



DEPARTMENT OF THE NAVY  
HEADQUARTERS UNITED STATES MARINE CORPS  
2 NAVY ANNEX  
WASHINGTON, DC 20380-1775

MCO P12000.11A  
MR  
31 Oct 00

MARINE CORPS ORDER P12000.11A

From: Commandant of the Marine Corps  
To: Distribution List

Subj: MARINE CORPS NONAPPROPRIATED FUND PERSONNEL POLICY  
MANUAL (SHORT TITLE: MARINE CORPS NAF PERSONNEL  
POLICY MANUAL)

Ref: (a) SECNAV P5300.22C

Encl: (1) LOCATOR SHEET

1. Situation. The Marine Corps Nonappropriated Fund (NAF) Personnel Policy Manual was last published in December 1990. Policies and procedures have changed considerably since that time. The publication of this Manual reflects up to date personnel policy that will enhance the ability of the commanders to manage their NAF workforce.

2. Cancellation. MCO P12000.11.

Mission. To provide detailed personnel administrative procedures consistent and in conformance with the principles and authorities contained in applicable laws, executive orders, DoD and SECNAV instructions, and to provide the primary reference for the overall administration and utilization of employees of Marine Corps Nonappropriated Fund Instrumentalities (NAFI's).

4. Execution

a. Commander's Intent and Concept of Operations

(1) Commander's Intent. This manual will be used as the basic manual for the conduct of NAF personnel matters.

(2) Concept of Operations. This manual will be disseminated to all commands responsible for the operation of Marine Corps Community Services (MCCS) activities.

DISTRIBUTION STATEMENT A: Approved for public release,  
Distribution is unlimited MCO P5300.9D

b. Subordinate Element Missions. Comply with the intent and content of this manual.

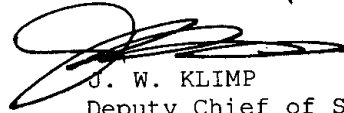
c. Coordinating Instructions. Submit all recommendations concerning this manual to the Commandant of the Marine Corps (MR) via the appropriate chain of command.

5. Administration and Logistics. This manual can be accessed online via the Marine Corps homepage at: <http://www.usmc.mil> and at the Marine Corps Community Services homepage at: <http://www.usmc-mccs.org>.

6. Command and Signal

a. Signal. This manual is effective the date signed.

b. Command. This manual is applicable to the Marine Corps Total Force.



J. W. KLIMP  
Deputy Chief of Staff for  
Manpower and Reserve Affairs

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MARINE CORPS NAF PERSONNEL POLICY MANUAL

CONTENTS

CHAPTER	INTRODUCTION
1	GENERAL
2	EMPLOYMENT AND PLACEMENT
3	COMPENSATION AND CLASSIFICATION
4	HOURS OF DUTY AND LEAVE
5	LABOR AND EMPLOYEE RELATIONS AND SERVICES
6	EMPLOYEE BENEFITS
7	EMPLOYMENT OF NAF PERSONNEL IN OVERSEAS AND FOREIGN AREAS
8	PERSONNEL MANAGEMENT EVALUATION
APPENDIX	
A	MERIT STAFFING PROGRAM
B	RETIREMENT AND INSURANCE SUPPLEMENT
C	EMPLOYEE PERFORMANCE APPRAISAL
D	PAY ADMINISTRATION FOR CRAFTS AND TRADES
E	INCENTIVE AWARDS
F	OFFICIAL PERSONNEL FOLDER
G	CIVILIAN ASSISTANCE AND RE-EMPLOYMENT (CARE) FOR NAF EMPLOYEES AFFECTED BY WORKFORCE REDUCTIONS
H	DOD PORTABILITY PROGRAM
I	TIME IN A TRAVEL STATUS
J	EMPLOYEE TRAINING AND DEVELOPMENT
K	DEFINITIONS

MARINE CORPS NAF PERSONNEL POLICY MANUAL

INTRODUCTION

0001. The Marine Corps depends on the programs and services provided by Marine Corps Community Services (MCCS) to make a difference in the quality of life enjoyed by our Marines, Sailors and their families. Quality of life sustainment and enhancement directly contribute to Marine Corps readiness and mission accomplishment.

0002. Highly trained and motivated Non-Appropriated Fund (NAF) employees are vital to the success of MCCS. The policies contained in this manual are designed to help Commanders and their NAF managers recruit, train, competitively compensate and empower the best men and women in each field to achieve success, serve our Marines and sustain the force into the 21st century. This manual provides a sound, standardized procedural basis to effectively and fairly manage NAF employees.

0003. Specifically, the first two chapters describe the tools necessary to recruit, hire, and manage employees to best fit command needs. Appendices associated with these chapters provide detailed guidance on performance evaluation and portability of benefits for NAF employees.

0004. Competitive compensation and leave systems are essential to attract and retain motivated employees. The NAF employee compensation and leave system is described in chapters 3 and 4. Among the important information contained in these chapters is guidance on rules and regulations pertaining to pay, dual compensation, severance and family medical and family friendly leave.

0005. Within the NAF system, there are over 10,000 employees, many of whom are represented by unions. Chapter 5 provides policy guidance on dealing effectively with employee grievance and disciplinary issues, as well as, labor management relations and business based actions.

0006. As with compensation and leave, a comprehensive, attractive benefits program is necessary to ensure that we recruit and retain our best people. Our employee benefit program, to include 401(K), retirement, health and life insurance is thoroughly outlined in the later chapters and appendices of this manual.

MARINE CORPS NAF PERSONNEL POLICY MANUAL

0007. In summary, the personnel policies contained in this manual are progressive, time tested, best industry practices. They empower Commanders and NAF managers with the means to optimize their personnel resources.



MARINE CORPS NAF PERSONNEL POLICY

CHAPTER 1

GENERAL

	<u>PARAGRAPH</u>	<u>PAGE</u>
POLICY . . . . .	1000	1-3
RESPONSIBILITIES . . . . .	1001	1-4
LEGAL STATUS OF CIVILIAN EMPLOYEES OF NAFI's .	1002	1-5
NEW OR REVISED PROGRAMS . . . . .	1003	1-6

MARINE CORPS NAF PERSONNEL POLICY MANUAL

CHAPTER 2

EMPLOYMENT AND PLACEMENT

SECTION 1: EMPLOYMENT

<u>PARAGRAPH</u>	<u>PAGE</u>	
GENERAL POLICY . . . . .	2100	2-3
CATEGORIES OF EMPLOYEES . . . . .	2101	2-3
EQUAL EMPLOYMENT OPPORTUNITY (EEO) . . . . .	2102	2-3
AFFIRMATIVE ACTION FOR HIRING, PLACEMENT, AND ADVANCEMENT OF HANDICAPPED INDIVIDUALS . . . . .	2103	2-5
EMPLOYMENT OF RELATIVES . . . . .	2104	2-6
EMPLOYMENT OF MINORS . . . . .	2105	2-7
EMPLOYMENT OF SPOUSES OF MILITARY PERSONNEL (SPOUSE PREFERENCE) . . . . .	2106	2-7
TRANSITION ASSISTANCE EMPLOYMENT PREFERENCE . . . . .	2107	2-9
EMPLOYMENT OF VETERANS (VETERAN'S PREFERENCE) . . . . .	2108	2-10
HIRING FORMER MEMBERS OF THE UNIFORMED SERVICES WHILE IN A TERMINAL LEAVE STATUS . . . . .	2109	2-11
EMPLOYMENT OF RETIRED U.S. MILITARY PERSONNEL . . . . .	2110	2-11
UTILIZATION OF OFF-DUTY U.S. MILITARY PERSONNEL . . . . .	2111	2-14
REINSTATEMENT . . . . .	2112	2-15
TRANSFERS AND TRANSFER OF FUNCTION . . . . .	2113	2-15
MOVEMENT TO NAF EMPLOYMENT FROM OTHER TYPES OF EMPLOYMENT . . . . .	2114	2-17
BASE CLOSURE AND REALIGNMENT . . . . .	2115	2-18
PORTABILITY OF BENEFITS FOR NAF EMPLOYEES . . . . .	2116	2-18

MARINE CORPS NAF PERSONNEL POLICY MANUAL

SECTION 2

RECRUITMENT, SELECTION, AND PLACEMENT

	<u>PARAGRAPH</u>	<u>PAGE</u>
GENERAL POLICY . . . . .	2200	2-19
QUALIFICATION REQUIREMENTS . . . . .	2201	2-19
EMPLOYMENT REQUIREMENTS, SUITABILITY CHECKS, AND INVESTIGATIONS . . . . .	2202	2-19
VETERAN RESTORATION RIGHTS . . . . .	2203	2-21
PROBATIONARY PERIOD . . . . .	2204	2-21
PERFORMANCE APPRAISALS . . . . .	2205	2-22
EMPLOYEE RECORDS AND FILES . . . . .	2206	2-22
VOLUNTEER SERVICES . . . . .	2207	2-22
SUPERVISION OF APPROPRIATED FUND EMPLOYEES	2208	2-23

FIGURE 2-1

TRANSPORTATION AGREEMENT . . . . .	2-24
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CHAPTER 2

EMPLOYMENT AND PLACEMENT

SECTION 1: EMPLOYMENT

2100. GENERAL POLICY. A/CS MCCS, MCCS Directors and Heads of local NAFI's shall ensure that the recruitment, selection, placement, promotion, termination and other related personnel actions involving NAF employees are in consonance with fair employment practices and equal opportunity and treatment for both applicants and employees.

2101. CATEGORIES OF EMPLOYEES. Each local NAFI shall categorize its NAF employees within one of the following categories:

1. Regular Employees

a. Regular full-time (RFT) employees are those hired for continuing positions with a regularly scheduled workweek of 35 hours or more.

b. Regular part-time (RPT) employees are those hired for continuing positions for a minimum of 20 hours per week but fewer than 35 hours per week on a regularly scheduled basis.

2. Flexible Employees. Flexible employees serve in either continuing or temporary positions up to 40 hours per week on either a scheduled or as-needed basis. Flexible employees are not eligible to participate in benefits programs, nor are they entitled to earn sick or annual leave.

2102. EQUAL EMPLOYMENT OPPORTUNITY (EEO)

1. In accordance with MCO 12713.5, heads of local NAFI's shall establish, maintain, and carry out a continuing EEO and affirmative action program designed to promote equal employment opportunity in every aspect of personnel policy and practice in the employment, development, advancement, and

treatment of their NAF employees. This includes aliens employed in the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, and the territories and possessions of the United States.

2. Provisions of paragraph 1000.2 of this Manual apply to the utilization of appropriated fund EEO personnel. Instructions on the processing and reporting of discrimination complaints will be provided to employees at their local command.

3. Where feasible, heads of local NAFI's should designate personnel to perform specific EEO duties, discrimination complaint processing, and reports (i.e., the annual collection of work force profiles for employees, is an example of one of the specific EEO duties). Otherwise, local NAF activities should participate in the local command affirmative action plan and utilize the local command EEO personnel.

4. Heads of local NAFI's shall also:

a. Provide sufficient resources to administer its EEO program within the local NAFI in a positive and effective manner.

b. Conduct a continuing campaign to eradicate every form of prejudice or arbitrary discrimination based on race, color, religion, sex, age, national origin, or handicapped condition, from personnel policies, practices, and working conditions to include taking appropriate action against employees who display prejudice or who arbitrarily discriminate.

c. Communicate this policy to appropriate sources of job candidates and solicit their recruitment assistance on a continuing basis.

d. Consistent with the organization of the NAFI and the scope of available advancement opportunities, establish an Upward Mobility Program for NAF employees. The program will provide the maximum feasible opportunity for employees to enhance their potential through on-the-job training, job re-engineering, and other development measures so that they

may perform at their highest potential and advance in accordance with their capabilities.

e. Provide orientation, training, and guidance to managers and supervisors to ensure their understanding and implementation of the EEO program.

f. Provide for participation at the local community level with other employers, schools, universities, and public and private groups in cooperative action to improve employment opportunities and community conditions that affect employability.

g. Provide for counseling employees and applicants who believe they have been discriminated against and who seek redress.

h. Provide for the prompt, fair, and impartial consideration and disposition of complaints involving issues of employment discrimination.

i. Establish a system for periodically evaluating the effectiveness of the overall equal employment opportunity effort.

2103. AFFIRMATIVE ACTION FOR HIRING, PLACEMENT, AND ADVANCEMENT OF HANDICAPPED INDIVIDUALS

1. Heads of local NAFI's shall give full consideration to employment of handicapped individuals in all NAF activities. They shall ensure implementation of all required laws, executive orders, rules, and regulations, including applicable regulations of the Equal Employment Opportunity Commission and the Office of Personnel Management. In meeting these requirements, heads of local NAFI's shall ensure that qualified handicapped individuals, including current employees who became disabled after appointment, have equitable opportunity to be hired, placed, and advanced in NAF jobs.

2. Heads of local NAFI's are authorized and encouraged to adopt any published civil service provisions for hiring handicapped individuals as a guide to further develop

policies and programs that will foster the effort to promote and expand employment opportunities for handicapped individuals so that their skills may be utilized, including the use of reasonable accommodation that meet the needs of individual disabled persons.

3. Affirmative action is to be an integral part of ongoing civilian personnel management programs. Persons with disabilities should be employed in a broad range of grade levels and occupational series commensurate with their qualifications. Policies should not unnecessarily exclude or limit persons with disabilities because of job structure or design or because of architectural, transportation, communication, procedural, or attitudinal barriers.

#### 2104. EMPLOYMENT OF RELATIVES

1. The employment, appointment, or promotion of relatives of military and civilian officials who hold administrative positions in which they exercise jurisdiction or control over the employing department, division, or branch of a local NAFI is prohibited; e.g., AC/S MCCA and Deputy's relatives are prohibited from working for the same MCCA activity.

2. Relatives of Heads of Retail, Food and Hospitality, Services, etc., may be employed in MCCA but not in the same department, division, or branch.

3. To prevent favoritism and collusion or their appearance, members of the same family shall not be assigned to, or employed in, positions where any supervisory relationship exists, allowing favored treatment to occur. Further, such officials may not advocate a relative's appointment, employment, promotion, or advancement anywhere within the DoD. This policy is consistent with provisions of 5 U.S.C. 3110 and 5 CFR Part 310. The policy does not prohibit the exercise of reemployment rights after military service as provided by the Military Selective Service Act of 1967, as amended.

4. For purposes of interpretation "relative" includes: father, mother, son, daughter, brother, sister, uncle, aunt, first cousin, nephew, niece, husband, wife, father-in-law,

mother-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, stepfather, stepmother, stepson, stepdaughter, stepbrother, stepsister, half brother, or half sister.

5. In the event of emergencies resulting from natural disasters or similar unforeseen events or circumstances, temporary employment of individuals whose employment would otherwise be prohibited by this policy is authorized.

2105. EMPLOYMENT OF MINORS. Heads of local NAFI's may authorize the employment of minors, ages 14 and 15. The employment of persons under 18 years of age shall be per the following:

1. The Fair Labor Standards Act in that such persons may not be employed in or assigned to positions that are hazardous or detrimental to their health.
2. Published State and local labor standards and requirements.
3. These employees will not be assigned to work involving machinery or equipment with exposed moving parts (excluding normal office machines, cash registers, floor waxers, and similar equipment). They may, however, operate NAF or Government-owned motor vehicles, provided that they have a valid state motor vehicle operator's permit and authorization, in writing to use Government-owned or leased motor vehicles.
4. In foreign areas, such employment shall be under summer and student programs and paid under a special summer and student wage schedule.

2106. EMPLOYMENT OF SPOUSES OF MILITARY PERSONNEL  
(SPOUSE PREFERENCE)

1. DOD instruction 1404.12 dated January 12, 1989 which implements Section 806 of P.L. 99-145, "DoD Authorization Act," November 8, 1985, and Executive Order 12568, October 2, 1986, prescribe improved employment opportunities for spouses of military personnel.



2. Heads of local NAFI's shall provide employment preference for spouses applying and referred for certain nonappropriated fund positions in all employment categories at grade levels NF-3 and below and positions paid at hourly rates. Heads of

local NAFI's shall establish measures by which job information is reasonably available to spouses seeking employment and establish procedures for verifying preference.

3. Spouses eligible for preference shall be included as part of the minimum area of consideration in the competitive process. Spouse preference shall not apply when it is management's decision to fill vacancies from incumbents of the same organization, same classification level and same employment category as that of the vacant position. A spouse eligible for preference shall request consideration by submission of an appropriate application form to the NAF personnel office where consideration is desired. Spouse preference shall be limited to the specific position(s) for which application is made. Spouse preference shall be applied reciprocally across DoD component lines.

4. A preference eligible spouse shall be placed on a selection list only if he or she is among the best-qualified candidates after a competitive screening process is completed.

5. The CMC (MR) may approve exceptions to selections or length of eligibility of spouse preference. Exceptions shall be rare and based only on compelling hardship to the activity or the applicant.

6. The time period of spouse preference eligibility begins 30 days before the military sponsor's reporting date to the new duty location. It continues during the entire tour unless placement into, or declination of, any offer of a continuing position at any grade level whether or not the eligible spouse has registered for spouse employment preference; whichever takes place first. Heads of local NAFI's may nonselect eligible spouses during the last 6 months of the sponsor's tour. Spouse preference may be exercised once for each permanent relocation of the military sponsor.

7. Eligible spouses shall have preference over transition assistance eligibles and veterans.

2107. TRANSITION ASSISTANCE EMPLOYMENT PREFERENCE

1. P.L. 101-510, "DoD Authorization Act," November 5, 1990, and Assistant Secretary of Defense (Force Management and Personnel) memo of June 7, 1991, provide the basis for transition assistance benefits including employment preference for involuntarily separating military personnel and their dependents.

2. Heads of local NAFI's shall provide employment preference to separating service members and their dependents applying and referred for nonappropriated fund positions in all employment categories at grade levels NF-3 and below and equivalent positions.

3. Transition assistance eligibles for preference shall be included as part of the minimum area of consideration in the competitive process. A transition assistance eligible for preference shall request consideration by submission of an appropriate application and the uniform services identification and privilege card to the NAF personnel office where consideration is desired. Transition assistance employment preference shall be limited to the specific position(s) for which application is made. Heads of local NAFI's shall establish procedures for verifying preference.

4. Heads of local NAFI's shall establish measures by which job information is reasonably available to transition assistance eligibles seeking employment.

5. A transition assistance employment preference eligible shall be placed on a selection list only if he or she is among the best qualified candidates after a competitive screening process is completed. Transition assistance preference eligible candidates shall be included as part of the minimum area of consideration in the competitive process.

6. The time period of transition assistance employment preference eligibility begins the date an eligible

involuntarily separated individual receives their DD Form 1173, "Uniformed Services Identification and Privilege Card". The DD 1173 will be used by the transition assistance eligible to claim preference.

7. A person may receive preference in hiring only once. Transition hiring preference eligibility is terminated upon placement in or declination of (whichever occurs first) a NAF position for which application is made.

#### 2108. EMPLOYMENT OF VETERANS

1. Provided they are equally qualified for the vacant position and the discharge from the U.S. military was not less than "under honorable conditions," preference at the time of hire only, will be given to veterans whose active duty was:

- a. During wartime;
- b. During the period of 28 April 1952 through 1 July 1955;
- c. For more than 180 consecutive days, other than for training, during the period of 1 February 1955 through 14 October 1976; or
- d. In a campaign or expedition for which a campaign or expedition badge is authorized.

NOTE: A person who originally enlisted after 7 September 1980, and who has served in a campaign, must either be a disabled veteran or have served for a minimum of 2 years (or the period for which they were called or ordered to active duty) in order to receive preference.

2. Evidence of Veteran Status. Official documents issued by the Uniformed Services or the Veterans Administration are required to establish: compliance with the requirements for active duty and for separation under honorable conditions, and the following facts, when they are needed:

a. That active duty was in a war; or in the period 28 April 1952 through 1 July 1955; or more than 180 consecutive days, other than for training, during the period beginning 1 February 1955, and ending 14 October 1976; or in a campaign or expedition for which a campaign badge is authorized.

b. Existence of a service-connected disability or receipt of compensation, pension, or disability retirement; and

c. Death of eligible uniformed service member in the line of duty in those cases where preference is claimed by the spouse or the parent.

2109. HIRING FORMER MEMBERS OF THE UNIFORMED SERVICES WHILE IN A TERMINAL LEAVE STATUS. Per 5 USC 5534a, a member of a uniformed service who had performed active service and who is on terminal leave pending separation from, or release from active duty in, that service under honorable conditions may accept a civilian office or position in the Government of the United States, its territories or possessions, or the District of Columbia, and he/she is entitled to receive the pay of that office or position in addition to the pay and allowances from the uniformed service for the unexpired portion of the terminal leave. Requests to hire retired members within 180 days of retirement are subject to provisions of paragraph 2110 below.

2110. EMPLOYMENT OF RETIRED U.S. MILITARY PERSONNEL

1. Definitions. For the purpose of this section, the following terms are defined:

a. Armed Forces. The Army, Navy, Air Force, Marine Corps, and Coast Guard.

b. Retired Member of the Armed Forces. A member or a former member of any of the Armed Forces, who is entitled to retired, retirement, or retainer pay.

c. Position. A civilian office or position (including

part-time or flex), to be filled with or without compensation, under appointment or personal services contract from appropriated or nonappropriated funds.

2. Retired members of the Armed Forces shall be accorded the same rights and considerations as all other applicants for civilian employment at the local NAFI level.

3. Heads of local NAFI's have a special obligation to assure that consideration for positions is extended to all candidates on an equitable basis in strict compliance with the spirit and fundamental considerations of merit and open competition. Before offering employment to a retired member of the Armed Forces within 180 days following retirement, prior approval must be obtained from the CMC (MR).

4. Employment of retired members of the Armed Forces to any NAF position during the 180 days immediately following retirement, must be accomplished under the provisions of Section VI of DoD Directive 1402.1, contained herein, except that a waiver is not required if the retiree was employed in a NAFI position prior to retirement and employment is to continue in the same NAFI position without a change to the category of employment.

5. All requests for approval of a waiver of the 180 day waiting period shall be submitted in letter form with these documents and statements:

- a. The date of retirement from the Armed Forces.
- b. Rank at time of retirement.
- c. Pay grade and branch of service at time of retirement; and whether regular or nonregular.
- d. A current application completed by the proposed appointee and applications of all highly qualified candidates
- e. Date the position was established.
- f. Date the position was last occupied.

- g. Whether the position was converted from military to civilian status.
  - h. Date of conversion, if applicable
  - i. Reason for conversion, if applicable
  - j. Whether the proposed appointee was the last military occupant.
  - k. A current position description
  - l. Whether the position is regular full time, regular part time, or flexible
  - m. A statement of the qualifications required to perform the duties of the position
  - n. Whether efforts to fill the position have been continuous since it became vacant; if not, the reason therefore
  - o. A copy of notices and advertisements used to publicize the vacancy
  - p. Documentation on how the proposed appointee is superior to all qualified candidates considered
  - q. A statement that methods used in soliciting applications for positions and sources utilized in developing a supply of applicants for employment consideration (i.e., internal posting, advertising, employment services, priority Consideration Placement Lists, etc). complied with placement procedures and assured other persons equal opportunity to apply and receive consideration for the position. If this is not the case, explain the reasons.
  - r. A specific statement certifying that the position was not held open pending retirement of the proposed appointee
6. The following shall be strictly observed before employing any retired member of the Armed Forces:

a. Vacancies shall be publicized and held open for a sufficient period of time to allow interested candidates an opportunity to apply.

b. Positions shall not be held open pending the retirement of a member of the uniformed services to provide that person with a preferential opportunity to apply for, or be appointed to, the position.

c. If the position was last occupied by a military incumbent, it must be clearly demonstrated that the proposed change to civilian incumbency is to meet a bona fide management need and not for the purpose of affording civilian employment to the proposed appointee.

2111. UTILIZATION OF OFF-DUTY U.S. MILITARY PERSONNEL

1. Subject to the requirements of their active duty commitment, enlisted personnel may be employed in a NAF position as a flexible employee.

2. No NAF monies may be disbursed for payment of personal services to any military personnel, except as authorized in paragraph 2110.1, c.

3. Specifically precluded is the payment of NAF scheduled pay, bonuses, overtime pay, incentive pay, or any other remuneration for work performed by military personnel, while either on or off-duty, who are not in a regular status, in a NAF position. Time worked in the military assignment shall not be used to determine the pay of enlisted personnel for duties performed in NAF positions.

a. To preclude conflict of interest, enlisted personnel who are assigned to the local NAFI as prime military duty shall not receive preferential treatment in hiring for civilian positions.

b. Compensation for off-duty hours worked shall be identical to that authorized in salary and wage schedules for civilian employees who perform similar duties and responsibilities.

c. The total number of hours that off-duty enlisted personnel may work in one or more NAFI's shall not exceed 34 hours in any one administrative work-week.

4. Active duty commissioned and warrant officers are prohibited from receiving compensation in any form from NAF except on an intermittent fee basis for services rendered in such capacities as officials at athletic events and participation in miscellaneous recreational and entertainment activities as approved by the local command. Off-duty enlisted personnel may also be compensated for services rendered during these events on an intermittent fee basis.

#### 2112. REINSTATEMENT

1. Regular employees who are separated voluntarily or involuntarily, other than for cause, may be reinstated by any DOD NAFI at any time after the date of their separation. Except for the benefit entitlements under the provisions of Chapter 6 of this Manual, such personnel shall be considered to have been in a leave-without-pay status with rights, privileges, and benefits accruing as set forth in this Manual.

2. An individual suspended or removed for reasons of national security may be restored to duty in a NAFI at the discretion of the Head of the local NAFI.

#### 2113. TRANSFERS AND TRANSFER OF FUNCTION

1. Transfers. The movement of a DOD NAFI employee from one NAFI to another NAFI, without a break in service, while remaining in the same classification. A transfer must occur without a break in service of more than 1 workday.

a. Transfers will be effected by closing the employee's Official Personnel Folder (OPF), by including a final performance evaluation and documentation noting the employee's total service, current rate of pay, current rate of annual leave accrual, and the total sick leave balance as of the effective date of transfer.2113

b. The employee's OPF will be forwarded via certified



mail to the gaining NAFI with return receipt requested.

2. Transfer of Function. A transfer of function is the transfer of responsibility for the performance of a continuing function from one competitive area and its addition to one or more other competitive areas, except when the function involved is virtually identical to the functions performed in the other competitive areas affected. An employee has no right to transfer with his or her function regardless of his or her personal preference, unless the alternative is separation or downgrading.

a. To provide equity and employment continuity, each regular NAF employee whose position is identified in a functional transfer, and who has the right to transfer, will be afforded the opportunity to transfer with his or her position.

b. If the functional transfer results in a business based action (BBA) in the gaining NAFI, the qualified employee who will accept employment will compete with other employees for selection in the gaining NAFI with full credit for all prior regular NAF service within DoD.

3. A regular non-probationary employee who is hired by a different NAFI within 6 months after separation, because of BBA, will be considered to have transferred to the gaining NAFI only for purposes outlined in paragraphs 2113.4, 2113.5, and 2113.6.

4. An employee who has transferred from one NAF activity to another NAFI within DoD will be given service credit in the gaining NAFI for his or her prior DoD NAF employment in accordance with the provisions of this Manual.

5. All accumulated sick leave hours shall be transferred by the losing NAFI to the gaining NAFI, provided the individual is placed in a pay status in the gaining NAFI within 6 months. No transfer of funds, however, shall be made from losing to gaining NAFI for sick leave hours transferred. The gaining NAFI will assume the financial obligation.

6. When a RFT DoD NAF employee participating in a NAF group insurance and retirement plan is transferred due to transfer

of function, or is hired by a different NAFI within 90 calendar days of removal from pay status because of a BBA in the losing NAFI, retirement credit and group insurance enrollment should be made available in accordance with the provisions of chapter 6.

7. Upon transfer of a regular employee to another NAFI within DoD, the employee will be paid for the accumulated annual leave credited to his or her account. If the transferred employee elects, and the losing and gaining NAFI's agree, annual leave credit and the funds to cover its cost may be transferred from the losing to the gaining NAFI. The gaining NAFI will credit the total annual leave hours balance.

8. Personal expenses incident to transfer may be authorized and reimbursed by the gaining NAFI provided those expenses have been identified and made a part of the offer of employment to the prospective incumbent. (These expenses are prescribed in the Joint Travel Regulations, Volume 2. A Transportation Agreement (figure 2-1) will be completed and made a part of the employee's OPF.)

9. An employee who refuses an offer of assignment incident to a transfer of function may be separated. Such a separation will be considered a resignation if the assignment is within the commuting area. The separation will be considered an externally induced termination.

2114. MOVEMENT TO NAF EMPLOYMENT FROM OTHER TYPES OF EMPLOYMENT. An employee in a public or private enterprise performing a function for or on behalf of the MCCS, whose function is now to be performed in a NAFI, may be employed by that NAFI to perform that function without competition, if the employee:

a. Meets the citizenship requirement of the geographical area in which employed. 2114

b. Is qualified for the position.

c. Has rendered at least 6 months of service in one or more positions in the previous employing activity immediately before being converted to NAF employment.

d. Is not precluded from NAF employment because of dual compensation, nepotism, conflict of interest, or country-to-country agreement provisions.

2115. BASE CLOSURE AND REALIGNMENT. NAF employees affected workforce reductions as a result of Base Realignment and Closure are eligible for civilian assistance and reemployment Programs. (See Appendix G)

2116. PORTABILITY OF BENEFITS FOR NAF EMPLOYEES. The Portability of Benefits for Nonappropriated Fund Employee Act of 1990 applies to DoD civilian employees who move Between nonappropriated fund and civil service employment systems within DoD without a break in service of 3 calendar days. (See Appendix H)

MARINE CORPS NAF PERSONNEL POLICY MANUAL

CHAPTER 2

EMPLOYMENT AND PLACEMENT

SECTION 2: RECRUITMENT, SELECTION, AND PLACEMENT

2200. GENERAL POLICY. Heads of local NAFI's shall establish civilian personnel management procedures which include careful job analysis; preparation of accurate job descriptions; establishment of the qualifications for positions; selection from a broad source of applicants; development of objective selection procedures; and adequate indoctrination and supervision of the individual while on the job.

2201. QUALIFICATION REQUIREMENTS

1. Establishment of realistic qualifications standards and requirements for any NAF position is a management responsibility. Such qualifications shall be written so that competition for a job is not restricted to any one individual. The qualifications of each applicant shall be carefully reviewed and evaluated. The basic principle is to find the best qualified and most suited person for the job being filled. Once qualifications requirements have been determined and placed on an appropriate vacancy announcement, changes to the qualifications requirements are not allowed.

2. Education cannot be used as a screen-in, screen-out requirement for any position unless such requirement has also been designated for similar positions in the Federal Civil Service.

2202. EMPLOYMENT REQUIREMENTS, SUITABILITY CHECKS, AND INVESTIGATIONS

1. Heads of local NAFI's shall ensure that the Merit Staffing program in appendix A is followed to ensure that the most suitable and best qualified persons are employed.

2. Complete and accurate application forms, pre-employment questionnaire, reference checks, and any security or other pre-employment investigations deemed appropriate to the position will be accomplished.
3. Compliance with P.L. 99-603, "Immigration Reform and Control Act of 1986," and Immigration and Naturalization Service Rules necessitated by it, will be followed. This refers to the use of the INS form I-9 which verifies an aliens right to work.
4. Candidates for assignment to positions of trust will be scrutinized. In compliance with DoD 5200.2-R, "DoD Personnel Security Program," individuals in positions of trust as designated below, will have a National Agency Check (NAC) performed. Individuals who do not receive a favorable NAC may not be employed without prior approval of the CMC (MR).
5. NAF positions of trust are:
  - a. Personnel & Family Readiness Division Director, Deputy Directors, Executive Assistant, Team Leaders, MCCA Counsel
  - b. Heads of local NAFI's; AC/S MCCA.
  - c. Deputy directors and division directors.
  - d. Comptrollers/controllers/heads of accounting.
  - e. Employees and volunteers working in child development centers and youth activity programs or any position working with children or youth. (A State Agency Check must also be performed)
  - f. Any other positions designated by the local commander or designee.
6. Heads of local NAFI's will ensure that their personnel office reviews the Supplemental Reference Check system in accordance with MCO 5300.11, for a possible match of any applicant being selected prior to selection to determine if hiring the applicant is warranted.

2203. VETERAN RESTORATION RIGHTS. Veteran restoration Rights after military service are provided to protect the job rights of non-career service people. An employee who enters the military services for a cumulative period of five years has the right to return to their employment in a position equal to the position which was held immediately prior to their military service. A more detailed explanation of restoration rights is located in PL 103-353, the Uniformed Services Employment and Re-employment Rights Act of 1994.

2204. PROBATIONARY PERIOD

1. A probationary period is required for a person appointed to a regular position. This constitutes a trial period in order to determine the employee's effective level of performance and overall fitness and suitability for continued employment
2. All newly appointed regular employees will be subject to a 1-year probationary period. Separation during probation is not a disciplinary action.
3. An additional 1-year probationary period is required for any regular employee upon initial appointment to a supervisory or managerial position. Imposition of the additional probationary period will be in writing. Demotion during a supervisory or managerial probationary period, to a position in the same classification level and pay as held before the supervisory or managerial position, is not a disciplinary action.
4. Exceptions to the probationary period requirement are limited to the appointment of a person who has completed a probationary period and who is appointed either in the same or different Marine Corps NAFI within 6 months after separation from a Marine Corps NAFI without cause, or as the result of a transfer of function from another DoD NAFI.
5. Time spent in a flexible position, which immediately precedes the assignment to a regular position, will be creditable toward completion of the probationary period if

the regular assignment is one involving the same or similar duties.

6. The probationary period may be extended in cases where an employee absence has prevented the supervisor from properly evaluating their qualifications for continued employment. Such extension shall be in writing and limited to a period equal to the duration of the employee's absence.

2205. PERFORMANCE APPRAISALS. The performance of regular employees shall be evaluated fairly and objectively on both a scheduled and continuous basis. Results of the evaluation should be discussed with each individual employee. Performance appraisal will be completed on all regular employees at least annually. Refer to chapter 5, regarding unsatisfactory performance.

2206. EMPLOYEE RECORDS AND FILES

1. Heads of local NAFI's shall ensure that their NAF personnel offices maintain records in compliance with the Fair Labor Standards Act of 1938, as amended. Additionally, adequate records shall be maintained on all employees in Official Personnel Folders. An employee's right to review his or her records and the protection of his or her privacy shall be in accordance with SECNAVINST 5211.5C, Subj: Personal Privacy and Rights of Individuals Regarding Records Pertaining to Themselves.

2. Specific administrative procedures for maintenance of OPF's and required personnel forms are outlined in appendix F of this Manual.

2207. VOLUNTEER SERVICES

1. NAFIs are authorized to accept voluntary services in programs.

2. Volunteers may be used to assist and augment the regularly funded workforce, but they cannot be used to permanently substitute for unfilled positions or to displace

paid NAF employees. Volunteers shall not perform duties: for which there is an unfilled personnel requirement or for which funding has been provided to hire staff or obtain service by contract.

3. An authorized person providing voluntary services shall be considered to be an employee of the federal government for the purposes of compensation for their work related injuries and claims relating to damaged property or losses to others. (Workers' Compensation and Tort Liabilities).

4. For the benefit of the activity and the volunteers, activities must maintain records of each volunteer's scope of duties, volunteer hours, and training provided.

2208. SUPERVISION OF APPROPRIATED FUND EMPLOYEES. There is no legal prohibition within DoD to preclude NAF employees from supervising appropriated fund employees (military or civilian).



MARINE CORPS NAF PERSONNEL POLICY

-----  
TRANSPORTATION AGREEMENT FOR MARINE CORPS MWR NONAPPROPRIATED FUND  
(NAF) PERMANENT DUTY STATION ASSIGNMENT DATE  
-----

NAME: (LAST, FIRST, MI)

-----  
SIGNATURE OF DESIGNATED PERSONNEL REPRESENTATIVE

1. The DoD Personnel Policy Manual for Nonappropriated Fund Instrumentalities \*(DoD 1401.1-M dated 13 December 1988) provides for, under certain conditions, reimbursement for travel and transportation expenses for the employee and immediate family, movement and storage of household goods and personal effects, and certain other allowances incident to employment at places within and outside the continental United States. Allowances contained in the cited DoD manual shall not be authorized unless the employee agrees in writing to remain in the employing NAFI for a minimum period of 12 months. Accordingly, to establish eligibility for travel and transportation, the following agreement must be executed.

2. I understand and agree that:

a. I will remain an employee of the employing NAFI for at least 12 months beginning with the date I report for duty at my new duty station, unless separated for reasons beyond my control and acceptable to the employing NAFI.

b. If I fail to fulfill the terms of this agreement, or if I am removed for cause before expiration of the required period of service, I will upon demand, repay a sum of money equivalent to that expended for transportation and subsistence of myself and dependents, cost of shipment of my household goods and personal effects, and other related allowances incident to my employment, from beginning point of travel to duty station. I authorize the employing NAFI to withhold any final pay due to me to apply against liquidation of any indebtedness arising from a violation of this agreement.

3. I understand that the period of service specified in this agreement is for the purpose of establishing my eligibility for the travel and transportation allowances, and other related allowances which may be authorized.

-----  
SIGNATURE OF EMPLOYEE

DATE SIGNED  
-----

Figure 2-1 Transportation Agreement

MARINE CORPS NAF PERSONNEL POLICY MANUAL

CHAPTER 3

COMPENSATION AND CLASSIFICATION

SECTION 1: COMPENSATION

	<u>PARAGRAPH</u>	<u>PAGE</u>
POLICIES . . . . .	3100	3-3
FEDERAL WAGE SYSTEM (FWS) . . . . .	3101	3-5
PAY BAND SYSTEM . . . . .	3102	3-6
CHILD CAREGIVERS (CC) PAY SYSTEM . . . . .	3103	3-14
TRAVEL, ALLOWANCES, AND DIFFERENTIALS . . . . .	3104	3-16
FAIR LABOR STANDARDS ACT (FLSA) . . . . .	3105	3-18
DUAL COMPENSATION . . . . .	3106	3-20
SEVERANCE PAY . . . . .	3107	3-21
PROHIBITION ON USE OF PERSONAL SERVICES CONTRACTS	3108	3-24
TIME IN A TRAVEL STATUS . . . . .	3109	3-24

SECTION 2: CLASSIFICATION

CLASSIFICATION . . . . .	3200	3-27
CLASSIFICATION APPEALS . . . . .	3201	3-28
Figure 3-1 Payband Classification and Pay System for White Collar NAF Employees . . . . .		3-25



CHAPTER 3

COMPENSATION AND CLASSIFICATION

SECTION 1: COMPENSATION

3100. POLICIES

1. General

a. All compensation, except commission and piece rate, shall be paid in accordance with salary and wage schedules issued by the Wage Setting Division (WSD), Department of Defense (DoD) Civilian Personnel Management Service.

b. Compensation for commission, and piece rate employees will be administered in accordance with Appendix V, Operating Manual for Nonappropriated Fund (NAF) Federal Wage System (FWS), issued by the Office of Personnel Management (OPM).

c. A position description (PD) will be maintained for all employees. PDs will be classified per chapter 3, paragraph 3200.

d. Officially authenticated time and attendance records are required before any payment may be made for pay purposes. A biweekly period is prescribed except where a different pay period is specifically authorized by the CMC (MR).

e. Salary advancement will only be made for wages already earned before scheduled paydays to meet cases warranting special consideration. Employees relocated to posts in foreign areas may be authorized a lump-sum advance of pay. Such advance will be made in conformance with the procedures used for payment to appropriated fund employees.

f. Rates prescribed by the WSD constitute the only authorized remuneration and will not be increased or supplemented by bonuses (except under special programs approved by the CMC (MR), by gifts of cash or merchandise, or by special celebrations or parties financed by nonappropriated funds. This provision does not alter the existing authority in effect for special schedules such as tipped, piece rate, and commission plans, or the executive and other pay plans approved by higher authority. Neither does it alter the existing methods of distributing service charges authorized and paid to employees

working the special functions. Management and administrative personnel are prohibited from sharing the commission, accepting tips, or participating in receipt of distributed service charges as remuneration.

g. Expenditures of nonappropriated funds are authorized for the following purposes:

(1) Recognition and incentive programs, including awards ceremonies. These programs may include appropriated fund (APF) employees assigned to MCCA functions, but they are precluded from receiving a cash award derived from non-appropriated fund.

(2) Other programs as approved by the CMC (MR).

h. Employees terminating employment or entering the Armed Forces of the United States shall be paid in full, less valid indebtedness to the NAFI.

i. Initial Hire Rate

(1) Crafts and Trade (CT) Positions. Appointments will normally be made at step 1 of the appropriate grade. However, Heads of Local Nonappropriated Fund Instrumentalities (NAFI) may appoint an employee at a higher step in recognition of his or her special qualifications, skills, and experience of an exceptional or highly specialized nature. When such appointments are made, the actions must be fully documented.

(2) Pay Band Positions. Pay may be fixed at any amount within the applicable pay level.

j. Effective Date of Pay Actions. All adjustments to pay will be effective on the first day of a pay period on or after the date the action is approved by management or unless otherwise specified by the WSD in connection with wage schedule changes.

k. Simultaneous Pay Changes. When an employee becomes eligible for two or more pay actions at the same time, the actions shall be processed in the order that shall benefit the employee the most.

1. Garnishment of Wages. NAFI employees are subject to the garnishment rules of 42 U.S.C. 659 (garnishment of federal employees' wages and retirees' annuities and Social Security benefits to enforce court ordered obligations of child support and/or alimony); and section 9 of P.L. 103-94 (garnishment of federal civilian employees' wages for commercial debts, including tax levies from State and local governments). The Office of Personnel Management has responsibility for prescribing the implementing regulations for the above garnishment provisions as they pertain to Executive Branch employees, including NAF employees. These regulations are found in 5 C.F.R., Parts 581 and 582. The agents designated to accept legal process are listed in appendix A to part 581. The Defense Finance and Accounting Service (DFAS) has provided additional implementing instructions covering NAFIs that receive payroll services from DFAS.

2. Specific

a. Wage Setting Division. The WSD determines rates of pay for employees paid from NAFs and communicate directly with activities concerning any matter where a mutual interest or responsibility exists.

b. The Commandant of the Marine Corps. The CMC (MR) shall develop the policies, regulations, and procedures for the compensation program; implement the program; provide guidance; and evaluate the program for proper administration.

c. Heads of Local NAFI's. Heads of local NAFI's shall determine NAF pay categories, position titles, pay plan codes; maintain current PDs; use proper job grading and classification standards; and apply authorized wage schedules for their NAF employees.

