

VOLUME 8, CHAPTER 3: "PAY ADMINISTRATION"

SUMMARY OF MAJOR CHANGES

All changes are denoted by **blue font**.

Substantive revisions are denoted by an * symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by **bold, italic, blue and underlined font**.

The previous version dated August 1999 is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
All	Reworded and reformatted chapter for clarity, update references, and added electronic links.	Update
030103.A.3	Added provisions for Increased Annual Premium Pay Limitation	Add
030201	Updated definition of Basic Pay for General Schedule Employees and corrected error in paragraph numbering in previous version.	Update
030201.C.4	Deleted 030201.C.4 (a) through (d) regarding time and computation rules.	Delete
030201.D	Interim Geographic Adjustments (IGAs) were terminated February 1, 1996.	Update
030201.F	Deleted old subparagraph 030201.F	Delete
030201.G	Updated information on Locality Based Comparability Payments and renumbered to 030201.F	Update
030202.A	Updated information on the Performance Management and Recognition System Termination.	Updated
030203.A	Updated the definition of Senior Executive Service (SES).	Update
030203.B	Corrected maximum rate of basic pay for SES positions from Level IV to Level III.	Update

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
030204.B	Included Office of Personnel Management (OPM) website for Senior Level positions and corrected maximum rate of basic pay for Senior Level Positions from Level IV to Level III.	Update
030205.B	Included link to OPM Annual Salary Tables for Scientific and Professional Positions and corrected maximum rate of basic pay for scientific and professional positions from Level IV to Level III.	Update
030206.B	Corrected sentence for clarity of meaning.	Update
030207.A	Updated definition of Federal Wage System (FWS) employee.	Update
030301	Added reference for employees other than full time.	Add
030302.A.1	Added reference for exceptions to paying one and half times the minimum hourly rate.	Add
030302.B.1	Clarified that 030302.B.1 does not apply to employees on a Compressed Work Schedule.	Update
030302.B.1.a	Added section on Flexible Work Schedule.	Add
030302.B.1.b	Added section on Compressed Work Schedule.	Add
030302.B.3	Updated example of employee on Flexible Schedule.	Update
030302.D	Added a reference to subparagraph 030302.E.5.	Add
030302.E.4	Clarified that Compensatory Time cannot be earned on a holiday until 8 hours of holiday pay has been earned.	Add
030302.E.1-12	Updated information and arranged subparagraphs in correct sequence.	Update
030304	Added Sunday Premium Pay for Part-time employees.	Add
030306.A-B	Moved 030306.A-B to Chapter 7.	Delete
030310	Added a new section on Differential Pay for Air Traffic Controllers.	Add
030402.A-H	Updated all Foreign and Nonforeign Differentials and Allowances.	Update
030403	Updated maximum authorized percentage amount when both an allowance and a differential have been established.	Update
030404.A	Added new information on Nonforeign Cost of Living Adjustment (COLA).	Add
030404.B	Updated Nonforeign Post Differential.	Update
030404.C	Updated Processing Nonforeign COLA and Nonforeign Post Differential.	Update
030405.A-C	Updated information on Entitlements when an Allowance and a Differential are authorized for a Nonforeign area.	Update

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
030501.B.2	Updated per annum rates for government physicians.	Add
030503	Added Remote Site Allowance and move Retention Allowance to 0306.	Add
030504	Added Uniform Allowance from former section 0315.	Add
030505	Added Transportation Fringe Benefits from former section 0315.	Add
030506.B	Added Government Provided Home-to-Work Transportation from former section 0315 and included subparagraph on home-to-work transportation.	Add
030507	Added Foreign Language Proficiency Pay (FLPP).	Add
030508	Added Market Pay.	Add
0306	Added Section on Recruitment, Relocation and Retention Incentives.	Add
030702.B.3	Clarified when Lump Sum leave is not Payable.	Update
030704.C	Clarified on projecting leave for lump-sum payments.	Update
030704.G	Changed flat rate percentage from 28 to 25 percent.	Update
030705.A.2	Added overseas ceilings	Add
030706	Updated BRAC policy	Update
030801	Changed date of authorization to pay lump-sum severance pay.	Update
030802	Update information on Severance Payments.	Update
030901.F	Added reference to authorize advance of pay during an ordered emergency evacuation.	Add
030904	Added verbiage on process of applying for advances.	Add
030905.A	Removed reference to DoDEA Employees.	Delete
030905.D	Updated address for Debt and Claims Management Office DFAS-Indianapolis.	Update
031102.B	Add Foreign Language Awards.	Add
031102.C	Added Presidential Rank Awards for SES Employees.	Add
031102.D	Added Presidential Rank Awards for Senior Career Employees.	Add
031102.E	Add Referral Bonus Awards.	Add
031103.C	Changed flat rate percentage from 28 to 25 percent.	Update
031202.H(1)-(4)	Clarified type of leave	Update
Former 0313	Moved former section 0313 on BackPay Settlements to Chapter 6 and renumbered 0314 as 0313.	Delete

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
031301 031301.A 031301.D	Added Eligibility, Purpose, and Information on Emergency Evacuation Payments.	Add
031305	Added Information on Emergency Evacuation payment during Pandemic Health Crisis.	Add
Former 0315	Miscellaneous section deleted and guidance moved to section 0305.	Delete
Figure 3-1	Updated Computations.	Update
Figure 3-2	Updated Computations.	Update

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CHAPTER 3

PAY ADMINISTRATION

0301 GENERAL PROVISIONS

*030101. Payroll Computation

A. Payroll computations shall be based on statutorily authorized entitlements and in accordance with [Title 5, Code of Federal Regulations \(C.F.R.\), parts 530, 531, 532, 534, 550, 551, 572, 575, 581, 591, 595, 610, and 630](#). These entitlements shall be evidenced by a [Standard Form \(SF\) 50](#) (Notification of Personnel Action), 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 [Office of Personnel Management \(OPM\) Form 71](#) (Request for Leave or Approved Absence); authorizations or approvals of overtime when required separately from time and attendance reports; pay adjustment authorizations; and similar official records.

C. Source documents **do not** need to be transmitted to the civilian payroll office (PRO), provided **that** the pay entitlement data in the documents **is** transmitted to the PRO and **is** controlled by feedback to ensure the **integrity** of the data in the pay computation process. Effective controls **must be** established to ensure that all data which should be transmitted is transmitted; and **any** source documents along with transmittal and control evidence must be retained for audit **purposes** in accordance with the [National Archives, General Records Schedule 2](#).

D. PRO personnel shall ensure that payroll data is complete, correct, and accurate. Specifically, PRO 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 PRO, the HRO, and the **customer service representative** (CSR) to ensure that all entitlement information is

considered in each pay computation. At least every 4 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. For additional information, see paragraph 010407.

030102. Notification of Changes to Pay

Notification of changes in pay is the responsibility of the HRO servicing the employee. The PRO 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 a [Leave and Earnings Statement \(LES\)](#) 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 Limits on Compensation

A. Limitations on Premium Pay

1. Biweekly Cap on Premium Pay. Except as explained in subparagraphs 030103.A.2 and 3, under [5 U.S.C. 5547\(a\)](#) and [5 C.F.R. 550.105](#), the sum of an employee's basic pay and premium pay (including night pay, the dollar value of compensatory pay, overtime pay, premium pay on an annual basis, and pay for Sunday and holiday work) for any pay period may not exceed the biweekly rate of basic pay payable for either a General Schedule (GS) GS-15, step 10 (including any applicable locality pay under [5 U.S.C. 5304](#) or special rate of pay under [5 U.S.C. 5305](#)) or a level V of the Executive Schedule. For GS employees receiving a locality-based comparability payment, the GS Locality Pay Tables published by the Office of Personnel Management (OPM) should be followed to determine the maximum GS-15, step 10 rate payable for the employee's locality. 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. National Guard technicians are precluded from being paid for overtime work under [32 U.S.C. 709\(h\)](#). Therefore, compensatory time earned by National Guard technicians will not be paid and computation of the biweekly statutory pay limits for the technicians should not include compensatory time worked. Additionally, the biweekly limitation does not apply to overtime pay earned by employees who are nonexempt from the Fair Labor Standards Act (FLSA). Finally, the biweekly cap on premium pay does not apply to hazardous duty pay (HDP).

2. Annual Premium Pay Cap. When the head of an agency, his or her designee, or the Office of Personnel Management (OPM) determines that an emergency exists, the biweekly caps on premium pay described in subparagraph 030103.A.1 do not apply to employees who are paid premium pay for work in connection with that emergency. Under [5 U.S.C. 5547\(b\)](#) and [5 C.F.R. 550.106](#), such employees are subject to an annual maximum earnings limitation. 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 or a level V of the Executive Schedule for the calendar year. This limit may include locality-based comparability or special salary rates. The annual premium pay cap limitation does not apply to overtime earned by FLSA-nonexempt employees.

3. Increased Annual Premium Pay Limitation.

a. Since 2005, the Secretary of Defense has been authorized to waive the annual premium pay cap. Eligible Department of Defense (DoD) employees are authorized an increase to the annual premium pay limitation under 5 U.S.C. 5547, not to exceed the annual rate of salary payable to the Vice President under 3 U.S.C. 104, if they perform work in response to an emergency declared by the President or in direct support of, or directly related to, a military operation, including a contingency operation, while assigned to an overseas area of responsibility of the Commander of the U.S. Central Command (CENTCOM) or an overseas location that has been moved from the U.S. CENTCOM area of responsibility to the area of responsibility of the Commander of the Africa Command.

b. Eligible DoD employees who are granted a waiver of the annual premium pay cap under the following authorities are entitled to premium payments as provided in yearly guidance published by the Office of the Under Secretary of Defense, Personnel and Readiness:

1. Calendar Year 2005 authorized by Public Law (PL) 109-13.
2. Calendar Year 2006 authorized by P.L. 109-163
3. Calendar Year 2007 authorized by P.L. 109-364
4. Calendar Year 2008 authorized by P.L.110-181
5. Calendar Year 2009 authorized by P.L.110-417
6. Calendar Year 2010 authorized by P.L. 111-84.

B. Aggregate Limitation on Pay

1. The Federal Employees Pay Comparability Act of 1990 (FEPCA) and 5 C.F.R. 530, subpart B established a new aggregate limitation on pay. The aggregate limitation applies to most Federal employees, including most members of the Senior Executive Service (SES) who were previously covered by an aggregate limitation applied on a fiscal year basis under 5 U.S.C. 5383(b). Under 5 U.S.C. 5307, a covered employee may not receive any allowance, differential, bonus, award, or other payment in any calendar year to the extent that such payment, in combination with the employee's basic pay, would cause the employee's aggregate compensation to exceed the rate payable for Level I of the Executive Schedule at the end of that calendar year.

