



Department of Veterans Affairs

Financial Policy

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Payroll

Chapter 6

Payroll: Payments

Approved:

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Date

VA Financial Policies and Procedures
Payroll: Payments

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0601 OVERVIEW

This chapter establishes the Department of Veterans Affairs (VA) financial policies and procedures regarding payroll payments. VA will pay its employees, including separated employees, the correct amount of salary and/or wages, premium pay, allowances, and differentials to which they are entitled by Federal laws, regulations, and VA policy. VA's payroll operations are governed in various respects by regulations issued by the Office of Personnel Management (OPM), Federal and other taxing authorities, the Department of the Treasury (Treasury), the Department of State, the Office of Management and Budget (OMB), and the Department of Labor, and by decisions issued by the United States Comptroller General.

VA's payroll provider will disburse employee payroll, make payments to other Federal agencies for wage-related expenses, generate data for the annual Internal Revenue Service (IRS) Form W-2, *Wage and Tax Statement*, charge all appropriations and cost centers, and report all payroll-related financial information to proper authorities on behalf of VA. Wage payments will be processed through the payroll provider's payroll system.

VA's local human resources (HR) and payroll staff will enter employee data into VA's automated HR system identifying pay entitlement. Both VA and its payroll provider are responsible for maintaining system requirements in compliance with all applicable laws and regulations.

0602 POLICIES

060201 PAYMENT AUTHORITY.

A. VA's payroll provider will make all payroll payments to current and separated employees and outside entities (e.g., OPM, taxing authorities), as authorized, in accordance with applicable Federal laws, regulations, and VA policy. HR maintenance of master employee records in VA's payroll provider's payroll system, together with certification of time and attendance records by designated supervisors, provide authority for regular payroll disbursements.

B. Payments are not made when doubt exists as to their legality.

060201.01 Title 5 Authority.

VA will adhere to Title 5 of the United States Code (U.S.C.), Code of Federal Regulations (C.F.R.), and OPM guidance for General Schedule and Federal Wage System employees when paying employees.

060201.02 Title 38 Authority.

VA will adhere to Title 38 of the U.S.C. and the applicable C.F.R. when paying its hourly and daily rate employees in health care occupations.

060201.03 Electronic Payments.

A. VA's payroll provider will make all payroll-related disbursements (e.g., salaries, taxes, retirement contributions) using direct deposit/electronic funds transfer (DD/EFT) to the maximum extent possible, in accordance with 31 C.F.R. Section 208.3. For more information on DD/EFT requirements, refer to Volume VIII, Chapter 2, *Electronic Funds Transfer Requirement*.

B. VA has established the first Friday following the end of each pay period as the settlement date and pay date for DD/EFT for all regular salary payments. The official VA payday and the settlement date are generally the same; however, in the event the settlement date falls on a designated national holiday, the settlement date will move to the preceding Thursday.

060202 REGULAR SALARY TRANSACTION PROCESSING.

A. VA local payroll staff will transmit official certified VA time and attendance records data by the deadline as stated in Volume XV, Chapter 1, Appendix E-1, *Payment Run Processing Cycle Schedule*.

B. VA local HR and payroll staff will use authorized automated systems and related procedures to assist VA's payroll provider to ensure that:

1. Employees receive payment for the correct amount of salary and other pay entitlements, based on the authority as stated in VA Handbook 5007, *Pay Administration*.
 2. Payments are properly documented and charged to appropriate accounts so accounting records and other documentation accurately reflect employee payments.
- C. VA will issue special payments (payments outside the normal bi-weekly processing cycle) to employees only when they have not received 90 percent of their basic pay and allowances during normal payroll processing.

060202.01 Agency Payment Restriction.

A. VA will comply with limitations on aggregate pay applicable to all employees in accordance with VA Handbook 5007, Part VII Chapter 2, *Aggregate Limits*.

B. VA facilities will not issue paper checks¹ or make cash payments for employee salaries.

C. VA will not use appropriated funds to pay interest and/or fees on behalf of employees or to correct agency acts, errors or omissions, unless specifically authorized by statute.²

D. VA will not reimburse employees for late payment charges due to payroll-related disbursement errors, whether caused by:

- erroneous payroll system or employee data, or
- errors made by either VA employees or payroll provider employees in the performance of their official duties.

060203 ADDITIONAL PAYMENT ITEMS.

060203.01 Back Pay and Settlement Agreements. VA will process pay transactions as stipulated in back pay determinations and settlement agreements. Refer to back pay authority in 5 U.S.C. 5596 and to processing instructions in 5 C.F.R. 550.805.

060203.02 Continuation of Pay (COP). VA will, in accordance with employee election and local HR authorization, ensure payments are made to employees who sustain traumatic injuries related to their Federal employment and are deemed eligible for continuation of regular pay during periods of resulting disability, up to a maximum of 45 calendar days.

060203.03 Credit Hours. VA will issue payment at the employee's regular hourly rate of basic pay at the time entitlement to pay for credit hours is effective. A full-time employee may be paid for a maximum of 24 credit hours. A part-time employee may be paid for a maximum of 25 percent of the hours in the employee's basic work requirement. Credit hours may be paid when an employee ceases to work in a unit where credit hours may be earned.

060203.04 Entitlement upon Separation.

A. Lump Sum Annual Leave (LSAL). VA will make a lump sum payment to an employee for accumulated and accrued annual leave when an eligible employee separates, transfers to a position to which the accumulated annual leave cannot be transferred, or enters on active duty in the armed forces and elects to receive a lump sum payment for accumulated and accrued annual leave. Refer to VA Handbook 5007, Part IV, Chapter 3, *Lump Sum Annual Leave Payments*, for information on LSAL

¹ January 15, 2009 update to [OMB Circular A-123](#), Appendix B, adding Chapter 12 prohibits use of Convenience Checks to issue Federal salary payments or awards.

² Refer to 31 U.S.C. Subchapter III, *Limitations, Exceptions, and Penalties*, for more information on fee payment restriction.

entitlement for eligible employees, and to Part VIII, Chapter 2, for firefighter LSAL information.

B. Final Pay. VA will reduce an employee's final salary payment by appropriate deductions and collections for indebtedness to the Federal government. "Indebtedness to the Federal Government" includes any debt owed by reason of participation in a VA benefits program.

1. VA will issue payment at the time of separation for any unused balances of compensatory time earned in lieu of overtime in accordance with VA Handbook 5007, Part V, Chapter 2, *Overtime and Compensatory Time Off*.

2. VA will issue payment for unused credit hours at the employee's regular hourly rate of basic pay at the time of separation.

C. Deceased Employee Settlement of Accounts. VA local payroll staff will assist local HR office personnel, as needed, to submit required documentation of death and of eligible beneficiaries to VA's payroll provider.

D. Severance Pay. VA will make severance payments to employees when authorized by memorandum from the local HR office. These payments will be made in accordance with OPM requirements under 5 C.F.R. §550.707.

E. Voluntary Separation Incentive Payment. VA may offer a Voluntary Separation Incentive Payment (VSIP) to employees under certain circumstances when authorized by OPM. For more information on the VSIP, refer to Volume XV, Chapter 3, *Awards and Incentives*.

060203.05 Firefighters Pay. VA will pay firefighters covered by the Federal Firefighters Overtime Pay Reform Act (FFOPRA) of 1998 in accordance with 5 C.F.R. Part 550, Subpart M, and VA Handbook 5007, Part VIII, Chapter 2, *Firefighter Pay*. VA firefighters in the GS-0081 series whose normal work schedule (all hours within tour, regardless of activity) averages at least 106 hours per bi-weekly pay period will not be paid for standby duty pay, hazardous duty pay, or other premium pay for work at night, on weekends, or on holidays.

060203.06 Military Reservist Differential Pay. A provision in Section 751 of Public Law 111-8 requires payment of Reservist Differential Pay effective March 15, 2009. Eligible VA employees submitting claims who are (1) members of the Reserve or National Guard, and (2) are called to perform active duty under a provision of law referred to in 10 U.S.C. §101(a)(13)(B), will be paid the amount by which the civilian basic pay the employee would have earned (but for the active duty) exceeds the military pay and allowances actually received allocable to the same covered period. Reservist differential is not payable for any period in which an employee receives civilian basic pay for performing work or using paid civilian leave or other paid time off. Refer to the

OPM Web site <http://www.opm.gov/reservist/ReservistDifferentialPolicyGuidance.pdf> for additional information and guidance.

060203.07 Nurse Alternate Work Schedule Pay. VA may authorize alternate work schedules for Registered Nurses and Nurse Anesthetists appointed at VA health care facilities. VA will issue payment for duty and leave under the 72/80, 9-month/3-month, and the Baylor Plan in accordance with VA Handbook 5007, Part VIII, Chapter 9, *Pay Administration Policies for Nurses on Alternate Work Schedules*.

060203.08 Physician and Dentist Pay. VA will pay physicians and dentists an amount consisting of three elements: base pay, market pay, and performance pay. Refer to section 060621 for description of each pay element and to VA Handbook 5007, Part IX, *Pay for VHA Physicians and Dentists*, for additional information on pay entitlement. Full-time physicians and dentists are paid on a daily basis; part-time physicians and dentists are paid on an hourly basis.

Part-time Physicians. VA may authorize adjustable work schedules for part-time VA physicians who have VA or non-VA patient care, research or educational responsibilities and who frequently encounter unanticipated obligations that require them to deviate from their scheduled tours of duty. VA local HR will determine if a part-time physician qualifies for an adjustable work schedule in accordance with VA Handbook 5011, Part II, Appendix I, *Instructions for Completing and Monitoring Memoranda of Service Level Expectations*.

060203.09 Premium Pay. VA will pay premium pay to employees entitled by law and/or VA regulation.

A. VA will compensate eligible employees for overtime and compensatory time, in lieu of overtime, in accordance with VA Handbook 5007, Part V, Chapter 2, *Overtime and Compensatory Time Off*, except as follows:

- The Fair Labor Standards Act (FLSA) overtime will be paid in accordance with 5 C.F.R. Part 551, Subpart E.
- Wage Grade employee overtime will be paid in accordance with [Federal Wage System \(FWS\) Operating Manual Subchapter S8](#) requirement.
- Firefighter overtime will be paid in accordance with VA Handbook 5007, Part VIII, Chapter 2, *Firefighter Pay*.
- Nurse Alternate Work Schedule overtime will be paid in accordance with VA Handbook 5007, Part VIII, Chapter 9, *Pay Administration Policies for Nurses on Alternate Work Schedules*.

B. VA will pay premium pay to hybrid employees on the same basis as Registered Nurses, when authorized, in accordance with VA Handbook 5007, Part V, Chapter 3,

Premium Pay on the Same Basis as Registered Nurses for Employees Appointed under 38 U.S.C. §7401(3) or §7405(a) (1) (B).

C. VA will pay higher rates of additional pay to Nurses, Physician Assistants, Expanded Function Dental Auxiliaries, and authorized hybrid employees in accordance with VA Handbook 5007, Chapter 4, *Higher Rates of Additional Pay for Employees Appointed under 38 U.S.C. §§7401, 7405(a) (1) (A) and 7405(a) (1) (B).*

D. VA will pay authorized on-call and standby premium in accordance with VA Handbook 5007, Part V, Chapter 5, *On-Call Pay and Standby Pay.*

E. VA will pay other premium pay, including holiday, night/shift/tour differential, Sunday premium and weekend premium in accordance with VA Handbook 5007, Part V, Chapter 6, *Other Forms of Additional Pay (Sunday Pay, Night Differential, Weekend Pay).* Refer to VA Handbook 5007, Part VIII, Chapter 9, *Pay Administration Policies for Nurses on Alternate Work Schedules,* for premium pay entitlement for those nurses.

F. VA will pay environmental differential and hazard pay differential in accordance with regulation in VA Handbook 5007, Part V, Chapter 7, *Hazard Pay Differential and Environmental Differential,* upon authorization by facility directors.

1. Environmental differential is payable to an employee under the Federal Wage System (FWS) for work performed under unusually severe working conditions or unusually severe hazards. Payment will be based on the appropriate percentage rate authorized for the described exposure under 5 C.F.R. §532.511 and Appendix A to Subpart E of Part 532.

2. Hazardous pay differential under 5 U.S.C. §5545(d) for General Schedule employees is additional pay for the performance of hazardous duty or duty involving physical hardship. Refer to 5 C.F.R. §550.904 for more information on authorization of Hazard Pay Differential, and to Appendix A of Part 550 for the schedule of authorized hazard descriptions and associated premium rates.

060203.10 Reemployed Annuitant Salary Offset.

A. VA will reduce a re-employed annuitant's salary prior to making all other deductions. Generally, when annuitants are re-employed, their annuities will continue, but the amount of each annuity that applies to the period of re-employment is offset from the re-employed annuitant's salary.³ Local HR staff will enter the initial monthly annuity amount in VA's automated HR system. For more information on re-employed annuitants, refer to Civil Service Retirement System (CSRS) and Federal Employees Retirement System (FERS) Handbook for Personnel and Payroll Offices, Chapter 100, *Reemployed Annuitants,* in the Authority and References 060317.

³ VA officials may request to waive the salary offset required under 5 U.S.C. §§8344 and 8468 in order to hire annuitants to perform one or more of the approved tasks found in Human Resources Management Letter 05-10-04.

B. VA's payroll provider will increase the salary offset when a cost of living increase is applied to the annuity. Local VA HR or payroll staff will submit a copy of the re-employed annuitant's updated OPM annuity statement to VA's payroll provider and will enter the new monthly annuity amount in VA's HR automated system. For more information on the annuity cost of living adjustment and how it relates to re-employed annuitants, refer to CSRS and FERS Handbook for Personnel and Payroll Offices, Chapter 2, Part 2A5, *Miscellaneous*, in the Authority and References 060316.

060203.11 Special Pay under Title 38. VA will issue Special Pay, as authorized under Title 38, to eligible Nurse Executives and Pharmacist Executives in accordance with VA Handbook 5007, Part VIII, Chapters 16 and 17, *Special Pay for Nurse Executives and Special Pay for Pharmacist Executives*.

060203.12 Miscellaneous Pay Items.

A. Advance Salary. VA may issue advance salary payments to employees in accordance with requirements in:

- 5 C.F.R. Part 550, Subpart D, for employees impacted by an evacuation order, and
- VA Handbook 5007, Part VI, Chapter 5, *Advances in Pay for New Employees*.

B. Child Care Subsidy Program (CCSP). VA Central Office (VACO) will administer the Child Care Subsidy Program payments in accordance with VA Handbook 5009, Part I, *VA Child Care Subsidy Program and IRS Regulation*.

C. Interest Payment. VA will pay interest⁴ under OPM guidance on back pay. Refer to 5 U.S.C. §5596(b) (2) for back pay interest payment authority.

D. Law Enforcement Officer Availability Pay. VA may pay criminal investigators a premium to ensure availability for unscheduled duty in excess of the 40-hour workweek based on the needs of VA in accordance with 5 C.F.R. §550.181. Refer to VA Handbook 5007, Part V, Chapter 6, Paragraph 3g, *Availability Pay*, for VA's payment authority.

E. Veterans Canteen Service (VCS) Commission Sales. VA's payroll provider will pay VCS pieceworkers (e.g., barbers and beauticians) based on regular reporting of weekly commission sales.

0603 AUTHORITY AND REFERENCES

[060301 5 U.S.C. Chapter 51, Classification](#)

⁴ Interest due under back pay authority in 5 U.S.C. §5596 can be calculated using OPM guidance available at <http://www.opm.gov/oca/pay/backpay/backpay.asp>.

- 060302 5 U.S.C. Chapter 53, Pay Rates and Systems
- 060303 5 U.S.C. Chapter 53, Subchapter IV, Prevailing Rate Systems
- 060304 5 U.S.C. Chapter 55, Pay Administration
- 060305 5 C.F.R. Part 531, Pay under the General Schedule
- 060306 5 C.F.R. Part 534, Pay under Other Systems
- 060307 5 C.F.R. Part 550, Pay Administration (General)
- 060308 5 C.F.R. Part 551, Pay Administration under the Fair Labor Standards Act
- 060309 5 C.F.R. Part 1315, Prompt Payment
- 060310 31 C.F.R. Part 208, Management of Federal Agency Disbursements
- 060311 Amendment to Title 38, Caregivers and Veterans Omnibus Health Services Act of 2010
- 060312 Office of Management and Budget (OMB) Circular A-123, Appendix B, Improving the Management of Government Charge Card Programs
- 060313 Treasury Financial Manual (TFM), Volume 1, Part 3, Payrolls, Deductions, and Withholdings
- 060314 Office of Personnel Management (OPM), Federal Wage System Operating Manual
- 060315 OPM, Federal Wage System Regulation, Subchapter S8, Pay Administration
- 060316 OPM, CSRS and FERS Handbook for Personnel and Payroll Offices, Chapter 2A5, Miscellaneous
- 060317 OPM, CSRS and FERS Handbook for Personnel and Payroll Offices, Chapter 100, Reemployed Annuitants
- 060318 OPM Guidance on Computation of Interest on Back Pay System
- 060319 OPM, Administrative Claims for Sunday Premium Pay as a Result of Decision in Fathauer vs. United States
- 060320 OPM Web site, Salary Tables and Related Information

060321 VA Handbook 5007, Pay Administration

060322 VA Handbook 5011, Hours of Duty and Leave

060323 VA HRML 05-10-04, Temporary Dual Compensation Waiver Authority for Reemployed Annuitants

060324 Office of Financial Policy Publications Library

0604 ROLES AND RESPONSIBILITIES

060401 The Secretary or Deputy Secretary will ensure that effective and efficient financial policies and systems for payroll administration are established.

060402 The Assistant Secretary for Management/Chief Financial Officer (CFO) oversees all financial management activities relating to the Department's programs and operations, as required by the Chief Financial Officers Act of 1990 and 38 U.S.C. 309. Responsibilities include the direction, management and provision of policy guidance and oversight of VA's financial management personnel, activities and operations. The CFO establishes financial policy, systems and operating procedures for all VA financial entities and provides guidance on all aspects of financial management.

060403 Under Secretaries, Assistant Secretaries, Chief Financial Officers, Fiscal Officers, Chiefs of Finance Activities, Chief Accountants and other key officials are responsible for ensuring compliance with the financial policies and procedures set forth in this chapter. The appropriate VA key officials, working through the CFOs, will provide and/or arrange for training for Fiscal/Finance Office employees and timekeepers in policy and procedures relating to automated and manual systems for employee pay, leave, allowances, and deductions.

060404 The Assistant Secretary for Human Resources and Administration will (through the Deputy Assistant Secretary for Human Resources Management) advise Under Secretaries, Assistant Secretaries, Other Key Officials, and field station managers and supervisors of legal and policy requirements and authorities relating to employee pay, leave, allowances, and deductions, excluding taxes.

060405 The Employees Accounts Section is commonly referred to as "Local Payroll." A brief summary of responsibilities for this section includes: ensuring facility training and support is provided to timekeepers and supervisors for time and attendance (T&A) reporting, ensuring bi-weekly T&A data and daily master record update transactions are transmitted timely, and ensuring employees receive appropriate pay and leave entitlements. Specific responsibilities for the Employee Accounts Section are extensive and are outlined in Volume XV, Chapter 1, *Payroll: Overview*.

060406 Director, Austin Information Technology Center (AITC) or designee specified in writing by name and position, will ensure timely transmission of VA timecard data to

VA's payroll provider, creation of payroll reports, and storage of payroll data/reports. Accounting/payroll processing documents (e.g., for retirement corrections) will be prepared, as needed, in accordance with applicable laws, regulations, and VA or Treasury policy.

060407 Director, Financial Services Center (FSC) or designee specified in writing by name and position, will ensure that payroll activity is generated and processed as needed, to include Tier 1 payroll support services. Accounting/payroll processing documents will be prepared, as needed, in accordance with applicable laws, regulations, and VA or Treasury policy.

060408 The Defense Finance and Accounting Service (DFAS), one of four e-Payroll service providers, is VA's designated payroll provider. DFAS processes payroll and makes all employee deductions and disbursements, generates leave and earnings statement file and W-2s (Wage and Tax Statement), charges VA appropriations and cost centers, and reports all payroll-related financial information to Treasury on behalf of VA.

060409 Facility Directors will ensure appropriate local controls, policies, and procedures are established and followed to ensure compliance with all laws, regulations, and policy covering payroll and related HR issues.

060410 Chiefs, Human Resources Management Service will provide appropriate levels of advice and assistance to employees, beneficiaries, supervisors, and Fiscal/Finance employees regarding laws, regulations, and policy covering HR issues, including interpretation of rules relating to hours of duty, pay, leave, and authorization of deductions from pay. They will also ensure HR data is accurately and timely entered into automated HR systems that integrate with payroll systems.

060411 Facility Agent Cashiers will follow established VA policy and procedures for payroll-related collections not made through payroll deduction. Facility Agent Cashiers will receive and distribute employee salary checks as directed by payroll, and will follow established VA policy and procedures for returning any unclaimed salary checks.

060412 Service/Division Chiefs will designate an adequate number of unit timekeepers and alternates by memorandum to the Fiscal/Finance Officer indicating names (position is not sufficient for this purpose), status (timekeeper or alternate or removal from timekeeper function), and effective date.

060413 Supervisors and other leave-approving officials, as authorized in VA Directive 5011, section 3 f, and VA Handbook 5011, Part III, Chapter 1, section 2 b, are accountable for the recording of work time and absence of employees for whom they are responsible, including leave approval and certification of attendance through appropriate time and attendance collection procedures or automated systems. For additional responsibilities besides those described in VA Handbook 5011, refer to Volume XV, Chapter 1, *Payroll: Overview*.

060414 Timekeepers will prepare and maintain time and attendance reports for each employee whose record has been assigned to their jurisdiction. Timekeepers remain under the administrative supervision of the supervisor of their own organizational element while performing the "additional duties" relating to preparation and maintenance of time and attendance reports. However, timekeepers are under the technical supervision of the Employee Accounts Section with regard to time and attendance reporting requirements affecting employee leave and pay entitlements. Additional responsibilities for timekeepers are outlined in Volume XV, Chapter 1, *Payroll: Overview*.

0605 PROCEDURES

060501 PROCESSING FOR PAY.

A. General Payment Processing. Routine payroll calculations are automated. Refer to Appendix A, *Systems Information and On-Line Resources*, for automated systems descriptions and on-line resources. Refer to Appendix B, *Pay Calculation Information*, for guidance in manual calculation of basic pay and premium pay for employees. Corrections to the Master Employee Records (MER) and/or timecards in VA payroll provider's payroll system may be necessary to ensure accurate payment.

B. Special Pay (Payment outside the Regular Bi-weekly Processing Cycle). VA local Payroll staff may submit a special pay request through the Remedy system when an employee has received less than 90 percent of basic pay and allowances. Necessary corrections to MER and/or timecards in VA payroll provider's payroll system must be entered prior to submission of the Remedy request.

C. Emergency⁵ Payment Processing. VA's Payroll and HR Systems Service (PHRSS) may authorize automated processing of basic pay for full-time and part-time employees' normal hours or days of work when payroll data cannot be transmitted for a VA facility. Local payroll staff will provide emergency contact information and requirements of the activated Continuation of Operations Plan (COOP) affecting payroll processing to VAFSC Payroll Support Service. PHRSS will then contact the facility Director or designee if and when necessary. Emergency payment processing may require VA local payroll staff action to reflect accurate timecard data (See Timecard Adjustment section D2 below.) as soon as possible after the emergency ends. VA must ensure employees receive the proper adjustment for actual time worked and/or leave used.

