Department of Defense Directive

SUBJECT  Department of Defense Wage Fixing Authority -- Nonappropriated Fund Compensation Programs

Refs:  (a) Subchapter IV, Chapter 53, Title 5, United States Code (Public Law 92-392)
(b) Title 10, United States Code, 133
(e) through (j), see enclosure 1

A. REISSUANCE AND PURPOSE

1. Pursuant to the authority contained in references (a) and (b), which designate the Secretary of Defense as the Salary and Wage Fixing Authority for employees of DoD Nonappropriated Fund Instrumentalities (NAFIs), this Directive reissues reference (c) to:

   a. Define the authority and assign the responsibility for salary and wage fixing for NAFI employees within the Department of Defense.

   b. Extend the area of concern of the Technical Staff, as defined in reference (d), to include nonappropriated fund functions.

   c. Extend the area of concern of the DoD Wage Committee, as defined in reference (d), to include Federal Wage System wage surveys subject to reference (a).
d. Establish and define the authorities of the Nonappropriated Fund Pay Administration, Standards and Appeals Division.

2. DoD Directive 5120.42 (reference (c)) is hereby superseded and cancelled.

B. APPLICABILITY AND SCOPE

1. The provisions of this Directive apply to the Office of the Secretary of Defense, the Military Departments, and the Defense Agencies, hereafter referred to as "DoD Components."

2. The provisions of this Directive pertain to employees of the DoD Components and NAFIs for whom the Secretary of Defense has salary and wage fixing authority. The Director of the National Security Agency is authorized by DoD Directive 5100.23 (reference (e)) to fix rates of pay for prevailing rate employees of that Agency, and is excepted from the provisions of this Directive.

C. POLICY

1. Compensation for NAFI employees subject to 5 U.S.C. 5341 et seq. (reference (a)), will be fixed and adjusted from time to time, as nearly as is consistent with the public interest, in accordance with FPM Supplement 532-2 (reference (f)).

2. Compensation for NAFI employees in clerical, administrative, and fiscal positions (categorized as Administrative Support (AS) positions), and sales and other patron service positions (categorized as Patron Service (PS) positions), will be fixed and adjusted from time to time, as nearly as is consistent with the public interest, in accordance with prevailing rates. These rates are determined by a survey of wages paid to employees in a representative number of retail, wholesale, recreation, finance, and insurance establishments, in the local area, who are engaged in activities similar to those in the instrumentalities for which the survey is made.

3. Compensation for NAFI employees in managerial, executive, technical, and professional positions (categorized as Universal Annual (UA) positions) will be on an annual salary basis. It will be administratively fixed and adjusted from time to time, as nearly as is consistent with the public interest, commensurate with the rates of compensation for Civil Service employees in positions of comparable difficulty and responsibility who are subject to the "General Schedule," 5 U.S.C. 5332(a) (reference (g)).
D. ORGANIZATION

1. The organization concerned with salary and wage fixing for DoD NAFI employees is known as the Department of Defense Wage Fixing Authority (DoD Directive 5120.39 (reference (d))). Comprising this organization for nonappropriated fund compensation programs are the Assistant Secretary of Defense (Manpower, Reserve Affairs, and Logistics), the Deputy Assistant Secretary of Defense (Civilian Personnel Policy), the DoD Wage Committee, the Technical Staff, and the Pay Administration, Standards and Appeals Division.

2. DoD Directive 5120.39 (reference (d)) provides detailed information on the composition of the DoD Wage Committee and the Technical Staff, whose areas of concern are extended by this Directive (see A. 1. b. and c.).

E. AUTHORITIES AND RESPONSIBILITIES

1. The Assistant Secretary of Defense (Manpower, Reserve Affairs, and Logistics) is authorized to:

   a. Act for the Secretary of Defense in accordance with DoD Directive 5124.1 (reference (h)) and approve, as appropriate, for DoD NAFI employees:

      (1) Policies for salary and wage fixing, pay administration, job grading and classification; and

      (2) Salaries, wages, premium pay, allowances, differentials, fringe and other benefits.

   b. Redelegate the authority set forth in a., above, to the Deputy Assistant Secretary of Defense (Civilian Personnel Policy), as he considers appropriate.

2. The DoD Wage Committee will meet at the call of the Chairman. In addition to the responsibilities assigned by DoD Directive 5120.39 (reference (d)), the Committee shall perform wage survey functions for nonappropriated fund employees, as required by 5 U.S.C. 5341 et seq. (reference (a)).

3. The functions of the Technical Staff, under the direction of the Deputy Assistant Secretary of Defense (Civilian Personnel Policy), are defined in DoD Directive 5120.39 (reference (d)), and are extended...
to include:

a. Executing authorized nonappropriated fund salary and wage policies.

b. Conducting special research projects.

c. Preparing and distributing reports of nonappropriated fund wage surveys, wage schedule authorizations, and other wage determination activities.

d. Performing such other functions as the DASD (CPP) may direct, in accordance with 5 U.S.C. 5341 et seq. (reference (a)), FPM Supplement 532-2 (reference (f)), and DoD Manual 1330-19-1M (reference (j)).

