



DEPUTY SECRETARY OF DEFENSE
1010 DEFENSE PENTAGON
WASHINGTON, DC 20301-1010

JAN 19 2017

MEMORANDUM FOR: SEE DISTRIBUTION

SUBJECT: Policy and Procedures for Reductions in Force in the Civilian Workforce

The Department of Defense civilian workforce is one of our most important assets. There are times, however, when we must make difficult decisions that impact our civilians. It is imperative that such decisions result in our continued ability to best execute our national security mission. When circumstances necessitate a reduction in force, the Department must ensure that we retain our highest performing employees. To this end, section 1597(f) of title 10, United States Code, enacted in section 1101 of the National Defense Authorization Act for Fiscal Year 2016 (Public Law 114-92), directed the Secretary of Defense to establish procedures to provide that, in any reduction in force of civilian positions in the competitive or excepted service, the order of retention will be based primarily on individual employee performance.

This new statutory requirement is a substantial change from the reduction in force provisions codified in section 3502 of title 5, United States Code, and more specifically the "order of retention" as implemented by the Office of Personnel Management under part 351 of title 5, Code of Federal Regulations, which base retention decisions primarily on factors other than performance. As to reduction in force initiated in the Department of Defense after the date of this memorandum, the attached policies and procedures will apply to ensure that employee performance is the primary retention factor. It is therefore imperative that supervisors accurately rate employee performance and that employees strive to sustain the highest caliber performance at all times.

These procedures are effective immediately. The Office of the Under Secretary of Defense for Personnel and Readiness will expand and update Department of Defense Instruction 1400.25, Volume 351, "DoD Civilian Personnel Management System: Coordination and Clearance Requirements for Personnel Reductions, Closures of Installations and Reductions of Contract Operations in the United States," to incorporate these policies and procedures as soon as practicable.

My point of contact is Ms. Julie Blanks, Acting Deputy Assistant Secretary of Defense for Civilian Personnel Policy, who can be reached at (703) 614-9487, or by email at Julie.A.Blanks.civ@mail.mil.

Attachment:
As stated



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POLICIES AND PROCEDURES FOR REDUCTIONS IN FORCE
IN THE CIVILIAN WORKFORCE

- References:
- (a) Section 1597 of title 10, United States Code (U.S.C.)
 - (b) Part 351 of title 5, Code of Federal Regulations (C.F.R.)
 - (c) Department of Defense Instruction (DoDI) 1400.25, Volume 351, "DoD Civilian Personnel Management System: Coordination and Clearance of Announcements of Personnel Reductions, Closures of Installations, and Reductions of Contract Operations in the United States," January 19, 2011
 - (d) DoDI 1400.25, Volume 431, "DoD Civilian Personnel Management System: Performance Management and Appraisal Program," February 4, 2016
 - (e) Part 430 of title 5, C.F.R.

1. AUTHORITY.

a. Pursuant to reference (a), this memorandum establishes policies and procedures for reductions in force (RIF) of civilians in the Department of Defense (DoD). In implementing any RIF of civilians in the competitive or the excepted service, the determination of which employees shall be separated from employment shall be made primarily on the basis of performance, as determined under any applicable performance management system. These policies and procedures will be applied to RIF initiated in DoD after the date of this memorandum.

b. With the exception of paragraphs 2a through 2d., these policies and procedures do not apply to the RIF or adjustment in force of DoD employees covered by an alternative personnel system (e.g., Acquisition Demonstration; Science and Technology Reinvention Laboratories; and the Defense Civilian Intelligence Personnel System), provided such alternative personnel system has in effect policies and procedures that comport with reference (a) such that the determination as to which employees subject to RIF or adjustment in force are to be separated is based primarily on employee performance. The RIF or adjustment in force of employees covered by an alternative personnel system that does not comport with reference (a) shall be conducted in accordance with this memorandum, unless and until that system develops policies and procedures that comport with reference (a) and such are approved for implementation, in writing, by the Under Secretary of Defense for Personnel and Readiness (USD(P&R)) via a DoD issuance.

c. This memorandum applies to the Office of the Secretary of Defense (OSD), the Military Departments, the Office of the Chairman of the Joint Chiefs of Staff and the Joint Staff, the Combatant Commands, the Office of the Inspector General of the DoD, the Defense Agencies, the DoD Field Activities, and all other organizational entities within the DoD (hereinafter the "DoD Components"). The Head of the DoD Component concerned, and the Deputy Chief Management Officer (DCMO) for the OSD, are authorized to approve RIF conducted in accordance with this memorandum. The Head of the DoD Component concerned and the DCMO may re-delegate the authority to approve RIFs that propose the involuntary separation of fewer than 50 employees or that are necessitated by base realignment and closure or military

force shaping actions, to the lowest appropriate level. Any such re-delegation of authority shall be in writing. The authority to approve a RIF may not otherwise be delegated.

d. Reference (c) will be expanded and updated to include the policies and procedures set forth herein.

