



# Department of Defense INSTRUCTION

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June 19, 2015

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USD(P&R)

SUBJECT: DoD Civilian Personnel Management System: Civilian Transition Program (CTP)  
for Nonappropriated Fund (NAF) Employees Affected by Workforce Reductions

References: See Enclosure 1

## 1. PURPOSE

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

b. Volume. In accordance with the authority in DoDD 1400.25 (Reference (b)), this volume reissues Volume 1417 of DoD Instruction (DoDI) 1400.25 (Reference (c)) to establish policy, assign authority and responsibility, and prescribe procedures for:

- (1) Implementing the DoD CTP for NAF employees.
- (2) Accomplishing reductions and realignments of the Department's NAF workforce with minimum employee and organizational disruption and in a humane and effective manner.
- (3) Achieving objectives through employment placement, civilian separation incentives, early retirement, retraining initiatives, transition entitlements and benefits, and continuity of operations tools.

## 2. APPLICABILITY. This volume applies to:

a. OSD, the Military Departments, the Office of the Chairman of the Joint Chiefs of Staff and the Joint Staff, the Combatant Commands, the Inspector General of the Department of

Defense, the Defense Agencies, the DoD Field Activities, and all other organizational entities within the DoD (referred to collectively in this volume as the “DoD Components”).

(1) The Army and Air Force Exchange Service may be considered a DoD Component for the purposes of this volume if delegated authority to oversee NAF CTP policies by the Secretary of the Army and the Secretary of the Air Force.

(2) The United States Marine Corps, the Navy Exchange Service Command, and the Commander, Navy Installations Command may be considered DoD Components for the purposes of this volume if delegated authority to oversee NAF CTP policies by the Secretary of the Navy.

b. All NAF employees and positions within the DoD, including those NAF positions authorized to receive funding from appropriated funds (APF).

3. POLICY. It is DoD policy that the DoD Components administer the NAF CTP equitably and in compliance with applicable laws and regulations and the requirements of this volume.

4. RESPONSIBILITIES. See Enclosure 2.

5. PROCEDURES. See Enclosure 3.

6. RELEASABILITY. **Cleared for public release.** This volume is available on the Internet from the DoD Issuances Website at <http://www.dtic.mil/whs/directives>.

7. EFFECTIVE DATE. This volume is effective June 19, 2015.



Brad Carson  
Acting Under Secretary of Defense  
for Personnel and Readiness

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ENCLOSURE 1

REFERENCES

- (a) DoD Directive 5124.02, “Under Secretary of Defense for Personnel and Readiness (USD(P&R)),” June 23, 2008
- (b) DoD Directive 1400.25, “DoD Civilian Personnel Management System,” November 25, 1996
- (c) DoD Instruction 1400.25, Volume 1417, “Civilian Assistance and Re-Employment (CARE) for NAF Employees Affected by Workforce Reductions,” December 1, 1996, as amended (hereby cancelled)
- (d) DoD Directive 5100.87, “Department of Defense Human Resources Activity (DoDHRA),” February 19, 2008
- (e) Title 5, United States Code
- (f) Office of Personnel Management and DoD Interchange Agreement, September 20, 1991<sup>1</sup>
- (g) DoD Directive 4165.50E, “Homeowners Assistance Program (HAP),” February 7, 2014
- (h) DoD Instruction 1015.15, “Establishment, Management, and Control of Nonappropriated Fund Instrumentalities and Financial Management of Supporting Resources,” October 31, 2007, as amended
- (i) DoD 7000.14-R, “Department of Defense Financial Management Regulations (FMRS),” current edition
- (j) Public Law 105-220, “Workforce Investment Act of 1998,” August 7, 1998, as amended (codified in various sections of Titles 20 and 29, United States Code)
- (k) Joint Travel Regulations, “Uniformed Service Members and DoD Civilian Employees,” current edition
- (l) Title 42, United States Code
- (m) Public Law 101-510, Title XXIX “Defense Base Closure and Realignment Act of 1990,” November 5, 1990, as amended (section 2687 of Title 10, United States Code, note)

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<sup>1</sup> Found in Appendix to Enclosure 3 of Volume 1403 of this instruction.

