4 Pay Administration

410 Pay Administration Policy for Nonbargaining Unit Employees

411 General

411.1 Scope

This subchapter establishes the conditions and procedures for setting salaries of Postal Service™ nonbargaining unit career and noncareer employees in supervisory, professional, technical, clerical, administrative, and managerial positions in the Executive and Administrative Schedule (EAS) and applies to all employees *except* the following:

a. Employees covered by collective bargaining agreements (except when assigned to nonbargaining positions).

b. Employees assigned to the Postal Career Executive Service (PCES).

c. Employees in the Office of Inspector General.

d. Employees in the Inspection Service designated as *law enforcement.*

e. Employees in attorney positions in the office of the General Counsel.

411.2 Objectives

The principal objectives of Postal Service compensation policies are:

a. To provide compensation for Postal Service work comparable to compensation paid for comparable levels of work in the private sector of the U.S. economy.

b. To provide compensation that will attract, motivate, and retain qualified and capable personnel.

c. To provide adequate and reasonable differentials in rates of pay between employees in the clerk and carrier grades in the line work force and supervisory and other managerial personnel.

d. To provide for effective administration of salary expenditures.

e. To provide for recognition of and reward for differences in individual ability and performance.

f. To provide uniform methods for establishing and applying salary rates to employment, placement, promotion, and other changes in the status of employees.

411.3 Responsibility

411.31 Assignment of Positions

The vice president of Employee Resource Management has the responsibility for determining the appropriate dollar range and salary grade for each position covered by 410.

411.32 Policy and Procedural Changes

Recommendations concerning compensation policy and procedural matters are evaluated and developed under the direction of the vice president of Employee Resource Management. Exceptions to the policies contained in this subchapter require approval by the vice president of Employee Resource Management or designee.

411.33 Determination of Salaries

411.331 Responsibility of Appointing Officer

The appointing officer has the primary responsibility for setting salaries of employees in nonbargaining unit positions according to the policies contained in this subchapter.

411.332 Approval Required

In all cases, the appointing officer's superior must approve the salaries set by the appointing officer.

411.333 EAS A–E Postmaster Rates

A–E postmasters are paid at hourly rates for less than a 40-hour week (see Rate Schedule F). For changes between A–E postmaster and full-time positions, these hourly rates are first converted to full-time annual salaries using the following equation:

Full-time Annual Salary = Hourly Rate X 2080.

411.4 Payment Procedures for Post Office Space

411.41 Lease Agreement

411.411 Basis for Payment

A postmaster who has a lease agreement is reimbursed on the basis of actual lease rates for the location and not on the basis of the postmaster's salary grade.

411.412 Newly Appointed Postmaster

Postmasters who are newly appointed as EAS A–E or EAS-11 are (a) paid under standard lease agreements for the space they provide and (b) receive equipment from the Postal Service supply system.

411.413 Conversion to Rental Allowance

Conversion from the lease agreement system to the rental allowance system is not permitted.

411.42 Rental Allowance

411.421 Allowance Amounts

The rental allowance for EAS A–E postmasters who furnish quarters and equipment covers rent, fuel, lights, and equipment. The rental allowance maximums for these Post Offices™ are fixed as follows:

Post Office Service Hour Category	Annual Rental Allowance
A	$342.75
B	$514.05
C	$685.50
D	$856.80
E	$1,028.10

411.422 Change in Allowance

If the salary grade of a postmaster (who receives an allowance) is increased, the rental allowance is not increased. If, however, the grade of the postmaster is decreased, the allowance is reduced to the amount shown in 411.421 for the new (lower) grade.

411.423 Manner of Payment

Normally, payment of rental allowance is made at the same time and in the same manner as payment for basic compensation. (See also 411.424 and 411.425.)

411.424 Absent Postmaster

When a postmaster is absent on approved leave without pay, the allowance continues to be paid to the postmaster — not to the person performing the duties of the postmaster.

411.425 Vacant Postmaster Position

When a postmaster's position is vacant and the facilities are still used by the Postal Service, claims for payment must be filed with the Eagan Accounting Service Center (ASC). Note that:

a. If the facilities are furnished by the former postmaster (or his or her estate), the allowance continues to be paid to the former postmaster (or his or her estate) until a new postmaster is appointed. A lease agreement is then negotiated.

b. If the person performing the duties of postmaster provides the facilities, the allowance for the salary grade of the Post Office is paid to the person performing the postmaster duties.

411.426 Conversion to Lease Agreement

A postmaster receiving rental allowance is permitted to convert to the lease agreement system at any time. If the rental allowance is to be discontinued, the change is effective on the date of the lease agreement.

412 New Appointment

412.1 Career Appointment

A new employee hired into the EAS schedule is paid the minimum salary for the grade of the position to which hired, although the appointing official has

the flexibility to set the *starting* salary up to the midpoint of the grade. Further variation may occur in the following circumstances:

a. *Exceptional Qualifications.* If the person has exceptional qualifications, the appointing official may request an exception to set the salary over the midpoint of the grade. The exception over the midpoint requires the approval of the functional vice president.

b. *Supervision of Bargaining Unit Employees.* When an appointment is to an exempt EAS-15 through EAS-19 grade position that involves directly supervising two or more full-time equivalent bargaining unit employees, the minimum salary must be equal to, or exceed, the supervisory differential adjustment (SDA) rate as described in Exhibit 412.1b.

Exhibit 412.1b
Position Groups Eligible for Supervisory Differential Adjustment Rate (effective January 22, 2005)

Position Group	Minimum Salary is 5 Percent Above
Plant Maintenance	PS-11, step P
Vehicle Maintenance, Transportation Operations	PS-7, step O
Postal Police Officer — Supervisor	PPO-6, step 20
All Other Eligible EAS-15 to EAS-19	PS-5, step O

412.2 Noncareer Appointment

A noncareer employee is hired in accordance with the provisions in 419.

413 Promotion to Nonbargaining Unit Positions

413.1 Definition

A *promotion* is the permanent assignment, with or without relocation, of an employee to (a) an established position having a higher grade than the position to which the employee was previously assigned in the same schedule or (b) a position with a higher than equivalent grade (see 418.1) in another schedule.

Note: When an employee who has rate retention (see 415.3) is assigned to a different position, the assignment is not a promotion unless it is to a position with a grade or grade equivalent higher than the grade on which the rate retention was established.

413.2 Promotion Increase

413.21 Nonbargaining Unit Employees

Nonbargaining unit employees may receive promotion increases of from 3 to 10 percent, although increases of up to 12 percent may be granted on an exception basis. Management should consider the full 3 to 10 percent range in determining the amount of a promotion increase, giving consideration to such factors as responsibility and complexity of the job, skill requirements, and the employee's experience, credentials, and salary history. Increases of as much as 12 percent should be reserved for employees with exceptional qualifications and can be granted only with the approval of the functional

vice president. Promotional increases are subject to the conditions and exceptions described below:

a. An increase cannot result in a salary that is below the minimum or exceeds the maximum of the new grade.

b. An increase of more than 10 percent is given if necessary to bring the salary to the minimum of the new grade or the minimum salary rate for certain supervisory positions as described in 412.1b.

c. If an employee is promoted more than once within 52 weeks, the aggregate promotional increase may not exceed 20 percent of the salary on which the first promotion action was calculated.

d. For promotions to positions at grades 15 through 19 that require supervising two or more full-time equivalent bargaining unit employees, the amount of the increase must result in a salary that is no less than the minimum salary rate for those employees promoted to positions as described in Exhibit 412.1b.

413.22 Bargaining Unit Employees

Bargaining unit employees permanently assigned to a higher equivalent grade in the nonbargaining unit schedule receive a salary adjustment of 5 percent of their basic salary subject to the following:

a. An increase cannot result in a salary that exceeds the maximum of the new grade.

b. An increase of more than 5 percent is given if necessary to bring the employee's salary to the minimum of the new grade or the minimum salary for certain supervisory positions as described in 412.1b.

413.3 Position Upgrade

When an employee's position is upgraded through the Workload Service Credit System (WSCS), the Station Manager Evaluation Process, the job evaluation process (JEP), or job-ranking standards and guidelines, a 2 percent basic salary increase is provided. The increase is adjusted higher if necessary to bring the salary to the minimum of the new grade or the minimum salary for certain supervisory positions as described in 412.1b. The increase is adjusted lower if necessary to keep the salary from exceeding the maximum of the higher grade.

413.4 EAS A–E Postmasters

When a postmaster in an EAS A–E Post Office is promoted to a position in a grade higher than the A–E postmaster grade, the postmaster's hourly rate is converted to the full-time annual salary equivalent to that hourly rate (hourly rate x 2080) and then further adjusted in accordance with the promotion procedures in 413.2. All A–E postmasters are in the same grade, EAS A–E; therefore, a change from one A–E service hour category to another does not result in a promotion (see 414.13).

414 Reassignment

414.1 Reassignment to Nonbargaining Unit Positions

414.11 Definition

A *reassignment to a nonbargaining unit position* is the permanent change, with or without relocation, of an employee to an established EAS position from a position with the same or equivalent grade. (For changes between pay schedules, see Exhibit 418.1.)

414.12 Rate Adjustment

414.121 Nonbargaining Unit Employees

An EAS employee's salary is not changed as a result of reassignment within the EAS schedule except when the employee is reassigned to an exempt EAS-15 through EAS-19 position that involves directly supervising two or more full-time equivalent bargaining unit employees. In this case, the salary must be no less than the supervisory differential adjustment (SDA) rate, as described in Exhibit 412.1b.

414.122 Bargaining Unit Employees

Bargaining unit employees reassigned to nonbargaining unit positions continue to receive their former basic salary provided that it is not below the minimum or above the maximum for the new position.

If the person is reassigned to an EAS-19 or below position and has served 52 weeks or more in the bargaining unit position since the last step, promotion, or other equivalent increase, the salary is advanced by 3 percent, provided all of the following conditions are met:

a. An equivalent increase (one equal to the most prevalent step in the salary schedule for the former position) is not received at the time of the reassignment.

b. The employee has satisfactory service.

c. The new salary is below the new maximum.

414.13 A–E Postmasters

When an A–E postmaster is reassigned to another A–E Post Office with a different number of service hours, or when the service hour category of an A–E Post Office is changed pursuant to the Workload Service Credit System (WSCS), the postmaster's basic hourly rate remains the same as before, regardless of the number of service hours.

When an employee is reassigned to an A–E postmaster position from a position in a grade equivalent to the grade for A–E postmasters, the following applies:

a. The employee is placed (1) at minimum of the hourly rate range for A–E postmasters or (2) at the discretion of the appointing official, up to the highest basic salary the employee has received that does not exceed the rate for the maximum of the hourly rate range for A–E postmasters.

b. If previously full-time, the employee's former annual salary is divided by 2080 hours. The resultant hourly rate is used to place the employee in the hourly rate range for A–E postmasters as provided in 414.13a.

414.2 Reassignment to Bargaining Unit Positions

414.21 Definition

A *reassignment from a nonbargaining unit position to a bargaining unit position* is the permanent change, with or without relocation, of a nonbargaining unit employee to an established bargaining unit position with an equivalent grade (see Exhibit 418.1).

414.22 Rate Adjustment

414.221 Former Bargaining Unit Service in an Equivalent Grade

If the employee has performed prior service in an equivalent bargaining unit grade, the step and next step date are determined as if service had been continuous in the equivalent bargaining unit grade.

Note: Reassignment to PS Schedule 2 must include service the employee would have had in PS Schedule 1 before conversion to PS Schedule 2.

414.222 No Former Bargaining Unit Service in an Equivalent Grade

If the employee has never performed prior service in an equivalent bargaining unit grade, the step is determined by moving the nonbargaining unit salary to the equivalent grade in the bargaining unit pay schedule. If the current salary falls between two steps, the higher step is assigned. To establish the next step date, creditable service is allowed since the last nonbargaining unit pay-for-performance increase or salary adjustment. The provisions contained in 422.124c4 also apply.

Note: If the employee's nonbargaining salary exceeds the amount associated with the top step in the bargaining unit schedule, the employee is placed at the top step.

415 Rate Retention and Change to Lower Nonbargaining Unit Grade

415.1 Rate Retention Types

415.11 Saved Grade

Under *saved grade,* an employee assigned to a lower grade is treated as being in the higher grade for pay increases and benefit purposes during the saved grade period. During this period of saved grade, employees should apply for positions at their respective saved-grade levels to allow them to return to their previous grade and level of responsibility. Nonbargaining unit employees, except for those assigned to lower grades during RIF-related periods (see 415.21), may be granted saved grade only in accordance with the terms and conditions issued for special situations by the vice president, Employee Resource Management (ERM).

415.12 Saved Salary

Saved salary provides that an employee assigned to a lower grade position whose higher grade salary does not fall within the salary range of the lower grade has this higher grade salary continued (saved). For as long as the saved salary is higher than the maximum salary of the lower grade position, the employee may receive pay-for-performance lump sums based on the

policies applicable to employees at or above their salary range maximum. The saved salary is continued in accordance with postal policy or until it is terminated as specified in 415.4.

415.2 Changes to Lower Grade

415.21 Change to Lower Grade During a RIF Avoidance Period, Specific RIF Notice Period, RIF-Related 30-Day Nonduty, Nonpay Status Period, or a RIF

Nonbargaining employees who are changed to a lower grade career nonbargaining position during RIF-related periods — RIF avoidance, specific RIF notice, 30-day nonduty, nonpay status, and RIF — retain their current grade and pay for a period not to exceed 2 years from the effective date of the change to the lower grade position. On expiration of the saved grade period, they are automatically reduced to the grade of their current position. If upon expiration of the saved grade period the employee's salary is within the salary range for the lower grade, the salary is continued. However, if the salary exceeds the maximum of the new grade, the salary is immediately reduced to the grade maximum. This applies not only for changes to lower grade positions within the EAS pay schedule but also when changes occur within or between other nonbargaining pay schedules. (For further information, see 354.2.)

415.22 Voluntary Change to Lower Grade

An employee who voluntarily changes to a lower grade position is immediately reduced to the lower grade, but the salary remains the same as that in the higher grade position, provided it is not above the maximum in the lower position's salary range. In no case may the salary be set above the maximum for the new grade or above the employee's salary immediately before the change. If the employee has a form of rate retention, it is terminated (see 415.4).

415.23 Position Reclassified to a Lower Grade

When a position is reclassified to a lower grade, the employee is immediately reduced to this grade, but saved salary is granted for a period not to exceed 2 years, if the employee's salary exceeds the maximum salary of the lower grade. If the employee's salary is within the salary range for the lower grade, the salary is continued and there is no saved salary. At the end of the 2-year period, if the salary exceeds the maximum of the new grade, the salary is immediately reduced to the grade maximum. Any management-initiated involuntary change to a lower grade must be effected according to the grievance and appeals procedures in 650.

Reclassifications occur primarily under the WSCS and the Station Manager Evaluation Process. In cases where full-time postmaster positions are reclassified to part-time positions for 104 weeks, the postmaster receives an hourly rate that produces the annual salary in effect prior to the change (full-time annual salary divided by the annual service hours for the part-time position). At the end of 104 weeks, the affected postmaster's hourly salary is reduced to the maximum hourly rate for the A-E Postmaster (RSC F) salary schedule.

Note: All A–E postmasters are in the same grade, A–E; therefore, a change from one A–E service-hour category to another does not result in a change in grade (see 414.13).

415.24 Management-Initiated Action Where Employee Voluntarily Accepts a Lower Grade Nonbargaining Unit Position

In cases of management-initiated action or in cases in which management determines that it is in the mutual interest of both the employee and the Postal Service and an employee voluntarily accepts a lower grade nonbargaining unit position, the employee must be placed in a position that he or she is qualified to perform, and as near to the grade of his or her original position as possible. Saved salary (see 415.12) is applicable in such actions for a period not to exceed 2 years. At the end of the 2-year period, the employee's salary is immediately reduced to the maximum of the lower grade position.

415.25 Refusal of a Reasonable Assignment to a Higher Grade Position During a Rate Retention Period

An employee in a lower grade position with rate retention who refuses a reasonable assignment to a higher grade position is immediately reduced to the lower grade, and the salary is reduced by the dollar amount of the most recent promotion or upgrade received.

415.26 Change to Lower Level Due to Demotion for Cause

An employee who is changed to a lower grade position as a result of a demotion for cause is immediately reduced to the lower grade, and the salary is reduced by 10 percent or placed at the maximum of the lower grade, whichever is lower.

415.3 Rate Retention Effect on Promotion

If an employee with rate retention is assigned to a different position, there is no promotional pay raise unless the assignment is to a position with a grade that is higher than the grade on which the retained rate was established. Pay adjustments are made as follows:

a. If the employee is assigned to a position with a *grade equal to or lower than* the grade on which the retained rate was established, the employee is placed at a salary in the new grade equal to the existing salary, and the retained rate continues until terminated in accordance with 415.4.

b. If the employee is assigned to a position with a *grade higher than* the grade on which the retained rate was established, the retained rate is terminated, and the employee is eligible for a promotional increase to base pay.

415.4 Termination of Salary Retention

415.41 Reason for Terminating

A saved grade and/or retained rate ceases at the beginning of the pay period following a determination that the employee is no longer entitled to saved grade and/or rate retention for any one of the following reasons:

a. A break in service of 1 workday or more.

b. A demotion or employee-initiated change to a lower grade position.

c. A promotion or assignment change to a rate in a grade or range equal to or above the saved grade and/or retained rate.

d. A change in compensation of the employee, for any reason, to a rate equal to or higher than the retained rate.

e. The employee refuses a reasonable assignment to a higher grade position.

f. A change from nonbargaining unit to a bargaining unit schedule.

Note: This terminates nonbargaining unit saved grade and/or saved salary; however, an eligible employee may continue to receive rate retention subject to bargaining unit rules.

416 Pay for Performance Program

416.1 Policy

EAS employees are eligible for an annual pay for performance (PFP) salary increase and/or lump sum payment based on a fiscal year performance evaluation. These evaluations are conducted in accordance with established performance appraisal instructions. PFP adjustments are made in accordance with guidelines issued annually.

416.2 Eligibility Requirements

416.21 General

To be eligible for a PFP adjustment, an employee must have an appointment that is not time-limited and receive a performance rating warranting an adjustment as provided in the applicable PFP guidelines.

416.22 Management Association Officials

Employees who are placed on leave without pay (LWOP) to devote full-time service as elected national officers of a recognized management association are eligible to have their salary of record adjusted to reflect annual PFP increases as if they were continuing in a pay status. The effective date of an employee's adjustment is the same as it would be if the employee were in a pay status. The amount of such an adjustment is determined as follows:

a. The percentage increase is equal to the National Performance Assessment score (national rating).

b. The adjusted salary may not exceed the maximum of the range for the employee's grade.

c. The employee is not eligible for a PFP lump sum.

416.23 Leave Without Pay

Employees who return to Postal Service duty following an absence for military duty are eligible for a PFP adjustment for time spent in a military LWOP status.

Employees who are on LWOP for other purposes during the year are eligible for a PFP adjustment subject to a prorated reduction for the LWOP hours according to the PFP guidelines issued annually.

416.3 Simultaneous Personnel Actions

When a PFP increase and another personnel action are effective on the same date, the PFP increase is granted first.

417 Temporary Assignment to Nonbargaining Unit Positions (Career Employees)

417.1 Definitions

417.11 Temporary Assignment

A *temporary assignment* is the placement of a career employee in another established position which is vacant or from which the incumbent is absent from duty, to perform duties and responsibilities other than those specifically set forth in the employee's position description, when the employee is not awarded the position on a regular basis.

417.12 Pay Schedule and Premiums

The salary of a career employee who is temporarily assigned to an EAS position is based on the career EAS schedule. However, employees continue to receive pay premiums applicable to their permanently assigned positions while temporarily assigned to EAS positions.

An FLSA-exempt employee who has been temporarily assigned to perform in an FLSA-nonexempt work position for more than 50 percent of the work hours for the week may be eligible for FLSA overtime for hours actually worked over 40 in that FLSA workweek. (See 417.2 for determination of the FLSA status of an employee temporarily assigned to an EAS position.)

417.2 Assigning FLSA Status

It is the policy of the Postal Service that an employee performing work in a position with a different FLSA classification will be classified for FLSA pay purposes as follows:

a. For an FLSA-exempt employee temporarily assigned to an FLSA-nonexempt position:

   (1) For the first full pay period of the temporary assignment, the employee's FLSA status remains exempt.

   (2) For all pay periods beginning after the first full pay period, the employee's FLSA status is changed to nonexempt and the employee is eligible for FLSA overtime compensation.

Note: PS Form 50, *Notification of Personnel Action*, must be issued when the employee's FLSA status changes to and from FLSA

nonexempt status.

b. An employee whose position of record is nonexempt will not be re-classified as FLSA exempt when temporarily assigned to a position that is classified as FLSA exempt, regardless of the length of the temporary assignment.

417.3 Rates of Pay

417.31 Lower Grade

Employees who are temporarily assigned to perform duties of a lower grade continue to receive their existing basic salaries. (See 417.2, Assigning FLSA Status.)

417.32 Same or Equivalent Grade

Employees who are temporarily assigned to perform duties of the same grade or of an equivalent grade (see 418.1) continue to receive their existing basic salaries (see 417.2).

417.33 Higher Grade

417.331 General Requirement

A career employee who is temporarily assigned to a higher grade position must be assigned the primary or *core* duties and be directed to assume the major responsibilities of the higher grade position to be eligible for higher level pay under the conditions of this section.

417.332 Employee With Rate Retention

When an employee who has rate retention is assigned to a different position, it is not considered a higher level assignment unless that position is at a grade higher than the grade on which the rate retention was established.

417.333 Higher Level Pay Eligibility

An employee whose temporary assignment meets the conditions described in 417.334 is eligible for higher level pay when temporarily assigned to an authorized established EAS position in a higher grade than that of the position to which permanently assigned, *except* as follows:

a. Employees temporarily assigned to PCES positions.

b. Employees in developmental programs for which management instructions provide that participants do not receive higher level pay.

417.334 Higher Level Pay Conditions

Conditions for higher level pay are as follows:

a. *EAS Employees.* Higher level pay is authorized to eligible EAS employees during each temporary assignment to higher level EAS positions in Headquarters, Headquarters-related units, area offices, and field installations for all such service beginning after 5 consecutive workdays, excluding breaks for normal days off, and continuing for the duration of the assignment. Different employees are not to be assigned consecutively to the same vacancy solely to avoid the higher level pay requirements.

b. *Bargaining Unit Employees.* Bargaining unit employees are authorized higher level pay for all time worked on higher level assignments. They

receive certain bargaining unit pay premiums according to their bargaining unit agreement when temporarily assigned to a nonbargaining position. However, they are not also eligible for supervisory differential adjustment (SDA) or the Pay for Performance Program.

417.335 **Payment Amount**

Higher level pay is calculated as follows:

a. *To or Within the EAS Schedule, Except Rural Carriers.* The employee receives a salary increase equal to 5 percent of the employee's actual salary or the minimum salary for the higher grade, whichever is greater. Total higher level compensation may not exceed the maximum salary rate of the higher level position in which such service is performed, or the employee's existing salary if above the maximum of the range for the higher grade.

b. *From Rural Carrier to Nonbargaining Unit Schedule.* A rural carrier is paid based on the assigned route's evaluation for the first 30 days of a temporary higher level assignment. At the beginning of the pay period following this 30-day period, the carrier's salary is converted to that of a 40-hour route, attained step. The salary is then adjusted in accordance with 417.335a.

417.336 **Payment Factors**

Payment factors for nonbargaining employees include:

a. *Holiday Pay.* An employee receives holiday leave pay for the holiday at the rate of the higher level position, provided the employee received the higher level pay for both the full workday preceding the holiday and the full workday following the holiday. If the employee works in the higher level position on a holiday, he or she is paid at the rate of the higher level position for work in the higher level position on a holiday.

b. Annual, Sick, Holiday, or Other Paid Leave During Higher Level Service.

(1) Except as provided in (2) below, when full-time employees are absent on approved annual, sick, or other paid leave falling within a period of temporary assignment to a higher level position, they receive leave pay at the rate for the higher level position provided they receive higher level pay for both the full workday immediately preceding and the full workday immediately following the period of absence.

(2) If a second person is assigned to replace the absent employee, the original temporary higher level assignment is canceled and the absent employee has no entitlement to higher level pay for the parts of the leave period during which he or she is replaced.

c. *Assigning FLSA Status.* See 417.2.

417.4 Postmaster Positions

417.41 Officer in Charge

417.411 Definition

The assignment to be an *officer in charge* (OIC) is the temporary assignment of an employee to act as postmaster during which the accountability of postmaster is transferred to the employee.

417.412 Basis for Rate of Pay

The salary of a career employee temporarily assigned to a Post Office as OIC is based on the grade of the Post Office to which he or she is assigned and is determined in accordance with the provisions of 417.3. The salary of a noncareer employee assigned to a Post Office as OIC is set in accordance with 419.2.

417.42 Postal Operations Administrator

417.421 Definition

The assignment to be a *postal operations administrator* (POA) is the temporary assignment of a career employee to act as postmaster during which time the accountability of postmaster *is not* transferred to the employee.

417.422 Basis for Rate of Pay

The salary of a career employee temporarily assigned to a Post Office as POA is based on the grade two grades below the grade for that office and is determined as provided in 417.3.

418 Assignment to a Different Salary Schedule

418.1 Equivalent Grades

When an employee is reassigned, reduced in grade, promoted, or otherwise permanently or temporarily changed to a position in another salary schedule, see Exhibit 418.1 for grades that are equivalent for pay purposes. This chart determines the appropriate Nature of Action (NOA) triggered when processing a PS Form 50, *Notification of Personnel Action.* Special salary handling during an involuntary reduction in grade involving bargaining unit employees is performed in accordance with the applicable collective bargaining agreement.

Exhibit 418.1
Equivalent Grades

C — Mail Equipment Shops & Material Distribution	E — EAS	V — Pay Band	U — Attorney	F — A–E Postmasters	G — Postal Nurses	K — Operating Services	M — Mail Handlers	N — Information/ Technology Accounting Service	P — Postal Service	Q — City Carriers	R — Rural Carriers	T — Tool & Die Shop	Y — Postal Police Officers
–	1–4	–	–	–	–	–	–	–	–	–	–	–	–
–	5	–	–	A–E	–	–	–	–	–	–	–	–	–
–	6	–	–	–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–		–	–	–	–	–	–	–
–	7	–	–	–	–		–	–	–	–	–	–	–
–	8	–	–	–	–	–	–	–		–	–	–	–
–	9	–	–	–	–	3	–	–		–	–	–	–
3	–	–	–	–	–	4	–	–	3	–	–	–	–
4	10	–	–	–	–	5	4	6,7,8	4	–	–	4	–
5	11	–	–	–	X *	6	5	9,10	5	–	X *	–	–
6	12	–	–	–	–	7	6	11,12	6	1	–	6	X *
7	–	–	–	–	–	–	–	13	7	2	–	7	–
8	13	–	–	–	–	8	–	14	8	–	–	8	–
9	14	–	–	–	–	9	–	15	9	–	–	9	–
–	15	–	–	–	–	10	–	16		–	–	–	–
–	16	–	–	–	–	–	–	17		–	–	11	–
10	–	–	–	–	–	–	–	18	10	–	–	–	–
11	–	–	–	–	–	–	–	19	11	–	–	–	–
–	17	–	–	–	–	–	–	20	–	–	–	–	–
–	18	–	–	–	–	–	–	21	–	–	–	–	–
–	19	–	–	–	–	–	–	22	–	–	–	–	–
–	20	–	–	–	–	–	–	23	–	–	–	–	–
–	21	–	–	–	–	–	–	–	–	–	–	–	–
–	22	–	–	–	–	–	–	–	–	–	–	–	–
–	23	–		–	–	–	–	–	–	–	–	–	–
–	24	–	–	–	–	–	–	–	–	–	–	–	–
–	25	–	x*	–	–	–	–	–	–	–	–	–	–
–	26	–	–	–	–	–	–	–	–	–	–	–	–
–	–	01	–	–	–	–	–	–	–	–	–	–	–
–	–	02	–	–	–	–	–	–	–	–	–	–	–

** X signifies a single–level schedule.*

EQUIVALENT GRADE DETERMINATION —To use the chart:

Step 1. In the horizontal list at the top, locate the salary schedule and grade of the employee's position before the change action.

Step 2. Cross over to the salary schedule into which the employee is being assigned.

Step 3. Determine the nature of the placement action from the following:

If the new grade is…	***Then the placement action is…***
On the same line as the previous grade	Lateral reassignment to an equivalent grade.
On a lower line than the previous grade	Promotion.
On a higher line than the previous grade	Reduction in grade (change to lower level).

The number of lines on the chart between the old grade and the new grade is considered to be the number of grades changed for the purpose of calculating promotions or reductions in grade.

418.2 Changes Between Nonbargaining Unit Schedules

Changes between EAS and PCES salary schedules are made in accordance with the provisions of the Postal Career Executive Service Program. Changes between other nonbargaining unit schedules are made in accordance with the promotion and reassignment provisions of this subchapter (see 413, 414, and 415).

418.3 Changes From Nonbargaining Unit to Bargaining Unit Schedules

Changes of nonbargaining unit employees to bargaining unit positions are made in accordance with 420 and any applicable collective bargaining agreement.

418.4 Changes From Bargaining Unit to Nonbargaining Unit Schedules

Changes of bargaining unit employees to nonbargaining unit positions are made in accordance with 413, 414, 415, or 417.

419 Supplemental EAS Noncareer Workforce

419.1 Casual Employee

419.11 Definition

Casual employees are nonbargaining unit, noncareer employees with limited-term appointments. These employees are employed as a supplemental workforce, as described in collective bargaining agreements, to perform duties assigned to bargaining unit positions.

419.12 Salary Grade

Appointments of casuals are made to the position of Casual, Occupation Code 5201-1001, at grade EAS-7 in the Noncareer Temporary Rate (NTR) Schedule or as otherwise authorized by the vice president of Employee Resource Management.

419.2 Nonbargaining Temporary Employees

419.21 Definition

Nonbargaining temporary employees, including officers in charge (OICs) appointed from outside the Postal Service, are nonbargaining unit, noncareer employees who perform duties assigned to nonbargaining unit positions.

419.22 Salary Grades

Temporary employees hired as OICs are paid in accordance with the *Officers in Charge* schedule. Prior to hiring a temporary employee for other positions, the installation head or other appointing official should carefully assess operational needs of the office and determine the EAS grade for the types of work to be performed. Based on this determination, the temporary employee is hired at the minimum salary for that grade. The full-time salary is divided by 2080 to determine the appropriate hourly rate.

419.3 Postmaster Relief/Leave Replacements

419.31 Definition

A Postmaster Relief/Leave Replacement (PMR) is a noncareer hourly rate employee who performs as a relief or leave replacement during the absence of a postmaster in an EAS-16 or below Post Office.

419.32 Salary Grades

PMRs are employed at the Noncareer Temporary Rate schedule grades indicated below, and are paid in accordance with the *Postmaster Relief/ Leave Replacements* schedule.

PMR Occupation Code	Rate Schedule Code (RSC)	PMR Grade	Post Office Level	Post Office Status
2305-0073	L	14	16	Full-time
2305-6115	L	13	15	Full-time
2305-6113	L	11	13	Full-time
2305-6111	L	09	11	Full-time
2305-6100	L	55	55	Part-time
2305-0044	L	54	54	Part-time
2305-0042	L	53	53	Part-time
2305-0041	L	52	52	Part-time
2305-0040	L	51	51	Part-time

420 Wage Administration Policy for Bargaining Unit Employees

421 General Principles and Terms

421.1 Scope

This subchapter establishes the conditions and procedures for setting the wages for Postal Service employees covered by collective bargaining agreements.

Note:

a. *Consistency With Agreements.* It is not the intent of these instructions to amend or conflict with the provisions of the collective bargaining agreements negotiated between the Postal Service and the officially recognized labor unions. The applicable provisions of a collective bargaining agreement control in the event of any conflict with this subchapter.

b. *Categorization of Bargaining Units.* Exhibit 421.7 provides a categorization of bargaining unit employees.

c. *Employee Classifications.* Employee classifications for bargaining unit employees appear in 432.111.

421.2 Objectives

The principal objectives of the wage administration policies are:

a. To provide uniform compensation rules and practices consistent with the provisions of the bargaining unit agreements for the establishment of wage rates for employment, reassignment, promotion, and other changes in the pay status of bargaining unit employees.

b. To provide for the effective administration of wage expenditures.

421.3 Responsibilities

421.31 Assigning Positions to Salary Schedules

The executive vice president of Human Resources is responsible for determining the appropriate salary schedule for each position covered in 420.

Note:

a. A position is the aggregate of all the current duties and responsibilities contained in a work assignment. These duties and responsibilities are to be performed during an employee's full working schedule, as normally reflected in the authorized position description.

b. The procedures for authorizing and ranking bargaining unit positions appear in 230 and 240.

c. Each bargaining unit position is assigned to one of the authorized salary schedules, based upon the established categories listed in Exhibit 421.7.

421.32 Setting Wages

The appointing official has primary responsibility for setting the wage of an employee according to the guidelines for the appropriate salary schedule (see 422.12). Higher level approval is required when appropriate or when specified (see 422.514 and 422.714).

421.4 Definitions

421.41 Appointments

The types of appointments are as follows:

a. *Career appointment* — a new hire for an appointment without time limit requiring the completion of a probationary period that confers full employee benefits and privileges. The term applies to (a) new employees, (b) former employees who are being reinstated, (c) employees transferring from federal agencies, and (d) current Postal Service employees who choose to transfer to or from the rural carrier craft.

b. *Temporary/casual appointment* — a new hire for a time-limited appointment; does not apply to bargaining unit employees.

c. *Appointment to additional position* — applies to cases of dual employment, as described in 422.15, when an existing employee is appointed up to three additional positions.

421.42 **Assignments**

The types of assignments are as follows:

a. *Permanent assignment* — simply called *assignment;* a set of specific duties at a specified location in a specified schedule related to an employee's position description. For postal police officers, an individual preferred schedule consists of a desired tour and nonscheduled days at a work facility.

b. *Temporary assignment* — the assignment of an employee for a short period of time to perform duties and responsibilities other than those specifically contained in his or her position description when a formal personnel action is not required.

(1) Employees assigned to higher level duties may receive higher level pay (see 422.14).

(2) Employees other than rural carriers assigned to lower level duties continue to receive their regular pay. In the rural carrier craft, compensation is dependant upon the evaluated route hours or length of the assigned route.

(3) For postal police officers, temporary assignment is a transfer to another schedule (tour and days off) or work facility.

421.43 **Change Actions**

The types of change actions are as follows:

a. *Promotion* — the permanent assignment of an employee (a) to an established position having a higher grade than the position to which the employee was previously assigned in the same schedule or (b) to a position with a higher than equivalent grade (see Exhibit 418.1) in another schedule.

b. *Reassignment* — the permanent assignment or relocation of an employee (a) to another established position with the same grade in the same schedule or (b) to a position with an equivalent grade (see Exhibit 418.1) in another schedule, also called *lateral assignment* or simply *lateral.* For postal police officers, reassignment is a permanent transfer to another work facility.

c. *Demotion* — the permanent assignment due to unsatisfactory performance of an employee (a) to an established position with a lower grade in the same schedule or (b) to a position with a lower than equivalent grade (see Exhibit 418.1) in another schedule, also called *disciplinary reduction.*

d. *Voluntary reduction* — the permanent assignment at the request of the employee (a) to an established position with a lower grade in the same schedule or (b) to a position with a lower than equivalent grade (see Exhibit 418.1) in another schedule.

e. *Management action reduction* — the permanent, nondisciplinary, and involuntary, assignment of an employee for reasons such as changes in job ranking criteria and job elimination (a) to an established position with a lower grade in the same schedule or (b) to a position with a lower

than equivalent grade (see Exhibit 418.1) in another schedule. Rate retention provisions apply in cases of this type of reduction (see 421.5).

421.44 Terms

The wage terms are as follows:

a. *Basic wage* — the annual, daily, or hourly rate of pay provided by the applicable salary schedule for the employee's assigned position.

b. *Compensation* — the same as an employee's basic wage plus special pay.

c. *Special pay* — pay and allowances for additional and premium hours. See 430 for special pay provisions, which include the following:

(1) Overtime pay (see 434.1).

(2) Night differential (see 434.2).

(3) Sunday premium (see 434.3).

(4) Holiday-worked pay (see 434.5).

(5) Out-of-schedule overtime (see 434.6).

(6) Information service center on-call pay (see collective bargaining agreement).

(7) Territorial cost-of-living allowance — TCOLA (see 439).

d. *Grade* — the numerical salary standing and salary range in the salary schedule assigned to a position; also called *salary grade.*

e. *Equivalent grade* — the grade in one salary schedule that is most similar in salary range to the grade in another salary schedule whether bargaining or nonbargaining (see Exhibit 418.1). (See 418 for wage adjustment rules for assignments to a different salary schedule.)

f. *Step* — the number or letter assigned to specific wage rates within a grade of a salary schedule. Maximum step is the highest schedule step for a position.

g. *Salary standing* — the step rate or percentile with respect to the appropriate salary schedule.

h. *Red-circle amount* — the dollar portion of an employee's salary that is in excess of the maximum salary of the grade and that results from the saved rate provisions described in 421.52.

i. *Promotion* — an increase in an employee's pay grade, within a rate schedule or as a result of a movement to a different rate schedule, determined to be a promotion by Exhibit 418.1.

j. *Repromotion* — a promotion to a grade equivalent to that originally held before reduction in grade occurred (see 421.5).

k. *Interim promotion* — a promotion to a grade lower than a grade held before reduction in grade (see 422.123).

l. *Reduction in grade* — a voluntary or involuntary change to lower or lower than equivalent level.

421.45 Wage Increases

The types of wage increases are as follows:

a. *General increase* — an across-the-board wage increase in the step rate or salary range that applies to all employees within the specified category.

b. *Step increase* — an increase that represents advancement from one step to the next within a specific grade of a position dependent on satisfying certain waiting period criteria (see 422.13); also called *periodic step increase*. To be eligible for a step increase, occupational health nurses and postal police officers must in addition satisfy certain performance criteria (see 422.53 and 422.83).

   Most prevalent step is the dollar amount determined by calculating the most frequently occurring incremental amount between steps within a grade level, known in mathematics as the *mode.* When two amounts occur the same number of times, the higher of the two amounts is designated as the *most prevalent step.* In the unusual circumstance in which there are multiple most prevalent steps (multiple modes), the most prevalent step chosen is the most similar to historical precedent.

c. *Equivalent increase* — any increase other than a general increase, a quality step increase, or an incentive award that results in a total increase equal to or greater than the most prevalent step in the salary range for the employee's position and grade. The following is applicable:

   (1) When moving between salary schedules, there may be an equivalent increase if the total amount of an increase exceeds the most prevalent step in the salary range for the employee's former position.

   (2) A new waiting period begins on the effective date of an equivalent increase, except as described in 422.123a4 for repromotions and in 422.125 for reduction in grade.

d. *Quality step increase* — an increase in addition to a periodic step increase granted on or before expiration of required waiting periods in recognition of extra competence (see 495.4).

e. *Cost-of-living adjustment (COLA)* — a general increase based on increases in the consumer price index (CPI) over a base month as specified by collective bargaining agreements.

421.5 Rate Retention Provisions

421.51 Protected Rate

421.511 Explanation

An individual employee who is assigned to a lower grade position has a protected rate (i.e., continues to be paid the wage he or she received in the previous higher grade position, as detailed in 421.512, below, augmented by any general increases granted (see also 422.113), for a specified period of 2 calendar years provided all of the following conditions are satisfied:

a. The employee is serving under a career appointment.

b. Reduction in salary standing is not disciplinary (for personal cause) or voluntary (at the request of the employee).

c. The employee served for 2 continuous years immediately preceding the effective date of reduction in a position with a salary standing higher than that to which reduced.

d. Salary in the higher salary standing was not derived from a temporary appointment or temporary assignment.

e. Reduction in salary standing is not caused by a reduction in force due to lack of funds imposed on the Postal Service by outside authority or curtailment of work. For this purpose, curtailment of work does not include reduction in revenue unit category of any Post Office or reduction in route mileage on a rural route.

f. Employee's performance of work was satisfactory at all times during such period of 2 calendar years.

421.512 **Rate Determination**

The basic wage of an employee entitled to a protected rate is *the lowest* of the following:

a. The employee's basic wage at the time of reduction.

b. An amount that is 25 percent more than the maximum basic wage for the new grade (i.e., the grade to which reduced).

c. The basic wage in the *lowest* salary standing that the employee held during the 2 years immediately preceding reduction in salary standing, augmented by each step increase he or she would have earned in such salary standing.

Note: For rural carriers serving evaluated routes, the existing basic wage includes additional heavy duty compensation up to 40 hours.

421.513 **Duration**

An employee who is entitled to a protected rate retains the protected rate, augmented by general increases, for 2 calendar years from the effective date of the protected rate. If, before the 2 years expires the employee is again reduced in salary standing, the following applies:

a. A new protected rate period of 2 calendar years begins.

b. The new protected rate is redetermined according to the rule in 421.512 in relation to the salary standing following the latest reduction.

421.514 **Termination**

Rate protection ceases at the beginning of the pay period following a determination that an employee is no longer entitled to protection for any one of the following reasons:

a. A break in service of 1 workday or more.

b. Reduction to a lower salary standing (1) for disciplinary reasons or (2) at employee's own request.

c. Promotion (or other advancement) of an employee to a higher grade in the same rate schedule, or to a position with a higher than equivalent grade in another rate schedule that includes a maximum wage equal to or above the protected rate. For the protected rate special pay status to terminate in this circumstance, the employee must be first slotted to

the appropriate step in the new grade that represents a wage equal to or above that protected by the special pay status.

d. Change in compensation of the employee to a basic wage equal to or higher than the protected rate for any reason other than by a general increase.

421.515 **Effect on Other Compensation**

Rate protection affects other compensation as follows:

a. *Promotion Rules.* In applying the promotion rules, the former basic wage is the basic wage the employee would have received except for the protected rate.

b. *Rural Routes.* Equipment maintenance allowances on rural routes are paid in relation to the documented route to which the carrier is assigned.

421.516 **Documentation**

PS Form 50, *Notification of Personnel Action,* is used to notify an employee who is changed to a lower grade or salary standing of entitlement to rate retention. The PS Form 50 contains under the Remarks section a reference to 421.5 explaining the amount and duration of the rate retention. The PS Form 50 is also used to notify an employee of the expiration of the rate retention status.

421.517 **Step Increases**

An employee with a protected rate continues to receive step increases in the grade to which the employee is reduced. However, under no circumstances can receipt of these step increases cause the employee's wage to exceed the maximum step of the lower grade.

421.52 Saved Rate

421.521 **Explanation**

Employees with a saved rate will continue to be paid the wage they received in the previous higher grade position, augmented by any general increases occurring while the saved rate is in effect. A saved rate differs from a protected rate in that it continues for an indefinite period, subject to the conditions explained below (see 421.522 through 421.526) and occurs in several different circumstances, as follows:

a. An employee is given a *permanent, nondisciplinary*, and *involuntary* assignment to a lower grade due to a management action such as a change in job ranking criteria affecting more than one position under the same job description. In this case, *saved rate* means that the employee continues to receive the wage of the higher grade position.

b. Management action effects a general increase that, when added to an employee's wage, produces a wage above the maximum rate for the grade. In this case, *saved rate* means that the amount of the general increase is added to the employee's wage and the employee continues to receive the new wage even though it is above the maximum for the grade.

c. An employee is given a position reevaluation down-grade assignment to a lower grade due to a change in the Cost Ascertainment Group (CAG) of a Post Office.

d. An employee accepts a job offer based on his or her limitations due to an injury on duty (see 546.143e).