2. POLICY.

a. For any RIF of civilians in the competitive and excepted services in the DoD, the determination as to which employees shall be separated from employment shall be made primarily on the basis of performance.

b. Effective immediately, paragraph 4b of reference (c) is revised to state: "In accordance with section 1597 of Title 10, U.S.C., a DoD Component may not implement any involuntary reduction or furlough of civilians or substantial reduction of contract operations or contract employment (involving 100 more people) during a fiscal year, until the expiration of the 45-day period beginning on the date that Component submits to Congress a report setting forth the reasons such reductions or furloughs are required and a description of any change in workload or position requirements that will result from same." Paragraph 4d of reference (c) is stricken.

c. The heads of the DoD Components will consider and employ every reasonably available option to mitigate the size of a proposed RIF, including job changes or retraining, the use of voluntary early retirement authority or voluntary separation incentive payments, hiring freezes, termination of temporary employees, reductions in work hours, curtailment of discretionary spending, and other pre-RIF placement activities for employees eligible for placement assistance and referral programs. Use of any such option shall be consistent with applicable policies and procedures.

d. DoD Components will coordinate with the Office of the USD(P&R) (ATTN: Office of the Deputy Assistant Secretary of Defense for Civilian Personnel Policy) regarding any proposed involuntary reduction or furlough of civilians or substantial reduction of contract operations or contract employment (involving 100 more people) during a fiscal year. The coordination process must occur before any notification to an employee or member of the public regarding such action, release of information to an employee or the public, or notification to a Member or Committee of Congress, or their staffs, or other executive branch agencies.

3. DEFINITIONS. See Enclosure.

4. PROCEDURES.

a. Scope of Competition. DoD Components will determine the retention standing of each employee competing in the RIF on the basis of factors outlined in this memorandum.

(1) Establish the Competitive Areas. Competitive areas will be established in accordance with 5 C.F.R. § 351.402.

(2) Establish the Competitive Levels. Competitive levels will be established in accordance with 5 C.F.R. § 351.403.

b. Retention Standing. Competitive service employees and excepted service employees are placed on separate retention registers, which will be established in accordance with 5 C.F.R. §§ 351.404 and 351.405. A sample retention register is at the Appendix to this memorandum.

c. Periods of Assessed Performance. For purposes of DoD RIF, employees are placed in one of two categories: employees with a period of assessed performance of less than 12 months and employees with a period of assessed performance of 12 months or more.

(1) An employee's period of assessed performance for purposes of RIF will be the sum of the months of assessed performance associated with the employee's performance appraisals within the most recent four year period preceding the "cutoff date" established for the RIF.

(2) Periods of time in a rating cycle for which an employee's performance was not assessed are not included in the employee's period of assessed performance. For example, if an employee receives a rating after serving 10 months of the 12 month cycle, the employee's period of assessed performance is "10 months" for that rating cycle.

(3) Periods of time for which an employee absent for military service was assigned his/her most recent rating of record as the new rating of record for an appraisal cycle under paragraph 4.d.(2) are treated as periods of assessed performance.

d. Modal ratings.

(1) A modal rating, as defined in 5 C.F.R. § 351.203, may be used as a rating of record for purposes of RIF for those periods in which an employee did not receive a performance appraisal due to a prolonged absence resulting from a work-related injury approved for compensation pursuant to an Office of Workers' Compensation Program or while performing the duties of a full time union representative. A modal rating is limited to only periods of time for which the employee has no rating of record under any performance management system within the four-year period preceding the "cutoff date" established for the RIF.

(2) Modal ratings may only be used for employees absent for military service who have no rating of record under any performance management system within the four-year period preceding the "cutoff date" established for the RIF. For employees absent for military service who are covered by DoDI 1400.25, Volume 431, DoD Components will use ratings of record assigned under paragraph 3.8.c. of DoDI 1400.25, Volume 431, as ratings of record for purposes of paragraph 4.e.(1). For employees absent for military service under performance management systems other than that contained in DoDI 1400.25, Volume 431, to the extent feasible, DoD Components will apply paragraph 3.8.c. to establish the "ratings of record" used for purposes of paragraph 4.e.(1).

e. Retention Factors. Competing employees shall be listed on a retention register based on the following retention factors: Rating of Record; Tenure Group; Average Score; Veterans' Preference; and DoD Service Computation Date-RIF (DoD SCD-RIF).

