

## CHAPTER 3

PAY ADMINISTRATION0301 GENERAL PROVISIONS030101. Payroll Computation

★ A. Payroll computations shall be based on statutorily authorized entitlements and in accordance with 5 C.F.R. 530, 531, 532, 534, 550, 551, 572, 575, 581, 591, 595, 610 and 630 (reference (l)). These entitlements shall be evidenced by an SF 50 or other approved documents, and a time and attendance report for days actually worked and any leave actually taken during the period.

B. Documents supporting entries made in the pay, leave, and allowance records shall consist of SFs 50 and other personnel documents; certified copies of travel orders; time and attendance reports, including any necessary supporting documents such as sign-in and sign-out registers or SFs 71; authorizations or approvals of overtime when required separately from time and attendance reports; pay adjustment authorizations; and similar official records.

C. Source documents need not be transmitted to the civilian payroll office provided the pay entitlement data in such documents are transmitted to the civilian payroll office and controlled by feedback to ensure consideration of that data in the pay computation process; controls are established to ensure that all data which should be transmitted are transmitted; and source documents and transmittal and control evidence are retained for audit in accordance with the General Records Schedule 2 (reference (g)).

D. Civilian payroll personnel shall ensure that payroll data are complete, correct, and accurate. Specifically, civilian payroll office personnel shall ensure that an employee's compensation is consistent with grade, position classification and other individual entitlements (retained grade and pay), and employment location. For example, an employee assigned to stateside duties shall not be paid any foreign area allowances, regardless of authorizing documents. In this example, the human resources organization (HRO) that issued such entitlement documents shall be requested to clarify and/or correct these documents.

E. The pay computation shall be accomplished as soon as possible after the close of the pay period.

F. Pay computations shall be based on the completed time and attendance record maintained for each employee.

★ G. Adequate channels of communication shall exist between the civilian payroll office, the HRO, and the CSR to ensure that all entitlement information is considered in each pay computation. At least every four months, personnel and pay data shall be reconciled and

discrepancies corrected promptly. The functional area that entered the incorrect data shall have primary responsibility for reconciling discrepancies in common data. Also see paragraph 010407.

030102. Notification of Changes to Pay. Notification of changes in pay is the responsibility of the HRO servicing the employee. The civilian payroll office shall adequately inform each employee in writing as to the nature and amount of the changes in gross pay from one pay period to the next. This information may be disclosed on an LES in lieu of a separate written advisory. This information shall be in sufficient detail to show total pay, allowances, deductions, and net pay.

030103. Statutory Ceilings on Compensation

A. Limitations on Premium Pay

1. Except as explained below, premium pay (night pay, compensatory pay, overtime pay, premium pay on an annual basis, and pay for Sunday and holiday work), in combination with basic pay, may not cause the total for any pay period for General Schedule (GS) employees to exceed the maximum rate payable for GS-15. No premium payments or compensatory time may be granted to an employee whose rate of basic pay is greater than the maximum rate for GS-15 (5 U.S.C. 5547(a) (reference (b)) and 5 C.F.R. 550.105 (reference (l))). Computation of the biweekly statutory pay limit for 32 U.S.C. (reference (m)) technicians does not include compensatory time worked. Title 32, U.S.C., section 709 (reference (m)) precludes National Guard technicians from being paid overtime; therefore, compensatory time earned by National Guard technicians will not be paid. For General Schedule (GS) employees receiving a geographic adjustment, the Supplementary Salary table will be followed to determine the GS-15, step 10 rate. Employees in occupations and/or locations for which a special rate has been established for the GS-15 are subject to a biweekly limitation equal to the special rate for GS-15, step 10.

★ 2. When the head of an agency, his or her designee, or the Office of Personnel Management (OPM) determines that an emergency exists, the biweekly limitation described in subparagraph 030103.A.1. does not apply to employees who are paid premium pay for work in connection with that emergency. In such situations, the total basic pay and premium pay for most GS employees are limited to the annual rate for GS-15, step 10, for the calendar year. This limit may include locality-based comparability or special salary rates.

★ 3. The biweekly limitation described in subparagraph 030203.A.1. does not apply to overtime pay earned by employees who are nonexempt from the FLSA (reference (n)).

B. Aggregate Limitation on Pay

1. The FEPCA (reference (e)) and 5 C.F.R. 530, subpart B (reference (l)) established a new aggregate limitation on pay. This limitation applies to members of the Senior Executive Service (SES) who previously were covered by an aggregate limitation that was applied on a fiscal year basis under 5 U.S.C. 5383(b)(1) (reference (b)), as well as to most other federal

employees. Under 5 U.S.C. 5307 (reference (b)), a covered employee may not receive any allowance, differential, bonus, award, or other payment in any calendar year to the extent such payment, in combination with the employee's basic pay, would exceed the rate payable for Level I of the Executive Schedule at the end of that calendar year. Amounts in excess of that amount generally will be paid at the beginning of the next calendar year. If an employee separates from the federal service, the entire excess amount is payable following a 30-day break in service.

★ 2. The aggregate limitation on pay applies to basic pay, allowances, differentials, bonuses, awards, and other similar cash payments made under 5 U.S.C. 5547 (reference (b)). Some of these payments are made on a one-time basis, and some are paid at the same time and in the same manner as basic pay. The FEPCA (reference (e)) classifies these as "continuing payments" and "noncontinuing payments" respectively. The aggregate limitation on pay does not apply to overtime pay earned by employees who are nonexempt from the FLSA (reference (n)).

3. Under the FEPCA (reference (e)), an agency may not authorize any discretionary continuing payment that would cause the total of all continuing payments at any time to exceed the rate payable for Level I of the Executive Schedule (5 C.F.R. 530.203(c)) (reference (l)). Examples of discretionary continuing payments include retention allowances, supervisory differentials, and physicians' comparability allowances. Nondiscretionary continuing payments (e.g., basic pay, locality-based comparability payments or interim geographic adjustments, cost of living allowances, post differentials, and remote work site allowances) are not subject to this regulatory restriction.

4. Finally, the FEPCA (reference (e)) provides that nondiscretionary continuing payments may not be discontinued or deferred for any period of time in order to make a continuing payment or discretionary continuing payment that would otherwise cause an employee's pay to exceed any of the limitations in these regulations. The FEPCA (reference (e)) also establishes an order of precedence for nondiscretionary continuing payments and any authorized physicians comparability allowance when the total of such payments exceeds the rate then payable for Level I of the Executive Schedule (5 C.F.R. 530.203 (e) and (f)) (reference (l)).

030104. Multiple Appointments. An employee shall not be entitled to receive pay from more than one position for more than an aggregate of 40 hours of work in one calendar week (Sunday through Saturday) (5 U.S.C. 5533a) (reference (b)). Generally, there is no restriction on the number of appointments that a person may hold, only upon the number of hours for which the person may be paid. An individual may be given more than one simultaneous part-time or intermittent appointment, or an employee on leave with pay may accept another federal appointment, so long as pay is not received for more than 40 hours a week (unless the employee is regularly paid for more than 40 hours a week under an authorized alternative work schedule) or from two sources for the same hours. The HROs will notify civilian payroll offices of multiple appointments via an SF 50.

0302 BASIC PAY030201. General Schedule (GS) Employees

A. Basic Pay. Generally, basic pay for these employees means the rate of pay set by the law or an administrative action for the job held before any deductions and exclusive of additional pay of any kind.

B. Pay Computation. Computations will be based on the rates contained in the OPM salary tables.

C. Basic Rates

1. The hourly basic rate is derived by dividing the annual rate by 2,087 with the result adjusted to the nearest cent, counting one-half cent and over as a whole cent.

2. The biweekly rate is derived by multiplying the hourly rate by 80.

3. A daily rate is derived by multiplying the hourly basic rate by the number of daily hours of service.

4. For employees whose pay is monthly or covers one calendar month paid under the provisions of 5 U.S.C. 5505 (reference (b)), the following rules for division of time and computation of pay govern:

a. The pay for one month's pay is one-twelfth of the pay for one year;

b. The pay for one day is one-thirtieth of the pay for one month;

c. The 31st day of a calendar month is ignored in computing pay, except that the pay for one day is forfeited for a day of unauthorized absence on the 31st day of a calendar month;

d. For each day of the month elapsing before entering on duty, the pay for one day is deducted from the first month of pay for the individual.

★ D. Interim Geographic Adjustment (IGA). The IGAs of 8 percent that were authorized for the Consolidated Metropolitan Statistical Areas (CMSA) were discontinued because locality-based comparability payments (see subparagraph 030201.G.), exceeded the 8 percent rate. However, under 5 C.F.R. 531.701 (reference (l)), an IGA will still be taken into consideration when determining continued rates of pay. Refer to Subpart G of 5 C.F.R. (reference (l)) for additional information.

E. Special Higher Minimum Rates for Law Enforcement Officers (LEO) at Grades GS-3 through GS-10. Section 403 of FEPCA (reference (e)) provides LEOs at grades GS-3

through GS-10 worldwide special salary rates, beginning in January 1992. A special salary table number 491 authorized by section 403 of FEPCA, P.L. 101-509 (reference (e)), as amended by P.L. 102-378 (reference (e)), is published by the OPM. The LEOs are entitled to receive the higher of special rates under section 403 of FEPCA or special salary rates under 5 U.S.C. 5305 (reference (b)).

F. Special Pay Adjustment for Law Enforcement Officers (LEO) in Selected Geographic Areas. Section 404 of FEPCA (reference (e)) establishes special pay adjustments of 4, 8, and 16 percent for GS, SES, and senior-level LEOs whose official duty stations are in one of eight designated areas. These special pay adjustments are considered basic pay for retirement, life insurance, premium pay, severance pay, workers' compensation purposes, and for advances in pay. For grades GS-3 through GS-10 only, the rates of basic pay must be used for all other pay administration purposes, except as provided in 5 C.F.R. 531.203(d)(2)(vi) (reference (l)). For all other grades, the rates of basic pay in the General Schedule must be used for all other pay administration purposes. Under 5 U.S.C. 5304(g)(1) (reference (b)), the LEO special pay adjustment, when added to the employee's rate of basic pay under the General Schedule, may not exceed the rate for level IV of the Executive Schedule.

★ G. Locality-Based Comparability Payments. The FEPCA (reference (e)) authorizes the payment of locality pay for GS employees and certain other categories of positions in numerous locality pay areas. Locality pay is considered basic pay for retirement, life insurance, premium pay, advance pay, severance pay, lump-sum leave and workers' compensation purposes. Eligibility is based on where an employee's official duty station, not where he or she lives. Locality pay does not transfer with an employee from one pay zone to another. Employees shall receive whatever rate of pay applies at his or her new duty station. Employees on temporary assignment in a different pay zone shall continue receiving their current salary. Locality pay does not apply overseas, nor in Alaska or Hawaii.

030201. Employees Under the Performance Management and Recognition System (PMRS)

A. On September 30, 1993, P.L. 103-89, Performance Management and Recognition System Termination Act of 1993 (reference (e)), was enacted, thereby terminating the PMRS on October 31, 1993. The provisions of this law apply to all employees who were covered by PMRS on October 31, 1993, and provide for the transition of former PMRS employees into their agency's Performance Management System and the GS pay plan, with its within-grade increases and waiting periods. It also permits agencies to pay current rates of pay, as adjusted by the 1993 final merit increases.

B. In order to identify all employees who are covered by the provisions of this law, the OPM decided to retain the GM pay plan code. The step for all employees using the GM pay plan code will continue to be "00".

C. All GS employees, including those still designated GM after October 31, 1993, will be eligible for within-grade increases according to the waiting periods established in

statute. The last PMRS merit increase received, including one for zero dollars, is an equivalent increase for the purpose of calculating and completing the prescribed waiting periods. Within-grade increases have the dollar value of one-ninth of the pay range and employees will have that increase added to their basic pay rate (including an off-step rate) upon completion of the appropriate waiting period, provided performance has been at an acceptable level of competence.

D. Promotion, change to a lower grade, a break in service of more than three days, transfer to another non-DoD agency, or reassignment to a nonsupervisory or nonmanagement position will end an employee's coverage under P.L. 103-89 (reference (e)). At that time, the employee's rate of basic pay will be adjusted to the designated GS step rate that meets or exceeds the current rate of pay, not to exceed step 10.

030202. SES Employees

A. Definition. In accordance with 5 U.S.C. 5381-5385 (reference (b)), SES employees are in positions in the Executive Branch which were formerly classified at GS-16, 17, and 18, and Executive Levels IV or V (or their equivalents) which do not require Senate confirmation. Nonsupervisory positions are not covered unless they carry significant policy-making responsibilities.

B. Rate of Pay. There are six rates of basic pay for SES employees. The minimum rate of basic pay is 120 percent of GS-15, step 1 and the maximum rate is Level IV of the Executive Schedule. These rates may be adjusted by the President when comparability adjustments are made in GS rates under the provisions of 5 U.S.C. 5305 (reference (b)).

030203. Senior Level Positions

A. Definition. Senior Level positions, established by section 102 of the FEPCA (reference (e)), are non-SES positions formerly classified at GS-16, 17, and 18. These positions do not include administrative law judges and board of contract appeals positions that have their own pay schedules.

B. Rate of Pay. These positions are paid under 5 U.S.C. 5376 (reference (b)), which establishes the minimum rate of basic pay at 120 percent of GS-15, step 1 and the maximum rate equal to Level IV of the Executive Schedule. There are no grades or steps under 5 U.S.C. 5376 (reference (b)). Therefore, employees may be paid at any rate between the minimum and maximum rates.

030204. Scientific and Professional Employees

A. Definition. Scientific and professional employees are those in positions above GS-15 who are engaged in research and development positions established under 5 U.S.C. 3104 (reference (b)) and section 102 of the FEPCA (reference (e)).

B. Rate of Pay. These positions are paid under 5 U.S.C. 5376 (reference (b)), which establishes the minimum rate of basic pay at 120 percent of GS-15, step 1 and the maximum rate equal to Level IV of the Executive Schedule. There are no grades or steps under 5 U.S.C. 5376 (reference (b)); therefore, employees may be paid at any rate between the minimum and maximum rates.

030205. Executive Schedule Employees

A. Definition. The Executive Schedule, defined in 5 U.S.C. 5311-5318 (reference (b)), is divided into five pay levels and is the basic pay schedule for senior management positions described in those sections. SES positions are not included.

B. Rate of Pay. The rate of pay is contained in the OPM annual salary tables.

030206. Federal Wage System (FWS) Employees

A. Definition. An FWS employee means an individual who is in a recognized trade or craft, or other skilled mechanical craft, or in an unskilled, semiskilled or skilled manual labor occupation. Included is any other individual, including a foreman or a supervisor, in a position having trade, craft or laboring experience and knowledge as a paramount requirement. These positions are commonly referred to as blue collar, wage grade, or wage board. For consistency, the term FWS will be used throughout this Volume. Pay for these positions is based on the prevailing rates in an area. See Appendix A to Subpart B of Part 532 of 5 C.F.R. (reference (l)). FWS employees are hourly rate employees who receive annual wage adjustments based on a review of comparability pay by wage area. Each area pay scale is divided into five parts or classes: WG (wage grade employee); WL (wage leader employee); WS (wage supervisor); WD (nonsupervisory employees covered by the production facilitating pay plan); and WN (supervisory employees covered by the production facilitating pay plan).

B. Rate of Pay. The rates are adjusted from time to time for comparable work within a local wage area. Basic pay for FWS employees means the scheduled rate of pay plus any night shift or environmental differential.