421.522 **Red-Circle Amount**

The *red-circle amount* is the dollar portion of an employee's salary that is in excess of the maximum salary of the grade. An employee continues to receive a red-circle amount as long as he or she is in saved rate status. Note the following:

a. Red-circle amount results from saved rate only. It does *not* result from protected rate.

b. If an employee who receives a red-circle amount (under section C, Special Rule, Pay System for Employees, covered by the collective bargaining agreement of November 18, 1970) is subsequently promoted and later returned to the former position, the red-circle amount is restored.

421.523 **Duration**

Employees retain the saved rate for as long as they hold a position in the same or higher grade for which the maximum schedule rate is below the saved rate.

421.524 **Termination**

Saved rate is terminated for any of the following reasons:

a. A break in service of 1 workday or more.

b. Demotion or voluntary reduction.

c. Promotion (or other advancement) of an employee to a higher grade in the same rate schedule, or to a position with a higher than equivalent grade in another rate schedule, which has a maximum wage equal to or above the saved rate. For the saved rate special pay status to terminate in this circumstance, the employee must be first slotted to the appropriate step in the new grade that represents a wage equal to or above that saved by the special pay status. See 421.525.

d. Change in compensation of the employee to a basic wage equal to or higher than the saved rate for any reason other than by a general increase.

421.525 **Effect on Promotion**

If an employee with a saved rate is placed into a different position, the placement is compared to those in Exhibit 418.1, Equivalent Grades, to determine whether or not the placement action is a promotion, change to lower level, or lateral reassignment. If the action is a promotion and the employee's saved wage exceeds the maximum of the new grade, then the saved rate special pay status continues following the promotion. However, if the promotion is to a higher grade in the same rate schedule, or to a position with a higher than equivalent grade in another rate schedule that includes a maximum wage equal to or above the saved rate, the employee is slotted to the appropriate step in the new grade, and the saved rate special pay status terminates.

421.526 **Documentation**

PS Form 50 is used to notify an employee of a saved rate status.

421.53 Saved Grade

421.531 **Explanation**

Saved grade provisions can be invoked only in accordance with the applicable collective bargaining agreement. Decisions to disapprove saved grade are subject to review through the grievance and arbitration process. Saved grade must be approved by area Human Resources managers or their designees. Saved grade applies to all bargaining unit employees *except* the following:

a. Employees in Operating Services Division at Headquarters and the Merrifield Engineering Support Center (APWU) (see 422.7).

b. Employees under the National Postal Professional Nurses' (NPPN) Agreement (see 422.5).

c. Employees under the Fraternal Order of Police, National Labor Council (FOP-NLC) Agreement (see 422.8).

421.532 **Duration and Termination**

The saved grade will be in effect for an indefinite period of time subject to the conditions below:

a. To continue to receive a saved grade, an employee must bid or apply for all vacant jobs in the saved grade for which he or she is qualified.

b. If the employee fails to bid or apply, the employee loses the saved grade status immediately.

c. The Information Service Centers collective bargaining agreement requires that, in order to retain the saved grade, employees bid or apply for reassignment to their former grade or to any position at a grade between that of their former grade and present grade.

421.533 **Step Increases**

An employee with a saved grade continues to receive step increases in the saved grade. However, under no circumstances can these step increases exceed the maximum step of the saved grade (see 421.45b).

421.6 Changes in Compensation Following Review or Audit

A review or audit of a position may result in a change in compensation if a decision is made to change the evaluation of the position or its identification. The compensation change occurs at the beginning of the pay period following the date of the decision.

421.7 Rate Schedule Summary and References

Exhibit 421.7, Rate Schedule Summary and References, outlines the rate schedule codes (RSCs) for the categories and subcategories of bargaining unit employees, their salary schedule acronyms, and their grade ranges. It also provides references to ELM sections with appropriate exhibits and explanations.

Exhibit 421.7
Rate Schedule Summary and References
Effective November 29, 2003

Rate Schedule Code (RSC)	Salary Schedule	Salary Schedule Acronym	Range	ELM 420 Reference
C CB	Mail Equipment Shops/Material Distribution Center	MESC-1 MESC-2	Grades 1–12	422.1
G	Postal Nurses	PNS	Grade 1	422.5
K	Operating Services Division	OSD	Grades 1–9	422.7
M	Mail Handlers	MH	Grades 4–6	422.3
N	Information Technology/Accounting Service Centers	IT/ASC	Grades 6–23	422.6
P PB	Postal Service	PS-1 PS-2	Grades 1–12	422.1
Q	City Carriers	CC	Grades 1–2	422.2
	Rural Carrier			422.4
R	Evaluated	RC	Hours 12–48	
R	Mileage	RCS	Miles 6–140	
R	Substitute Rural Carrier	RSCR	6-Day: Hours 12–48 5 1/2-Day: Hours 41–46 5-Day: Hours 40–48	
B	Rural Auxiliary	RAUX	Grade 5	422.4
B	Rural Carrier Associate	RCA		
B	Rural Carrier Relief	RCR		
T	Tool and Die Shop	TDS	Grades 4–11	422.9
Y	Postal Police Officers	PPO	Grade 6	422.8

421.8 Calculation Methods

421.81 Exhibit 421.81, Higher Level Pay

Exhibit 421.81, Higher Level Pay, provides calculation methods to use in computing higher level pay.

Exhibit 421.81
Higher Level Pay
Effective November 20, 1999

[Reserved]

421.82 Exhibit 421.82, Promotional Increases

Exhibit 421.82, Promotional Increases, provides calculation methods to use in computing promotional increases.

Exhibit 421.82
Promotional Increase

Effective November 20, 1999

Note: Use this chart in conjunction with Exhibit 418.1, Equivalent Grades, to determine whether or not a change represents an equivalent grade or a higher grade.

From Rate Schedule	To Rate Schedule													
	C — Mail Equip. Shops/Material Distribution Center (MESC-1)	CB — Mail Equipment Shops/ Material Distribution Center (MESC-2)	E — Executive & Administrative (EAS)	F — A–E Postmasters (A–E)**	G — Postal Nurses (PNS)	K — HQ Operating Service (OSD)	M — Mail Handlers (MH)	N — Information Technology/ Accounting Service Centers (IT/ASC)	P — Postal Service (PS-1)	PB — Postal Service (PS-2)*	Q — City Carriers (CC)	R — Rural Carriers (RC)***	T — Tool & Die Shop (TDS)	Y — Postal Police Officers (PPO)
C — Mail Equipment Shops/ Material Distribution Center (MESC-1)	–	9	2	–	1	1	1	1	–	9	1	3	1	1
CB — Mail Equipment Shops/ Material Distribution Center (MESC-2)*	–	5	2	–	7	7	7	7	–	5	7	3	7	7
E — Executive & Administrative (EAS)	–	8	6	6	8	8	8	8	–	8	8	3	8	8
F — A–E Postmasters (A–E)**	–	8	6	–	8	8	8	8	–	8	8	3	8	8
G — Postal Nurses (PNS)	–	9	2	–	–	1	1	1	–	9	1	–	1	1
K — HQ Operating Service (OSD)	–	1	2	–	1	1	1	1	–	1	1	3	1	1
M — Mail Handlers (MH)	–	9	2	–	1	1	1	1	–	9	1	3	1	1
N — Information Technology/ Accounting Service Centers (IT/ ASC)	–	1	2	–	1	1	1	1	–	1	1	3	1	1
P — Postal Service (PS-1)	–	9	2	–	1	1	1	1	–	9	1	3	1	1
PB — Postal Service (PS-2)*	–	5	2	–	7	7	7	7	–	5	7	3	7	7
Q — City Carriers (CC)	–	9	2	–	1	1	1	1	–	9	1	3	1	1
R — Rural Carriers (RC)***	–	9	2	–	1	1	1	1	–	9	1	–	1	1
T — Tool & Die Shop (TDS)	–	8	2	–	8	8	8	8	–	8	8	3	4	8
Y — Postal Police Officers (PPO)	–	1	2	–	1	1	1	1	–	1	1	–	1	–

* *New schedules effective 11/20/1999 for all new hires and promotions from within and from other rate schedules.*

** *For A–E postmasters promoted to full-time positions, first adjust the current wage to the full-time equivalent rate. For EAS employees promoted to A–E postmasters, compute the full-time equivalent rate per item number 7 in step 3 below, and convert to the A–E rate using the appropriate hours for the office.*

*** *Rural carriers promoted into a different salary schedule are converted first to the wage for a 40-hour evaluated route, attained step, before applying the applicable promotional increase.*

Wage Adjustment Calculations — To use this chart:

Step 1. In the vertical list on the left side, locate the rate schedule of the employee's position before the change action.

Step 2. On the same line, cross over to the rate schedule of the position into which the employee is being assigned.

Step 3. Use the number found in that cell to choose from the following:

Number in Cell Above	Calculation Method to Use
1	To current full-time salary, add two times the most prevalent step increment of the current grade (add three times for a promotion of three or more grades). Advance this amount to the next higher salary step in the new grade if between two steps. If the employee is promoted to a bargaining unit grade previously held (i.e., repromotion), refer to 422.123a4.
2	To the current full-time salary, add 5 percent. If the result is below the minimum or above the maximum of the new grade, the new salary is adjusted to fit within the range.
3	Place at Step A all new regular rural carriers appointed from other schedules unless they were on Postal Service rolls before August 7, 1991. In that case, place instead at Step C.
4	Assign the Incumbent Rate of the new position to employees promoted from the Incumbent Rate of the former position. For employees at less than the Incumbent Rate to the current full-time salary, add 2 percent for a one-grade promotion, and 3 percent increase for a two or more grade promotion.
5	Use the PS and MESC Schedule 2 to Schedule 2 Promotion Chart. Note, however, that the bargaining unit repromotion rule does not apply to promotions within Schedule 2 (see Exhibit 422.123b).
6	To the current full-time salary, add up to 8 percent. The new salary may not be below the minimum or exceed the maximum for the new grade.
7	To the current full-time salary, add 2 step increments of the current grade. Advance this amount to the next higher salary step in the new grade if between two steps. If the employee is promoted to a bargaining unit grade previously held, place the salary and the next step the same as if the employee had remained in that grade.
8	To the current full-time salary, add 5 percent. Advance this amount to the next higher salary step in the new grade if between two steps. If the employee is promoted to a bargaining unit previously held (i.e., repromotion), place the salary and next step date the same as if the employee had remained in that grade.
9	Use the PS and MESC Schedule 1 to Schedule 2 Promotion Chart. **Note:** the bargaining unit repromotion rule does not apply to promotions to or within Schedule 2 (see Exhibit 422.123a).

422 Salary Schedules Covered by Specific Agreements

422.1 Postal Service and Mail Equipment Shops/Material Distribution Center Salary Schedules

422.11 Salary System

422.111 Salary Schedules

The relevant salary schedules are as follows:

a. The Postal Service (PS) Schedule applies to clerks, vehicle service drivers, maintenance service employees, and vehicle maintenance employees. The PS schedule consists of PS Grades 1 through 12.

b. The Mail Equipment Shops/Material Distribution Center (MESC) Schedule applies to bargaining unit employees in the mail equipment shops and the material distribution center. The MESC schedule consists of MESC Grades 1 through 12.

422.112 **Basis of Rates**

Rates are established as follows:

a. *Annual Rates for Full-time Employees.* The basic annual salaries for the grades and steps of the schedule are established for full-time employees on the basis of a work schedule of 2080 hours per annum.

b. *Hourly Rates for Part-time Employees.* The basic hourly rates of the schedule are determined as follows:

(1) For part-time regular schedule employees, divide the appropriate annual rate by 2,080 hours.

(2) For part-time flexible schedule employees, divide the appropriate annual rate by 2,000 hours.

422.113 **Cost-of-Living Adjustment**

Bargaining unit employees receive cost-of-living (COLA) as specified by their applicable collective bargaining agreement (see 421.45e).

422.114 **Setting Wages**

The appointing officer has primary responsibility for setting wages of employees according to the guidelines in 422.1.

422.115 **Employee Classifications**

The bargaining unit classifications in 432.111 that apply are:

a. Full-time regular.

b. Part-time regular.

c. Part-time flexible.

422.12 Change Action Pay Rules

422.121 **Career Appointment**

An employee new to the Postal Service hired with a career appointment is to be paid the rate for the first step of the grade of the position for which hired, except as specified below:

a. *Reinstatement.* A former Postal Service employee is to be paid the rate for the first step of the grade of the position for which hired. However, for exceptional circumstances, as authorized by the district Human Resources manager, a former Postal Service employee may be placed in the first step that is less than one full step above the highest former basic wage (augmented by any general increases since the date of separation) — provided the new basic wage does not exceed the maximum step of the grade.

b. *Congressional Service.* A new employee who has 2 or more years of service in the legislative branch and was paid by either house of Congress may be placed in the first step that does not exceed the highest previous basic wage (augmented by statutory pay increases).

c. *Transfer of Function.* If a Postal Service installation assumes the function of a federal agency, the employee who performed the function may be transferred with the function. If so, the employee is placed in the first step that is less than one full step above the pretransfer basic wage — provided the basic wage does not exceed the maximum of the grade.

d. *Veterans' Preference Eligible.* An employee whose service seniority is established pursuant to the appropriate entrance register standing (i.e., a veterans' preference eligible) is placed in the step attained by the lower eligible with the same anniversary date for step increases as the lower eligible. (See also Handbook EL-312, *Employment and Placement.)*

e. *Hiring Into the Rural Carrier Craft.* A new employee to the Postal Service, or an existing employee hired since August 7, 1991, who transfers into the rural carrier craft, is given a new appointment and placed into Step A in the rural carrier pay schedule (RSC R or B). An existing Postal Service employee who has been on the rolls before August 7, 1991, who decides to transfer to the rural carrier craft is placed at Step C in the rural carrier pay schedule.

f. *Hiring Into PS (RSC PB) and MESC (RSC CB) Schedule 2.* All employees new to the Postal Service are hired into the entry step of Schedule 2. All reinstated former employees are hired into the entry step of Schedule 2 or, at the discretion of the district Human Resources manager, into a higher Schedule 2 step that is less than one full step above the highest former basic salary (augmented by any general increases since the date of separation), providing the new basic salary does not exceed the maximum salary.

422.122 **Additional Appointment**

If an employee is appointed to an additional position, the compensation for the position is determined according to the rules for career appointment in 422.121 above. (See 422.15 for additional information about dual employment.)

422.123 **Promotion Rules**

Note: See 421.43a and 421.44i for definition of *promotion,* and consult Exhibit 418.1, Equivalent Grades, to determine whether or not a personnel action represents a promotion.

Rules are as follows:

a. *Basic Rules.* The basic rules are as follows:

(1) *Promotion From PS or MESC Schedule 1.* For this promotion:

(a) To a position in PS (RSC PB) or MESC (RSC CB) Schedule 2: Assign the proper step in Schedule 2 by referring to Exhibit 422.123a. A new step waiting period begins on the effective date of the promotion.

(b) To a position in EAS (RSC E): Add 5 percent to the current full-time salary. If the result is below the minimum or above the maximum of the new grade, the new salary is adjusted to fit within this range.

Note: Promotions to FLSA-exempt EAS-15 to EAS-18 positions that supervise two or more full-time equivalent bargaining unit employees are instead given a supervisory differential adjustment, as described in 413.21d.

Note: For promotion from this schedule to a nonbargaining schedule, see 413.

(c) To a position in PNS (RSC G), OSD (RSC K), MH (RSC M), IT/ASC (RSC N), CC (RSC Q), TDS (RSC T), or PPO (RSC Y): To the current full-time salary, add two times the most prevalent step increment of the current grade (add three times for a promotion of three or more grades). Advance this amount to the next higher salary step in the new grade if the calculated amount falls between two steps. A new step waiting period begins unless the employee is promoted to a bargaining unit grade previously held (i.e., repromoted), in which case see 422.123a4.

(2) *Promotion From PS Schedule 2*. For this promotion:

(a) To a position in the PS (RSC PB) or MESC (RSC CB) Schedule 2: Assign the proper step in the new grade by referring to Exhibit 422.123b. A new step waiting period begins on effective date of the promotion.

(b) To a position in EAS (RSC E): Add 5 percent to the current full-time salary. If the result is below the minimum or above the maximum of the new grade, adjust the new salary to fit within this range.

Note: Promotions to FLSA-exempt EAS-15 to EAS 18 positions that supervise two or more full-time equivalent bargaining unit employees are instead given a supervisory differential adjustment, as described in 413.21d.

Note: For promotion from this schedule to a nonbargaining schedule, see 413.

(c) To a position in PNS (RSC G), OSD (RSC K), MH (RSC M), IT/ASC (RSC N), CC (RSC Q), TDS (RSC T), or PPO (RSC Y): To the current full-time salary, add two times the most prevalent step increment of the current grade (add three times for a promotion of three or more grades). Advance this amount to the next higher salary step in the new grade if the calculated amount falls between two steps. A new step waiting period begins unless the employee is promoted to a bargaining unit grade previously held (i.e., repromoted), in which case see 422.123a4.

(3) *Promotion From Other Rate Schedules To PS Schedule 2.* For this promotion:

(a) From PPO (RSC Y), IT/ASC (RSC N), or OSD (RSC K): To the current full-time salary, add two times the most prevalent step increment of the current grade (add three times for a promotion of three or more grades). Advance this amount to the next higher salary step in the new grade if the calculated amount falls between two steps. A new step waiting period begins unless the employee is

promoted to a bargaining unit grade previously held (i.e., repromoted), in which case see 422.123a4.

(b) From PS (RSC P) or MESC (RSC C) Schedule 1, PNS (RSC G), MH (RSC M), CC (RSC Q), or RC (RSC R or B): Assign the proper step by referring to Exhibit 422.123a. A new step waiting period begins on the effective date of the promotion.

(c) From EAS (RSC E), Postmaster (A-E) or TDS (RSC T): To the current full-time salary, add 5 percent. Advance this amount to the next higher salary step in the new grade if the calculated amount falls between two steps. A new step waiting period begins unless the employee is promoted to a bargaining unit grade previously held (i.e., repromoted), in which case see 422.123a4.

(d) From PS (RSC PB) or MESC (RSC CB) Schedule 2: Assign the proper step in the new grade by referring to Exhibit 422.123b. A new step waiting period begins on the effective date of the promotion.

(4) *Repromotion.* An employee is repromoted if he or she is promoted to a bargaining unit grade previously held, or to one equivalent to the one previously held, before a change to lower level, as defined further under 421.5. When a repromotion occurs, the employee is assigned to the step in the repromoted grade, or its equivalent, with waiting period credit toward the next step date as if he or she had remained continuously in that previously held grade.

Note: Effective November 20, 1999, and later, the repromotion rule stated above *does not apply* to employees promoted within or into the PS or MESC Schedule 2. The repromotion rule *does*, however, apply to employees promoted to other rate schedules.

(5) *Promotion Pay Anomaly.* No employee is at any time compensated less as a consequence of a promotion than that employee would have been if the employee had not been promoted but, instead, advanced in step increments in the lower grade by fulfilling the waiting time requirements necessary for step increases. This rule includes employees who were promoted to a higher grade and subsequently reassigned to their former grade. If, during any pay period following the promotion, the employee's basic wage is less than the employee would have received for that pay period if the employee had not been promoted, the difference is paid to the employee in a lump sum payment.

Note: The promotion pay anomaly policy described above *does not apply* to employees promoted into (or within) the PS (RSC PB) and MESC (RSC CB) Schedule 2, or to PS or MESC employees promoted into other rate schedules.

b. *Supplemental Rules.* The supplemental rules are as follows:

(1) *Maximum Step.* An employee is placed into the maximum step for the new grade if there is no other step below the maximum step that provides the increase specified in 422.123a above.

(2) *Above Maximum Step.* An employee's existing basic wage is retained if it exceeds the maximum step of the new grade.

(3) *Protected Rate.* This paragraph applies the rules in 422.123a to an employee whose rate of pay is protected under the provisions of 421.51, as follows:

(a) *Promotion or Interim Promotion to Grade With Maximum Wage Below the Protected Rate.* If an employee with a protected rate of pay receives an interim promotion to a grade that includes a maximum wage below the protected rate, the rate protection continues.

(b) *Promotion or Interim Promotion to Grade With Maximum Wage Equal To, or Above, the Protected Rate.* If an employee with a protected rate receives an interim promotion to a grade that includes a maximum wage equal to or above the protected rate, the employee is slotted to the step in the new grade that represents the same or higher wage protected by the special pay status. To determine the appropriate pay schedule step during slotting, only the protected rate of pay is considered (no promotion increase should be added). After the employee is slotted to the appropriate step, the rate protection terminates.

(c) *Repromotion.* If an employee with a protected rate receives a repromotion, the rate protection terminates and the appropriate step is assigned in accordance with 422.123a4.

(4) *Saved Rate*. This paragraph applies the rules in 422.123a to an employee whose rate of pay is saved under the provisions of 421.52, as follows:

(a) *Promotion or Interim Promotion to Grade With Maximum Wage Below the Saved Rate.* If an employee with a saved rate of pay receives an interim promotion to a grade which includes a maximum wage below the saved rate, the saved rate continues.

(b) *Promotion or Interim Promotion to Grade With Maximum Wage Equal To, or Above, the Saved Rate*. If an employee with a protected rate receives an interim promotion to a grade which includes a maximum wage equal to or above the saved rate, the employee is slotted to the step in the new grade that represents the same or higher wage saved by the special pay status. To determine the appropriate pay schedule step during slotting, only the saved rate of pay is considered (no promotion increase should be added). After

the employee is slotted to the appropriate step, the saved rate terminates.

(c) *Repromotion.* If an employee with a protected rate receives a repromotion, the saved rate terminates and the appropriate step is assigned in accordance with 422.123a4.

(5) *Saved Grade.* In applying the rules in 422.123a to an employee whose grade is protected under the provisions of 421.53, the employee does not receive a promotional increase unless the promotion is to a position with a grade higher than the saved grade.

(6) *Rule Choice.* When the wage would be more favorable to the employee, the district Human Resources manager may determine an employee's wage under rules for career appointment in 422.121 instead of under the rules for promotion increases.

(7) *Exclusions.* Salary received under limited appointments cannot be used as the highest previous salary when determining the employee's new salary.

Exhibit 422.123a

Promotion Chart — PS Schedule 1 to PS Schedule 2

(For promotions to PS Schedule 2 from PS Schedule 1 and from other rate schedules)
Effective November 29, 2003

How to use this chart:

1. Choose the table from the chart that has the employee's current grade and step in the "From Grade" row.
2. In the "To Grade" rows of that table, find the row that represents the grade to which the employee is being promoted.
3. Move to the right along that row until you reach the cell directly under the employee's current step in the "From Grade" row.
4. The letter in that cell represents the step the employee should be assigned to in the new grade after the promotion.

		Step																	
From Grade	**1**	BB	AA	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
	2	BB	D	F	I	I	M	M	M	M	N	N	N	O	O	O	O	O	–
	3	BB	B	E	G	I	L	L	L	L	M	M	M	M	N	N	N	N	–
	4	A	B	C	E	H	L	L	L	L	L	L	L	L	M	M	M	M	–
	5	A	B	B	E	E	K	K	K	K	K	K	K	K	L	L	L	L	–
	6	A	A	A	B	F	G	K	K	K	K	K	K	K	K	K	K	K	–
	7	A	A	A	A	F	G	G	G	G	J	J	J	J	J	J	J	J	–
	8	D	D	D	D	D	D	D	D	D	D	D	D	H	H	H	H	H	–
	9	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	H	–
	10	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	
	11	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	–
To Grade	**12**	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	–

		Step																	
From Grade	**2**	BB	AA	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
	3	BB	D	F	H	I	L	M	M	M	M	N	N	N	O	O	O	O	–
	4	A	B	E	E	H	L	L	L	L	L	L	M	M	M	N	N	N	–
	5	A	B	B	E	H	K	K	K	K	K	L	L	L	L	M	M	M	–
	6	A	A	A	B	F	K	K	K	K	K	K	K	K	K	K	L	L	–
	7	A	A	A	A	F	G	G	J	J	J	J	J	J	J	J	J	J	–
	8	D	D	D	D	D	D	D	D	D	H	H	H	H	H	H	H	H	–
	9	D	D	D	D	D	D	D	D	D	D	D	D	D	H	H	H	H	–
	10	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	–
	11	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	–
To Grade	**12**	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	–

		Step																	
From Grade	**3**	BB	AA	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
	4	A	B	E	H	I	L	L	L	M	M	M	N	N	N	N	O	O	–
	5	A	B	B	E	H	K	K	K	K	L	L	L	M	M	N	N	N	–
	6	A	A	B	B	F	K	K	K	K	K	K	K	L	L	L	M	M	–
	7	A	A	A	B	F	J	J	J	J	J	J	J	J	K	K	K	L	–
	8	D	D	D	D	D	D	H	H	H	H	H	H	H	H	H	H	H	–
	9	D	D	D	D	D	D	D	D	D	D	H	H	H	H	H	H	H	–
	10	D	D	D	D	D	D	D	D	D	D	D	D	D	H	H	H	H	–
	11	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	–
To Grade	**12**	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	–

		Step																	
From Grade	**4**	BB	AA	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
	5	–	–	C	F	H	K	L	L	L	M	M	N	N	N	N	O	O	–
	6	–	–	B	F	F	K	K	K	K	K	L	L	L	M	M	M	N	–
	7	–	–	A	C	F	J	J	J	J	J	K	K	K	L	L	M	M	–
	8	–	–	D	D	D	H	H	H	H	H	H	H	H	I	I	I	J	–
	9	–	–	D	D	D	D	D	H	H	H	H	H	H	H	H	H	H	–
	10	–	–	D	D	D	D	D	D	D	D	H	H	H	H	H	H	H	–
	11	–	–	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	–
To Grade	**12**	–	–	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	–

		Step																	
From Grade	**5**	BB	AA	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
	6	–	–	B	F	G	K	K	L	L	L	M	M	N	N	N	O	O	–
	7	–	–	B	F	G	J	J	J	J	K	K	L	L	M	M	M	N	–
	8	–	–	D	D	D	H	H	H	H	H	I	I	I	J	K	K	K	–
	9	–	–	D	D	D	H	H	H	H	H	H	H	H	I	I	I	J	–
	10	–	–	D	D	D	D	D	H	H	H	H	H	H	H	H	H	H	–
	11	–	–	D	D	D	D	D	D	D	D	D	D	D	E	E	F	F	–
To Grade	**12**	–	–	D	D	D	D	D	D	D	D	D	D	D	D	E	E	F	–

		Step																	
From Grade	**6**	BB	AA	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
	7	–	–	F	F	G	J	K	K	L	L	M	M	N	N	N	O	O	–
	8	–	–	D	D	D	H	H	H	H	I	I	J	K	K	L	L	M	–
	9	–	–	D	D	D	H	H	H	H	H	I	I	I	J	K	K	K	–
	10	–	–	D	D	D	H	H	H	H	H	H	H	H	I	I	I	J	–
	11	–	–	D	D	D	D	D	D	D	E	E	E	F	F	G	G	H	–
To Grade	**12**	–	–	D	D	D	D	D	D	D	D	D	E	E	E	F	F	G	–

		Step																	
From Grade	**7**	BB	AA	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
	8	–	–	D	D	H	H	I	I	J	K	K	L	M	M	M	N	O	–
	9	–	–	D	D	D	H	H	H	H	I	I	J	K	K	L	L	M	–
	10	–	–	D	D	D	H	H	H	H	H	I	I	I	J	K	K	K	–
	11	–	–	D	D	D	D	D	E	E	F	F	G	G	H	H	I	I	–
To Grade	**12**	–	–	D	D	D	D	D	D	D	E	E	F	F	G	G	H	H	–

		Step																	
From Grade	**8**	BB	AA	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
	9	–	–	–	–	E	H	I	I	J	K	K	L	M	M	M	N	O	P
	10	–	–	–	–	E	H	H	H	H	I	I	J	K	K	L	L	M	N
	11	–	–	–	–	D	E	F	F	G	G	H	H	I	J	J	K	K	L
To Grade	**12**	–	–	–	–	D	D	D	E	E	F	F	G	G	H	H	I	I	J

		Step																	
From Grade	**9**	BB	AA	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
	10	–	–	–	–	E	H	I	I	J	K	K	L	M	M	M	N	O	P
	11	–	–	–	–	D	F	G	G	H	H	I	J	J	K	K	L	M	N
To Grade	**12**	–	–	–	–	D	E	F	F	G	G	H	H	I	J	J	K	K	L

		Step																	
From Grade	**10**	BB	AA	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
	11	–	–	–	–	D	H	H	I	I	J	K	K	L	M	M	N	O	P
To Grade	**12**	–	–	–	–	D	F	G	H	H	I	J	J	K	K	L	M	M	N

Exhibit 422.123b

Promotion Chart — PS Schedule 2 to PS Schedule 2

(For promotions within the P-2 and MESC-2 Schedules)
Effective November 29, 2003

How to use this chart:

1. Choose the table from the chart that has the employee's current grade and step in the "From Grade" row.
2. In the "To Grade" rows of that table, find the row which represents the grade to which the employee is being promoted.
3. Move to the right along that row until you reach the cell directly under the employee's current step in the "From Grade" row.
4. The letter in that cell represents the step the employee should be assigned to in the new grade after the promotion action.

		Step																	
From Grade	**1**	BB	AA	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
	2	BB	AA	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	–
	3	BB	AA	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	–
	4	A	A	A	A	A	C	D	E	F	G	H	I	J	K	L	M	O	–
	5	A	A	A	A	A	A	B	C	D	E	F	H	I	J	K	L	N	–
	6	A	A	A	A	A	A	A	A	B	C	D	F	G	H	I	K	L	–
	7	A	A	A	A	A	A	A	A	A	B	C	E	F	G	H	I	K	–
	8	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	E	G	–
	9	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	F	–
	10	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	–
	11	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	–
To Grade	**12**	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	–

		Step																	
From Grade	**2**	BB	AA	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
	3	BB	AA	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	–
	4	A	A	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	–
	5	A	A	A	A	A	B	C	D	E	F	H	I	J	K	L	M	O	–
	6	A	A	A	A	A	A	A	B	C	E	F	G	H	I	K	L	M	–
	7	A	A	A	A	A	A	A	A	B	C	E	F	G	H	I	J	L	–
	8	D	D	D	D	D	D	D	D	D	D	D	D	D	D	E	G	H	–
	9	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	E	G	–
	10	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	E	–
	11	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	–
To Grade	**12**	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	–

		Step																	
From Grade	**3**	BB	AA	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
	4	A	A	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	–
	5	A	A	A	A	B	C	D	E	G	H	I	J	K	L	M	N	O	–
	6	A	A	A	A	A	A	B	C	E	F	G	H	I	K	L	M	N	–
	7	A	A	A	A	A	A	A	B	D	E	F	G	H	I	J	L	M	–
	8	D	D	D	D	D	D	D	D	D	D	D	D	D	E	G	H	J	–
	9	D	D	D	D	D	D	D	D	D	D	D	D	D	D	E	G	H	–
	10	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	E	F	–
	11	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	E	–
To Grade	**12**	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	–

		Step																	
From Grade	**4**	BB	AA	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
	5	–	–	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	–
	6	–	–	A	A	B	C	D	E	F	G	H	J	K	L	M	N	O	–
	7	–	–	A	A	A	B	C	D	E	F	G	H	I	J	L	M	N	–
	8	–	–	D	D	D	D	D	D	D	D	D	D	E	G	H	J	K	–
	9	–	–	D	D	D	D	D	D	D	D	D	D	D	E	G	H	I	–
	10	–	–	D	D	D	D	D	D	D	D	D	D	D	D	E	F	H	–
	11	–	–	D	D	D	D	D	D	D	D	D	D	D	D	D	E	F	–
To Grade	**12**	–	–	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	–

		Step																	
From Grade	**5**	BB	AA	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
	6	–	–	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	–
	7	–	–	A	A	B	D	E	F	G	H	I	J	K	L	M	N	O	–
	8	–	–	D	D	D	D	D	D	D	D	D	F	G	H	J	K	M	–
	9	–	–	D	D	D	D	D	D	D	D	D	D	E	G	H	I	K	–
	10	–	–	D	D	D	D	D	D	D	D	D	D	D	E	F	H	I	–
	11	–	–	D	D	D	D	D	D	D	D	D	D	D	D	E	F	G	–
To Grade	**12**	–	–	D	D	D	D	D	D	D	D	D	D	D	D	D	D	F	–

		Step																	
From Grade	**6**	BB	AA	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
	7	–	–	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	–
	8	–	–	D	D	D	D	D	D	D	E	F	H	I	J	L	M	N	–
	9	–	–	D	D	D	D	D	D	D	D	E	F	G	H	J	K	L	–
	10	–	–	D	D	D	D	D	D	D	D	D	D	F	G	H	I	J	–
	11	–	–	D	D	D	D	D	D	D	D	D	D	D	E	F	G	H	–
To Grade	**12**	–	–	D	D	D	D	D	D	D	D	D	D	D	D	E	F	G	–

		Step																	
From Grade	**7**	BB	AA	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
	8	–	–	D	D	D	D	D	D	E	G	H	I	K	L	M	N	O	–
	9	–	–	D	D	D	D	D	D	D	E	F	H	I	J	K	M	N	–
	10	–	–	D	D	D	D	D	D	D	D	E	F	G	H	J	K	L	–
	11	–	–	D	D	D	D	D	D	D	D	D	D	F	G	H	I	J	–
To Grade	**12**	–	–	D	D	D	D	D	D	D	D	D	D	D	E	F	G	H	–

		Step																	
From Grade	**8**	BB	AA	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
	9	–	–	–	–	–	D	E	F	G	H	I	J	K	L	M	N	O	P
	10	–	–	–	–	–	D	D	E	F	G	H	I	J	K	K	L	M	N
	11	–	–	–	–	–	D	D	D	E	E	F	G	H	I	J	J	K	L
To Grade	**12**	–	–	–	–	–	D	D	D	D	D	E	E	F	G	H	I	I	J

		Step																	
From Grade	**9**	BB	AA	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
	10	–	–	–	–	–	D	E	F	G	H	I	J	K	L	M	N	O	P
	11	–	–	–	–	–	D	D	E	F	G	H	I	J	K	K	L	M	N
To Grade	**12**	–	–	–	–	–	D	D	D	E	E	F	G	H	I	J	J	K	L

		Step																	
From Grade	**10**	BB	AA	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
	11	–	–	–	–	–	D	E	F	G	H	I	J	K	L	M	N	O	P
To Grade	**12**	–	–	–	–	–	D	D	E	F	G	H	I	J	K	K	L	M	N

		Step																	
From Grade	**11**	BB	AA	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
To Grade	**12**	–	–	–	–	–	D	E	F	G	H	I	J	K	L	M	N	O	P

422.124 **Reassignment Rules**

An employee's step, next step date, and salary are not changed as a result of reassignment. (See 421.43b for definition of *reassignment*.) The following provisions apply:

a. A change from a *part-time position* (flexible or regular) to a *full-time position* (or reverse) in the same grade is a reassignment — not a promotion; the employee retains the step attained and the existing basic annual salary including any red-circle amount.

b. A part-time regular employee must be converted to a part-time flexible before becoming a full-time regular unless that bargaining unit craft does not have an employee classification of part-time flexible.

c. For reassignments to equivalent grades in another bargaining unit (see Exhibit 418.1), the following provisions apply:

(1) *When an employee is reassigned to an equivalent grade in another rate schedule not formerly held,* the employee's current salary is moved to the equivalent grade in the new schedule. If the current salary falls between two steps of the new grade, the new salary is set at the higher of the two steps. However, the new salary may not be set below the minimum nor above the maximum of the new grade.

(2) *When an employee is reassigned to an equivalent grade formerly held in another rate schedule,* the employee is returned to the formerly held grade as if service had been uninterrupted since the last time held.

(3) Career Postal Service employees reassigned to a rural carrier position are assigned to the appropriate step in the Rural Carrier schedule in accordance with Article 9 of the USPS-NRLCA National Agreement.

(4) Creditable service in the former position is maintained toward a step increase, subject to two situations.

(a) If the employee's salary is increased by the reassignment by at least one most prevalent step in the former grade, a new step waiting period commences on the effective date of the reassignment (see 421.45c).

(b) If the waiting period time already served equals or exceeds that required to advance to the next step following reassignment, the employee is advanced one additional step and a new step waiting period commences on the effective date of the reassignment.

d. For PS and MESC employees, reassignments are handled as follows:

(1) *Within the PS or MESC Schedules.* The employee is reassigned to the same grade and into PS (RSC PB) and MESC (RSC CB) Schedule 2. The step and next step date are not changed following the reassignment.

(2) *From Other Rate Schedules To a Grade in the PS (RSC PB) and MESC (RSC CB) Schedule 2 Not Formerly Held.* The employee is reassigned to the step in Schedule 2 that is equal to his or her current salary. If the salary falls between two steps, the employee is reassigned to the next higher step. Creditable service in the former position is maintained toward a step increase (see 422.124c4).

(3) *From Other Rate Schedules To a Grade in the PS (RSC PB) and MESC (RSC CB) Schedule 2 Formerly Held.* The employee is reassigned to the appropriate step in Schedule 2, and to the next step date, as if service had been continuous in the grade.

Note: The reassignment to PS Schedule 2 must include service the employee would have had in PS Schedule 1 before conversion to PS Schedule 2.

(4) *From the PS and MESC Schedules To a Grade in Another Rate Schedule Not Formerly Held.* The employee is assigned the step in that rate schedule that is equal to his or her current salary. If the salary falls between two steps, the employee is assigned to the next higher step. Creditable service in the former position is maintained toward a step increase (see 422.124c4).

(5) *From the PS and MESC Schedules To a Grade in Another Rate Schedule Formerly Held*. The employee is assigned to the appropriate step in that rate schedule, and the next step date as if service had been continuous in the grade.

422.125 **Reductions in Grade**

The following provisions apply.

a. *General.* Reductions in grade include voluntary changes to a lower level, management-initiated changes to a lower level, and demotions.

b. *Step and Next Step Date Assignment for Bargaining Unit to Bargaining Unit Reductions in Grade.* Assignments are made as follows:

(1) *Step.* The employee's current salary is moved to the lower grade. If the current salary falls between two steps in the lower grade, the salary is set at the higher of the two steps. The salary may not be set below the minimum or above the maximum of the lower grade.

(2) *Next Step Date.* Creditable service in the former position is maintained toward the next step increase, with the following exceptions:

(a) If the employee's salary is increased by at least one most prevalent step in the former grade, a new step waiting period begins on the effective date of the reduction in grade (see 421.45c).

(b) If the conditions of 422.125b2a are not met, and if the waiting period time already served equals or exceeds that required to advance to the next step following the reduction in grade, the employee is advanced one additional step and a new step waiting period begins on the effective date of the reduction in grade.

c. *Step and Next Step Date Assignment for Nonbargaining Unit to Bargaining Unit Reductions in Grade.* For all nonbargaining reductions in grade to the Rural Carrier schedule, consult 422.423 and 422.424 to determine the proper step and next step date. For all other nonbargaining-to-bargaining reductions in grade, determine the employee's salary, step, and next step date as if the service had continued uninterrupted from the level/step in effect at the time of the nonbargaining promotion.

(1) For reductions in grade to the same Rate Schedule occupied immediately prior to a promotion to a nonbargaining position, the following provisions apply:

(a) When an employee returns to the same level as that occupied immediately prior to the nonbargaining

promotion, assign the salary, step, and next step date as if the service had continued uninterrupted from the level/step in effect at the time of the nonbargaining promotion.

(b) When an employee changes to a higher level than that occupied immediately prior to the nonbargaining promotion, apply the promotion rules for the appropriate salary schedule in 422 to determine the employee's new salary, step, and next step date.

(c) When an employee changes to a lower level than that occupied immediately prior to the nonbargaining promotion, apply the reduction in grade rules in 422.125b to determine the employee's new salary, step, and next step date.

(2) For reductions in grade to a different Rate Schedule occupied immediately prior to a promotion to a nonbargaining position, use the Equivalent Grades chart (Exhibit 418.1) and apply the appropriate rule as follows:

(a) When an employee changes to an equivalent level, apply the reassignment rules in 422.124c to determine the employee's new salary, step, and next step date.

(b) When an employee changes to a higher level, apply the promotion rules for the appropriate salary schedule in 422 to determine the employee's new salary, step, and next step date.

(c) When an employee changes to a lower level, follow the reduction in grade rules in 422.125b to determine the employee's new salary, step, and next step date.

(3) For reductions in grade when there is no prior bargaining unit service, the employee is assigned to the step and next step date in the lower grade as if all career postal service had been in the lower grade.

d. *Rate Retention.* Rate retention provisions do not apply to changes to a lower grade that are voluntary or disciplinary. However, they do apply in nondisciplinary management reductions, as follows (also see 421.511 and 421.512 for application):

(1) Protected Rate. The employee continues to receive the wage he or she received in the higher grade for 2 calendar years (a) if the grade of the position is reduced due to a management action such as a change in job ranking criteria that affects the grade of only one position and (b) if the employee occupied the position at the higher grade for 2 consecutive years preceding the effective date of the reduction. (See also 421.51.)

(2) Saved Rate. For saved rate:

(a) An employee has a saved rate resulting in a red-circle amount if the grade of his or her position is reduced due to a management action such as a change in job ranking

criteria that affects the grade of more than one position under the same job description.

(b) If an employee who receives a red-circle amount is subsequently promoted and later returned to the former position through no fault of his or her own, the red-circle amount is restored. (See also 421.52.)

(3) Saved Grade. A bargaining unit employee is entitled to saved grade if he or she is assigned to a lower grade position because of a management action that eliminates the position (e.g., job elimination due to technological and mechanization changes). (See also 421.53.)

422.13 Step Increases

422.131 Eligibility Requirements

Eligibility for a *periodic* step increase is based on three conditions. An employee must have:

a. Received and currently be serving under a career appointment.

b. Not received an equivalent increase (see 421.45c) during the waiting period.

c. Completed the required waiting period according to the step increase waiting period table, Exhibit 422.13.

In addition to the periodic step increase, employees may be considered for a quality step increase (see 495.4).

Exhibit 422.13

Bargaining Unit Step Increase Waiting Periods

(All waiting periods shown are expressed in weeks.)

Postal Service (PS 2) & Mail Equipment Shops/Material Distribution Center (MESC 2) Schedule 2

	Steps (From — To)																	
RSC PB & CB	**BB–AA**	**AA–A**	**A–B**	**B–C**	**C–D**	**D–E**	**E–F**	**F–G**	**G–H**	**H–I**	**I–J**	**J–K**	**K–L**	**L–M**	**M–N**	**N–O**	**O–P**	**Yrs.**
Grade 3	44	44	44	44	44	44	44	44	44	44	44	44	44	44	44	44	–	13.5
Grade 4	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36	–	11.1
Grades 5–7	–	–	36	36	36	36	36	36	36	36	36	36	36	36	36	36	–	9.7
Grade 8	–	–	30	30	30	30	30	30	30	30	30	30	30	30	30	30	–	8.1
Grades 9–11	–	–	–	–	–	30	30	30	30	30	30	30	30	30	30	30	30	6.9

Mail Handlers (MH) Schedule

	Steps (From — To)																
RSC M	**AA–A**	**A–B**	**B–C**	**C–D**	**D–E**	**E–F**	**F–G**	**G–H**	**H–I**	**I–J**	**J–K**	**K–L**	**L–M**	**M–N**	**N–O**	**O–P**	**Yrs.**
Grades 4–5	88	88	88	44	44	44	44	44	44	44	34	34	26	26	24	24	14.2
Grades 6–7	–	96	96	44	44	44	44	44	44	44	34	34	26	26	24	24	12.8

Rural Carrier Evaluated (RC) Schedule

	Steps (From — To)														
RSC R	**A–B**	**B–C**	**C–1**	**1–2**	**2–3**	**3–4**	**4–5**	**5–6**	**6–7**	**7–8**	**8–9**	**9–10**	**10–11**	**11–12**	**Yrs.**
Hours/Miles	96	96	44	44	44	44	44	44	44	34	34	26	26	24	12.4

Rural Carrier Auxiliary (RAUX) Schedule

	Steps (From — To)														
RSC B	**A–B**	**B–C**	**C–1**	**1–2**	**2–3**	**3–4**	**4–5**	**5–6**	**6–7**	**7–8**	**8–9**	**9–10**	**10–11**	**11–12**	**Yrs.**
Grade 5	96	96	44	44	44	44	44	44	44	34	34	26	26	24	12.4

Postal Police Officers (PPO) Schedule

	Steps (From — To)																				
RSC Y	**1–2**	**2–3**	**3–4**	**4–5**	**5–6**	**6–7**	**7–8**	**8–9**	**9–10**	**10–11**	**11–12**	**12–13**	**13–14**	**14–15**	**15–16**	**16–17**	**17–18**	**18–19**	**19–20**	**20–21**	**Yrs.**
Grade 6	78	42	34	34	34	34	34	34	34	34	26	26	26	26	26	26	26	26	52	52	14.0

Exhibit 422.13 (p.2)

Bargaining Unit Step Increase Waiting Periods

(All waiting periods shown are expressed in weeks.)