2. Aggregate Compensation. Under 5 C.F.R. 530.202, aggregate compensation means the total of basic pay, premium pay, allowances, differentials, bonuses, awards, incentives and other similar cash payments. Certain payments are excluded from aggregate compensation, such as overtime pay under the Fair Labor Standards Act (FLSA),

severance pay, lump-sum payments for accrued annual leave, back pay awards, student loan repayments, and nonforeign area cost of living allowances.

3. Payments of Excess Amounts. Amounts in excess of the aggregate limitation must be deferred and are generally paid in a lump-sum payment at the beginning of the next calendar year in accordance with 5 C.F.R. 530.204. If an employee separates from Federal service, the entire excess amount is payable following a 30-day break in service. If an employee dies, the agency must pay the entire excess amount as part of the deceased employee's unpaid compensation under 5 U.S.C. 5582.

4. Deferring Payments. A discretionary payment is an optional payment that an agency has discretion to pay an employee (e.g., retention allowances, supervisory differentials, and physicians' comparability allowances). Nondiscretionary payments are those payments made to an employee under the terms of a service agreement or preauthorized to be paid at a regular fixed rate each pay period (e.g. basic pay, locality-based comparability payments, or interim geographic adjustments, cost-of-living allowances, post differentials, and remote worksite allowances). Under 5 C.F.R. 530.203(d) and (e), an agency must defer any portion of a discretionary payment that would cause the employee's aggregate compensation to exceed the aggregate limitation. After deferring any discretionary payments, the agency must defer all nondiscretionary payments (other than basic pay) if continuing to pay the nondiscretionary payments would cause an employee's aggregate compensation to exceed the aggregate limitation for the calendar year. A nondiscretionary payment may not be deferred to make a discretionary payment. Basic pay may not be deferred or discontinued under any circumstances.

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. 5533(a)). 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 the PROs of multiple appointments via an SF 50.

0302 BASIC PAY

*030201. General Schedule (GS) Employees

A. Basic Pay. Basic pay for GS employees is defined at 5 C.F.R. 531.203, as the rate of basic pay fixed by law or by administrative action for the position held by a GS employee prior to withholding any deductions and excludes additional pay of any kind. Prevailing rate employees are governed under 5 U.S.C. 5343(f) and 5 C.F.R. 532.511.

B. Pay Computation. Computations will be based on the rates contained in the OPM Salary Tables.

C. Determining Basic Rates

1. The hourly basic rate is determined 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 (see. 5 U.S.C. 5504).

2. The biweekly rate is determined by multiplying the hourly rate by 80 for full time employees.

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

4. For any employees whose pay is monthly or covers one calendar month, rules for division of time and computation of pay are governed by 5 U.S.C. 5505.

D. Interim Geographic Adjustment (IGA). On February 1, 1996, OPM issued final regulations at 61 Federal Register (FR) 3539 to address the termination of IGAs. IGAs were replaced with the locality based comparability payments effective August 2, 1996 (see subparagraph 030201.G).

E. Special Higher Minimum Base Rates for Law Enforcement Officers (LEO) at Grades GS-3 through GS-10. Special base rates for LEOs at grades GS-3 through GS-10 are authorized under section 403 of the Federal Employee Pay Comparability Act (FEPCA) of 1990 and 5 C.F.R. 531.204 and are used in lieu of a GS rate. OPM publishes the special base rates for LEOs in a special salary table. These rates are the basis for computing locality payments under 5 C.F.R. part 531, subpart F. Special geographic adjustments for LEOs under section 404 of the FEPCA of 1990 have been eliminated because they have been surpassed by regular locality payments under 5 U.S.C. 5304.

F. Locality-Based Comparability Payments. Locality payments for GS employees and certain other categories of positions in numerous locality pay areas are governed by 5 C.F.R. 531 Subpart F and 5 U.S.C. 5304. 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 is and not where he or she lives. Locality pay does not transfer with an employee from one pay locality 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 locality shall continue receiving their current salary. Locality pay does not apply overseas. The official worksite for an employee covered by a telework agreement must be determined on a case-by-case basis using criteria established by OPM.

030202. Employees Under the Performance Management and Recognition System

A. The [Performance Management and Recognition System \(PMRS\) Termination Act of 1993](#), P.L. 103-89, was enacted on September 30, 1993. The law terminated the PMRS effective November 1, 1993. The provisions of this law applied to any employees covered by a PMRS position on October 31, 1993, and additionally provided 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, OPM decided to retain the General Merit (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 the 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 3 days, transfer to another non-Department of Defense agency, or reassignment to a nonsupervisory or nonmanagement position will end an employee's coverage under [P.L. 103-89](#). 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.

030203. Senior Executive Service (SES) Positions

A. Definition. In accordance with [5 U.S.C. 3132\(a\)\(2\)](#) and [5 C.F.R. part 317](#), an SES position is any position within an agency above a GS-15 grade level under [5 U.S.C. 5108](#), or in level IV or V of the Executive Schedule, or an equivalent position, which is not required to be filled by an appointment by the President with Senate confirmation. The SES includes most managerial, supervisory, and policy positions classified above a GS-15 or equivalent in the Executive Branch. Nonsupervisory positions are not covered unless they carry significant policymaking responsibilities.

B. Rate of Pay. [Public Law 108-136](#) established a new performance-based pay system for SES members. Under [5 U.S.C. 5382](#) and [5 C.F.R. 534.403](#), the SES pay range has a minimum rate of basic pay equal to 120 percent of GS-15, step 1, and a maximum rate equal to that of a level III of the Executive Schedule. The maximum rate of basic pay for an SES employee who is covered by a performance appraisal system is set at the rate for level II of the Executive Schedule. Minimum rates of basic pay for the SES rate range are adjusted by

Executive Order issued by the President to allow for consistency with any increase in the minimum rate of basic pay for senior level positions under [5 U.S.C. 5376](#).

030204. Senior-Level (SL) Positions

A. Definition. Senior-level positions are non-SES positions classified above GS-15 pursuant to [5 U.S.C. 5108](#) and [5 C.F.R. 319.102](#). These positions do not include administrative law judges or board of contract appeals positions that have their own pay schedules.

B. Rate of Pay. The rates of pay for senior level positions are governed by [5 U.S.C. 5376](#) and [5 C.F.R. 534 subpart E](#) and are located on the [OPM web site](#). The Senior Professional Performance Act of 2008, [P.L. 110-372](#), established a new pay system for senior level employees, effective April 12, 2009, that provides pay ranges comparable to those available under the SES pay system. The minimum rate of basic pay is set at 120 percent of GS-15, step 1 and the maximum rate equal to Level III of the Executive Schedule. The maximum rate of basic pay for an SL employee who is covered by a performance appraisal system is set at the rate for level II of the Executive Schedule. Under the new pay system, locality pay will no longer be paid on top of the basic rate. There are no grades or steps under [5 U.S.C. 5376](#); therefore, employees may be paid at any rate between the minimum and maximum rates.

030205. Scientific or Professional (ST) Positions

A. Definition. Scientific or professional employees are those in non-executive positions classified above GS-15 who are engaged in high-level research and development in the physical, biological, medical or engineering sciences established under [5 U.S.C. 3104](#) and [5 C.F.R. 319.103](#).

B. Rate of Pay. The rates of pay for scientific and professional level positions are governed by [5 U.S.C. 5376](#) and [5 C.F.R. 534 subpart E](#) and are located on the [OPM web site](#). The Senior Professional Performance Act of 2008, [P. L. 110-372](#), established a new pay system for scientific and professional level employees, effective April 12, 2009, that provides pay ranges comparable to those available under the SES pay system. The minimum rate of basic pay is set at 120 percent of GS-15, step 1 and the maximum rate equal to Level III of the Executive Schedule. The maximum rate of basic pay for a scientific or professional position employee who is covered by a performance appraisal system is set at the rate for level II of the Executive Schedule. Under the new pay system, locality pay will no longer be paid on top of the basic rate. There are no grades or steps under [5 U.S.C. 5376](#); therefore, employees may be paid at any rate between the minimum and maximum.

030206. Executive Schedule Positions

A. Definition. The Executive Schedule defined in [5 U.S.C. 5311](#), divided into five pay levels and is the basic pay schedule for senior management positions described at [5 U.S.C. 5312 to 5316](#). SES positions are not included.

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

030207. Federal Wage System (FWS) Positions

A. Definition. While the GS pay system was designed to cover most civilian Federal employees, the FWS was established for Federal trade, craft, and laboring employees to allow for the payment of wages comparable to prevailing private sector rates in each local wage area. The FWS employee is defined in 5 U.S.C. 5342 as a prevailing rate employee who is in a recognized trade or craft, or other skilled mechanical craft, or in an unskilled, semi-skilled, 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 are based on the prevailing rates in an area. For additional information, see the OPM website on the Federal Wage System and 5 C.F.R. part 532. 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

Premium pay consists of certain types of pay, such as overtime pay (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 types of pay are contained in 5 U.S.C. 5542, 5343, 5544, 5545, 5545a, 5545b, 5546a, 5547, and 5549 and 5 C.F.R. 550, subpart A (for additional information see 030103). SES employees, Teaching Position (TP) Pay Plan employees, and other employees identified under 5 C.F.R. 550.101, are not entitled to premium pay under any circumstances. However, senior level (SL) and scientific and professional positions (ST) are covered by the premium pay provisions. For information on premium pay for other than full-time career employees, see section 0703. Statutory limits on premium pay in the form of biweekly and annual premium pay caps are discussed at paragraph 030103.

030302. Overtime Pay

M 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. The PRO 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. Overtime Pay under [5 U.S.C. 5541](#)

1. Regularly Scheduled. [Title 5, C.F.R., Part 550](#) 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 employee whose rate of basic pay exceeds the minimum rate for a GS-10, the overtime hourly rate is equal to the greater of one and one-half times the applicable minimum hourly rate of basic pay for a GS-10 or the employee's hourly rate of basic pay. 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](#).

