



# Department of Defense INSTRUCTION

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January 13, 2014  
Incorporating Change 1, July 29, 2022

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USD(P&R)

SUBJECT: DoD Civilian Personnel Management System: Compensation of Foreign Nationals

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 DoDD 1400.25 (Reference (b)), this volume:

(1) Reissues Volume 1251 of DoD Instruction (DoDI) 1400.25 (Reference (c)) to establish policy, assign responsibilities, and provide procedures for the compensation of foreign national employees.

(2) Authorizes DoD Manual 1416.08 (Reference (d)), which provides guidance for the administration of a foreign national compensation program.

## 2. APPLICABILITY. This volume:

a. Applies to 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 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").

b. Will be used by those DoD Components who have responsibility for establishing compensation and conditions of employment for foreign national employees outside the United States, its territories, and possessions.

c. Does not apply to DoD Components that have established activities under Chief of Mission authority at diplomatic missions with human resources (HR) support provided to the DoD by the Department of State in accordance with the Memorandum of Agreement (Reference (e)).

d. Does not apply to compensation controlled by specific provisions in international agreement, including indirect hire systems where DoD, by agreement, uses host government compensation systems and does not have the authority to set pay.

3. POLICY. It is DoD policy that:

a. To the extent consistent with the public interest, compensation plans for foreign national employees will be based on prevailing wage rates and compensation practices (for comparable work and in comparable industries) in the country concerned.

b. To the extent consistent with the public interest, the average pay of foreign national employees of the U.S. Military Services will equal the average pay of the non-U.S. Military Services sector in the country concerned.

c. To the extent consistent with the public interest, the total compensation of foreign national employees of the U.S. Military Services will equal the total compensation of the non-U.S. Military Services sector in the country concerned.

4. RESPONSIBILITIES. See Enclosure 2.

5. PROCEDURES. See Enclosure 3.

6. RELEASABILITY. Cleared for public release. Available on the Directives Division Website at <https://www.esd.whs.mil/DD/>.

7. SUMMARY OF CHANGE 1. The change to this issuance removes the expiration language in accordance with DoDI 5025.01 (Reference (f)).

8. EFFECTIVE DATE. This volume is effective January 13, 2014.

  
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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 1251, “DoD Civilian Personnel Management System: Compensation of Foreign Nationals,” December 1, 1996 (hereby cancelled)
- (d) DoD Manual 1416.08, “DoD Manual for Foreign National Compensation,” May 30, 2013
- (e) Department of State and Department of Defense Memorandum of Agreement, “Memorandum of Agreement Regarding the Department of State’s Overseas Personal Services Agreement Authority,” July 27, 2004<sup>1</sup>
- (f) DoD Instruction 5025.01, “DoD Issuances Program,” August 1, 2016, as amended
- (g) DoD 8910.1-M, “DoD Procedures for Management of Information Requirements,” June 30, 1998
- (h) DoD Instruction 1400.25, Volume 1231, “DoD Civilian Personnel Management System: Employment of Foreign Nationals,” July 5, 2011

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<sup>1</sup> May be obtained from the Defense Civilian Personnel Advisory Service, 571-372-1552, DSN 372-1552.

ENCLOSURE 2

RESPONSIBILITIES

1. DEPUTY ASSISTANT SECRETARY OF DEFENSE FOR CIVILIAN PERSONNEL POLICY (DASD(CPP)). Under the authority, direction, and control of the Assistant Secretary of Defense for Readiness and Force Management, the DASD(CPP):

- a. Maintains oversight of the foreign national compensation program.
- b. Develops and revises Reference (d).
- c. Approves any valid exceptions to the provisions of Reference (d).

2. DIRECTOR, HR OPERATIONAL PROGRAMS AND ADVISORY SERVICES. Under the authority, direction, and control of the Director, DoD Human Resources Activity, the Director, HR Operational Programs and Advisory Services:

- a. Monitors the foreign national compensation program and advise the DASD(CPP) on foreign national total compensation comparability plans and public interest determinations, addressing such plans as necessary and pursuant to Reference (d).
- b. Reviews survey reports and conduct evaluations of country compensation plans.
- c. Serves as the point of contact for technical advice and reference on requests for exceptions or alternate wage determination methodology for foreign national employee compensation.

3. DoD COMPONENT HEADS. The DoD Component heads will follow the procedures in Reference (d) or an alternate wage determination methodology as approved by the DASD(CPP) for foreign national employee compensation.

ENCLOSURE 3

PROCEDURES

1. BASIC PRINCIPLES

a. Procedures for conducting a wage survey and administering a foreign national compensation program are in Reference (d). The procedures are intended to satisfy overall DoD policy objectives. When, because of individual circumstances, these procedures do not reflect the best approach, the DoD Components may develop alternative procedures in accordance with the procedures in DoD 8910.01-M (Reference (g)).

b. Alternative procedures must be approved by the DASD(CPP) before they may be implemented. Requests for approval to use alternative procedures must demonstrate that they achieve policy objectives and comply with sound pay-setting practices. HR Operational Programs and Advisory Services are available to provide preliminary technical advice on alternative methodology.

c. Once approval is granted to make wage determinations using provisions other than those in Reference (d), any deviations from the approved procedures must be approved by the DASD(CPP). Such requests should include a complete analysis of all factors bearing on the request.

2. JOINT COMMITTEES. Enclosure 3 of Volume 1231 of this instruction (Reference (h)) contains procedures for establishing and operating joint committees or subcommittees necessary for the conduct of orderly business.

3. DELEGATIONS. Enclosure 4 of Reference (h) contains the delegation to be followed pursuant to this volume.

GLOSSARY

PART I. ABBREVIATIONS AND ACRONYMS

DASD(CPP)	Deputy Assistant Secretary of Defense for Civilian Personnel Policy
DoDD	DoD directive
DoDI	DoD instruction
HR	human resources

PART II. DEFINITIONS

foreign national employee. Defined in Reference (h). Sometimes referred to as “local national employee.”