

SUBCHAPTER S8

PAY ADMINISTRATION

S8-1 General

- a. **Introduction.** Pay schedules for wage employees are established by the head of the designated lead agency in each wage area. This subchapter provides the instructions governing the application of rates of basic pay and premium pay to individual employees.
- b. **Agency responsibility.** Nothing in this subchapter shall be construed as modifying or diminishing the responsibility of each agency head to consult or negotiate, as appropriate under chapter 71 of title 5, United States Code, with labor organizations holding exclusive recognition or to consult with labor organizations holding consultation rights in connection with the issuance of new or revised regulations on any matter dealt with in this subchapter except those on which uniform policy is expressly prescribed therein. Nothing in this subchapter shall be construed as modifying or diminishing the responsibility of each activity head within agency regulations concerning this subchapter, and as appropriate under chapter 71 of title 5, United States Code, to enter into collective bargaining agreements with labor organizations holding exclusive recognition, relative to changes in personnel policy or practice concerning any matter dealt with in this subchapter except those on which uniform policy is expressly prescribed herein. The responsibility to consult or negotiate with recognized labor organizations refers, for example, to many matters where policy is not prescribed herein with respect to, but not limited to, the following items:
- S8-2a(14) Administrative workweek
 - S8-2a(15) Regularly scheduled administrative workweek
 - 8-2a(16) Basic workweek
 - S8-2a(21) Tour of duty
 - 8-3c Position or appointment change
 - S8-3e(5) Computation of highest previous rate
 - S8-3g(2) Details
 - S8-3j(1) Administrative error. Lower rate
 - S8-4b(8) Callback overtime work

S8-2 Definitions

In this subchapter:

- (1) *Agency* has the meaning given that word by section 5342 of title 5, United States Code, and subchapter S2, section S2-1, paragraph b, of this operating manual.
- (2) *Scheduled rate of pay* means the rate of pay fixed by law or administrative action, including a retained rate of pay and rate on temporary promotion, for the job held by an employee before any deductions and exclusive of additional pay of any kind.
- (3) *Rate of basic pay* means scheduled rate of pay plus any night shift or environmental differential.
- (4) *Existing scheduled rate of pay* means the scheduled rate of pay received immediately before the effective date of a transfer, reassignment, promotion, change to lower grade,

within-grade increase, or revision of a wage schedule.

- (5) *Highest previous rate* means the highest scheduled rate of pay previously paid to a person while employed in a job in a branch of the Federal Government (executive, legislative, or judicial), a mixed-ownership corporation (e.g., the Tennessee Valley Authority) or the government of the District of Columbia, regardless of whether the job was subject to a wage systems schedule.
- (6) *Representative rate* means a rate used to determine the nature of the job change (promotion, change to a lower grade, or reassignment) when different kinds of pay schedules are involved, whether in the same or different wage areas. A representative rate is the going rate (i.e., the rate or step keyed to the prevailing rate determination—for example, the established rate on a single-rate schedule, the second rate on a five-rate regular wage schedule, the fourth rate on the General Schedule or a class under the Foreign Service Officer and Foreign Services staff schedules) of the jobs or grades between which the employee is being changed. If the change is between different wage areas, all determinations concerning representative rates are based on the scheduled rates for the jobs or grades involved which are in effect on the date of the change in the local wage area to which the employee is being changed.
- (7) *Promotion* means a change in the position of an employee who, while continuously employed:
 - Moves from a position in one grade of a prevailing rate schedule to a position in a higher grade of the same type of prevailing rate schedule, whether in the same or different wage area;
 - Moves from a position under a prevailing rate schedule to a position under a different prevailing rate schedule (e.g., WG to WL) with a higher representative rate; or
 - Moves from a position not under a prevailing rate schedule to a position with a higher representative rate under a prevailing rate schedule.
- (8) *Change to lower grade* means in the position of an employee who, while continuously employed:
 - Moves from a position in one grade of a prevailing rate schedule to a position in a lower grade of the same type prevailing rate schedule, whether in the same or different wage area;
 - Moves from a position under a prevailing rate schedule established under this part to a position under a different prevailing rate schedule (e.g., WL to WG) with a lower representative rate; or
 - Moves from a position not under a prevailing rate schedule to a position with a lower representative rate under a prevailing rate schedule.
- (9) *Reassignment* means a change of an employee while serving continuously in the same agency from one job to another without promotion or change to lower grade.
- (10) *Reemployment* means an employment, including reinstatement or another type of appointment, after a break in service of at least 1 full workday.
- (11) *Transfer* means a change of an employee, without a break in service of 1 full workday, from the government of the District of Columbia to the Federal Government, or from one branch of the Federal Government (executive, legislative, or judicial) to another, or from one agency to another.
- (12) *New appointment* means the first appointment, regardless of tenure, as an employee of the Federal Government.

- (13) *Premium pay* means additional compensation for overtime, standby duty, and work performed on a holiday or Sunday.
- (14) *Administrative workweek* means a period of 7 consecutive calendar days. Usually an administrative workweek coincides with a calendar week.
- (15) *Regularly scheduled administrative work*:
- *For full-time employees* means the period within an administrative workweek within which employees are scheduled to be on duty regularly.
 - *For part-time employees* means the days and hours within an administrative workweek during which these employees are scheduled to be on duty regularly.
- (16) *Basic workweek for full-time employees* means the days and hours within an administrative workweek which make up the employee's regularly scheduled 40-hour workweek. The usual workweek consists of 5 8-hour days, Monday through Friday.
- (17) *Sunday work* is work performed during a regularly scheduled tour of duty within a basic workweek when any part of that work which is not overtime work is performed on Sunday.
- (18) *Overtime work* means authorized and approved hours of work performed in excess of 8 hours in a day or in excess of 40 hours in an administrative workweek, whichever is the greatest number of overtime hours, and includes irregular or occasional overtime work and regular overtime work (except as provided in sections 6121-6130 of title 5, United States Code).
- (19) *Regular overtime work* means overtime work which is scheduled as a part of the regularly scheduled administrative workweek.
- (20) *Irregular or occasional overtime work* means overtime work which is not scheduled as a part of the regularly scheduled administrative workweek.
- (21) *Tour of duty* means the hours of a day (a daily tour of duty) and the days of an administrative workweek (a weekly tour of duty) that are scheduled in advance and during which an employee is required to perform on a regularly recurring basis.
- (22) *Night shift differential* means the differential paid for work performed when the majority of regularly scheduled nonovertime hours fall between 3 p.m. and 8 a.m.
- (23) *Day*, unless otherwise defined or limited, means a calendar day and not a workday.
- (24) *Nonworkday* means any calendar day outside of those calendar days within an employee's basic workweek exclusive of holidays and nonworkdays established by Federal statute, Executive order, or other administrative order.
- (25) *Environmental differential* means additional pay that has been authorized as specified in appendix J for a duty involving unusually severe hazards or unusually severe working conditions.
- (26) *Retained rate of pay* means the rate of pay to which an employee is entitled when changed to a lower grade, reassigned or otherwise changed to a Federal Wage System grade or pay level having a maximum scheduled rate of pay which is less than the employee's existing scheduled rate of pay.

S8-3 Application of Pay Rates to Wage Employees

- a. **Rates payable.** Except as otherwise specifically provided by the grade and pay retention provisions in subchapter S9 or in S8-3d of this subchapter, each employee occupying a wage job will be paid at an appropriate step rate of the applicable wage schedule currently

authorized for the local wage area in which employed.

b. **New appointments.** Except as provided in (1) and (2) below, a new appointment is made at the minimum rate of the grade.