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

B. Overtime Pay for FLSA-Nonexempt Employees

1. For employees paid under [29 U.S.C. 201-219](#), entitlement to overtime compensation is determined by calculating 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. DoD shall compensate an employee who is nonexempt under the provisions of [5 C.F.R. 551](#), subpart E for all hours of work in excess of 8 hours a day or 40 hours in a workweek (with exception to those on a compressed work schedule) at a rate equal to one and one-half times the employee's hourly regular rate of pay. The biweekly and annual premium pay caps discussed at paragraph 030103 do not apply to FLSA-nonexempt employees.

a. Flexible Work Schedule. Overtime work when used with respect to flexible schedule programs under [5 U.S.C. 6122-6126](#) consists of hours officially ordered in advance and in excess of 8 hours per day or 40 hours per week. Pursuant to 5 U.S.C. 6121(6), overtime hours do not include credit hours worked voluntarily under a flexible work schedule.

b. Compressed Work Schedule. For a full-time employee, overtime work consists of all hours of work in excess of the established compressed work schedule. For a part-time employee, overtime work must be hours in excess of the compressed work schedule for the day (more than at least 8 hours) or for the week (more than at least 40 hours).

2. Under section 210 of the FEPCA, effective May 4, 1991, overtime pay computations for nonexempt employees must be made solely in accordance with the FLSA regulations in 5 C.F.R. 551, as amended. Agencies are no longer required to compare overtime pay entitlements for nonexempt employees under 5 C.F.R. 550 and 551 and pay whichever amount is greater. Entitlements arising prior to May 3, 1991, however, 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 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.

3. According to 5 U.S.C. 5544(a), as amended by section 529 of P.L. 101-509, hours of work (as defined in 5 U.S.C. 5542) 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), if the employee is not receiving annual premium pay for regularly scheduled standby duty (5 U.S.C. 5545(c)(1)) or annual premium pay for AUO work (5 U.S.C. 5545(c)(2) or 5 U.S.C. 5544(a) for FWS employees). Under the FLSA, such hours are considered overtime hours regardless of the total number of hours of work in the workweek. For example, an employee on a Flexible Work Schedule who works 10 hours on the first day of the workweek and is on Leave Without Pay (LWOP) for the remainder of the workweek is entitled to 2 hours of overtime pay under FLSA, even though the employee has worked a total of only 10 hours in the workweek. However, an employee working eight 10 hour days (Compressed Work Schedule) would not receive overtime pay until they work in excess of 10 hours on a scheduled day.

C. Callback Overtime. Pursuant to 5 C.F.R. 550.112(h), a minimum of 2 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, then a minimum of 2 hours holiday premium pay will be paid. Pursuant to 5 C.F.R. 551.401(e), 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 2 hours of work or the actual number of hours worked, whichever is greater. In all cases, the actual time worked will be recorded.

D. Excluded Employees. SES employees are excluded from premium pay by the provisions of 5 U.S.C. 5541. Certain GS and all Executive Schedule employees are also excluded since, under the provisions of 5 U.S.C. 5547, 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 (see subparagraph 030302.E.4). Instead, they may earn compensatory time.

E. Compensatory Time

1. Eligibility. Under [5 U.S.C. 5543](#) and [5 C.F.R. 550.114](#), eligible employees, including FWS and FLSA-nonexempt employees, may request 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. Mandatory compensatory time off is limited to FLSA-exempt employees (who are not prevailing rate employees) whose rate of basic pay is greater than the rate for GS-10, step 10 (5 C.F.R. 550.114(c)). FWS and FLSA-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](#).

2. Dollar Value of Compensatory Time Off and Biweekly Pay Caps. Compensatory time worked must be approved in advance in writing and administered in accordance with the Volume 8, paragraph [020208](#). Compensatory time off is merely an alternative form of payment for overtime work and the value of an hour of compensatory time off is equal to the overtime hourly rate payable in dollars. Therefore, the dollar value of compensatory time off is subject to the biweekly premium pay cap described at paragraph 030301. 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 biweekly or annual premium pay cap. For this reason, if the biweekly cap has been invoked, compensatory time worked cannot be credited to an employee whose basic rate of pay equals or exceeds the maximum rate for grade GS-15, step 10 (or level V of the Executive Schedule). 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, step 10 (or level V of the Executive Schedule) 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, step 10 (or level V of the Executive Schedule). Similarly, if an annual premium pay cap has been invoked; compensatory time may only be credited to the extent that the monetary value of the compensatory time does not cause the total rate of pay to exceed the maximum earnings limitations under [5 C.F.R. 550.106\(c\)](#). Finally, the granting of compensatory time off in lieu of overtime pay under [5 U.S.C. 5542](#) is not to be administered in opposition to the overtime pay requirements of the FLSA. For the instructions on compensatory time off for nonexempt employees, see [5 C.F.R. 551.531](#). For FLSA-exempt employees, refer to [5 C.F.R. 550.114](#).

3. Occasional or Irregular Overtime Work. FWS, FLSA-nonexempt and FLSA 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, i.e. overtime work not scheduled in advance of the employee's workweek. Compensatory time off may be approved in lieu of regularly schedule overtime work for FLSA-exempt employees who are ordered to work overtime hours under a flexible work schedule under [5 U.S.C. 6122](#). Additionally, an FWS or FLSA-nonexempt employee may request that the employing activity grant compensatory time off if the employee is on a flexible work schedule under [5 U.S.C. 6122](#) instead of payment under [5 C.F.R. 532.504](#) and [5 C.F.R. 551.501](#) for an equal amount of time spent in overtime work, without regard to whether the overtime work was irregular or occasional in nature.

4. Time Limits. Compensatory time off must be granted to an FLSA-exempt or non-exempt employee within a reasonable time after the overtime is worked. Pursuant to 5 C.F.R. 550.114 and 551.531, the limit for the use of compensatory time off is the end of the 26th pay period after that in which the overtime was worked. If an FLSA-exempt or non-exempt employee fails to take earned compensatory time off within 26 pay periods, the unused compensatory time worked will then be paid at the overtime rate at which it was earned. For employees with compensatory time earned before June 8, 1997, the time was placed in an “old compensatory time” account on June 7, 1998, and was charged only if the employee had insufficient current compensatory time to cover the compensatory time off requested. DoD employees who have compensatory time off in an “old compensatory time” account must use this compensatory time off by the pay period ending May 22, 2010. An employee who has such compensatory time off by the end of the aforementioned pay period will receive payment for the unused compensatory time at the overtime rate in which the compensatory time off was earned. National Guard employees who may not be paid overtime are not paid for unused compensatory time worked. They must use their compensatory time by the end of the 26th pay period after it is earned or that compensatory time will be forfeited. An FWS or FLSA-nonexempt employee fails to use compensatory time before the expiration of the established time period, then the employee shall be paid for the overtime work at the FLSA overtime rate in effect at the time it was worked. For additional information on FWS or FLSA-nonexempt employees, see 5 C.F.R. 532.504 and 5 C.F.R. 551.531.

5. Alternative Work Schedules. Employees on flexible or compressed work schedules may earn compensatory time off in lieu of overtime pay.

a. Flexible Work Schedule. An agency may, at the request of an employee, approve compensatory time off in lieu of overtime pay for non-SES employees under a flexible work schedule (5 U.S.C. 6123(a)(1)).

b. Compressed Work Schedule. Compensatory time off may be approved in lieu of overtime pay only for irregular or occasional overtime work by an “employee” as defined in 5 U.S.C. 5541(2) or by a FWS prevailing rate employee as defined in 5 U.S.C. 5342(a)(2), but may not be approved for an SES member. Mandatory compensatory time off is limited to FLSA-exempt employees (who are not prevailing rate employees) whose rate of basic pay is greater than the rate for GS-10, step 10.

6. Compensatory Time Off in Relation to Night Pay. Under 5 C.F.R. 550.122, 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.

7. Compensatory Time Off in Relation to Annual Leave. Compensatory time off may be granted before annual leave is approved except when annual leave would otherwise be forfeited. If the use of earned compensatory time off or credit hours that are about to expire results in the forfeiture of excess annual leave, the forfeited leave cannot be restored.

8. [Payment for Unused Compensatory Time](#)

a. [In Relation to Separation or Transfers.](#) When an FLSA-exempt or nonexempt 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. For more information see [5 C.F.R. 550.114](#) and [551.531](#).

b. [In Relation to Uniformed Service or Injury-on-the-Job.](#) An FLSA-exempt or nonexempt employee must be paid for compensatory time off not used by the end of the 26th pay period after the pay period during which it was earned and at the overtime rate in effect when earned and the employee is unable to use the compensatory time off because of separation or placement in a leave without pay status because of (1) performing service in the uniformed services or (2) an on-the-job injury with entitlement to injury compensation [5 U.S.C. Chapter 81](#).

F. [Time Off for Religious Reasons.](#) Employees may earn compensatory time off for religious observances under provisions of [5 U.S.C. 5550a](#) and [5 C.F.R. 550.1002](#). 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. Advanced 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 advanced time off balance at the time of separation, death, or transfer, then 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](#), [5 U.S.C., Chapter 55, subchapter V](#), and [29 U.S.C. 207](#). For additional information on compensatory time off for religious reasons, see [5 U.S.C. 5550a](#).

030303. Night Pay Differential (GS Employees) and Night Shift Differential (FWS Employees)

A. [GS Employees.](#) Under [5 U.S.C. 5545\(a\)](#), night pay differential, at the rate of 10 percent of the hourly basic rate, is payable to employees for [regularly scheduled work performed](#) between 6 p.m. and 6 a.m. 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 [employee's regularly scheduled work](#). An employee is entitled to a night [pay](#) 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; [Continuation of Pay \(COP\)](#); and time-off awards. [Employees receive](#) night [pay](#) 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](#)). Night pay 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\(f\)](#), FWS employees will receive night 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. (for additional information, see [5 C.F.R. 532.505](#) and [OPM Operating Manual, Federal Wage System – Appropriated Fund, subchapter S8-4c](#)). An employee may be paid night shift differential only when 5 or more hours of the regularly scheduled 8-hour shift (including meal periods) occur during the hours specified. Night 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 nor premium pay for overtime pay during periods of overtime worked. National Guard technicians earn compensatory time.

