

**FFAS**  
HANDBOOK

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Pay Administration

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To access the transmittal page click on the short reference

For FAS including Overseas, FSA including  
County Office Employees, and RMA

SHORT REFERENCE

32-PM

UNITED STATES DEPARTMENT OF AGRICULTURE  
Farm Service Agency  
Washington, DC 20250

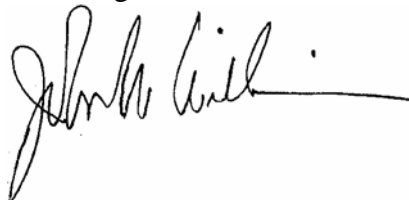


**UNITED STATES DEPARTMENT OF AGRICULTURE**

Farm Service Agency  
Washington, DC 20250

<b>Pay Administration 32-PM</b>	<b>Amendment 10</b>
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**Approved by:** Deputy Administrator, Management



**Amendment Transmittal**

**A Reason for Amendment**

Paragraph 91 has been amended to identify all applicable pay plans eligible for locality pay.

Subparagraph 92 A has been amended to provide that SSR is basic pay when the employee is being promoted on the same SSR table.

Subparagraph 93 B has been amended to update COLA rates.

Subparagraph 140 C has been amended to clarify administratively controlled travel.

<b>Page Control Chart</b>		
<b>TC</b>	<b>Text</b>	<b>Exhibit</b>
	5-1, 5-2 5-3 7-5, 7-6	1, pages 1, 2



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## Part 1 Basic Provisions

### 1 Overview

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#### A

##### Handbook Purpose

This handbook provides policies and instructions on FFAS Federal pay administration.

---

#### B

##### Objectives

The objectives of this handbook are to provide a comprehensive working handbook to managers, supervisors, and employees that will explain the pay administration policies of the mission area in an easy-to-follow and self-explanatory manner.

---

#### C

##### Sources of Authority

Pay administration is governed by the following laws, executive orders, and OPM and Departmental guidelines:

- 5 U.S.C. 5307 and 5 U.S.C. 55
  - 5 CFR Parts 530, 531, 532, 534, 535, 536, 550, and 551.
- 

#### D

##### Related Handbooks

Handbooks related to this handbook include the following:

- 115-FI for County Office expense system payroll and other administrative payments process
  - 17-PM for leave administration
  - 27-PM for County Office classification, employment, and pay administration.
-

**2 Responsibilities**

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**A  
FFAS  
Responsibilities**

FAS, FSA, and RMA Administrators have delegated, to DAM, the overall authority and responsibility for developing, implementing, and administering pay administration policy within the mission area.

---

**B  
HRD  
Responsibilities**

HRD shall:

- implement and administer pay administration
  - determine that pay administration objectives are being met
  - designate an FFAS pay administration coordinator.
- 

**C  
HRD and KCMO,  
PD Responsibilities**

HRD and KCMO, PD shall:

- designate a pay administration coordinator
  - have ultimate responsibility for the pay administration process for serviced areas.
- 

**D  
Pay Administration  
Coordinator  
Responsibilities**

Pay administration coordinators shall:

- monitor all aspects of pay administration
  - assist supervisors and employees in researching pay questions
  - maintain records and data required for program administration.
- 

Continued on the next page

2 Responsibilities (Continued)

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**E  
Supervisor  
Responsibilities**

Supervisors shall:

- ensure accurate and timely pay to employees
  - effectively link pay and performance by fully using all existing pay systems and provisions
  - not accept the benefit of a nonexempt employee's work without compensating the employee for that work
  - pay all employees premium pay for working unusual hours or under unusual working conditions according to applicable laws and regulations
  - manage overtime and holiday work to ensure full benefit to the Government and fair treatment of employees
  - ensure that travel is:
    - by the most expeditious means of transportation
    - commensurate with the nature and purpose of the traveler's duties.
- 

**F  
Employee  
Responsibilities**

All employees shall:

- request overtime in advance of performing overtime duties
  - keep accurate logs of overtime
  - never falsify pay documents.
- 

3-15 (Reserved)



Part 2 Setting Pay Levels

16 Waiver of Salary

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**A**  
**Policy**

No employee appointed to an FFAS position shall waive his or her ordinary right to compensation or accept something less. This is contrary to public policy, court decisions, and statutory provisions governing payments for personal services (57 Comp Gen. 423).

---

17 Pay Plans

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**A**  
**Basic Factors**

Position classification determines the following:

- correct pay system
  - proper pay level or grade in that system.
- 

**B**  
**GS Employees**

GS employees generally have 1 of the following identifiers:

- GS
  - GM
  - GW.
- 

**C**  
**Senior Employees**

Senior employees have the following pay plan indicators:

- ES
  - SL.
- 

Continued on the next page

**17 Pay Plans (Continued)**

---

**D**

**FWS Employees**

FWS employees have the following pay plan indicators:

- WG
  - WS
  - WL.
- 

**E**

**Foreign Service Employees**

Employees in the Foreign Service have a pay plan indicator of FS. These employees are governed by the Foreign Service Act of 1980 and the Foreign Affairs Manual.

---

**F**

**FSA COC Employees**

FSA COC employees have a pay plan indicator of CO. These employees are governed by the requirements in 115-FI and 27-PM.

---

**G**

**Administratively Determined Employees**

Administratively determined employees have a pay plan indicator of AD. Their salaries are administratively determined by the Secretary of Agriculture rather than by Executive Order. An example would be the FSA STC Chairperson or members.

---

**H**

**Other Pay Systems**

There are other pay plans that are occasionally used for very unique or specific situations, such as for experts and consultants. Contact the servicing PD for information on these pay plans.

---

18 Establishing GS Salary Rates

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**A**  
**Policy**

Pay employees at the maximum rate permitted by law and regulation except for the following cases:

- temporary promotions where the higher grade was not held for 1 year
- demotions for cause.

Base the maximum rate payable on an established tour of duty earned while serving under an appointment not limited to 90 calendar days or less, or for a continuous period of not less than 90 calendar days under 1 or more appointments without a break in service. The maximum rate payable shall not exceed the top step of the grade.

---

**B**  
**New**  
**Appointments**

The pay for newly appointed employees will be set at the minimum rate of the appropriate grade, or at the step 1 of SSR that covers the position.

\*--Note: For provisions governing CO employees moving to GS, see paragraph 44.--\*

---

**C**  
**Reinstatements**

It is FFAS policy to provide the highest rate of pay allowable for the grade of the position to which the person is being reinstated. The pay for employees being reinstated will be set using the highest previous rate procedures in paragraph 20.

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Continued on the next page

## 18 Establishing GS Salary Rates (Continued)

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### D

#### Transfers

It is FFAS policy to provide the highest rate of pay allowable for the grade of the position when a person is being transferred or converted to an FFAS position. Using the highest previous rate is appropriate when an employee is being transferred or converted. See paragraph 20.

---

### E

#### Reassignments

FFAS policy is to make no change to an employee's pay when being reassigned from 1 office or position to another.

**Exceptions:** For a GM to GS reassignment, set the employee's pay at the step that equals or, if between steps, at the next higher step.

For an SSR to GS reassignment, SSR cannot be used as the employee's highest previous rate unless the reassignment is to another position within the same Department. On reassignments within the Department where the supervisor wants to retain SSR, supervisors shall:

- make written justification for the basis to retain SSR
- acquire the approval of the Director, HRD.

For a GS to SSR reassignment, set the employee's pay at the same grade and step of SSR as they held in GS.

---

### F

#### Promotions

Provide the highest rate of pay allowable when an employee is promoted from one GS position to another. Therefore, the employee gets the benefit of the rate found by setting either of the following:

- pay at the lowest rate of the higher grade that exceeds the existing rate of basic pay by not less than 2 step increases of the grade from which the employee is promoted

**Note:** If the amount is between 2 steps of a grade, set the pay at the higher step.

- pay based on the highest previous rate. For purposes of a promotion, the highest previous rate includes SSR.
- 

Continued on the next page



**18 Establishing GS Salary Rates (Continued)**

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**F  
Promotions  
(Continued)**

When an employee is promoted from one FWS job (WG, WL, or WS) to another, policy is to provide the highest rate of pay allowable. Therefore, the employee gets the benefit or the rate found by setting either of the following:

- pay at the lowest rate of the higher grade that exceeds the existing rate of basic pay by at least 4 percent of the representative rate (step 2 of a regular 5-rate wage schedule) of the grade from which the employee is being promoted
- pay based on the highest previous rate. For FWS employees, the highest previous rate does not include SSR.

If an FWS promotion is from 1 wage area to another, it is processed as if there were 2 actions, a promotion and a reassignment. They will be processed in the order that gives the employees the maximum benefit.

---

**G  
Change to Lower  
Grade**

Establish pay at the highest rate of the grade that is allowable under current Federal regulations when an employee is changed to a lower grade at his or her request. Therefore, employees being changed to a lower-graded position at their own request may be given the benefit of the highest previous rate.

\* \* \*

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Continued on the next page

18 Establishing GS Salary Rates (Continued)

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**H  
Superior  
Qualification  
Appointments**

FEPCA authorizes FFAS to make appointments of superior candidates above the minimum rate at any GS or FWS grade. In addition, appointments above the minimum rate may be made to meet a special agency need.

This authority is to be used to make competitive offers to high-quality candidates entering the Federal civilian service for the first time or returning to Federal employment after a break in service of 90 calendar days or more. In using this authority, managers and supervisors should consider the following:

- whether the use of the authority is necessary to entice the candidate to accept the position
- the relative merits of the case by comparison to other cases in which FFAS has used either this authority or a recruitment bonus as authorized in Part 8
- the impact of the decision on the advancement of USDA’s EEO objectives.

The authority to approve an appointment above the minimum rate is delegated to \*--the Chief, Domestic Operations Branch; Chief, Foreign Operations Branch; and Chief, Kansas City, Human Resources Office for the areas they service.--\*

---

**I  
Processing  
Superior  
Qualification  
Appointments**

Offices needing to appoint candidates shall complete FSA-319. Offices serviced by KCAO shall refer FSA-319’s to KCAO, PD.

---

**J  
Records**

\*--A copy of all approved FSA-319’s should be forwarded to the Domestic Operations Branch. Servicing personnel offices shall keep FSA-319’s for at--\* least 2 years. These actions are subject to outside review by either OHRM or OPM.

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**19 Highest Previous Rate**

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**A****Overview**

An employee's rate of basic pay may be used as the highest previous rate if it was paid while the employee worked:

- a regularly scheduled tour of duty
  - under an appointment not limited to 90 calendar days or less, or under 1 or more appointments with no break in service for a total of at least 90 calendar days.
- 

**B****Policy**

Apply the highest previous rate rule in all cases it applies.

---

**C****Exceptions for GS Employees**

For GS employees, the highest previous rate may not be based on a rate of pay received:

- as an expert or consultant appointed under 5 U.S.C. 3109
- while on a temporary promotion for less than 1 year unless the employee is later permanently placed in a position at the same or higher grade
- in a position from which the employee was reassigned or reduced in grade for failure to satisfactorily complete a supervisory probationary period
- that is contrary to law or regulation
- while an employee of the DC Government first hired on or after October 1, 1987
- under an SSR schedule established under 5 U.S.C. 5303 and 5 CFR Part 530 or 5 CFR 532.229. [5 CFR 531.203(d)(2)]

SSR may be used as the highest previous rate if:

- a GS employee is being reassigned to another position within USDA
  - SSR is the employee's current rate of basic pay
  - a determination is made that the need for the employee's contribution to the program will be greater in the new position.
- 

Continued on the next page

**19 Highest Previous Rate (Continued)**

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**D**

**Exceptions for FWS Employees**

For FWS employees, the highest previous rate may not be based on a rate of pay received:

- as an expert or consultant appointed under 5 U.S.C. 3109
  - under an SSR schedule established under 5 U.S.C. 5303
  - on a special qualifications appointment or an appointment above the minimum rate for a hard to fill job.
- 

**20 Computing Highest Previous Rate**

---

**A**

**Computing Highest Previous Rate for GM Employees**

Determine the highest previous rate for GM employees according to this table.