Postal Nurses (PNS) Schedule

	Steps (From — To)														
RSC G	**1–2**	**2–3**	**3–4**	**4–5**	**5–6**	**6–7**	**7–8**	**8–9**	**9–10**	**10–11**	**11–12**	**12–13**	**13–14**	**14–15**	**Yrs.**
Grade 1	52	44	44	44	44	44	44	44	44	44	44	44	44	44	12.0

Operating Services Division, Headquarters & Facilities Services Section, Merrifield, VA

	Steps (From — To)															
RSC K	**AA–A**	**A–B**	**B–C**	**C–D**	**D–E**	**E–F**	**F–G**	**G–H**	**H–I**	**I–J**	**J–K**	**K–L**	**L–M**	**M–N**	**N–O**	**Yrs.**
Grades 3–4	96	96	88	88	44	44	44	44	44	44	34	34	26	26	24	14.9
Grade 5	–	96	96	88	44	44	44	44	44	44	34	34	26	26	24	13.2
Grades 6–8	–	96	96	44	44	44	44	44	44	44	34	34	26	26	24	12.4
Grades 9–10	–	–	–	52	44	44	44	44	44	44	34	34	26	26	24	8.8

Information Technology/Accounting Service Centers (IT/ASC) Schedule

	Steps (From — To)																
RSC K	**A–B**	**B–C**	**C–D**	**D–E**	**E–F**	**F–G**	**G–H**	**H–I**	**I–J**	**J–K**	**K–L**	**L–M**	**M–N**	**N–O**	**O–P**	**P–Q**	**Yrs.**
Grades 6–10	96	96	44	52	52	52	52	52	52	52	–	–	–	–	–	–	11.5
Grade 11	–	96	44	52	52	52	52	52	52	52	–	–	–	–	–	–	9.7
Grade 12	–	–	–	52	52	52	52	52	52	52	52	–	–	–	–	–	8.0
Grade 13	–	–	–	52	52	52	52	52	52	52	52	52	–	–	–	–	9.0
Grades 14–16	–	–	–	52	52	52	52	52	52	52	52	52	52	52	–	–	10.0
Grades 17–23	–	–	–	52	52	52	52	52	52	52	52	52	52	52	52	52	13.0

City Carriers (CC) Schedule

	Steps (From — To)														
RSC Q	**A–B**	**B–C**	**C–D**	**D–E**	**E–F**	**F–G**	**G–H**	**H–I**	**I–J**	**J–K**	**K–L**	**L–M**	**M–N**	**N–O**	**Yrs.**
Grades 1–2	96	96	44	44	44	44	44	44	44	34	34	26	26	24	12.4

422.132 **Creditable Service**

The following provisions apply:

a. *Postal Service.* Except as provided in this section, credit for advancement for step increases may be earned only by career employees in pay status on the rolls of the Postal Service. For computing creditable service, the following applies:

(1) *Service Week.* In computing the required waiting period, each full service week beginning at 12:01 a.m. Saturday and ending at 12 midnight the following Friday is creditable.

(2) *Leave Without Pay (LWOP).* Periods of LWOP of less than 13 weeks for which no step deferment is made are included with paid service in computing the waiting period of service (see 422.133).

(3) *Prior Service.* Employees reinstated or reemployed to a career position within 52 weeks of separation are allowed credit (not in excess of 52 weeks) for prior service provided:

(a) An equivalent increase was not received at the time of reinstatement or reemployment.

(b) The prior service was not under a casual or temporary appointment.

b. *Military Duty.* An employee who returns to postal duty following a separation or leave for military duty receives credit for the period of military duty as if duty with the Postal Service had been continuous (see 517).

c. *Injury Compensation.* An employee on official absence due to an injury compensable under rules of the Office of Workers' Compensation Programs (OWCP) receives credit for the period of absence as if duty with the Postal Service had been continuous.

d. *Union Officials.* Employees on LWOP to devote full or part-time to a union signatory to a collective bargaining agreement with the Postal Service are to be credited with step increases as if they had been in a pay status (see 514).

422.133 **Leave Without Pay**

The following provisions apply:

a. When an employee has been on LWOP for 13 weeks or more during the waiting period for receipt of a periodic step increase and has not been on military furlough, on the rolls of the Office of Workers'

Compensation Programs, or on official union business, the scheduled date for the employee's next step increase is deferred as follows:

Total Weeks LWOP	Pay Periods Deferred
0 to less than 13	No deferment
13 to less than 26	7
26 to less than 40	13
40 to less than 52	20
52	26
More than 52	One pay period for each 2 weeks of LWOP

b. For periods of LWOP that encompass an entire pay period, the full charge of 80 hours is applied. For partial pay periods, absence from scheduled service on a day is counted as 1 calendar day. Only whole days of LWOP are counted. Fractional days on which the employee has work hours or paid leave and takes LWOP are not counted in calculating the total LWOP.

422.134 Simultaneous Personnel Actions

If an employee is eligible for a step increase in the assigned position and is being reassigned or promoted to another position on the same date:

a. The actions are effected simultaneously in a manner that provides maximum benefit to the employee.

b. If the assignment change involves an increase in compensation that is greater than the increase an employee could obtain by a step increase in the former position, the employee is given the step increase before compensation is adjusted to the appropriate step in the new position.

422.14 Higher Level Assignments

422.141 Definitions

A *higher level assignment* is a temporary assignment to a ranked higher grade position, whether or not such position has been authorized at the installation. The subcategories of such an assignment are:

a. *Short-term temporary assignment* — an assignment in which an employee has been on a temporary assignment to a higher level position for a period of 29 consecutive workdays or less at the time he or she takes any annual or sick leave. The temporary assignment must be resumed upon return to work. All short-term assignments are automatically canceled if replacements are required for employees temporarily assigned to higher level positions.

b. *Long-term temporary assignment* — an assignment in which an employee has been on temporary assignment to the higher level position for a period of 30 consecutive workdays or longer before he or she takes any annual or sick leave. The temporary assignment must be resumed upon return to work.

422.142 **Written Management Order**

Any employee, except one of those covered in 432.2, who is temporarily assigned to higher level work is given PS Form 1723, *Assignment Order,* stating beginning and approximate termination and directing the employee to perform the duties of the higher level position. The written order is accepted as authorization for higher grade pay. The failure of management to give a written order is not grounds for denial of higher level pay if the employee was otherwise directed to perform the duties of the higher level position.

422.143 **Rate of Pay**

Rates are as follows:

a. *Part-time Flexible Employees.* A part-time flexible employee remains a part-time flexible employee while temporarily assigned to a higher level position. The employee neither has nor acquires a regular work schedule and is paid at the part-time flexible hourly rate for the higher level position.

b. *Regular Employees.* Rules for pay for temporary higher level work depend on the factors below:

(1) *Assignment in PS Schedule.* A PS employee who is temporarily assigned to higher level work in the PS schedule is paid at the higher level for time actually spent on such job. The employee's higher level rate is determined as if he or she had been promoted to the position. (See promotion rules in 422.123.)

(2) *Assignment to Other Schedule.* The rate of pay for service in a higher grade position in other than the PS Schedule is determined in accordance with promotion rules for the salary schedule in which the higher level position is placed. (See rules for assignment to a different salary schedule in 410.)

(3) *Service in Several Positions.* If higher level service is performed in more than one position in a pay period, the appropriate rate for each wage level is determined and paid in accordance with the actual time worked at each level.

(4) *Annual and Sick Leave Pay.* Leave pay for employees temporarily assigned to a higher level position depends on the term of the assignment as follows:

(a) *Short-term Temporary Assignments* (see 422.141a). These employees, except those covered by 422.8, are entitled to approved annual and sick leave paid at the higher level rate for a period *not to exceed 3 days* for each occurrence, provided that they are not replaced while on leave and that they resume the assignment upon returning to work.

(b) *Long-term Temporary Assignments* (see 422.141b). These employees are entitled to approved annual and sick leave paid at the higher level rate for the full period of leave provided that they resume the assignment upon returning to work.

(5) *Holiday Leave Pay.* Full-time employees are paid for the holiday at the rate of the higher level, provided that they perform higher level service both on the workday preceding and on the workday following the holiday. Otherwise, the employee is paid for the holiday at the rate appropriate for his or her regular position.

(6) *Holiday Worked Pay.* If an employee performs authorized service at the higher grade on a holiday, the employee is paid at the rate for the higher grade position, in addition to holiday leave pay.

422.144 Adjustments and Increases

Adjustments and increases are made as follows:

a. *Step Increase Credit.* An employee temporarily assigned to a higher grade bargaining unit position is entitled to credit toward the next step increase for service in the higher grade with higher grade pay that is continuous to the date of any subsequent promotion.

b. *Effect on Promotion.* If subsequently promoted, the employee's salary is reviewed to ensure application of the appropriate promotion rule and credit for continuous service at the higher grade if the higher level service is continuous to the time of promotion to the higher grade. (See 422.123 for promotion rules.)

422.145 Benefits

The following benefits apply:

a. *Terminal Leave Payments.* Terminal leave payments resulting from death are paid at the higher grade for any employee, except one of those covered by 422.9, who is temporarily assigned to a higher grade position on his or her last day in a duty status.

b. *Retirement Deductions.* Retirement deductions are determined from the basic annual salary and any additional basic higher level pay the employee is receiving for the pay period.

c. *Continuation of Pay (Injury Compensation).* An employee who is eligible for continuation of pay as a result of an injury on duty and who is serving in a higher level position when injured will receive such payments at the higher level rate.

422.15 Dual (Multiple) Employment

422.151 Explanation

Dual or multiple employment means that a current employee is appointed to an additional position or a new employee is appointed to two or more positions at the same time.

422.152 Salary Determination

The appropriate compensation for each new position is determined under the rules relating to appointments (see 422.121).

422.153 Documentation

Separate personnel actions are effected for each position, with an estimate of the work hours to be spent in each position and compensation specified in advance for the employee's attention.

422.154 **Step Increases**

Periodic step increases for separate positions are earned separately:

a. If dual employment is accomplished on the same day or if the employee does not receive an equivalent increase when appointed to an additional position, creditable service toward step increases in the first position is also creditable toward step increases in the subsequent positions. In these cases, the anniversary dates for step increases in all positions are the same.

b. If an employee receives an equivalent increase when appointed to an additional position, step increases are earned separately for each position on the basis of time served in each position. Receipt of the equivalent increase in one position does not start a new waiting period in the other position.

422.155 **Leave**

The appropriate rate of compensation for annual and sick leave when taken from two or more positions in different salary grades is determined from the PS Form 50 affecting the assignment as follows:

a. An employee assigned for 50 percent or more of the time to the higher grade work is paid for leave at the higher grade rate of pay.

b. An employee assigned to the lower grade work for more than 50 percent of the time is paid for leave at the lower grade rate of pay.

c. If less than 50 percent of the time is spent in any one grade, the employee is paid for leave at the rate for the intermediate grade. The annual rate of compensation for annual or sick leave taken in one position is determined from the salary grade for that position.

422.156 **Reassignment**

When an employee serving in two or more part-time positions is changed to a full-time annual rate position in the same grade as one of the occupied positions, the step is determined according to 422.124. Compensation received in unaffected additional positions may not be used as highest previous compensation in calculating the new wage.

422.157 **Promotion**

When an employee is promoted to a position in a grade above the highest grade to which appointed, compensation of the highest grade is used in establishing the step according to 422.123.

422.16 Change From Rural Carrier Schedules

For all changes other than those covered by 546, a career rural carrier's wage is converted to that of the attained step in the 40-hour evaluated salary schedule. Following this conversion, the applicable procedures in 422.1 apply.

422.2 City Carrier Schedule

The provisions of 422.1 cited below are made applicable to this salary schedule by reference.

422.21 Salary System

422.211 Salary Schedule

The City Carrier (CC) Schedule consists of Grades 1 and 2.

422.212 Basis of Rates

See 422.112.

422.213 Cost-of-Living Adjustments

See 422.113.

422.214 Setting Wages

See 422.114.

422.215 Employee Classifications

See 422.115.

422.22 Change Action Pay Rules

422.221 Career Appointment

See 422.121.

422.222 Additional Appointment

See 422.122.

422.223 Promotion Rules

Note: See 421.43a and 421.44i for definition of *promotion*, and consult Exhibit 418.1, Equivalent Grades, to determine whether or not a personnel action represents a promotion.

Rules are as follows:

a. *Basic Rules*. The basic rules are as follows:

(1) *Promotion Within This Schedule.* For this promotion:

(a) The employee receives a promotional increase equal to two times the most prevalent step in the former grade for a promotion of one or two grades (three times for a promotion of three or more grades). Add this increase to the employee's former basic wage and slot the employee to the closest step in the new grade. If the increased salary falls between two steps of the new grade, place the employee at the next higher step. A new step waiting period begins unless the employee is promoted to a bargaining unit grade previously held (i.e., repromotion), in which case see 422.123a4.

(b) No employee is at any time compensated less as a consequence of a promotion than that employee would have been if the employee had not been promoted but, instead, advanced in step increments in the lower grade by fulfilling the waiting time requirements necessary for step increases. This rule includes employees who were promoted to a higher grade and subsequently reassigned to their former grade. If, during any pay period following the promotion, the employee's basic wage is less than the employee would have received for that pay period if the employee had not been promoted, the difference is paid to the employee in a lump sum payment.

(2) *Promotion To This Schedule From Other Rate Schedules.* For this promotion:

(a) From PS (RSC PB) Schedule 2, see 422.123a2.

(b) From EAS (RSC E), A-E Postmasters (RSC F), and TDS (RSC T), to the current full-time salary, add 5 percent. Advance this amount to the next higher salary step in the new grade if the calculated amount falls between two steps. A new step waiting period begins unless the employee is promoted to a bargaining unit grade previously held (i.e., repromotion), in which case see 422.123a4.

(c) From PNS (RSC G), OSD (RSC K), MH, (RSC M), IT/ASC (RSC N), PS (RSC P) or MESC (RSC C) Schedule 1, RC (RSC R) and PPO (RSC Y), to the current full-time salary, add two times the most prevalent step increment of the current grade (add three times for a promotion of three or more grades). Advance this amount to the next higher salary step in the new grade if the calculated amount falls between the two steps. A new step waiting period begins unless the employee is promoted to a bargaining unit grade previously held (i.e., repromotion), in which case see 422.123a4.

(3) *Promotion From This Schedule To Other Rate Schedules.* For this promotion:

(a) To PNS (RSC G), OSD (RSC K), MH (RSC M), IT/ASC (RSC N), TDS (RSC Y) and PPO (RSC Y), to the current full-time salary, add two times the most prevalent step increment of the current grade (add three times for a promotion of three or more grades). Advance this amount to the next higher salary step in the new grade if the calculated amount falls between the two steps. A new step waiting period begins unless the employee is promoted to a bargaining unit grade previously held (i.e., repromotion), in which case see 422.123a4.

(b) To EAS (RSC E), to the current full-time salary, add 5 percent. If the result is below the minimum or above the maximum of the new grade, the new salary is adjusted to fit within this range.

Note: For promotion from this schedule to a nonbargaining schedule, see also 413.

(c) To PS or MESC Schedule 2 (RSC PB & CB), assign the proper step by referring to Exhibit 422.123a. A new step waiting period begins on the effective date of the promotion.

(d) To RC (RSC R), see 422.422a2.

Note: See also Exhibit 421.82.

b. *Supplemental Rules.* See 422.123b.

422.224 **Reassignment Rules**

See 422.124.

422.225 **Reductions in Grade**

The following provisions apply.

a. *General.* Reductions in grade include:

(1) Voluntary changes to a lower level;

(2) Management-initiated changes to a lower level; and

(3) Demotions.

b. *Step and Next Step Date Assignment for Bargaining Unit to Bargaining Unit Reductions in Grade Within or Into the City Carrier Rate Schedule (RSC Q).* Assignments are made as follows:

(1) *To Former Lower Grade.* The employee is assigned to the step and next step date as if service had been uninterrupted in the lower grade since the last time held.

(2) *To New Lower Grade.* The employee is assigned to the step and next step date in the lower grade as if all career Postal Service had been in the lower grade.

c. *Step and Next Step Date Assignment for Nonbargaining Unit to Bargaining Unit Reductions in Grade.* For all nonbargaining reductions in grade to the Rural Carrier schedule, consult 422.423 and 422.424 to determine the proper step and next step date. For all other nonbargaining-to-bargaining reductions in grade, determine the employee's salary, step, and next step date as if the service had continued uninterrupted from the level/step in effect at the time of the nonbargaining promotion.

(1) For reductions in grade to the same Rate Schedule occupied immediately before a promotion to a nonbargaining position, the following provisions apply:

(a) When an employee returns to the same level as that occupied immediately before the nonbargaining promotion, assign the salary, step, and next step date as if the service had continued uninterrupted from the level/step in effect at the time of the nonbargaining promotion.

(b) When an employee changes to a higher level than that occupied immediately before the nonbargaining promotion, apply the promotion rules for the appropriate salary schedule in 422 to determine the employee's new salary, step, and next step date.

(c) When an employee changes to a lower level than that occupied immediately before the nonbargaining promotion, apply the reduction in grade rules in 422.125b to determine the employee's new salary, step, and next step date.

(2) For reductions in grade to a different Rate Schedule occupied immediately before a promotion to a nonbargaining position, use

the Equivalent Grades chart (Exhibit 418.1) and apply the appropriate rule as follows:

(a) When an employee changes to an equivalent level, apply the reassignment rules in 422.124c to determine the employee's new salary, step, and next step date.

(b) When an employee changes to a higher level, apply the promotion rules for the appropriate salary schedule in 422 to determine the employee's new salary, step, and next step date.

(c) When an employee changes to a lower level, follow the reduction in grade rules in 422.125b to determine the employee's new salary, step, and next step date.

(3) For reductions in grade when there is no prior bargaining unit service, the employee is assigned to the step and next step date in the lower grade as if all career Postal Service had been in the lower grade.

d. *Rate Retention.* Rate retention provisions do not apply to changes to a lower grade that are voluntary or disciplinary. However, they do apply in nondisciplinary management reductions, as follows (also see 421.511 and 421.512 for application):

(1) *Protected Rate.* The employee continues to receive the wage he or she received in the higher grade for 2 calendar years (a) if the grade of the position is reduced due to a management action such as a change in job ranking criteria that affects the grade of only one position and (b) if the employee occupied the position at the higher grade for 2 consecutive years before the effective date of the reduction. (See also 421.51.)

(2) *Saved Rate.* For saved rate:

(a) An employee has a saved rate resulting in a red-circle amount if the grade of his or her position is reduced due to a management action such as a change in job ranking criteria that affects the grade of more than one position under the same job description.

(b) If an employee who receives a red-circle amount is subsequently promoted and later returned to the former position through no fault of his or her own, the red-circle amount is restored. (See also 421.52.)

(3) *Saved Grade.* A bargaining unit employee is entitled to saved grade if he or she is assigned to a lower grade position because of a management action that eliminates the position (e.g., job elimination due to technological and mechanization changes). (See also 421.53.)

422.23 Step Increases

422.231 Eligibility Requirements

See 422.131 and Exhibit 422.13.

422.232 **Creditable Service**

See 422.132.

422.233 **Leave Without Pay**

See 422.133.

422.234 **Simultaneous Personnel Actions**

See 422.134.

422.24 Higher Level Assignments

See 422.14.

422.241 **Definitions**

See 422.141.

422.242 **Written Management Order**

See 422.142.

422.243 **Rate of Pay**

See 422.143.

422.244 **Adjustments and Increases**

See 422.144.

422.245 **Benefits**

See 422.145.

422.25 Dual (Multiple) Employment

[Reserved]

422.26 Change From Rural Carrier Schedules

See 422.16.

422.3 Mail Handlers Schedule

The provisions of 422.1 and 422.2 cited below are made applicable to this salary schedule by reference.

422.31 Salary System

422.311 **Salary Schedule**

The Mail Handlers (MH) Schedule consists of Grades 4 through 6.

422.312 **Basis of Rates**

See 422.112.

422.313 **Cost-of-Living**

See 422.113.

422.314 **Setting Wages**

See 422.114.

422.315 **Employee Classifications**

See 422.115.

422.32 Change Action Pay Rules

422.321 **Career Appointment**

See 422.121.

422.322 **Additional Appointment**

See 422.122.

422.323 **Promotion Rules**

Note: See 421.43a and 421.44i for definition of *promotion*, and consult Exhibit 418.1, Equivalent Grades, to determine whether or not a personnel action represents a promotion.

Rules are as follows:

a. *Basic Rules*. The basic rules are as follows:

(1) *Promotion Within This Schedule.* For this promotion:

(a) The employee receives a promotional increase equal to two times the most prevalent step in the former grade for a promotion of one or two grades (three times for a promotion of three or more grades). Add this increase to the employee's former basic salary and slot the employee to the closest step in the new grade. If the increased salary falls between two steps of the new grade, place the employee at the next higher step. A new step waiting period begins unless the employee is promoted to a bargaining unit grade previously held (i.e., repromotion), in which case see 422.123a4.

(b) No employee is at any time compensated less as a consequence of a promotion than that employee would have been if the employee had not been promoted but, instead, advanced in step increments in the lower grade by fulfilling the waiting time requirements necessary for step increases. This rule includes employees who were promoted to a higher grade and subsequently reassigned to their former grade. If, during any pay period following the promotion, the employee's basic salary is less than the employee would have received for that pay period if the employee had not been promoted, the difference is paid to the employee in a lump sum payment.

(2) *Promotion To This Schedule From Other Rate Schedules.* For this promotion:

(a) From PS (RSC PB) Schedule 2, see 422.123a2.

(b) From EAS (RSC E), A-E Postmasters (RSC F), and TDS (RSC T), to the current full-time salary, add 5 percent. Advance this amount to the next higher salary step in the new grade if the calculated amount falls between two steps. A new step waiting period begins unless the employee is promoted to a bargaining unit grade previously held (i.e., repromotion), in which case see 422.123a4.

(c) From PNS (RSC G), OSD (RSC K), CC, (RSC Q), IT/ASC (RSC N), PS (RSC P) or MESC (RSC C) Schedule 1, RC (RSC R) and PPO (RSC Y), to the current full-time salary, add two times the most prevalent step increment of the current grade (add three times for a promotion of three or more grades). Advance this amount to the next higher salary step in the new grade if the calculated amount falls

between the two steps. A new step waiting period begins unless the employee is promoted to a bargaining unit grade previously held (i.e., repromotion), in which case see 422.123a4.

(3) *Promotion From This Schedule To Other Rate Schedules.* For this promotion:

(a) To PNS (RSC G), OSD (RSC K), CC (RSC Q), IT/ASC (RSC N), TDS (RSC Y) and PPO (RSC Y), to the current full-time salary, add two times the most prevalent step increment of the current grade (add three times for a promotion of three or more grades). Advance this amount to the next higher salary step in the new grade if the calculated amount falls between the two steps. A new step waiting period begins unless the employee is promoted to a bargaining unit grade previously held (i.e., repromotion), in which case see 422.123a4.

(b) To EAS (RSC E), to the current full-time salary, add 5 percent. If the result is below the minimum or above the maximum of the new grade, the new salary is adjusted to fit within this range.

Note: For promotion from this schedule to a nonbargaining schedule, see also 413.

(c) To PS (RSC PB) or MESC (RSC CB) Schedule 2, assign the proper step by referring to Exhibit 422.123a. A new step waiting period begins on the effective date of the promotion.

(d) To RC (RSC R), see 422.422a2.

Note: See also Exhibit 421.82.

b. *Supplemental Rules.* See 422.123b.

422.324 **Reassignment Rules**

See 422.124.

422.325 **Reduction in Grade**

The following provisions apply.

a. *General.* Reductions in grade include:

(1) Voluntary changes to a lower level;

(2) Management-initiated changes to a lower level; and

(3) Demotions.

b. *Step and Next Step Date Assignment for Bargaining Unit to Bargaining Unit Reductions in Grade Within or Into the Mail Handler Rate Schedule (RSC M).* Assignments are made as follows:

(1) *To Former Lower Grade*. The employee is assigned to the step and next step date as if service had been uninterrupted in the lower grade since the last time held.

(2) *To New Lower Grade*. The employee is assigned to the step and next step date in the lower grade as if all career Postal Service had been in the lower grade.

c. *Step and Next Step Date Assignment for Nonbargaining Unit to Bargaining Unit Reductions in Grade.* For all nonbargaining reductions in grade to the Rural Carrier schedule, consult 422.423 and 422.424 to determine the proper step and next step date. For all other nonbargaining-to-bargaining reductions in grade, determine the employee's salary, step, and next step date as if the service had continued uninterrupted from the level/step in effect at the time of the nonbargaining promotion.

(1) For reductions in grade to the same Rate Schedule occupied immediately before a promotion to a nonbargaining position, the following provisions apply:

(a) When an employee returns to the same level as that occupied immediately before the nonbargaining promotion, assign the salary, step, and next step date as if the service had continued uninterrupted from the level/step in effect at the time of the nonbargaining promotion.

(b) When an employee changes to a higher level than that occupied immediately before the nonbargaining promotion, apply the promotion rules for the appropriate salary schedule in 422 to determine the employee's new salary, step, and next step date.

(c) When an employee changes to a lower level than that occupied immediately before the nonbargaining promotion, apply the reduction in grade rules in 422.125b to determine the employee's new salary, step, and next step date.

(2) For reductions in grade to a different Rate Schedule occupied immediately before a promotion to a nonbargaining position, use the Equivalent Grades chart (Exhibit 418.1) and apply the appropriate rule as follows:

(a) When an employee changes to an equivalent level, apply the reassignment rules in 422.124c to determine the employee's new salary, step, and next step date.

(b) When an employee changes to a higher level, apply the promotion rules for the appropriate salary schedule in 422 to determine the employee's new salary, step, and next step date.

(c) When an employee changes to a lower level, follow the reduction in grade rules in 422.125b to determine the employee's new salary, step, and next step date.

(3) For reductions in grade when there is no prior bargaining unit service, the employee is assigned to the step and next step date in the lower grade as if all career Postal Service had been in the lower grade.

d. *Rate Retention*. Rate retention provisions do not apply to changes to a lower grade that are voluntary or disciplinary. However, they do apply in nondisciplinary management reductions, as follows (also see 421.511 and 421.512 for application):

(1) *Protected Rate.* The employee continues to receive the wage he or she received in the higher grade for 2 calendar years (a) if the grade of the position is reduced due to a management action such as a change in job ranking criteria that affects the grade of only one position and (b) if the employee occupied the position at the higher grade for 2 consecutive years before the effective date of the reduction. (See also 421.51.)

(2) *Saved Rate.* For saved rate:

(a) An employee has a saved rate resulting in a red-circle amount if the grade of his or her position is reduced due to a management action such as a change in job ranking criteria that affects the grade of more than one position under the same job description.

(b) If an employee who receives a red-circle amount is subsequently promoted and later returned to the former position through no fault of his or her own, the red-circle amount is restored. (See also 421.52.)

(3) *Saved Grade.* A bargaining unit employee is entitled to saved grade if he or she is assigned to a lower grade position because of a management action that eliminates the position (e.g., job elimination due to technological and mechanization changes). (See also 421.53.)Step Increases

422.326 **Eligibility Requirements**

See 422.131 and Exhibit 422.13.

422.327 **Creditable Service**

See 422.132.

422.328 **Leave Without Pay**

See 422.133.

422.329 **Simultaneous Personnel Actions**

See 422.134.

422.33 Higher Level Assignments

422.331 **Definitions**

See 422.141.

422.332 **Written Management Order**

See 422.142.

422.333 **Rate of Pay**

See 422.143.

422.334 **Adjustments and Increases**

See 422.144.

422.335 **Benefits**

See 422.145.

422.34 Dual (Multiple) Employment

[Reserved]

422.35 Change From Rural Carrier Schedules

See 422.16.

422.4 Rural Carrier Schedules

The provisions of 422.1 and 422.2 cited below are made applicable to this salary schedule by reference.

422.41 Salary System

422.411 Salary Schedules

There are six types of Rural Carrier Schedules, as follows:

a. *Evaluated Schedule (RC).* This schedule applies to routes evaluated at 12 to 48 hours per week.

b. *Rural Carrier Mileage Schedule (RCS).* This schedule applies to routes evaluated at 6 to 140 miles per day.

c. *Rural Substitute Carrier Schedules (RSCR) — Daily Rates.* The 5-Day Evaluated Schedule is 40 to 48 hours per week. The 5 1/2-Day Evaluated Schedule is 41 to 46 hours per week. The 6-Day Evaluated Schedule is 12 to 48 hours per week.

d. *Rural Auxiliary Pay Schedule (RAUX).* This pay schedule includes Grade 5 — Annual Rates and Grade 5 — Hourly Rates.

e. Rural Carrier Associate (RCA).

f. Rural Carrier Relief (RCR) — Hourly Rates.

422.412 Basis of Rates

See the USPS–NRLCA National Agreement, Article 9, Section 2 (A, B, and C).

422.413 Cost-of-Living Adjustment

Regular and substitute rural carriers covered by the collective bargaining agreement receive the cost-of-living adjustments provided by the USPS–NRLCA National Agreement.

422.414 Setting Wages

The appointing officer has primary responsibility for setting wages of rural carriers according to the guidelines in 422.4.

422.415 Employee Classifications

The employee classifications in 432 that apply to rural carriers are:

a. Career rural carrier:

(1) Regular rural carrier.

(2) Part-time flexible rural carrier.

b. Noncareer rural carrier supplemental workforce:

(1) Substitute rural carrier.

(2) Auxiliary rural carrier.

(3) Rural carrier associate.

(4) Rural carrier relief.

422.42 Change Action Pay Rules

422.421 Career Appointment

Appointments are made as follows:

a. *Regular Rural Carrier.* The following provisions apply:

(1) *New Hire.* All new regular rural carrier appointees begin at Step A, except that:

(a) A rural carrier serving *one triweekly route* is paid on the basis of a route one-half the length of the triweekly route.

(b) A rural carrier serving *two triweekly routes* is paid on the basis of a route one-half the combined length of the two triweekly routes.

(2) *Conversion From Substitute.* Substitute rural carriers who convert to regular rural carrier status are converted at Step 8, or their existing step, whichever is lower, except that substitutes serving in excess of 90 days on a vacant route at the time of conversion convert at their existing step.

(3) *Part-time Flexible Rural Carrier.* Part-time flexible rural carriers are paid based upon an evaluated route schedule rate of pay divided by 2000 to yield an hourly rate.

b. *Auxiliary Rural Carrier.* The following provisions apply:

(1) An auxiliary rural carrier is paid at the attained step of the 40-hour evaluated rate.

(2) A rural carrier associate and a rural carrier relief are paid at the hourly rate of pay they regularly receive.

c. *Rural Carrier Associate and Rural Carrier Relief*. RCA and RCR employees are paid an hourly rate as shown in the collective bargaining agreement for the period covered.

422.422 Promotion Rules

Note: See 421.43a and 421.44i for definition of *promotion*, and consult Exhibit 418.1, Equivalent Grades, to determine whether or not a personnel action represents a promotion.

For all changes other than those covered by 546, a career rural carrier's salary is converted to that of the attained step in the 40-hour evaluated salary schedule. Rules following this conversion are as follows:

a. *Basic Rules*. The basic rules are as follows:

(1) Promotion Within This Schedule.

(a) [Reserved]

(2) *Appointment To This Schedule From Other Rate Schedules*. For this appointment, place new regular carriers depending upon the length of time on the Postal Service rolls, as follows:

(a) If hired on August 7, 1999, or after, assign to Step A.

(b) If hired before August 7, 1991, assign to Step C.

(3) *Promotion From This Schedule To Other Rate Schedules.* For this promotion:

(a) To PNS (RSC G), OSD (RSC K), MH (RSC M), IT/ASC (RSC N), TDS (RSC Y) and PPO (RSC Y), to the current full-time salary, add two times the most prevalent step increment of the current grade (add three times for a promotion of three or more grades). Advance this amount to the next higher salary step in the new grade if the calculated amount falls between the two steps. A new step waiting period begins unless the employee is promoted to a bargaining unit grade previously held (i.e., repromotion), in which case see 422.123a4.

(b) To EAS (RSC E), to the current full-time salary, add 5 percent. If the result is below the minimum or above the maximum of the new grade, the new salary is adjusted to fit within this range.

Note: For promotion from this schedule to a nonbargaining schedule, see also 413.

(c) To PS or MESC Schedule 2 (RSC PB & CB), assign the proper step by referring to Exhibit 422.123a. A new step waiting period begins on the effective date of the promotion.

Note: See also Exhibit 421.82.

b. *Supplemental Rules.* See 422.123b.

422.423 **Transfer to Rural Carrier**

A Postal Service employee on the rolls since before August 7, 1991, who is transferred from a position not under the RC schedule to a regular rural carrier position begins at Step C.

422.424 **Waiting Period for Step Increases**

All new regular rural carriers, including substitutes converting to regular carrier, regardless of the amount of time already served toward advancement to the next step in the former position, begins a new waiting period for advancement to the next step upon appointment to a regular rural carrier position.

422.425 **Adjusting Pay for Route Change**

Adjustments are made as follows:

a. *Change in Route Classification.* Compensation of a rural carrier whose route evaluation is adjusted is placed in the same alpha or numeric step for the adjusted route that corresponds to the alpha or numeric step held prior to the evaluation adjustment.

b. *Reassignment to Another Route.* Compensation of a rural carrier who is reassigned to another rural route is placed in the same alpha or numeric step of the new route that corresponds to the alpha or numeric step of the old route.

422.43 Step Increases

422.431 Eligibility and Procedure

Regular rural carriers and substitute rural carriers with an indefinite appointment and part-time flexible rural carriers are granted step increases in accordance with the provisions of 422.13.

422.432 Adjustment in Route Classification

An increase in basic salary because of an increase in route classification is not an equivalent increase. Therefore, a step increase is not withheld because of the increase in route classification.

422.44 Higher Level Pay

The following provisions apply:

a. A regular rural carrier is paid based on the evaluation of the route to which the carrier is assigned for the first 30 days of the temporary higher level assignment. At the beginning of the next pay period following completion of the first 30 days, the carrier's salary is converted to that of a 40-hour evaluated route, attained step. The salary is then adjusted in accordance with the salary rules for changes under the salary schedule to which assigned.

b. A rural carrier who normally serves a route 6 days a week or 6 days every other week, temporarily assigned to a position under a different salary schedule for five 8-hour days in a service week, is paid for the full work week without carrying the route on Saturday.

422.45 Dual (Multiple) Employment

422.451 Explanation

See 422.151.

422.452 Salary Determination

See 422.152.

422.453 Documentation

See 422.153.

422.454 Step Increases

See 422.154.

422.455 Leave

See 422.155.

422.456 Reassignment

See 422.156.

422.457 Promotion

See 422.157.

422.5 Postal Nurses Schedule

The provisions of 422.1 and 422.2 cited below are made applicable to this salary schedule by reference.

422.51 Salary System

422.511 Salary Schedule

The Postal Nurses Schedule (PNS) consists of Grade 1.

422.512 **Basis of Rates**

Rates are established as follows:

a. *Annual Rate.* The basic annual salaries for full-time occupational health nurses, augmented by general increases provided by the bargaining unit agreement, are established on a full-time basis of 2,080 hours per year.

b. *Hourly Rate.* Basic hourly rates for occupational health nurses on a part-time flexible schedule are determined by dividing the annual basic rate by 2,000 hours.

422.513 **Cost-of-Living Adjustment**

[Reserved]

422.514 **Setting Wages**

The appointing official has primary responsibility for setting wages of employees according to the guidelines in 422.52. Wages are subject to the approval of the appointing official's superior.

422.515 **Employee Classifications**

See 422.15. The bargaining unit classifications in 432.11 that apply to bargaining unit occupational health nurses are *full-time regular* and *part-time flexible.* The bargaining unit classification of *part-time regular* does not apply.

422.52 Change Action Pay Rules

422.521 **Career Appointment**

Newly appointed occupational health nurses are to be paid the rate for the first step in the position's salary range, except as specified below:

a. For situations involving reinstatement, prior congressional service, transfer of a function from a federal agency, or veteran preference eligibility, see 422.121.

b. If local conditions for hiring an occupational health nurse require a higher starting salary than that of Step 1, the approving official may authorize a salary at Step 2 or 3 of the salary schedule. If this occurs, any current bargaining unit occupational health nurse at the same facility paid at a lower step than the newly hired occupational health nurse must be placed at the same step as the newly hired occupational health nurse, with an effective date no later than that of the new hire. The current employee begins a new step waiting period when placed in the higher step.

422.522 **Additional Appointment**

See 422.122.

422.523 **Promotion Rules**

Note: See 421.43a and 421.44i for definition of *promotion*, and consult Exhibit 418.1, Equivalent Grades, to determine whether or not a personnel action represents a promotion.

Rules are as follows:

a. *Basic Rules*. The basic rules are as follows:

(1) *Promotion Within This Schedule.* For this promotion, the employee receives a promotional increase equal to two times the

most prevalent step in the former grade for a promotion of one or two grades (three times for a promotion of three or more grades). Add this increase to the employee's former basic salary and slot the employee to the closest step in the new grade. If the increased salary falls between two steps of the new grade, place the employee at the next higher step. A new step waiting period begins unless the employee is promoted to a bargaining unit grade previously held (i.e., repromotion), in which case see 422.123a4.

(2) *Promotion To This Schedule From Other Rate Schedules.* For this promotion:

(a) From PS (RSC PB) Schedule 2, see 422.123a2.

(b) From EAS (RSC E), A-E Postmasters (RSC F), and TDS (RSC T), to the current full-time salary, add 5 percent. Advance this amount to the next higher salary step in the new grade if the calculated amount falls between two steps. A new step waiting period begins unless the employee is promoted to a bargaining unit grade previously held (i.e., repromotion), in which case see 422.123a4.

(c) From OSD (RSC K), CC (RSC Q), MH, (RSC M), IT/ASC (RSC N), PS (RSC P) or MESC (RSC C) Schedule 1, RC (RSC R) and PPO (RSC Y), to the current full-time salary, add two times the most prevalent step increment of the current grade (add three times for a promotion of three or more grades). Advance this amount to the next higher salary step in the new grade if the calculated amount falls between the two steps. A new step waiting period begins unless the employee is promoted to a bargaining unit grade previously held (i.e., repromotion), in which case see 422.123a4.

(3) *Promotion From This Schedule To Other Rate Schedules.* For this promotion:

(a) To OSD (RSC K), CC (RSC Q), MH (RSC M), IT/ASC (RSC N), TDS (RSC Y) and PPO (RSC Y), to the current full-time salary, add two times the most prevalent step increment of the current grade (add three times for a promotion of three or more grades). Advance this amount to the next higher salary step in the new grade if the calculated amount falls between the two steps. A new step waiting period begins unless the employee is promoted to a bargaining unit grade previously held (i.e., repromotion), in which case see 422.123a4.

(b) To EAS (RSC E), to the current full-time salary, add 5 percent. If the result is below the minimum or above the maximum of the new grade, the new salary is adjusted to fit within this range.7

Note: For promotion from this schedule to a nonbargaining schedule, see also 413.

(c) To PS (RSC PB) or MESC (RSC CB) Schedule 2, to the current full-time salary, add two times the most prevalent step increment of the current grade (add three times for a promotion of three or more grades). Advance this amount to the next higher salary step in the new grade if the calculated amount falls between the two steps. A new step waiting period begins unless the employee is promoted to a bargaining unit grade previously held (i.e., repromotion), in which case see 422.123a4.

(d) To RC (RSC R), see 422.422a2.

Note: See also Exhibit 421.82.

b. *Supplemental Rules*. See 422.123b.

422.524 **Reassignment Rules**

See 422.124.

422.525 **Reduction in Grade**

See 422.125.

422.53 Step Increases

422.531 **Eligibility and Procedure**

See 422.131. The lengths of the waiting periods are included in Exhibit 422.13. In addition to the conditions listed in 422.131, the employee must have performed in a satisfactory or outstanding manner during the waiting period, as described below.

a. Performance determinations:

(1) *Responsibility.* Installation heads and their subordinate supervisors have joint responsibility for understanding the kind of work performance expected of employees. Supervisors must (a) keep informed of the deficiencies and proficiencies of employees and (b) provide appropriate commendation, counseling, or assistance on a continual basis — rather than only at the time of a step increase rating.

(2) *Criteria.* Performance ratings are based on such job-related factors as reliability, work habits, quantity and quality of work performed, cooperation with other employees, and attendance. Criteria for the three categories of performance ratings follow:

(a) *Outstanding (O).* Performance and achievement in terms of productive effort, proficiency, and significant contributions to the Postal Service that are well above the established norm.

Note: An outstanding employee may be considered for a quality step increase or Special Achievement Award.

(b) *Satisfactory (S).* Performance at an acceptable level, exhibiting such qualities as reliability, cooperation, and

competence in meeting the normal requirements of a position.

Note: This rating applies to the majority of employees, whose performance may range from minimum to very good to above average in several respects of their work.

(c) *Unsatisfactory (U).* Employees who repeatedly and/or continually fail to meet the essential requirements of their position, exhibiting such characteristics as lack of cooperation, poor attendance, and failure to produce acceptable work even after they have been counseled on deficiencies.

Note: When an advance written notice of charges has been given to an employee because of unsatisfactory service, any step increase otherwise normally due must be withheld pending a final decision on the merits of the charges.

b. Processing a step increase:

(1) *Notification of Increase.* At least 45 days prior to the effective date, the Eagan Accounting Service Center (ASC) provides installations with two copies of a report listing those employees who have completed the required waiting period for advancement to the next step. LWOP hours, when sufficient to require withholding of a step increase (see 422.133), are printed on the listing.

(2) *Supervisor's Appraisal.* When supervisors receive the step increase notice, they must:

(a) Evaluate the employee against performance criteria (see 422.531a2) and make a judgment about the employee's service during the waiting period.

(b) Check the appropriate performance code (O, S, or U), write the effective date, and sign each line.

(3) *Approved Increase.* Employees whose step increase is approved receive a copy of a PS Form 50 and a notification on PS Form 1223-A, *Earnings Statement*, and PS Form 1223-B, *Earnings Statement — Net to Bank,* for the pay period in which the increase is effective. The effective date of the increase is the beginning of the first pay period following completion of the waiting period.

(4) *Withheld Increase.* Employees whose step increase is withheld receive a written advance notice from the installation head or his

or her designee. Employees receive a copy of a PS Form 50 at a later date, confirming that the step increase was withheld.

Notes: Withholding of a step increase should not be used as punishment for overt acts that should be handled under the disciplinary procedures.

(a) In cases of *excessive LWOP*, the revised effective date depends on the amount of LWOP. (See 422.133 for deferral periods.)

(b) In cases of *unsatisfactory performance*, a seven-pay period redetermination period follows the date of withholding. During this period, the supervisor should encourage and assist the employee to overcome the deficiencies, provide needed training, consider reassignment to more suitable work, and/or other appropriate personnel action. The Eagan ASC includes the employee's name on a listing 45 days in advance of the revised effective date.