3101. THE FEDERAL WAGE SYSTEM. The system includes all crafts, trades, and labor positions and uses the following pay plan codes: NA for nonsupervisory positions; NL for leader positions, and NS for supervisory positions. The OPM's Operating Manual for NAF Wage System, augmented by Appendix D of

this Manual, contains detailed procedural instructions for the administration and operation of the FWS.

### 3102. PAY BAND SYSTEM

1. General. The system is designed to establish competitive wages, strengthen the linkage between pay and performance, and provide an efficient classification and pay process. It replaces the Administrative Support (AS), Patron Service (PS), and Universal Annual (UA) systems. It specifies a pay range for each pay level and enables pay to be fixed within the range.
2. Coverage. The system covers all NAF employees, except FWS and Child Care-giver employees. Employees in the pay band system are identified as NF, followed by the occupational series and a numerical pay level from 1 to 6.
3. Special Instruction. Establishment or appointment to a NF-6 position requires approval by the Assistant Secretary of Navy (M&RA).
4. Structure. The structure of the pay band is shown in figure 3-1. For each band or level the figure shows the generic work level, pay category, grades replaced, comparable GS grades, and examples of jobs covered.
5. Pay Schedules. The WSD issues pay band schedules. These schedules establish the minimum and maximum pay rates for each pay band in accordance with the following policy:
  - a. Minimum/Maximum for Bands NF-1 & 2 and Minimum for Band NF-3. These rates are determined by a DoD wage survey 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 geographical 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.

b. Maximum for Band NF-3 and Minimum/Maximum for Bands NF-4 through NF-6. Minimum rates in effect on 1 January 1995 will serve as a basis for future adjustments to minimum rates. Beginning in January 1996, the minimum rates for NF-4 through NF-6 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-6 will be adjusted to equal to the rate for Level IV of the Executive Schedule, in accordance with 5 U.S.C. 5373. 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%, respectively, of the NF-5 maximum rate, rounded up to the nearest \$500.

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

7. Pay Setting

a. General

(1) Except for the special pay setting situations stated in paragraph 7(b) below, the heads of local NAFI's 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; 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 installation commander is the authority for setting the pay for the AC/S MCCA.

(2) The term "basic pay" as used in this Manual 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 pay band. The hourly rate of basic pay is determined by dividing the annual rate by 2087.



b. Special Pay Setting Situations

(1) Fair Labor Standards Act (FLSA) Minimum Wage 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.

(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 Manual.

(3) Involuntary Moves to NAF under the DoD Employee Benefit Portability Program. When a GS employee is involuntarily moved to a NAF pay band position, the employee's basic rate of pay will be set at a rate within the pay band to which assigned that is not less than the employee's GS scheduled annual rate of pay, as defined in 5 CFR 531.602, plus the corresponding GS locality differential. Future rates of pay will be in accordance with this Manual. If the employee's last GS scheduled annual rate of pay plus the GS locality differential is above the maximum rate of the pay band level to which moved, pay retention is required as follows:

(a) The employee must have served for one continuous year immediately before the change in one or more positions at a rate of pay higher than the maximum rate of the pay level to which assigned.

(b) The retained rate shall be the lesser of the rate of pay immediately before the change or 150 percent of the maximum rate of the pay level to which assigned.

(c) Pay is retained under this policy for a period of two years, unless it is determined earlier by a break in service or change to a lower pay level at the employee's request.

(d) During the 2-year period, the employee will receive all wage increases granted to the applicable pay level.

(e) At the expiration of the 2-year period, pay will be adjusted to any amount within the pay level consistent with assigned duties and responsibilities.

c. Pay Increase. An employee may be granted a pay increase within a band, with or without a position change. A promotion occurs when an employee is moved to a higher band. A promotion requires a minimum pay increase of 5%, 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 the following 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; and 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 Adjustments. These adjustments are not required, but may be granted not to exceed the limits described in paragraph 3102.7.e (1) through (4) below. When the minimum rate for the band is raised in accordance with paragraph 3102.5 above, 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 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 employees.

(2) Employees in Bands NF-3 through 5, and NF-6. The adjustment shall not exceed the respective adjustment granted to corresponding APF GS and SES 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. Management may provide a maximum of 3 months to improve such employees' performance or take other appropriate personnel action.

8. Training Wage. The payment of a rate below the minimum rate of pay level NF-1 is authorized for initial employment of untrained employees entering at pay level NF-1. The rate of pay selected can not be lower than the applicable minimum wage and may be paid for a maximum of 3 months, at which time the employee will be moved to a rate of pay within the pay level.

9. Pay Adjustments for Supervisors. The head of the local NAFI may adjust the rate of pay of a NF supervisor to any rate of his or her pay band that exceeds the highest FWS employee being supervised.

a. Before an adjustment may be made, the head of the local NAFI shall determine that the supervisor's regular responsibilities include supervision over the technical aspects of the work of one or more FWS employee; and the supervisor's rate of pay is less than the scheduled rate of the highest paid FWS employee.

b. In comparing the scheduled rate of pay for an NF supervisor with the rate of pay for an FWS employee supervised, the head of the local NAFI shall exclude from the FWS employee's rate any irregular prevailing rate, such as a retained rate or night shift differential.

10. Premium Pay

a. Overtime. The provisions of the FLSA, as implemented by the OPM in the series of FPM 551 letters, are applicable; therefore, all NAF positions must be designated as either "exempt" or "non-exempt". Paragraph 3105 below details applicability and exemption criteria. The general rules relative to such designations are as follows:

(1) Classification levels NF-1 and NF-2 consist exclusively of non-exempt positions.

(2) Classification levels NF-3 and NF-4 may consist of

both exempt and non-exempt positions, depending on the characteristics of the individual positions.

(3) Classification levels NF-5 and NF-6 consist exclusively of exempt positions.

(4) Positions in overseas foreign areas are all treated as exempt, as the provisions of FLSA do not apply in those areas.

(5) Irregular or occasional overtime performed by an employee on a day when work was not scheduled, or for which the employee is required to return to the place of employment, is considered at least two hours in duration for the purpose of overtime pay, whether or not work is performed.

b. Employees in Areas Covered by the FLSA:

(1) Non-exempt employees. Employees identified as non-exempt shall be paid overtime for hours in excess of 40 hours per week. The doctrine of overtime hours "suffered or permitted" to be worked by the employee applies to non-exempt employees. Only hours of work are counted toward the 40 hours in a workweek. Periods of paid leave or holiday leave are not included. If work is performed, whether authorized in advance or not, compensation at 1 1/2 times basic rate must be paid. Compensatory time off for non-exempt employees is not authorized, except in conformance with paragraph 3102.10. b (3) below.

(2) Exempt employees. Exempt employees may not be paid overtime or given compensatory time off for work in excess of 40 hours in an administrative workweek unless the overtime or compensatory time off is specifically ordered and approved, in writing, in advance. In certain unusual instances, the authorizing supervisor may approve overtime worked by an exempt employee after the fact. The doctrine of overtime hours "suffered or permitted" does not apply. An exempt employee is not required to receive overtime pay or compensatory time off. However, if Command policy authorizes either overtime pay or compensatory time off, it will be administered as follows:

(a) When an employee's basic rate of pay does not exceed the rate for grade GS-10, step 1, the overtime rate is one and one-half times the employee's hourly rate of basic pay.

(b) When an employee's basic rate of pay exceeds the rate for grade GS-10, step 1, the overtime rate is one and one-half times the rate payable for grade GS-10, step 1.

(c) Compensatory time off may be granted to an exempt employee at the discretion of management. The amount of compensatory time off that may be granted shall be equal to the time spent in overtime work, i.e., one hour of compensatory time off shall be granted for each hour of work in excess of 40 hours. Management may require that an exempt employee in classification level NF-4 and above be given only compensatory time off. Management may also limit the amount of compensatory time an exempt employee may accumulate. No exempt employee will be permitted to accumulate more than 80 hours of compensatory time without the written approval of the Head of the local NAFI. Compensatory time should be used during the same pay period it is worked, or within a reasonable period thereafter; however, it will be available for a period of not more than 26 weeks. If not used, after 26 weeks, the employee should be paid for the hours worked, at 1 1/2 times basic rate of pay.

(3) Notwithstanding the prohibition against the use of compensatory time off for non-exempt employees, under the provisions of 5 USC 5550a, an employee may elect to work compensatory overtime for the purpose of taking time off without charge to leave when religious beliefs require that the employee abstain from work during certain periods of the workday or workweek. Under this law, any employee who elects to work compensatory overtime for this purpose shall be granted, in lieu of overtime pay, an equal amount of compensatory time off. However, an employee's election to work compensatory overtime may be disapproved by management if such a modification in work schedule would interfere with the efficient operation of the NAFI.

c. Night Shift Differential. Night shift differential may be paid when management determines that such differential is the prevailing practice in the local wage area and that such pay is necessary for recruitment and retention purposes. Night differential may be authorized for all categories of employees.

d. Pay for Holidays. Pay for holidays may be authorized when management determines that such pay is the prevailing practice in the local wage area and that such pay is necessary for recruitment and retention purposes. If pay for

holiday is authorized, the following apply:

(1) Pay for holidays on which employees are excused from work.

(a) A regular full-time, regular part-time, or regularly scheduled flexible employee who has been employed for at least 90 days, is entitled to the basic rate of pay for regularly scheduled non-overtime hours as if he/she had worked.

(b) A flexible employee without a regular schedule (on-call) is not entitled to the basic rate of pay.

(2) Pay for work performed on a holiday.

(a) A regular full-time, regular part-time, or regularly scheduled flexible employee who has been employed for at least 90 days, is entitled to the basic rate of pay plus premium pay at a rate equal to his/her rate of basic pay for regularly scheduled non-overtime hours.

(b) A flexible employee without a regular schedule (on-call) is entitled to the basic rate of pay.

(3) To be eligible for holiday pay, an employee must be in a pay status immediately before or immediately after the holiday.

e. Sunday Premium

(1) Sunday pay may be authorized when management determines that such pay is the prevailing practice in the local wage area and that such pay is necessary for recruitment and retention purposes. When authorized, Sunday premium pay will be paid at the rate of 25 percent of basic rate for all hours of a non-overtime tour of duty, when any part of the regularly scheduled tour is performed on Sunday. The maximum payment will not exceed eight hours per Sunday. Only regular full-time employees may be paid Sunday premium pay. For purposes of entitlement to Sunday pay, a full-time employee is defined as one who has a basic workweek of 40 hour.

(2) Sunday premium pay is in addition to premium pay for holiday work, overtime pay, or night shift differential and is

not included in the rate of basic pay used to compute the pay for holiday, overtime pay, or night shift differential.

### 3103. CHILD CAREGIVERS (CC) PAY SYSTEM

1. General. The DoD Child Caregiver pay system, while it has somewhat different rules of application, is part of the NAF pay band system. The system is established by the DoD to meet the requirements of the Military Child Care Act of 1989, and applies to all U.S. citizen or bona fide U.S. resident alien NAF child care employees, irrespective of category of employment.

#### 2. Position Classification

a. Standardized Position Descriptions (SPD) will be used for all NAF child care program employees. SPDs may be amended to reflect particular characteristics of caregiver operations. The GS-1 grade level is not authorized, nor is there a CC equivalent for GS-1. The full performance or target grade level for positions in Pay Band I is the Child Development Program Assistant, GSE-1702-4 position in Pay Band II.

b. The following five positions are specifically authorized under the program:

GSE-1702-2: Child Development Program Assistant (Entry Level)

GSE-1702-3: Child Development Program Assistant (Intermediate Level)

GSE-1702-4: Child Development Program Assistant  
(Full Performance Level)

GSE-1702-5: Child Development Program Leader

GSE-1702-5: Child Development Program Technician

c. Employees have the right to appeal the grade of their positions, but not the content of the PDs. Appeals shall be made through the Command to the CMC (MP). Decisions of the CMC (MP) are final.

#### 3. Pay Setting

a. Pay Band CC-I, developmental band, consists of GSE-1702-2, Child Development Program Assistant (Entry) and GSE-1702-3,

Child Development Program Assistant (Intermediate). Pay Band CC-II, Full Performance Band, consists of GSE-1702-4 Child Development Program Assistant (Target Level), GSE-1702-5 Child Development Program Leader, and GSE-1702-5 Child Development Program Technician.

b. Pay band I (CC-I) has a minimum rate that is equal to the rate of GS-2, step 1, and maximum rate equal to GS-3, step 10. Pay band II (CC-II) has a minimum rate equal to GS-4, step 1, and a maximum rate equal to GS-5, step 10.

c. Minimum and maximum rates of pay prescribed by the OPM for the General Schedule (GS) apply to the pay band positions. The CMC (MR) will issue the revised CC schedules when comparability rates are approved by Congress for the GS positions. Pay increases are mandatory only as necessary to prevent an employee's pay from falling below the minimum rate of the band.

d. There are no step increases within the pay bands. Management may establish any rate within the appropriate pay band. These decisions should be based on factors such as difficulty in filling positions, qualifications of applicants, and employee performance.

e. Pay Adjustment (position change). Actions within a pay band are accomplished on a non-competitive basis. In effecting such actions, employees must be given a 6 percent minimum increase. However, when an employee moves from Pay Band I as GSE-3 to a GSE-4 position in Pay Band II, the employee shall be given a rate equal to the minimum rate of the new pay band or a 6 percent increase, whichever is higher. Management may increase an employee's pay to any amount within the new pay band.

f. Management may appoint qualified candidate at any rate within the Pay Band II range. A GSE-5 new hire may be paid a salary equal to the rate of a GS-4 or GS-5.

g. Management must address the issue of "pay adjustment" at least once a year during the annual performance appraisal cycle. The decision to withhold a pay adjustment is not a grievable matter.



h. When a DON CC employee leaves for another DON CC position, the following rules shall apply:

(1) Promotion. An increase of at least 6 percent shall be afforded the employee.

(2) Transfer. At the same GSE level, pay shall be protected.

(3) Change to Lower Grade. When an employee accepts a voluntary change to lower grade (e.g., a GSE-4 employee accepts a GSE-3 position) his or her pay shall be set in accordance with the highest previous rate rule.

i. When a child care employee terminates and is hired into a non-child care position, the following rules shall apply:

(1) Promotion. The pay setting policies of the pay system to which promoted shall apply. However, promotion percentage applicable to both the NF and CC may be locally mandated to be a minimum of 6 percent or any other percentage higher than the mandated minimums, if the command has the necessary funds and wants to do so.

(2) Same or Lower Grade. Highest previous rate rules will apply.

#### 3104. TRAVEL, ALLOWANCES, AND DIFFERENTIALS

1. Travel and Transportation. When it is clearly in the interest of the NAFI, expenses for essential travel and transportation of employees and their family members shall be allowed in amounts not to exceed those prescribed in Volume 2 of the Joint Travel Regulations (JTR), except the provisions of the JTR may be authorized when it is in the best interests of the Marine Corps. Application for such exceptions shall be made to the CMC (MR) and should normally be requested in advance. Any such application must specify the reason for the exception, employees or class of employees to be covered, benefits to be gained, and total cost of exception. Travel and transportation shall be paid, when appropriate, under the JTR, to employees assigned duties associated with area wage surveys. The NAFI shall reimburse the traveler only when traveling on official duty. The employee must claim actual expenses incurred and the NAFI will reimburse their expenses and per diem.

## 2. Allowances and differential

a. Foreign areas. The payment of allowances and differentials to NAF employees shall comply with DoD 1400.25-M, "DoD Civilian Personnel Manual (CPM), Chapter 592, "Overseas Allowances and Differentials." The delegation of authority restrictions provided in that Chapter apply to NAF.

b. Nonforeign areas. A nonforeign area allowance or differential established for APF employees 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 paid to employees in bands NF-3 through NF-6. The heads of NAFIs should strive for consistency in a geographical area, internally and among Components.

c. The CMC (MR) may authorize payment of a Separate Maintenance Allowance (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.

## 3. Recruiting Bonuses, Relocation Bonuses, and Retention Allowances

a. General. These bonuses and allowances may be paid to NF employees not to exceed the basic 5 U.S.C. 5753 and 5754, and 5 CFR Part 575 limitations applicable to APF employees. 5 CFR 575.304 restrictions related to the Federal Government or non-Federal Government status of the prospective employer do not apply. These bonuses and allowances are used sparingly, 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.

b. Documentation and Record Keeping. As a minimum, the following information shall be recorded each annual operating year:

(1) The number of employees accepting recruiting and relocation bonuses and retention allowances;

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

(3) Any recertification of necessity, in each individual case, to continue the payment of a retention allowance; and

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

#### 3105. FAIR LABOR STANDARDS ACT

1. Applicability. The provisions of the FLSA, as implemented by the OPM in the series of FPM 551 letters, are applicable to all NAF employees, including off-duty military personnel, who are employed in geographical areas covered by the FLSA, as amended. The minimum rate to be paid employees covered by the FLSA may not be less than the current Federal minimum wage or the applicable State or municipal wage, whichever is higher.

2. Coverage. Heads of local NAFI's may exempt an NAF employee from the provisions of the FLSA if the following criteria are met.

a. Executive Exemption. The employee's primary duty consists of management or supervision. This primary duty requirement is met if the employee:

(1) Has authority to select or remove, advance in pay and promote, or make any other status changes of subordinate employees, or has authority to suggest and recommend such actions with particular consideration given to these suggestions and recommendations; and

(2) Customarily and regularly exercises discretion and independent judgment in such activities as work planning and assignment, direction, review, evaluation, and other aspects of management of subordinates, including personnel administration.

(3) In addition to the above criteria, NF employees properly classified at NF-3, must spend a minimum of 80 percent of their workday on supervisory duties.

b. Administrative Exemption. An administrative employee is an advisor, assistant, or representative of management, or a specialist in a management or general business function or supporting service who meets all of the following criteria:

(1) Significantly affects the formulation or execution of management policies or programs; or

(2) Involves general management or business functions or supporting services of substantial importance to the organization serviced; or

(3) Involves substantial participation in the executive or administrative functions of a management official.

(4) The employee performs office or other predominantly non-manual work that is intellectual and varied in nature or of a specialized or technical nature that requires considerable special training, experience, and knowledge.

(5) The employee must frequently exercise discretion and independent judgment, under only general supervision, in performing the normal day-to-day work.

c. Nonexempt NF Employees. The following NF employees do not meet the FLSA exemption criteria and are therefore nonexempt from the provisions of the FLSA.

- (1) Non-supervisory employees.
- (2) Leader employees.
- (3) Supervisory employees classified below NF-3.

(4) Supervisory employees at NF-3 who perform work not directly related to their supervisory function more than 20 percent of the time.

d. Exempt Supervisory Positions. NF-3 level employees who perform supervisory related duties 80 percent or more of the time, meet the FLSA criteria, and perform the following are exempt from the FLSA:

(1) Assume responsibility for planning and accomplishing a continuing workload that meets the intent of the recognized organizational unit requirements.

(2) Regularly exercise discretion and independent judgment in planning, directing, and controlling the work.

(3) Are responsible for significant personnel management duties.

3106. DUAL EMPLOYMENT. The provisions of 5 U.S.C. 5531, 5532, and 5533 (Dual Compensation Act of 1964, P.L. 88-488) pertaining to dual employment are applicable to NAF employees.

1. Dual Employment. The Dual Compensation Act states that civilian personnel shall not be entitled to receive basic compensation from more than one civilian office or position (including temporary, part-time or flexible positions with the Government of the United States, including NAFIs under the jurisdiction of the Armed Forces) for more than a total of 40 hours of work in any 1 calendar week.

a. This also applies to foreign nationals employed and paid by NAFIs in foreign countries. Prohibition is on receipt of basic compensation from more than one civilian office and does not affect the receipt of otherwise properly earned overtime compensation for work in one position in excess of the hours required.

b. These provisions do not apply to compensation from more than one office for services rendered under emergency conditions relating to health, safety, protection of life or property, or national emergency. Examples of such conditions are fire, earthquake, flood or other disasters, civil disorder, or threat to the national security. An exception to the restrictions on dual employment require prior approval by the CMC (MR). In order to request an exception, information is required on the following points:

- (1) To what extent is the base or activity isolated?
- (2) At an overseas location, is the exception requested for both U.S. and non-U.S. citizen employees?
- (3) Why normal staffing methods cannot be utilized.
- (4) Extent to which off-duty military personnel might be used.
- (5) Extent to which dependents might be used.
- (6) Any other information that would document the need for an exception.

### 3107. SEVERANCE PAY

1. Eligibility. Regular employees who have completed at least 12 months of continuous creditable service (see Paragraph 4, below) with one or more DoD NAFI 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. An eligible employee will 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. Employees who have been 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 will 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 appropriated fund (APF) position, without a time limit on the length of the appointment.

Note: DoD NAF employees who move to DoD APF position without a break in service of more than 3 days are eligible for portability of benefits. 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. Paragraph 7, below, 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 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.

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. The following 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; and
- (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 1 January 1987, without a break in service or more than 3 calendar days.

b. The following 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; and
- (3) Service used to determine an employee's APF severance pay entitlement under Paragraph 5 below.

#### 5. Computation of Severance Pay

a. Minimum. One week of basic pay for each full year of creditable service up to 4 years of service, for a maximum of 4 weeks of pay. For portions of years in excess of 1 year, the service may be prorated. The severance pay will 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.

b. Maximum. Employees who are being separated because of base realignment and closure may be paid up to 8 weeks of severance pay. Formula for computation is the same, i.e., 1 week of severance pay for each year of creditable service.



6. Payments. Severance pay may be made on a bi-weekly basis or in a lump sum. Personnel actions will document the amount paid and the creditable service on which it was based.

7. Limitations on Payment of APF Severance Payments to Certain employees Moving to NAF positions

a. 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 original APF severance pay entitlement will 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 is involuntarily separated from a NAF position, the servicing NAF personnel office will inform the employee of his or her 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 from which the severance pay was computed.

3108. PROHIBITION ON USE OF PERSONAL SERVICES CONTRACTS. Personal services contracts may not be used to effect an appointment to a job that requires employing an individual on a continuing basis. The terms and conditions of each proposed service contract must be carefully evaluated to ensure that the relationship formed is truly that of an independent contract. If the relationship created more aptly is that of an employer/employee, then the position shall be graded and paid under the appropriate NAF schedule.

3109. Time In a Travel Status. Refer to Appendix I of this manual for information on Time in a Travel Status.

PAYBAND CLASSIFICATION AND PAY SYSTEM FOR WHITE COLLAR NAF EMPLOYEES		BASIC WORK CHARACTERISTICS OF BAND		EXAMPLES OF JOBS COVERED
WORK LEVEL PAY CATEGORY	GRADES REPLACED	COMP. GS GRADES		
Junior Clerical/ Customer Svc	AS/PS 1-4	GS 1-3	Routine clerical and customer service duties such as filing, receptionist, typing, demonstrating and selling merchandise, receiving money, making change.	Computer, Acc't., Pers., Ops., Supply, Mail, File and Desk Clerk, I.D. Checker, Life Guard, Rec. Mid. Cashier, Duty Ofcr., Courier, Clk., Type, Jr. Sales Clerk, Data Entry Clerk, Customer Serv. Asst.
Senior Clerical/ Customer Svc	AS/PS 5-6	GS-4	More complex clerical, customer service, admin. and technical support duties, such as, typing, shorthand, creating and maintaining files, applying regulations, conducting studies, demonstrating and selling merchandise, planning and conducting patron activities, supervising.	Rec Asst., Water Safety Inst., Secy., Cashier, Computer or Pers. Clerk./Asst., Illustrator, Club Ops. Asst., Payroll Clk./Tech., Sr. Sales Clk., Acct. Tech., Hd of Customer Svc.
Specialist/ Management	AS/PS 7 UA 5-8	GS 5-8	Band includes management entry-level jobs and certain admin. and technical full performance jobs. Also includes jobs that assist full performance specialists in the following program areas: sports, acct., payroll, budget, theatre programs, catering, purchasing, computer centers, personnel, and retail.	Retail Mgr. (Main or Branch Store), Stockroom Mgr., Shift Mgr. (Retail), Admin. Asst., Sec'y, Rec. Spec., Supv. Rec. Spec., Computer Spec., Acct. Tech., Accts Payable Ldr., Gen. Ledger Ldr., Supv. Acct. Tech., Illustrator, Bowling Ctr. Mgr., Caterer, Club Mgr., Procurement Asst./Agent
Senior Specialist/ Management	UA 9-12	GS 9-12	A subject matter expert in a highly specialized area, responsible for developing local regulatory compliance procedures, and addressing related problems. Representing area of expertise to a NAFI and public. Planning, organizing and directing program activities, ensuring program budget compliance, performing the full range of supervisory duties, evaluating program effectiveness, representing program to customer, coordinating support services. In an audit/review capacity, conducting surveys and studies of activities and functions. Examining mission, function, organization, reports, functional statements, etc., to correlate, analyze, determine and recommend management action to resolve problems or improve efficiency of operations.	Sr. Auditor, Mech. Engr., Managers of Food Acys. (burger king), Gen. Mgr. (teachings), Retail Mgr. (Main St.), Sports Spec., Rec. Spec., Supv. Rec. Spec., Empl. Rel. Spec., Computer Spec./Prog. Analyst, Spt. Svcs. Supv., Food and Beverage Mgr., Marketing and Advertising Spec., Club Coord., MWR Director
Top Management	UA 13-15	GS 13-15	Typically mgt/supv. 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. Planning, organizing and conducting a comprehensive program integrating a variety of resources at the national level. Serving as a consultant, providing guidance, assistance and advice to field activities. Coordinating with other national staff, and other military departments. Planning, coordinating, directing and controlling all phases of a major area/division within a NAFI. Developing or revising long range plans and policies which impact the NAFI and serviced community. Directing the mgt. of subordinate activities to include examining and making recommendations concerning expansion, relocation or discontinuation.	General Mgr. (Exchange), Attorney, Labor Rel. (Region), Family Spt. Ofcr., Pers. Mgmt. Spec., Pers. Ofcr, Policy & Progr. Mgr., Community Rec., Prog. Rev. & Dev., Prog. Analyst, Community & Family Acct., Prog. Mgr., Sr. Prog. Analyst, Comptroller, Finance Mgr., Club Mgr., Community Ops. Ofcr., Exec. Dir., Supv. Benefits Prog. Mgr., Club Coord., Mgr. Dir.
Senior Executive NF-6	UA 16-18	SES ES 1-6	Executive positions, with extensive mission accomplishment responsibilities in directing an entire NAF component, or a major subdivision thereof.	Director, Hospitality Management (Component Level, Chief Operating Officer (entire exchange system)

Figure 3-1



CHAPTER 3

COMPENSATION AND CLASSIFICATION

SECTION 2: CLASSIFICATION

3200. CLASSIFICATION

1. General. Heads of local NAFI's are responsible for ensuring the accuracy and currency of PDs and for ensuring the proper classification of positions within their jurisdiction in accordance with the appropriate classification guides or job-grading standards.

2. Job-Grading System

a. Crafts and Trades Positions. OPM has developed and issued a job grading system for NAF positions subject to the provisions of Public Law 92-392 (NA, NL, and NS positions). Details of this system are contained in Subchapter S6 of OPM's Operating Manual for NAF Wage System. Job-grading standards for these jobs are contained in FPM Supplement 512-1. Supplemental guidelines are also found in DoD 1401.1-M-1.

b. Pay Band Positions

(1) Figure 3-1 depicts the structure of the pay band system. It shows, for each band, the generic work level, pay category, grades replaced, comparable GS grades, characteristics of work covered, and examples of jobs covered. Information in Figure 3-1, along with a more detailed description of work characteristics of 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 guidance on classification published by the OPM, DoD NAF Personnel Policy Office, or the CMC (MR) may be used, as appropriate.

(2) The CMC (MR) has developed Standardized Position Descriptions (SPD). Heads of local NAFI's may modify the SPDs as long as it does not cause the modified position to fall into a different pay level. New PDs may also be developed locally

and forwarded to the CMC (MR), if desired by the local Command, for pay level determination.

3. Classification of Supervisory and Managerial Positions.

While the size of the organizational unit and number of subordinates supervised may affect the grade of a supervisor or manager, these factors alone may not be used in determining the grade of such supervisor or manager. In grading these positions, other factors shall be considered, such as kind, difficulty, and complexity of work supervised; degree and scope of responsibility delegated to the supervisor; and kind, degree, and scope of the supervision exercised. A reduction in the number of subordinates or size of the organizational unit supervised may not be used under any circumstances as the sole basis for reducing the grade of a supervisory or managerial position. (A more detailed explanation of this policy is contained in subsection A.5., Chapter 4, of DoD 1401.1-M-1.)

3201. CLASSIFICATION APPEALS AND GRIEVANCES

1. General. All FWS employees have the right to file a position classification complaint and appeal concerning their own position. Pay band employees' complaints are processed under the provisions of Chapter 5, MCO P5300.9.

2. FWS Employees

a. Classification Appeals. An FWS employee may appeal his or her grade, title, or series at any time, but not the classification or job grading standards established for the job nor other matters such as the accuracy of the position description, the rate of pay, or the propriety of a wage schedule rate. Classification appeals are restricted to FWS employees.

b. Position Description Accuracy. Dissatisfaction with a PD should be resolved locally through review and grievance procedures.

c. Classification Review and Appeal Procedures.

(1) Only one review level within the Marine Corps

may occur before the final decision is issued. The level shall be above the position classification authority level that took the action for the review requested. The CMC (MP) is the review level for Marine Corps NAF FWS employee classification appeals.

(2) Decisions on classification appeals will normally be made by the CMC (M) within 60 days of the date the employee filed the application for review. The CMC (MP) shall base its decisions on the record. The decisions shall include an analysis of the employee's job compared with guidance on classification published by OPM, DoD NAF Personnel Policy Office, or the CMC (MR) for FWS positions. If the decision sustains the employee's application and corrective action is necessary, the effective date of change in the grade of the job shall not be later than the first day of the first pay period, beginning after the 60th day from the date the application was filed. If the request is not sustained, the employee shall be advised of his or her appeal right to OPM. (See OPM's Operating Manual for NAF Wage System, Subchapter S7-7, for additional information.)

(3) When a classification action results in a change to a lower grade or loss in pay, the head of the local NAFI shall notify the affected employee promptly, in writing, of its decision and the effective date. The normal effective date of a change in pay is the date the action is approved, or a later date specifically stated. The effective date may not be later than the beginning of the first pay period that begins after the 60th day from the date of the classification action that results in a change to a lower grade or loss in pay. The notice shall advise the employee about his or her right to review by CMC (MP). Additionally, the notice shall specify that to be entitled to retroactive corrective action, the employee must request review within 15 calendar days of the effective date of the change to a lower grade or loss of pay.

(4) An employee filing an application for review under the appeals system has the right to be represented and advised by a representative of his or her own choosing, and to take a reasonable amount of official time to present the application. An employee who submits an application for review and the employee's representative shall be free from restraint, interference, coercion, discrimination, or reprisal because of their participation in the review system.

d. The filing of a classification appeal does not negate

any other appeal or grievance rights that may be available under applicable law, rule, regulation, or negotiated agreement.

e. Content of Application. An employee's application shall be in writing and shall clearly state the reasons the employee believes his or her job is erroneously classified. The application shall include:

- (1) Full name and mailing address.
- (2) Location and organizational designation of employment.
- (3) Present title, series, and grade.
- (4) Requested title, series, and grade.

(5) A statement of fact that the employee believes may affect the classification of the position.

f. Employee Responsibilities. The employee shall furnish any additional facts promptly that may be requested by the CMC (MP) or OPM.

g. Time Limit for Filing Application. An employee may file an application for review at any time. When the application involves a reduction in grade or loss of pay, however, it must be filed within 15 calendar days of the effective date to establish and maintain entitlement to retroactive corrective action. This time limit may be extended if the employee can show that he or she was not notified of the time limit, was not aware of it, or was prevented by circumstances beyond his or her control from filing an application within the prescribed time limit.

h. Cancellation of Application. An employee's application for review or appeal shall be canceled immediately when:

(1) The employee requests, in writing, the termination of his or her application.

(2) The employee is no longer in the job that was the subject of the application, except when the employee is entitled to retroactive benefits, including benefits allowable after the death of the employee.

(3) An employee fails to prosecute or furnish required information promptly.

i. Position Classification Appeals Review File. The head of the local NAFI is responsible for maintaining a position classification review file that shall constitute the review record. This record may not contain any information that is not made available to the employee. The review file shall include:

(1) A PD that certifies that the duties are accurate. If this cannot be accomplished, documentation of disputed duties and responsibilities shall be attached to the official PD.

(2) Pertinent organizational charts reflecting the location of the position.

(3) An analysis and evaluation of the duties and responsibilities of the employee, as compared with appropriate standards, and a copy of the review decision.

(4) Recommendations or any supplementary information bearing on the employee's duties and responsibilities.

### 3. Pay Band Employees

a. Classification Complaints. Employees may grieve the assignment of their position to a particular band. Either the negotiated grievance procedure or the administrative grievance procedure may be used as appropriate. In accordance with 5 U.S.C. 7121, the negotiated grievance procedure may be used only if the classification results in a pay or payband reduction. Bargaining unit employees may use the administrative grievance procedure for classification complaints regarding actions that do not result in a reduction of pay or payband.

b. Correction of a Classification Error. Saved pay is authorized when an employee is changed to a lower pay level as a result of a classification error, provided the employee has served for one continuous year immediately before the change, in one or more positions at a pay level higher than the one to which demoted.



MARINE CORPS NAF PERSONNEL POLICY MANUAL

CHAPTER 4

HOURS OF DUTY AND LEAVE

SECTION 1: HOURS OF DUTY

	<u>PARAGRAPH</u>	<u>PAGE</u>
POLICY . . . . .	4100	4-3
HOURS OF DUTY . . . . .	4101	4-3

SECTION 2: LEAVE

FAMILY AND MEDICAL LEAVE ACT (FMLA) . . . . .	4200	4-7
FAMILY FRIENDLY LEAVE ACT (FFLA) . . . . .	4201	4-8
VOLUNTARY LEAVE TRANSFER PROGRAM . . . . .	4202	4-9
ANNUAL LEAVE . . . . .	4203	4-9
SICK LEAVE . . . . .	4204	4-13
LEAVE ACCRUAL FOR COMMISSION OR INCENTIVE PAID EMPLOYEES . . . . .	4205	4-15
ADMINISTRATIVE LEAVE . . . . .	4206	4-15
MILITARY LEAVE . . . . .	4207	4-16
COURT LEAVE . . . . .	4208	4-18
LEAVE WITHOUT PAY . . . . .	4209	4-18
MILITARY FURLOUGH . . . . .	4210	4-18

FIGURE

4-1 HOLIDAY OBSERVANCE CHART . . . . .	4-6
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MARINE CORPS NAF PERSONNEL POLICY MANUAL

CHAPTER 4

HOURS OF DUTY AND LEAVE

SECTION 1: HOURS OF DUTY

4100. POLICY. To establish uniform and equitable work schedules, hours and working conditions essential to the health and welfare of employees and to conform to applicable Executive Orders, DoD instructions and DON issuances.

4101. HOURS OF DUTY

1. Administrative Workweek. The administrative workweek will be a period of 7 consecutive calendar days. It need not coincide with the calendar week, but may begin on any day and at any hour of the day.

2. Basic Workweek. Within the administrative workweek, the basic workweek will not exceed 40 hours, exclusive of meal periods. Whenever possible, two consecutive days off will be provided in each administrative workweek. However, the basic workweek may be scheduled over a period of six days provided the total scheduled hours do not exceed 40 per week.

3. Workday. The workday shall be administratively scheduled, shall not exceed 10 work hours, and may extend over two calendar days.

4. Meal Periods. Regular meal or lunch periods normally will be established at no less than 30 minutes nor in excess of 1 hour and will not be considered as time worked except that meal periods will be considered time worked for the purpose of determining entitlement to night shift differential pay. No employee will be required to work more than 6 consecutive hours without a meal period.

5. Alternative Work Schedules (AWS). Heads of local NAFI's may establish AWS for full-time employees. When AWS are established, NF employees who are non-exempt under the FLSA will receive overtime pay only if they work more than 80 hours in a pay period (two weeks).

6. Tours of Duty for Minors. Tours of duty for minors will be established in compliance with applicable Federal, State, and local laws. (See paragraph 2105 for employment restrictions pertaining to minors.)

7. Daylight-Savings Time

a. Employees working shifts when the change to daylight-saving time occurs are considered on duty for the normal number of hours of that shift, provided the hour lost is charged to annual leave (or sick leave if appropriate). If no charge is made to leave, pay will be allowed only for the number of hours worked.

b. When the change from daylight-savings time to standard time occurs, the employee working shifts during the change will be credited, and pay allowed, for the actual number of hours worked.

8. Legal Holidays

a. Legal holidays include the 1st of January, the 3d Monday of January, the 3d Monday of February, the last Monday of May, the 4th of July, the 1st Monday of September, the 2d Monday of October, the 11th of November, the 4th Thursday of November, the 25th of December, Inauguration Day (only for employees working in the Washington DC, metropolitan area as explained in the rules for appropriated fund employees), or any other calendar day designated as a holiday by Federal statute or Executive Order.

b. When a holiday is less than a full day, proportionate credit will be given.

c. Figure 4-1, Holiday Observance Chart, will be applied to regular employees who work at least 5 days per week, when the holiday occurs on one of the employee's two nonwork days. This Chart does not apply to any employees serving under appointments of less than 90 days.

d. Regular part-time and flexible employees who are scheduled less than 5 days per week must be regularly scheduled to work on the specific holiday or be required to work on a

holiday that occurs on a non-regularly scheduled workday within the administrative workweek to be entitled to holiday premium pay. Unscheduled flexible employees are not entitled to holiday premium pay.

9. Religious Observance

a. An employee may elect to work compensatory overtime, for the purpose of taking time off without charge to leave, when personal religious belief requires that the employee abstain from working during certain periods of the workday or workweek.

b. An employee who elects to work compensatory overtime for this purpose shall be granted, instead of overtime pay, an amount of time off from their scheduled work (hour for hour) equal to the compensatory overtime worked.

c. An employee's election to work compensatory overtime or to take compensatory time off to meet their religious obligations may be disapproved if such modifications in work schedules interfere with the efficient accomplishment of the assigned mission.

10. Time in a Travel Status Please refer to Appendix I of this manual for further information on this subject.

MARINE CORPS NAF PERSONNEL POLICY MANUAL

HOLIDAY OBSERVANCE CHART

COLUMN 1  
NONWORK DAYS

COLUMN 2  
SCHEDULED WORK DAYS

A      B

SUN                  MON                  TUES                  WED                  THURS                  FRI                  SAT

Fri Sat	B				A		
Fri Sun		B			A		
Fri Mon			B		A		
Fri Tue				B	A		
Fri Wed					A, B		
Fri Thu				A			B
Sat Sun		B				A	
Sat Mon		B				A	
Sat Tue				B		A	
Sat Wed					B	A	
Sat Thu						A, B	
Sun Mon					A		B
Sun Tue		A, B					
Sun Wed		A	B				
Sun Thu		A		B			
Mon Tue	A			B			
Mon Wed	A				B		
Mon Thu	A					B	
Tue Wed		A			B		
Tue Thu		A				B	
Wed Thu			A			B	

INSTRUCTIONS:

1. Find the correct combination of nonwork days in column 1.
2. When a holiday falls on the nonwork day listed under 'A' in column 1, find the day marked 'A' in column 2 for the day of observance.
3. When a holiday falls on the nonwork day listed under 'B' in column 1, find the day marked 'B' in column 2 for the day of observance.
4. When an employee has only 1 nonwork day and the holiday occurs on that day, the employee will observe the holiday on the following work day.

MARINE CORPS NAF PERSONNEL POLICY MANUAL

CHAPTER 4

HOURS OF DUTY AND LEAVE

SECTION 2: LEAVE

4200. FAMILY AND MEDICAL LEAVE ACT (FMLA)

1. Coverage. Employees who have worked for the employer for at least 12 months and for at least 1,250 hours during the year immediately preceding the commencement of the leave, are entitled to a total of 12 administrative work-weeks of leave without pay for one or more of the following reasons:

- a. For the birth of a child and care of a newborn baby;
- b. For placement of a child for adoption or foster care;
- c. For the employee with a serious health condition; or
- d. To care for an immediate family member (spouse, child, or parent) with a serious health condition.

2. Returning to Work. The employee has the right to return to work at the conclusion of the FMLA leave and be restored to his or her original job, or to an equivalent job with equal pay, benefits, and other employment terms and conditions. (Under specific and limited circumstances where restoration to employment will cause substantial and grievous economic injury to its operations, an employer may refuse to reinstate certain highly-paid "key" employees after using FMLA leave during which health coverage was maintained).

3. Method of Use. Leave may be taken in blocks of time (12 straight weeks), or by reducing a normal weekly or daily schedule. If FMLA leave is for a birth, use of intermittent leave is subject to approval of employer. Spouses employed by the same MCCS are jointly entitled to a combined total of 12 work-weeks of leave for the birth or placement of a child for adoption or foster care, and to care for a parent (but not a parent-in-law) who has a serious health condition.

4. Responsibility. The AC/S MCCS will establish procedures explaining how it intends to administer the FMLA. The procedures may contain:

- a. The requirement for employees to provide a 30-day advance notice;
- b. The requirement for employees to submit a medical certificate for himself/herself or his or her immediate family member;
- c. The requirement that management may insist second or third medical opinion and periodic re-certifications (at employer's expense).
- d. The requirement that management may demand periodic reports during leave regarding the employee's status and intent to return to work.
- e. The need for employees to try to schedule treatment so as not to unduly disrupt the employer's operations when caring for immediate family member.

5. Maintenance of Health Benefits. Management is required to maintain group health insurance coverage for an employee on FMLA leave. Management is still liable for the employer share of the premium and the employee will pay each pay period the premium he or she would otherwise have had deducted from his or her pay check. Failure to make timely payments will result in cancellation of benefits.

#### 4201. Family Friendly Leave Act (FFLA)

1. Coverage. Regular employees are guaranteed the use of five days of sick leave each year to care for a family member who is incapacitated as a result of physical or mental illness, injury, pregnancy, or childbirth, or to accompany family members to medical, dental, or optical examinations or treatments. Leave may also be used to make arrangements necessitated by the death of a family member or attend the funeral of a family member. Family member means: spouse, and parents thereof; children, including adopted children, and spouses thereof; parents;



brothers and sisters and spouses thereof; and any individual related by blood or affinity whose close association with the employee is the equivalent of a family relationship.