Step	Action
1	Look at the GS pay schedule in effect when the employee received his or her highest previous rate, and find the rate for the grade to which the employee is now being assigned.
2	Subtract the old step 1 rate of the grade the employee is moving to from the employee's highest previous rate. The result is labeled "a".
3	Subtract the step 1 rate from the step 10 rate of the grade the employee is moving to. The result is labeled "b".
4	Divide "a" by "b" and carry the result to the seventh decimal place. Do not round the result. The result is labeled "c".
5	Look at the current GS pay scale. Subtract the step 1 rate from the step 10 rate of the grade the employee is moving to. The result is labeled "d".
6	Multiply "c" times "d" to come up with an amount labeled "e".
7	Add "e" to the current step 1 of the grade the employee is moving to, and round the result to the next higher whole dollar. This is the highest rate at which an employee's pay can be set for the GM position to which the employee is being assigned now, according to 5 CFR 531.203(c)(2).

Continued on the next page

**20 Computing Highest Previous Rate (Continued)**

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**B****Computing Highest Previous Rate for WG Employees**

When the employee's highest previous rate was earned in an FWS job, the employee is entitled to receive the higher of either of the following:

- employee's actual earned rate

**Note:** The employee's actual earned rate is the rate of pay the employee earned in the previous FWS job. It is the dollars and cents hourly amount the employee received for working in the job.

- current rate for the grade and step of the former job in the wage area in which the person is being employed.
- 

**C****Computing Highest Previous Rate for GS Employees**

Look at the GS pay schedule in effect when the employee received his or her highest previous rate, and find the rate for the grade the employee is going to now.

Compare the employee's highest previous rate, expressed as an annual rate, with the rates in effect at the time the highest previous rate was earned for the grade in which pay is currently being fixed. Identify the lowest step of the grade in which pay is currently being fixed, for which the rate of basic pay was equal to or greater than the employee's highest previous rate. If the highest previous rate falls between 2 steps, use the higher step.

On the current GS pay schedule, find the step identified. This is the highest rate at which an employee's pay can be set according to 5 CFR 531.203(c)(1).

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\* \* \*

21 Setting FWS Pay

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**A**  
**New Hires**

Pay normally is set at step 1 or the minimum rate of the grade when a new employee is hired into his or her first Federal position.

---

**B**  
**Promotions**

An increase in pay usually accompanies a promotion from a job at one FWS grade level to a job at a higher FWS grade level.

The increase most often is computed by adding 4 percent of the representative rate (step 2) of the grade from which the employee is being promoted to the current rate, and setting the pay at the step in the new, higher grade that equals or exceeds that amount.

A promotion increase also may be set using the highest previous rate according to subparagraph C.

---

**C**  
**Other Kinds of Actions**

For most other kinds of actions, such as reinstatements and transfers, pay usually is set using the highest previous rate rule.

The highest previous rate is found by selecting the **higher** of the following 2 rates:

- actual earned rate, which is the highest hourly amount in dollars and cents the employee earned in a previous FWS job
- current rate, which is the hourly amount being paid for the grade and step in which the employee earned his or her highest previous rate on the FWS wage schedule used now in the location where the employee is being placed.

\* \* \*

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22-40 (Reserved)

**Part 3 Changes Between Pay Systems****41 Moving Employees Between GS and FWS**

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**A  
Policy**

When moving an employee between GS and FWS, it is important to determine the nature of the action. This involves comparing the representative rate of the grades in GS and FWS:

- the representative rate for GS is step 4
- the representative rate for FWS is step 2.

Rates of pay in FWS are established on a per hour basis, while those in GS are expressed as a per annum figure. As a result, making comparisons between the 2 systems requires converting from per annum to per hour or per hour to per annum rates.

To convert an FWS or other hourly rate of pay to an annual rate of pay, multiply the hourly rate times 2,087 hours in a year. Therefore, a WG-7 step 2 making \$11.76 per hour makes \$24,543 per annum ( $\$11.76 \times 2,087$ ).

To convert a GS or other annual rate of pay to an hourly rate, divide the annual rate by 2,087 hours in a year. Therefore, a GS-4 step 4 making \$17,389 per annum makes \$8.33 per hour ( $17,389 \div 2,087$ ).

Representative rates are used to identify the kind of action that is taking place. The actions are identified so that the proper pay setting procedures can be used.

---

**B  
Reassignment**

When an employee moves to a position with no change in the representative rate, the move is treated as a reassignment. Reassignments occur infrequently because the representative rates for GS and FWS rarely match. [5 CFR 532.401]

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Continued on the next page

**41 Moving Employees Between GS and FWS (Continued)**

---

**C  
Promotion**

The move to a position with a higher representative rate is treated as a promotion.

**Example:** A GS-9 is moving to a WS-6 job. The representative rates are as follows:

- GS-9 step 4 equals \$29,477 per annum or \$14.13 per hour
- WS-6 step 2 equals \$15.24 per hour.

**Note:** Because the WS-6 representative rate is higher than the GS-9 representative rate, the move is a promotion. [5 CFR 532.401]

---

**D  
Change to Lower  
Grade**

The move to a position with a lower representative rate is treated as a change to lower grade.

**Example:** A GS-6 is moving to a WG-4 job. The representative rates are as follows:

- GS-6 step 4 equals \$21,684 per annum or \$10.39 per hour
- WG-4 step 2 equals \$9.46 per hour.

**Note:** Because the WG-4 representative rate is lower than the GS-6 representative rate, the move is a change to lower grade. [5 CFR 532.401]

When an employee moves from the FWS pay system to the GS pay system:

- determine the kind of action taking place, following the guidance in this paragraph
- set pay following the GS pay setting procedures.

Because FFAS policy is to provide the highest rate of pay allowable for the grade of the position to which the employee is going, normally pay will be set following the highest previous rate rule.

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Continued on the next page



**41 Moving Employees Between GS and FWS (Continued)**

---

**D**

**Change to Lower Grade (Continued)**

When an employee moves from the GS pay system to the FWS pay system:

- determine the kind of action taking place, following the guidance in this paragraph
- set pay following the FWS pay setting procedures.

Because FFAS policy is to provide the highest rate of pay allowable for the grade of the position to which the employee is going, normally pay will be set following the highest previous rate rule.

---

**42 Moving Employees From USPS to GS or FWS**

---

**A**

**Determining USPS Basic Pay**

Employees who formerly worked for USPS received COLA as part of their salaries. The amount of COLA varies and is on USPS' PS-50.

Before using a former USPS employee's salary as base pay, the COLA payment must be subtracted.

**Example:** The latest PS-50 for a former USPS employee shows the salary as \$22,313 with COLA of \$2,231. To find the employee's basic pay, the COLA amount is subtracted from the salary as follows.

\$22,313	PS-50 Salary
- <u>2,231</u>	COLA
\$20,082	Basic pay

The basic pay found through this method may be used as the employee's highest previous rate as long as it meets the requirements in 5 CFR 531.203(c) and (d) or 532.405.

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Continued on the next page

**42 Moving Employees From USPS to GS or FWS (Continued)**

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**B  
Setting GS or  
FWS Pay**

Once the USPS employee's basic pay is found, according to subparagraph A, pay is set using the procedures of the pay system to which the employee is moving. Therefore, a former USPS employee going into an FWS job will have his or her pay set following FWS procedures; while a former USPS employee going into a GS position will have his or her pay set following GS procedures.

**Example:** A former USPS employee is reinstated to a GS-4 position. The employee's highest earned rate in 1989 was \$18,690 after deducting COLA. This exceeded the GS-4 step 10 rate in 1989. The step 10 rate becomes the highest previous rate because pay cannot exceed the top rate of the grade. Therefore, the employee's pay is set at the current GS-4 step 10 rate.

---

**43 Moving Employees From DC Government to GS or FWS**

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**A  
DC Employees  
Hired Before  
October 1, 1987**

DC Government employees who were hired before October 1, 1987, are treated as though they were Federal employees when they were assigned to the FFAS position. Salaries earned by these employees while working for the DC Government may be used for purposes of highest previous rate. [B-214541, CG Decision, September 30, 1986]

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**B  
DC Employees  
Hired on or After  
October 1, 1987**

Individuals first employed by the DC Government on or after October 1, 1987, are treated as though they are not Federal employees. Salaries earned by these employees while working for the DC Government cannot be used for purposes of highest previous rate. If their FFAS appointment is their first Federal job, the action will be treated as a new appointment. [5 CFR 531.203(d)(2)(v)]

---

**\*--44 Moving Employees From CO to GS**

---

**A**

**Setting GS  
Salary**

FSA CO employees moving to the Federal service shall have their salary set based on the highest of the following:

- minimum rate of the appropriate grade
- highest previous rate
- for the promotion only, pay at the lowest rate of the higher grade that exceeds the existing rate of basic pay by not less than a 2-step increase of the grade from which the employee is promoted.

**Note:** If the amount is between 2 steps of a grade, set the pay at the higher step.--\*

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**45-64 (Reserved)**



**Part 4 Within Grade Increases and Quality Step Increases**

**65 Within Grade Increases**

---

**A**

**Eligibility**

GS employees who have not reached the maximum rate (step) of pay for their grade shall be advanced to the next higher rate of pay provided the employee has:

- completed the required waiting period
- not received an equivalent increase during the waiting period [5 U.S.C. 5335]

**Note:** See paragraph 67 for definition of equivalent increase.

- performed at an acceptable level of competence.
- 

**B**

**Coverage**

This material applies to:

- GS employees who occupy permanent positions
- an employee who is retaining a GS grade under saved-grade provisions [5 CFR Part 536] while occupying a permanent position in another pay schedule.

This material does not apply to employees covered by PMRS, SES members, individuals appointed by the President with the advice and consent of the Senate, such as the Secretary of Agriculture, and DC employees.

---

66 Waiting Period

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**A**  
**Length of Waiting Period**

The employee must complete the required waiting period before receiving a within grade increase.

The length of a waiting period varies depending on the GS step to which the employee is moving. For permanent or temporary GS or GM employees with a scheduled tour of duty, the waiting periods for advancement to the following steps are as follows:

- steps 2, 3, and 4: 52 calendar weeks of creditable service
- steps 5, 6, and 7: 104 calendar weeks of creditable service
- steps 8, 9, and 10: 156 calendar weeks of creditable service.

For GS or GM employees without a scheduled tour of duty, such as intermittent employees, the waiting periods for movement to the following steps are as follows:

- steps 2, 3, and 4: 260 calendar days creditable service in a pay status in a period of at least 52 calendar weeks
- steps 5, 6, and 7: 520 calendar days creditable service in a pay status in a period of at least 104 calendar weeks
- steps 8, 9, and 10: 780 calendar days creditable service in a pay status in a period of at least 156 calendar weeks.

Employees on intermittent work schedules receive 1 day of credit for each day in a pay status regardless of the number of hours worked.

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Continued on the next page

**66 Waiting Period (Continued)**

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**B****Beginning of  
Waiting Period**

An employee begins a new waiting period upon:

- first appointment as a Federal employee, regardless of tenure
- receiving an equivalent increase
- a break in service or a period of nonpay status of more than 52 calendar weeks.

An employee's nonworkdays between the last scheduled workday in 1 position and the first scheduled workday in a new position do not interrupt a waiting period. [5 CFR 531.405(b); FPM 990-2, Book 531, S4-5b]

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**C****Creditable Service**

To complete a waiting period, an employee must have the required amount of creditable service. Generally, civilian employment in any branch of the Federal Government (executive, legislative, or judicial) or with a government corporation (5 U.S.C. 103) is creditable service. This includes periods of paid leave.

Service under a temporary appointment is creditable toward a within grade increase if the employee is given a permanent appointment later without a break in service of 52 calendar weeks or more. This time is creditable as long as an equivalent increase is not provided at the time of conversion.