(1) Appointments above minimum rates in recognition of special qualifications. An agency may make a new appointment at a rate above the minimum rate of the appropriate grade in recognition of special qualifications; for example, an applicant with skills and experience of an exceptional or highly specialized nature in his or her trade or craft. In each case the Standard Form 50 prepared for an employee appointed above the minimum rate in recognition of special qualifications will contain a statement under remarks referring to this authority.

(2) Appointments above minimum rates for jobs in specific hard-to-fill occupations. The lead agency for a local area may authorize use of any scheduled rate above the minimum rate as the appointment rate for one or more grades of an occupation at one or more locations within a wage area based upon a finding that:

(i) The hiring rate prevailing for the particular occupation and grade among private employers in the locations is higher than the minimum rate for the applicable grade on the local Federal wage schedule and

(ii) Local Federal installations and activities cannot recruit qualified employees at that minimum rate.

The finding may be based upon a study initiated by the lead agency, another agency, or any local installation, or upon a finding and recommendation of the local wage survey committee.

(3) The lead agency will amend the local wage schedules as appropriate to show each location, occupation, and grade in which appointments are to be made above the minimum rate of the grade and the rate at which appointments are to be made. This rate will then be the lowest authorized rate that may be paid by any installation in the designated locations to any employee in this occupation and grade.

(4) An authorization to appoint above the minimum rate is automatically canceled with installation of a revised wage schedule for the area unless the authorization is provided in the new schedule by the lead agency. Before it implements a cancellation of above-minimum rates, an installation shall discuss the cancellation with officials of exclusively recognized unions representing employees affected by the cancellation. No employee shall have his or her pay reduced because of cancellation of an authorization.

e. **Position or appointment change.** Subject to S8-3d, and to grade and pay retention provisions in subchapter S9, when an employee is reemployed, transferred, reassigned, promoted, or changed to a lower grade, an agency may pay him or her at any rate of his or her grade which does not exceed his or her highest previous rate; however, if his or her highest previous rate falls between two rates of his or her grade, the agency may pay him or her at the higher rate. When an employee's type of appointment is changed in the same job, an agency may continue to pay him or her at his or her existing scheduled rate or may pay him or her at any higher rate of his or her grade which does not exceed his or her highest previous rate; however, if his or her highest previous rate falls between two rates of his or her grade, the agency may pay him or her at the higher rate.

f. **Promotion.**

(1) Upon promotion, an employee is entitled to be paid at the lowest scheduled rate of the grade to which promoted which exceeds his or her existing scheduled rate of pay by at

least four percent of the representative rate of the grade from which promoted. This rule also applies to an employee promoted from a single-rate job under a special schedule to a multi-rate job under the regular schedule.

- (2) If, upon promotion, there is no rate of pay in the grade to which promoted which meets the above requirements, the employee shall be paid:
 - (i) The maximum schedule rate of the grade to which promoted or
 - (ii) His or her existing scheduled rate of pay in accordance with part 536 of title 5, Code of Federal Regulations, if that rate is higher.

This rule also applies to promotions from a multi-rate job under the regular schedule to a single-rate job under a special schedule, including promotions into an apprentice or shop trainee program. (For instructions concerning the application of a new or revised wage schedule to an employee who is being paid at a rate in excess of the maximum scheduled rate of his or her grade, see S8-6c(2)).

- (3) When a promotion is to a position in a different wage area, the agency shall determine the employee's pay entitlement as if there were two pay actions—a promotion and a reassignment—and shall process them in the order which gives the employee the maximum benefit. In other words, the employee's pay entitlement shall be determined as if the employee were promoted under the old wage schedule and then reassigned to the new wage area or as if the employee were reassigned to the new wage area and then promoted under the new wage schedule, whichever provides the greater benefit.
- (4) Upon promotion, an employee may be granted the benefit of the highest previous rate provision of S8-3c if this would result in a higher rate of pay than would result from applying the provisions of subparagraph (1) above.
- (5) Upon promotion, fractions of less than one-half of one cent may not be rounded down if this would result in an increase of less than four percent. (Comptroller General Decision B-205372, dated July 23, 1982).

e. **Computation of highest previous rate.**

- (1) The highest previous rate is based on a regular tour of duty at that rate under an appointment not limited to 90 days or less, or for a continuous period of no less than 90 days under one or more appointments without a break in service.
- (2) The highest previous rate may be based upon a rate of pay received during a period of temporary promotion so long as it is not used as a vehicle to circumvent the period required for within-grade pay increases, and so long as the temporary promotion is for a period of not less than 1 year. This 1-year limitation does not apply upon permanent placement in a position at the same or higher grade.
- (3) The highest previous rate may not be based on:
 - (i) A rate received for an appointment as an expert or consultant under 5 U.S.C. 3109, or
 - (ii) A rate of basic pay established under 5 U.S.C. 5305, or
 - (iii) A rate established under S8-3b.
- (4) When an employee's rate of pay is one which was established under 5 U.S.C. 5305, or S8-3b, his or her highest previous rate is the rate to which he or she would have been entitled had the rate established under section 5305 or S8-3b(1) and (2) not applied to him or her.
- (5) If the highest previous rate was earned in a wage job it is the current rate of the grade and step rate of the former job on the same type of wage schedule in the wage area in which

the employee is being employed, or the actual earned rate, whichever is higher. If the highest rate previously received falls between two rates of the new grade, the agency may consider the higher of the two rates as the highest previous rate.

- (6) If the employee's former scheduled rate was earned on a General Schedule or other statutory pay schedule job, the highest previous rate is the current statutory rate for the same grade and step rate of that schedule.

f. **Effective date.**

- (1) *Normal.* The effective date of a change in pay rate because of the grading or regrading of a job is the date the action is approved in the agency or a subsequent date specifically stated.
- (2) *Retroactive.* An employee who is qualified for his official job and performs its duties, but who through administrative error is not paid the appropriate rate of his or her grade, shall have his or her rate corrected retroactively effective by appropriate administrative action. This corrective payment is not to be regarded as a retroactive promotion.

g. **General pay-fixing guides.**

- (1) *Rates considered in making pay adjustments.* Unless specifically stated otherwise, only scheduled rates of pay are considered in making pay-rate adjustments in this subchapter.
- (2) *Details.* When an employee is detailed to perform the duties of another job, as distinguished from actually being appointed or assigned to the job, he or she is not entitled to the pay of the job to which he or she is detailed (5 U.S.C. 5535, 23 Comptroller General 145). A wage employee temporarily assigned to work of a higher grade may be temporarily promoted to the higher grade job and given the pay of that job. (See section 335.102(f)(1) of OPM's regulations).
- (3) *Pay computation rule.* For pay computation purposes, rates are computed to the nearest cent, counting one-half of a cent and over as a whole cent. Whenever it is necessary to convert a basic annual rate to an hourly rate, the hourly rate shall be derived by dividing the annual rate by 2087.
- (4) *Simultaneous pay changes.* When a job or appointment change and entitlement to a higher rate of pay occur at the same time, the higher rate of pay is considered an employee's existing scheduled rate of pay. If the employee is entitled to two pay benefits at the same time, the agency shall process the changes in the order which give him or her the maximum benefit.
- (5) *Cost-of-living allowance as base pay in nonforeign overseas area.* When an employee in a nonforeign overseas area is changed from the General Schedule to the Wage Schedule within the same area, any nonforeign area differential or cost-of-living allowance he or she is receiving in the General Schedule job is added to his or her scheduled rate of pay for the purpose of establishing his or her rate of pay in his or her wage job. The nonforeign area differential or cost-of-living allowance is not added to the representative rate when determining the nature of the action.
- (6) *Effect on the rate of pay due to subsequent move to another area.* If an employee is reassigned or promoted in the same agency to an area without, or with a lesser cost-of-living allowance or post differential, his or her rate of pay is reduced by the amount of the difference in the cost-of-living allowance or post differential prescribed for the old and new duty posts.