0303 PREMIUM PAY

★ 030301. Premium pay consists of certain types of pay such as overtime pay, which is discussed in paragraph 030302.; night pay; holiday pay for employees not in receipt of annual premium pay for standby duty; Sunday pay; annual premium pay for regularly scheduled standby duty; annual premium pay for administratively uncontrollable work; availability pay for LEOs; environmental pay for FWS employees; and hazard pay for GS employees. Rates and authorization for these various pays are contained in 5 U.S.C. 5343, 5542, 5544, 5545, 5546a, 5547, and 5549 (reference (b)). Employees, as defined by 5 U.S.C. 5541 (reference (b)), may be paid premium pay as authorized by 5 U.S.C. 5542, 5545(a)-(c), and 5546(a) and (b) (reference (b)) only to the extent that the pay does not cause the aggregate rate of pay for any pay period to exceed the maximum applicable rate for a GS-15. Premium pay cannot be paid to any GS employee

whose basic rate of pay equals or exceeds the maximum applicable rate for grade GS-15. Premium pay may be paid to an employee whose basic rate of pay is less than the maximum applicable rate of GS-15 only to the extent that the payment does not cause the total rate of pay for any pay period to exceed the maximum applicable rate for GS-15. The maximum rate does not apply to nonexempt GS employees (see subparagraph 030302.B). Hazard pay is excluded from this limitation. SES employees are not entitled to premium pay under any circumstances. TP pay plan employees are excluded from title 5 (reference (b)) premium pay provisions.

030302. Overtime Pay. Each employing activity shall be responsible for controlling overtime. Supervisors shall ensure that overtime worked is covered by funds targeted for their employing activity. Approval or disapproval of overtime shall be consistent with direction from the Deputy Secretary of Defense (reference (o)). The civilian payroll office shall pay only approved overtime as certified on the time and attendance report. Normally, approval to work overtime shall be made in writing in advance of performing the work.

A. Title 5 Overtime

★ 1. Regularly Scheduled. Title 5, C.F.R., Part 550 (reference (l)) contains provisions on premium pay for overtime. Regular overtime work means overtime work that is scheduled prior to the beginning of an employee's regularly scheduled administrative workweek. For each GS employee whose rate of pay does not exceed a minimum applicable rate for a GS-10, the overtime hourly rate is one and one-half times the employee's hourly rate of pay. For each GS employee whose rate of basic pay exceeds the minimum applicable rate for a GS-10, the overtime hourly rate is one and one-half times the hourly rate of basic pay at the minimum applicable rate for a GS-10 (5 U.S.C. 5542) (reference (b)). Regular overtime is authorized for full-time, part-time, and intermittent GS employees. An intermittent work schedule is appropriate when work is unpredictable and sporadic; therefore, instances of repetitive regularly scheduled overtime should seldom, if ever, occur. Refer to 5 C.F.R. 340.403 (reference (l)).

2. Irregular/Occasional. Irregular or occasional overtime work is overtime work that is not part of an employee's regularly scheduled administrative workweek.

B. FLSA (Nonexempt Employees)

1. For employees paid under 29 U.S.C. 201-219 (FLSA) (reference (n)), entitlement to overtime compensation is determined by calculating of an "hourly regular rate." The "hourly regular rate" of pay for all "nonexempt" employees is computed by adding all includible payments for the week, and then dividing by the total hours of work and paid leave. The Department shall compensate an employee who is nonexempt under the provisions of 5 C.F.R. 551.101 (reference (l)) for all hours of work in excess of 8 a day or 40 in a workweek at a rate equal to one and one-half times the employee's hourly regular rate of pay.

★ 2. Under section 210 of the FEPCA (reference (e)), effective on May 4, 1991, overtime pay computations for nonexempt employees must be made solely in accordance with the FLSA (reference (n)) regulations in 5 C.F.R. 551 (reference (l)), as amended. Agencies

are no longer required to compare overtime pay entitlements for nonexempt employees under 5 C.F.R. 550 and 551 (reference (l)) and pay whichever amount is greater. However, entitlements arising prior to May 3, 1991, still must be calculated using the previous rules. Nonexempt employees continue to be covered by the other premium pay provisions of 5 U.S.C., chapter 55, subchapter V (reference (b)) for night, Sunday, or holiday and annual premium pay for regularly scheduled standby duty or administratively uncontrollable overtime (AUO) work. The maximum biweekly and aggregate limitations on title 5 premium pay do not apply to overtime pay earned by employees who are nonexempt from the FLSA (reference (n)).

3. According to 5 U.S.C. 5544(a) (reference (b)), as amended by section 529 of P.L. 101-509 (reference (e)), hours of work (as defined in 5 U.S.C. 5542) (reference (b)) in excess of 8 hours in a day are deemed to be overtime hours for the purposes of section 7 of the FLSA (29 U.S.C. 207) (reference (n)), if the employee is not receiving annual premium pay for regularly scheduled standby duty (5 U.S.C. 5545(c)(1)) (reference (b)) or annual premium pay for AUO work (5 U.S.C. 5545(c)(2) (reference (b)); 5 U.S.C. 5544(a) (reference (b)) for FWS employees). Under the FLSA (reference (n)), such hours are considered overtime hours regardless of the total number of hours of work in the workweek. For example, an employee who works 10 hours on the first day of the workweek and is on LWOP for the remainder of the workweek is entitled to 2 hours of overtime pay under FLSA (reference (n)), even though the employee has worked a total of only 10 hours in the workweek.

★ C. Excluded Employees. SES employees are excluded from premium pay by the provisions of 5 U.S.C. section 5541 (reference (b)). Certain GS and all Executive Schedule employees are also excluded since, under the provisions of 5 U.S.C. 5547 (reference (b)), premium pay may be paid only to the extent that payment does not cause aggregate pay to exceed the maximum rate for GS-15. National Guard technicians are not entitled to premium pay for overtime. Instead, they may earn compensatory time.

D. Callback Overtime. A minimum of two hours of overtime will be paid if an employee is required to return to the place of employment for unscheduled overtime work or to work unscheduled overtime on a nonscheduled workday. If the callback occurs on a holiday during the employee's regular schedule, a minimum of two 2 hours holiday premium pay will be paid. When an FLSA nonexempt employee performs unscheduled overtime work on a day when work was not scheduled for the employee, or for which the employee is required to return to the place of employment, the employee is paid for two hours of work or the actual number of hours worked, whichever is greater. In all cases, the actual time worked will be recorded.

E. Compensatory Time

★ 1. Eligible employees, including FWS employees, can have compensatory time off from their scheduled tour of duty instead of payment for an equal amount of time spent in irregular or occasional overtime work. Those employees whose basic rate of compensation exceeds the maximum applicable rate for grade GS-10 may be required by their employing activity to take compensatory time off instead of overtime pay. The FWS and nonexempt employees may not be required to take compensatory time off instead of being paid overtime pay unless they

request compensatory time. See 5 C.F.R. 532.504 and 551.531 (reference (l)) and 5 U.S.C. 5543 (reference (b)).

★ 2. Compensatory time worked must be approved in advance in writing and administered in accordance with paragraph 020208. Compensatory time may not be earned when payment of the extra hours at overtime rates would be improper, as in the case of employees whose pay for any period is limited to the maximum rate payable for a GS-15 (26 Comp. Gen. 750 (1947)) (reference (p)). Compensatory time which may be earned by an employee in any one pay period is limited to the number of hours for which there would otherwise be an entitlement to overtime compensation before reaching the limitation on total pay period earnings (37 Comp. Gen. 362) (reference (p)). The granting of compensatory time off in lieu of overtime pay under 5 U.S.C. 5542 (reference (b)) is not to be administered in opposition to the overtime pay requirements of the FLSA (reference (n)). For the instructions on compensatory time off for nonexempt employees, see 5 C.F.R. 551.531 (reference (l)). For exempt employees, refer to 5 C.F.R. 550.114 (reference (l)).

3. Compensatory time worked cannot be credited to an employee whose basic rate of pay equals or exceeds the maximum rate for grade GS-15. Compensatory time worked in a pay period may be credited to an employee whose basic rate is less than the maximum rate of GS-15 only to the extent that the monetary value of the compensatory time worked does not cause the total rate of pay for that pay period to exceed the maximum applicable rate for GS-15.

4. Exempt GS employees may choose to earn compensatory time in place of payment for an equal amount of time spent in occasional or irregular overtime work. They may not earn compensatory time for regularly scheduled overtime. Compensatory time cannot be earned for holiday work.

★ 5. Compensatory time off must be granted to an exempt employee within a reasonable time after the overtime is worked. The limit for the use of compensatory time off is the end of the 26<sup>th</sup> pay period after that in which the overtime was worked. The unused compensatory time worked will then be paid at the overtime rate at which it was earned. Compensatory time earned before June 8, 1997, was placed in an “old compensatory time” account on June 7, 1998, and thereafter will be charged only if the employee has insufficient current compensatory time to cover the compensatory time off requested. National Guard employees are not paid for unused compensatory time worked. They must use their compensatory time by the end of the 26<sup>th</sup> pay period after it is earned or will forfeit that compensatory time.

★ 6. Upon request of a FWS or nonexempt employee, an employing activity may grant compensatory time off from a scheduled tour of duty instead of payment under FLSA for an equal amount of time spent in irregular or occasional overtime work, i.e., overtime work not scheduled in advance of the employee's workweek. However, if an employee fails to use compensatory time before the expiration of the established time period, the employee shall be paid for the overtime work at the FLSA overtime rate in effect at the time it was worked. See 5 C.F.R. 532.504 and 551.531 (reference (l)).

★ 7. Upon request of the employee, the employing activity may grant compensatory time off to a FWS or nonexempt employee on a flexible work schedule under 5 U.S.C. 6122 (reference (b)) instead of payment under 5 C.F.R. 532.504 and 551.501 (reference (l)) for an equal amount of time spent in overtime work, without regard to whether the overtime work was irregular or occasional in nature.

8. Employees on flexible or compressed schedules may earn compensatory time off.

9. When a GS employee takes compensatory time off during his or her scheduled tour of duty which includes night pay, the employee is still entitled to night pay for that time if the employee's scheduled tour of duty is between 6 p.m. and 6 a.m. and the employee's leave total is less than 8 hours in a pay period.

10. Compensatory time off may be granted before annual leave is approved except when annual leave would otherwise be forfeited.

★ 11. When an employee separates, dies, or transfers to another DoD Component (e.g., from Army to Navy, or Air Force to the Defense Logistics Agency) or the employee moves to a non-DoD agency (e.g., Army to Department of the Treasury) the losing Component shall pay for any unused compensatory time balances. The balance shall be paid at the overtime rate in effect when the compensatory time was earned. National Guard employees are not paid for unused compensatory time.

★ F. Time Off for Religious Reasons. Employees may earn compensatory time off for religious observances under provisions of 5 U.S.C. 5550a (reference (b)). Time off for religious reasons will be recorded in a special leave account and may be worked either before or after the period of time off. Advance time off for religious reasons should be repaid within a reasonable time. Any time-off balance will not transfer. When an employee separates, dies, or transfers to another DoD Component, any unused time-off balance will be paid, by the losing activity, at the basic hourly rate in effect when the time was worked. If the employee has an unliquidated advance time-off balance at the time of separation, death or transfer, an indebtedness is created. See paragraph 080309 for liquidation of this indebtedness. Compensatory overtime worked in this manner is exempt from maximum pay limitations and all other provisions of overtime and premium pay contained in 5 C.F.R. 550.1001-1002 (reference (l)), 5 U.S.C., chapter 55, subchapter V (reference (b)), and 29 U.S.C. 207 (reference (n)). See section 0511. for additional information regarding compensatory time off for religious reasons.

030303. Night and Shift Differential

★ A. GS Employees. Under 5 U.S.C. 5545(a) (reference (b)), night differential, at the rate of 10 percent of the hourly basic rate, is payable to employees for work between 6 p.m. and 6 a.m. if the regular tour of duty includes work during such hours. Accordingly, the hourly basic rate is multiplied by 10 percent, with the result adjusted to the nearest cent, counting one-half cent and over as a whole cent. The hours worked must be part of the regular tour. An employee is

entitled to a night differential for a period of paid leave only when the total amount of that leave in a pay period, including both night and day hours, is less than 8 hours. Exceptions to this rule are employees on court leave, military leave including leave for law enforcement and encampment purposes, time off with pay for a holiday, official travel status, administrative leave, compensatory time used, credit hours used, COP, and time off awards. They get night differential when temporarily assigned during the administrative workweek to a daily tour of duty that includes night work (5 C.F.R. 550.121-122) (reference (l)). Night differential is payable for overtime work between the hours of 6 p.m. and 6 a.m. if the overtime is regularly scheduled in advance of the administrative workweek.

★ **B. FWS Employees.** Under 5 U.S.C. 5343(f) (reference (b)), FWS employees will receive shift differential at the rate of 7.5 percent of their hourly rate for nonovertime work when a majority of scheduled hours occur between 3 p.m. and midnight; or 10 percent of their hourly rate for nonovertime work when the majority of scheduled hours occur between 11 p.m. and 8 a.m. (see the OPM Operating Manual, Federal Wage System, subchapter S8-4c) (reference (q)). An employee may be paid shift differential only when five or more hours of the regularly scheduled 8-hour shift (including meal periods) occur during the hours specified. See 53 Comp. Gen. 814 (1974) (reference (p)). Shift differential also is payable when an employee is:

1. On military leave including leave for law enforcement and encampment purposes.
2. In an official travel status during the hours of the regular shift.
3. On paid leave such as court leave, holiday leave, compensatory time used, COP, time off awards, and administrative leave.
4. Temporarily assigned to a different tour of duty.

**C. National Guard Technicians.** Army and Air National Guard technicians are not entitled to payment of night differential during periods of overtime work (50 Comp. Gen. 847 (1971)) (reference (p)). National Guard technicians are not entitled to premium pay for overtime. They earn compensatory time.

**D. Part-time Employees.** Part-time GS employees are eligible for night differential for work performed between 6 p.m. and 6 a.m. as part of their regularly scheduled administrative workweek.

**E. Intermittent Employees.** Intermittent GS employees who have no regularly scheduled tour of duty are not eligible for night differential. These employees are eligible for night differential during temporary assignment to a regular tour of duty with night work.

★ **030304. Sunday Premium Pay.** Under 5 U.S.C. 5544 and 5546(a) (reference (b)), additional pay at a rate of 25 percent of the hourly basic rate is payable to full-time employees whose regularly scheduled basic workweek (which does not include overtime hours) includes

Sunday. The additional pay is payable for the entire period of nonovertime service for each daily tour of duty that includes Sunday. Full-time employees as defined in 5 U.S.C. 6301 (reference (b)) who receive basic pay for a period of paid leave or excused absence during that tour of duty are entitled to Sunday premium pay not to exceed October 9, 1997, under 5 U.S.C. 5544 or 5546(a) (reference (b)). Effective October 10, 1997, P.L. 105-61 (reference (e)), prohibited the payment of Sunday premium pay to all employees governmentwide who do not actually perform work on Sunday. Employees who have part-time or intermittent tours of duty are not entitled to Sunday premium pay. The maximum number of hours of Sunday premium pay that an employee can be paid for one Sunday is 16 hours. (This would be for two 8-hour tours: one starting on Saturday night and ending on Sunday morning; and the next tour starting Sunday night and ending on Monday morning.) To calculate, the hourly basic rate is multiplied by 25 percent with the result adjusted to the nearest cent, counting one-half cent and over as a whole cent (see OPM Operating Manual, Federal Wage System, subchapter S8-4e) (reference (q)).

★ A. Flexible Work Schedule. A full-time employee on a flexible work schedule who performs regularly scheduled nonovertime work during a period of duty, a part of which is performed on Sunday, is entitled to Sunday pay for the entire period of duty, not to exceed 8 hours.

★ B. Compressed Work Schedule. A full-time employee on a compressed work schedule who performs nonovertime work during a period of duty, a part of which is performed on Sunday, is entitled to Sunday pay for his or her entire period of duty on that day.

