



United States Department of the Interior

OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240



July 13, 1992

LIMITED DISTRIBUTION

PERSONNEL MANAGEMENT LETTER NO. 92-14 (550)

SUBJECT: Departmental Policy on Pay Reform - Advances in Pay

Attached is the Department's policy regarding the implementation of Section 302 of the Federal Employees Pay Comparability Act of 1990 (FEPCA). This policy permits bureau personnel officers to make advance payments of basic pay, covering not more than two pay periods, to individuals who are newly appointed.

This policy incorporates comments made by bureau personnel offices in response to PMB No. 91-151. Bureaus may begin immediately to grant advances in pay in accordance with this guidance.

Morris A. Simms
Director of Personnel

Attachment

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BULLETIN EXPIRES: October 1, 1992

ADVANCES IN PAY

I. Authorities

5 U.S.C. 5524a

II. Policy

The Department of the Interior hereby establishes a policy to allow advance payments of basic pay, covering not more than 2 pay periods to individuals who are newly appointed to a position in accordance with the provisions of 5 CFR 550. Nothing in this policy shall affect the authority of the IG to select, appoint and employ officers and employees as provided in 205 DM 8.4.

III. Approving Officials

The authority to approve advances in pay is delegated to bureau personnel officers who may redelegate it to lower levels of the organization consistent with the authority to make final firm offers of employment.

IV. Definitions

For the purposes of this subchapter, the following definitions apply:

- (a) "Newly appointed" means the first appointment, regardless of tenure, as an employee of the Federal Government, including student employees, or a new appointment following a break in service of at least 90 days.
- (b) "Employee" means an individual employed in or under an agency who is appointed to a position with a scheduled tour of duty.
- (c) "Offset" or "setoff" means repayment of installments of an advance in pay by payroll deductions or an administrative offset to collect a debt under 5 U.S.C. 5514 from an indebted Government employee.
- (d) "Rate of basic pay" means the rate of pay fixed by law or administrative action for the position held by an employee including annual premium pay for the standby duty under 5 U.S.C. 5545 (c)(1); night differential for prevailing rate employees under 5 U.S.C. 5343 (f); a special rate established under 5 U.S.C. 5305, 532.231 of this subchapter, or other legal authority and locality based comparability payments under 5 U.S.C. 5304 or interim geographic adjustments under section

302 of the Federal Employees Pay Comparability Act of 1990 (Public Law 101-509); but not including additional pay of any other kind.

V. **General Provisions**

- (a) The maximum amount of pay that may be advanced to an employee shall be based on the rate of basic pay to which the employee is entitled on the date of his or her new appointment with the Department/Bureau, reduced by the amount of any applicable allotments or deductions from pay.
- (b) An advance in pay may not be made to an employee before the date of the employee's appointment or after the employee has received his or her first regular pay check.
- (c) An advance in pay may not be made to any employee when the Department/Bureau an agency expects to make an advance in pay to the same employee under 5 U.S.C. 5927 within 2 pay periods after the employee's appointment.
- (d) The maximum period of time for recovery of an advance payment is 13 pay periods unless recovery is accomplished by salary offset procedures and a longer period is necessary to avoid exceeding the 15 percent of disposable pay limitation described in 5 CFR 550.1104(i).
- (e) If an employee transfers to another agency or employment is terminated for any reason, the remaining balance of an advance in pay not yet repaid is due and must be repaid to the Federal Government unless repayment is waived in whole or in part under 5 CFR 550.206. Any remaining balance of an advance in pay that has not been waived under 5 CFR 550.206 or repaid by an employee upon transfer or termination of employment must be recovered using procedures for salary offset under Subpart K of 5 CFR 550 and/or by other such method as is provided by law.

VI. **Criteria to be considered in reviewing requests**

When making a determination regarding the approval or denial of individual requests for advances in pay, the approving official may consider, among other matters particular to the employee:

- (a) excessive non reimbursable relocation expenses incurred by the employee.

- (b) individual's appointment is one in which economic need is established as part of the hiring authority.
- (c) relocation to an area which has a high cost of living which may be evidenced by locality based comparability payments or interim geographic adjustments.
- (d) unique or unusual economic need or financial circumstances of the individual.
- (e) non-reimbursable expenses associated with change in residence including advance payment of rent, rental deposits, security deposits and other expenses associated with residence transactions.

VII. **Criteria to be considered before waiving all or part of advance payments**

The head of a bureau or his designee may waive in whole or in part a right of recovery of an advance payment under 5524a and 5 CFR Part 550, Subpart B if it is determined that recovery would be against equity and good conscience or against the public interest.

VIII. **Accounting Procedures/Responsibilities**

The servicing personnel office in concert with the finance office will:

- (a) review the circumstances surrounding a particular case, authorize advance pay and request funds from the bureau accounting office.
- (b) establish the loan repayment schedule via payroll deduction, with the employee's concurrence.
- (c) prepare the Loan Repayment Agreement and secure the employee's signature on the repayment agreement. Advances in pay cannot be executed until the Loan Reimbursement Agreement is signed.
- (d) forward a copy of the Loan Repayment Agreement to the appropriate payroll processing section along with other payroll master employment forms, e.g. W-4, correspondence/net check forms, etc.

- (e) forward a copy of the Loan Repayment Agreement to the bureau accounting office. This agreement should accompany the request for issuing the advance pay disbursement. Advance payments of pay which are to be paid in full are considered loans and as such are not subject to withholding at the time of the loan nor at calendar year end for repayment balances. However, the loan will be considered taxable if waived or written off as uncollectible.

LOAN REPAYMENT AGREEMENT

Employee Name _____
Social Security No. _____
Title, Pay Plan, Series and Grade _____

Duty Location _____

Initial _____

_____ I understand that the \$_____ I will receive as an advance in pay will be recovered by the Department of the Interior through biweekly deductions from my salary which will begin on pay period number _____.

_____ I understand that in accordance with the order of precedence for payroll deductions prescribed by the General Accounting Office, an advance of pay is considered to be an indebtedness due the United States Government, and deductions therefore precede other voluntary deductions, including allotments and assignments of pay.

_____ I understand that repayment of \$_____ which has been advanced to me will be deducted over a period of _____ pay periods, at a rate of \$_____ per pay period.

_____ I also understand that I may repay all or part of the balance of the advance pay not yet repaid at any time before the money is due.

_____ I understand that if I transfer to another Federal agency or if my employment with the Department of Interior is terminated for any reason the amount of the advance pay not yet repaid is recoverable as a debt due the United States Government and will be recovered by salary offset under Subpart K of 5 CFR Part 550 and/or by such other method as provided by law.

Signature of Employee

Date

Approved:

Name

Date

Title