ENCLOSURE 2

RESPONSIBILITIES

1. ASSISTANT SECRETARY OF DEFENSE FOR MANPOWER AND RESERVE AFFAIRS (ASD(M&RA)). Under the authority, direction, and control of the Under Secretary of Defense for Personnel and Readiness (USD(P&R)), and in accordance with Reference (a), the ASD(M&RA) has overall responsibility for the development of DoD civilian personnel policy covered by this volume.

2. DEPUTY ASSISTANT SECRETARY OF DEFENSE FOR CIVILIAN PERSONNEL POLICY (DASD(CPP)). Under the authority, direction, and control of the ASD(M&RA), the DASD(CPP) supports the development of civilian personnel policy covered by this volume and monitors its execution by DoD Components to ensure consistent and continuous application throughout the DoD.

3. DIRECTOR, DEPARTMENT OF DEFENSE HUMAN RESOURCES ACTIVITY (DoDHRA). Under the authority, direction, and control of the USD(P&R) and in accordance with DoDD 5100.87 (Reference (d)), the Director, DoDHRA, provides support to the DASD(CPP), as appropriate, in execution of the duties and responsibilities described in this volume.

4. DoD COMPONENT HEADS. The DoD Component heads:

- a. Develop plans, establish procedures, and oversee required programs and procedures.
- b. Approve NAF early retirement and voluntary separation incentive pay (VSIP) for employees occupying NAF positions up to NF-5 (General Schedule-15 equivalent) in accordance with the authority in Reference (a) and Volume 1702 of this instruction. This authority may be redelegated in writing to the lowest practicable level, but not lower than a local installation commander or activity head.
- c. Direct implementation of laws and regulations applicable to NAF personnel management, including laws and regulations applicable through DoD administrative extension.
- d. Comply with the labor relations provisions of chapter 71 of Title 5, United States Code (U.S.C.) (Reference (e)).

ENCLOSURE 3

PROCEDURES

1. GENERAL. The NAF CTP is designed to assist DoD NAF employees during NAF instrumentality (NAFI) base realignment and closure (BRAC) actions and general workforce reduction situations. Programs for annual leave savings and hiring preferences for certain contractor jobs are applicable only during BRAC actions. Programs, authorities, and policies applicable in BRAC and general workforce reduction situations include:

- a. VSIP.
- b. Voluntary Early Retirement (VER) and Discontinued Service Retirement (DSR).
- c. Workforce Investment Act (WIA).
- d. Extended employment for retirement and health insurance eligibility.
- e. Reemployment Priority List (RPL).
- f. Office of Personnel Management (OPM) and DoD Interchange Agreement (Reference (f)).
- g. Pay and employee benefits protection as described in Volumes 1405, 1406, and 1408 of this instruction.
- h. Permanent Change of Station (PCS) expenses.
- i. Homeowners Assistance Program (HAP), as described in DoDD 4165.50E (Reference (g)).
- j. Severance pay.
- k. Temporary continuation of health insurance.
- l. Unemployment compensation.

2. FUNDING OF NAFI BRAC COSTS. Consistent with DoDI 1015.15 (Reference (h)), NAFI BRAC costs may be funded from APF BRAC accounts. Volume 2B, chapter 7, paragraph 0702 of DoD Financial Management Regulation 7000.14-R (Reference (i)) provides guidance for the planning and distribution of BRAC funds is applicable to NAFI BRAC costs.

3. HUMAN RESOURCES SUPPORT FOR CARETAKER WORKFORCE. During the closure of a DoD activity, a supporting NAF human resources office must be designated by the

appropriate DoD Component to provide personnel services to any caretaker or other residual workforce and to fulfill the duties and responsibilities associated with the NAF CTP Program. The designated NAF human resources office also administers employee leave that is necessary as a result of an extension of employment to reach eligibility for retirement and health benefits as allowed by paragraph 5d of this enclosure. Unless otherwise authorized by the NAF employer, the nearest NAF supporting human resources office will assume these duties.

#### 4. PROGRAMS APPLICABLE ONLY IN BRAC SITUATIONS

a. Annual Leave Savings. Employees assigned to NAF activities designated by the BRAC Commission for closure or realignment will accumulate annual leave without regard to existing maximum annual leave accumulations.

(1) Accumulated annual leave in excess of the maximum amount that may be carried forward into a new leave year and that is subject to forfeiture will be restored and placed in a separate leave account.

(2) Employees may not be required to use this restored leave before using other available annual leave.