030305. Holiday Premium Pay. In accordance with 5 U.S.C. 5546 (reference (b)), an employee who performs work on a holiday designated by federal statute is entitled to pay at the rate of basic pay plus premium pay at a rate equal to the rate of the basic pay, for that holiday work which is not in excess of the scheduled tour of duty or overtime work as defined by 5 U.S.C. 5542 (reference (b)). An employee required to perform any work on a designated holiday is entitled to pay for at least two hours of holiday work. An employee who performs overtime work as defined by 5 U.S.C. 5542(a) (reference (b)) on a Sunday or a designated holiday is entitled to pay for that overtime work in accordance with 5 U.S.C. 5542 (reference (b)). Premium pay under 5 U.S.C. 5546 (reference (b)) is in addition to the premium pay which may be due for the same work under section 5545(a) and (b) of 5 U.S.C. (reference (b)), which provides premium pay for night work.

A. Flexible Work Schedule. For an employee working a flexible work schedule, holiday pay for nonovertime work is limited to 8 hours in a day. A part-time employee, scheduled to work on a day designated as an "in lieu of" holiday for full-time employees, is not entitled to a premium for work performed on that day.

B. Compressed Work Schedule. For an employee working a compressed work schedule, holiday pay for nonovertime work is limited to the number of hours normally scheduled for that day. A part-time employee, scheduled to work on a day designated as an "in lieu of" holiday for full-time employees, is not entitled to a premium for work performed on that day.

C. GS Employees. GS employees receive their basic pay, including any night differential, for holidays on which they are not required to work. Employees are entitled to

additional holiday premium pay for work performed on a holiday not to exceed 8 hours, during the hours of their regularly scheduled tour of duty.

D. FWS Employees. FWS employees who have a regular tour of duty and are not required to work due to a holiday are entitled to the same rate of pay for that day as if they had worked. When work is performed on a holiday, FWS employees are entitled to their basic rate plus premium pay at a rate equal to their basic pay for holiday work which is not more than 8 hours or is not overtime work.

E. Callback. Unscheduled overtime work 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 deemed at least two hours in duration (5 U.S.C. 5542) (reference (b)). If the callback occurs on a holiday during the employee's regular schedule, a minimum of two hours holiday premium pay will be paid. However, the actual time worked shall be recorded for time and attendance purposes. If the employee works more than two hours, the actual number of hours worked will be paid.

030306. Regularly Scheduled Standby Duty Pay. Employees in a position requiring them to remain at, or within the confines of, the station during longer than ordinary periods of duty, a substantial part of which consists of remaining in a standby status rather than performing work, can receive premium pay on an annual basis instead of premium pay provided by other provisions, except for irregular, unscheduled overtime duty in excess of the regularly scheduled weekly tour. Premium pay under 5 C.F.R. 550.141-550.144 (reference (l)) is determined as an appropriate percentage, not in excess of 25 percent, of such part of the rate of basic pay for the position as does not exceed the minimum applicable rate of basic pay for GS-10 (including any applicable locality based comparability payment under 5 U.S.C. 5304 (reference (b)) or similar provision of law, and any applicable special rate of pay under 5 U.S.C. 5304 (reference (b)) or similar provisions of law).

A. Firefighter Positions. Firefighters generally are scheduled for duty six 12-hour days for an average of 72 hours a week or three alternate 24-hour shifts during each administrative workweek. A 60-hour week consisting of five 12-hour days may be established when firefighters are scheduled only during daylight hours. The rate of standby premium pay is determined by the HRO and forwarded to the civilian payroll office via SF 50 data. It is subject to retirement and life insurance deductions. Further guidance regarding firefighters and law enforcement personnel may be found in 5 C.F.R., Part 551 (reference (l)).

B. Other Fire Protection Personnel. Fire chiefs, assistant fire chiefs, fire prevention inspectors, and similar fire protection personnel have basic weekly tours of duty of 40 hours unless duties require substantial amounts of standby time. The rate of standby premium pay is determined by the HRO and forwarded to the civilian payroll office via SF 50 data. Standby premium pay is subject to retirement, TSP, and life insurance deductions.

★ 030307. Administratively Uncontrollable Overtime (AUO) - Annual Premium Pay for Overtime. Premium pay may be paid on an annual basis (except premium pay for regular overtime work, and work at night, on Sundays, and on holidays), when an employee is in a position

in which the hours of duty cannot be controlled administratively. The position requires substantial amounts of irregular, unscheduled overtime work, with the employee generally being responsible for recognizing, without supervision, circumstances that require an employee to remain on duty. The circumstances under which payment of AUO is appropriate are extremely limited; in particular, AUO is not appropriate for nonexempt employees. Annual premium pay under 5 U.S.C. 5545(c)(2), as amended (reference (b)), provides that premium pay for administratively uncontrollable overtime is an appropriate percentage (not less than 10 percent nor more than 25 percent) of the employee's rate of basic pay, which includes any interim geographic adjustment, special rate of pay for LEOs, or special pay adjustment for LEOs under section 302, 403, or 404 of FEPCA (reference (e)), a locality-based comparability payment under 5 U.S.C. 5304 (reference (b)), and any applicable special rate of pay under 5 U.S.C. 5305 (reference (b)) or similar provision of law (5 C.F.R. 550.151) (reference (l)). The rate is determined by the HRO and forwarded to the civilian payroll office via the SF 50 data. AUO for law enforcement personnel, which includes the office of special investigations agents, is subject to retirement, and life insurance deductions (5 U.S.C. 8331(3)(D) and 8704(c)(2)) (reference (b)). The AUO for Open Mess/Club Managers is not subject to retirement or life insurance deductions (5 U.S.C. 8331(3)(C) and (D), and 8704(c)(1) and (2)) (reference (b)).

030308. Hazardous Duty and Environmental Differentials

A. Hazardous Duty Pay (HDP)

1. Under 5 U.S.C. 5545(d) and 5548(d) (reference (b)), and 5 C.F.R. 550.901-907 (reference (l)), this entitlement, determined by the HRO, involves additional pay to GS employees for the performance of hazardous duty or duty involving physical hardship. Hazardous duty means a duty performed under conditions in which an accident could result in serious injury or death. Duty involving physical hardship means duty that may not in itself be hazardous, but causes extreme physical discomfort or distress and is not adequately alleviated by protective or mechanical devices, such as duty involving exposure to extreme temperatures for a long period of time, arduous physical exertion, or exposure to fumes, dust, or noise that causes nausea, skin, eye, ear, or nose irritation.

2. The amount of HDP is determined by multiplying the percentage rate authorized for the exposure, found in Appendix A, 5 C.F.R., Part 550, Subpart I (reference (l)), by the employee's hourly rate of pay. That amount is then multiplied by the number of HDP hours to be paid.

★ 3. HDP is not included as part of the employee's basic rate of pay for computation of overtime, holiday pay, Sunday premium, or the amount of retirement, TSP, and life insurance deductions.

4. HDP is paid for all hours in a pay status the day on which the exposure occurs.

5. Payment of HDP is not subject to the limit placed on other premium pay.
6. HDP may not be more than 25 percent of the employee's rate of basic pay.
7. TP pay plan employees are not authorized HDP.

B. Environmental Differential Pay (EDP)

★ 1. Under 5 C.F.R. 532.511 (reference (l)), EDP is included as part of an FWS employee's basic rate of pay for computation of overtime, holiday pay, Sunday premium, and the amount of retirement, TSP, and life insurance deductions. It is not part of basic pay for purposes of lump-sum leave payments and severance pay. The HROs determine the local situation for which EDP is payable and obtain approval from the OPM for additional categories not listed in Appendix J to the OPM Operating Manual, Federal Wage System (reference (q)). TP pay plan employees are not authorized EDP.

2. EDP is payable for actual exposure or for all hours in a pay status. The amount that is payable is determined by multiplying the percentage rate authorized for the exposure by the basic hourly rate of a WG 10, step 2. That amount is then multiplied by the number of EDP hours to be paid.

a. When environmental differential is payable for actual exposure, consider each exposure separately. Hours posted must not exceed the hours of active duty on the day of exposure. If the exposure is less than one hour, a minimum of one hour must be paid. If the exposure is longer than one hour, the actual amount of time exposed is payable in 15 minute increments.

b. When EDP is payable for all hours in a pay status, it will be paid for all regular and overtime hours the employee is in a pay status that day.

★ 030309. Availability Pay. A new form of premium pay called "availability pay" has been provided for LEOs by P.L. 103-329 (reference (e)). Refer to 5 U.S.C. 5545a for additional information. Availability pay applies to LEOs who perform criminal investigative work and are required to work, or be available to work, substantial amounts of unscheduled overtime duty based on the needs of the employing activity. The availability pay provision became effective on the first day of the first pay period beginning on or after October 30, 1994, except implementation was delayed until September 1995, for certain LEOs employed by Inspectors General. The HRO will determine entitlement to availability pay and will authorize payment via an SF 50. The OPM Operating Manual, Guide to Processing Personnel Actions (reference (r)), has specific instructions for completing the SF 50 authorizing availability pay.

★ A. Availability pay is fixed at 25 percent of basic pay (including locality pay). Availability pay will replace AUO pay for covered employees. Standby duty pay and AUO pay

may not be paid to an LEO receiving availability pay. Receipt of availability pay does not affect the LEO's entitlement to other types of premium pay based on hours other than unscheduled duty hours. An LEO receiving availability pay, however, may not be paid any other premium pay based on unscheduled duty hours.

★ B. The LEOs receiving availability pay may be compensated only for scheduled overtime hours that are in excess of the first two hours of overtime work on any day containing a part of the LEO's basic 40-hour workweek or for scheduled overtime hours on non-workdays.

★ C. Availability pay shall be treated as part of basic pay only for the following purposes:

- ★ 1. Advances in pay under 5 U.S.C. 5524a (reference (b));
2. Severance pay under 5 U.S.C. 5595(c) (reference (b));
3. Workers' compensation under 5 U.S.C. 8114(e) (reference (b));
4. Retirement benefits under 5 U.S.C. 8331(3) (reference (b));
5. TSP under 5 U.S.C. 8431 (reference (b)); and
6. Group life insurance under 5 U.S.C. 8704(c) (reference (b)).

★ D. The LEOs receiving availability pay are exempt from the minimum wage and overtime pay provisions of the FLSA (reference (n)).

★ E. Availability pay is subject to garnishment.

★ F. Availability pay shall be used in computing a lump-sum payment for accumulated annual leave under 5 U.S.C 5551 and 5552 (reference (b)).

#### 0304 FOREIGN AND NONFOREIGN DIFFERENTIALS AND ALLOWANCES

★ 030401. Consistent with 5 U.S.C. 5941 (reference (b)) and 5 C.F.R. Part 591 (reference (l)), allowances and differentials payable to employees officially stationed in nonforeign areas and the 50 states are established by the OPM. Under 5 U.S.C. 5921 (reference (b)) and Executive Order No. 10,903 (reference (s)), allowances and differentials payable to employees officially stationed in foreign areas are established by the Secretary of State and published in the Department of State Standardized Regulations (DSSR) (reference (t)). DoD 1400.25-M, subchapter 1250 (reference (u)) sets forth the specific rules regarding foreign allowances and differentials for DoD civilian employees. The HROs will notify the civilian payroll office through the interface via SF 50 data when an employee is eligible for a nonforeign differential or allowance.

The civilian payroll office will pay foreign differentials and allowances upon receipt through the interface of the SF 1190 (Foreign Allowances Application, Grant, and Report).

030402. Allowances and Differentials in Foreign Areas

★ A. Quarters Allowances. Quarters allowances are intended to reimburse an employee for substantially all costs associated with either temporary or residence quarters whenever government-owned or government-rented quarters are not provided to the employee without charge. See 5 U.S.C. 5923(a)(1) and (2) (reference (b)) and DoD 1400.25-M, subchapter 1250 (reference (u)).

★ 1. Living Quarters Allowance (LQA). The LQA entitlement is intended to reimburse an employee substantially for rent plus any costs not included in the rent for heat, light, fuel, gas, electricity and water. Employees receiving LQA may not receive the temporary quarters subsistence allowance (TQSA) for the same period of time. The daily rate is derived by dividing the annual amount by the number of days in a calendar year. It is paid for all applicable days in a pay period. The LQA may be paid on a biweekly basis or advanced for a period of not less than three months or of more than one year unless specifically approved by the officer designated to authorize allowances, and shall not exceed:

★ a. The total rent advanced to the lessor, or

★ b. The employee's maximum LQA rate as authorized in the DSSR section 920 (reference (t)).

An exception is the advancement of LQA for employees living in Korea for two years. See DSSR, chapter 100 (reference (t)), 5 U.S.C. 5923(a)(1) and (2) (reference (b)), and DoD 1400.25-M, subchapter 1250 (reference (u)).

★ 2. Temporary Quarters Subsistence Allowance. The TQSA is an allowance granted to an employee for the reasonable cost of temporary quarters, meals and laundry expenses incurred by the employee and/or family members for a period not to exceed 90 days after first arrival at a new post in a foreign area or a period ending with the occupation of residence (permanent) quarters, if earlier; or for a period not to exceed 30 days immediately preceding final departure from the post subsequent to the necessary vacating of residence quarters. The TQSA may continue during periods of official travel which authorize per diem if the head of the agency determines the employee acted responsibly in retaining temporary quarters during the period of travel. A possible extension of up to 60 additional days may be granted in compelling circumstances. The TQSA is authorized during periods when travel per diem is being paid. No post allowance is authorized while an employee is receiving TQSA. Receipts are required for lodging and laundry expenses, and the employee must supply a certified statement of the daily cost of meals. The TQSA is based on the maximum per diem rate for the foreign location found in the DSSR section 925 (reference (t)). Payment of TQSA may be made in advance for up to 30-day increments, in biweekly payments, or upon the completion of the TQSA period upon request of the

employee and as authorized by the HRO. Also see DSSR, chapter 100, section 120 (reference (t)), 5 U.S.C. 5923(a)(1) and (2) (reference (b)) and DoD 1400.25-M, subchapter 1250 (reference (u)).

B. Cost of Living Allowance (COLA). The COLA is intended to reimburse an employee for certain excess costs, exclusive of any quarters costs, which result from being officially stationed in a foreign area. See DSSR, chapter 200 (reference (t)) and 5 U.S.C. 5924 (reference (b)).

★ 1. Post Allowance. The post allowance is a cost-of-living allowance granted to an employee officially stationed at a post in a foreign area where the cost-of-living, exclusive of the cost of quarters, is substantially higher than in Washington, D.C. It is intended to reimburse an employee for certain excess costs resulting from being stationed in a foreign area. Post allowance, which is an annual rate, is a percentage amount based on salary, size of family and location of the post. The daily rate is derived by dividing the annual amount by the number of days in a calendar year. It is paid for all applicable days in a pay period. Post allowance is not authorized at the same time an employee is receiving TQSA. Post allowance is included in the computation of lump-sum leave payments upon separation from federal service if separated in the foreign area (Comp. Gen. B-178428, June 28, 1973, reference (p)). See DSSR, chapter 200, section 220 (reference (t)) and DoD 1400.25-M, subchapter 1250 (reference (u)).

★ 2. Foreign Transfer Allowance. The foreign transfer allowance (FTA) is an allowance for extraordinary, necessary, and reasonable expenses, not otherwise compensated for, incurred by an employee incident to establishing that employee at any post of assignment in a foreign area. The subsistence expense portion of the FTA is intended to reimburse an employee for allowable expenses incurred prior to departure from a post in the United States, its territories, possessions, the Commonwealth of Puerto Rico and the Commonwealth of the Northern Mariana Islands, to a post in a foreign area. The miscellaneous expense portion of the FTA payment is \$350 or the equivalent of salary for one week, whichever is the lessor amount, for an employee without family, and \$700 or the equivalent of salary for two weeks, whichever is the lessor amount, for an employee with family. In any case, the ceiling for reimbursement shall be the salary for a GS-13, step 10. The allowance is authorized within the Department for payment of the miscellaneous expense portion, the lease penalty expense portion, and the subsistence expense portion. The wardrobe expense portion is not authorized for payment within the Department. See DSSR, chapter 200, section 240 (reference (t)) and DoD 1400.25-M, subchapter 1250 (reference (u)).