⁵ Employee or family member medical emergency leave contingencies including the Voluntary Leave Transfer Program (VLTP) are addressed in VA Handbook 5011, *Hours of Duty and Leave*, Part III, Chapters 2 and 3. When an Emergency Leave Transfer Program (ELTP) event is authorized through OPM notice, the Office of Human Resources Management (OHRM) will issue appropriate notification and guidance to VA Human Resources.

D. Timecard Adjustment. Adjustments or corrections will be made to employees' payroll records as soon as practicable after discovery of errors and will be documented for the affected pay period.

1. VA Time and Attendance System (VATAS) - Approved adjustments flow to the Defense Civilian Pay System (DCPS) for correction of pay and leave. VA local payroll staff must not adjust the DCPS timecard for timesheets originally processed in VATAS, unless exception is authorized by the VATAS Tier 1 Help Desk.

2. Enhanced Time and Attendance (ETA) - VA local payroll staff will enter approved adjustments and/or corrections to timecard data, when needed, in the DCPS timecard record. Refer to Appendix C, *Timecard Adjustment*, for additional processing requirement information.

E. Special Process Requirement. Refer to Appendix D, *Special Circumstance Processing Requirements*, for irregular transaction processing requirements.

F. Part-time Physicians. VA local payroll staff will reconcile and process adjustments to pay received by part-time physicians with adjustable work hours when a Memorandum of Service Level Expectations (MSLE) expires or is terminated. Refer to Appendix E for processing instructions.

060502 ADDITIONAL PAYMENT PROCESSING PROCEDURES.

060502.01 Back Pay and Settlement Agreements.

A. Back Pay. VA's payroll provider will process required adjustment transactions. VA local payroll staff will submit necessary documentation and will make required timecard adjustments. Back pay entitlement will be charged to the employee salary appropriation for the fiscal year to which the payment relates⁶ or for the current year when the prior year appropriation is closed.⁷

B. Settlement Agreements. Settlement agreement payment for other than back pay will be paid through VA accounting.

060502.02 Continuation of Pay (COP).

VA local HR will authorize COP by memorandum over the signature of the proper authority. The memorandum must contain the employee's name, the date of injury, and a statement that the employee has elected to have pay continued. COP payments are subject to deduction for taxes and all other payroll deductions that are made from regular income. Refer to 5 U.S.C. §8118 and to 20 C.F.R. Part 10 for additional

⁶ Refer to [GAO Comptroller General Decision, Back Pay Awards For Prior Fiscal Year, B-233993 \(69Comp.Gen.40\), October 27, 1989.](#)

⁷ If it is determined that funds are not available at the upper VA level for expired funds, the excess may only be liquidated pursuant to a supplemental or deficiency appropriation or other congressional action. ([GAO CG B-253623](#) and [GAO Appropriations Law, Volume I Chapter 5, Section D 3. and 4.](#)) Refer to Volume II, Chapter 2, *VA's Budget Cycle and Fund Symbols*, for additional information.

information. Refer to Volume XV Chapter 6, *Payroll: Payments, Appendix I, Continuation of Pay (COP) Quarterly Report*.

060502.03 Entitlement upon Separation.

A. Lump Sum Annual Leave. VA local payroll staff will audit leave for the year prior to separation. VA local payroll staff will make corrections in VA's payroll provider's time and attendance system for any discrepancies found.

B. Final Pay. VA will release final salary payments for normal processing by DD/EFT transaction when clearance from indebtedness has been documented timely.

VA local payroll staff will direct the employee's final salary payment to the facility Agent Cashier when clearance from indebtedness has not been documented timely.⁸ VA local Payroll staff will promptly forward notice to the Agent Cashier of clearance confirmed, or detail of debt to support recovery upon release of final salary payment.

C. Severance Pay. VA local payroll staff, upon notice of entitlement from HR, will calculate severance pay in accordance with 5 C.F.R. §550.707. The severance payment amount will be returned to VA local HR for transmission to VA's payroll provider for payment.

060502.04 Premium Pay. Refer to Appendix F, *Premium Pay*, for information on procedures to ensure recognition of premium pay entitlement.

060502.05 Other Payment Procedure Coverage. References are indicated below where financial policies and procedures have been developed for payroll payments in other volumes and chapters.

A. Allowances. The definitions and instructions for the following allowances are found in Volume XV, Chapter 2, *Payroll: Allowances*.

- Cost of Living Allowance (Non-Foreign);
- Education Allowance (Foreign);
- Living Quarters Allowance (Foreign);
- Physician's Comparability Allowance;
- Post Differential (Foreign and Non-Foreign);
- Transfer Allowance (Foreign); and

⁸ Refer to Volume XV Chapter 1, Overview, Appendix I, *Clearance from Indebtedness*, for additional information.

- Uniform Allowance.

B. Awards and Incentives. The definitions and instructions for the following Awards and Incentives are found in Volume XV, Chapter 3, *Payroll: Awards and Incentives*.

- Monetary Awards (Cash or Cash Equivalent);
- Non-monetary Awards (Non-Cash);
- Time Off Awards;
- Combination Awards;
- Recruitment and Relocation Incentive;
- Retention Incentive;
- Home Marketing Incentive;
- Student Loan Repayment Incentive;
- Supervisory Differential Incentive;
- Voluntary Separation Incentive Payment; and
- Extended Assignment Incentive.

C. Transit Benefit Payments. The definitions and instructions for the Transit Benefit Program are found in Volume III, Chapter 1, *Transit Benefit Program*.

0606 DEFINITIONS

060601 Aggregate Limit. An employee may not receive any premium payments that, when added to the annual rate of the employee's continuing payments and any lump sum payments received earlier in the calendar year, would exceed aggregate limits on pay. For provisions determining an employee's aggregate limit, refer to 5 C.F.R. §550.106.

060602 Back Pay. As defined in 5 U.S.C. §5596, back pay refers to an amount, once a personnel action is corrected, equal to all or any part of the pay, allowances, or differentials, as applicable, which the employee normally would have earned or received during the period if an unjustified or unwarranted personnel action had not occurred, less any amounts earned by the employee through other employment during that period. (Note: routine retroactive adjustments are not considered back pay.)

060603 Basic Pay. Rate of basic pay means the rate of pay fixed by law or administrative action for the position held by an employee, including any applicable locality payment, special rate supplement, or similar payment or supplement under other legal authority (e.g., Title 38) before any deductions and exclusive of additional pay of any other kind. It does not include awards, bonuses, overtime pay, military pay, special allowances, holiday pay, or other compensation given in addition to the base pay of a particular position.

060604 Bi-weekly Limit on Premium Pay under Title 5. An employee may not receive any premium payments that, when added to the employee's bi-weekly base compensation, would exceed the bi-weekly limit of the employee set in part by 5 C.F.R. §550.105. (Note: This limitation is subject to exceptions for emergency or mission-critical work.)

060605 Continuation of Pay (COP) is continuation of an employee's regular salary for up to 45 calendar days of wage loss due to disability and/or medical treatment following a traumatic injury. The intent of this provision is to eliminate interruption of the employee's income while the Office of Workers' Compensation Program is processing the claim. COP is subject to deductions for income tax, retirement, etc.

060606 Deductions/Withholdings. Deductions and withholdings are voluntary and involuntary amounts of money taken from an employee's gross income.

060607 Environmental Differential. A differential paid for a duty involving unusually severe hazards or working conditions.

060608 Executive Schedule. The Executive Schedule, which is divided into five pay levels, is the basic pay schedule for Senior Executive Service (SES) positions.

060609 Fair Labor Standards Act (FLSA). Law that establishes minimum wage, overtime pay, recordkeeping, and youth employment standards affecting employees in the private sector and in Federal, State, and local governments. Covered non-exempt workers are entitled to a minimum wage rate per hour. Overtime pay at a rate not less than one- and one-half times the regular rate of pay is required after 40 hours of work in a workweek.

060610 General Schedule. The General Schedule (GS) is a schedule of annual rates of basic pay, consisting of 15 grades, designated "GS-1" through "GS-15," with 10 steps for each grade.

060611 Hazard Pay Differential. Additional pay under 5 U.S.C. §5545(d) for the performance of hazardous duty or duty involving physical hardship. An employee subject to Title 5 of the U.S.C. may be entitled to a hazard duty pay differential for duty performed under circumstances in which an accident could result in serious injury or death.

060612 Leave and Earnings Statement (LES). A comprehensive statement which shows an employee's leave and earnings for the pay period. In addition to employee information at the top of the form, sections include a gross pay and deduction summary, current earnings, retroactive earnings (if applicable), deductions, leave, agency benefit payments, and remarks.

060613 Locality Pay⁹. A locality-based comparability payment payable under 5 U.S.C. §5304, *Locality-based Comparability Payments*, and 5 C.F.R. §531, Subpart F, *Locality-Based Comparability Payments*. An employee's locality payment is the difference between the employee's locality rate and the employee's scheduled annual rate of pay. Locality pay is considered part of basic pay for purposes of retirement, life insurance, and certain premium pay.

060614 Locality Pay Percentage. Percentage authorized for a locality pay area under 5 U.S.C. §§5304 and 5304(a), which is used to compute a locality payment (before applying any maximum pay limitations under 5 C.F.R. §531.606).

060615 Locality Rate. A scheduled annual rate of pay plus an applicable locality payment. A General Schedule employee's locality rate is computed under 5 C.F.R. Part 531.

060616 Master Employee Record. A record in VA's payroll provider's automated system that contains all essential information to process transactions for pay, benefits and deductions.

060617 Master Record. Employee record within VA's HR automated system that contains all essential information required for administering the payroll and benefits for each VA employee, including information on each employee's pay, benefits, and other wage-related expenses.

060618 Memorandum of Service Level Expectations. A written memorandum of understanding between VA and a part-time physician on adjustable work hours that specifies an expected level of service during a service year.

060619 Payroll Accounting. A portion of payroll operations that includes disbursing payments, charging the appropriation, making necessary adjustments and reporting expenses monthly and by fiscal year.

060620 Payroll Provider's Payroll System. A system operated by VA's payroll provider used to process VA's payroll transactions.

⁹VA is authorized under 5 U.S.C. §5304 and 5 C.F.R. Part 531 to pay GS employees and other categories of employees to whom locality payments are available at a premium due to the cost of living in the specific local geographic area. Detailed tables consisting of local area amounts for locality pay and a listing of areas eligible for locality pay can be found at <http://www.opm.gov/oca/10tables/index.asp>.

060621 Physician and Dentist Pay. The pay of VHA physicians and dentists consists of the following:

- **Base Pay.** Base Pay is determined under the Physician and Dentist Base and Longevity Pay Schedule, and the total number of years of service in VHA.
- **Market Pay.** Market Pay consists of pay intended to reflect the recruitment and retention needs for the specialty or assignment of a particular physician or dentist in an applicable VA facility.
- **Performance Pay.** Performance Pay shall be paid to a physician or dentist on the basis of the physician's or dentist's achievement of specific goals and performance objectives prescribed to him or her.

060622 Premium Pay. Additional pay due under Title 5 or Title 38 for work during evening or night hours, on weekends, or on holidays; overtime and compensatory time; and for scheduled availability for work as needed.

060623 Re-employed Annuitant. A Federal employee who had retired from Federal service, and then was re-employed back into Federal service. This employee has an entitlement to an annuity under a retirement system established for Federal employees, including retirement systems of a non-appropriated fund instrumentality of the Department of Defense or the Coast Guard.

060624 Severance Pay. Severance pay consists of (1) a basic severance allowance computed on the basis of 1 week's basic pay at the rate received immediately before separation for each year of civilian service up to and including 10 years for which severance pay has not been received under this or any other authority and 2 weeks' basic pay at that rate for each year of civilian service beyond 10 years for which severance pay has not been received under this or any other authority; and (2) an age adjustment allowance computed on the basis of 10 percent of the total basic severance allowance for each year by which the age of the recipient exceeds 40 years at the time of separation.

060625 Traumatic Injury. A condition of the body caused by a specific event or incident, or series of events or incidents, within a single workday or shift. Such condition must be caused by external force, including stress or strain, which is identifiable as to time and place of occurrence and member or function of the body affected.

060626 Wage Grade Employees. Federal employees who are in a recognized trade or craft, mechanical craft, or manual labor occupation and are paid by the hour. These employees are paid based on regulation in 5 U.S.C. Chapter 53, subchapter IV, Prevailing Rate Systems.

0607 RESCISSIONS

060701 Volume XV, Chapter 6, Payroll: Payments (and Appendices), November 2011

0608 QUESTIONS

Questions concerning these payroll policies and procedures should be directed as follows:

VHA	VHA CFO Payroll Helpline (10A3A) (Outlook)
VBA	VAVBAWAS/CO/241C/PAYROLL (Outlook)
All Others	PAYROLL POLICY (APPS) (Outlook)

0609 REVISIONS

Section	Revision	Office	Effective Date
Appendix F, Figure 6F-2	Correct table Premium Pay Code labels.	OFP (047G)	January 2018
060502.01 Back Pay	Added GAO Comptroller General decision. Included additional information on use of funds and references.	APS (047GA)	July 2014
0604 Roles and Responsibilities	Updated R&R to match other payroll chapters	APS (047GA)	July 2014
060501 Processing for Pay	Added Emergency Pay process information to Section C. Added VATAS timecard adjustment requirement to Section D.	APS (047GA)	July 2014

APPENDIX A: SYSTEMS INFORMATION AND ON-LINE RESOURCES

This appendix is under development.

APPENDIX B: PAY CALCULATION INFORMATION

CONTENTS

- A. [General Schedule \(GS\) Pay](#)
- B. [Wage Grade \(WG\) Pay](#)
- C. [Title 38 Pay](#)
- D. [Firefighter Pay](#)
- E. [On-Call Pay](#)
- F. [Standby Pay](#)
- G. [Re-employed Annuitant Salary Offset](#)
- H. [Severance Pay](#)
- I. [Hostile Fire Pay](#)

A. General Schedule (GS) Pay, 5 USC, Chapter 55, *Pay Administration* and 31 USC, Chapter 8, *Fair Labor Standards*.

1. Approved GS pay tables are available at <http://www.opm.gov/> under a link to view salaries and wages.
2. Pay calculation requirement and examples under Title 5, and under FLSA overtime calculation, are available at OPM websites, <http://www.opm.gov/oca/pay/HTML/computerates.asp>, and <http://www.opm.gov/oca/pay/HTML/computeflsa.asp>. See 5 CFR Part 550, *Pay Administration*, and Part 551, *Pay Administration under the Fair Labor Standards Act*, for additional OPM requirements.
3. Hazard Pay Differential. Upon authorization by the facility director, hazard pay differential will be paid for hours in pay status on the day (or 24-hour period as designated) on which the duty is performed. Hazard pay differential is in addition to other pay or allowances. It shall not be considered part of the employee's rate of basic pay. Refer to [5 CFR Part 550, Subpart I, Appendix A](#) for authorized rates. Local payroll will instruct affected timekeepers to notify payroll of employee entitlement and any adjustment. Following VA timecard certification, hours of hazard pay differential entitlement must be entered by payroll in the Defense Civilian Pay System (DCPS) timecard record.
4. Healthcare Worker and Hybrid Employees. These employees are entitled to weekend premium pay under title 38. Hybrid employees may be authorized all premium pay under title 38. Otherwise base pay and all other premiums are paid under title 5 for healthcare workers and hybrid employees. Paragraph C below provides additional pay calculation information for these employee groups.

B. Wage Grade (WG) Pay, 5 USC Subchapter IV - *Prevailing Rate Systems*

WG employees, also known as Ungraded or Prevailing Rate employees, have rate schedules applicable to all Federal agencies normally set and adjusted by a lead agency for different U.S. geographic areas. Information can be obtained from the following sources.

- Authorized Rate Link: http://www.cpms.osd.mil/wage/wage_schedules.aspx
- Federal Wage System (FWS)-Appropriated Fund Operating Manual Link: <http://www.opm.gov/oca/wage/appfund/>
- Wage Survey Area Definition for Appropriated Fund Employees: <http://www.opm.gov/oca/wage/APPFUND/pdf/AppendixD.pdf>
- See 5 CFR Part 532, Subpart D, *Pay Administration*, and Subpart E, *Premium Pay and Differentials*, and the Federal Wage System (FWS)-Appropriated Fund [Operating Manual](#) for OPM pay administration requirement.

The hourly rates of basic pay are established by HR action in the employee master record and may note three hourly rates corresponding with day, evening and night shift rates.¹⁰ Night Shift Differentials and Environmental Differentials are included in basic pay for wage employees, also affecting deduction for Thrift Savings Plan (TSP), retirement and life insurance premiums, and affecting calculation of overtime, Sunday and holiday pay where applicable.

Additional Pay for WG

1. Night Shift Differential.

The following information is contained in the FWS-Appropriated Fund [Operating Manual](#) Subchapter S8-4c:

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 non-overtime 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.

¹⁰ 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 per FWS Operating Manual Section S8-3, paragraph g (3).

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.

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 non-overtime 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.*

2. Holiday Premium.

Multiply hourly rate of basic pay by number of non-overtime hours worked on holiday, not to exceed 8 hours or the number of non-overtime hours of a compressed work schedule (5 CFR §550.131 and 5 CFR §610.407).

3. Sunday Premium

Sunday premium is calculated at 25 percent of the hourly base rate. Sunday premium may be paid only for non-overtime pre-scheduled hours actually worked, not to exceed 8 hours per Sunday work period or the number of non-overtime hours of a compressed work schedule.

4. Overtime.

Also see FLSA requirement for covered employees available above in section A.2, and overtime hourly pay cap affecting FLSA Exempt employees in 5 USC §5342(a)(2).

Excerpt from FWS-Appropriated Fund Operating Manual Subchapter S8-4b (5) and (6):

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.*

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 non-workday, 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 non-workday, overtime pay is computed on the average rate of basic pay for all regularly scheduled shifts worked by the employee during the basic workweek.

5. Environmental Differential.

Refer to [FWS Operating Manual section S8-7](#), Environmental Differentials Paid for Exposure to Various Degrees of Hazards, Physical Hardships, and Working Conditions of an Unusually Severe Nature, and to [FWS Operating Manual appendix J](#) for rates authorized. Payment must be authorized by the facility director.

Excerpt from FWS Operating Manual Section S8-7e. (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 non-supervisory 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.

From 5 CFR §532.511 (c):

Environmental differential pay is part of basic 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. It is not part of basic pay for purposes of lump-sum annual leave payments and severance pay...

6. Wage Grade Pay Calculation Example:

For an FLSA Non-exempt employee with an hourly base rate for day work of \$10.00 per hour:

- the evening shift rate is $\$10.00 \times 1.075 = \10.75 per hour
- the night shift rate is $\$10.00 \times 1.1 = \11.00 per hour

For this employee working an evening schedule,

- Base Pay and Holiday Premium at the evening shift rate is paid at \$10.75 per hour.
- Sunday Premium is paid at \$2.69 per hour ($\$10.75 \times .25$).
- Overtime is paid at the greater of the weekly FLSA overtime rate or \$16.13 (1.5 times the applicable shift rate assuming the evening shift rate applies to the overtime period). FLSA Exempt employee overtime is 1.5 times the applicable shift rate subject to cap at the minimum rate of basic pay for GS-10, or the hourly base rate, whichever is greater.

C. Title 38 Pay, 38 USC Chapter 74 - Veterans Health Administration - Personnel

Pay tables link: <http://vaww1.va.gov/ohrm/Classification/Classification.htm>

1. Physicians and Dentists.

This payment process applies to physicians, dentists, optometrists and podiatrists for calculation of both base pay and market pay. Physicians and dentists are not entitled to premium pay. Refer to VA Handbook 5007, part ix for additional pay entitlement information.

- a. Full-Time (Daily Rate). Salary payments for full-time physicians and dentists are computed by dividing the annual pay authorized for the individual by 364 to determine a daily rate. This daily rate is paid for all days of paid service. Paid service for full-time physicians and dentists regularly encompasses 14 days per pay period, including scheduled non-duty days, unless Leave Without Pay is charged.

Lump Sum Annual Leave entitlement for full-time physicians and dentists requires payment at 1.4 times the daily basic pay entitlement upon separation multiplied by the number of days of regular and restored annual leave. Frozen Annual Leave days are payable at the daily rate only.

- b. Part-Time and Intermittent (Hourly Rate). Salary payments for part-time and intermittent physicians are computed by dividing the annual pay authorized for the individual by 2080 to determine an hourly rate. This hourly rate is paid for all hours of paid service. Part-time and intermittent physicians and dentists may not be paid for more than 1820 hours (7/8ths) in a calendar year. See Appendix E, *Part-Time Physician Adjustable Work Schedule Reconciliation*, for applicable pay and hours restrictions.

2. Other Hourly Title 38 Employees.

The annual salary rate in the employee master record is divided by 2080 hours per year. The product rounded to the penny is the hourly rate of basic pay.

Premium pay calculation at standard rates for eligible employees and periods is at 10 percent of the hourly base rate for night differential, 25 percent of the hourly base rate for weekend premium, at 1.5 times the hourly base rate for regular overtime, and at the hourly base rate for non-overtime holiday hours. Hours identified as holiday overtime are paid at 2 times the hourly base rate.

Pay Calculation Example: A registered nurse with an annual salary rate of \$46,000 has an hourly pay rate calculated as follows: $\$46,000/2080 = \22.12

- Base pay and Holiday premium pay at 100 percent of the hourly base rate will be paid at \$22.12.
- Night Differential at 10 percent will be paid at \$2.21 per hour.
- Sunday or Saturday premium at 25 percent will be paid at \$5.53 per hour.
- Regular overtime at 1.5 times the hourly base rate will be paid at \$33.18 per hour.
- Overtime on a holiday at 2 times the hourly base rate will be paid at \$44.24 per hour (Holiday Overtime and Holiday premium are not both paid for the same hours worked).
- Higher than standard premium rates may be authorized under VA Handbook 5007, Part V, Chapter 4 for employees authorized all premium pay on the same basis as Registered Nurses.

Pay entitlement and calculation requirement for nurses on alternate work schedules is provided in VA Handbook 5007, Part VIII, Chapter 9.

3. Hybrid Title 38 Employees.

Hybrid status is recognized under PAID Pay Plan Code A or B along with Type of Appointment Code 5 or 6. Occupations are listed in 38 USC §7401 (3).

a. Standard Hybrid Entitlement (only weekend premium under title 38)

Hybrid employees are entitled to weekend premium for periods of service that include work on Saturday or Sunday payable at 25 percent of the hourly base rate calculated by dividing the annual salary rate by 2080 hours and then multiplying by .25. Base pay and other types of premium pay are calculated by dividing the annual salary by 2087 to get the hourly base rate.

b. Hybrid Authorization for All Premium Pay under Title 38 (See VA Handbook 5007, Part V, Chapter 3 for authorization information; see Appendix F to this chapter, *Premium Pay*, for detail of premium pay codes required to recognize this entitlement).

Base pay is calculated under title 5 dividing annual salary by 2087 hours to get the hourly base rate; all premium pay is calculated by dividing annual salary by 2080

and then multiplying by the applicable premium percentage. Employees authorized all premium pay under title 38 are FLSA Exempt. Higher than standard rates of premium pay may also be authorized under VA Handbook 5007, Part V, Chapter 4.