h. **Pay while on leave.** During periods of compensable leave, wage employees are paid at their basic rates. This provision is applicable even though the basic 40-hour workweek may

include workdays with hours exceeding 8 per day for which overtime rates are paid. (Example: An employee whose regularly scheduled basic workweek consists of 4 10-hour days is absent on paid leave for the entire week. He or she will receive 40 hours of straight-time pay (as contrasted with 32 hours of straight-time pay and 8 hours of overtime pay that he or she would have received had he or she worked the entire week). Similarly, if this employee works the first 8 hours of a regularly scheduled workday and takes leave the last 2 hours, he or she will receive 10 hours of straight-time pay for the day (as contrasted with 8 hours of straight-time pay and 2 hours of overtime pay which he or she would have received had he or she worked the entire day).

i. **Lump-sum Leave Payments.**

- (1) When an employee is on the rolls on the issue date of a wage schedule, but separates before the effective date of the increase, the employee is entitled to receive his or her lump-sum annual leave payment at the higher rate for the period extending beyond the effective date. (Comptroller General Decision B-164371, May 28, 1980).
- (2) When an employee separates after a wage survey is ordered but before the issue date of the wage schedule, and his or her annual leave extends beyond the effective date of the increase, the employee is entitled to receive his or her lump-sum annual leave payment at the higher rate for the period extending beyond the effective date. This provision applies when the issue date of the wage schedule is prior to the effective date set by 5 U.S.C. 5344(a). (Comptroller General Decision B-164371, May 28, 1980).
- (3) When wage schedules are adjusted pursuant to a wage survey, the survey order date will be shown on the schedule.

j. **Erroneous reinstatement.** When an employee is reinstated in error without bad faith on his or her part, he or she shall be paid during the notice period prior to his or her being separated for disqualification.

k. **Administrative error.** When an administrative error is made in determining the correct rate of pay attaching to a job or payable to an employee under an established wage schedule, correction of the administrative error shall be made retroactively to the effective date of the action. For example:

- (1) *Lower rate.* When an employee's rate of pay through administrative error is fixed at the minimum rate of grade instead of at the highest rate he or she had previously earned, contrary to the agency's administrative policy, retroactive adjustment shall be made. When however, the employee's rate of pay was fixed at the minimum rate under agency administrative regulation, action to permit payment at the highest previous rate is in error. An employee has no vested right on reemployment to receive the highest previous rate of pay; it is within administrative discretion to fix this rate at the minimum step of the grade to which appointed.
- (2) *Higher rate.* When the initial rate of an employee is fixed upon promotion at a rate higher than that authorized under agency administrative policy, retroactive adjustment shall be made to the lower rate of pay. (51 Comptroller General 30).

S8-4 Night Shift Differential and Premium Pay

a. **General.** This section prescribes the payment of night shift differential, environmental differentials paid for exposure to various degrees of hazard, physical hardships, and working conditions of an unusually severe nature, and the forms of premium pay to which wage

employees are entitled in addition to their scheduled rate of pay. Pay authorized under this section must be paid whenever an employee performs work under the conditions and circumstances described. Conversely, it may not be paid unless specifically authorized by this section.

b. Overtime pay.

- (1) *Authority.* Overtime pay under Prevailing Rate Systems will be paid either under section 5544 of title 5, United States Code, for FLSA-exempt employees, or under the FLSA for nonexempt employees (5 CFR 551.501). Wage employees (including part-time and intermittent employees) are entitled to overtime pay for work in excess of 8 hours in a day or in excess of 40 hours in an administrative workweek (except as provided by sections 6121-6130 of title 5, United States Code), whichever is the greater number of overtime hours, that is:
 - officially ordered or approved; and
 - performed by the employee.
- (2) *Standby and on-call duty.* A wage employee who is regularly required to remain at or within the confines of his or her post of duty in excess of 8 hours a day in a standby or an on-call status is entitled to overtime pay only for hours of duty, exclusive of eating and sleeping time, in excess of 40 hours a week. (For callback overtime work, see S8-4b(8)).
- (3) *Overtime rates.* Except as otherwise specifically authorized, an agency shall pay a wage employee for overtime work performed at the rate of one and one-half times his or her rate of basic pay.
- (4) *Overtime rate for Sunday or holiday work.* A wage employee is paid for overtime work on a Sunday or a holiday at the same rate as for overtime work performed on another day.
- (5) *Computing overtime rate.* The hourly overtime rate is computed as follows:
 - If the rate of basic pay of the employee is fixed on an hourly basis, multiply the hourly rate of pay by one and one-half.
 - If the rate of basic pay of the employee is fixed on an annual basis, divide the annual rate of pay by 2087 and multiply the quotient by one and one-half.
 - If the rate of basic pay of the employee is fixed on a monthly basis, multiply the monthly rate of pay by 12 to derive an annual rate of pay, divide the annual rate of pay by 2087 and multiply the quotient by one and one-half.
- (6) *Computing overtime pay for night work.*
 - (a) Overtime pay for an employee regularly working a shift for which the night shift differential is paid for the entire shift will be computed on the night rate, even though the hours of overtime worked extend into, or fall entirely within a day shift. When the overtime work is performed on a nonworkday, overtime pay is computed on the rate of the employee's last previous regularly scheduled shift.
 - (b) Overtime pay for an employee having a regularly rotating tour of duty which includes two or three shifts is computed on the rate of the employee's regularly scheduled shift in effect for the calendar day on which the overtime work is performed. When the overtime work is performed on a nonworkday, overtime pay is computed on the average rate of basic pay for all regularly scheduled shifts worked by the employee during the basic workweek.
- (7) *Computation of overtime worked.* The computation of the amount of overtime work of an employee is subject to the following conditions:
 - *Leave with pay.* An employee's absence from duty on paid leave during the time

when he would otherwise have been required to be on duty during a daily or weekly tour of duty (including authorized absence on a legal holiday or on a nonworkday established by Executive or Administrative order) is considered employment and does not reduce the amount of overtime pay to which the employee is entitled for work performed in excess of 8 hours in a day or work in excess of 40 hours in an administrative workweek. Payment of the overtime rate is authorized only if the employee performs work during the hours in excess of the 8-hour day, or the 40-hour workweek. Leave or absence with pay under 5 U.S.C. 6302 (annual leave or sick leave) is charged only for an absence that occurs during a basic workweek.