★ 3. Home Service Transfer Allowance. The home service transfer allowance is an allowance for extraordinary, necessary, and reasonable expenses, not otherwise compensated for, incurred by an employee in connection with a transfer to a post of assignment in the United States with a certified understanding by the employee to complete 12 months of government service following the effective date of transfer. The allowance is authorized within the Department for payment of the miscellaneous expense portion, the lease penalty expense portion, and the subsistence expense portion. The wardrobe expense portion is not authorized for payment within the Department. See DSSR, chapter 200, section 250 (reference (t)) and DoD 1400.25-M, subchapter 1250 (reference (u)).

★ 4. Separate Maintenance Allowance. A separate maintenance allowance is an additional cost-of-living allowance paid to assist an employee to maintain a separate household other than at the assigned post for the family or a member of the family. The employee must be compelled or authorized to obtain such quarters for one or more of the following reasons: dangerous, notably unhealthy, or excessively adverse living conditions; for the convenience of the government; or because of special family needs. The rate is determined by the number of dependents maintained elsewhere and is computed and paid as an annual rate. The daily rate is derived by dividing the annual amount by the number of days in a calendar year. It is paid for all applicable days in a pay period. See DSSR, chapter 200, section 260 (reference (t)) and DoD 1400.25-M, subchapter 1250 (reference (u)).

★ 5. Education Allowance. The education allowance assists the employee with the extraordinary and necessary expenses, not otherwise compensated for, incurred because of service in a foreign area in providing adequate elementary and secondary education for his or her dependents. The allowance is not authorized for payment within the Department. However, reimbursement is authorized for transportation costs of dormitory student dependents of eligible employees between the employee's overseas duty station and the DoD approved school. See DSSR chapter 200, section 270 (reference (t)), 5 U.S.C. 5924 (reference (b)), and DoD 1400.25-M, subchapter 1250 (reference (u)).

★ 6. Education Travel. Educational travel is reimbursement for travel to and from a school in the United States for purposes of attending a full-time course for secondary or college education. Reimbursement will be limited to one annual round trip. An annual trip is defined as one round trip at any time within any one 12-month period. Any portion of the round trip not taken in the 12-month period does not accrue to a subsequent period. See DSSR chapter 200, section 280 (reference (t)), DoD 1400.25-M, subchapter 1250 (reference (u)), and 5 U.S.C. 5924 (reference (b)).

★ C. Representation Allowance. Representation allowances are intended to cover allowable items of expenditure by employees, including foreign national employees, whose official positions entail responsibility for establishing and maintaining relationships of value to the United States in foreign countries and by adult family members acting with, or on behalf of, these employees. Examples of allowable items are those of an entertainment or protocol nature, tips and gratuities, purchase of flowers, wreaths, etc., and other representational expenses which the head of an agency may authorize or approve as being a type to promote the interest of the United States. The employee's position first must be designated by the Secretary of Defense as eligible for the allowance. A voucher of expenses incurred will be the basis for payment. See DSSR, chapter 300 (reference (t)) and DoD 1400.25-M, subchapter 1250 (reference (u)).

★ D. Official Residence Allowance. The defraying of official residence expenses is intended to make possible the operation and maintenance of official residences in which a principal representative can properly represent the United States abroad. Such representation includes extending official (as distinct from personal) hospitality to foreign dignitaries and important visitors, receiving official deputations and callers, and holding requisite and appropriate ceremonies smoothly and with dignity. This representation also includes keeping the residence

appropriately staffed and operating. The Secretary of State must designate eligible employees. See DSSR, chapter 400 (reference (t)), 5 U.S.C. 5913 (reference (b)), and DoD 1400.25-M, subchapter 1250 (reference (u)).

★ E. Post Differential. Post differential is established for a location with extraordinarily difficult living conditions, excessive physical hardship, or notably unhealthful conditions affecting the majority of employees officially stationed or detailed at that place. Living costs are not considered in differential determination. Post differential is additional compensation based on an established percentage over basic compensation ranging from 5 to 25 percent. Post differential is subject to Social Security and/or Medicare and federal tax deductions. Employees with tours of duty commencing on or after October 28, 1991, will have post differential excluded from the lump-sum leave payment in accordance with P.L. 102-138 (reference (e)). See DSSR, chapter 500 (reference (t)), 5 U.S.C. 5551 and 5925 (reference (b)) and DoD 1400.25-M, subchapter 1250 (reference (u)).

★ F. Danger Pay Allowance (DPA). An employee serving in a foreign area may be granted DPA on the basis of civil insurrection, civil war, terrorism or wartime conditions that threaten physical harm or imminent danger to the health or well being of the employee. An additional, but separate, imminent danger pay (IDP) allowance may be granted to civilian employees who accompany U.S. military forces in areas designated by the Department of State as subject to hostile fire or imminent danger. The IDP allowance may be paid only to employees who are on temporary duty or a detail of 42 days or less. See 5 U.S.C. 5928 (reference (b)), DSSR chapter 650 (reference (t)) and DoD 1400.25-M, subchapter 1250 (reference (u)).

★ 1. The DPA may not exceed 25 percent of the basic pay of the employee, except that if an employee is granted additional differential pay with respect to an assignment, the sum of the additional differential and any DPA may not exceed 50 percent of the basic pay of the employee. The DPA is paid to full-time employees, temporary employees assigned for four consecutive hours or longer, and part-time and intermittent employees. For part-time regularly scheduled employees and intermittent employees, the DPA shall be computed at the prescribed percentage of basic compensation earned during the applicable period. The DPA is not subject to any ceiling that would provide less than the full percentage rate authorized for the post. The DPA is subject to Social Security and/or Medicare, federal, state, and local tax deductions. Danger pay is not included as part of the lump-sum leave payment. See DSSR chapter 656 (reference (t))

★ 2. On October 1, 1995, the State Department, at the Department's request, added section 652g (reference (t)) to the DSSR. This section authorized the IDP allowance for civilian employees. The State Department authorizes the areas in which civilian employees are eligible to receive IDP. The IDP allowance shall be the same monthly flat rate amount paid to uniformed military personnel. Danger pay authorized under this section will not be paid for periods of time that the employee either receives danger pay authorized under DSSR, chapter 650, section 652f (reference (t)) or post differential that would duplicate political violence credit. The IDP will be calculated as a daily rate and paid on a monthly basis. Daily rates will be determined by dividing the monthly amount by the number of days in a month. This rate will change based on the number of days in a month. For periods of less than a month, an employee is entitled to the

daily rate, times the number of days in the month the employee is in the allowance area. The IDP is subject to Social Security and/or Medicare, federal, state, and local tax deductions. The IDP is not included as part of the lump-sum leave payment.

★ G. Tropical Differential. Entitlement to tropical differential is limited to a maximum of 25 percent of the basic pay when authorized for the U.S. employees in Panama. See 35 C.F.R., part 251 (reference (v)).

H. Cuba Benefit Allowance. The Cuba benefit allowance applies to DoD non U.S. citizens, NAF and appropriated fund employees in the area of Guantanamo Bay, Cuba. The benefit allowance includes cash allowances (laundry, clothing, meals and transportation). The total pay rate will include the base rate plus the benefit allowance. Premium pay is to be calculated on the base rate only.

★ 030403. Entitlement When Both an Allowance and a Differential Have Been Established. Extra pay from an allowance or a differential each may not exceed 25 percent of the employee's rate of basic pay. When both an allowance and a differential have been authorized, the total pay for the allowance and the differential may not exceed 50 percent of the employee's rate of basic pay.

030404. Allowances and Differentials in Nonforeign Areas

A. Categories

1. Nonforeign Cost-of-Living Allowance. Nonforeign cost-of-living allowance is payable under 5 U.S.C. 5941 (reference (b)), at a location in a nonforeign area where living costs are substantially higher than those in the Washington, DC area. Nonforeign areas are the states of Alaska and Hawaii, the Commonwealths of Northern Mariana Islands and Puerto Rico, territories and possessions of the United States that the Secretary of State designates as being within the scope of Part II of Executive Order 10,000, as amended (reference (s)).

2. Nonforeign Post Differential. Nonforeign post differential is payable under 5 U.S.C. 5941 (reference (b)), at a location in a nonforeign area if conditions of environment differ substantially from conditions of environment in the contiguous United States and warrant its payment as a recruitment incentive.

B. Basic Requirement in Nonforeign Areas

1. When an allowance or a differential (or both) is set, each executive department, independent establishment, and wholly-owned government corporation must pay that allowance or differential (or both). Agencies must make these payments to all civilian employees in the area whose basic pay is fixed by statute and who are eligible; however, certain exceptions do exist.

2. The pay of employees under the FWS is based on the wages paid in the locality; therefore, these employees are not covered under this section.

C. Processing Allowances and Differentials

1. Notice of Eligibility. The civilian payroll office will accept SF 50 data as notice of an employee's eligibility for allowances or differentials. It will be a source document for payroll purposes. The HRO must report promptly to the civilian payroll office any changes in assignment and employment status that affects an employee's eligibility (including changes in rates).

★ 2. Entitlement When Both an Allowance and a Differential Have Been Established. Extra pay from an allowance or a differential, or both, may not exceed 25 percent of the employee's rate of basic pay. An employee eligible for an allowance is entitled to the full allowance set for a nonforeign area; therefore, the allowance should be paid first. If the allowance is less than 25 percent of the employee's basic pay, that part of the differential that will bring such employee's total extra pay to 25 percent of the basic rate shall be paid. Refer to 5 C.F.R. 591.210(d) (reference (l)).

D. Payment of Allowances and Differentials

1. Payment. An allowance or differential shall not be paid for time for which an employee does not receive basic pay except as stated in subparagraph 070202.B.

2. Duration of Payment. Payment of allowances and differentials shall start as of the date of arrival at the post of duty on regular assignments or on the date of entrance on duty, when an employee is recruited locally. Payment shall be stopped on the date of separation or as of the date of departure or transfer to a new post of regular assignment.

★ 3. Effect on Other Salary Payments. Allowances or differentials shall not be included in the base used to compute overtime pay under title 5 U.S.C., night differential, holiday pay, or any other extra pay, allowance or pay differential, retirement, TSP or FEGLI deductions. See 5 C.F.R. 591.210(e)(1) (reference (l)). An allowance or differential is included in an employee's regular rate of pay for computing overtime pay entitlement under the FLSA Act of 1938, as amended (reference (n)). See 5 C.F.R. 591.210(e)(2) (reference (l)). The cost-of-living allowance and post differential are included in the computation of lump-sum leave payments if separated in the nonforeign area. See 5 C.F.R. 591.210(c)(1) (reference (e)).

4. Effect on Gross Pay. Allowances shall not be included in gross income for Social Security/Medicare, federal income tax deductions, and state tax deductions except for the state of Hawaii. Include the differentials in gross income for Social Security/Medicare, federal, state, and local income tax deductions. See Table 4-1.

0305 OTHER DIFFERENTIALS AND ALLOWANCES

030501. Physicians' Comparability Allowance

A. Title 5, C.F.R., Part 595 (reference (l)) and 5 U.S.C. 5948(e) (reference (b)) authorize the payment of allowances to certain eligible federal physicians who enter into service agreements with their agencies. These allowances are paid only in the case of categories of physicians for which the agency is experiencing recruitment and retention problems, and are fixed at the minimum amounts necessary to deal with such problems. Unless otherwise provided in the agreement or if the head of the agency by which the physician is employed determines that the failure was necessitated by circumstances beyond the control of the physician, if the physician fails to complete at least one year of service, (either voluntarily or because of misconduct) a refund of the total amount received is required.

B. The amount received shall not exceed:

1. \$14,000 per annum if, at the time the agreement is entered into, the government physician had served as a government physician for 24 months or less, or
2. \$20,000 per annum if the government physician has served as a government physician for more than 24 months.

C. An allowance may not be paid pursuant to this section to any physician who:

1. Is employed less than 20 hours per week or on an intermittent basis,
2. Occupies an internship or residency training position,
3. Is a reemployed annuitant, or
4. Is fulfilling a scholarship obligation to the U.S. Government.

D. Any allowance paid under this section shall not be considered as basic pay for the purposes of 5 U.S.C. 5551, 5552 and 5595, Chapters 81, 83, or 87 (reference (b)), or other benefits related to basic pay. See also 5 U.S.C. 5948(h)(1) (reference (b)).

E. Any allowance under this section for a government physician shall be paid in the same manner and at the same time as the physician's basic pay is paid. This allowance is subject to federal, state, and local income tax, Social Security and Medicare. This allowance is not subject to retirement or TSP.

★ 030502. Supervisory Differential

★ A. The authority to approve payment of supervisory differentials under Title 5, U.S.C. section 5755 (reference (b)) is delegated through, and subject to, the authority of the head of

the DoD Component and the Component chain of command to the official(s) who exercises personnel appointing authority (normally, the head of an installation or activity). Only the Secretary or Deputy Secretary of Defense may approve a supervisory differential for an individual appointed to a Schedule C position, as defined by 5 U.S.C. 2103 (reference (b)). Additional detailed guidance on the supervisory differential entitlement is contained in the DoD 1400.25-M, subchapter 575 (reference (u)). Payment of a supervisory differential is authorized to an employee under the General Schedule who has supervisory responsibility for one or more civilian employees not under the General Schedule. The differential is allowed if one or more of the subordinate civilian employees would, in the absence of such a differential, be paid more than the supervisory employee. A supervisory differential shall be calculated as a percentage of the supervisor's rate of basic pay. A dollar amount equal to the value of the authorized percentage will be provided by the HRO via SF 50 data.

★ B. The supervisory differential shall be paid in the same manner and at the same time as basic pay, but shall not be considered to be part of basic pay for any purpose. This differential is subject to Social Security and Medicare deductions and to federal, state, and local income tax. The supervisory differential is not subject to retirement, FEGLI, or TSP.

★ 030503. Retention Allowance

★ A. A retention allowance of up to 25 percent of basic pay may be offered to certain current employees in order to retain their services. A current employee is eligible for a retention allowance if the unusually high or unique qualifications of the employee or a special need of the agency for the employee's services make it essential to retain the employee. The approving officer must certify in writing that, absent a retention allowance, the employee likely would leave the federal service.

★ B. In general, the authority to approve a retention allowance is delegated through, and subject to, the authority of the head of the DoD Component and the Component chain of command to the official(s) who exercises personnel appointing authority (normally, the head of an installation or activity). Only the Secretary or Deputy Secretary of Defense may approve a retention allowance for an individual appointed to a Schedule C position, as defined by 5 U.S.C. 2103 (reference (b)). The authority to approve retention allowances for all other SES positions is delegated to the head of the DoD Component. This official may further delegate authority to appropriate levels consistent with existing pay administration policy. Additional guidance on the retention allowance entitlement is contained in DoD 1400.25-M, subchapter 575 (reference (u)).

★ C. Payment of retention allowances are authorized by 5 U.S.C. 5754 (reference (b)) and 5 C.F.R. 575 (reference (l)). A retention allowance shall be paid in the same manner, and at the same time, as basic pay although this allowance shall not be considered a part of basic pay. The retention allowance may be paid for as long as the conditions warranting the allowance continue to exist. This allowance is subject to Social Security and Medicare deductions and to federal, state, and local income tax. This allowance is not subject to retirement, FEGLI, or TSP.