(3) Limits on any annual leave used in calculating retirement annuities remain in effect in accordance with paragraph 5c(2) of Enclosure 3 of Volume 1408 of this instruction.

(4) Annual leave restored in accordance with this section that remains unused at the time the employee moves or separates from the installation or activity being closed or realigned will be liquidated by lump-sum payment to the employee. Pursuant to section 6304 of Reference (e), lump-sum payment of this restored annual leave will be made even in instances where an employee moves between NAF and APF with a break of 3 days or less, even though the payment of accumulated annual leave is otherwise prohibited by the procedures in Volume 1406 of this instruction.

(5) NAF employees who are affected by a BRAC move that moves their duty location within the local commuting area are not eligible to accumulate restored annual leave in accordance with the provisions of this section.

b. Hiring Preference for Certain Contractor Jobs. NAF employees are eligible for hiring preference with certain contractors consistent with the policy and procedures published in Volume 1703 of this instruction. This hiring preference applies when a function is converted to contract, or when the contractor is retained to prepare a DoD installation for closure or to maintain the installation after closure.

#### 5. PROGRAMS APPLICABLE IN BRAC AND GENERAL WORKFORCE REDUCTION SITUATIONS



a. VSIP. The DoD Component heads have the authority to approve VSIP to encourage NAF employees voluntarily to retire or resign in order to reshape and reduce the workforce and reduce the need for involuntary separation by business based action (BBA).

(1) A VSIP may be offered in the form of a lump-sum payment or installment payments equivalent to an employee's severance pay up to a maximum of \$25,000. For the purposes of calculating VSIP for NAF employees, the severance pay calculation may not exceed the amount calculated using the civil service formula in section 5595(c)(1) of Reference (e).

(2) A VSIP is paid upon the voluntary resignation, early retirement, or optional retirement of designated eligible employees.

(3) NAF Payband NF-6 employees are equivalent to Senior Executive Service employees and are ineligible for VSIP, except where approved by the Principal Deputy USD(P&R) in accordance with Volume 1702 of this instruction. Copies of requests for NF-6 incentive pay approval should be provided through the DoD NAF Personnel Policy Division, Defense Civilian Personnel Advisory Service (DCPAS).

(4) Restrictions on reemployment within the Federal Government, to include employment in NAFIs, apply in accordance with Volume 1702 of this instruction. A NAF employee who receives a VSIP payment cannot be reemployed by the DoD (including any NAF instrumentality) for a 12-month period upon separation. Each DoD Component offering VSIPs will notify the DoD NAF Policy Division, DCPAS, when the VSIP is the result of a downsizing reorganization or BRAC action. VSIPs must be funded with NAFs, except in BRAC situations where funding of NAFI BRAC costs from APF BRAC accounts are authorized in accordance with References (h) and (i).

(5) The required VSIP repayment, explained in Volume 1702 of this instruction, for accepting employment with the Federal Government within 5 years of receiving a VSIP is also applicable upon reemployment in any NAFI after receiving a VSIP payment.

(6) A NAF employee receiving a VSIP is not eligible to register on the NAF RPL.

b. VER and DSR

(1) Each DoD NAF employer administers its own retirement plan and may have provisions for workforce reduction and BRAC situations. VER and DSR NAF eligibility (e.g., years of credited service and age), funding requirements, and any resulting annuity benefit reduction may vary among NAF employers. Additional contributions to the Retirement Trust may be required to fund the VER and DSR benefits.

(2) VER and DSR guidance for NAF employees who are in the Civil Service Retirement System (CSRS) or the Federal Employees Retirement System (FERS) because of a NAF

portability of benefits election is subject to the rules of that retirement system, in accordance with Volume 1702 of this instruction.

c. WIA. In accordance with Public Law 105-220 (Reference (j)), the U.S. Department of Labor provides funding for retraining and readjustment assistance to displaced federal workers, including NAF employees. Refer to Volume 1703 of this instruction for complete WIA eligibility, guidance, and procedures.

d. Extended Employment for Retirement and Health Insurance Eligibility. To enable employees to reach eligibility for a retirement annuity or for retiree health insurance, employees will be placed in an annual leave status beyond the scheduled separation date to the extent such leave is available in the employee's annual leave account. At the discretion of the NAF employer, and to the extent such leave is available in the employee's account, an employee may be carried in an annual leave status to enable the employee to become eligible for optional retirement, even if the employee is already eligible for early retirement. Basic policy on optional retirement is stated in paragraph 5c(3) of Enclosure 3 of Volume 1408 of this instruction.