- *Leave without pay.* For a period of leave without pay in an employee's basic workweek, an equal period of service performed outside the basic workweek, but in the same administrative workweek, shall be substituted and paid for at the rate applicable to his or her basic workweek before any remaining period of service may be paid for at the overtime rate on the basis of exceeding 40 hours in the workweek. For a period of leave without pay in an employee's daily tour of duty, an equal period of service performed outside the daily tour of duty, but in the same workday, shall be substituted and paid for at the rate applicable to his or her daily tour of duty before any remaining period of service may be paid for at the overtime rate on the basis of exceeding 8 hours in a workday.
- *Night, holiday, or Sunday work.* Hours of night, holiday, or Sunday work are included in determining for overtime pay purposes the total number of hours in employment in the same administrative workweek.
- *Callback overtime work.* Irregular or occasional overtime work performed by an employee on a day when work was not scheduled for him or her, or for which he or she is required to return to his or her place of employment, is considered at least 2 hours in duration for the purpose of overtime pay, whether or not work is performed. When an employee following a regularly scheduled tour of duty performs unscheduled overtime work or when early reporting for duty merges with and continues into a regularly scheduled tour of duty for the day, the employee is not entitled to the 2-hour minimum callback overtime provision. (45 CG 53)

(8) *Effect of overtime pay on deductions for Federal retirement and group life insurance.*

Pay for overtime work is not included in the amount of pay upon which retirement and group life insurance deductions are computed. Retirement and group life insurance deductions for an employee whose scheduled 40 hour workweek includes a daily tour of duty of more than 8 hours are computed on the basis of 40 hours at the regular nonovertime hourly rate.

(9) *Compensatory time.* At the request of an employee, the head of an agency may grant compensatory time off from an employee's tour of duty instead of payment under 5 U.S.C. 5544 or the Fair Labor Standards Act of 1938, as amended, for an equal amount of irregular or occasional overtime work. Compensatory time is also permitted under the Federal Employees Flexible and Compressed Work Schedules Act of 1982. See sections 6122 and 6123 of title 5, United States Code.

- c. **Night shift differential.** A prevailing rate employee is entitled to pay at his or her scheduled rate plus a differential of seven and one-half percent of his or her scheduled rate for regularly scheduled nonovertime work when a majority of his or her work hours occur between 3 p.m. and midnight; or 10 percent of his or her scheduled rate if the majority of his or her work

hours occur between 11 p.m. and 8 a.m. The night shift differential is paid for the entire shift when the majority of hours fall within the specified periods. Majority of hours means a number of whole hours greater than one-half (including meal breaks), e.g., 5 hours of a scheduled 8-hour shift. (53 Comptroller General 814).

(1) *Shifts for which night shift differentials are payable.*

- An authorized night shift differential of seven and one-half percent will be paid for the entire shift when a majority of the employee's regularly scheduled nonovertime hours of work fall between the hours of 3 p.m. and midnight.
- An authorized night shift differential of ten percent will be paid for the entire shift when a majority of the employee's regularly scheduled nonovertime hours of work fall between the hours of 11 p.m. and 8 a.m.

(2) *Relation of night shift differential to overtime, holiday, and Sunday premium pay.* Night shift differentials are included in the rates of basic pay for wage employees and are used as a basis for computing overtime pay, Sunday pay, holiday pay, and amounts of deductions for retirement and group life insurance.

(3) *Computation of night pay.*

- *Absence on holidays or in travel status.* A wage employee regularly assigned to a night shift for which the night shift differential is payable, is entitled to the night shift differential for periods of excused absence on a holiday, while in official travel status during the hours of his or her regular night shift, or on court leave.
- *Temporary assignment to a different tour of duty.*
 - (i) A wage employee regularly assigned to a night shift who is temporarily assigned to another night shift with a higher differential shall receive the higher differential when the majority of the employee's regularly scheduled nonovertime hours of work fall within the shift having the higher differential.
 - (ii) A wage employee regularly assigned to a day shift is entitled to a night shift differential for any period during which he or she is temporarily assigned to work a regular shift for which a night shift differential is otherwise payable.
 - (iii) A wage employee regularly assigned to a night shift shall continue to receive his or her regular night shift differential during a temporary assignment to the day shift or to another night shift with a lower differential.
- *Absence on leave.* The night shift differential payable during periods of leave with pay depends upon the shift to which the employee is assigned at the time of going on leave and the duration of the assignment.
- An employee regularly assigned to a night shift on a full-time basis will, during periods of absence with pay, receive the night shift differential.
- An employee assigned to a regular rotating schedule involving work on both day and night shifts will, during periods of absence with pay, receive pay as follows:
 - (i) Pay at rates payable on the day shift will be paid for that portion of the absence occurring during periods when the employee is scheduled to work the day shift; and
 - (ii) Night shift differentials will be payable for the portion of the absence occurring during periods when the employee is scheduled to work night shifts.
- When an employee who is regularly scheduled to work the day shift is absent with pay during a temporary assignment to shifts for which a night shift differential is

payable, he or she will be paid as follows:

- (i) If the assignment to the night shift is of indefinite duration and no expiration date is specified for the assignment, an employee going on leave with pay while so assigned will receive the night shift differential during such part of the period of the absence as he or she would have been required to work on a shift for which a night shift differential is payable; and
 - (ii) If the assignment to the night shift is of specified duration, an employee going on leave while so assigned will receive the night shift differential only for that portion of the absence which falls within the specified period of assignment to the night shift. After the expiration of the specified period his or her pay will revert to the day rate.
- If an employee is changed from the day to the night shift at irregular intervals and it cannot be administratively determined that he or she is assigned basically to either shift, payment during periods of absence with pay will be at the rate for the shift on which he or she was working at the time the absence began.
- (4) *Night shift differential and lump-sum leave payment.*
- Lump-sum leave payment will be made at the applicable night shift differential rates for all regularly scheduled periods of night shift duty covered by the unused annual leave as if the employee had continued to work beyond the effective date of separation.
 - When a night shift has been formally canceled or an employee has been regularly scheduled for continuous day shift work on or before the date of separation, the lump-sum leave payment will be computed on the day rate.
- (5) *Part-time and intermittent employees.* A prevailing rate employee who works on a regularly scheduled shift of less than 8 hours duration (such as a part-time or intermittent employee), is entitled to a night shift differential if a majority of his or her hours are worked during a period in which a night shift differential is payable.
- (6) *Split shifts.* There is no authority to permit a splitting of the night shift differential. An employee will either receive a 7½ percent differential for an entire shift or a 10 percent differential for an entire shift if a majority of hours worked occur during the hours authorized for a night shift differential.
- (7) *Meal breaks.* Meal breaks of 1 hour or less that occur when a night shift differential is authorized should be included for purposes of determining a prevailing rate employee's entitlement to a night shift differential. Thus, when an employee works from 11:30 a.m. to 8 p.m., with a meal break from 3:30 p.m. to 4 p.m., the 30-minute meal break is included to determine that a majority of hours of work occur during the second shift and a 7½ percent night shift differential is payable.

d. Pay for holidays.