030504. Remote Site Allowance. The remote site allowance is paid to an employee who is assigned to duty, except temporary duty, at a site so remote from the nearest established communities or suitable places of residence as to require an appreciable degree of expense, hardship, and inconvenience. Such hardships and inconveniences must extend beyond that normally encountered in metropolitan commuting, on the part of the employee in commuting to and from his/her residence and such work site. When so assigned, the employee is entitled, in addition to pay otherwise due him, to an allowance not to exceed \$10 per day. See 5 U.S.C. 5942 (reference (b)).

★0306 RECRUITMENT AND RELOCATION BONUSES

030601. The FEPCA section 208(a) (reference (e)), 5 U.S.C. 5753 (reference (b)), and 5 C.F.R. 575 (reference (l)) authorize payment of a recruitment and relocation bonuses. A recruitment or relocation bonus of up to 25 percent of basic pay may be offered to recruit certain newly appointed employees or retain certain current employees who must relocate to accept a position in a different commuting area. The approval of recruitment and relocation bonuses is treated in the same manner as the retention allowance in paragraph 030503. of this volume. Additional guidance for recruitment and relocation bonuses is contained in the DoD 1400.25-M subchapter 575 (reference (u)).

030602. Eligibility Criteria. Candidates for hard-to-fill positions and/or occupations that are critical to the organization's mission are eligible for recruitment or relocation bonuses. TP pay plan employees are not eligible to receive recruitment and relocation bonuses.

030603. Service Agreement. The OPM regulations (5 C.F.R. 575.106 and 206) (reference (l)) require that, before a recruitment or relocation bonus may be paid, the employee offered this bonus shall sign a written agreement to serve a specified number of months with the Department. The minimum period of such service shall be 6 months.

030604. Documentation and Recordkeeping. Each recruitment or relocation bonus shall be documented by the HRO via SF 50 data.

030605. Payment and Reduction or Termination of Recruitment and Relocation Bonuses. The recruitment or relocation bonus shall be paid as a lump-sum and shall be considered a supplemental wage. Federal income taxes shall be withheld at a flat 28 percent of the bonus. Social Security and Medicare shall be withheld as applicable. State and local taxes shall be withheld in accordance with tax formulas in effect for supplemental wages.

A. The bonus will be included with regular salary payments and separately identified on the LES.

B. The bonus shall not be considered part of basic pay for any purpose; i.e., no withholding shall be made for retirement coverage (CSRS/FERS) or life insurance.

C. The bonus shall be included in determining the aggregate limitation on pay as defined by 5 U.S.C. 5307 (reference (b)). No portion of the bonus shall be paid that would cause aggregate pay to exceed Level I of the Executive Schedule. This portion shall be paid in a lump-sum at the beginning of the following calendar year.

D. The bonus shall be recovered if the employee fails to complete the period of employment established by the service agreement. The amount to be repaid shall be determined by providing credit for each full month of employment completed by the employee under the service agreement. The amount owed by the employee shall then be recovered in accordance with provisions established by debt collection regulations. If a recruitment or relocation bonus must be recovered, the HRO shall notify the civilian payroll office via SF 50 data.

### 0307 LUMP-SUM LEAVE PAYMENTS

030701. Regulations. The regulations governing lump-sum payment for annual leave are contained in 5 U.S.C. 5551, as amended (reference (b)).

030702. Lump-Sum Payable. Lump-sum payment for accumulated and current accrued annual leave is as follows:

A. Separated Employees. An employee who is separated is paid in a lump-sum for all unused annual leave through the last full pay period before separation. If, however, if the employee is separated or has a break in service (from one agency to another), and is reemployed in a position under a leave system before a lump-sum payment check can be issued by the separating activity, payment is made for the days the employee was not in the federal service (less withholding tax) and the remainder of the annual leave is transferred to the gaining agency.

B. Certain Other Employees. An employee is entitled to a lump-sum payment for accumulated and accrued annual leave when he or she:

1. Transfers to a position not under a leave system to which annual leave may be transferred;

2. Moves to a position as an intermittent employee for whom there is no established regular tour of duty or to a position as a temporary employee engaged in construction work at hourly rates;

3. Enters the Armed Forces or transfers to a public international organization, provided the employee does not elect to retain the annual leave to his or her credit. However, leave restored under 5 U.S.C. 6304(d) (reference (b)) must be liquidated by lump-sum payment even though election is made to retain the accumulated and current accrued annual leave.

C. Payment to Beneficiary. Accumulated and accrued annual leave to the credit of an employee at the time of death shall be paid in a lump-sum to a designated beneficiary.

If the employee has not designated a beneficiary, a lump-sum shall be paid in the established order of precedence under 5 U.S.C. 5581-5582 (reference (b)).

030703. Lump-Sum Not Payable. A lump-sum payment may not be made to an employee for accumulated annual leave when he or she is:

- A. Transferring to a position to which annual leave is transferable; or
- B. A student trainee placed in an intermittent status between full-time tours of duty.

★ 030704. Computation of Lump-Sum Payment

A. General Rule. The lump-sum payment for annual leave, including restored and reinstated annual leave, is calculated to include all pay changes to which the employee would be entitled had he or she remained in a duty status throughout the projected leave period. For example, an employee whose retained pay is scheduled to terminate during the projected leave period should have the lump-sum leave payment computed on the basis of the pay being received at the time of separation for the period covered by the retained rate, with the remainder computed at the scheduled reduced rate. Also, an employee is entitled to an adjustment in the lump-sum leave payment whenever a statutory change in pay becomes effective on a date which occurs during the projected leave period. The lump-sum payment for an FWS employee is similarly adjusted if the separation occurs after the issue date of a wage schedule or after a wage survey was ordered, but before the effective date of the wage increase as follows:

1. When an FWS employee is on the rolls on the date an order granting an increase is issued, but separates before the effective date of the wage increase and if his or her accrued annual leave extends beyond the effective date of the wage increase, the employee is entitled to have his or her lump-sum annual leave payment, authorized under 5 U.S.C. 5551(a) (reference (b)), paid at the higher rate for the leave that extends beyond the effective date of the increase (59 Comp. Gen. 494 (1980)) (reference (p)).

2. When an FWS employee separates after a wage survey is ordered, but before the date the order granting the wage increase is issued, and if his or her accrued annual leave extends beyond the effective date of the increase, the employee is entitled to have the lump-sum annual leave payment paid at the higher rate for the leave that extends beyond the effective date of the increase. The order that grants the new wage rate, however, must be issued before the effective date set by 5 U.S.C. 5344(b)(1) and (2) (reference (b)). Refer to 59 Comp. Gen. 494 (1980) (reference (p)).

B. Projecting the Leave. Nonworkdays (except holidays) are not counted against the leave when projecting the period over which the leave would otherwise be charged. The period covered by a lump-sum leave payment is not counted as federal civilian service.

★ C. Additional Pay. There is no provision to pay any premium pay for the period covered by a lump-sum payment and, therefore, employees are only entitled to their basic pay. Employees, however, who receive annual premium pay for standby duty under 5 U.S.C. 5545(c)(1) (reference (b)), employees who meet the definition of an LEO performing criminal investigator work receiving availability pay, and employees who meet the definition of an LEO receiving annual premium pay for administratively uncontrollable overtime under 5 U.S.C. 5545(c)(2) (reference (b)) also will receive annual premium pay as part of their basic pay. Consequently, only those premium pays would be included in a lump-sum payment.

D. Reemployed Annuitants. The lump-sum payment for reemployed annuitants upon separation from the service is based on the full pay rate without any reduction by the amount of the annuity.

E. Temporary Promotions. If the HRO has not terminated a temporary promotion prior to or as of the employee's separation date, lump-sum leave will be paid at the rate of the temporary promotion through the not-to-exceed date. After that time, the rate will revert to the employee's permanent rate of pay.

★ F. Payment. Lump-sum leave will be paid at the end of the pay period in which the separation transaction is received. Thus, lump-sum leave may or may not be included with any regular pay earned, depending on when the separation transaction is received. Payments will be identified separately, allowing the lump-sum leave to be taxed at a flat 28 percent for federal withholding, except when the employee's exemptions claimed on the Form W-4 exceed the regular pay. In the latter situation, the lump-sum leave and the regular pay for the pay period will be combined, and the taxes will be computed as if the total were a single payment.

★ 030705. Refunds. When a lump-sum payment has been made, and the employee reenters the federal service in a position subject to a formal leave system, he or she is required to refund the unexpired portion of the period covered by the lump-sum leave payment. This refund is required because all such unexpired leave is subject to recredit even though transfer to a different leave system is involved. Recredit of leave will be determined subject to the following paragraphs.

★ A. Regular Annual Leave

1. If reemployment is in the same leave year, any part of the refund which is for a period of leave in excess of the employee's formerly established leave ceiling for the year shall become subject to the regular procedures regarding forfeiture or possible restoration at the end of the leave year. Excess leave may be paid in another lump-sum payment if another separation occurs before the end of the leave year.

2. If reemployment is in a subsequent leave year, and any part of the refund is for a period represented by more than the leave ceiling (e.g., 240 hours), a refund will be required of all the unexpired portion. However, only a maximum of the leave ceiling hours may be recredited to the regular leave account. Any hours in excess of the leave ceiling are considered

forfeited, unless it can clearly be established that the excess would have become restored in a separate account if the separation had not occurred.

B. Restored Annual Leave. If any part of the refund is for a period of restored leave, the restored leave shall again be established in a separate account. The limiting date for its use shall be the same date as that originally established during the former employment. If the originally established limiting date for the use of the restored leave would have occurred before the date of reemployment, a refund will be required for all of the unexpired portion. None of that restored leave, however, may be recredited.

C. Procedures. Obtain a refund in the gross amount equal to the gross compensation received for the unexpired portion of the leave period. Make collections either by cash or payroll deduction.

1. Processing Actions:
  - a. Audit the transferred SF 1150.
  - b. Credit the refund to the appropriation currently charged for the employee's salary.
  - c. Process the cash collection or payroll deduction.
  - d. Credit the employee's leave account when the total amount has been collected.
  - e. Process as a cash collection to the United States Treasury any check for the unexpired portion of lump-sum leave payable that is received from another DoD installation.
2. After collection of the full amount of the refund, prepare a statement for the employee including:
  - a. References to 5 U.S.C. 5551 (reference (b)) as the basis for the refund.
  - b. Date the refund was fully paid.
  - c. Total amount collected.
  - d. Statement that the earnings shown on Form W-2 (Wage and Tax Statement) for the calendar year in which the refund was made were not decreased by the refund amount. If the refund is spread over two payroll years, make a separate statement for each year.
3. Distribute the statement as follows:

- a. Give the signed original and one copy to the employee.
- b. Attach a signed copy to Form W-2 or tapes sent to the SSA.
- c. Send a copy to any state or local taxing authority as appropriate.

★ 030706. Lump-Sum Payment for Restored Annual Leave for Base Realignment and Closure (BRAC) and the Closure of an Installation in the Republic of Panama in Accordance With the Panama Canal Treaty of 1977. of Title 5 United States Code, section 5551 (reference (b)) requires payment of restored annual leave under 5 U.S.C. 6304(d)(3) (reference (b)) in certain situations. Effective on or after September 23, 1996, for BRAC and October 17, 1998, for Republic of Panama closures (P.L. 105-261, reference (e)), a lump-sum payment shall be made to any DoD employee moving to a position in any non-DoD federal agency or to any position within the Department that is not located at an installation being closed or realigned under 5 U.S.C. 6304(d)(3) (reference (b)). The SF 50 must contain a remark to indicate that "lump-sum payment for unused annual leave restored under 5 U.S.C. 6304(d)(3) is required under section 1611 of P.L. 104-201, dated September 23, 1996." The payroll office will make the lump-sum payment when this remark is received.

#### 0308 SEVERANCE

★ 030801. Qualifications. An employee who qualifies under 5 U.S.C. 5595 (reference (b)) is entitled to severance pay in regular pay period intervals and amounts equal to that paid before separation. Public Law 104-106, section 1035 (reference (e)) allows Heads of DoD Components to authorize payment of severance pay in a lump-sum rather than on a biweekly basis. Title 5, United States Code, Section 5595(i)(4) (reference (b)) authorizes the Department to make a lump-sum payment of severance pay for separations taking effect before October 1, 1999. An employee separated within a pay period rather than at the end of a pay period receives an initial payment of severance pay for the remainder of that pay period. Severance pay for employees with variable work schedules or rates of pay is computed on the basis of the average rate of basic pay for the last position held during the 26 biweekly pay periods immediately preceding separation (5 C.F.R. 550.707) (reference (l)).

#### 030802. Payments

A. The civilian payroll office will make severance payments. If the civilian payroll office is inactivated, the civilian payroll office assuming responsibility for servicing the closed civilian payroll office continues payment for the period of eligibility. The inactivated payroll office will discontinue the payments and send the new civilian payroll office enough pay data to establish the severance payments.

★ B. Severance payments are made biweekly based on SF 50 data provided. Appropriate withholding will be made for Social Security/Medicare, federal, state and local income taxes. If a former employee dies before the expiration of the entitlement period, severance

payments will be continued on a biweekly basis to the beneficiary of the deceased or held in account until identification of the beneficiary by the HRO. Collection of an indebtedness from an employee's severance pay is permissible under 31 U.S.C. 3716 (reference (d)). These payments are subject to collection for any outstanding debts owed to the government. Additionally, under 5 C.F.R. 581.103 (reference (l)), severance pay is subject to court-ordered garnishments for alimony, child support, and commercial debts. However, any court-ordered garnishments are canceled upon the death of an employee. Payments to beneficiaries are not subject to federal tax withholding requirements.

030803. Withholding Tax Reports

A. When a separated employee has been paid the total severance pay to which entitled, or at the end of the calendar year, whichever is earlier, a Form W-2 will be issued.

B. Severance pay paid to beneficiaries of deceased employees will be reported on Form 1099-MISC.

030804. Discontinued Entitlement. When the civilian payroll office that is making severance payments to a former employee receives official notification from a HRO or other appropriate source that the individual has been reemployed in the federal service, severance payments will be discontinued. Discontinuation of such payments shall be effective on the date of reemployment. The total of amounts paid will be reported to the gaining activity or agency. This information will be used in determining future entitlement to severance pay since total severance pay during an employee's lifetime cannot exceed one year's pay at the rate received immediately before separation (5 U.S.C. 5595(c)) (reference (b)).

0309 ADVANCE OF PAY

030901. Policy

A. Title 5 United States Code, section 5524a (reference (b)) allows agencies to make advances of pay to new hires., The Department, however, has not authorized the use of these advances.

★ B. Advances of pay for DoD civilian employees proceeding to or arriving at a post of assignment in a foreign area are authorized, when applicable. An advance of pay is a prepayment made available to an employee in a pay status. A teacher in a nonpay status because of the summer recess shall be eligible for an advance of pay. A single, lump-sum pay advance of base pay for up to three months may be authorized to an employee with each permanent change of station (PCS) to a foreign area. Advances are intended to finance unusual employee expenses associated with overseas assignments that often are not otherwise reimbursed and to aid foreign assignment recruitment and retention. Such expenses may include transportation, storage of household goods, shipping costs, deposits on living quarters overseas, and purchase of household items. See 5 U.S.C. 5927 (reference (b)) and DoD 1400.25-M, subchapter 1250 (reference (u)). Refer to subparagraphs 030402.A.1. and 2. for advances of LQA and TQSA.

C. For purposes of this section, a DoD civilian employee is defined as a full-time DoD employee who is a U.S. citizen paid from appropriated, revolving, or trust funds. New hires that are in a pay status and traveling to a foreign area on travel orders are also included. With respect to teachers, employment during a normally scheduled shift shall be considered full-time.