## 2. Method of Use

Employees wishing to use more than 5 days (40 hours) of sick leave for such purposes, however, must maintain a sick leave balance of up to 80 hours, in which case they may use up to 13 days of sick leave for these purposes. Part-time employees sick leave will be charged on a pro-rated basis.

### 4202. VOLUNTARY LEAVE TRANSFER PROGRAM

1. Management may establish a leave donation program that will permit employees to donate their annual leave for use by other employees for medical, family emergencies, or other hardship situations.

2. Procedures contained in Subpart I, Part 630, 5 Code of Federal Regulations, should be used as a guideline within the following parameters:

a. Voluntary participation is limited to current regular employees.

b. The approval and use of transferred annual leave shall be subject to all of the conditions and requirements imposed by this Manual and local command regulations pertaining to annual leave. Transferred annual leave, however, may accumulate without regard to the 240-hour limitation.

c. Other hardship situations are limited to medically related circumstances.

### 4203. ANNUAL LEAVE

#### 1. Creditable Service

a. All prior DoD NAFI civilian service, including service with current employer, as a regular full-time or regular part-

time employee. Flexible service is creditable when the appointment has been changed to a regular appointment with no break in service. Only continuous flexible service in the position from which converted will be credited.

b. Prior appropriated fund service is creditable if the employee has moved, under the provisions of DoD Employee Benefit Portability Program, from an appropriated fund position to a NAF position, on or after 1 January 1987.

c. All active uniformed service, except for certain retired members as outlined below, terminated by honorable discharge under honorable conditions or by transfer to inactive Reserve under honorable conditions is creditable for determining the annual leave accrual rate. For an employee who is a retired member of any of the uniformed services, credit is restricted to the actual active service in the Armed Forces during wartime or in any campaign or expedition for which a campaign badge has been authorized. If the retired member meets one or more of the following conditions, all of the active service is counted for leave accrual purposes:

(1) The retirement was based on disability resulting from injury or disease received in the line of duty as a direct result of armed conflict.

(2) The retirement was based on disability caused by an instrumentality of war and incurred in the line of duty during a period of war (as defined in sections 101 and 301 of Title 38, United States Code).

(3) On November 30, 1964, the retired member was employed in a civilian office to which the annual and sick leave law applied, and continues to be employed in an office of this kind without a break in service of more than 30 days.

NOTE: The above provisions, set forth in subparagraphs are effective 16 February 1983. Recomputation of leave for employment periods before 16 February 1983 is not authorized.

d. Fractional parts of months shall be included in determining length of service. The total length of service, however, shall be stated in terms of complete months.

e. An employee who is called to active duty for a period not to exceed 6 weeks with Reserve components of the U.S. Armed Forces shall continue to accrue annual leave credit during such periods. Non-duty time while in Reserve components is not creditable.

2. Exemptions. No employee who is currently in a leave category as a result of more liberal provisions of the separate DoD Components before 6 September 1974 shall be penalized by being placed in a lower category for leave accrual or accumulation purposes.

3. Leave Authorization. The appropriate authority shall authorize and schedule annual leave when the workload permits, and whenever possible, at the convenience of the employee. Such leave shall be earned by incumbents who are designated as regular employees (including off-duty RPT military personnel). The amount of annual leave earned depends on the employee's total length of creditable service. Annual leave may also be granted in lieu of sick leave when the employee has a compensable Workers' Compensation claim and is medically certified as being disabled due to an on-the-job injury. The employee must sign a leave option form (MWR 99) to accept annual leave in lieu of Workers' Compensation temporary disability benefits.

4. Annual Leave Accrual. Annual leave shall be accrued by regular employees while in a pay status, excluding overtime hours worked in excess of 40 hours during the basic workweek. Employees receiving benefits under the Longshore and Harbor Workers' Compensation Act while in a pay status shall accrue annual leave. However, employees receiving such benefits and carried on the rolls of the employing NAFI in a leave-without-pay status do not accrue annual leave.

a. Employees with less than 3 years of service shall accrue 5 percent of the total hours in the basic workweek.

b. Employees with 3 but less than 15 years of service shall accrue 7.5 percent of the total hours in the basic workweek. Leave for the final biweekly period of the leave year shall accrue at the rate of 12.5 percent of the total hours in the basic workweek.

c. Employees with more than 15 years of service shall accrue 10 percent of the total hours in the basic workweek.

d. Changes in the rates of accrual are effective at the beginning of the first pay period following the completion of the prescribed service.

5. Time of Crediting. Accrued leave is credited to the employee's individual leave record upon completion of a 90-calendar day qualifying period; thereafter, at the end of the period in which it is earned. Upon separation from a NAFI, an employee who has completed 90 days as a regular employee will be paid for his or her accumulated annual leave. Reinstated employees are not required to serve another qualifying period.

6. Accumulation of Annual Leave

a. The maximum accumulation of annual leave that may be carried over from one leave year to the next is 240 hours. Employees returning from overseas assignments are authorized a maximum carryover of 360 hours. Employees with an authorized accumulation of up to 360 hours who return to a position with a 240 maximum accumulation limit are allowed to retain their excess annual leave above 240 hours, not to exceed 360 hours, at the beginning of each leave year. However, when an employee uses more annual leave in a leave year than he earns, the balance carried forward becomes his new leave ceiling, if it is still above the maximum limits normally permitted for his position.

b. Heads of local NAFI's may approve accumulation in excess of the limitations set forth above when any of the following conditions exist:

(1) Administrative error, including correction of an unwarranted or unjustified personnel action, when the error causes the loss of annual leave otherwise accruable.

(2) Sickness of the employee, providing that the period of absence due to sickness occurred at such a time late in the leave year or was of such duration that the annual leave could not be rescheduled for use before the end of the leave year.

(3) Leave is recredited upon receipt of Workers' Compensation benefits payments.

(4) Operation exigencies, providing leave was approved

following in reaching the decision as to whether an exigency exists:

(a) The exigency is of such importance that the employee cannot be excused from duty.

(b) There is no reasonable alternative to the cancellation of the scheduled leave or the assignment of those employees who will forfeit annual leave because of the work requirement generated by the exigency.

c. Annual leave restored or accumulated under paragraph 6. b. above will be identified in the leave account and must be scheduled and used no later than the end of the leave year ending two years after the date of restoration.

#### 7. Payment and Transfer of Accumulated Annual Leave

a. Payment of accumulated annual leave credited to an employee's account is required upon separation from the NAFI, or when a regular employee's category of employment is changed to a category of employment that prohibits leave benefits.

b. Upon transfer of a regular employee to another DoD NAFI, the employee may elect, if the gaining and losing NAFI's agree, to have the losing NAFI transfer the annual leave hours, with funds to cover its cost, to the gaining NAFI. The gaining NAFI will credit the entire amount of annual leave hours.

#### 4204. SICK LEAVE

1. Eligibility. Sick leave shall be credited to regular employees (including off-duty military personnel occupying regular part-time position). There is no qualifying period for the crediting of sick leave.

2. Granting Sick Leave. All regular employees who have sick leave to their credit may be granted such leave in accordance with the following:

a. When the employee is to receive medical, dental, or optical examination or treatment.

b. When the employee is incapacitated for the performance of duty by sickness, injury, or pregnancy and confinement.

c. When the employee's presence would jeopardize the health of others at the post of duty because of exposure to a contagious disease, normally subject to isolation or quarantine by appropriate health authority.

d. When the employee is medically certified by a health care professional as being disabled due to a compensable on-the-job injury, and the employee has signed a leave option statement to accept sick leave in lieu of Workers' Compensation benefits.

### 3. Sick Leave Credit Accruals

a. Sick leave credits shall accrue at the rate of 5 percent of the total hours in a pay status up to a maximum of 40 hours per week and shall be credited from the date of appointment to regular status.

b. Sick leave credits including those accrued while on annual or sick leave, are credited to the employee's account at the end of the pay period in which accrued.

4. Transfer of Sick Leave Credit. Sick leave hours shall be transferred between NAFI's provided that the employee:

a. Did not retire from the losing NAFI.

b. Is placed in a regular full-time or regular part-time pay status in the gaining NAFI within 180 calendar days of removal from pay status in the losing NAFI, or longer with approval of the CMC (MR).

c. Did not receive retirement service credit for unused sick leave.

5. Accumulation of Sick Leave. There is no limit on the amount of sick leave that an employee may accumulate and carry over from one leave year to the next. No payment for unused sick leave will be made to an employee under any circumstances.

6. Use of Sick Leave for On-the-Job Injuries. A NAF employee

receiving workers' compensation benefits (Title 5, Section 8171) may be granted sick leave from the employee's accumulated sick leave balance in lieu of the workers' compensation benefits if the employee has signed the leave option form (MWR Form 99). If the employee signed the leave option form for the use of sick leave, the workers' compensation benefit payments will be forwarded to the local NAFI for the buy back and reinstatement of leave on behalf of the employee.

#### 4205. LEAVE ACCRUAL FOR COMMISSION OR INCENTIVE PAID EMPLOYEES

1. Regular employees paid by commission or incentive are covered by the same annual and sick leave policies as above, however, the computation of annual or sick leave accrued or paid to such employees shall be on the basis of an administrative hourly pay rate derived from the application of classification standards to the job.

2. The employee's current step of the administrative pay rate shall be used in determining the base rate for computing the earned annual and sick leave pay.

#### 4206. ADMINISTRATIVE LEAVE

1. Heads of Local NAFI's may authorize time off with pay to employees for blood donations (for which the employee is not paid), for voting in Federal, State, county, and municipal government elections, brief periods of absence or tardiness due to circumstance which are beyond the employee's control, and for other reasons acceptable to the head of the local NAFI, when deemed prudent and in the best interest of the NAFI. When an employee is injured and medical treatment is necessary, administrative leave may be granted for the initial first aid treatment on the date of injury.

2. Uncontrollable Shutdowns. When conditions warrant, commanders or their designated representatives have the authority to shut down all or part of a NAFI. The shutdown may be due to military necessity, weather conditions, an act of God, or other events beyond the control of management.

a. During period of shutdown, caused by events beyond the control of management, regular and flexible employees at work, or scheduled to be present but prevented from reporting for duty, will be excused without a charge to leave or loss of pay for the remainder of the day.

b. The authority to excuse employees administratively should not be used when the period of interrupted or suspended operations can be anticipated sufficiently in advance to permit arranging for assignment to other work or the scheduling of annual leave. If the shutdown continues beyond one day, employees who cannot be assigned to other work may be placed on annual leave, with or without their consent, or furloughed.

### 3. Shutdowns or Curtailment of Work for Managerial Reasons

a. When employees are prevented from working for managerial reasons (e.g., early closure because of no patrons, construction, refurbishing, fumigation, etc.), they will be excused without charge to leave or loss of basic pay for their regularly scheduled hours for that day. Every effort will be made to reassign affected personnel to other duties.

b. When shutdowns or curtailments of work for managerial reasons are in excess of one workday, employees may be placed on enforced annual leave or furloughed. For furlough of eight calendar days or more, follow the procedures in paragraph 5012.5.

c. Every effort will be made to utilize such shutdown periods for training or other work where feasible to minimize adverse impact upon employees.

### 4207. MILITARY LEAVE

1. Regular full-time employees who are members of Reserve components of the Armed Forces of the United States, including the National Guard, are entitled to excused absence up to a maximum of 15 days per fiscal year without loss of pay, time, or performance rating when called to active duty or active duty for training. Any part of this excused absence that is not used in any given fiscal year accumulates for use in succeeding fiscal years, not to exceed a 15-day maximum carryover. Therefore, an



eligible employee could have a maximum total of 30 days credit for use during a fiscal year.

2. In the case of regular part-time employees, the rate at which leave accrues shall be a percentage. The percentage shall be determined by dividing the number of hours in the regular part-time employee's regularly scheduled workweek by the total number of hours that constitutes the normal full-time workweek of the employing NAFI.

3. Regular full-time and part-time employees who are called to active duty for the purpose of providing military aid to enforce the law may be granted additional military leave not to exceed 22 workdays in a calendar year. These employees shall be granted leave upon presentation of competent orders. Compensation (other than travel, transportation, or per diem allowance) received by an employee for such military service shall be credited against the pay payable to an employee with respect to his or her NAFI position for such period of military service. Military leave is to be granted only for workdays; the NAFI civilian pay of the employee shall be reduced only by the amount received for military service performed on a workday. The NAFI civilian pay shall not be reduced by any amount an individual may receive for days that are not workdays.

4. Leave without pay may be granted employees for the following other types of military service:

- a. Summer training as members of Reserve Officers Training Corps.
- b. Temporary Coast Guard Reserve duty.
- c. Participation in parades by members of the State National Guard. (Members of the National Guard in the District of Columbia are entitled to military leave with pay for participation in parades.)
- d. Training with a State Guard or other State military organization.
- e. Civil Air Patrol duty.

4208. COURT LEAVE

1. Upon advance submission of a court order, subpoena, summons, or any other judicial notification, regular employees shall be granted paid court leave for jury duty; to appear in court in an unofficial capacity as a witness on behalf of the U.S. Government or the Government of the District of Columbia; and to appear in court in an unofficial capacity as a witness on behalf of private parties where the United States, the District of Columbia, or a State or local government is a party to the proceedings. The court may be a Federal, District of Columbia, State, or local governmental-unit court. This provision does not apply to an employee appearing as a witness in a judicial proceeding that involves only private parties.

2. Regular employees on court leave shall receive their regular pay for such time or shall retain the court fees received from the court, whichever is the greater amount. If the court fees are the lesser amount, such fees, exclusive of transportation fees when separately identified or otherwise identifiable, shall be turned over to the employing NAFI. When a State statute provides for reimbursement of expense or an expense allowance rather than a jury fee, employees shall receive their regular pay and the money paid by the court.

4209. LEAVE WITHOUT PAY. Leave without pay may be granted an employee who is receiving benefits under the Longshore and Harbor Worker's Compensation Act, and a regular full-time or regular part-time employee for military service, or for other reasons acceptable to and approved by the head of the local NAFI. Upon request, such leave may be granted instead of annual or sick leave. Normally such leave will not be granted for a period exceeding 1 year, except for military service or other circumstances considered appropriate by the head of the local NAFI.

4210. MILITARY FURLOUGH. Military furlough shall be granted to a regular employee for induction or recall to active duty in one of the U.S. military services. An employee returned to duty from military furlough shall have the same seniority, status, pay, and

annual leave accrual entitlement that the employee would have enjoyed had he or she remained at work instead of being placed on furlough.

MARINE CORPS NAF PERSONNEL POLICY MANUAL

CHAPTER 5

LABOR AND EMPLOYEE RELATIONS AND SERVICES

	<u>PARAGRAPH</u>	<u>PAGE</u>
POLICY . . . . .	5000	5-3
STANDARDS OF CONDUCT . . . . .	5001	5-3
LOYALTY . . . . .	5002	5-3
POLITICAL ACTIVITY . . . . .	5003	5-3
INCENTIVE AWARDS AND RECOGNITION PROGRAMS	5004	5-6
GRIEVANCES . . . . .	5005	5-6
ADMINISTRATIVE GRIEVANCE PROCEDURE . . . .	5006	5-7
DISCIPLINARY ACTIONS . . . . .	5007	5-9
GUIDELINES FOR DISCIPLINARY ACTION . . . .	5008	5-11
AUTHORITY TO EFFECT DISCIPLINARY ACTIONS .	5009	5-13
PROCEDURES FOR PROCESSING DISCIPLINARY ACTIONS . . . . .	5010	5-13
DISCIPLINARY ACTION APPEALS PROCEDURE . .	5011	5-16
BUSINESS BASED ACTIONS . . . . .	5012	5-17
OCCUPATIONAL SAFETY AND HEALTH . . . . .	5013	5-24
DRUG AND ALCOHOL ABUSE . . . . .	5014	5-24
LABOR-MANAGEMENT RELATIONS POLICY . . . .	5015	5-24
ENTITLEMENT TO PERSONAL SERVICES AND GOVERNMENT QUARTERS . . . . .	5016	5-24
"WHISTLEBLOWER" PROTECTION FOR NAF EMPLOYEES AND APPLICANTS DISCLOSING INFORMATION . . . . .	5017	5-25

FIGURE 5.1

5-1 GUIDE FOR DISCIPLINARY ACTIONS. . . .

5-26

CHAPTER 5

EMPLOYEE RELATIONS AND SERVICES

5000. POLICY. Heads of local NAFIs shall recognize and strive toward the establishment of orderly and constructive relationships between managerial and non-managerial personnel, in conformance with MCO 12711.1. Continued and unimpeded communications are vital factors to an informed and productive work force. These extend to a thorough understanding of conditions of employment, job requirements, employee rights, privileges, and responsibilities of both management and employees.

5001. STANDARDS OF CONDUCT. Civilian employees and assigned military personnel shall exemplify the highest standards of personal conduct and integrity. The provisions of the Joint Ethics Regulation, DoD Directive 5500.7R are applicable to NAF employees. A/CS MCCS shall ensure that their employees are fully acquainted, initially and at least annually for those required to do the financial disclosure forms, with all aspects of the government's standards for ethical conduct.

5002. LOYALTY. Heads of local NAFIs shall ensure that no person will be employed or continue to be employed at a NAFI who:

1. Advocates the overthrow of the U.S. Government.
2. Is a member of an organization that advocates the overthrow of the U.S. Government.
3. Participates in any strike against the government, including all instrumentalities of the government.

5003. POLITICAL ACTIVITY. NAF employees are subject to the following provisions of 5 USC Chapter 73, commonly referred to as the Hatch Act, restricting the political activity of government employees.

1. Permissible Activities. NAF employees may, in their personal capacities:
  - a. Be candidates for public office in nonpartisan elections;
  - b. Register and vote as they choose;
  - c. Assist in voter registration drives;
  - d. Express opinions about candidates and issues;
  - e. Contribute money to political organizations;
  - f. Attend political fundraising functions;
  - g. Attend and be active at political rallies and meetings;
  - h. Join and be an active member of a political party or club;
  - i. Sign nominating petitions;
  - j. Campaign for or against referendum questions, constitutional amendments, or municipal ordinances;
  - k. Campaign for or against candidates in partisan elections;
  - l. Make campaign speeches for candidates in partisan elections;
  - m. Distribute campaign literature in partisan elections; and
  - n. Hold office in political clubs or parties.
2. Prohibited Activities. Employees may not:
  - a. Use official authority or influence for the purpose of interfering with or affecting the result of an election;
  - b. Collect political contributions unless both the collector and the donor are members of the same Federal labor organization or employee organization and the donor is not a subordinate;
  - c. Knowingly solicit or discourage the political activity of

any person who has business with DoD;

- d. Engage in political activity while on duty;
- e. Engage in political activity while in any Federal workplace;
- f. Engage in political activity while wearing an official uniform or displaying official insignia identifying the office or position of the employee;
- g. Engage in political activity while using a Government owned or leased vehicle;
- h. Solicit political contributions from the general public;
- i. Be a candidate for public office in partisan elections;
- j. Wear political buttons on duty; or
- k. Contribute to the political campaign of another Federal Government employee who is in the employee's chain of command or supervision, or who is the employing authority.

3. Employees Residing in Designated Localities Notwithstanding the provisions of paragraph 5003.2, above, an employee who resides in a municipality or political subdivision, either in the immediate vicinity of the District of Columbia or in which the majority of voters are employed by the Federal Government, may:

a. Run as an independent candidate for election to a partisan political office in an election for local office of the municipality or political subdivision provided the candidacy for, and service in, the partisan political office shall not result in neglect of, or interference with, the performance of the duties of the employee or create an actual or apparent conflict of interest; and

b. Accept or receive political contributions in connection with a local election of the municipality or political subdivision provide the employee does not solicit political contributions from the general public.

4. Reporting Violations. Any employee having knowledge of a



violation of the regulations governing political activity by any other employee will immediately report such knowledge to the head of the local NAFI. The head of the local NAFI will investigate all such reports and forward a written statement of findings and recommended disposition to the Secretary of the Navy via the Commandant of the Marine Corps (MR) and the DASN (CPP/EEO). The Secretary of the Navy will make the final determination as to violations of this policy.

5. Posting Information. The contents of paragraphs 5003.1 through 5003.4 shall be posted on official bulletin boards, and shall be published to employees at least annually.

5004. INCENTIVE AWARDS AND RECOGNITION PROGRAMS. Heads of the local NAFIs shall implement to the extent feasible, and within resources available, incentive awards and recognition programs for the purpose of improving operations and to recognize deserving employees at all levels. Appendix E contains guidance on NAF incentive awards and Appendix C contains guidance for appraising employee performance.

5005. GRIEVANCES

1. Negotiated Grievance Procedure. Where a labor organization has exclusive recognition, any negotiated grievance procedure shall be governed by the provisions of 5 U.S.C. 7101 et seq., as implemented by DOD Directive 1426.1, DOD 1400.25-M, and CPI 711.

2. Administrative Grievance Procedure. Employees not covered by a negotiated grievance procedure have the right to present their complaints and grievances to management officials for prompt and equitable consideration under the administrative grievance procedure.

a. Any employee may exercise this right in person or through a representative of his or her own choosing. A grievance can only be initiated by the aggrieved employee and not by an unauthorized third party.

b. A copy of the grievance procedure will be posted on official bulletin boards.

c. An employee may not grieve the following:

(1) Any matter which is subject to final administrative review above the local installation command level and any matter over which the installation commander does not have control or the authority to change.

(2) The content of published policy.

(3) Non-selection for promotion, except for procedural error.

(4) A matter covered by or excluded from a negotiated agreement.

(5) An action terminating a temporary promotion or detail.

(6) An action terminating a flexible or probationary employee.

(7) Non-adoption of a suggestion or disapproval of any type of discretionary award.

(8) A proposed action, notice of warning or caution, or any other prospective discretionary management action.

(9) Alleged discrimination.

(10) Any action for which another adjudicatory procedure exists.

(11) Failure to receive a pay increase or the amount of a pay increase.

(12) A BBA, on grounds other than regulations and procedures were not properly applied.

(13) Re-assignment

5006. ADMINISTRATIVE GRIEVANCE PROCEDURE. The administrative grievance procedure is conducted on the basis of a two-step procedure (with potential for a third step) that uses a review method consisting of a personal presentation to the official

designated to decide the grievance, or a personal presentation to an agent designated by the deciding official (to review the grievance and submit a report of findings and, optionally, recommendations), or a review of the written record by the deciding official.

1. Right to Representation. The grievant has the right at any step of the grievance procedure, to be accompanied, represented and advised by a person of the grievant's own choice subject to the willingness and availability of the chosen person to serve, no conflict of interest or position, and the priority needs of the local NAFI. The employee will designate the representative in writing to the first stage deciding official. Any fees charged by the employee's representative are the responsibility of the employee. The employee and his or her designated representative may use reasonable amounts of official duty time subject to supervisory determination as to when such time may be used in light of priority needs of the NAFI. Such time may be used to prepare and present grievances and appeals. The employee and representative will be free from restraint, coercion, discrimination or reprisal stemming from the presentation of the grievance.

2. Step 1 - Informal Oral Presentation. The aggrieved employee will present his or her grievance orally, to the immediate supervisor within seven calendar days following the condition or circumstances which caused the employee to be aggrieved and specify the relief requested. If the grievance is against the immediate supervisor or if the aggrieved employee feels that discussion of the problem with the immediate supervisor would be prejudicial to his or her interest, the employee (after notifying the immediate supervisor) will present the problem to the next higher supervisor. Every effort shall be made to resolve the issue at this level. The supervisor will provide an oral response to the grievant within seven calendar days after receipt of the informal oral grievance.

3. Step 2 - Head of the local NAFI. If the informal oral grievance was not resolved to the satisfaction of the employee at Step 1, the employee has seven calendar days from receipt of the supervisor's oral response to present a written grievance to the head of the local NAFI. The written grievance must state the specific nature of the grievance and the corrective action

desired. The supervisor will provide the head of the local NAFI with any information necessary to complete a review of the grievance. The head of the local NAFI will attempt to resolve the grievance and provide a final written response to the grievant within 20 calendar days after receipt of the written grievance. In cases where the head of the local NAFI was personally involved in events leading to the grievance, the employee may continue to Step 3.

4. Step 3 - Installation Commander. In cases where the head of the local NAFI was personally involved in the matter initially grieved and the grievance was not resolved to the satisfaction of the employee at Step 2, the employee has seven calendar days from receipt of the response from the head of the local NAFI to present a written grievance to the Installation Commander, through the head of the local NAFI. The written grievance must state the specific nature of the grievance and the corrective action desired. The head of the local NAFI will provide the Installation Commander or designee with any information necessary to complete a review of the grievance. The Installation Commander or designee will provide a final written response to the grievant within 20 calendar days.

Note: A final written decision must be provided to the grievant within 90 calendar days of the initial presentation of the oral grievance. The final decision will be made by the head of the local NAFI or Installation Commander or designated official not personally involved in the events leading to the grievance.

5007. DISCIPLINARY ACTIONS. A disciplinary action is a personnel action, involving a regular non-probationary employee, that officially reprimands the employee, reduces the employee's basic pay or level, places the employee in a non-pay, non-duty status, or separates the employee from employment, and is effected for personal cause, i.e., the action stems directly from the actions (performance or conduct) of the affected employee.

1. Disciplinary Actions include;

- a. Letter of Reprimand.
- b. Suspension without pay.

c. Reduction in pay or level

d. Separation

2. Disciplinary Actions do not include:

a. Business Based Actions.

b. Actions taken to terminate a temporary promotion or detail.

c. Separation or change to lower pay or pay level when voluntarily initiated by the employee.

d. Application of a revised prevailing rate schedule when there is no change to the position.

e. Actions taken as a result of an employee abandoning his or her position.

f. Termination for disability extending beyond sick leave allowance or when FMLA provisions have been exhausted.

g. Re-assignment

Note: Informal corrective actions such as oral admonishments, letters of warning, or other alternative approaches to discipline may be utilized, but will not be made a matter of record in the Official Personnel Folder.

3. Standard of Proof. The standard of proof in deciding actions and any grievances or appeals thereof shall be substantial evidence. Substantial evidence is defined as such relevant evidence as a reasonable mind might accept as adequate to support a conclusion.

4. Representation. An employee has the right during the disciplinary process to representation by a person of their own choice, subject to the willingness of the chosen person to serve, no conflict of interest or position, and the priority needs of the local NAFI.

5. Unsatisfactory Performance. Regular nonprobationary employees shall not be terminated or be subject to any other disciplinary action based on unsatisfactory performance until given a letter of

caution.

a. A letter of caution reflects written concern by management about the unsatisfactory performance of an employee. It is a nondisciplinary action which is neither grievable nor appealable. A letter of caution shall not be included in the employee's OPF unless it is used subsequently as a basis for disciplinary action. Each letter of caution must:

(1) State the employee's performance shortcomings.

(2) State the standard of performance which must be met to achieve a satisfactory level.

(3) Set a definite trial period of reasonable duration, during which time the employee must demonstrate at least satisfactory performance or show sufficient substantial improvement to warrant continued employment.

(4) State that reasonable assistance will be offered by the employee's supervisor.

(5) State that improvement must be sustained.

(6) State that failure to improve may result in demotion or removal.

b. If, upon completion of the trial period, the employee's performance meets the standards established in the letter of caution, the employee will be notified in writing. This written notification will advise the employee that similar deficiencies in performance occurring within a specified time established by management may result in a proposed disciplinary action. This proposal may be issued without the issuance of another letter of caution or establishment of another trial period.

c. Demotion or removal of a regular nonprobationary employee for unsatisfactory performance will be effected using disciplinary action procedures.

5008. GUIDELINES FOR DISCIPLINARY ACTION. A guide for disciplinary action for use in selecting appropriate disciplinary penalties for various infractions is attached. (See Figure 5-1).

1. PURPOSE. The range of penalties in the guide is provided to

give supervisors and managers flexibility in dealing with particular situations, while guiding them toward a measure of uniformity in imposing penalties consistent with differences in the nature of the position held, the specific circumstances surrounding the infraction, and the past record of the employee.

## 2. APPLICATION

a. Use of the Guide in Presenting Charges. When presenting charges to the employee, a blanket statement from the guide should not be used. Use only the parts that describe the employee's actual conduct and leave out parts that do not apply. It is not necessary that the offense be described in terms from the guide. A straightforward, factual statement of the employee's conduct or omissions, along with a statement of the regulations or rules of general conduct which have been violated, or damage to or interference with NAFI operations resulting from the employee's actions is sufficient. The factor of willful negligence should be avoided, since willfulness is difficult to establish. Generally, the question of willfulness may be discarded if the fact of the negligence, failure, or dereliction on the part of the employee is established.

b. Combination of Offenses. The guide provides for disciplinary action in the case of a combination of any of the offenses listed. However, using more than one charge for a single offense (for example, "sleeping" and "loafing") is prohibited. In such cases the more appropriate offense should be used and the proper penalty assessed. When the infraction covers a combination of two or more normally unrelated offenses (example: "tardiness" and "discrimination"), charges covering each offense should be preferred and a heavier penalty than that prescribed for any one such offense may be assessed.

c. Letter of Reprimand. The guide provides for a letter of reprimand as a minimum penalty for many of the offenses listed. Reprimands may be considered in determining disciplinary action taken at later dates. The letter of reprimand should not be confused with a letter of caution which is not a disciplinary action. The letter of reprimand must be filed in the Official Personnel Folder (OPF).

d. Suspension. The guide provides for suspensions of varying lengths of time for most offenses. Suspension penalties

are applicable to calendar days and may include holidays. Periods of suspension will be in a nonduty, nonpay status.

e. Considering the Past Record. The guide provides that the penalties for disciplinary offenses will, in general, fall within the ranges indicated. In unusual cases, however, depending upon the gravity of the offense and the past record of the employee, a penalty, either more or less severe than the range provided in the table, may be imposed. If an employee's record of past disciplinary offenses is considered in assessing the penalty for a current offense, the employee must be so advised of this fact in the advance notice of proposed disciplinary action. Depending on the severity of the offenses, removal action may be instituted against an employee for two or more offenses in a 2-year period.

5009. AUTHORITY TO EFFECT DISCIPLINARY ACTIONS. Authority to effect actions is delegated to Heads of local NAFIs, and should be delegated to the lowest possible level consistent with the organizational and administrative needs of the NAFI, subject to the following limitations:

1. Authority to issue letters of reprimand and effect disciplinary suspensions of one to five days may be delegated to first line supervisors.
2. Authority to effect suspensions of 30 days or less may be delegated to second level supervisors.
3. Authority to propose and effect suspensions over 30 days, demotions and removals, may be delegated to team leaders and supervisors two organizational levels below the AC/S MCCS or Director MCCS. This authority will be retained by heads of local NAFIs not under the control and supervision of the AC/S MCCS.
4. All delegations must be in writing.

5010. PROCEDURES FOR PROCESSING DISCIPLINARY ACTIONS

1. Letters of reprimand and suspensions of 30 calendar days or less



a. Letters of reprimand and decisions of suspension must specify the reasons for the disciplinary action. Prior to issuance of the letters, all relevant information must be determined, including the employee's side of the issues involved.

b. A written notice of the decision to suspend must be delivered to the employee no later than the day before the effective date of the suspension.

c. All notices will advise the employee of the right to representation and to grieve the action through the administrative grievance procedure or applicable negotiated grievance procedure.

2. Suspensions of more than 30 calendar days, reduction in pay or pay level, and separation

a. The employee shall be given written notice of proposed action at least 14 calendar days in advance, specifically outlining the reason(s) for which the action is being proposed. The employee shall be in a paid duty status during the notice period unless there is reason for the command to impose an emergency suspension.

b. The notice must advise the employee of the right to reply, in writing, to the proposed action within seven calendar days of the proposal. The reply must be made to the official who is to decide the action or that official's designee.

c. The notice will specify how and where the employee may review the evidence relied upon to support the reasons for the proposed action.

d. The employee is entitled to be represented by a person of the employee's own choice, subject to the willingness of the chosen person to serve, no conflict of interest or position, and the priority needs of the local NAFI. Any fees charged by the employee's representative are the responsibility of the employee. The notice must assure the employee and the representative they will be free from restraint, coercion, discrimination or reprisal.

e. A prompt and equitable written decision shall be issued after full consideration of the employee's reply and prior to the effective date of the action. The decision letter will identify which reasons in the notice of proposed action were sustained and

which were not sustained, explain the rationale for the decision, and advise the employee of the right to appeal through either the Disciplinary Appeals Procedure or an applicable negotiated grievance procedure (but not both). The decision will state how and where the appeal may be filed, the time limits for filing, and the right to request a hearing in the Disciplinary Appeals Procedure.

f. A written decision may not increase the penalty proposed in the advance notice.

3. Emergency Suspension. An employee may be placed on emergency suspension without pay, pending disciplinary action, when retention of the employee might result in damage to or loss of property or funds, might be injurious to the employee or others, might be detrimental to the interests of the NAFI, or when there are justifiable reasons to believe that the employee is guilty of a crime for which a prison sentence may be imposed. In such cases, the employee will be provided at least 24 hours' advance notice, in a pay status, of the emergency suspension. If the final disciplinary action taken on an employee so suspended is less than removal, the employee will be paid for the time so suspended, less any loss of pay required by the disciplinary action. An emergency suspension without pay for 30 calendar days or less may be grieved; one for more than 30 calendar days may be appealed. A grievance or appeal of an emergency suspension will be consolidated and adjudicated along with the grievance or appeal of the final action.

4. An official record will be established for each disciplinary action effected. This official record will be maintained for a period of at least two years from the date the action was effected. The record will consist of:

- a. A copy of the notice of proposed action.
- b. A copy of the employee's written response, if any.
- c. A copy of the written decision of action.
- d. Copies of all evidence relied upon in support of the action.
- e. The employee's petition of appeal, if any.

5011. DISCIPLINARY ACTION APPEALS PROCEDURE. Employees have the right to appeal disciplinary actions (suspensions of more than 30 calendar days, reduction in pay or pay level, and separation) through this procedure, unless they are in a bargaining unit with a negotiated grievance procedure which covers such appeals.

1. Allegations of discrimination in connection with a disciplinary action are excluded from this procedure.

2. The appellant has the right to be represented by an individual of his or her own choosing, subject to the willingness of the chosen person to serve, the priority needs of the NAFI, and no conflict of interest or position. Any fees charged by the employee's representative are the responsibility of the appellant.

3. The process for appealing adverse actions consist of a two-step process within the Marine Corps, with the potential for a final review conducted under the cognizance of the Deputy Assistant Secretary of the Navy, Civilian Personnel Policy/Equal Employment Opportunity (DASN (CPP/EEO)).

a. Step 1 - Installation Commander. The employee has the right to initiate a written appeal within 15 calendar days after the effective date of the adverse action. The appeal must contain the reasons the employee feels the decision should be reversed, request for a hearing if desired, and a designation of representative, if any.

(1) Hearing. At the employee request, a formal hearing will be held to ascertain and consider the facts upon which the adverse action was taken and the reasons the employee feels the decision should be reversed. An impartial hearing officer shall be designated to conduct the hearing and make findings and recommendations on the proposed disposition of the appeal. The employee shall be given the opportunity to submit evidence and testimony of witnesses, cross-examine witnesses, and present appropriate affidavits and depositions. A comprehensive record of the hearing will be maintained, including the recommendation of the hearing officer, and appended to the official record. No other hearing will be held in the appeal process.

(2) Decision. A written decision shall be issued within 60 days of submission of the appeal or within 60 days of

completion of the hearing, if a hearing is held. The initial decision will identify which reasons were sustained and which were not sustained, explain the rationale for the decision, and specify the appellant's further right of appeal, the time limits for such an appeal, and how and where such an appeal is to be filed.

b. Step 2 - Commandant of the Marine Corps. The initial decision may be appealed in writing to the CMC (MP) within 15 calendar days of the date of the initial decision. The CMC (MP) will review the appeal record and issue a final written decision within 60 days of receipt of the appeal. The decision will explain the rationale for the decision.

#### 5012. BUSINESS BASED ACTIONS

1. Definition. A business-based action (BBA) is a non-disciplinary action used to adjust resources in response to changes in business revenue, budget, workload, organization, or mission. It is not used to address a performance or conduct deficiency.

#### 2. Coverage

a. These policies and procedures are required for:

(1) Regular employees, other than those currently serving an initial probationary period, for all BBAs, and

(2) Flexible employees who have been on the rolls of the NAFI effecting the action for three continuous years, for all BBAs except furloughs. Flexible employees do not have the right to the third stage of the appeal process, i.e., appeal above the command level.

b. These policies and procedures are not required for:

(1) Employees currently serving an initial probationary period, i.e., other than an additional supervisory or managerial probationary period.

(2) Employees with less than satisfactory performance ratings of record, and

(3) Flexible employees who have been on the rolls of the

NAFI effecting the BBA less than three continuous years.

### 3. Types of Business Based Actions

a. Reduction in employment category, i.e., regular full-time to regular part-time, or regular to flexible.

b. Reduction in pay rate

(1) Such actions could result from reorganization, realignment of workload, elimination of duties or responsibilities from a position, lack of funds, or from a need to be competitive with pay in other organizations of the local labor market.

(2) Reduction in pay level without reduction in pay rate is not a BBA.

c. Furlough of a Regular employee for eight calendar days or more.

(1) Furlough of seven calendar days or less is not a BBA, but shall be accomplished in an orderly and equitable manner.

(2) Flexible employees are not covered for furloughs, since they only work when scheduled.

(3) A furlough may be on consecutive or alternate workdays, and may be for a definite or indefinite period.

d. Separation

4. Factors to Consider Before Resorting to BBA. Careful planning is necessary to lessen adverse effects, prepare employees, and to avoid administrative and morale problems. It is important to consider whether the cause of the reduction or realignment is a temporary or permanent situation along with each of the various actions that may be taken. For example, a reduction in hours of work, a reduction in pay rate, or a furlough may be more appropriate than separation.

### 5. Business Based Action Procedures

a. Determining Affected Employees

(1) Employees are affected by BBAs only if so identified

after an objective, fair and equitable ranking against other employees in the same employment category and group of affected positions.

(2) Regular Full-time, Regular Part-time, and Flexible employees will compete with other employees in the same employment category.

(3) BBAs may be effected in one employment category without affecting employees in other employment categories.

(4) Within employment categories, employees will be placed in competitive areas and competitive levels. A competitive area may be an entire NAFI, an organizational subdivision thereof, or a functional grouping of employees. A competitive level will be all employees in an occupational series and grade or pay level within the competitive area.

(5) Covered employees must be ranked to determine the order in which they will be affected (unless all employees in a competitive area or level will be equally affected--separation due to base closure or closing of an activity, or furlough of all employees of the NAFI or competitive area, for example). Retention registers will be prepared to indicate the order in which employees in a competitive level will be affected.

(6) The ranking process must include performance and seniority. Performance may be the primary criterion. The performance factor must include the employee's last two performance ratings. Ratings used must be issued 120 days prior to the date of the BBA notice. If there is no rating, only one rating, or a rating is less than 120 days old, a presumptive rating of satisfactory or equal to the last rating of record must be issued and used.

(7) BBA File. A file will be established for each BBA, separate from the personnel folders of affected employees. Subject to the provisions of the Privacy Act of 1974, the BBA file shall be made available for review upon request only by an affected employee or by those whose official duties require access. The file, to be maintained for two years from the effective date of the action, will contain:

(a) The written general notification, if any, to employees announcing the need for the BBA;

(b) Copies of retention registers, including the determination of the order in which employees were adversely affected and the process used to determine the order;

(c) Copies of letters or notices sent to each affected employee;

(d) Appeal file; and

(e) Annotated and updated copies of RPLs established as a result of the BBA.

#### 6. Advance Notice

a. Regular employees will be given a minimum of 30 calendar days advance notice for a separation, and a minimum of 7 calendar days for other BBAs.

b. Covered Flexible employees will be given a minimum of 7 calendar days advance notice for separation, and a minimum of 24 hours for other BBAs.

c. Under emergency conditions, such as breakdown of equipment, power failure, extreme weather conditions, or other emergency conditions requiring suspension of operations, or an unanticipated reduction in business such as occurs with a sudden deployment of troops, a minimum of 24 hours advance notice may be given for all BBAs.

d. Contents of notice. The notice shall contain:

(1) The employees position title, series, grade or payband level, employment category and rate of pay.

(2) A description of the BBA and reason for it.

(3) Advice on severance pay entitlement, if applicable.

(4) Advice on loss of benefits, if applicable.

(5) If the action is separation:

(a) A statement that the action taken is nondisciplinary and does not preclude re-employment.

(b) Information on the reemployment priority list (RPL).

(c) Information on eligibility for Civil Service positions for one year from date of separation, under the terms of the DoD/OPM Interchange Agreement.

(d) Information on unemployment compensation

(6) An explanation of the employee's right to appeal, including how and where to appeal and the time limits.

#### 7. Appeals of Business Based Actions

a. Eligible employees may appeal a BBA on the basis that regulations and procedures were not properly applied. Management decisions regarding the budget, workload, organization and mission are reserved to management and are not appealable. This is a 2 step process for eligible flexible employees (Para 5012.2 a(2)) and 3 steps for regular employees.

b. If an employee alleges that the action resulted from an act of prohibited discrimination, the action may only be contested through the discrimination complaint procedure.

c. First Step. An appeal shall be processed through an applicable negotiated grievance procedure or through the administrative grievance procedure. If processed through the administrative grievance procedure, the first step of the appeal will be in writing addressed to the Head of the local NAFI, must be filed within seven days of the effective date of the BBA, and will specify the regulation or procedure and in which way it was not properly applied.

d. A written decision will be issued by the deciding official within 7 calendar days of receipt of the appeal, summarizing the issue, stating the consideration given, and advising the appellant of the right to further appeal if the decision is not satisfactory. A decision in favor of an employee entails the requirement that the employee be "made whole." This includes pay and restoration to duty including employment rights and benefits, as applicable. If, however, it is clear the same action would have been taken against the employee even if the regulatory or procedural error had not been made, then there is no "made whole" provision.



e. Second Step. If the appellant is not satisfied with the decision at the first step, a second step appeal may be addressed in writing to the Head of the installation within seven days of the first step decision. The Head of the installation will issue a decision within 20 calendar days of receipt of the appeal. The decision shall summarize the issue, the consideration given, and advise Regular employees of the right to request a review of the written appeal record by a level above the installation commander, how and where to file the request, and time limits for filing. There is no further review or appeal above this level for covered Flexible employees.

f. Third Step. If the appellant is a Regular employee and is not satisfied with the decision at the second step, a third step appeal may be addressed to the Commandant of the Marine Corps (Code MR) within seven calendar days of the second step decision. The Commandant of the Marine Corps will issue a decision on the appeal within 30 calendar days of receipt of the appeal. There is no further review or appeal above this level.

g. Record of Appeal. A complete record of the appeal shall be maintained in the BBA file.