- (1) *Pay for holidays on which employees are excused from work.* A wage employee who is excused from work because of the occurrence of a holiday is entitled to the same rate of pay for that day as if he or she had worked.
- (2) *Pay for work performed on a holiday.*
 - A wage employee who is entitled to holiday premium pay and who performs work on a holiday is entitled to his or her rate of basic pay plus premium pay at a rate equal to his or her rate of basic pay for that holiday work which is not:
 - (i) in excess of 8 hours or

- (ii) overtime work.
 - Holiday premium pay is limited to work on a holiday within the employee's regular tour of duty, and overtime compensation may be paid for any other work done on the holiday. If the employee's regular tour of duty begins prior to the holiday (and extends into the holiday), the employee would be entitled to 8 hours of holiday pay.
 - A wage employee is entitled to pay for overtime work performed on a holiday at the same rate as for overtime on other workdays.
 - A wage employee who is entitled to holiday premium pay and who is required to report for work on a holiday is entitled to at least 2 hours of holiday pay whether or not work is actually performed.
- (3) *Relation of holiday premium pay to overtime, night, and Sunday pay.*
- Premium pay for holiday work is in addition to overtime pay, night shift differential, or premium pay for Sunday work payable under this section and is not included in the rate of pay used to compute the overtime pay, night shift differential, or premium pay for Sunday work.
 - Even though an employee receives premium pay for holiday work, the number of hours of his or her regularly scheduled basic workweek occurring on a holiday are included in determining for overtime pay purposes the total number of hours of work performed in the administrative workweek in which the holiday occurs.
 - The hours within his or her basic workweek for which an employee is excused from duty because of a holiday are counted as hours of work in computing overtime pay.
- e. **Pay for Sunday work.**
- (1) *Authorization of pay for Sunday work.* Under 5 U.S.C. 5544 a wage employee whose regular work schedule includes an 8-hour period of service that is not overtime work, a part of which is on Sunday, is entitled to additional pay at the rate of 25 percent of his or her hourly rate of basic pay for each hour performed during that 8-hour period of service. See 46 Comp. Gen. 337 (1982). An employee who works more than 8 hours on a Sunday does not receive the Sunday premium for hours in excess of 8 hours. For example, an employee whose regular work schedule includes a 10-hour period of service on Sunday is entitled to 8 hours Sunday premium pay and 2 hours of overtime pay at the same rate as for the overtime work performed on another day.
- (2) *Relation of premium pay for Sunday work to overtime, night, and holiday pay.* Premium pay for Sunday work is in addition to premium pay for holiday work, overtime pay, and night shift differentials payable under this subchapter and is not included in the rate of basic pay used to compute the pay for holiday, overtime, and night work.
- (3) *Entitlement.* A part-time employee is not entitled to premium pay for Sunday work, since only a full-time employee is so entitled; however, a full-time employee whose regularly scheduled tour of duty includes a period of service of less than 8 hours, any part of which falls between midnight Saturday and midnight Sunday is entitled to premium pay for the number of hours worked not in excess of the number of hours regularly scheduled for the period (46 Comptroller General 337).
- (4) *Two separate tours of duty.* When an employee has two separate tours of duty on Sunday (such as a tour of duty that begins on Saturday and ends on Sunday, and another tour of duty that begins on Sunday and concludes on Monday), he or she is entitled to premium pay for Sunday work not to exceed 8 hours for each tour of duty.

S8-5 Within-Grade Increases

a. **Entitlement to within-grade increases.** Any employee covered by this section (including a temporary employee) will be automatically advanced to the next higher rate of his or her grade at the beginning of the first applicable pay period following completion of the required waiting period, provided his or her performance in his or her position is satisfactory and he or she had not received an equivalent increase in pay during his or her waiting period. An employee's performance is satisfactory when he or she achieves or maintains a performance rating of satisfactory or better.

b. **Within-grade increases—waiting period.**

(1) *Nonsupervisory and leader employees.*

(a) For a full-time nonsupervisory or leader employee, and for a nonfull-time nonsupervisory or leader employee with a prearranged regularly scheduled tour of duty, the waiting periods for advancement to the second, third, fourth, and fifth rates in all grades are:

- Rate 2 – 26 calendar weeks of creditable service in rate 1.
- Rate 3 – 78 calendar weeks of creditable service in rate 2.
- Rates 4 and 5 – 104 weeks of creditable service in each of steps 3 and 4.

(b) For a nonfull-time nonsupervisory or leader employee without a prearranged regularly scheduled tour of duty, the waiting period for advancement to the second, third, fourth, and fifth rates in all grades are:

- Rate 2 – 130 days of creditable service in a pay status in rate 1 over a period of no less than 26 calendar weeks.
- Rate 3 – 390 days of creditable service in a pay status in rate 2 over a period of no less than 78 calendar weeks.
- Rate 4 – 520 days of creditable service in a pay status in rate 3 over a period of no less than 104 weeks.
- Rate 5 – 520 days of creditable service in a pay status in rate 4 over a period of no less than 104 weeks.

Any day on which a part-time service is performed constitutes a full day.

(2) *Supervisory employees.*

(a) For a full-time supervisory employee, and for a nonfull-time supervisory employee with a prearranged regularly scheduled tour of duty, the waiting periods for advancement to the second, third, fourth, and fifth rates in all grades are:

- Rate 2 – 26 weeks of creditable service in rate 1;
- Rate 3 – 78 weeks of creditable service in rate 2;
- Rate 4 – 104 weeks of creditable service in rate 3; and
- Rate 5 – 104 weeks of creditable service in rate 4.

(b) For a nonfull-time supervisory employee without a prearranged regularly scheduled tour of duty, the waiting period for advancement to the second, third, fourth, and fifth rates in all grades are:

- Rate 2 – 130 days of creditable service in a pay status in rate 1 over a period of no less than 26 calendar weeks;
- Rate 3 – 390 days of creditable service in a pay status in rate 2 over a period of no less than 78 calendar weeks;

- Rate 4 – 520 days of creditable service in a pay status in rate 3 over a period of no less than 104 calendar weeks;
- Rate 5 – 520 days of creditable service in a pay status in rate 4 over a period of no less than 104 calendar weeks.

Any day on which a part-time service is performed constitutes a full day.

(3) *Start of waiting period.* A waiting period starts:

- At the beginning of a new appointment as an employee of the Federal Government or the government of the District of Columbia;
- After a nonpay period or a break in service when the nonpay period or break in service exceeds 52 calendar weeks; or
- Upon receiving an equivalent increase.

NOTE: For purposes of this section, a calendar week is a period of any 7 calendar days.

c. **Creditable service—waiting period.**

- (1) Continuous civilian employment in any branch of the Federal Government (executive, legislative, or judicial) in the government of the District of Columbia, and service as a prevailing rate employee within a Department of Defense or Coast Guard nonappropriated fund instrumentality, is creditable service in the computation of a waiting period. Service credit is given for this employment during periods of annual, sick, and other leave with pay; advanced annual and sick leave, and service under a temporary appointment. The waiting period is not interrupted by nonworkdays intervening between an employee's last regularly scheduled workday in one job and his or her first regularly scheduled workday in a new job.
- (2) For a full-time employee, and nonfull-time employee with a prearranged regularly scheduled tour of duty, time in nonpay status, except as provided in d below, is creditable service in the computation of a waiting period when it does not exceed, in the aggregate, 1 workweek in the waiting period for rate 2, 3 workweeks in the waiting period for rate 3, and 4 workweeks in the waiting period for rates 4 and 5 on nonsupervisory, leader, and supervisory schedules. When an employee has time in a nonpay status in excess thereof, he or she shall make it up with creditable service before his or her next within-grade increase is effected.
- (3) Prior to September 7, 1974, a leave of absence granted to an employee while receiving compensation under chapter 81 of title 5, United States Code, is creditable service. Effective on September 7, 1974, a leave of absence or a period of separation during which an employee is receiving compensation under chapter 81 of title 5, United States Code, is creditable service. (P.L. 93-416).
- (4) Military service as defined in section 8331(13) of title 5, United States Code, is creditable service in the computation of a waiting period when:
 - (i) An employee is on leave of absence to perform such service and returns to pay status through the exercise of a restoration right provided by law, Executive order, or regulation, or,
 - (ii) A former employee is reemployed with the Federal Service not later than 52 calendar weeks after separation from such service or hospitalization continuing thereafter for a period of not more than 1 year.
- (5) The period from the date of an employee's separation with reemployment right granted by law, Executive Order, or regulation to the date of his or her return to duty through the exercise of that right is creditable service in the computation of a waiting period.