D. A foreign area is defined as an area located outside the United States, exclusive of the Commonwealth of Puerto Rico, territories of the United States, and other areas designated by the Secretary of State under E.O. 10903 (reference (s)).

★ E. Advances of pay for overseas transfers will be paid only by the disbursing officer (or the disbursing officer's overseas agent) who support the civilian payroll office servicing the overseas area, or in OCONUS from a disbursing officer who is a deputy to the CONUS office. Payment may be made in a single lump-sum or included in the next regular biweekly pay.

030902. Eligibility

★ A. The HRO responsible for the employee shall verify the eligibility for an advance by confirming the travel orders and the appropriate pay grade and step at the foreign post. If confirmation of the foreign pay grade or step is not obtained, the current gross pay at the time of the advance shall be used.

B. An employee may request an advance of pay 3 weeks before the estimated departure date for assignment to a foreign duty post or up to 2 months after arrival.

030903. Counseling. Each employee eligible for an advance shall be counseled by the HRO concerning authorized purposes of the advance, repayment requirements, expenses that can be anticipated at the foreign assignment, and application procedures.

★ 030904. Application. The employee shall request an advance on the SF 1190. The form serves as the request, authorization, and voucher document.

030905. Collection of Advance

★ A. Repayment shall be made by payroll deduction over a maximum of 26 pay periods. Advances for DoDEA employees must be repaid in no more than the number of full pay periods remaining in the school year, if applicable. Deductions shall begin the first pay period after receipt of the advance or following arrival at the foreign post, whichever is later. A copy of the SF 1190 must be sent to the gaining civilian payroll office for collection when payment is made by the losing disbursing office.

B. Partial or lump-sum repayments, in addition to payroll deductions, shall be accepted.

C. When an employee separates or transfers, the outstanding balance shall be due in full. Advances of pay are recoverable from the employee or the employee's estate by deduction from accrued pay, amount of retirement credit, other amounts due the employee from the government, or by other methods as provided in DFAS Regulation Number 005 (reference (w)).

D. The Defense Debt and Claims Management Office, DFAS-Denver Center, may waive, in certain cases, the government's right of recovery of an erroneous pay advance in accordance with the requirements in DFAS Regulation Number 005 (reference (w)) and 5 U.S.C. 5584 (reference (b)).

030906. Other Requirements or Conditions

A. An employee is authorized only one outstanding advance at a time, regardless of the frequency of PCS. If an employee becomes eligible for a second advance, the first shall be liquidated before payment is made for the second advance request.

B. More than one member of a household may be eligible for an advance.

C. Allotments and assignments of advances shall not be authorized.

D. Advances shall be paid to employees of another federal agency on a reimbursable basis provided there is an agreement between the other agency and DFAS to make similar payments to DoD employees.

E. Submission of statements and documents from the employee establishing the need for, and the use of, an advance may be required.

F. Management controls shall be developed to ensure only authorized employees obtain an advance and complete accountability procedures exist for the disbursement and collection of pay advances. Accounting records shall include current, accurate, and complete records of obligations, receivables, and collections.

G. On an exception basis, an additional payment on an advance shall be authorized when circumstances warrant and the employee has not received the full amount of the maximum possible advance consistent with the employee's pay grade. Examples of circumstances warranting a second payment, but not an all-inclusive list, are a substantial understatement of the maximum advance authorized; inadequate or inappropriate counseling on the purpose of the advance; and unforeseeable events leading to a significant increase in the cash outlay requirements of an employee at the foreign assignment location.

★0310 SPECIAL PAYMENTS. Special salary payments (e.g., beneficiary payments, employees erroneously omitted from the payroll) will be made in accordance with paragraph 080102.

★0311 AWARDS

031101. General. Title 5, United States Code, Chapter 45 (reference (b)) is the legal basis for the government-wide incentive awards program for civilian employees. The OPM prescribes regulations in 5 C.F.R., chapter 45 (reference (l)) under which the awards programs shall be carried out. The DoD 1400.25-M, subchapter 451 (reference (u)) prescribes awards policies governing the award program for DoD civilian employees.

031102. Incentive Awards. The DoD 1400.25-M delegates to the heads of the DoD Components the authority to pay cash awards, grant time-off as an award, and incur the necessary expense for the honorary recognition of an employee (either as an individual or as a member of a group) on the basis of (a) suggestions, inventions, superior accomplishments, productivity gains, or other personal efforts that contribute to the efficiency, economy, or other improvements of government operations; (b) a special act or service in the public interest in connection with or related to official employment; or (c) performance as reflected in the employee's most recent record of rating.

A. Time Off as an Incentive Award. Authorized by 5 U.S.C. 4502(e) (reference (b)), a time off award may be granted in lieu of cash (5 C.F.R. 451.101-451.107) (reference (l)). Title 5, C.F.R. 451.104(f) (reference (l)) does not permit a time-off award to be converted to a cash payment under any circumstances.

1. Time off granted as an incentive award must be used within one year from the effective date. Sick leave may be granted to an employee who becomes incapacitated for duty during a period of time off. Supervisors and employees are responsible for scheduling the use of this leave within one year. The incentive leave is forfeited if not used within the one-year time frame. There is no provision for restoring time-off awards.

2. The maximum amount of time off that can be granted to any one individual for a single achievement should not exceed 40 hours. The maximum amount of time off that can be granted to any one individual within one leave year should not exceed 80 hours. Part-time employees and employees with uncommon tours of duty may be granted one-half the average number of hours in the employee's biweekly tour of duty for a single achievement. The maximum amount of time off which can be granted to part-time employees and employees with uncommon tours of duty during any one leave year is the average number of hours of work in the employee's biweekly scheduled tour of duty.

3. Unused time off should be transferred when an employee transfers from one activity to another, but remains within the same DoD Component. If an employee changes to another agency, any unused time off shall be forfeited.

B. Foreign Language Awards. These awards may be paid to qualifying LEOs who are proficient in, and use, a foreign language(s) in the performance of their duties. Additional information is in 5 U.S.C. 45, subchapter III (reference (b)).

031103. Payroll and Payment Procedures

A. The civilian payroll office accepts the SF 50 or automated systems equivalent from the HRO as authorization for payment of cash awards or granting of time-off awards. Awards will be delivered to employees in the same manner as their net pay. Incentive award payments are not distributed to the worksite.

B. Time-off awards shall be posted to the employee's record and reduced when the time off is taken and or forfeited. Usage reported prior to the receipt of notification of the award shall be reflected as a negative balance in the civilian payroll system. Failure of the HRO to provide notification of the granting of the award within two pay periods of the usage shall be assumed to be a time and attendance error. The usage shall be converted as shown in Table 5-2.

C. Cash award payments are subject to the withholding provisions of the federal, state, and local income tax laws, and the provisions of FICA. The payroll system will deduct 28 percent federal tax automatically on special earnings of this nature. The applicable state and local tax deductions and Social Security and/or Medicare deductions will be computed based on tax information in the employee's current master record. No state and local taxes are withheld for employees assigned to overseas duty locations unless requested by the employee.

D. Payment to Separated Employees

4. When possible, the employee can be reestablished on the payroll using the last known information on the employee's master account record for applicable deductions and mailing address.

5. If the employee cannot be reestablished, payment can be made using an SF 1034 (Public Voucher for Purchases and Services Other Than Personal).

E. Cash award payments must be included on an employee's LES as well as the Form W-2.

0312 CONTINUATION OF PAY (COP) FOR FEDERAL EMPLOYEES

031201. The Federal Employees' Compensation Act (FECA), codified in pertinent part in 5 U.S.C., Chapter 81 (reference (b)), provides compensation and authorized medical care for all civilian employees of the United States for disability due to personal injury sustained while in the performance of duty. Regulations governing injury compensation are contained in 20 C.F.R. Part 10 (reference (x)).

A. Civilian employees are entitled to medical care and compensation for absences due to traumatic on-the-job injuries and disease sustained while in the performance of duty. Traumatic injury is not the same as disability from occupational disease. Eligible employees are entitled to up to 45 calendar days of COP for traumatic injury.

B. The FECA is administered by the OWCP, U.S. Department of Labor, through district offices. Each HRO maintains the address of the district office that services its region.

★ 031202. Continuation of Pay - Traumatic Injury

A. Entitlement to Continuation of Pay. An employee who sustains a disabling job-related traumatic injury is entitled to the continuation of regular pay for a period not to exceed 45 calendar days for each occurrence. The pay is subject to Social Security and/or Medicare, federal, state, and local tax, retirement, and all other normal deductions. The pay for a separated employee (unless the date of termination has been established prior to the injury) who is entitled to COP will be subject to Social Security and/or Medicare, federal, state, and local tax if appropriate. No other deductions will be taken. The injured employee's pay must continue unless denied by the Department of Labor.

1. Regular Pay. Regular pay is defined as follows:

★ a. For a full-time or part-time employee who works the same number of hours per week, the weekly pay rate shall be equal to the number of hours regularly worked each week times the hourly pay rate on the date of injury including premium pay, night or shift differential, holiday pay, and other extra pay, exclusive of overtime.

b. For a part-time employee who does not work the same number of hours per week, the weekly pay rate will be the average weekly earnings for the one-year period before the date of injury, exclusive of overtime.

c. For an intermittent or part-time employee, either permanent or temporary, who does not work each week of the year (or the period of appointment), the weekly pay rate equals the average of the employee's weekly earnings during the one-year period before the injury. It is computed on the basis of the total earnings divided by the number of weeks worked (partial weeks worked are counted as whole weeks). The annual earnings used for this computation must not, however, be less than 150 times the average daily wage earned within one year before the date of injury.

2. Standby premium, night or shift differential, holiday pay, or other extra pay should be included in regular pay in all instances. Overtime pay, however, must not be made part of COP except in the case of firefighters and law enforcement officers. If a salary increase (pay raise, step increase, promotion, etc.) occurs during the 45-day period, the new salary rate as of the effective date of the increase will be used for computing the remaining COP.

B. Controversion. Sometimes an agency objects to paying a claim for COP, either for one of the reasons provided by regulation or for some other reason. This action is controversion. The employing activity may controvert a claim by completing the indicated portion of Form CA-1 (Federal Employee Notice of Traumatic Injury and Claim for Continuation of

Pay/Compensation) and submitting detailed information in support of the controversion to the OWCP.

★ C. Denial of COP. No COP may not be paid if the disability is not caused by a traumatic injury and the employee:

1. Is not a U.S. or Canadian citizen,
2. Does not file a written claim within 30 days of the date of injury,
3. Does not report the injury until after separation from employment,
4. Is injured away from the activity's premises by an event that is outside of the employee's official duties,
5. Is injured because of his or her own willful misconduct, intent to injure a person, intoxication by alcohol or illegal drugs, or
6. Does not stop work within 45 days after the injury.

D. Termination of COP. When pay is continued after the employee stops work because of a disabling injury, it must not be interrupted until the earliest of one of the following occurs:

1. The employee has not provided prima facie medical evidence of injury-related disability within 10 calendar days after the employee claims COP or the disability begins or recurs.
2. The activity receives medical information from the attending physician to the effect that the employee is no longer disabled.
3. The activity receives notification from the OWCP that pay should be terminated.
4. The COP has been used for 45 calendar days.
5. The employing agency receives evidence that the employee is partially disabled and the employee refuses suitable work.
6. The employee's scheduled term of employment expires and the date of termination has been established prior to the date of injury.
7. The employee returns to work with no loss of pay.

8. The OWCP determines that the employee refused or obstructed a medical examination required by OWCP.

9. Implementation of a disciplinary action where the preliminary notice is issued before the employee is injured.

E. COP Period. The COP period is 45 calendar days. If the employee has stopped work because of the disabling effects of the injury, the period starts at the beginning of the first full day or first full shift on which the disability begins. If disability occurs on the date of injury, the remainder of that day or shift will not be counted as COP. If the employee stops work for only a portion of a day or shift (other than the day or shift when the disability begins), that day or shift will be considered as one calendar day. If an employee is not immediately disabled as a result of the injury, the 45 days will begin on the first full day or the first full shift when the disability begins. The initial use of COP must begin within 45 days of the date of injury or the employee is only entitled to compensation from OWCP. The employee's scheduled nonwork days are included in determining the 45 days if medical evidence supports that the employee is disabled; however, there will be no COP paid for those nonwork days.

F. Light-duty Status. When a determination can be made that an employee is capable of performing light duty after an on-the-job injury, COP is chargeable against the 45-day entitlement when a personnel action has been taken to:

1. Assign or detail the employee to an identified position for which a position description exists which is classified at a lower salary level than that earned by the employee when injured;

2. Change the employee to a lower grade, or to a lower rate of basic pay;

or

3. Change the employee to a different schedule of work that results in loss of salary or premium pay, other than Sunday premium, authorized for the employee's normal administrative workweek. An employee placed in light duty status who refuses to work after suitable work is offered is not entitled to COP.

G. Recurrence of Disability. Should an employee suffer a recurrence of the disability, the regular pay can be continued, providing the 45 calendar days were not all "used" during the initial period of disability. This is applicable, however, only during a 45-day period beginning from the date the employee first returned to work following the initial disability. If a recurrence happens after the 45-day window has expired, the regular pay should not be continued although some of the 45 days of COP eligibility may remain "unused." In that instance, the employee is entitled only to compensation payable by OWCP.

H. Use of Leave Instead of COP

1. An employee may use annual or sick leave to cover all or part of an absence due to an injury. If an employee elects to use leave each full or partial day for which leave is taken will be counted against the 45 days of entitlement. Therefore, when an employee uses COP intermittently along with sick or annual leave, entitlement is not extended beyond 45 days of combined absences.

2. An election of sick or annual leave is not always irrevocable. If an employee who has elected leave for the period wishes to elect COP, the employing activity must make that change on a prospective basis from the date of the employee's request. The employee may also receive COP in lieu of previously requested annual or sick leave, provided the request is made within one year of the date the leave was used or the claim was approved in writing, whichever is later. A corrected time and attendance report is needed to authorize a change from leave to COP.

### 3. Leave Status of Employees Eligible for COP

a. Employees eligible for COP must be placed in a leave status for time lost from work due to injury in excess of the 45 days of COP. They may take annual or sick leave, or LWOP, if necessary, until OWCP approves their claims. Employees who are receiving OWCP compensation after the 45-day period must be in a LWOP status.

b. These employees may buy back annual or sick leave taken under subparagraph 031202.H.3.a. when they are awarded compensation by OWCP except under subparagraph 031202.H.3.c. They cannot receive dual compensation for pay and leave and OWCP compensation for that time lost due to injury. The leave will be reinstated when bought back.

c. Employees eligible for COP who take annual or sick leave for time lost due to injury instead of COP are not eligible for OWCP compensation for that leave. These employees may not buy back that leave and have it reinstated.

4. Employees not eligible for COP must be in a leave status during absence due to injury. Employees may take annual or sick leave or LWOP while awaiting a decision from OWCP on their claims. Employees must be in an LWOP status while receiving OWCP compensation. These employees may buy back, and have reinstated, all annual and sick leave used for time lost from work due to injury if OWCP approves their claims for compensation.

#### 031203. Buy Back of Leave

A. General. When an employee elects to take sick or annual leave, or both, subsequent to the completion of 45 days of COP or in the case of occupational disease, and the claim for compensation is subsequently approved by OWCP, the employee may arrange with the civilian payroll office to buy back the leave used within one year of the date the claim was approved and have it recredited to the leave account. The civilian payroll office shall make arrangements with OWCP to have compensation for the "buy-back" period paid directly to that office. After receipt, the civilian payroll office will notify the employee of the amount to be repaid

and the method of repayment. An employee who elects to use sick or annual leave, or both, during the 45-day period of COP may not buy back the leave by claiming compensation for such period.