4. The Chief of the Nonappropriated Fund Pay Administration, Standards and Appeals Division, who is selected by and reports to the Deputy Assistant Secretary of Defense (Civilian Personnel Policy), shall carry out the responsibilities set forth in a. through g., below; conduct special research projects; and perform such other functions as the DASD (CPP) directs.

a. Determine the occupational grouping and titling systems for UA, AS, and PS jobs.

b. Develop and issue instructions for the job grading system.

c. Develop and issue job grading standards.

d. Develop and issue job grading appeal procedures.

e. On request, provide technical guidance and advice to all NAFIs on job grading and job grading appeals.

f. Act as the final appellate level for job grading appeals from NAFI UA, AS, and PS employees.

g. Develop and issue instructions which will ensure uniform administration of base and premium pays within NAFIs.

5. The Secretary of the Army is responsible for providing, on a common service basis, administrative support to the Technical Staff and the Pay Administration, Standards and Appeals Division. This support includes: budgeting, funding, fiscal control, manpower
control and utilization, personnel administration, security administration, space, facilities, supplies, and other administrative provisions and services.

6. Proportionate expenses of the Technical Staff and the Pay Administration, Standards and Appeals Division, for salaries and resources related to the nonappropriated fund function, will be paid from nonappropriated funds. Nonappropriated funds will be prorated, and the amount furnished by each DoD Component will be subject to approval of the Assistant Secretary of Defense (Manpower, Reserve Affairs, and Logistics).

F. RELATIONSHIPS

1. Coordination of policy issues will be handled with DoD Components through normal staff procedures.

2. The Chairman of the DoD Wage Committee, the Chief of the Technical Staff, and the Director of the Pay Administration, Standards and Appeals Division, are authorized to communicate directly with DoD Components, or elements thereof, concerning matters under their cognizance.

G. BUDGET, BUDGET APPROVAL AND FUNDING

1. On or before August 15 of each year, a proposed non-appropriated fund budget for the succeeding fiscal year will be prepared by the Technical Staff and by the Pay Administration, Standards and Appeals Division. In addition to the detailed budget prepared by element of expense, a proposed proration of costs among the Army, Navy, Air Force and Exchange Service will be developed, based on the relative services rendered each of the Military Departments and Defense Agencies during the prior fiscal year.

2. A Budget Review Board will be established consisting of representatives of the Assistant Secretary of Defense (Manpower, Reserve Affairs, and Logistics) and the Assistant Secretaries of the Military Departments (Manpower and Reserve Affairs). The Budget Review Board will review and approve the budget submission and determine the pro rata costs for each Nonappropriated Fund Instrumentality. Final actions of the Board will be subject to the approval of the Assistant Secretary of Defense (Manpower, Reserve Affairs, and Logistics).
3. **One-fourth of each contributor's pro rata portion of the costs will be provided on October 1, January 1, April 1, and July 1 of each year, to cover expenses for the current quarter.**

**H. REPORTS**

1. Reports required in accordance with E. 3. are assigned Reports Control Symbol DD-M(AR)1165.

2. Special reports required in accordance with E. 4., shall be prescribed in accordance with DoD Directive 5000.19 (reference (i)).

**I. EFFECTIVE DATE AND IMPLEMENTATION**

This Directive is effective immediately. Forward two copies of the implementing instructions to the Assistant Secretary of Defense (Manpower, Reserve Affairs, and Logistics) within 90 days.

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Enclosure - 1
References, continued
REFERENCES, Continued

(g) Title 5, United States Code, 5332(a)
(h) DoD Directive 5124.1, "Assistant Secretary of Defense (Manpower, Reserve Affairs, and Logistics)," April 20, 1977
SUPPLEMENTARY INFORMATION
Pen changes to the following DoD Issuances are authorized:

**DoD Issuance Number and Date**                              **Change Number**

**DoD Directive 5000.4, November 24, 1992**                   Change 1  
Section E.  
  Heading. Delete "AND IMPLEMENTATION"  
  Lines 1 through 5. Delete "Implementing documents shall 
  be kept to a minimum as deemed appropriate by the DoD 
  Component Acquisition Executive. Forward one copy of 
  implementing documents to the Assistant Secretary of 
  Defense (Program Analysis and Evaluation) within 120 days."

**DoD Directive 5010.10, August 9, 1972**                     Change 1  
Section IX.  
  Heading. Delete "AND IMPLEMENTATION"  
  Lines 2 through 7. Delete "DoD components will revise 
  their regulations and instructions as necessary to implement 
  this Directive and forward two copies of implementing 
  instructions to the Assistant Secretary of Defense (Intelligence) 
  and to the Assistant Secretary of Defense (Manpower and 
  Reserve Affairs) within 90 days."