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**D****Unpaid Time**

Under certain circumstances, time in a nonpay status can be credited toward within grade increases. Short periods of time in a nonpay status for both full-time and part-time employees may be credited toward completion of a waiting period if, when added together, they do not exceed:

- 2 workweeks in the waiting periods for steps 2, 3, and 4
  - 4 workweeks in the waiting periods for steps 5, 6, and 7
  - 6 workweeks in the waiting periods for steps 8, 9, and 10.
- 

Continued on the next page

**66 Waiting Period (Continued)**

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**D  
Unpaid Time  
(Continued)**

Workweek, for this purpose, is defined as the employee's scheduled tour of duty. For a full-time employee, the workweek is 40 hours. Therefore, a full-time employee may credit up to:

- 80 hours (2 workweeks) in a nonpay status toward completion of each waiting period for steps 2, 3, and 4
- 160 hours (4 workweeks) toward steps 5, 6, and 7
- 240 hours (6 workweeks) toward steps 8, 9, and 10.

The workweek for a part-time employee consists of the employee's scheduled hours. This could vary from 16 to 32 hours per week. A part-time employee may credit up to:

- 64 hours (2 workweeks) in a nonpay status toward completion of each waiting period for steps 2, 3, and 4
- 128 hours (4 workweeks) toward steps 5, 6, and 7
- 192 hours (6 workweeks) toward steps 8, 9, and 10. [5 CFR 531.405(b)(2); FPM 990-2, Book 531, S4-4a (3)]

Long periods of time in a nonpay status may be creditable toward completion of a waiting period. Usually the employees must return to duty within certain time limits to receive this credit. The 2 most common situations are the following:

- exercising re-employment rights after military service
- returning from an extended period of injury compensation after injury on the job.

Other situations are listed in 5 CFR 531.406(a) and FPM 990-2, Book 531, S4-4b.

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**67 Equivalent Increase**

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**A****Definition of  
Equivalent Increase**

An equivalent increase is 1 or more increases in the employee's rate of basic pay equal to or greater than the difference between the rate for the employee's current GS grade and step and the rate of pay for the next higher step of that grade. A full merit increase, a partial merit increase, or a zero merit increase, under 5 CFR 540.107, is an equivalent increase. [5 CFR 531.407(d)]

If an employee receives more than 1 increase during a waiting period, none of which is an equivalent increase, the first and subsequent increases shall be added together. At the time the sum of the increases to the employee's rate of basic pay equals or exceeds an equivalent increase, the employee shall be deemed to have received an equivalent increase and a new waiting period begins.

---

**B****Pay Increases Not  
Equivalent to  
Within Grade  
Increases**

A number of increases to the employee's rate of basic pay are not considered equivalent increases. These are the following:

- a statutory pay adjustment including the annual comparability increase
- the periodic adjustment of wage schedule or application of a new pay or evaluation plan under FWS
- the establishment of SSR's or an increase in these SSR's
- a quality step increase

**Note:** A quality step increase may place the employee in a waiting period that requires an additional 52 calendar weeks of creditable service before the employee is entitled to receive the next within grade increase.

- a temporary or term promotion when returned to the permanent grade and step
  - an increase resulting from placing an employee in a supervisory or managerial position, when the employee does not satisfactorily complete the supervisory probationary period and is returned to the grade and step 1 held before this placement
  - an employee who moves from a specific grade and step in the regular rate range to the same grade and step of SSR.
-

68 Acceptable Level of Competence

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**A**  
**Establishing**  
**Competency**  
**Standards**

Specific performance standards will be established and clearly communicated to the employee so there will be no misunderstanding about what is required to perform at an acceptable level of competence. For employees covered by 5 CFR Part 430, the acceptable level of competence determination shall be based on a current rating of record derived from the performance plan developed under those provisions.

---

**B**  
**Notification to**  
**Employee**

The employee must be informed as soon as possible before completing the waiting period about the level of competence determination. If the employee’s performance is not at an acceptable level, this fact along with the specific reasons for the negative determination must be communicated to the employee in writing.

**Note:** Where union representation exists, if contract procedure addresses employee notification requirements, contract language prevails.

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**C**  
**Reconsideration**

If an employee is found not to be performing at an acceptable level of competence, the employee may request a reconsideration of this determination. Following a review of the request, a decision must be communicated to the employee. Another negative determination may be appealed by the employee to the Merit Systems Protection Board.

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Continued on the next page

**68 Acceptable Level of Competence (Continued)**

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**D****FWS Within Grade Increases**

An FWS employee, including a temporary employee not at the maximum rate of pay for his or her grade, is automatically advanced to the next higher step if the employee meets the following conditions:

- performance is rated fully successful or better
- the required waiting period has been completed
- increase or increases in basic pay equal to the amount of a step increase, also called an equivalent increase, has not been received during the waiting period.

The employee's most recent performance rating of record is normally used.

Required waiting periods for FWS employees with prearranged regularly scheduled tours begin upon:

- a new appointment
- returning from a break in service
- unpaid status of more than 52 calendar weeks
- receipt of an equivalent increase.

Creditable service includes civilian employment in any branch of the Federal Government. Short periods of unpaid time may be credited toward completion of a waiting period for employees with prearranged regularly scheduled tours if they do not exceed:

- 1 workweek in the waiting period for step 2
- 3 workweeks in the waiting period for step 3
- 4 workweeks in the waiting period for steps 4 and 5.

The following kinds of pay increases are not equivalent increases:

- application of a new or revised wage schedule
  - SSR payment
  - moving at the same grade and step to a wage area with a higher wage schedule.
-

**69 Effective Date of Within Grade Increase**

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**A****Establishing  
Effective Date**

Routinely, a within grade increase shall be made effective on the first day of the first pay period following the completion of the required waiting period and compliance with the 3 conditions of eligibility (subparagraph 68 D).

If the acceptable level of competence determination is made after an earlier negative determination, the effective date is the first day of the first pay period that begins after the date of the acceptable determination.

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**70 Quality Step Increases**

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**A****Eligibility**

An employee given an “outstanding” performance rating who has not received a quality increase in the previous 52 consecutive calendar weeks will be considered for a quality step increase or an appropriate cash award under the authority of 5 CFR 531.501.

---

**B****Effect on Waiting  
Period**

A quality step increase does not start a new waiting period, but it may put the employee in a step that requires a longer waiting period.

**Example:** On June 22, 1997, an employee received a within grade increase to GS-5, step 3.

On November 9, 1997, the employee received a quality step increase to step 4. The date of the employee’s last equivalent increase remains June 22, 1997. However, the increase to step 4 placed the employee in a 104-week waiting period. Therefore, the employee will receive his or her next within grade increase on June 20, 1999, instead of June 21, 1998.

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**71-90 (Reserved)**

## Part 5 Locality Rates, SSR's, and Nonforeign COLA's

### 91 Locality Rates

#### A Eligibility for Locality Pay

Locality rates are designed to ensure comparability between Federal and non-Federal employees in a pay locality. Locality rates are determined by OPM according to FEPCA (Pub. L. 101-509).

- \*--GS or GM, SL, and ST employees in the contiguous 48 States are eligible for locality--\* pay. Those working overseas or in Hawaii, Alaska, Puerto Rico, the Virgin Islands, or Guam are not eligible, but are covered by nonforeign COLA's. See paragraph 93.
- The locality rate the employee will get is based on the employee's official duty station, **not** on where the employee lives.

#### B Locality Pay

Locality pay is used as the employee's basic pay **only** for:

- retirement computations and deductions
- lump sum leave payments
- life insurance deductions
- premium pay
- severance pay
- advances in pay
- worker's compensation payments.

\* \* \*

Locality pay is a temporary addition to pay. If the employee moves to a place with a different locality rate, the employee loses the locality rate from the old duty station and gains the locality rate at the new duty station.

An employee will be paid the greater of the following:

- a law enforcement adjusted rate of pay
- a locality rate of pay
- the employee's basic pay, including SSR or a special rate for law enforcement officers under FEPCA, Section 403.

## 92 SSR's

**A Regular GS SSR's**

GS SSR's are established to overcome significant recruitment or retention problems caused by higher non-Federal pay, undesirable working conditions, or other conditions approved by OPM.

SSR's:

- cover only specified grades and occupations in a defined geographic area
- are temporary additions to basic pay

**Note:** SSR's are reviewed annually. The review ensures that there is a continued need and allows rates to be set at the proper level. Therefore, an annual adjustment to SSR's may not take place at the same time as an annual adjustment to GS rates.

- are not basic pay for most pay setting actions, such as determining the highest previous rate

\* \* \*

**\*--Exception:** SSR is basic pay when the employee is being promoted on the same SSR table.--\*

- are considered basic pay for such things as premium pay, life insurance, health insurance, and retirement deductions and benefits.

**B Law Enforcement Officers**

In addition to the regular GS SSR's described, law enforcement officers have a separate SSR authority established under FEPCA, Section 403. This provides higher rates of pay for each law enforcement officer as defined under 5 U.S.C. 8331(20) or 8401(17), in grades GS-3 through GS-10 at all duty stations worldwide.

## 93 Nonforeign COLA's

**A Employees Authorized Nonforeign COLA's**

Employees outside of the contiguous 48 States are authorized a nonforeign COLA.

93 Nonforeign COLA's (Continued)

**B Appropriate COLA Rates**

Nonforeign area COLA rates are based on differences in living costs between the allowance areas and the Washington, DC area, which by law is the reference area. COLA's are limited by law to a maximum of 25 percent of basic pay, and do not count for Federal retirement purposes. COLA's are exempt from Federal income tax, but may be subject to State and local taxes. \* \* \*

\*--Note: The rates in this table were in effect on September 1, 2006.--\*

<b>Geographic Coverage/Allowance Category</b>	<b>Authorized Allowance Rate (%)</b>
<b>State of Alaska</b>	
City of Anchorage and 80-kilometer (50-mile) radius by road: All Employees.	*--24.0
City of Fairbanks and 80-kilometer (50-mile) radius by road: All Employees.	
City of Juneau and 80-kilometer (50-mile) radius by road: All Employees.	
Rest of Alaska: All Employees.	24.0
<b>State of Hawaii</b>	
City and County of Honolulu: All Employees. (Oahu)	25.0
County of Hawaii: All Employees.	17.0
County of Kauai: All Employees.	25.0
County of Maui and County of Kalawao: All Employees.	
<b>Commonwealth of Puerto Rico</b>	
All Employees.	10.5
<b>U.S. Virgin Islands</b>	
All Employees.	23.0
<b>Territory of Guam and the Commonwealth of the Northern Mariana Islands</b>	
All Employees.	25.0--*

94-114 (Reserved)





**Part 6 PMRS****115 Overview**

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**A****Background**

PMRS was created in 1978 by Pub. L. 95-454 as a merit pay system to cover supervisors and management officials, as defined in 5 U.S.C. 7103(a)(10) and (11) respectively, who were classified in grades GS-13, -14, and -15.

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**B****Purpose of PMRS**

The purpose of PMRS was to:

- recognize and reward quality performance by varying merit pay adjustments
  - reward special service and superior accomplishment with cash awards.
- 

**C****Termination of PMRS**

The PMRS Termination Act of 1993 (Pub. L. 103-89) ended the PMRS era on November 1, 1993.

Under the Act, an employee remains a GM employee as long as he or she continues to occupy a supervisory or management official position that is in the same grade of GS and in the same Department as the position that the employee occupied on October 31, 1993.

---

**D****Conversion to GS**

GM employees are converted to GS employees when 1 of the following occurs:

- they are promoted, including a temporary promotion
- they are reduced in grade
- they are transferred to another department
- they are reassigned to a position that is not a supervisory or management official
- they have a break in service of more than 3 workdays.

When 1 of these occur, the employee's pay will be set at the lowest GS step that equals or exceeds the employee's current rate of pay, not to exceed step 10.

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**116 Pay Administration for GM Employees**

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**A****Current Salary**

Under the PMRS Termination Act of 1993, the employee's former GM salary was not changed and continued to be identified as step 00.

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**B****Eligibility for  
Increases**

A GM employee is eligible for the same kinds of salary increases as a GS employee. This includes both within grade and quality step increases. However, a GM employee's basic pay may not exceed the maximum (step 10) rates of pay for his or her grade on the GS.