B. Computation. The gross amount paid for leave used during a period retroactively covered by compensation must be recovered; however, certain deductions may be recovered by payroll adjustment. The amount recovered from the employee and/or OWCP will depend on whether payment for the leave was made in the current year or in a prior year. See Figures 3-1 and 3-2 for examples.

★ C. Current Year Recovery. The amount to be collected for leave payments made in the current calendar year will be the net pay plus deductions for bonds, savings allotments, alimony and/or child support, rent, indebtedness to the United States, and any other deductions for which the employee received value, but cannot be otherwise collected. Deductions that will be reversed (if applicable and if the moneys are recovered) in the payroll system are CSRS/FERS, Social Security and/or Medicare, federal, state and local taxes, FEHB (if OWCP payment is for more than 28 days), FEGLI (basic and optional), TSP, union dues, charitable contributions, military service credit deposits and civilian service credit deposits. Adjustments to earnings to date for other than those items reversed in the payroll system shall be made. Amounts collected from the employee and/or OWCP shall be taken up as a cash refund on a voucher for disbursement and/or collection.

★ D. Prior Year Recovery. The amount to be collected for leave payments made during a prior year will be the gross amount less CSRS/FERS, Social Security and/or Medicare, TSP, FEHB (if OWCP payment is for more than 28 days), and FEGLI (basic and optional). The procedure in subparagraph 031203.C. will be followed for payroll reversals and cash collection. The credit to CSRS/FERS will be posted as a separate credit line item on the SF 2806/3100 fiscal side indicating the year for which the adjustment was made with an explanation in the "Remarks" column. Adjustments for federal, state, and local income taxes are not authorized. The Form W-2 prepared for the employee upon separation or at the end of the payroll year, as appropriate, will not include any tax adjustments for a prior year. A certified statement must be prepared to go with the current year's Form W-2. It will state that a refund for prior year CCYY was made in the amount of \$\_\_\_\_, but that the gross wages shown on the current year Form W-2 have not been reduced by the amount of the refund.

E. Partial Payroll Deductions. If circumstances warrant, the amount due from the employee, after recovery of the amount repaid by OWCP, may be repaid by partial payroll deductions. Adjustment of those deductions to be reversed on the payroll will not be accomplished until the full amount has been repaid.

F. Recrediting of Leave. The full amount of leave used during the "buy-back" period will be recredited to the employee's leave account. Leave bought back, however, may not be recredited until the total amount has been repaid.

0313 BACK PAY

★ 031301. General. Title 5 United States Code, section 5596. (reference (b)) and implementing regulations in 5 C.F.R. 550, subpart H (reference (l)) authorize the payment of back pay and reasonable attorney fees for the purpose of making an employee financially whole (to the extent possible). Payment of back pay can be made when, on the basis of a timely appeal or an administrative determination (including a decision relating to an unfair labor practice or a grievance), an appropriate authority finds that the employee was affected by an unjustified or unwarranted personnel action. Such action must have resulted in the withdrawal, reduction, or denial of all or part of the pay, allowances, and differentials, otherwise due the employee under an applicable law, rule, regulation, or provision of a collective bargaining agreement. The HROs will determine entitlement to payment of back pay that will be indicated in the remarks section of the SF 50.

031302. Correcting Unjustified or Unwarranted Personnel Action

A. When an appropriate authority corrects or directs the correction of an unjustified or unwarranted personnel action, the employee shall be deemed to have performed service in the Department during the period covered by the corrective action and the civilian payroll office shall compute, for the period covered by the corrective action, the pay, allowances, and differentials of the employee as if the improper personnel action had not occurred. In no case, however, will the employee be granted more pay, allowances, and differentials under the back pay law than he or she would have been entitled to if the improper personnel action had not occurred.

B. When an employee's total interim earnings (including those from other federal employment) exceed the total amount of back pay, the excess amount may be retained by the employee (Comp. Gen. B-194777, October 30, 1979) (reference (p)).

C. When an employee has been separated, corrective action is completed on the date the Department has reasonably set, with written notice to the employee, for return to duty. Until that date, the erroneous action is in effect. Failure by the employee to report for duty on the date set by the Department may result in the employee being charged annual leave, leave without pay, or absence without leave for the period from the date set for return of the employee to work until the date the employee actually returns to work. An employee who resigns instead of returning to duty, however, still is entitled to back pay, since there is no requirement that the employee must return to duty. In this case, the employee will receive back pay up to the date that he or she legitimately is separated, which may not be the date that he or she is requested to report for duty.

031303. Back Pay Computations

A. General. In computing the amount of gross back pay due an employee, the civilian payroll office must include premium pay and any changes that would affect the amount of pay, allowances, and differentials which the employee would have earned if the unjustified or unwarranted personnel action had not occurred. The computation of the net back pay to which an employee is entitled is a three-step process: interim net outside earnings from employment taken to take the place of government employment must be deducted from the gross back pay due the employee; erroneous payments received from the government as a result of an unjustified or

unwarranted personnel action must be deducted from net back pay due the employee; and other authorized deductions. Authorized deductions which include retirement deductions computed on gross basic pay for the period of separation, federal and state taxes computed on net back pay after deductions for interim net earnings, and health benefits premiums, if any, may be made from the remaining back pay due the employee.

B. Computation of Gross Back Pay

1. Under 5 C.F.R. 550.805(c) (reference (l)), an agency may not pay back pay for any period during which the employee was not ready, willing, and able to perform his or her duties because of an incapacitating illness. The employing agency, however, must grant, upon request of the employee, any sick or annual leave to the his or her credit to cover the period of incapacity by reason of illness or injury. In addition, an agency may not pay back pay for any period during which the employee was unavailable for performance of their duties for reasons not related to, or caused by, the unjustified or unwarranted personnel action.

2. In computing an employee's pay, it is necessary to include any within-grade increases (WGI) to which the he or she became entitled during the period covered by the corrected personnel action. When the grant or denial of a WGI requires an acceptable level of competence determination, under 5 C.F.R., part 531, subpart D (reference (l)), the requirements for such a determination, including the right of reconsideration and appeal, must be followed (even though the determination is made retroactively) before the WGI may be included in the computation of the amount of back pay due the employee. It should be noted that the regulations governing WGIs waive the requirement of an acceptable level of competence determination when the employee had less than 60 days of service during the final 52 calendar weeks of the waiting period because of the unjustified and unwarranted personnel action (5 C.F.R. 531.409(d)) (reference (l)).

3. In computing the back pay of an employee who is restored to the rolls after an improper personnel action, any overtime the employee would have earned during the period of the erroneous separation is to be included in the back pay even though the overtime was not actually scheduled. The method of computing overtime incident to a back pay award due an employee may be based on the average number of overtime hours worked by fellow employees occupying similar positions during the same period (41 Comp. Gen. 273 (1961)) (reference (p)).

4. An employee who should have been selected for overtime work because a regulation or collective bargaining agreement provided for assignment of overtime work in a prescribed manner is entitled to back pay for the overtime not worked if the regulation or nondiscretionary provision of the agreement is violated. The appropriate authority must find that the action taken was unjustified or unwarranted and direct that corrective action be taken. The overtime will be computed on the basis of the number of hours worked by the employee selected to perform the overtime work during the same period (54 Comp. Gen. 1071 (1975)) (reference (p)).

5. Any allowances or differentials that the employee would have received if the improper personnel action had not occurred are included in the amount due the employee.

This is true even though the employee did not physically remain in the location giving rise to entitlement to the allowance or differential (40 Comp. Gen. 479 (1961), 52 id 860 (1973), and 59 id 261 (1980)) (reference (p)).

6. In determining the amount of irregular or intermittent pay for physical hardship or hazard duty to which a GS employee would have been entitled, the civilian payroll office may determine the number of days per week the employee performed each type or irregular or intermittent hardship or hazard duty during the 52 weeks preceding the unjustified or unwarranted separation for which they would have been compensated. The civilian payroll office may use an average of the amounts to make the necessary computations.

7. Payment of environmental differentials on an actual exposure basis or on the basis of hours in a pay status must be computed in accordance with the OPM regulations and instructions. The Department determines entitlement to such differentials on the basis of the 52 weeks preceding the unjustified or unwarranted separation for which the FWS employee would have been compensated.

8. When the Department is not able to determine with certainty the number of hours that the intermittent employee would have worked during the period covered by the corrected personnel action, the civilian payroll office may estimate the amount of back pay. This estimate is determined by taking an average of the number of hours worked by other DoD employees under the same type of appointment and performing the same kind of work to which the employee in question would have been assigned during this period. The civilian payroll office also may determine the average number of hours a week the employee actually worked for a representative period preceding the unjustified or unwarranted personnel action (such as 26 or 52 weeks, whichever would represent a fairer approximation of the employee's earnings if he or she had actually worked) and use these average weekly hours to make the necessary computations.

### C. Computation of Net Back Pay

1. Under 5 C.F.R. 550.805(e) (reference (b)), the civilian payroll office must deduct any amounts earned by an employee from other employment during the period covered by the corrective action. The amount of entitlement is the difference between the amount of compensation the employee would have earned, including all premium pay, and the amount actually earned in employment during the period covered by the corrected personnel action. The amount earned in employment obtained to take the place of federal employment means net earnings, that is, gross earnings less losses and certain expenses incurred in connection with the interim employment or business (34 Comp. Gen. 382 (1955)) (reference (p)). Losses sustained in a venture unrelated to that separation, however, are not allowable for deductions (35 Comp. Gen. 268 (1955)) (reference (p)).

2. The only earnings from other employment that may not be deducted from back pay are earnings from outside employment the employee already had before the unjustified suspension or separation. For example, if an employee worked 20 hours on an outside part-time job prior to separation from government employment, and during the period of separation

worked 40 hours, the amount representing the 20 hours additional time worked would be offset against the back pay computation. To clearly establish whether the pay for outside employment increased substantially during the period of separation, the Department should obtain a statement or affidavits from the employee covering his or her outside earnings.

D. Computation of Interest on Back Pay Awards

★ 1. Under 5 U.S.C. 5596 (reference (b)) interest shall be paid on all back pay awards that became final on or after December 22, 1987. In most cases, the actual date of the award or decision is not the date the decision becomes final, i.e., no longer subject to reconsideration or higher level review or appeal. Interest begins to accrue on the effective date of the withdrawal of pay, allowances, and differentials. As a result, most computations will involve a series of effective dates--one for each date (usually a pay date) on which the employee failed to receive an amount of pay, allowances, and differentials because of the unjustified or unwarranted personnel action. Section 550.805 of 5 C.F.R. (reference (l)) sets out procedures for the computation of back pay, and 5 C.F.R. 550.806 (reference (l)) addresses the computation of interest.

2. The Department must issue the interest within 30 calendar days of the date on which accrual of interest ends. If issuance of the interest payment is delayed more than 30 calendar days after the date on which accrual of interest ends, interest must be recomputed based on a new ending date meeting the 30-day requirement.

3. The applicable interest rate is the "overpayment rate" adjusted quarterly by the Secretary of the Treasury and published in an IRS Bulletin issued before the beginning of each quarter.

★ 4. Interest is computed in accordance with the formula or computer software provided to civilian payroll offices by the OPM. Taxes will not be withheld from interest payments on back pay awards. The civilian payroll office will provide employees with a Form 1099-INT for all interest payments. The OPM has requested a formal opinion from IRS regarding the tax status of interest on back pay.

E. Erroneous Payments. The following deductions are mandatory and necessary to achieve the "make whole" purpose of the back pay statute:

1. Retirement Annuity Payments. Any employee who, as a result of separation that is subsequently determined by an appropriate authority to have been erroneous, has been in receipt of retirement annuity payments (either special payments or regular annuity payments) is indebted to the government for the gross amount of retirement annuity payments authorized for the period covered by the corrective action. Because the gross amount of annuity payments had already been reduced by required health benefits and life insurance premiums, the civilian payroll office recovers an amount of annuity from the back pay award equal to the gross annuity less health benefits and life insurance premiums, and transfers that amount to the retirement system. The government then recovers the amounts paid from the CSRS or FERS gross annuity for

health benefits and life insurance from the respective carriers for those programs, and the retired employee's account is satisfied. The civilian payroll office then must collect from the back pay due the employee the required amount for health benefits coverage during the period following restoration and transfer that amount, plus the agency's share, to the OPM on the SF 2812.

a. As an example of the above instruction, consider that the retired employee was entitled to a gross annuity of \$500 per month less \$50 per month for health benefits coverage and \$50 per month for unreduced basic life insurance coverage after age 65, and optional insurance. The net amount payable to the annuitant in this example was \$400 per month. If the period of erroneous annuity payment was for only one month, the gross indebtedness was \$500. However, the net amount of indebtedness to be withheld from the back pay award is \$400 (the amount the annuitant actually received).

b. Erroneous separations resulting in indebtedness to the retirement fund may occur in a number of circumstances, including: an erroneous separation resulting from removal for misconduct or poor performance that subsequently is overturned on appeal; a reduction-in-force action that subsequently is overturned on appeal; separation for retirement that subsequently is determined to have been coerced; and erroneous separation for retirement because of incorrect counseling about eligibility for retirement. The civilian payroll office must deduct the amount of the net erroneous retirement payments from the back pay award. The civilian payroll office must remit the appropriate amount payable to the U.S. Office of Personnel Management and if a check payment, mail that payment to the U.S. Office of Personnel Management, Funds Control Branch, Room 1312, 1900 E Street, N.W., Washington, D.C. 20415.

2. Refund of Retirement Contributions. Title 5, United States Code, section 8342(a) (reference (b)) authorizes refund of an employee's retirement contributions only upon absolute separation from the service or transfer to a position not subject to the law. An employee must be separated or transferred for at least 31 consecutive days to be eligible for this refund. Therefore, a refund of retirement contributions paid to an employee based on a separation which subsequently is found erroneous and canceled by restoring the employee to duty retroactively so that there was no break in service removes the legal basis for the refund. A refund that was paid in error represents a debt due the retirement fund that must be deducted from any back pay entitlement. If the restored employee is entitled to back pay, the civilian payroll office should contact the OPM to determine the amount of refund, if any, to be offset against the back pay entitlement. A payment for the appropriate amount should be remitted to the OPM, at the address shown in subparagraph 031303.E.1.b.

3. Severance Pay. The severance pay paid to an erroneously separated employee at the time of his or her removal must be deducted from the back pay award upon restoration to duty.

4. Lump-sum Payment for Annual Leave. The lump-sum payment that an erroneously separated employee received upon his or her removal must be refunded by the employee upon cancellation of the separation action. This is because the lump-sum payment for annual leave is authorized under 5 U.S.C. 5551(a) (reference (b)) only upon separation from the

service. Therefore, when a separation is canceled and the employee is restored to duty as of the date of separation, the lump-sum payment is considered erroneous. Any lump-sum received by the employee must be offset against the employee's back pay award, and the leave must be recredited to the employee's leave account. There is no authority to permit an employee to elect to retain payment or receive credit for the leave. The procedures for collecting leave payments are in subparagraphs 031203.C. and 031203.D.

5. Order of Precedence. The order of precedence for deducting erroneous payments from back pay awards when the net amount of back pay is insufficient to cover all the deductions is as follows: retirement annuity payments or refunds of retirement contributions, severance pay, and lump-sum payment for accrued annual leave.

★ a. Employees may request the OPM to waive recovery of erroneous payments of any amount from the Civil Service Retirement and Disability Fund. Requests for waiver should be submitted to U.S. Office of Personnel Management, Office of Retirement Programs, Reconsideration and Debt Collection Division, Room 3H30, 1900 E Street, N.W., Washington, D.C. 20415. Employees also may submit requests to that address to repay debts owed to the Civil Service Retirement and Disability Fund by installment deductions from salary.

b. For severance pay and lump-sum annual leave payments, any net indebtedness remaining after liquidation of back pay is subject to waiver (by GAO or DFAS, as applicable) under the authority of 5 U.S.C. 5584 (reference (b)).