(i) If the employee's service is satisfactory at the end of the additional waiting period, the step increase is approved.

(ii) If the employee's service is not satisfactory at the end of the additional waiting period, the step increase may be withheld for another redetermination period or disciplinary measures under the collective bargaining agreement may be taken.

422.532 **Creditable Service**

See 422.132.

422.533 **Leave Without Pay**

See 422.133.

422.534 **Simultaneous Personnel Actions**

See 422.134.

422.54 Higher Level Assignments

422.541 **Definitions**

See 422.141.

422.542 **Written Management Order**

See 422.142.

422.543 **Rate of Pay**

See 422.143.

422.544 **Adjustments and Increases**

See 422.144.

422.545 **Benefits**

See 422.145.

422.55 Dual (Multiple) Employment

[Reserved]

422.56 Change From Rural Carrier Schedules

See 422.16.

422.6 Information Technology/Accounting Service Centers Schedule

The provisions of 422.1 and 422.2 cited below are made applicable to this salary schedule by reference.

422.61 Salary System

422.611 Salary Schedule

The Information Technology/Accounting Service Centers (IT/ASC) Schedule consists of Grades 6 through 23. The basic annual salaries are augmented by general increases provided by the collective bargaining agreement.

422.612 Part-time Employees

Part-time flexible and part-time regular schedule employees are paid according to 422.112b based on the schedule for IT/ASC bargaining unit employees.

422.613 Cost-of-Living Adjustment

In addition to their basic annual or hourly rate, all bargaining unit employees also receive such COLA as specified by their applicable collective bargaining agreement.

422.614 Employee Classifications

The bargaining unit classifications in 432.111 that apply to IT/ASC employees are *full-time regular, part-time flexible,* and *part-time regular*.

Note: Casual (see 432.12a) is a nonbargaining unit employee classification. Therefore, casuals at the IT/ASC are not in the bargaining unit.

422.62 Change Action Pay Rules

422.621 Career Appointment

A new employee to the Postal Service hired into the IT/ASC schedule with a career appointment is paid the minimum rate for the grade (see 422.121).

422.622 Promotion Rules

Note: See 421.43a and 421.44i for definition of *promotion*, and consult Exhibit 418.1, Equivalent Grades, to determine whether or not a personnel action represents a promotion.

Rules are as follows:

a. *Basic Rules*. The basic rules are as follows:

(1) *Promotion Within This Schedule.* For this promotion, the employee receives a promotional increase equal to two times the most prevalent step in the former grade for a promotion of one or two grades (three times for a promotion of three or more grades). Add this increase to the employee's former basic salary and slot the employee to the closest step in the new grade. If the increased salary falls between two steps of the new grade, place the employee at the next higher step. A new step waiting period begins unless the employee is promoted to a bargaining unit

grade previously held (i.e., repromotion), in which case see 422.123a4.

(2) *Promotion To This Schedule From Other Rate Schedules.* For this promotion:

(a) From PS (RSC PB) Schedule 2, see 422.123a2.

(b) From EAS (RSC E), A-E Postmasters (RSC F), and TDS (RSC T), to the current full-time salary, add 5 percent. Advance this amount to the next higher salary step in the new grade if the calculated amount falls between two steps. A new step waiting period begins unless the employee is promoted to a bargaining unit grade previously held (i.e., repromotion), in which case see 422.123a4.

(c) From PNS (RSC G), OSD (RSC K), MH, (RSC M), CC (RSC Q), PS (RSC P) or MESC (RSC C) Schedule 1, RC (RSC R) and PPO (RSC Y), to the current full-time salary, add two times the most prevalent step increment of the current grade (add three times for a promotion of three or more grades). Advance this amount to the next higher salary step in the new grade if the calculated amount falls between the two steps. A new step waiting period begins unless the employee is promoted to a bargaining unit grade previously held (i.e., repromotion), in which case see 422.123a4.

(3) *Promotion From This Schedule To Other Rate Schedules.* For this promotion:

(a) To PNS (RSC G), OSD (RSC K), MH (RSC M), CC (RSC Q), TDS (RSC Y) and PPO (RSC Y), to the current full-time salary, add two times the most prevalent step increment of the current grade (add three times for a promotion of three or more grades). Advance this amount to the next higher salary step in the new grade if the calculated amount falls between the two steps. A new step waiting period begins unless the employee is promoted to a bargaining unit grade previously held (i.e., repromotion), in which case see 422.123a4.

(b) To EAS (RSC E), to the current full-time salary, add 5 percent. If the result is below the minimum or above the maximum of the new grade, the new salary is adjusted to fit within this range.

Note: For promotion from this schedule to a nonbargaining schedule, see also 413.

(c) To PS (RSC PB) or MESC (RSC CB) Schedule 2, to the current full-time salary, add two times the most prevalent step increment of the current grade (add three times for a promotion of three or more grades). Advance this amount to the next higher salary step in the new grade if the calculated amount falls between the two steps. A new step waiting period begins unless the employee is promoted to

a bargaining unit grade previously held (i.e., repromotion), in which case see 422.123a4.

(d) To RC (RSC R), see 422.422a2.

Note: See also Exhibit 421.82.

b. *Supplemental Rules.* See 422.123b.

c. *Effect of Saved Grade.* The new salary may not exceed the maximum of the new grade unless, on the day immediately preceding the effective date of the promotion, the employee has a saved rate including a red circle amount (see 422.522). In such case, the new salary may exceed the maximum of the new grade by an amount not greater than the dollar amount of the red circle, subject to termination of rate retention (see 421.514).

422.623 **Reassignment Rules**

See 421.43b for definition of reassignment. An employee's salary is not changed as a result of reassignment within the IT/ASC schedule. (For reassignment to nonbargaining unit salary schedules, see 414. For reassignment to another bargaining unit salary schedules, see 422.124c.)

422.624 **Demotion**

See 421.43c for definition and general regulation for demotion. See 422.15 for demotion to and within the IT/ASC schedule. For demotion to a nonbargaining unit salary schedule, see 415.

422.625 **Voluntary Reduction**

See 421.43d for definition. See 422.125 for voluntary reduction to and within the IT/ASC schedule. See 415 for voluntary reduction to a nonbargaining unit schedule.

422.626 **Management Action Reduction**

In this case of a nondisciplinary and involuntary reduction, the rate retention provisions below apply.

a. *Saved Rate.* Employees retain their salary and remain eligible for any in-grade salary increases for which they otherwise would have been eligible. They continue in this status until such time as they fail to bid or apply for assignment to a vacant, established position (a) in the former grade or (b) in a grade between that of the former grade and the new grade within the same facility — provided acceptance of the vacant position does not result in any loss in salary. The facility notifies employees of any vacant position for which they are or may be qualified. Failure to qualify for the position does not result in the loss of saved rate. (See also 421.52.)

b. *Saved Grade.* For saved grade rules due to technological or mechanization changes, see 421.53.

422.63 Step Increases

422.631 **Eligibility Requirements**

The rules for granting step increases in 422.13 apply to IT/ASC bargaining unit employees except that the waiting period between steps is as shown in Exhibit 422.13.

422.632 **Creditable Service**

See 422.132.

422.633 **Leave Without Pay**

See 422.133.

422.634 **Simultaneous Personnel Actions**

See 422.134.

422.64 Higher Level Assignments

See the IT/ASC collective bargaining agreement.

422.65 Dual (Multiple) Employment

422.66 [Reserved]

422.67 Change From Rural Carrier Schedules

See 422.16.

422.7 Operating Services Division Headquarters and Facilities Service Section, Merrifield, VA

The provisions of 422.1 and 422.2 cited below are made applicable to this salary schedule by reference.

422.71 Salary System

422.711 **Salary Schedule**

An Operating Services Division (OSD) Schedule, which exists for the grades and steps of employees in the Headquarters Facilities Service at Postal Service Headquarters and Facilities Service Section, Merrifield (APWU), in accordance with the OSD collective bargaining agreement, consists of Grades 1 through 9.

422.712 **Basis of Rates**

See 422.112.

422.713 **Cost-of-Living Adjustment**

See 422.113.

422.714 **Determination of Salaries**

The salary set by the appointing officer is subject to the approval of the vice president of Facilities.

422.715 **Employee Classifications**

See 422.115.

422.72 Change Action Pay Rules

422.721 **Career Appointment**

A new Postal Service employee hired into the OSD schedule is paid the rate for the first step of the grade except as specified below:

a. *Exceptional Qualifications.* If the appointing official (with approval of superior) determines that the person has exceptional qualifications, the rate of pay may be set at a higher step, not to exceed the fourth step of that grade — except as provided in item b below.

b. *Reemployment and Transfer.* The appointing officer may set the salary of a former or current federal civilian or Postal Service employee who is

being given a career appointment either (1) at the first step of the grade of the position or (2) at any step of the grade that is less than one full step above the highest basic compensation the employee previously received — but not in excess of the maximum step of the grade for the assigned position.

422.722 **Additional Appointment**

See 422.122.

422.723 **Promotion Rules**

Note: See 421.43a and 421.44i for definition of *promotion*, and then be sure to consult Exhibit 418.1, Equivalent Grades, to determine whether or not a personnel action represents a promotion.

Rules are as follows:

a. *Basic Rules*. The basic rules are as follows:

(1) *Promotion Within This Schedule.* For this promotion, the employee receives a promotional increase equal to two times the most prevalent step in the former grade for a promotion of one or two grades (three times for a promotion of three or more grades). Add this increase to the employee's former basic salary and slot the employee to the closest step in the new grade. If the increased salary falls between two steps of the new grade, place the employee at the next higher step. A new step waiting period begins unless the employee is promoted to a bargaining unit grade previously held (i.e., repromotion), in which case see 422.123a4.

(2) *Promotion To This Schedule From Other Rate Schedules.* For this promotion:

(a) From PS (RSC PB) Schedule 2, see 422.123a2.

(b) From EAS (RSC E), A-E Postmasters (RSC F), and TDS (RSC T), to the current full-time salary, add 5 percent. Advance this amount to the next higher salary step in the new grade if the calculated amount falls between two steps. A new step waiting period begins unless the employee is promoted to a bargaining unit grade previously held (i.e., repromotion), in which case see 422.123a4.

(c) From PNS (RSC G), CC (RSC Q), MH, (RSC M), IT/ASC (RSC N), PS (RSC P) or MESC (RSC C) Schedule 1, RC (RSC R) and PPO (RSC Y), to the current full-time salary, add two times the most prevalent step increment of the current grade (add three times for a promotion of three or more grades). Advance this amount to the next higher salary step in the new grade if the calculated amount falls between the two steps. A new step waiting period begins unless the employee is promoted to a bargaining unit grade previously held (i.e., repromotion), in which case see 422.123a4.

(3) *Promotion From This Schedule To Other Rate Schedules.* For this promotion:

(a) To PNS (RSC G), CC (RSC Q), MH (RSC M), IT/ASC (RSC N), TDS (RSC Y) and PPO (RSC Y), to the current full-time salary, add two times the most prevalent step increment of the current grade (add three times for a promotion of three or more grades). Advance this amount to the next higher salary step in the new grade if the calculated amount falls between the two steps. A new step waiting period begins unless the employee is promoted to a bargaining unit grade previously held (i.e., repromotion), in which case see 422.123a4.

(b) To EAS (RSC E), to the current full-time salary, add 5 percent. If the result is below the minimum or above the maximum of the new grade, the new salary is adjusted to fit within this range.

Note: For promotion from this schedule to a nonbargaining schedule, see also 413.

(c) To PS (RSC PB) or MESC (RSC CB) Schedule 2, to the current full-time salary, add two times the most prevalent step increment of the current grade (add three times for a promotion of three or more grades). Advance this amount to the next higher salary step in the new grade if the calculated amount falls between the two steps. A new step waiting period begins unless the employee is promoted to a bargaining unit grade previously held (i.e., repromotion), in which case see 422.123a4.

(d) To RC (RSC R), see 422.422a2.

Note: See also Exhibit 421.82.

b. *Supplemental Rules*. See 422.123b.

422.724 **Reassignment Rules**

See 421.43b for definition and 422.124c for further instructions. An employee's salary is *not* changed as a result of reassignment.

422.725 **Demotion**

See 421.43c for definition. Rules for demotion *to and within* the OSD schedule appear in 422.125.

422.726 **Voluntary Reduction**

See 421.43d for definition. See 422.125 for voluntary reduction *to and within* the OSD Schedule. See 415 for voluntary reduction *from* the OSD to a nonbargaining schedule.

422.727 **Management Action Reduction**

See 421.43e for definition for reduction *from* the OSD schedule to a nonbargaining schedule. Rules in 422.125 for management action reductions

to and within the PS schedule apply to OSD employees — except as qualified below:

a. If an OSD employee whose job is eliminated cannot be placed in a job of equal grade, the saved grade provision in 422.125b does *not* apply.

b. Instead, the employee (1) is assigned to any available lower level position for which he or she qualifies and (2) is entitled to protected rate for a period of 2 calendar years.

422.73 Step Increases

422.731 Eligibility Requirements

All of the step increase rules in 422.13 apply to OSD employees. See Exhibit 422.13 for step increase waiting periods.

422.732 Creditable Service

See 422.132.

422.733 Leave Without Pay

See 422.133.

422.734 Simultaneous Personnel Actions

See 422.134.

422.74 Higher Level Assignments

422.741 Definitions

See 422.141.

422.742 Written Management Order

The rules in 422.14 apply to OSD employees — except for the provision stated in 422.142.

422.743 Rate of Pay

See 422.143.

422.744 Adjustments and Increases

See 422.144.

422.745 Benefits

See 422.145.

422.75 Dual (Multiple) Employment

[Reserved]

422.76 Change From Rural Carrier Schedules

See 422.16.

422.8 Postal Police Officers Schedule

The provisions of 422.1 and 422.2 cited below are made applicable to this salary schedule by reference.

422.81 Salary System

422.811 Salary Schedule

The Postal Police Officers (PPO) Schedule (RSC Y) consists of Grade 6.

422.812 Basis of Rates

See 422.112.

422.813 **Cost-of-Living Adjustment**

[Reserved]

422.814 **Setting Wages**

See 422.114.

422.815 **Employee Classifications**

There are two categories of employees in the Postal Police Officers' bargaining unit:

a. Full-time.

b. Part-time.

422.82 Change Action Pay Rules

422.821 **Career Appointment**

See 422.121.

422.822 **Additional Appointment**

See 422.122.

422.823 **Promotion Rules**

Note: See 421.43a and 421.44i for definition of *promotion*, and consult Exhibit 418.1, Equivalent Grades, to determine whether or not a personnel action represents a promotion.

Rules are as follows:

a. *Basic Rules*. The basic rules are as follows:

(1) *Promotion Within This Schedule.* For this promotion, the employee receives a promotional increase equal to two times the most prevalent step in the former grade for a promotion of one or two grades (three times for a promotion of three or more grades). Add this increase to the employee's former basic salary and slot the employee to the closest step in the new grade. If the increased salary falls between two steps of the new grade, place the employee at the next higher step. A new step waiting period begins unless the employee is promoted to a bargaining unit grade previously held (i.e., repromotion), in which case see 422.123a4.

(2) *Promotion To This Schedule From Other Rate Schedules.* For this promotion:

(a) From PS (RSC PB) Schedule 2, see 422.123a2.

(b) From EAS (RSC E), A–E Postmasters (RSC F), and TDS (RSC T), to the current full-time salary, add 5 percent. Advance this amount to the next higher salary step in the new grade if the calculated amount falls between two steps. A new step waiting period begins unless the employee is promoted to a bargaining unit grade previously held (i.e., repromotion), in which case see 422.123a4.

(c) From PNS (RSC G), CC (RSC Q), MH, (RSC M), IT/ASC (RSC N), PS (RSC P) or MESC (RSC C) Schedule 1, RC (RSC R) and OSD (RSC K), to the current full-time salary, add two times the most prevalent step increment of the

current grade (add three times for a promotion of three or more grades). Advance this amount to the next higher salary step in the new grade if the calculated amount falls between the two steps. A new step waiting period begins unless the employee is promoted to a bargaining unit grade previously held (i.e., repromotion), in which case see 422.123a4.

(3) *Promotion From This Schedule To Other Rate Schedules.* For this promotion:

(a) To PNS (RSC G), CC (RSC Q), MH (RSC M), IT/ASC (RSC N), TDS (RSC Y) and OSD (RSC K), to the current full-time salary, add two times the most prevalent step increment of the current grade (add three times for a promotion of three or more grades). Advance this amount to the next higher salary step in the new grade if the calculated amount falls between the two steps. A new step waiting period begins unless the employee is promoted to a bargaining unit grade previously held (i.e., repromotion), in which case see 422.123a4.

(b) To EAS (RSC E), to the current full-time salary, add 5 percent. If the result is below the minimum or above the maximum of the new grade, the new salary is adjusted to fit within this range.

Note: For promotion from this schedule to a nonbargaining schedule, see also 413.

(c) To PS (RSC PB) or MESC (RSC CB) Schedule 2, to the current full-time salary, add two times the most prevalent step increment of the current grade (add three times for a promotion of three or more grades). Advance this amount to the next higher salary step in the new grade if the calculated amount falls between the two steps. A new step waiting period begins unless the employee is promoted to a bargaining unit grade previously held (i.e., repromotion), in which case see 422.123a4.

(d) To RC (RSC R), see 422.422a2.

Note: See also Exhibit 421.82.

b. *Supplemental Rules*. See 422.123b.

422.824 Reassignment Rules

See 422.124.

422.825 Reduction in Grade

See 422.125.

422.83 Step Increases

422.831 Eligibility and Procedure

See 422.131. The lengths of the waiting periods are included in Exhibit 422.13. In addition to the conditions listed in 422.131, the employee

must have performed in a satisfactory or outstanding manner during the waiting period, as described below.

a. Performance determinations:

(1) *Responsibility.* Inspectors in charge and their subordinate supervisors have joint responsibility for understanding the kind of work performance expected of postal police officers. Supervisors must (a) keep informed of the deficiencies and proficiencies of postal police officers and (b) provide appropriate commendation, counseling, or assistance on a continual basis — rather than only at the time of a step increase rating.

(2) *Criteria.* Performance ratings are based on such job-related factors as reliability, work habits, quantity and quality of work performed, cooperation with other employees, and attendance. Criteria for the three categories of performance ratings follow:

(a) *Outstanding (O).* Performance and achievement in terms of productive effort, proficiency, and significant contributions to the Postal Service that are well above the established norm.

Note: An outstanding postal police officer may be considered for a quality step increase or Special Achievement Award.

(b) *Satisfactory (S).* Performance at an acceptable level, exhibiting such qualities as reliability, cooperation, and competence in meeting the normal requirements of a position.

Note: This rating applies to the majority of postal police officers, whose performance may range from minimum to very good to above average in several respects of their work.

(c) *Unsatisfactory (U).* Postal police officers who repeatedly and/or continually fail to meet the essential requirements of their position, exhibiting such characteristics as lack of cooperation, poor attendance, and failure to produce acceptable work even after they have been counseled on deficiencies.

Note: When an advance written notice of charges has been given to a postal police officer because of unsatisfactory service, any step increase otherwise normally due must be withheld pending a final decision on the merits of the charges.

b. Processing a step increase:

(1) *Notification of Increase.* At least 45 days prior to the effective date, the Eagan Accounting Service Center (ASC) provides Inspection Service divisions with two copies of a report listing those postal police officers who have completed the required waiting period for advancement to the next step. LWOP hours,

when sufficient to require withholding of a step increase (see 422.133), are printed on the listing.

(2) *Supervisor's Appraisal.* When supervisors receive the step increase notice, they must:

(a) Evaluate the postal police officer against performance criteria (see 422.831a2) and make a judgment about the postal police officer's service during the waiting period.

(b) Check the appropriate performance code (O, S, or U), write the effective date, and sign each line.

(3) *Approved Increase.* Postal police officers whose step increase is approved receive a copy of a PS Form 50 and a notification on PS Form 1223-A, *Earnings Statement*, and PS Form 1223-B, *Earnings Statement — Net to Bank,* for the pay period in which the increase is effective. The effective date of the increase is the beginning of the first pay period following completion of the waiting period.

(4) *Withheld Increase.* Postal police officers whose step increase is withheld receive a written advance notice from the installation head or his or her designee. Postal police officers receive a copy of a PS Form 50 at a later date, confirming that the step increase was withheld.

Notes: Withholding of a step increase should not be used as punishment for overt acts that should be handled under the disciplinary procedures.

(a) In cases of *excessive LWOP,* the revised effective date depends on the amount of LWOP. (See 422.133 for deferral periods.)

(b) In cases of *unsatisfactory performance,* a 7-pay period redetermination period follows the date of withholding. During this period, the supervisor should encourage and assist the postal police officer to overcome the deficiencies, provide needed training, consider reassignment to more suitable work, and/or other appropriate personnel action. The Eagan ASC includes the postal police officer's name on a listing 45 days in advance of the revised effective date.

(i) If the postal police officer's service is satisfactory at the end of the additional waiting period, the step increase is approved.

(ii) If the postal police officer's service is not satisfactory at the end of the additional waiting period, the step increase may be withheld for another redetermination period or disciplinary measures under the collective bargaining agreement may be taken.

422.832 Creditable Service

See 422.132.

422.833 **Leave Without Pay**

See 422.133.

422.834 **Simultaneous Personnel Actions**

See 422.134.

422.84 Higher Level Assignments

422.841 **Definitions**

See 422.14. The following provisions apply:

a. The rules in 422.14 also apply to postal police officers, except that where the text in 422.14 reads "installation heads," substitute "inspectors in charge" for postal police officers.

b. Where the text reads "installations," substitute "Inspection Service divisions" for postal police officers.

422.842 **Written Management Order**

See 422.142.

422.843 **Rate of Pay**

See 422.143.

422.844 **Adjustments and Increases**

See 422.144.

422.845 **Benefits**

See 422.145.

422.85 Dual (Multiple) Employment

[Reserved]

422.86 Change From Rural Carrier Schedules

See 422.16.

422.9 Tool and Die Shop Schedule

422.91 Salary System

422.911 **Salary Schedule**

The Tool and Die Shop (TDS) Schedule (RSC T) consists of Grades 4, 6, 7, 8, 9 and 11.

422.912 **Basis of Rates**

Rates are established as follows:

a. *Annual Rates for Full-time Employees*. The basic annual salaries for the grades of the schedule are established for full-time employees on the basis of a work schedule of 2080 hours per annum. For full-time employees, there are two rates of pay, one for *incumbents*, and a second for *nonincumbents*.

b. Hourly Rates for Part-time Employees.

c. [Reserved]

422.913 **Cost-of-Living Adjustment**

[Reserved]

422.914 **Setting Wages**

See 422.114.

422.915 **Employee Classifications**

See 422.115.

422.92 Change Action Pay Rules

422.921 **Career Appointment**

See 422.121.

422.922 **Additional Appointment**

See 422.122.

422.923 **Promotion Rules**

Note: See 421.43a and 421.44i for definition of *promotion*, and consult Exhibit 418.1, Equivalent Grades, to determine whether or not a personnel action represents a promotion.

Rules are as follows:

a. *Basic Rules*. The basic rules are as follows:

(1) *Promotion Within This Schedule.* For this promotion, assign the Incumbent Rate of the new position to employees promoted from the Incumbent Rate of the former position. For employees at less than the Incumbent Rate, add to the current full-time salary a 2 percent increase for a one grade promotion and a 3 percent increase for a two or more grade promotion.

(2) *Promotion To This Schedule From Other Rate Schedules.* For this promotion:

(a) From PS (PB) or MESC (CB) Schedule 2, see 422.123a2.

(b) From EAS (RSC E) and A-E Postmasters (RSC F), to the current full-time salary, add 5 percent.

(c) From PNS (RSC G), CC (RSC Q), MH, (RSC M), IT/ASC (RSC N), PS (RSC P) or MESC (RSC C) Schedule 1, RC (RSC R), OSD (RSC K) and PPO (RSC Y), to the current full-time salary, add two times the most prevalent step increment of the current grade (add three times for a promotion of three or more grades).

(3) *Promotion From This Schedule To Other Rate Schedules.* For this promotion:

(a) To PS (PB) or MESC (CB) Schedule 2, PNS (RSC G), OSD (RSC K), MH (RSC M), IT/ASC (RSC N), CC (RSC Q) and PPO (RSC Y), to the current full-time salary, add 5 percent. If the salary after the 5 percent increase is between two steps in the new schedule, advance the employee to the next higher step. A new step waiting period begins unless the employee is promoted to a bargaining unit grade previously held (i.e., repromotion), in which case see 422.123a4.

(b) To EAS (RSC E), to the current full-time salary, add 5 percent. If the result is below the minimum or above the

maximum of the new grade, the new salary is adjusted to fit within this range.

Note: For promotion from this schedule to a nonbargaining schedule, see also 413.

(c) To RC (RSC R), see 422.422a2.

Note: See also Exhibit 421.82.

b. *Supplementary Rules.* See 422.123b.

422.924 **Reassignment Rules**

See 422.124.

422.925 **Reduction in Grade**

Refer to 422.125, except as qualified below:

a. If a TDS employee is displaced from a higher grade position due to technological or mechanization change, the saved grade provisions in 422.125c3 do not apply.

b. However, any new job or jobs created by technological or mechanization change will be offered to employees who are capable of being trained to perform the new or changed job duties. The Postal Service will provide such training on the job for a period up to 60 days. Certain specialized jobs may require additional and off-site training. During training, employees will maintain their normal rate of pay.

422.93 Step Increase

[Reserved]

422.94 Temporary Assignments

422.941 **Lower Level Assignments**

Employees temporarily assigned to lower level positions continue to be paid at the salary rate for their regular position. See also 421.42b.

422.942 **Higher Level Assignments**

Higher level work is an assignment of a qualified employee to a position in the bargaining unit that is ranked at a higher level (grade) than that regularly held by the employee. The rules below apply:

a. *Authorization*. The employee will be given a written management order stating the beginning and approximate termination of the higher level assignment and directing the employee to perform the duties of the higher level position. Such written order is authorization for the higher level pay. The failure of management to give a written order is not grounds for denial of higher level pay if the employee was otherwise directed to perform the duties.

b. *Compensation*. The employee will be paid at the higher level for the time actually spent on the job. The employee's higher level rate is determined as if he or she were promoted to the position.

422.95 Dual (Multiple) Employment

[Reserved]

422.96 Change From Rural Carrier Schedule

See 422.16.

430 Basic and Special Pay Provisions

431 Scope

This subchapter establishes the conditions and procedures for determining eligibility for and computation of basic hours of work and pay, overtime pay, special pay premiums, and allowances to bargaining unit employees where their labor agreement does not provide specific conditions and procedures and to nonbargaining unit employees except Inspection Service employees covered by law enforcement provisions and Office of Inspector General employees.

432 General Definitions and Provisions

432.1 Employee Classifications

432.11 Regular Work Force

432.111 Bargaining Unit Employees

Bargaining unit employees are categorized as follows:

a. *Full-time employees* — career annual rate employees who are assigned to work schedules of five 8-hour days in a service week.

b. *Part-time employees* — employees categorized as one of the following:

(1) *Part-time regular employees* — career hourly rate employees who are assigned to work regular schedules of less than 40 hours in a service week.

(2) *Part-time flexible employees* — career hourly rate employees who are available to work flexible hours as assigned by the Postal Service during the course of a service week.

c. *Rural carriers* — employees categorized as one of the following (although only regular rural carriers and rural carrier associates may be added to the rolls):

(1) *Regular rural carriers* — career annual rate employees assigned to established rural routes on the basis of triweekly, 5, 5 1/2, or 6 days in a service week.

(2) *Rural carrier associates* (RCAs) (hired on or after 04/11/87); *rural carrier reliefs* (hired between 7/21/81 and 11/12/86); or *substitute rural carriers* (hired prior to 7/21/81) — noncareer employees with an indefinite appointment are assigned as leave replacements on one to three established rural routes during the absence of the regular rural carriers. RCAs or substitute rural carriers also may be temporarily assigned (a) to vacant rural routes pending the selection of regular rural carriers, (b) to routes for which the regular carrier is on extended leave, (c) to auxiliary routes as auxiliary rural carriers, or (d) as auxiliary assistants.

(3) *Auxiliary rural carriers* (hired prior to 1981) — employees who serve auxiliary rural routes (those not designated as regular rural routes). Normally, such positions are filled by the temporary

assignment of substitute rural carriers or rural carrier associates, or by rural carrier relief employees. However, if these are not available, qualified noncareer hourly rate employees may be appointed for a limited term.

432.112 **Nonbargaining Unit Employees**

Nonbargaining unit employees are categorized as follows:

a. *Full-time salaried* — one of the following categories of salaried employees employed according to procedures established by the Postal Service:

(1) *Exempt salaried* — career employees who are exempt from the FLSA provisions, are not limited to working a specified number of hours in a service week, and are expected to work or have excused leave for at least 40 hours per week fulfilling the responsibilities of their positions.

(2) *Special Exempt* — career employees who are exempt from the Fair Labor Standards Act (FLSA) provisions, whose permanent assignments are to Executive and Administrative Schedule (EAS)-15 through -18 positions, and who directly supervise two or more equivalent bargaining unit employees in production operations.

(3) *Nonexempt salaried* — career employees who are not exempt from (i.e., are covered by) FLSA provisions and are assigned to work schedules consisting of five 8-hour days in a service week.

b. *Part-time salaried* — career hourly rate employees assigned to regular work schedules of less than 40 hours in a service week.

432.12 Supplemental Work Force

All employees in the supplemental work force are nonbargaining unit employees and are categorized as follows:

a. *Casual employees* — noncareer employees with limited term appointments used as a supplemental work force, as described in the applicable national agreements or in other Postal Service collective bargaining agreements, who perform duties assigned to bargaining unit positions.

b. *Temporary employees* — noncareer employees with a limited term appointment up to but not to exceed 1 year who perform duties that are assigned to nonbargaining unit positions.

c. *Leave replacements* — noncareer hourly rate employees with unlimited term appointments who are employed as relief or leave replacements during the absence of postmasters.

d. *Temporary relief carriers* — noncareer employees with limited term appointments who provide service as rural carrier leave replacements on regular or auxiliary routes or provide auxiliary assistance on regular routes.

432.13 Transitional Work Force

Employees in the transitional work force are noncareer bargaining unit employees categorized as transitional employees (TEs) and utilized in accordance with the terms of their respective collective bargaining

agreements. They are hourly rate employees hired for terms designated in the appropriate national bargaining agreement.

432.2 Rates of Pay

432.21 Basic Rate

The basic rate is the amount of annual, daily, or hourly salary provided by the applicable salary schedule for an employee's assigned position — excluding TCOLA, overtime, EAS additional pay, out-of-schedule premium, Sunday premium, holiday-worked pay, and night differential. Basic daily and hourly rates are determined by dividing the basic annual rate (BAR) as shown in the table below (see also 432.23).

a. Basic annual rate (BAR).

b. Basic daily rate:

Type Schedule	Calculation
1. FLSA-exempt Postmasters	BAR/260
2. Regular rural carriers	
a. On H or M route (6-day work week)	BAR/312
b. On J route (5 1/2-day work week)	BAR/286
c. On K route (5-day work week)	BAR/260
3. Substitute rural carriers	
a. On H or M route	BAR/302
b. On J route	BAR/276
c. On K route	BAR/250

c. Basic hourly rate:

Type Schedule	Calculation
1. Full-time and part-time regular employees	BAR/2080
2. Part-time flexible and transitional employee	
a. For calculation of straight time pay, night differential, and Christmas-worked only	BAR/2000
b. For calculation of overtime, EAS additional pay, and all other premiums	BAR/2080

432.22 Regular Rate

The regular rate is defined by the Fair Labor Standards Act (see 443.21).

432.23 Rounding of Rates

In computing individual earnings, the daily or hourly rate is calculated from the annual rate to four decimal places. The fourth place is rounded up to the next higher figure if the fifth place is 5 or more. Total earnings are rounded to the nearest cent, counting one-half or more as a whole cent and dropping less than one-half cent.

432.3 Work Schedules and Overtime Limits

432.31 Basic Work Week

The basic workweek for full-time bargaining unit employees is defined in the applicable labor agreements. Postmasters and exempt employees are

assigned as needed. Otherwise, the basic full-time workweek consists of 5 regularly scheduled 8-hour days within a service week.

Note: The daily 8-hour schedule may not extend over more than 10 consecutive hours.

432.32 Maximum Hours Allowed

Except as designated in labor agreements for bargaining unit employees or in emergency situations as determined by the postmaster general (or designee), employees may not be required to work more than 12 hours in 1 service day. In addition, the total hours of daily service, including scheduled workhours, overtime, and mealtime, may not be extended over a period longer than 12 consecutive hours. Postmasters and exempt employees are excluded from these provisions.

432.33 Mealtime

Except in emergency situations or where service conditions preclude compliance, no employee may be required to work more than 6 continuous hours without a meal or rest period of at least 1/2 hour.

432.34 Postmasters

A full-time postmaster is scheduled to work a 40-hour workweek. Normally, this regular work schedule is set at 8 hours a day and 5 days a week, Monday through Friday. When a nonexempt postmaster is required to work on the sixth day because relief is not available, premium pay at 150 percent of the postmaster's basic salary is paid for this time. Equivalent time off from work is not authorized to avoid the payment of this premium. Thus, either nonbargaining rescheduling premium or the better of postal or FLSA overtime, as appropriate, is paid.

432.4 Service Periods

432.41 Pay Period

A pay period begins on Saturday and ends on Friday. Each pay period comprises 2 service weeks.

432.42 Service Week

A service week is the calendar week beginning at 12:01 A.M. Saturday and ending at 12:00 midnight the following Friday. This service week remains fixed regardless of the schedule of hours worked by individual employees.

432.43 Service Day

The service day is a calendar day, 12:01 A.M. to 12 midnight. An employee's service day depends on his or her schedule, as follows:

a. *Full-time Employees.* For a full-time employee whose regular schedule begins at 8:00 P.M. or later, the service day is the next calendar day, and all workhours (including preshift workhours), as well as leave hours, are recorded on that calendar day. If the employee's regular schedule begins prior to 8:00 P.M., the service day is the calendar day on which the schedule begins, and all work and leave hours are recorded on that calendar day.

b. *Part-time Employees.* For all part-time employees who begin work or leave at 8:00 P.M. or later, the service day is the next calendar day and all hours are recorded on that calendar day. If such employees begin work or leave prior to 8:00 P.M., the service day is the calendar day on which they begin work or leave, and all hours are recorded on that calendar day.

c. *Casual and Temporary Employees.* For casual and temporary employees who begin work at 8:00 P.M. or later, the service day is the next calendar day and all hours are recorded on that calendar day. If such employees begin work prior to 8:00 P.M., the service day is the calendar day on which they begin work, and all hours are recorded on that calendar day.

432.44 FLSA Workweek

See 443.23.

432.45 Work Assignments

In order to comply with the postal policy of basing pay on hours worked in a service day, managers must assign the workhours of employees in such a manner that (a) employees do not perform continuous work that is reported in 2 different service days and (b) any scheduling changes cannot be construed as an intent to evade the payment of overtime under the provisions of the FLSA (see 443.231).

432.46 Five-Minute Leeway Rule

432.461 Explanation

Although each employee at installations with time recording devices is required to clock in and clock out on time, congestion at time clocks or other conditions can sometimes cause clock time to vary slightly from the established work schedule. Therefore, a deviation may be allowed from the scheduled time for each clock ring up to 0.08 hour (5 minutes). However, the sum of the deviations for the scheduled tour must not exceed 0.08 hour (5 minutes).

432.462 Applicability

This 5-minute leeway rule applies only to full-time and part-time regular schedule employees. Part-time flexible, casual, transitional, and temporary employees are allowed the 5-minute privilege for clocking purposes, subject to ELM 432.464b, but are paid on the basis of their actual clock rings.

The *5-minute leeway rule* applies only to the scheduled tour of duty. If an employee works in an overtime status that is contiguous with the scheduled tour, the *5-minute leeway rule* does not apply to any clock rings for the entire tour. Employees in this situation are paid for their actual clock time (unless the time is disallowed as described in 432.711). However, the *5-minute leeway rule* does apply to temporary schedules including any out-of-schedule overtime hours outside of and instead of the employee's regular schedule.

432.463 Adjustment

After extending clock rings, if (in the case of a full-time regular schedule employee) the clock ring totals for the tour are between 7.92 and 8.08 hours,

the time should be adjusted to 8.00 hours. If a part-time regular schedule employee's clock time is between 0.08 hours less than or greater than his or her established schedule, then the time should be adjusted to the employee's scheduled tour.

432.464 **Special Cases**

The *5-minute leeway rule* for night differential and Sunday premium hours is peculiar and requires special attention:

a. In the case of night differential, eligible employees are to be paid night differential for the exact amount of time they work between 6:00 P.M. and 6:00 A.M. However, in no case can the total night differential hours for bargaining unit employees exceed the total hours for the tour. If the only reason that part of an employee's clock time falls between 6:00 P.M. and 6:00 A.M. is that the employee clocked in 0.08 hour or less before 6:00 A.M. or clocked out 0.08 hour or less after 6:00 P.M., then the employee is not eligible to be paid night differential.

b. Eligible bargaining unit employees receive Sunday premium for all hours worked during a scheduled tour any part of which falls on Sunday. The amount of Sunday premium cannot exceed the hours worked, nor can it exceed 8.00 hours per tour. If the only reason that part of an employee's clock time falls on Sunday is that the employee clocked in 0.08 hour or less before the scheduled tour started or 0.08 hour or less after the scheduled tour ended, then the employee is not eligible for any Sunday premium.

432.465 **Exception**

On some occasions, an employee may have a combination of work and paid leave. In such cases, the 5-minute leeway rule does not apply, and the employee is credited with the actual hours worked. The balance of the employee's scheduled tour is charged to sufficient leave to give the employee credit for the total scheduled tour.

432.5 Work Credit

432.51 FLSA-Exempt Postmasters

Time for FLSA-exempt postmasters is credited in units of whole days, except for absences covered by the Family and Medical Leave Act (FMLA) or for the purpose of terminal leave payments or leave payments immediately preceding a period of LWOP.

Note: FLSA-exempt postmasters are those who supervise at least two full-time equivalent employees.

432.52 Full-time and Part-time Employees

These employees are credited as follows:

a. Full-time employees who are credited (work or paid leave) for all scheduled service in a pay period are paid on the basis of 80 hours.

b. Part-time employees who are credited (work or paid leave) for all scheduled service in a pay period are paid on the basis of the hours of scheduled service.

c. Employees who perform only part of the scheduled work in a pay period and do not have leave credits to cover the balance of the scheduled work are paid for time actually worked.

432.53 City Letter Carriers (7:01 Rule)

A city letter carrier who actually works more than 7 hours but less than 8 hours of a regular scheduled day and who is officially excused from the completion of the 8-hour tour is credited with 8 hours of work time for pay purposes. This is known as the *7:01 rule* (see 443.212).

432.54 Rural Carriers

See 444.

432.6 Guaranteed Time

432.61 Explanation

Guaranteed time is paid time that is not worked under the guaranteed provisions of collective bargaining agreements for periods when an employee has been released by the supervisor and has clocked out prior to the end of a guaranteed period. For example, most full-time regular employees in the bargaining units are guaranteed 8 hours of work (or pay in lieu) if they are called in on their nonscheduled day to work. If such an employee works 6 hours and is then told by the supervisor to clock out because of lack of work, the remaining 2 hours of the employee's 8-hour guaranteed is recorded as *guaranteed time*. It is not possible for an employee to earn *guaranteed time* as long as he or she is on the clock.

432.62 Eligibility

Exhibit 432.62 indicates by rate schedule code and employee classifications those persons other than TEs who are eligible to receive pay for *guaranteed time*. TEs receive guaranteed time according to their union's collective bargaining agreement. If an employee is eligible for more than one time guaranteed, the guaranteed for the highest number of hours applies. For example, if an employee is eligible for either 2 or 4 hours of guaranteed pay, the 4-hour guaranteed applies. Employees are not eligible for guaranteed time while temporarily assigned to nonbargaining positions.

Exhibit 432.62
Guaranteed Time Pay Eligibility Table

Rate Schedule	Employee Classification			
	Full-time Regular	Part-time Regular	Part-time Flexible	Casual, * Temporary, and PM Relief
B — Rural Auxiliary	–	–	Yes[4]	No
C — MESC	Yes[1,3]	Yes[1,5]	Yes[4,5]	–
E — EAS	No	No	–	–
F — Postmasters (A–E)	–	No	–	No
G — Nurses	Yes[1,3]	–	No	–
K — HQ Op. Services	Yes[1,2]	–	–	–
L — Postmaster Replacement	–	–	–	No

Rate Schedule	Employee Classification			
	Full-time Regular	Part-time Regular	Part-time Flexible	Casual, * Temporary, and PM Relief
M — Mail Handlers	Yes[1,3]	Yes[1,5]	Yes[4,5]	–
N — Data Center	Yes[1,2]	–	Yes[2,4]	–
P — PS	Yes[1,3]	Yes[1,5]	Yes[4,5]	–
Q — City Carriers	Yes[1,3]	Yes[1,5]	Yes[4,5]	–
R — Rural Carriers	Yes[6]	–	Yes[6]	–
S — PCES	No	–	–	–
T — Tool and Die	Yes[1,3]	–	Yes[2,4]	–
Y — Postal Police	Yes[1,2]	–	Yes[2,4]	–

* *Casual employees are covered in RS-E regardless of the bargaining unit they supplement.*

1. *Guaranteed 4 hours work or pay in lieu of when called in outside of the regular work schedule. Does not apply to an employee who continues working into or from a regular scheduled shift.*
2. *Guaranteed 4 hours work or pay in lieu of when called in to work on a nonscheduled day or, if a part-time flexible employee, when requested to work.*
3. *Guaranteed 8 hours work or pay in lieu of when called in to work on a nonscheduled day.*
4. *Guaranteed 4 hours work or pay in lieu of when called back to work on a day when the day's assignment has been completed and the employee has clocked out. This applies to part-time flexible employees in any size office.*
5. *Guaranteed 4 hours work or pay in lieu of if requested or scheduled to work at installations with 200 or more workyears of employment or 2 hours of work or pay in lieu thereof if requested or scheduled to work at installations with less than 200 workyears of employment.*
6. *Guaranteed 2 hours of work or pay in lieu of if scheduled and reports for work.*

432.63 Pay Computation

As a general principle, when employees are told to *clock out* by management prior to the end of the guaranteed period, the employees are compensated for the hours of the guaranteed period at the rate of pay they would have received had they actually worked the hours. There are, however, conditions under which employees are not compensated for the remaining hours of the guaranteed period. Generally, this occurs when an employee requests to leave the postal premises because of an illness or for personal reasons or leaves without proper authorization.

Note: The *5-minute leeway rule* does not apply to any clock rings for an employee entering a *guaranteed time* status. The employee is credited with the time reflected by his or her clock rings.

432.7 Time Worked

See 443.22.

432.71 Control

Supervisors should ensure that employees do not remain on the clock unless they are specifically authorized to do so. Where employees continue to work contrary to instructions from a supervisor to clock out, the corrective action must be a procedure other than not compensating the employees for work performed.

432.711 **Disallowed Time**

If an employee's clock rings exceed 8.08 hours and the employee was not engaged in work or work-related activities while in the time-over-8 status, supervisors are to disallow the time on the clock that was not worked. In such a case the supervisor should prepare a written entry on PS Form 1017-A, *Time Disallowance Record,* as to the factual basis for his or her knowledge that the employee was not working during the period of time disallowed. Examples of time that may be properly disallowed include, but are not limited to:

a. *Wash-up time* — time spent by employees changing clothes and/or washing up after their tour ends that exceeds the time allotted for such purposes in applicable collective bargaining agreements.

b. *Waiting time* — time spent by employees while waiting to start work at the beginning of a tour when they have not been instructed or otherwise required to wait.

c. *Personal time* — time spent by employees, before their tour begins or after their tour ends, attending to personal matters.

d. *Mealtime* — time spent by employees "on the clock" during a designated meal period, provided, of course, that the employee was completely relieved of all duties and responsibilities and performed no work during this period.

