as the position from which separated; (2) is in the same or lower grade or pay level as the position from which separated, and (3) has substantially the same duties as the position from which separated.

5.2.3.3.4. Hiring a Joint Basing RPL registrant is a noncompetitive recruitment action. Therefore, priority placement takes precedence over other preference programs such as the Spouse Preference Program.

5.2.3.3.5. A Joint Basing RPL eligibility notice shall be issued to an employee who is separated as a result of a Joint Basing reorganization, or who is under specific notice of separation due to Joint Basing. The separating Component will advise the employee of his or her Joint Basing RPL registration eligibility and provide a time frame not to exceed 30 days to complete an employment application.

5.2.3.3.6. Joint Basing RPL registration shall be effective on the separation date, or may take place upon the receipt of an official notice of separation, e.g., 30 days. A registrant will remain on the Joint Basing RPL until reemployed, until he or she declines a position that is comparable to the position from which separated (applying criteria in DoD policy and Component RPL procedures), or for up to one (1) year from the date of separation, whichever occurs first.

5.2.4. Joint Basing authorizing officials and their respective servicing HR offices are responsible for coordinating the timing for issuing general notices. The structure of each new joint NAFI activity or program should be established far enough in advance to determine how employees will be affected and to facilitate notification of employees. Each affected employee shall be provided with an official notice that includes, but is not limited to, information on:

5.2.4.1. Noncompetitive placement for employees whose current position matches a position in the new NAFI organization by title, series, grade/payband, and employment category, and for which there are no other competing employees in either the Supported or Supporting activities. This will involve separation from the losing activity and placement on the rolls of the new joint NAFI activity or program.

5.2.4.2. Competitive placement via Joint Basing placement procedures for employees who will be placed on a retention register and compete with other employees within the same competitive level for placement in the new joint NAFI activity or program.

5.2.4.3. Benefit entitlements for affected NAF employees including information regarding changes in employment benefit programs and eligibility, and entitlements under the provisions of DoD NAF policy in references (d) and (e).

5.2.4.4. Grievance procedures, which shall be provided to affected NAF employees to notify them of their right to present appeals, complaints, and grievances to management through administrative procedures, or through applicable negotiated grievance procedures.

5.2.4.5. Separation procedures for employees who will be separated by their Component and placed on the applicable employer RPL and the Joint Basing RPL.

5.2.5. A minimum of 30-days advance notice of separation and Joint Basing RPL registration is required for all Regular and all Flexible employees who will be separated as a result of Joint Basing. (Note: This policy is an exception to the DoD NAF advance notice policy in reference (d), which requires less notification for Flexible employees. The 30-days advance notice requirement for all separated employees is specific to the identified Joint Basing initiative and does not apply to separation actions at activities that are not involved in Joint Basing.)

### 5.3. NAF Severance Pay

5.3.1. NAF severance pay formulas and maximums differ among the Components. To maintain employees' current severance pay benefits to a reasonable degree, employees who are not placed in a new joint NAFI activity or program will be separated by their current Component under that Component's NAF severance pay policy, if eligible. For example, if a NAF employee in the Supported organization is not placed in the Joint Basing NAFI, he or she will not move to the Supporting Component, but will instead be separated by the Supported Component under that employer's severance pay policy, if eligible.

5.3.2. Those employees who are moved from the Supported Component to the joint NAFI activity or program in the Supporting Component, but who are involuntarily separated other than for cause, and in less than 12 months, will be compensated by the Supported Component for creditable service earned prior to placement in the Joint Basing NAFI, using that employer's severance pay policy. The Supporting Component will compensate the employee for service in the new NAFI organization under the Supporting Component's severance pay policy, using pro-rated credit for the partial year.

5.3.3. Upon an employee's attainment of a full 12 months' creditable service with the new joint NAFI activity or program under the Supporting Component, the Supporting Component's severance pay policy will apply and the Supported Component's commitment ends.