#### F. Other Authorized Deductions

1. The retirement contribution is computed on the employee's gross back pay subject to retirement and deducted after subtracting the earnings from outside employment. Even if no amount of back pay is due the employee, because of excessive outside earnings, the employee must remit the appropriate amount of retirement fund contributions to the Department in order to receive full retirement credit for the period of the unjustified or unwarranted separation (Comp. Gen. Decision B-235638, December 4, 1990) (reference (p)) and (5 U.S.C. 8334(c) (reference (b))).

2. Income tax withholdings are not computed on gross back pay before deductions from outside employment. Rather, interim net earnings (i.e., gross earnings less losses and certain expenses incurred in connection with the interim employment or business, but before income tax withholdings), if any, must be deducted from the gross amount of back pay and income tax withheld on the remainder (unpublished Comp. Gen. Decision B-125762, 1957) (reference (p)).

3. Health benefits premiums for an employee restored to duty following an erroneous separation for retirement must be deducted if coverage under the health benefits program continued without interruption during the erroneous retirement.

G. Examples of Back Pay Computations. The following examples are set forth as an aid to computing back pay (figures are not actual but illustrative only):

## Example 1:

An employee's gross back pay computation (based on basic pay only) is \$10,000. During the period covered by the corrective action the employee earned \$7,000 from outside employment (interim earnings).

Gross back pay	\$10,000
Less interim earning	\$7,000
Subtotal	\$3,000
Less authorized deductions	
Retirement deductions computed on gross back pay (\$10,000)	\$700
Federal tax computed on net back pay (\$3,000)	\$325
State tax computed on net back pay (\$3,000)	\$97
Total deductions	\$1,122
Net back pay	\$1,878

## Example 2:

An employee's gross back pay computation is \$32,420, as follows:

Basic pay	\$31,000
Overtime pay	\$300
Holiday pay	\$120
On-call pay	\$1,000

The employee received lump-sum payments amounting to \$1,000, and net retirement payments (gross retirement less the amount withheld for health benefits and the amount withheld for post retirement basic life insurance) amounting to \$10,000. During the period covered by the corrective action the employee earned \$11,000 from outside employment (interim earnings).

Gross back pay	\$32,420
Less interim earnings	\$11,000
Subtotal	\$21,420
Less erroneous payments	
Erroneous retirement payments (not including FEHB and FEGLI premiums)	\$10,000
Erroneous lump-sum payments for annual leave	\$1,000
Total	\$11,000
Subtotal	\$10,420
Less other authorized deductions	
Retirement deductions computed on gross basic pay (\$31,000)	\$2,170
Federal tax computed on net back pay (\$21,420)	\$3,026
State tax computed on net back pay (\$21,420)	\$1,200

Health Benefits Premiums	\$1,116
Total	\$7,512
Net back pay	\$2,908

031304. Restoration of Leave. Under 5 C.F.R. 550.805(g) (reference (l)), annual leave that is restored to an employee as a result of the correction of an unjustified or unwarranted personnel action, and that is in excess of the maximum leave accumulation authorized by law, must be credited to a separate leave account for use by the employee. Annual leave in such a separate leave account must be scheduled and used as follows:

A. For a full-time employee, excess annual leave of 416 hours or less must be scheduled and used by the end of the leave year in progress 2 years after the date on which the annual leave is credited to the separate account. This period is extended by one leave year for each additional 208 hours of excess annual leave or any portion thereof. Note: For both part-time and full-time employees, the ending date of the time limit for use of excess annual leave is not necessarily exactly 2 years, or the additional years, as appropriate, from the restoration date. Rather, the time limit ends at the end of the appropriate leave year.

B. A part-time employee shall schedule and use excess annual leave in an amount equal to or less than 20 percent of the employee's scheduled tour of duty over a 52 calendar week period by the end of the leave year in progress 2 years after the date on which the annual leave is credited to the separate account. The agency shall extend this period by one leave year for each additional number of hours of excess annual leave, or any portion thereof, equal to 10 percent of the employee's scheduled tour of duty over a period of 52 calendar weeks.

C. To determine the time limitations for use of restored leave, see paragraph 050403.

031305. Health Benefits and Life Insurance

★ A. Health Insurance. Title 5, United States Code, section 8908 (reference (b)) provides that if the enrollment of an employee, who was removed or suspended without pay, was terminated and the employee is ordered restored to duty on the grounds that the removal or suspension was unjustified or unwarranted, he or she may elect to (1) have the prior enrollment reinstated retroactive to the date it was terminated, with appropriate adjustments made in contributions and claims, to the same extent and effect as though the removal or suspension had not taken place, or (2) enroll the same as a new employee. Note: The statutory provisions of 5 U.S.C. 8908 (reference (b)) do not apply when an employee was separated erroneously for retirement under conditions that entitle him or her to continued enrollment. In such cases, there is no need to restore health benefits coverage; it was transferred to the retirement system and automatically continued. Refer to the Federal Employees Health Benefits Handbook for Personnel and Payroll Offices (reference (y)) for additional information.

B. Life Insurance

1. If an employee is restored retroactively to duty with pay after an erroneous suspension or removal, any insurance coverage the employee had before the improper action will continue as though the erroneous action never occurred. Retroactive salary deductions for life insurance, however, shall not be withheld from any back pay awarded for the period of separation or suspension. If death or accidental dismemberment occurs during the period between the employee's removal and the finding that the separation was erroneous, insurance proceeds will be paid and premiums will be withheld from the back pay award for the period of separation or suspension (5 U.S.C. 8706(d)) (reference (b)) and Federal Employees Group Life Insurance Handbook for Personnel and Payroll Offices (reference (z)).

2. An employee who had no insurance coverage prior to an erroneous suspension or removal and who is restored to duty after the closing date of an open season for life insurance which occurred during the period between the employee's suspension or removal and restoration is entitled upon restoration to elect life insurance coverage, as permitted during the open season. Since coverage for basic life insurance is automatic, the effective date is the first day in a pay and duty status. For options A, B, and C, the effective date is the first day in a pay and duty status on or after the date the SF 2817 (Life Insurance Election) is received by the employing office. An employee who had life insurance coverage prior to an erroneous suspension or removal and who is restored to duty after the closing date of an open season for life insurance which occurred during the period between the employee's suspension or removal and restoration, is entitled upon restoration to elect additional life insurance coverage, as permitted during the open season. The effective date is the first day in a pay and duty status on or after the date the employing office receives the SF 2817.

031306. Payment of Reasonable Attorney Fees. Title 5, United States Code, section 5596(b)(1)(A)(ii) (reference (b)) provides for payment of reasonable attorney fees in accordance with the standards established under 5 U.S.C. 7701(g) (reference (b)), under certain conditions. Under 5 C.F.R. 550.807 (reference (l)), such payment is available in all back pay cases, without regard to the nature of the case or the appropriate authority in the case HROs will determine entitlement to payment of attorney fees and indicate the amount in the remarks on the SF 50.

031307. Reporting Back Pay to State Agencies. If an employee is awarded back pay, see subparagraph 060105. regarding notification of the state agency.

#### 0314 EMERGENCY EVACUATION PAYMENTS

031401. Purpose. This section prescribes the responsibilities of the civilian payroll offices in the event of evacuation of civilian employees or their dependents under the provisions of the DSSR, chapter 600 (reference (t)) and 5 C.F.R., Part 550, subpart D (reference (l)). Civilian payroll offices will use these procedures when evacuation for military or other reasons of national interest or because of imminent danger to their lives has been ordered by the proper authority. The place these persons are evacuated from may be within or outside the United States.

A. Forms. DD Form 2461 (Authorization for Emergency Evacuation Advance and Allotment Payments for DoD Civilian Employees) is used to authorize and record emergency payments to employees and dependents. This record is kept by the civilian payroll office to record these payments on the permanent records. Information on this form may, in appropriate cases, be disclosed to other federal agencies (i.e., IRS, SSA, OPM) to state and local taxing/welfare authorities, and to certain private organizations for crediting the payments to the employee's account. Before payment can be made to the employee or his dependents, an application for payment of amounts due the evacuated civilian employees or family members is required.

B. Determining entitlement and payee. Determine specific rates of entitlement, duration of evacuation/departure payments, and eligible allottees as follows:

1. For employees at foreign installations, use the DSSR, chapter 600 (reference (t)).

2. For all other employees, use 5 C.F.R. 550.401 through 550.408 (reference (l)).

C. Payments. Payments at the rate to which the employee was entitled immediately before the order of evacuation/departure may be made to the employee, or payments in the form of allotments may be made to an adult family member or designated representative.

031402. Transmission of Data to Safe-Haven Post

A. To the extent possible and practical, pay, leave, and other significant data will be sent from the evacuated installation to the safe-haven post as soon as possible after the evacuation order has been issued so that they will be available to support further payments. Some of the possible methods of communicating such data to the safe-haven post are shipping a machine or manual listing of the data; shipping the last complete payroll together with appropriate notations and changes; transmitting the essential data over available telephone, telegraph, or radio facilities; shipping the actual payroll, leave, and other appropriate records; providing the evacuated employees and dependents at the time that the evacuation is ordered with a statement of essential data in a locally reproduced format.

B. For the most part, the conditions and circumstances existing at the evacuation installation will determine the method and timing to be followed in transmitting the data. The safeguarding and preservation of the payroll, leave, and travel records are matters of primary concern because of the continuing need of the records after the conditions which gave rise to the emergency evacuation have been resolved. Accordingly, steps as necessary to safeguard and preserve the records should take precedence over the immediate need for them at the safe-haven post.

031403. Action Upon and During Evacuation. To the extent possible and practicable, employees and dependents remaining at the evacuated installation will continue to be paid in accordance with the normal fiscal procedures of that installation. A special advance payroll

will be prepared in accordance with normal payroll procedures and charged against the appropriate funds available to the installation for advance payments authorized to be made to persons being evacuated.

031404. Action Upon Assignment of an Evacuated Employee

A. Return to Former Place of Employment

1. The disbursing officer will obtain a record of payments made to the employee and dependents from the safe-haven post and immediately request the supporting DFAS Center to furnish from its records the total amounts paid to each employee and dependents during the time of evacuation.

2. Upon receipt of the payment information from the supporting DFAS Center, the disbursing officer will reconcile all amounts paid and determine the amounts due the employee. A final payroll will be prepared to settle the employee's pay account subsequent to the last normal payment. That payroll will include all deductions that were suspended during the period of evacuation.

★ B. Assignment to an Installation Other Than One from Which Evacuated. The disbursing officer will take all action required in subparagraphs 031404.A.1. and 2. In addition, the disbursing officer will initiate a request to the former employing activity for the date of the last normal payment and all other pertinent information that normally would be furnished by a releasing activity. A new pay record will be established on the basis of the information obtained. When the required information cannot be obtained from the employee's last permanent station because of destruction of the records, it will be assumed that the employee drew all amounts due the employee as of the last day prior to evacuation. See DSSR, chapter 600 (reference (t)) and 5 C.F.R., Part 550, subpart D (reference (l)).

0315 MISCELLANEOUS

031501. Uniform Allowance. Uniform allowance is not paid through the civilian payroll system. It is paid through commercial accounts.

★ 031502. Transportation Fringe Benefits

A. Public Law 102-486 (reference (e)) requires employers report the valuation of fringe benefits as taxable income for amounts that exceed the established IRS threshold. The IRS publishes the qualified transportation fringe benefits excludable amount each year. Employers must determine the fair-market value of free or reduced parking provided to employees by comparing it to nearby commercial parking rates. The valuation in excess of the qualified published limits is includible as gross income and is subject to Social Security and/or Medicare, federal, state, and local income tax withholding. The valuation is not subject to retirement, group life insurance, or TSP deductions. See subparagraph 090205.D. for reporting information.

★ B. Beginning October 24, 1994, the Assistant Secretary of Defense (Force Management Policy) authorized DoD Components to implement the payment of subsidies for transit passes and riding in a commuter highway vehicle when going between a residence and work.

★ 031503. Government Provided Home-to-Work Transportation. Title 26, C.F.R., section 1.61-21 (reference (aa)), provides detailed rules as to the proper valuation method required for determining the employer-provided home-to-work benefit, as it must be reported on each applicable employee's Form W-2. The DoD 4500.36-R (reference (ab)) requires the USD(C), in coordination with the USD(P&R), to provide the necessary guidance annually concerning the valuation methods for home-to-work transportation. Employers are responsible for determining the value of the employer-provided benefit and reporting it to DFAS to be properly reported on the employee's Form W-2. The benefit is subject to Social Security/Medicare, federal, state, and local income taxes. The benefit is not subject to retirement, group life insurance, or TSP deductions.

**Buy Back of Leave Computation – Sick Leave for Full Pay Period**

<u>PP#</u>	<u>HRS</u>	<u>GROSS</u>	<u>CSRS</u>	<u>FICA/</u> <u>MED</u>	<u>TAX</u>	<u>FEHB</u>	<u>FEGLI</u>	<u>OPT</u> <u>FEGLI</u>	<u>CHARITY</u>	<u>UNION</u> <u>DUES</u>
21	80	\$680.80	47.66	9.19	120.57	31.50	5.50	16.00	2.00	1.75
<u>ALLOT</u>	<u>TSP</u>	<u>NET</u>								
50.00	10.00	\$386.63								

Current Year Recovery:

Net pay	\$386.63
Allotment	50.00
Charity	2.00
Health Benefits	31.50
Union dues	<u>1.75</u>
Amount of repayment	471.88
Amount of OWCP check (75% X 680.80)	<u>510.60</u>
Amount due employee	\$ 38.72

Prior Year Recovery:

Net pay	\$386.63
Allotment	50.00
Tax	120.57
Charity	2.00
Health Benefits	31.50
Union dues	<u>1.75</u>
Amount of repayment	592.45
Amount of OWCP check (75% X 680.80)	<u>510.60</u>
Amount due from employee	\$ 81.85

★ Figure 3-1 (Example of Buy Back of Leave Computation for Employee Who Used Sick Leave for a Full Pay Period)

**Buy Back of Leave Computation – Sick Leave for Less Than a Full Pay Period**

PP#	HRS	GROSS	CSRS	FICA		TAX	FEHB	OPT		UNION		ALLOT	NET
				MED				FEGLI	CHARITY	DUES			
20	80	\$680.80	47.66	9.19	120.57	31.50	5.50	16.00	2.00	1.75	50.00	\$396.63	
Worked	47	\$399.97	28.00	5.40	71.14	31.50	5.50	16.00	2.00	1.75	50.00	\$188.68	
Sick Lv	33	\$280.83	19.66	3.79	49.43	-	-	-	-	-	-	\$207.95	
21	80	\$680.80	47.66	9.19	120.57	31.50	5.50	16.00	2.00	1.75	50.00	\$396.63	
Worked	12	\$102.12	7.15	1.38	18.09	31.50	5.50	16.00	2.00	1.75	-	\$ 18.75	
Sick Lv	68	\$578.68	40.51	7.81	102.48	-	-	-	-	-	50.00	\$377.88	

Current Year Recovery:

Net Pay	\$585.83
Allotment	<u>50.00</u>
Amount of repayment	\$635.83
Amount of OWCP check (75% x \$859.51)	<u>644.63</u>
Amount due employee	\$ 8.80

Prior Year Recovery:

Net Pay	\$585.83
Allotment	50.00
Tax	<u>151.91</u>
Amount of repayment	\$787.74
Amount of OWCP check (75% X 859.51)	<u>644.63</u>
Amount due from employee	\$143.11

Figure 3-2 (Example of Buy Back of Leave Computation for Employee Who Used Sick Leave for Less Than a Full Pay Period)