4. Title 5 Healthcare Workers (only weekend premium under title 38).

Occupations are listed in VA Handbook 5007, Part V, Appendix V-A. See appendix F to this chapter on Premium Pay for premium pay codes required to recognize weekend premium entitlement.

Weekend premium paid prior to May 5, 2010, is calculated by dividing the annual salary rate by 2080 hours, rounding to the penny, and then multiplying by .25 to get the hourly weekend premium rate. After May 5, 2010, divide annual salary by 2087 hours per year to get the hourly rate in weekend premium calculation. Base pay and all other premium pay is calculated under title 5.

D. Firefighter Pay.

Firefighter pay entitlement is provided in 5 U.S.C. Part 550, Subpart M (§§1301 to 1307) and in VA Handbook 5007, Part VIII, Chapter 2. Calculation examples are available in VA Handbook 5007, Part VIII, Appendix B.

Firefighter Unscheduled/Overtime Adjustment Review Required

VA's Systems Data Automation (SDA) program automatically converts unscheduled regular (UN/US) hours worked during the short week for firefighters working rotating schedules to overtime (OU) on the DCPS timecard. When adjustment is required to timecard information previously transmitted to DCPS, VA facility payroll must review requirements for pay entitlement with regard to the following conversion process:

1. ETA UN/US hours must be converted to DCPS OU hours by calculating the employee hourly rate of pay (in affect at the time of the correction) and dividing the per annum salary by 2756.
2. Multiply the hourly rate of pay by the total number of UN/US hours in ETA to determine the pay due for UN/US hours.
3. Divide the amount of pay for UN/US hours by the employee's overtime rate to determine the number of OU hours.
4. Post the number of OU hours determined in step 3, on the DCPS timecard.

NOTES

- The employee will be paid the amount reflected for OU hours instead of UN/US hours as OU provides the greater employee benefit.
- The overtime standard of 53 hours per week will be used for all covered firefighters.
- Overtime hours within the firefighter's tour of duty will be treated as regular hours at the overtime rate, i.e., the straight time portion rate will be included with regular hours for application of benefits and the half-time time rate will be paid as overtime.
- Hours outside the employee's tour of duty that do not meet the 53-hour overtime standard will be paid at the straight 2756-basis rate and are not considered basic pay for benefit purposes. Such hours are essentially unscheduled non-overtime hours and are not considered base pay for retirement purposes.

For FLSA exempt employees the usual GS-10, step 1 overtime cap (computed as one- and one-half times the hourly rate for a GS-10, step 1 salary for their location and occupation using the 2087 divisor) OR the firefighter's hourly rate of basic pay, are computed using the 2756 divisor.

EXAMPLE

- Hourly rate (per annum salary/2756)
 $\$57,478 / 2756 = \20.86 hourly rate
- Pay Due (hourly rate X # of UN/US hours)
 $\$20.86 \times 22 \text{ UN/US} = \458.92
- Overtime rate (hourly rate X 1.5)
 $\$20.86 \times 1.5 = \31.29
- Adjusted number of hours to enter in DCPS (pay due divided by overtime rate)
 $\$458.92 / \$31.29 = 14.67 \text{ OU}$
- Actual pay employee will receive (adjusted DCPS OU hours x overtime rate)
 $14.67 \text{ (OU)} \times \$31.29 = \$459.03$

E. On-Call Pay.

On-Call for eligible employees is payable at 10 percent of the employee overtime rate; FLSA non-exempt status requires payment at 10 percent of the week's FLSA OT rate.

See paragraph C.2. and C.3.b. above regarding possible authorization of a higher rate under title 38 authority. On-Call premium is payable for scheduled on-call hours not worked provided the employee remained available for duty throughout the on-call period. Refer to VA Handbook 5007, Part V, Chapter 5 for additional on-call pay entitlement information. Refer to Appendix F of this chapter on Premium Pay for information on PAID premium pay codes required to recognize on-call premium entitlement.

F. Standby Pay.

Standby premium pay is established through HR action in the personnel record at a percentage of the annual salary. Except for entitlement for irregular or occasional overtime work performed outside the scheduled standby duty period, bi-weekly standby premium pay entitlements shall exclude other forms of premium pay the employee may have otherwise been entitled to under title 5. A standby tour must be in addition to a basic 40-hour workweek (80-hour bi-weekly pay period), and must be established in writing with actual work hours and standby hours clearly designated in advance of the workweek. Refer to Appendix F of this chapter on Premium Pay for information on PAID premium pay codes required to recognize standby pay entitlement.

The standby hourly rate is paid for the number of weekly base pay hours in pay status under a regular full-time schedule (or for pay period base pay hours in pay status under a compressed work schedule).

1. **Pay Calculation Example:** For GS annual salary rate of \$38,790 (2012 GS-7, step 1, RUS) and a standby (SB) percentage authorized at 25 percent;
 - a. Calculate annual rate including SB premium: $\$38,970 \times 1.25$ percent=\$48,712.50¹¹;
 - b. Calculate Aggregate Hourly Rate: $\$48,712.50/2087=\23.34 ;
 - c. Calculate hourly SB rate: \$23.34 less regular hourly rate: $(\$38,970/2087=18.67)=\4.67 SB per hour;
 - d. Multiply hourly SB rate by base pay hours in pay status for the period: $\$4.67 \times 40$ hours = \$186.80 weekly standby premium amount

2. Overtime for Work outside a Scheduled Standby Period.

¹¹ Under title 5, if the annual salary is higher than GS-10, step 1, the standby premium amount must be limited to the GS-10, step 1, annual salary times the authorized standby percentage. When applicable, that capped standby premium amount plus the actual annual salary replaces the annual rate calculation in step 1.

a. FLSA Exempt. Unscheduled overtime pay for exempt employees remains subject to regular calculation and salary limitations applicable.

1) Under title 5:

- If the rate of basic pay is less than rate of basic pay for GS-10, step 1, the OT rate per hour is the hourly base rate times 1.5.
- If the rate of basic pay is the GS-10, step 1, rate or higher, the OT rate is the greater of the GS 10, step 1, OT rate, or the employee's hourly rate of basic pay.

2) Under title 38:

- Regular overtime is calculated as 1.5 times the hourly base rate.
- Holiday overtime is calculated as 2 times the hourly base rate.

b. FLSA Non-Exempt.

1) For an employee authorized annual premium pay, straight time rate of pay is equal to basic pay plus annual premium pay divided by the hours for which the basic pay plus annual premium pay are intended (Ref. 5 CFR §551.512(b)). The “straight time rate” is (weekly¹² base pay plus weekly standby premium amount) divided by (weekly base hours paid plus scheduled standby hours after sleep time reduction if applicable).

2) An employee’s “hourly regular rate” is computed by dividing the total remuneration paid to an employee in the workweek by the total number of hours of work in the workweek for which compensation was paid (Ref. 5 CFR §551.511(a)).¹³

3) Overtime pay includes (1) The straight time rate of pay times all overtime hours worked; plus (2) One-half times the employee’s hourly regular rate of pay times all overtime hours worked (Ref. 5 CFR §551.512(a)). FLSA overtime is:

- Overtime hours outside the standby period times the straight time rate (from section a. above), plus
- Half of the regular rate (from section b. above) times unscheduled overtime hours, plus

¹² Calculation will require combined pay period earnings and hours for both weeks of the bi-weekly pay period for an employee on a compressed work schedule.

¹³ Pay calculation example and additional explanation of the regular rate calculation process for this section will be added.

- Half of the regular rate times (scheduled standby hours less sleep time).
Note: This pay entitlement for payment of FLSA overtime for scheduled standby hours less sleep time exists also when there are no overtime hours worked outside the scheduled standby period.

3. **Standby Duty Pay Retention:** An employee who remains eligible¹⁴ for standby duty pay in the same position and work unit from May 20, 1988, shall be paid standby premium pay under 5 U.S.C. §5545(c)(1), to the extent it provides the greater bi-weekly pay benefit. On-call duty pay is compared with retained standby pay each pay period for affected employees. See VA Handbook 5007, Part V, Chapter 5, paragraph 2f for additional entitlement information and restriction.

G. Reemployed Annuitant Salary Offset. Bi-weekly annuity offset is calculated as follows:

1. The monthly annuity is multiplied by 12 months to determine the annual annuity.
2. The annual annuity is divided by 2087 for title 5 employees or 2080 for hourly title 38 employees to determine the hourly annuity rate. For title 38 daily rate re-employed annuitants, divide the annual annuity by 364 days to determine the daily annuity rate.

The annuity rate is multiplied by the pay period hours (or days as applicable) of basic pay entitlement.

H. Severance Pay.

The facility HR will provide by memorandum notice of eligibility, the total years and months of creditable service, years of age over 40 for the age adjustment allowance, and notice of any period for which severance pay was previously paid to each eligible employee. The VA payroll office will calculate the severance pay fund under 5 CFR §550.707 and provide the result to the facility HR. VAFSC Payroll Support Tier 1 review of the facility severance pay calculation is recommended.

1. Computation of severance pay fund.

- a. *Basic severance pay allowance.* Except as provided in 5 CFR §550.707 (b)¹⁵, the basic severance pay allowance consists of the following:

¹⁴ Eligibility for standby duty pay retention is subject to confirmation by facility HR for select GS healthcare personnel who are providing direct patient-care services or services incident to direct patient-care services. This provision does not apply to personnel authorized to receive premium pay (including on-call pay) on the same basis as nurses.

¹⁵ Refer to 5 CFR §550.707(b) for additional calculation instruction in the event of variable basic pay, wage grade (prevailing rate) employee variable shift premium, or a variable rate for standby duty.

- 1) One week of pay at the rate of basic pay for the position held by the employee at the time of separation for each full year of creditable service through 10 years;
 - 2) Two weeks of pay at the rate of basic pay for the position held by the employee at the time of separation for each full year of creditable service beyond 10 years; and
 - 3) Twenty-five percent of the otherwise applicable amount for each full 3 months of creditable service beyond the final full year.
- b. *Age adjustment allowance.* The basic severance pay allowance is augmented by an age adjustment allowance consisting of 2.5 percent of the basic severance pay allowance for each full 3 months of age over 40 years.
- c. *Lifetime limitation.* The severance pay fund is limited to that amount which would provide 52 weeks of severance pay (taking into account weeks of severance pay previously received, as provided in 5 CFR §550.712).
- d. Payment is issued through exhaustion of the fund for eligible days at the weekly rate at the time of separation subject to lifetime limitation and subject to suspension or termination upon Federal reemployment as directed by HR. Payment must be made at the same pay period intervals that salary payments would be made if the recipient were still employed.

I. Hostile Fire Pay (VA Handbook 5007, Part VIII, Chapter 14).

For any month for which an employee is eligible, hostile fire pay will be paid at the rate of \$150 per month. Payments will be annualized and paid on a bi-weekly basis. The facility payroll office must submit remedy request for the bi-weekly amount due upon HR certification of entitlement. The DCPS pay code is Z3, "Imminent Danger Pay." Payments may be authorized retroactively after a determination has been made that an employee has been subject to hostile fire and is eligible to receive payment.

Hostile fire pay is not basic pay for any purpose, including retirement.

APPENDIX C: TIMECARD ADJUSTMENTS

Overview: Timecard Adjustments in the Enhanced Time and Attendance (ETA) System. The certified VA timecard is the official document of record for hours/days of work and for leave used. The Time & Attendance (T&A) portion of ETA software collects and processes data necessary to pay employees. An automated process transmits certified timecard data to the DCPS. Adjustments to the transmitted VA timecard do not flow in an automated process to update employee records in DCPS. Necessary changes to the VA timecard are recorded by VA local payroll on the corresponding DCPS timecard.

A. Prior Pay Period Adjustments in ETA

As timecard corrections progress from timekeeper entry through supervisor approvals to payroll processing, a display of the employee pay period provides the current adjustment status and the date of the last status update.

1. Timekeeper-Status: Requested. An entry under the Timekeeper Main Menu's *Prior Pay Period Adjustment* option immediately changes the display of the pay period and generates a correction record showing:

- New posted information;
- Prior posted information;
- Status date is the date of timekeeper entry of the correction; and
- Correction remarks-Remarks allow brief explanation of what brought the need for correction to the timekeeper's attention and what change is needed.

The timekeeper should notify the supervisor(s) of timecard corrections and should monitor progress to an Approved or Payroll Processed status. If the T&A supervisor at either level elects to disapprove or cancel a timecard adjustment, the timekeeper must post the day as directed by the supervisor, or return the earlier posted information.

2. Primary Supervisor-Status: Supervisor Approved. Timecard corrections flow to the primary T&A Supervisor under the *Supervisory Approvals* option. The new posting information is displayed for supervisor review along with the change remarks on a timecard correction. The supervisor can display the employee pay period to see prior posted information in the correction record(s). The supervisor should notify the timekeeper of additional correction required and of any action to disapprove or cancel timecard adjustments. Only approved actions flow to the higher level supervisor for approval.

3. Secondary Supervisor-Status: Approved. Under T&A OT/Supervisor menu option, *Approve OT and CT/CH*, timecard corrections flow to a higher level supervisor. The supervisor should notify the timekeeper of additional correction required and of any

action to disapprove or cancel timecard adjustments. Only approved actions flow to payroll to process pay and leave adjustments.

4. Payroll-Status: Payroll Processed. Approved timecard corrections are available to payroll under the menu option to *List/Clear Prior Pay Period Corrections*. VA local payroll is responsible for determining the change to entitlement associated with approved timecard adjustments.

```

WHITE,SNOW                                     :123-45-6798

Status: PAYROLL PROCESSED * * * Prior Data * * * 25-Apr-11 10:36am
Date                               Scheduled Tour      Tour Exceptions
Fri 15-Apr-11                      07:30A-04:00P      07:30A-01:00P ML MIL LV

* * * Corrected Data * * *
Date                               Scheduled Tour      Tour Exceptions
Fri 15-Apr-11                      07:30A-04:00P      07:30A-12:30P ML MIL LV

-----
Change Remarks: Military leave needs to be posted as whole hrs.
    
```

B. Payroll Entitlement Change Determination

1. Timecard adjustments in ETA must be certified through the workflow process described in section A, above, before change to pay and leave is entered on the DCPS timecard.
2. All local payroll determinations of timecard adjustment must be verified by a second payroll office employee.
3. A helpful tool in evaluating required adjustment is the “decompose” time option. The ETA software package applies coded payroll rules to "decompose" timecard data into an 8B record for transmission to the payroll processing system. The 8B record is comprised of employee personnel record information along with timecard data which is separately summarized for each week of the pay period. Payroll Main Menu option, *Display Employee Pay Period*, displays the coded entitlement and leave detail upon supervisor certification of the timecard. The documents in [Figure 6C-1: 8B Record Content](#) Information provide information on the 8B record.

Figure 6C-1: 8B Record Content Information



The same payroll rules that develop the timecard's original 8B record are used to re-evaluate timecard data using the decompose time option (available at most VA facilities). This option may be of little help in determination of additional entitlement change where several prior adjustments have processed for the same record. Sample display of an automated listing of pay and leave changes is displayed below.

```

NAME [SSN: XXXXXXXXXX]   Pay Period: YY-##
=====
Loc.      Data Element                Code   Old Value   New Value
----      -
Wk-1     Unscheduled Regular           UN      020         020
Wk-1     Night Differential-2           NA      360         360
Wk-1     Saturday Premium              SP      100         100
Wk-1     Sunday Premium-D              SA      240         240
Wk-1     Part Time Hours               PT      342         342
Wk-2     Sick Leave                     SL      120         120
Wk-2     Night Differential-2           NR      232         241 *
Wk-2     Saturday Premium              SQ      160         163 *
Wk-2     Sunday Premium-D              SE      080         080
Wk-2     Overtime Hrs > 8 Day-D        DE      000         003 *
Wk-2     Part Time Hours               PH      352         352
Misc     Control Data                   CD      002002      002021 *
    
```

When reading the 8B code, the hours will be displayed as the number of whole hours followed by the number of quarter hours.

¼ hour (15 minutes) = 1

½ hour (30 minutes) = 2

¾ hour (45 minutes) = 3

Whole hour (0 minutes) = 0

Example:

- 25.5 hours will display as 252
- 45 minutes will display as 003

Final column quarter hour coding does not apply to most items other than lump sum leave hours that have no Week 1 or Week 2 designation in the attached 8B codes, Alpha file (Miscellaneous Data items on the paper timecard, VA Form 5631). The

decompose option notes change from the original certified timecard; asterisks do not identify all changes from prior timecard data when multiple adjustments are entered for a single pay period timecard.

An ETA timecard adjustment that does not change any values between the last two columns displayed above indicates no change to pay or leave for a single adjustment. A prior adjustment or an intervening change to the employee master record affecting pay entitlement may require detailed examination of all changes to calculate the correct additional adjustment to pay or leave.

For example, a change made to add “leave used” where none was originally charged may process separately from another later adjustment removing that leave charge. With the second change, no difference is recognized by asterisk because the code string is returned to match the original timecard information for that week.

C. DCPS Adjustment Entries

- Change to the work schedule in DCPS must be avoided when submitting pay and/or leave change data. Exceptions that may require temporary work schedule changes in DCPS are presented in Appendix D, *Special Circumstance Processing Requirements*. Adding premium pay to prior period records on the DCPS timecard can require the shift of work hours from one day to another. Workdays and hours on the DCPS timecard do not need to match those on the VA timecard. If unable to resolve invalid timecard discrepancies due to DCPS work schedule change, contact your payroll policy office, VBA, VHA or VACO, for assistance.
- Total work and leave hours on any day cannot exceed 24.
- Sunday premium hours must be entered on Saturday, Sunday or Monday on the DCPS timecard.
- Title 38 Saturday premium adjustment requires entry of Saturday premium hours on either a Friday or Saturday in DCPS.
- Firefighter timecard adjustments may require calculation for conversion of ETA unscheduled hours (codes UN or US) to the correct number of DCPS overtime hours for the appropriate pay entitlement. Refer to Appendix B, *Pay Calculation*, for information on required review.

D. DCPS Time & Attendance (T&A) Reports – Timecard Change Required

VA timecard information that populates data on DCPS bi-weekly CSR Conversion of Hours and Missing Time reports require prompt VA action to resolve discrepancies. VA local payroll staff and the timekeeper will work with and take direction from the T&A

supervisor to determine correction needed to address the following items commonly noted on DCPS reports.

- Advanced annual or sick leave must be supported by authorization.
- Leave used in excess of available balances must be corrected.
- KM (Missing Time) must be converted to another type of time on the DCPS timecard.

Changes to the DCPS timecards as well as retroactive changes to Master Employee Record (MER) information can generate invalid conditions on the timecard or in the work schedule. Timecard invalid conditions must be resolved to permit processing of any retroactive pay or leave adjustment.

E. Additional Time and Attendance Records (Non-ETA)

1. If the electronic record in ETA is not available:

- VA Form 5631, *Time and Attendance Report*, is used.
- For fee basis entitlement, a certified statement of earnings in a pay period along with detail of work performed may be used.

2. Payroll Policy will issue instruction for use of other supplementary documents authorized to certify pay entitlement; examples include:

- Military Leave for law enforcement purposes under 5 USC §6323(b)--refer to OFP Vol. XV, Chapter 5, Appendix C-5.
- Part-time Physician Adjustable Work Schedule Reconciliation--refer to OFP Vol. XV, Chapter 6, Appendix E.
- Reservist Differential--refer to OFP Vol. XV, Chapter 6, appendix H.

APPENDIX D: SPECIAL CIRCUMSTANCE PROCESSING REQUIREMENTS

This appendix is under development.

**APPENDIX E: PART-TIME PHYSICIAN ADJUSTABLE WORK SCHEDULE
RECONCILIATION**

This appendix is under development.

APPENDIX F: PREMIUM PAY

Overview:

Entitlement to premium pay authorized under title 5 and title 38, and under the Fair Labor Standards Act (FLSA) is addressed in VA Handbook 5007, *Pay Administration*, and in the additional resources identified in that handbook. Timekeeping, payroll and HR systems require entry of applicable data to ensure correct premium pay entitlement is recognized. Employee categories with different criteria for premium pay entitlement are presented in sections A through C of Appendix B, *Pay Calculation Information*. The following employees are not entitled to premium pay: physicians, dentists, chiropractors, optometrists, podiatrists, and fee basis employees.

This appendix addresses payroll entry of premium pay codes in the Personnel and Accounting Integrated Data (PAID) system, briefly describes ETA functions to recognize applicable premium pay entitlement, and explains some system discrepancies that may impact premium pay processing.

A. PAID Premium Pay Codes (PPCs)

VA Local payroll enters and/or corrects PPCs on PAID Screen A400 upon evidence of authorization. Do **NOT** enter a PPC in PAID with a retroactive effective date earlier than the start of the current pay period. See additional instruction in section [C. Systems Premium Pay Recognition and PAID/DCPS Discrepancy Correction](#) of this appendix for retroactive change.

Periodic payroll verification is recommended of PPCs assigned to all personnel in a specified category.

A list of PPCs and associated descriptions are listed in *Figure 6F-2: Premium Pay Codes* below. All PPCs other than codes C, O, and R, which apply to firefighter pay, are associated with premium pay entitlement under title 38, with on-call, and/or with standby premium pay entitlement.

PPCs E & F- title 38 Hybrid authorization for entitlement to all premium pay under title 38 is addressed in VA Handbook 5007, Part V, Chapter 3. Payroll must have a copy of director authorization identifying employee categories affected to support maintenance of these codes in employee PAID records. Entry of a premium pay code is not required for PAID recognition of hybrid employee entitlement to weekend premium pay under title 38.

PPC's A and E-title 38 variable rates for premium pay are addressed in VA Handbook 5007, Part V, Chapter 4. Registered Nurses (RNs), Physician Assistants (PAs), Expanded Function Dental Auxiliaries (EFDAs), and those hybrid title 38

employees authorized all premium pay under title 38 may be designated by individual or by employee group to receive premium pay at higher than standard rates. Payroll must have a copy of director authorization identifying employee categories affected to support maintenance of these codes in employee PAID records. Facility HR must contact HR Information Systems (HRIS) to establish variable rates for an employee category in PAID before facility PPC entry will impact employee premium pay rates.