432.712 **Allowed Time**

Supervisors must credit employees with all time designated as worktime under the Fair Labor Standards Act. Examples of time that must be credited as worktime if the supervisor knows or has reason to believe the activities are being performed during the time, include:

a. Time spent by employees in performing duties that are part of, or related to, the employees' principal work activity, such as pulling mail from a distribution case, collecting tools or supplies, and adjusting rest bars.

b. Time spent continuing to work after a tour ends in order to correct an error, to prepare records, or to finish up a task.

c. Time spent working during meal periods.

d. Time spent distributing work to work stations.

432.72 Medical Release Time

When an employee is released from work and directed by management to an on- or off-site health services unit due to illness or injury, all time spent waiting for and/or receiving medical attention on the service day on which the illness or injury occurs and that would have been worked but for the medical attention, including all time that the employee otherwise would have been directed to work that day beyond his or her regularly scheduled tour, is included and credited as work time.

432.8 Compensation Due Deceased Employee

432.81 Definition

Unpaid compensation is applicable pay and allowances due a deceased postal employee for the performance of services. It includes, but is not limited to:

a. Amounts of checks for pay and allowances that were not delivered by the Postal Service to the employee during the employee's lifetime.

b. Amounts of uncashed checks for pay and allowances returned to the Postal Service because of the employee's death.

c. Payment for the balance of a tour and scheduled overtime for the day on which the employee has reported; or if death occurs on a service day prior to reporting to work, for the entire tour when the day is part of the employee's normal work schedule (excluding full tours of scheduled overtime).

d. Payment for accumulated annual leave and for unused annual (current) leave actually earned during the year of death. Payment for the leave is equal to the pay the deceased employee would have received had the employee lived and remained in the Postal Service until the end of the period of annual leave.

e. Payment for sick leave in accordance with 513.83.

f. Bond balance refund of payroll deductions for U.S. Savings Bonds.

g. Amounts due for payment of cash awards for employee's suggestions.

h. Allowances on change of official station.

i. Amounts due for the performance of official travel.

432.82 Recipient of Unpaid Compensation or Money Due

432.821 Order

Payment of unpaid compensation is made in the *following order of precedence* (payment bars recovery by another person of the amounts so paid):

a. *First* — to the beneficiary or beneficiaries designated on Standard Form 1152, *Designation of Beneficiary — Unpaid Compensation of Deceased Civilian Employee,* or otherwise by the employee in writing received in the Postal Service before the employee's death.

b. *Second* — if there is no designated beneficiary, to the employee's widow(er).

c. *Third* — to the employee's child(ren) and to the descendants of deceased children by representation.

d. *Fourth* — to the parents in equal shares or the entire amount to the surviving parent.

e. *Fifth* — to the duly appointed executor or administrator of the state.

f. *Sixth* — to the person(s) entitled under the laws of the state in which the employee was domiciled at the time of death.

432.822 **Missing Beneficiaries**

Procedures when beneficiaries are missing are as follows:

a. *First Beneficiary Does Not Claim.* When the person(s) otherwise entitled to payment has/have not submitted a claim and cannot be located within 2 years after the death of the employee, payment is made to the person(s) in the same class of entitlement, or, in the absence of anyone on the same class, then to the person(s) next in order of precedence as described in 432.821.

b. *Postal Service Decision.* If, within 2 years after the employee's death, a claim for unpaid compensation is not filed by a person entitled under the order of precedence, and neither the employee's installation nor the accounting service center has received notice that such a claim will be filed, payment may be made to the claimant who in the judgment of the Postal Service is equitably entitled to it. Payment made pursuant to this paragraph bars recovery by another person.

433 Straight Time Pay

433.1 Definition

Straight time pay is the total earnings of an employee for hours of work or authorized paid leave in a service week excluding overtime, EAS additional pay, and other premium pay.

433.2 Full-time Employees

As straight time pay for a full pay period, a full-time employee is paid an amount equal to his or her basic hourly rate times 80 hours.

433.3 Part-time Employees

As straight time pay for a full pay period, part-time employees are paid an amount equal to their basic hourly rate times the number of hours of service and leave for which they have credit in the pay period.

433.4 Casual and Temporary Employees

As straight time pay for the pay period, casual and temporary employees are paid on an hourly basis for hours worked.

433.5 Reemployed Annuitant

An annuitant is any former federal or postal employee who is receiving a retirement annuity from the federal government. Annuitant services may be obtained under contract: see *Purchasing Manual* 1.6.14, 4.5.3, and 4.5.4. Otherwise, the annuitant may be employed or reemployed, subject to the following conditions:

a. The employee's salary is established according to the appropriate pay rules for the assigned salary schedule and grade.

b. The employee's salary is subject to any deductions required by federal law to offset the amount of the employee's annuity.

433.6 EAS A–E Postmasters

The straight time pay received by an A–E postmaster for any FLSA workweek is equal to his or her basic hourly rate times the number of service hours designated for his or her office, plus authorized extra duty to attend meetings, fill in at another office, etc., regardless of the hours actually worked during the week, provided both of the following requirements are met:

a. The Postmaster's FLSA regular rate for the week, i.e., straight time pay for the week divided by total hours actually worked in the week (see 443.21), is not less than the FLSA minimum wage.

b. The postmaster is paid FLSA overtime at the higher of the FLSA minimum wage or the FLSA regular hourly rate for each hour worked in excess of 40 hours worked during the week.

434 Overtime and Premium Pay

434.1 Overtime

434.11 General

In emergencies or as the needs of the service require, the postmaster or installation head may require employees to perform work that is in excess of 8 paid hours in a day or 40 paid hours in a week.

a. The overtime limits in 432.32 may not be exceeded.

b. See 434.13 and 434.14 for the types of compensation for excess hours and eligibility to receive compensation.

434.12 Definitions

Definitions relevant to overtime are as follows:

a. *Exempt employees* — employees who are serving in positions that are exempt from and are not covered by the overtime provisions of FLSA because they are paid on a salary basis and are administrative, professional, or executive personnel (see 443.3). These include all employees occupying positions that are classified exempt as indicated in the Organization Management (OM) system position directory.

b. *Nonexempt employees* — employees who serve in positions that are covered by the overtime provisions of FLSA (see 443.1), namely all those positions that are not classified as exempt in 434.12a. This includes employees serving in nonexempt positions whose rate retention is based on an exempt position.

c. *Paid hours* — hours actually worked plus paid time off, as defined below:

(1) *Hours actually worked* — a time that management suffers or permits an employee to work. The hours actually worked include compensable travel and training time, standby time, or other time on duty. They do not include paid time off as defined below (see also 443.22).

(2) *Paid time off* — paid hours of annual leave, sick leave, holiday leave, court leave, military leave, guaranteed time (not worked),

and all other paid hours, including personal absences where no work is performed for the Postal Service.

Note: These hours are excluded from the determination of FLSA overtime.

434.13 Types of Compensation

434.131 Postal Overtime

Postal overtime is compensation paid pursuant to Postal Service regulations and in accordance with applicable provisions of the collective bargaining agreements to eligible personnel at 150 percent of each employee's basic hourly rate for actual work hours in excess of 8 paid hours in a day, 40 paid hours in a service week or, if a full-time bargaining unit employee, on a nonscheduled day.

434.132 FLSA Overtime

FLSA overtime is compensation paid in accordance with the FLSA overtime requirement described in 443.

434.133 Penalty Overtime

Penalty overtime is compensation paid pursuant to Postal Service regulations to eligible personnel at two times the employee's basic hourly straight-time rate for hours described in applicable labor agreements.

434.134 FLSA Exempt EAS Additional Pay

FLSA-exempt EAS additional pay is compensation directed by Postal Service regulations to be paid to eligible FLSA-exempt employees and is calculated by dividing the annual salary by 2080 and applying this rate to each eligible hour worked.

434.14 Eligibility and Coverage

434.141 Eligible for Overtime Pay

Exhibit 434.141a identifies employees who are eligible for postal overtime.

Exhibit 434.141b identifies employees who are eligible for FLSA overtime.

Exhibit 434.141c identifies employees eligible for penalty overtime.

Exhibit 434.141a
Postal Overtime Pay Eligibility Table

Rate Schedule	Employee Classification			
	Full-time Regular	**Part-time Regular**	**Part-time Flexible**	**Casual,* Temporary, and PM Relief**
B — Rural Auxiliary	–	–	No	No
C — MESC	Yes	Yes	Yes	–
E — EAS	Yes[2,3]	Yes[2,3]	–	No
F — Postmasters (A–E)	–	Yes[3]	–	No
G — Nurses	Yes	–	Yes	No
K — HQ Op. Services	Yes	–	–	–
L — Postmaster Replacement	–	–	–	No
M — Mail Handlers	Yes	Yes	Yes	–
N — Data Center	Yes[1]	–	Yes[1]	–
P — PS	Yes	Yes	Yes	–
Q — City Carriers	Yes	Yes	Yes	–
R — Rural Carriers	Yes[4]	–	Yes[4]	–
S — PCES	No	–	–	–
T — Tool and Die	Yes	–	Yes	–
Y — Postal Police	Yes	–	Yes	–

* *Casual employees are covered in RS-E regardless of the bargaining unit they supplement.*

1. *Grades 18 and below only.*
2. *FLSA-nonexempt employees are eligible when required to work on their scheduled days off and have more than 40* paid *hours for the week. Straight-time pay is received for paid leave and hours actually worked until they are eligible for overtime. During the designated Christmas period, FLSA-exempt employees in EAS-23 and below are eligible for additional pay provided they supervise bargaining unit employees in Mail Processing or Delivery Service functions.*
3. *Postmasters and officers in charge are not eligible, except in two cases:*
   a. *Those who are full-time and nonexempt are eligible for postal overtime when they work a sixth day (see 432.34).*
   b. *A–E postmasters are eligible for postal overtime for actual work hours in excess of 40 paid hours in a service week.*
4. *See special provisions in Rural Carrier contract.*

Exhibit 434.141b
FLSA Overtime Pay Eligibility Table

Rate Schedule	Employee Classification			
	Full-time Regular	Part-time Regular	Part-time Flexible	Casual,* Temporary, and PM Relief
B — Rural Auxiliary	–	–	Yes	Yes
C — MESC	Yes	Yes	Yes	–
E — EAS	Yes[2]	Yes[2]	–	Yes[1]
F — Postmasters (A–E)	–	Yes	–	Yes
G — Nurses	Yes	–	Yes	Yes
K — HQ Op. Services	Yes	–	–	–
L — Postmaster Replacement	–	–	–	Yes
M — Mail Handlers	Yes	Yes	Yes	–
N — Data Center	Yes	–	Yes	–
P — PS	Yes	Yes	Yes	–
Q — City Carriers	Yes	Yes	Yes	–
R — Rural Carriers	Yes[2]	–	Yes	–
S — PCES	No	–	–	–
T — Tool and Die	Yes	–	Yes	–
Y — Postal Police	Yes	–	Yes	–

* *Casual employees are covered in RSC E regardless of the bargaining unit they supplement.*

1. *FLSA-nonexempt employees only.*
2. *See 444 and special provisions in the Rural Carrier contract.*

Exhibit 434.141c
Penalty Overtime Pay Eligibility Table

Rate Schedule	Employee Classification			
	Full-time Regular	Part-time Regular	Part-time Flexible	Casual,* Temporary, and PM Relief
B — Rural Auxiliary	–	–	No	No
C — MESC	Yes	Yes	Yes	–
E — EAS	No	No	–	No
F — Postmasters (A–E)	–	No	–	No
G — Nurses	No	–	No	No
K — HQ Op. Services	No	–	–	–
M — Mail Handlers	No	No	No	–
N — Data Center	Yes	–	Yes	–
P — PS	Yes	Yes	Yes	–
Q — City Carriers	Yes	Yes	Yes	–
R — Rural Carriers	No	–	No	–
S — PCES	No	–	–	–
T — Tool and Die	No	–	No	–
Y — Postal Police	No	–	No	–

* *Casual employees are covered in RS-E regardless of the bargaining unit they supplement.*

When an employee is eligible for more than one type of overtime during a service week:

a. First, penalty overtime is paid for any qualifying hours;

b. Next, postal overtime is then paid for qualifying hours that are not paid as penalty overtime and;

c. Then, a calculation is made to ensure that at least 150 percent of the employee's regular hourly rate is paid for all hours worked in excess of 40 at the regular hourly rate in the employee's FLSA workweek.

434.142 **Assignment of FLSA-Exempt and Nonexempt Work**

An FLSA-exempt employee may perform exempt and nonexempt work during a workweek without affecting the employee's exempt status, provided that the employee's primary duty, as defined under the FLSA (29 CFR 541 Subpart H), is exempt work.

The amount of time spent performing exempt work is a factor, but not necessarily the determinative factor, in deciding the FLSA classification of an employee. When an exempt employee is regularly assigned to perform nonexempt work for more than 50 percent of his or her workweek, the manager should inform the district Human Resources manager. Human Resources will contact the vice president of Employee Resource Management to request an FLSA status assessment.

434.143 **Eligible for FLSA-Exempt EAS Additional Pay**

FLSA special exempt employees in EAS-18 positions and below are eligible for EAS additional pay if authorized to work over 8.5 hours on a scheduled day or any hours on a nonscheduled day, even while on a temporary assignment such as to an OIC position. When authorized work exceeds 8.5 hours on a scheduled day, EAS additional pay is received for the first half hour as well as for the authorized work over 8.5 hours. Regular FLSA-exempt employees in EAS-23 positions and below positions except postmasters and officers-in-charge are eligible during the designated Christmas period provided they are authorized to work over 8.5 hours on a scheduled day or any hours on a nonscheduled day and the additional hours are spent directly supervising bargaining unit employees in mail processing or delivery functions.

434.2 Night Differential

434.21 Policy

Night differential is a premium that is paid to eligible employees for all work and paid training or travel time performed between 6:00 P.M. and 6:00 A.M. The following applies:

a. Night differential is paid in addition to any other premiums earned by the employee (see 434.8).

b. In no case can the total night differential hours exceed the total hours for the tour.

c. Night differential does not apply if time between 6:00 P.M. and 6:00 A.M. is due only to late clocking out or early clocking in (see 432.464).

434.22 Eligibility

434.221 Eligibility for Night Differential

Exhibit 434.2 shows the employees who are eligible to receive night differential.

Eligible employees who are regularly assigned to a night tour of duty are entitled to receive an equivalent amount of night differential when:

a. Rescheduled to day work to participate in compensable training.

b. On court leave.

c. On military leave.

d. In a continuation of pay (COP) status.

e. Rescheduled to day work due to a compensable liability in lieu of placement in a COP status.

f. On administrative leave (bargaining unit employees only).

Exhibit 434.2
Night Differential Pay Eligibility Table

Rate Schedule	Employee Classification			
	Full-time Regular	**Part-time Regular**	**Part-time Flexible**	**Casual,* Temporary, and PM Relief**
B — Rural Auxiliary	–	–	Yes	No
C — MESC	Yes	Yes	Yes	–
E — EAS	Yes[1]	Yes[1]	–	Yes[1]
F — Postmasters (A–E)	–	No	–	No
G — Nurses	Yes	–	No	No
K — HQ Op. Services	Yes	–	–	–
L — Postmaster Replacement	–	–	–	No
M — Mail Handlers	Yes	Yes	Yes	–
N — Data Center	Yes	–	Yes	–
P — PS	Yes	Yes	Yes	–
Q — City Carriers	Yes	Yes	Yes	–
R — Rural Carriers	No	–	No	–
S — PCES	No	–	–	–
T — Tool and Die	Yes	–	Yes	–
Y — Postal Police	Yes	–	Yes	–

* *Casual employees are covered in RS-E regardless of the bargaining unit they supplement.*

1. *Grades 23 and below only, excluding postmasters, officers in charge, postal inspectors, and employees in management development programs. Exempt employees are eligible only when their normal hours fall between 6:00 p.m. and 6:00 a.m. During the designated Christmas period, however, FLSA-exempt employees who are eligible for additional pay are also eligible for night differential during paid overtime hours between 6:00 p.m. and 6:00 a.m. Night differential is not available on administrative leave.*

434.222 Exempt Employees

Eligible exempt employees receive night differential only when part or all of their normal schedule falls within the specified parameters of this premium. Night differential is not payable when service performed is in addition to the normal service day or when the time worked entitles the employee to EAS additional pay. During the designated Christmas period, however, exempt

employees who are eligible for EAS additional pay are also eligible for night differential during paid EAS additional pay hours between 6:00 P.M. and 6:00 A.M.

434.23 Pay Computation

Eligible employees receive a premium, in addition to their salary, for work performed between 6:00 P.M. and 6:00 A.M. Bargaining unit employees receive a fixed dollar amount specified in the applicable bargaining agreement. Nonbargaining employees receive an amount equal to 8 percent of their straight-time hourly rate.

434.3 Sunday Premium

434.31 Policy

Sunday premium is paid to eligible bargaining unit employees for all work and paid training or travel time performed during a scheduled tour that includes any part of a Sunday. EAS-23 and below nonbargaining employees receive Sunday premium only for time actually worked on Sunday, provided that the time is part of the employee's regular schedule, or the time is eligible for FLSA-exempt additional pay (see Exhibit 434.3). Note that:

a. An employee entitled to Sunday premium may also be entitled to other premiums for the same tour (see 434.8).

b. Bargaining unit employees may not be credited with Sunday premium in excess of the hours worked per tour, of 8.00 hours per tour, or of 16 hours per service week.

c. Sunday premium does not apply if Sunday time is due only to late clocking out or early clocking in (see 432.462 and 432.464b), to a temporary schedule change at the employee's request, or to a temporary schedule initiated by management if the employee receives out-of-schedule premium or nonbargaining rescheduling for the Sunday time.

434.32 Eligibility

Exhibit 434.3 describes those employees who are eligible to receive Sunday premium. It is important to note that only those employees who have been *scheduled* to work on a Sunday are eligible to receive the premium. If the employee has not been scheduled, then he or she is not eligible for Sunday premium unless the time worked is eligible for FLSA-exempt additional pay.

Exhibit 434.3
Sunday Premium Pay Eligibility Table

Rate Schedule (RSC)	Employee Classification			
	Full-time Regular	Part-time Regular	Part-time Flexible	Casual,[1] Temporary, and PM Relief
B — Rural Auxiliary (RAUX)	–	–	No	No
C — Mail Equipment Shops/Material Distribution Center (MESC-1) CB — Mail Equipment Shops/Material Distribution Center (MESC-2)	Yes	Yes	Yes	–
E — Executive and Administrative (EAS)	Yes[2]	Yes[2]	–	No
F — Postmasters (A–E)	–	No	–	No
G — Postal Nurses (PNS)	Yes	–	Yes	No
K — HQ Operating Services (OSD)	Yes	–	–	–
L — Postmaster Replacement (PMR)	–	–	–	No
M — Mail Handlers (MH)	Yes	Yes	Yes	–
N — Information Technology/Accounting Service Centers (IT/ASC)	Yes	–	Yes	–
P — Postal Service (PS-1) PB — Postal Service (PS-2)	Yes	Yes	Yes	–
Q — City Carriers (CC)	Yes	Yes	Yes	–
R — Rural Carriers (RC)	No	–	No	–
S — Postal Career Executive Service (PCES)	No	–	–	–
T — Tool and Die Shop (TDS)	No	–	No	–
Y — Postal Police Officers (PPO)	Yes	–	Yes	–

1. *Casual employees are covered in RSC-E (salary table E6) regardless of the bargaining unit they supplement.*
2. *Grades 23 and below only, excluding postmasters, officers in charge, postal inspectors, and employees in management developmental programs.*

434.33 Leave

If an employee is on leave for any part of the tour, he or she is not entitled to Sunday premium for the leave hours.

The exception is that Sunday premium will be continued while an eligible employee is in continuation of pay (COP) status, or is on military or court leave. An eligible employee also continues to receive the Sunday premium when the employee is rescheduled due to compensable disability in lieu of placement into COP status.

434.34 Pay Computation

Eligible employees receive Sunday premium, in addition to their basic salary, equal to 25 percent of their hourly straight time rate for each hour of work up to 8.00 hours, or in the case of nonbargaining employees, for each hour of work eligible for FLSA-exempt additional pay.

Note: Hours worked in excess of 8.00 paid hours on a Sunday by bargaining unit employees are paid as overtime pay, as provided in ELM 434.13.

434.4 Holiday Leave Pay

434.41 Policy

434.411 Holidays Observed

Provisions for holiday observance are as follows:

a. The following 10 days are observed as holidays:

(1) New Year's Day.

(2) Martin Luther King Jr.'s Birthday.

(3) Washington's Birthday (Presidents' Day).

(4) Memorial Day.

(5) Independence Day.

(6) Labor Day.

(7) Columbus Day.

(8) Veterans' Day.

(9) Thanksgiving Day.

(10) Christmas Day.

b. Variations in schedule for holiday observance are as follows:

(1) If a holiday falls on an eligible employee's regular scheduled workday, including Saturday or Sunday, the employee observes the holiday on that day.

(2) If a holiday falls on an eligible employee's scheduled nonworkday, the first scheduled day preceding the holiday is designated as the employee's holiday except as provided in 434.411b3 and 434.421.

(3) If a holiday falls on a Sunday that is a nonscheduled workday for an eligible employee, Monday is designated as the employee's holiday. However, if Monday is also a nonscheduled workday, then Saturday is designated as the employee's holiday. For postal police officers, see the USPS-PPO Agreement.

(4) For all full-time postmasters, if a holiday falls on a Saturday that is a nonscheduled workday, the preceding Friday is designated as the postmaster's holiday. Additional workhour allowances are authorized for those Post Offices without a senior supervisor to provide relief coverage during the postmaster's absence on holiday leave, where necessary.

434.412 Application

On these holidays, eligible employees receive holiday leave pay for the number of hours equal to their regular daily work schedule, not to exceed 8 hours (see 434.421). This holiday pay is instead of other paid leave to which employees might otherwise be entitled on their holiday.

Eligible employees who work their holiday, at their option, may elect to have their annual leave balance credited with up to 8 hours of annual leave in lieu of holiday leave pay (see 434.422). When this option is chosen, the deferred holiday leave pay is subject to all applicable rules for requesting and

scheduling annual leave and is combined with annual leave and counted as annual leave for purposes of annual leave carryover (see 512.32).

Note: Holiday leave pay should not be confused with holiday-worked pay, holiday scheduling premium, or Christmas-worked pay (see 434.5).

434.42 Eligibility

434.421 Eligibility for Holiday Leave Pay

Eligibility is shown by category on the following chart:

Employee Category		Eligible
Full-time		Yes
Part-time regular, including A–E postmasters, regularly scheduled to work	Minimum of 5 days (per service week)	Yes
	Less than 5 days (per service week)	No[1]
Part-time flexible		No[2]
Casual		No
Temporary		No
Transitional		No

1. *Unless the holiday falls on their scheduled workday.*
2. *Holiday pay is included in the hourly rate.*

To receive holiday leave pay, employees must be in a pay status either the last scheduled hour before or the first scheduled hour after the holiday or designated holiday.

However, for an employee on any form of extended LWOP, paid leave for the last scheduled hour before or the first scheduled hour after the holiday or designated holiday is not approved for the purpose of qualifying the employee for holiday pay.

434.422 Eligibility for Annual Leave in Lieu of Holiday Leave Pay

Categories of employees eligible for annual leave in lieu of holiday leave pay are shown on the following chart:

Salary Schedule	Salary Schedule Acronym	Rate Schedule Code (RSC)
Information Technology/Accounting Service Centers	IT/ASC	N
Postal Service Schedules 1 and 2 (salary tables P and P9)	PS-1 PS-2	P PB
Mail Equipment Shops/Material Distribution Center (salary tables C and C9)	MESC-1 MESC-2	C CB
Operating Services Division	OSD	K
Mail Handlers	MH	M
Executive and Administrative Schedule*	EAS	E

* *Applies to FLSA-nonexempt employees. Also applies to EAS-23 and below FLSA-exempt employees who receive additional pay (i.e., special exempt) and also choose to substitute an entire 8 hours of holiday leave pay for annual leave. Excludes EAS postmasters, officers in charge, postal inspectors, and employees in management development programs.*

434.43 Pay Computation for Holiday Leave Pay

Provisions concerning pay computation are as follows:

a. Eligible employees are paid for the holiday at their basic hourly rate for those hours equal to their regular daily working schedule, not to exceed 8 hours. Eligible employees may elect to receive annual leave in lieu of holiday leave pay (see 434.412).

b. Holiday leave pay is in lieu of other paid leave to which an employee might otherwise be entitled on the designated holiday.

c. Holiday leave pay is payable in addition to compensation for hours actually worked on a designated holiday (see 434.5).

d. Eligible full-time and part-time regular employees require no specific authorization to be absent from work on a holiday or a designated holiday, unless scheduled to work.

e. A full-time or part-time regular employee who is scheduled to actually work on a holiday or on a designated holiday, but does not work, is placed in LWOP status and does not receive holiday leave pay, unless the absence is based on an extreme emergency situation and the absence is excused by the employee's supervisor.

f. Holiday leave paid to an employee who is on a COP status should be recorded as holiday leave and is counted as one of the 45 calendar days of COP for OWCP purposes.

g. When a full-time employee has partially overcome a compensable disability and is working a partial schedule under the rehabilitation program, holiday leave is payable up to the number of hours in the partial schedule. The remainder of the holiday leave pay is received from OWCP.

434.5 Holiday-Worked Pay

434.51 Policy

Holiday-worked pay is paid to eligible employees for the hours worked on a recognized holiday or for the hours worked on the employee's designated holiday, except Christmas. (See 434.4 for recognized holidays.)

Christmas-worked pay is paid to eligible employees for the hours worked on Christmas day or the day designated as the employee's Christmas holiday.

434.52 Eligibility

Exhibit 434.52 indicates that employees are eligible to receive holiday-worked pay and Christmas-worked pay.

Part-time flexible employees receive Christmas-worked pay for up to 8 straight-time hours only if they work on December 25 (see 432.21c).

Exhibit 434.52
Holiday-Worked Pay Eligibility Table

Rate Schedule	Employee Classification			
	Full-time Regular	Part-time Regular	Part-time Flexible	Casual,* Temporary, and PM Relief
B — Rural Auxiliary	–	–	No[3]	No[3]
C — MESC	Yes[4]	Yes	No[3]	–
E — EAS	Yes[1,2]	Yes[1,2]	–	No[3]
F — Postmasters (A–E)	–	Yes[2]	–	No[3]
G — Nurses	Yes	–	No[3]	No[3]
K — HQ Op. Services Div.	Yes	–	–	–
L — Postmaster Replacement	–	–	–	No[3]
M — Mail Handlers	Yes[4]	Yes	No[3]	–
N — Data Center	Yes[4]	–	No[3]	–
P — PS	Yes[4]	Yes	No[3]	–
Q — City Carriers	Yes[4]	Yes	No[3]	–
R — Rural Carriers	Yes	–	No[3]	–
S — PCES	No	–	–	–
T — Tool and Die	Yes[4]	–	No[3]	–
Y — Postal Police	Yes[4]	–	No[3]	–

* *Casual employees are covered in RS-E regardless of the bargaining unit they supplement.*

1. *FLSA-nonexempt employees only, including nonexempt postmasters and officers in charge, except some exempt supervisors, may be eligible for "additional pay" for working on a holiday (see 434.143).*
2. *Postmasters, officers in charge, and FLSA-exempt employees are not eligible for Christmas-Worked Pay (see 434.53).*
3. *Hours worked on a holiday are charged to Workhours, except that part-time flexible employees are eligible for Christmas-Worked Pay on December 25 only (See 434.52).*
4. *Under certain conditions, eligible employees may qualify for Holiday Scheduling Premium (See 434.53).*

434.53 Pay Computation

Provisions concerning pay computation are as follows:

a. Eligible employees who are required to work on their holiday or designated holiday are paid (in addition to any pay for holiday leave to which they may be entitled) their basic hourly straight time rate for each hour worked up to 8. Eligible FLSA special exempt employees are paid EAS additional pay for each authorized hour worked on their holiday or designated holiday.

b. Eligible employees, excluding postmasters and officers in charge, who are required to work on Christmas day or their designated Christmas holiday are paid, in addition to authorized holiday leave pay (434.4) and holiday-worked pay, Christmas-worked pay at 50 percent of their basic hourly straight-time rate. Work performed beyond 8 hours is treated as overtime for bargaining unit employees. The Christmas-worked premium is not paid for overtime hours. Also Christmas-worked pay is not authorized during hours of overnight travel on a nonscheduled day (438.133).

c. A holiday scheduling premium equal to 50 percent of the amount paid in 434.53a is paid to eligible employees for time actually worked on a holiday or on the employee's designated holiday (except Christmas) when the holiday schedule is not posted in accordance with national agreements, as follows:

(1) If the schedule is not posted as of Tuesday preceding the service week in which the holiday falls, a full-time regular bargaining unit employee who is required to work on his or her holiday or designated holiday, or who volunteers to work on that day, receives *holiday scheduling premium* for each hour of work, not to exceed 8 hours. This premium is in addition to both holiday leave pay and holiday-worked pay.

(2) In the event that, subsequent to the Tuesday posting period, an emergency situation attributable to Act(s) of God arises that requires the use of manpower on that holiday in excess of that scheduled in the Tuesday posting, full-time regular employees who are required to work or who volunteer to work in this circumstance(s) do not receive *holiday scheduling premium*.

(3) When a full-time regular employee who is scheduled to work on a holiday is unable to or fails to work on the holiday, the supervisor may require another full-time regular employee to work the schedule, and the replacement employee is not eligible for *holiday scheduling premium*.

(4) Employees are not eligible for *holiday scheduling premium* while temporarily assigned to nonbargaining positions.

d. For those eligible employees who receive TCOLA (439.1), Christmas-worked pay and the holiday scheduling premium are paid at 50 percent of the employee's basic rate, plus TCOLA, in those workweeks when FLSA overtime is earned. In those workweeks when FLSA overtime is not earned, these premiums are calculated in accordance with 434.53b or 434.53c.

434.6 Out-of-Schedule Premium

434.61 Policy

434.611 General

Out-of-schedule premium is paid to eligible full-time bargaining unit employees for time worked outside of and instead of their regularly scheduled workday or workweek when employees work on a temporary schedule at the request of management.

434.612 Timely Notice

Payment of out-of-schedule premium is dependent on timely notice being given by management of the temporary schedule change, as follows:

a. If notice of a temporary change is given to an employee by Wednesday of the preceding service week, even if this change is revised later, the employee's time can be limited to the hours of the revised schedule, and out-of-schedule premium is paid for those hours worked outside of and instead of his or her regular schedule.

b. If notice of a temporary schedule change is *not* given to the employee by Wednesday of the preceding service week, the employee is entitled to work his or her regular schedule. Therefore, any hours worked in addition to the employee's regular schedule are not worked "instead of" his or her regular schedule. The additional hours worked are not considered as out-of-schedule premium hours. Instead, they are paid as overtime hours worked in excess of 8 hours per service day or 40 hours per service week.

434.613 **Application**

Out-of-schedule premium hours cannot exceed the unworked portion of the employee's regular schedule. If employees work their full regular schedule, then any additional hours worked are not "instead of" their regular schedule and are not considered as out-of-schedule premium hours.

Any hours worked that result in paid hours in excess of 8 hours per service day or 40 hours per service week are to be recorded as overtime (see 434.1).

434.614 **Examples**

See Exhibit 434.614.

Example: An employee is notified by Wednesday of the preceding service week to work a temporary schedule the following service week from 6:00 a.m. to 2:30 P.M., instead of his or her regular schedule from 8:00 a.m. to 4:30 P.M. The employee is paid 2 hours out-of-schedule premium for the hours worked from 6:00 A.M. to 8:00 A.M. and 6 hours' straight time for the hours worked from 8:00 A.M. to 2:30 P.M. If in this situation the employee continues to work into or beyond the balance of his or her regular schedule (2:30 P.M. to 4:30 P.M.), then he or she is to be paid for hours worked in accordance with Exhibit 434.614.

Example: An employee's regular schedule is Monday through Friday and he or she is given a temporary schedule of Sunday through Thursday. The hours worked on Sunday are out-of-schedule premium hours provided they are worked instead of the employee's regularly scheduled hours on Friday. If, however, the employee also works his or her regular schedule on Friday, then there can be no out-of-schedule premium hours; the hours worked on Sunday would be paid as regular overtime hours worked in excess of 40 in the service week.

Exhibit 434.614
Computing Out-of-Schedule Premium Hours

Hours Worked	Total Work Hours	Out-of-Schedule Premium Hours	Straight Time Hours	Overtime Hours
6:00 AM–2:30 PM	8	2	6	0
6:00 AM–3:30 PM	9	1	7	1
6:00 AM–4:30 PM	10	0	8	2
6:00 AM–5:30 PM	11	0	8	3

434.62 Eligibility

434.621 Eligibility for Out-of-Schedule Premium

Exhibit 434.621 indicates those employees who are eligible to receive out-of-schedule premium while working a qualifying temporary schedule within a bargaining unit or while detailed to a nonbargaining position (see exceptions in 434.622).

Exhibit 434.621
Out-of-Schedule Premium Pay Eligibility Table

Rate Schedule	Employee Classification			
	Full-time Regular	Part-time Regular	Part-time Flexible	Casual,* Temporary and PM Relief
B — Rural Auxiliary	–	–	No	No
C — MESC	Yes	No	No	–
E — EAS	No[2]	No	–	No
F — Postmasters (A–E)	–	No	–	No
G — Nurses	Yes	–	No	No
K — HQ Op. Services Div.	Yes	–	–	–
L — Postmaster Replacement	–	–	–	No
M — Mail Handlers	Yes	No	No	–
N — Data Center	Yes[1]	–	No	–
P — PS	Yes[3]	No	No	–
Q — City Carriers	Yes[3]	No	No	–
R — Rural Carriers	No	–	No	–
S — PCES	No	–	–	–
T — Tool and Die	No	–	No	–
Y — Postal Police	Yes	–	No	–

* *Casual employees are covered in RS-E regardless of the bargaining unit they supplement.*

1. *Grades 18 and below when the change exceeds 1 hour and lasts for more than 1 week.*
2. *See 434.7 for coverage under the Nonbargaining Rescheduling Premium.*
3. *Employees in the clerk-craft are not eligible for out-of-schedule premium when detailed to a nonbargaining position.*

434.622 Exceptions

Eligible employees are not entitled to out-of-schedule premium under the following conditions:

a. When detailed to a postmaster position as officer in charge.

b. When detailed to a rural carrier position.

c. When detailed to an ad hoc position, for which the employee applies and is selected, when the core responsibilities of the position require work on an irregular schedule.

d. When detailed to either a bargaining unit or nonbargaining position in grade 19 and above.

e. When attending a recognized training session that is a planned, prepared, and coordinated program or course.

f. When assigned to light duty according to the provisions of the collective bargaining agreement or as required by the Federal Employee Compensation Act, as amended.

g. When allowed to make up time missed due to tardiness in reporting for duty.

h. When in accord with and permitted by the terms of a bid.

i. When a request for a schedule change is made by the employee for personal reasons and is agreed to by the employee's supervisor and shop steward or other collective bargaining representative.

j. When the collective bargaining agreement that covers the employee states that employees detailed to nonbargaining unit positions are not entitled to out-of-schedule premium.

k. When the assignment is made to accommodate a request for intermittent leave or a reduced work schedule for family care or serious health problem of the employee (see 515.6).

434.63 Pay Computation

Provisions concerning pay computation are as follows:

a. Out-of-schedule premium is paid to eligible personnel in addition to the employee's hourly rate and at 50 percent of the hourly rate for qualifying hours worked up to 8 hours in a service day or 40 hours in a service week.

b. For those eligible employees who receive TCOLA (439.1), this premium is paid at 50 percent of the employee's rate, plus TCOLA, in those workweeks when FLSA overtime is earned. In workweeks when FLSA overtime is not earned, this premium is calculated in accordance with 434.63a.

c. All leave paid to an employee who is in an out-of-schedule status is paid at the employee's straight time rate.

434.7 Nonbargaining Rescheduling Premium

434.71 Policy

Nonbargaining rescheduling premium is paid to eligible nonbargaining unit employees for time actually worked outside of and instead of their regularly scheduled workweek when less than 4 calendar days notice of the schedule change is given. It is not paid beyond the 4th calendar day after the notice of schedule change is given. Neither is it paid when the assignment is made to accommodate an employee's request.

434.72 Eligibility

All nonexempt full-time nonbargaining unit employees grade 18 and below are eligible for nonbargaining rescheduling premium. Full-time nonexempt postmasters and officers in charge, however, are only eligible when their schedule is changed because their relief is not available to work the sixth day (see 432.34).

434.73 Pay Computation

Provisions concerning pay computation are as follows:

a. Nonbargaining rescheduling premium is paid to eligible personnel in addition to the employee's hourly rate and at 50 percent of the hourly rate for all actual workhours up to 8 hours in a service day or 32 hours in a service week.

b. For those employees who receive TCOLA (see 439.1), this premium is paid at 50 percent of the employee's rate, plus TCOLA, in those workweeks when FLSA overtime is earned. In those workweeks when FLSA overtime is not earned, this premium is calculated in accordance with 434.73a.

434.8 Pyramiding of Premiums

See Exhibit 434.8 for a decision table for situations when an employee may be eligible for more than one type of premium pay for the same hour of work.

Exhibit 434.8
Pyramiding of Premiums

If an employee is eligible to receive:	Night differential	Sunday Premium	Overtime	Penalty Overtime	Out-of-Schedule Overtime	Guaranteed Time	Holiday-Worked Pay	Christmas-Worked Pay	Holiday Schedule Premium	Nonbargaining Rescheduling Premium	Continuation of Pay	DC Beeper Time	DC Telephone Time
Night Differential	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No
Sunday Premium	Yes	N/A	No[2]	No	No	Yes	Yes	Yes	No	No	Yes	No	No
Overtime[1]	Yes	No[2]	N/A	No	No	Yes	No	No	No	No	No	No	No
Penalty Overtime	Yes	No	No	N/A	No	Yes	No	No	No	No	No	No	No
Out-of-Schedule Overtime	Yes	No	No	No	N/A	Yes	No	No	No	No	No	No	No
Guaranteed Time	No	No	No	Yes	Yes	N/A	No	No	No	No	No	No	No
Guaranteed Overtime	No	No	No	No	No	N/A	No	No	No	No	No	No	No
Holiday-Worked Pay	Yes	Yes	No	No	No	Yes	N/A	No	Yes	Yes	No	No	No
Christmas-Worked Pay	Yes	Yes	No	No	No	Yes	No	N/A	No	No	No	No	No
Holiday Schedule Premium	Yes	No	No	No	No	Yes	Yes	No	N/A	No	No	No	No
Nonbargaining Rescheduling Premium	Yes	No	No	No	No	No	Yes	No	No	N/A	No	No	No
Continuation of Pay	Yes	Yes	No	No	No	No	No	No	No	No	N/A	No	No
DC Beeper Time	No	No	No	No	No	No	No	No	No	No	No	N/A	N/A
DC Telephone Time	No	No	No	No	No	No	No	No	No	No	No	N/A	N/A

1. *To be paid at the applicable Postal or FLSA overtime rate or EAS additional pay.*
2. *EAS-23 and below nonbargaining employees receive Sunday premium for hours actually worked on Sunday provided the time is part of their regular schedule or the time is eligible for additional pay or overtime pay.*

435 Severance Pay

435.1 Eligibility

Any career Postal Service employee who is involuntarily separated and who has been employed continuously by the Postal Service and/or other federal agency for at least 12 consecutive months (without a break in service of 3 or more consecutive days) immediately prior to the separation is eligible for severance pay, *except* in the following circumstances:

a. The employee is entitled to an immediate retirement annuity.

b. At the time of separation, the employee is offered and declines to accept a position in the Postal Service or in any other federal agency of like seniority, tenure, and pay within the same commuting area.

c. The employee is separated because of entry in the military service.

d. The employee is separated for cause on charges of misconduct, delinquency, or inefficiency.

e. The employee, at the time of separation, is receiving compensation as a beneficiary of the Federal Employees Compensation Act except when receiving this compensation concurrently with postal pay.

435.2 Computing Severance Fund

435.21 Limitation

In no case can the severance pay fund exceed 52 weeks' basic compensation.

435.22 Creditable Service

Creditable service means all service as a paid federal civilian or postal employee and all military service that interrupts a period of paid federal civilian or postal service — excluding any period of federal or postal service for which severance pay has previously been paid.

435.23 Paid Allowances

The employee is credited with 1 week's basic compensation, in effect at the time of separation, for each year of creditable service up to 10 years. The employee is credited with 2 weeks' basic compensation for each year of creditable service in excess of 10 years. Each 3-month period of service that exceeds 1 or more full years of service is computed as 25 percent of a full year.

a. *Employee in Nonpay Status.* In this case, the basic compensation is the basic compensation the employee would have received had he or she been in a pay status at the time of separation.

b. *Part-time Regular Employee.* In this case, determine the basic weekly compensation by multiplying the number of hours in the employee's regular schedule by the employee's hourly rate of compensation.

c. *Part-time Flexible Employee.* In this case (1) divide by 52 the total number of hours — excluding overtime hours but including paid leave hours — that the employee had to his or her credit during the previous 52 weeks to find the average hours worked per week and (2) multiply

the average hours worked per week by the employee's hourly rate of compensation to determine the basic weekly compensation.

435.24 Allowance to Age Over Forty

The employee's basic allowance is increased by 10 percent for each full year and by 2 1/2 percent for each 3 full months in excess of a full year that the employee's age exceeds 40 years at the time of separation. For example, if the employee's age at the time of separation is 42 years and 7 months, the basic allowance computed in 435.23 above is increased by 25 percent (10 percent for each of the 2 years in excess of 40, and 2 1/2 percent for each of the two full 3-month periods in excess of the 2 full years).

435.3 Pay Rate and Duration

435.31 PS Form 50 Information

The Remarks section on separation PS Form 50 contains the total amount of severance pay due, the amount of the weekly payments, and the date of the first and last payments.

435.32 Amount and Intervals

Employees receive severance pay each biweekly pay period in the amount of twice their basic weekly compensation less withholding for taxes and other involuntary deductions. The severance pay continues until (a) the severance pay fund is exhausted or (b) the employee is reemployed by the Postal Service or another federal agency — whichever occurs first.

435.4 Effect of Reemployment

435.41 Permanent Employment

If an employee who is receiving severance pay is reemployed by the Postal Service or another federal agency, the employee is recredited with the portion of creditable service covered by the balance of the severance pay fund.

435.42 Temporary Employment

If an employee who is receiving severance pay accepts a time-limited federal or postal appointment, severance pay is suspended for the duration of the appointment. Upon termination, severance pay is resumed until the severance pay fund is exhausted. The time that the employee served under the limited appointment is not creditable for purposes of computing the severance pay it interrupts.

436 Back Pay

Reference Note:
For additional material concerning the subject matter found in 436, refer to:

- Management Instruction EL-430-2012-4, *Back Pay,* or its replacement.

436.1 Corrective Entitlement

An employee or former employee is entitled to receive back pay for the period during which an unjustified or unwarranted personnel action was in

effect that terminated or reduced the basic compensation, allowances, differentials, and employment benefits that the employee normally would have earned during the period.

For purposes of entitlement to employment benefits, the employee is considered as having rendered service for the period during which the unjustified or unwarranted personnel action was in effect.

436.2 Limitations

Limitations to corrective entitlement are as follows:

a. Any amount that the employee earned in a new employment or in an enlarged part-time employment to replace Postal Service employment must be determined and offset against the amount of the reimbursement to which he or she would be entitled.

b. Back pay is allowed, unless otherwise specified in the appropriate award or decision, provided the employee has made reasonable efforts to obtain other employment, as follows (see also 436.42f).