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**C****Within Grade  
Increases**

A within grade increase for a GM employee is equal to one-ninth (1/9) of the difference between the minimum (step 1) and the maximum (step 10) rates of pay for the employee's grade of the GS.

---

**D****Waiting Periods**

For GM employees, the following within grade waiting periods are established:

- if basic pay is less than step 4, 52 calendar weeks of creditable service
- if basic pay is equal to or greater than step 4 but less than step 7, 104 calendar weeks of creditable service
- if basic pay is equal to or greater than step 7 but less than step 10, 156 calendar weeks of creditable service.

A merit increase, including one for zero dollars, provided under the PMRS Termination Act's provisions before November 1, 1993, is deemed an equivalent increase and began a new waiting period for the GM employee.

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117-137 (Reserved)

**Part 7 Premium Pay and Overtime****138 Types of Premium Pay**

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**A****Background**

5 U.S.C. provides employees with a number of types of premium pay for work performed at specific times or under specific conditions. This part lists the basic requirements and entitlements under these premium pay provisions.

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**B****Night Pay**

A differential of 10 percent of the employee's basic rate is paid to a GS employee who works a **regularly scheduled tour of duty** that includes **nonovertime hours** between 6 p.m. and 6 a.m. Regularly scheduled work shall be approved, in writing, in advance of the workweek.

Employees are paid the differential for all night hours scheduled as long as they take less than 8 hours of leave in a pay period. Employees taking 8 or more hours of leave in a pay period are paid the differential only for the night hours worked. This provision would apply to employees who regularly perform night duty as part of their ongoing tour of duty.

For FWS employees, a differential of 7.5 percent of the employee's basic rate is paid when the majority of regularly scheduled, nonovertime hours is between 3 p.m. and midnight; or 10 percent of the basic rate when the majority of regularly scheduled, nonovertime hours is between 11 p.m. and 8 a.m. The amount of leave taken does not affect the payment of FWS night differential.

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**C****Sunday Pay**

A differential of 25 percent of the employee's basic rate is paid to a full-time GS or FWS employee who works a **regularly scheduled tour of duty** that includes **nonovertime hours on Sunday**. The differential is paid for no more than 8 hours for each shift that either begins or ends on Sunday.

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**138 Types of Premium Pay (Continued)**

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**D****Holiday Pay**

A differential equal to the employee's basic rate (100 percent) is paid for no more than 8 hours to a GS or FWS employee who works regularly scheduled, nonovertime hours on a holiday.

When employees are required to report for duty on a holiday, they are entitled to payment for at least 2 hours of holiday pay, whether or not work is performed.

Employees who are excused from working on a holiday are entitled to the same rate of pay as if they had worked on a regular workday.

If a holiday falls on a full-time employee's regular day off or AWS day off, an in-lieu-of day shall be given. See 17-PM for guidance.

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**E****Overtime**

Overtime is normally defined as work that:

- either exceeds 8 hours in a day or 40 hours in a week
- is officially ordered and approved in advance.

Employees working on nonstandard or compressed work schedules do not earn overtime unless approved to work in excess of the daily or weekly work schedule.

Compensatory time is considered overtime.

See paragraphs 139 through 144 for additional information on overtime.

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**F****Call-Back Time**

Employees who are called:

- in to work on a day outside of their scheduled tour of duty will be credited with at least 2 hours of overtime
  - back to the workplace after going home shall be credited with at least 2 hours of overtime.
-

**139 Overtime Categories**

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**A**

**Statutes**

The following 2 statutes cover the entitlement and payment of overtime:

- 5 U.S.C. 5542
  - FLSA.
- 

**B**

**Exempt and  
Nonexempt**

Under FLSA, employees are designated as either of the following:

- nonexempt, that is, covered by FLSA
- exempt, that is, covered by 5 U.S.C.

The definition of overtime varies, depending on whether an employee is covered by, or exempt from, FLSA.

For exempt employees, overtime entitlement is not affected by FLSA.

For nonexempt employees, overtime is covered by both FLSA and 5 U.S.C. If the 2 statutes conflict, the employee will receive the greater benefit.

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**140 5 U.S.C. Overtime**

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**A  
Requirements**

For employees who are **exempt** from FLSA, 5 U.S.C. provides for compensating overtime hours at a premium rate.

5 U.S.C. overtime is defined as all work that either exceeds 8 hours in a day or exceeds 40 hours in an administrative workweek that is officially ordered or approved, and is performed by an employee. Employees working AWS' are not entitled to overtime until their hours exceed their normal daily schedule. This includes both regularly scheduled and irregular or occasional overtime.

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**B  
5 U.S.C. Overtime  
and Training**

Time spent in training:

- during regular work hours is considered hours of work and, therefore, compensable
- outside of regular work hours shall be considered compensable hours of work only if it meets 1 of the following:
  - training is given during a period of duty for which the employees is already receiving premium pay for overtime, night, holiday, or Sunday work
  - training is given at night because situations that the employee must learn to handle only occur at night
  - training is given on overtime, a holiday, or a Sunday when the costs, including premium pay, are less than the costs when training is confined to regular workdays
  - training is given during a temporary assignment to a formally approved advanced training program directly related to the duties for which additional annual premium pay is payable either for administratively uncontrollable overtime or regularly scheduled, standby duty.

Training outside of regular duty hours that does not meet 1 of these 4 requirements is not counted as hours of work and, therefore, is not compensable.

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Continued on the next page

## 140 5 U.S.C. Overtime (Continued)

## C 5 U.S.C. Overtime and Travel

Time spent traveling away from the official duty station that is officially ordered or approved is considered hours of work and, therefore, compensable, if it is performed within the regularly scheduled administrative workweek, including regularly scheduled overtime.

\*--Time spent traveling outside of regular work hours shall be compensable only if 1 of the following criteria is met:--\*

- the travel involves the performance of **actual** work while traveling, or is incident to travel that involves the performance of work while traveling
- the travel is carried out under such arduous and unusual conditions that the travel is inseparable from work
- the travel results from an event that could not be scheduled or controlled administratively, including traveling to and returning from such an event. For this purpose, **administratively controlled** is defined as coming under the preview of the executive branch of the government. An exception would be if an employee were subpoenaed to \*--court by the judicial branch. In addition, the courts have consistently upheld that there--\* must be an **immediate official necessity** for the travel.

**Note:** When a training course is conducted by a private institution \* \* \* and is an event, which cannot be scheduled or controlled administratively, the required travel outside the employee's regular work hours to attend the training course will be considered hours of employment. In this situation the scheduling of the event itself supplies the immediate official necessity.

When a training course is conducted by an institution for the benefit of the Government, it is to be assumed that the Government can control the scheduling of the course and, therefore, the event is under the administrative control of the Government. In this situation scheduling of the event is not considered to meet the immediate official necessity requirement.

\*--Travel outside of regular duty hours that does not meet 1 of these 3 criteria is not counted--\* as hours of work and, therefore, is not compensable.

To the greatest extent possible, travel should be scheduled within the employee's regular work hours. When this is not possible, the supervisor must make available the reasons for requiring the travel outside regular work hours when requested by the employee.

Time spent commuting, that is home-to-work/work-to-home travel, is considered a routine part of employment and, normally, the employee cannot be paid for this time.

## 140 5 U.S.C. Overtime (Continued)

**D Amount of Compensation**

\*--GS employees whose rate of basic pay is equal to or less than the minimum rate for GS-10, Step 1, are paid 1.5 times their hourly rate of basic pay. GS or GM employees with rates of basic pay greater than the basic pay for GS-10, Step 1, the overtime hourly rate is the greater of the hourly rate of basic pay for GS-10, Step 1, times 1.5; or the employee's hourly rate of basic pay.--\*

Nonexempt employees may request compensatory time instead of overtime pay. Exempt employees may be directed to work for compensatory time instead of overtime pay.

GS and FWS employees whose rate of basic pay **equals** or is **less** than the maximum rate for GS-10, Step 10, may request 1 hour of compensatory time-off for each hour of irregular or occasional overtime work instead of being paid at the rates in this subparagraph.

**E Using Compensatory Time**

Compensatory time must be used by the end of the year after the year in which it was earned. Compensatory time that is not used within the time limit will be paid to the employee at the overtime rate in effect for the work period in which the overtime was earned.



141 FLSA Overtime

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**A**  
**Background**

For employees who are **nonexempt** from FLSA, such as those who are not in an executive, administrative, or professional job as defined by FLSA, overtime hours are compensated at a premium rate. This paragraph lists the requirements and rates of pay for FLSA overtime.

FLSA overtime is defined as all work that either exceeds 8 hours in a day or exceeds 40 hours in an administrative workweek, and is performed by an employee who performs neither fire protection nor law enforcement activities. Employees working AWS' are not entitled to overtime until their hours exceed their normal daily schedule. This includes both regularly scheduled and irregular or occasional overtime.

FLSA-covered employees are entitled to overtime under the suffered and permitted concept, even if the work was not scheduled or approved in advance, if the:

- work performed benefitted the Agency
  - supervisor knew or had reason to believe that the work was being performed.
- 

**B**  
**Policy**

FLSA-covered employees are not permitted to work in excess of the employee's scheduled tour of duty, unless the overtime is authorized and approved in advance.

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**C**  
**Identifying FLSA Status**

Employees should refer to their SF-50 to determine FLSA coverage.

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Continued on the next page

**141 FLSA Overtime (Continued)**

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**D****FLSA Overtime and Training**

Time spent in training:

- during regular work hours is considered hours of work and, therefore, compensable
- outside of regular work hours shall be considered compensable hours of work if it meets either of the following:
  - the employee is directed by a USDA official to participate, such as when the training is required by USDA and the employee's performance or retention is jeopardized by not taking the training
  - the purpose is to improve the employee's performance of current duties and responsibilities. This can be either of the following:
    - remedial or refresher training to bring the employee to an acceptable level or performance
    - training to learn a new method, a new piece of equipment, or a new procedure or technique that is added to the job.

The following may be counted as hours of work for FLSA overtime purposes:

- preparation for training, such as homework, when the length of time is defined in advance by the instructor
- attending a meeting or lecture of conference when held outside of regular work hours, if the employee is directed to attend or if the employee performs work for USDA during the meeting
- as authorized by FEPCA, training that meets the exceptions in 5 CFR 410.602.

**Note:** This includes training given on overtime when the cost of training, including premium pay, is less than the cost of the same training that is confined to regular duty hours.

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Continued on the next page

**141 FLSA Overtime (Continued)****E FLSA Overtime and Travel**

Time spent traveling away from the official duty station that is officially ordered or approved is considered hours of work and, therefore, compensable, if it is performed within the regularly scheduled administrative workweek, including regularly scheduled overtime.

Time spent traveling outside of regular work hours shall be compensable, only if it meets 1 of the following:

- work, including operating the vehicle, is performed while traveling
- an employee travels, as a passenger, on a 1-day assignment outside the duty station
- an employee travels, as a passenger, on an overnight trip away from the duty station. The travel must take place during either of the following:
  - normal duty hours

**Note:** Normal duty hours are governed by the tour of duty that the employee was scheduled to work on a given day. When an employee does not have a preset tour of duty, offices are to refer to the Agency official hours to determine overtime entitlements.

- hours on a nonworkday that correspond to normal duty hours for the employee to be paid for them.

Travel outside of regular duty hours that does not meet 1 of these 3 requirements is not counted as hours of work and, therefore, is not compensable.

Time spent commuting, that is home-to-work/work-to-home travel, is considered a routine part of employment and, normally, the employee cannot be paid for this time.

**141 FLSA Overtime (Continued)****F Compensation for Overtime**

Nonexempt employees are paid 1.5 times the employee's hourly regular rate of basic pay. The hourly regular rate of pay is computed by dividing all money paid to an employee for hours of work in a workweek by the total number of hours worked in the workweek.

FEPCA provisions allow **nonexempt** employees to request the use of compensatory time-off, with 1 hour of compensatory time for each hour of irregular or occasional overtime work, instead of being paid under the provisions of the rates in this subparagraph. Nonexempt employees may not be required to take compensatory time-off in lieu of overtime.