#### 8. Reemployment Priority Lists (RPL)

a. Each personnel office servicing a NAF activity that separates employees by BBA shall establish a Reemployment Priority List (RPL) to provide placement assistance to those separated by BBA. Separated employees shall have priority placement rights in the NAF activity from which separated and priority consideration rights at other NAF activities in the commuting area. They shall immediately be placed on the RPL and remain on the RPL until reemployed, but not longer than 1 year from the date of separation. Placement or consideration is prospective from the time placed on the list. As an exception to the general rule, employees who were erroneously excluded from the list shall be added to the list and shall remain on the list until reemployed or until one year from the date they were added whichever comes first.

b. A person on the RPL shall be offered employment in a vacant position in the NAFI from which he or she was separated if:

- (1) Management is filling a vacancy by other than detail

or position change (promotion, demotion, reassignment).

(2) The position is in the same or lower employment category as the position from which separated.

(3) The position is in the same or lower grade or pay level as the position from which separated.

(4) The position has substantially the same duties as the position from which separated.

c. If the offer is declined, the person will be removed from the RPL and the next eligible person on the RPL will be offered the position, and so on until the RPL is exhausted.

d. Rehiring an individual on the RPL is a noncompetitive recruitment action. Therefore, such individuals shall be rehired before those who receive preference in competitive recruitment actions.

e. A person on the RPL must also be offered priority consideration for NAF jobs in other DoD NAFIs in the commuting area if:

(1) The NAFI is filling the vacancy by other than detail or position change (promotion, demotion, reassignment);

(2) The vacancy is in the same or lower employment category as the position from which the person on the RPL was separated;

(3) The vacancy is in the same or lower grade or pay level as the position from which the person on the RPL was separated; and,

(4) The vacancy has substantially the same duties as the position from which the person on the RPL was separated.

f. Copies of RPLs and modifications thereto will be sent to all DoD NAFIs within the commuting area (See Para 1002.19) to effect the above requirements.

g. An individual's name is removed from the RPL when he or she accepts an offer of a position in the same or higher

employment category as the position from which separated in any DoD NAP activity. Declination of such an offer constitutes removal from the RPL.

5013. OCCUPATIONAL SAFETY AND HEALTH. Heads of local NAFIs shall create and maintain a safe and healthful environment for their employees and for the users of facilities managed for the morale, welfare, and contentment of military personnel, their dependents, and authorized civilians. All safety and health regulations shall be strictly adhered to by all employees and volunteers. Where safety technicians are not available within the installation, outside consultants shall be used.

5014. DRUG AND ALCOHOL ABUSE. Heads of local NAFIs shall ensure that drug and alcohol abuse control programs are available to NAF employees in accordance with the provisions of MCO P5300.12A.

5015. LABOR-MANAGEMENT RELATIONS POLICY. The Federal Service Labor-Management Relations Statute, 5 U.S.C. 7101 et seq, is implemented within the Department of Defense by DOD Directive 1426.1 and DOD 1400.25-M. The statute, as implemented by these DOD issuances applies to Nonappropriated Fund Instrumentalities (see 5 U.S.C. 7103 (a) (2) and (3) and DOD 1400.25-M, Chapter 711). The follow-on policy issued by SECNAV and HQMC also applies to NAF.

5016. ENTITLEMENT TO PERSONAL SERVICES AND GOVERNMENT QUARTERS

1. The privileges afforded NAF employees shall be consistent with those available to appropriated fund employees. In addition, the personal use of the facilities of the NAFI in which an individual is employed may be authorized by installation commanders when the use by regular eligible patrons is not diminished. The entitlement of 5 U.S.C. 5911, (Government Quarters and Facilities) as well as and other regulations prescribed by the President and deemed to be necessary and appropriate to carry out the provisions of this section, are hereby administratively extended to NAF civilian personnel.

2. Except in isolated situations in which the only suitable quarters and facilities available are government-owned, NAF

employees will be expected to secure them from the private sector. Also, exceptions may be made when, in the judgment of the installation commander, the mission of the installation will be better accomplished by having certain key administrative NAF personnel quartered on the installation. The occupation of Government quarters on a temporary basis by NAF employees while traveling on official business is authorized.

5017. "WHISTLEBLOWER" PROTECTION FOR NAF EMPLOYEES AND APPLICANTS DISCLOSING INFORMATION

1. Heads of the local NAFIs shall ensure that the confidentiality of employees and applicants making disclosures are protected fully. In accordance with 10 U.S.C. Chapter 81, NAF employees and applicants for NAF employment may not be impeded from disclosing information to appropriate authority that they reasonably believe evidences:

a. A violation of any law, rule, or regulation.

b. Mismanagement, a gross waste of funds, an abuse of authority, or a substantial and specific damage to public health or safety.

2. DOD Directive 7050.1, "Defense Hotline Program" May 20, 1987, establishes the DOD Hotline for reporting fraud or mismanagement, assigns responsibility and prescribes managing and operating procedures.

3. Concerning protection against reprisals, DOD Directive 1401.3 provides policy and implements P.L. 98-94, DOD Authorization Act, 1984, section 1253 (10 U.S.C. 1587) which establishes protection against reprisals for certain NAF civilian employees and applicants who have made protected disclosures. DOD 1401.3 sets forth responsibilities and authorities for providing such protection and prescribes operating procedures.

Guidelines for Disciplinary Actions

<u>NATURE OF OFFENSE</u>	<u>FIRST OFFENSE</u>	<u>SECOND OFFENSE</u>	<u>THIRD OFFENSE</u>
Violation of Standard and Rules of Conduct	Reprimand to removal	1 day suspension	5 day suspension to removal
Violation of security regulations	Reprimand to removal	1 day suspension to removal	1 days suspension to removal
Violation of Safety Practices and Regulations (including but not limited to endangering the safety of, or causing injury to, persons through carelessness).	Reprimand to removal	2 days suspension to removal	15 days suspension to removal
Discrimination	Reprimand to removal	Removal	
Sexual Harassment	Reprimand to removal	5 days suspension to removal	10 days suspension to removal
Insubordination, including but not limited to:	Reprimand to removal	5 days suspension to removal	15 days suspension to removal
a. Disobedience to constituted authorities, or refusal to carry out any proper order from any supervisor having responsibility for the work of the employee.			
b. Disrespectful conduct toward constituted authorities; or use of insulting, abusive or obscene language to constituted authorities; or physical resistance to constituted authorities.			
c. Failure or undue delay in carrying out orders, work assignments or instructions of supervisors.			

Figure 5.1

<u>NATURE OF OFFENSE</u>	<u>FIRST OFFENSE</u>	<u>SECOND OFFENSE</u>	<u>THIRD OFFENSE</u>
Immoral, indecent, or notoriously disgraceful conduct.	5 days suspension to removal	30 days suspension to removal	Removal
Solicitation of gambling on Government-owned and leased premises	Reprimand to removal	10 days suspension to removal	Removal
Misconduct off-duty which reflects unfavorably on the NAFI.	Reprimand to removal	3 days suspension to removal	5 days suspension to removal
Actual or attempted taking and carrying away of Government or NAFI property or funds or the property of others.	Reprimand to removal	Removal	
Knowingly making false, unfounded or malicious statements about NAFI personnel or other personnel attached to activity.	1 to 15 days suspension	15 days suspension to removal	Removal
Unexcused tardiness (after record of excessive tardiness has been established)	Reprimand to 2 days suspension	3 to 15 days suspension	15 days suspension to removal
Loss of, misuse of, or damage to Government property or funds, or the property or funds of NAFI employees, or endangering any of the above through carelessness.	Reprimand to removal	10 days suspension to removal	Removal
Failure to report to proper authority personal knowledge of serious offenses on the job on the part of another employee.	Reprimand to removal	3 days suspension to removal	15 days suspension to removal
Gross negligence	Reprimand to removal	30 days suspension to removal	Removal
Unauthorized disclosure of confidential or private information	Reprimand to removal	10 days suspension to removal	Removal
Abuse of NAFI privileges	Reprimand to removal	5 days suspension to removal	Removal
Unauthorized absence.	Reprimand to 5 days suspension	5 to 10 days suspension to removal	10 days suspension to removal

<u>NATURE OF OFFENSE</u>	<u>FIRST OFFENSE</u>	<u>SECOND OFFENSE</u>	<u>THIRD OFFENSE</u>
Leaving job to which assigned any time during working hours without proper permission.	Reprimand to 5 days suspension	5 to 10 days suspension to removal	10 days suspension to removal

Figure 5.1

MARINE CORPS NAF PERSONNEL POLICY

CHAPTER 6

EMPLOYEE BENEFITS

	<u>PARAGRAPH</u>	<u>PAGE</u>
SCOPE . . . . .	6000	6-3
GENERAL POLICY . . . . .	6001	6-3
SPECIFIC POLICY . . . . .	6002	6-4
FUNDING PRINCIPLES AND FUND REVIEWS . . . . .	6003	6-4
SOCIAL SECURITY . . . . .	6004	6-8
RETIREMENT . . . . .	6005	6-8
WORKERS' COMPENSATION BENEFITS . . . . .	6006	6-9
UNEMPLOYMENT COMPENSATION . . . . .	6007	6-10
GROUP INSURANCE . . . . .	6008	6-11
HEALTH MAINTENANCE ORGANIZATIONS . . . . .	6009	6-12
NAF BENEFIT ENHANCEMENT PROGRAM . . . . .	6010	6-12





MARINE CORPS NAF PERSONNEL POLICY

CHAPTER 6

EMPLOYEE BENEFITS

6000. SCOPE

1. Group medical, dental, life insurance, retirement benefit and 401(k) plans are administered by the CMC (MR) for civilian nonappropriated employees of MCCA and miscellaneous nonappropriated activities. Participation is voluntary on the part of each employee. Participation in any other employee benefits, either by contribution on the part of the employer, employee or by payroll deduction is not authorized. Failure to enroll in available benefits plans during eligibility period may result in the employee being deprived of certain benefits. Therefore, benefits shall be fully explained to each employee; and said employee shall be required to sign proper documentation indicating enrollment or waiver, before the end of the eligibility period. If an employee elects to participate, required payroll deductions shall be taken from earnings each pay period.

2. No new retirement or insurance plans or changes to existing plans shall exceed the benefits authorized by the Congress for civil service employees who are covered by U.S. Office of Personnel Management (OPM) rules and regulations concerning employee benefits. Retirement or insurance plans that were in effect on January 1, 1976, and that exceeded the benefits authorized by the Congress for such employees may continue with those benefits. Any and all restrictions on benefits applicable to civil service employees who are covered by OPM rules and regulations concerning employee benefits will apply automatically to NAF retirement and insurance plans.

6001. GENERAL POLICY

1. Unless otherwise required by Federal statutes or specific provisions in this Chapter, RFT and RPT NAF employees who are U.S. citizens, U.S. nationals, or permanent resident aliens of the United States employed in the United States shall be offered, as a minimum, the programs described herein. In all cases, benefits offered to Federal civil service employees will serve as

the ceiling or cap on NAF provided benefit levels as described in paragraph 6000.2 above.

2. Provisions of plans outlined herein are subject to change, at the discretion of the CMC (MR).

6002. SPECIFIC POLICY

1. A supplement to specific policies cited herein is contained in Appendix B. Appendix B amplifies the policies and outlines procedures. Appropriate procedures are contained in the Administrative Manual for Employee Benefits and Workers' Compensation, published by CMC (MR).

6003. FUNDING PRINCIPLES AND FUND REVIEWS

1. Funding. A high degree of fiscal responsibility is essential. Accordingly, the CMC (MR) shall ensure that all retirement and insurance programs are funded in accordance with sound actuarial, insurance, and accounting principles that will ensure adequate protection of the interests of participants and beneficiaries.

a. No appropriated funds will be requested or expended in connection with unemployment insurance, life insurance, medical, retirement, 401(k) or survivor benefits, established or authorized by this Manual. Appropriated funds replenishment or subsidy of nonappropriated funds applied to these purposes is similarly prohibited.

b. Any contracts, formal agreements, and similar documents used in transactions with insurance carriers, financial or other organizations, unions or other employee organizations will contain a clear disclaimer relieving appropriated funds of the U.S. Government from any and all expressed or implied financial liability in connection with NAF retirement and insurance programs.

2. Fund Reviews. The CMC (MR) ensures that each fund maintained in support of a retirement program is regularly reviewed by one or more qualified actuaries. P.L. 95-595 establishes uniform

annual reporting requirements for Federal Government pension plans, including DoD NAF retirement plans. The CMC (MR) shall ensure that NAF retirement plans comply with the form, manner, and time of filing as required by the OMB, GAO, and the Department of the Treasury. Basically, compliance requires

that various financial and actuarial statements be provided annually to OMB not later than 150 days after the last day of the plan year, and Congress not later than 210 days after the last day of the plan year. Information copies of the reports will be forwarded and questions directed to the DoN and DoD NAF Personnel Policy Offices.

### 3. Investment of NAF Retirement Program Funds and Trust Requirement

a. All investment use of any retirement funds shall comply with The Basic Fiduciary Rules and all restrictions pertaining to investment of retirement funds as stated in the Joint Explanatory Statement of the Committee of Conference on the Employee Retirement Income Security Act of 1974 (ERISA).

(Note: The prohibited transaction restrictions on acquisition of employer securities should not be construed to restrict investment of Federal government securities. In general, a fiduciary is any person who exercises discretionary authority or control over the management of a plan, or any authority or control over the management or disposition of plan assets; renders investment advice to a plan for a fee or other direct or indirect compensation, or has the authority or responsibility to do so; or has any discretionary authority or responsibility regarding plan administration, whether or not it is used. In the broadest sense, everyone in the chain or responsibility for NAF retirement plans and their funds has a fiduciary responsibility for them. However, to identify individuals who can be held personally responsible (pecuniary liability) for losses suffered by a plan or its beneficiaries, the concept of fiduciary responsibility takes on a much narrower application; and regulations shall identify the positions that fall into the category.)

b. Investments of retirement funds may be made but not limited to the following:

(1) Deposits or securities authorized by paragraph J.2.b. of DODI 7000.12, that provide the necessary liquidity for the retirement plan.

(2) Instruments of the private sector such as common and preferred stocks, corporate and municipal bonds (generally minimum investment grade), options, and real estate.

c. Fiduciaries shall diversify plan assets to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so. It is not intended that a more stringent standard of prudence be established with the use of the term "clearly prudent." Instead, by using this term it is intended that in any action for plan losses based on breach of the diversification requirement, the plaintiff's initial burden shall be to demonstrate that there has been a failure to diversify. The defendant than is to have the burden of demonstrating that this failure to diversify was prudent. ERISA places these relative burdens on the parties in this matter, because the basic policy is to require diversification, and if diversification on its fact does not exist, then the burden of justifying failure to follow general policy should be on the fiduciary who engages in this conduct. Ordinarily the fiduciary should not invest the whole or an unduly large portion of the property in one type of security or in various types of securities dependent upon the success of one enterprise or upon conditions in one locality, since the effect is to increase the risk of large losses. The degree of investment concentration that would violate this requirement to diversify cannot be stated as a fixed percentage, because a prudent fiduciary must consider the facts and circumstances of each case. The factors to be considered include:

(1) The purpose of the plan.

(2) The amount of the plan's real assets.

(3) Financial and industrial conditions.

(4) The type of investment, whether mortgages, bonds, or shares of stock or otherwise.

(5) Distribution as a geographic location.

(6) Distribution among industries.

(7) The dates of maturity.

d. Retirement plan assets including asset earnings must be held in trust and legally separated from all other NAFI assets for the exclusive benefit of the plan participants and their beneficiaries.

4. Investment Rate of Return Calculation Requirement. (Note: Refer to DODI 7000.12, "Financial Management of MWR Activities" for more information).

a. The retirement funds will compute a time-weighted rate of return each quarter using a plan year (which will usually be calendar year). A calendar year-to-date time-weighted rate of return (e.g., 1 January - 30 June), will be included if possible. However, an annual time weighted rate of return is required. Retirement funds are not required to submit data based on a fiscal year beginning 1 October. The CMC (MR) will indicate the particular commercial firm used to compute internally the formula used.

b. In addition to the requirements stated in paragraph K.4 of DODI 7000.12, retirement funds will include the following actuarial assumptions in their quarterly summary of data: estimated rate of return, estimated salary increases, estimate of inflation, percent of payroll contributed by both employer and employee (include Social Security contributions if used to compute benefits). If a change in any of these assumptions has occurred since the previous quarter, the changes should be noted and explained. The annual actuarial valuation (which is based on a plan year) will also include the present value of assets, benefits (both with and without salary increases), and the net value of the assets. If the net value of the assets is a negative number (i.e., an unfunded liability), then the estimated date when this negative net asset is eliminated will be included (e.g., 31 December 2000) as well as the percent of employer's payroll needed to eliminate this unfunded liability.

c. All rates of return should be completed not later than 60 days after the end of a particular quarter. The rates of return calculations will start with the first quarter beginning after

this instruction has been officially approved. The initial year-to-date data will begin with the same beginning quarter. The initial year-to-date figures will be superseded when a normal year has begun. The CMC (MR) will maintain the rates of return calculations for presentation at the annual DoD NAF Review of Investment Management as required by DODI 7000.12.

6004. SOCIAL SECURITY. In accordance with 42 U.S.C. 410, NAF employees (including off-duty military enlisted employees) are provided Social Security coverage.

6005. RETIREMENT

1. Retirement Coverage. The CMC (MR) shall provide retirement coverage which will be considered together with the benefits provided by the Social Security Administration. Enrollment in the Group Retirement Plan is voluntary for regular full-time and regular part-time employees.

2. Retirement Enrollment Eligibility. Employees become eligible to enroll in the Group Retirement Plan after one year of service (RFT, RPT or Flexible). Prior Military, appropriated fund, or NAF service may be used to satisfy this one-year waiting period, provided the break in service is not greater than one year.

3. Credited Service. Credited NAF employee service for retirement will include all NAF service for which employee contributions, deposits, or redeposits were made.

a. Where the CMC (MR) elects to recognize all or part of other previous periods of NAF service within Marine Corps NAF credit will be given on a retroactive basis as retroactive credits.

b. Service in any position paid from appropriated funds, except for honorable active U.S. military service described in paragraphs 1.b and c of Appendix B, is not creditable for NAF retirement purposes. The basis on which total credited NAF employee service will be determined is contained in Appendix B.

4. Timely Filing. An employee's application for retirement benefits must be processed in a timely manner. In order that the

retiring employee may receive benefits as soon as possible after retirement, the application and appropriate attachments must be sent to the CMC (MR) within 5 days after the end of the final pay period in which the employee has earnings.

5. Retirement Eligibility

a. An employee's normal retirement date is the 1st day of the month that falls on or follows the employee's 62nd birthday. However, the employee must have at least 5 years of credited service to qualify for an annuity including the employer's contribution.

b. The CMC (MR) may allow employees to retire earlier on a reduced annuity basis after attaining age 52, and completing 5 years or more of credited service.

6. Contributions. The CMC (MR) will determine the rate of employee contribution to the retirement program.

7. Retention of Accrued Credited Service for Retirement Annuity Purposes.

When an eligible employee who is participating in a retirement plan terminates employment and is employed by another DoD NAFI within 90 days, and the gaining NAFI offers a different retirement plan, the employee may carry forward his or her credited service accrued for retirement annuity purposes with the prior NAFI. The feasibility of continuing this "portability" provision shall be reviewed periodically by the DoD NAF Retirement and Insurance Committee. When the NAFI's retirement plan includes a provision for disability annuity, the employee shall fulfill the gaining NAFI's own credited service vesting requirements for disability annuity prior to becoming eligible for that annuity. Complete policy and procedures are stated in Appendix B.

6006. WORKERS' COMPENSATION BENEFITS

1. The NAFI Act of the Longshore and Harbor Workers' Compensation Act. Nonappropriated Fund employees within the US, US citizens or permanent residents of the United States or a territory employed by NAFIs outside the US, shall be provided compensation benefits (off-duty enlisted personnel employed by



NAFIs are not civilian employees for the purposes of this Act). Non-U.S. citizen or non-Resident Alien employees will be covered by the Federal Employees Compensation Act (FECA), as administered by the DoL. DoL will adjudicate and pay worker's compensation benefits as required; or as defined by the SOFA, country-to-country or treaty agreement.

2. Coordination with Other Benefits. Retirement or disability annuities shall be offset by the amount of workmen's compensation indemnity benefits payable. Any workers' compensation income received by a survivor annuitant derived from an "on-the-job" incurred disease or injury to the employee shall also be used as an offset against the survivor annuity payable under the retirement plan.

3. Return To Work Program. Every effort must be made to return injured employees back to work as soon as they are physically able, as determined by the medical information. The procedures for complying with the official Marine Corps Return To Work Program are outlined in the Administrative Manual for Group Medical and Life Insurance, Worker's Compensation, Group Retirement and General Liability/Composite Insurance Programs for Civilian Employees of the U.S. Marine Corps Nonappropriated Fund Instrumentalities.

4. Leave. Leave without pay may be granted an employee who is receiving benefits under the Act stated in paragraph 6006.1. Annual or sick leave may be granted from the employee's accumulated annual or sick leave balance in lieu of leave without pay when the employee has a compensable Workers' Compensation claim and is medically certified as being disabled due to an on-the-job injury. The employee must sign a leave option form (MWR 99) to accept annual or sick leave in lieu of Workers' Compensation temporary disability benefits. Leave is re-credited upon receipt of Workers' Compensation benefits payments. Administrative leave may be granted for the initial first aid treatment on the date of injury.

#### 6007. UNEMPLOYMENT BENEFITS

1. Basis for Payment. Under authority of the Unemployment Compensation for Federal Civilian Employees (UCFE) Act (5 U.S.C.

Chapter 85 and 20 CFR 609), the Secretary of Labor, on behalf of the United States, has entered into agreements with all the United States, the District of Columbia, the Commonwealth of Puerto Rico, and the Virgin Islands. These agreements provide that benefits will be paid by a State to any unemployed Federal civilian employee whose wages have been assigned to that State in which the employee had his or her last official duty station, in the same amounts and subject to the same conditions as if the Federal civilian service and wages had been included as employment and wages under the employment insurance law of the State involved. Employees returning from overseas will be paid benefits based upon the state in which they file their claim.

2. Charge to Employing NAFI. Heads of Local NAF activities should be aware that they have to absorb the cost of paying unemployment benefits to Federal civilian NAFI employees. Thus, it is very important that each NAFI become conscious of its responsibility to safeguard NAFs through good management practices by implementing procedures to reduce improper unemployment benefit payments. NAFI ability to provide State agencies with timely, accurate, and complete wage and separation information precludes adverse eligibility decisions from being made and avoids improper payment of benefits and charges to NAFIs. Heads of the local NAFI may further curtail unwarranted payment of benefits by appealing State decisions to pay unemployment benefits to former employees whom the NAFI believes are not entitled to such payments. This is especially true in situations when former employees were removed for misconduct, resigned voluntarily, or refused a suitable job offer. Heads of local NAFIs should be aware that if an ineligible individual, including a retiree, receives improper payments, the former employer is charged for these costs, in addition to the costs charged to it for warranted payments. When additional or corrective information is provided to the State by NAFIs, re-determinations are made only when permitted under the appropriate State law.

#### 6008. GROUP INSURANCE

1. Group insurance is designated to provide the broadest coverage against unforeseen events to NAF employees and their dependents. Heads of local NAFIs shall assure that all their

eligible NAF employees have the opportunity to participate in group insurance plans meeting the requirements established in this Chapter.

2. Voluntary Participation. Employee participation in group insurance shall be voluntary. NAF employees who are eligible shall be permitted to elect not to be covered.

3. Group Insurance Benefits

a. The following group insurance benefits will be made available to all eligible employees:

(1) Life Insurance.

(2) Accidental Death and Dismemberment.

(3) Comprehensive Medical Expense.

(4) Life and Medical benefits for eligible retired employees.

(5) Optional Life Insurance for employee

(6) Optional Life Insurance for family of employee

(7) Comprehensive Dental Benefit

b. The basic provisions for each of these benefits are set forth in Appendix B.

4. Retention of Group Insurance Rights. When RFT and RPT Marine Corps employees participating in the Group Insurance Plan are transferred by reason of a functional transfer, and the gaining NAFI offers a different group insurance plan, such employees are entitled to transfer of certain Group insurance participating

rights, subject to the provisions and limitations of the gaining NAFI plan. These rights are limited to:

a. Participation in those portions of the gaining NAFI plan that are counterparts of the losing NAFI plan in which the employees and his or her dependents were participating on the date immediately prior to the date of transfer. To exercise this

right, however, the employee must file for similar coverage within one month of the date of transfer. In this event, coverage will become effective as of the date of transfer or, if later, as of the date the application for it is signed. To enroll in any counterpart portions of the gaining NAFI plan which the transferred employee or his or her dependents were not enrolled in the losing NAFI plan, insurability rules applicable to other employees of the gaining NAFI will apply.

b. Credit will be given for those periods of time the employee was a participant in those counterpart portions of the losing NAFI group insurance plan that establishes eligibility for retired employee life or medical, or both, coverage in the gaining NAFI plan.

5. Funding. Costs for group insurance benefits will be shared between the employer and the employee. See Appendix B for policy concerning cost to eligible retired employees.

6009. HEALTH MAINTENANCE ORGANIZATIONS. In compliance with P.L. 97-35, which amended the Health Maintenance Organization (HMO) Act to include NAFIs within the definition of the term "employer," Heads of local NAFIs may provide eligible NAF employees the option of membership in qualified HMOs.

6010. NAF BENEFIT ENHANCEMENT PROGRAM - 401(k)

In July 1993, the Marine Corps Morale, Welfare and Recreation NAF Benefit Enhancement Program was implemented. This benefit is available to all eligible civilian employees, at least 18 years of age, with one year of employment in an eligible status. Specifics of this plan are contained in Appendix B.

MARINE CORPS NAF PERSONNEL POLICY MANUAL

CHAPTER 7

EMPLOYMENT OF NAF PERSONNEL IN OVERSEAS AND FOREIGN AREAS

<u>PARAGRAPH</u>	<u>PAGE</u>		
POLICY . . . . .	7000		7-3
EMPLOYMENT OF U.S. CITIZENS OR U.S. NATIONALS RECRUITED LOCALLY . . . . .	7001		7-3
EMPLOYMENT OF U.S. CITIZENS RECRUITED IN THE UNITED STATES . . . . .	7002		7-4
EMPLOYMENT OF NON-U.S. CITIZENS . . . . .	7003		7-4
ALLOWANCES AND DIFFERENTIALS . . . . .	7004		7-5
TRAVEL AND TRANSPORTATION . . . . .	7005		7-5
RETURN RIGHTS . . . . .	7006		7-6
ENTITLEMENT TO GOVERNMENT QUARTERS AND FACILITIES . . . . .	7007		7-6
MEDICAL AND HEALTH SERVICES . . . . .	7008		7-7
PRIVILEGES . . . . .	7009		7-7
HOME LEAVE . . . . .	7010		7-7
RENEWAL AGREEMENT TRAVEL . . . . .	7011		7-7
EMERGENCY LEAVE AND TRAVEL . . . . .	7012		7-8
LOCAL HOLIDAYS IN FOREIGN COUNTRIES . . . . .	7013		7-8
EMPLOYEE BENEFITS . . . . .	7014		7-8
CARE AND DISPOSITION OF REMAINS OF DECEASED EMPLOYEES . . . . .	7015		7-8
EVACUATION OF NAF EMPLOYEES AND FAMILY MEMBERS . . . . .	7016		7-9



CHAPTER 7

EMPLOYMENT OF NAF PERSONNEL IN OVERSEAS AND FOREIGN AREAS

7000. POLICY

1. The DOD policies and laws governing employment practices for NAF personnel in the Continental United States (CONUS) basically apply overseas to U.S. citizens and U.S. nationals and are consistent with existing treaties or agreements with host countries. The employment conditions for locally hired non-U.S. citizen employees shall be based on customs and practices in the areas and the provisions of the country-to-country agreements. The NAF personnel policies developed in any one area shall apply uniformly to all NAF elements of the U.S. Forces in the same area.
2. DoD NAF Personnel Policy Manual 1401.1M, DOD Directive 1400.6, DOD Instruction 1400.10, and DOD 1400.25-M which prescribe the policies currently governing civilian personnel employed by DOD Components in CONUS and overseas, have been administratively extended to NAF employees. This Chapter summarizes the essential elements contained in these issuances and makes interpretations for NAF employees as needed.
3. Heads of a local NAFIs or organizations under their cognizance shall not cause any actual or potential liability to appropriated funds by reason of employment of NAF personnel or use by such employees of non-U.S. Government facilities in foreign areas.
4. Appropriated fund logistical or administrative Support of NAF employees in foreign areas shall be on a reimbursable basis

7001. Employment of U.S. Citizens or U.S. Nationals  
Recruited Locally

1. U.S. citizens and U.S. nationals residing in the host country may be recruited locally by overseas NAFIs in accordance with established country-to-country agreements. Except in those instances where placement must be made under the provisions of

Chapter 2, paragraph 2106, "Employment of Spouses of Military Personnel," first priority must be given to the employment of dependents of military and civilian personnel assigned in the host country, without regard to other priorities in this Manual and to off-duty military personnel, when such actions are not at variance with the Status of Forces agreements, country-to-country agreements, treaties, or when the host nation's political or economic conditions require maintenance of the existing local national or U.S. citizen employment balance.

2. Compensation of such employees shall be in accordance with Chapter 3 and Appendix D of this Manual.

7002. Employment of U.S. Citizens Recruited in the United States

1. When it has been determined that local nationals, U.S. citizens, or U.S. nationals residing in the host country do not possess the necessary training or experience for a particular NAF position, civilian personnel may be recruited from the United States to fill these positions. In general, such personnel shall be limited to key management or supervisory positions and those positions regarded as essential for security reasons.

2. Rates of pay for U.S. citizen NAF employees who are compensated under the pay band system who are recruited in the United States and its territories and possessions for overseas assignments shall be fixed in conformity with rates paid for work of a comparable level, difficulty, and responsibility to that of NAF employees in the United States.

7003. Employment of Non-U.S. Citizens. The employment of non-U.S. citizens by the U.S. Armed Forces overseas is covered by DOD Instruction 1400.10. The Instruction supplements DOD Directive 1400.6, which is the basic DOD policy governing civilian personnel of the Department of Defense in overseas areas. Employment and utilization of local nationals by NAF activities is in most situations governed by the provisions of a treaty or other formal agreement between the host country and the United States. The negotiations of the basic arrangements with the host government is the responsibility of the Department of State. As far as practical, locally available personnel will be employed



before personnel are transferred from, or recruited in, the United States.

1. Local Nationals. Local laws and customs shall be followed in the employment and administration of local nationals to the extent that such laws and customs are compatible with the basic management needs of the U.S. Forces.

2. Third (Other) Country Nationals. The importation of workers from another country by a NAFI shall only be made when personnel requirements cannot be met by local hire. When it becomes necessary to do so, arrangements should be made with the host government to permit importation of workers who are acceptable to the host country.

3. Resident Aliens. Resident aliens shall be employed in accordance with agreements made with the host country.

#### 7004. Allowances and Differentials

1. The payment of allowances and differentials to NAF employees shall comply with DOD 1400.25-M, DOD Civilian Personnel Manual (CPM), Chapter 592, Overseas Allowances Differentials. The delegation of authority restrictions provided in that chapter apply to NAF.

#### 7005. Travel and Transportation

1. CMC (MR) authorizes payment by NAFIs of expenses for essential travel and transportation of NAF employees and their dependents in amounts not to exceed those prescribed in Volume 2 of the JTRs, when such travel and transportation is clearly in the best interest of a NAFI.

2. Transportation of household goods and personal effects, including privately owned vehicles, at the expense of NAFI may be authorized in connection with the employee's assignment, permanent change of station, or separation which is initiated by the NAFI and is clearly in the best interest of the NAFI.

3. When a NAF employee transfers from one NAF position to another, the gaining NAFI is authorized to grant the above travel and transportation allowances to the employee.

4. Household goods of employees returning for separation from an overseas location may be transported at NAFI expense, if otherwise entitled, from the overseas permanent duty station, place of nontemporary storage, or both, to the place of actual residence, as determined in accordance with JTR, Vol. 2, C4004-2. Shipment may be made to a different place designated by the employee provided that any cost to the NAFI in excess of the cost for shipment of household goods in one lot by the most economical route from the overseas permanent duty station to place of actual residence is borne by the employee.

5. The provisions outlined in Volume 2 of the JTR, Chapter 14, are also applicable to those employees who are moved from a permanent duty station in CONUS to an overseas permanent duty station and are covered by an unconditional mobility agreement as a condition of employment. These provisions are not applicable to the sale and purchase of a residence in foreign and overseas areas.

a. When employees are transferred to overseas areas and own the residence they occupied at the former duty station in CONUS, the time limit prescribed in Volume 2 of the JTR for selling that residence shall begin on the date they return to CONUS on PCS reassignment, rather than the date they arrive at the overseas duty station.

b. The above provisions shall not apply to an employee who returns to CONUS on a PCS reassignment to a duty station in the same city or area, as defined by paragraph C4108, Volume 2, JTR, provided the employee did not sell the former residence.

7006. Return Rights. NAF personnel recruited in the United States for assignment in foreign areas have no vested return rights. The recruiting NAFI will make every effort to provide for return placement at no loss in pay, however, such action shall not be construed as constituting mandatory reemployment.

7007. Entitlement to Government Quarters and Facilities

1. NAF employees in positions for which it is necessary to recruit from the United States shall be accorded full membership in the joint overseas military and civilian team to which they make a significant support contribution. Each overseas military commander shall provide facilities under his or her jurisdiction, including Government quarters and family housing, to NAF personnel. The principle of equal treatment of NAF personnel

with appropriated fund personnel at equivalent grade levels shall be followed.

2. U.S. citizen and U.S. national NAF personnel traveling on official business may occupy temporary Government quarters, including guest houses, under the same terms and with the same eligibility as appropriated fund personnel.

7008. Medical and Health Services. U.S. citizen and U.S. national NAF employees will have access to the same medical and health service provided appropriated fund personnel.

7009. Privileges. U.S. citizen and U.S. national NAF personnel shall be afforded the same privileges provided their counterparts who are appropriated fund civilian personnel in the same overseas area, to the extent permitted by country-to-country agreements. These will include but are not limited to commissary, exchange, laundry, transportation, postal services (APO and FPO), recreation, and religious facilities. The basis for extending the privileges of clubs and messes will be according to grade and position responsibility, as determined by overseas commanders.

7010. Home Leave. Home leave is granted on the basis that it is earned by service abroad for use in the United States, Commonwealth of Puerto Rico, or possessions of the United States in the same manner provided appropriated fund personnel.

7011. Renewal Agreement Travel. Employees who have completed the agreed period of continuous creditable service outside the United States, and outside the employee's place of residence if such residence is in the Commonwealth of Puerto Rico, or in any of the possessions of the United States; and who agree in writing to serve an additional tour of duty at the same or another overseas NAFI, may be authorized renewal agreement travel at the expense of the employing NAFI.

1. Renewal agreement travel is allowed from an employee's overseas post of duty to his or her place of actual residence at the time of appointment or transfer and for the employee's return to the same or another overseas post of duty.

2. Time is not chargeable to leave while in a travel status as long as the travel is by the most direct route.

3. Upon reaching place of actual residence, the employee shall

be charged annual leave, home leave, or leave without pay as appropriate.

7012. Emergency Leave and Travel. Emergency leave may be granted to U.S. citizen and U.S. national NAF employees assigned outside the United States who are entitled to return transportation in cases of emergencies, such as serious injury, illness, or death in the employee's family located in the United States. The period of emergency leave, including travel time, shall be charged to annual leave. If the employee has no accrued annual leave, he or she may be placed in a leave-without-pay status. Such employees may be provided Government transportation on a space-available basis. Red Cross confirmation of the emergency should be secured prior to the approval of the leave and transportation.

7013. Local Holidays in Foreign Countries. Local national NAF employees may be authorized time off to observe certain local national holidays. Such authorization is subject to country-to-country agreements. When all or part of an installation is closed in observance of such a local holiday and, as a result, U.S. citizens/U.S. nationals and third country nationals are thereby prevented from working, they shall be assigned to other work if possible. Otherwise, such employees may be excused without charge to leave or loss of pay.

7014. Employee Benefits. Insurance, retirement, medical, Workers' compensation and other employee benefits for local national and third country national NAF employees are established by agreements with the host country. Regardless of the place of their recruitment, U.S. citizens shall earn annual leave and accrue sick leave credits in accordance with the policy governing employees in CONUS, as outlined in Chapter 6.

7015. Care and Disposition of Remains of Deceased Employees. All benefits authorized for the care, preparation, and disposition of the remains of deceased U.S. citizen employees of the Department of Defense paid from appropriated funds shall be accorded equally to regular U.S. citizen NAF employees who are employed outside of the CONUS and who are not dependents of U.S. military personnel who would otherwise be entitled to such care and disposition of remains from appropriated funds. All items and expenses authorized to be furnished by the government on a reimbursable basis shall be billed to and funded by the employing NAFI.

7016. Evacuation of NAF Employees and Family Members

1. Heads of DOD Components shall prescribe regulations, subject to the approval of the Secretary of Defense, governing NAF employee entitlements in emergency situations; procedures for financial assistance to NAF family member evacuees; and employment status of NAF-paid personnel during and after an evacuation or crisis situation.

2. Entitlement to emergency evacuation for NAF employees, as well as the payment of allowances and benefits, is authorized for eligible employees as prescribed by the Department of State Standardized Regulations.

MARINE CORPS NAF PERSONNEL POLICY MANUAL

APPENDIX A

MERIT STAFFING PROGRAM

1. Policy. This appendix establishes merit-based competitive procedures for filling vacant NAF positions per requirements of chapter 2 of this Manual and MCO 12713.6.

2. Responsibility

a. Heads of the local NAFI

(1) Responsible for overall administration of the program for organizations under their control and supervision.

(2) Ensure that the Merit Staffing Program meets the needs of their organization(s).

(3) Approve all recruitment and hiring actions, if not re-delegated.

b. NAF Personnel Office (NPO)

(1) Administer the Merit Staffing Program and maintain required records.

(2) Prepare vacancy announcements and validate qualification requirements of the position.

(3) In consultation with managers, determine the area of consideration, opening and closing dates, evaluation methods, etc., and ensure that copies are distributed for posting on all official bulletin boards throughout the installation.

(4) Develop and implement alternative advertising and recruitment methods.

(5) Evaluate applicants per provisions of the program.

(6) Provide training and publicity for the program.

(7) Counsel managers, supervisors, and employees on all aspects of the program.

c. Managers and Supervisors

(1) Comply with the provisions of the program.

(2) Ensure that approved requests for recruitment actions are, insofar as feasible, received in NPO well in advance of the desired employment date.

(3) Ensure that proper and equal consideration is given all referred candidates.

(4) Serve on rating and ranking panels as subject matter experts and recommend the most suited and best-qualified candidate for selection by the head of the local NAFI or designee.

(5) Ensure that their employees are informed of vacancies. (Every effort should be made to inform employees who are absent from duty for legitimate reasons; i.e., on TAD, training courses, military duty, etc., of vacancies.)

d. Employees

(1) Become familiar with the program.

(2) File timely applications for announced vacancies for which qualified and interested.

(3) Serve on rating and ranking panels as subject matter experts as requested.

3. General. The basic merit staffing principle is "finding the most suitable and best qualified person available for the job."

a. Identification, qualification, evaluation, and selection of applicants shall be based solely on job related criteria without regard to political, religious, or labor organization affiliation or nonaffiliation, marital status, race, color, sex, national origin, nondisqualifying physical handicap, or age.

MARINE CORPS NAF PERSONNEL POLICY MANUAL

b. The DoD Program for the Stability of Civilian Employment ("Stopper List") is not applicable to NAF.

c. Spouse preference eligibles and Transition assistance eligibles must be selected if among a list of best-qualified candidates referred for selection in accordance with chapter 2 of this manual. Veterans receive preference after spouse preference and transition assistance eligibles, and veteran's preference is limited to initial hiring only.

d. The head of the local NAFI or designee, at any time, is authorized to appoint individuals non-competitively in all actions excluded from the Merit Staffing Program.

e. The head of the local NAFI or designee, is authorized to change or cancel a vacancy announcement at any time or nonselect referred candidates

4. Coverage. Merit staffing procedures will be applied to the following actions and all promotions (unless excluded in paragraph 6 below).

a. Temporary promotion to a position at a higher grade or level or a position with known promotion potential for more than 6 months.

b. Reassignment or demotion to a position with more promotion potential than the employee's current position.

c. Selection of an employee from another DoD NAFI for a position at a higher grade or level.

d. Reinstatement of a former employee to a continuing position at a higher grade or level than that previously held under a regular appointment with no time limit.

e. Movement to positions in other (higher) employment categories, e.g., flexible to regular, even when the position is in the same classification level.

f. Promotion of an employee whose position is reclassified to a higher grade or level due to accretion of duties with supervisory duties added to a previously classified



nonsupervisory position.

5. Exclusions to Merit Staffing Procedures

a. Promotion resulting from the upgrading of a position due to the issuance of a new classification standard or the correction of an initial classification error.

b. Promotion of an employee whose position is classified at a higher grade or level due to accretion of duties.

c. Promotion of an employee in a position with known promotion potential when competition was held at an earlier date.

d. Temporary promotion of 6 months or less to a position at a higher grade or level or position with known promotion potential.

e. Re-promotion of an employee who was demoted through no fault of the employee and not at the employee's request, to a level no higher than that from which demoted.

f. Transfer, transfer of function, or reinstatement of a NAF employee to a position with known promotion potential which is no higher than (or has the same promotion potential as) the last held continuing position.

g. Reassignment or change to lower grade or level of a current employee to a position with no higher potential than the currently held continuing position.

h. Placement of an employee who did not receive proper consideration in a prior competitive action due to a procedural, regulatory or program violation.

i. Recruitment for flexible positions.

j. Reinstatement. A former and otherwise eligible DOD NAFI employee may be reinstated to any NAFI position on a non-competitive basis as long as the employee's separation was not for cause. The employee did not resign while under oral or written notice of management's intent to propose separation for cause. The vacant position is in a classification level no

higher than any NAF position previously held by in a prior regular appointment. Reinstatement to higher classification levels must be made on a competitive basis.

k. Conversion to NAF employment per chapter 2. of this Manual.