   (1) Job applicants not hired by the Postal Service must immediately make reasonable efforts to obtain other employment.

   (2) Separated employees, or employees on indefinite suspension, are allowed 45 days before they must make reasonable efforts to obtain other employment.

   Exception: Postal Service employees eligible for veterans' preference are not required to make reasonable efforts to obtain other employment while pursuing an administrative appeal with the Merit Systems Protection Board (MSPB).

c. No back pay is allowed for any period during which the person was not ready, willing, and able to perform the duties of the postal position.

d. Leave that is recredited as a result of the corrective action may not exceed the maximum amount of leave to which the employee was eligible (see 512.321).

   Exception: Uncapped annual leave is recredited as a result of the reversal or modification of a removal by the Equal Employment Opportunity Commission or, for employees eligible for veterans' preference, by the MSPB.

e. The employee is not entitled to (1) increases in pay resulting from deferment of step increases due to unsatisfactory service or (2) salary increases resulting from ranking action.

f. Any claim made by a postal employee or his or her authorized agent or attorney for back pay must be submitted to the appropriate office within 6 full years after the date the claim first accrued.

436.3 Corrective Action

The installation head or other appropriate authority determining that a previous decision was unjustified or unwarranted initiates and directs the corrective action to be taken to ensure appropriate earnings to the employee for the period affected.

436.4 Documents in Support of Claim

436.41 Statements by Local Official

The following must be provided on PS Form 8039, *Back Pay Decision/ Settlement Worksheet:*

a. The local official must provide a tabulation of the number and type of pay hours with which the employee should have been credited during the back pay period, including any annual or holiday leave taken, as follows:

(1) Overtime hours and/or night differential, as applicable, are determined by averaging the number of hours that other employees of the office with the same employment status were assigned during the back pay period.

(2) If the claim is for a part-time flexible employee, a tabulation must be provided that shows the number and type of pay hours the employee experienced for a full 13 pay periods prior to the separation or suspension. If the back pay period is less than 1 full pay period, only a 6-pay-period tabulation is required.

b. The local official must provide a statement indicating whether the employee is entitled to any of the following during the back pay period:

(1) Premium pay (see 434).

(2) Change in pay rate or salary schedule

(3) Step increase and date effective.

(4) Change in leave category and date effective.

(5) Other changes in pay of a general application.

(6) Any other employment-related benefits.

c. The local official must provide a statement indicating that had the employee not been suspended or removed he or she would have worked the hours as reported.

d. The local official must provide a statement showing that monies earned by the employee for other employment during the period covered by the corrected action must be deducted, provided the earnings were from work that replaced the lost postal employment (see 436.2a).

e. The local official will use the employee's responses to the questions in PS Form 8038, Employee Statement to Recover Back Pay, as a reference when completing PS Form 8039 (see Statements by Employee). Any discrepancies between the two back pay forms should be resolved prior to submission of the forms for processing.

f. The local official must ensure that PS Form 8039 is completed in full and all necessary signatures, including the employee's, are obtained prior to submission of the documents for processing.

436.42 Statements by Employee

The following must be provided by the employee on PS Form 8038, *Employee Statement to Recover Back Pay:*

a. Where the original action resulted in separation or suspension, the employee must furnish the following:

(1) The employee must provide a statement as to whether he or she earned any income during the back pay period. If the employee received any outside earnings, the employee must provide information on whether the earnings were from any of the following: (a) a part-time job held at the time of removal; (b) in a new job; or (c) in an enlarged part-time job obtained to replace Postal Service employment. In any of those cases, the employee must provide a statement from the employer showing the record of hours worked and gross earnings during the back pay period.

(2) If the employee was already working in a part-time job at the time of removal or suspension, the employer should include the employee's record of employment for the 6-month period prior to the removal or suspension.

(3) If outside earnings were from self-employment, the employee must provide an affidavit stating the amount earned during the back pay period. If such employment existed before the back pay period, the earnings must also be stated for 13 pay periods prior to the back pay period.

b. The employee must provide a statement as to whether he or she received any unemployment compensation, and if so, state the amount received and the state that made the payments.

c. The employee must provide a statement that the he or she was ready and able to perform his or her job during the back pay period. If not, the employee must state inclusive dates not ready and able, and the cause of the incapacity or unavailability. The employee may request payment of sick or annual leave, as appropriate, to his or her credit, for the period of incapacity or unavailability during the back pay period.

d. Where the original action resulted in separation or indefinite suspension and the employee obtained no outside employment for all or any part of the back pay period, the employee must furnish the following:

(1) If the back pay period is 45 days or less, the employee is not required to certify or to provide documentation in support of efforts to secure other employment during this period.

(2) If the back pay period is more than 45 days and does not exceed 6 months, the employee must provide a statement certifying the reasons why he or she did not obtain outside employment for all parts of the back pay period that exceeded the first 45 days.

(3) If the back pay period is more than 6 months, the employee must provide documentation in support of efforts to secure other employment for all parts of the back pay period that exceed the first 45 days.

e. On health benefit coverage, the employee should state whether he or she desires to: (1) enroll in any plan, the same as a new employee; or (2) have the prior enrollment reinstated retroactive to the date it was terminated.

f. Where the original action resulted in denial of employment with the Postal Service, the individual must provide documentation in support of his or her efforts to secure other employment for all parts of the back pay period. The individual must also provide a statement of earnings during the back pay period as required by 436.42a.

g. The employee must complete in full and sign both PS Form 8038 and PS Form 8039 indicating his or her agreement or disagreement with the local official's completion of the form. If the employee does not agree, the basis for the disagreement should be explained.

436.5 Life Insurance Coverage

If an individual is restored to duty in a pay status, or hired through a settlement or decision, life insurance coverage is dealt with according to Federal Employees' Group Life Insurance (FEGLI) Program regulations, depending on the circumstances encountered during the back pay period, as follows:

a. *Employee is on the rolls but in nonpay status.* While the employee is in nonpay status, basic and optional coverage continue without cost for up to 12 months. After 12 months, coverage ceases, subject to a 31-day extension. (This 12-month period in nonpay status may be broken by periods of less than 4 consecutive months in pay status. If the employee returns to pay status for a period of 4 consecutive months or more, a new 12-month period of continued coverage begins.) When the employee returns to duty in a pay status, if coverage has ceased, on the first day of his or her return, basic and optional insurance are restored automatically, according to the last election on file (see 534.1, LWOP). Until coverage ceases, optional insurance may be elected, or increased, if the employee submits SF 2817, *Life Insurance Election (FEGLI),* within 60 days of experiencing a qualifying life event (e.g., marriage, divorce, death of spouse, birth or adoption of child).

b. *Employee is separated from the Postal Service for less than 180 days.* On the last day in pay status, basic and optional coverage cease, subject to a 31-day extension (see 535.6, Termination). The employee may also convert FEGLI coverage to an individual policy. When the employee is reinstated, the employee automatically receives the FEGLI coverage according to his or her last election on file. The FEGLI regulations allow changes to this election under any one of the following three circumstances:

(1) *FEGLI Open Season.* A new election form may be submitted during a FEGLI Open Season.

(2) *Satisfactory medical information.* An employee who waived life insurance before the separation may acquire Basic Life Insurance and Option A — Standard and/or Option B — Additional (up to a total of five multiples) insurance by providing satisfactory medical

information to the Office of Federal Employees' Group Life Insurance (OFEGLI) by using SF 2822, *Request for Insurance (FEGLI).* If the request is approved, the employee is automatically signed up for Basic Life Insurance. He or she is given 31 days to elect Option A and/or Option B by submitting SF 2817. An employee who already has Basic Life Insurance may elect Option A and/or Option B or increase Option B multiples by providing satisfactory medical information through the same procedure. The employee must meet pay and duty status requirements to have the coverage become effective.

(3) *Qualifying life event.* An employee who has Basic Life Insurance coverage may elect Option B or Option C or increase multiples of Option B or C (up to a total of five multiples) if there is a qualifying life event during the separation or during the 60-day period immediately before the separation. The employee is given 31 days from the date of reinstatement, or 60 days from the date of the event, whichever gives the employee more time, to elect optional insurance by submitting SF 2817. An employee who experiences a qualifying life event after returning to service has 60 days from the qualifying life event to increase FEGLI coverage. The amount of coverage that can be elected can vary depending on the life event and eligible family members. (See the chart under Life Event in FE 76-20, *FEGLI Program Booklet for Postal Service Employees.)*

c. *Employee is separated from the Postal Service for 180 days or more.* On the last day in pay status, basic and optional coverage cease, subject to a 31-day extension (see 535.6, Termination). When the employee is reinstated, any waiver of insurance previously on file is cancelled. Basic Life Insurance becomes effective on the first day the employee returns to duty in a pay status. The employee may file a new waiver of coverage or elect optional insurance within 31 days of returning to duty by submitting SF 2817. If the employee files no election, he or she is given the optional insurance on file immediately before the break in service.

d. *Individual hired as a new employee of the Postal Service.* As a new employee, the individual is eligible for basic and optional insurance according to 531.2, Eligible Employees, subject to 531.3, Exclusions. Basic Life Insurance coverage begins for an eligible employee on the first day of duty in a pay status, and he or she has 31 days to elect optional insurance by submitting SF 2817.

e. *Individual dies during the back pay period.* According to 5 U.S.C. 8706(d), if the insurance of an employee stops because of separation from the service or suspension without pay, and the separation or suspension is thereafter officially found to have been erroneous, the employee is deemed to have been insured during the period of erroneous separation or suspension. Deductions otherwise required by 5 U.S.C. 8707 are not withheld from any back pay awarded for the period of separation or suspension unless death or accidental dismemberment of the employee occurs during such period.

Deductions must be made from the back pay awarded in these two situations because an insurance claim is paid.

436.6 Erroneous Separation for Retirement

436.61 Explanation

An individual who separates under optional (voluntary) retirement before meeting both age and service requirements is considered erroneously separated. In such cases, the Office of Personnel Management (OPM) usually disallows the retirement application and requests the Postal Service to retroactively restore the employee to the active rolls as of the date of the erroneous separation. If the date on which the applicant would attain the age and/or service requirements has already passed and the time span for attaining eligibility is rather short, e.g., 30 days or less, OPM may administratively place the employee in a LWOP status from the date of the erroneous separation to the date on which the minimum service or age requirement is attained.

436.62 Corrective Action

OPM's letter requesting the Postal Service to restore the employee to the rolls will indicate that the employee "may be entitled to back pay covering the period from the date of the erroneous separation to the date the employee is restored to the rolls." Before any action is taken on OPM's letter, the employee's service record must be verified. If the reason for the erroneous separation is based on age, records must be verified to ascertain the employee's correct birth date. After the retirement separation is established as erroneous, the employee must be contacted promptly and action taken to restore him or her to the rolls.

In these erroneous optional retirement cases, the back pay is calculated so that employees are compensated as if they had worked during the period of erroneous separation.

436.7 Interest on Back Pay

436.71 Purpose

This section establishes procedures for paying interest that the Postal Service is obligated to pay pursuant to the law, court order, arbitration or federal agency decision, national labor agreement, or Postal Service settlement agreement. This section does not create any Postal Service obligation to pay interest on back pay claims.

436.72 Availability of Interest

Interest is paid on back pay only under the following circumstances:

a. *Decisions* — awards resulting from legally binding determinations by courts of law, administrative agencies, or the grievance and arbitration process. They are handled as follows:

(1) *Administrative Agency Decisions.* Interest is paid automatically by Accounting Services for decisions issued by the following agencies:

(a) Merit Systems Protection Board.

(b) Equal Employment Opportunity Commission.

(c) National Labor Relations Board.

(2) *Court Decisions.* Interest is not paid unless specifically awarded in the decision.

(3) *Arbitration Decisions.* Interest is paid automatically for arbitration decisions that award back pay for a disciplinary suspension or removal for:

(a) Employees represented by the National Postal Mail Handlers Union (NPMHU) for cases heard after February 20, 1991.

(b) Employees represented by the National Association of Letter Carriers (NALC) and the American Postal Workers Union (APWU) for cases heard after June 12, 1991.

(c) Employees represented by the National Rural Letter Carriers' Association (NRLCA) for cases heard after February 3, 1996.

Note: For arbitration decisions that are unrelated to a disciplinary suspension or removal, interest is not paid unless it is specifically required by the award.

b. *Settlements* — awards resulting from agreements between a representative of the Postal Service and an authorized employee representative that are reached through negotiation. Interest is not paid unless it is specifically required by the settlement agreement.

436.73 Determination of Rate of Interest

When interest is paid on back pay, the interest rate is determined as follows:

a. *Decisions* (see Exhibit 436.73a):

(1) *Merit Systems Protection Board.* The rate of interest is based on the veterans' preference eligibility of the employee.

(a) For veterans' preference eligible employees, the rate of interest is calculated using the Internal Revenue Code overpayment rate (26 U.S.C. 6621(a)(1)). Computation methods for applying the rate of interest are as found in 5 CFR 550.806.

(b) For non-veterans' preference eligible employees, the rate of interest is calculated using the federal judgment rate (28 U.S.C. 1961).

(2) *Equal Employment Opportunity Commission.* Interest is paid at the Internal Revenue Code overpayment rate (26 U.S.C. 6621(a)(1)). Computation methods for applying the rate of interest are as found in 5 CFR 550.806.

(3) *National Labor Relations Board.* Interest is paid at the rate assessed by the Internal Revenue Service for the underpayment of federal taxes (28 U.S.C. 1961).

(4) *Arbitration Decisions.* For arbitration decisions that award back pay for disciplinary suspension or removal, interest is paid at the federal judgment rate (28 U.S.C. 1961).

Note: For arbitration decisions unrelated to disciplinary suspension or removal, interest is not paid unless specifically required by the award.

b. *Settlements* (see Exhibit 436.73b):

(1) *Merit Systems Protection Board.* The rate of interest for MSPB causes is based on the veterans' preference eligibility of the employee.

(a) For veterans' preference eligible employees, the rate of interest is calculated using the Internal Revenue Code overpayment rate (26 U.S.C. 6621(a)(1)). Computation methods for applying the rate of interest are found in 5 CFR 550.806.

(b) For non-veteran's preference eligible employees, the rate of interest is calculated using the federal judgment rate (28 U.S.C. 1961).

(2) *Equal Employment Opportunity Commission.* Interest is paid at the Internal Revenue Code overpayment rate (26 U.S.C. 6621(a)(1)). Computation methods for applying the rate of interest are found in 5 CFR 550.806.

(3) *National Labor Relations Board.* Interest is paid at the rate assessed by the Internal Revenue Service for the underpayment of federal taxes (28 U.S.C. 1961).

(4) *Court Settlements.* Interest is paid at the federal judgment rate (28 U.S.C. 1961).

(5) *Grievance Settlements.* Interest is paid at the federal judgment rate (28 U.S.C. 1961).

Exhibit 436.73a
Interest on Back Pay Decisions

Type of Decision	Merit Systems Protection Board Decisions		Equal Employment Opportunity Commission Decisions	National Labor Relations Board Decisions	Court Decisions	Arbitration Decisions
Application	Veterans' Preference Eligible Recipients	Non-Veterans' Preference Eligible Recipients	All Recipients	All Recipients	All Recipients	All Recipients
Whether Interest Is Paid	Yes, paid automatically by AS	Yes, paid automatically by AS	Yes, paid automatically by AS	Yes, paid automatically by AS	No, unless specifically stated in the decision	Refer to Note[1]
Rate of Interest	IRS Overpayment Rate[2]	Federal Judgment Rate[4]	IRS Overpayment Rat[2]	IRS Underpayment Rate[3]	Federal Judgment Rate[4]	Federal Judgment Rate[4]

1. *Interest is paid automatically for arbitration decisions related to disciplinary suspension or removal for employees represented by the National Postal Mail Handlers Union (NPMHU) for cases heard after February 20, 1991, and for employees represented by the National Association of Letter Carriers (NALC) and the American Postal Workers Union (APWU) for cases heard after June 12, 1991. If an arbitration award is unrelated to disciplinary suspension or removal, interest is not paid unless specifically required by the award*
2. *See 26 U.S.C. 6621(a)(1) and 5 CFR 550.806.*
3. *See 26 U.S.C. 6621(a)(2).*
4. *28 U.S.C. 1961. The rate used is the rate in effect 7 days prior to the date of the award.*

Exhibit 436.73b
Interest on Back Pay Settlements

Type of Settlement	Merit Systems Protection Board Settlements		Equal Employment Opportunity Commission Settlements	National Labor Relations Board Settlements	Court Settlements	Grievance Settlements
Application	Veterans' Preference Eligible Recipients	Non-Veterans' Preference Eligible Recipients	All Recipients	All Recipients	All Recipients	All Recipients
Whether Interest Is Paid	No, unless specifically stated in the settlement	No, unless specifically stated in the settlement	No, unless specifically stated in the settlement	No, unless specifically stated in the settlement	No, unless specifically stated in the settlement	No, unless specifically stated in the settlement
Rate of Interest	IRS Overpayment Rate[1]	Federal Judgment Rate[2]	IRS Overpayment Rate[1]	IRS Underpayment Rate[3]	Federal Judgment Rate[2]	Federal Judgment Rate[2]

1. *See 26 U.S.C. 6621(a)(1) and 5 CFR 550.806.*
2. *28 U.S.C. 1961. The rate used is the rate in effect 7 days prior to the date of the award.*
3. *See 26 U.S.C. 6621(a)(2).*

436.74 Responsibility

Eagan Accounting Services is responsible for calculating the amount of interest payable.

437 Waiver of Claims for Erroneous Payment of Pay

437.1 Purpose

This part establishes procedures for (a) requesting a waiver of a claim made by the Postal Service against a current or former employee for the recovery of pay that was erroneously paid and (b) applying for a refund of money paid by or deducted from a current or former employee as a result of such a claim.

437.2 Definitions

Definitions relevant to waiver of claims for erroneous payment of pay include the following:

a. *Pay* — salary, wages, or compensation for services including all forms of premium pay, holiday pay, or shift differentials; payment for leave, whether accumulated, accrued, or advanced; and severance pay. Pay does not include rental allowances or payment for travel, transportation, or relocation expenses.

b. *Employee* — throughout 437, a *former* employee as well as a *current* employee.

c. *Applicant* — an employee (current or former) or an individual acting on behalf of the employee who applies for a waiver of a claim for overpayment of pay.

d. *Installation head* — the postmaster, manager, or director of a field facility or the head (or designee) of a Headquarters field unit where the employee is employed or was last employed.

437.3 Submission of Request

437.31 Expiration Date

Waiver action may not be taken after the expiration of 3 years immediately following the date on which the erroneous payment of pay was discovered.

437.32 PS Form 3074

The applicant requests a waiver of a claim or a refund of money paid as a result of a claim by submitting PS Form 3074, *Request for Waiver of Claim for Erroneous Payment of Pay*, in *triplicate* to the installation head. The completed PS Form 3074 must contain:

a. Information sufficient to identify the claim for which the waiver is sought including the amount of the claim, the period during which the erroneous payment occurred, and the nature of the erroneous payment.

b. A copy of the invoice and/or demand letter sent by the Postal Service, if available, or a statement setting forth the date the erroneous payment was discovered.

c. A statement of the circumstances that the applicant feels would justify a waiver of the claim by the Postal Service.

d. The dates and amount of any payments made by the employee in response to the claim.

437.4 Review by Installation Head

The installation head investigates the claim and writes a report of the investigation on the reverse side of the PS Form 3074. The report should include the following data and/or attachments:

a. All relevant facts or circumstances that are not described or are incorrectly described by the applicant on the PS Form 3074.

b. An explanation of the cause of the overpayment.

c. If available, a listing, for each pay period in which an overpayment was made, of (1) the employee's pay rate, (2) the gross amount due the employee, and (3) the gross amount that was actually paid.

d. A statement as to whether there is any indication of fraud, misrepresentation, fault, or lack of good faith on the part of anyone having an interest.

e. A recommendation for approval or disapproval of the claim based upon review of the facts and circumstances.

f. A copy of the invoice or notice to the employee of the amount requested to be repaid to the Postal Service together with the PS Form 3074. If neither of these items is available, a statement establishing the discovery date of the Postal Service claim should be included.

g. Copies of pertinent PS Forms 50, *Notifications of Personnel Action*; and any correspondence having a bearing on the claims, obtained from the employee's official personnel folder and included with the PS Form 3074.

h. Any other information that would assist in making a determination of whether collection action to collect the claim would be against equity or good conscience and would not be in the best interest of the Postal Service.

437.5 Review by Human Resources

The installation head forwards the PS Form 3074 to the servicing Human Resources official, who:

a. Reviews the file for accuracy and completeness.

b. Completes part III of PS Form 3074.

c. Adds any pertinent comments to the file.

d. Forwards the entire file to the Payroll Processing Branch of the Eagan Accounting Service Center.

437.6 Action by Eagan Accounting Service Center

The Eagan ASC waives the claim if it can determine from a review of the file that all of the following conditions are met:

a. The overpayment occurred through administration error of the Postal Service. Excluded from consideration for waiver of collection are overpayments resulting from errors in time keeping, keypunching, machine processing of time cards or time credit, coding, and any typographical errors that are adjusted routinely in the process of current operations.

b. Everyone having an interest in obtaining a waiver acted reasonably under the circumstances, without any indication of fraud, misrepresentation, fault, or lack of good faith.

c. Collection of the claim would be against equity and good conscience and would not be in the best interest of the Postal Service.

437.7 Appeal of Disallowed Request

437.71 Appeal Procedure

When a request for waiver has been partially or completely denied, the applicant may submit a written appeal to the Eagan ASC within 15 days of receipt of the determination. The appeal letter should clearly indicate that the employee is appealing the disallowance of the waiver request and explain in detail the reasons why the employee believes the claim should be waived.

437.72 Final Decision

The Eagan ASC then forwards the appeal, with the entire case file, to the applicable area Finance manager for area employees or to the manager of National Accounting at Headquarters for Headquarters and area office employees for a final decision. The area Finance manager or manager of National Accounting advises the employee concerned and the Eagan ASC of his or her final decision. If necessary, the Eagan ASC adjusts its records.

438 Pay During Travel or Training

438.1 Pay During Travel

438.11 Definitions

Definitions relevant to pay during travel or training include the following:

a. *Travel time* — time spent by an employee moving from one location to another during which no productive work is performed and excluding the normal mealtime if it occurs during the period of travel.

b. *Local commuting area* — the suburban area immediately surrounding the employee's official duty station and within a radius of 50 miles.

438.12 Commuting To and From Work

438.121 Regular Commuting

Commuting time before or after the regular workday between an employee's home and official duty station or any other location within the local commuting area is a normal incident of employment and is not compensable. It is not compensable regardless of whether the employee works at the same

location all day or commutes home after the workday from a location different from the one where the workday started.

438.122 **Commuting to a Different Worksite**

Commuting time to and from work is not compensable when an employee is called back to work after the completion of the regular workday. However, such commuting time is compensable if the employee is called back to work at a location other than his or her regular work site.

438.123 **Commuting With a Break in Duty Status**

When an employee is employed to work on a permanent basis at more than one location in the same service day, the time spent commuting between the locations is not compensable travel time, provided there is a break in duty status between the work performed in the different locations. A break in duty status occurs when an employee is completely relieved from duty for a period of at least 1 hour that may be used for the employee's own purposes. This 1-hour or greater period must be in addition to the actual time spent in travel and the normal meal period, if the normal meal period occurs during the time interval between the work at the different locations. (See 438.132 for travel time between job locations when there is no break in duty status.)

438.13 Types of Compensable Travel Time

438.131 **General**

The determination of whether travel time is compensable or not depends upon (a) the kind of travel involved, (b) when the travel takes place, and (c) the eligibility of the employee (see Exhibit 438.13). The three situations that may involve compensable travel time are described below.

438.132 **Travel From Job Site to Job Site**

The following applies to travel from job site to job site:

a. *Rule.* Time spent at any time during a service day by an eligible employee in travel from one job site to another without a break in duty status within a local commuting area is compensable. (See 438.123, which makes the travel time noncompensable as commuting time when there is a break in duty status between the work performed in different locations.)

b. *Eligibility.* This type of travel time is compensable for all employees during their established hours of service on a scheduled workday. At all other times, this type of travel time is compensable only for FLSA-nonexempt employees who are entitled to receive overtime pay.

Exhibit 438.13
Eligibility for Travel Time Compensation

Type of Travel	Scheduled Day		Nonscheduled Day	
	Within Established Hours of Service	**Outside Established Hours of Service**	**Within Established Hours of Service**	**Outside Established Hours of Service**
Job Site to Job Site	All employees	Employees entitled to receive overtime pay	Employees entitled to receive overtime pay	Employees entitled to receive overtime pay
One-Day Assignment Outside Local Commuting Area	All employees	Employees entitled to receive overtime pay	Employees entitled to receive overtime pay	Employees entitled to receive overtime pay
Away from Home Overnight	All employees	None	All nonexempt employees	None

438.133 **One-Day Assignment Outside the Local Commuting Area**

The following applies to 1-day assignments outside the local commuting area:

a. *Rule.* Except as stated in the next sentence, time spent at any time during a single service day by an eligible employee who is traveling on Postal Service business to one or more locations outside of the local commuting area and back to the home community is compensable. Time spent commuting in either direction between home and an airport, bus terminal, or railroad station within the local commuting area, if it occurs outside of established hours of service on a scheduled workday, and the usual mealtime, must be deducted from compensable travel time.

b. *Eligibility.* This type of travel time is compensable for all employees during their established hours of service on a scheduled workday. At all other times, this type of travel time is compensable only for bargaining unit and nonexempt nonbargaining unit employees.

438.134 **Travel Away From Home Overnight**

The following applies to travel away from home overnight:

a. *Rule.* Travel time spent by an eligible employee traveling on Postal Service business to and from a postal facility or other work or training site which is outside the local commuting area and at which the employee remains overnight is compensable if it coincides with the *normal workhours for a bargaining unit employee's regular bid job,* regardless of his or her schedule while away from the home installation, *or for a nonbargaining employee's schedule in effect while traveling*, whether on a scheduled or a nonscheduled day, subject to 438.141 and 438.142. For instance, an eligible employee with normal workhours of 7:00 P.M. to 3:30 A.M. Saturday through Wednesday is scheduled for training at another location from 8:00 A.M. to 4:30 P.M., Monday through Friday. If the employee travels from 6:00 P.M. to 8:00 P.M. on any day of the week, 1.0 travel hour is compensable. If the same employee travels from 5:00 P.M. to 7:00 P.M. on any day of the week, no travel hour is compensable. Compensable travel time includes the time spent in going to and from an airport, bus terminal, or railroad station.

b. *Eligibility.* This type of travel time is compensable for all employees on their scheduled workdays. On nonscheduled days, this type of travel time is compensable only for nonexempt employees.

c. *Intermediate Travel Home.* Employees who are on an extended assignment away from home may be given the opportunity during the assignment to return home for personal convenience. Although the cost of the round trip is a reimbursable travel expense, the travel time involved is not compensable when it falls outside of the scheduled service week given to the employee during the temporary assignment.

d. *Scheduling of Travel.* Travel away from home overnight is to be scheduled by management on a reasonable basis without a purpose either to avoid compensation for the travel time or to make the travel time compensable.

438.14 Special Travel Provisions

438.141 Use of Private Automobile for Personal Convenience

If an eligible employee who is traveling under the provisions of 438.132, 438.133, or 438.134 is offered public transportation but uses a personally owned conveyance for personal convenience, only the lesser of the time spent actually driving or those creditable hours that would have been spent in travel by public transportation are compensated.

438.142 Required Use of an Automobile

All time spent actually driving an automobile while traveling away from home overnight because no public transportation is available is compensable travel time for an eligible employee whether the time occurs within or outside of the employee's established hours of service.

438.143 Work Performed While Traveling

Any time spent by an eligible employee in actual work that is required or suffered or permitted to be performed while traveling is compensable.

438.15 Compensation Provisions

Provisions concerning compensation are as follows:

a. Compensable travel time is counted as worktime for pay purposes and is included in hours worked in excess of 8 hours in a day, 40 hours in a week, or on a nonscheduled day for a full-time employee, for the determination of overtime for eligible employees (see 433 and 434.1).

b. Out-of-schedule premium, nonbargaining rescheduling premium, and guaranteed time are not payable to employees while traveling away from home overnight.

c. Night differential is paid to eligible employees during those hours of compensable travel between 6:00 P.M. and 6:00 A.M. on either a scheduled or nonscheduled day.

d. Sunday premium is paid to eligible employees for paid travel time during a scheduled tour that includes any part of a Sunday.

438.16 Effect on Other Travel Reimbursement

The rules stated in 438.1, Pay During Travel, do not affect the entitlement of employees to other types of reimbursement under applicable regulations, such as reimbursement of certain travel expenses and per diem.

438.2 Pay During Training

438.21 General

Title 29, *Code of Federal Regulations* (CFR), provides as follows:

a. 29 CFR 785.27 states:

"Attendance at lectures, meetings, training programs and similar activities need not be counted as working time if the following four criteria are met:

(1) Attendance is outside of the employee's regular working hours;

(2) Attendance is in fact voluntary;

(3) The course, lecture, or meeting is not directly related to the employee's job; and

(4) The employee does not perform any productive work during such attendance."

If any one of the four criteria is not met, the time must be counted as working time. (See exception in 438.21c).

Note: If the postal training imparts knowledge and skills uniquely beneficial to the Postal Service, it is to be considered as time worked whether the training is directly related to the employee's job or not.

b. 29 CFR 785.28 states:

"Attendance is not voluntary…in fact if the employee is given to understand or led to believe that his or her present working conditions or the continuance of her or his employment would be adversely affected by nonattendance."

c. 29 CFR 785.30 states:

"Of course, if employees on their own initiative attend an independent school, college or independent trade school after hours, the time is not hours worked for their employers even if the courses are related to their jobs."

438.22 Specific Rules on Compensation for Training Time

438.221 General

The determination of whether time spent in training is compensable depends upon (a) when the training takes place; (b) the category of training, subject to applicable limitations on paid training hours (see 711 and 712); and (c) the eligibility of the employee.

438.222 Training During Established Hours of Service

All employees are eligible for compensation for any training time which occurs during their established hours of service on a scheduled workday. For purposes of the preceding sentence, any leave time is not considered established hours of service on a scheduled workday. However, when a

senior qualified employee, pursuant to a voluntary bid, engages in scheme study, training, testing, and qualifying, that employee may elect to use annual leave for such purpose, and for directly related travel that would be compensable under 438.132, provided that that employee has a sufficient annual leave balance. The study, training, testing, and qualifying time must be recorded on PS Form 2432, *Individual Training Progress Report.* Where the senior bidder passes the appropriate examination and accepts the position, the annual leave (including compensable travel) will be converted to hours worked, the employee's annual leave balance will be recredited a like number of hours, and FLSA premium pay may be due for any hours worked over 40 in any such workweek.

438.223 Training Outside Established Hours of Service

Nonexempt employees are eligible for compensation for job training time suffered or permitted outside their established hours of service on a scheduled workday, as well as any time suffered or permitted on a nonscheduled workday. (See 711 for categories of training.)

No employees are eligible for compensation for any type of self-developmental training occurring outside their established hours of service on a scheduled workday.

438.23 Special Training Provisions

Provisions concerning compensation for special training time are as follows:

a. Management agreement to fund wholly or partially the tuition and related costs of a course or courses given by an accredited educational institution when such agreement is made at the request of an employee does not cause the training to become job training so as to make the training time compensable.

b. Attendance at training courses sponsored by the various management associations or labor unions is not compensable.

438.24 Compensation Provisions

Provisions for scheduling compensable training time are as follows:

a. Compensable training time is counted as work time for pay purposes, including the determination of overtime for eligible employees. It is included in hours worked in excess of 8 hours in a day or 40 hours in a week and those hours worked by any nonexempt employee on a nonscheduled day.

b. Management may change either a nonexempt or an exempt employee's regularly scheduled working hours to coincide with the scheduled hours of training. In such cases, out-of-schedule premium (see 434.6), or the nonbargaining rescheduling premium (see 434.7), is not authorized.

c. Employees who are eligible for night differential and who participate in compensable training are paid the applicable night differential they would have earned during their regularly scheduled workhours had they not been temporarily rescheduled by management to attend such training. Night differential and/or Sunday premiums are paid to all

eligible employees whose training hours include night and/or Sunday hours.

439 Territorial Cost-of-Living Allowance

439.1 Eligibility and Pay Factors

439.11 Eligibility

The territorial cost-of-living allowance (TCOLA) is an amount that is payable to postal employees who are working outside of the continental United States according to 39 U.S.C. 1005(b).

439.12 Pay Factors

Applicable pay factors are as follows:

a. The amount of TCOLA is a percentage of salary. The percentage figure is determined and published periodically by the Office of Personnel Management. Employee Resource Management then issues appropriate instructions to the affected areas. It is payable as follows:

(1) For rural carriers on a 6-day week, TCOLA is payable up to 48 hours per week.

(2) For all other eligible employees, TCOLA is payable up to 40 hours per week.

b. TCOLA is not paid for any time for which an employee does not receive basic pay.

c. Payment of TCOLA does not constitute an equivalent increase for step increase purposes.

d. TCOLA is not included in the basic pay for purposes of computing postal overtime, EAS additional pay, Sunday premium, night differential, holiday-worked pay, and deductions for employee benefits plans such as life insurance and Civil Service retirement. (See special provisions for the calculation of Christmas-worked pay and holiday scheduling premium at 434.53d, out-of-schedule premium at 434.63b, and nonbargaining rescheduling premium at 434.73b).

e. TCOLA is included in the calculation of the regular rate for overtime under the FLSA and for the purpose of computing leave pay, including annual leave exchange.

f. TCOLA is not included in the employee's gross income for federal income tax purposes. However, all overtime and EAS additional pay (including any TCOLA added to basic pay for FLSA overtime) is included in gross income for federal income tax purposes.

439.2 Allowance Categories

Instructions are issued annually to each head of an installation outside the contiguous United States to determine the applicable allowance category of all employees. The installation head should adopt whatever methods are appropriate to obtain from employees the information needed to determine the applicable allowance category and the corresponding allowance to be paid.

The Postal Service has employees only in the Local Retail/Private Housing allowance category. This category includes those federal employees who purchase goods and services only from private retail establishments and who occupy housing units that are privately owned or rented.

440 Fair Labor Standards Act Administration

441 Overview

441.1 Federal Statute

The Fair Labor Standards Act (FLSA), as amended, applies to the Postal Service. It is the policy of the Postal Service to comply with the FLSA. This section provides a summary of the FLSA and is intended to assist Postal Service personnel in complying with the law. To the extent that any provision in ELM 440 appears to be inconsistent with or provide greater or lesser rights or benefits than provided under the FLSA, the provisions of the FLSA and FLSA regulations are controlling.

441.2 Enforcement

The FLSA authorizes the Department of Labor (DOL) to: (a) enforce compliance with the FLSA; (b) investigate allegations of noncompliance with the FLSA; and (c) supervise the payment of unpaid wages or unpaid overtime compensation owed to an employee because of noncompliance. The law also provides for enforcement by private suit in the courts.

441.3 FLSA Poster

All Postal Service facilities are required to conspicuously display the current FLSA poster authorized by the DOL.

442 Equal Pay Provisions

442.1 Sex Discrimination Policy

The FLSA (as amended by the Equal Pay Act), Section 6(d)(1), prohibits pay discrimination on the basis of sex. Employees, regardless of their sex, must receive equal wages for equal work on jobs which require equal skill, effort, and responsibility and are performed under similar working conditions.

442.2 Justified Wage Differentials

Wage differentials do not violate the FLSA if they are based on: (a) a seniority system; (b) a merit system; (c) a system that measures earnings by quantity of production; or (d) any factor other than sex.

442.3 Labor Organization Intervention

It is illegal for a labor organization to cause or attempt to cause an employer to discriminate against an employee in violation of the Equal Pay Act.

443 Overtime Pay

443.1 Overtime Requirement

The FLSA provides that the Postal Service must pay an employee covered by the overtime provisions of the Act (also known as an FLSA-nonexempt employee) at one and one-half times the employee's *regular rate* for all hours of *actual work* in excess of 40 hours in any FLSA *workweek.* (See 444 for special provisions covering rural letter carriers.)

443.2 Explanation of Terms

443.21 Regular Rate

443.211 Definitions

a. *Salaried Employee.* An employee's *regular rate of pay* is defined as *the remuneration for employment* received during an FLSA workweek, as specified in 443.212, divided by the hours that the employee actually worked.

b. *Hourly Rate Employee.* The *regular rate* of an employee who is paid a fixed hourly wage is defined as *the remuneration for employment* received, as specified in 443.212.

443.212 Inclusions

Remuneration for employment includes:

a. Total base straight-time pay, including COLA, for work performed.

b. Total straight-time pay differential for higher level work performed.

c. Total TCOLA paid for hours actually worked.

d. Total night differential paid.

e. Total premium paid for work performed on a Sunday.

f. Total base straight-time pay, including COLA, for work performed on a holiday.

g. Total base straight-time pay, including COLA, of a city letter carrier covering those hours not worked between the seventh and eighth hour of a regular scheduled day (7:01 rule). See 432.53.

h. Total pay received for steward's duty time, in accordance with the applicable collective-bargaining agreement.

i. Total meeting and training time pay.

j. Total pay for travel time.

k. Total straight-time pay during scheduled tour and/or scheduled overtime spent waiting for or receiving medical attention (see 432.72).

l. Total pay for time that computer programmer and systems analyst employees are required to carry an electronic pager.

443.213 Exclusions

Remuneration for employment excludes:

a. Pay for time not worked, such as annual leave, sick leave, holiday leave, and guaranteed time not worked.

b. The 50 percent overtime pay premium for time in pay status in excess of 8 hours in a day or 40 hours in a week.

c. The 100 percent premium paid for penalty overtime.

d. The 50 percent premium paid for work outside of an employee's schedule or for emergency rescheduling.

e. The 50 percent premium paid for work performed on Christmas day.

f. TCOLA paid for leave hours and other time not worked.

g. That portion of the higher level pay differential paid on leave hours and other time not worked.

h. The 50 percent holiday scheduling premium paid under the provisions of the Holiday Settlement Agreement.

i. That portion of the basic straight time pay of a part-time flexible employee paid in lieu of holiday leave pay.

443.214 **Exclusions Not Creditable**

The exclusions listed in 443.213a, f, g, and i are not creditable toward FLSA overtime compensation that is due to an employee.

443.215 **Dual Employment Rate**

When an employee in a single service week works in *two* or more positions having different rates of pay, the regular rate for the week equals the total base straight-time pay for actual work performed, plus all other remuneration for actual work performed, divided by the hours worked.

443.22 Actual Work

443.221 **Definition**

The FLSA defines *actual work* as all time which management suffers or permits an employee to work.

443.222 **Exclusions**

Actual work does not include any paid time off, but does include steward's duty time, time off authorized for a city letter carrier under the 7:01 rule (see 432.53), and travel, meeting, and training time (see 438).

443.223 **Unauthorized Time**

An employee must be paid for all work performed, regardless of whether the supervisor approved or disapproved the employee's continuing to work. It is the duty of supervisors to exercise control over the working hours of their subordinates by making sure that employees complete their duties and clock out promptly at the completion of their tour if additional work is not desired or authorized. (See 432.7 for disallowed time.)

443.23 FLSA Workweek

See 432.42, Service Week.

443.231 **Explanation**

The FLSA workweek for all employees is a fixed and regular recurring period of 168 hours — 7 consecutive 24-hour periods. Once the beginning time of an employee's workweek is established, it remains fixed regardless of the schedule of hours worked. The beginning of the FLSA workweek may be changed only if the change is intended to be permanent and is not designed to evade the payment of overtime.

443.232 **Permanent Change**

When there is a permanent change in an employee's workweek which causes some of the working time to fall within hours that are included in both the *old* and *new* workweek, the employee's pay is calculated as follows:

a. First, assume that the overlapping hours are to be counted as hours worked only in the *old* workweek and not in the *new;* compute straight-time and overtime compensation due for each of the 2 workweeks on this basis and total the two sums.

b. Next, assume that the overlapping hours are to be counted as hours worked only within the *new* workweek and not in the *old;* complete the total computation accordingly.

c. Then, pay the employee an amount not less than the greater of the amounts computed by methods *a* and *b* above.

443.233 **Full-time Employees**

The FLSA workweek for full-time employees is 168 consecutive hours established as follows:

a. For an employee whose regular schedule includes Saturday as a service day, the FLSA workweek begins 8 hours prior to the beginning of the employee's regular schedule for that service day.

Example 1: Full-time Employee A has a regular schedule starting time of 11:00 P.M. Friday night. By definition, the employee's Postal Service workday is Saturday. Based on the FLSA workweek definition, the employee's FLSA workweek begins at 3:00 P.M. Friday.

Example 2: Full-time Employee B has a regular schedule starting time of 1:00 A.M. Saturday. By definition, the employee's Postal Service workday is Saturday. Based on the FLSA workweek definition contained in 443.231, the employee's FLSA workweek in this situation begins at 5:00 P.M. Friday.

b. For an employee whose regular schedule does not include Saturday as a service day, the FLSA workweek is established by considering Saturday as if it were a service day in the workweek with the employee's regularly scheduled starting time. Thus, the employee's FLSA workweek begins 8 hours prior to this Saturday service day starting time.

Example 3: Full-time Employee C has Saturdays and Sundays off and her first scheduled workday is Monday at 6:00 A.M. For purposes of establishing the FLSA workweek, 6:00 A.M. is considered as a Saturday service day starting time. Based on the FLSA workweek definition above, the employee's FLSA workweek begins at 10:00 P.M. Friday.

443.234 **Part-time Employees**

The FLSA workweek for part-time employees is 168 consecutive hours established as follows:

a. The employee's normal starting time, as established by the installation head (for a part-time regular, this is his or her regularly scheduled starting time), is used as the basis for establishing the FLSA workweek

by considering such starting time as if it were a Saturday service day starting time. The beginning of the FLSA workweek is 8 hours prior to this Saturday service day starting time, *but in no case does it begin prior to 8:00 P.M. Friday.*

Example 1: Part-time flexible Employee E normally reports to his pay location at 11:00 P.M. For purposes of establishing the FLSA workweek, the 11:00 P.M. starting time is considered a Saturday service day starting time, i.e., 11:00 P.M. Friday night. When the above FLSA workweek definition is applied, the employee's FLSA workweek begins at 8:00 P.M. Friday.

Example 2: Part-time flexible Employee F normally reports to her pay location at 3:00 P.M. For purposes of establishing the FLSA workweek, the 3:00 P.M. starting time is considered a Saturday service day starting time. Applying the above FLSA workweek definition, the employee's FLSA workweek begins at 7:00 A.M. Saturday.

Example 3: Part-time regular Employee G is regularly scheduled to report to his pay location at 6:00 p.m. For purposes of establishing the FLSA workweek, the 6:00 p.m. starting time is considered a Saturday service day starting time. Applying the above FLSA workweek definition, the employee's FLSA workweek begins at 10:00 A.M. Saturday.

443.3 Exemptions

443.31 Policy

443.311 General

The FLSA exempts from its overtime provisions any employee whose work qualifies the employee as a bona fide *executive, administrative, professional, outside sales, computer,* or *highly compensated employee.* The Postal Service applies these classifications consistently, according to the requirements set forth in the FLSA and FLSA regulations.

443.312 Postal Service Administration

FLSA classification determinations are made by the office of Organizational Effectiveness.

444 Rural Letter Carrier Compensation

444.1 Regular Rural Carriers

444.11 Guaranteed Annual Wage

The National Rural Letter Carrier Agreement conforms to Section 7(b)(2) of the FLSA. Certain regular rural carriers assigned to a route of 35 hours or more (31 paid miles or more) receive a guaranteed annual wage based on the number of hours, or miles, assigned to their route.

