

**Functional Series 400
Personnel**

INTERIM UPDATE 02-06

SUBJECT: Payment of Difficult to Staff Incentive Differential (DSID)

NEW MATERIAL: Information is provided to advise employees of recent changes to the Difficult to Staff Incentive Differential (DSID) and to respond to the many questions raised during the trial implementation of this new differential. Many employees who applied to receive this incentive will soon be completing one year of service at a Difficult to Staff post to qualify for annual payment. Detailed guidance and instructions regarding how DSID payments will be processed are covered in this notice.

EFFECTIVE DATE: 04/25/2002

POLICY

**USAID/General Notice
M/HR/PPIM/PP
04/29/2002**

SUBJECT: Payment of Difficult to Staff Incentive Differential (DSID)

Effective May 1, 2001, the Agency implemented a financial recruitment and retention incentive known as Difficult to Staff Incentive Differential (DSID). It is available to direct hire Foreign Service employees who accept three-year assignments to positions at designated Difficult to Staff posts (listed in No. 1 below).

This differential is paid annually, in addition to other allowances and differentials that a Foreign Service employee may receive. (For additional information, see USAID/General Notices, "Difficult to Staff Incentive Differential," dated 2/01/2001, and "Guidance Implementing the New Difficult to Staff Incentive Differential," dated 5/03/2001.)

This notice is being issued to employees for multiple purposes. Information is provided to advise employees of recent changes to DSID and to respond to the many questions raised during the trial implementation of this new differential. Many employees who applied to receive this incentive will soon be completing one year of service at a Difficult to Staff post to qualify for annual payment. Detailed guidance and instructions regarding how DSID payments will be processed are covered in section No. 3 of this notice.

Over the first year of this program, questions have been raised with respect to USAID's tour of duty policy and eligibility for DSID. These questions are addressed in section No. 4. Tour curtailments from Difficult to Staff posts and waiver of repayment provisions are addressed in section No. 5. The last section discusses future developments with respect to the trial implementation of this incentive.

A separate DSID notice for SMG employees addressing similar topics will be issued in the near future. SMG employees who are eligible for a DSID payment in May 2002 should follow the instructions for annual payment outlined in section No. 3 of this notice.

1. Background

- a. Difficult to Staff Incentive Differential is a financial incentive of up to an additional 15 percent of base pay for selected posts that already qualify for a post differential of 15 (recently added), 20 or 25 percent. DSID is authorized by 5 USC 5925(b). Implementing regulations are found in Standardized Regulation (DSSR), Chapter 1000.
- b. The posts listed below currently qualify for a post differential at 15, 20 or 25 percent and have been determined to have such especially adverse conditions as to warrant additional pay as a recruitment and retention tool to fill vacant positions. (Post differential is based on environmental conditions that differ substantially from conditions of environment in the continental United States and is a prerequisite for authorizing the Difficult to Staff Incentive Differential.)
- c. The following USAID posts are designated for Difficult to Staff Incentive Differential: Tirana, Skopje, Belgrade, Yerevan, Baku, Minsk, Tbilisi, Almaty, Bishkek, Chisinau, Ashgabat, Kiev, Tashkent, Port au Prince, Asmara, Conakry, Kigali, Kinshasa, Abuja, Luanda and Bamako.

All of the above posts are currently being considered for the full 15 percent Difficult to Staff Incentive Differential. However, M/HR staff is reviewing the current list of Difficult to Staff posts and the selected percentage of DSID. As a result of this review, new posts may be added to the list of Difficult to Staff posts or current posts may be deleted and percentages of differential could be placed at a lower percentage of an employee's base pay.

2. Changes to Difficult to Staff Incentive Differential

- a. Effective April 7, 2002, the Department of State, Office of Allowances revised DSSR, section 1010c, to broaden consideration for DSID by adding posts that qualify for a post differential of 15 percent, in addition to the current 20 and 25 percent posts.
- b. Effective April 7, 2002, the Office of Allowances revised Standardized Regulations, Chapter 1000, Section 1020, to permit a more liberal allowance of the number of days an employee may be away from post for the time away from post to be considered continuous service at post. (See State 065832 dated April 4, 2002.)

In accordance with the new provision, each continuous period away from post under the following circumstances is considered "continuing presence at post" and does not reduce the amount of annual payment:

- (1) 60 calendar days or less on ordered departure;
- (2) 30 calendar days or less of temporary duty travel taken away from post of assignment; and
- (3) 30 calendar days or less away from country of assignment, including combinations of annual leave, sick leave or leave without pay.

A single period of time away from post over the applicable 60 or 30 days does not affect the annual anniversary date. It only affects the amount of the annual lump sum payment and only for those days in excess of the allowable 60 or 30 days. For example, if an employee departed post on annual leave for a continuous time away from post of 60 calendar days in one year, the annual payment for that year would be reduced by 30 days. The annual anniversary date is not affected.