(1) Rating of Record. An employee's rating of record is the average of the ratings of record drawn from the two most recent performance appraisals received by the employee within the four-year period preceding the "cutoff date" established for the RIF, except when the rating of record in the employee's most recent performance appraisal is "unacceptable." When the most recent rating of record is "unacceptable," only that rating of record will be considered for purposes of RIF.

(a) With the exception of the use of modal ratings as provided in paragraph 4.d., only ratings of record drawn from performance appraisals as defined in 5 C.F.R. § 351.203 will be used for RIF. In accordance with 5 C.F.R. § 351.504(b)(2), a "cutoff date" will be established, after which no new performance appraisal will be considered for purposes of the RIF. The "cutoff date" established will be at least 60 days prior to the date of the issuance of RIF notices.

(b) Performance appraisals may be issued only in accordance with a rating cycle or appraisal period under either the Defense Performance Management and Appraisal Program (DPMAP) (reference (d)) or a non-DPMAP performance management program (including a performance management system used by another federal agency with which the employee was formerly employed). Ratings of record MAY NOT be issued solely for purposes of documenting performance in advance of a RIF.

(c) When an employee has only one performance appraisal within the four year period, the employee's rating of record for purposes of RIF will be drawn from that appraisal. When the employee has two or more performance appraisals, the ratings of record drawn from the two most recent appraisals will be added and the sum divided by two. The resulting quotient will be rounded to the nearest whole number. Quotients with a decimal up to and including .49 will be rounded down to the nearest whole number. Quotients with a decimal of .5 or above will be rounded up to the nearest whole number.

(d) When the rating patterns authorized by a system other than DPMAP (including a system used by another federal agency with which the employee was formerly employed) do not align with the DPMAP performance rating level descriptions (see Figure 1), the DoD Component will determine the rating of record by converting the employee's two most recent numeric ratings of record to be commensurate with the DPMAP performance rating levels. For example, if an employee received a performance appraisal under a system other than DPMAP and received a rating of record of "1," which in that other system is deemed commensurate with "outstanding" performance, the employee's rating of record for that appraisal will be converted to a "5" for purposes of RIF. If, however, an employee received a rating of record of "1," and under the applicable performance management system such rating is commensurate with "unacceptable" performance, the employee's numeric rating of record will remain a "1." Consistent with 5 C.F.R. § 430.208(d), ratings from a Pass/Fail performance management program will receive a rating of record of "3" for Pass and "1" for Fail, respectively.

Figure 1. DPMAP Performance Rating Levels

Level 5 – Outstanding
Level 3 – Fully Successful
Level 1 – Unacceptable

(2) Tenure Group.

(a) Tenure Groups are defined in 5 C.F.R. § 351.501(b) for competitive service and 5 C.F.R. § 351.502(b) for excepted service.

(b) Under personnel systems that authorize the conversion to permanent appointments of term employees (Tenure Group III) previously selected through competitive procedures, and who otherwise meet conditions required for such conversion, DoD Components may convert such employees to permanent appointments (Tenure Group I or Tenure Group II, as appropriate), provided such conversions are effective not less than 90 days prior to the effective date of the RIF.

(3) Average Score. An employee's average score is the average of the average scores drawn from the two most recent performance appraisals received by the employee, except when the performance appraisal reflects an "unacceptable" rating of record. When the most recent performance appraisal reflects an "unacceptable" rating of record, only that performance appraisal will be considered for purposes of the employee's average score.

(a) In general, an employee's average score for one performance appraisal is derived by dividing the sum of the employee's performance element ratings by the number of performance elements. When the employee has only one performance appraisal within the four year period, the average score from that performance appraisal is the employee's average score for purposes of RIF. When two performance appraisals are used for this purpose, the average scores from each will be added and the sum divided by two (e.g., average scores of 3.8 on one appraisal and 4.0 on the successive appraisal will result in an average score calculation of 3.9). The resulting quotient will be rounded to the nearest tenth of a decimal point. If the hundredths and thousandths places of the decimal reflect forty-nine or less, they are dropped and the tenths place does not change. If the hundredths and thousandths places of the decimal is fifty or more, they are dropped and the tenths place is increased by ".1" (i.e., an average total of 4.63 will be rounded down to 4.6; an average total of 4.65 will be rounded up to 4.7).