- (6) The time during which an employee is detailed to a non-Federal position under subchapter VI (Assignment to and from States) of chapter 33 of title 5, United States Code.
 - (7) The time during which an employee is performing service which is creditable under section 8332(b)(5) or (7) of title 5, United States Code.
 - (8) The time during which an employee is temporarily employed by another agency in a position covered by part 532, Code of Federal Regulations.
- d. **Noncreditable service—waiting period.** The following is not creditable service in the computation of a waiting period:
- Service outside of the regularly scheduled 40-hour workweek that is paid at overtime rates;
 - Service before a single nonpay period or a break in service when the nonpay period or break in service exceeds 52 calendar weeks, and any part of a nonpay period of more than 52 calendar weeks;
 - A period of separation from a civilian job except as provided in c above; or
 - The period between the date an employee leaves his or her civilian job to enter the armed forces and the date of his or her reemployment is not within 52 continuous calendar weeks from the date of his or her discharge from the armed forces, except in instances of restoration provided by law.
- e. **Equivalent increase.**
- (1) Except as otherwise provided in this subchapter, equivalent increase, as used in this subchapter, is an increase or increases in an employee's scheduled rate of pay, equal to or greater than the amount of the within-grade increase for the grade in which the employee is serving.
 - (2) When an employee has served in more than one grade during the waiting period under consideration and it is necessary to determine whether he or she received an equivalent increase in a prior grade, an equivalent increase is an increase or increases in his or her scheduled rate of pay equal to or greater than the amount of the within-grade increase for advancement between steps of the prior grade.
 - (3) When an employee receives more than one increase in his or her scheduled rate of pay during the waiting period under consideration, no one of which is an equivalent increase, the first and subsequent increases are added until they amount to an equivalent increase, at which time he or she is considered to have received an equivalent increase.
 - (4) For the purpose of (2) and (3) above, the waiting period under consideration is the waiting period immediately preceding an employee's current entry into the rate of the grade in which he or she is serving.
- (f) **Increases in pay not to be counted as an equivalent increase.**
- (1) The following are not counted as equivalent increases:
 - Application of a new or revised wage schedule or application of a new pay or evaluation plan.
 - Payment of additional compensation in the form of nonforeign or foreign post differentials, or nonforeign cost-of-living allowances.
 - Adjustment of the General Schedule. (This provision is applicable to an employee whose service in a General Schedule job is being considered in connection with a within-grade increase in a wage job to which he or she has been changed.)

- Premium payment for overtime and holiday duty.
 - Payment of night shift differential.
 - Hazard pay differentials.
 - Rates above the minimum rate of the grade in recognition of specific qualifications, or in jobs in specific hard-to-fill occupations.
 - Payment of additional pay in the form of nonforeign or foreign post differentials, or nonforeign cost-of-living allowances.
 - Correction of an error in a previous demotion or reduction in pay.
 - Temporary limited promotion (i.e., a promotion known in advance to be temporary) which is followed by change to lower grade back to the former or a different lower grade.
 - A transfer or reassignment in the same grade and step rate to another local wage area that has a higher wage schedule.
 - Repromotion to a former or intervening grade of any employee whose earlier change to a lower grade was not for cause and was not at the employee's request.
 - An increase resulting from the grant of a quality increase. (This provision is applicable to an employee whose service in a General Schedule job is being considered in connection with a job to which he had been changed.)
- (2) When an employee is changed from a job other than a wage job to a wage job, determination of whether the change resulted in an equivalent increase shall be made by comparing the increase received, if any, with four percent of the representative rate of the grade to which changed.
- (3) When an employee is changed from one wage job to another wage job which is subject to a different wage schedule (such as from a supervisory to nonsupervisory or vice versa), determination of whether the change resulted in an equivalent increase shall be made by comparing the increase received, if any, with four percent of the representative rate of the grade to which changed.
- g. **Effective date—within-grade increase.**
- (1) A within-grade increase is effective on the first day of the first pay period after an employee becomes entitled to the increase.
- (2) When the effective date of a within-grade increase and the effective date of a personnel action occur at the same time, the agency shall process the actions in the order that gives the employee the maximum benefit.
- h. **Corrective action—within-grade increase.**
- (1) When a within-grade increase is delayed beyond its proper effective date through administrative oversight, error, or delay, the agency shall make the increase effective as of the date it was properly due.
- (2) When an improper personnel action is corrected in accordance with a mandatory statutory or regulatory requirement, the waiting period is not extended and begins on the date it would have begun had the improper action not occurred.

S8-6 Application of Wage Schedules

- a. **General.** An employee occupying a wage job must be paid at an appropriate rate established for the grade of his or her job on a wage schedule which is authorized for application within

the local wage area, unless excepted under other provisions of this subchapter.

- b. **Effecting new or revised wage schedules.** The head of each activity in the wage area places new or revised wage schedules into effect on the date specified on the schedule by the lead agency for all covered employees of the activity within the local wage area. If a new or revised schedule results in a decreased rate at one or more grade levels, a separate effective date will be shown to cover employees whose pay is reduced.
 - (1) New and revised wage schedules are effective simultaneously for all covered employees in an activity at the beginning of the first full shift on the effective date specified.
 - (2) Thus the new or revised wage schedules are effected on the same date for all covered wage employees of an activity even though staggered pay periods are used.
- c. **Application of new or revised wage schedules to employees.** On the effective date of a new or revised wage schedule, the scheduled rate of pay of a wage employee shall be initially adjusted as follows:
 - (1) If an employee is being paid at one of the scheduled rates of a grade under the old wage schedule, he or she shall be paid at the scheduled rate of pay for the corresponding numerical rate of the same grade under the new or revised wage schedule subject to the grade and pay retention provisions in subchapter S9 except that he or she is not entitled to pay retention when there is a decrease in wage rates because of a statutory reduction in scheduled rates.
 - (2) If an employee is being paid at a rate in excess of the maximum scheduled rate of his or her grade under the old wage schedule, the employee is entitled to 50 percent of the amount of the increase in the maximum rate of basic pay payable for the grade of the employee's current position added to his or her existing rate of basic pay. If this rate is equal to or lower than the maximum rate of the grade, the employee is placed in the maximum rate of the grade.
- d. **Effect of delayed application of a wage schedule.** No employee shall be required to suffer a hardship because of the delayed application of a pay schedule. Accordingly, no retroactive change will be made if the actions taken and payments made during the period of retroactivity are more advantageous to the employee than the rate of pay resulting from a new schedule.