D. Part-Time Employees. Part-time GS employees are eligible for night pay 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 pay differential. These employees are eligible for night pay 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](#), additional pay at a rate of 25 percent of the hourly basic rate is payable to full and part-time employees whose regularly scheduled workweek (which does not include overtime hours) includes Sunday. In *Fathauer vs. United States*, 566 F.3d 1352 (Fed. Cir. 2009), the court determined that part-time employees are eligible for Sunday premium pay. For additional information see OPM Memorandum dated December 08, 2009, entitled [“Administrative Claims for Sunday Premium Pay as a Result of Decision in Fathauer v. United States.”](#) Sunday premium pay is payable for the entire period of nonovertime work

during an employee's regularly scheduled daily tour of duty (not to exceed 8 hours) that begins or ends on a Sunday. Effective October 10, 1997, P.L.105-61 prohibited the payment of Sunday premium pay to all employees who do not actually perform work on Sunday. Therefore, employees who are regularly scheduled to work on Sunday who are on paid leave, excused absence, taking compensatory time off, using credit hours, or because Sunday is a holiday, are not entitled to Sunday premium pay. Intermittent employees do not have regularly scheduled daily tours of duty and 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 – Appropriated Fund, subchapter S8-4e). FWS employees are entitled to Sunday premium pay under 5 U.S.C. 5544(a).

A. Flexible Work Schedule. A full-time or part-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 or part-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 and 5 C.F.R. 550.131, an employee who performs work on a holiday designated by Federal statute is entitled to holiday premium pay. Holiday premium pay is equal to the employee's rate of basic pay. An employee receives their rate of basic pay, plus holiday premium pay, for each hour of holiday work that is not in excess of their regularly scheduled nonovertime basic tour of duty, not to exceed 8 hours. An employee required to perform any work on a designated holiday is entitled to pay for at least 2 hours of holiday work. Holiday premium pay is in addition to overtime pay or night pay differential or Sunday pay.

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. [For additional information see 5 C.F.R. 532.507.](#)

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 2 hours in duration ([5 U.S.C. 5542](#)). If the callback occurs on a holiday during the employee's regular schedule, then a minimum of 2 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 2 hours, then the actual number of hours worked will be paid.

F. Training. An employee is not entitled to holiday premium pay while engaged in training, except under limited circumstances set out at [5 C.F.R. 410.402](#).

030306. Annual Premium Pay for Standby Duty

Pursuant to [5 U.S.C. 5545\(c\)](#), employees in a position regularly 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. [Thus, the annual premium pay is in lieu of premiums for regularly scheduled overtime, night, holiday and Sunday work. Annual premium pay for standby duty does not apply to irregular, unscheduled overtime duty in excess of the regularly scheduled weekly tour. Premium pay under 5 C.F.R. 550.141-550.144 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 \(including any applicable locality-based comparability payment under 5 U.S.C. 5304 or similar provision of law, and any applicable special rate of pay under 5 U.S.C. 5304 or similar provisions of law\).](#)

030307. Annual Premium Pay for Administratively Uncontrollable Overtime (AUO)

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\(c\)\(2\)](#) provides that premium pay for AUO 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](#), a locality-based comparability payment under [5 U.S.C. 5304](#), and any applicable special rate of pay under [5 U.S.C. 5305](#), or similar provision of law ([5 C.F.R. 550.151](#)). The rate is determined by the HRO and forwarded to the PRO 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\(c\)\(2\)](#)). 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 [5 U.S.C. 8704\(c\)\(1\) and \(2\)](#)). For additional information see [Guidance on Administratively Uncontrollable Overtime, CPM 97-5](#).

030308. Hazardous Duty Pay and Environmental Differential Pay

A. Hazardous Duty Pay (HDP)

1. Under [5 U.S.C. 5545\(d\)](#) and [5 C.F.R. 550.901-907](#), this entitlement, determined by the HRO, involves additional premium pay to GS employees who are assigned 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 to subpart I of 5 C.F.R. 550](#), by the employee's hourly rate of pay. That amount is then multiplied by the number of HDP hours to be paid. HDP may be paid for overtime hours and is computed on the employee's hourly rate of basic pay, not the hourly overtime rate.

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, Thrift Savings Plan ([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 biweekly pay cap placed on other premium pay as discussed at subparagraph 030103.A. However, HDP is included in the aggregate limitation on pay as discussed at subparagraph 030103.B.

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.

8. HDP may not be paid for hours of work during which an employee is paid annual premium pay for standby duty or administratively uncontrollable overtime work, or availability pay.

B. Environmental Differential Pay (EDP)

1. Under 5 U.S.C. 5343(c)(4), an FWS employee is entitled to an environmental differential when exposed to a working condition or hazard that falls within one of the categories approved by OPM. Pursuant to 5 C.F.R. 532.511, 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. TP pay plan employees are not authorized EDP.

2. EDP is payable on an actual exposure basis and is payable for all hours in pay status on the day on which exposure to the situation occurs. 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 1 hour, then a minimum of 1 hour must be paid. If the exposure is longer than 1 hour, then 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

Is a form of premium pay paid to LEOs meeting the requirements of 5 U.S.C. 5541(3) and 5 C.F.R. 550.103. 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 (5 U.S.C. 5545a and 5 C.F.R. 550.181). 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, 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. [Premium pay for standby duty 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. The biweekly premium pay cap limitation applies to LEOs receiving availability pay.](#)

B. LEOs receiving availability pay may be compensated only for scheduled overtime hours that are in excess of the first 2 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](#).
2. Severance pay under [5 U.S.C. 5595\(c\)](#).
3. Workers' compensation under [5 U.S.C. 8114\(e\)](#).
4. Retirement benefits under [5 U.S.C. 8331\(3\)](#).
5. [TSP](#) under [5 U.S.C. 8431](#).
6. Group life insurance under [5 U.S.C. 8704\(c\)](#).

D. LEOs receiving availability pay are exempt from the minimum wage and overtime pay provisions of the FLSA.

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](#).

030310. Differential Pay for Air Traffic Controllers

The duties of an air traffic controller must be found to be directly involved or responsible for the operation and maintenance of the air traffic control system (see [5 U.S.C. 5546a](#)). Premium pay is paid at 5 percent of the applicable rate of basic pay to any employee of the DoD who is:

A. Occupying a position in the air traffic controller series classified not lower than the GS-9 rate and located in an air traffic control center or terminal or in a flight service station;

B. Assigned to a position classified not lower than GS-9 or WG-10 located in an airway facilities sector;

C. Assigned to a flight inspection crew-member classified not lower than a GS-11 located in a flight inspection field office; or

D. Is assigned to a flight test pilot position classified not lower than a GS-12 located in a region or center, the duties of whose position are determined by the Administrator or the Secretary to be unusually taxing, physically or mentally, and to be critical to the advancement of aviation safety.

***0304 FOREIGN AND NONFOREIGN DIFFERENTIALS AND ALLOWANCES**

030401. Allowances and Differentials in Nonforeign Areas

Consistent with [5 U.S.C. 5941](#) and [5 C.F.R. Part 591](#), 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](#) and [Executive Order 10903](#), 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). [Department of Defense Instruction \(DoDI\) 1400.25, Volume 1250](#) sets forth the specific rules regarding foreign allowances and differentials for DoD civilian employees. The HROs will notify the PRO through the interface via SF 50 data when an employee is eligible for a nonforeign differential or allowance. The PRO 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 \(2\)](#) and [DoDI 1400.25, Volume 1250](#).

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 **except under special circumstances specified in [DSSR, Chapter 100 sections 124.1 and 132.41](#)**. 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 3 months or of more than 1 year unless specifically approved by the officer designated to authorize allowances, and shall not **exceed the lesser of:**

- a. The total rent advanced to the lesser, or

b. The employee's maximum LQA rate as authorized in the DSSR section 920.

NOTE: An exception is the advancement of LQA for employees living in Korea for 2 years. See [DSSR, Chapter 100, 5 U.S.C. 5923\(a\)\(3\)\(A\)](#) and [DoDI 1400.25, Volume 1250](#).

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 submit a certified statement for 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. 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, 5 U.S.C. 5923\(a\)\(1\) and \(2\)](#), and [DoDI 1400.25, Volume 1250](#).

B. Cost-of-Living Allowances (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. COLA includes the post allowance, the foreign transfer allowance, the home service transfer allowance, the separate maintenance allowance, the educational allowance, and the education travel. See [DSSR, Chapter 200](#) and [5 U.S.C. 5924](#).

1. Post Allowance. The post allowance is a COLA 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. The amount paid is a flat rate varying only by basic salary, size of family, and location of the assigned post. The daily rate is derived by dividing the annual amount by the number of days in a calendar year, then multiplying the daily rate by the number of days involved to obtain the biweekly amount. 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. See [DSSR, Chapter 200, section 220](#) and [DoDI 1400.25, Volume 1250](#).

2. Foreign Transfer Allowance (FTA). The 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 for an employee without a family is \$500 or the equivalent of one week's pay, whichever is the lesser amount, and the FTA payment for an employee with a family is \$1,000 or the equivalent of 2 weeks' pay, whichever is the lesser amount. In any case, the ceiling for reimbursement shall be the salary for a GS-13, step 10. The allowance is authorized within DoD 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 DoD. See [DSSR, Chapter 200, section 240](#) and [DoDI 1400.25, Volume 1250](#).

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 DoD 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 DoD. See [DSSR, Chapter 200, section 250](#) and [DoDI 1400.25, Volume 1250](#).

4. Separate Maintenance Allowance. A separate maintenance allowance is an additional COLA paid to assist an employee to maintain a separate household other than at the employee's foreign post of assignment for the family or a member of the family. The employee must be compelled or authorized to obtain such quarters reasons such as 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 than at the post of assignment and is computed at an annual rate. The daily rate is derived by dividing the annual amount by the number of days in a calendar year then multiplying the daily rate by the number of days involved to obtain the biweekly amount. It is paid for all applicable days in a pay period. See [DSSR, Chapter 200, section 260](#) and [DoDI 1400.25, Volume 1250](#).

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 DoD; however, reimbursement is authorized for transportation costs of dormitory student dependents of eligible employees between the employee's overseas duty station and the DoD Education Activity (DODEA) approved school. See [DSSR Chapter 200, section 270](#), [5 U.S.C. 5924](#), and [DoDI 1400.25, Volume 1250](#).

6. Educational 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 roundtrip. An annual trip is defined as one roundtrip at any time within any one 12-month period. Any portion

of the roundtrip not taken in the 12-month period does not accrue to a subsequent period. See [DSSR Chapter 200, section 280](#), [DoDI 1400.25, Volume 1250](#) and [5 U.S.C. 5924](#).

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 and wreaths, 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 [Deputy Under Secretary of Defense for Civilian Personnel Policy](#) as eligible for the allowance. A voucher of expenses incurred will be the basis for payment. See [DSSR, Chapter 300](#) and [DoDI 1400.25, Volume 1250](#).

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](#), [5 U.S.C. 5913](#), and [DoDI 1400.25 Volume 1250](#).