**G Using Compensatory Time**

Compensatory time must be used by the end of the year after the year in which it was earned. Compensatory time that is not used within the time limit will be paid to the employee at the overtime rate in effect for the work period in which the overtime was earned.

**142 Aggregate Pay Limitations****A Maximum Pay Limitations**

A GS employee not covered by FLSA can be paid premium pay under 5 U.S.C. only to the extent that, when combined, an employee's premium pay, overtime compensation, and basic \*--pay do not exceed the greater of the biweekly rate for a GS-15, Step 10, or Level V of the--\* Executive Schedule.

The overtime rate for any compensatory time-off must be included when computing the value of the GS employee's compensation during a biweekly pay period.

The maximum rate for a GS-15, when computing the biweekly limitation includes any locality pay or SSR that applies in the particular location.

GS employees who are covered, such as nonexempt, by FLSA provisions **have no limit** on their earnings. A nonexempt GS employee shall be compensated for all hours worked without regard to the amount earned during a biweekly pay period.

**143 Earnings Limitation in an Emergency**

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**A  
Earning  
Premium Pay**

An employee who is performing work that is directly connected with an emergency designated by the Secretary of USDA or OPM may be paid 5 U.S.C. premium pay only to the extent that, when combined, the employee's basic pay, premium pay, and overtime pay for the calendar year do not exceed the annual maximum rate for a GS-15.

---

**B  
Rate**

The rate used:

- is the maximum GS-15 rate in effect on the last day of the calendar year in which the emergency occurs
  - includes any locality pay, interim geographic adjustment, or SSR that applies in the particular location.
- 

**144 Approval Requirements**

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**A  
Requirements**

All approvals for overtime **must**:

- be ordered or requested in advance
- be ordered or requested in writing
- include a justification for the overtime.

Emergency situations may be handled by telephone and followed up in writing.

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Continued on the next page

144 Approval Requirements (Continued)

**B**

**Approval Levels**

The following levels may approve overtime according to this table.

Office	Approving Official
Non-Federal County Office employees	CED
Federal County Office employees and CED's	*--SED or designee--*
SED's	EDSO or designee
State Offices	SED or designee
KCAO or St. Louis Finance Office	Director, KCAO or designee
KCCO	Director, KCCO or designee
APFO	Director, APFO or designee
RMA Regional Offices	Director, Regional Office or designee
RMA Compliance Field Offices	Director, Compliance Field Office or designee
RMA, Research and Development	Division Director or designee
National Offices	Division Director or designee

145 Exclusions

**A**

**Representational Activities**

Payment of overtime, or compensatory time, for representational activities conducted outside of the union representatives' normal workday is **not** authorized.

146-165 (Reserved)

**Part 8 Special Bonuses and Allowances**

**Section 1 Recruitment and Relocation Bonuses**

**166 Overview**

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**A  
Background**

FEPCA provides for a variety of compensation tools to help Federal agencies recruit and retain the high-quality employees they need.

---

**B  
Authority**

Regulations and policies in this section constitute the Agency’s Recruitment and Relocations Bonus Plans. These plans meet the requirements of 5 U.S.C. 1104 (a) (2) and 5753, Executive Order 12748, and 5 CFR Part 575. \*--County Office employees should refer to 27-PM for recruitment and relocation bonus requirements.--\*

---

**C  
Purpose**

The purpose of recruitment and relocation bonuses is to provide FFAS managers and supervisors with additional tools to fill agency positions that would otherwise be difficult to fill with high-quality candidates.

---

**D  
Reviewing/  
Approving  
Official**

HRD or KCAO, PD shall review and initial all requests for recruitment and relocation bonuses before submission to DAM or the Administrator for approval.

DAM shall then approve all requests for the payment of recruitment and relocation bonuses in FFAS, except bonuses for the immediate office of DAM, which shall be approved by the Administrator or designee.

---

167 Recruitment Bonuses

---

**A**

**Eligibility**

Managers and supervisors are authorized to pay a recruitment bonus of up to 25 percent of the annual basic pay to an individual newly appointed to the Federal Government or an appointment following a break in service of at least 90 calendar days from the last period of Federal employment if, in the absence of a bonus, FFAS would encounter difficulty in filling the position with a high-quality candidate.

**Note:** Applicant must have a written offer of employment from FFAS.

---

168 Relocation Bonuses

---

**A**

**Eligibility**

Managers and supervisors are authorized to pay a relocation bonus of up to 25 percent of the annual basic pay to a Federal employee who must relocate, without a break in service, to accept an FFAS position in a different commuting area, if there is a determination that, in the absence of a bonus, FFAS would encounter difficulty in filling the position with a high-quality candidate.

---

**B**

**Definition of  
Commuting Area**

A commuting area is the geographic area that is normally considered 1 area for employment purposes. It includes any population center, or 2 or more neighboring ones, and the surrounding localities where people live and reasonably can be expected to travel back and forth daily to work.

---



## 169 Criteria for Recruitment and Relocation Bonus Payments

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### A

#### Written Determination

Each bonus paid shall be based on a written justification by the recommending official that, in the absence of a bonus, FFAS would encounter difficulty in filling \*--the position with a high-quality candidate. The justification to pay a bonus shall include a rationale for the requested percentage. The following are examples of items that may be considered:

- moving from a lower cost-of-living area to a higher cost-of-living area
- other job offers
- current salary
- additional costs incurred by the employee to accept the position.

**Example:** A potential employee has been recruited for a GS-12, step 1 position earning an approximate salary of \$53,000 per annum. The employee has a competing job offer earning an additional \$3,500 per year or \$6,500. An appropriate bonus recommendation would be 8 percent, which would equate to approximately \$4,240.--\*

---

### B

#### Timing of Determination

Each bonus determination shall be made before the employee actually enters on duty in the position for which the employee is being recruited or relocated. The determination that a recruitment or relocation bonus may be paid may be made before the recruitment or announcement takes place or after this activity takes place; however, it must take place before the employee actually enters on duty.

---

### C

#### Coordination

In determining which employees may receive a recruitment or relocation bonus, offices are encouraged to work with the servicing personnel offices to target a group of positions that have been difficult to fill in the past or that may be difficult to fill in the future. However, any determination to pay a bonus must be made on \*--a case-by-case basis for each employee and reviewed by the servicing personnel office before submitting for approval.--\*

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Continued on the next page

169 **Criteria for Recruitment and Relocation Bonus Payments (Continued)**

---

**D**

**Establishing Standards**

When necessary to make a timely offer of employment, the recommending official may establish standards in advance of the recruitment action based on the identification of qualifications typically possessed by high-quality candidates for a specific position or similar positions. These standards:

- permit the recommending official to offer a recruitment bonus, within an FFAS-prescribed pre-established range, to any high-quality candidate without further review or approval
- shall be developed in concert with the appropriate servicing personnel office and be approved by DAM.

Advanced criteria established by offices serviced by KCAO shall be cleared through the Director, HRD.

---

170 **Signing AD-1074**

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**A**

**Required Signature**

Before a recruitment or relocation bonus can be paid to any candidate, the employee must sign AD-1074 agreeing to complete 12 months of employment in the agency (FAS, FSA, or RMA) awarding the bonus.

In the case of relocation bonuses, the service must be at the site of the new duty station to which the employee relocates.

---

**171 Repayment of Recruitment and Relocation Bonuses**

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**A  
Failure to Complete  
Employment Period**

An employee who fails to complete the period of employment established under AD-1074 will be:

- indebted to the Federal Government
- required to repay the recruitment or relocation bonus on a pro rata basis.

---

**B  
Determining  
Amount of  
Repayment**

The amount to be repaid shall be determined by providing credit for each full month of employment completed by the employee under AD-1074.

---

**C  
Collections**

Amounts owed by an employee under part will be recovered from the employee under USDA regulations for collection by offset under 5 U.S.C. 5514 and 5 CFR Part 550, Subpart K.

---

**D  
Involuntary  
Separation**

An employee who fails to complete a period of employment under AD-1074 because of an involuntary separation is not subject to this paragraph.

Involuntary separation for this purpose is defined as a separation initiated by FFAS against the employee's will and without the employee's consent, for reasons other than cause on charges of misconduct or delinquency. Involuntary separations include:

- a separation resulting from the employee's actual inability to do the work following genuine efforts to do so, but does not include a separation under 5 CFR Part 752 or an equivalent procedure for reasons that involve culpable wrongdoing on the part of the employee
  - when an employee is separated because he or she declines to accept reassignment outside the commuting area, if the employee's position description or other written agreement does not provide for this reassignment.
-

**172 Evaluation and Reporting Requirements**

---

**A****NFC Reports**

NFC shall generate annual recruitment and relocation bonus reports based on FY participation by agencies. These reports shall show the following information about each recipient of a bonus:

- name
  - series and grade
  - race, sex, and national origin information
  - educational level
  - amount of bonus
  - percentage of salary
  - disability status.
- 

**B****HRD Reporting Requirements**

No later than December 1 of each year and based on FY statistical data for the year just ended, the Director, HRD shall provide Recruitment and Relocation Bonus Reports (PE-168P's) to the Department on the use of recruitment and relocation bonuses within FFAS.

---

**C****KCMO, PD Reporting Requirements**

The Chief, PD, KCMO shall provide PE-168P's for offices under KCMO's jurisdiction to the Director, HRD no later than November 15.

---

**D****PE-168P Content**

For recruitment and relocation bonuses, each PE-168P shall include the number of employees:

- whom a recruitment bonus was offered during the FY
  - who accepted the offer of a recruitment or relocation bonus during the FY.
- 

**173-188 (Reserved)**

**Section 2 Retention Allowances****189 Overview**

---

**A****Authority**

Regulations and policies in this section constitute the Agency's Retention Allowance Plan. This plan meets the requirements at 5 U.S.C. 1104 (a)(2) and 5754, Executive Order 12748, and 5 CFR Part 575.

---

**B****Purpose**

The purpose of retention allowances is to provide FFAS managers and supervisors with an additional tool to keep needed employees:

- who would otherwise be likely to leave the Federal service
  - who have unusually high or unique qualifications
  - whose departure would affect the Agency's ability to carry out an activity essential to the Agency's function.
- 

**C****Eligibility**

Managers and supervisors are authorized to pay a retention allowance of up to 25 percent of the annual basic pay to a current employee **only** if the employee has completed 1 year of continuous service with FFAS immediately before this payment or, if applicable, a period of service required for payment of a recruitment or relocation bonus, whichever occurs earlier.

---

**D****Employment in  
Other Branches of  
Government**

A retention allowance will not be paid to an FFAS employee who is likely to leave the Agency for employment in the executive, legislative, or judicial branches of the Federal Government.

---

**E****Approving Official**

DAM shall approve all requests for the payment of retention allowances in FFAS, except allowances for the immediate office of DAM, which shall be approved by the Administrator or designee.

---

**190 Retention Allowances to Individual Employees**

---

**A**

**Required  
Certification  
Criteria**

A retention allowance of up to 25 percent of annual pay shall be based on a written determination by the recommending official that:

- the employee is likely to leave the Federal Government in the absence of an allowance
  - the unusually high or unique qualifications of the employee or a special need of the Agency for the employee's services for program delivery make it essential to keep the employee
  - the employee's departure affects the Agency's ability to carry out an activity or perform a function that is critical to the Agency's mission.
- 

**B**

**Additional Criteria  
for Consideration**

In determining whether a retention allowance should be paid and in determining the amount of any such payment, the Agency should consider the following:

- the success of recent efforts to recruit candidates
  - the availability of candidates who could perform the full range of duties with minimal training or disruption of service.
-

**191 Retention Allowances for Groups or Categories of Employees**

---

**A**

**Authority**

An agency may authorize a retention allowance of up to 10 percent of an employee’s rate of annual basic pay for a group or category of employees.

This waives the case-by-case requirement for retention allowances for individual employees.