(b) DoD Components using an other than DPMAP performance management program (or a system used by another federal agency with which the employee was formerly employed) that assigns a numeric rating of record, but use a non-numeric rating system to evaluate employee performance on each element of a performance plan, will assign numeric values to each performance element rating and the average of these performance element ratings will become the employee's average score for that performance appraisal. If it is not feasible for Components to assign a numeric value to the employee's performance on each element of a performance plan (including when a modal rating is used), Components will assign an average score by calculating the mathematical average of ratings of record for each performance appraisal, and rounding to the nearest tenth of a decimal point. If the hundredths and

thousandths places of the decimal reflect forty-nine or less, they are dropped and the tenths place does not change. If the hundredths and thousandths places of the decimal is fifty or more, they are dropped and the tenths place is increased by “.1” (i.e., an average total of 4.63 will be rounded down to 4.6; an average total of 4.65 will be rounded up to 4.7). Figure 2 provides an example of how to calculate an employee’s “rating of record” and “average score” retention factors when the employee’s two most recent performance appraisals reflect evaluation under more than one performance management and appraisal system.

Figure 2. Multiple System “Rating of Record” and “Average Score” Example

Performance Year	Average Rating of Record	Average Score
2016 DPMAP	3	4.1
2015 other than DPMAP	5	5.0
Final 2016 RIF Retention Register Average Rating of Record and Average Score	4	4.6

(4) Veterans’ Preference. Competing employees are placed in a veterans’ preference subgroup in accordance with the definitions in 5 C.F.R. § 351.501(c). The three veterans’ preference subgroups are: AD (a 30% disabled veteran); A (a veteran who is eligible for veterans’ preference for purposes of RIF, but is not eligible for placement in the AD category); and B (an employee not eligible for veterans’ preference for purposes of RIF).

(5) DoD SCD-RIF. The SCD-RIF includes all creditable service authorized by 5 C.F.R. § 351.503 (a) and (b). DoD will not follow 5 C.F.R. § 351.504, which provides for granting additional retention service credit in RIF based on an employee’s ratings of record.

f. Creation of the Retention Register. In general, employees with a period of assessed performance of less than 12 months are categorized and ranked below employees with a period of assessed performance of 12 months or more.

(1) Tenure Group III. All Tenure Group III employees, as defined in 5 C.F.R. § 351.501 for the competitive service and 5 C.F.R. § 351.502 for the excepted service, are ranked below any Tenure Group I or II employee, notwithstanding any other retention factor. Tenure Group III employees are further ranked as follows:

(a) Tenure Group III employees with assessed performance of 12 months or more are ranked from highest rating of record to lowest rating of record.

(b) Tenure Group III employees with a period of assessed performance of less than 12 months are ranked from highest rating of record to lowest rating of record, and are ranked below Tenure Group III employees with a period of assessed performance of 12 months or more.

(c) Tenure Group III employees with NO rating of record are ranked below Tenure Group III employees with a rating of record greater than “unacceptable.”

(d) Tenure Group III employees with a rating of record of “unacceptable” are ranked below all other Tenure Group III employees with a rating of record higher than “unacceptable” or NO rating of record.

(e) When ratings of record are the same for two or more Tenure Group III employees, these employees are further ranked by average score. Tenure Group III employees with higher average scores are ranked above Tenure Group III employees with lower average scores.

(f) When average scores are the same for two or more employees, those employees will be further ranked by veterans’ preference. Employees with a veterans’ preference category of AD are ranked above employees with a veterans’ preference category of A. Employees with a veterans’ preference category of A are ranked above employees with a veterans’ preference category of B.

(g) When veterans’ preference is the same for two or more employees, these employees will be further ranked by DoD SCD-RIF. Employees with a DoD SCD-RIF furthest in the past will be ranked above employees with a more recent DoD SCD-RIF.

(2) “Unacceptable” Rating of Record. Employees who are not Tenure Group III and whose most recent performance appraisal reflects a rating of record of “unacceptable” are ranked above any Tenure Group III employee, but are ranked below other Tenure Group I and II employees with a rating of record other than “unacceptable” or who have no rating of record. Employees whose most recent rating of record is “unacceptable” are further ranked as follows:

(a) Employees are then ranked by Tenure Group. Employees in Tenure Group I will be ranked above employees in Tenure Group II.