6. Controls on Exclusions

a. Accretion of Duties. Noncompetitive promotions taken under this exclusion must meet the full definition of accretion of duties.

b. Temporary Promotions

(1) A temporary promotion shall not be used as a means of training or evaluating an employee in a higher graded position.

(2) A temporary promotion (may be made permanent without further competition only if it was originally made under merit staffing procedures and the fact that it might lead to a permanent promotion was made known to all potential candidates).

7. Merit Staffing Procedures

a. Managers and supervisors obtain appropriate approval to fill vacant positions and forward approvals (with an accurate position description attached) to the NPO for recruitment. A classification review is required prior to recruitment if major duties have changed, or recruitment is requested at a higher grade than the target grade previously established for the position.

b. The NPO will prepare and distribute vacancy announcements, evaluate candidates against qualifications and other stated selective factors, and compile a referral list of qualified or best qualified applicants.

c. The NPO may convene a rating and ranking panel, using a crediting plan to determine highly qualified candidates.

d. The NPO will forward the referral list, along with applications, to the appropriate manager or supervisor for

review.

e. Candidates eligible for noncompetitive appointment will also be identified on the referral list.

f. Managers and supervisors will review applications of the referred candidates and make a recommendation for selection. If an interview is desired, the NPO will be contacted to coordinate interviews for those candidate(s) identified.

g. Managers and supervisors may interview candidate(s) and forward recommendations to the head of the local NAFI or designee, via the NPO.

h. The head of the local NAFI or designee, will review the referral list, the recommendations, and notify the NPO of the decision.

i. The NPO will notify the manager or supervisor of the decision, contact the selected candidate, and complete all appropriate administrative documentation. Nonselected candidates will receive an appropriate written notification.

#### 8. Methods of Locating Candidates

a. Source of Candidates. In addition to posting vacancy announcements on official bulletin boards, candidates may be solicited through paid advertising, other media sources, state employment services, employee referral programs, etc. CMC (MR) will publicize vacancy information via electronic message to all Marine Corps NAFI's, the Army and Air Force Exchange Service (AAFES), Navy Exchange Command (NEXCOM), and Bureau of Naval Personnel (BUPERS).

b. Announcing Vacancies. As a minimum, vacancies to be filled through merit staffing procedures will be advertised via a vacancy announcement. Vacancy announcements shall contain sufficient information for candidates to determine the opening and closing dates (minimum of 5 working days); salary; what the area of consideration is; what the duties of the job are; what qualifications are required; and what the applicants must do in order to apply. The duration of the advertisement must be

consistent with the area of consideration.

c. Rejection of Applications. Applications may be rejected when:

(1) Outside the area of consideration stated in the vacancy announcement.

(2) Sufficient information upon which to make a qualifications determination is unavailable, or a determination is made that the applicant does not meet the minimum qualifications.

(3) Information contained in the application has been falsified.

(4) The application was received after the closing date or the selection list was forwarded for final action, if there was no closing date on the announcement.

9. Evaluation of Candidates

a. General

(1) When there are five or more qualified candidates for Nonappropriated Fund (NF) positions at level NF-4, or above, they shall be formally rated and ranked against the qualifications requirements of the position and any other stated selective factors.

(2) When rating and ranking candidates on the basis of training, education, and experience, a crediting plan shall be used to document results.

(3) The NPO will be involved with every phase of the evaluation process.

(4) When available, the last official performance appraisal may be considered in the rating process.

b. Rating and Ranking Panels

MARINE CORPS NAF PERSONNEL POLICY MANUAL

(1) Rating and ranking panels may be utilized when evaluating five or more candidates for NF positions at level NF-4, or above, unless specifically required by special program requirements (e.g., the SMP, intern programs, career programs, upward mobility, etc.).

(2) Rating and ranking panel membership shall consist of at least two individuals, one of whom shall be a subject matter expert with other members having some knowledge of the qualifications and duties of the position. The NPO representative will act as an advisor to instruct in the proper methods for rating and ranking candidates. The selecting official is prohibited from serving on the rating and ranking panel.

(3) Candidates eligible for noncompetitive selection may be referred on a separate list. They may be referred before rating and ranking of competitive promotional candidates or at any other point in the competitive process.

(4) If the selecting official desires, all qualifications information and rating and ranking panel results may be provided to assist in the decision making process.

c. Interviews. Interviews are optional. When desired, the manager or supervisor of the position being filled, should contact the NPO to coordinate interviews. The manager or supervisor may select any or all of the candidates from the referral list for interview. However, this does not preclude the selecting official from conducting further interviews. There is no requirement for interviews to be conducted in panels.

d. Referral List. The NPO will forward the referral list, along with applications, to the appropriate manager or supervisor for review. All new applicants forwarded to a selecting official must have taken the Reid Assessment Questionnaire. Current employees at the local activity are exempt from taking the pre-employment questionnaire. Also, if an applicant has worked for an MCCS activity within the last six months taking the pre-employment questionnaire is not necessary.

MARINE CORPS NAF PERSONNEL POLICY MANUAL

10. Selection. The head of the local NAFI or designee, will review the recommendations from the supervisor or manager of the position being filled.

a. The head of the local NAFI or designee, may select the recommended candidate, or select from among other candidates on the referral list, or nonselect all candidates. Each candidate referred shall be given full consideration and the selection made based on who will best fill management's needs, in terms of productivity and total objectives of the organization, including affirmative action and equal opportunity.

b. The head of the local NAFI or designee, when filling supervisory or managerial positions, must give consideration to candidate's "willingness to support the EEO program."

c. The NPO will provide official notification to selected applicants.

11. Release of Employees. Employees selected are to be released within 2 weeks, except in unusual circumstances, but no later than 30 days.

12. Records. The NPO will maintain a record of each selection process sufficient to allow reconstruction of the action (e.g., names and applications or resumes of all candidates who applied, annotations of qualifications determinations, rating and ranking determinations, interview results, a copy of the list of candidates referred, etc.). Each record must identify the position and the method by which it was filled. These records will be maintained for 2 years or until a Personnel Management Evaluation by Personal & Family Readiness Division (MRB-1) has been completed, whichever occurs first. Cases involving discrimination complaints will be retained for 2 years after final disposition of the case.

13. Disclosure of Merit Staffing Information. Managers and supervisors shall not disclose or discuss the selection process or reasons for decisions with applicants. Disclosure of such information must be in accordance with the Privacy and Freedom of Information Acts and will be coordinated through the NPO.

MARINE CORPS NAF PERSONNEL POLICY MANUAL

APPENDIX B

RETIREMENT AND INSURANCE SUPPLEMENT

1. Credited NAF Employee Service. After attaining eligibility for an annuity, the following, if applicable, shall be added to arrive at total credited NAF employee service for computing the amount of the annuity.

a. Unused Sick Leave. Unused sick leave that has been accumulated by an employee at the time of his or her retirement shall be added to the employee's period of credited service in order to determine the total period of credited service. One hundred seventy-three hours will equal one month's service for calculation purposes.

b. Military Leave of Absence. During the time an employee is carried on leave without pay because of interruption of his or her credited NAF service by honorable active U.S. military service, he or she remains in a continuous service status, not to exceed 5 years, provided the employee returns to civilian NAF employment within the prescribed period of time (generally service less than 31 days requires reporting not later than the beginning of first full regularly scheduled work period on first calendar day following completion of period of service; any length of time for purposes of an examination for fitness; services of 30 days but less than 181 days, submit application within 14 days of completion of service; service more than 180 days, submit application not later than 90 days after than completion of service), and provided the employee was enrolled prior to leaving for military service and re-enrolls upon return to civilian service. Duplicate NAF service credits will not be granted for the same period of time.

c. Prior Military Service. Up to five years of prior honorable military service credit can be "purchased" for retirement plan purposes. This service will not be considered in determination of vesting but only upon retirement for the calculation of an immediate annuity. Employees receiving or entitled to a pension for retirement from military service are



MARINE CORPS NAF PERSONNEL POLICY MANUAL

not eligible under this provision. Voluntary Service Incentive or Serviceman's Separation Benefit payments are not considered annuities. Employees receiving military service credit for the same period under another employer's retirement system are not eligible. Non-active reserve service is not considered creditable service under this provision. Upon employment at a Marine Corps NAF, the individual must provide a record of their military service within ninety days, including the taxable earnings for the period in question. To receive credit for this service, the employee must deposit an amount equal to the employee and employer share of group retirement plan costs, but in no case less than 5.15 percent of these earnings, within two years of employment in an eligible position. Service will not be credited on the employee's retirement account until the deposit is made. If a member dies while employed and before making a sufficient contribution to the plan, the member's survivor or beneficiary may contribute the outstanding amount to the plan in a lump sum payment.

2. Amount of Annuity at Normal (Age 62) or Deferred Retirement. The amount of yearly retirement annuity payable to an employee, commencing at his or her normal or deferred retirement date shall be the amount of the annuity formula reduced by the social security offset. When the amount of the yearly annuity is computed on a basis of other than the annuity formula reduced by the social security offset, multipliers shown in paragraph 2.b., below, may be adjusted so that the annuity, when added to social security, shall be at least equal to the results of the application of the annuity formula reduced by the social security offset.

a. "High-3" Average Compensation. "High-3" average compensation means the highest average rate of basic annual compensation for any 36 consecutive months for which contributions were made to the employee retirement program.

b. Annuity Formula. The sum of the annuity formula (explained in subparagraph 2.b (1) and 2.b (2) below) shall not exceed 80% of the high-3 average in paragraph 2.b (3).

(1) For each of the first 10 years of credited service, 1-1/2 percent of "high-3" average compensation or, if greater,

MARINE CORPS NAF PERSONNEL POLICY MANUAL

percent of "high-3" average compensation plus \$25.

(2) For each year of credited service after the 10th year, 2 percent of "high-3" average compensation or, if greater, 1 percent of "high-3" average compensation plus \$25.

(3) Eighty percent of "high-3" average compensation.

c. Minimum Annuity. A minimum annuity shall be provided only to the degree necessary to prevent lower compensated vested plan participants from retiring without an NAFI-sponsored annuity. A members minimum retirement benefit shall be the greater of:

(1) The benefit calculated under paragraph 2.b as applicable; or

(2) .05% of Highest three-year Earnings times the number of Plan Years (including fractional years) during which the Member was an Active member in the Plan.

d. Social Security Integration - Social Security Offset. NAF pension plan benefits will be subject to integration with Social Security benefits. Integration will be accomplished by the Social Security offset method whereby a person's pension is reduced by an appropriate percentage of the person's Social Security benefit.

(1) A reduction or elimination of the Social Security offset to a NAF plan, without making other changes to the plan, would increase the amount of the plan's pensions (see Chapter 6, paragraph 6004).

(2) The CMC (MR) will periodically review the plan pension integration and basic annuity computation formulas and make changes as appropriate.

e. Retention of Accrued Credited Service for Retirement Annuity Purposes

(1) When a Marine Corps NAF employee, who is participating in the retirement plan, terminates employment (for

MARINE CORPS NAF PERSONNEL POLICY MANUAL

reasons other than retirement) and is employed by another DoD NAFI within 90 calendar days, and the gaining NAFI offers a different retirement plan, the employee may carry forward his or her credited service accrued for retirement annuity purposes. The employee shall carry forward all prior credited service as accrued up to the date of termination or subsequent termination.

(Exception: If the gaining NAFI retirement Plan does not cover part-time employees, then crediting part-time service from a different NAFI is not required.)

(2) Upon retirement from the gaining NAFI, the employee's retirement annuity shall be the same as if the entire period of combined creditable RFT NAF service had been creditable under the gaining NAFI's retirement plan. The retirement annuity so determined under the gaining NAFI's retirement plan shall then be reduced by the amount or amounts that would be payable under the losing NAFI's retirement plan or plans. When an employee terminates employment with the losing NAFI before becoming vested, the employee will not be entitled to any benefits from the losing NAFI, except for a withdrawal of his or her own contributions. However, credited service rendered for the losing NAFI shall be carried forward and counted when determining the employee's accrued benefits and shall further be counted in determining the employee's position on the vesting schedule of the gaining NAFI's retirement plan. However, the position on the vesting schedule is not applicable for determining any eligibility for a disability annuity, as the requirements for such vesting are those of the gaining NAFI's retirement plan only. When such terminated employee withdraws his or her contributions before becoming vested, the retirement benefits due from the gaining NAFI plan shall be reduced and offset by the amount as specified in subparagraph 2.e (2) (d), below.

(a) The retirement annuity for such an RFT NAF employee shall be computed using the gaining NAFI's retirement plan computation. It shall be based on all accrued credited service as rendered under the prior employee retirement plan or plans, plus all service creditable under the gaining NAFI's retirement plan or plans. The losing NAFI shall transfer such data as required to the gaining NAFI in accordance with subparagraph 2.e (2), above. The gaining NAFI shall disregard

MARINE CORPS NAFI PERSONNEL POLICY MANUAL

any service rendered in a part-time capacity, if such service is not otherwise credited for its own part-time employees.

(b) The resultant annuity, based on all credited service (including service rendered before the employee became vested) shall be offset by the amount or amounts which would be payable under the losing NAFI retirement plan or plans, at age 62, without regard to whether the employee has or has not withdrawn his or her prior contributions and after application of the social security offset. If the employee is 62 at the time of termination from the losing NAFI, the amount of the offset shall be that amount which would be payable if the employee had retired and commenced immediate receipt of the annuity at the time of that termination.

(c) For purposes of determining the offset mentioned in subparagraph 2.e (2)(b), above, the annuity amount accrued during the prior periods of employment shall be as reported in accordance with subparagraphs 2.e (3)(c) or 2.e (3)(d), below. The actual calculation shall be based upon the annuity formula in effect at the time of termination of employment from the prior NAFI. In calculating this annuity, the social security offset shall be applied as of the date of termination. To the extent that an employee was not vested at his or her prior termination date from a losing NAFI, the annuity amount for which the losing NAFI shall be liable, assuming such employee withdrew his or her contributions, shall be equal to zero. However, as stated in paragraph 2.e (1), above, credited service shall be carried forward and counted when determining the employee's accrued benefits with the gaining NAFI, subject to the offset provided in subparagraph 2.e (2)(d), below.

(d) If an employee was not vested at his or her prior termination from a losing NAFI and when such terminated employee withdraws his or her prior contributions, the gaining NAFI shall reduce benefits otherwise due by an offset. The offset shall be equal to the annuity amount which the employee's own contributions would have been sufficient to fund for him or her, assuming such contributions had continued on deposit since initially contributed.

(3) In the case of each affected, or potentially.

MARINE CORPS NAF PERSONNEL POLICY MANUAL

affected, employee, it is the responsibility of the gaining NAFI retirement plan administrator to request from the counterpart losing retirement plan administrator or administrators, a statement setting out:

(a) The employee's name (last, first, MI), social security number, date of birth, beginning and ending periods of NAFI RFT employment, RPT employment, and number of years (including partial years) of accrued credited service for annuity accrual purposes under the losing DoD Component's NAF retirement plan

(b) The salary or wage history of the employee, including an explanation of the years used in calculating average compensation upon which the annuity calculation is based.

(c) The actual calculation of the resultant accrued annuity amount, assuming commencement of such benefit at age 62. If a terminating employee previously withdrew his or her employee contribution, two separate calculations shall be provided as follows:

1 The annuity such participant would have received had he or she left all employee contributions in the plan (this amount shall represent the amount of the actual offset to such gaining NAFI's retirement plan).

2 The annuity amount actually due the employee, if any, and the date benefits are scheduled to commence.

(d) If a terminated employee was not vested at his or her termination date, the losing NAFI shall specify the annuity amount that the employee's own contributions would have been sufficient to fund for him or her, assuming such contributions had continued on deposit since initially contributed. In addition to specifying this amount, the losing NAFI shall further specify to the gaining NAFI whether or not a benefit is actually due for contributions not previously withdrawn.

(4) It is the responsibility of the losing NAFI retirement plan administrator to provide promptly the above data upon request. If prior knowledge indicates that the data is

MARINE CORPS NAF PERSONNEL POLICY MANUAL

needed, the losing NAFI shall furnish any data necessary to provide full and fair disclosure to the gaining NAFI. In the event a terminated employee was not vested at the time of termination, the losing NAFI shall provide the information required in subparagraphs 2.e (3) (a) and 2.e (3) (d), above.

(5) The gaining NAFI retirement plan administrator shall record the applicable employee statistics as supplied in subparagraphs 2.e (3) (a) through 2.e (3) (d), above, in the affected employee's retirement plan records and apply the offset when retirement annuity payments commence. If retirement benefits are to commence before age 62, the gaining NAFI shall actuarially reduce the amount of the offset (to be applied from the losing NAFI or NAFIs) so as to reflect the early payments of benefits.

(6) The gaining NAFI shall notify the losing NAFI or NAFIs of the employee's actual retirement date and the date annuity benefits are to commence. Under standard practice, an employee shall be eligible to withdraw his or her own contributions from the losing NAFI retirement plan but the employee shall not be eligible to receive his or her retirement benefits from the losing NAFI retirement plan or plans until actual retirement from the gaining NAFI.

(7) The above portability shall not apply to a terminating employee who is eligible and has since commenced receiving, or is about to receive, a retirement annuity from the losing NAFI plan. In this event, the employee shall be considered a new employee with the gaining NAFI.

(8) The losing NAFI shall not transfer and the gaining NAFI shall not require the transfer of any pension assets to accomplish the intent as outlined here.

3. Survivor Benefits. Survivor benefits may be provided in one or more of the following forms:

a. Survivor's Annuity on Death of Employee

(1) Eligibility. If an employee dies while employed, and after completion of at least 60 months participation in the

MARINE CORPS NAF PERSONNEL POLICY MANUAL

pension plan, an annuity may be payable to the surviving spouse. The spouse must have been married to the employee for at least one year immediately preceding the employee's death or be the parent of a child born of the marriage, and must be the named beneficiary for retirement purposes.

(2) Amount of Survivor Annuity on Death in Service. The amount of the survivor annuity payable to an eligible surviving spouse shall be 55 percent of the greater of the amounts determined under subparagraphs 3.a (2) (a) or (b), below, minus (c), below:

(a) The Annuity formula without reduction for age of employee at time of death.

(b) The lesser of the amounts determined below:

1 Forty percent of the employee's "high-3" average compensation.

2 the annuity formula after increasing credited service by the period from the employee's date of death to age 60.

(c) One hundred percent of any surviving spouse's benefit or parents benefit currently payable under the Social Security Act.

(3) Adjustment of Amount of Survivor Annuity. The amount of survivor annuity shall be adjusted upon commencement, cessation, or re-commencement of a surviving spouse's benefit under the Social Security Act. The amount of the survivor's Social Security income award shall be applied automatically as an offset when the surviving spouse becomes 60 years old or, if later, upon the death of the employee without regard to whether the surviving spouse actually elects to commence receipt of it. The amount may not be adjusted because of changes in the social security benefits created by an amendment to the Social Security Act or by automatic increases in social security benefits reflecting increases in the Consumer Price Index.

(4) Duration of Payment of Survivor Annuity Following

Death in Service. The surviving spouse's annuity payments are payable as of the 1st day of each month following the employee's death. Payments shall continue until the last monthly payment before the earlier of the following dates:

(a) The death of the surviving spouse.

(b) The date of remarriage of the surviving spouse if such marriage occurs before age 60.

(5) Conditions for Termination and Re-commencement of Survivor Annuity (Death in Service). A survivor annuity that is terminated because of remarriage before age 60 may again become payable if the remarriage is terminated by death, annulment, or divorce and if the surviving spouse repays any lump-sum benefit that was paid upon termination of the annuity. Such repayment may be made by withholding the annuity payable until the lump-sum benefit paid is satisfied.

b. Survivor's Annuity on Death of Annuitant After Retirement

(1) Eligibility

(a) If an employee is married when he or she retires, unless the employee elects not to provide for a surviving spouse annuity, his or her annuity is automatically reduced actuarially and a survivor annuity shall be payable to the surviving spouse. The plan may provide for a uniform 10 percent reduction instead of an actuarial reduction.

(b) If an employee is not married when he or she retires, the employee may elect an annuity with a survivor benefit provided proper medical authority recommends to the CMC (MR) that the employee is in good health for his or her age. In such event, the employee's annuity shall be reduced actuarially and an annuity shall be payable to the child (or children) or another person having an insurable interest designated by name.

(2) Amount of Survivor Annuity (Death after Retirement). The amount of the survivor annuity shall be 55 percent of all of the employee's annuity, calculated as follows:

(a) If the employee retires at or after age 62, the



MARINE CORPS NAF PERSONNEL POLICY MANUAL

amount payable to the surviving spouse shall be 55 percent of the portion of the employee's annuity elected as the basis for surviving spouse annuity. This 55 percent factor shall be calculated against the employee's annuity before the 10 percent or actuarial reduction is made so as to provide for survivor annuity as prescribed in paragraph 3.b (1), above.

(b) Upon retirement before age 62, the employee may designate all of his or her annuity as the basis for surviving spouse annuity.

(c) If the employee should die before attaining age 62, the surviving spouse annuity shall be reduced (as of the 1st day of the month coincident with or immediately following the date on which the employee would have attained age 62) by 55 percent of the amount of social security offset that would have been applied to the employee's annuity had the employee lived to age 62.

(d) If the employee dies after age 62, at which time his or her own annuity shall have been reduced by discontinuance of the temporary portion, the surviving spouse annuity shall be 55 percent of the employee's lifetime annuity.

(e) When the employee does not have a spouse and elects an annuity with a survivor benefit to a child (or children) or other named person having an insurable interest, the annuity for the designated survivor (or the annuity to be divided among two or more designated children) shall be 55 percent of all or any portion of the employee's lifetime annuity that he or she elects as a base for the benefit remaining after the reduction for the survivor annuity.

(f) In the event of early retirement (that is, before age 62) and when the retirement plan provides for social security offset, the survivor annuity shall be calculated at 55 percent of the applicable portion of the employee's lifetime annuity (that is, the amount of the employee's annuity that would be payable after application of the social security offset at age 62, regardless of whether the employee dies before or after age 62).

(g) If two or more children have been designated by name, the total amount of survivor annuity payable shall be

proportionately reduced until the death of one or more of those designated who were living on the date the employee's retirement annuity became payable, whether such death occurs before or after the death of the employee.

(h) If the death of a disability annuitant occurs, the surviving spouse benefit shall equal 55 percent of the elected portion of the employee's annuity before social security offset, less 100 percent of any surviving spouse's benefit payable under Social Security. (A disability annuitant may designate only a spouse for survivor annuity.)

(i) When the employee's annuity is computed on a basis other than the annuity formula reduced by the social security offset (see subparagraph 3.b (2)(d) above), in the case of a provision for the surviving spouse annuity, the computation of the 55 percent shall be applied to the annuity before the 10 percent or actuarial reduction, and in the case of a provision for a child (or children) or other named person, after application of that reduction.

c. Lump-Sum Death Benefit. This benefit applies only when the employee's contributions with interest exceed the annuity paid or payable.

(1) Amount. The amount of any lump-sum death benefit when an annuity is not payable, shall be equal to subparagraph 3.c (1)(a) minus 3.c (1)(b) below:

(a) The employee's contributions to the plan, with interest, to the earliest of the 1st day of the month in which the employee's death occurs, or the date annuity payments become payable to the employee.

(b) The sum of all annuity payments made to the employee or a survivor, whether the survivor is a surviving spouse or children designated by name or another person having an insurable interest.

(2) Events Warranting Lump-Sum Payment. A lump-sum death benefit, if any, becomes payable on a date determined as follows:

MARINE CORPS NAF PERSONNEL POLICY MANUAL

(a) When no survivor annuity is payable, the date of death of the employee.

(b) When a survivor annuity is payable, the date of death of the last survivor to whom an annuity is payable or, if earlier, the date on which a survivor annuity ceases because of remarriage before age 60.

(c) When a surviving spouse would qualify for a survivor annuity upon or after the death of an employee, but no survivor annuity would be payable because the social security benefit provides the full amount or more, a lump-sum death benefit shall be payable to the spouse. In such circumstances, if a survivor annuity becomes payable at a later date because of cessation of social security benefits, the survivor shall be required to refund the amount of any paid lump-sum death benefit. Repayment may be made by withholding the annuity payable until the paid lump-sum benefit is satisfied.

4. Disability Benefits

a. Amount. The amount of the disability benefit shall be equal to the greater of the amounts determined under subparagraphs 4.a (1) or 4.a (2) minus 4.a (3), below:

(1) The annuity formula - without reduction, regardless of the employee's age.

(2) The lesser of the amounts determined under subparagraphs 4.a (2) (a) or 4.a (2) (b), below:

(a) Forty percent of the employee's "high-3" average compensation

(b) The annuity formula after increasing credited service by the period from the employee's date of separation for disability to age 60.

(3) One hundred percent of any benefit to which the employee is entitled under the Social Security Act, provided that on or after the date the employee attains age 62, this amount shall be no less than 12 times the monthly primary Social

b. Option B

(1) An employee who has completed 5 or more years of credited service and has attained the age of 30 shall receive an annuity at normal retirement age based on his or her and the employer's contributions.

(2) If the amount of annuity payable would be \$600 per year, or less, a one-time lump-sum payment of equivalent actuarial value may be made instead.

(3) An employee who has elected Option B may elect to have his or her annuity begin on the 1st day on any month during the 10-year period immediately preceding his or her normal retirement date. In this case, however, the employee's annuity shall be reduced at the rate of one-third of 1 percent for each month (4 percent each full year) by which the elected annuity commencement date precedes age 62.

6. Discontinued Service Benefit. If an employee's position is eliminated due to a Business Based Action (not termination for cause), and such employee retires:

a. On or after his fiftieth birthday and the completion of at least twenty years of Credited Service or;

b. At any age with the completion of at least twenty-five years of Credited Service;

his Base Retirement Benefit will be the amount determined under paragraph 2.b. based on his service and earnings at retirement, but reduced by one-sixth of one percent for each month (two percent for each year) to which the employee's retirement precedes his fifty-fifth birthday.

7. Group Life Insurance

a. Life insurance shall be provided in an amount equal to an employee's annual pay rounded to the next higher thousand plus \$2,000.

MARINE CORPS NAF PERSONNEL POLICY MANUAL

b. Employee Optional Life Insurance is provided in an amount equal to an employee's annual pay rounded to the next higher thousand plus \$2,000. The full cost of this coverage is borne by the employee.

c. Family Optional Life Insurance is provided in the amount of \$5,000 for a spouse and \$2,500 for each eligible covered child. The full cost of this coverage is borne by the employee.

8. Accidental Death and Dismemberment. This coverage shall be furnished in an amount equal to the life insurance coverage subject to the customary schedules for dismemberment and the usual exclusions, including physical or mental infirmity or disease, ptomaine or bacterial infection, medical or surgical treatment (unless made necessary by a covered injury), suicide, or intentionally self-inflicted injury, or war or any act of war.

9. Comprehensive Medical Expense

a. Comprehensive Medical Expense Benefits. Comprehensive medical expense benefits cover medical expenses that result from serious or prolonged disabilities as well as from ordinary injuries or diseases, regardless of the number of injuries or diseases suffered. Benefits shall not only be payable for expenses arising in the hospital, but also for medical charges that are not a part of the hospital bill.

b. Amount of benefits. The amounts of benefits shall always be paid after consideration of reasonable and customary expenses:

(1) High Option

(a) Eighty percent of allowable hospital expense incurred in any calendar year,

(b) Eighty percent of surgical expenses incurred in any calendar year, in excess of a deductible (see subparagraph 9.b (1)(d) below).

(c) Eighty percent of other medical expenses in excess of a deductible in any calendar year. However, for excess expenses that are for treatment of a mental or nervous disorder

MARINE CORPS NAF PERSONNEL POLICY MANUAL

while not confined in a hospital as an inpatient, the benefit shall be 50 percent.

(d) Deductible: \$200 deductible shall be applied to each insured employee and dependent before "other medical expenses" qualify each calendar year. The maximum family deductible shall be three times the individual deductible per calendar year.

(2) Preferred Provider Option (PPO). Where geographically available, PPOs have been implemented. PPOs enabled plan participants to visit participating in network providers for a minimal co-pay. The charges are discounted by the PPO and the provider agrees to accept the discounted rate. The participant is not required to pay the balance.

(3) Prescription Plan. A prescription card plan is available at all locations except Japan. This plan enables a participant to purchase prescription drugs with minimal co-pay. There is no deductible when the prescription card is used. There is higher co-pay for brand name drugs than for generic brands. A mail order plan is available at all locations (if an U.S. address is used, i.e., FPO for overseas). The co-pay for mail order prescriptions is minimal per prescription. There is no deductible when mail order is used. Overseas locations are subject to \$50 prescription deductible and 80-20 co-pay for all non-mail order prescriptions.

(4) Low Option

(a) Twenty-five percent of allowable hospital expenses incurred in any calendar year

(b) Twenty-five percent of surgical expenses incurred in any calendar year, in excess of a deductible (see subsection 9.b (4) (d), below).

(c) Twenty-five percent of other medical expenses in excess of a deductible in any calendar year.

(d) Deductible: \$100 deductible shall be applied to each insured employee and dependent before "other medical expenses" qualify each calendar year.

(5) MEDICARE Supplement

(a) After deductible, benefits are payable to the extent not reimbursed by MEDICARE and then at a maximum of eighty percent.

(b) Medicare Explanation of Benefits will be required on each bill filed under this supplement.

(c) Deductible. \$200 deductible shall be applied to each insured retiree and dependent each calendar year.

(d) Available Only to Retirees. No active employee or dependent may be enrolled in a MEDICARE Supplement.

c. Lifetime Benefit. For any plan offered, including low- option type plans, the lifetime benefit for all incurred covered medical expenses combined shall be unlimited. This unlimited lifetime amount applies separately to each insured family member.

d. Second Surgical Opinions. Each plan, including low- option type plans, shall reimburse 100 percent of the expense incurred for a second surgical opinion, and a third one, if the first two opinions do not agree. Optional - not mandatory.

e. Catastrophic Coverage. Each plan, including low-option type plans shall provide a maximum-out-of-pocket limit so that when any insured family member's costs exceed a predetermined fixed amount, the plan will pay 100 percent of that person's costs for the rest of the calendar year. There shall be a maximum-out-of-pocket limit for the family so that when a family's total costs exceed a predetermined fixed amount, the plan will pay 100 percent of the family's costs for the rest of the calendar year.

f. Coordination With Other Benefits. The medical expense benefits program is designed to help meet the cost of disease or injury. Since it is not intended that greater benefits be received than the actual medical expenses incurred, the amount of benefits payable under the program shall take into account any coverage a family member has under other group plans; that is,

the benefits under this program shall be coordinated with the benefits of the other group plans.

g. Effect of MEDICARE. The coordination of MEDICARE with NAF employee benefit provisions shall be in compliance with currently applicable laws, rules, and regulations.

h. Dependents. The following categories of dependents shall be eligible for coverage under the comprehensive medical benefits programs:

(1) The employee's spouse.

(2) Unmarried children under age 19.

(3) Unmarried children under age 23 who are full-time students and also receive their support from the employee. Verification of attendance at an accredited school will be required each fall by the Third Party Administrator (TPA).

(4) Dependent children between the ages of 19 and 23 that are forced to leave full-time student status due to physician mandate because of illness will be authorized to reenroll in the Standard Medical Plan within 31 days of physician release to return to school.

(5) A child of any age who is physically or mentally handicapped and who depends on the employee for support, if the handicap existed before the child's 19th birthday, or 23rd birthday if the child met the conditions of the previous subparagraph (3) at the time he or she became handicapped.

(6) The term "children" shall include the employee's natural children, adopted children, stepchildren, foster children, and other children who are dependent upon the employee for support and live with the employee in a regular parent-child relationship.

i. Extension of Coverage. At the option of the CMC (MR), if a covered employee loses eligibility for comprehensive medical expense coverage for any reason except voluntary cancellation, he/she may continue to be insured for medical expense coverage



MARINE CORPS NAF PERSONNEL POLICY MANUAL

for the 12-month period immediately following the date he or she ceases to be eligible, if he or she:

- (1) Makes application for such extended coverage before such date
- (2) Monthly pays employee's and employer's share of the premium; and
- (3) Has been continuously insured under the policy during the three months immediately preceding the date eligibility ceases.

j. Premium Payment. The premium payable shall be at the then applicable full group rate of the policy. No evidence of insurability or medical examination shall be required to continue such coverage.

Note: NO MEMBER OF THE UNIFORMED SERVICES IS ELIGIBLE FOR COVERAGE UNDER THE PLANS DESCRIBED HEREIN, WITH THE EXCEPTION THAT IF A SPOUSE OF A MEMBER OF THE UNIFORMED SERVICES, WHO IS ELIGIBLE FOR EMPLOYEE BENEFITS, ELECTS TO COVER THE SERVICE MEMBER UNDER THE FAMILY OPTIONAL LIFE INSURANCE PROGRAM.

10. Dental Program. The dental program provides coverage for reasonable and customary expenses in the following manner for you and your covered family members:

- a. Preventive Services & Supplies - covered at one hundred percent with no deductible;
- b. Diagnostic & Therapeutic Services - covered at eighty percent after the current plan year deductible for each covered person;
- c. Restorative Services & Supplies - covered at eighty percent after current plan year deductible per year, per covered person;
- d. Prosthodontic Services & Supplies - covered at fifty

percent after current plan year deductible per year per covered person;

e. Orthodontic Services & Supplies - covered at fifty percent with no deductible

f. Once enrolled in the dental plan, you must remain enrolled for twenty-four months. After 24 months, if you elect to cancel your dental coverage, you will not be permitted to re-enroll until twenty-four months have elapsed and then only at the next open enrollment period.

11. Conversion Privileges. When by reason of termination or other change in his or her employment status, an employee is ineligible to continue to participate in the group life insurance or group medical plan, conversion privileges to individual life policies or individual medical expense policies shall be made available, in accordance with the conditions of the insurance policy in force. Life insurance and medical expense policies, if converted to individual policies within 31 calendar days of termination of the group life or group medical plan coverage, shall be issued without medical examination and at the insuring company's or companies' regular rates for individual life insurance or medical expense benefits plans. The whole cost of such insurance shall be borne by the insured.

12. Waiver of Benefits. Eligible employees who decline to enroll or participate in the retirement plan, the comprehensive medical expense plan, the life insurance plan, the accidental death and dismemberment plan, or the disability plan, shall be required to sign a waiver. The signed waiver, or a memorandum for the record signifying the employee's refusal to sign a waiver, shall be placed in the employee's Official Personnel Folder.

13. Cancellation of Benefits. Section 125 of the IRS code allows payment of medical/dental premiums with pre-tax dollars. Implementation of this tax deferral opportunity requires compliance with certain provisions of the tax code. The change in status of coverage is only authorized when in conjunction with a 'qualifying' event. An example of a qualifying event would be, but is not limited to:

MARINE CORPS NAF PERSONNEL POLICY MANUAL

- a. Legal marital status; through marriage (for spouse coverage only); divorce, legal separation, or annulment;
- b. Number of dependents; through birth, adoption, legal guardianship, death of dependent;
- c. Employment status; through termination, or commencement of employment by employee, spouse or dependent
- d. Work schedule; through status change to flexible
- e. Dependent status; through ceasing to qualify due to age, student status, or other requirements to qualify as covered dependent.

14. Benefits for Retirees. The following insurance benefits may be provided to eligible retired employees. The CMC (MR) will determine financial responsibility for monthly cost of these benefits.

a. Life Insurance

(1) Eligibility. When an employee retires at age 52 or later, with at least 15 or more years of accumulated participation in the group life insurance program for active employees, and is eligible for an immediate annuity under the group pension plan he or she shall be eligible for the group life insurance program for retired employees on the date retired, provided the employee was insured under such program on the day before retirement.

(2) Amount. Upon retirement, an amount of group life insurance shall be continued, based on the amount of life insurance in force on the day before retirement, until attaining age 65. Upon attaining age 66, the amount of life insurance shall be reduced by 25 percent of the amount in force just before attaining age 65. It shall be reduced thereafter by a further 25 percent on each of the 67th and 68th birthdays and it then shall remain at 25 percent of the amount of insurance in force just before attaining age 65.

b. Comprehensive Medical Expenses

- (1) Employees who retire and have been participating in B-20

MARINE CORPS NAF PERSONNEL POLICY MANUAL

the health plan for an accumulated 15-year period just prior to retirement, may be provided continued medical coverage for themselves and eligible dependents. The 15 cumulative years shall include any periods of enrollment in other DoD NAFI medical plans, provided enrollment has been certified by the former NAFI and the break in service no more than 90 days. Dependents (other than those children whose coverage would be canceled at age 19 or 23) may be eligible for continuous coverage until receiving Medicare coverage at age 65, regardless of the retiree's age.

(2) When the retiree or dependent receives Medicare coverage at age 65, the CMC (MR) will offer a plan so that Medicare becomes the primary carrier for retirees enrolled in Standard Medical.

c. The cost of these benefits will be determined by the CMC (MR), taking into consideration financial stability of the plan.

15. NAF Benefit Enhancement Program - 401(k). The NAF Benefit Enhancement Program - 401(k) is applicable to eligible civilian employees paid from NAFs and employed by Marine Corps NAFIs (Marine Corps Exchanges, Recreation Funds, Clubs, Personal and Family Readiness Division, Marine Corps Community Services), and various miscellaneous NAFIs whose regularly scheduled basic work week is 20 or more hours. Employees are eligible to enroll on their date of hire. NO ACTIVE DUTY MILITARY MEMBER IS ELIGIBLE FOR ENROLLMENT.

a. The 401(k) plan has an annual administrative fee for all participants. The fee is automatically charged against the participant's 401(k) account. This administrative fee may vary, but will never be higher than \$25 per year. Any cost over \$25 per year, per member, will be borne by the employer. This administrative fee is based on:

- (1) Number of participants
- (2) Quarterly statements
- (3) Toll free phone number usage
- (4) Record keeping fees (plan valuation, etc.)

MARINE CORPS NAF PERSONNEL POLICY MANUAL

(5) Some commands have elected to pay this fee for their employees. This is a local command prerogative and may be subject to change.

b. Effective Date. The original effective date of this plan was June 1993.

c. Investment Options. NAF employees can defer 1 to 15 percent of their salary. Six investment options are available: Merrill Lynch Retirement Preservation Trust; Merrill Lynch Capital Fund; Merrill Lynch Federal Securities Trust; and Merrill Lynch Equity Index Trust; Hotchkis & Wiley International Fund and Franklin Small Cap. The contribution amounts a NAF employee invests in their 401(k) account is not considered taxable income until it becomes a distribution.

d. Eligibility. The 401(k) plan described herein is applicable to all regular, full-time or part-time civilian employees of the Marine Corps NAFIs, upon date of hire and who are at least 18 years old. (This applies to U.S. Citizens, U.S. Nationals, or permanent resident aliens employed in the 50 United States or the District of Columbia.)

(1) Enrollment. Eligible employees may enroll in this plan upon date of hire in an eligible class. The effective date will be the first day of the first full pay period after the open enrollment period. There will be monthly open enrollment periods each year. Open enrollment dates may vary, but will always be held monthly.

(2) Direct Rollover. New employees are immediately eligible to roll over prior qualified distributions. Investment elections and changes may be made to these rollover contributions. Direct rollovers into the 401(k) Plan require completion of a Request for Rollover of Prior Plan Distribution Form (MWR 95).

e. Enrollment and Change Procedures. All eligible employees will be required to complete an Enrollment Application indicating enrollment or waiver of participation. A beneficiary form must accompany all enrollments. Reminder: If employees are married, they are required by law to name their spouse as designated beneficiaries. If they elect to name someone other

MARINE CORPS NAF PERSONNEL POLICY MANUAL

than their spouse, spousal signature is required acknowledging that they have waived their entitlement. Employees who waive enrollment when first eligible to enroll and later elect to enroll, may do so during any open enrollment period provided they are otherwise eligible.

(1) Contributions and Investment Changes. Employees may change contribution percentages and/or investment options on a monthly basis. Contribution percentage changes require completion of a Contribution and Investment Change Application (MWR 93) and must be sent to the Personal & Family Readiness Division (MR) no later than the 15th of the month prior to the new month. Investment changes must be accomplished by contacting the Voice Response Unit (VRU), except overseas and those employees without touch-tone telephone capability. Overseas locations and employees without touch-tone telephones should submit their changes on forms (MWR 93) obtained from their local personnel office.

(2) Cancellation. Employees may cancel contributions on a monthly basis. Cancellation requires completion of a Contribution and Investment Change Application (MWR 93) and must be sent to the Personal & Family Readiness Division (MR) no later than the 15th of the month prior to the new month. Note: Contributions must remain in the plan unless the employee applies and is approved for Hardship Withdrawal as defined by the IRS or obtains a loan.

(3) Termination of Employment. All terminating employees must elect rollover or withdrawal of their funds within 60 days of their termination of employment. Terminations require completion of a Termination Form (MWR 94). Failure to elect an option during the 60-day period will result in an automatic taxable distribution.

(4) Marine Corps NAF Activity Transfers (i.e. Camp Lejeune to Camp Butler). Transfers to another Marine Corps NAF activity require completion of a Termination Form (MWR 94) indicating "LOCATION CHANGE ONLY." Transfers from another Marine Corps NAF activity require completion of an Enrollment Application (MWR 91) and a Designation of Beneficiary Form (MWR 92), indicating "LOCATION CHANGE ONLY." Participation begins the first day of

MARINE CORPS NAF PERSONNEL POLICY MANUAL

employment at the gaining activity. Contribution changes are not accepted outside monthly change dates. Contribution amounts shall be continued at the same percentage from the losing activity.

(5) Re-enrollments. Employees who previously canceled contributions may re-enroll during any month, provided they are still eligible. Completion of an Enrollment Application Form (MWR 91) and a Beneficiary Form (MWR 92) is required and must be submitted no later than the 15th of the month prior to the new month. Note: In the case of a qualified hardship withdrawal, the employee may elect to re-enroll during the open enrollment period following the first anniversary date of the hardship withdrawal.