S8-7 Environmental Differentials Paid for Exposure to Various Degrees of Hazards, Physical Hardships, and Working Conditions of an Unusually Severe Nature

- a. **Objective.** Each agency should have as its objective the elimination or reduction to the lowest level possible of all hazards, physical hardships, and working conditions of an unusually severe nature. When the agency action does not overcome the unusually severe nature of the hazard, physical hardship, or working condition, an environmental differential is warranted. Even though an environmental differential is authorized, there is an agency responsibility to initiate continuing positive action to eliminate danger and risk which contribute or cause the hazard, physical hardship, or working condition of an unusually severe nature. The existence of environmental differentials is not intended to condone work practices that circumvent Federal safety laws, rules, and regulations.
- b. **Basis for environmental differential.** These instructions provide the basis for:

- (1) Approving and paying environmental differentials to wage employees (full-time, part-time, or intermittent);
- (2) Listing categories of situations in appendix J of this subchapter and specifying the differentials payable for each category listed; and
- (3) Providing guidelines under each category to identify the various degrees of hazard, physical hardships, and working conditions of an unusually severe nature, by the use of examples for the categories listed in appendix J. For the purpose of this section, environmental differential means additional pay authorized as specified in appendix J for a category of situations involving exposure to a hazard, a physical hardship, or working condition of an unusually severe nature.

c. **Payment for environmental differential.** An environmental differential is paid to a wage employee who is exposed to a hazard, physical hardship, or working condition of an unusually severe nature listed under the categories in appendix J of this subchapter. Exposure to a hazard, physical hardship, or working condition of an unusually severe nature listed in appendix J is not taken into consideration in the job-grading process, and additional pay for exposure to these conditions is provided only through the environmental differentials authorized by this section. An employee subjected at the same time to more than one hazard, physical hardship, or working condition of an unusually severe nature listed in appendix J shall be paid for that exposure which results in the highest differential but shall not be paid more than one differential for the same hours of work.

d. **Authorization for pay for environmental differential.** Pay is authorized for:

- (1) Exposure to an unusually severe hazard which could result in significant injury, illness, or death, such as working on a high structure or on an open structure when adverse conditions such as darkness, lightning, steady rain, snow, sleet, ice, or high wind velocity exist;
- (2) Exposure to an unusually severe physical hardship under circumstances which cause significant physical discomfort or distress; or
- (3) Exposure to an unusually severe working condition under circumstances involving exposure to fumes, dust, or noise which cause significant distress or discomfort in the form of nausea, or skin, eye, ear, or nose irritation or conditions which cause abnormal soil of body and clothing, etc.

Some of the environmental differentials listed in appendix J are payable whenever the criteria in the category definition are met. Others are payable only if protective facilities, devices, or clothing have not practically eliminated the hazard, physical hardship, or working condition of an unusually severe nature. Consistent with S8-7g (3) below, determinations in this regard may be made through negotiations at the local level. Categories for which payment is made when the conditions given in the definition are met are those in which there is no reference to practical elimination of the condition through protective measures. Categories that are subject to practical elimination contain language to that effect in the definition.

e. **Establishment of environmental differentials.**

- (1) Appendix J is a schedule of environmental pay differentials which defines methods of payment and various degrees of hazards, physical hardships, and working conditions, each of an unusually severe nature, for which the differentials are payable. The amounts of the differentials are listed in appendix J. Environmental differentials are authorized only when the exposure is under the circumstances described in the category listed in

appendix J. When examples are listed under the categories in appendix J, these examples are illustrative only and are not intended to be exclusive of other exposures which may be encountered under the circumstances which describe the listed category.

- (2) Environmental differentials are stated as percentage amounts and are authorized for categories of exposures as described in appendix J. The amount of the environmental differential which is payable is determined by multiplying the percentage rate authorized for the described exposure by the second rate for grade WG-10 on the current regular nonsupervisory wage schedule for the area, counting one-half cent and over as a full cent. The resulting cents-an-hour amount is paid uniformly to each wage employee in the area who qualifies for the authorized environmental differential, regardless of the grade level of the wage employee or the Federal Wage System wage schedule on which the employee is paid.
- (3) Amendments to categories in appendix J in the form of additions, changes, or deletions may be made by OPM on its own motion, at the request of an agency, or at the request of the national office of a labor organization and after receiving the advice of the Federal Prevailing Rate Advisory Committee. Each request for an addition to, or change in, a category in appendix J should include information about the hazard, physical hardship, or working condition showing:
 - (a) The nature of the exposure so as to show clearly that the hazard, physical hardship, or working condition which results from that exposure is of an unusually severe nature;
 - (b) The degree to which the employee is exposed to the hazard, physical hardship, or working condition of an unusually severe nature;
 - (c) The period of time during which the exposure will continue to exist; and
 - (d) The degree to which control may be exercised over the physical hardship, hazard, or working condition of an unusually severe nature.

The request shall also include the rate of environmental differential recommended to be established.

f. When environmental differential is paid.

- (1) An agency shall pay the environmental differential in appendix J to a wage employee paid under the Federal Wage System wage schedule when the employee is performing assigned duties which expose him or her to an unusually severe hazard, physical hardship, or working condition listed in appendix J, on or after the effective date specified.
- (2) When an employee is entitled to an environmental differential which is paid on an actual exposure basis, he or she shall be paid a minimum of 1 hour's differential pay for the exposure. For exposure beyond 1 hour, the employee shall be paid in increments of one-quarter hour for each 15 minutes and portion thereof in excess of 15 minutes.
- (3) When an employee is exposed at intermittent times during a day to an unusually severe hazard, physical hardship, or working condition for which the environmental differential is paid on an actual exposure basis, each exposure is considered separately and the amount of time exposed is not added together before payment is made for exposure beyond 1 hour's duration, except that pay for the environmental differential may not exceed the number of hours of active duty by the employee on the day of exposure.
- (4) When an employee is exposed to an unusually severe hazard, physical hardship, or working condition during an overtime period for which he or she is entitled to overtime pay, the employee shall be paid no less than the minimum amount of environmental

differential to which he or she would otherwise be entitled.

- (5) When an employee is exposed to an unusually severe hazard, physical hardship, or working condition for which an environmental differential is payable on a shift basis and on the same day he or she is exposed to an unusually severe hazard, physical hardship, or working condition for which an environmental differential payable on an actual exposure basis at a higher rate is authorized, he or she shall be paid the environmental differential on the basis of actual exposure for that exposure, and the environmental differential on the basis of the shift for the remaining hours in the pay status that day.
 - (6) When an employee is exposed to more than one category listed in appendix J for which the environmental differential is payable on an actual exposure basis, each category is considered separately in computing the amount of environmental differential payable.
- g. **Determining local situations when environmental differentials are payable.**
- (1) Appendix J defines the categories of exposure for which the hazard, physical hardships, or working conditions are of such an unusual nature as to warrant environmental differentials, and gives examples of situations which are illustrative of the nature and degree of the particular hazard, physical hardship, or working condition involved in performing the category. The examples of the situations are not all inclusive but are intended to be illustrative only.
 - (2) Each installation or activity must evaluate its situations against the guidelines in appendix J to determine whether the local situation is covered by one or more of the defined categories.
 - (a) When the local situation is determined to be covered by one or more of the defined categories (even though not covered by a specific illustrative example), the authorized environmental differential is paid for the appropriate category.
 - (b) When the local situation is not covered by one of the defined categories but is considered to be unusual in nature so as to warrant payment of an environmental differential, a differential may not be paid, but action is to be initiated to request OPM to consider authorizing the payment of an environmental differential.
 - (3) Nothing in this section shall preclude negotiations through the collective bargaining process for:
 - (a) Determining the coverage of additional local situations under appropriate categories in appendix J and application of appendix J categories to local work situations. For example, local negotiations may be used to determine whether a local work situation is covered under an approved category, even though the work situation may not be described under a specific illustrative example.
 - (b) Determining additional categories not included in appendix J for which environmental differential is considered to warrant referral to OPM for prior approval as in (2), above. For example, labor and management may negotiate locally whether to submit a joint request for a new environmental differential category or a different percentage differential for an existing category to OPM through either of their respective headquarters.
- h. **Relationship to other pay.** Environmental differential is included as part of the employee's basic rate of pay and shall be used to compute premium pay (pay for overtime, holiday, or Sunday work), the amount from which retirement deductions are made, and the amount on which group life insurance is based.
- i. **Computing environmental differential payments.** An environmental differential is paid

under appendix J either on the basis of actual exposure (part I) or on the basis of hours in pay status (part II). A wage employee who is exposed to a situation for which an environmental differential is authorized under appendix J is entitled to the appropriate differential regardless of whether the employee has a full-time, part-time, or intermittent tour of duty; on regular assignment or on detail; or serving under a temporary appointment or under an appointment without time limitation. However, to receive a differential, either under part I or part II, there must be actual exposure to the environmental condition. For situations involving multiple exposures, see S8-7c. The following is given as an aid in computing environmental differentials.