---

**B**

**Required  
Certification  
Criteria**

A retention allowance of up to 10 percent of annual pay shall be based on a written determination that:

- there is a high risk that a significant number of employees in the targeted category are likely to leave the Federal service in the absence of an allowance
  - the category of employees has unusually high or unique qualifications, or the Agency has a special need for the employees’ services.
- 

**C**

**Additional Criteria  
for Consideration**

The determination that there is a high risk that a significant number of employees in the targeted category are likely to leave the Federal Government may be based on:

- evidence of extreme labor market conditions
  - high demand in the private sector for the knowledge and skills possessed by the employees
  - significant disparities between Federal and private sector salaries
  - other similar conditions.
- 

**D**

**Group Retention  
Allowances in  
Excess of 10 Percent**

Upon the request of the Department, OPM may approve a retention allowance in excess of 10 percent, but not in excess of 25 percent, for a group or category of employees that meets the criteria specified in this paragraph.

OPM may require that these requests be coordinated with other agencies having similarly situated employees in the same category.

---

**192 Payment of Retention Allowance**

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**A  
Rate and Manner of  
Payment**

A retention allowance shall be:

- calculated as a percentage of the employee’s rate of annual basic pay
- paid in the same manner and at the same time as basic pay.

That is, the allowance shall be paid at an hourly rate for each hour during which the employee receives basic pay. It shall **not** be considered part of an employee’s rate of basic pay for any purpose.

---

**B  
Limitation**

A retention allowance may not be authorized for an employee if or to the extent that such an allowance, when added to the annual rate of all other continuing payments, as defined in 5 CFR 530.202, to which the employee is then entitled, would cause the annual rate of all continuing payments to exceed the rate then payable for Level I of the Executive Schedule.

---

**C  
Duration**

Payment of a retention allowance may be continued as long as the conditions giving rise to the original determination to pay the allowance still exist.

---

**D  
Review  
Requirements**

At least annually, the determination to pay an allowance shall be reviewed by the recommending and approving officials to ascertain whether the payment is still warranted. This determination shall be certified in writing by the approving official.

---



**193 Notice of Reduction or Termination**

---

**A**  
**Notice** Notice of early reduction or termination of a retention allowance shall be prepared by the servicing personnel office for the signature of the recommending officials who originally authorized or reauthorized the retention allowance.

---

**B**  
**Right of Appeal** The reduction or termination of a retention allowance may not be appealed.

---

**194 Using AD-1073 and AD-1074 as Documentation**

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**A**  
**Requirement** Each determination to pay a retention allowance shall be documented on AD-1073 and AD-1074. After approval or disapproval of the retention allowance by DAM or the Office of the Administrator, AD-1073 and AD-1074 shall be provided to the appropriate servicing personnel office.

---

**B**  
**Records** Each servicing personnel office shall maintain a record of each request for retention allowance. Records shall be made available for review upon request by OPM or the Department.

---

**C**  
**OPF's** Servicing personnel offices shall place a copy of AD-1074 on the left side of OPF for the period of time specified on AD-1074. A second copy will be attached to AD-1073 that will be maintained in the case folder.

---

**195-200 (Reserved)**



**\*--Section 2.5 Student Loan Repayment Program**

**201 General Provisions**

**A Background**

OPM and USDA have delegated to agencies the authority to repay the student loans of Federal employees to attract or keep highly qualified individuals. USDA's regulations delegating this authority were issued on April 2, 2002.

**B Authority to Repay Student Loans**

The loan repayment authority is limited to Federally-insured student loans authorized by the Higher Education Act of 1965 and the Public Health Service Act made by educational institutions, banks, and other private lenders.

The authority applies to student loans for academic degrees at all levels.

**C Amount**

The amount of the student loan repayment is limited to a maximum of \$10,000 per employee per calendar year, with a total career payment of \$60,000 per employee.

The repayments may be for all or part of any outstanding eligible student loan or loans.

**D Use of Authority**

This authority is an incentive and not an entitlement. Authorization to repay a student loan or loans is at the discretion of the Agency.--\*

**\*--202 Requesting Loan Repayments**

**A Eligible Employees**

The following employees **are eligible** to receive repayments of student loans

- permanent Federal and CO employees
- career and career candidate Foreign Service employees
- Foreign Service employees serving on limited appointments with re-employment rights to FAS
- Schedule B employees with re-employment rights to FAS
- term employees with at least 3 years left on their appointment
- employees serving on excepted appointments with conversion to permanent career appointments.

The following employees **are not eligible** to receive repayments of student loans:

- temporary employees
- term employees with less than 3 years remaining on their appointments
- Schedule C and non-career SES employees
- employees who have defaulted on their student loans.--\*

**\*--202 Requesting Loan Repayments (Continued)**

**B Eligibility Criteria Using Loan Repayments**

Loan repayments shall be based on a written determination that, in the absence of offering loan repayment benefits, it would be difficult to do either of the following:

- fill the position with a highly qualified candidate

**Note:** Each determination for recruitment purposes, including the amount to be paid, must be made before the employee enters on duty in the position for which he or she was recruited.

- retain a highly qualified employee in the position.

To receive a student loan repayment, an employee shall sign a service agreement to remain in the service of the Agency for a period not less than 3 years.--\*

**\*--202 Requesting Loan Repayments (Continued)**

**C Documentation for Loan Repayments Requests**

Recommendations for loan repayments shall include:

- the proposed amount of the loan repayment
- a justification for the amount proposed
- the following documentation.

<b>IF a...</b>	<b>THEN provide...</b>
new employee	<ul style="list-style-type: none"> <li>• written justification showing that, in the absence of offering student loan repayments, the prospective employee would be likely to accept employment outside the Federal service</li> <li>• written determination that the prospective employee possesses unusually high or unique qualifications, or a special need of the Agency exists.</li> </ul>
current employee	<ul style="list-style-type: none"> <li>• written determination that the employee is likely to leave the Federal Government if the loan is not repaid</li> <li>• written description of the extent that the employee's departure would affect the Agency's ability to carry out an essential activity or function.</li> </ul>

See AD-2012 (Exhibit 7) for the recommendation and approval form for the repayment of student loans.--\*

**\*--203 Payments and Service Agreements**

**A Conditions for Payments**

Payments:

- are at the discretion of the Agency and are subject to limitations or conditions mutually agreed to, in writing, between the Agency and the employee
- are in addition to basic pay
- apply only to the indebtedness outstanding at the time the agency and the employee enter into the service agreement
- may **not** begin before the employee enters on duty with the Agency
- requires completion of a service agreement to remain in the Agency for a period not less than 3 years.
- will be made by NFC directly to the holder of the loan by electronic funds transfer
- may be made in a lump sum or spread out over multiple years.--\*

**\*--203 Payments and Service Agreements (Continued)****B Service Agreements**

Employees shall sign a service agreement to remain in the service of the Agency for a period of not less than 3 years, regardless of the amount of the loan repayment authorized. The 3-year service agreement is in the statute and may not be shortened. The service requirement begins when the first payment is made by the Agency to the holder of the loan.

The agreement may include limitations or conditions mutually agreed to between the Agency and the employee, such as the amount of repayment to be provided to the employee each year, or payments to be made in smaller increments at periodic intervals during the year rather than a lump sum.

If the agencies extend or review loan repayments after the initial service agreement was satisfied, Agencies have either of the following options:

- **not** instituting a new service agreement
- requiring an additional period of service in the service agreement.

See AD-2013 (Exhibit 8) for a sample Service Agreement.--\*



**\*--203 Payments and Service Agreements (Continued)**

**C Employee Reimbursements to Agency**

If the employee does not complete the service agreement, the employee shall reimburse the Agency for **all** benefits received. This includes involuntary separations on account of misconduct or performance, or if the employee leaves the Agency voluntarily.

The Agency may waive recovery in the interests of equity and good conscience in certain instances such as a disability retirement.

If an employee joins another agency, while receiving a loan repayment, the employee is not obligated to repay the benefit, unless the employee has agreed to make a repayment in this circumstance. The gaining Agency is not obligated to complete any payments made by another Agency, or to reimburse the losing Agency or employee.

**D Tax Obligations**

Tax withholdings:

- must be deducted or applied at the time any payment is made
- may not be spread out over time.

Agencies must report the amount of the loan repayment to IRS. The loan repayment is reported as wages on W-2.

The \$10,000 calendar year limitation is the amount before taxes.--\*

**\*--204 Responsibilities**

**A Program Administration**

HRD is responsible for the overall administration of the student loan repayment program.

**B Verifying Loan Balances**

Before authorizing loan repayments, HRD or KCAO-HRD shall verify:

- with the lending institution that the employee has an outstanding student loan that qualifies for repayment
- remaining balances to ensure that loans are not overpaid.

**C Approving Officials**

Recommending officials shall submit requests for repayment of student loans through their supervisor.

The authority to approve the repayment of student loans is delegated to the Director, HRD, or designee. HRD shall report requests for repayment of student loans to the Agency's Budget Office.--\*

**\*--204 Responsibilities (Continued)**

**D Employee Responsibility**

The employee is responsible for:

- providing HRD or KCAO-HRD with information about loan balances and the lending institution
- making loan payments on the portion of the loan that continues to be the employee's responsibility

**Note:** Payments do not exempt an employee from his or her responsibility and/or liability for any loan the individual has taken out.

- any income tax obligations resulting from the loan repayment benefit.

**E Contacts**

If additional information is needed, contact the following.

Office	Contact
National Office RMA Field Offices, except KC	Employment Specialist in HRD
Kansas City Office APFO State Offices	Employment Specialist in KCAO-HRD
CO Positions	HRD through the State Office and DAFO

--\*

**205-210 (Reserved)**



**Section 3 Payment of Travel and Transportation Expenses for New Appointees and Interviews****211 Overview**

---

**A****Authority**

Under FEPCA, FFAS may pay:

- new appointees' travel and transportation expenses to the first post of duty
  - candidates' travel expenses to report for interview for any position.
- 

**B****Policy**

Payment of travel and transportation expenses for any individual candidate or appointee shall be at the discretion of FFAS.

A decision by 1 agency that a payment is appropriate for a particular position does not require a like determination by any other agency filling similar positions.

A decision made in connection with 1 specific vacancy does not require a like decision in connection with future vacancies.

---

**C****Computing Payment**

The rate of payment of travel and transportation expenses will be based on procedures and rates established by the following:

- Federal Travel Regulations (41 CFR Part 30, et seq.)
- Agriculture Travel Regulations
- FFAS Supplement to the Agriculture Travel Regulations.

This includes all of the following:

- issuing AD-202
  - filing AD-616 with the office conducting the interview
  - obtaining signature on AD-1074.
-

**212 Delegations of Authority**

---

**A**

**Approving Official**

The authority to pay an appointee's travel expenses to the first post of duty or for a pre-employment interview is delegated to the following:

- Director, HRD for offices serviced by HRD
- Chief, PD, KCMO for offices serviced by KCMO
- Administrator for all Schedule C and noncareer SES, except SED's
- EDSO for all SED's.

Offices needing to pay travel and transportation expenses shall obtain and complete FSA-320.

---

**213-228 (Reserved)**

**Section 4 Additional Pay Options**

**229 Advances in Pay for New Hires**

---

**A  
Option**

Agencies may give a new employee an advance in pay to assist him or her before receiving the first regular paycheck. The advance can be up to 2 pay periods worth of pay. The employee must sign an agreement to repay the advance, which provides the employee with information about the conditions for receiving and repaying the advance. An advance may be paid no earlier than the date of appointment.

---

**B  
Reference**

Personnel offices should refer to the Payroll Personnel Manual, Chapter 11 for instructions.

---

**230-250 (Reserved)**





## Part 9 Grade and Pay Retention

### Section 1 Grade Retention

#### 251 Overview

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\*--A

#### Authority

Regulations and policies in this section constitute the Agency's grade and pay retention plan. This plan meets the requirements of 5 U.S.C. 5361-5366 and 5 CFR 536. County Office employees should refer to 27-PM for grade and pay retention.--\*

---

B

#### Entitlement

An employee may retain his or her grade for a period of 2 years from the date the employee is placed in a lower-graded position as the result of either of the following:

- reduction in force
  - reclassification.
- 

C

#### Eligibility Requirements

To qualify for mandatory grade retention after losing 1 or more grades:

- in reduction in force, the **employee** must have served 52 consecutive weeks or more at a grade or grades higher than the one to which the employee is assigned
  - because of a reclassification, the **position** must have been classified at a higher grade or grades for at least 1 year before the reclassification.
- 

D

#### Grade Retention Benefits

An employee on grade retention is entitled to have the retained grade treated as the employee's grade for most purposes, including pay and pay administration, retirement and life insurance, and eligibility for training and promotion.