(6) NAF to NAF Transfers between Marine Corps and NEXCOM & the U.S. Naval Academy. Transfers to NEXCOM & the U.S. Naval Academy require completion of a Termination Form (MWR 94) indicating "TRUST TO TRUST TRANSFER TO NEXCOM" or "U.S. NAVAL ACADEMY" as applicable. Transfers from NEXCOM require completion of a Request for Rollover of Prior Plan Distribution Form (MWR 95) indicating "TRUST TO TRUST TRANSFER FROM NEXCOM."

(7) Disposition of all 401(k) Plan Forms. The original of all forms will be retained in employee's official personnel file. The yellow copy will be sent to the Director, Personal and Family Readiness (MR), 3044 Catlin Avenue, Quantico, VA 22134-5099, with appropriate transmittal letter by the required due dates. The pink copy will be provided to the employee for his or her records.

(8) Change of Employment Status. An employee that becomes flexible category and ineligible for benefits due to a status change is not eligible for a distribution of their 401(k). The account remains open without new contributions. The employee will continue to be eligible to make investment changes. Distributions are not authorized until termination, attainment of age 59-1/2, or approved Application for Hardship Withdrawal.

(9) VRU Changes. Confirmation of VRU investment changes will be mailed directly to participants at the end of the month in which changes were made.

f. EMPLOYEE CONTRIBUTIONS TO THE 401(k) PLAN

(1) Amount of Contribution. Participants can defer 1 to 15 percent their salary per year, provided it does not to exceed the IRS annual limit posted each year.

(2) Commencement and Collection of Contributions. Employee contributions to the 401(k) plan will be made by payroll deduction each pay period starting with the pay period in which effective date of enrollment falls.

(3) Bi-weekly Disposition of Employee Contributions.

(a) Activities whose payrolls are prepared at automated activities will be invoiced each pay period for the total amount of 401(k) contributions as part of the total reimbursement made to the Personal and Family Readiness Division per established payroll billing procedures.

(b) Activities whose payrolls are prepared at non-automated activities will be furnished an invoice for each pay period for the required contributions. Invoices will be prepared by computer, based on employee earnings information in the personnel/payroll master file, as reported on payroll summary reports, to the Director, Personal and Family Readiness Division (MR).

(c) Employee contributions will be transmitted to the Trustee.

g. Employer Matching Contributions To the 401(k) Plan

(1) Amount of Matching Contribution. Employee contributions will be matched by an employer contribution of up to three percent as follows:

(a) Employee contributions of one percent of gross pay will be matched by an employer contribution of one percent of gross pay.

(b) Employee contributions of two percent of gross pay will be matched by an employer contribution of one point five percent of gross pay.



MARINE CORPS NAF PERSONNEL POLICY MANUAL

(c) Employee contributions of three percent to fifteen percent of gross pay will be matched by an employer contribution of two percent of gross pay.

(d) Employee contributions of four percent of gross pay will be matched by an employer contribution of two point five percent of gross pay.

(e) Employee contributions of five percent of gross pay will be matched by an employer contribution of three percent of gross pay.

(2) Commencement and Collection of Employer Contributions. Employer contributions to the 401(k) plan will start with the pay period in which the employee contributions begin.

(3) Bi-weekly Disposition of Employer Matching Contributions.

(a) Activities whose payrolls are prepared at automated activities will be invoiced each pay period for the total amount of 401(k) employer matching contributions as part of the total reimbursement made to the Personal and Family Readiness Division per established payroll billing procedures.

(b) Activities whose payrolls are prepared at non-automated activities will be furnished an invoice for each pay period for the required employer matching contributions. Invoices will be prepared by computer, based on employee earnings and 401(k) contribution percentage information in the

personnel/payroll master file, as reported on payroll summary reports, to the Director, Personal and Family Readiness Division (MR).

(c) Employer matching contributions will be transmitted to the Trustee.

h. DESIGNATION AND CHANGE OF BENEFICIARY. Employees enrolling in the 401(k) plan must make an initial designation of beneficiary. Employees desiring to change beneficiary

designation may do so at any time by completing a Designation of Beneficiary.

i. DISPOSITION OF CONTRIBUTIONS AT THE TIME OF TERMINATION

(1) Direct Rollover Distribution (All or any portion of terminating employee's payment).

(a) Payment will not be taxed in the current year and no income tax will be withheld.

(b) Payment will be made directly to your IRA or, if you choose, to another employer plan that accepts your rollover.

(c) Payment will be taxed later when you take it out of the IRA or the employer plan.

(2) Lump Sum Distribution. Plan benefits paid to terminating employee.

(a) Employee will receive only 80 percent of the payment. The IRS requires the Plan administrator to withhold 20 percent of the payment as income tax withholding to be credited against your taxes.

(b) The employee's payment will be taxable in the current year unless it is rolled over. The employee may be able to use special tax rules that could reduce the tax owed. If the employee receives the payment before age 59 1/2, there may be an additional 10% penalty tax on the taxable portion.

(c) The employee can roll over the payment by paying it to an IRA or to another employer plan that accepts rollovers within 60 days of receiving the payment. The amount rolled over will not be taxed until you take it out of the IRA or employer plan.

(d) If the employee wants to roll over 100 percent of the payment to an IRA or an employer plan, the 20 percent that was withheld must be replaced. If the employee rolls over only 80 percent received, the 20 percent that was withheld and not rolled over will be taxed.

j. LOANS TO PARTICIPANTS

(1) Eligibility, Minimum Account Balance, and Minimum Loan Amount. Participants of the 401(k) Plan may apply for a loan after completing one year of participation provided the borrower's vested account balance is not less than \$1,000. The minimum loan amount is \$500.

(2) Frequency. A borrower may borrow from the plan provided the borrower has repaid any prior loan, if any, at least one month before applying for a loan.

(3) Amount Available. The minimum amount that a borrower may borrow at any time may be no less than \$500. The maximum amount which a borrower may borrow at any one time may be 50 percent of the borrower's vested account balance, up to \$50,000. Contributions for the month in progress do not qualify.

(4) Loan Approval. Approvals or denials of loan applications are based on eligibility, minimum account balance, minimum loan amount, frequency, minimum account balance, amount available, and repayment conditions. The local personnel office will not accept any applications that do not meet the minimum requirements. The purpose of the loan will not be taken into account in approving or denying a loan application.

(5) Interest Rate. The interest rate applied will be Commonwealth of Virginia Prime + 2 percent. The prime interest rate will be determined the first of each month for new loans. The interest rate for loans will be fixed for the term of the loan.

(6) Repayment, Minimum Repayment. Repayment will be through automatic biweekly payroll deductions. A borrower may elect to repay a loan for a period of 6 to 60 months, in 6-month increments.

(7) Early Payoff. Loans may not be repaid at an accelerated rate, except in the case of a lump sum prepayment. There is no penalty for early payoff.

MARINE CORPS NAF PERSONNEL POLICY MANUAL

(8) Repayment Default. If the borrower has a loan outstanding on termination of employment or loss of eligibility for enrollment in the Plan, the balance will be treated as a taxable distribution.

k. LOAN APPLICATION Procedures. Eligible 401(k) participants may apply for a loan by accessing the VRU through the toll free number. Exception: Overseas participants and participants without touch-tone telephone capability are requested to sign and complete a 401(k) Loan Application (MWR 97) as follows:

(1) Amount. Loan amount must be in whole dollars.

(2) Repayment Period Requested. Loan repayment period must be in increments of six months - a minimum of six months to a maximum of sixty months (five years).

(3) Employee Authorization. Applicant signature is required acknowledging request for loan, understanding of terms and conditions of borrowing from the Plan, and authorizing the Personal and Family Readiness Division to commence the repayment process the first pay period following receipt of the loan.

(4) Employer Certification. The local personnel office certifies the loan application for eligibility and minimum requirements.

(5) Disposition of 401(k) Loan Application. The original of the loan application will be retained in employee's official personnel file. The yellow will be sent to the Personal and Family Readiness Division along with a copy of the applicant's most recent 401(k) Statement of Account (if available) for approval. The pink copy shall be provided to the employee for his or her records.

l. LOAN AGREEMENT PROCEDURES. The Borrowers will be required to sign a 401(k) Loan Agreement acknowledging receipt of the agreement and agreement to terms of the loan.

(1) Federal Truth-in-Lending Disclosure Statement. The Personal and Family Readiness Division will outline amount

financed (the amount of credit provided), finance charge (the dollar amount the credit will cost), annual percentage rate (the cost of credit as a yearly rate), total of payments (the amount borrower will have paid after making all payment as scheduled), and the payment schedule (number of payments and commencement pay period).

(2) Disposition of 401(k) Loan Agreement. A 401(k) Loan Agreement and Amortization Schedule will be mailed to the borrower's residence. The local personnel office will send the signed agreement and the amortization schedule to the Personal and Family Readiness Division for processing.

m. LOAN DISTRIBUTION PROCEDURE

(1) The Personal and Family Readiness Division sends request for distribution to the trustee.

(2) The trustee transmits payment direct to the borrower within 48 hours from date released by Personal and Family Readiness Division.

(3) All loan payments will be charged to the ML Retirement Preservation Trust. The record keeper shall provide adjustments to the trustee to the appropriate ML investments funds at the close of the current monthly valuation period.

n. LOAN REPAYMENT PROCEDURES

(1) Commencement and Collection of Repayments. Borrower repayments will be made by payroll deduction each pay period commencing the first full pay period following date of the check. The Personal and Family Readiness Division will notify the local personnel office in writing when to start payroll deductions, the total amount due, and the corresponding amortization schedule for forwarding to the local Financial Support Branch. Note: Repayments stop when total repayments meet the total amount due.

(2) Bi-weekly Disposition of Loan Repayments

(a) Activities whose payrolls are prepared at

MARINE CORPS NAF PERSONNEL POLICY MANUAL

automated activities will be invoiced each pay period for the total amount of 401(k) loan repayments as part of the total reimbursement made to the Personal and Family Readiness Division per established payroll billing procedures.

(b) Activities whose payrolls are prepared at non-automated activities will be furnished an invoice for each pay period for the required repayments. Invoices will be prepared by computer, based on the payment schedule outlined in the loan agreement, as reported on payroll summary reports, to the Director, Personal and Family Readiness Division (MR).

(c) Loan repayments will be transmitted to the trustee of the 401(k) Plan.

(d) The trustee will credit the ML Retirement Preservation Trust account. The record keeper will provide quarterly adjustments to the trustee to adjust the appropriate ML investment fund after each quarterly valuation period.

APPENDIX C

EMPLOYEE PERFORMANCE APPRAISAL

1. PERFORMANCE MANAGEMENT PROGRAM: To improve individual and organizational performance and strengthen the link between pay and performance, achievement-focused performance management programs shall be established. Recognition of team achievement is encouraged. Programs may be tailored to fit the mission and culture of the organization, but they must include the following core requirements:

a. An annual appraisal of whether performance met expectations, using at least two rating levels.

b. A fair and consistent method of deriving a summary rating from performance. At a minimum, performance expectations consistent with duties must be discussed with the employee.

c. Approval of the appraisal or rating level above the rater where practicable, and retention of the appraisal in the employee's Official Personnel Folder (OPF) for possible future use in reaching personnel decisions.

d. Provision for determining actions to be taken when expectations are met or not met. Employees rated less than satisfactory, or equivalent, will not be granted a pay increase. Appropriate limits and approval levels should be set for cash awards and pay adjustments. An employee may grieve the rating, but not the amount of the pay change.

2. Development is the process of preparing employees for mission related duties and for career progression, i.e., IDP's. An Individual Development Plan (IDP) is a training tool for both management and employee use to assess training needs based on business requirements. IDP's are written blueprints used to prepare the employee for higher level performance. Develop the IDP by reviewing past performance to highlight competencies needing improvement or development. In developing the IDP the supervisor, with employee input, should compare the requirements of the position, the organization, as well as the career aspirations of the employee, their experience, education and past training.

MARINE CORPS NAF PERSONNEL POLICY MANUAL



MARINE CORPS NAF PERSONNEL POLICY MANUAL

APPENDIX D

PAY ADMINISTRATION FOR CRAFTS AND TRADES

1. General Policy

a. This Appendix supplements pay policies and procedures contained in subchapter S8 of Office of Personnel Management's (OPM's) Operating Manual for Nonappropriated Fund (NAF) Federal Wage System (FWS), and Chapter 3, Compensation and Classification, of this Manual.

b. The above-cited OPM's Operating Manual applies only to employees in NA, NL and NS positions.

2. SPECIFIC POLICY

a. New Appointments. Except as provided in (1) and (2) below, a new appointment will be made at the minimum step of the grade.

(1) Heads of local NAFIs may appoint an employee at a rate above the minimum step of the appropriate grade in recognition of his or her special qualifications, e.g., an applicant with skills and experience of an exceptional or highly specialized nature pertinent to his or her position. Each case of hiring above the minimum rate shall be documented fully in the employee's Official Personnel Folder (OPF).

(2) Heads of local NAFIs may request authority to make appointments at the second, third, fourth, or fifth step for a hard-to-fill position. Requests will be forwarded to the Department of Defense (DoD) Wage Setting Division (WSD), through the CMC (MR) and will include, at a minimum, the following:

(a) The hiring rate for the particular occupation and grade among private employers in the area is higher than the step 1 of the applicable grade on the local wage schedule.

(b) The NAFI cannot recruit qualified employees at the step 1.

MARINE CORPS NAF PERSONNEL POLICY MANUAL

b. Position Change. When an employee is reemployed, transferred, reassigned, or changed to a lower grade, the head of the local NAFI may pay that employee at any step of the new grade that does not exceed that employee's highest previous rate. If the highest previous rate falls between two steps of the grade, the head of the local NAFI may pay at the higher rate.

c. Promotion. When promoted, an employee is entitled to be paid at the lowest step of the new grade that exceeds his or her existing scheduled rate of pay by at least four percent.

(1) If there is no rate of pay in the grade to which promoted that exceeds the employee's existing schedule rate of pay rate by at least four percent, the employee shall be paid either the maximum scheduled rate of the new grade or his or her existing scheduled rate of pay, if that rate is higher.

(2) When promoted, an employee may be granted the benefit of the highest previous rate provisions if this would result in a higher rate of pay than would result from applying the provisions of a normal promotion action.

d. Highest Previous Rate

(1) The highest previous rate for NAF employees is based on a regular tour of duty at that rate.

(2) The highest previous rate may be based upon a rate of pay received during a period of temporary promotion so long as it is not used, as a vehicle to circumvent the period required for within-grade pay increases.

(3) The highest previous rate may not be based on a rate received for an appointment as an expert or consultant, or on a special pay rate established in recognition of hard to fill vacancies.

(4) When a NAF employee's rate of pay is one that was established as a special pay rate, his or her highest previous rate is the rate to which he or she would have been entitled had the special rate not been applied.

(5) If the highest previous rate was earned in an NA, NL, D-2

or NS position, the highest previous rate is calculated based on the current grade and step rate of the old position using the wage schedule of the area in which the employee is being employed, or the actual earned rate, whichever is higher. If the highest previous rate falls between two steps of the new grade, the head of the local NAFI may consider the higher of the two rates as the highest previous rate. See paragraph 7 below for an illustration of this computation and application of the highest previous rate rule.

e. Effective Date

(1) Normal. The effective date of a change in pay rate is the first day of the first pay period on or after the date the head of the local NAFI approves the action unless a subsequent date is specifically stated.

(2) Retroactive. A NAF employee who is qualified for his or her official job and performs its duties, but who through administrative error is not paid the appropriate rate for his or her grade, shall have the rate corrected retroactively. This corrective payment is not to be regarded as a retroactive promotion.

3. General Pay Fixing Guides. Unless specifically stated in this Manual or OPM's Operating Manual for NAF FWS, Subchapter S8, only scheduled rates of pay are considered in making pay adjustments.

a. Pay Computation Rule. For pay computation purposes, rates are computed to the nearest cent, counting one-half of a cent and over as a whole cent. Whenever it is necessary to convert a basic annual rate to an hourly rate, the hourly rate shall be derived by dividing the annual rate by 2087.

b. Simultaneous Pay Changes

(1) If an employee becomes entitled to two pay benefits at the same time, the changes shall be processed in a manner that gives the employee the maximum benefit.

(2) If an employee becomes entitled to an increase in pay

and to a personnel or appointment change at the same time, the increased rate of pay is deemed to be the employee's existing scheduled rate of pay when the personnel or appointment change is processed.

c. Cost-of-living Allowance as Base Pay in Nonforeign Overseas Area. When an employee in a nonforeign overseas area paid under the pay band system (NF schedule) is changed to an NA, NL, or NS position, nonforeign area differential or cost-of-living allowances received in the NF job is added to the scheduled rate of pay for the purpose of establishing a rate of pay for the new job. The nonforeign area differential or cost-of-living allowance is not added to the representative rate when determining the nature of the action.

d. Pay while on Leave. Employees are paid at their basic rates (including night shift differential except as provided in sections 6121-6130 of Title 5, USC, regarding flexible and compressed work schedules). This provision is applicable even though the basic workweek may include workdays with hours exceeding eight per day for which overtime rates are paid.

e. Lump Sum Leave Payments. When an employee is on the rolls on the issue date of a wage schedule increase, but separates before the effective date of the increase, the employee is entitled to receive his or her lump-sum annual leave payment at the higher rate for the period extending beyond the effective date.

#### 4. Overtime, Differential, and Premium Pay

##### a. Overtime pay

(1) Overtime pay will be paid either under section 5544 of title 5, United States Code, for FLSA-exempt employees, or under the FLSA for nonexempt employees (5 CFR 551.501). Employees (including part-time and flexible employees) are entitled to overtime pay for work in excess of 8 hours in a day or in excess of 40 hours in an administrative workweek (except as provided by sections 6121-6130 of title 5, U.S.C., regarding flexible and compressed work schedules), whichever is the greater

MARINE CORPS NAF PERSONNEL POLICY MANUAL

eight in a day are not included in computing hours of work in excess of 40 hours in an administrative workweek.

(4) Overtime Rate. Except as otherwise specifically authorized, heads of local NAFIs shall pay an employee for overtime work performed at the rate of one and one-half times his or her rate of basic pay.

(5) Leave With Pay. For non-exempt, hours during which an employee is absent from duty on paid leave during time when the employee otherwise would have been required to be on duty shall be considered hours of work in determining whether the employee is entitled to overtime pay for work performed in excess of eight hours a day or 40 hours in a week.

(6) Leave Without Pay. For non-exempt, hours during which an employee is absent from duty on leave without pay during a time when the employee would otherwise have been required to be on duty shall not be considered hours of work in determining whether the employee is entitled to overtime pay for work performed in excess of eight hours in a day or 40 hours in a week.

(7) Minimum (Callback) Overtime Pay. For non-exempt, irregular or occasional overtime work performed by an employee on a day when work was not scheduled for the employee, or for which the employee is required to return to his or her place of employment, is considered at least two hours in duration for the purpose of overtime pay, whether or not work is performed.

(8) Compensatory Time. Heads of local NAFIs are authorized to approve an employee's request for compensatory off instead of overtime pay for an equal amount of time spent in irregular or occasional overtime work. Mandatory compensatory time off is prohibited.

b. Night Shift Differential. An employee is entitled to pay at his or her scheduled rate plus a differential of seven and one-half percent of his or her scheduled rate for regularly scheduled non-overtime work when a majority of the work hours occur between 3 p.m. and midnight; or ten percent of the scheduled rate if the majority of work hours occur between 11 p.m. and 8 a.m. The night shift differential is paid for the

MARINE CORPS NAF PERSONNEL POLICY MANUAL

entire shift when the majority of hours fall within the specified periods. Majority of hours means a number of whole hours greater than one-half (including meal breaks).

(1) Included as Base Pay. Night shift differential is included in basic pay for employees and used as a basis for computing overtime pay, Sunday pay, and holiday pay, and, where applicable, amounts of deductions for retirement and group life insurance.

(2) Pay while on Leave. An employee regularly assigned to and receiving night shift differential, is entitled to the night shift differential for periods of excused absence on a holiday or while in official travel status during the hours of his or her regular night shift.

c. Pay for Holidays. Paid to an employee having a regular tour of duty when:

(1) Excused from Work. An employee is excused from work because of the occurrence of a holiday on that employee's regularly scheduled workday. The employee is entitled to the same rate of pay for that day, including any applicable night differential, as if he or she had worked.

(2) Work on a Holiday. An employee performs work on a holiday that is not overtime work. The employee is entitled to be paid his or her rate of basic pay plus premium pay at a rate equal to the rate of basic pay. To be eligible for holiday pay, an employee must be in a pay status immediately before or immediately after the holiday.

(3) Overtime Pay for Holiday Work. An employee shall be paid for overtime work performed on a holiday at the same rate as for overtime on other workdays.

(4) Minimum (Callback) Holiday Pay. An employee required to report for work on a holiday shall be paid at least two hours of holiday pay whether or not work is actually performed.

d. Sunday Premium Pay. Paid to full-time employees with a scheduled basic workweek of 40 hours, when:

MARINE CORPS NAF PERSONNEL POLICY MANUAL

(1) An employee's regular work schedule includes an eight hour period of work, a part of which is on Sunday, is entitled to additional pay at the rate of 25 percent of his or her hourly rate of basic pay for each hour of work performed during that eight hour period of work. An employee who works more than eight hours in a single tour of duty on a Sunday does not receive the Sunday premium for hours in excess of eight hours.

(2) Premium pay for Sunday work is in addition to premium pay for holiday work, overtime pay, and night shift differential and is not included in the rate of basic pay used to compute the pay for holiday, overtime and night work.

(3) When an employee has two separate tours of duty on Sunday (e.g., one tour that begins on Saturday and ends on Sunday and another tour that begins on Sunday and ends on Monday) he or she is entitled to premium pay for Sunday work not to exceed eight hours for each tour of duty.

5. WITHIN-GRADE INCREASES

a. Waiting Periods

(1) For employees on prearranged regular schedules, the waiting periods for advancement to the second, third, fourth and fifth steps in all grades are:

(a) Step 2: 26 calendar weeks of creditable service in step 1.

(b) Step 3: 78 calendar weeks of creditable service in step 2.

(c) Steps 4 and 5: 104 weeks of creditable service in each of steps 3 and 4.

(2) For employees without prearranged regular schedules, the waiting periods for advancement to the second, third, fourth, and fifth steps in all grades are:

(a) Step 2: 130 days of creditable service in a pay

MARINE CORPS NAF PERSONNEL POLICY MANUAL

status in step 1 over a period of no less than 26 calendar weeks.

(b) Step 3: 390 days of creditable service in a pay status in step 2 over a period of no less than 78 calendar weeks.

(c) Step 4: 520 days of creditable service in a pay status in step 3 over a period of no less than 104 calendar weeks.

(d) Step 5: 520 days of creditable service in a pay status in step 4 over a period of no less than 104 calendar weeks.

Note: Any day on which a part-time service is performed constitutes a full day.

b. Creditable Service

(1) Continuous civilian employment in any NAFI is creditable service in the computation of a waiting period.

(a) Service credit is given during periods of annual, sick, and other leave with pay (e.g., advanced annual and sick leave), and service under a temporary appointment.

(b) The waiting period is not interrupted by nonworkdays intervening between an employee's last regularly scheduled workday in one job and his or her first regularly scheduled workday in a new job.

(2) For employees with prearranged regular schedules, creditable time in a nonpay status is counted in the computation of a waiting period when it does not exceed, in the aggregate, one workweek in the waiting period for step 2, three workweeks in the waiting period for step 3, and four workweeks in the waiting period for steps 4 and 5.

(3) Creditable military service is counted in the computation of a waiting period when:

(a) An employee is on leave of absence to perform such service and returns to pay status through the exercise of a



MARINE CORPS NAF PERSONNEL POLICY MANUAL

restoration right provided by law, Executive Order, or Regulation.

(b) A former employee is reemployed in a NAFI no later than 52 calendar weeks after separation from military service or if hospitalized after military service within one year after release from the hospital.

(4) The following is not creditable service in the computation of a waiting period:

(a) Service outside of the regularly scheduled 40-hour workweek that is paid at overtime rates;

(b) Service before a single nonpay period or a break in service when the nonpay period or break in service exceeds 52 calendar weeks, and any part of a nonpay period of more than 52 calendar weeks.

(c) The period between the date an employee leaves his or her civilian job to enter the armed forces and the date of his or her reemployment in a position when his reemployment is not within 52 continuous calendar weeks from the date of his or her discharge from the armed forces; except in instances of restoration provided by law.

6. Highest Previous Rate Calculation. The following is an illustration of subparagraph 3d(5) above. Although the example uses NA grades, the same principle also applies to NL, and NS grades.

a. An employee in New York, NA-8 Step 1, was reemployed in Washington, D.C., at the NA-7 grade level. Pertinent wage schedule rates are as follows:

		-----STEP RATES-----				
		1	2	3	4	5
New York	NA-8	\$7.78*	\$8.13	\$8.45	\$8.78	\$9.09
Wash. D.C.	NA-8	7.55**	7.87	8.18	8.49	8.81

MARINE CORPS NAF PERSONNEL POLICY MANUAL

Wash. D.C. NA-7 7.06 7.36 7.65 7.94 8.23

\* Previously earned rate

\*\*Current rates in the wage area where the employee is being employed.

b. Steps to be Followed

(1) Compare the employee's previous grade and step rate (\$7.78) in New York with the same grade and step rate in Washington, D.C. (\$7.55). The previous earned rate is the higher; therefore, it is established as the employee's highest previous rate.

(2) The employing NAFI may pay this employee at any step of the grade NA-7 (the grade at which reemployed) that does not exceed the fourth step (since the employee's highest previous rate (\$7.78) falls between steps 3 and 4 of grade NA-7).

(3) In no case shall an employee be paid more than the top step of the grade in which reemployed, irrespective of the employee's highest previous rate.

(4) Since an employee has no vested right on reemployment to receive highest previous rate of pay, the head of a local NAFI should adopt a policy of using the highest previous rate rule, or require that an employee on reemployment start at the first step rate of the grade.

7. Night Shift Differential Calculations. Majority of hours, as used in subparagraph S8-4c, Subchapter S8, of OPM's Operating Manual for FWS NAF, means majority of whole hours. Hours are considered to be periods of 60 minutes.

a. Regular Shifts. Full-time, flexible, and part-time employees are entitled to night shift differential when the majority of their whole hours are worked during a period in which a night shift differential is payable.

(1) Example 1. An employee is regularly scheduled to work a period commencing at 2 p.m. and ending at 8 p.m. Since

the majority of whole hours were worked during a period for which the night shift differential of 7 1/2 % is payable, the employee is entitled to that differential for the entire shift.

(2) Example 2. An employee is regularly scheduled to work a period commencing at 1 p.m. and ending at 5:30 p.m. The employee performed two hours of work before the night shift period, and two and one-half hours during 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 night shift period.

b. Split Shifts. When an employee's tour of duty overlaps more than one established shift, or includes a break of more than one hour within a scheduled basic workday, pay will be calculated as follows:

(1) Example 1. An employee works an 8-hour shift from 8 p.m. to 4 a.m. with a 20 minute paid meal period. The employee worked three hours in the second shift and five hours in the third shift. The employee is entitled to a 10% differential for all eight hours since a majority of whole hours falls within a period for which the 10% night shift differential is payable.

(2) Example 2. An employee who works four hours during the second shift and four hours in the third shift will be paid a 7 1/2% differential for the entire shift since a majority of hours was not worked during the third shift.

(3) Example 3. An employee who is authorized to work three hours during the third shift, three hours during the first shift and two hours during the second shift (e.g., 5 a.m. to 11 a.m. and 3 p.m. to 5 p.m.), is entitled to a 7 1/2% night shift differential for all 8 hours since a majority of his or her regularly scheduled hours of work fall within a period during which a night shift differential is payable. The 10% differential is not paid since a majority of his or her regularly scheduled 8-hour shift does not specifically fall within the period of 11 p.m. to 8 a.m.

(4) Example 4. An employee performs work from 10 a.m. to 12 noon, and during the same day performs work between 4 p.m. and

MARINE CORPS NAF PERSONNEL POLICY MANUAL

8 p.m. Hours worked each day total six hours with the employee performing four hours of work during the established night shift period. This employee is entitled to the 7 1/2% night differential for all hours of work performed (e.g., six hours).

(5) Example 5. An employee works an eight-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. (e.g., included in the five hour period from 3 p.m. to 8 p.m.) resulting majority of whole hours in the second shift that entitles the employee to a 7 1/2% shift differential.

(6) Example 6. 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, since the majority of whole hours was not between 3 p.m. and midnight (e.g, the employee is only credited with four and one-half hours during the second shift).

(7) Example 7. 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 1/2 % differential for all eight hours. The 10% differential is not paid because even when the meal period is counted, a majority of the employee's regularly scheduled eight-hour shift does not specifically fall within the period of 11 p.m. to 8 a.m.

8. Holiday Premium Pay Calculations. The following examples illustrate pay entitlement authorized by subparagraph S8-4 d (2), Subchapter S8, of OPM's Operating Manual for NAF FWS.

a. Example 1. 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 eight hours on that day. Holiday premium pay is computed as follows:

Regularly scheduled Workweek	Compensable hours						Total
	M*	T	W	T	F	S	
Basic rate (scheduled rate only)	8	8	8	8	8		40
Premium Pay - equal to employee's basic rate	8						8

MARINE CORPS NAF PERSONNEL POLICY MANUAL

\*Holiday

The employee is paid for all regularly scheduled work hours at his or her basic rate. Holiday premium pay at a rate equal to his or her basic rate is paid for the number of non-overtime hours worked on the holiday.

b. Example 2. A regular, full-time employee's workweek is 11 p.m. to 7:30 a.m., Tuesday through Saturday. Monday was a designated holiday, and the employee was required to work that day. For the purposes of this example, Tuesday was the employee's "in lieu" holiday. The employee also worked eight hours on Tuesday. Premium pay is computed as eight holiday hours worked and eight overtime hours worked. The appropriate shift differential is also applied.

Compensable hours							
Reg. Scheduled Workweek	M*	T	W	T	F	S	Total
Basic Rate (scheduled rate plus 10% differential)	8	8	8	8	8	8	40
Holiday Premium Pay (scheduled rate plus 10% shift differential)	8						8
Overtime (one and 1/2 times the basic rate (scheduled rate plus 10% night differential))	8**						

\*Holiday

\*\*Since 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.

c. Example 3. 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 eight hours holiday worked and two hours of overtime worked.

Compensable Hours							
Reg. Sch. Workweek	M*	T	W	T	F	S	Total

MARINE CORPS NAF PERSONNEL POLICY MANUAL

Basic rate (scheduled rate only)	8	8	8	8	8	40
Holiday Premium Pay (Equal to Basic rate)	8					8
Overtime (1-1/2 times basic rate)	2					2
	*Holiday					

d. Example 4. A part-time employee, who is entitled to observe a holiday, has a regularly scheduled workweek which is 9 a.m. to 4 p.m. (no meal period during which employee is entirely free from work requirements), Monday, Wednesday, and Friday. Monday is a holiday, and the employee is required to perform three hours of work on that day. Holiday premium pay is computed as three hours worked.

Compensable Hours

Organization Workdays	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 basic rate)	3**						3

\*Holiday

\*\*If the employee had performed 10 hours of work on the holiday, two of those hours would be treated as overtime.

9. Sunday Premium Pay Calculation. Only a full-time employee with a basic workweek of 40 hours is entitled to Sunday premium pay. Therefore, not all full-time employees will be entitled to Sunday premium pay, even if they have an 8-hour workday scheduled on Sunday.

a. Example 1. An employee with a 40 hour basic workweek whose work schedule for the week includes a workday which begins at 6 p.m. on Saturday and ends at 2:30 a.m. Sunday is entitled to Sunday premium pay for that workday, computed as follows:

8 hours - basic rate (scheduled rate plus 7 1/2 % night shift differential)

MARINE CORPS NAF PERSONNEL POLICY MANUAL

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

b. Example 2. An employee with a 40 hour basic workweek works a regularly scheduled night shift from 5 p.m. to 1:30 a.m. (with 1/2 hour meal break); one shift begins at 5 p.m. on Saturday and ends 1:30 a.m. on Sunday and the next begins 5 p.m. on Sunday and ends 1:30 a.m. on Monday. The employee is entitled to Sunday premium pay for both tours (total 16 hours), computed as follows:

16 hours - basic rate (scheduled rate plus 7 1/2% night shift differential)

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

10. Overtime Pay Calculations. Entitlement to overtime pay is authorized in accordance with the provisions of subparagraph S8-4, Subchapter S8, of OPM's Operating Manual for NAF FWS, and amplified in this Appendix.

a. Work Exceeding 8 Hours in a Day. The following examples are intended to illustrate the pay entitlement authorized by Subparagraph S8-4b(3), Subchapter 8, OPM's Operating Manual for NAF FWS.

(1) Example 1. An employee works from 8 a.m. to 6:30 p.m., Monday through Friday.

	Compensable hours							
	S	M	T	W	T	F	S	Total
Scheduled Hours		8	8	8	8	8		40
Basic Rate (scheduled rate)			8	8	8	8		32
Overtime rate (one and one-half times the basic rate).			2	2	2	2		8

(2) Example 2. An employee works from 7 a.m. to 5 p.m. Tuesday through Friday and 7 a.m. to 11 a.m. on Saturday.

MARINE CORPS NAF PERSONNEL POLICY MANUAL

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)			8	8	8	8	4	36
Overtime rate (one and one-half times the basic rate)			1	1	1	1		4

b. Overtime Pay for Night Work. The following examples are intended to illustrate the pay entitlement authorized by Subparagraph S8-4b(7)(a), Subchapter S8, of OPM's Operating Manual for NAF FWS.

(1) Example 1. This example illustrates the computation of overtime pay for employees who are regularly working 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 the hours of 11 p.m. and 7:30 a.m., Monday through Friday. On Tuesday the employee performs 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% shift differential)	8	8	8	8	8			40			
Overtime rate (one and one-half times the basic rate (scheduled rate plus 10% shift differential))			4					4			

(2) Example 2. This example 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 a 24 hour a day, Monday



MARINE CORPS NAF PERSONNEL POLICY MANUAL

through Friday operation. The employee's regular schedule is Monday through Friday 3 p.m. to 11:30 p.m. Overtime work was performed on Saturday, 8 a.m. to 12 noon. Overtime pay is computed as follows:

Compensable Hours							
Organization Workdays	M	T	W	T	F	S*	Total
Basic rate (scheduled rate plus 7 1/2 % shift differential)	8	8	8	8	8		40
Overtime rate (one and one-half times the basic rate (scheduled rate plus 7 1/2 % shift differential))						4*	4

\*Not a scheduled workday for the organization or the employee.

(3) Example 3. This example 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 a 24 hour a day, Monday through Friday operation. 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. Overtime work was performed on Saturday, 9 a.m. to 1 p.m. Overtime pay is computed as follows:

Compensable Hours							
Organization Workdays	M	T	W	T	F	S*	Total
Basic rate (scheduled rate plus 7 1/2 % Shift differential)	8	8	8	8	8		40
Overtime rate (one and one-half times the basic rate (scheduled rate only)**)						4	4

\*Not a scheduled workday for the organization or the employee.

\*\*No shift differential 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.

MARINE CORPS NAF PERSONNEL POLICY MANUAL

(4) Example 4. This example 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 which is a regular workday for the organization. The organization operates a 24 hour a day, 7 day a week operation. An employee's regular schedule is Tuesday through Saturday, 8 a.m. to 4:30 p.m. The employee performs overtime work on Monday between the hours of 8 p.m. and 12 midnight. Overtime pay is computed as follows:

	S	M	T	W	T	F	S	Total
Basic rate (scheduled rate only)			8	8	8	8	8	40
Overtime rate (one and one-half times the basic rate (scheduled rate plus 7 1/2 % shift differential))		4						4

c. Overtime Pay Calculation for Rotating Shifts. These examples deal with overtime pay for employees with regularly rotating tours as authorized in Subparagraph S8-4b(7)(b), Subchapter S8, of OPM's Operating Manual for NAF FWS.

(1) Example 1. This example illustrates the computation of overtime pay for an employee who has a regularly rotating tour of duty which 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 between the hours of 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., Monday through Friday. Overtime work performed on Tuesday during the week that the employee is working the first shift (7 a.m. to 3:30 p.m.). Overtime pay is computed as follows:

(a) The scheduled rate (shift differential does not apply) is multiplied by 1.50 to determine the overtime rate.

(b) The overtime rate is then multiplied by the number of overtime hours.

(c) If overtime work is performed on a day during

MARINE CORPS NAF PERSONNEL POLICY MANUAL

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 one and one-half times the scheduled rate plus the 7 1/2 % shift differential.)

(2) Example 2. An employee works two different shifts on a scheduled rotating basis during each week (Monday - Wednesday, 3 p.m. to 11:30 p.m. and Thursday - Friday, 11 p.m. to 7:30 a.m.). The employee performs overtime work on a day other than a regularly scheduled workday (Saturday, 8 a.m. to 12 noon). Overtime pay is computed as follows:

(a) Overtime pay is computed on the basis of the average rate of basic pay for the regularly scheduled shifts worked by the employee.

Monday, Tuesday, Wednesday = 24 hours

- Basic rate (scheduled  
rate plus 7 1/2 % shift  
differential)

Thursday, Friday = 16 hours

- Basic rate (scheduled  
rate plus 10% shift  
differential)

(b) The Sum of (a) above divided by 40 hours equals AVERAGE BASIC RATE X 1.50 equals the OVERTIME RATE X overtime hours worked.

d. Overtime Pay for Employees Paid on Other Than a Time Rate Basis. For those employees paid from a NAF regular wage schedule, computation of overtime payments is based on the employee's grade and step before any reduction in consideration of tips.

(1) The amount of the tip offset (no more than \$2.13 per hour, 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 by the head of the local NAFI and not

MARINE CORPS NAF PERSONNEL POLICY MANUAL

precluded when state or local laws are considered as required by Section 18(a) of the FLSA (29 U.S.C. 218 (a)).

(2) Example 1. The waiter who receives tips, and has an authorized tip offset of \$.90 per hour, performs 2 hours of overtime work. Employee is regularly scheduled to work from 3 p.m. to 12 midnight, Tuesday through Saturday. On Saturday, the employee works overtime from 12 midnight to 2 a.m. Overtime is computed as follows:

Compensable Hours								
Organization Workdays	S	M	T	W	T	F	S	Total
Scheduled hours			8	8	8	8	8	40
Basic rate (scheduled rate plus 7 1/2 % shift differential)			8	8	8	8	8	40
Overtime rate (one and one-half times the basic rate scheduled rate plus 7 1/2 % shift differential) (minus tip offset)							2*	2*

\* As the employee has a tip offset of \$.90 per hour and earned sufficient tips to covert the amount, this amount is subtracted from the overtime rate before multiplying by the number of hours worked.

e. Overtime Pay and Leave Hours.

(1) Leave With Pay. 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. Four hours of work are performed 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
Total: 32 hours of work performed		
-8 hours of approved annual leave		
40 scheduled hours		
4 overtime hours		

11. Special Pay Plan for Tipped Employees (Tip Offset)

a. Applicability.

(1) The policies and procedures stated below apply to employees in non-foreign areas who occupy the position of waiter/waitress.

(2) Commands may elect whether to participate in the tip-offset procedures or not. This decision is wholly dependent upon the local NAFI situation. If it is decided to participate in the tip-offset plan where there is a labor organization that has exclusive recognition, implementation must be negotiated with the labor organization.

b. Tip Offset.

(1) An employee engaged in a position identified in paragraph 12a above who customarily and regularly receives more than \$30 a month in tips is deemed to be a "tipped employees." The Fair Labor Standards Act (FLSA) authorizes tips to be used to constitute a portion of the wages paid to a tipped employees. This means that an employee's scheduled rate of pay may be reduced, or offset, on account of such tips.

(2) The 1996 Minimum Wage Increase Act restructured the statutory design of tip credits. The previous approach was to calculate tip credit and minimum cash amounts employers may pay as percentages of the FLSA minimum wage. The new law retains -- but as a fixed dollar figure rather than as a percentage -- 50 percent of the previous Federal Minimum Wage (\$2.13 per hour) which employers could reduce, or offset, on account of tips. Activities are also required to apply State laws where the State laws are more beneficial to employees than the FLSA.

(3) The burden of proof is on the employer in proving

MARINE CORPS NAF PERSONNEL POLICY MANUAL

the amount of tips received by the employees and the amount of tip credit, if any, which he or she is entitled to claim. The amount of tip credit offset may vary not only from one Command to another, but within the same Command. The actual amounts of tips received, and thus the amount of tip credit offset, depends upon many variable factors. The critical point is that tip credit offset must be analyzed on an actual time/location basis and cannot be generalized. The Wages and Hours Division of the Department of Labor and the Office of Personnel Management exercise authority in this matter, and individual activities are subject to payment of double damages when the amount of tip credit offset cannot be verified.

(4) The amount of the tip credit offset must be documented on MWR Form 500 in a manner that clearly delineates the scheduled rate of pay and the offset. For example:

\$3.32 (Cash Wage)	
	\$2.13 (Tip Credit)
<hr/>	
\$5.45 (Scheduled Rate)	

This documentation must be revised each time the tip credit offset is changed. The amount of tip credit offset remains unchanged for periods of premium pay entitlement. During periods of paid leave or holiday absence when the employee does not receive tips, no tip credit offset can be taken. Service charges cannot be considered as tips received when establishing the offset amount.

(5) The employee must report to the employer the amount actually received in tips each month. In the case where an employee can show to the satisfaction of management that the actual amount of tips received was less than the tip offset credit, the wages paid to the employee will be increased accordingly.

c. Instructions.

(1) Tips. All cash or charge tips must be disbursed to the employee by the next payday and may not be retained by the

employer. Tips are taxable income to the employee and all tips over \$20 a month must be reported to the employer.

(2) Service Charges. The service charge is not a tip and may be retained by the establishment or distributed to employees in any amount the employer chooses (subject to local labor agreements). Any portion that is disbursed to an employee constitutes wages, is subject to both employee and employer taxes, is reported to payroll, and recorded on paychecks as wages earned.

APPENDIX E

INCENTIVE AWARDS

1. Purpose. To establish programs to timely reward significant contributions made by individuals or groups to the mission of the organization, program, or command. Award programs include both cash and non-cash awards for special acts, suggestions, and inventions (including "honorary" awards for a broad range of contributions), and are given at the discretion of the head of the local NAFI. All cash awards are limited to \$7,500 per individual.