E. Post Hardship Differential. Post hardship 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 35 percent. Post hardship differential is [paid on a biweekly basis with regular salary and only for hours for which basic compensation is paid](#). Post hardship differential is included in gross income and is subject to Social Security and/or Medicare Federal, state, and local 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](#). See [DSSR, Chapter 500](#), [5 U.S.C. 5551](#) and [5925](#), and [DoDI 1400.25, Volume 1250](#).

1. Post hardship differential is granted to full-time employees and temporary employees who are appointed on a full-time basis and who are U.S. citizens permanently assigned or on extended detail to a post where the differential is granted.

2. Post hardship differential for employees permanently assigned to a post shall commence on the latest of the following dates: the date the employee arrives at the post or date the employee enters on duty if recruited locally; the effective date of assignment, if the employee is already at the new post on detail or leave; or the effective date on which a post is classified for a differential.

3. Post hardship differential for employees temporarily assigned to a post shall commence after the employee has spent 42 cumulative days at one or more differential locations without returning to a non-differential permanent post of assignment. The differential is paid starting on day 43.

F. Danger Pay Allowance (DPA) and Imminent Danger Pay (IDP). Two forms of danger pay are available to civilian employees. The DPA allowance under the DSSR 652(f) may be paid to an employee serving in a foreign area or post where there exist conditions, as established by the Secretary of State, 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. The IDP allowance under DSSR 652(g) may be paid to a civilian employee who accompanies U.S. military forces in areas designated by the Secretary of Defense as being subject to hostile fire or imminent danger. See 5 U.S.C. 5928, DSSR, Chapter 650, and DoDI 1400.25, Volume 1250.

1. DPA is additional compensation of up to 35 percent of the basic pay of the employee. DPA is paid to full-time employees, temporary employees, and part-time and intermittent employees assigned for a minimum of 4 cumulative hours in 1 day to a danger pay post or area. All periods of leave while present at the danger pay post or areas may be included to meet the 4-hour requirement, but days of absence away from the post or area may not be included. When the employee is detailed to a danger pay post or area for 4 hours or more, he/she may receive DPA for the full day. For full-time employees and temporary employees, DPA shall be computed at the percentage of basic compensation established for the post or area. 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. DPA is not subject to any ceiling that would provide less than the full percentage rate authorized for the post or area. DPA is paid only for those hours for which basic compensation is paid and is subject to Social Security and/or Medicare, Federal, state, and local tax deductions. Where there is no duplication of benefits for the same living condition, a civilian employee may receive DPA and post hardship differential pay for the same period. DPA is not included as part of the lump-sum leave payment. See DSSR chapter 650, section 656.

2. On October 1, 1995, the State Department, at DoD's request, added section 652(g) to the DSSR concerning IDP. Under circumstances defined by the Secretary of State, an IDP allowance may be paid to civilian employees who accompany U.S. military forces designated by the Secretary of Defense as eligible for imminent danger pay. IDP shall be the same monthly flat-rate amount paid to uniformed military personnel. An employee may not receive IDP and a post hardship differential that would duplicate political violence credit. Nor may an employee receive IDP and DPA at the same time. IDP is calculated as a daily rate and paid on a monthly basis. Daily rates are 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 eligible area. 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.

3. DPA or IDP commences on the date of designation by the Secretary of State for employees already present at the post on assignment or detail. DPA or IDP commences on the date of arrival at the post or detail for subsequently assigned or detailed employees, or for employees returning after a temporary absence.

G. Tropical Differential. Entitlement to tropical differential was limited to a maximum of 25 percent of the basic pay when authorized for U.S. employees in Panama. NOTE: The Panama Canal Treaty of September 7, 1977, relinquished United States control over the Canal and transferred authority to the Panama Canal Authority on December 31, 1999. The guidance contained in this section is retained strictly for historical purposes. For additional information, see 22 U.S.C., Chapter 51.

H. Cuba Benefit Allowance. The Cuba benefit allowance applies to DoD non-U.S. citizens, nonappropriated fund (NAF) employees, 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 the DPA/IDP Allowance and a Post Hardship Differential Have Been Established

Employees may receive both the danger pay allowance and the post hardship differential, if both are authorized. Extra pay from either an allowance or a differential is limited to no more than 35 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 70 percent of the employee's rate of basic pay.

030404. Allowances and Differentials in Nonforeign Areas

A. Nonforeign Cost-of-Living Allowance (COLA). Nonforeign COLA is an allowance that the Office of Personnel Management (OPM) established under 5 U.S.C. 5941 at a location in a nonforeign area where living costs are substantially higher than those in the Washington, D.C. area. Nonforeign areas are the states of Alaska and Hawaii, the Commonwealths of Northern Mariana Islands and Puerto Rico, and territories and possessions of the United States and any additional areas the Secretary of State designates as being within the scope of Part II of Executive Order 10000, as amended. The Nonforeign Area Retirement Equity Assurance Act (the Act) (P.L. 111-84, October 28, 2009) transitions the nonforeign area COLA authorized under 5 U.S.C. 5941(a)(1) to locality pay authorized under 5 U.S.C. 5304 in the nonforeign areas as listed in 5 C.F.R. 591.205. The Act also extends locality pay to American Samoa and other nonforeign territories and possessions of the United States where no COLA rate applies. Under Public Law 111-84, locality pay will be phased in over a 3-year period beginning in January 2010. Under the law, COLA rates issued under 5 C.F.R. part 591 will be frozen as of October 28, 2009, the date of enactment. As locality pay increases under the Act, payable COLA rates must be reduced as specified in section 1912(b) of Public Law 111-84. As a consequence, covered employees may receive both locality pay and a reduced COLA for a number of years.

B. Nonforeign Post Differential. Nonforeign post differential is payable under 5 U.S.C. 5941(a)(2), if conditions of the environment differ substantially from the conditions of the environment in the continental United States and warrant an allowance as a recruitment incentive. Nonforeign post differentials are designed to attract persons from outside the nonforeign area to work for the Federal Government in the post differential area. Agencies must make these payments to all eligible civilian employees in the area whose basic pay is fixed by statute. The pay of employees under the Federal Wage System (FWS) is based on the wages paid in the locality and are not covered under this section. 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.

C. Processing Nonforeign COLA and Nonforeign Post Differentials

1. Extra pay from an allowance or a differential, or both, may not exceed 25 percent of the employee's rate of basic pay. In areas where OPM has authorized both a nonforeign COLA and a nonforeign post differential, the employee receives the full COLA and a partial post differential so as not to exceed the 25 percent of the employee's hourly rate of basic pay. See 5 C.F.R. 591.238.

2. Employees receive nonforeign COLA and nonforeign post differential as a percentage of the employee's hourly rate of basic pay to include a retained rate of pay under 5 U.S.C. 3594(c) or 5363, for those hours during which the employee receives basic pay. This includes all periods of paid leave, detail, or travel status outside the COLA or nonforeign post differential area.

3. Nonforeign COLA is not included in gross income for Social Security/Medicare or Federal or state income tax deductions, except for the State of Hawaii (subject to state income tax deductions only). Nonforeign post differential is included in gross income for Social Security/Medicare, Federal, state, and local income tax deductions.

4. Nonforeign COLA and nonforeign post differential may not be included as part of an employee's rate of basic pay for the purpose of computing entitlements to overtime pay, retirement, TSP, Federal Employees Group Life Insurance (FEGLI) or any other additional pay. See 5 C.F.R. 591.239. The allowance or differential is included in an employee's regular rate of pay for computing overtime pay for FLSA-nonexempt employees. See 5 C.F.R. 591.239. The allowance or differential is included in the computation of lump-sum leave payments if the employee's official duty station is in the nonforeign area when he or she becomes eligible for a lump-sum payment under 5 C.F.R. 550.1203. See 5 C.F.R. 550.1205(b)(8).

*0305 OTHER PAYS, DIFFERENTIALS AND ALLOWANCES

030501. Physicians' Comparability Allowance

A. Title 5, C.F.R., Part 595 and 5 U.S.C. 5948 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. For agreements covering a period of service for more than one year, if the physician completes more than one year of service, but fails to complete the full period of service specified in the agreement, the physician must refund the amount of allowance he or she has received under the agreement for the 26 weeks of service immediately preceding the termination (or longer if specified in the service agreement).

B. The amount received shall not exceed:

1. \$14,000 ([5 U.S.C. 5948\(a\)](#)) 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. \$30,000 ([5 U.S.C. 5948\(a\)](#)) 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](#), 5 U.S.C. chapters [81](#), [87](#), or other benefits related to basic pay. See also [5 U.S.C. 5948\(h\)\(1\)](#). Effective December 28, 2000, Public Law 106-571 made the physicians' comparability allowances basic pay for computing CSRS, FERS and TSP contribution amounts, and for computing disability retirement benefits and survivor benefits for death-in-service.

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 retirement and TSP](#). This allowance is subject to Federal, state, and local income tax, Social Security, and Medicare. The allowance is subject to the aggregate limitation on pay discussed at 030103.B.

030502. Supervisory Differential

A. The authority to approve payment of supervisory differentials under [5 U.S.C. 5755](#) and [5 C.F.R. 575](#), subpart D 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 C.F.R. part 213](#). Additional detailed guidance on the supervisory differential entitlement is contained in [DoDI 1400.25, Volume 575](#). 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](#).

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, including retirement, [FEGLI](#), or [TSP](#). This differential is subject to Social Security and Medicare deductions and to Federal, state, and local income tax. The supervisory differential is subject to the aggregate limitation on pay discussed at 030103.B.

030503. 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 worksite. 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](#) and [5 C.F.R. 591 subpart C](#).

030504. Uniform Allowance

Defense agency employees required by law or regulation to wear uniforms during the performance of official duties, may be reimbursed a uniform allowance in accordance with the rates posted in the [DoDI 1400.25, Volume 591](#). Approval to reimburse a uniform allowance is determined by the agency's authorized management official. Uniform allowances are not considered wages and therefore are paid through the servicing commercial accounts office.

030505. Qualified Transportation Fringe Benefits

A. Pursuant to [26 U.S.C. 132](#), employers may exclude from employee's wages qualified transportation fringe benefits provided to employees, including transit passes, qualified parking and transportation in commuter highway vehicles. [Section 7905 of Title 5](#)

U.S.C. and Executive Order 13150 authorize Federal agencies to offer qualified employees transportation fringe benefits in accordance with 26 C.F.R. 1.132-9. DoD Instruction 1000.27 implemented the Mass Transportation Benefit Program (MTBP) on October 28, 2008, for eligible DoD employees. The MTBP provides benefits for qualified means of transportation including commuter bus or train, subway or light rail, ferry or van pool. A DoD employee who receives subsidized parking is not eligible to participate in the MTBP. Each DoD Component implements policy and procedures in accordance with the MTBP. Public Law 109-59 authorized agencies to offer qualified Federal employees transit pass transportation fringe benefits in the National Capital Region as described in Executive Order 13150.

