

DEPARTMENT OF DEFENSE



Defense Civilian Personnel Advisory Service

**Furlough 2013
Nonappropriated Fund
(NAF)
Questions and Answers**

QUESTIONS AND ANSWERS ON FURLOUGH NONAPPROPRIATED FUND (NAF)

FURLOUGH - GENERAL ADMINISTRATION

1. What is a furlough and why are furloughs necessary?

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

2. Are NAF employees affected by furloughs implemented by agencies for appropriated fund employees?

Maybe. A reduction in an agency's appropriated funding may cause a furlough of some NAF employees in morale, welfare, and recreation (MWR) positions that are partially or entirely funded with appropriated funds under the Uniform Funding and Management (UFM) authority.

Most NAF employees are not paid from appropriated funds authorized by annual appropriations, but are instead paid from funds generated by the military exchanges and MWR programs. However, if the reduction in appropriated fund resources leads to a curtailment in MWR or exchange business operations, employees not initially affected by a furlough implemented by an agency may be furloughed for other business based reasons.

WORK STATUS AND NOTIFICATION

1. Which NAF employees may be affected by a furlough?

Each NAF employer has discretion to identify which regular employees will be furloughed and when to schedule furloughs based on its particular needs and mission in accordance with Business Based Action (BBA) procedures if a furlough is 8 calendar days or more.

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

Each NAF Employer will determine the method and timing of notifying employees of whether they are affected by a furlough subject to applicable DoD or Component policy and collective bargaining agreements. Different notification requirements may apply depending on the length of the furlough. The length of a furlough may be on a continuous or discontinuous basis.

QUESTIONS AND ANSWERS ON FURLOUGH NONAPPROPRIATED FUND (NAF)

3. If I am furloughed, am I separated from employment?

NAF employees who are furloughed are not separated from NAF employment. They are placed in a temporary nonduty, nonpay status.

4. May a NAF employee volunteer to do his or her job in a non-pay basis while furloughed?

No. NAF Employees may not volunteer to do his or her job while furloughed.

5. Who should employees contact for more information about whether they may be furloughed?

NAF employees should contact their human resources office for information about whether they may be furloughed. Bargaining unit employees may also contact their union representatives.

PAY

1. Are furloughed NAF employees entitled to severance pay?

Only NAF employees who are furloughed for more than 60 consecutive days and resign in lieu of accepting the furlough are entitled to severance pay.

2. Are NAF employees who are furloughed eligible to apply for unemployment compensation?

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

LEAVE and OTHER TIME OFF

1. May an employee take paid leave or other forms of paid time off (e.g., annual, sick, court, or military leave, any compensatory time off earned, or time off awards) instead of taking furlough time off?

No. During a furlough a NAF employee may not substitute paid leave or other forms of paid time off for any hours or days designated as furlough time off.

QUESTIONS AND ANSWERS ON FURLOUGH NONAPPROPRIATED FUND (NAF)

2. What happens if a furloughed employee is scheduled to be on annual or sick leave or in some other pay status during the furlough period?

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

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

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

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

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

HEALTH BENEFITS

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

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

GROUP LIFE INSURANCE

1. May a NAF employee who is furloughed continue participation in their NAF employer's NAF Group Life Insurance plan?

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

QUESTIONS AND ANSWERS ON FURLOUGH NONAPPROPRIATED FUND (NAF)

RETIREMENT

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

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

Department of Army: 877-384-2340

Department of Air Force: 800-828-3065-- or 800-435-9941

Department of Navy (CNIC): 877-414-5358 or 866-827-5672

Navy Exchange Service Command (NEXCOM): 866-639-2363

United States Marine Corps: 877-211-1518

Army and Air Force Exchange Service (AAFES): 800-508-8466

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

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

3. What happens to a NAF employee's CSRS/FERS retirement plan (elected following a move from civil service to NAF) while the employee is on furlough?

Employees who made a portability of benefits election to retain enrollment in CSRS or FERS and TSP are subject to the applicable plan's rules regarding deductions during periods of non-pay status. Retirement plan coverage continues for up to six months for periods of non-pay status per calendar year. Employees cannot contribute to their TSP account while on furlough. Employees should contact their local NAF Human Resource Office or NAF Component for information.

QUESTIONS AND ANSWERS ON FURLOUGH NONAPPROPRIATED FUND (NAF)

WORKER'S COMPENSATION

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

Employees who are receiving benefits under worker's compensation must be notified in writing if their position is identified as being furloughed. Workers' compensation benefits continue for eligible employees; however, there is no leave supplement available during a furlough. NAF employees may contact their Component's worker's compensation office for assistance.

Department of Army: 210-466-1381 or 877-384-2340

Department of Air Force: 800-828-3065 or 800-435-9941

Department of Navy (CNIC): 877-414-5358 or 866-827-5672

Navy Exchange Service Command (NEXCOM): 757-440-4579 or 866-878-1776

United States Marine Corps: 877-211-1518

Army and Air Force Exchange Service (AAFES): 800-508-8466

LONG TERM CARE (LTC) INSURANCE

1. What happens to a NAF employee's Long Term Care (LTC) insurance coverage during a furlough?

Furloughed employees may elect to continue paying long term care insurance premiums. LTC insurance coverage varies among the Components depending on the provisions of the particular NAF employer's plan. NAF employees should contact the servicing NAF Human Resource Office for information.

FLEXIBLE SPENDING ACCOUNT (FSA)

1. What happens to a NAF employee's Flexible Spending Account (FSA) during a furlough?

Flexible Spending Accounts provisions vary among the Components depending on the provisions of the particular NAF employer's plan. NAF employees should contact the servicing NAF Human Resource Office for information.