2. Performance Awards vs. Incentive Awards

a. Performance Awards. Performance awards are designed to recognize performance consistent with an employee's official performance rating of record. Performance awards always involve cash and they are given at least once a year. To qualify for a performance award, an employee must have an overall performance rating of "satisfactory," or "Competent," or better.

b. Incentive Awards. Incentive awards are more flexible and:

(1) Given for a single contribution or accomplishment which may or may not be job related.

(2) Given to certain categories of employees, and some can also be awarded to contractors and members of the public who have made a significant contribution to the mission of the organization, program or command.

3. Categories of Incentive Awards

a. Special Act Award

(1) A special act award is given for individual or group recognition of a nonrecurring contribution - either within or outside the normal job responsibilities - such as an exemplary accomplishment, scientific achievement, act of heroism, or valuable engineering proposal



(2) A special act award is normally a cash award, with the amount based on the contribution's benefit (tangible or intangible) to the organization. However, nonmonetary awards may also be given for special acts.

b. On-the-Spot Awards

(1) An On-the-Spot award is a small, immediate special act award designed to quickly reward extra work efforts or one-time achievements. On-the-Spot awards range from \$10 to \$200 and may be in the form of an MWR Gift Certificate and should be considered taxable income.

c. Time-off Award Time off from duty may be granted, without loss of pay or charge to leave, in recognition of superior accomplishment or other personal effort that contributes to the quality, efficiency, or economy of operations. These awards must be made in writing and included in local operating guidance.

(1) Examples of eligibility criteria are as follows:

(a) making a high quality contribution involving a difficult or important project or assignment;

(b) displaying special initiative and skill in completing an assignment or project before the deadline;

(c) using initiative and creativity in making improvements in a product, activity, program or service;

(d) ensuring the mission of the unit is accomplished during a difficult period by successfully completing additional work or a project assignment while maintaining the employee's own workload;

(e) accomplishing a specific, one-time, or special assignment that required extra effort or resulted in the organization receiving recognition for responsiveness to unprogrammed requirements.

(f) successfully participating in a quality or process improvement or team success;

MARINE CORPS NAF PERSONNEL POLICY

(g) submitting a suggestion that has been adopted, but because the suggestion is considered to be within the employee's normal job responsibilities, the employee is not eligible for a cash award.

(2) Limitations to time off awards:

(a) The total amount of time off which may be granted to an employee during any one leave year is 80 hours. For part-time employees or those with an uncommon tour of duty, the total time which may be granted during any calendar year is the average number of hours of work in the employee's biweekly scheduled tour of duty.

(b) The maximum amount of time off which may be granted for any single contribution is 40 hours. For part-time employees or those with an uncommon tour of duty, the maximum award for any single contribution is one-half the maximum amount of time that could be granted during the year.

(c) Time off granted as an award must be scheduled and used within one year after the award is made.

(d) A time off award does not convert to cash under any circumstances.

(e) If the employee is transferring to another DoD activity outside of DoD, the time off cannot be transferred and, in order to avoid the loss of the time off, the employee should be allowed to use the incentive prior to the transfer.

(3) Documentation and record keeping

(a) Any time off award shall be supported by appropriate written justification that shall include a description of the reason for granting the award.

(b) The amount of time off shall be documented in the Official Personnel Folder for each occurrence.

d. Beneficial Suggestion Award

(1) Beneficial suggestion awards are granted for contributions or ideas, either adopted or adoptable by management, that have tangible or intangible benefits to the

MARINE CORPS NAF PERSONNEL POLICY MANUAL

organization. An idea that originated on the job, but which is outside the employee's immediate authority to execute, is considered a suggestion.

(2) Beneficial suggestion awards are usually cash awards, but may also be nonmonetary. There are three steps that may occur:

(a) The employee is given an initial, nonmonetary award for a suggestion judged adoptable by a designated reviewer. This can be a cap, mug, or other appropriate object with no significant monetary or utilitarian value.

(b) The employee is given an initial cash award of up to \$100 for a suggestion being adopted locally or which the reviewer feels should be adopted. If a full cash award based on the benefits is awarded later, the initial cash award is deducted from the full award.

(c) The employee is given a cash award based on the actual tangible or intangible benefits of a suggestion that has been fully implemented.

(3) Amounts of beneficial suggestion awards should be proportionate to the benefits resulting to the organization, the MCCS or the Government and are normally based on the estimated first-year benefits only.

(a) Every effort should be made to determine tangible benefits resulting from employee contributions. For example, tangible benefits can be calculated or estimated when contributions conserve staffing power, materiel, time or space, eliminate unnecessary processes, or improve existing methods. However, when benefits cannot be measured, for example, from contributions which improve, science, medicine, natural resources, or service to the public, the award may be based on intangible benefits.

(b) The minimum award for tangible benefits may be granted only when the benefits reach or exceed \$250. The amount of awards for tangible benefits should be 10 percent of the estimated first-year savings. Contributions recognizing intangible benefits should have a comparably high standard in value to the organization, the MCCS or the Government; however, the award amounts should approximate 10 percent of the award amounts for tangible benefits.

e. Honorary (Nonmonetary) Awards

(1) Honorary awards include a broad range of awards for significant contribution or length of career Government service. They range from Marine Corps-wide to Government-wide.

(a) Marine Corps NAF employees are eligible for the following Department of the Navy honorary awards:

1 Distinguished Civilian Service Award

2 Superior Civilian Service Award

3 Meritorious Civilian Service Award

(b) Criteria and procedures for the above honorary awards are specified in CPI 451.

(2) Most honorary awards are nonmonetary, although some honorary awards do include cash awards.

(3) Honorary awards are designed to recognize a specific kind of contribution. Nonmonetary awards can be used at the discretion of heads of local NAFI's to recognize employee accomplishments. These may include medals, certificates, and pins carrying an honorary award connotation.

(4) Nonmonetary awards can be used in lieu of, or in addition to cash awards.

(5) Nonmonetary awards may also be used to recognize specific employee accomplishments, such as being selected as "Employee of the Month," or recipient of a "Warm and Fuzzie" award; having an outstanding safety record; recruiting people for hard-to-fill positions, etc. When these nonmonetary awards are given as part of a special program (e.g., a safety program), they should carry the program insignia.

(6) In selecting an object to be used for a nonmonetary award, heads of local NAFI's should take care that the object is modest in cost and has no significant utilitarian value. A watch or TV set, for example, would not be appropriate.

(a) Sick Leave Accrual Awards. Certificates signed by the official designated below shall be presented to employees who

MARINE CORPS NAF PERSONNEL POLICY MANUAL

have accrued 500 or more hours of sick leave:

500 Hours	AC/S MCCS
1,000 Hours	Commanding Officer/General
1,500 Hours	Commanding Officer/General
2,000 Hours	CMC
2,500 Hours	CMC
3,000 Hours	CMC

Note: Requests for certificates to be signed at quarters, U.S. Marine Corps level should be submitted quarterly to CMC (MR) with all pertinent information. Head-submit-

(b) Length of Service Awards. Service awards shall be issued to recognize the completion of 5, 10, 15, 20, 25, 30, 35, 40, and 45 years of creditable civilian service by a NAF employee. No time for prior military service is creditable for Length of Service Award purposes. Length of service awards for 5, 10, 15, 20, 25, 30, and 35 will be prepared at the command level. CMC (MR) will prepare and forward appropriate length of service awards to commands for 40, and 45, on a quarterly basis (January, April, July, and October). Submission of applications by commands is not required except for employees of nonautomated NAFI's or those employees not participating in the retirement and insurance plans. These employees must be reported to CMC (MR) not later than the 15th of the month preceding the end of the quarter. Reports shall contain a list of employees, employment date(s) (day, month, and year) and name of the employing NAFI.

1 Five Years. A certificate of appreciation, signed by the local commander.

2 Ten Years. A certificate of appreciation, signed by the local commander, together with a lapel pin, will be awarded.

3 Fifteen Years. A certificate of appreciation, signed by the local commander, together with a lapel pin will be awarded.

4 Twenty Years. A certificate of appreciation, signed by the local commander, together with a lapel pin, will be awarded.

5 Twenty-Five Years. A plaque containing the Marine Corps emblem, with an appropriate inscription of

MARINE CORPS NAF PERSONNEL POLICY MANUAL

appreciation, signed by the local commander, together with a lapel pin.

6 Thirty Years. A plaque containing the Marine Corps emblem, with an appropriate inscription of appreciation, signed by the local commander, together with a lapel pin.

7 Thirty-Five Years. A plaque containing the Marine Corps emblem, with an appropriate inscription of appreciation, signed by the local commander, together with a lapel pin.

8 Forty Years. A plaque containing the Marine Corps emblem, with an appropriate inscription of appreciation, signed by the Commandant of the Marine Corps, together with a lapel pin.

9 Forty-Five Years. A plaque containing the Marine Corps emblem, with an appropriate inscription of appreciation, signed by the Commandant of the Marine Corps, together with a lapel pin.

(c) Computation of Creditable Service. A constructive service date (CSD) is used to determine eligibility for length of service awards. Only regular full-time or regular part-time service is recognized for length of service awards. Prior Military Service should be recognized in the "Prior Months' Credit Service" block on MWR 500 to ensure appropriate leave accrual rate.

1 If an employee has been employed more than once at the same NAFI, or employed at different DoD NAFI's, their CSD is determined by deducting the total prior employment from the current employment date by using the following formula:

- a List all employment dates.
  
- b List all termination dates.
  
- c Add all employment dates.
  
- d Add all termination dates.
  
- e Subtract total employment dates from total ending dates.

MARINE CORPS NAF PERSONNEL POLICY MANUAL

(if more months are needed to make the subtraction, deduct one year from the total termination dates and add 12 months. If more days are needed, deduct 1 month from total of ending dates and add 30 days.)

f Add 1 day for each period of employment to amount for inclusive dates.

g Convert the results into full years, months and days. This is the amount of employment creditable for computing the CSD. Employee is hired by Marine Corps Exchange at Henderson Hall on 20 February 1971. Employee had the following prior employment with other DoD NAFIs.

	<u>EMPLOYMENT DATE</u>			<u>TERMINATION DATE</u>			
	<u>Year</u>	<u>Mo</u>	<u>Day</u>	<u>Year</u>	<u>Mo</u>	<u>Day</u>	
MCX, San Diego		60	6	6	62	8	18
COM (O), Camp Lejeune	62	9	25	65	1	30	
AAFES, Eglin AFB	65	3	10				68 4 9
RecFund, Parris Island	<u>68</u>	<u>7</u>	<u>1</u>	<u>70</u>	<u>12</u>	<u>15</u>	
TOTALS	255	25	42	265	25	72	
				<u>-255</u>	<u>25</u>	<u>42</u>	
				10	0	30	
(Add a day for each period to cover inclusive dates.)							— —
						<u>+4</u>	
TOTAL PRIOR EMPLOYMENT				10	1	4	
				==	=	=	
Employed by MCX, Henderson Hall							
71 2 20							
Deduct Prior Employment				10	1	4	
NEW CONSTRUCTIVE SERVICE DATE (CSD)				1961	1	16	

==== == ==

(c) Retirement Certificate. A standard commendatory retirement certificate form is available for NAF employees and provided by the CMC (MR). It is designed for signature at the local command level and recognizes all U.S. Government employment. The CMC (MR) does not maintain records on NAF employees' service with other Federal employers (non-NAF). These certificates are not prepared nor automatically distributed by the CMC (MR). Commands may request them on an as needed basis. Requests should be based on estimates of requirements for the coming year and shall be submitted annually to the CMC (MR) by 30 September.

MARINE CORPS NAF PERSONNEL POLICY MANUAL

APPENDIX F

OFFICIAL PERSONNEL FOLDER

1. General. Employee files provide administrative records on the work force and essential information about employees. They shall be maintained as the official files of the NAFI, treated in confidence, and handled only by those in a need-to-know basis.

2. Official Personnel Folder

a. The "Official Personnel Folder" (OPF), SF-66 or a suitable craft folder no larger than 9 1/2" x 11 3/4" shall be utilized as the OPF. The tab insert of the SF-66 or label shall be plainly marked and contain the following items:

(1) Type the employee's name, flush with the upper left top margins, last name, first name, middle initial or "NMN" for no middle name, and then Sr., Jr., or numerals of the name, if appropriate.

(2) To the right of the name, type the employee's date of birth, expressed as month, day, and year in six numerals (e.g., 00-00-00)).

(3) Type the employee's Social Security Account Number (e.g., SSAN 000-00-0000) under and flush with the last name. The SSAN must be entered for all U.S. citizens and for all foreign nationals employed in the United States, its territories and possessions. For foreign and third country nationals as such, employed in foreign areas, enter the letters "FNO" under the flush with the last name.

b. OPFs shall be filed alphabetically for both active and inactive employees and stored in locked metal cabinets. The active files are to be segregated from the inactive files.

c. Each OPF shall contain all the essential information of the employee. Government (SF, OF, etc.) forms shall be utilized. If a government form does not exist for the purpose desired, a



MARINE CORPS NAF PERSONNEL POLICY MANUAL

locally originated form may be developed and with approval of CMC (MR) be used to supplement government forms.

d. The following documents constitute permanent information on the employee and shall be maintained on the right side of the OPF in chronological order:

(1) Application for Employment. The original application filed by the employee or the application containing verification of completion of a National Agency Check (NAC), if applicable, and the most recent application are the only required applications to be maintained in the OPF. In addition, if applicable, the application for and approval for waiver of the 180-day restriction on employment of retired military personnel.

(2) Personnel/Payroll Actions. The "Marine Corps NAFI Personnel Report", MWR Form 500, including supporting documentation.

(3) Certificate of Completion of Investigation or Clearance. Any documents other than the stamped application for employment which certify completion of a security investigation and/or issuance of a security clearance.

(4) Position Description. Official position descriptions with "Position Description" cover sheet, Optional Form (OF) 8.

(5) Medical Records. Other than fitness-for-duty examination records, no medical records of any type shall be maintained in the OPF. Medical certificates and any other medical records of examinations used to determine an employee's fitness for the job are permanent records and shall be placed in a sealed envelope. The employee's name (last, first, middle initial), date of birth, and social security number, as illustrated in DOD 5000.12-M, shall appear on the envelope in its upper right hand corner. The envelope shall be secured behind all documents on the right side of the OPF. The envelope shall remain attached until the OPF is forwarded to another NAF activity at which time the receiving NAF activity, upon receipt of the folder, shall remove the sealed envelope and place its contents either in the health unit or in a locked cabinet for safeguarding medical records. All documents pertaining to Workers' Compensation claims should be maintained in a separate file.

MARINE CORPS NAF PERSONNEL POLICY MANUAL

(6) Health and Group Life Insurance. A copy of each "Group Insurance Enrollment/Waiver/Change Agreement for Civilian Employees of Marine Corps Nonappropriated Fund Instrumentalities", MWR Form 499 or waiver thereof, including those changing beneficiaries.

(7) Retirement Plan/401(k) Plan Coverage. A copy of the "Application for Participation-Retirement Plan", MWR Form 85 and/or a copy of the "Waiver/Cancellation of Participation-Retirement Plan", MWR Form 86 and "Designation/Change of Beneficiary", MWR Form 87. A copy of the "Enrollment Application for 401(k)", MWR Form 91 and "Designation of Beneficiary", MWR Form 92.

(8) Performance Appraisal. Copies of the five most recent performance appraisals.

(9) Record of Training. Certificates, letters or other official records of training, both formal and informal.

(10) Formal Disciplinary Actions. Separations, demotions, suspensions and letters of reprimand.

e. The following documents constitute temporary information on the employee and shall be maintained on the left side of the OPF in chronological order:

(1) Personnel Action Request. Copies of Requests for Personnel Action.

(2) Employee's Withholding Allowance Certificate. A copy of the employee's most recent U.S. Treasury Department (Internal Revenue Service) Form W-4 and the respective state or territory form indicating income tax withholdings, or other state form addressing nonresidence in the state while earning wages in that state. This is applicable to areas like Washington, D.C., Maryland, West Virginia whose residents are within a commuting distance into the state of Virginia to earn wages.

(3) Military Orders. Certified copies of completed military orders for annual active (reserve) duty.

(4) Check-Out/Exit Interview Sheets. A copy of the employee's signed and dated check out or exit interview sheet.

MARINE CORPS NAF PERSONNEL POLICY MANUAL

f. When employment of an individual is terminated, the OPF shall be marked "Inactive" and filed in the inactive file with final "Master Record Printout" PP-917 ( computer summary report) filed on top of all documents on the right side of the OPF. These folders should be retained for a period of at least 12 months after which time they shall be forwarded to the National Personnel Records Center. At that time, all temporary records on the left side of the folder shall be removed. If, prior to forwarding the OPF to the records center, the individual is hired the OPF shall, upon request from the employing NAFI, be forwarded to the new employer.

g. When an employee has been placed in a leave-without-pay (LWOP) status, NAF personnel offices shall assure that the OPF is in proper order, marked appropriately for easy identification, and retained in the active file. When it is determined that the individual will not seek reemployment or is otherwise ineligible for restoration, the OPF shall be marked "Inactive" and filed in the inactive file.

h. The following documents shall not be filed in OPFs:

(1) Records of medical examinations and other miscellaneous medical records shall be kept confidential in a separate medical folder secured in a locked cabinet during the employee's NAF employment.

(2) Employment qualification tests and other examinations.

(3) Photographs of the employee.

(4) Correspondence about indebtedness, excessive absence, tardiness, letters of warning or caution--unless it supports formal disciplinary action.

(5) Leave requests or approvals.

(6) Records of court attendance.

(7) Reports of accidents or traffic violations.

MARINE CORPS NAF PERSONNEL POLICY MANUAL

APPENDIX G

CIVILIAN ASSISTANCE AND RE-EMPLOYMENT (CARE)  
FOR NAF EMPLOYEES AFFECTED BY WORKFORCE REDUCTIONS

1. Funding of NAFI Base Ralignment And Closure (BRAC) Costs

Consistent with the Under Secretary of Defense for Personnel and Readiness memorandum of November 24, 1993, funding of NAFI BRAC costs from appropriated fund BRAC accounts is authorized. Components are responsible for identifying base closure program requirements for affected tenant activities, including NAF activities, to obtain authorized funds.

2. Programs Applicable Only In BRAC Situations

a. Annual Leave Savings. Employees who earn annual Leave and will be involuntarily separated as a result of BRAC shall be offered the opportunity to accumulate annual leave without regard to existing "use or lose" limitations. However, limits on any annual leave used in calculating retirement annuities remain in effect.

b. Non-Federal Hiring Incentives. A temporary program May be established for the payment of retraining and relocation incentives to encourage non-federal employees to hire and retain individuals whose employment is being terminated because of BRAC. The total combined payment for retraining and relocation for any individual may not exceed \$10,000. No incentive may be paid for training or relocation commenced after September 30, 1999.

c. Hiring Preference for Certain Contractor Jobs. Consistent with subpart 222.7100 of the Defense Federal Acquisition Regulation Supplement, a request for procurement of a contractor to provide base "caretaker" services needed as a result of BRAC shall include language to ensure that employees affected by BRAC receive the right of first refusal for jobs, for which they are qualified, that would be created by award of the contract. Examples of such contracts include those covering environmental restoration, utility modification, security, and fire prevention.

3. Programs Applicable In BRAC And General Workforce Reduction Situations

a. Voluntary Separation Incentive Pay (VSIP). Component heads may authorize VSIP to encourage certain employees to voluntarily resign or retire to reshape and reduce the workforce, and reduce the need for involuntary separation by Business-Based Action. A VSIP is made in a lump-sum payment equivalent to an employee's severance pay, up to a maximum of \$25,000. For the purpose of calculating VSIP for NAF employees, the severance pay calculation may not exceed the amount calculated using the civil service formula in 5 U.S.C. 5595(c). A VSIP is paid upon the voluntary resignation, early retirement or optional retirement of designated eligible employees. NF-6 employees are "equivalent" to SES and are ineligible for VSIP except where approved by the OASD (FMP). A VSIP may not be paid to any employee separating after September 30, 1999.

b. Joint Training Partnership Act (JTPA). The National Defense Authorization Act for Fiscal Year 1993 (P.L. 102-484), made dislocated DoD employees, including NAF employees, eligible for training, adjustment assistance, and employment services through the Department of Labor.

c. Extended Employment for Retirement and Health Insurance Eligibility. To enable employees to reach first eligibility for a retirement annuity or retiree health insurance, employees shall be carried in an annual leave status beyond the scheduled separation date to the extent such leave is available in the employee's annual leave account. An employee may not be carried in a leave status to enable the employee to become eligible for optional retirement if he or she is already eligible for early retirement.

d. Defense Outplacement Referral System (DORS). DORS is an automated referral system designed to provide opportunities for placement consideration to current DoD civilian employees, including NAF employees, and their spouses who may be adversely by workforce reduction. Such individuals shall be given an opportunity to register. Registration policy and procedures are stated in the DORS NAF User's Guide and Automation Guide.

e. Reemployment Priority List (RPL). In accordance with

MARINE CORPS NAF PERSONNEL POLICY MANUAL

Chapter V of this manual, each personnel office that separates a NAF employee by Business-Based Action shall establish an RPL to provide priority placement assistance to the former employee for one year from the date of separation.

f. Office of Personnel Management (OPM) and Interchange Agreement. Consistent with 5 U.S.C. 2105 (c) (1) (D), on September 20, 1991, OPM and DoD entered into an agreement entitled, "Agreement for the Movement of Personnel between the Civil Service System and the NAF System in DoD." It permits the movement of NAF employees to positions in the competitive service in the same manner that employees of the competitive service are transferred to such positions. DoD appropriated fund personnel offices should make every effort to include in the minimum area of consideration and are eligible for noncompetitive appointment under the Interchange Agreement.

g. Pay and Employee Benefits Protection Under the "Portability of Benefits Act". "The Portability of Benefits for Nonappropriated Fund Employees Act" of 1990, P.L. 101-508, as amended, provides pay and benefits protection for employees who move between NAF and appropriated fund positions under certain conditions.

h. Permanent Change of Station (PCS) Expenses. PCS expenses may be authorized for essential travel and transportation of NAF employees and their dependents in amounts not to exceed those prescribed in Volume 2 of the Joint Regulations (JTR) when NAF employees:

- (1) Are entitled to and accompany a transfer of function; or
- (2) Have been issued a Business-Based Action (BBA) notice and are to be reassigned or transferred within DoD before separation; or
- (3) Have yet to receive a BBA notice, and obtain positions on their own initiative at another DoD NAFI, and the move is considered to be in the interest of the Government; or
- (4) Are former Regular Full-Time or Part-Time employees

MARINE CORPS NAF PERSONNEL POLICY MANUAL

separated by BBA, or decline a transfer with function, and are reemployed within one year of separation under a non-temporary appointment at a permanent duty station other than where separation occurred.

i. Homeowner's Assistance Program (HAP). The HAP is authorized by P.L. 89-754, section 1013, as amended by P.L. 101-510 to cover NAF employees. Basic policy is contained in DoD Directive 4165.50 and DoD 1400.20-M-4. The Executive Agent for this program is the U.S. Army Corps of Engineers. The law authorizes financial assistance to those eligible military and DoD civilian employee homeowners, including NAF employees, serving at or near military installations who suffer losses incident to the disposal of their homes caused by a drop in real estate values when such military installations are ordered closed, or the scope of operations is reduced. The assistance received may take the form of payment from the government to ameliorate of losses due to mortgage foreclosure. The law provides a HAP fund established as the Homeowners Assistance Fund, Defense. Therefore, appropriated funds are authorized for NAF employees eligible for HAP.

j. Severance Pay. Eligible employees separated by Business-Based Action (BBA) shall receive severance pay in accordance with Chapter III of this Manual.

k. Temporary Continuation of Health Insurance. Eligible NAF employees affected by Business-Based Action (BBA) shall be offered the opportunity to elect to retain their health insurance coverage for up to 18 months from the BBA separation. To be eligible, the employee must be separated by BBA, or resign or retire (if not meeting the required years of participation in the plan to continue benefits into retirement) after receipt of a BBA separation notice, and have been enrolled in a NAF health insurance plan for at least six months and still be enrolled at the time of separation by BBA. Components may require the employee to pay the full cost of the coverage to include any applicable administrative fee. Components may finance the employer's share and administrative fee, for up to 18 months, from BRAC or NAF funds. Although NAF employees are not covered by the Consolidated Omnibus Budget Reconciliation Act (COBRA) of 1985 health benefits extension requirements applicable to federal appropriated fund employees, NAF employers should consider these

MARINE CORPS NAF PERSONNEL POLICY MANUAL

requirements when determining length of extension and cost to the employee.

1. Unemployment Compensation. Eligible employees shall receive unemployment compensation in accordance with federal and applicable state law. Chapter 6 of this Manual contains basic policy.



MARINE CORPS NAF PERSONNEL POLICY MANUAL

APPENDIX H

DoD PORTABILITY PROGRAM

1. Portability of Benefits for Nonappropriated Fund Employees Act of 1990.

A. REQUIREMENT. Department of Defense and the Commandant of the Marine Corps have delegated the authority and responsibility for implementation to the Director, Personal and Family Readiness Activity (MR).

B. COVERAGE AND EFFECTIVE DATE. (See P.L. 104-106, Section 1043 Portability Provisions in Section II of this Appendix for amended coverage and effective dates.)

The Portability of Benefits for Nonappropriated Fund Employees Act of 1990 applies to DoD civilian employees who move between nonappropriated fund (NAF) and civil service employment systems within DoD without a break in service of more than three calendar days. The program applies regardless of whether the move is "involuntary" (employee is moved with position from one system to the other) or "voluntary" (employee initiates the move by applying for and receiving employment in the other system). However, many provisions are applied differently depending on whether the move is involuntary or voluntary. The Program is effective retroactively to January 1, 1987. Actively employed DoD employees (not individuals no longer in an employee status) who have moved on or after that date shall have their benefits adjusted as though the Program were in existence on the date of their move.

C. APPOINTMENTS

(1) Involuntary Move

(a) A NAF employee may be eligible for conversion to career-conditional employment if the employee was serving in a NAF position on the date that the position was brought into the competitive service and the agency determines that this is a "continuing" position. Criteria in Subchapter 7-2, FPM Chapter

MARINE CORPS NAF PERSONNEL POLICY MANUAL

315, as modified by the OPM/DoD Delegation Agreement, Section IIIc, dated June 13, 1980, must be met. Personnel actions will be processed in accordance with FPM Supplement 296-33.

(b) A civil service employee whose position is abolished and reestablished as a NAF position will be afforded reduction-in-force rights in accordance with the FPM. Those employees who move with their job to NAF status shall be appointed without competition for the NAF job.

(2) Voluntary Move. Regardless of the direction of the move, the normal appointment procedures of the gaining employment system apply.

D. PAY PROVISIONS FOR MOVES FROM NONAPPROPRIATED FUND TO CIVIL SERVICE POSITIONS

(1) General Applicability

(a) Pay Setting Provisions. The "Portability of Benefits for Non-appropriated Fund Employees Act of 1990" amended Section 5334 of title 5, United States Code, to include pay setting provisions for NAF employees moving to General Schedule positions. The pay provisions of P.L. 92-392, as regulated by OPM in FPM Supplement 532-1, continue to apply to Civil Service Wage Schedule positions. Sections D.2, D.3, and D.4 below describe how to set pay for employees, based upon the category of position to which the employee moves.

(b) Grade and Pay Retention. The Portability Act authorized grade and pay retention for all NAF employees who are involuntarily moved to a civil service position. The application 3.a(2); and 4.a(2) below.

(2) Setting Basic Pay Upon Movement from any NAF Position to a General Schedule Position

(a) Involuntary Move

1 Pay shall be set at a rate within the grade to which moved that is not less than the employee's rate of basic pay under the NAF system immediately prior to the move. In determining the last rate of basic pay, a saved pay rate to which

MARINE CORPS NAF PERSONNEL POLICY MANUAL

the employee was entitled under the NAF system will apply, as well as pay received in a NAF special rate position. Additions to pay such as night shift, environmental differential, and other premium payments are excluded from consideration as basic pay. Basic pay may not be set above the maximum of the grade to which moved, except as provided in 2 below.

2 Grade and pay retention benefits apply where the involuntary move resulted in a reduction in grade or pay. Grade and pay retention benefits will be administered in accordance with FPM Chapter 536.

3 Prior to moving an employee from NAF Payband Level 5 to a General Schedule position, the NAF activity shall determine if an adjustment in NAF pay is necessary. Adjustments in NAF pay shall be effected, where necessary, to ensure that the maximum rate of pay retained in the move shall not exceed the rate of pay for a GS-15, step 10 for the position and geographical area to which moved.

(b) Voluntary Move. Basic pay may be fixed at either:

1 the minimum rate of the appropriated grade,  
or;

2 at any step of that grade which do not exceed the employee's highest previous rate of NAF basic pay. Determination of highest previous rate shall be in accordance with the FPM.

(3) Setting Basic Pay Upon Movement From an NA, NL, or NS NAF Crafts and Trades Position to a Civil Service Wage Schedule Position

(a) Involuntary Move

1 Subject to applicable promotion regulations found in FPM Supplement 532-1, S8-3, pay may be set at either:

MARINE CORPS NAF PERSONNEL POLICY MANUAL

a the employee's existing scheduled rate of pay, or;

b at any rate at which does not exceed his/her highest previous rate of pay. If the highest previous rate falls between two rates of the new grade, the higher rate may be paid. The highest previous rate of pay will be computed in accordance with S8-3e of FPM Supplement 532-1.

2 Grade and pay retention benefits apply where the involuntary move resulted in a reduction in grade or pay. Grade and pay retention benefits will be administered in accordance with FPM Supplement 532-1, Subchapter S9.

(b) Voluntary Move. Subject to applicable promotion regulations found in FPM Supplement 532-1, S8-3, basic pay may be set at either:

1 the minimum step rate of the grade, or;

2 at any rate of the new grade which does not exceed the employee's highest previous rate falls between two rates of his/her grade, the higher rate may be paid. The highest previous rate will be computed in accordance with S8-3e of FPM Supplement 532-1.

(4) Setting Basic Pay Upon Movement From a UA, AS, PS or Payband NAF Position to a Civil Service Wage Schedule Position

(a) Involuntary Move

1 Basic pay will be set in accordance with FPM Supplement 532-1, Subchapter S8 provisions for new appointments. Under these provisions, pay is set at the minimum rate of the appropriate grade, except as provided by exceptions for recognition of special qualifications and hard-to-fill occupations.

2 Grade and pay retention benefits apply where the involuntary move resulted in a reduction in grade or pay.

MARINE CORPS NAF PERSONNEL POLICY

Grade and pay retention benefits will be administered in accordance with FPM Supplement 532-1, Subchapter S9.

(b) Voluntary Move. Basic pay will be set in accordance with FPM Supplement 532-1, Subchapter S8 provisions for new appointments. Under these provisions, pay is set at the minimum rate of appropriate grade, except as provided by exceptions for recognition of special qualifications and hard-to-fill occupations.

E. PAY PROVISIONS FOR MOVE FROM CIVIL SERVICE TO NONAPPROPRIATED FUND POSITIONS

(1) General Applicability

(a) Rate of Basic Pay. The DoD NAF UA, AS, PS, and payband pay setting provisions below have been adjusted to parallel the pay setting provisions provided by the "Portability of Benefits for Nonappropriated Fund Employees Act of 1990" for movements to the General Schedule. NAF Crafts and Trades positions are covered by the pay provisions of P.L. 92-392, as regulated by OPM in FPM Supplement 532-2. Sections E.2 and E.3 below describe how to set pay for employees, based upon the category of position the employee moves.

(b) Grade and Pay Retention. There are no NAF provisions for grade retention for UA, AS, PS, or payband employees. A civil service employee involuntarily moved to a UA, AS, PS or payband employee shall be eligible for pay retention. Employees moving from any position in the civil service to NAF Crafts and Trades position are covered by the grade and pay retention provisions in subchapter VI of chapter 53 of title 5, United States Code and implementing regulations. Instructions for applying grade/pay retention are found in 2.b and 3.b below.

(2) Setting Basic Pay Upon movement from any Civil Service Position to a Universal Annual (UA), Administrative Support (AS), Patron Service (PS), or Payband NAF Position

(a) Involuntary Move

1 Pay shall be set at a rate within the

MARINE CORPS NAF PERSONNEL POLICY MANUAL

appropriate NAF grade or payband level that is not less than the employee's rate of basic pay immediately prior to the move. In determining the employee's last rate of basic pay, a saved pay rate to which the employee was entitled under the appropriated fund system will apply, as well as pay received in an appropriated fund special rate position. Additions to pay such as night shift, environmental differential, and other premium payments are excluded from consideration as basic pay. Basic pay may not be set above the maximum of the grade to which moved, except as provided in 2 below.

2 If the employee's last rate of basic pay is above the maximum rate of the grade or payband level to which moved, pay retention provisions shall be applied in accordance with Chapter III of this Manual. Pay retention for employees moved from a civil service position to a payband position shall be administered in accordance with the payband system instructions used for pay retention situations.

(b) Voluntary Move. Basic pay may be fixed at either

1 the minimum rate of the appropriated grade or payband level,  
or;

2 at any step of that grade or any rate within that payband level which does not exceed the employee's highest previous rate of basic civil service pay.

(3) Setting Basic Pay Upon movement from any Civil Service Position to an NA, NL, or NS NAF Crafts and Trades Position

(a) Involuntary Move

1 Subject to applicable promotion regulations found in FPM Supplement 532-2, S8-3, pay may be set at either:

a the employee's existing scheduled rate of pay,  
or;

b at any rate which does not exceed his/her

MARINE CORPS NAF PERSONNEL POLICY MANUAL

highest previous rate of pay. If the employee's highest previous rate falls between two rate of the new grade, the higher rate may be paid. The highest previous rate of pay will be computed in accordance with FPM Supplement 532-2, Subchapter S9.

(b) Voluntary Move. Subject to applicable promotion regulations in FPM Supplement 532-2, Subchapter S8, basic pay may be fixed at either:

1 the minimum step rate of the grade, or;

2 at any rate of the new grade which does not exceed the employee's highest previous rate of pay. If the employee's highest previous rate falls between two rates of his/her grade, the higher rate may be paid. The highest previous rate of pay for an employee will be computed in accordance with S8-3e of FPM Supplement 532-2.

F. CREDITING OF SERVICE IN WAITING PERIODS FOR WITHIN-GRADE STEP INCREASES (INVOLUNTARY AND VOLUNTARY MOVES)

(1) NAF to Civil Service General Schedule Moves

(a) NAF service shall be credited toward the period of service required for step increases in the General Schedule.

(b) OPM regulations will apply in determining whether an employee previously in a NAF Payband position has received an equivalent increase for within-grade increases determinations.

(2) NAF to Civil Service Wage Schedule Moves

(a) NAF NA, NL, and NS service shall be credited toward the period of service required for step increases in accordance with FPM Supplement 532-1.

(b) NAF service in UA, AS, PS, or Payband positions is not creditable.

(3) Civil Service to NAF Moves. Civil service



MARINE CORPS NAF PERSONNEL POLICY MANUAL

employment will be credited in the same manner as NAF service.

(a) FPM Supplement 532-2, Subchapter S8, augmented by Appendix D of this Manual applies to all hourly paid NAF employees.

(b) There are no within-grade increases in the NAF payband system.

G. CREDITING OF SERVICE TOWARDS TIME-IN-GRADE REQUIREMENT FOR PROMOTION (INVOLUNTARY AND VOLUNTARY MOVES)

(1) NAF to Civil Service Moves. NAF service will be credited in the General Schedule in accordance with FPM CHAPTER 300, Subchapter 6.

(2) Civil Service to NAF Moves. Civil service employment will be credited in the same manner as is NAF service.

H. CREDITING OF TIME-IN-SERVICE IN COMPUTING SEVERANCE PAY (INVOLUNTARY AND VOLUNTARY MOVES)

(1) NAF to Civil Service Move. The Portability of Benefits for Nonappropriated Fund Employees Act of 1990 does grant the authority to credit NAF service when computing civil service severance pay.

(2) Civil Service to NAF Move. Civil service employment shall be credited in the computation of NAF severance pay.

I. RETIREMENT. (See FPM Bulletin 830-10 dated March 5, 1991, for OPM Interim Regulations on Retirement Coverage and OPM regulations, 5 CFR, Parts 831, 837, 841, 842.)

(1) General Applicability. All retirement portability provisions are applied exactly the same regardless of whether the move is involuntary or voluntary. Also, except for the areas of employer and employee contributions addressed below, all provisions are applied exactly the same regardless of the direction of the move, NAF to Civil Service or Civil Service to NAF.

(2) Employee Election of Retirement Plan. (See P.L.

MARINE CORPS NAF PERSONNEL POLICY MANUAL

104-106 Portability Provisions in Section II of this Appendix for amended eligibility requirements and new election provisions.)

(a) General. If the employee is vested (for FERS and CSRS, five years of creditable service is considered vested) in the plan of the losing employment system at the time of the move, the employee may elect to retain active membership in that plan. Or the employee may enter the plan of the gaining employment system without transfer of losing plan service credit. Once an employee is given an opportunity to retain membership in either FERS or CSRS, they will never again be given an opportunity to retain membership in that same plan. Once an employee is given an opportunity to retain coverage in a NAF plan, he/she will never again be given an opportunity to retain membership in any NAF plan.

1 Election to Retain Coverage in Plan of Losing Employment System. An employee's decision to retain active membership in the plan of the losing employment system is irrevocable. Therefore, regardless of future moves between NAF and civil service employment, in or out of DoD, breaks in service, and retirement coverage would remain with the plan in which the employee elected to retain membership.

2 Employee Does Not Elect to Retain Coverage In Plan of Losing Employment System. In this case, the employee may enter the plan of the gaining employment system without transfer of losing plan service credit. Therefore, the Service Computation Date (SCD) used by the gaining employment system for retirement purposes is the date the employee enters the plan of the gaining employment system (unless the employee already has service credit in that plan). For example, if a NAF employee moves to civil service status and enters FERS, the employee will receive no service credit in FERS for time spent in the NAF plan. Time spent in the NAF plan will not count for FERS annuity computation or retirement eligibility. The employee may not "purchase" such service credit by paying money into the FERS plan to cover the NAF service.

(b) Standard Election Form. (For moves after August 10, 1996 see revised forms issued via CMC letter of September 26, 1996.) By memo dated March 14, 1991, OPM issued three standard

MARINE CORPS NAF PERSONNEL POLICY MANUAL

election forms--one covering CSRS to NAF, and one covering NAF to either CSRS or FERS. Also enclosed with the OPM memo were procedures concerning the election forms, and a notice to be placed in the Official Personnel Folder (OPF) when an employee elects to retain membership in a NAF retirement plan. The gaining employment system personnel offices shall use the appropriate election form and explain its purpose to the employee. The gaining employment system personnel office must fill in Part 1 of the appropriate election form. This requires assistance and cooperation from the losing employment system which must provide timely information. In accordance with OPM requirements, the following procedures for completing and filing employee election forms shall be followed:

1 The personnel office completes Part 1 of the form and makes a copy of the form.

2 The personnel office gives both copies of the form to the employee and has the employee immediately read and sign Part 2 of one copy of the form. The personnel office collects and retains the copy of the form that the employee signed (both Parts 1 and 2 completed). The employee keeps the other copy with only Part 1 completed.

3 The personnel office files the signed copy on the left side of the OPF (or in some other temporary file) until the employee makes an election or the time limit for making an election expires.

4 When the employee makes an election by signing the box in Part 3 of the form and returns it to the personnel office, the personnel office marks the date of receipt on the form and makes a copy of the form (with Parts 1 and 3 completed). The personnel office gives the employee the copy of the form that does not have the original signature in Part 3, files the form with the original signature in Part 3 on the right side of OPF, and destroys the copy of the form with Part 2 completed.

5 If the time limit expires without the employee returning the election form with Part 3 completed, the personnel office takes the form with Part 2 completed, makes a

MARINE CORPS NAF PERSONNEL POLICY MANUAL

notation that the employee did not file a form with Part 3 completed, and files the form on the right side of the OPF.

(c) Time Limit for Making Election. If the move occurs on or after April 7, 1991, the time limit for making the election is 30 days after the effective date of the move. If the move occurred on or after January 1, 1987, but before April 1, 1991, the time limit for making the election is May 6, 1991. The employee must return the standard election form to the personnel office by the appropriate deadline or the employee has in effect to enter the plan of the gaining employment system without transfer of losing plan service credit.

(d) Waiver of Time Limit for Making Election. CMC (MR) is authorized to grant an exception to the deadline for employees who exercise due diligence but are prevented by circumstances beyond their control from making a timely election. In accordance with OPM interim retirement regulations issued in the February 7, 1991, Federal Register, the agency decision to grant or to deny a waiver of time limit is final and not appealable to OPM, and the procedures for waiving the time limit must not allow reviews under any employee grievance procedures, including those established by Chapter 71 of title 5, USC, and part 771 of title 5, CFR.

(e) Effective Date of Election. The election shall be retroactive to the date of the move.

(3) Employee Contribution to Plan when the Employee Elects to Retain Membership in the Plan of the Losing Employment System. The employee contribution to the defined benefit plan will be determined in the same manner as it is determined for the other employees in the plan. The gaining employer shall remit the employee's contribution to the plan, including FERS Thrift Savings Plan contributions where applicable.

(4) Employer Contribution to Plan When Its Employee Has Retained Membership in the Plan of the Losing Employment System

(a) NAF Employer contribution to Defined Benefit Part of FERS. The contribution will be the "normal cost

MARINE CORPS NAF PERSONNEL POLICY MANUAL

percentage" of basic pay determined by OPM under 5 USC 8423. Also, social security payments are made for employees in FERS.

(b) NAF Employer Contribution to FERS Thrift Savings Plan. The contribution will be a minimum of 1% of basic pay regardless of whether the employee contributes; and, additionally, if the employee does contribute, the employer will match the employee's contribution dollar for dollar for the first 3 percent of pay contributed and \$.50 on the dollar for the next 2 percent of pay contributed. (Note: While a CSRS participant may contribute up to 5% of basic pay to the FERS Thrift Savings Plan, no employer matching contribution is permitted.)

(c) NAF Employer Contribution to CSRS. The employer contribution for the NAF employee in the CSRS will be calculated in exactly the same way as the agency contribution for a civil service employee in CSRS. Also, social security payments are not made for employees in CSRS, but are made for employees in CSRS Offset.

(d) Civil Service Employer Contribution to the Respective NAF Retirement Plan. The actual contribution for the civil service employee in the NAF plan will be calculated in exactly the same way as the actual contribution for a NAF employee in the NAF plan.