B. Each year, the IRS sets limits on the amount that may be excluded from an employee's wages each month for the total value of qualified transportation fringe benefits. See IRS Pub. 15-B, Employer's Guide to Fringe Benefits. Amounts within the monthly limit are not considered wages, and therefore, are paid through the servicing commercial accounts office. If the value of the benefit for any month is in excess of the qualified published limits, the amount over the limit 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.E for reporting information.

030506. Government-Provided Home-to-Work Transportation

A. Title 26, C.F.R., section 1.61-21 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 (Wage and Tax Statement). The DoD 4500.36-R requires the Under Secretary of Defense (Comptroller) in coordination with the Under Secretary of Defense (Personnel and Readiness) 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 the Defense Finance and Accounting Service (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.

B. Employers will submit the required information to the servicing payroll office by December 1 of each year. However, DoD employing activities will not report on a calendar year basis. Rather, they will report for the 12-month period from November 1 – October 31. The value of the benefits received in November and December will be considered paid in the next year as authorized by the IRS Publication 15-B, Employer's Tax Guide to Fringe Benefits.

030507. Foreign Language Proficiency Pay (FLPP)

Under 10 U.S.C. 1596a, the Secretary of DoD is authorized to pay special pay to eligible DoD employees who are assigned nonintelligence duties requiring proficiency in foreign languages identified as necessary for national security interests. DoD issued a November 3, 2006, memorandum establishing DoD's policy and delegated authority for payment of FLPP. FLPP shall be calculated as a percentage of the employee's adjusted rate of basic pay not to

exceed five percent. FLPP may be paid for proficiency in multiple languages; however, the total amount may not exceed 5 percent. FLPP is not considered basic pay for any purpose and does not count toward retirement, TSP, FEGLI or any other benefit related to basic pay. FLPP is not pay for the purposes of lump-sum payments for leave under 5 U.S.C. 5551 or 5552. FLPP is considered a discretionary continuing payment for calculation of the aggregate limitation on pay. (See aggregate limitation on pay as discussed at subparagraph 030103.B).

A. Eligibility Criteria. An authorizing official must document that an employee meets the minimum qualification before authorizing FLPP. The documentation must include:

1. Certification of the employee's proficiency in a foreign language as identified on the strategic language list;
2. Affirmation that the employee is assigned duties requiring proficiency in a foreign language;
3. Affirmation that the employee does not currently receive comparable pay under 10 U.S.C. 1596; and
4. Affirmation that the employee does not currently receive comparable pay under DoDI 1400.25, subchapter 1930.

B. Certification. A certification of the employee's foreign language proficiency level must be renewed annually. Certification is based on the following:

1. An employee's performance on the Defense Language Proficiency Test and/or the Oral Proficiency Interview, which are DoD official tests designed to measure an individual's ability to communicate in a foreign language in two or more modalities (i.e., listening, reading, speaking and writing); or
2. An employee's performance on a test that has been certified by the commandant, Defense Language Institute Foreign Language Center, and approved by the Under Secretary of Defense.

030508. Market Pay

A. Purpose. Under 10 U.S.C.1599c, each physician and dentist covered by DoDI 1400.25, Volume 543, is eligible for market pay in lieu of locality pay. Market pay is an element of annual pay (base pay rate plus market pay) intended to reflect the recruitment and retention needs for the specialty or assignment of a particular DoD physician or dentist.

B. Payment Determinations. Pursuant to DoDI 1400.25, Volume 543, a compensation panel must make a recommendation to an authorized management official regarding the appropriate market pay amounts for individual physicians and dentists according to guidelines established by the Health Professions Civilian Compensation Standing Committee

(HPCCSC) and based on criteria such as level of experience, need for medical specialty practice, the healthcare labor market, board certifications, and personal accomplishments. The authorized management official determines the amount of market pay for the physician or dentist, which may require additional approval of the HPCCSC. Once set, market pay for an individual may not be reduced unless the physician or dentist changes assignment. The compensation panel must review the market pay of each physician or dentist upon changes in assignment and not less than once every 24 months. Market pay must be approved for newly appointed physicians or dentists within 30 days following their appointment; all payments are retroactive to the effective date of the appointment.

C. Limitations. Physicians or dentists who receive market pay are not eligible for the physicians' comparability allowance under paragraph 030501 or premium pay (such as overtime, night pay, compensatory time off) under paragraph 030301. A physician or dentist receiving market pay may not receive grade or pay retention under 5 U.S.C. Chapter 53. The sum of all payments paid to the physician or dentist including base pay, but excluding market pay, is subject to the Executive Level I annual limitation. The sum of all payments subject to the Executive Level I annual limitation plus market pay cannot exceed the annual salary of the President of the United States, excluding expenses.

*0306 RECRUITMENT, RELOCATION AND RETENTION INCENTIVES

030601. Recruitment Incentive

A. Purpose. Payment of recruitment incentives are authorized by 5 U.S.C. 5753 and 5 C.F.R. 575, subpart A. An agency may pay a recruitment incentive to an eligible newly appointed employee, under the conditions specified in the regulations, provided the agency has determined that the employee's position is likely to be difficult to fill in absence of an incentive. The total amount of recruitment incentive payments paid to an employee in a service period may not exceed 25 percent of the annual rate of basic pay of the employee at the beginning of the service period multiplied by the number of years (including fractions of a year) in the service period, not to exceed 4 years. OPM may waive the 25 percent limitation based on critical agency need. The justification for paying a recruitment incentive must be documented.

B. Service Agreement. Before a recruitment incentive may be paid, the employee must sign a written agreement to serve a specified period of employment with the agency. The service period may not be less than 6 months or more than 4 years. See 5 C.F.R. 575.110.

C. Payment Options. Payment options are authorized and established by the agency (5 C.F.R. 575.109). An agency may pay the recruitment incentive by any of the following methods as specified in the service agreement:

1. An initial lump-sum payment at the commencement of the service period, or before the start of the service period once the employee has signed the agreement;
2. In installment payments throughout the service period;

3. As a lump-sum payment upon completion of the full service period; or

D. Payment of Recruitment Incentive. Recruitment incentives are not considered part of the employee's basic pay for any reason.

1. The recruitment incentive is subject to Social Security and Medicare deductions and Federal, state, and local income tax. This incentive is not subject to retirement. FEGLI, or TSP.

2. The recruitment incentive is included in the aggregate limitation on pay as discussed at subparagraph 030103.B. Payment of the incentive to National Security Personnel System (NSPS) employees is subject to the aggregate limitation on pay under DoDI 1400.25 Subchapter 1930.

3. The incentive will be included with regular salary payments and separately identified on the LES.

E. Termination of a Service Agreement

1. A service agreement will terminate if an employee is demoted for cause, separated for cause, or receives a less than "Fully Successful" or equivalent rating. An employee who fails to complete the period of service for these reasons, or otherwise fails to fulfill the terms of the agreement, must reimburse DoD for the amount of all benefits received under the agreement that are in excess of the amount attributable to completed service. 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 be recovered in accordance with provisions established by debt collection regulations. If a recruitment incentive must be recovered, then the HRO shall notify the PRO via SF 50 data.

2. An authorized management official may terminate the agreement based solely on management needs, such as reduction in force or insufficient funds. An employee who does not fulfill a service agreement due to a termination based on management needs is entitled to all incentive payments already received.

3. Employees may not grieve or appeal decisions to terminate the service agreement.

F. Documentation and Recordkeeping. Each recruitment incentive shall be documented by the HRO via information derived from the SF 50.

030602. Relocation Incentive

A. Purpose. Payment of relocation incentives are authorized by 5 U.S.C. 5753 and 5 C.F.R. 575, subpart B. An agency may pay a relocation incentive to a current eligible employee who must relocate, without a break in service, to accept a position in a different

geographic area (as defined at 5 C.F.R. 575.205(b)) that is likely to be difficult to fill in the absence of an incentive. The total amount of relocation incentive payments paid to an employee in a service period may not exceed 25 percent of the annual rate of basic pay of the employee at the beginning of the service period multiplied by the number of years (including fractions of a year) in the service period, not to exceed 4 years. OPM may waive the 25 percent limitation based on critical agency need. The justification for paying a relocation incentive must be documented.

B. Service Agreement. Before a relocation incentive may be paid, the employee must sign a written agreement to serve a specified period of employment with the agency. The service period may not be less than 6 months or more than 4 years. 5 C.F.R. 575.210.

C. Group Relocation Incentives. An authorized management official may make a determination to approve group relocation incentives rather than on a case-by-case basis. The determination is appropriate if a group of employees is subject to a mobility agreement and relocation incentives are necessary to ensure continuation of operations, or when a major organization unit is relocated to a new duty station and the incentive will ensure continued operations of that unit without disruption. The group incentive should be supported by written determinations specifying the group and the period of time during which the authorization is valid.

D. Payment Options. Payment options are authorized and established by the agency (5 C.F.R. 575.209). An agency may pay the relocation incentive by any of the following methods as specified in the service agreement:

1. An initial lump-sum payment at the commencement of the service period, or before the start of the service period once the employee has signed the agreement;
2. In installment payments throughout the service period;
3. As a lump-sum payment upon completion of the full service period; or

E. Payment of Relocation Incentive. Relocation incentive shall not be considered a part of the employee's basic pay for any reason.

1. The relocation incentive is subject to Social Security and Medicare deductions and Federal, state, and local income tax. This incentive is not subject to retirement, FEGLI, or TSP.
2. The relocation incentive is included in the aggregate limitation on pay as discussed at subparagraph 030103.B. Payment of the incentive to NSPS employees is subject to the aggregate limitation on pay under DoDI 1400.25 Subchapter 1930.
3. The incentive will be included with regular salary payments and separately identified on the LES.

F. Termination of a Service Agreement

1. A service agreement will terminate if an employee is demoted for cause, separated for cause, or receives a less than “Fully Successful” or equivalent rating. An employee who fails to complete the period of service for these reasons, or otherwise fails to fulfill the terms of the agreement, must reimburse DoD for the amount of all benefits received under the agreement that are in excess of the amount attributable to completed service. 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 be recovered in accordance with provisions established by debt collection regulations. If a relocation incentive must be recovered, then the HRO shall notify the PRO via SF 50 data.