444.12 Base Rate of Pay

The base rate of pay for these rural carriers equals the base annual rate of a 40 hour evaluated route plus overtime at one and one-half times the base hourly rate for all assigned hours (equivalent miles) in excess of 2080 hours

(2184 miles) a year. Hours worked in excess of 12 hours a day, or 56 hours in an FLSA workweek, are payable at 150 percent of the carrier's regular rate.

444.2 Other Rural Carriers

Rural carriers who are not covered under the guarantee provisions of Section 7(b)(2) of the FLSA are compensated at the rate for a 40-mile route in accordance with the compensation provisions in 433 and 434.

445 Compliance Investigations

445.1 DOL On-site Visit

If a properly identified DOL Wage and Hour Inspector visits a postal facility, the following should be noted:

a. The FLSA requires that records regarding pay, hours worked, and related data be open at any time for review by DOL Wage and Hour Inspectors.

b. All site visits or inquiries by a DOL Wage and Hour Inspector must be reported immediately the district Human Resources manager.

c. The district Human Resources manager must contact the area law office when informed that a DOL Wage and Hour Inspector is conducting an audit.

d. The installation head (or designee) is expected to be cooperative. After consulting with the district Human Resources manager, he or she should answer all specific and reasonable questions related to pay practices in the facility and provide the pertinent data requested.

e. Requests for general information or data that is not available at the installation should be referred to the district Human Resources manager.

445.2 DOL Findings

Ask DOL Inspectors to provide a written report of any informal allegation of FLSA violations and investigative findings to the district Human Resources manager and the installation head (or designee).

445.3 Postal Service Actions

Upon receipt of the FLSA report:

a. The installation head should forward comments and recommendations related to the allegations and findings to the district Human Resources manager.

b. The district Human Resources manager should send copies of investigative reports and all related correspondence to Headquarters Compensation and the area law office.

In accordance with the Donovan vs. Postal Service settlement agreement, the Postal Service will be afforded the opportunity to rectify an FLSA violation prior to the filing of any complaint or other formal enforcement action by DOL.

Note: The installation head does not have the authority and cannot

agree to any proposed remedial measure prior to consulting with the district Human Resources manager, Headquarters Compensation, and the Law Department.

450 Collection of Postal Debts From Nonbargaining Unit Employees by Salary Offset

451 General

451.1 Scope

These regulations apply to the collection, by salary offset, of any debt owed the Postal Service by a current employee who is not included in a collective bargaining unit. The regulations in 452.3 may also apply to the collection of any debt owed the Postal Service by a current employee who is included in a collective bargaining unit, if the circumstances specified in 462.32 apply.

Generally, the Postal Service may withhold a maximum of 15 percent of an employee's disposable pay each pay period by salary offset after providing the employee with certain due process rights (see 452). However, if a federal court has granted judgment upholding the debt, up to 25 percent of the employee's pay may be withheld each pay period (see 453). Exceptions for bargaining unit employees are provided in 462.4.

451.2 Issues Not Covered in the Subchapter

The following issues are not covered in this subchapter:

a. *Collection of debts from bargaining unit employees.* Procedures governing the collection of Postal Service debts from bargaining unit employees are found in 460.

b. *Other debt collection procedures.* Procedures governing the collection of debts from former employees by administrative offset pursuant to the authority of section 10 of the Debt Collection Act, 31 U.S.C. 3716, are found in 470 and 480.

c. *Debts due other federal agencies.* Regulations governing the collection by involuntary salary offset of debts owed by Postal Service employees to federal agencies other than the Postal Service are not contained in this subchapter.

451.3 Representation

Employees have the right to representation and free choice of representative. If the employee's designated representative is a Postal Service employee in a duty status, the representative is granted a reasonable amount of official time to perform any function for the employee that is authorized by these regulations.

451.4 Salary Offsets From Other Federal Employees

When the Postal Service requests that another federal agency or entity offset an individual's federal salary payments, by Treasury Offset Program or

otherwise, to satisfy a debt owed by that individual to the Postal Service, the Postal Service will notify the individual as required by law and provide an opportunity for review in accordance with 39 CFR 961 before the offset is taken.

451.5 Definitions

The following definitions apply to the material in this subchapter:

a. *Administrative salary offset* — the collection of a debt owed to the Postal Service or other government agency through deductions from the disposable pay of a Postal Service employee under the authority of section 5 of the Debt Collection Act of 1982, 5 U.S.C. 5514(a).

b. *Court judgment salary offset* — the collection of a debt owed to the Postal Service or other government agency through deductions from the current pay of a Postal Service employee under the authority of section 124 of Public Law 97-276.

c. *Current pay or disposable pay* — that part of an employee's salary that remains after all required deductions (normal retirement contributions, FICA and Medicare insurance taxes, federal income tax, state and local income taxes, and employee-paid federal health insurance premiums) are made.

d. *Debt* — any outstanding amount owed to the Postal Service by an employee.

e. *Employee* — a current employee of the Postal Service.

f. *Pay* — basic pay, special pay, incentive pay, retired pay, retainer pay, or any other authorized pay, including cost-of-living adjustment or territorial cost-of-living allowance, received by an employee.

g. *Postmaster or installation head* — the top management official at a Post Office or installation or the official who has supervisory responsibility for a debtor employed at Headquarters or in area offices. When the debtor is a postmaster or installation head, the term refers to the official to whom the postmaster or installation head reports.

h. *Severe financial hardship* — an employee's inability to meet the essential material needs of the employee and his or her spouse and dependents because of offsets against pay. These essential material needs are food, housing, clothing, transportation, medical care, and any exceptional expenses.

i. *Waiver* — the Postal Service's cancellation, remission, or forgiveness of a debt, the recovery of which is covered by these regulations.

451.6 Time Computation

In computing any period of time prescribed or allowed by these regulations, the day the designated period of time begins to run is not included. The last day of the period computed is included, unless it is a Saturday, Sunday, or legal holiday, in which event the period runs until the end of the next day that is not a Saturday, Sunday, or legal holiday.

451.7 Effect of Waiver Request

If an employee requests a waiver of a debt, the recovery of which is covered by these regulations, that request does not stay the collection process. However, if the waiver request ultimately is granted, the amount collected is refunded to the employee.

451.8 Service of Notice and Delivery of Records

A postmaster or installation head must hand deliver any notice required by, or any records requested pursuant to, these regulations to an employee and must obtain a dated, signed receipt of delivery. If personal delivery is not possible, Certified Mail™ or Express Mail® service, return receipt requested, must be used.

452 Procedures Governing Administrative Salary Offsets

452.1 Determination and Collection of Debt

452.11 Establishment of Accounts Receivable

Depending upon the circumstances of a particular case, the determination of a debt subject to collection under this subchapter may be made by an official in the field or at the Eagan Accounting Service Center (ASC), as follows:

a. Payroll-related debts discovered in the field must be submitted to the Eagan ASC on PS Form 2240, *Pay, Leave, or Other Hours Adjustment Request.*

b. Other debts must be reported to the manager of the Financial Processing Branch on PS Form 1902, *Justification for Billing Accounts Receivable.*

c. Regardless of the amount, Eagan ASC must create a receivable for each debt and forward an invoice to the postmaster or installation head at the facility where the debtor is employed.

d. When Eagan ASC creates a receivable for a debt, it must ensure that the employee's records are flagged so that the final salary or lump-sum leave payment for that employee is not made until the debt is paid.

452.12 Collection by Postmaster or Installation Head

Each postmaster or installation head is responsible for collecting, in accordance with these regulations, any debt owed to the Postal Service by an employee under his or her supervision. Postmasters or installation heads may delegate their responsibilities under these regulations.

452.2 Voluntary Repayment Procedures

452.21 General

The procedures in this section are intended to facilitate the informal resolution of employee-owed debts. In most cases, these procedures should be followed before initiating the statutorily mandated salary offset procedures in 452.3. However, if the postmaster or installation head

determines that expeditious action is necessary, the procedures in 452.3 may be initiated immediately.

452.22 Notice to Employee

When the postmaster or installation head receives an invoice reflecting an employee-owed debt from the Eagan ASC, he or she must give the employee a copy of the invoice and written notice of the Postal Service's determination of the existence, nature, and amount of the debt (see Exhibit 452.22, Sample Letter of Debt Determination — Nonbargaining). The letter must inform the employee that he or she may pursue one or more of the following options, as appropriate, in order to avoid involuntary salary offsets:

In accordance with the procedures set forth in...	The employee may:
452.231	Request copies of all Postal Service records relating to his or her particular debt.
452.232	Arrange to pay the entire debt.
452.233	Agree to voluntary salary offsets of 15 percent or more of disposable pay.
452.234	Propose an alternative offset schedule.
452.235	Ask the Postal Service to reconsider its determination of the existence or amount of the debt.

Exhibit 452.22
Sample Letter of Debt Determination — Nonbargaining

UNITED STATES POSTAL SERVICE®

[__*date*__]

[__*name*__]
[__*street*__]
[__*city, state, ZIP*__]

Dear [__*name of debtor*__]:

As shown in the enclosed invoice, you owe the Postal Service $[__*amount*__]. This debt is based on [__*briefly describe how the debt arose*__].

If you would like, you may repay the debt in a lump sum, agree to voluntary salary offsets of 15 percent or more of your "disposable pay,"[1] propose a different offset schedule, or ask us to reconsider our determination of the existence or amount of the debt. You also may ask for copies of postal records relating to this debt. Instructions for exercising these options are enclosed. If you decide to authorize the Postal Service to collect the amount due through offsets of 15 percent of your disposable pay, approximately $[__*amount*__] will be withheld from your paycheck for approximately [__*number of*__] pay periods.

If you do not act within the time frames specified in the enclosure, we will take the necessary steps to offset your salary on an involuntary basis.

If you have any questions on this matter, you should contact Mr./Ms. [__*name of appropriate official*__] at [__*telephone number*__] or at [__*address*__].

Sincerely,

[__*signature*__]
[__*name*__]
[__*title of installation head*__]

Enclosures:
Invoice
Options Available to Employee

1. The term *disposable pay* refers to that part of an employee's salary remaining after all required deductions (normal retirement contributions, FICA and Medicare insurance taxes, federal income tax, state and local income taxes, and employee-paid federal health insurance premiums) are made.

Exhibit 452.22 (p. 2)
Sample Letter of Debt Determination — Nonbargaining (Enclosure)

Options Available to Employee

1. *Options.* If you wish, you may do any of the following:
   a. Request, in accordance with paragraph 2 below, copies of all postal records relating to the debt.
   b. Repay the entire debt voluntarily in accordance with paragraph 3 below.
   c. Agree, in accordance with paragraph 4 below, to voluntary salary offsets of 15 percent or more of disposable pay.
   d. Propose, in accordance with paragraph 5 below, an acceptable alternative offset schedule.
   e. Request, in accordance with paragraph 6 below, that the Postal Service reconsider its determination of the existence or amount of the debt.
2. *Request for Records.* If you would like copies of all postal records relating to your debt, you must contact in writing [*__name of appropriate official__*] at [*__address__*] within 10 calendar days from your receipt of this notice of the Postal Service's determination of a debt. You will be provided with copies of the records within 5 calendar days of the date your request is received.
3. *Payment in Full.* If you wish to repay the debt, you should submit a check or money order, with your Social Security number on its face, for the full amount due, to [*__name of appropriate official__*] at [*__address__*]. Your check or money order must be submitted no later than 15 calendar days from the date you receive this notice if you do not request copies of postal records relating to your debt, or within 15 calendar days from the date you receive any requested records.
4. *Consent to Offsets.* If you would like to repay the debt voluntarily through offsets of 15 percent or more of your disposable pay, you should contact [*__name of appropriate official__*] at [*__address__*] and complete Form 3239, *Payroll Deduction Authorization to Liquidate Postal Service Indebtedness*. The form must be completed no later than 15 calendar days from the date you receive this notice if you do not request copies of postal records relating to your debt, or within 15 calendar days from the date you receive any requested records.
5. *Alternative Offset Schedule.* If you acknowledge the debt, but believe that the proposed deductions of 15 percent of disposable pay would be too severe, you may propose an alternative offset schedule.
   a. You must submit your alternative offset schedule in writing to [*__name of appropriate official__*] at [*__address__*] along with a written statement and supporting documents, stating your reasons for believing the deductions proposed by the Postal Service would result in a "severe financial hardship."[1] Your proposal must include (1) the amount to be paid each pay period, (2) the number of pay periods it would take to repay the debt, and (3) the date the first payment would be made. In addition, the supporting documents must show, for you and your spouse and dependents, for the 1-year period preceding this notice and for your proposed repayment period, (1) total family income, assets, and liabilities; (2) number of dependents; and (3) total expenses for food, housing, clothing, transportation, medical care, and any exceptional expenses.
   b. Your written submissions must be received by the Postal Service no later than 15 calendar days from the date you receive this notice if you do not request copies of postal records relating to the debt, or within 15 calendar days from the date you receive any requested records.
   c. Based upon the material you submit and postal records relating to the debt, the postmaster or installation head will consider (1) the extent to which the assets owned by you and your spouse and dependents are available to meet your essential material expenses and to repay the postal debt, (2) whether your essential material expenses have been minimized as much as possible, and (3) the extent to which you and your spouse and dependents can borrow to finance your essential expenses and to repay the postal debt. An alternative offset schedule will be approved only if it provides for installment payments that bear a reasonable relationship to the size of the debt and your ability to pay. Generally, an alternative offset schedule should provide for installment payments of no less than 10 percent of disposable pay per pay period, and for a repayment period of 26 pay periods or less.

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1. The term *severe financial hardship* refers to an employee's inability to meet the essential material needs of the employee and his or her spouse and dependents because of offsets against pay. These essential material needs are food, housing, clothing, transportation, medical care, and any exceptional expenses.

Exhibit 452.22 (p. 3)
Sample Letter of Debt Determination — Nonbargaining (Enclosure)

d. If it becomes necessary to submit your case to the involuntary salary offset process, you may be entitled to a hearing before an impartial hearing official. The scope of such a hearing, however, is limited by statute to the Postal Service's determination of the existence or amount of the debt or the terms of an involuntary repayment schedule. Since any information you provide will be used by the Postal Service in making a determination on your proposed repayment schedule, it is important, for your own protection, that you provide any relevant information and documents at this stage of the collection process.

6. *Request for Reconsideration of Debt.* If you wish to ask the Postal Service to reconsider its determination of the existence or amount of the debt, you must proceed as follows:

   a. Your request must be submitted to [__*name of appropriate official*__] at [__*address*__] with a written statement and supporting documentation, indicating why you believe you are not so indebted.

   b. Your written submissions must be received by the Postal Service no later than 15 calendar days from the date you receive this notice if you do not request copies of postal records relating to the debt, or within 15 calendar days from the date you receive any requested records.

   c. If it becomes necessary to submit your case to the involuntary salary offset process, you may be entitled to a hearing before an impartial hearing official. The scope of such a hearing, however, is limited by statute to the Postal Service's determination of the existence or amount of the debt or to the terms of an involuntary repayment schedule. Since any information you provide will be used by the Postal Service in making a determination on this debt, it is important, for your own protection, that you provide any relevant information and documents at this stage of the collection process.

7. *Decision on Reconsideration.* If you propose an alternative offset schedule, or submit a request for reconsideration of the existence or amount of a debt, you will be notified of the Postal Service's decision within 15 calendar days of the day your proposal or request is received.

452.23 Employee Response to Notice

452.231 Request for Copies of Postal Records

If an employee would like copies of records relating to a postal debt, he or she must notify the postmaster or installation head in writing within 10 calendar days of receiving notice of the Postal Service's determination of a debt. The postmaster or installation head is responsible for requesting copies of the pertinent records by telephone, if necessary, from the Eagan ASC and/or appropriate postal facility, and for providing the employee with copies of these records within 5 calendar days of receiving the employee's written request. Until collection of the debt is completed, the postmaster or installation head must keep a copy of all records provided to the employee at this stage.

452.232 Payment in Full

An employee who acknowledges the validity of the Postal Service's claim and wishes to repay the entire debt voluntarily should be instructed to remit to the postmaster or installation head, for transmittal to the Eagan ASC, a check or money order for the full amount due, with the employee's Social Security number on its face. The employee should submit the check or money order no later than 15 calendar days from the date the employee receives the notice of the Postal Service's determination of a debt if he or she does not request copies of postal records relating to the debt, or within 15 calendar days from the date the employee receives any requested records.

452.233 Consent to Salary Offsets

If an employee acknowledges the validity of the Postal Service's claim and would like to repay the debt voluntarily through offsets of 15 percent or more of his or her disposable pay, the employee and the postmaster or installation head should complete the appropriate sections of PS Form 3239, *Payroll Deduction Authorization to Liquidate Postal Service Indebtedness*. This form must be completed no later than 15 calendar days from the date the employee receives the notice of the Postal Service's determination of a debt if he or she does not request copies of postal records relating to the debt, or within 15 calendar days from the date the employee receives any requested records.

PS Form 3239, *Payroll Deduction Authorization to Liquidate Postal Service Indebtedness,* is available on the Postal Service PolicyNet website:

- Go to *http://blue.usps.gov.*
- Under "Essential Links" in the left-hand column, click *PolicyNet.*
- Click *Forms.*

The direct URL for the form is *http://blue.usps.gov/formmgmt/forms/LiveCycle/psform3239_072009_lc.pdf.*

452.234 Request for Consideration of Alternative Offset Schedule

If the employee acknowledges the debt, but contends that the proposed deductions of 15 percent of disposable pay would be too severe, he or she may propose an alternative offset schedule.

a. *Proposal.* The employee's proposed offset schedule must be submitted in writing to the postmaster or installation head, along with a

written statement and supporting documentation, stating the employee's reasons for believing that the deductions proposed by the Postal Service would result in a "severe financial hardship," as defined in 451.5h. The proposal must include (1) the amount to be paid each pay period, (2) the number of pay periods it would take to repay the debt under the employee's proposal, and (3) the date the first payment would be made. The supporting documents must also show the following information relating to the employee and his or her spouse and dependents, for the 1-year period preceding the Postal Service's notice and the repayment period proposed by the employee's alternative offset schedule: (1) total family income, assets, and liabilities; (2) number of dependents; and (3) total expenses for food, housing, clothing, transportation, medical care, and any exceptional expenses. The employee should be instructed to provide all information in his or her possession relating to the debt and to his or her financial ability to repay it so that the postmaster or installation head may make an informed decision on an employee's proposed alternative offset plan.

b. *Time Frame.* The employee's proposed alternative offset schedule and written submissions must be received by the postmaster or installation head no later than 15 calendar days from the date the employee receives the notice of the Postal Service's determination of a debt if he or she does not request copies of postal records relating to the debt, or within 15 calendar days from the date the employee receives any requested records.

c. *Consideration.* Based upon the material submitted by the employee and postal records relating to the debt, the postmaster or installation head must consider (1) the extent to which the assets of the employee and his or her spouse and dependents are available to meet their essential material expenses and to repay the postal debt, (2) whether the essential material expenses have been minimized as much as possible, and (3) the extent to which the employee and his or her spouse and dependents can borrow to finance their essential expenses and to repay the postal debt. An employee's alternative offset schedule should be approved only if it provides for installment payments that bear a reasonable relationship to the size of the debt and the employee's ability to pay. Generally, an alternative offset schedule should provide for installment payments of no less than 10 percent of disposable pay per pay period, and for a repayment period of 26 pay periods or less.

452.235 Request for Reconsideration of Debt

If an employee wishes to request reconsideration of the Postal Service's determination of the existence or amount of a debt, he or she may proceed as follows:

a. *Request.* The employee's request for reconsideration must be submitted in writing to the postmaster or installation head, along with a written statement and supporting documentation indicating why the employee believes he or she is not so indebted. Since the postmaster or installation head will use the material provided by the employee,

along with postal records relating to the debt, in deciding whether the Postal Service's determination of the debt should be revised, employees should be instructed to provide all information in their possession relating to the debt so that the postmaster or installation head may make an informed determination.

b. *Time Frame.* The employee's written submission must be received by the postmaster or installation head no later than 15 calendar days from the date the employee receives the notice of the Postal Service's determination of a debt if he or she does not request copies of postal records relating to the debt, or within 15 calendar days from the date the employee receives any requested records.

452.24 Action Following Reconsideration of Debt and/or Offset Schedule

452.241 Consideration and Response

After reviewing an employee's proposed alternative offset schedule and/or request that the Postal Service reconsider its determination of the existence or amount of a debt, the postmaster or installation head, within 15 calendar days of receiving the employee's proposal or request, must notify the employee in writing of the determination and take any necessary follow-up action as outlined in 452.242 and 452.243.

452.242 Reconsideration of Debt

If the employee challenged the existence or amount of the debt, the postmaster or installation head takes one of the following actions:

a. Notifies the employee in writing that (1) he or she is indebted to the Postal Service for the amount set forth in its letter and (2) to prevent the initiation of involuntary offset proceedings, he or she must make arrangements to repay the debt in accordance with the procedures specified in 452.25.

b. Notifies the employee in writing that (1) he or she is indebted to the Postal Service for a revised amount and (2) he or she may, within 10 calendar days of receiving the Postal Service's determination upon reconsideration, propose in writing to the postmaster or installation head an alternative offset schedule based on the new figure in accordance with the requirements set forth in 452.234a. In accordance with the requirements set forth in 452.234c, and within 5 calendar days of receiving this proposed alternative offset schedule, the postmaster or installation head must notify the employee in writing whether or not it is acceptable. If the postmaster or installation head rejects the employee's alternative offset schedule, the employee must be advised in writing that, to prevent the initiation of involuntary offset proceedings, he or she must make arrangements to repay the debt in accordance with the procedures specified in 452.25.

c. Notifies the employee in writing that he or she is not indebted to the Postal Service for any amount. The postmaster or installation head must immediately notify the Eagan ASC to eliminate the receivable and remove the flag from the employee's records.

452.243 **Consideration of Alternative Offset Schedule**

If an alternative offset schedule was proposed, the postmaster or installation head takes one of the following actions:

a. Notifies the employee in writing that (1) the Postal Service's proposed offset schedule would not result in a severe financial hardship for the employee and his or her spouse and dependents, and accordingly the alternative offset schedule proposed by the employee is not acceptable, and (2) to prevent the initiation of involuntary offset proceedings, he or she must make arrangements to repay the debt in accordance with the procedures specified in 452.25.

b. Notifies the employee in writing that (1) the employee has demonstrated that the Postal Service's proposed offset schedule would result in a severe financial hardship, and accordingly the alternative offset schedule proposed by the employee (or some variation of it) is acceptable, and that (2) the employee must complete appropriate sections of PS Form 3239. The postmaster or installation head implements the change by completing PS Form 3239.

452.25 Voluntary Repayment Following Reconsideration

452.251 **Payment in Full**

If an employee, upon receiving notice of the Postal Service's determination upon reconsideration, acknowledges the validity of the Postal Service's claim and would like to repay the entire debt voluntarily, he or she should be instructed to remit to the postmaster or installation head, for transmittal to the Eagan ASC, a check or money order for the full amount due, with the employee's Social Security number on its face. The employee must submit payment within 15 calendar days of receiving notice of the Postal Service's determination upon reconsideration.

452.252 **Consent to Salary Offsets**

If an employee, upon receiving the Postal Service's determination on reconsideration, acknowledges the validity of the Postal Service's claim and would like to repay the debt voluntarily through offsets of 15 percent or more of his or her disposable pay, the employee and the postmaster or installation head should complete the appropriate sections of PS Form 3239. This form must be completed no later than 15 calendar days from the date the employee receives notice of the Postal Service's determination upon reconsideration.

452.26 Failure to Resolve or Repay Debt

If an employee, after receiving notice of the Postal Service's determination of a debt, or after receiving notice of the Postal Service's determination upon reconsideration, fails, within the applicable time periods, to resolve a debt or to make satisfactory arrangements to repay it, the postmaster or installation head must initiate the statutory collection procedures in 452.3.

452.3 Statutory Offset Procedures

452.31 Authority

Under section 5 of the Debt Collection Act, 5 U.S.C. 5514(a) (1982), the Postal Service may, after providing certain procedural rights, offset an

employee's salary in order to satisfy any debt due the Postal Service. Generally, up to 15 percent of an individual's "disposable pay" (or the alternative amount determined for a bargaining unit employee as provided in 462.42) may be deducted in monthly installments or at "officially established pay intervals." A greater percentage may be deducted with the written consent of the individual debtor. If the individual's employment ends before the full debt is collected, deduction may be made from subsequent payments of any nature due the employee.

452.32 Notifying the Employee

452.321 Notice

At least 30 calendar days before making an administrative offset under this authority, the postmaster or installation head must provide an employee-debtor with (a) two copies of a Notice of Involuntary Administrative Salary Offsets Under the Debt Collection Act, containing the information in 452.322, and (b) a copy of the procedures that govern hearings under the Debt Collection Act set forth at 39 CFR Part 961 (see Exhibit 452.322).

452.322 Contents

The notice (see Exhibit 452.322, Sample Notice of Involuntary Administrative Salary Offsets) required by 452.321 must notify the employee of the following:

a. The name, work address, and telephone number of the postmaster or installation head issuing the notice.

b. The Postal Service's determination of the existence and amount of the debt.

c. The nature of the debt.

d. The Postal Service's intention to collect the amount due by offsetting 15 percent of the employee's "disposable pay" (or the alternative amount determined for a bargaining unit employee as provided in 462.42) each pay period.

e. The estimated amount, starting date (generally 30 days from the date the employee receives the notice, see Exhibit 452.322), frequency, and duration of the intended deductions.

f. The procedural rights available to the employee, as well as the appropriate method for requesting them. These rights include an opportunity to:

(1) Obtain copies of Postal Service records relating to the debt.

(2) Avoid the need for involuntary offsets by paying the debt in full.

Exhibit 452.322
Sample Notice of Involuntary Administrative Salary Offsets

UNITED STATES POSTAL SERVICE®

NOTICE OF INVOLUNTARY ADMINISTRATIVE SALARY OFFSETS UNDER THE DEBT COLLECTION ACT

[__*date*__]

[__*name*__]
[__*street*__]
[__*city, state, ZIP*__]

[__*name of debtor*__]:

On [__*date of previous letter*__], you were notified by letter of our determination that you owe the Postal Service $[__*amount*__]. As we noted in our earlier letter, this debt is based on [__*briefly describe how debt arose*__].

Our records indicate that you have not acted to repay this debt. Accordingly, this letter provides notice of the Postal Service's intention to collect this debt by deducting 15 percent of your "disposable pay"[1] each pay period (or, for a bargaining unit employee, 20 percent of gross pay each pay period, whichever amount is lower when the salary offset is started). In your case, this will amount to deductions of approximately $[__*amount*__] from each paycheck beginning on [__*date deductions are scheduled to begin–generally 30 days from the date the employee receives this notice*__]. These deductions will continue until the debt is collected; we estimate that this should take approximately [__*number of*__] pay periods.

If you feel our determination of the existence or amount of this debt is incorrect, or if you believe the deductions set forth above would impose a "severe financial hardship"[2] on you and your spouse and dependents, you may take one or more of the measures detailed in the enclosed *Statement of Debtor's Rights and Responsibilities*. Unless you have a sound basis for contesting the Postal Service's determinations concerning this matter, you should make arrangements immediately to repay this debt.

[__*signature*__]
[__*name*__]
[__*title of installation head*__]
[__*work address*__]
[__*telephone number w/area code*__]

Enclosures
Statement of Debtor's Rights and Responsibilities
Rules of Procedure Governing Hearings Under the Debt Collection Act

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1. The term *disposable pay* refers to that part of an employee's salary remaining after all required deductions (normal retirement contributions, FICA and Medicare insurance taxes, federal income tax, state and local income taxes, and employee-paid federal health insurance premiums) are made.
2. The term *severe financial hardship* refers to an employee's inability to meet the material needs of the employee and his or her spouse and dependents because of offsets against pay. These essential material needs are food, housing, clothing, transportation, medical care, and any exceptional expenses.

Exhibit 452.322 (p. 2)
Sample Notice of Involuntary Administrative Salary Offsets

Statement of Debtor's Rights and Responsibilities

1. *Request for Records.* At any time after receiving this notice of the Postal Service's intention to collect a debt through involuntary salary offsets and before a requested hearing is held, you may request copies of any postal records that you have not previously received, by contacting, in writing, [__*name of appropriate official*__] at [__*address*__]. You will receive any requested records within 5 calendar days of the date your request is received by the Postal Service.
2. *Payment in Full.* If you acknowledge the validity of the Postal Service's claim and wish to repay the entire debt, you may, at any time after receiving this notice of the Postal Service's intention to collect a debt through involuntary offsets, submit a check or money order, with your Social Security number on its face, for the full amount due, to [__*name of appropriate official*__] at [__*address*__].
3. *Consent to Offsets.* If you acknowledge the validity of the Postal Service's claim and would like to consent to offsets of 15 percent or more of your disposable pay (or, for a bargaining unit employee, 20 percent of gross pay, whichever amount is lower when the salary offset is started), you should contact [__*name of appropriate official*__] at [__*address*__] and complete Form 3239, *Payroll Deduction Authorization to Liquidate Postal Service Indebtedness*. You may agree to salary offsets in the amount proposed by the Postal Service, or some greater amount, at any time after you receive notice of the Postal Service's intention to collect a debt through involuntary salary offsets.
4. *Alternative Offset Schedule.* If you acknowledge the debt, but believe that the proposed deductions of 15 percent of disposable pay (or, for a bargaining unit employee, 20 percent of gross pay, whichever amount is lower when the salary offset is started), would impose a "severe financial hardship"[1] on your family, you may propose an alternative offset schedule.
   a. Your proposed alternative offset schedule must be submitted to [__*name of appropriate official*__] at [__*address*__], along with a written statement, and supporting documentation, stating your reasons for believing the deductions proposed by the Postal Service would result in a "severe financial hardship." Your proposal must include (1) the amount to be paid each pay period, (2) the number of pay periods it would take to repay the debt, and (3) the date the first payment would be made. In addition, the supporting documents must show, for you and your spouse and dependents, for the 1-year period preceding the Postal Service's notice and for your proposed repayment period, (1) your total family income, assets, liabilities; (2) number of dependents; and (3) total expenses for food, housing, clothing, transportation, medical care; and any exceptional expenses. You should be careful to provide all information in your possession relating to this debt so that the Postal Service may make an informed decision on your request for an alternative offset schedule. You may submit your proposed alternative repayment schedule at any time after receiving this notice of the Postal Service's intention to collect an outstanding debt through salary offsets.
   b. Based upon the material you submit and postal records relating to the debt, the Postal Service will consider (1) the extent to which your assets and those of your spouse and dependents are available to meet your family's essential material expenses and to repay the postal debt, (2) whether your essential material expenses have been minimized as much as possible, and (3) the extent to which you and your spouse and dependents can borrow to finance your essential expenses and to repay the debt. An alternative offset schedule will be approved only if it provides for installment payments that bear a reasonable relationship to the size of the debt and your ability to pay. Generally, an alternative offset schedule should provide for installment payments of no less than 10 percent of disposable pay per pay period, and for a repayment period of 26 pay periods or less.
   c. You will be notified of the Postal Service's decision regarding your proposed repayment schedule within 15 calendar days of the date it is received.

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1. The term *severe financial hardship* refers to an employee's inability to meet the material needs of the employee and his or her spouse and dependents because of offsets against pay. These essential material needs are food, housing, clothing, transportation, medical care, and any exceptional expenses.

Exhibit 452.322 (p. 3)
Sample Notice of Involuntary Administrative Salary Offsets

5. *Petition for a Hearing.* To request a hearing on the Postal Service's determination of the existence or amount of the debt, or on the Postal Service's proposed involuntary offset schedule, you must file a written petition for a hearing in accordance with the requirements of 39 CFR 961.4. (A copy of Part 961 of 39 CFR. is enclosed.) Your hearing petition must be filed with the RECORDER, JUDICIAL OFFICER DEPT, US POSTAL SERVICE, 2101 WILSON BLVD, STE 600, ARLINGTON VA 22201-3078, on or before the fifteenth calendar day following your receipt of this notice. A timely request for a hearing will stay the commencement of the collection of the debt.

   Note: While you may request a hearing and pursue one of the other available options, your hearing petition must be filed within the required time period. If questions relating to this debt are resolved before the hearing is held, your petition may be withdrawn.

6. *Failure to Act.* If you do not exercise any of the rights set forth above, the Postal Service will proceed with its plans to initiate the proposed offsets 30 days from the date you receive this notice.

Exhibit 452.322 (p. 4)
Sample Notice of Involuntary Administrative Salary Offsets

39 CFR PART 961–RULES OF PRACTICE IN PROCEEDINGS RELATIVE TO EMPLOYEE HEARING PETITIONS UNDER SECTION 5 OF THE DEBT COLLECTION ACT

Section
961.1 Authority for rules.
961.2 Scope of rules.
961.3 Definitions.
961.4 Employee Petition for a hearing and Supplement to Petition.
961.5 Effect of Petition filing.
961.6 Filing, docketing and serving documents; computation of time; representation of parties.
961.7 Answer to Petition and Supplement to Petition.
961.8 Hearing Official authority and responsibilities.
961.9 Effect of Hearing Official's decision; motion for reconsideration.
961.10 Waiver of employee rights.
961.11 Ex parte communications.

Authority: 39 U.S.C. 204, 401; 5 U.S.C. 5514(a).
Source: 51 FR 1251, Jan. 10, 1986, unless otherwise noted.

Sec. 961.1 Authority for rules. These rules are issued by the Judicial Officer pursuant to authority delegated by the Postmaster General.

Sec. 961.2 Scope of rules. The rules in this part apply to the hearing provided by section 5 of the Debt Collection Act of 1982, as amended, 5 U.S.C. 5514(a), on the Postal Service's determination of the existence or amount of an employee debt to the Postal Service, or of the terms of the employee's debt repayment schedule. In addition, these rules, as appropriate, apply to a hearing under section 5 of the Debt Collection Act when an Administrative Law Judge or an Administrative Judge in the Judicial Officer Department is designated as the Hearing Official for a creditor Federal agency other than the Postal Service pursuant to an agreement between the Postal Service and that agency.

Sec. 961.3 Definitions.

a. "Employee" refers to a current employee of the Postal Service or another Federal agency who is alleged to be indebted to the Postal Service or another creditor Federal agency and whose hearing under section 5 of the Debt Collection Act is being conducted under these rules.

b. "General Counsel" refers to the General Counsel of the Postal Service, and includes a designated representative.

c. "Hearing Official" refers to an Administrative Law Judge qualified to hear cases under the Administrative Procedure Act, an Administrative Judge appointed under the Contract Disputes Act of 1978, or any other qualified person not under the control or supervision of the Postmaster General, who is designated by the Judicial Officer to conduct the hearing under section 5 of the Debt Collection Act of 1982, as amended, 5 U.S.C. 5514(a).

d. "Judicial Officer" refers to the Judicial Officer or Acting Judicial Officer of the United States Postal Service.

e. "Notice of Involuntary Administrative Salary Offsets Under the Debt Collection Act" refers to the formal written notice required by section 5 of the Debt Collection Act before involuntary collection deductions can be taken from an employee's salary.

f. "Postmaster/Installation Head" refers to the Postal Service official who is authorized under the Postal Service Employee and Labor Relations Manual to make the initial determination of employee indebtedness and to issue the "Notice of Involuntary Administrative Salary Offsets Under the Debt Collection Act."

g. "Recorder" refers to the Recorder, Judicial Officer Department, U.S. Postal Service, 2101 Wilson Blvd., Ste. 600, Arlington, VA 22201-3078.

Sec. 961.4 Employee Petition for a hearing and supplement to petition.

a. If an employee desires a hearing, prescribed by section 5 of the Debt Collection Act, on the Postal Service's determination of the existence or amount of a debt, or on the involuntary repayment terms proposed by the Postal Service, the employee must file a written, signed petition with the Recorder, Judicial Officer Department, U.S. Postal Service, 2101 Wilson Blvd., Ste. 600, Arlington, VA 22201-3078, on or before the fifteenth (15th) calendar day following the employee's receipt of the Postal Service's "Notice of Involuntary Administrative Salary Offsets Under the Debt Collection Act."

Exhibit 452.322 (p. 5)
Sample Notice of Involuntary Administrative Salary Offsets

b. The hearing petition is to include the following:

(1) The words, "Petition for Hearing Under the Debt Collection Act," prominently captioned at the top of the first page;

(2) The name of the employee petitioner and the employee's work and home addresses, and work and home telephone numbers; or other address and telephone number where the employee may be contacted about the hearing proceedings;

(3) A statement of the date the employee received the "Notice of Involuntary Administrative Salary Offsets Under the Debt Collection Act," and a copy of the Notice;

(4) A statement indicating whether the employee requests an oral hearing or a hearing based solely on written submissions;

(5) If the employee requests an oral hearing, a statement of the evidence he or she will produce which makes an oral hearing necessary, including a list of witnesses, with their addresses, whom the employee expects to call; the proposed city for the hearing site, with justification for holding the hearing in that city; and recommended alternative dates for the hearing; which should be within 40 days from filing the Petition;

(6) A statement of the grounds upon which the employee objects to the Postal Service's determination of the existence or amount of the debt, or to the proposed offset schedule. This statement should identify and explain with reasonable specificity and brevity the facts, evidence, and legal arguments, if any, which the employee believes support his or her position;

(7) Copies of all records in the employee's possession which relate to the debt; and

(8) If an employee contends that the Postal Service's proposed offset schedule would result in a severe financial hardship on the employee and his or her spouse and dependents, an alternative offset schedule, and a statement and supporting documents indicating for the employee and his or her spouse and dependents for the 1 year preceding the Postal Service's notice and for the repayment period proposed by the employee in his or her alternative offset schedule, their total income from all sources; assets; liabilities; number of dependents; and expenses for food, housing, clothing, transportation, medical care, and exceptional expenses, if any.

c. The employee may, if necessary, file with the Recorder, additional information as a Supplement to the Petition on or before the thirtieth (30th) calendar day following the employee's receipt of the Postal Service's "Notice of Involuntary Administrative Salary Offsets Under the Debt Collection Act."

Sec. 961.5 Effect of Petition filing. Upon receipt and docketing of the employee's Petition for a hearing, the Recorder will notify the Postmaster/Installation Head and the General Counsel that the Petition has been filed and that, pursuant to section 5 of the Debt Collection Act, a timely-filed Petition for a hearing stays further collection action.

Sec. 961.6 Filing, docketing and serving documents; computation of time; representation of parties.

a. *Filing.* All documents relating to the Debt Collection Act hearing proceedings must be filed by the employee or the General Counsel with the Recorder. (Normal Recorder office business hours are between 8:15 a.m. and 4:45 p.m., eastern standard or daylight saving time as appropriate during the year.) The Recorder will transmit a copy of each document filed to the other party, and the original to the Hearing Official.

b. *Docketing.* The Recorder will maintain a docket record of Debt Collection Act hearing petition proceedings and will assign each employee Petition a docket number. After notification of the docket number, the employee and General Counsel should refer to it on any further filings regarding the Petition.

c. *Time computation.* A filing period under the rules in this part excludes the day the period begins, and includes the last day of the period unless the last day is a Saturday, Sunday, or legal holiday, in which event the period runs until the close of business on the next business day.

d. *Representation of parties.* After the filing of the Petition, further document transmittals for, or communications with, the Postmaster/Installation Head or Postal Service shall be through their representative, the General Counsel, or, if an appropriate notice of appearance is filed, the General Counsel's designee. If a notice of appearance by an attorney authorized to practice law in any of the United States or the District of Columbia or a territory of the United States is filed in behalf of an employee, further transmissions of documents and other communications with the employee shall be made through his or her attorney rather than directly with the employee.

Exhibit 452.322 (p. 6)
Sample Notice of Involuntary Administrative Salary Offsets

Sec. 961.7 Answer to Petition and Supplement to Petition. If the employee's Petition states reasons to support the employee's position, within 15 days from notice of the Petition, the General Counsel shall file an Answer to the Petition, and attach all available relevant records and documents in support of the Postal Service's claim, and a list of witnesses the Postal Service intends to call if an oral hearing is granted. If the employee files a Supplement to the Petition, the General Counsel, within ten (10) calendar days from the filing of the Supplement with the Recorder, must file any Supplemental Answer and records to support the position of the Postal Service.

Sec. 961.8 Hearing Official authority and responsibilities. The Hearing Official shall provide a full and fair hearing. The proceedings must be expedited to ensure issuance of the final decision no later than 60 days after the filing of the employee's hearing Petition. The Hearing Official's authority includes, but is not limited to, the following:

a. Ruling on all offers, motions or requests by the parties;

b. Issuing any notices, orders or memoranda to the parties concerning the hearing proceedings;

c. Using telephone conferences with the parties to expedite the proceedings. A memorandum of a telephone conference will be transmitted to both parties;

d. Determining if an oral hearing should be held; and setting the place, date and time for the hearing or the taking of testimony by telephone conference;

e. Administering oaths or affirmations to witnesses, and conducting the hearing in a manner to maintain discipline and decorum while assuring that relevant, reliable and probative evidence is elicited on the issues in dispute, but irrelevant, immaterial or repetitious evidence is excluded;

f. Establishing the record in the case;

g. Issuing the final decision orally or in writing no later than sixty (60) days after the filing of the employee's hearing Petition. When an oral decision is rendered, a written confirmation will thereafter be sent to the parties. The decision must include the determination of the amount and validity of the alleged debt and, where applicable, the repayment schedule. It should also include findings and reasons.

Sec. 961.9 Effect of Hearing Official's decision; motion for reconsideration. The Hearing Official's decision shall be the final administrative determination on the employee's debt or repayment schedule. No reconsideration of the decision will be allowed unless a motion for reconsideration is filed by either party within 10 days from receipt of the decision and shows good reasons for reconsideration. Reconsideration will be allowed only in the discretion of the Hearing Official. A motion for reconsideration by the employee will not operate to stay the collection action authorized by the Hearing Official's decision.

Sec. 961.10 Waiver of employee rights. The Hearing Official may determine the employee has waived his or her right to a hearing and the employee's pay shall be offset in accordance with the Postal Service's offset schedule, if the employee:

a. Files a Petition for hearing after the end of the 15-day period allowed by the Act for filing the Petition, and fails to demonstrate to the satisfaction of the Hearing Official good cause for the delay;

b. Has received notice to appear at an oral hearing but fails to do so without showing circumstances beyond the employee's control;

c. Fails to file required submissions or to comply with orders of the Hearing Official, and the failure makes it difficult or impossible to hold the hearing or to issue the decision within the statutory time;

d. Files a withdrawal of his or her Petition for a hearing with the Recorder.

Sec. 961.11 Ex parte communications. Ex parte communications between a Hearing Official or his staff and a party shall not be made. This prohibition does not apply to procedural matters. A memorandum of any communication between the Hearing Official and a party will be transmitted to both parties.

(3) Consent to salary offsets of 15 percent or more of disposable pay (or the alternative amount determined for a bargaining unit employee as provided in 462.42).

(4) Enter into a written agreement with the Postal Service, under terms agreeable to the postmaster or installation head, to establish an alternative debt repayment schedule.

(5) Obtain a hearing on the Postal Service's determination concerning the existence or the amount of the debt, or on the terms of the Postal Service's proposed repayment schedule.

g. The employee must be informed that the timely filing of a petition for a hearing will stay the collection proceedings.

452.33 Procedures Governing the Exercise of Employee Rights

452.331 Employee Options

Employees may pursue as many of the options available to them as they wish. It should be noted, however, that an employee's petition for a hearing on the Postal Service's determination of the existence or amount of a debt, or on the terms of the Postal Service's proposed repayment schedule, must be submitted within the time frame specified in 452.336. If, after requesting a hearing, the employee is able to resolve the debt through another available option, his or her hearing petition may be withdrawn.