Previously, continuous absences away from country of assignment on approved annual or sick leave or leave without pay or absences from post on temporary duty travel that were less than 14 calendar days were considered "continuous presence at post." Absences exceeding 14 calendar days reduced the amount of the annual payment.

c. M/HR has consulted with GC as well as the Department of State, Office of Legal Advisor, regarding the issue of salary caps on DSID payments. Both GC and M/HR concur in the view of the Office of Legal Adviser that the Executive Level II salary cap in the Standardized Regulations, section 552, that otherwise applies to payment of post differential does not apply to payment of DSID.

This is based on the fact that Section 1010f of the Standardized Regulations governing DSID payments excepts this differential from the Level II salary cap. However, the aggregate salary cap in 5 USC 5307 (at Executive Level I) does apply to DSID payments. Under the aggregate pay cap, an employee may not receive any portion of any payment that causes the aggregate compensation, received within the calendar year, to exceed the rate payable for Level I of the Executive Schedule (\$166,700 in 2002).

USAID General Notices issued on February 1, 2001, and May 3, 2001, are amended to reflect this clarification of salary cap on DSID payments.

d. The other limitations on DSID payment cited in the above-mentioned USAID/General Notices remain in effect. The total percentage combination of DSID and danger pay may not exceed 25 percent of basic salary rate. Though none of

the selected posts are currently designated as Danger Pay posts, DSID payments will be reduced accordingly if the post is later designated for danger pay.

The total percentage combination of post differential and DSID may not exceed 40 percent of basic salary rate. In addition, the total percentage combination of post differential, DSID, and danger pay cannot exceed 50 percent of basic salary rate.

3. Instructions for Issuing Annual DSID Payments

a. Payment will be issued once annually upon completion of each year of continuous service at a Difficult to Staff post. In order for M/FM/P to process the payment, employees are responsible for completing the DSID Annual Payment Form attached to this notice. This form is completed at the end of each year served at a Difficult to Staff post.

b. The dates of the completed service year must be included as well as the dates of any continuing absences from post that exceed the applicable 60 or 30 calendar days (see section No. 2b). Employees are instructed to submit the completed form to their controller who will approve payment.

c. Missions are directed to submit completed and approved DSID Annual Payment Forms to M/FM/P, Angela Burkard, Chief, Payroll Division, for processing. These forms may be faxed directly to M/FM/P. The fax number is (202) 216-3541. Ms. Burkard may be reached on (202) 712-0225. Upon receipt of the DSID Annual Payment Form, M/FM/P will notify employees by e-mail as to when they will receive their DSID payment.

d. Calculations will be based on confirmation of dates of completed service year and prorated based on reported absences from post of more than the applicable 60 or 30 calendar days. The biweekly deferred amount of DSID will be determined for each pay period and accumulated for each 12-month period at post. However, the aggregate salary cap at Executive Level I does apply to these payments.

e. DSID does not become part of an employee's base pay. It is not creditable for the Thrift Savings Plan (TSP), retirement or life insurance (FEGLI) purposes. Federal tax, state tax and or local tax and FICA (OASDI and/or Medicare) will be withheld.

4. Tour of Duty Options and Eligibility for DSID Payment

a. The following information on tour of duty options and eligibility for DSID payment is intended to supplement and clarify the initial USAID General Notice issued on 2/01/2001. These options are available to any employee who has already applied to receive DSID on or after May 1, 2001.

Over the last year, M/HR has received a number of questions from employees as to whether they would qualify for DSID if they served 2 tours (4 years total), instead of one tour with a year extension at a Difficult to Staff post. The answer is yes.

b. Several tour options are discussed below which would permit an employee to qualify for DSID payment. Tour extensions or second tours are subject to approval by mission management.

(1) An employee may serve one tour with a year extension (3 years total) for a DSID benefit for 3 years of continuous service at a Difficult to Staff post.

(2) An employee may serve two tours (4 years total) for a DSID benefit for 4 years of continuous service at a Difficult to Staff post. However, the time an employee spends on home leave between or outside the two tours is not considered continuous service at post and is not creditable for DSID payment.

(3) An employee may serve one or two tours with a year extension of either tour or both tours for a maximum DSID benefit of up to 6 years of continuous service at a Difficult to Staff post.

(4) Lastly, in some cases, an employee may transfer mid-tour to a Difficult to Staff post and qualify for DSID payment. For example, an employee transfers from one post of assignment to another post of assignment that happens to be a Difficult to Staff post. Upon transfer, the employee serves one full year at the Difficult to Staff post, takes home leave, and returns to that post for one tour (3 years total). In this case, the employee would have a combined tour of 3 full years for a DSID benefit of 3 years of continuous service at a Difficult to Staff post.

5. Curtailments from Difficult to Staff Posts and Waivers of Repayment of DSID

a. If an employee who is receiving DSID curtails his/her tour for one of the following reasons, no repayment of DSID already received will be required:

(1) The needs of the service which for DSID purposes includes circumstances that are for the convenience of the Agency such as a management-directed reassignment to another post or required training for an onward assignment.