(b) Within each Tenure Group, employees will be further ranked by average score. Employees with higher average scores are ranked above employees with lower average scores.

(c) When average scores are the same for two or more employees, those employees will be further ranked by veterans’ preference. Employees with a veterans’ preference category of AD are ranked above employees with a veterans’ preference category of A. Employees with a veterans’ preference category of A are ranked above employees with a veterans’ preference category of B.

(d) When veterans’ preference is the same for two or more employees, those employees will be further ranked by DoD SCD-RIF. Employees with a DoD SCD-RIF furthest in the past will be ranked above employees with a DoD SCD-RIF that is more recent.

(e) When an employee, including an employee eligible for veterans’ preference, whose rating of record on his/her most recent performance appraisal is “unacceptable,” is released from a competitive level in Round 1, that employee has no further assignment rights in Round 2 of the RIF.

(3) Period of Assessed Performance of Less than 12 Months. Tenure Group I and II employees whose most recent performance appraisal reflects a rating of record of other than “unacceptable,” but who have a period of assessed performance of less than 12 months, are ranked on a retention register above employees with an “unacceptable” rating of record and Tenure Group III employees. Employees with an assessed period of performance of less than 12 months are ranked as follows:

(a) By rating of record. Employees with a higher rating of record are ranked above employees with a lower rating of record. Employees with NO rating of record will be ranked lower than any employee with a rating of record.

(b) When ratings of record are the same for two or more employees, those employees are further ranked by Tenure Group. Employees in Tenure Group I will be ranked above employees in Tenure Group II.

(c) Within Tenure Groups, employees are further ranked by average score. Employees with a higher average score are ranked above employees with a lower average score. Employees with NO rating of record and NO average score are ranked below all others.

(d) When average score calculations are the same for two or more employees, those employees will be further ranked by veterans’ preference. Employees with a veterans’ preference category of AD are ranked above employees with a veterans’ preference category of A. Employees with a veterans’ preference category of A are ranked above employees with a veterans’ preference category of B.

(e) When veterans’ preference is the same for two or more employees, those employees will be further ranked by DoD SCD-RIF. Employees with a DoD SCD-RIF furthest in the past will be ranked above employees with a DoD SCD-RIF that is more recent.

(4) Period of Assessed Performance of 12 Months or More. Tenure Group I and II employees whose most recent performance appraisal reflects a rating of record of other than “unacceptable” and who have a period of assessed performance of 12 months or more are ranked above all Tenure III employees, all employees with an “unacceptable” rating of record, and those employees with an period of assessed performance of less than 12 months. Employees with a period of assessed performance of 12 months or more are ranked as follows:

(a) By rating of record. Employees with a higher rating of record are ranked above employees with a lower rating of record.

(b) When ratings of record are the same for two or more employees, those employees will be further ranked by Tenure Group. Employees in Tenure Group I will be ranked above employees in Tenure Group II.

(c) Within Tenure Groups, employees are further ranked by average score. Employees with a higher average score are ranked above employees with a lower average score.

(d) When average score calculations are the same for two or more employees, those employees will be further ranked by veterans' preference. Employees with a veterans' preference category of AD are ranked above employees with a veterans' preference category of A. Employees with a veterans' preference category of A are ranked above employees with a veterans' preference category of B.

(e) When veterans' preference is the same for two or more employees, those employees will be further ranked by DoD SCD-RIF. Employees with a DoD SCD-RIF furthest in the past will be ranked above employees with a DoD SCD-RIF that is more recent.

g. Release from Competitive Level (Round 1):

(1) Employees to be Released First. Temporary employees in the competitive service are not included on the RIF retention register and will be released prior to the release of any other employee competing in the RIF. DoD Components will release any employee with a specifically limited temporary appointment, a specifically limited temporary or term promotion, or a written decision under 5 C.F.R. parts 432 or 752 of removal or demotion from the competitive level before releasing any employee competing in the RIF. DoD Components have discretion to release temporary employees prior to RIF competition based on mission needs.

(2) Order of Release from Competitive Level. DoD Components must select employees competing in RIF for release from a competitive level (including release from a competitive level involving a pay band) beginning with the employee with the lowest retention standing on the RIF retention register. DoD Components must apply the provisions contained in 5 C.F.R. § 351, subpart F, in conjunction with the procedures throughout this guidance.