Figure 6F-2: Premium Pay Codes

Code	Used For	Rate/Divisor					
		Sat	Sun	ND	OT	HOL	On Call
A	RN, PA,EFDA	Variable	Variable	Variable	Variable	Variable	Variable
		2080	2080	2080	2080	2080	2080
E	Hybrids	Variable	Variable	Variable	Variable	Variable	Variable
		2080	2080	2080	2080	2080	2080
F	Hybrids	25%	25%	10%	150%	100%	10% of OT Rate
		2080	2080	2080	2080	2080	2080
S	Health Care Workers Weekend	25%	25%	10%	150%	100%	N/A
		2087	2087	2087	2087	2087	2087
T	Health Care Workers On-Call	25%	25%	10%	150%	100%	10% of OT Rate
		2087	2087	2087	2087	2087	2087
U	Health Care Workers Standby	25%	N/A	N/A	N/A	N/A	N/A
		2087	N/A	N/A	N/A	N/A	N/A
X	Hybrids On-Call	25%	25%	10%	150%	100%	10% of OT Rate
		2080	2080	2087	2087	2087	2087
Y	Hybrids Standby	25%	N/A	N/A	N/A	N/A	N/A
		2080	N/A	N/A	N/A	N/A	N/A
C	Fire Chiefs & 40 Plus Firefighters	Employee's regularly scheduled 40 hr workweek, 2087 Divisor, firehouse coverage hrs outside 40 hr workweek which does not consist primarily of 24-hr shifts, 2756 Divisor, to average at least 106 total hrs per pay period - compressed tours must have 80 basic hours covering less than 10 workdays during pay period, these basic hours must not exceed overtime standard of 53 hrs in any one week.					
O	Firefighters	Employees who work 80 hrs per pay period with normal hours <u>less than</u> 106 and do not have additional firefighter coverage. All Pay, under title 5, 2087 Divisor.					
R	Firefighters	Employees who work 24-hr shifts averaging <u>more than</u> 106 hrs per pay period and do not have a 40 hr workweek built into the tour of duty, overtime paid for hrs over 53, All Pay, 2756 Divisor					

Code	Used For	Rate/Divisor					
		Sat	Sun	ND	OT	HOL	On Call
V	Health Care Workers	Greater of Standby plus Saturday or On Call plus Weekend Premium Pay – Standby under title 5, 2087 Divisor, On Call and Premium Pay (night differential, overtime, holiday) under title 5, 2087 Divisor, and Weekend Premium Pay (Saturday and Sunday) under Title 38, 2087 Divisor - Pay calculated under both methods and greater amount paid. Health Care Workers (See VA Handbook 5007, Part V, Paragraph 2f, <i>Standby Duty Pay Retention</i>).					
W	Hybrids	Greater of Standby or On Call – Standby, title 5, 2087 Divisor plus Saturday premium pay under title 38, 2080 Divisor, On Call and Premium Pay (night differential, overtime, holiday) under title 5, 2087 Divisor plus Weekend Premium Pay, 2080 Divisor. Pay calculated under both methods and greater amount paid. Hybrids (See VA Handbook 5007, Part V, Paragraph 2f, <i>Standby Duty Pay Retention</i>).					

B. ETA Premium Pay Recognition

Premium pay eligibility recognized in ETA can be verified using the *Display Employee Entitlements* option under the *Payroll Main Menu*.

- ETA requires timekeeper entry of remarks codes to ensure system recognition of the correct premium pay entitlement with posting of regular unscheduled hours, overtime, and compensatory time earned in lieu of overtime (RG/OT/CT).

ETA Remarks codes affecting premium pay include:

- 7 - Shift Coverage
- 8 - OT While in Travel Status
- 9 - OT and CT/CH on Premium T&L
- 11- Pre-Scheduled
- 12 - Tour Coverage
- 13 - CB - Non-Premium T&L
- 14 - CB - Premium T&L
- 15 - Compensatory Time-No Remarks
- 17 - OT/CT With Premiums

Active remarks code descriptions are provided in [Figure 6F-3: ETA Time Remarks Codes](#) below.

- ETA Special Tour Indicators can be used by the facility payroll supervisor to designate tour segments in establishing authorized tours of duty for scheduled daily work periods. Descriptions for these codes are in [Figure 6F-4: ETA Special Tour Indicator Codes](#) on page 48.

The codes include:

- 1 - Scheduled Overtime
- 2 - Scheduled Compensatory Time
- 4 - Standby
- 5 - On-Call
- 6 - SHIFT 2
- 7 - SHIFT 3
- 8 - No Premium Pay

Figure 6F-3: ETA Time Remarks Codes (Revised)

Correct use of remarks codes requires a clear understanding of employee category among General Schedule GS), Wage Grade (WG), title 38, and those hybrid and healthcare workers (HCW) paid weekend premium under title 38 authority and base pay and other premium pay under title 5. Contact the facility payroll office for guidance as needed in identifying the appropriate employee category.

ETA Time Remark Code	When Used
7 - Shift Coverage	Used for part-time and intermittent nurses entitled to night differential for night hours worked, and non-nurses entitled to night differential under title 5 authority for pre-scheduled RG hours from 6:00P to 6:00A. This indicator is also used when posting Regular Unscheduled (RG) hours for part-time WG employees entitled to shift differential for OT/RG hours worked.
8 - OT While in Travel Status	Used for title 5 FLSA non-exempt employees when the employees are entitled to overtime pay while in transit outside scheduled tours on scheduled workdays. This code is also used if the employees are required to travel during normal tour hours on a day off. NOTE: Travel status is time in transit; not all time on a travel event. (Use OPM reference link for travel time as hours of work under title 5 authority)
9 - OT/CT on Premium T&L	Used for all employees who are entitled to Saturday and Sunday premium but not night differential.
11- Pre-Scheduled	Used for GS employees (including health care workers and hybrid employees who are not authorized all premium pay under title 38) when OT/RG has been scheduled in advance of the work week and employees should receive night differential during regularly scheduled premium hours worked (6:00P-6:00A).
12 - Tour Coverage	Used for full-time and part-time nurses and title 38 Hybrid employees authorized all premium pay under title 38. It is used when employees are called back to work outside of scheduled hours and are entitled to a minimum of two hours overtime, plus, for time actually worked, are entitled to night differential, and, if applicable, weekend premium pay. This code may also be used for overtime work attached to a regular tour without regard to the two hour minimum overtime entitlement when there is also entitlement to night differential premium, and, if applicable, weekend premium pay.
13 - CB - Non-Premium T&L	Used for all employees called back to work for less than two hours who are due a minimum of two hours of overtime pay when there is no entitlement to night differential or to weekend premium during the overtime work period.
14 - CB - Premium T&L	Used for employees called back to work for less than two hours who are due a minimum of two hours overtime pay and, for time actually worked, are due weekend premium pay and no night differential.
15 - Compensatory Time-No Remarks 	Used when no premium pay is due with compensatory time earned in lieu of overtime.

ETA Time Remark Code	When Used
17 - OT/CT With Premiums	Used for all employees who are entitled to receive weekend premium under title 38 authority and/or night differential for hours between 6:00P and 6:00A. All Saturday/Sunday hours posted with this code will receive Saturday/Sunday premium and all hours posted with this code between 6:00P and 6:00A will receive night differential. For night differential entitlement under title 5 use only for pre-scheduled night hours worked.

Figure 6F-4: ETA Special Tour Indicators (Revised)

When creating tours with special features such as tours with standby hours and scheduled overtime, the hours which reflect these special features need to have the special tour indicator placed in the code field. Typing a "?" in the code field will give a list of the special tour indicators. Following are definitions of the tour indicators:

ETA Special Tour Indicator	When Used
1 - Scheduled Overtime	Used to indicate that a segment of overtime is part of the employee's normal tour of duty. By having this overtime established as part of the tour, this automatically entitles the employee to night differential pay for hours falling within the night differential time frame.
2 - Scheduled Compensatory Time	Used to indicate that a segment of compensatory time is part of the employee's normal tour of duty. By having compensatory time established as part of the tour, this automatically entitles the employee to night differential compensation for hours falling within the night differential time frame.
4 - Standby	Used for General Schedule and Per Annum Employees of the Veterans Canteen Service, by having the standby tour indicator established, this ensures that an employee who is officially scheduled to be on standby outside of his/her regularly scheduled duty hours is entitled to receive standby premium pay.
5 - On-Call	Used for Nurses and General Schedule Employees Subject to On-Call provisions of title 38, by having the on-call tour indicator established, this ensures that an employee who is officially scheduled to be on call outside of his/her regularly scheduled duty hours shall receive pay for each hour of on-call duty, except for such times as he/she may be called back to perform overtime work, at a pre-determined rate of his/her overtime pay. When called back to perform overtime work, an employee will receive overtime pay in accordance with VA Handbook 5007 Part V, Chapter 2. On-call pay will be suspended during the period of actual overtime duty.

ETA Special Tour Indicator	When Used
6 - SHIFT 2	Used for Wage Employees, Non Appropriated Fund and Retail Clerical and Administrative Employees of the Veterans Canteen Service, and Purchase and Hire Employees, this tour indicator must be used when creating a tour for employees who are entitled to Shift 2 differential. For the Shift 2 differential to be computed, this tour indicator must be used when creating the tour. For example, if a wage employee has a scheduled tour from 11:30 a.m. to 8:00 p.m., with no tour indicator specified, Shift 2 differential will not be computed (or reported) for this employee. However, if this tour is created with a Shift 2 tour indicator, Shift 2 differential will be computed and reported as appropriate.
7 - SHIFT 3	Used for Wage Employees, Non Appropriated Fund and Retail Clerical and Administrative Employees of Veterans Canteen Service, and Purchase and Hire Employees, this tour indicator must be used when creating a tour for employees who are entitled to Shift 3 differential. Per the FWS Operating Manual section S8-4c and 5 U.S.C. 5343, these employees are entitled to pay at a scheduled rate plus a differential of 10 percent of the scheduled rate for regularly scheduled non-overtime work when a majority (five or more of the regularly scheduled eight-hour shift) occurs between 11:00 p.m. and 8:00 a.m. For the Shift 3 differential to be computed, this tour indicator must be used when creating the tour. For example, if a wage employee has a scheduled tour from MID to 8:30 a.m. with no tour indicator specified, Shift 3 differential will not be computed (or reported) for this employee. However, if this tour is created with a Shift 3 tour indicator, Shift 3 differential will be computed and reported as appropriate.
8 - No Premium Pay	Used when no night differential or Sunday premiums are to be paid for this segment. It is particularly useful for educational tours for General Schedule or Wage Grade employees where the hours are for the convenience of the employee.

C. Systems Premium Pay Recognition and PAID/DCPS Discrepancy Correction

Employee authorization for premium pay under title 38 is found on page 2 of the Pay Rates and Appointment Screen in DCPS. The DCPS record entitlement indicators need to match the PAID premium pay code description if applicable.

Retroactive change to PAID PPCs is submitted only with a current pay period effective date. The workbook, [Figure 6F-5: Title 38 Indicator Excel Worksheet](#), must be completed and submitted to Payroll and HR Systems Service (PHRSS) after opening a service request using the automated [Customer Service Form](#)¹⁶ for earlier retroactive

¹⁶ Only available within VA.

change. Once a PHRSS representative identifies their assignment to your case, submit the completed form by encrypted e-mail.

Figure 6F-5: Title 38 Indicator Excel Worksheet



Title 38
Indicator.xlsx

After retroactive change is updated in DCPS, payment processing may require VA local payroll adjustment of timecard data in DCPS to match entitlement recognized in the certified VA timecard record for each retroactive pay period affected.

APPENDIX G: DEBT MANAGEMENT OVERVIEW.

VA will aggressively pursue the collection of all employee debts while ensuring the employee is advised of his or her due process rights. VA and the Defense Finance and Accounting Service (DFAS), as VA's payroll provider, will adhere to requirements in 5 C.F.R. Part 550, Subpart K, *Collection by Offset from Indebted Government Employees*. Coordination of information between VA and DFAS is required to account for employee debt and to process associated salary offset for current employees.

The Department of the Treasury maintains an online listing of several sources of Federal agency debt collection requirements at <http://fms.treas.gov/debt/regulations.html>. VA debt policy is under 38 CFR §§1.900 through 1.953 and in Office of Financial Policy (OFP) *Volume XII, Debt Management*. VA debt collection requirements affecting employee salary entitlement is under OFP Volume XII, Chapter 4, *Employee Debts*, and under Chapter 10, *Salary Offset for Federal Employees Indebted to U.S.*

THE CONTENTS OF THIS APPENDIX INCLUDE:

- A. Salary Offset Requirement
- B. Debt Billing
- C. Submission of Debt Information to DFAS
- D. Debt Inquiry Response
- E. Installment Agreement
- F. Waiver and Hearing Requests
- G. Health Insurance Premium Debt
- H. Debt upon Separation or Transfer
- I. Financial Policy Debt Management Chapters

The appendix includes information on:

- [DD Form 2481, Appendix G-1](#)
- [Instructions for Completing a DD Form 2481 for Offset of Travel Card Debt, Appendix G-2](#)
- [VA Notice of Indebtedness \(NOI\), Notice of Rights and Obligations, Appendix G-3](#)

A. SALARY OFFSET REQUIREMENT

All Federal agencies are required to issue a written Notice of Indebtedness (NOI) to the employee explaining the details and amount of debt, and advise the debtor of the required timing of repayment options for paying off the debt, including the right to request a hearing and waiver of the debt, or respond to the NOI under 5 USC §5514. OFP Volume XII, Chapter 1, *VA Debt Collection Standards*, Appendix A, lists examples

of approved VA NOI form letters. Fillable forms are available at <http://www.va.gov/vaforms/>.

DFAS will issue an NOI for debt resulting from routine processing of personnel or timekeeping corrections.

1. Employees will be provided an NOI prior to involuntary offset except for the following debts:

a. Exceptions under 5 CFR §550.1104(c) 4 include:

1) Any adjustment to pay arising out of an employee's election of coverage or a change in coverage under a Federal benefits program requiring periodic deductions from pay, if the amount to be recovered was accumulated over four pay periods or less;

2) A routine intra-agency adjustment of pay that is made to correct an overpayment of pay attributable to clerical or administrative errors or delays in processing pay documents, if the overpayment occurred within the four pay periods preceding the adjustment and, at the time of such adjustment, or as soon thereafter as practical, the individual is provided written notice of the nature and the amount of the adjustment and point of contact for contesting such adjustment;

3) Any adjustment to collect a debt amounting to \$50 or less if, at the time of such adjustment or as soon thereafter as practical, the individual is provided written notice of the nature and the amount of the adjustment and a point of contact for contesting such adjustment.

b. The VA facility CFO may authorize offset of debt from final pay when future collection may be jeopardized. At the time of the offset, the VA local payroll office and/or fiscal office will provide written notice of the nature and amount of the debt and a point of contact for contesting the debt. Refer to OFP Volume XII, Chapter 4, *Employee Debts*, Paragraph 040502 B.2.c. for more information.

2. The amount of Federal debt offset from salary payments will normally be limited to 15 percent of earnings after required deductions, unless the employee agrees to a higher rate of payment. Examples of exceptions include, but are not limited to, offset to recover:

- An advance salary or travel payment;
- Health insurance premiums under 5 CFR 890.502(b)(2)(ii);
- A debt balance from a final salary payment; and
- IRS debt subject to wage levy.

Refer to OFP Volume XV, Chapter 4, *Payroll: Deductions*, Appendix C, VA Order of Precedence, for a list of required deductions affecting pay subject to offset.

B. VA DEBT BILLING

Once an employee debt has been validated as a debt not established by DFAS, the VA local payroll office and/or fiscal office will promptly issue the NOI. The following circumstances require a VA billing notice prior to submission of DD Form 2481 to DFAS.

- Payroll debt for pre-conversion pay periods (periods that precede DFAS payroll processing for the employing VA facility);
- Payroll debt not established by DFAS processing; or
- Non-payroll debt to VA.

VA will issue an NOI for debt discovered after employee separation, which would no longer include DFAS involvement.

C. SUBMISSION OF DEBT INFORMATION TO DFAS

1. The VA local payroll office will provide the following information affecting existing DFAS debt records through remedy or imaging functions to DFAS:

- Detail of payments received through the agent cashier (Include a copy of the Field Service Receipt or a credit/debit card payment receipt);
- Authorized employee repayment agreements; and
- Any waiver or hearing determination for a debt record established in DCPS.

2. Submission of DD Form 2481¹⁷

The VA local payroll office will submit a completed DD Form 2481 with required supporting documents to DFAS for debt billed by VA. See [Appendices G-1](#) and [G-2](#) for instructions.

Note: The Veterans Canteen Service (VCS) credit practice requires a written employee agreement to offset the unpaid balance of employee purchases from final salary. A completed DD Form 2481 will be submitted as early as possible in the employee's final pay period to facilitate debt offset to the extent funds are available. VCS will bill ex-employees for a VCS debt balance remaining after final pay processes.

D. DEBT INQUIRY RESPONSE

The VA local payroll office acts on behalf of both VA and the employee to promptly correct pay and debt errors and to comply with VA debt collection requirements. Payroll

¹⁷ **DD Form 2481 is not used to establish routine payroll debt.** DCPS generates routine debt records automatically following change to timecard or personnel records.

will request a copy of the DFAS debt notice from the employee if needed. Inquiries regarding debt offset for non-VA debt should be referred to the applicable agency, i.e. Treasury Department or Internal Revenue Service.

A debt resulting from an erroneous change requires corrective action to the employee record. A debt offset remedy ticket is required upon correction of an error where payment generated from the correction should be applied to the associated debt. The remedy ticket will be submitted in the same pay period the corrective action processes in DCPS.

The Federal salary offset requirement (5 USC §5514) for notice prior to salary offset does not apply when an employee receives an overpayment of salary that is less than \$50 or when there is a correction of routine pay errors that occurred within the prior four pay periods. In these situations, the Remarks section of the employee's Leave and Earnings Statement (LES) provides brief information regarding debt offset along with a DFAS customer service phone number for inquiry. These inquiries are routinely redirected to a VA facility contact in payroll or human resources. VA local payroll office response to an employee inquiry regarding LES notice for such debt should include the offer of a copy of the notice of rights and obligations provided on a blank [VA Form FL4-520f](#), *Immediate Offset – Employee Salary*, or another notice applicable to the debt circumstance. See appendix G-3 for the VA Form FL4-520f notice and for information to access other debt notice forms. Refer to OFP Volume XII, Chapter 1, *VA Debt Collection Standards*, Paragraph 010502 A for additional information on requirements for the initial NOI.

E. INSTALLMENT AGREEMENT

The Chief of the Finance Activity may agree to an installment repayment plan to recover an employee debt. Arrangements to pay by installments should provide for complete liquidation within a reasonable time, considering the size of the debt and the debtor's ability to pay.¹⁸ Repayment plans should normally not extend beyond three years. Installment payments of less than \$25 per pay period, or \$50 a month, will be acceptable only in the most unusual circumstances.

A completed [VA Form 5655](#), *Financial Status Report*, may be needed along with any request for repayment at a rate lower than 15 percent of earnings after required deductions. Although completion of the form is encouraged to properly determine financial status, disclosure and signature on the form is voluntary.

DFAS forms for Voluntary Repayment Agreement (VRA) are included with the debt notice. Employees may submit a DFAS VRA form, [VA Form 1100](#), *Agreement to Pay Indebtedness*, or another written agreement signed by the employee and approved by the VA Fiscal Officer to document the employee installment deduction agreement.

¹⁸ Per 38 C.F.R. §1.914, *Collection in Installments*.

F. WAIVER AND HEARING REQUESTS

1. The VA local payroll office will:

a. Immediately upon receipt of the employee's written request for waiver or hearing and the associated NOI, copy and forward the original employee request and a copy of the NOI to the fiscal office responsible as designated under facility policy or CFO direction.

b. When received within 30 days of the NOI, for immediate suspension of collection activity, copy the employee waiver request to DFAS under a Debt Waiver remedy ticket, and copy a request for hearing to DFAS under a Debt Hearing remedy ticket (for debt records established in DCPS that are not already fully recovered). For employee debt tracked in VA accounting systems, copy notice of the employee waiver or hearing request to Accounts Receivable.

c. Update the status through remedy for any change. Where the status of suspended VA debt is not updated at least every six months, DFAS will remove the suspension to begin or resume normal collection from current salary.

2. Waiver Authority

a. Erroneous Payments. VA authority to render a decision on a waiver request for an erroneous payment of pay or allowances under 5 U.S.C. §5584 is granted to the Committees on Waivers and Compromises (COWC) by 38 CFR §§1.955(a)(1), 1.956(a)(3), and 1.963a. The Committees that consider such waiver requests have been centralized into three committees located at the Pension Maintenance Centers (PMC) in St. Paul, Milwaukee, and Philadelphia VA Regional Offices. Communication with the Regional Office COWC should be directed through the station's fiscal officer.

Committee Addresses:

- Philadelphia VA Regional Office and Insurance Center (VAROIC)
Attn: Committees on Waivers and Compromises
5000 Wissahickon Avenue
Philadelphia, PA 19101
- St. Paul VA Regional Office
Attn: Committees on Waivers and Compromises
1 Federal Drive
Fort Snelling
St. Paul, MN 55111-4050

- Milwaukee VA Regional Office
Attn: Committees on Waivers and Compromises
5400 West National Avenue
Milwaukee, WI 53214

b. Breach of Contract. The office or individual responsible for waiver determination, if applicable, on debt resulting from a breach of contract can vary depending on contract coverage and other policy direction. Local Human Resources and/or Regional Counsel may provide assistance to the CFO or the station's fiscal officer. Following is one of the requirements for Recruitment and Relocation Incentive waiver requests as explained in VA Handbook 5007, Part VI, Chapter 2.

...Requests for waivers will be submitted, through channels, to the official or representative who authorized the incentive. All cases involving unsatisfied incentives which were approved in VA [Central Office (VACO)] will be routed through channels to [the Office of Human Resources Management-Labor Relations (OHRM-LR)] (055) for technical review prior to submission to the approving official. ...

3. Refer to OFP Volume XII, Chapters 1B, *Waiver of Debts*, and 1D, *Salary Offset for Federal Employees Indebted to U.S.*, section 010502 D., *Procedures Related to Hearings*, for additional waiver and hearing information.

G. HEALTH INSURANCE PREMIUM DEBT¹⁹

1. VA local payroll offices will:

a. Review the Prepaid Health report, form MEPH in Roger Software Development (RSD) each pay period to track health insurance premiums advanced due to insufficient pay or LWOP.

b. Notify the local Human Resources office upon initial advance of health insurance premiums for an employee to facilitate [employing office notification](#) required by OPM.

c. Answer employee inquiries and assist accounting staff as needed through investigation of health benefit debt and associated recoveries and adjustments. This activity may require research of enrollment history, the DCPS master employee deduction record, pay period deduction record of health insurance transactions, and additional RSD reports including the Repaid FEHB report, form MEQH, and the Negative Prepaid FEHB report, form MEQI.

¹⁹ This information does not apply to other health related deductions or allotments such as those for separate dental and/or vision insurance plans, long term care, flexible spending accounts or health savings accounts.

Note: Health Insurance policy affecting payroll activity is under OFP Volume XV, Chapter 4, *Deductions*, Paragraph 040502 D. Transaction inquiry assistance is available to VA local payroll offices through [VAFSC Payroll Support Tier 1](#) in Outlook.

2. Health insurance debt recovery will comply with OPM requirement in 5 C.F.R. §§890.103(e) and 890.502(b) (2) (ii). Once an employee's earnings resume following a period of insufficient pay, employee debt for health insurance contributions will be deducted at the minimum rate of an unpaid pay period's premium each pay period (in addition to current health insurance premiums) until the debt is paid in full. An employee may request deductions for overdue premiums at a higher rate. Unpaid contributions resulting from retroactive enrollment correction are subject to the same minimum installment collection process following billing notice. Employees who repay premiums via cash or check through the agent cashier are not eligible for the pre-tax benefit.

H. DEBT UPON SEPARATION OR TRANSFER

1. Federal Employment Ended (non-retirement), and Transfer to Another Federal Agency Not Paid through DFAS. DFAS will forward VA unpaid debt records to the FSC for distribution to the last employing VA facility following employee separation. Upon receipt, VA local payroll offices will forward the DFAS "out-of-service" debt record to the local fiscal department for collection action.
2. Retirement. Payroll debt records for retired VA employees will be forwarded directly by DFAS to OPM or to a Non-Appropriated Fund (NAF) retirement administrator if applicable.
3. Transfer to Another VA facility. Debt records remain active with the employee record in DCPS. Debt recovered after transfer will be credited to the VA facility (activity) where the debt originated.
4. Transfer to Another Federal Agency Paid through DFAS. Debt records remain collectible by DFAS on behalf of VA while DFAS continues to process employee salary payments. VA debt recovered after transfer will be credited to the VA facility (activity) where the debt originated.