- (1) Payment on basis of hours in pay status. When an employee is exposed to a situation for which an environmental differential is authorized on the basis of hours in a pay status, the agency shall pay him or her the differential for all hours in a pay status on the day (calendar day or, to avoid problems involving uncommon tours of duty, and when designated by the agency, a 24-hour period) on which the employee is exposed to the situation. When exposure to the situation occurs during a continuous period extending over 2 days, it shall be considered to have occurred on the day on which the exposure began and the allowable differential shall be charged to that day. Thus, for example, an employee with a tour of duty of 8 a.m. to 4 p.m., Monday through Friday, who on Monday works from 8 a.m. to 7 p.m., and who is exposed to a situation for which a differential is authorized from 5 p.m. to 7 p.m., is entitled to an environmental differential for 11 hours. On Tuesday the same employee works from 8 a.m. Tuesday to 3 a.m. Wednesday, and is exposed to a situation for which an environmental differential is authorized from 1 a.m. to 3 a.m. Wednesday, he or she is entitled to an environmental differential for 19 hours. If for the rest of the week the employee performs no further overtime work or is not exposed to a situation for which an environmental differential is authorized, he or she is entitled to 40 hours straight pay, 14 hours overtime pay, and 30 hours environmental differential.
- (2) When an employee is entitled to a differential which is paid on an actual exposure basis under part I, appendix J, he or she shall be paid a minimum of 1 hour's differential for each exposure. However, when more than one exposure occurs within the same hour the employee shall be paid only the exposure that results in the highest differential. When entitlement continues beyond 1 hour, the employee will be paid in one-quarter hour increments for each 15 minutes and portion thereof in excess of 15 minutes. Again, however, when more than one exposure occurs during the continuous period of time, the employee will be paid for that period only for the exposure that results in the highest differential. For example, an employee whose regular tour of duty is 8 a.m. to 4 p.m., Monday through Friday, is exposed to situations for which a differential is authorized under part I, appendix J, as follows:

Day	Hours worked	Rate percent	Differential earned
Monday	8:30 a.m. to 9 a.m.	4	1 hr. at 4 percent
	9:20 a.m. to 9:30 a.m.	4	0 (2nd exposure in same hour)
	10 a.m. to 11:30 a.m.	25	1½ hr. at 25 percent
	12 noon to 12:05 p.m.	4	1 hr. at 4 percent

Tuesday	8 a.m. to 8:05 a.m.	4	1 hr. at 4 percent
	8:55 a.m. to 9:20 a.m.	4	30 min. at 4 percent (continuation of preceding hour)
	10 a.m. to 10:05 a.m.	4	1 hr. at 25 percent (see following)
	10:55 a.m. to 11:10 a.m.	25	15 min. at 25 percent (continuation of preceding hour)
	11:14 a.m. to 11:20 a.m.	4	15 min. at 25 percent
Wednesday	8:45 a.m. to 9 a.m.	4	1 hr. at 25 percent (pay for 1 hr. at higher rate)
	9:40 a.m. to 9:45 a.m.	25	
	3:55 p.m. to 4 p.m.	4	1 hr. at 4 percent (1 hr. of environmental pay; no overtime pay)
Thursday	5 p.m. to 5:30 p.m.	4	1 hr. at 4 percent (even though entitled to 2 hr. callback overtime, only 1 hr. of environmental pay)
Friday	8:45 a.m. to 8:50 a.m. annual leave		
	9 a.m. to 4 p.m.	4	1 hr. at 4 percent

As demonstrated by the above example, in computing environmental pay, entitlement begins with the first instance of exposure and ends 1 hour later (except when exposure continuing beyond 1-hour entitlement ends at the end of the last full quarter-hour in which exposure occurs). All exposure occurring during the period of entitlement must be considered, but payment is computed for the period only on the basis of the highest differential rate authorized during the period of entitlement.

j. Environmental differential pay during absence on leave.

- (1) An environmental differential is included as part of an employee's basic rate of pay for periods of paid leave (annual leave, sick leave, administrative excusals, etc.) under the following circumstances:
 - (a) When an employee is exposed to a situation for which an environmental differential is authorized on the basis of hours in a pay status, that differential will be paid during a period of absence on paid leave on the day on which the exposure occurs.
 - (b) When an employee is exposed to a situation for which an environmental differential is authorized on an actual exposure basis, that differential will be paid during a period of absence on paid leave only to the extent that the leave is within the minimum payment periods specified in f(2).
- (2) An employee will not be paid an environmental differential during a period of absence on paid leave on any day on which he or she is not exposed to situations for which an environmental differential is authorized.

k. Effect of environmental differential pay on lump-sum leave payment and severance pay. Because an environmental differential is paid only on a day on which an employee is exposed to a situation for which the differential is authorized, it is not included in a lump-sum payment for annual leave or in computing severance pay.

S8-8 Determining Appropriate Rate of Pay for Employees Who Are in an Area or Part of an Area That Is Consolidated With Another Area

a. Consolidation of wage areas.

(1) When an employee is in an area or part of an area that is consolidated with another area his or her rate is determined as follows, unless it would result in a rate of pay lower than his or her existing scheduled rate of pay:

- An employee paid from the first step rate of his or her grade under the old area schedule will be paid the first step rate of his or her grade under the new area schedule;
- An employee paid the second step rate of his or her grade under the old area schedule will be paid the second step rate of his or her grade under the new area schedule;
- An employee paid the third step rate of his or her grade under the old area schedule will be paid the third step rate under the new area schedule;
- An employee paid the fourth step rate of his or her grade under the old area schedule will be paid the fourth step rate under the new area schedule;
- An employee paid the fifth step rate of his or her grade under the old area schedule will be paid the fifth step rate under the new area schedule.

If application of the above would result in a lower rate of pay than the employee's existing scheduled rate of pay his or her rate will be determined as follows:

- An employee will be paid at the next higher step rate of his or her grade on the new area schedule that equals or exceeds his or her existing schedule rate paid under the old area schedule;
- An employee will retain his or her existing schedule rate of pay paid under the old area schedule if it exceeds the maximum scheduled rate for his or her grade on the new area schedule. He or she shall retain this rate indefinitely and receive one-half of the amount of each later prevailing rate increase applicable to the maximum scheduled rate of his or her grade until his or her retained rate is terminated by one of the following conditions:
 - (a) A break in service of 1 or more workdays;
 - (b) Transfer out of the agency;
 - (c) A subsequent change to lower grade or reassignment, either of which is effected for personal cause, at the employee's own request, or in a reduction in force due to lack of funds or curtailment of work; or
 - (d) Entitlement to a scheduled rate of pay which is higher than the retained rate by reason of the normal operation of the wage system, or any other personnel action.

(2) When an employee has prior entitlement to pay retention benefits under former agency system or under the pay retention provisions of subchapter S9, his or her entitlement shall continue under the specific agency rules then applicable, or under the rules in subchapter S9, as appropriate.