(1) The servicing human resources office will identify eligible employees and provide information concerning this entitlement, including applicable conditions and waiver procedures (see Figures 1 and 2). An employee may waive this entitlement and must do so in writing.

(2) Additionally, NAF employers, at their discretion, may add unused sick leave to credit service in the calculation of a deferred annuity for an employee separated by BBA.

e. Employment Opportunities with DoD NAF Employers. Each NAF employer posts announcements for its available positions in accordance with Volume 1403 of this instruction and applicable component policies. Prospective employees should contact DoD Component NAF human resources offices to obtain information about vacancy announcements and application instructions.

f. RPL. Consistent with Volume 1471 of this instruction, each civilian personnel office or human resources office that separates a NAF employee by a BBA will establish an RPL to provide priority placement assistance to the former NAF employee for 1 year from the date of BBA separation.

g. OPM and DoD Interchange Agreement. Reference (f) 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 APF civilian personnel offices or human resources offices should make every effort to include in the minimum area of consideration those NAF employees employed within the minimum area of consideration and eligible for noncompetitive appointment pursuant to Reference (f).

Figure 1. Sample Extended Release Date Notification

[DATE]

FROM: [PERSONNEL DIRECTOR]

TO: [EMPLOYEE'S NAME]

SUBJECT: Extended Release Date Notice To Attain Eligibility for Retirement Annuity or Health Benefits Program (HBP)

Initial review of your personnel records indicates that you will be very close to **[attaining eligibility for an immediate retirement annuity/establishing eligibility to carry health benefits coverage into retirement. (Employee may be attaining either first retirement eligibility, HBP eligibility during retirement, or both. Notification and waiver form must be prepared appropriately.)]** on the date set for your business based action (BBA) separation. Regulations allow you to remain temporarily on the employment rolls in an annual leave status beyond your BBA separation date to attain such eligibility.

By the date set for your BBA separation, you have enough accrued annual leave to carry you to the date you would first become eligible for **[IMMEDIATE RETIREMENT ANNUITY/ CONTINUATION OF HEALTH BENEFITS]**. For this purpose, accrued annual leave includes all your accumulated and accrued annual leave, any restored annual leave you may have and, if applicable, annual leave that you may have received as an approved leave recipient under the voluntary leave transfer/bank program. Additionally, it includes annual leave you will earn while being carried in an annual leave status. However, no annual leave may be advanced.

Annual leave is the only type of leave available for this purpose. While in this annual leave status, you may not use sick leave, compensatory time accrued in lieu of overtime payments, or leave without pay.

Unless you sign and return the attached waiver by **[DATE]**, you will be placed in an annual leave status on **[DATE]**. This is the first workday after the day you would have otherwise been separated due to BBA. You are projected to attain retirement/HBP coverage eligibility on **[DATE]**. This will be the effective date of your retirement. Your annual leave will be terminated on **[DATE]** and you will receive a lump-sum payment for any remaining annual leave balance.

While in this annual leave status, you will be entitled to all of your current benefits provided that you maintain enrollment and continue to make all applicable employee contributions. This temporary retention on the employment rolls does not alter your retention standing or entitle you to any additional placement or incentive consideration. Employees exercising this temporary retention on the employment rolls are precluded from placement consideration through the Reemployment Priority Program.

If you elect to waive temporary retention on the employment rolls in an annual leave status, you must submit the attached waiver to **[NAME OF HUMAN RESOURCES OFFICIAL]** at **[ADDRESS OR E-MAIL ADDRESS]**.

If you have any questions, please contact **[NAME AND TELEPHONE NUMBER OF HUMAN RESOURCES OFFICIAL]**.