Refer to OFP [Volume XV, Chapter 1, Overview, Appendix I, *Guidance on Employee's Clearance from Indebtedness*](#), for VA payroll procedures applicable to separation notice requirements and to OFP [Volume XII, Chapter 4](#), Paragraphs 040502 b and c regarding debt offset from final salary.

I. FINANCIAL POLICY DEBT MANAGEMENT CHAPTERS

Additional details on VA financial policies and procedures for debt collection activities are described in the following chapters of OFP [Volume XII](#), *Debt Management*:

- Chapter 1A, Interest, Administrative Costs and Penalty Charges
- Chapter 1B, Waiver of Debts
- Chapter 1C, Compromise of Debts
- Chapter 1D, Salary Offset for Federal Employees Indebted to U.S.
- Chapter 1E, Treasury Offset Program and Treasury Cross-Servicing
- Chapter 1F, Administrative Wage Garnishments
- Chapter 1G, Referrals for Enforced Collection (Litigation)
- Chapter 1H, Suspension of Collection Action
- Chapter 1I, Termination of Collection Action and Debt Close Out
- Chapter 1J, Reporting Discharge of Indebtedness to IRS
- Chapter 1K, Records, Reports, and Accounting
- Chapter 2, Federal Accounts Receivable
- Chapter 3, Freedom of Information Act Fees
- Chapter 4, Employee Debts
- Chapter 5, Medical Debts
- Chapter 6, Benefit Debts
- Chapter 7, Vendor Debts

APPENDIX G-1: INFORMATION REQUIRED TO COMPLETE A DD FORM 2481

The following information is required to complete a DD Form 2481, Request for Recovery of Debt Due The United States by Salary Offset

1. Paying Office Identification

- a. Name: **DFAS Indianapolis, Civilian Pay – ZPV**
- b. Address: **8899 East 56th Street
Indianapolis, IN 46249-1900**
- c. Contact Name: **Indianapolis Customer Service Phone Team**
- d. E-Mail Address: **Blank**
- e. Telephone No: **(800) 538-9043 or (317) 510-0580 option 2**

Employee Identification

- f. Name: **VA Employee Name**
- g. Address: **LEAVE BLANK**
- h. Date of Birth: **LEAVE BLANK**
- i. Social Security Number: **VA Employee's Full SSN**

2. Debt Information

- a. Reason for Debt: **Debt Due VA**
- b. Date Right to Collect Accrued (YYYYMMDD): **Pay Period End Date**
- c. Debt Identification Number: **Bill for Collection Number or the first three characters of employee's last name and last four of VA employee's SSN**
- d. Original Debt Amount: **NET Amount**
- e. Number of Installments: **If Voluntary Debt, list number of payments and payment amount; if Involuntary Debt, payments will be at 15%**
- f. Interest Due: **LEAVE BLANK**
- g. Penalty Due: **LEAVE BLANK**
- h. Administrative Cost: **LEAVE BLANK**
- i. Total Collection to be Made: **Total Net Amount**

3. Due Process. **Leave this section Blank**

4. Creditor Component Information

- a. Name: **VA Sta #**
- b. Address: **LEAVE BLANK**
- c. Contact Name: **Name of VA Payroll Tech**
- d. E-Mail Address: **VA Payroll Tech E-mail Address**
- e. Telephone: **VA Payroll Tech Phone Number**
- f. Accounting Classification: **VA Appropriation Number, VA Pay Techs should refer to the number listed in QUERY Screen 210 in the field FMS Fund**

Code and use the first four numbers with the appropriate year, i.e., 90160 (9 = current year; 0160 = FMS Code)

- g. Document Number: **Bill for Collection # or the first three characters of employee's last name and last four of VA employee's SSN**
 - h. Certifying Official
 - 1. Signature: **VA Certifying Official's signature**
 - 2. Date Signed (YYYYMMDD): **Date form is signed by VA Certifying Official**
 - 3. Title: **Certifying Official's Title**
 - 4. Telephone: **Certifying Official's Phone Number**
5. VA Accounting Office
- a. Office Symbol and Processor's Name: **VA Supervisor**
 - b. E-Mail Address: **VA CSR SUPERCSR**
 - c. Telephone:
 - d. Date (YYYYMMDD):

APPENDIX G-2 INSTRUCTIONS FOR COMPLETING A DD FORM 2481 FOR OFFSET OF TRAVEL CARD DEBT.

Following are instructions for completing a DD Form 2481, Request for Recovery of Debt Due the United States by Salary Offset, for VA Travel Card Debt.

1. **PURPOSE OF THIS FORM:** To request recovery of a debt by salary offset for a debtor who has not responded to a demand for payment of their government-issued travel charge card account, requested a hearing, or refunded the creditor component's proposed installment deductions. This form also certifies that the debtor's due process has been completed.

2. **COMPLETING THIS FORM:** Items 1 to 4 are completed by the station/facility A/OPC. Item 5 is completed by the station/facility payroll office. Item 6 is completed by DFAS accounting office.

Item 1. Paying Office Identification: Name and address of DFAS Paying Office responsible for processing the salary offset. Include a contact person and e-mail address and telephone number for this individual.

Example:

- a. Name: **DFAS Indianapolis, Civilian Pay – ZPV**
- b. Address: **8899 East 56th Street
Indianapolis, IN 46249-1900**
- c. Contact Name: **Enter contact name**
- d. E-Mail address: **Enter email address**
- e. Telephone No.: **1-800-538-9043; Option #2**

Item 2. Employee Identification: Name, address, date of birth and social security number for the individual for whom a salary offset is requested.

Item 3. Debt Information: Specific information and justification of debt. Salary offset payments to U.S. Bank will be made by check. Each delinquent employee will have an individual check sent to the bank by DFAS. In order for salary offset payments to reach U.S. Bank, the information below must be listed in the appropriate boxes.

3a. Reason for Debt: Stations are strongly encouraged to highlight this section upon printing to ensure DFAS mails payment directly to U.S. Bank and not back to the station. For a VA Travel Charge Card, this should read:

DFAS PLEASE MAIL PAYMENT DIRECTLY TO U.S. BANK, NOT TO VA STATION:

**U.S. Bank - Attn: Tamara Lockridge
9321 Olive Blvd, St Louis, MO 63132**

3b. Date Right to Collect Accrued: Enter the date the account was eligible for salary offset.

3c. Debt Identification Number: First 3 characters of VA Employee's last name and last 15 digits of the employee's U.S. Bank account number.

The VA Employee's 16 digit account number on the U.S. Bank Travel Card will be included in this box in order for payment to be made in the correct depository account. **Important: This field can only take 3 alpha characters and 15 digits. So enter the first 3 letters of the employee's last name, then drop the first digit of their account number and enter the last 15 digits of the employee's U.S. Bank account number.**

For example: John Oweyou's U.S. Bank account number is 4486 0001 0002 00003. You must drop the first digit and enter **OWE486000100020003** in Box 3c.

- | | |
|---|----------------------------------|
| 3d. Original Debt Amount: | NET Amount of Debt |
| 3e. Number of installments: | LEAVE BLANK |
| 3f. Interest Due: | LEAVE BLANK |
| 3g. Penalty Due: | LEAVE BLANK |
| 3h. Administrative Cost: | LEAVE BLANK |
| 3i. Total Collection to be Made: | Total Net Amount due to the bank |
| 3j. Commence Deductions On: | Pay period begin date |

Voluntary Salary Offset payments will provide bi-weekly payment amounts of 15 percent unless the employee volunteers to offset additional funds.

Involuntary Salary Offset payments will be processed at 15 percent of the employee's disposable income.

Item 4. Due Process: Annotate the appropriate Due Process given to the individual for whom a salary offset is requested. **For VA Travel Charge Card, annotate the date of the VA Salary Offset Letter e-mailed or sent to the employee.** Box 4a should always be checked with the date action taken inserted into column (1). Columns (2) and/or (3) should be checked as appropriate.

Item 5. Creditor Component Information: To be completed by the payroll office. Name and address of organization initiating collection. Include contact name, e-mail address and telephone number, and accounting classification.

IMPORTANT: Please ensure Payroll and DFAS are aware that offset payments are mailed by DFAS directly to U.S. Bank, not to the VA station.

Item 6. DFAS Accounting Office: To be completed by the DFAS accounting office.

APPENDIX G-3 NOTICE OF INDEBTEDNESS (NOI), NOTICE OF RIGHTS AND OBLIGATIONS

Refer to OFP Volume XII, Chapter 1, *VA Debt Collection Standards*, Appendix A, which lists examples of approved VA NOI form letters. Fillable forms are available on the VA Intranet at <http://vaww4.va.gov/vaforms/>.

A sample notice for VA Form FL4-520f is as follows:

Your debt has already been offset from a recent salary payment. If it is subsequently determined that you do not owe this debt, then any amounts deducted will be promptly refunded to you.

NOTICE OF RIGHTS: If you do not believe you owe this debt or you think the amount is incorrect, you have a right to dispute the debt. You also have the right to request waiver of the debt. Waiver means you will not have to pay the debt. Additional information concerning these rights [follows].

Please read it carefully.

Interest and other late payment charges will not be assessed on this indebtedness because the entire amount of the debt has been recouped by the offset from your recent salary payment.

NOTICE OF RIGHTS AND OBLIGATIONS

DEBTS OWED THE UNITED STATES GOVERNMENT: The law requires that the Department of Veterans Affairs (VA) collect debts owed the government. Any future Federal salary, lump sum or retirement payments, insurance dividends or other payments made by VA or any other Federal agency may be withheld. Your debt may also be referred to the Treasury Department for collection.

RIGHT TO DISPUTE THE EXISTENCE OR AMOUNT OF THE DEBT: In order to dispute the existence or amount of the debt, you must submit your dispute in writing. You should explain to the extent that you can, why you believe you do not owe the debt or why the amount is incorrect.

RIGHT TO REQUEST WAIVER OF THE DEBT: Under certain circumstances, we can waive the debt. This means that you will not be required to pay the amount owed. To be considered for waiver, you must write to us and request one. You should explain why you believe that the erroneous payment or overpayment, which created your indebtedness, is not your fault. You may file a waiver request at any time within three years of the date of discovery of your indebtedness.

APPENDIX H: MILITARY RESERVISTS' DIFFERENTIAL PAY

A. Overview.

This appendix provides payroll processing guidance for pay entitlement under 5 U.S.C. §5538, entitled “Nonreduction in pay while serving in the uniformed services or National Guard,” which provides differential payments to eligible Federal civilian employees who are members of the Reserve or National Guard (commonly referred to as “reservists”) called or ordered to active duty under contingency operations as defined in 10 U.S.C. §101(a) (13) (B).

This law is codified in 5 U.S.C. §5538 which was added by section 751 of the Omnibus Appropriations Act, 2009 (Public Law 111-8, March 11, 2009), and later amended by section 745 of the Consolidated Appropriations Act, 2010 (Public Law 111-117, December 16, 2009). Section 5538 became effective on the first day of the first pay period beginning on or after March 11, 2009 (i.e., March 15, 2009, for employees on the standard bi-weekly payroll cycle). Payment of reservist differential is effective retroactively to the pay period beginning March 15, 2009, for qualifying periods on or after that date. Payment cannot be made for periods prior to March 15, 2009.

Under section 5538, VA must provide a payment (hereafter referred to as a “reservist differential”) equal to the amount by which an employee’s projected civilian basic pay for a covered pay period exceeds the employee’s actual military pay and allowances allocable to that pay period (refer to Appendix H-2 for civilian basic pay and military pay and allowances definitions). The reservist differential is not payable for periods during which the employee is receiving civilian basic pay for performing work, is using civilian paid leave or other paid time off, or is in a military non-pay status (military non-pay status is generally conduct-related, i.e., confinement, desertion, Absent Without Leave (AWOL)).

Local HR will determine employee eligibility for reservist differential (refer to [HR Management Letter \(HRML\) 05-11-05](#)). Once HR determines employee eligibility, local payroll staff will review both VA and military pay information to determine if a payment is due to the employee. This appendix will provide information on how to calculate and process a reservist differential payment through VA’s payroll provider.

B. Initial Qualifying Determination by Local HR.

The local HR office will make the initial determination on whether the employee and the military orders qualify for the reservist differential entitlement (refer to [HRML 05-11-05](#)). Local HR will make its initial determination based on the following:

1. Entitlement.

a. Reservist Differential is payable to eligible Federal civilian employees who are members of the Reserve or National Guard and who are ordered or called to active duty in the uniformed services under a provision of law referred to in 10 U.S.C. §101(a)(13)(B). During this absence the employee *must meet both* of the following conditions:

- serving on active military duty, and
- entitled to reemployment rights under the Uniformed Services Employment and Reemployment Rights Act (USERRA) under 38 U.S.C. §43.

b. An individual who separates from Federal service would lose any eligibility for the reservist differential effective on the date of separation because no civilian basic pay would otherwise be payable to a separated employee. (5 U.S.C. §5538(a)(1).)

2. Qualifying Periods.

A reservist differential under section 5538 is payable to an eligible employee during a qualifying period during which the employee meets both of the following conditions:

- The employee is absent from a Federal civilian position in order to perform active duty in the uniformed services pursuant to a call or order to active duty under a provision of law referred to in 10 U.S.C. §101(a)(13)(B), as described in Part 1 of Appendix D of [OPM's Policy Guidance](#), and is serving on such active duty; and
- The employee is entitled to re-employment rights under the Uniformed Services Employment and Reemployment Rights Act (USERRA - 38 U.S.C. §43) for such active duty.

C. Preliminary Pay Determination by Local Payroll.

The amount payable for reservist differential is the portion of the employee's VA civilian basic pay that exceeds their military pay and allowances during periods in which the employee is not in a civilian pay status. The employee is not entitled to reservist differential pay if their military pay and allowances exceeds their VA civilian basic pay. In addition, reservist differential is not payable for any period in which an employee receives civilian basic pay for performing work or using paid civilian leave or other paid time off.

Local payroll staff can provide a preliminary determination on whether the reservist's VA civilian basic pay is greater than their military pay and allowances. The employee will need to provide a current military leave and earnings statement (LES) (refer to Appendix H-1) along with any projected military pay entitlements they expect to receive while they are deployed.

The following documents are included in this appendix to assist local payroll with calculations:

- [Appendix H-1: How to Read a Military LES](#);
- [Appendix H-2: Civilian Basic Pay and Military Pay and Allowances Definitions](#); and
- [Appendix H-3: Excel Workbooks for Hourly and Daily Pay Calculations](#).

1. Employees with an Hourly Schedule.

a. VA civilian hourly rate of pay calculation: Take employee's annual salary and add locality pay and/or market pay if applicable, then divide by appropriate year divisor (2080, 2087, 1872, 1248, 2756²⁰) based on employee position; the total equals the VA civilian hourly rate of pay.

b. Estimated military hourly rate of pay calculation: Add all applicable military pay and allowances listed on the military LES with any additional pay and/or allowances provided by the employee, then divide by number of days the military pay is for (if pay is for a full month, the divisor is 30); the result equals the *military daily rate of pay*. To obtain the military hourly rate of pay, divide the *military daily rate of pay* by 8 (normal hours in one day).

c. Preliminary Reservist Differential Pay Determination:

1) To find the difference in pay, subtract the estimated military hourly rate of pay from the VA civilian hourly rate of pay.

2) If the VA civilian hourly rate of pay is greater than the estimated military hourly rate of pay, then the employee will be entitled only to the portion of VA pay that is greater than their military pay and allowances.

3) If the VA civilian hourly rate of pay is less than the estimated military hourly rate of pay, then the employee earns more with the military and, as such, there is no entitlement to reservist differential pay. However, the employee is entitled to submit their official military LESs they receive after their deployment and request an official pay comparison.

2. Employees with a Daily Schedule (Full-time title 38 Physicians/Dentists).

²⁰ Annual divisor number is based on the employee's type of position and/or schedule: 2080 for Title 38, 2087 for title 5, 1872 for nurses approved to work the 36/40 schedule, 1248 for Baylor Plan, and 2756 for firefighters with an uncommon tour of duty.

- a. VA civilian daily rate of pay: Take employee's annual salary and add market pay, then divide by appropriate year divisor (364) based on employee position; total equals VA civilian daily rate of pay.
- b. Estimated military daily rate of pay: Add all applicable military pay and allowances listed on the military LES with any additional pay and/or allowances provided by the employee, then divide by number of days the military pay is for (if pay is for a full month, the divisor is 30); the result equals the military daily rate of pay.
- c. Preliminary Reservist Differential Pay Determination:
- 1) To find the difference in pay, subtract the estimated military daily rate of pay from the VA civilian daily rate of pay.
 - 2) If the VA civilian daily rate of pay is greater than the military daily rate of pay, then the employee will be entitled only to the portion of VA pay that is greater than their military pay and allowances.
 - 3) If the VA civilian daily rate of pay is less than the military daily rate of pay, then the employee earns more with the military and, as such, there is no entitlement to reservist differential pay. However, the employee is entitled to submit their official military LESs they receive after their deployment and request an official pay comparison.
3. Required Action for Preliminary Reservist Differential Pay Determination Findings.
- a. Local payroll must notify local HR and the employee in writing of the preliminary reservist differential pay estimates. **The employee must be informed that the initial pay determination is only an estimate²¹**. If the employee is entitled to receive reservist differential pay, the notification must also include the name, mailing address, e-mail address, and phone number of a local HR or payroll contact person. The reservist will submit their official military LESs to the assigned VA contact during their deployment.
 - b. The VA contact person must ensure that the military LESs are 1) date stamped for the day VA received the LESs from the reservist, and 2) forwarded to local payroll for processing.
 - c. Local HR is responsible for establishing the employee's military furlough status based upon the deployment date listed on the official military orders. Local HR is also responsible for providing local payroll with a projection of the employee's civilian basic pay that would have been payable for each pay period within a qualifying period but for the call to active duty. The projected rate of basic pay will be determined using those

²¹ The preliminary estimates for VA and Military hourly/daily rates of pay may vary based on military pay and allowances received as well as any applicable civilian pay adjustments the employee may be entitled to with the VA, had the employee remained in pay status.

policies consistent with USERRA, under which employees are credited with any pay adjustment that, with “reasonable certainty,” would have occurred but for service in the military. The projected rate of basic pay used in computing reservist differential does not affect an employee’s actual basic pay entitlement. Pay adjustments that should be applied in the computation of an employee’s projected rate of civilian basic pay are: general pay adjustments, including locality pay and special rate adjustments; within-grade increases; career ladder promotion increases; performance-based basic pay adjustments, and other basic pay adjustments as long as the adjustments would have occurred with reasonable certainty. The projected adjustment takes effect at the time the adjustment otherwise would have been made except for the call to active duty.

D. Civilian Pay, Leave Status, and Timecard Postings.

1. The receipt of a reservist differential does not affect an employee’s civilian pay and leave status. Even though an employee may be receiving a reservist differential, OPM considers the employee to be in a leave without pay²² (LWOP) status unless he or she substitutes paid leave or other paid time off for specific hours. As such, Reservist Differential payments can only be paid for periods that the employee received no VA pay.
2. Reservist differential is not payable for post-active duty periods prior to or following completion of an active duty assignment except for qualifying periods which fall between March 15, 2009 and December 19, 2009, during which time the employee was entitled to re-employment rights under USERRA.
3. There are no provisions for employees to retroactively cancel paid leave or any other paid time off that was taken during the post-active duty period in order to receive reservist differential payments instead.
4. Reservist differential is not payable for periods during which the employee is receiving civilian basic pay for performing work or using civilian paid leave or other paid time off. An employee is considered to be in a civilian pay status when using paid time off but not when receiving reservist differential. Paid time off includes military leave, annual leave, sick leave, excused absence, holiday time off, time off as an award, compensatory time off, credit hours, or any other paid time off to the employee’s credit. Employees are entitled to use their military leave as applicable. Regular military leave under 5 U.S.C. §6323(a) provides 15 days of leave per fiscal year and additional military leave under 5 U.S.C. §6323(b) provides 22 days of leave per calendar year. (NOTE: *Use of military leave under 5 U.S.C. §6323(b) requires the employee’s civilian pay to be offset by the amount of military pay and allowances allocated to those leave days.*) Employees may use additional military leave or claim reservist differential, but not both, for the same period. For example, if an employee receives civilian basic pay (through

²² Leave without pay during military furlough status is also referred to as leave without pay-uniformed service (LWOP-US).

paid work or paid time off) for an entire bi-weekly pay period, reservist differential cannot be paid for that bi-weekly pay period. If an employee receives civilian basic pay for a portion of the pay period, reservist differential is computed for the portion of the pay period in which the employee did not receive civilian basic pay.

5. Other non-qualifying periods include any period in which an employee is placed in military non-pay status for conduct-related reasons (e.g. AWOL, confinement or desertion) during the qualifying active duty period. Those are non-qualifying days and are not to be considered when computing reservist differential. If an employee is separated from military duty for misconduct or other reasons that terminate USERRA re-employment rights, entitlement to reservist differential would also terminate at the time of separation. Military non-pay status dates should be listed in the Remarks of the military LES.

6. A qualifying period may begin or end in the middle of the employee's civilian bi-weekly pay period, and the days before or after the qualifying period are not used in computing reservist differential for the pay period. The computation of military pay and allowances and projected civilian basic pay for a pay period must be based solely on the days within the qualifying period, making it necessary to determine the days and hours the employee would have worked during the qualifying portion of the pay period.

7. How to post the employee's timecard for reservist differential hours/days:

a. VA's Time and Attendance System: The local timekeeper and payroll office must verify whether the employee has a VA timecard to post (if military furlough, LWOP-US, has been coded by local HR, timecard postings may not be required). If the employee's VA timecard is available for posting, i.e., the VA timecard has been posted with partial hours of pay (e.g., annual or military leave used), the VA timecard must reflect leave without pay (WP) for any hours/days to which the reservist differential pay will apply.

NOTE: If the employee is within the qualifying period, any LWOP-US hours/days can be applied towards reservist differential pay as long as the employee submits their military LES which covers that day. For example, an employee uses the remainder of their leave during their tour of duty and LWOP-US postings begin during that same tour of duty (i.e., an 8 hour tour is posted as 3 hours of military leave and 5 hours of LWOP-US), the LWOP-US hours on that day can be included in the reservist differential pay.

b. VA Payroll Provider's Defense Civilian Pay System (DCPS): Local payroll staff must ensure any hours/days that reservist differential pay will apply to be posted as LWOP-US (DCPS time code of "KG") on the employee's DCPS timecard.

c. Additional timecard posting information:

1) Reservist differential cannot be paid for any period in which an employee receives civilian basic pay for performing work or using paid civilian leave or other paid time off.

2) Employees with a daily tour of duty: Any non-duty days connected to the reservist differential pay must be posted as LWOP-US.

8. Full-time title 38 physicians and dentists are paid based on a daily basis (364 days per year); as such, both duty and non-duty days must be included in the pay calculations since military pay is also paid on a daily basis. The employee's military pay must be offset for both duty and non-duty days to prevent dual payment.