**DoD Instruction 5010.34, August 4, 1975**                  Change 1  
Section VII.  
  Heading. Delete "AND IMPLEMENTATION"  
  Lines 1 through 5. Delete "and will be promptly implemented 
  in conjunction with DoD Directive 5010.31 (reference (a)). DoD 
  Components shall forward four copies of their implementing 
  documents to the Assistant Secretary of Defense (Installations and 
  Logistics) within 90 days."
### DoD Issuance Number and Date

**DoD Instruction 5010.39, November 16, 1984**

Section H.

- Heading. Delete "AND IMPLEMENTATION"
- Lines 1 through 3. Delete "Forward one copy of implementing documents to the Assistant Secretary of Defense (Manpower, Installations, and Logistics) within 120 days."

**DoD Directive 5120.39, April 24, 1980**

Section G.

- Heading. Delete "AND IMPLEMENTATION"
- Lines 1 through 3. Delete "Forward two copies of implementing Instructions to the Assistant Secretary of Defense (Manpower, Reserve Affairs, and Logistics) within 120 days."

**DoD Directive 5120.42, May 19, 1977**

Section I.

- Heading. Delete "AND IMPLEMENTATION"
- Lines 1 through 3. Delete "Forward two copies of the implementing instructions to the Assistant Secretary of Defense (Manpower, Reserve Affairs, and Logistics) within 90 days."

**DoD Directive 5132.3, March 10, 1981**

Section G.

- Heading. Delete "AND IMPLEMENTATION"
- Lines 1 through 3. Delete "Forward two copies of the implementing documents to the Assistant Secretary of Defense (International Security Affairs) within 120 days."

**DoD Directive 5154.11, September 12, 1988**

Section F.

- Heading. Delete "AND IMPLEMENTATION"
- Lines 1 through 3. Delete "Forward two copies of the implementing documents to the Assistant Secretary of Defense (Health Affairs) within 60 days."

**DoD Directive 5210.2, January 12, 1978**

Section G.

- Heading. Delete "AND IMPLEMENTATION"
- Lines 1 through 5. Delete "Forward two copies of the implementing documents, and any subsequent amendments, to the Deputy Under Secretary of Defense for Policy within 90 days. One copy shall be marked to indicate implemented sections, subsections, paragraphs, and subparagraphs of this Directive."
DoD Issuance Number and Date

DoD Instruction 5210.25, May 12, 1983
Section G.
  Heading. Delete "AND IMPLEMENTATION"
  Lines 1 through 3. Delete "Forward two copies of the implementing documents to Deputy Under Secretary of Defense for Policy within 120 days."

DoD Directive 5210.64, November 6, 1978
Section E.
  Heading. Delete "AND IMPLEMENTATION"
  Lines 1 through 5. Delete "Forward two copies of the implementing documents and any subsequent amendments, to the Assistant Secretary of Defense (Comptroller) within 120 days. Mark one copy to indicate implemented sections, subsections, paragraphs, and subparagraphs of this Directive."

DoD Instruction 5210.74, June 26, 1985
Section H.
  Heading. Delete "AND IMPLEMENTATION"
  Lines 1 through 4. Delete "Forward three copies of the implementing documents to the Assistant Secretary of Defense for Command, Control, Communications, and Intelligence within 120 days of receipt of this Instruction and the applicable Federal Acquisition Regulation."

Section H.
  Heading. Delete "AND IMPLEMENTATION"
  Lines 1 through 5. Delete "Forward one copy of the implementing documents to the Assistant Secretary of Defense for Command, Control, Communications, and Intelligence within 120 days; forward one copy of changes to implementing documents within 90 days of publication."

DoD Directive 5215.1, October 25, 1982
Section G.
  Heading. Delete "AND IMPLEMENTATION"
  Lines 1 through 3. Delete "Forward two copies of the implementing document to the Under Secretary of Defense for Research and Engineering within 120 days."

DoD Directive 5500.19, December 6, 1985
Section G.
  Heading. Delete "AND IMPLEMENTATION"
  Lines 1 and 2. Delete "Forward two copies of the implementing documents to the General Counsel, Department of Defense, within 120 days."
DoD Issuance Number and Date

DoD Directive 5535.4, August 31, 1984

Section F.
Heading. Delete "AND IMPLEMENTATION"
Lines 1 through 5. Delete "Component implementation shall be submitted for approval of the General Counsel, Department of Defense, within 90 days of the effective date of this Directive. All component implementing regulations and changes require the approval of the General Counsel."

EFFECTIVE DATE

The above pen changes are effective immediately. Although the pen changes remove the requirement for DoD Components to issue implementing documents, the DoD issuances are directly applicable to all elements with the Components and the Heads of the DoD Components are responsible for carrying out the DoD guidance.

James L. Elmer
JAMES L. ELMER
Director
Correspondence and Directives