**[SIGNATURE OF HUMAN RESOURCES OFFICIAL]**

Attachment:  
As stated

Figure 2. Sample Extended Release Date Waiver

[DATE]
FROM: [EMPLOYEE'S NAME]
TO: [HUMAN RESOURCES OFFICIAL]
SUBJECT: Extended Release Date Waiver
<p>This is to certify that I, [EMPLOYEE'S NAME], received an Extended Release Date Notice dated [DATE OF NOTIFICATION]. Further, I have read and I understand my entitlement to stay on the employment rolls in an annual leave status as well as my right to waive this entitlement. It is my decision to waive this entitlement to stay on the employment rolls in an annual leave status. I understand that I will not be retained past my business based action separation date in order to attain eligibility for an immediate retirement annuity [AND or OR] eligibility to carry health benefits coverage into retirement and that my separation will take place on [BBA SEPARATION DATE].</p>
[EMPLOYEE'S SIGNATURE]
[DATE SIGNED]
[SIGNATURE OF HUMAN RESOURCES OFFICIAL WHO RECEIVES THE WAIVER]
[DATE OF RECEIPT]

h. Pay and Employee Benefits Protection Under the Portability of Benefits Act. Volumes 1405, 1406, and 1408 of this instruction describe pay and benefits protection for employees who move between NAF and appropriated fund positions under certain conditions.

i. PCS Expenses. DoD Components may authorize PCS expenses for essential travel and transportation of NAF employees and their dependents in amounts not to exceed those prescribed by the Joint Travel Regulations (Reference (k)).

j. HAP. HAP covers NAF employees pursuant to section 3374 of Title 42, U.S.C. (Reference (l)). Reference (g) establishes the Secretary of the Army as the DoD Executive Agent for this program. Reference (l) authorizes financial assistance to those eligible 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 the loss resulting from private sale of the home, sale of the home to the government, or reimbursement of losses due to mortgage foreclosure. Reference (l) provides a fund established as the HAP Fund. Use of APF is authorized by Reference (h) to assist eligible NAF employees.

k. Severance Pay. Eligible employees separated by BBA will receive severance pay in accordance with Volume 1405 of this instruction.

l. Temporary Continuation of Health Insurance. Eligible NAF employees affected by BBA may elect to retain their health insurance coverage in accordance with Volume 1408 of this instruction.

m. Unemployment Compensation. Eligible employees will receive unemployment compensation in accordance with federal and applicable State law. DoD unemployment compensation guidance can be found in Volumes 850 and 1408 of this instruction. In accordance with Reference (h), NAFIs are prohibited from using NAF funds to fund unemployment compensation resulting from BRAC action.

GLOSSARY

PART I. ABBREVIATIONS AND ACRONYMS

APF	appropriated funds
ASD(M&RA)	Assistant Secretary of Defense for Manpower and Reserve Affairs
BBA	business based action
BRAC	Base Realignment and Closure
CSRS	Civil Service Retirement System
CTP	Civilian Transition Program
DASD(CPP)	Deputy Assistant Secretary of Defense for Civilian Personnel Policy
DCPAS	Defense Civilian Personnel Advisory Service
DoDD	DoD Directive
DoDHRA	Department of Defense Human Resources Activity
DoDI	DoD Instruction
DSR	discontinued service retirement
FERS	Federal Employees Retirement System
HAP	Homeowners Assistance Program
HBP	Health Benefits Program
NAF	nonappropriated funds
NAFI	nonappropriated funds instrumentality
OPM	Office of Personnel Management
PCS	permanent change of station
RPL	reemployment priority list
U.S.C.	United States Code
USD(P&R)	Under Secretary of Defense for Personnel and Readiness

VER	voluntary early retirement
VSIP	voluntary separation incentive pay
WIA	Workforce Investment Act

## PART II. DEFINITIONS

These terms and their definitions are for the purpose of this volume.

APF. Defined in section 010202 of Volume 13 of Reference (i).

BBA. A reduction in employment category or pay rate, a furlough, or a separation action initiated by management for non-disciplinary reasons.

caretaker workforce. A cadre of temporary and term employees at a closed DoD activity performing security, fire protection, maintenance, environmental restoration, or other post closure related functions.

Defense BRAC Commission. An independent commission established pursuant to section 2902 of Public Law 101-510 (Reference (m)) or a similar provision of law that reviews recommendations from the Secretary of Defense regarding the closure and realignment of military installations in the United States and makes recommendations regarding the same to the President.

NAF. Defined in section 010213 of Volume 13 of Reference (i).

NAF employee. Defined in section 2105(c) of Reference (e).

NAFI. Defined in section 010214 of Volume 13 of Reference (i).

reemployment priority list. A list used to give reemployment priority to employees separated from a NAF activity due to a BBA.

transfer. Movement of an employee without a break in service between DoD NAFls.