E. Reservist Differential Timecard Processing and Official Pay Comparison.

1. Payment of reservist differential is effective retroactively to the pay period beginning March 15, 2009, for qualifying periods on or after that date. Payment cannot be made for periods prior to March 15, 2009. Reservist differential is not payable for post-active duty periods prior to or following completion of an active duty assignment except for qualifying periods which fall between March 15, 2009 and December 19, 2009, during which time the employee was entitled to re-employment rights under USERRA. **There are no provisions for employees to retroactively cancel paid leave or any other paid time off that was taken during the post-active duty period in order to receive reservist differential payments instead.**

The amount payable for reservist differential is the portion of the employee's projected²³ VA civilian basic pay that exceeds their military pay and allowances during periods in which the employee is not in a civilian pay status. The employee is not entitled to reservist differential pay during any period where their military pay and allowances exceed their VA civilian basic pay. In addition, reservist differential cannot be paid for any period in which an employee receives civilian basic pay for performing work or using paid civilian leave or other paid time off.

2. Before local payroll can perform the official reservist differential pay comparison, the employee must submit their official military LES(s) to the assigned VA local payroll or HR contact person. The employee may submit their military LESs to the local VA payroll or HR contact each time they receive their military LES or periodically, i.e., once per month. The employee is responsible for submitting their military LESs to the assigned VA contact person; if the employee does not submit

²³ Local HR will provide local payroll with the employee's projected rate of civilian basic pay which will be determined using policies consistent with USERRA, under which employees are credited with any pay adjustment that, with "reasonable certainty," would have occurred but for service in the military. Pay adjustments that should be applied in the computation of an employee's projected rate of civilian basic pay are: general pay adjustments, including locality pay and special rate adjustments; within-grade increases; career ladder promotion increases; performance-based basic pay adjustments and other basic pay adjustments as long as the adjustments would have occurred with reasonable certainty. The projected adjustment takes effect at the time the adjustment otherwise would have been made except for the call to active duty.

their military LES for any period during the military furlough LWOP-US status, then no reservist differential payment will be processed.

The following documents are included in this appendix to assist local payroll with reservist differential pay calculations, comparison of VA civilian basic pay to military pay and allowances, and processing payment:

- [Appendix H-1, How to Read a Military LES;](#)
- [Appendix H-2, Civilian Basic Pay and Military Pay and Allowances Definitions;](#)
- [Appendix H-3, Excel Workbooks for Hourly and Daily Pay Calculations.](#)

3. Timecard Processing and Verification.

Local payroll will:

- a. Verify that the employee's VA TA timecard is posted correctly for each pay period that reservist differential is being processed. All hours/days that are applied to reservist differential pay must be posted as LWOP (WP). If the entire pay period is being processed for reservist differential and there is no VA TA timecard due to extended military furlough (LWOP-US) being coded by local HR, no VA TA timecard will be required.
- b. Verify that the employee's DCPS TA timecard is posted correctly for each pay period that reservist differential is being processed. All hours/days that are applied to reservist differential pay must be posted as LWOP-US (KG).
- c. Review any holiday that falls during a pay period in which reservist differential is being claimed. If LWOP-US is posted on the tour immediately prior to and following the holiday, the holiday must be charged as LWOP-US in both the VA and DCPS systems. The employee will only receive the difference of VA civilian pay that is greater than their military pay and allowances for any holiday which falls wholly within a reservist differential claim period.
- d. Ensure that reservist differential is not applied to any hours/day in which an employee receives civilian basic pay for performing work or using paid civilian leave or other paid time off.
- e. Ensure that reservist differential is not applied to any hours/days in which the employee was placed in military non-pay status for conduct-related reasons, e.g., AWOL, confinement or desertion. Military non-pay status dates should be listed in the Remarks section of the Military LES.
- f. Provide careful review of full-time title 38 physicians and dentists who request reservist differential, since they are paid on a daily basis. Both duty and non-duty days

must be considered when posting VA timecards and DCPS timecards; any non-duty day(s) which are contained wholly within a period of LWOP must be posted as LWOP.

g. Examples include:

- **Example 1:** A full-time physician on a daily tour of duty qualifies for reservist differential pay and returns to duty in week 2 of pay period.
- **Example 2:** A full-time physician on a daily tour of duty qualifies for reservist differential pay but chooses to use accrued leave during part of the pay period.

Example 1: A full-time physician on a daily tour of duty qualifies for reservist differential pay and returns to duty in week 2 of pay period.

VA Reg. Tour of Duty	Sun	Mon	Tues	Wed	Thurs	Fri	Sat	Totals
Week 1	OFF	DUTY	DUTY	DUTY	DUTY	DUTY	OFF	5 DUTY and 2 NON-DUTY DAYS
Week 2	OFF	DUTY	DUTY	DUTY	DUTY	DUTY	OFF	5 DUTY and 2 NON-DUTY DAYS
VA TA Timecard Posting:								
Week 1	OFF*	WP	WP	WP	WP	WP	OFF*	7 days LWOP*
Week 2	OFF**	AA	AA	AA	AA	AA	OFF**	7 days pay**
<p>* Week 1: Sun. and Sat. (2 non-duty days) will automatically post as LWOP; reservist differential will be processed for week 1 **Week 2: Sun. and Sat. (2 non-duty days) will be paid since employee is in pay status Mon.-Fri. (employee will be charged 5 days of authorized absence and will receive 7 days of pay for return to duty as described in OPM Compensation Memorandum 2003-14)</p>								
DCPS TA Timecard Posting:								
Week 1	KG	KG	KG	KG	KG	KG	KG	7 days of LWOP*
Week 2	RG	LN	LN	LN	LN	LN	RG	7 days pay; 5 days leave charged
<p>Employee will be processed for 7 days (5 duty and 2 non-duty) of reservist differential pay for week 1 of this pay period; they will also receive 7 days (5 duty and 2 non-duty) of regular pay for their return to duty in week 2.</p>								

NOTES:

- Local payroll must confirm that military leave is posted within the active duty begin and end dates stated on the military orders.
- Reservist differential processing cannot be prior to March 15, 2009, and must be for qualifying periods on or after that date.
- **Reservist differential cannot be paid for active duty periods prior to or following completion of an active duty assignment except for qualifying periods which fall between March 15, 2009 and December 19, 2009.**

Example 2: A full-time physician on a daily tour of duty qualifies for reservist differential pay but chooses to use accrued leave during part of the pay period.

VA Reg. Tour of Duty	Sun	Mon	Tues	Wed	Thurs	Fri	Sat	Totals
Week 1	OFF	DUTY	DUTY	DUTY	DUTY	DUTY	OFF	5 DUTY and 2 NON-DUTY DAYS
Week 2	OFF	DUTY	DUTY	DUTY	DUTY	DUTY	OFF	5 DUTY and 2 NON-DUTY DAYS
VA TA Timecard Posting:								
Week 1	OFF*	ML	ML	AL	AL	WP	OFF*	5 days pay status and 2 days LWOP*
Week 2	OFF**	WP	WP	WP	WP	WP	OFF**	7 days LWOP**
<p>* Week 1: Sun. will be paid since Monday is paid leave, resulting in 5 days of pay for this pay period; Sat. in week 1 will be LWOP since it is wholly within a period of LWOP **Week 2: Sun. and Sat. (2 non-duty days) will be LWOP since it is wholly within a period of LWOP (Mon.-Fri.)</p>								
DCPS TA Timecard Posting:								
Week 1	KG*	LM	LM	LA	LA	KG	KG	See note below*
Week 2	KG	KG	KG	KG	KG	KG	KG	7 days pay; 5 days leave charged
Employee will be processed for 9 days (6 duty and 3 non-duty) of reservist differential pay for this pay period; they will also receive 5 days (4 duty and 1 non-duty) of regular pay for their accrued leave used.*								

NOTE: A full-time physician/dentist is entitled to receive full pay for their non-duty day(s) when using paid leave during military furlough. Local payroll must follow the appropriate workaround guidance so VA’s payroll provider can manually process payment for any non-duty day(s) that need to be paid due to pay status.

4. Official Civilian Basic Pay and Military Pay and Allowances Comparison²⁴

The amount payable for reservist differential is the portion of the employee's projected VA civilian basic pay that exceeds their military pay and allowances during periods in which the employee is not in a civilian pay status. The employee is not entitled to reservist differential pay during any period where their military pay and allowances exceeds their VA civilian basic pay. In addition, reservist differential is not payable for any period during which the employee is receiving civilian basic pay for performing work, is using civilian paid leave or other paid time off, or is in a military non-pay status (military non-pay status is generally conduct-related, i.e., confinement, desertion, AWOL).

Local payroll will:

a. Review the employee's military orders for the following:

1) Identify the qualifying military order number (active duty law) listed on the employee's military orders. Local HR is responsible for ensuring that the military orders state the appropriate active duty law.

2) Identify the mobilization begin and end dates. Payment of reservist differential is effective retroactively to the pay period beginning March 15, 2009, for qualifying periods on or after that date. Payment cannot be made for periods prior to March 15, 2009.

3) NOTE: Reservist differential is not payable for post-active duty periods prior to or following completion of an active duty assignment except for qualifying periods which fall between March 15, 2009 and December 19, 2009, during which time the employee was entitled to reemployment rights under USERRA. **There are no provisions for employees to retroactively cancel paid leave or any other paid time off that was taken during the post-active duty period in order to receive reservist differential payments instead.**

b. Review each military LES submitted and determine the following:

1) Military LES pay date (arrange LESs in chronological date order and group by month);

2) Military LES begin and end dates;

3) Military pay and allowances to be included in military pay calculation – this must be inclusive of all pay received with the following exceptions: per diem (related to travel), transportation allowances, travel allowances, credits received (i.e., tax refund, life

²⁴ The Excel workbooks provided in Appendix H-3 use the same calculation formulas provided in section C1 and C2 of this document.

insurance refund), and one time annual payments (i.e., clothing allowances, reenlistment bonuses); refer to Appendix H-2 for a detailed list of military pay and allowances;

4) Number of hours/days for that will be applied to reservist differential.

c. Complete the Military Pay Calculation worksheet in the appropriate hourly or daily workbook in Appendix H-3. **A new worksheet must be completed for each month.**

NOTE: Military reservists generally receive two leave and earning statements (LES) each month; each LES will indicate the time period the LES pay is for. The following divisors will be used when calculating the military daily rate of pay:

1) If LES covers the 1st of month thru the 15th, divisor is 15 days;

2) If LES covers the 16th of month thru the last day of the month, divisor is 15 days;

3) If LES is for a partial period, divisor is the actual number of days, i.e., LES pay is for 1st thru 10th of month, divisor is 10 days;

4) If the LESs cover the entire month, the divisor is always 30 days (note exception below);

5) **Divisor Exception:** If the LES(s) cover a partial, 15 day, or monthly period and contains days which were non-pay due to conduct-related reasons, an adjusted divisor will need to be obtained: take the appropriate divisor and subtract the number of non-pay days to obtain the adjusted divisor for that period. For example: 2 military LESs are submitted which cover an entire month (normal divisor is 30); in the remarks section of the LES, there are 5 days stated as non-pay due to conduct; to obtain the new divisor take the normal divisor (30) and subtract the non-pay days (5) to equal the adjusted divisor for that month (25). The employee is not entitled to receive reservist differential pay from VA during the 5 days of military non-pay for conduct-related reasons.

6) NOTE: If a payment reflected on the military LES is for a prior pay period, that payment will have to be added to the pay calculation for the appropriate month. If this results in a different hourly or daily rate of pay and the reservist differential payment for that month has already been processed, a pay adjustment must be completed for the pay period(s) affected.

d. Identify the date that VA received each military LES from the employee.

1) Reservist differential is considered due and payable no later than 8 weeks (4 biweekly pay periods) after the receipt of the employee's documentation (e.g., copy of military orders, military LESs). This delayed scheduled payment date is considered to

be the date the reservist differential is due and payable for all purposes, including the purpose of determining any back pay interest liability.

2) To determine if the employee is eligible for back pay interest, take the date the military LES was received by VA, locate the next official VA pay date following the receipt date, then locate the next official VA pay date that is 8 weeks following the initial pay date; the result will be the interest calculation date. If the reservist differential payment has not been made within that extended 4-pay period (8 weeks) timeframe, then the employee is entitled to back pay interest as of the adjusted date. DFAS will calculate the interest payment based upon the date entered.

For example:

- VA received the military LES and date stamped it on 6/2/11
- The next pay date is 6/10/11 (first possible pay date)
- Extend 8 weeks from the first possible pay date – 8/5/11 would be the last pay date to pay the employee before interest begins to accrue
- Back pay interest for the pay period(s) this military LES affects will begin accruing on 8/6/11 (the day after the 8/5/11 pay date)

For the above example, local payroll would submit 8/6/11 as the interest begin date for this military LES; this interest begin date will be entered on the Reservist Differential “Amount to Pay” Employee Summary worksheet in the appropriate hourly or daily Excel workbook (refer to Appendix H-3). If the employee submitted their military LESs to VA on different dates, then the interest begin date, if applicable, will vary based on the VA date of receipt on the LES and the affected pay periods that reservist differential is claimed.

3) For pay periods beginning before OPM issued their guidance on December 8, 2009, a late payment (i.e., a payment made more than 8 weeks after the normal salary payment date for a given pay period) will not be issued as a result of an unjustified or unwarranted personnel action by the employing agency, and no Back Pay Act interest will accrue for such late payments. The scheduled payment date for the first pay period beginning on or after December 8, 2009, should be treated as the scheduled payment date for earlier pay periods; VA’s next pay date was December 24, 2009. **If an employee submitted their military LES(s) to their local payroll or HR department prior to December 24, 2009, the earliest interest could begin accruing is February 20, 2010, as the last pay date to process the reservist differential payment would have been February 19, 2010.**

e. Review the VA civilian basic pay for the employee for each pay period that reservist differential is claimed – refer to Appendix H-2 for civilian basic pay definition. Local HR

must provide local payroll with a projected salary schedule for any pay adjustments the employee would have received if they remained in pay status, i.e., within grade increases, annual cost of living raise, grade promotion.

f. Complete the Civilian (VA) Pay Calculation worksheet in the appropriate hourly or daily workbook in Appendix H-3. **A new worksheet must be completed each time the employee is projected to receive a pay adjustment.**

g. Complete the Reservist Differential (RD) Pay Comparison worksheet in the appropriate Hourly or Daily workbook in Appendix H-3.

h. Complete the Reservist Differential “Amount to Pay” Employee Summary worksheet in the appropriate Hourly or Daily workbook in Appendix H-3. Note: Regular processing of reservist differential pay will require selection of “retro payment” in the ‘Select Correct Payment Type’ field.

i. Sign the Pay Comparison and “Amount to Pay” Employee Summary sheets and obtain a supervisory/reviewer signature in the appropriate Hourly or Daily workbook in Appendix H-3.

F. Payment Processing.

1. The certified Reservist Differential “Amount to Pay” Employee Summary Excel worksheet is the only VA approved document for processing reservist differential payments through VA’s payroll provider. This certified worksheet is the only document that will need to be forwarded to VA’s payroll provider for payment processing.

2. Local payroll will forward the certified Reservist Differential “Amount to Pay” Employee Summary worksheet to the local HR office who will submit the worksheet with a Reservist Differential remedy ticket²⁵ through VA’s payroll provider. Generally, a new remedy ticket must be submitted for each pay period that the Reservist Differential payment is payable. However, if you are processing several retroactive payments, DFAS will accept a certified Reservist Differential “Amount to Pay” Employee Summary worksheet which will allow up to 14 pay periods to be entered.

DFAS requires the following information to be submitted on the Remedy ticket and/or attachments. The Reservist Differential “Amount to Pay” Employee Summary worksheet contains all required fields (listed below).

- a. Employee’s Name;
- b. Employee’s full social security number;

²⁵ If local HR does not have access to VA’s payroll provider’s Remedy ticket system, then local payroll will have to submit the Remedy ticket.

- c. Branch of Service;
- d. VA Organization;
- e. Mobilization start date (cannot be earlier than 3/15/09);
- f. Mobilization end date;
- g. Projected rate(s) of basic pay during mobilization;
- h. Effective date(s) of projected rate(s); and
- i. Activation authority contained in orders.

3. Although activation orders, including all amendments or modifications, will be maintained in the employee's Electronic Official Personnel Folder (e-OPF), local payroll will need to maintain a copy of the orders for review of the employee's timecard entries, qualifying periods for reservist differential pay, and audit purposes. Local payroll must maintain all reservist differential pay documentation on file for six years after the reservist differential payment was issued.

4. Once an employee returns to duty, local payroll will need to confirm the active duty end date. The employee should be reminded to submit any subsequent military LESs for the activation period in order for the local payroll office to reconcile payments to ensure payments are accurate. Overpayments will be subject to normal debt collection procedures; underpayments will result in additional payment.

5. Pay Adjustment / Audit.

a. Prior Pay Period Pay Adjustments.

1) If VA has identified errors in computing the reservist differential for past pay periods, it may adjust a current reservist differential payment to correct the error, as long as that differential payment is for a pay period within the same qualifying period (i.e., pay periods associated with a specific call or order to active duty). The error may be an overpayment (i.e., debt owed to the agency) or an underpayment (i.e., payment due to the employee).

2) An overpayment may be recouped from a later reservist differential payment for the same qualifying period by reducing that later payment. In this situation, the overpayment is considered an advance payment, which eliminates any employee debt and allows the later payment to be adjusted to account for the advance payment. If an overpayment debt is not recoverable from reservist differential payments for the same qualifying period, collection of that debt is subject to normal debt collection procedures (e.g., salary offset under 5 U.S.C. §5514 and 5 CFR part 550, subpart K).

3) The agency should resolve any underpayment by adjusting (increasing) later reservist differential payments for the same qualifying period. If the qualifying period has ended, the agency should make a supplemental payment to the employee as soon as possible. Back pay interest will accrue from the scheduled date of the affected payment if the agency does not make the back payment within 30 days of that date. (Failure to pay the reservist differential on the scheduled date is considered an unjustified or unwarranted personnel action.)

NOTE: If the adjustment is for a time period which was under a different set of orders, a prior pay period collection cannot be offset from the employee's current reservist differential payment. For example: new military orders were received which extended the employee's military active duty dates; the new orders must be reviewed by local HR to determine eligibility as they begin a new time period with new begin and end dates.

4) To process pay adjustments, use the Audit~Pay Adjustment worksheet in the appropriate hourly or daily Excel workbook in Appendix H-3. The amount to be adjusted must be listed as an "adjustment" in the 'Select Correct Payment Type' field on the Reservist Differential "Amount to Pay" Employee Summary worksheet. A positive dollar amount will be entered to process additional pay due to the employee; a negative dollar amount will be entered to collect for an overpayment.

b. Reservist Differential Payments Report.

1) Local payroll must review and certify RSD report form "MRSS", entitled "Reservist Differential and Interest Payments," each pay period to ensure the correct payment for reservist differential has been processed for eligible employees. This report will be available bi-weekly, after payroll processing has completed, and will list the employees who were paid reservist differential for that pay period as well as any interest payment paid if applicable. The certified "Reservist Differential and Interest Payments" RSD report must be maintained on file for six years following the completion of the pay period the report was generated.

2) Local payroll must report any errors in payment through the VA payroll provider's remedy ticket system; the original remedy ticket number used for processing the reservist differential payment must be annotated on the new remedy ticket.

c. DCPS Pay History Screen.

To view a reservist differential payment for an employee in DCPS, view the employee's pay history screen. The DCPS pay code "Y3" represents the reservist differential payment and the DCPS pay code "YB" represents interest paid, if applicable. NOTE: The pay code "YB" will reflect any interest payment paid to the employee; it does not differentiate if the interest payment was for late reservist differential processing or another back pay processing issue.

6. Appropriation Fund.

Reservist differential must be paid from the same appropriation or fund that would have been used to pay the employee's civilian salary but for the service in the military.

7. Affect on Employee's Payroll Taxes.

The Internal Revenue Service provided the following guidance regarding the treatment of reservist differentials paid under 5 U.S.C. §5538 for Federal tax purposes:

- Reservist differentials are taxable income for Federal income tax purposes.
- Reservist differentials are treated as wages for Federal income tax withholding purposes, regardless of the length of the active duty. Reservist differentials would be reported as wages in box 1 of Form W-2 and in line 7 of Form 1040.
- Reservist differentials are not subject to Social Security and Medicare (FICA) taxes if those differential payments are paid for periods of active duty of more than 30 days.
- Reservist differentials are subject to FICA taxes if those differential payments are paid for periods of active duty of 30 days or less.