(3) Exceptions. DoD Components must comply with protections afforded employees pursuant to 5 C.F.R. § 351.606, including protections under the Uniformed Services Employment and Reemployment Rights Act. Components may apply the permissive protections set forth in 5 C.F.R. §§ 351.607 and 351.608.

h. Assignment Rights (Round 2).

(1) In the competitive service, an employee released from a competitive level may have a right under RIF procedures to a position in a different competitive level. DoD Components must apply the provisions contained in 5 C.F.R. § 351.702 and 5 C.F.R. § 351.703 with regard to determining the qualifications of any such employee. Assignment rights are mandatory for competitive service employees in Tenure Groups I and II whose current performance appraisal reflects a rating of minimally successful or greater. Excepted service employees do not have mandatory assignment rights.

(2) In Round 2, there are two types of potential assignment rights to positions in different competitive levels: displacing an employee of a lower retention standing, or an offer to a vacant position. DoD RIF procedures do NOT apply the retreat process described in reference (b). Employees whose most recent rating of record of minimally successful or equivalent have

assignment rights under these procedures only to a position held by another employee whose most recent rating of record is minimally successful or equivalent.

(a) Displacement. Displacement is the assignment of an employee to a continuing position in a different competitive level that is held by another employee with a lower retention standing (i.e., “bumping” another employee). Displacement may be at the same grade or at a grade up to three grades or grade intervals (or equivalent) below the position of the released employee. For preference eligible employees with a compensable service-connected disability of 30% or more, displacement can be to a position at the same grade or to a position up to five grades below the grade of the position from which released. A released employee may have displacement rights to a position without regard to whether the employee previously held the position of the employee with lower retention standing.

(b) Offers of Vacant Positions. When a DoD Component chooses to fill a vacancy with an employee who has been reached for release from the competitive level, the DoD Component must consider the relative retention standing of all released employees. The DoD Component must offer a position to the released employee with the highest retention standing before offering a position to a released employee with a lower retention standing.

(c) Available Position. An employee’s right to assignment is limited to an “available position.” An available position is one that meets all of the following criteria:

1. a competitive service position;
2. in the same competitive area as the released employee;
3. the duration of the position is at least 3 months;
4. the released employee meets the position’s qualification requirements.
5. the position has a representative rate that is equal to or less than that of the position held by the released employee;
6. the position is occupied by an employee with a lower retention standing than the released employee; and
7. has the same type of work schedule.

(d) One Offer of Assignment. A released employee is entitled to only one offer of assignment, and except as provided in subparagraph (e) of this section, is not entitled to any further offers if the released employee:

1. accepts an offer;
2. rejects an offer; or

3. fails to reply to an offer within the timeframes established by Component policy.

(e) Requirement to make an additional offer of assignment. Although a released employee is entitled to only one offer of assignment, the DoD Component must make a better offer of assignment to a released employee (i.e., to a position with a higher representative rate) if a position becomes available before, or on, the RIF effective date.

(f) Positions. Positions to which employees are assigned under these procedures shall be consistent with 5 C.F.R. § 351.701, except subparts 351.701(b), (c), and (d). DoD Components will apply 5 C.F.R. § 351.704 and 5 C.F.R. § 351.705 in a manner that is consistent with procedures contained in this memorandum.

(g) Administrative Assignments Rights. Under this policy, DoD Components have the discretion to establish supplemental policy that would prescribe administrative assignment rights to excepted service employees and to competitive service employees in Tenure Group III. Unless provided for by the DoD Component concerned, neither excepted service employees nor competitive service employees in Tenure Group III have any right of assignment.

(3) Pay Rates/Applicable Grades. DoD Components will apply 5 C.F.R. § 351.701(e) and (f) in determining pay rates and applicable grades.

i. Records. DoD Components will comply with 5 C.F.R. § 351.505. Notwithstanding 5 C.F.R. § 351.505 (c)(1), the completed RIF retention registers and service computation dates will be consistent with the procedures set forth in this memorandum.

j. Effective Date of Retention Standing. The retention standing of each employee released from a competitive level will be determined in accordance with 5 C.F.R. § 351.506. When a DoD Component discovers an error in the determination of an employee's retention standing, it will correct the error and adjust any erroneous RIF action to conform to the employee's proper retention standing, as of the effective date of the RIF at issue.

k. Notice Period. DoD Components will comply with all notification provisions set forth in 5 C.F.R. part 351, subpart H.

l. Appeals and Corrective Actions. 5 C.F.R. part 351, subpart I, governs procedures for the appeal and correction of actions taken in a RIF conducted in accordance with this memorandum.