J. ANNUAL, SICK AND HOME LEAVE

(1) General Applicability. All provisions are applied exactly the same regardless of whether the move is involuntary or voluntary, and regardless of the direction of the move, NAF to civil service or civil service to NAF.

(2) Transfer of Leave Balance. All leave will transfer without limit. The employee will be credited with the full amount of leave even in those cases where the employee may receive a higher rate of pay from the gaining employment system.

The employee may not "cash-in" any portion of the leave balance and be paid for accumulated hours. Leave will be administered in accordance with the rules of the gaining system.

(3) Transfer of Funds. There shall be no transfer of funds.

MARINE CORPS NAF PERSONNEL POLICY MANUAL

(4) Annual Leave Accrual Rate. Service in the losing employment system will be credited in determining the appropriate leave accrual rate. (For NAF to civil service moves, see FPM Supplement 296-33 for details.)

K. HEALTH AND LIFE INSURANCE

(1) NAF to Civil Service (Involuntary and Voluntary Moves)

(a) Employee Coverage. Employees may not elect to remain in NAF health or life insurance plans. Employees may enroll in the Federal Employees Health Benefits (FEHB) Program and/or the Federal Employees Group Life Insurance (FEGLI) Program in accordance with the requirements of FPM Supplements 890-1 and 870-1, respectively. The employee's NAF health benefits coverage shall be extended without charge to the employee for 31 days or until the employee becomes covered by FEHB, whichever comes first.

(b) Retiree Coverage. See FPM Supplements 890-1 and 870-1. Participation in the FEHB after retirement does not depend on retirement from FERS or CSRS if the employee retires from a NAF plan because the portability law includes the NAF retirement plans as 'qualifying plans'.

(2) Civil Service to NAF Move

(a) Employee Coverage

1 Involuntary Move. Employees may not elect to retain membership in the FEHB or FEGLI Programs. Employees who are participating in the FEHB Program and/or the FEGLI Program at the time of the move would automatically qualify for participation (including family coverage) in the respective NAF health and/or life insurance program regardless of pre-existing medical conditions and the NAF employment category to which the employee has been involuntarily moved. Normal NAF coverage rules would apply if there was not participation in the FEHB Program and/or the FEGLI Program at the time of the move; however, the Heads of Components may establish more generous coverage rules for these employees.

MARINE CORPS NAF PERSONNEL POLICY MANUAL

2 Voluntary Move. Employees may not elect to retain membership in the FEHB Program and/or the FEGLI Program. Normal NAF coverage rules would apply. If normal rules are applied, then employees should be advised before actual employment whether or not they will be eligible for health and life insurance benefits. This is important since it is likely that many employees will have the misconception that if they have civil service benefits, then under the idea of portability, they can voluntarily move to NAF and automatically qualify for NAF benefit coverage.

(b) Retiree Coverage

1 Involuntary Move. If the employee qualified for health and/or life insurance coverage under K.2.a. (1) above, then the employee, regardless of whether retirement is from a civil service or NAF plan, would qualify for NAF health and/or life insurance coverage in retirement if he or she meets the following two conditions: First, the employee must retire under an immediate annuity. Second, the employee must have been continuously enrolled under the NAF group insurance plan since the employee's first opportunity to enroll or any other normal qualifying dates under the NAF plan, whichever is the shortest period. These are the only conditions that shall be applied. If the retiree was not in the NAF group insurance plan long enough to satisfy the normal premium paid by active employees for similar coverage.

2 Voluntary Move. If the employee qualified for health and/or life insurance coverage under K.2.a. (2) above, then the employee would qualify for NAF health and/or life insurance coverage after retirement in accordance with the normal rules of the NAF employer with the following exception: Continuous time spent in the FEHB Program and/or the FEGLI Program immediately before the move would be credited towards satisfying the respective NAF qualifying periods. If the retiree was not in the NAF group insurance plan long enough to satisfy the qualifying period, then he or she may be charged an appropriate premium not to exceed the normal premium paid by active employees for similar coverage.

L. REDUCTION-IN-FORCE (INVOLUNTARY AND VOLUNTARY MOVES).

(See P.L. 104-106 Section 1043 Portability Provisions in Section

II, C, of this Appendix.)

(1) NAF to Civil Service Move. NAF employment shall be credited in addition to civil service employment in determining civil service retention registers. See FPM Supplement 296-33 for details. Regarding the use of performance ratings in determining retention rights, the following guidance from OPM applies: "Under paragraph 5 CFR 430.204 of OPM's performance management regulations, NAF employees who are converted to appropriated fund positions... are entitled to RIF credit for their NAF performance ratings for the purpose of determining their retention rights."

(2) Civil Service to NAF Move. Civil service employment shall be credited in addition to NAF employment in determining retention where NAF employment is credited for these purposes under normal NAF rules. Where performance appraisals are used in the NAF Business Based Action system, civil service employees who are converted to NAF positions are entitled to BBA credit for their civil service performance ratings.

M. PROBATION STATUS (INVOLUNTARY AND VOLUNTARY MOVES). In the following provisions, reference is made to the terms "same agency" and "same line of work." The same agency is considered to be the same military department. Positions are considered to be in the same line of work when the duties performed are similar in nature and character and require substantially the same or similar qualifications.

(1) NAF to Civil Service Move. (See FPM Chapter 315 for details.) All NAF service immediately preceding the move in the same agency, and same line of work as the position to which the move is made will be credited in determining probation status.

(2) Civil Service to NAF Move. All appropriated fund service in the same agency, and same line of work immediately preceding the move, will be credited in determining probation status.

N. TENURE

(1) NAF to Civil Service Move. (See FPM Chapter 315 for details.)



MARINE CORPS NAF PERSONNEL POLICY MANUAL

(a) Involuntary Move. All continuous non-temporary NAF service immediately preceding the move will be credited in determining career tenure.

(b) Voluntary Move. No credit for NAF service will be granted.

(2) Civil Service to NAF Move

(a) Involuntary Move. All continuous non-temporary appropriated fund service immediately preceding the move will be credited to satisfy the probationary period requirement.

(b) Voluntary Move. Credit for civil service employment is not required.

2. Public Law 104-106, Section 1043 Portability Provisions

A. SUMMARY OF LEGAL REQUIREMENT

(1) Coverage. Section 1043 of P.L. 104-106, The National Defense Authorization Act for Fiscal Year 1996, provides new retirement coverage elections for certain employees who moved between nonappropriated fund (NAF) and appropriated fund (APF) positions after December 31, 1965. It amends title 5, United States Code (USC), to expand the retirement election provisions of the Portability of Benefits for Nonappropriated Fund Employees Act of 1990. Some amendments liberalize the eligibility requirements for making elections under the 1990 law and apply on or after the August 10, 1996, effective date of OPM and DoD regulations.

(2) Notification. The law requires that individuals who may be affected by the new retirement elections be notified of the new provisions. It also requires that individual must be provided, upon their request, information concerning their eligibility to make an election, and the amount of any payment which would be required of the individual in connection with any such election.

(3) Funding. Certain retroactive elections will require an employee payment for service credit, in the form of a reduction in the monthly retirement benefit, in addition to a

MARINE CORPS NAF PERSONNEL POLICY MANUAL

transfer of employee and employer funds between NAF and civil service retirement systems.

B. IMPLEMENTATION OF RETIREMENT COVERAGE ELECTIONS. (Refer to CMC letter 12800 of June 18, 1997 for detailed implementation instructions.)

(1) Responsibilities. CMC (MR) shall take appropriate action to:

(a) Provide employee benefits portability entitlements to eligible employees in accordance with Section 1043 of P.L. 104-106, OPM regulations at 5 CFR Part 847, Federal Retirement Thrift Investment Board regulations at 5 CFR Part 1620, and DoD NAF Personnel Policy Manual.

(b) Notify employees of the new entitlements and eligibility requirements. A chart summarizing the prospective retirement elections for NAF and APF employees is at Figure (1). A chart summarizing retroactive retirement elections for NAF employees is at Figure (2).

(c) Provide information to employees, upon their request, regarding their eligibility to make a retirement election, and the amount of any employee payment that would be required for additional service credit (see below). Employees who request a determination of eligibility to make an election, and who are determined to be ineligible, must receive a final decision in writing, in accordance with 5 CFR 847.106.

(d) Ensure that documents of NAF retirement plans under their responsibility are amended as necessary to comply with the law.

(e) Transfer civil service or NAF retirement plan employee and employer contributions covering the additional service to be credited.

(2) Elections to Continued Retirement Coverage After a Move on or after August 10, 1996, to the Effective Date of DoD and OPM Regulations

MARINE CORPS NAF PERSONNEL POLICY MANUAL

(a) CMC (MR) may grant waivers to employees who, despite due diligence, are prevented by circumstances beyond their control from making an election within the time limit.

(3) Employee and Employer Retirement Contributions After a Move on or after August 10, 1996

(a) Per 5 CFR 847.209, NAF employers will make salary deductions and employer contributions for NAF employees who elect to continue Civil Service Retirement System (CSRS) or Federal Employees Retirement System (FERS) coverage. Thrift Savings Plan (TSP) salary deductions and contributions will also be remitted, where applicable, in accordance with 5 CFR Part 1620. Established Defense Finance and Accounting Service (DFAS) procedures provide further information on submitting NAF employee and employer contributions for CSRS, FERS, and TSP.

(b) Employee and employer contributions for employees who elect to remain in a NAF retirement plan following a move to an APF position will be calculated in exactly the same way as the actual contribution for a NAF employee in the NAF plan. Employee and employer contributions to NAF 401(k) plans will also be calculated as if for a NAF employee in the NAF plan. Established DFAS procedures provide further information on submitting civil service employer and employee contributions to NAF retirement plans and 401(k) plans.

(4) Elections of Coverage Under the Retroactive Provisions (Covering moves after December 31, 1965, and before August 10, 1996)

(a) Per 5 CFR 847.304, the time limit for making an election under the retroactive election provisions in 5 CFR Part 847, Subpart D, is August 11, 1997. CMC (MR) must waive this time limit in the event the employee did not receive timely notice or counseling regarding the opportunity to make a retroactive election.

(b) When an APF employee covered by FERS elects to have previous NAF service credited toward FERS, the NAF service ceases to be creditable for purposes of NAF retirement.

MARINE CORPS NAF PERSONNEL POLICY MANUAL

(c) An employee who had a prior election under the 1990 Portability Act to continue retirement coverage following a move between employment system is ineligible to retroactively return to the previous retirement system under the provisions of 5 CFR 847.411 or 847.411, as applicable. However, such a prior election does not exclude the employee from electing to have service covered by the previous retirement system credited in the employee's current retirement system under the provisions of 5 CFR 847.421 or 847.431, as applicable.

1 For example, a DoD NAF employee who previously elected not to retain coverage in the NAF retirement plan following a move to a DoD APF position, but instead moved to FERS, does not have an election to return to the NAF retirement plan. The employee does have an election to remain in FERS and have NAF service credited.

2 An employee who elected, under the 1990 Portability Act, to retain retirement coverage following a move made an irrevocable decision and has no further election under the new legislation.

(d) Employees who make retirement coverage elections under the retroactive provisions continue to be covered by that retirement system for all future periods of APF or NAF service not otherwise excluded from retirement coverage. This includes APF or NAF service performed as a re-employed annuitant.

(5) Waiver of 30 Day Time Limit for Making an Election under the Provisions of the 1990 Portability Act

(a) By memorandum dated March 4, 1996, the DASD(CPP) exercised DoD's authority to waive the 1990 Portability Act requirement that retirement elections be made within 30 days of the move. The waiver applies to employees who moved on or after February 10, 1996, but before August 10, 1996. It permits employees to delay making an election until after the retroactive service credit benefits of P.L. 104-106 are available and the election process established. The DoD waiver is hereby extended through December 31, 1996.

MARINE CORPS NAF PERSONNEL POLICY MANUAL

(b) The DoD Waiver applies only to employees who (a) are eligible for a retirement election under the 1990 Portability Act, or to make an election under the retroactive rules provided by 5 CFR Part 847, Subpart D. Until the employee makes an election, he or she is in the retirement plan of the gaining employment system, and retirement contributions are remitted under the provisions of that system's retirement plan.

(c) P.L. 104-106 permits employees moving from APF positions covered by FERS to NAF positions covered by a NAF retirement plan, and vice versa, to elect retroactive service credit. This is a benefit not provided by the 1990 Portability Act. Therefore, eligible employees who want service credit in the gaining employment system's retirement plan may decide to make an election under the retroactive rules in 5 CFR Part 847, Subpart D. Employees who, after reviewing the retroactive service credit opportunities provided by P.L. 104-106, decide instead to retain coverage in their previous retirement plan, should elect to do so under the provisions of the 1990 Portability Act, before amendments.

(d) Per P.L. 104-106, employees who moved on or after February 10, 1996, but before August 10, 1996, who, notwithstanding the waiver provided, made an election under the 1990 Portability Act, are not eligible for an election under the retroactive service credit rules.

(6) Transfers of contributions Under the Retroactive Provisions (Covering moves after December 31, 1965, and before August 10, 1996). Civil service and NAF retirement plan contributions will be transferred in accordance with 5 CFR Part 847, Subpart E.

(a) When an employee elects to retroactively return to CSRS or FERS coverage, or to have NAF service credited towards FERS, employee contributions and government contributions made to the NAF retirement plan transfer to the Civil Service Retirement and Disability Fund. Government contributions means the amount credited to the NAF retirement plan, by the NAF employer, on behalf of the employee for the period of NAF service to be credited towards civil service retirement.

(b) Where an employee participated in more than one

MARINE CORPS NAF PERSONNEL POLICY MANUAL

NAF retirement plan, each NAF retirement plan is responsible for submitting contributions attributable to that particular plan.

C. Related Provisions on Portability of Pay and Benefits

(1) Reduction in Force.

(a) Section 1043(d) of P.L. 104-106 amended section 3502(a)(C) of 5 USC to allow credit for NAF service for reduction in force purposes for employees moving from DoD NAF to DoD APF positions on or after January 1, 1996, without a break in service of more than three days.

(b) This DoD policy document hereby provides that employees who move from DoD APF positions to DoD NAF positions or after January 1, 1966, without a break in service of more than three days, shall be granted NAF Business Based Action (BBA) retention credit for APF service.

(2) Pay and Other Benefits. The Portability of Benefits for Nonappropriated Fund Employees Act of 1990 provides pay, leave, and other benefit protection for employees who move, after January 1, 1987, between DoD APF and DoD NAF positions without a break in service of more than three days. Details of these benefits are provided in 5 USC, 5 CFR, DoD 1401.1-M, OASD policy memorandum, and this Appendix.

PROSPECTIVE RETIREMENT ELECTIONS

These retirement elections apply to employees moving between nonappropriated (NAF) positions and appropriated (APF) positions, whether within or outside of DoD, on or after. These elections are offered if: (1) the employee is vested in the retirement plan of the position from which he or she is moving; (2) the move occurs without a break in service of more than 1 year, and (3) the employee has not previously made an election under applicable provisions.

IF EMPLOYEE IS IN:	RETIREMENT ELECTION	FUTURE CONTRIBUTIONS TO RETIREMENT PLAN
1. NAF position, vested in a NAF retirement plan, moving to an APF position which provides retirement coverage.	(a) Remain in the NAF plan; or  (b) Join FERS (or reenter CSRS if eligible). No credit for NAF service.	APF employer makes employer contribution and employee deductions to NAF retirement plan (and 401(k) if applicable).
2. APF position, vested in CSRS, moving to a NAF position covered by a NAF retirement plan.	(a) Remain in CSRS; or  (b) Join NAF PLAN. No credit for APF service.	APF employer makes employer contribution and employee deductions to FERS (or CSRS if applicable).  NAF employer makes employer contribution and employee deductions to CSRS (and TSP if applicable).
3. APF position, vested in FERS, moving to a NAF position covered by a NAF retirement plan.	(a) Remain in FERS; or  (b) Join NAF plan. No credit for APF service.	NAF employer makes employer contribution and employee deductions to NAF retirement plan.  NAF employer makes employer contributions and employee deductions to FERS, TSP basic 1%, or TSP match up to 5% max, whichever is applicable.  NAF employer makes employer contributions and employee deductions to NAF plan.

## MARINE CORPS NAF PERSONNEL POLICY MANUAL

### NAF EMPLOYEE RETROACTIVE RETIREMENT ELECTIONS REFERENCE GUIDE

These retroactive retirement elections apply to employees moving between nonappropriated fund (NAF) positions and appropriated fund (APF) positions, whether within or outside of DoD, on or after January 1, 1966, but before August 10, 1996, the effective date of the regulations implementing Section 1043 of Public Law 104-106. These elections are offered if the employee (1) was tested in the retirement plan of the position from which he or she moved; (2) moved between NAF and APF positions without a break in service of more than 1 year; and (3) remained, since the qualifying move, continually enrolled in current MC NAF retirement system. Employees who elected to remain CSRS or FERS under the 1990 Portability Act following a move to a NAF position made an irrevocable decision and have not further elected under the new legislation. Employees who made a previous election under the 1990 Portability Act not to remain FERS or CSRS coverage, joined the MC NAF retirement plan, may not make an election to return to their previous Retirement plan. However, those who previously elected not to remain FERS coverage, may make an election to have previous FERS service credited to their current retirement system. Individuals who retired (whether or not re-employed) after the date of the move are ineligible for any election. The deadlines for retroactive retirement elections is August 11, 1997.

IF NAF EMPLOYEE IS IN:	HE/SHE MAY ELECT TO	FUNDING IF ELECTION MADE: <sup>1</sup>
CSRS by election <sup>3</sup> following move from an APF position covered by CSRS.	No election.	N/A
FERS by election <sup>3</sup> following move from an APF position covered by FERS.	No election.	N/A
NAF plan by election <sup>3</sup> following move from an APF position covered by CSRS.	No election.	N/A
NAF plan by election <sup>3</sup> following move from an APF position covered by FERS.	Have FERS time credited toward NAF retirement for eligibility purposes only; <sup>2</sup> or Have FERS time credited toward NAF retirement for eligibility and computation purposes.	No FERS employer contributions transfer to NAF. No employee payment is required.
NAF plan following move from an APF position covered by CSRS. No prior election.	Return to CSRS and have NAF Service credited.	No employer funds transfer from FERS. Employee pays full cost of additional NAF retirement benefits attributable to the APF service credited toward NAF retirement. Payment will be through reduction in NAF annuity.
NAF plan following move from an APF position covered by FERS. No prior election.	Return to FERS and have NAF service credited; or Have FERS time credited toward NAF retirement for eligibility purposes only; or Have FERS time credited toward NAF retirement for eligibility and computation purposes.	NAF employer contributions and employee deductions transfer to CSRS. <sup>2</sup> 401(k) contributions suspended. <sup>4</sup> NAF employer contributions and employee deductions transfer to FERS. <sup>2</sup> 1% basic contributions transfer to TSP. <sup>5</sup> 401(k) contributions suspended. <sup>4</sup> No FERS employer contributions transfer to NAF. No employee payment is required.

<sup>1</sup> Only employee contributions would include interest.

<sup>2</sup> If funds are less than actuarial present value of future additional annuity, then annuity is reduced accordingly.

<sup>3</sup> By election meaning by election under the 1990 Portability Act.

<sup>4</sup> For BRS exp. on distribution of 401(k) account attributable until date of termination. Employees will be allowed to make investment fund changes, apply for loans, and apply for hardship withdrawals.

<sup>5</sup> Employee eligible for TSP multi-up contributions until date of move, but not before plan commencement. Employee must update at the time of update.



APPENDIX I

TIME IN TRAVEL STATUS

1. General Policy: To the maximum extent practicable, management will schedule the time to be spent by employees in a travel status in such a way as to preclude traveling during their nonduty hours. When travel outside the regularly scheduled workweek is necessary, employees may be paid in accordance with the following:

A. Non-exempt employees: Time spent traveling will be considered hours of work if:

(1) TRAVEL AS A PASSENGER THAT KEEPS AN EMPLOYEE AWAY FROM DUTY STATION OVERNIGHT: An employee who travels during regular working hours on regular workdays is substituting travel for other duties during these hours and the time spent traveling is hours worked. The same principle applies to such travel as a passenger during corresponding hours on nonwork days. However, time spent traveling as a passenger that occurs outside regular working hours (and outside corresponding hours on nonwork days) is not considered hours of work if the travel keeps the employee away from official duty station overnight and the employee performs no work while traveling. For example, if an employee regularly works from 0830 to 1700 from Monday through Friday, travel performed during these hours on any of the seven days of the workweek (including travel time on Saturday, Sunday, or on a holiday) is working time. Time spent waiting at a common carrier terminal in excess of normal waiting time between the hours of 0830 and 1700 on Saturday or Sunday day is not included in hours worked.

(2) TRAVEL AS A PASSENGER ON A ONE-DAY ASSIGNMENT AWAY FROM DUTY STATION:

	<i>Is travel time</i>
	outside regular
	working
Kind of Travel:	hours 'hours of
	work'?
(a) <u>Travel by Common Carrier</u>	
Travel time from home to common	
carrier terminal	NO

Normal waiting time at the terminal  
prior to scheduled departure time  
of the common carrier YES

Travel time from scheduled departure  
time from the terminal to arrival  
time at the terminal at point of  
destination <sup>1</sup> YES

Usual waiting time which interrupts  
travel YES

Travel time from terminal at point of  
destination to TAD station YES

(b) Travel by Automobile

Travel time from official duty station  
to TAD station YES

Travel time from home directly to TAD  
station YES

(The same rules apply for travel time and waiting time on the return trip from the TAD station to the employee's duty station or directly to the employee's home.)

B. Exempt Employees: Time spent traveling will be considered hours of work if:

(1) It is within the employee's regularly scheduled administrative workweek, including regular overtime work; or

(2) The travel involves the performance of actual work while traveling;

(3) The travel is incident to the travel that involves the performance of work while traveling.

1 An airline may require an employee to arrive at a terminal at a designated pre departure time (e.g., one hour prior to the scheduled departure time). Such waiting time at the terminal from designated pre-departure time until scheduled departure time of the common carrier is considered normal waiting time and is counted as hours worked. Furthermore, when an employee's travel is interrupted (i.e., the employee travels to an intervening common carrier terminal and has to wait for a connecting flight to continue traveling to a TAD point) usual waiting time at the intervening common carrier terminal is considered normal waiting time and is counted as hours worked

(4) The travel is carried out under such arduous and unusual conditions that the travel is inseparable from work; or

(5) The travel results from an event which could not be scheduled or controlled administratively.

(a) Although travel may meet the conditions for overtime, it will not be paid unless it is officially ordered or approved. Thus, to be compensable, management must require the employee to travel outside his or her regularly scheduled working hours listed under paragraphs B2 through B5, above. To the maximum extent practicable, management will grant compensatory time off in lieu of overtime.

(b) Time in a travel status, for overtime purposes, is the time actually spent in traveling between an employee's official duty station and his or her point of destination, or between two temporary duty points, and for usual waiting time which interrupts such travel.

(c) When an employee for personal reasons, such as an aversion to flying, does not use the mode of transportation selected by management, or for his or her own convenience, travels by an indirect route or interrupts travel, the employee will be considered to be in a travel status only for the estimated time which would be spent in traveling to the point of destination by the transportation mode selected by management.

(d) Condition under which travel is considered hours of work:

1 Travel 'involving the performance of work while traveling' includes work which can only be performed while traveling, such as monitoring communications or signal devices used in air or rail traffic or escorting a prisoner to a distant prison.

2 Travel which 'is incident to travel that involves the performance of work while traveling' includes situation when an employee is on a 'deadhead' trip, either traveling to a destination to board a means of transportation upon which he or she will be performing work while traveling, or having performed work while traveling, returning to his or her official duty station.

3 Travel under arduous conditions means travel over unusually adverse terrain, during severe weather conditions, or to remote, barely accessible facilities by foot, horseback, or a truck. Travel by automobile over a hard surfaced road when no unusually adverse weather conditions are encountered would not constitute travel under arduous conditions.

4 The phrase 'could not be scheduled or controlled administratively' refers to the ability of an executive agency to control the event which necessitates an employee's travel. The control is assumed to be the agency's whether the agency has sole control or the control is achieved through a group of agencies acting in concert, such as a training program or conference sponsored by a group of Federal agencies. Also, when a training or conference is conducted by a private institution for the benefit of the Government, it is to be assumed that the government can control the scheduling of the course and therefore the event is under administrative control of the Government.

APPENDIX J

EMPLOYEE TRAINING AND DEVELOPMENT

1. The training mission is to develop its employees through the establishment and operation of a progressive training program to improve service, increase efficiency and economy, build and retain a work force of skilled and efficient employees, and install and use the best modern practices and techniques in conducting the Marine Corps MCCS business.

2. In their roles as appraiser, advisor, and coach, supervisors and managers are essential players in an employee's career development. An honest assessment of individual strengths and weaknesses is the initial step in developing a training and professional development plan. Working with the employee, each supervisor is responsible for establishing personal career goals and targeting strategies to achieve them.

3. Individual Development Plans (IDP) are written blueprints used to prepare the employee for higher level performance. They may supplement annual career appraisals by recommending training, education, or other development to prepare an employee for higher level performance. The supervisor, with employee input, will develop an IDP by reviewing the past performance to highlight competencies needing improvement or development. The IDP calls for comparing the employee's experience, education, and past training with career field training requirements and standards. Based on this analysis, plans the IDP can be used as a tool to develop long-term functional needs and employee career goals. (Refer to Appendix C)

4. Employee training in all facets of MW operations is an extremely important ongoing requirement for all employees. It is the responsibility of the local AC/S MCCS to develop a comprehensive training program to properly indoctrinate and train employees in the performance of their assigned duties. Assistance in accomplishing this important function is available from the following sources:

- a. The Personal & Family Readiness Division (MR) Training

and Development Plan. The plan is designed to provide employees and their supervisors with a guide to identify the competencies each employee needs to progress in their functional area. It also provides a single-source reference to assist in determining appropriate training and development to enhance on-the-job performance and prepare the employee for progressively more responsible positions. The Plan covers many of the standardized position descriptions for our NF-3's through NF-5's and GS equivalents. Additionally, training interventions, which can provide the employee with tools to become effective, are suggested for each functional area. This gives the supervisor and the employee a guide to follow in the development of the employee's Individual Development Plan (IDP). It also gives the employee a road map to utilize as they work to enhance their career progression.

b. The Department of the Navy Civilian Leadership Development (CLD) Plan (SECNAVINST 12410.24). The CLD establishes guidelines that serve as the framework for the design of activity and command programs, which provide leadership training to civilian employees at the GS-9 through GS-15, and equivalent nonappropriated fund (NAF) employees. The cornerstone for the CLD program is mentoring, training, and developmental assignments. A CLD program has been established at each Marine Corps command.

c. The Marine Corps PFRD Resource Catalog. Provides a course listing and short synopsis, of all courses supported by the Personal & Family Readiness Division. The Catalog also provides a current listing of all command MCCS training coordinators, resources and suppliers, national professional organizations, local ASTD chapters, and training and development books.

d. Marine Corps PFRD employees may also participate in courses provided by the Army and Navy MWR program. A listing of Army MWR courses is contained with the Army MWR Academy FY 99 Catalog of Courses. Navy MWR courses are provided in the FY99 Bureau of Naval Personnel Morale, Welfare, and Recreation (MWR Training Program) catalog. These catalogs will be provided by MR.

4. All PFRD supported training will be coordinated by the CMC (MR).

a. Registration. Each employee requesting to enroll in a PFRD supported training course must complete a course application (Figure J-1). For commands using the Registrar program, course applications are to be submitted electronically. For commands without Registrar, course applications are to be completed and faxed or mailed to PFRD (MR). All applications must be received a minimum of 30 days prior to the start date of the course. Cancellations must be received no later than 30 days prior to the start of the course. There will be a fee paid by the command for reservations made and not utilized.

b. Funding. The Personal & Family Readiness Division (MR) funds (course registration, travel and per diem) on all courses listed in the PFRD Resource Catalog. Original completed travel vouchers, to include traveler's signature and supporting documentation, are to be submitted to MRB-1 within 30 days of the completion of the course or they will be returned without payment.

5. Tuition Assistance. A NAF Tuition Assistance program shall be established at each command and managed accordingly. Tuition assistance is intended to allow employees to pursue education in a degree-program for courses, which are job-related. The Personal & Family Readiness Division does not provide funding for tuition assistance.

MARINE CORPS NAF PERSONNEL POLICY MANUAL



APPENDIX K

DEFINITIONS

1. General Definitions. The following definitions apply, except where they may conflict with public law:
  - a. Appropriated Fund Employee. A person paid from funds appropriated by the Congress of the United States.
  - b. Nonappropriated Fund Instrumentality Employee. A person employed by a Nonappropriated Fund Instrumentality and compensated from nonappropriated funds.
  - c. Concessionaire. An entrepreneur placed under contract to an authorized Nonappropriated Fund Instrumentality for the purpose of providing goods or services.
  - d. Private Organization. Generally, a self-sustaining, non-Federal instrumentality, incorporated or not, constituted or established and operated on a DoD installation with the written consent of the installation commander or higher authority, by individuals acting exclusively outside the scope of any official capacity as officers, employees, or agents of the Government.
  - e. Heads of Local NAFI's. Assistant Chiefs of Staff, Marine Corps Community Services activities and other heads of local miscellaneous NAFI's not under the control and supervision of the Assistant Chief of Staff, Marine Corps Community Services (A/CS, M CCS).
  - f. Local National NAFI Employee. A national or citizen of a host country who is employed in that country by or for a NAFI.
  - g. Third (Other) Country National NAFI Employee. A citizen or national of a country other than the United States or the host country, who is employed by a NAFI.
  - h. Foreign Areas. Areas situated outside the United States (including the Republic of Palau (Belau), Federated States-of-Micronesia, and the Republic of the Marshall Islands, all

MARINE CORPS NAF PERSONNEL POLICY MANUAL

formerly the Trust Territory of the Pacific Islands), the Commonwealth of Puerto Rico, the Panama Area and the possessions of the United States (including the Commonwealth of the Northern Mariana Islands, a United States Territory).

i. Host Country. A foreign country where U.S. Forces are stationed.

j. Host Government. The political authority of the foreign country where U.S. Forces are stationed under provisions of a treaty or agreement.

k. Resident Aliens. People who are foreign born and legally residing in the United States and who have not become naturalized citizens.

l. Non-U.S. Citizens. A person who is not a citizen of the United States.

m. U.S. National. A person born:

(1) In an outlying possession of the United States on or after the date of formal acquisition of that possession;

(2) Of parents who are U.S. nationals, in an outlying possession of the United States; or

(3) Of unknown parents in an outlying possession of the United States.

n. Indirect Hire System. A system that provides that the host country assume the responsibility of ensuring the needs of the U.S. Forces for local national personnel are met and the host country is in fact the official employer of such personnel.

o. Local Prevailing Rates for Indirect Hires. Rates, determined by wage surveys, paid to local national personnel employed in retail, wholesale, service, and recreation establishments for comparable jobs.

p. Non-U.S. Citizen Dependent of a U.S. Citizen. A non-U.S. citizen NAFI employee who is a bona fide dependent of a

MARINE CORPS NAF PERSONNEL POLICY MANUAL

U.S. citizen serving in a foreign area and where such dependents are recognized by the host government as being part of the U.S. Armed Forces under the Status of Forces Agreement or other agreement.

q. Nonappropriated Fund Instrumentality (NAFI). An integral DoD organizational entity through which an essential Government function is performed and other DoD organizations are provided or assisted in providing morale, welfare, Recreation AND community services programs. The NAFI is established and maintained individually or jointly by the heads of the DoD components.

(1) As a fiscal entity, the NAFI maintains custody of and control over its nonappropriated funds, and is also responsible for the prudent administration, safeguarding, preservation, and maintenance of those appropriated fund resources made available to carry out its function.

(2) The NAFI contributes to the personal and family readiness programs of other organizational entities when so authorized, is not incorporated under the laws of any State or the District of Columbia, and enjoys the legal status of an instrumentality of the United States.

r. Nonappropriated Funds (NAFs). Consist of cash and other assets received by NAFIs from sources other than monies appropriated by the Congress of the United States. NAFs are Government funds and are used for the collective benefit of military personnel, their family members, and authorized civilians who generated them. These funds are separate and apart from funds that are recorded in the books of the Treasurer of the United States.

2. Staffing and Recruitment Definitions. The following definitions apply, except where they may conflict with public law:

a. Commuting Area. Commuting area is defined in 5 CFR 550.703 as the geographic area that normally is considered one

MARINE CORPS NAF PERSONNEL POLICY MANUAL

area for employment purposes. It includes any population center (or two or more neighboring ones) and the surrounding localities where people live and reasonably can be expected to travel back and forth daily to work.

b. Geographical Area of Spouse Preference. Spouse preference eligibles shall be given preference in the same commuting area as that of the new duty station of the military sponsor. (see para 1002)

c. Spouse Preference. Spouse preference shall be given an eligible spouse, as defined in paragraph 2106.8c, relocating with a military sponsor and who applies, based on spouse preference, for a vacant NF-3 position and below and for positions paid at hourly rates. An eligible spouse must be selected ahead of other applicants, without regard to other priorities in this Manual, when the spouse is referred as part of the best-qualified group of candidates. Spouse preference must be applied when a vacant position is filled through open competition resulting in a list of best-qualified candidates. Noncompetitive selections and placements do not require the application of spouse preference (e.g., reassignments, transfers, and rights conferred by court decisions). When more than one spouse preference eligible is being considered for a vacant position, selection may be made from among available spouse preference eligibles in any order.

d. Spouse Preference Eligibility. Wife or husband of an active duty military member of the Armed Forces, including the Coast Guard, a member of the National Guard or Reserves on active duty. To be eligible for preference, the spouse preference eligible must have entered into marriage with the military sponsor before the military sponsor's relocation to the new duty station and be included in the sponsor's orders. In other words, the military sponsor must be on an accompanied tour.

e. Area of Consideration. The area in which the search for highly qualified candidates is directed (e.g., where it is anticipated that qualified candidates can be located, where vacancy announcements are distributed, and from which applications will be accepted). The minimum area of consideration is established as all Marine Corps NAFI's on the

MARINE CORPS NAF PERSONNEL POLICY MANUAL

installation. All spouse preference and transition assistance eligibles are included in the minimum area of consideration.

f. Rating and Ranking of Candidates. A process of assessing qualifications of candidates for a vacancy, and the degree to which they possess the qualifications needed for successful performance in the job being filled.

g. Qualified Candidates. Those candidates who meet the basic qualifications for the position as indicated in the position description and vacancy announcement.

h. Best Qualified Candidates. Those qualified candidates who rank at the top when compared with other qualified candidates. They are normally the only candidates referred for selection.

i. Referral List. An alphabetical listing of qualified candidates being referred for selection. The list remains valid for up to 6 months for use in filling the same position again or similar positions without further competition. The list will also contain non-competitive referrals, if available. Open and continuous referral lists may be used at the option of the command.

j. Positions with Known Promotion Potential. Positions from which noncompetitive career promotions can be made, if the initial appointment was made through a competitive process. These types of positions include:

(1) Positions filled at a grade(s) or level below the established or target grade level.

(2) Career ladder positions.

(3) Intern, college graduate, trainee, or other special program positions.

k. Time-In-Grade Requirements. Not applicable to NAF.

l. Target Grade or Level. The full performance grade level of the position.

MARINE CORPS NAF PERSONNEL POLICY MANUAL

m. Crediting Plan. An evaluation methodology developed by the NPO, in consonance with the manager or supervisor, to narrow the number of eligible candidates to a reasonable number, from which a selection can be made from among the best-qualified candidates.

n. Accretion of Duties. Reconstituted duties and responsibilities due either to a planned management action or gradual increase of non-supervisory duties and responsibilities or additional supervisory duties and responsibilities to a supervisory position, provided:

(1) The employee continues to perform the new duties as well as those of the former position.

(2) The addition of new duties and responsibilities does not impact on the grade of another encumbered position.

(3) The employee meets all requirements for promotion to the position.

o. Details. A detail is a temporary assignment of an employee for a specified period, with the employee returning to his or her regular duties at the end of the detail. A detail to a lower-level position shall not adversely affect the employee's salary, classification, or job standing.

p. Temporary Promotions. A temporary promotion is the temporary assignment, with pay, of a qualified employee, to a higher graded position. Temporary promotions exceeding 6 months shall be accomplished using the competitive procedures of the merit staffing program. Individuals promoted on a temporary basis must also be given a minimum raise required by the appropriate pay system.

3. Child Care Definitions. The following definitions apply, except where they may conflict with public law:

a. CC - Child Care. The symbol used to identify the pay plan code.

b. Full Performance or Target Level - The grade or level of

MARINE CORPS NAF PERSONNEL POLICY MANUAL

the position that an employee is expected to attain once he or she has met required qualifications.

c. GSE - A descriptive pay plan designation that identifies the positions with their "GS' counterpart.

d. Highest Previous Rate - The provision that allows adjustment of an employee's pay upon re-employment, or other appropriate personnel action, based on pay previously earned.

e. Pay Adjustment (in place) - A non-competitive pay increase based on recognized and sustained performance above the satisfactory level.

f. Pay Adjustment (position change) - Increase in pay when the employee is moved non-competitively (due to previously held competition) from the entry to the intermediate level or intermediate level to the full performance level.

g. Pay Band - A salary range or band that includes two or more pay grades. Pay may be established for assigned positions anywhere within a pay band.

4. Leave and Time and Attendance Definitions. The following definitions apply, except where they may conflict with public law:

a. Absence Without Leave (AWOL). Absence from duty that has not been authorized or approved by the appropriate authority in accordance with the provisions of this Manual.

b. Accrued Leave. Leave earned during the current leave year that is unused at any given time in that leave year.

c. Accumulated Leave. Unused leave remaining to the credit of an employee at the beginning of a leave year.

d. Administrative Leave. The administratively authorized absence from duty without loss of pay and without charge to earned leave.

e. Break-in-Service. A separation from the rolls for a

period of one or more workdays of the employee's basic workweek. A period of absence for military duty, followed by the exercise of reemployment rights, is not regarded as a break-in-service for purposes of this Manual.

f. Compensatory Overtime for Religious Purposes. An overtime period an employee elects to work for the purpose of taking an equal amount of time off for religious observance instead of overtime pay and without charge to leave.

g. Continuous Service. The total period of time from the date of appointment until the date of separation, irrespective of pay status during such period.

h. Court Leave. The authorized absence of an employee from work status for jury duty or to appear as a witness in an unofficial capacity.

i. Family and Medical Leave (FMLA). Twelve weeks of unpaid leave guaranteed to an eligible employee for authorized conditions.

j. Family Friendly Leave Act (FFLA). Up to 13 days sick leave to use to provide care for a family member or for bereavement purposes.

k. Leave Without Pay (LWOP). Approved temporary absence from duty in a nonpay status.

l. Leave Year. A 52-week period covering the administration of leave. The leave year begins with the first day of the first complete pay period in a calendar year and ends with the day immediately before the first day of the first complete pay period in the following calendar year.

m. Military Furlough. A leave of absence or separation of a regular full-time or regular part-time employee for induction or recall to active duty in one of the U.S. military services.

n. Military Leave. Absence from duties without loss of pay, time, or performance ratings for those NAFI employees who are members of Reserve components of the U.S. Armed Forces, including the National Guard, for days they are engaged in



temporary active duty or active duty for training.

o. Recognition Leave. Authorized time off from duty granted as an incentive award. Details are covered in Appendix E.

5. Pay Administration Definitions. The following definitions apply, except where they may conflict with public law:

a. Prevailing Rate Employee. This term is used interchangeably with the term "NAF crafts and trades" employees (NA, NL, or NS). It encompasses employees of a Nonappropriated Fund Instrumentalities (NAFI) who are 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. Scheduled Rate of Pay. The rate of pay fixed by law or administrative action, including a retained rate of pay and rate on temporary promotion for the job held before any deductions and exclusive of additional pay of any kind.

c. Rate of Basic Pay. The scheduled rate of pay plus any night shift or environmental differential.

d. Existing Scheduled Rate of Pay. The scheduled rate of pay received immediately before the effective date of a transfer, reassignment, promotion, change to lower grade, within-grade increase, or revision of a wage schedule.

e. Highest Previous Rate. The highest scheduled rate of pay previously paid to a NA, NL, or NS employee while employed in a NAF position.

f. Representative Rate. A rate used to determine the nature of the job change (e.g., promotion, change to a lower grade, or reassignment) where different kinds of pay schedules are involved, whether in the same or different wage areas.

MARINE CORPS NAF PERSONNEL POLICY MANUAL

g. Reassignment. A change of an employee, while serving continuously in the same NAFI from one job to another without promotion or change to lower grade.

h. Reemployment. Employment, including reinstatement or another type of appointment, after a break in service of at least one full workday.

i. New Appointment. A first appointment as an employee of the NAFI.

j. Premium Pay. Additional compensation for overtime, standby duty, and work performed on a holiday or Sunday.

k. Regularly Scheduled. Work that is scheduled in advance of an administrative workweek.

l. Tour of Duty. The hours of a day (a daily tour of duty) and the days of an administrative workweek (a weekly tour of duty) that constitute an employee's regularly scheduled administrative workweek.

m. Sunday Work. Non-overtime work performed by an employee during a regularly scheduled tour of duty when any part of that tour of duty is on a Sunday.

n. Overtime Work. Authorized and approved hours of work performed in excess of eight hours in a day or in excess of 40 hours in an administrative workweek, whichever is the greatest number of overtime hours (includes scheduled and unscheduled overtime work).

o. Regular Overtime work. Overtime work that is scheduled prior to an employee's regularly scheduled administrative workweek.

p. Irregular or Occasional Overtime Work. Overtime work that is not scheduled as a part of the regularly scheduled administrative workweek.

MARINE CORPS NAF PERSONNEL POLICY MANUAL

q. Night Shift Work. Regularly scheduled non-overtime work when a majority of 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).

r. Holiday Work. Non-overtime work performed by an employee during a regularly scheduled daily tour of duty on an officially designated holiday.

s. Non-Workday. Any calendar day that the employee is not scheduled to work within employee's basic workweek exclusive of official holidays.

t. Retained Rate of Pay. The rate of pay to which an employee is entitled when changed to a lower grade, reassigned or otherwise changed to a NA, NL, or NS grade or pay level having a maximum scheduled rate of pay which is less than the employee's existing scheduled rate of pay.

u. Tip. A tip is offered to an employee by a customer, free from compulsion, in the form of cash or credit card.

v. Service Charge. A mandatory or automatic charge added to a customer's bill.

MARINE CORPS NAF PERSONNEL POLICY MANUAL