G. Resources.

1. 5 USC §5538: <http://www.gpo.gov/fdsys/pkg/USCODE-2010-title5/pdf/USCODE-2010-title5-partIII-subpartD-chap55-subchapIV-sec5538.pdf>
2. Section 751 of Omnibus Appropriations Act, 2009 (Public Law 111-8, March 11, 2009): <http://www.chcoc.gov/Transmittals/TransmittalDetails.aspx?TransmittalID=2189>
3. OPM Reservist Differential Policy Guidance: <http://www.opm.gov/reservist/ReservistDifferentialPolicyGuidance.pdf>
4. OPM Reservist Differential Website: <http://www.opm.gov/reservist/>
5. Office of Human Resources Management HRML 05-11-05: <http://vaww1.va.gov/ohrm/HRLibrary/HRMLs/HRML2011/HRML-05-11-05.pdf>

APPENDIX H-1: HOW TO READ A MILITARY LEAVE AND EARNING STATEMENT (LES)

A. How to Read a DFAS Military LES Example

https://www.dfas.mil/dam/jcr:a41809fa-81a4-4cc7-890e-0207e58fef1d/Army_reading_your_LES.pdf

DEFENSE FINANCE AND ACCOUNTING SERVICE MILITARY LEAVE AND EARNINGS STATEMENT																
ID	NAME (Last, First, MI)		SOC. SEC. NO.	GRADE	PAY DATE	YRS SVC	ETS	BRANCH	ADSN/DSSN/ PERIOD COVERED							
				E06	870908	22		USAR	5570							
ENTITLEMENTS			DEDUCTIONS				ALLOTMENTS				SUMMARY					
Type	Amount		Type	Amount		Type	Amount		+Amt Fwd							
A	BASIC PAY	1742.25	FED INC TAX	75.67					+Tot Ent 3052.56							
B	HARDSHIP DUTY PAY	50.00	FICA TAX	133.28					-Tot Ded 362.79							
C	SUBSISTENCE ALWS	161.93	STATE INC TAX	76.65					-Tot Allt							
D	BAH	827.00	TSP CONTRIBUTION	77.19					=Net Amt 2689.77							
E	FAM SEP ALWS	125.00							-Cr Fwd							
F	WITHHELD TAX REF	180.03							=EOM Pay							
G	OTHER CREDITS	166.35														
H																
I																
J																
K																
L																
M																
N																
O																
TOTAL		3052.56			362.79											
LEAVE	BF Bal	Emd	Used	Cr Bal	ETS Bal	Lv Lost	Lv Paid	Use/Lose	FED TAXES	Wage Period	Wage YTD	M/S	Ex	Addl Tax	Tax YTD	
	19.0	2.5	0	21.5		.0	.0	38.0		1715.06	.00	M	01	.00	.00	
FICA TAXES	Wage Period	Soc Wage YTD	Soc Tax YTD	Med Wage YTD	Med Tax YTD	STATE TAXES	St	Wage Period	Wage YTD	M/S	Ex	Tax YTD				
	1742.25	13938.00	864.16	13938.00	202.10	NY		1715.06	.00	M	01	.00				
PAY DATA	BAQ Type	BAQ Deprn	VHA Zip	Rent Amt	Share	Stat	JFTR	Deprn	2D JFTR	BAS Type	Charity YTD	TPC	PACIDN			
	WDEP	SPOUSE	12010									A				
THRIFT SAVINGS PLAN (TSP)	Base Pay Rate	Base Pay Current	Spec Pay Rate	Spec Pay Current	Inc Pay Current	Inc Pay Current	Bonus Pay Rate	Bonus Pay Current								
	4	69.69	15	7.50	15	.00	5	.00								
	TSP YTD Deductions				Deferred		Exempt									
	752.52				.00		752.52									
REMARKS:	YTD ENTITLE		24042.96		YTD DEDUCT		3334.30									
YOUR CHECK WAS SENT TO: ARMED FORCES BANK FT LEAVENWORTH KS 66227-11. AMOUNT: \$2,689.77 ACCOUNT NUMBER: ACCOUNT TYPE: CHECKING COMPANY CODE: 830931 DIRECT DEPOSIT DATE: 04/09/10 * AS OF 14 OCT 01, 016 HIGH TEMPO DEPLOYMENT DAYS ACCRUED SINCE 1 OCT 00 (OR SINCE ENTERING MILITARY SERVICE) TOTAL PERFORMANCE FY 10: UTA 00 AFTP 00 ET 00 ATA 00 JPT 00 AAUTA 00 AANT 00 RMA 00 SUP IOT TNG 00 MCOFT 00 RMA 00 AT/ADT 210 FHDA 000 ACTIVE DUTY (AD) FOR TRAINING: 16 APR 10 TO 30 APR 10 ADJUSTMENT PAY: FED INC TX WITHLD \$180.03																

B. How to Read a Reserve and National Guard LES Example

http://www.dfas.mil/dam/dfas/militarymembers/pdf/ResNG_reading_your_LES.pdf

DEFENSE FINANCE AND ACCOUNTING SERVICE MILITARY LEAVE AND EARNINGS STATEMENT																																						
ID	NAME (LAST, FIRST, MI)			SOC SEC. NO.	GRADE	PAY DATE	YES SVC	ETS	BRANCH	ADDRESS	PERIOD COVERED																											
	1			2	3	4	5	6	7	8	9																											
ENTITLEMENTS				DEDUCTIONS				ALLOTMENTS				SUMMARY																										
TYPE		AMOUNT		TYPE		AMOUNT		TYPE		AMOUNT																												
A B C D E F G H I J K L M N O P Q R S T U V W X Y Z AA AB AC AD AE AF AG AH AI AJ AK AL AM AN AO AP AQ AR AS AT AU AV AW AX AY AZ BA BB BC BD BE BF BG BH BI BJ BK BL BM BN BO BP BQ BR BS BT BU BV BW BX BY BZ CA CB CC CD CE CF CG CH CI CJ CK CL CM CN CO CP CQ CR CS CT CU CV CW CX CY CZ DA DB DC DD DE DF DG DH DI DJ DK DL DM DN DO DP DQ DR DS DT DU DV DW DX DY DZ EA EB EC ED EE EF EG EH EI EJ EK EL EM EN EO EP EQ ER ES ET EU EV EW EX EY EZ FA FB FC FD FE FF FG FH FI FJ FK FL FM FN FO FP FQ FR FS FT FU FV FW FX FY FZ GA GB GC GD GE GF GG GH GI GJ GK GL GM GN GO GP GQ GR GS GT GU GV GW GX GY GZ HA HB HC HD HE HF HG HH HI HJ HK HL HM HN HO HP HQ HR HS HT HU HV HW HX HY HZ IA IB IC ID IE IF IG IH II IJ IK IL IM IN IO IP IQ IR IS IT IU IV IW IX IY IZ JA JB JC JD JE JF JG JH JI JJ JK JL JM JN JO JP JQ JR JS JT JU JV JW JX JY JZ KA KB KC KD KE KF KG KH KI KJ KK KL KM KN KO KP KQ KR KS KT KU KV KW KX KY KZ LA LB LC LD LE LF LG LH LI LJ LK LL LM LN LO LP LQ LR LS LT LU LV LW LX LY LZ MA MB MC MD ME MF MG MH MI MJ MK ML MN MO MP MQ MR MS MT MU MV MW MX MY MZ NA NB NC ND NE NF NG NH NI NJ NK NL NM NN NO NP NQ NR NS NT NU NV NW NX NY NZ OA OB OC OD OE OF OG OH OI OJ OK OL OM ON OO OP OQ OR OS OT OU OV OW OX OY OZ PA PB PC PD PE PF PG PH PI PJ PK PL PM PN PO PP PQ PR PS PT PU PV PW PX PY PZ QA QB QC QD QE QF QG QH QI QJ QK QL QM QN QO QP QQ QR QS QT QU QV QW QX QY QZ RA RB RC RD RE RF RG RH RI RJ RK RL RM RN RO RP RQ RR RS RT RU RV RW RX RY RZ SA SB SC SD SE SF SG SH SI SJ SK SL SM SN SO SP SQ SR SS ST SU SV SW SX SY SZ TA TB TC TD TE TF TG TH TI TJ TK TL TM TN TO TP TQ TR TS TT TU TV TW TX TY TZ UA UB UC UD UE UF UG UH UI UJ UK UL UM UN UO UP UQ UR US UT UU UV UW UX UY UZ VA VB VC VD VE VF VG VH VI VJ VK VL VM VN VO VP VQ VR VS VT VU VV VW VX VY VZ WA WB WC WD WE WF WG WH WI WJ WK WL WM WN WO WP WQ WR WS WT WU WV WW WX WY WZ XA XB XC XD XE XF XG XH XI XJ XK XL XM XN XO XP XQ XR XS XT XU XV XW XX XY XZ YA YB YC YD YE YF YG YH YI YJ YK YL YM YN YO YP YQ YR YS YT YU YV YW YX YZ ZA ZB ZC ZD ZE ZF ZG ZH ZI ZJ ZK ZL ZM ZN ZO ZP ZQ ZR ZS ZT ZU ZV ZW ZX ZY ZZ	10		11		12								13		14		15		16		17		18		19		20		21		22		23		24			
	TOTAL		20		21		22								23		24																					
	LEAVE		BP BAL	ED/D	UNED	CR BAL	ET BAL	LV LOST	LV PAID	UNELN	FED TAXES		WAGE PERIOD	WAGE YTD	MS	EX	ADD'L TAX	TAX YTD																				
			25	26	27	28	29	30	31	32	33		34	35	36	37	38	39																				
	FICA TAXES		SOC WAGE YTD		SOC TAX YTD		MED WAGE YTD		MED TAX YTD		STATE TAXES		ST	WAGE PERIOD	WAGE YTD	MS	EX	TAX YTD																				
			40		41		42		43		44		45	46	47	48	49																					
PAY DATA		BAQ TYPE	BAQ DEPT	VSA ZIP	RENT AMT	SHARE	STAT	IFTR	DEPT	DD IFTR	BAS TYPE	CHARITY YTD	INC	PAGES																								
		50	51	52	53	54	55	56	57	58	59	60	61	62																								
Thrift Savings Plan (TSP)		BASE PAY RATE	BASE PAY CURRENT	SPEC PAY RATE	SPEC PAY CURRENT	INC PAY RATE	INC PAY CURRENT	BONUS PAY RATE	BONUS PAY CURRENT																													
		63	64	65	66	67	68	69	70																													
		CURRENTLY NOT USED			TSP YTD DEDUCTIONS		DEFERRED		EXEMPT		CURRENTLY NOT USED																											
		71			72		73		74		75																											
REMARKS		YTD ENTITLE				YTD DEDUCT																																
		76				77				78																												

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Fields 1 through 9 contain the identification portion of the LES.

- **1 - NAME.** The member's name in last, first, middle initial format.
- **2 - SOC. SEC. NO.** The member's Social Security Number.
- **3 - GRADE.** The member's current pay grade.
- **4 - PAY DATE.** The date the member entered active duty for pay purposes in YYMMDD format. This is synonymous with the Pay Entry Base Date (PEBD).
- **5 - YRS SVC.** In two digits, the actual years of creditable service.
- **6 - ETS.** The Expiration Term of Service in YYMMDD format. This is synonymous with the Expiration of Active Obligated Service (EAOS).
- **7 - BRANCH.** This field reflects branch of service OR program which the service member is enrolled.
- **8 - ADSN/DSSN.** The Disbursing Station Symbol Number used to identify each disbursing/finance office.
- **9 - PERIOD COVERED.** This field will show the "Check Date" for Reserve or National Guard members.

Fields 10 through 22 contain the entitlements, deductions, allotments, their respective totals, a mathematical summary portion and date initially entered military service.

- **10 - ENTITLEMENTS.** In columnar style the names of the entitlements and allowances being paid. Space is allocated for fifteen entitlements and/or allowances. If more than fifteen are present the overflow will be printed in the remarks block. Any retroactive entitlements and/or allowances will be added to like entitlements and/or allowances.
- **11 - DEDUCTIONS.** The description of the deductions is listed in columnar style. This includes items such as taxes, SGLI and dependent dental plan. Space is allocated for fifteen deductions. If more than fifteen are present the overflow will be printed in the remarks block. Any retroactive deductions will be added to like deductions.
- **12 - ALLOTMENTS.** Reservist and National Guard do not have allotments.
- **13 - AMT FWD.** The amount of all unpaid pay and allowances due from the prior LES.
- **14 - TOT ENT.** The figure from Field 20 that is the total of all entitlements and/or allowances listed.
- **15 - TOT DED.** The figure from Field 21 that is the total of all deductions.
- **16 - TOT ALMT.** Reservist and National Guard do not have allotments.
- **17 - NET AMT.** The dollar value of all unpaid pay and allowances, plus total entitlements and/or allowances, minus deductions due on the current LES.
- **18 - CR FWD.** The dollar value of all unpaid pay and allowances due to reflect on the next LES as the +AMT FWD.
- **19 - EOM PAY.** The actual amount of the payment to be paid to the member on that specific payday.

Fields 20 through 22 - TOTAL. The total amounts for the entitlements and/or allowances, and deductions respectively.

Fields 23 and 24 are NOT used by Reserve and National Guard members.

Fields 25 through 32 contain leave information.

- **25 - BF BAL.** The brought forward leave balance. Balance may be at the beginning of the fiscal year, or when active duty began, or the day after the member was paid Lump Sum Leave (LSL).
- **26 - ERND.** The cumulative amount of leave earned in the current fiscal year or current term of enlistment if the member reenlisted/extended since the beginning of the fiscal year. Normally increases by 2.5 days each month.
- **27 - USED.** The cumulative amount of leave used in the current fiscal year or current term of enlistment if member reenlisted/extended since the beginning of the fiscal year.
- **28 - CR BAL.** The current leave balance as of the end of the period covered by the LES.
- **29 - ETS BAL.** The projected leave balance to the member's Expiration Term of Service (ETS).
- **30 - LV LOST.** The number of days of leave that has been lost.
- **31 - LV PAID.** The number of days of leave paid to date.
- **32 - USE/LOSE.** The projected number of days of leave that will be lost if not taken in the current fiscal year on a monthly basis. The number of days of leave in this block will decrease with any leave usage.

Fields 33 through 38 contain Federal Tax withholding information.

- **33 - WAGE PERIOD.** The amount of money earned this LES period that is subject to Federal Income Tax Withholding (FITW).
- **34 - WAGE YTD.** The money earned year-to-date that is subject to FITW.
- **35 - M/S.** The marital status used to compute the FITW.
- **36 - EX.** The number of exemptions used to compute the FITW.

- **37 - ADD'L TAX.** The member specified additional dollar amount to be withheld in addition to the amount computed by the Marital Status and Exemptions.
- **38 - TAX YTD.** The cumulative total of FITW withheld throughout the calendar year.

Fields 39 through 43 contain Federal Insurance Contributions Act (FICA) information.

- **39 - WAGE PERIOD.** The amount of money earned this LES period that is subject to FICA.
- **40 - SOC WAGE YTD.** The wages earned year-to-date that are subject to FICA.
- **41 - SOC TAX YTD.** Cumulative total of FICA withheld throughout the calendar year.
- **42 - MED WAGE YTD.** The wages earned year-to-date that are subject to Medicare.
- **43 - MED TAX YTD.** Cumulative total of Medicare taxes paid year-to-date.

Fields 44 through 49 contain State Tax information.

- **44 - ST.** The two digit postal abbreviation for the state the member elected.
- **45 - WAGE PERIOD.** The amount of money earned this LES period that is subject to State Income Tax Withholding (SITW).
- **46 - WAGE YTD.** The money earned year-to-date that is subject to SITW.
- **47 - M/S.** The marital status used to compute the SITW.
- **48 - EX.** The number of exemptions used to compute the SITW.
- **49 - TAX YTD.** The cumulative total of SITW withheld throughout the calendar year.

Fields 50 through 62 contain additional Pay Data.

- **50 - BAQ TYPE.** The member's type of Basic Allowance for Quarters status.
 - W/O DEP - Member without dependents.
 - W DEP - Member with dependents.
 - WDAGQT - Member with dependents assigned government quarters.
- **51 - BAQ DEPN.** Indicates the type of dependent.
 - Spouse
 - Child
 - Parent
 - Grandfathered
 - Member married to member/own right
 - Ward of the court
 - Parents in Law
 - Own right
 - Student (age 21-22)
 - Handicapped child over age 21
 - Member married to member, child under 21
 - No dependents
 - N/A
- **52 - VHA ZIP.** The zip code used in the computation of Variable Housing Allowance (VHA) if entitlement exists.
- **53 - RENT AMT.** The amount of rent paid for housing if applicable.
- **54 - SHARE.** The number of people with which the member shares housing costs.
- **55 - STAT.** The VHA status; i.e., accompanied or unaccompanied.
- **56 - JFTR.** The Joint Federal Travel Regulation (JFTR) code based on the location of the member for Cost of Living Allowance (COLA) purposes.
- **57 - DEPNS.** The number of dependents the member has for COLA purposes.
- **58 - 2D JFTR.** The JFTR code based on the location of the member's dependents for COLA purposes.
- **59 - BAS TYPE**
 - STAND - Separate Rations
 - (blank) - Rations-in-kind not available
 - OFFIC - Officer Rations
- **60 - CHARITY YTD.** The cumulative amount of charitable contributions for the calendar year.
- **61 - TPC.** This field is not used by the Active Component. Army Reserves and National Guard use this field to identify Training Program Codes.
 - A - Normal pay status code for a regular service member on regular duty.
 - C - Funeral Honors Duty.
 - M - Annual training tours over 30 days.
 - N - Death.
 - O - Training for HPSP, ROTC, and Special ADT over 30 days.
 - T - ADT over 29 days. (School)

- U - Undergraduate pilot training, in-grade pilot, navigator, and advance flying training officers.
- X - Stipend Tour of HPIP participants or subsistence for ROTC participants.
- Z - Administrative and support training (exclusive of recruiting).
- **62 - PACIDN.** The activity Unit Identification Code (UIC).

Fields 63 through 75 contain Thrift Savings Plan (TSP) information/data.

- **63 - BASE PAY RATE.** The percentage of base pay elected for TSP contributions.
- **64 - BASE PAY CURRENT.** The amount of Base Pay withheld for TSP from current pay entitlement
- **65 - SPECIAL PAY RATE.** The percentage of Specialty Pay elected for TSP contribution.
- **66 - SPECIAL PAY CURRENT.** The amount of Special Pay withheld for TSP from current pay entitlement.
- **67 - INCENTIVE PAY RATE.** Percentage of Incentive Pay elected towards TSP contribution.
- **68 - INCENTIVE PAY CURRENT.** The amount of Incentive Pay withheld for TSP from current pay entitlement.
- **69 - BONUS PAY RATE.** The percentage of Bonus Pay elected towards TSP contribution.
- **70 - BONUS PAY CURRENT.** The amount of Bonus Pay withheld for TSP from current pay entitlement.
- **71 - Reserved for future use.**
- **72 - TSP YTD DEDUCTION (TSP YEAR TO DATE DEDUCTION):** Dollar amount of TSP contributions deducted for the year.
- **73 - DEFERRED:** Dollar amount of pay elected to be deferred during the tax year.
- **74 - EXEMPT:** Dollar amount of TSP contributions that are reported as tax exempt to the Internal Revenue Service (IRS).
- **75 - Reserved for future use.**
- **76 - REMARKS.** Notices of starts, stops and changes to a member's pay items as well as general notices from varying levels of command may appear.
- **77 - YTD ENTITLE.** The cumulative total of all entitlements for the calendar year.
- **78 - YTD DEDUCT.** The cumulative total of all deductions for the calendar year.

APPENDIX H-2: HOW TO DETERMINE CIVILIAN BASIC PAY AND MILITARY PAY AND ALLOWANCES FOR RESERVIST DIFFERENTIAL PAYMENT PROCESSING²⁶

A. Civilian Basic Pay.

1. Computation of the reservist differential requires projecting the civilian basic pay that would otherwise have been payable to an employee if the employee's civilian employment had not been interrupted by military active duty.

2. Section 5538 does not provide a definition of "basic pay" other than to state that the term includes locality pay under 5 U.S.C. §5304 (see section 5338(f) (3)). OPM will provide a definition in its implementing regulations. In the meantime, the following definition of "civilian basic pay" should be used based on current laws, regulations, or official policies of a pay system administrator:

3. Civilian basic pay, for the purpose of applying 5 U.S.C. §5538, means the gross amount of the base rate of pay set by law or administrative action without additional pay of any kind, except that the following types of additional payments (i.e., basic pay supplements) will be considered basic pay beginning on the effective date of section 5538:

- Locality pay under 5 U.S.C. §5304, as required by 5 U.S.C. §5538(f) and permitted by 5 U.S.C. §5304(c)(2);
- Special rate supplements under 5 U.S.C. §5305, which are required by 5 CFR §530.308(a) to be treated the same as locality pay under 5 U.S.C. §5304 (see also 5 U.S.C. §5305(j));
- Market pay for VA doctors and dentists under 38 U.S.C. §7431, which is treated as basic pay for retirement and other benefits under 38 U.S.C. §7431(f);
- Other locality payments or special rate supplements that are equivalent to locality pay under 5 U.S.C. §5304 or special rate supplements under 5 U.S.C. §5305 and that the pay system administrator considers basic pay (by regulation or official policy) for the same general purposes as those title 5 payments, including retirement purposes;
- Special pay for nurse executives under 38 USC §7452 as amended by Public Law 108-445, dated December 3, 2004, and for pharmacist executives under 38 U.S.C. §7410(b) as added by Public Law 111-163, dated May 5, 2010.

²⁶ The primary source of information for Appendix H-2 is OPM's Reservist Differential policy guidance (revised 4/13/11)

4. All other additional payments beyond the base rate are **not** part of an employee's basic pay for the purpose of computing the reservist differential under section 5538 unless provided by OPM in future regulations.

a. OPM recognizes that there are additional payments that are considered to be basic pay for certain purposes, including law enforcement availability pay under 5 U.S.C. §5545a, administratively uncontrollable overtime pay under 5 U.S.C. §5545(c) (2) received by law enforcement officers, standby duty pay under 5 U.S.C. §5545(c) (1), straight-time portion of firefighter overtime pay received by firefighters covered by 5 U.S.C. §5545b, and physicians' comparability allowances under 5 U.S.C. §5948.

b. However, these payments are considered basic pay for a particular purpose only if expressly provided in law or regulation. **Unlike the payments that are considered basic pay upon the enactment of section 5538, there is no existing legal basis for automatically treating these payments as basic pay under section 5538.** These payments are not equivalent to locality pay or special rate supplements, which represent supplemental compensation for hours in an employee's basic workweek treated as basic pay for purposes of premium pay and benefits.

c. In some cases, applicable law and/or regulation expressly bars treatment of a given payment as basic pay absent an express provision of law or regulation. For example:

- with respect to law enforcement availability pay, see 5 U.S.C. §5545a(h)(2) and 5 CFR §550.186(b);
- with respect to standby duty pay and administratively uncontrollable overtime pay, see 5 CFR §550.163(d);
- with respect to the straight-time portion of firefighter overtime pay received by firefighters covered by 5 U.S.C. §5545b, see 5 U.S.C. §§5545b(b)(2) and (c)(2) and 5 CFR §550.1305(a); and
- with respect to physicians' comparability allowances under 5 U.S.C. §5948, see 5 U.S.C. §5948(h) (1).

5. For employees receiving a retained rate under 5 U.S.C. §5363, the additional pay payable above the range maximum received because of a retained rate is not considered basic pay, except as expressly provided in law or regulation. (See 5 U.S.C. §5363(d) and 5 CFR §536.307(a), especially paragraph (a) (10).) The maximum rate of basic pay of the applicable range is considered to be a retained rate employee's rate of basic pay in all other situations (see 5 CFR §536.307(b).) Thus, the range maximum would be treated as a retained rate employee's rate of basic pay in computing the reservist differential.

B. Military Pay and Allowances.

Statutory Authority (37 U.S.C.)	Short Name	Military Pay and Allowance Description
Sec. 204	BASE PAY	Basic Pay
Sec. 301	HDIP	Hazardous Duty Incentive Pay
Sec. 301a	ACIP	Aviation Career Incentive Pay
Sec. 301c	SDIP	Submarine Duty Incentive Pay
Sec. 302	VSP/ASP/BCP	Special Pay for Medical Officers (Variable, Additional and Board Certified)
Sec. 302a	BCP	Special Pay for Optometrists
Sec. 302b	VSP/ASP/BCP	Special Pay for Dental Officers (Variable, Additional and Board Certified)
Sec. 302c	PSYCHOLOGIST DIPL PAY	Special Pay for Psychologists and Nonphysician Health Care Providers
Sec. 302e	NURSES' MEDICAL BNS	Nurse Anesthetists
Sec. 302f	<NONE>	Reserve Recalled or Retained Health Care Officers
Sec. 302g	<NONE>	Selected Reserve Health Care Professionals in Critically Short Wartime Specialties
Sec. 302i	<NONE>	Special Pay for Pharmacy Officers
Sec. 303	VETERINARIAN SPEC PAY	Special Pay for Veterinarians
Sec. 304	DVDY	Diving Duty Special Pay
Sec. 305	HDP	Hardship Duty Pay
Sec. 305a	CSP	Career Sea Pay
Sec. 305b	SPEC DUTY ASSIGN	Special Pay for Service as Member of Weapons of Mass Destruction Civil Support Team
Sec. 306	<NONE>	Special Pay for Officers Holding Positions of Unusual Responsibility and of Critical Nature
Sec. 307a	AIP	Assignment Incentive Pay
Sec. 308d	<NONE>	Designated Unit Pay for Enlisted Members
Sec. 310	HFP/IDP	Hostile Fire/Imminent Danger Pay
Sec. 314	NONE	Qualified Members Extending Duty at Designated Locations Overseas (see Note 1)
Sec. 319	SWO	Surface Warfare Officer Continuation Pay
Sec. 320	CEFIP	Career Enlisted Flyers Incentive Pay
Sec. 321	JACP	Judge Advocate Continuation Pay
Sec. 402	BAS	Basic Allowance for Subsistence
Sec. 402a	FSSA	Family Subsistence Supplemental Allowance
Sec. 403	BAH	Basic Allowance for Housing

Statutory Authority (37 U.S.C.)	Short Name	Military Pay and Allowance Description
Sec. 403b	CONUS COLA	Cost of Living Allowance (within the continental United States)
Sec. 405	COLA	Overseas Cost of Living Allowance
Sec. 427	FSH	Family Separation Allowance

1. OPM NOTES:

A payment under section 314 (Qualified Members Extending Duty at Designated Locations Overseas) may be paid in monthly installments or as a lump-sum bonus. If it is paid as a lump-sum bonus, then the payment will not be included in military pay and allowances for the purpose of calculating the reservist differential.