Definitions

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

Competitive Area. Organizational entities and geographic locations in which employees compete under RIF procedures.

Competitive Level. All positions in a competitive area that are in the same grade (or occupational level) and classification series, and that are similar enough in duties, qualification requirements, pay schedules, and working conditions such that an agency may reassign the incumbent of one position to any of the other positions in the competitive level without undue interruption.

Modal Rating. The rating of record most frequently given among the actual ratings of record, given to employees within the same competitive area, for the appropriate rating cycle or cycles.

Performance Appraisal. For purposes of a RIF conducted under this memorandum, “performance appraisal” encompasses the rating of record and the associated documentation used to derive the rating of record, the performance elements, the performance element ratings, and the average score.

Unacceptable Rating of Record. Any employee whose rating of record as reflected in his/her most recent performance appraisal is a level “1” in the DPMAP or the equivalent in a non-DPMAP performance management and appraisal program, as determined by the conversion guidelines set forth in the base memorandum.

Appendix
Sample Retention Register (RIF Effective Date July 2017)

Name	Rating of Record	Tenure	Average Score Calculation	Veterans' Preference	DoD SCD-RIF
Tenure Groups I and II - 12 Months or More of Assessed Performance					
Maddie	5	I	4.8	AD	17-Dec-1979
Eleanor	5	I	4.8	A	3-Nov-1990
Ian	5	I	4.5	B	6-May-2013
Dylan	5	II	4.8	B	28-Feb-2015
Rich ⁱ	5	II	4.3	A	10-July-2012
Thomas	5	II	4.3	A	18-June-2015
Susan	4	I	4.2	B	12-June-1995
Valerie	4	I	3.5	A	09-July-1995
Sherri	4	I	3.5	B	06-Aug-1996
Peter	4	II	4.3	B	05-Sept-2015
Paul	4	II	3.5	B	12-Dec-2015
Paula ⁱⁱ	3	I	4.2	B	25-March-1987
Jason	3	I	3.9	A	13-Aug-2013
Regina	3	I	3.8	A	19-Aug-1984
Garrett ⁱⁱⁱ	3	I	3.0	B	05-Sep-2011
Vicki ^{iv}	3	II	3.7	B	27-March-2015
Brandon	3	II	3.0	A	03-Jan-2015
Justin	2	I	2.0	AD	10-Jan-2010
Tenure Groups I and II - Less than 12 Months of Assessed Performance					
Dan ^v	5	II	4.6	A	01-July-2016
Seth ^{vi}	5	II	4.6	B	15-May-2016
Lauren	3	II	3.8	B	15-May-2016
Courtney	3	II	3.8	B	1-Jan-2017
Julie ^{vii}	N/A	I	N/A	A	15-April-2012
Todd	N/A	II	N/A	A	1-March-2017
Unacceptable Rating – Level 1					
Brittany	1	I	3.0	AD	10-Nov-1998
Jeff	1	I	2.8	A	1-Oct-1975
Wilson	1	I	2.8	B	15-Jan-2001
Emily	1	II	1.0	B	12-Dec-2014
Tenure Group III – Term - 12 Months or More of Assessed Performance					
Greg	3	III	3.8	AD	24-Aug-2013
Lisa	3	III	3.8	A	7-Dec-2015
Tenure Group III – Term - Less than 12 Months of Assessed Performance					
Dean	5	III	5	B	6-April-2016
Chris	3	III	3	A	6-April-2016
Jessica	N/A	III	N/A	B	1-March-2017
Matthew	1	III	2.8	B	15-Jan-2017

ⁱ Rich was hired after Thomas; however, Rich's DOD SCD-RIF was adjusted based on his prior creditable military service. Therefore, Rich is listed above Thomas on the retention register.

ⁱⁱ Paula's two most recent performance appraisals cover 6 months of assessed performance: a 90-day appraisal from another government agency; and a 90-day DoD appraisal. Jason has 2 performance appraisals covering a 24 month period of assessed performance. Both Paula and Jason are categorized as having 12 or more months of assessed performance. Although Paula's last two performance appraisals cover only 6 months of assessed performance, the total months of assessed performance reflected in her ratings of record rendered over the most recent four year period reflect an additional 9 months of assessed performance in that period of time (prior to her last two appraisals). Accordingly, both Paula and Jason are categorized as having 12 or more months of assessed performance. It is important to note that even employees with lengthy periods of federal and DoD service may have unusual rating patterns and periodicity.