When placed on grade retention, the employee will remain in the same step and continue to receive the same rate of basic pay, in most cases. The employee will continue to receive all annual and within grade increases, and adjustments, such as locality pay and SSR's.

---

**252 Terminating Grade Retention**

---

**A**

**Criteria for Terminating Grade Retention**

Grade retention period ends:

- 2 years after the date the employee was placed on grade retention
  - if the employee has a break in service of 1 workday or more
  - if the employee is demoted for personal cause or at the employee's request
  - if the employee declines a reasonable offer of a position with a grade that equals or exceeds the retained grade
  - if the employee elects to terminate grade retention in writing.
- 

**253-268 (Reserved)**

## Section 2 Pay Retention

## 269 Overview

## A

## Entitlement

---

An employee may retain his or her level of pay for an indefinite period of time after being assigned to a lower-graded position under certain circumstances.

---

## B

Eligibility  
Requirements

Pay retention is granted when:

- a 2-year grade retention period expires
  - an employee does not meet the eligibility requirements for grade retention
  - a GS SSR, or an FWS-scheduled rate or SSR, is reduced or eliminated
  - an employee is moved at management's direction, in a job in a lower FWS wage area or in a different wage schedule
  - an employee is placed in a formal, governmentwide employee development program, such as the Career Enhancement Program
  - other reasons that may apply as listed under 5 CFR 536.104.
- 

## 270 Computing Pay Retention

## A

Criteria for  
Computing Pay  
Retention

---

When an employee is placed on pay retention, the employee is entitled to the lowest step or scheduled rate of basic pay in the new position and grade that equals or exceeds the employee's current rate of basic pay. If no rate in the new grade equals or exceeds the employee's current rate of basic pay, the employee is entitled to the **lower** of the following.

- the employee's current rate of basic pay
  - 150 percent of the maximum rate of pay for the new grade.
- 

Continued on the next page

**270 Computing Pay Retention (Continued)**

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**B****Entitlement to Pay Increases**

While on pay retention, an employee is provided with 50 percent of the annual base increase in the maximum rate of the employee's **current** grade. In addition, the employee receives full locality increases calculated on the reduced base pay. The employee does **not** receive any within grade or quality step increases while on pay retention.

**Example:** If a 2 percent increase in base salary and a 1 percent locality adjustment were awarded in any given year, the employee would receive a 1 percent adjustment to their present base pay plus the full 1 percent locality increase.

---

**271 Terminating Pay Retention**

---

**A****Criteria for Terminating Pay Retention**

Pay retention ends when:

- step 10 or the maximum rate for the employee's current grade equals or exceeds the retained rate

**Note:** When this occurs:

- the employee's pay is set at the maximum rate for the employee's current grade
  - pay retention is terminated.
- an employee:
    - has a break in service of 1 workday or more
    - is demoted for personal cause or at the employee's request
    - is entitled to a rate of pay that equals or exceeds the retained rate
    - declines a reasonable offer of a position with a rate of basic pay that equals or exceeds the retained rate.
- 

**272-292 (Reserved)**

**Part 10 Backpay Claims****293 Appeal Options**

---

**A  
Options**

Employees may appeal perceived improper or inadequate overtime or premium payments under the Federal Employees Pay Act to:

- their Agency

**Notes:** An employee may file a grievance under:

- an agency grievance procedure
- a negotiated grievance procedure if the employee is part of a bargaining unit.

Guidance on filing requirements and steps in the process can be found by referring to agency grievance procedures, negotiated grievance procedures, or both.

- OPM

**Note:** Specific questions may be referred to OPM by an employee. If the employee provides sufficient facts, OPM will provide a determination to the employee based on the information submitted. Federal civilian employees who dispute their compensation should send their claims to:

Claims Adjudication Unit  
Office of General Counsel  
U.S. Office of Personnel Management  
1900 E Street NW., Room 7535  
Washington, DC 20514.

- U.S. Courts.
- 

**B  
Time Limits**

Backpay claims must be filed within 2 years after the claim accrues to protect full backpay rights.

---

**294 FLSA Complaint and Compliance Process**

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**A****Filing  
Complaints**

Employees have a right to file a complaint directly with OPM when they believe an FLSA violation has occurred.

---

**B****Where to File a  
Complaint**

The purpose of a complaint is to ensure that individual dissatisfaction and perceived inequities or errors are expressed and resolved following an established procedure.

Federal employees may file an FLSA complaint to:

- their Agency under:
  - \*--an FLSA pay claim addressed to the servicing personnel office--\*
  - a negotiated grievance procedure if the employee is part of a bargaining unit
- OPM

**Note:** The question or complaint should be sent to the appropriate OPM Oversight Division.

- U.S. Courts.

**Note:** Bargaining unit employees who are covered by a collective bargaining agreement that includes a negotiated grievance procedure are to use the negotiated grievance procedure as the exclusive method for resolving these disputes. Jurisdiction flows from the employee's status at the time the complaint arose. [5 U.S.C. 7121(a)(1)]

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**295 Computations**

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**A  
Computing Back  
Pay**

If the finding by an appropriate authority on a claim is in the employee's favor, the employee's pay entitlement will be recomputed. When recomputing the employee's entitlement, in an effort to make him or her financially whole, the Agency shall take into account the premium pay the employee would have earned had it not been for the incorrect action, changes in pay rates, within grade increases, and interest as authorized by the Back Pay Act.

---

**B  
Deductions From  
Pay**

This recomputation produces the employee's gross pay entitlement. From the gross pay entitlement, the following amounts must be deducted:

- any relevant outside earnings
  - any erroneous payments received from the Federal Government
  - any other authorized deductions, such as retirement deductions, State, Federal, and local taxes, health benefits premiums, etc.
- 

**C  
HRD or KCMO, PD  
Action**

When the net pay entitlement results in money being owed to the employee, the appropriate personnel division will work with NFC to ensure that proper payment is made. Normally, this payment will be a lump sum check, unless some other method has been worked out as part of the decision making process. When the net pay entitlement results in money being owed to the Federal Government, the appropriate personnel division and NFC will work with the employee to arrange repayment or explore the possibility of a waiver of the overpayment depending upon the nature of the claim.

---

**296-316 (Reserved)**





**Part 11 Severance Pay****317 Overview**

---

**A  
Background**

Severance pay is:

- disbursed to an employee who has been involuntarily separated from the Federal Government and who meets the regulatory requirements
  - designed to reduce the financial impact of job loss and to sustain employees while they seek employment.
- 

**B  
Eligibility**

An employee must meet the following requirements to be eligible for severance pay:

- be a part-time or full-time employee with a regularly scheduled tour of duty under either of the following:
    - career, excepted, or indefinite appointment that has no time limit
    - another qualifying appointment
  - be removed from Federal service by an involuntary separation, but not for cause
  - have been currently employed for a continuous period of at least 12 months
  - not be entitled to an immediate annuity
  - not be receiving injury compensation
  - not have declined a reasonable offer.
-

**318 Computing Severance Pay**

---

**A****Pay Entitlement**

Compute an employee's severance pay entitlement based on the following:

- a basic severance allowance
- an age adjustment allowance.

The employee's severance pay entitlement is determined by adding the amount of the basic severance allowance to the amount of the age adjustment allowance.

---

**B****Basic Severance Allowance**

Employees receive:

- 1 week's basic pay for each year of civilian service up to and including 10 years
- 2 weeks' basic pay for each year of civilian service beyond 10 years.

**Note:** 25 percent of a year is given for each 3 months of service beyond the final full year.

When computing the basic severance allowance for FWS employees, basic pay includes any night differential the employee receives.

---

**C****Age Adjustment Allowance**

Employees receive an additional 10 percent of the basic severance allowance for each year the employee is over 40 years of age at the time of separation.

**Note:** 2.5 percent is given for each 3 months that the employee's age exceeds 40 years.

---

**D****Creditable Service**

The following types of service are creditable for computing an employee's severance pay fund:

- civilian service
  - service with Postal Service or Postal Rate Commission
  - military service when the employee returns to civilian service after the military service by exercising a restoration right.
-

**319 Making Severance Payments**

---

**A  
Severance Payments**

Once the employee's severance pay fund has been computed according to paragraph 318, the total amount in the fund is divided by the amount of the employee's basic weekly pay just before separation. This will indicate the total number of weeks of severance pay for which the employee is eligible.

The employee will receive severance pay every 2 calendar weeks, as the employee did while employed by the Federal Government, until the fund is exhausted.

---

**B  
Terminating  
Severance Pay**

Severance pay is terminated when:

- the employee is appointed to a Federal job under a qualifying appointment
- the severance pay fund is exhausted
- the employee has received 1 year of severance pay.

**Note:** An employee may only receive 52 calendar weeks of severance pay regardless of the number of times separated in his or her career.

---

**320 Postponing Severance Pay**

---

**A  
Suspending  
Severance Pay**

When an individual receiving severance pay is given 1 or more nonqualifying temporary appointments, the severance pay is suspended on the day of the appointment. Severance pay begins again when the employee separates from the nonqualifying temporary appointment.

When an individual who is eligible for severance pay is given a nonqualifying temporary appointment before severance payments begin, severance payments do not begin until the employee is separated from the temporary appointment.

---

**321-341 (Reserved)**



Part 12 Miscellaneous Pay

342 Garnishments

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A

**Accepting  
Garnishments**

Offices shall accept and process garnishments when received from HRD. If garnishments are received from any source other than HRD:

- return the garnishment to the sender
  - inform the sender that garnishments can be honored only when served properly by the Court upon USDA, according to 5 CFR 581.202.
- 

B

**Submitting  
Garnishments**

All garnishments for FFAS employees must be submitted in person or by certified mail to HRD.

---

C

**County Office  
Processing**

County Offices shall:

- **only** process garnishments that are received from the State Office

**Note:** HRD forwards garnishments to the State Office with processing instructions after receiving and reviewing garnishments.

- follow subparagraph A when garnishments are received from any source other than the State Office.
-

**343 Waivers of Overpayment of Pay and Allowances**

---

**A****Background**

Waivers of overpayment may be granted when collection would be against equity and good conscience and not in the best interest of the United States. Generally, the criteria for granting waivers will be met when:

- the erroneous payment occurred through administrative error
  - there is no indication of fraud, misrepresentation, fault, or lack of good faith on the part of the recipient.
- 

**B****Time Limits**

All applications for waivers must be received in the Agency office or Department that made the erroneous payment within 3 years immediately following the date on which the erroneous payment was discovered. The employee, or other person from whom payment is sought, shall be notified of the discovery of an erroneous payment.

---

**C****Information to Submit**

All waiver requests are prepared by the responsible Personnel Specialist, HRD, with assistance from the Personnel Assistant in the Processing Unit, and submitted to the Director, FMD, with the following information:

- a report of investigation of the case, including:
    - chronological summary of the events involved
    - the date the erroneous payment was discovered
    - the total amount of the overpayment, indicating the amount actually paid, the amount the employee should have been paid, the total amount of overpayment for **each** pay period, and a total for each category
    - the copies of pertinent personnel action forms, such as SF-50's, T&A's, and AD-334's when available
- 

Continued on the next page

343 Waivers of Overpayment of Pay and Allowances (Continued)

**C**  
**Information to**  
**Submit**  
**(Continued)**

- a statement as to whether any of the overpayment has been repaid, including amounts of repayments
  - a statement as to whether the employee has made an inquiry about the pay
- \*--Note:** If the employee did **not** make an inquiry, determine whether there is sufficient reason to conclude that the employee was not in a position to determine that the increase was incorrect and include the basis for this reasoning.
- an employee’s signed statement that the employee did not and was not in a position to know that there was an erroneous payment--\*
  - whether there is any indication of fraud, fault, misrepresentation, or lack of good faith by the employee or any other person having an interest of obtaining a waiver of the claim
  - a recommendation letter for granting or denying the waiver.