In accordance with NDAA 2008, Military Compensation is consolidating special and incentive pays under these authorities: 334 (Aviation Pay), 335 (Medical), 351 (Hazardous Duty), 352 (Assignment/Special Duty Pay), and 353 (Skill Incentive Pay). As these authorities are implemented, DoD will notify OPM of any impact on the reservist differential program.

For members serving in Combat Zone Tax Exclusion (CZTE) areas, the Incidental Expense (IE) of \$3.50 per day is not included since it is intended as a reimbursement.

The payments under section 403b (CONUS COLA and section 405 (Overseas or OCONUS COLA) were inadvertently omitted from the original guidance. They are "allowances" that by law, must be included in military pay and allowances. This corrected guidance applies retroactive to the initial effective date of the reservist differential program.

Agencies may contact DoD's Defense Finance and Accounting Service if they have specific questions about entries on a military leave and earning statement. Send the question via email to the following address: DFAS-IN-MPTGRESDF@DFAS.MIL.

2. VA NOTES:

VA's Worklife and Benefits Service confirmed with OPM that 'SAVE PAY' is also to be used in figuring the military pay calculation. 'SAVE PAY' is a pay code used when there is no existing pay code available.

The total Military Pay calculation should be inclusive of all pay received with the following exceptions: per diem (related to travel), transportation allowances, travel allowances, credits received (i.e., tax refund, life insurance refund), one time annual lump sum payments (i.e., clothing allowances, reenlistment bonuses), and as stated in the OPM and VA notes above.

APPENDIX H-3: EXCEL WORKBOOKS AND EXAMPLES FOR RESERVIST DIFFERENTIAL CALCULATIONS

A. HOURLY EMPLOYEES.

1. Excel Workbook for Hourly Employees:

Blank templates:



Res Diff HOURLY
TEMPLATE 101811(re

Sample data to show how workbook is completed:



Res Diff HOURLY
SAMPLE DATA 10181

2. Example Pay Calculations for Hourly Employees:

Example 1: Employee is title 5, full-time, and earns \$60,093.00 per year with VA (civilian basic pay includes annual base salary plus locality pay). Employee requested reservist differential for January 2010, submitted two military LESs which cover military pay and allowances received January 1-31, 2010, and did not receive any VA civilian pay during this timeframe. Normal schedule each pay period is ten 8-hour days, Monday through Friday.

a. Calculate the VA Civilian Hourly Rate of Pay and the Military Hourly Rate of Pay.

VA Civilian Hourly Rate of Pay Calculation:

Total annual Civilian Basic pay:	\$60,093.00
Annual divisor:	2,087
Civilian Hourly rate of pay:	\$28.79

Military Hourly Rate of Pay Calculation:

Total Military pay and allowances received for LES #1:	\$2,625.88
Total Military pay and allowances received for LES #2:	\$2,400.88
Total Military Pay received for January 1-31, 2010:	\$5,026.76
Divisor for entire month:	30
Military Daily rate of pay:	\$167.56

Divide by # of normal hours in 1 day:	8
Military Hourly rate of pay:	\$20.95

b. Compare VA Civilian Hourly Rate of Pay to Military Hourly Rate of Pay:

VA Civilian Hourly rate of pay:	\$28.79
Military Hourly rate of pay:	\$20.95
Hourly rate of pay difference:	\$7.84
<i>Note: If Civilian Hourly rate of pay is greater than Military Hourly rate of pay, the employee will be entitled to the <u>difference</u> for non-pay (LWOP) hours. If the Military Hourly rate of pay is greater than the Civilian Hourly rate of pay, there is no entitlement to reservist differential pay.</i>	

c. Process the amount of pay for Reservist Differential for January 2010:

Pay period 09-26: 8 hours (for LWOP on January 1)	8 hours x \$7.84	\$62.72
Pay period 10-01: 80 hours	80 hours x \$7.84	\$627.20
Pay period 10-02: 80 hours	80 hours x \$7.84	\$627.20
<i>NOTE: Enter the amount to pay for <u>each</u> pay period on the "Reservist Differential "Amount to Pay" Hourly Employee Summary Worksheet".</i>		

Example 2: Employee is title 5, full-time, and earns \$60,093.00 per year with VA (civilian basic pay includes annual base salary plus locality pay). Employee requested reservist differential for January 2010, submitted two military LESs which cover military pay and allowances received January 1-31, 2010. The employee also requested to use 80 hours of leave during this timeframe. Normal schedule each pay period is ten 8-hour days, Monday through Friday.

a. Calculate the VA Civilian Hourly Rate of Pay and the Military Hourly Rate of Pay.

VA Civilian Hourly rate of pay Calculation:

Total annual Civilian Basic pay:	\$60,093.00
Annual divisor:	2,087
Civilian Hourly rate of pay:	\$28.79

Military Hourly rate of pay Calculation:

Total Military pay and allowances received for LES #1:	\$2,625.88
Total Military pay and allowances received for LES #2:	\$2,400.88
Total Military Pay received for January 1-31,	\$5,026.76

2010:	
Divisor for entire month:	30
Military Daily rate of pay:	\$167.56
Divide by # of normal hours in 1 day:	8
Military Hourly rate of pay:	\$20.95

b. Compare the VA Civilian Hourly Rate of Pay to the Military Hourly Rate of Pay:

VA Civilian Hourly rate of pay:	\$28.79
Military Hourly rate of pay:	\$20.95
Hourly rate of pay difference:	\$7.84
<i>Note: If Civilian Hourly rate of pay is greater than Military Hourly rate of pay, the employee will be entitled to the <u>difference</u> for non-pay (LWOP) hours. If the Military Hourly rate of pay is greater than the Civilian Hourly rate of pay, there is no entitlement to reservist differential pay.</i>	

c. Process the amount of pay for Reservist Differential for January 2010:

Employee requested to use 80 hours of leave in pay period 10-01.		
Pay period 09-26: Zero hours (the holiday on January 1 would be paid since the employee was in pay status on January 4)	0 hours x \$7.84	No pay due
Pay period 10-01: Zero hours (employee received 80 hours of VA Civilian pay for leave used)	0 hours x \$7.84	No pay due
Pay period 10-02: 72 hours (the holiday on January 18 would be paid since the employee was in pay status on January 15)	72 hours x \$7.84	\$564.48
<i>NOTE: Enter the amount to pay for <u>each</u> pay period on the "Reservist Differential "Amount to Pay" Hourly Employee Summary Worksheet".</i>		

B. DAILY EMPLOYEES.

1. Excel Workbook for Daily Employees:

Blank templates:



Res Diff DAILY
TEMPLATE 101811(re

Sample data to show how workbook is completed:



Res Diff DAILY
SAMPLE DATA 10181

2. Example Pay Calculations for Daily Employees:

Example 1: Employee is full-time, title 38 Physician/Dentist and earns \$246,414.00 per year with VA (civilian basic pay includes annual base salary plus market pay). Employee requested reservist differential for January 2010, submitted three military LESs which cover military pay and allowances received January 1-31, 2010, and did not receive any VA civilian pay during this timeframe. Normal schedule is 10 duty days and 4 administrative non-duty days.

a. Calculate the VA Civilian Daily Rate of Pay and the Military Daily Rate of Pay.

VA Civilian Daily Rate of Pay Calculation:

Total annual Civilian Basic pay:	\$246,414.00
Annual divisor:	364
Civilian Daily rate of pay:	\$676.96

Military Daily Rate of Pay Calculation:

Total Military pay and allowances received for LES #1:	\$5,604.78
Total Military pay and allowances received for LES #2:	\$5,604.78
Total Military pay and allowances received for LES #3: (3 rd LES was an allowance paid in February but received for the January 1-31 timeframe)	\$3,666.66
Total Military Pay received for January 1-31, 2010:	\$14,876.22
Divisor for entire month:	30
Military Daily rate of pay:	\$495.87

b. Compare the VA Civilian Daily Rate of Pay to the Military Daily Rate of Pay.

VA Civilian Daily rate of pay:	\$676.96
Military Daily rate of pay:	\$495.87
<u>Daily rate of pay difference:</u>	\$181.09
<i>Note: If Civilian Daily rate of pay is greater than Military Daily rate of pay, the employee will be entitled to the <u>difference</u> for non-pay (LWOP) days. If the Military Daily rate of pay is greater than the Civilian Daily rate of pay, there is no entitlement to reservist differential pay.</i>	

c. Process the amount of pay for Reservist Differential for January 2010:

Pay period 09-26: 1 duty day and 1 non-duty day of reservist differential due (for LWOP on January 1-2)	1 duty day x \$181.09 1 non-duty day x \$181.09	\$362.18
Pay period 10-01: 10 duty days and 4 non-duty days	10 duty days x \$181.09 4 non-duty days x \$181.09	\$2,535.26
Pay period 10-02: 10 duty days and 4 non-duty days	10 duty days x \$181.09 4 non-duty days x \$181.09	\$2,535.26
<i>NOTE: Enter the amount to pay for <u>each</u> pay period on the "Reservist Differential Amount to Pay" Daily Employee Summary Worksheet.</i>		

Example 2: Employee is full-time, title 38 Physician/Dentist and earns \$246,414.00 per year with VA (civilian basic pay includes annual base salary plus market pay). Employee requested reservist differential for January 2010, submitted two military LESs which cover military pay and allowances received January 1-31, 2010. The employee also requested to use 10 days of leave during this timeframe. Normal schedule is 10 duty days and 4 administrative non-duty days.

a. Calculate the VA Civilian Daily Rate of Pay and the Military Daily Rate of Pay.

VA Civilian Daily Rate of Pay Calculation:

Total annual Civilian Basic pay:	\$246,414.00
Annual divisor:	364
Civilian Daily rate of pay:	\$676.96

Military Daily Rate of Pay Calculation:

Total Military pay and allowances received for LES #1:	\$5,604.78
Total Military pay and allowances received for LES #2:	\$5,604.78
Total Military pay and allowances received for LES #3: (3 rd LES was an allowance paid in February but received for the January 1-31 timeframe)	\$3,666.66
Total Military Pay received for January 1-31, 2010:	\$14,876.22
Divisor for entire month:	30
Military Daily rate of pay:	\$495.87

b. Compare the VA Civilian Daily Rate of Pay to the Military Daily Rate of Pay.

VA Civilian Daily rate of pay:	\$676.96
Military Daily rate of pay:	\$495.87
<u>Daily rate of pay difference:</u>	\$181.09
<i>Note: If Civilian Daily rate of pay is greater than Military Daily rate of pay, the employee will be entitled to the <u>difference</u> for non-pay (LWOP) days. If the Military Daily rate of pay is greater than the Civilian Daily rate of pay, there is no entitlement to reservist differential pay.</i>	

c. Process the amount of pay for Reservist Differential for January 2010:

Employee requested to use 10 days of leave in pay period 10-01.		
Pay period 09-26: Zero days (the holiday on January 1 and the non-duty day on January 2 would be paid since the employee was in pay status on January 4)	0 days x \$181.09	No pay due
Pay period 10-01: Zero days (employee received 10 duty days and 4 non-duty days of VA Civilian pay for 10 days of leave used)	0 days x \$181.09	No pay due
Pay period 10-02: 9 duty days and 3 non-duty days (the non-duty day on January 17 and the holiday on January 18 would be paid since the employee was in pay status on January 15)	9 duty days x \$181.09 3 non-duty days x \$181.09	\$2,173.08
<i>NOTE: Enter the amount to pay for <u>each</u> pay period on the "Reservist Differential Amount to Pay" Daily Employee Summary Worksheet".</i>		

APPENDIX I: CONTINUATION OF PAY (COP) QUARTERLY REPORT

The FSC Payroll Services Division will issue quarterly e-mail notice of quarterly reporting requirement identifying the pay periods to be included in a report of payroll COP data from each station (facility) payroll office. Report information is required by VA's Occupational Safety and Health office and by the U.S. Department of Labor (DOL).

A. Report Requirements. Local payroll must take appropriate action to accumulate data and to maintain records and controls applicable to each reporting period. Separate reports must be prepared and submitted by e-mail for each station, including negative reports if applicable. Local payroll will track COP use on certified timecards to supply station summary detail in the reporting template format displayed below.

1. Station: _____
2. Period of Report: _____ to _____
3. COP Hours Paid: _____
4. COP Hours Paid for Veterans Canteen Svc (VCS): _____
5. COP Hours Adjustment for Previous Quarter: _____
6. COP Hours Adjustment for Previous Quarter-VCS: _____
7. COP Dollars this Quarter: \$ _____, VCS: \$ _____
8. Fiscal Year-to-Date COP dollars*: \$ _____, VCS: \$ _____

* To reflect cost adjustment to the prior fiscal year, line #8 data will change for the first quarter of each fiscal year as displayed below, starting with reporting for FY2013 with reporting for the quarter ending 12/31/2013. Line 8 data is not required for Fiscal Year 2012 with report for the quarter ending 12/31/2012.

8. Fiscal Year 20XX COP dollars*: \$ _____, VCS: \$ _____
From (start date of 1st pay period) To (end date of last pay period)

B. Additional Data Requirement Information for Report Format

1. Station: Submit a separate report for each station.
2. Period of Report: Period will be provided in the quarterly data request by e-mail. Include only COP data for whole pay periods within the date range provided.

3, 4, 5, and 6. COP Hours Paid: Include all base hours charged to COP.

7. COP Dollars this Quarter: Include gross pay amounts for absence due to work-related injury or illness for:

- Regular hours charged to COP,
- Premiums payable for COP time not worked, if any, and
- Night differential premium payable during authorized COP periods where *light duty* daytime work is assigned in place of regular night work.

8. Fiscal Year-To-Date (YTD) COP Dollars: Include COP cost from the start of the fiscal year. Adjustment to COP cost for any prior quarter within the same fiscal year should be reflected in the YTD total.

C. COP Information Resources

1. HR Memoranda. Local HR offices provide notice of COP entitlement copied to the employing service and to payroll. VA Directive and Handbook 5810 provide VA case management information for HR offices. Continuation of Pay entitlement is addressed in [20 CFR, Part 10, Subpart C](#).

2. ETA. Most facilities have an 8B Code Search query option in ETA used for each pay period to discover codes PA and PB detail of COP hours or days by week. This option does not identify changes entered as prior pay period adjustments.

The following ETA query can be run to extract COP posting information from timecard data.

```
Select Employee Inquiry Menu Option: 1  Print Employee Entries
Select FILE: PAID EMPLOYEE// 458  TIME & ATTENDANCE RECORDS
SORT BY: PAY PERIOD//
START WITH PAY PERIOD: FIRST// 10-13 [YY-PP]
GO TO PAY PERIOD: LAST// 10-19
  WITHIN PAY PERIOD, SORT BY: 1  EMPLOYEE  (multiple)
  EMPLOYEE SUB-FIELD: 10  DAY #  (multiple)
  DAY # SUB-FIELD: 43  WRK TYPE OF TIME-1
  START WITH WRK TYPE OF TIME-1: FIRST// CP
  GO TO WRK TYPE OF TIME-1: LAST// CP
    WITHIN WRK TYPE OF TIME-1, SORT BY:
STORE IN 'SORT' TEMPLATE:
FIRST PRINT FIELD: .01  PAY PERIOD
THEN PRINT FIELD: 1  EMPLOYEE  (multiple)
```

```
THEN PRINT EMPLOYEE SUB-FIELD: .01  EMPLOYEE
THEN PRINT EMPLOYEE SUB-FIELD: 10  DAY #  (multiple)
  THEN PRINT DAY # SUB-FIELD: 43  WRK TYPE OF TIME-1
  THEN PRINT DAY # SUB-FIELD: 47  WRK TYPE OF TIME-2
  THEN PRINT DAY # SUB-FIELD: 51  WRK TYPE OF TIME-3
  THEN PRINT DAY # SUB-FIELD: 55  WRK TYPE OF TIME-4
  THEN PRINT DAY # SUB-FIELD: 59  WRK TYPE OF TIME-5
  THEN PRINT DAY # SUB-FIELD: 63  WRK TYPE OF TIME-6
  THEN PRINT DAY # SUB-FIELD: 67  WRK TYPE OF TIME-7
  THEN PRINT DAY # SUB-FIELD:
  THEN PRINT EMPLOYEE SUB-FIELD:
THEN PRINT FIELD:
Heading (S/C): TIME & ATTENDANCE RECORDS LIST  Replace
STORE PRINT LOGIC IN TEMPLATE:
START AT PAGE: 1//
```

3. DCPS. COP time posted on the VA timecard is not transmitted to DCPS. COP time, as authorized by HR Memorandum, must be manually entered in DCPS. DCPS can track up to three separate injury numbers at one time for an individual employee.

a. If the actual days and hours the employee works do not match the schedule in DCPS, the DCPS schedule will need to be changed for the affected pay periods only. Hours and days of COP on the DCPS timecard must match the employee's actual work days and hours for the pay period on the ETA record. Whenever the work schedule is changed in DCPS, enter another change effective on the first day of the following pay period to return to the prior work schedule.

b. The day the injury occurs is coded in DCPS as "LU", date of injury. This posting will correspond with the "AA", authorized absence, posted on the VA timecard. The "LU" posting establishes the day of injury and the injury number in DCPS. The injury number is the month and day of the injury (mmdd).

If the injury occurs at the end of the day, when the employee is leaving the workplace, or while working overtime; "LU" will be posted with no hours and a 'Y' in the "LST HR" field.

c. Authorized COP days after the date of the injury will be coded in DCPS with "LT," traumatic leave used. The injury number must be coded in the "INJ NO" field.

Authorized COP for days off will be posted on the DCPS timecard as “LT” for 8 hours (1 day for full-time physicians and dentists) along with the injury number. The “TEM SFT” field, if available will be posted with a ‘4’.

4. Calculation Information and Examples

Review all examples. Circumstances presented in each example may apply to any employee category. Pay entitlement is not limited to premium pay items addressed in examples. Questions regarding pay entitlement applicable to a particular employee COP absence may be directed to local Human Resources.

The regular hourly base rate is best determined by checking the DCPS Pay Rates and Appointment screen for each pay period affected. Do not pull COP cost from DCPS pay history or COP availability reports. COP premium pay entitlement may not be directly linked with COP hours charged. Gross pay for regular non-premium COP hours may not match DCPS report cost.

Unauthorized hours of COP charged on timecard records, if not corrected prior to the end of the quarter, will be included in the quarterly report of COP hours, days, and cost. Where there is no authorizing memorandum from HR, the timecard posting of COP for absence must be changed to a different applicable type of leave as directed by the Time & Attendance Supervisor or higher level facility management official. ETA and other timecard adjustments must process with required approvals before adjustments are recognized for quarterly report purposes.

Example #1 - General Schedule: The full-time employee regularly works an evening tour, 3:00 pm to 11:30 pm Sunday through Thursday. A step increase is effective after the first week of COP absence.

In this example HR memorandums authorize COP for:

- Two weeks of continuation of pay for absence, and
- One week of daytime light duty work at 20 maximum hours

Over a continuous three week period within 45 calendar days following injury.

COP would be calculated as follows:

- Regular base hourly rate is \$X in the first week and \$Y thereafter:

First week:

- 40 hours times \$X, plus
- Night Differential at 10% of \$X for 5.5 hours (6pm to 11:30pm) times 5 nights
- Equals COP cost for the first week.

There is no entitlement to Sunday premium without work performed on a regularly scheduled Sunday tour of duty.

Second week:

- Same as first week except for substitution of \$Y for \$X due to the rate increase.

Third week:

The tour of duty on the ETA timecard is changed to 8am to 4:30pm Monday through Friday. Time from 8am to noon is charged to COP. The employee works 12:30pm to 4:30pm each workday. Noon to 12:30pm is an unpaid lunch period included in the tour. Timekeeper remark notes tour change per HR COP authorization or per payroll instruction due to work-related injury/illness-regular tour 3pm to 11:30pm. Payroll will ensure four hours per weekday of COP plus 5.5 hours per day of night differential is recognized on the DCPS timecard record for the light duty week.

- Regular pay at 20 hours times \$Y, plus
- Night Differential for 27.5 hours times 10% of \$Y
- Equals COP cost.

COP cost adding totals as calculated above for the 3 weeks impacted will be noted on the COP report for the quarter. Whether weekend days are included in the days of COP used will depend on specific coverage information on HR memorandums. 100 hours of COP would be reported along with at least 15 days for the regular schedule described.

Where the pay rate for the first week is \$10 per hour, and the rate increases with the step to \$10.50, **Cost in Example #1** is calculated as follows:

Week	Calculation	Total
1	40 x \$10.00 plus 27.5 x \$1.00	\$427.50
2	40 x \$10.50 plus 27.5 x \$1.05	\$448.88
3	20 x \$10.50 plus 27.5 x \$1.05	\$238.88
	Total COP Cost	\$1,115.26

Example #2 - Wage Grade: The part-time employee regularly works evenings from 4pm to 8pm (4 hours) on varying days, five days per week, for which the Shift 2 premium applies.

In this example, HR memorandums authorize COP for:

- One full week plus two work days in the following week of continuation of pay for absence, and
- 2.5 hours absence after working the first 1.5 hours of a regular shift on a later scheduled workday in a different week.

7 workdays at 4 hours per shift, plus 2.5 hours = 30.5 hours
COP cost is 30.5 hours times the hourly shift 2 rate.

Where the daily hourly rate is \$12, the shift 2 rate is \$12 plus (7.5% x \$12) = \$12.90
30.5 hours times \$12.90 = COP cost of \$393.45.

Example #3-Title 38: A full-time nurse, working a weekday shift and 38.5 hours of regularly scheduled on-call overnight and weekend duty hours, is continuously absent for two weeks due to work-related injury for two weeks immediately following the injury, and is then absent during related medical appointments twice per week.

In this example HR memorandums authorize COP for:

- Two full weeks for absence including weekend days, and
- Associated Medical appointments twice per week after the first two weeks through the end of the 45 day COP period.

For the purposes of this example, the standard premium rates are used, though higher than standard rates could be authorized. Overtime is 1.5 times the hourly pay rate. On-call is 10% of the overtime rate.

Where the hourly base rate is \$20, overtime is \$30 per hour, and the On-Call rate is \$3.00 per hour. See [OFP Volume XV, Chapter 6](#), Appendix B, *Pay Calculation Information*, for additional detail and examples of pay calculation for different employee categories.

Each appointment requires absence for three hours during a scheduled workday. The appointments continue throughout the 45-day COP coverage period. **Cost in Example #3** is calculated as follows:

Week / Type	Calculation	Total
Wk 1 – COP	40 hrs x \$20 + (38.5 hrs x \$3)	915.50
Wk 2 – COP	40 hrs x \$20 + (38.5 hrs x \$3)	915.50
Medical appts (9 total)	3 hrs x \$20 x 9 appts	540.00
	Total COP Cost	2371.00