2. An authorized management official may terminate the agreement based solely on management needs, such as reduction in force or insufficient funds. An employee who does not fulfill a service agreement due to the termination based on management needs is entitled to all incentive payments already received.

3. Employees may not grieve or appeal decisions to terminate the service agreement.

G. Documentation and Recordkeeping. Each relocation incentive shall be documented by the HRO via SF 50 data.

030603. Retention Incentive

A. Purpose. Payment of retention incentives are authorized by 5 U.S.C. 5754 and 5 C.F.R. 575, subpart C. A retention incentive of up to 25 percent of basic pay may be offered to a current eligible employee who has unusually high or unique qualifications or when the agency has a special need for the employee’s services making it essential to retain the employee. (See 5 C.F.R. 575.305). OPM may waive the 25 percent limitation based on critical agency need. The justification for paying a retention incentive must be documented.

B. Service Agreement. Unless paid in bi-weekly installments, before a retention incentive may be paid, the employee must sign a written agreement to serve a specified period of employment with the agency. A service agreement is required for biweekly installment payments only when the incentive is granted under special provisions by the DoD or the employee received a reduced percentage for each installment made prior to the final payment.

C. Group Retention Incentives. An authorized management official may make a determination to approve group retention incentives rather than on a case-by-case basis. The determination is appropriate if a group of employees has unusually high or unique qualifications or the group’s services make it essential to retain the employees in that group. Additionally, there must be a high risk that a significant number of the employees in the group would be likely to leave Federal service without the retention incentive. Group retention incentives may be up to 10 percent of an employee’s rate of basic pay (unless a higher rate is authorized by OPM). Group retention incentives may not be paid to employees in SL, ST, or

executive schedule positions or other employees for whom recruitment incentives have been approved by OPM.

D. Payment Options. Payment options of retention incentives are authorized by 5 U.S.C. 5754 and 5 C.F.R. 575.309. Retention incentives may not be paid as an initial lump-sum payment at the start of a service period or as an installment paid in advance. An agency may pay the retention incentive by any of the following methods as specified in the service agreement:

1. An agency may pay a retention incentive in installments after the completion of specified periods of service,
2. A single lump-sum payment after completion of the full service period; or
3. Biweekly installments granted under special provisions.

E. Payment of Retention Incentive. Retention incentives shall not be considered a part of the employee's basic pay for any purpose.

1. The retention incentive is subject to Social Security and Medicare deduction and Federal, state and local income tax. This incentive is not subject to retirement, FEGLI or TSP.
2. The retention incentive is included in the aggregate limitation on pay as discussed at subparagraph 030103.B. Payment of this incentive to NSPS employees is subject to the aggregate limitation on pay under DoDI 1400.25 Subchapter 1930.
3. The incentive will be included with regular salary payments and separately identified on the LES.

F. Termination of a Service Agreement

1. A service agreement will terminate if an employee is demoted for cause, separated for cause, or receives a less than "Fully Successful" or equivalent rating. An employee who fails to complete the period of service for these reasons, or otherwise fails to fulfill the terms of the agreement, must reimburse DoD for the amount of all benefits received under the agreement that are in excess of the amount attributable to completed service. 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 be recovered in accordance with provisions established by debt collection regulations. If a retention incentive must be recovered, then the HRO shall notify the PRO via SF 50 data.

2. An authorized management official may terminate the agreement based solely on management needs, such as reduction in force or insufficient funds. An employee who does not fulfill a service agreement due to a termination based on management needs is entitled to all incentive payments already received.

G. Documentation and Recordkeeping. Each retention incentive shall be documented by the HRO via SF 50 data.

0307 LUMP-SUM LEAVE PAYMENTS

030701. Lump-Sum Payments for Annual Leave

Lump-sum payments for unused annual leave are generally payable when an employee separates from Federal service, dies, transfers to a position not under a leave system under subchapter I of Chapter 63 of Title 5, or enters active duty in the armed forces. See 5 U.S.C. 5551, 5552, 6306 and 5 C.F.R. 550 subpart L.

*030702. Lump-Sum Payable

Lump-sum payments for accumulated and accrued annual leave are:

A. Payment to Separated Employees. An employee, as defined by 5 U.S.C. 2105, who separates or retires from Federal service is paid in a lump-sum for all unused annual leave through the last full pay period before separation. If, however, 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, then 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. Payment to 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 active duty in the armed forces (5 U.S.C. 5552) provided the employee does not elect to retain the annual leave to his or her credit. However, leave previously restored under 5 U.S.C. 6304(d) must be liquidated by lump-sum payment when the employee enters active duty. The agency may not recredit the previously restored leave when the employee returns to Federal service. (See 5 U.S.C. 6304(d)(2)).

4. Transfers to a public international organization ([5 U.S.C. 3582](#)), provided the employee does not elect to retain the annual leave to his or her credit. However, leave previously restored under [5 U.S.C. 6304\(d\)](#) must be liquidated by lump-sum payment when an employee transfers to the public international organization. The agency may not recredit the previously restored leave under these circumstances. Additionally, only those employees who are reemployed within 6 months after the transfer are required to refund the lump-sum payment.

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 his or her designated beneficiary. If the employee has not designated a beneficiary, then a lump-sum shall be paid in the established order of precedence under [5 U.S.C. 5582\(b\)](#).

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 another Federal position without a break in service of one workday or more, to which annual leave is transferable; or

B. A DoD or Coast Guard nonappropriated fund employee moves without a break in service of more than 3 days to an appropriated fund position within DoD or the Coast Guard under [5 U.S.C. 6308\(b\)](#).

C. A student trainee placed in an intermittent status between full-time tours of duty when no separation actually takes place.

D. An employee who transfers to the government of the District of Columbia or the U.S. Postal Service.

E. An employee employed in more than one part-time position who separates from one of the part-time positions. The former employing agency must transfer the accumulated and accrued leave to the current agency if the positions are in different agencies. If the positions are in the same agency, the accumulated and accrued leave must be credited to the employee's current leave account in the current position.

F. An employee who elects to retain his or her leave upon accepting a Presidential appointment. ([5 U.S.C. 3392\(c\)](#)).

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 have received had he or she remained in a duty status throughout the projected leave period (see [5 U.S.C. 5551](#)). Holidays are counted as workdays in projecting the lump-sum 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. Pay included in a lump-sum payment is as follows:

1. Rate of basic pay.
2. Locality pay or other geographic adjustment.
3. Within-grade increases if waiting period is met on date of separation.
4. Across-the-board annual adjustments.
5. Administratively uncontrollable overtime pay, availability pay, and standby duty pay.
6. Night differential for FWS employees only. ([5 U.S.C. 5343\(f\)](#)).
7. Regularly scheduled overtime pay under the FLSA for employees on uncommon tours of duty.
8. Supervisory differentials.
9. Nonforeign area cost of living allowances and post differentials
10. Foreign area post allowances.

B. FWS Employees. 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 paid at the higher rate for the leave that extends beyond the effective date of the increase.

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 \(2\)](#).

C. Projecting the Leave. Lump-sum payments must equal the pay an employee would have received had he or she remained in Federal service until the accumulated leave is liquidated. Non-workdays (except holidays, see [5 U.S.C. 6103](#)) 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.

D. 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\(c\)\(1\)](#), 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\(c\)\(2\)](#) 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.

E. Reemployed Annuitants. The lump-sum payment for reemployed annuitants (see [5 C.F.R. 550.1203](#)) upon separation from the service is based on the full pay rate without any reduction by the amount of the annuity.

F. Temporary Promotions. If the HRO has not terminated a temporary promotion prior to, or as of, the employee's separation date, then 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.

G. 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 25 percent for Federal withholding, except when the employee's exemptions claimed on the Form W-4 ([Employee's Withholding Allowance Certificate](#)) 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 returns to 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. The refund amount is equal to the payment covering the period between the date of reemployment and the expiration of the lump-sum period. 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 for stateside and 360 for overseas), a refund will be required of all of 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. A period of restored leave under 5 U.S.C. 6304(d) is not subject to refund if the agency reemploys the employee prior to the expiration of the lump-sum leave period. The restored annual leave must be subtracted from the lump-sum leave period before calculating the refund. The agency will not recredit restored annual leave to an employee if the employee is reemployed prior to the expiration date of the lump-sum leave period.

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 150.
- 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 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 2 payroll years, then 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 [Social Security Administration](#) (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

[Title 5, U.S.C., section 5551](#) requires payment of restored annual leave under [5 U.S.C. 6304\(d\)\(3\)](#) 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](#)), 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 DoD that is not located at an installation being closed or realigned under [5 U.S.C. 6304\(d\)\(3\)](#). The servicing HRO shall notify the PRO via [SF 50](#) data when the employee is no longer authorized the restored leave under this authority. The lump-sum payment shall be calculated based on the rate of pay at the time of the separation or transfer to the non BRAC installation.

*0308 SEVERANCE

030801. Qualifications

An employee who qualifies under [5 U.S.C. 5595](#) is entitled to severance pay in regular pay period intervals and amounts equal to that paid immediately before separation. [Title 5, U.S.C., section 5595\(i\)](#) allows heads of DoD Components to authorize payment of severance pay in a lump-sum rather than on a biweekly basis for separations taking effect before October 1, 2014. 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 basic 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\(b\)](#)).

030802. Payments

The servicing payroll office will make the authorized severance payments. Severance payments are paid biweekly or in a lump-sum based on the information obtained from the [SF 50](#). Severance payments for living employees are subject to Social Security/Medicare, Federal, state, and local income taxes. If an employee dies prior to the end of the period covered by severance pay, then the severance pay will continue to be paid as if the employee were still living ([5 U.S.C. 5595\(e\)](#)), and shall be paid to the survivor of the employee in accordance with guidance from [5 U.S.C. 5582\(b\)](#). Appropriate withholding will be made for Social Security/Medicare, Federal, state, and local income taxes. Payments made to beneficiaries are not subject to Federal tax withholding requirements. However, if payment is made to a beneficiary in the year in which the employee dies, the payment is subject to the withholding of Social Security and Medicare taxes. Collection of indebtedness from an employee's severance pay is permissible under [31 U.S.C. 3716](#). These payments are subject to collection for any outstanding debts owed to the Government. Additionally, under [5 C.F.R. 581.103](#), 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 the employee.