(2) Involuntary separation of employee includes circumstances when the normal assignment is terminated suddenly because the post or country of assignment is designated as an imminent danger area and the employee is evacuated from post. An employee is liable for repayment if he or she is separated involuntarily from the Agency on account of misconduct or performance.

(3) Compassionate reasons includes circumstances that are compelling personal reasons involving physical or mental health or loss of security clearance due to medical condition.

There may be other circumstances which fall into one of these broad categories; however, the situation giving rise to the curtailment must clearly be beyond the employee's control and compelling in nature like a true emergency.

b. All requests for tour curtailment at a Difficult to Staff post must be sent to the appropriate servicing office (M/HR/POD or M/HR/EM) for approval. The request must include an explanation of the circumstances for the curtailment.

c. In limited cases, the Agency may make partial payments for dates of service that are less than a full year, provided the employee is nearing completion of 3 or more years at a Difficult to Staff post; i.e., normally within 60 calendar days of his or her anniversary date. In such a case, M/HR/POD or EM must have approved the curtailment of tour for one of the above reasons.

d. If the employee's tour of duty is shortened for his/her convenience, the employee will be required to repay all DSID received to date. If the employee leaves the Agency voluntarily or separates from the Agency to enter into the services of another Agency, the employee is liable for repayment of all DSID payments received prior to his/her separation. In such cases, M/HR/POD or EM will notify M/FM/P to initiate bill and collection actions.

e. Amounts owed by employees will be recovered from the employee in accordance with procedures for employee debt collection and recovery found in ADS 625, Administrative Accounts Receivable.

f. The Chief Financial Officer (M/CFO), or designee, may waive the right of recovery of an employee's debt, in whole or in part, if he/she determines that recovery would be against equity and good conscience or against the public interest.

Requests to waive indebtedness under this program must be submitted in writing to M/CFO. The request must include an explanation of the circumstances that justify a waiver, and a copy of the bill of collection must be attached.

6. Next Steps

M/HR/POD and EM staff are reviewing the current list of Difficult to Staff posts in conjunction with an evaluation of the efficacy and impact of the pilot DSID effort in meeting Agency staffing needs, program management and budgetary considerations and overall experience to date with this incentive program.

Employees will be apprised of Agency plans to continue the program beyond the pilot phase, along with any proposed changes as a result of this evaluation. Any changes to the DSID program or posts will be communicated through Agency notices. DSID posts will be identified in all notices regarding upcoming positions in the 2003 assignment cycle and SMG position announcements.

Employees who have specific questions about DSID and their individual situation should contact their appropriate personnel officer in M/HR/POD or EM.

POINT OF CONTACT: Inquiries regarding this notice may be directed to Joann Jones, M/HR/PPIM/PP, (202) 712-5048.

Notice 0461

DSID Annual Payment Form

Payment will be issued once annually upon completion of each year of continuous service at a Difficult to Staff post. In order for M/FM/P to process this payment, this annual payment form must be submitted by each direct hire Foreign Service employee that has applied for DSID upon completion of each year served at a Difficult to Staff post.

The completed form must be approved for payment by the responsible controller and transmitted directly to USAID/W, Payroll Division (M/FM/P) for payment. This form may be faxed directly to M/FM/P, Angela Burkard, Chief, Payroll Division. The FAX number is (202) 216-3541. Upon receipt of the DSID Annual Payment Form, M/FM/P will notify employees by e-mail as to when they will receive their DSID payment.

1. Employee's Name: _____
2. DSID Post Currently Assigned: _____
3. Date of Arrival at Post: _____
4. DSID Election Agreement signed: _____
5. Payments are made in annual increments. This completes my _____ 1st, _____ 2nd, _____ 3rd , _____ 4th, _____ 5th, or _____ 6th year at this post.

If payment is requested for a period of less than one year for employee nearing completion of 3 or more years at post, provide period of service and attach documentation showing M/HR/POD or EM approval of tour curtailment for needs of the service, involuntary separation or compassionate reasons. (For additional guidance, see section No. 5 of the USAID General Notice on tour curtailments.) Dates of Service

6. Dates of Absences on Annual Leave, Sick Leave or Leave Without Pay. Only report if absence from country of assignment was more than 30 calendar days.

7. Dates of Temporary Duty Travel. Only report if absence from post of assignment was more than 30 calendar days.

8. Dates of home leave. _____

9. Dates of Ordered Departure. Only report if ordered departure from post was more than 60 calendar days.

10. Scheduled Date of Departure from Post: _____

11. Employee's Signature _____ Date _____

12. Controller's Name _____

13. Signature below by Controller indicates that DSID payment is approved for this employee.

Signature

Date

File name	Notice Date	Effective Date	Editorial Revision Date	ADS CD No.	Remarks
iu4_0206_043002_cd27	04/29/2002	04/25/2002	N/A	ADS CD 27	New