**Note:** See subparagraph D for an example of the letter.

Completed requests should be submitted according to this table.

Location	Mailing Address
National Offices	Director, FMD STOP 0581
Field Offices	USDA, FSA, FMD STOP 0581 1400 INDEPENDENCE AVE WASHINGTON, DC 20250-0581

Continued on the next page

343 **Waivers of Overpayment of Pay and Allowances (Continued)**

**D**

**Example of Letter** This is an example of the recommendation letter for granting or denying the waiver.

\*--

TO: Kristine M. Chadwick  
Director  
Financial Management Division

FROM: Francis X. Riley, Jr.  
Director  
Human Resources Division

SUBJECT: Request for Approval of Overpayment

The Human Resources Division (HRD) has completed an investigation of an overpayment in the amount of \$106.05 paid to M\_\_\_\_\_, a GS-7 Program Assistant. This payment was received as a result of the employee receiving a within grade increase prior to her completion of the required 52-week waiting period for the GS-7, step 3.

Based on the results of the investigation, we have determined that this overpayment was an administrative error that occurred as a result of incorrect personnel data in the payroll system, and therefore was not within the employee's control. M\_\_\_\_\_ was unaware of the overpayment and acted in good faith in accepting the overpayment. Consequently, we recommend that the request for waiver be granted in accordance with Title 5 of the United States Code, Section 5584, amended by Public Law 92-453.

Please indicate your decision below. All inquiries should be addressed to \_\_\_\_\_, at 202-418-\_\_\_\_\_.

Attachment - Employee's signed statement.

Approved

Not Approved

\_\_\_\_\_  
Kristine M. Chadwick, Director, Financial Management Division

--\*



Reports, Forms, Abbreviations, and Redelegations of Authority

Reports

This table lists the required reports in this handbook.

Report Control Number	Title	Reporting Period	Submission Date	Negative Report	Reference
PE-168P	Recruitment and Relocation Bonus Report	Annually	No later than December 1	Required	172

Forms

This table lists all forms referenced in this handbook.

Number	Title	Display Reference	Reference
AD-202	Travel Authorization (Temporary Duty Travel)		211
AD-334	Statement of Earnings and Leave		343
AD-616	Travel Voucher (Temporary Duty Travel)		211
AD-1073	Recommendation and Approval of a Recruitment/Relocation Bonus or a Retention Allowance		194
AD-1074	Service Agreement for Receipt of Payment for a Recruitment/Relocation Bonus		170, 171, 194, 211
AD-2012	Recommendation and Approval Form for the Repayment of Student Loans	Ex. 7	202
AD-2013	Service Agreement for a Receipt of Repayment of Student Loans	Ex. 8	203
FSA-319	Appointment and Salary Computation Worksheet Above the Minimum Rate		18
FSA-320	Payment of Travel and Transportation Expenses for New Appointments and Interviews		212
PS-50	Postal Service Personnel Action		42
SF-50	Notification of Personnel Action		141, 343, Ex. 2

Reports, Forms, Abbreviations, and Redelegations of Authority (Continued)

Abbreviations Not Listed in 1-CM

The following abbreviations are not listed in 1-CM.

Approved Abbreviation	Term	Reference
AWS	alternative work schedule	138, 140, 141
COLA	cost-of-living allowance	42, 91, 93
FEPCA	Federal Employees Pay Comparability Act of 1990	18, 91, 92, 141, 166, 211
FLSA	Fair Labor Standards Act	139-142, 294
FWS	Federal Wage System	Text
GS	General Schedule	Text, Ex. 2
OHRM	Office of Human Resources Management	18
OPF	official personnel folder	194
PD	Personnel Division, KCAO	2, 17, 18, 166, 172, 212, 295
PMRS	Performance Management and Recognition System	65, 115, 116
SES	Senior Executive Service	65, 212
SL	Senior Level	91
SSR	special salary rate	18, 19, 67, 91, 92, 143, Ex. 2
ST	Scientific or Professional	91

Re delegations of Authority

None

**Definitions of Terms Used in This Handbook**

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<b>Commuting Area</b>	A <u>commuting area</u> is the geographic area that is normally considered 1 area for employment purposes. It includes any population center, or 2 or more neighboring ones, and the surrounding localities where people live and reasonably can be expected to travel back and forth daily to work.
<b>Conversion</b>	<u>Conversion</u> means changing an employee from 1 appointment to another appointment in USDA without a break in service of more than 3 calendar days. The change may be in: <ul style="list-style-type: none"><li>• the type of appointment, such as from Appt NTE to Career Conditional</li><li>• the appointment authority, such as Schedule A to Schedule B excepted appointment</li><li>• the not-to-exceed date of a temporary appointment.</li></ul>
<b>Equivalent Increase</b>	An <u>equivalent increase</u> is 1 or more increases in the employee's rate of basic pay equal to or greater than the difference between the rate for the employee's current GS grade and step and the rate of pay for the next higher step of that grade. [5 CFR 531.403]
<b>Highest Previous Rate</b>	<u>Highest previous rate</u> is the highest rate of basic pay previously received while employed in a branch of the Federal Government; a Government corporation; USPS or Postal Rate Commission; or the DC Government if employed therein before October 1, 1987; whether or not the position was covered by GS, or the rate of basic pay for the highest grade and step previously held by a person while employed in a GS position.
<b>Local SSR's</b>	<u>Local SSR's</u> are salary rates higher than the regular statutory schedule established for 1 or more occupations in 1 or more locations, but not nationwide or worldwide. They are established where private enterprise pay rates are substantially higher than regular Federal rates that significantly handicap recruitment and retention of well-qualified persons.

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Continued on the next page

**Definitions of Terms Used in This Handbook (Continued)**

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<b>New Appointment</b>	A <u>new appointment</u> is the first appointment, regardless of tenure, as an employee of the Federal Government.
<b>Official Duty Station</b>	The <u>official duty station</u> is the city, county, and State in which the employee normally performs his or her duties. It is the location of the employee's position of record as indicated on his or her most recent SF-50.
<b>Promotion</b>	<p><u>Promotion</u> means changing an employee to either of the following:</p> <ul style="list-style-type: none"> <li>• a position at a higher-grade level in the same job classification system and pay schedule, such as moving from a GS-5 to a GS-6</li> <li>• a position with a higher rate of basic pay in a different job classification system and pay schedule, such as moving from WG to a higher paying GS job.</li> </ul>
<b>Rate of Basic Pay</b>	The <u>rate of basic pay</u> is the rate of pay fixed by law or administrative action for the position held by an employee, before any deductions, such as taxes, and exclusive of additional pay of any kind, such as overtime pay.
<b>Reassignment</b>	<u>Reassignment</u> means moving an employee from 1 position to another without promotion or change to lower grade within USDA.
<b>Reinstatement</b>	<u>Reinstatement</u> means the noncompetitive re-employment in the competitive service as a career or career-conditional employee of a person formerly employed in the competitive service who had competitive status, or who was serving probation when separated from the competitive service.
<b>Representative Rate</b>	<u>Representative rate</u> means a rate used to determine the nature of a job change, such as promotion, reassignment, or change to lower grade, where different kinds of pay schedules are involved. For GS schedules, it is step 4; while for a regular 5-step WG schedule, it is step 2. A representative rate is the going rate of the jobs or grades between which the employee is being changed. [5 CFR 532.401; FPM 532-1, Subchapter 8-2 a(6)]

Continued on the next page

**Definitions of Terms Used in This Handbook (Continued)**

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**Transfer**                    Transfer means changing an employee, without a break in service of 1 full workday, from 1 branch of the Federal Government (executive, legislative, or judicial) to another or from 1 agency to another. [5 CFR 531.202(1)]

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**Waiting Period**           Waiting period is the minimum time requirement of creditable service to become eligible for consideration for a within grade increase.

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**Within Grade Increase**   Within grade increase is a periodic increase in an employee's rate of basic pay from 1 step of the grade of the employee's position to the next higher step of that grade under 5 U.S.C. 5335; also termed a step increase. [5 CFR 531.403]

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**AD-2012, Recommendation and Approval Form for the Repayment of Student Loans**

\*--This is an example of AD-2012, page 1.

This form is available electronically.

<b>AD-2012</b> (04-10-02)		<b>U.S. DEPARTMENT OF AGRICULTURE</b> Farm Service Agency	
<b>RECOMMENDATION AND APPROVAL FORM FOR THE REPAYMENT OF STUDENT LOANS</b>			
1. Agency  FAS <input type="checkbox"/> FSA <input type="checkbox"/> RMA <input type="checkbox"/>		2. Agency Code	
3. Office Location <i>(Geographical)</i>			
4. Name of Employee		5. Social Security No.	
6. Personnel Office Identifier			
7. Position Title		8. Pay Plan, Series, Grade, Step	
9. Salary  \$			
10. Organization		11. Effective Date <i>(mm-dd-yyyy)</i>	
12. Accounting Code			

**The following information must be attached, for review by the recommending and approving officials for a student loan repayment:**

- A. A written justification showing that in the absence of offering student loan repayments, the prospective employee would be likely to accept employment outside of the Federal service.
- B. A written determination that the applicant possesses unusually high or unique qualifications or a special need of the agency exists.
- C. The proposed amount of the loan repayment, along with a justification of the amount proposed.

**or**

- D. A written determination that the employee is likely to leave the Federal government if the loan is not repaid.
- E. A written determination of the extent to which the employee's departure would affect the agency.
- F. The proposed amount of the loan repayment, along with a justification of the amount proposed.

13A. Recommended Amount  \$	13B. Signature of Recommending Official <i>(Supervisor)</i>	13C. Title	13D. Date Signed
14A. Approved Amount  \$	14B. Signature of Deputy Administrator	14C. Title	14D. Date Signed

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--\*

**AD-2012, Recommendation and Approval Form for the Repayment of Student Loans  
(Continued)**

\*--This is an example of AD-2012, page 2.

AD-2012 (Page 2) (04-10-02)

<b>15. Extension or Renewal:</b>		
A. Signature of Approving Official	B. Title	C. Date Signed (mm-dd-yyyy)
16A. Comments/Changes		
16B. Signature of Approving Official	16C. Title	16D. Date Signed (mm-dd-yyyy)
17A. Comments/Changes		
17B. Signature of Approving Official	17C. Title	17D. Date Signed (mm-dd-yyyy)

--\*



AD-2013, Service Agreement for a Receipt of Repayment of Student Loans

\*--This is an example of an AD-2013.

This form is available electronically.

<b>AD-2013</b> (04-10-02)	<b>U.S. DEPARTMENT OF AGRICULTURE</b> Farm Service Agency
<b>SERVICE AGREEMENT FOR A RECEIPT OF REPAYMENT OF STUDENT LOANS</b>	

In return for the repayment of my student loan as described below, I (a) \_\_\_\_\_ hereby agree to remain in the (Farm Service Agency, Foreign Agricultural Service, or Risk Management Agency) for a period of (b) \_\_\_\_\_ following the effective date of the first student loan repayment, unless I am separated for reasons beyond my control and which are acceptable to the above named agency. The amount of the repayment of student loan I will be receiving under this agreement is (c) \$ \_\_\_\_\_.

I agree that if I do not remain in the agency for the above specified period, I will repay to the agency the TOTAL amount of student loan repayment I have received. I understand that under such circumstances these monies are recoverable from me as a debt to the United States Government. I understand that this service agreement does not constitute a right, promise, or entitlement for continued employment or noncompetitive conversion to a competitive service.

I understand that any student loan repayment provided by the agency is subject to tax withholdings which is reported to IRS.

1. Signature of Employee	3. Title	
2. Social Security Number	4. Agency	5. Date Signed

*The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, and marital or family status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410 or call (202) 720-5964 (voice or TDD). USDA is an equal opportunity provider and employer.*

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