030803. Withholding Tax Reports

When a separated employee has been paid the total severance pay to which entitled in a lump-sum or at the end of the calendar year, whichever is earlier, a Form W-2 will be issued. If the employee dies, then any severance pay paid to the beneficiaries will be reported on [Form 1099-MISC](#) (Miscellaneous Income).

030804. Termination of Severance Pay

When the PRO making the severance payments to a former employee receives official notification from an HRO or other appropriate source that the individual has been reemployed in the Federal service, the 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 1 year's pay at the rate received immediately before separation ([5 U.S.C. 5595\(c\)](#)).

*0309 ADVANCE OF PAY

030901. Policy

A. [Title 5, U.S.C., section 5524a\(a\)](#) allows agencies to make advances of pay to new hires. DoD, 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 single, lump-sum pay advance of base pay for up to 3 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. For additional information, see [5 U.S.C. 5927](#) and [DoDI 1400.25](#). For additional information pertaining to advances of LQA and TQSA, see subparagraphs 030402.A.1 and 2.

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 [Executive Order 10903](#).

E. Advances of pay for overseas transfers will be paid only by the disbursing officer (or the disbursing officer's overseas agent) who supports the PRO servicing the overseas area, or [Outside the Continental United States](#) (OCONUS) from a disbursing officer who is a deputy to the [Continental United States](#) (CONUS) office. Payment may be made in a single lump-sum or included in the next regular biweekly pay.

F. [Guidance on advance payments for DoD civilians ordered to evacuate can be found in 5 U.S.C. 5522, 5 C.F.R. 550.403, 5 C.F.R. 550.404 and section 0313.](#)

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, **then** 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 for employees proceeding to or arriving at a post of assignment in a foreign area](#). 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. 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 PRO 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 by [5 U.S.C. 5514](#) and [31 U.S.C. 3716](#) and corresponding regulations.

D. The Defense Debt and Claims Management Office, DFAS-Indianapolis Center, may waive, in certain cases, the Government's right of recovery of an erroneous pay advance in accordance with the requirements in the [DoDI 1340.23](#) (February 14, 2006), [Waiver Procedures for Debts Resulting from Erroneous Pay and Allowances](#) and [5 U.S.C. 5584](#).

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, then 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 that 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, U.S.C., Chapter 45](#) 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](#) under which the awards programs shall be carried out. The [DoDI 1400.25, subchapter 451](#) prescribes awards policies governing the award program for DoD civilian employees.

031102. Incentive Awards

[DoDI 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\(e\)](#), a time-off award may be granted in lieu of cash ([5 C.F.R. 451.101-451.107](#)). [Title 5, C.F.R., section 451.104\(f\)](#) 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 1 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 1 year. The incentive leave is forfeited if not used within the 1-year timeframe. 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 1 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 1 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, **then** any unused time off shall be forfeited.

B. Foreign Language Awards. An agency may pay a cash award, up to 5 percent of basic pay, to any law enforcement officer employed in or under such agency that possesses and makes substantial use of one or more foreign languages in the performance of official duties. Additional information is in 5 U.S.C Chapter 45, subchapter III.

C. Presidential Rank Awards for Senior Executive Service Employees. The President may award the rank of Distinguished Executive and Meritorious Executive Service to an SES career appointee in accordance with the guidance in 5 U.S.C. 4507 and 5 C.F.R. 451.301. To be eligible for a rank award, an SES must:

1. Hold a career appointment as defined by 5 U.S.C. 3132(a)(4).
2. Be an employee of the agency, as defined at 5 U.S.C. 3132(a)(1),
3. Have at least 3 years of career or career-type Federal civilian service at the SES level.

D. Presidential Rank Awards for Senior Career Employees. The President may award the rank of Distinguished Senior Professional and Meritorious Senior Professional to a senior career employee as set forth in 5 U.S.C. 4507a and 5 C.F.R. 451.302. To be eligible for a rank award, a senior career employee must:

1. Hold a career appointment in a Senior-Level (SL) or Scientific-Professional (ST) position as defined by 5 C.F.R. part 319, subpart A and paid under 5 U.S.C. 5376 on the nomination deadline.
2. Be an employee of the agency on the nomination deadline.
3. Have at least 3 years of career or career-type Federal civilian service above a GS-15 level.

E. Referral Bonus Awards. A referral bonus award was established in order for agency heads to authorize award payments to employees as defined by 5 U.S.C. 2105 for referring new employees who are subsequently selected and employed in hard-to-fill positions in accordance with 5 U.S.C. 4503 and 5 C.F.R. Part 451. Referral Bonus Awards are at the discretion of management and are not an entitlement. For additional guidance on Referral Bonus Awards, see guidance provided by Civilian Personnel Management Service (CPMS) entitled "Referral Bonus for Recruitment and Hiring" issued in May 2008.

031103. Payroll and Payment Procedures for Awards

A. The PRO accepts the [SF 50](#) 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 5-3](#).

C. Cash award payments are subject to the withholding provisions of Federal, state, and local income tax laws. The payroll system will deduct 25 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 of Awards to Separated Employees

1. 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.

2. If the employee cannot be reestablished, then 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. Federal Employees' Compensation Act

The Federal Employees' Compensation Act (FECA), codified in pertinent part in [5 U.S.C., chapter 81](#), provides for the payment of workers' compensation benefits 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. 10](#). See also [DoDI 1400.25-V810](#) on Injury Compensation.

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 [Office of Workers Compensation Program \(OWCP\)](#), 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 1-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 1-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 1 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 (e.g., pay raise, step increase, promotion) occurs during the 45-day period, then 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. 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, or 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, **then** 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, **then** 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), **then** that day or shift will be considered as 1 calendar day. If an employee is not immediately disabled as a result of the injury, **then** 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 non-workdays 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 non-workdays.

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 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, provided 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, **then** 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, sick or advanced leave to cover all or part of an absence due to an injury. If an employee elects to use leave, then 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, sick or advanced leave is not always irrevocable. If an employee who has elected leave for the period wishes to elect COP, then 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 1 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, sick or advanced leave, or LWOP, if necessary, until OWCP approves their claims. Employees who are receiving OWCP compensation after the 45-day period must be in an LWOP status.

b. These employees may buy back annual, sick or advanced 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, sick or advanced 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, sick or advanced 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 PRO to buy back the leave used within 1 year of the date the claim was approved and have it recredited to the leave account. The PRO shall make arrangements with OWCP to have compensation for the buy-back period paid directly to that office. After receipt, the PRO 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: Civil Service Retirement System/Federal Employees Retirement System (CSRS/FERS); Social Security and/or Medicare; Federal, state and local taxes; Federal Employees Health Benefits (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 (Individual Retirement Record CSRS) or the SF 3100 (Individual Retirement Record FERS) 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 \$XX.XX, 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, **then** 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 EMERGENCY EVACUATION PAYMENTS

031301. Purpose

Prescribes the responsibilities of the PRO in the event that an official emergency evacuation is declared by the proper authorities as identified by the Under Secretary of Defense (Personnel and Readiness) Memorandum, subject: Evacuation of Civilian Employees, dated July 29, 1994 and the DoD Joint Travel Regulation (JTR) Chapter 6. PROs will use these guidelines when determining whether it is proper to make advance payments to employees based on an ordered evacuation for military actions, natural disasters or other reasons that create imminent danger to lives and property. This section applies to areas located within the United States based on the provisions of 5 C.F.R., Part 550, subpart D and outside of the United States based on Chapter 600 of the DSSR.

A. Eligibility. This guidance pertains to DoD and DoD Component employees once an official evacuation has been declared. Additional guidance on emergency preparedness has been issued by CPMS entitled CPMS Emergency Preparedness and Response Guide dated May 2007.

B. Forms. Department of Defense (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 PRO to record payments on the permanent record. 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 payments to the employee's account. Before authorized payments can be made to the employee or the employee's dependents, an application for payment of amounts due the evacuated civilian employees or family members is required.

C. Determining Entitlements 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.
2. For employees within the United States, use 5 C.F.R. 550.401 through 550.408.

D. Payments. Payments are paid at the rate the employee was entitled to 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. An advance of pay and any necessary adjustments must be made in accordance with the DoD Component's procedures.

031302. 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.

031303. 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.

031304. 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](#) and [5 C.F.R., Part 550, subpart D](#).

031305. Evacuation Payments During a Pandemic Health Crisis

Effective September 8, 2006, [5 C.F.R. 550.409](#) was amended to allow agencies to direct an employee to work from home or a mutually agreed upon alternative location. This location will be designated as a safe haven location during a pandemic health crisis and can only be used as an alternate work site during the pandemic crisis. Special allowance payments may be made to the employee by the agency, as determined on a case-by-case basis to help defray additional expenses caused by the crisis.

*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 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	9.87	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	\$385.95								

Current Year Recovery:

Net Pay	\$385.95
Allotment	50.00
Charity	2.00
Amount of repayment	<u>437.95</u>
Amount of <u>OWCP</u> check (75% X 680.80)	510.60
Amount due employee	\$ <u>72.65</u>

Prior Year Recovery:

Net Pay	\$385.95
Allotment	50.00
Tax	120.57
Charity	2.00
Health Benefits	31.50
Union dues	1.75
Amount of repayment	<u>591.77</u>
Amount of OWCP check (75% X 680.80)	510.60
Amount due from employee	\$ <u>81.17</u>

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

Buy Back of Leave Computation – Sick Leave for Less Than a 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>	<u>ALLOT</u>	<u>NET</u>
20	80	\$680.80	47.66	9.87	120.57	31.50	5.50	16.00	2.00	1.75	50.00	\$395.95
Worked	47	\$399.97	28.00	5.80	71.14	31.50	5.50	16.00	2.00	1.75	50.00	\$188.28
Sick Lv	33	\$280.83	19.66	4.07	49.43	-	-	-	-	-	-	\$207.67
21	80	\$680.80	47.66	9.87	120.57	31.50	5.50	16.00	2.00	1.75	50.00	\$395.95
Worked	12	\$102.12	7.15	1.48	18.09	31.50	5.50	16.00	2.00	1.75	-	\$18.65
Sick Lv	68	\$578.68	40.51	8.39	102.48	-	-	-	-	-	50.00	\$377.30

Current Year Recovery:

Net Pay	\$584.97
Allotment	50.00
Amount of repayment	\$634.97
Amount of OWCP check (75% X \$859.51)	644.63
Amount due employee	\$ 9.66

Prior Year Recovery:

Net Pay	\$584.97
Allotment	50.00
Tax	151.91
Amount of repayment	\$786.88
Amount of <u>OWCP</u> check (75% X \$859.51)	644.63
Amount due from employee	\$142.25