#### 5.4. NAF to NAF Retirement Portability

5.4.1. In BRAC 2005 Joint Basing actions requiring movement of NAF employees to a NAF position in a different Component, the policy in reference (d) providing retention of accrued service for retirement annuity purposes shall be waived. Affected employees shall instead be offered the opportunity to remain in their current NAF employer's retirement system upon movement to a NAF position in the Supporting Component. This option maintains the employee's current retirement benefit level to the greatest extent possible and parallels the portability of benefit provisions provided to employees who move from NAF to appropriated fund positions.

5.4.2. NAF employees who participate in the Supported Component's NAF retirement plan, and move to a retirement-covered NAF position in the Supporting Component under a BRAC 2005 Joint Basing action without a break in service shall be given the opportunity to elect, within 30 days of the move to the Supporting Component, to remain in the Supported Component's NAF retirement system, or elect to be placed in the Supporting Component's NAF retirement system and have their future retirement benefits calculated under the current "NAF to NAF" accrued service credit policy in Appendix 2 of reference (d).

5.4.3. An employee election to remain in the Supported Component's NAF retirement system shall result in continued coverage in, or eligibility for, the Supported Component's defined benefit (DB) plan and defined contribution (DC) plan; such an election shall render the employee ineligible for the Supporting Component's DB and DC plans.

5.4.4. For employees who elect to retain coverage in the Supported Component's NAF retirement system, at the end of each pay period, the Supporting Component shall provide to the Supported Component's designated payroll or financial services organization the actuarial total "normal cost" of covering the employee in the Supported Component's DB plan. This amount shall be determined by applying the total normal cost percentage factor to the employee's pay. This percentage factor is stated in the Supported Component's annual actuarial report. Therefore, the total normal cost provided to the Supported Component includes the employee contribution, as required by the Supported Component's NAF retirement system, and the remaining amount of the total normal cost that is paid by the Supporting Component.

5.4.5. At the end of each pay period, the Supporting Component shall provide to the Supported Component's designated payroll or financial services organization all employee contribution amounts (through payroll deduction) and all employer "matching contributions," as necessary to satisfy Supported Component employer DC plan requirements applicable to the employee's enrollment.

5.4.6. This NAF to NAF retirement policy is applicable to the Supported and Supporting Components involved in the BRAC 2005 Joint Basing action. An election to remain in the Supported Component's NAF retirement system is irrevocable as long as the employee is in a DoD NAF position in the Supporting or Supported Component. The election is not applicable to future moves involving different NAF Components. If the employee subsequently moves to a Component other than the Supporting or Supported Component, the employee will be subject to the DoD NAF to NAF retirement portability policy applicable to NAF to NAF movements other than the BRAC 2005 Joint Basing actions.

## 5.5 Post Retirement Health Benefit Coverage and Premiums

5.5.1. Employees placed in the new joint NAFI activities and programs organization are subject to the Supporting Component's post retirement medical and dental coverage eligibility requirements and retiree premium sharing provisions, subject to Subchapter 1408, Appendix 1 of reference (e). Eligibility provisions or post-retirement medical and dental premium sharing practices grandfathered by Supported Components under Subchapter 1408, Appendix 1, SC1408.AP1.5.2.2 and SC1408.AP1.8.4 of reference (e) are not transferable to the Supporting Component, regardless of the employee's NAF retirement system election.

5.5.2. The employer's share of post-retirement health benefit coverage for an individual who is an employee of the Supporting Component at the time of retirement shall be borne by the Supporting Component, regardless of the employee's NAF retirement system election. The Supporting Component has responsibility for funding and submitting the employer's cost share to the DoD NAF Health Benefits Program, subject to Subchapter 1408, Appendix 1 of reference (e).

5.6. Nonforeign Cost of Living Allowance (COLA). DoD NAF personnel policy in reference (e) permits Components to exercise discretion in the payment of nonforeign allowances and differentials to employees in paybands NF-3 through NF-6. Where the Supporting and Supported Components differ in their payment of nonforeign COLA at the Joint Base installations, the Components should reach agreement before the Joint Basing action as to how to fairly set pay for employees placed in positions in a new Joint Basing NAFI.