ⁱⁱⁱ Garrett is a Tenure Group I employee who has been serving as a full time union official. He has no rating of record within the four-year period preceding the "cutoff date" established for RIF, and thus has received a modal rating for his last two performance appraisals.

^{iv} Vicki transferred to DoD after one year of service at another federal agency, at which time she received a performance appraisal from that agency. After 8 months at DoD, which coincided with the end of a rating cycle, Vicki received a DoD performance appraisal. Vicki has a total of 20 months of observed performance and is thus considered in the category of 12 or more months of observed performance for purposes of RIF. The average of the ratings of record reflected on the performance appraisal from the other federal

^v Dan transferred to DoD from another federal agency after 3 months of service, for which he was given a performance appraisal. After 3 months in his new DoD position, which coincided with the end of a rating cycle, he received a performance appraisal from DoD. Notwithstanding his two performance appraisals, Dan has only a total of 6 months of observed performance. Accordingly, he is considered in the category of less than 12 months of assessed performance.

^{vi} Like Dan, Seth has 2 performance appraisals that together reflect less than 12 months of observed performance. Dan and Seth have identical results in the rating of record, tenure, and average score calculations. Ultimately, Dan is listed above Seth on the retention register given that Dan is entitled to veterans' preference whereas Seth is not.

^{vii} Julie is reinstatement eligible (hence her Tenure Group I status) with several years of prior service. She returned to federal service less than a year before the RIF occurred (her DoD SCD-RIF reflects her reinstatement date) and her most recent performance appraisal is more than 4 years old.

- Sec. 1107. United States Cyber Command workforce.
- Sec. 1108. One-year extension of authority to waive annual limitation on premium pay and aggregate limitation on pay for Federal civilian employees working overseas.
- Sec. 1109. Pilot program on dynamic shaping of the workforce to improve the technical skills and expertise at certain Department of Defense laboratories.
- Sec. 1110. Pilot program on temporary exchange of financial management and acquisition personnel.
- Sec. 1111. Pilot program on enhanced pay authority for certain acquisition and technology positions in the Department of Defense.
- Sec. 1112. Pilot program on direct hire authority for veteran technical experts into the defense acquisition workforce.
- Sec. 1113. Direct hire authority for technical experts into the defense acquisition workforce.

SEC. 1101. PROCEDURES FOR REDUCTION IN FORCE OF DEPARTMENT OF DEFENSE CIVILIAN PERSONNEL.

(a) PROCEDURES.—Section 1597 of title 10, United States Code, is amended by adding at the end the following new subsection:

“(f) REDUCTIONS BASED PRIMARILY ON PERFORMANCE.—The Secretary of Defense shall establish procedures to provide that, in implementing any reduction in force for civilian positions in the Department of Defense in the competitive service or the excepted service, the determination of which employees shall be separated from employment in the Department shall be made primarily on the basis of performance, as determined under any applicable performance management system.”.

(b) SENSE OF CONGRESS.—It is the sense of Congress that the Secretary of Defense should proceed with the collaborative work with employee representatives on the “New Beginnings” performance management and workforce incentive system authorized under section 1113 of the National Defense Authorization Act for Fiscal Year 2010 (Public Law 111–84; 5 U.S.C. 9902 note) and begin implementation of the new system at the earliest possible date.

SEC. 1102. ONE-YEAR EXTENSION OF TEMPORARY AUTHORITY TO GRANT ALLOWANCES, BENEFITS, AND GRATUITIES TO CIVILIAN PERSONNEL ON OFFICIAL DUTY IN A COMBAT ZONE.

Paragraph (2) of section 1603(a) of the Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Hurricane Recovery, 2006 (Public Law 109–234; 120 Stat. 443), as added by section 1102 of the Duncan Hunter National Defense Authorization Act for Fiscal Year 2009 (Public Law 110–417; 122 Stat. 4616) and as most recently amended by section 1102 of the National Defense Authorization Act for Fiscal Year 2015 (Public Law 113–291; 128 Stat. 3525), is further amended by striking “2016” and inserting “2017”.

SEC. 1103. EXTENSION OF RATE OF OVERTIME PAY FOR DEPARTMENT OF THE NAVY EMPLOYEES PERFORMING WORK ABOARD OR DOCKSIDE IN SUPPORT OF THE NUCLEAR-POWERED AIRCRAFT CARRIER FORWARD DEPLOYED IN JAPAN.

Section 5542(a)(6)(B) of title 5, United States Code, is amended by striking “September 30, 2015” and inserting “September 30, 2017”.