452.332 Requests for Postal Records

If an employee wishes to request copies of any records, the employee and the postmaster or installation head proceed as follows:

a. *Submission.* At any time after receiving notice of the Postal Service's intention to collect a debt through involuntary salary offsets and before any requested hearing is held, a nonbargaining unit employee may request copies of any records he or she did not previously obtain under 452.231, while a bargaining unit employee may request copies of any records the employee or the employee's union did not previously obtain under 462.21. Requests for copies of postal records relating to an alleged debt must be made in writing and directed to the postmaster or installation head.

b. *Response.* The postmaster or installation head should take care to respond expeditiously to records requests so as not to deprive an employee of the benefit of any information that might resolve questions relating to the debt. Once a request is received, the postmaster or installation head must promptly request, as necessary, copies of the pertinent records by telephone from the Eagan ASC or appropriate postal facility and provide the employee, within 5 calendar days of receiving the employee's request, with copies of all records requested.

452.333 Payment in Full

An employee who wishes to pay off an entire debt may remit to the postmaster or installation head for transmittal to the Eagan ASC a check or money order with his or her Social Security number on its face, at any time after receiving written notice of the Postal Service's intention to collect the debt through involuntary salary offsets.

452.334 **Consent to Salary Offsets**

If an employee acknowledges the validity of the Postal Service's claim and would like to consent to offsets of 15 percent or more of his or her disposable pay (or the alternative amount determined for a bargaining unit employee as provided in 462.42), the employee and the postmaster or installation head should complete the appropriate sections of PS Form 3239. An employee may consent to salary offsets at any time after he or she receives notice of the Postal Service's intention to collect the debt through involuntary salary offsets.

452.335 **Alternative Offset Schedule**

If an employee acknowledges the Postal Service's claim, but contends that the proposed deductions of 15 percent of disposable pay (or the alternative amount determined for a bargaining unit employee as provided in 462.42) would be too severe, he or she may propose an alternative offset schedule and proceed as follows:

a. *Proposal.* The employee's proposed offset schedule must be submitted to the postmaster or installation head, along with a written statement and supporting documentation, stating the employee's reasons for believing the deductions proposed by the Postal Service would result in a "severe financial hardship" as that term is defined in 451.5h. The proposal must include (1) the amount to be paid each pay period, (2) the number of pay periods it would take to repay the debt under the employee's proposal, and (3) the date the first payment would be made. The supporting documents must also show the following information relating to the employee and his or her spouse and dependents, for the 1-year period preceding the Postal Service's notice and the repayment period proposed by the employee's alternative offset schedule: (1) total family income, assets, and liabilities; (2) number of dependents; and (3) total expenses for food, housing, clothing, transportation, medical care, and any exceptional expenses. The employee should be instructed to provide all information in his or her possession relating to the debt and his or her financial ability to repay it so that the postmaster or installation head may make an informed decision on the employee's request.

b. *Time Frame.* The employee may submit his or her proposed alternative repayment schedule to the postmaster or installation head at any time after receiving notice of the Postal Service's intention to collect an outstanding debt through involuntary salary offsets.

c. *Consideration.* Based upon the material submitted by the employee and postal records relating to the debt, the postmaster or installation head must consider (1) the extent to which the assets of the employee and his or her spouse and dependents are available to meet their essential material expenses and to repay the postal debt, (2) whether the essential material expenses have been minimized as much as possible, and (3) the extent to which the employee and his or her spouse and dependents can borrow to finance their essential expenses and to repay the debt. An employee's alternative offset schedule should be approved only if it provides for installment payments that

bear a reasonable relationship to the size of the debt and the employee's ability to pay. Generally, an alternative offset schedule should provide for installment payments of no less than 10 percent of disposable pay per pay period, and for a repayment period of 26 pay periods or less.

d. *Notification.* The postmaster or installation head must notify the employee in writing of his or her decision regarding the employee's proposed alternative offset schedule within 15 calendar days of receiving it from the employee.

e. *Implementation.* The postmaster or installation head and the employee must implement the terms of an acceptable alternative repayment agreement by completing the appropriate sections of Form 3239.

452.336 Debt Collection Hearing

If an employee wishes to request a hearing, the employee and the Postal Service proceed as follows:

a. *Hearing Request.* If an employee desires a hearing prescribed by section 5 of the Debt Collection Act on the Postal Service's determination of the existence or amount of the debt, or on the involuntary repayment terms proposed by the Postal Service, the employee must file a written petition for a hearing in accordance with the requirements of 39 CFR 961.4. The petition must be filed with the

RECORDER
JUDICIAL OFFICER
US POSTAL SERVICE
2101 WILSON BLVD STE 600
ARLINGTON VA 22201-3078

on or before the fifteenth calendar day following the employee's receipt of the Notice of Involuntary Administrative Salary Offsets Under the Debt Collection Act. The hearing procedures are set forth in 39 CFR Part 961, which is incorporated herein by reference.

b. *Postdecision Responsibilities.* After an employee has been accorded a requested hearing and a written decision has been rendered, the general counsel of the Postal Service notifies the appropriate postmaster or installation head of the determination. If the hearing decision indicates that the employee is not indebted to the Postal Service, the postmaster or installation head must take the necessary steps to remove all references to the debt from the employee's records. However, if the decision authorizes the Postal Service to offset an employee's salary, the postmaster or installation head must initiate the authorized offsets by completing the appropriate sections of PS Form 3239.

452.34 Employee Failure to Respond

If, upon receiving notice of the Postal Service's intention to collect a debt through involuntary salary offsets, the employee fails to repay the debt, fails to consent to the Postal Service's proposed offsets, fails to propose an acceptable alternative offset schedule, and does not request a hearing on the Postal Service's determination of the debt or its proposed offset

schedule, the postmaster or installation head may initiate the offsets specified in the Postal Service's notice to the employee, no earlier than 30 calendar days after the debtor's receipt of that notice, by completing the appropriate sections of PS Form 3239.

452.4 Exceptions to Procedures Found in Sections 452.2 and 452.3

a. The procedures governing the collection of postal debts contained in sections 452.2 and 452.3 do not apply to:

(1) Amounts to be collected which arose from the employee's election of coverage or change of coverage under a federal benefits program requiring periodic deductions from pay, and were accumulated over four pay periods or less;

(2) Routine intra-agency adjustments of pay that are attributable to clerical or administrative errors or delays in processing pay documents that have occurred within the four pay periods preceding the pay period in which the first adjustment is made, provided the individual is given notice in accordance with section 452.4b; or

(3) Any adjustment that amounts to $50 or less, provided the individual is given notice in accordance with section 452.4b.

b. At the time the first adjustment is made pursuant to section 452.4a2 or 3, or as soon thereafter as practical, the individual must be provided written notice of the nature and the amount of the debt and adjustments and a point of contact for contesting collection.

453 Court Judgment Salary Offsets

453.1 Authority

In accordance with section 124 of Public Law 97-276 (October 2, 1982), 5 U.S.C. 5514 note (1982), the Postal Service may deduct up to one-fourth (25 percent) of an employee's "current pay" in monthly installments or at officially established pay periods to satisfy a debt determined by a federal court to be owed to the Postal Service. The statute authorizes the deduction of a "greater amount" if necessary to collect the debt within the employee's anticipated period of employment. If an individual's employment ends before the full amount of the indebtedness has been collected, section 124 provides that deduction shall be made from later payments of any nature due the employee.

453.2 Applicable Collection Procedures

453.21 Notice

At least 15 calendar days before initiating an offset to collect a debt reflected by a federal court judgment, the postmaster or installation head must provide the employee with a copy of that judgment and a written notice of the Postal Service's intention to deduct 25 percent of the employee's current pay each pay period until the judgment is satisfied. The letter (see Exhibit 453.21, *Sample Letter of Salary Offsets Based on Federal Court Judgment*) also must

Exhibit 453.21
Sample Letter of Salary Offsets Based on Federal Court Judgment

UNITED STATES POSTAL SERVICE®

[__*date*__]

[__*name*__]
[__street__]
[__*city, state, ZIP*__]

Dear [__*name of debtor*__]:

This letter is to inform you that the Postal Service intends to collect, through salary offsets, the judgment entered against you in the amount of $[__*amount*__] by the [__*name of court*__] on [__*date judgment was entered*__].[1] Twenty-five percent of your *current pay*[2] will be deducted each pay period until the full amount you owe the Postal Service, represented by this judgment, is collected. This will amount to deductions of approximately $[__*amount*__] from each paycheck beginning with that issued on [__*date deductions are scheduled to start–generally 15 days from date of notice*__]. The deductions should last approximately [__*number of*__] pay periods.

If you have any questions regarding this matter, please contact [__*name of appropriate official*__] at [__*address*__] or [__*telephone number*__] immediately.

Sincerely,

[__*signature*__]
[__*name*__]
[__*title of installation head*__]

Enclosure

1. A copy of the judgment is enclosed.
2. The term *current pay* refers to that part of an employee's salary that remains after all required deductions (normal retirement contributions, FICA and Medicare insurance taxes, federal income tax, state and local income taxes, and employee-paid federal health insurance premiums) are made.

include a statement setting forth the approximate amount, duration, and starting date of the deductions. The letter and judgment generally should be hand delivered, and a dated, signed receipt of delivery obtained. However, if personal delivery is not possible, Certified Mail or Express Mail, return receipt requested, should be used.

453.22 Implementing Offsets

The postmaster or installation head must initiate the collection process by completing the appropriate sections of PS Form 3239, no earlier than 15 calendar days after the employee's receipt of the letter.

454 Multiple Offsets

454.1 Administrative Salary Offsets

By statute, administrative salary offsets under section 5 of the Debt Collection Act of 1982 are limited to no more than 15 percent of an employee's disposable pay during any one pay period — whether the deductions are made to satisfy a debt owed the Postal Service or another federal agency, or some combination of these. Generally, priority among competing administrative salary offset requests is determined by the order in which they are received. However, a request to collect a debt due the Postal Service must be given priority over other government agency offset requests regardless of the date the postal offset request is received (see 454.4). If a collection request cannot be honored upon receipt, or can be honored only in part, the postmaster or installation head must notify the requesting postal or other government official, in writing, of the reasons for the delay or for the collection of a lesser amount than that requested, and the approximate date the requested offsets can be implemented.

454.2 Court Judgment Salary Offsets

No more than 25 percent of an employee's current pay may be withheld to satisfy a debt determined by a federal court to be due the United States — whether the deductions are made to satisfy a debt owed the Postal Service or another federal agency, or some combination of these. Generally, priority among competing court judgment salary offset requests is determined by the order in which they are received. However, a request to collect a debt due the Postal Service must be given priority over other government agency offset requests regardless of the date the postal offset request is received (see 454.4). If a collection request cannot be honored upon receipt, or can be honored only in part, the postmaster or installation head must notify the requesting postal or other government official, in writing, of the reasons for the delay or for the collection of a lesser amount than that requested, and the approximate date the requested offsets can be implemented.

454.3 Administrative and Court Judgment Salary Offsets

If the salary of a postal employee is the target of one or more of both types of offsets — administrative and court judgment — a combined total of no more than 25 percent will be withheld during any one pay period. However, in no case may the amount withheld in accordance with administrative salary offsets exceed 15 percent of the employee's disposable pay. As is generally

the case with competing offsets of the same type and subject to 454.4, priority between administrative salary offsets and court judgment salary offsets is determined by the order in which they are received.

454.4 Priority of Postal Service Indebtedness

If a postal employee is indebted to the Postal Service, that debt takes priority over any debt he or she may owe another federal agency, even if the other agency's request for salary offsets was received first. Accordingly, if both the Postal Service and another agency request the maximum allowable deductions, collection of the other agency's debt must be interrupted or postponed until the entire postal debt is recovered. However, if an amount less than that requested by the other agency may be deducted in addition to the offsets requested by the Postal Service without exceeding the appropriate percentage ceiling, deductions for the lesser amount must be withheld and forwarded to the requesting agency along with an explanation for the smaller offsets.

454.5 Garnishments

Administrative salary offsets based on section 5 of the Debt Collection Act of 1982 and court judgment salary offsets based on section 124 of Public Law 97-276 are not, as a matter of law, considered garnishments. Rather, for purposes of determining an employee's "disposable earnings" under the Federal Consumer Credit Protection Act, 15 U.S.C. 1671, et seq., these withholdings are considered to be amounts required by law to be deducted. Accordingly, they should be deducted before the applicable garnishment ceilings are imposed and before deductions for garnishments are made.

455 Action Upon Transfer or Separation

455.1 Withholding Funds From Amount Due

If a Postal Service employee whose wages are subject to offset transfers to another federal agency or separates from employment, the Postal Service applies any amount due the employee at the time of his or her separation to the debt owed the Postal Service, subject to the requirements of 31 U.S.C. 3716 as outlined in 470 and 480, if appropriate. If the debt is still not satisfied, appropriate action as described in 455.2 or 455.3 should be taken.

455.2 Transfer to Another Federal Agency

If a Postal Service employee whose wages are subject to offset transfers to another federal agency, and the full debt cannot be collected from amounts due the employee from the Postal Service, the following procedures apply:

a. The Postal Service must request that the former employee's new agency continue to offset the debtor's salary until the debt is satisfied.

b. The request must specify all of the following:

(1) Amount of the original debt.

(2) Amount collected by the Postal Service through salary offsets.

(3) Amount that remains to be collected.

(4) Percentage of the debtor's disposable earnings or current pay that should be deducted each pay period.

c. In addition, the Postal Service must certify that the former employee has been accorded all due process rights to which he or she is entitled.

d. When the Postal Service sends the request to the new employing agency, it must also send a copy to the former employee at his or her home address.

455.3 Collection of Debt Upon Separation

If the full debt cannot be collected from amounts due the employee at the time of his or her separation, the manager of the Financial Processing Branch must attempt to recover the debt from any retirement or disability payments due the former employee in accordance with the provisions of 5 CFR 831, Subpart R, or 5 CFR 845, Subpart D, subject to the requirements or 31 U.S.C. 3716 as outlined in 470 and 480, if appropriate.

460 Collection of Postal Debts From Bargaining Unit Employees by Salary Offset

461 General

461.1 Scope

These regulations apply to the collection, by salary offset, of any debt owed the Postal Service by a current employee who is included in a collective bargaining unit. If the circumstances specified in 462.32 apply to such employees, 452.3 may also apply; consequently, 451.3, 451.6, and 451.8 may apply as well. Procedures governing the collection of a debt from a former employee by administrative offset pursuant to the authority of section 10 of the Debt Collection Act, 31 U.S.C. 3716, are found in 470 and 480.

461.2 Issues Not Covered in the Subchapter

The following issues are not covered in this subchapter:

a. *Other debt collection procedures.* Procedures governing the collection of debts from former employees by administrative offset pursuant to the authority of section 10 of the Debt Collection Act, 31 U.S.C. 3716, are found in 470 and 480.

b. *Debts due other federal agencies.* Regulations governing the collection by involuntary salary offset of debts owed by Postal Service employees to federal agencies other than the Postal Service are not contained in this subchapter.

461.3 Definitions

As used in this subchapter, the following terms have the meaning ascribed to them in 451.5:

a. Administrative salary offset.

b. Court judgment salary offset.

c. Current pay and disposable pay.
d. Debt.
e. Employee.
f. Pay.
g. Postmaster or installation head.
h. Severe financial hardship.
i. Waiver.

462 Procedures Governing Administrative Salary Offsets

462.1 Determination and Collection of Debt

462.11 Establishment of Accounts Receivable

Depending upon the circumstances of a particular case, the determination of a debt, the collection of which is covered by this subchapter, may be made by an official in the field or at the Eagan ASC. For payroll-related debts discovered in the field, PS Form 2240, *Pay, Leave, or Other Hours Adjustment Request,* must be submitted to the Eagan ASC. Other debts must be reported to the manager of the Postal Accounts Branch, on PS Form 1902, *Justification for Billing Accounts Receivable.* Regardless of the amount of the debt, it is the responsibility of the Eagan ASC to create a receivable for each debt and to forward an invoice to the postmaster or installation head at the facility where the debtor is employed. At the time a receivable is created, the ASC must ensure that the employee's records are flagged so that the final salary or lump sum leave payment for that employee is not made until the debt is paid.

462.12 Collection by Postmaster or Installation Head

Each postmaster or installation head is responsible for collecting, in accordance with these regulations, any debt owed to the Postal Service by an employee under his or her supervision. A postmaster or installation head may delegate his or her responsibilities under these regulations.

462.2 Applicable Collection Procedures

462.21 Right to Grieve Letters of Demand

A bargaining unit employee or the employee's union has the right in accordance with the provisions of Article 15 of the applicable collective bargaining agreement to initiate a grievance concerning any letter of demand to challenge (a) the existence of a debt owed to the Postal Service, (b) the amount of such debt, (c) the proposed repayment schedule, and/or (d) any other issue arising under Article 28 of the applicable collective bargaining agreement. Care must be taken to ensure that any letter of demand served on an employee provides notice of the employee's right to challenge the demand under the applicable collective bargaining agreement.

462.22 Right to Petition for Hearing

Under the following circumstances, the statutory offset procedures in 452.3, including the right to petition for hearing after the receipt of a Notice of Involuntary Administrative Salary Offsets Under the Debt Collection Act, apply:

a. *Failure to Initiate a Grievance in Time*. If a bargaining unit employee or the employee's union does not initiate, within 14 days of the employee's receipt of a letter of demand, a grievance challenging (a) the existence of a debt owed to the Postal Service, (b) the amount of such debt, and/or (c) the proposed repayment schedule, and the Postal Service intends to proceed with the collection of the debt, the statutory offset procedures in 452.3 apply (see 462.32).

b. *Failure to Advance Grievance in Time.* If a bargaining unit employee or the employee's union initiates a grievance in time challenging (a) the existence of a debt owed to the Postal Service, (b) the amount of such debt, and/or (c) the proposed repayment schedule, but the employee's union, following receipt of a decision denying the grievance, does not advance the grievance to the next step of the grievance procedure within the time limits set forth in Article 15 of the applicable collective bargaining agreement, and the Postal Service intends to proceed with the collection of the debt, the statutory offset procedures in 452.3 apply (see 462.32).

c. *Partial Settlement of Grievance.* If a grievance challenging (a) the existence of a debt owed to the Postal Service, (b) the amount of such debt, and/or (c) the proposed repayment schedule is resolved at any stage of the grievance-arbitration procedure through a written settlement agreement between the Postal Service and the union under which the employee remains liable for all or a portion of the debt, and the Postal Service intends to proceed with the collection of the debt, the statutory offset procedures in 452.3 apply (see 462.32). If the employee petitions for a hearing under 452.336, the Postal Service is free to pursue collection of the full amount of the debt before the hearing officer, notwithstanding the settlement with the union. However, if any contractual issue is resolved at any stage of the grievance-arbitration procedure, the settlement of that issue is final and binding.

d. *Ruling of Nonarbitrability.* If an arbitrator rules that a grievance concerning any letter of demand is not arbitrable, and the Postal Service intends to proceed with the collection of the debt, the statutory offset procedures in 452.3 apply (see 462.32).

462.3 Statutory Offset Procedures

462.31 Authority

Under section 5 of the Debt Collection Act, 5 U.S.C. 5514(a) (1982), the Postal Service, after providing an employee with procedural due process, may offset an employee's salary in order to satisfy any debt due the Postal Service. Generally, up to 15 percent of an individual's "disposable pay" may be deducted in monthly installments or at "officially established pay

intervals," except as provided by 462.42. A greater percentage may be deducted with the written consent of the individual debtor. If the individual's employment ends before collection of the full debt, deduction may be made from subsequent payments of any nature due the employee.

462.32 Initiation of Statutory Offset Procedure

After (a) the 14 days referenced in 462.22a or the time limits referenced in 462.22b have passed, (b) any settlement agreement referenced in 462.22c has been signed, or (c) any nonarbitrability ruling referenced in 462.22d has been issued, and at least 30 calendar days before making an administrative offset under this authority, the postmaster or installation head, in accordance with 452.321, must provide the employee with (a) two copies of a Notice of Involuntary Administrative Salary Offsets Under the Debt Collection Act containing the information in 452.322, and (b) one copy of the procedures that govern hearings under the Debt Collection Act that are set forth at 39 CFR Part 961 (see Exhibit 452.322). The procedures in 452.33 governing the exercise of employee rights apply. The postmaster or installation head has discretion to agree to an alternative offset schedule, based on a showing of severe financial hardship, as outlined in 452.335.

462.33 Hearing Officials Under 39 CFR Part 961

In accordance with 39 CFR 961.3, administrative hearings under the Debt Collection Act may be conducted by any individual who is not under the control or supervision of the postmaster general and who is designated as a hearing official by the judicial officer.

462.34 Limit of Right to Petition for Hearing

If an arbitrator opens a hearing on the merits of a grievance concerning any letter of demand, the statutory offset procedures in 452.3 do not apply thereafter, unless the arbitrator makes a ruling of nonarbitrability (see 462.22d) or the Postal Service and the union negotiate a partial settlement of the grievance (see 462.22c).

462.4 Collection of Debt

462.41 Stay of Collection of Debt

Whenever a grievance concerning any letter of demand has been initiated in time, in accordance with Article 15 of the applicable collective bargaining agreement, and/or a petition for a hearing has been filed in time, in accordance with 462.22, regardless of the type and amount of the debt, the Postal Service will stay the collection of the debt until after the disposition of the grievance and/or the petition, through settlement or exhaustion of the contractual and/or administrative remedies.

462.42 Limit on Amount of Salary Offset to Collect Debt

Except as specified in part 463, the maximum salary offset to collect a debt that is owed to the Postal Service is 15 percent of an employee's biweekly disposable pay, or 20 percent of the employee's biweekly gross pay, whichever amount is lower when the salary offset is started. A greater salary offset may be made if the employee agrees with the Postal Service, in writing, on such greater amount.

462.5 Implementing Offsets

After the applicable procedural requirements have been followed, the postmaster or installation head must institute the collection process by completing the appropriate sections of PS Form 3239, *Payroll Deduction Authorization to Liquidate Postal Service Indebtedness*.

463 Court Judgment Salary Offsets

463.1 Authority

In accordance with section 124 of Public Law 97-276 (October 2, 1982), 5 U.S.C. 5514 note (1982), the Postal Service may deduct up to one-fourth (25 percent) of an employee's "current pay" in monthly installments or at officially established pay periods to satisfy a debt determined by a federal court to be owed to the Postal Service. The statute authorizes the deduction of a "greater amount" if necessary to collect the debt within the employee's anticipated period of employment. If an individual's employment ends before the full amount of the indebtedness has been collected, 124 provides that deduction is to be made from later payments of any nature due the employee.

463.2 Applicable Collection Procedures

463.21 General

The requirements governing the collection of employer claims specified by a pertinent collective bargaining agreement are not applicable to the collection by salary offset of a Postal Service claim if a federal court has granted judgment upholding the debt.

463.22 Notice

At least 15 calendar days before initiating an offset to collect a debt reflected by a federal court judgment, the postmaster or installation head must provide the employee with a copy of that judgment, as well as with written notice of the Postal Service's intention to deduct 25 percent of the employee's current pay each pay period until the judgment is satisfied. The letter (see Exhibit 453.21, Sample Letter of Salary Offsets Based on Federal Court Judgment) also must include a statement that indicates the approximate amount, duration, and starting date of the deductions. The letter and judgment generally should be hand delivered, and a dated, signed receipt of delivery obtained. However, if personal delivery is not possible, Certified Mail or Express Mail, return receipt requested, should be used.

463.23 Implementing Offsets

The postmaster or installation head must initiate the collection process by completing the appropriate sections of PS Form 3239 no earlier than 15 calendar days after the employee's receipt of the letter.

464 Multiple Offsets

464.1 Administrative Salary Offsets

By statute, administrative salary offsets under section 5 of the Debt Collection Act of 1982 are limited to no more than 15 percent of an employee's disposable pay during any one pay period — whether the deductions are made to satisfy a debt owed the Postal Service, another federal agency, or some combination of these (but see 462.42 for the alternative limit on amount of salary offset to collect a debt that is owed to the Postal Service). Generally, priority among competing administrative salary offset requests is determined by the order in which they are received. However, a request to collect a debt due the Postal Service must be given priority over other government agency offset requests, regardless of the date the postal offset request is received (see 464.4). If a collection request cannot be honored upon receipt, or can be honored only in part, the postmaster or installation head must notify the requesting postal or other government official, in writing, of the reasons for the delay or for the collection of a lesser amount than that requested and the approximate date the requested offsets can be implemented.

464.2 Court Judgment Salary Offsets

No more than 25 percent of an employee's current pay may be withheld to satisfy a debt determined by a federal court to be due the United States — whether the deductions are made to satisfy a debt owed the Postal Service, another federal agency, or some combination of these. Generally, priority among competing court judgment salary offset requests is determined by the order in which they are received. However, a request to collect a debt due the Postal Service must be given priority over other government agency offset requests regardless of the date the postal offset request is received (see 464.4). If a collection request cannot be honored upon receipt, or can be honored only in part, the postmaster or installation head must notify the requesting postal or other government official, in writing, of the reasons for the delay or for the collection of a lesser amount than that requested and the approximate date the requested offsets can be implemented.

464.3 Administrative and Court Judgment Salary Offsets

If the salary of a postal employee is the target of one or more of both types of offsets — administrative and court judgment — a combined total of no more than 25 percent will be withheld during any one pay period. However, in no case may the amount withheld in accordance with administrative salary offsets exceed 15 percent of current pay (but see 462.42 for the alternative limit on amount of salary offset to collect a debt that is owed to the Postal Service). As is generally the case with competing offsets of the same type and subject to 464.4, priority between administrative salary offsets and court judgment salary offsets is determined by the order in which they are received.

464.4 Priority of Postal Service Indebtedness

If a postal employee is indebted to the Postal Service, that debt takes priority over any debt he or she may owe another federal agency, even if the other agency's request for salary offsets was received first. Accordingly, if both the Postal Service and another agency request the maximum allowable deductions, collection of the other agency's debt must be interrupted or postponed until the entire postal debt is recovered. However, if an amount less than that requested by the other agency can be deducted in addition to the offsets requested by the Postal Service without exceeding the appropriate percentage ceiling, deductions for the lesser amount must be withheld and forwarded to the requesting agency along with an explanation for the smaller offsets.

464.5 Garnishments

Administrative salary offsets based on section 5 of the Debt Collection Act of 1982 and court judgment salary offsets based on section 124 of Public Law 97-276 are not, as a matter of law, considered garnishments. Rather, for purposes of determining an employee's "disposable earnings" under the Federal Consumer Credit Protection Act, 15 U.S.C. 1671, et seq., these withholdings are considered to be amounts required by law to be deducted. Accordingly, they should be deducted before the applicable garnishment ceilings are imposed and before deductions for garnishments are made.

465 Action Upon Transfer or Separation

465.1 Withholding Funds From Amount Due

If a Postal Service employee whose wages are subject to offset transfers to another federal agency or separates from employment, the Postal Service applies any amount due the employee at the time of his or her separation to the debt owed the Postal Service, subject to the requirements of 31 U.S.C. 3716 as outlined in 470 and 480, if appropriate. If the debt is still not satisfied, appropriate action as described in 465.2 or 465.3 should be taken.

465.2 Transfer to Another Federal Agency

If a Postal Service employee whose wages are subject to offset transfers to another federal agency, and the full debt cannot be collected from amounts due the employee from the Postal Service, the following procedures apply:

a. The Postal Service must request that the former employee's new agency continue to offset the debtor's salary until the debt is satisfied.

b. The request must specify all of the following:

(1) Amount of the original debt.

(2) Amount collected by the Postal Service through salary offsets.

(3) Amount that remains to be collected.

(4) Percentage of the debtor's disposable earnings or current pay that should be deducted each pay period.

c. In addition, the Postal Service must certify that the former postal employee has been accorded all due process rights to which he or she is entitled.

d. When the Postal Service sends the request to the new employing agency, it must also send a copy to the former employee at his or her home address.

465.3 Collection of Debt Upon Separation

If the full debt cannot be collected from amounts due the employee at the time of his or her separation, the manager of the Financial Processing Branch must attempt to recover the debt from any retirement or disability payments due the former employee in accordance with the provisions of 5 CFR 831, Subpart R, or 5 CFR 845, Subpart D subject to the requirements or 31 U.S.C. 3716 as outlined in 470 and 480, if appropriate.

470 Administrative Offsets for Former Postal Service Nonbargaining Unit Employees

471 General

471.1 Definitions

For purposes of this subchapter, the following definitions apply:

a. *Administrative offset* — the withholding of money due and payable by the Postal Service or the United States to an individual, or held by the Postal Service or the United States on behalf of an individual, to satisfy a debt owed the United States by that person, as defined in 31 U.S.C. 3701(a)(1).

b. *Debt* — an amount of money, funds, or property that has been determined by an agency official to be due to the United States from any person, organization, or entity (except another federal agency), including an amount of money, funds, or property owed by a person to a state, the District of Columbia, American Samoa, Guam, the United States Virgin Islands, the Commonwealth of the Northern Mariana Islands, or the Commonwealth of Puerto Rico.

c. *Federal Claims Collection Standards (FCCS)* — standards promulgated by the Department of Justice and the Department of the Treasury and codified at 31 CFR 900–904.

d. *Former employee* — an individual whose employment with the Postal Service has ceased; an employee is considered formally separated from the Postal Service rolls as of close of business on the effective date of his or her separation.

471.2 Scope

These regulations apply to the collection by administrative offset of any debt owed the Postal Service by a former employee who is not included in a collective bargaining unit. Before collecting a debt by administrative offset, the Postal Service will, to the extent feasible, facilitate the informal resolution of the debt and provide the individual with an opportunity to voluntarily repay the debt.

471.3 Authority

Under section 10 of the Debt Collection Act, 31 U.S.C. 3716, the Postal Service may, after providing certain procedural rights, take an administrative offset from payments due to a former employee in order to satisfy any debt that former employee owes to the Postal Service.

472 Federal Claims Collection Standards Adopted

The provisions for administrative offset in the FCCS, set forth in 31 CFR 901.1–12, shall govern the taking of an administrative offset by the Postal Service and are hereby adopted without change by cross-reference. In the event of any inconsistency between this regulation and the FCCS, the provisions of the FCCS will prevail.

472.1 Notice and Opportunity for Review

472.11 Procedures

The Postal Service may initiate an administrative offset only after the former employee has been provided with written notice in compliance with the administrative offset provisions of the FCCS. The written notice must inform the former employee that he or she may pursue one or more of the following options:

a. Inspect and copy Postal Service records related to the debt.

b. Request a review of the determination of indebtedness, in accordance with 39 CFR 966.

c. Make a written agreement to repay the debt.

472.12 Exceptions

The Postal Service may omit these procedures in certain circumstances set forth in the FCCS. These circumstances include, but are not limited to, the following:

a. If the Postal Service first learns that a former employee owes money when insufficient time is available to afford the employee prior notice and an opportunity for review before the former employee must be paid. When prior notice and an opportunity for review are omitted under these circumstances, the Postal Service will give the former employee notice and an opportunity for review as soon as practicable and will promptly refund any money found not to have been owed by the former employee.

b. If the Postal Service (or another agency) has already given a former employee the notice and review opportunities set forth in the FCCS with respect to a particular debt, the notice and review may be omitted. This includes, but is not limited to, when the Postal Service has already provided a former employee with the notice and review opportunities set forth in 450 and 460 with respect to a particular debt.

472.2 Request for Review

The procedures for requesting a review of the Postal Service's determination of indebtedness and its proposed administrative offset schedule are set forth in 39 CFR 966, "Rules of Practice in Proceedings Relative to Administrative Offsets Initiated Against Former Employees of the Postal Service."

472.3 Administrative Offset Programs

The FCCS provides for centralized debt collection and administrative offset programs, which are administered by the Department of the Treasury ("Treasury"), as well as non-centralized, agency-managed administrative offset programs, in which a government agency administers its own debt collection program.

a. The procedures in this subchapter apply to the Postal Service's use of both centralized Treasury programs and non-centralized, agency-managed programs.

b. Examples of non-centralized, agency-managed programs include the following:

(1) The Postal Service may ask the Office of Personnel Management to satisfy a debt by offsetting the annuity of a federal employee who is leaving government service.

(2) The Postal Service may undertake an internal administrative offset, meaning an offset of payments due to the indebted individual from the Postal Service, in order to satisfy a debt.

c. When the Postal Service requests an administrative offset from another agency, or when the Postal Service refers a debt to Treasury for collection, the Postal Service must first:

(1) Afford the debtor the due-process procedures set forth in 472.1.

(2) Provide written certification to Treasury and/or the agency authorizing payment stating that:

(a) The debtor owes the past due, legally enforceable, delinquent debt in the amount stated; and

(b) The Postal Service has fully complied with its regulations concerning administrative offset.

480 Administrative Offsets for Former Postal Service Bargaining Unit Employees

481 Definitions

For purposes of this subchapter, the definitions set forth in 471.1 apply.

482 Right to Grieve Letters of Demand

Depending on the provisions of the applicable collective bargaining agreement, a former bargaining unit employee or the former employee's union may have the right to initiate a grievance concerning an employer claim under the Debt Collection Act.

483 Application of Administrative Offset Provisions

483.1 Procedures

If a former bargaining unit employee pursues a grievance in accordance with 482, the procedures regarding administrative offsets in 470 and the review procedures in 39 CFR 966 apply under the following circumstances, if the Postal Service also intends to proceed with the collection of the debt:

a. *Failure to initiate a grievance in time.* A former bargaining unit employee or the former employee's union does not initiate, within 14 days of the former employee's receipt of a letter of demand (including the notice referenced in 472.1), a grievance challenging: (1) the existence of a debt owed to the Postal Service; (2) the amount of such debt; and/or (3) the proposed repayment schedule.

b. *Failure to advance a grievance in time.* A former bargaining unit employee or the former employee's union initiates a grievance in time challenging: (1) the existence of a debt owed to the Postal Service; (2) the amount of such debt; and/or (3) the proposed repayment schedule, but the former employee's union, following receipt of a decision denying the grievance, does not advance the grievance to the next step of the grievance procedure within the time limits set forth in Article 15 of the applicable collective bargaining agreement.

c. *Partial settlement of a grievance.* A grievance challenging: (1) the existence of a debt owed to the Postal Service; (2) the amount of such debt: and/or (3) the proposed repayment schedule is resolved at any stage of the grievance-arbitration procedure through a written settlement agreement between the Postal Service and the union under which the former employee remains liable for all or a portion of the debt.

d. *Ruling of non-arbitrability.* An arbitrator rules that a grievance concerning any letter of demand is not arbitrable.

483.2 Exceptions

If an arbitrator opens a hearing on the merits of a grievance concerning any letter of demand, the procedures regarding administrative offsets in 470, including the review procedures in 39 CFR 966, do not apply thereafter, unless:

a. The Postal Service and the union negotiate a partial settlement of the grievance under which the former employee remains liable for all or a portion of the debt and the Postal Service intends to proceed with the collection of the debt (see 483.1c); or

b. The arbitrator makes a ruling of non-arbitrability and the Postal Service intends to proceed with the collection of the debt (see 483.1d).

484 Stay of Collection of Debt

If (a) the provisions of the applicable collective bargaining agreement give a former employee the right to file a grievance concerning an employer claim under the Debt Collection Act; and (b) the former employee timely initiates

such a grievance in accordance with the collective bargaining agreement's provisions, then the Postal Service will stay the collection of the debt by administrative offset until after the disposition of the grievance.

490 Recognition and Awards

491 Overview

491.1 Policy and Scope

491.11 Scope

This subchapter establishes the conditions and procedures for the recognition of all Postal Service employees except the following:

a. Executives and officers assigned to the Postal Career Executive Service (PCES). (Recognition award policy for PCES employees can be found in Handbook EL-380.)

b. Employees of the Office of Inspector General.

c. Employees of the Postal Regulatory Commission.

491.12 Policy

The Recognition and Awards Program is intended to recognize employees who have achieved outstanding performance, have superior competence, or have performed some other significant accomplishment. The program is not intended to provide incentives to employees to meet predetermined goals. The program has been broadly designed to ensure that the recognition and award needs of all organizations and functional areas are met. The awards offered range from a letter of appreciation to $10,000 in cash.

Recognition falls into seven broad categories:

a. Certificate of Appreciation.

b. Service Awards, for which noncash recognition items, such as Service Award Pins, Retirement Recognition and Posthumous Service Certificates are awarded.

c. Informal Awards, for which noncash tangible items valued at less than $50 may be awarded.

d. Formal Awards, including cash, cash equivalents, gift certificates, and noncash tangible items.

e. Special Awards, including, but not limited to, the Vice President Award, the Postmaster General Award, and the Benjamin Franklin Award.

f. Other Awards, including the Ideas Program Awards, the Contest Award for officially sanctioned Postal Service contest winners, and the Safety Award.

g. Inspection Service Awards, including cash and noncash awards specially designed for employees of the U.S. Postal Inspection Service.

Exhibit 491.1 provides a summary of service recognition and incentive rewards.

Exhibit 491.1
Service Recognition and Incentive Awards

Category		ELM Reference	Employees Eligible	Others Eligible	Description
Certificate of Appreciation		492	All	Contractors and customers	Noncash recognition
Service Awards	Service Award Pin	493.2	Career	None	Noncash recognition
	Service Award Certificates for Retirement and Posthumous Service Recognition	493.3	Career	None	Noncash recognition
	Ben Franklin Award	496.5	Career		Noncash recognition
Informal Award		494	All	Contractors	Noncash tangible item, less tha $50 in value.
Formal Awards	Spot Award	495.2	Career (non-members of the Inspection Service)	None	Cash, cash equivalent, gift certificate, or noncash tangible item, up to $3,000 in value.*
	Noncareer Gift Certificate	495.4	Noncareer	**None**	Gift certificate valued from $1 to $50.
	Quality Step Increase	495.4	Career bargaining unit on step schedule	None	Change in base pay
Special Awards	Team Award	496.2	Career nonbargaining	None	Cash, cash equivalent, or noncash tangible item, from $50 to $2,000 in value.
	Vice President Award	496.3	Career	None	Cash, up to $5,000 per award, $10,000 per fiscal year.
	Postmaster General Award	496.4	Career	None	Cash award up to $10,000.
	Benjamin Franklin Award	496.5	Designated by the postmaster general	None	Noncash recognition.
Other Awards	Ideas Program Awards	497.2	Career	None	Cash, up to $10,000 in value for an idea adopted nationwide (see 634.3).
	Contest Award	497.3	Career	None	Noncash items, up to $500 in value (see 626.1).
	Safety Award	497.4	Career	None	Noncash items, up to $500 in value (see 843).

Category		ELM Reference	Employees Eligible	Others Eligible	Description
Inspection Service Awards	Informal Award	498.2	Career Inspection Service	None	Cash equivalent or noncash tangible item, less than $3,000 in value.
	Nonexecutive Award	498.3	Career Inspection Service	None	Cash award up to $5,000.
	Vice President/ Chief Postal Inspector Individual Award	498.4	Career Inspection Service	None	Cash award over $5,000 up to $10,000

**See 491.3 for descriptions of cash equivalent, gift certificate, and noncash tangible awards.*

491.2 Management Control

Postal Service managers must use appropriate review and control procedures to identify the superior work of individuals, programs, and operational areas. Managers must ensure that related actions, such as performance evaluations, are fully considered to maintain compatibility between awards and other relevant factors. All levels of management are responsible for ensuring that all employees are treated fairly and equitably and for providing a workplace environment characterized by recognition and celebration of business success. Vice presidents, district managers, senior and lead plant managers, and the chief Human Resources officer periodically audit the awards process.

491.3 Awards

491.31 Cash Awards

A cash award is issued in the form of a check by Accounting Services. All cash awards are considered ordinary income and are subject to the following deductions: (a) federal, state, Medicare, and Social Security (if applicable); and (b) involuntary deductions such as child support and tax levies. (Various other payroll deductions are not withheld from the cash award.) Since these payroll deductions are made from cash awards, the net amount of the check will be less than the requested dollar amount.

491.32 Cash Equivalent Awards

A cash equivalent award is a product purchased from an authorized Postal Service supplier, which is immediately convertible to cash, such as a gift check. Cash equivalent awards, regardless of value, are considered ordinary income and are subject to income tax. Cash equivalent awards must be reported in eAwards under the award category appropriate for the type of employee and reason for the award. Reporting of cash equivalents should occur in the same pay period in which they are received by the employee, but must occur in the same calendar year to avoid tax reporting discrepancies. Cash equivalent awards are automatically grossed up by eAwards so that the Postal Service assumes the tax liability for the recipient. The additional tax liability is charged to the finance number indicated in eAwards when reported.

491.33 Noncash Tangible Awards

491.331 Authorized

Noncash tangible awards authorized by the Postal Service are described below. See 491.332 for noncash tangible awards that are **prohibited.**

a. *Informal Recognition,* such as pins, pen and pencil sets, coffee mugs, apparel, plaques, event tickets, etc., valued at less than $50.

(1) *Reporting.* Individual noncash tangible award items valued at less than $50 are not normally considered taxable income and are not reported in eAwards. However, management must track all noncash tangible items valued at less than $50 received by an employee during the calendar year. If the aggregate total of all noncash tangible items valued at less than $50 received by an employee in a calendar year meets or exceeds $50, the total amount must be reported in eAwards under the appropriate noncash tangible award type for the employee category and reason for the award.

(2) *Event tickets.* Tickets to a specific event, game, play, concert, movie, etc., for a definite time and place that cannot be exchanged for another event, time, or place, etc., and are valued at less than $50 are informal awards and do not constitute reportable income. However, any of the preceding items valued at $50 or more, or any certificate that can be exchanged or redeemed for a ticket or tickets to an event at the time and place of the recipient's choice, regardless of value, are considered gift certificates and must be reported in eAwards under the appropriate noncash award type (see 491.34).

b. *Formal Noncash Tangible Recognition,* such as clothing, event tickets, merchandise, electronics, and other personal property valued at $50 or more (see 491.332). The market value of formal noncash tangible award items may range from $50 up to $3000 depending on the reason for the award (Spot Award, Team Award, Contest Award, etc.). Individual noncash tangible items valued at $50 or more are always considered taxable income, and should be reported in eAwards in the same pay period in which they are received under the appropriate noncash award type for the employee category and reason for the award. Reporting must take place in the same calendar year to avoid tax reporting discrepancies. Noncash tangible awards are automatically grossed up by eAwards so that the Postal Service assumes the tax liability for the recipient. The additional tax liability for grossed up awards is charged to the finance number indicated when reported in eAwards.

491.332 Prohibited

The purchase of any season or partial season sporting or entertainment ticket is prohibited. The purchase of any single event ticket (sporting events, movies, and concerts, etc.) that costs $50.00 or more requires advance approval, in the form of an email or letter, from the Vice President, Controller.

491.34 Gift Certificates

The value of gift certificate awards may range from $1 to $3000 depending on the reason for the award (Spot Award, Contest Award, etc.) and employee category (career, noncareer). Tax liability rules for gift certificates are as follows:

a. *All gift certificates,* regardless of dollar value, are considered taxable income by the Internal Revenue Service and should be reported in eAwards in the pay period they are received under the appropriate noncash award category for the type of employee and reason for the award. Reporting **must** take place in the same calendar year to avoid tax reporting discrepancies.

b. The eAwards system withholds normal payroll deductions from the recipient's paycheck relevant to the pay period the gift certificate is reported in eAwards.

c. Gift certificates valued at $50 or more presented to career employees are grossed up by eAwards so that the Postal Service assumes the tax liability for the recipient. The additional tax liability is charged to the finance number indicated when reported in eAwards. Gift certificate awards for noncareer employees are not grossed up.

491.4 Privacy Act Considerations

Award records contain personal information; therefore, such records must be handled and disclosed only as stipulated in the Privacy Act and implementing instructions (see Handbook AS-353, *Guide to Privacy, the Freedom of Information Act, and Records Management).* Records of awards received by employees are maintained in the Postal Service Privacy Act system of records, as follows: 100.000, General Personnel Records; 100.200, Employee Performance Records; 100.400, Personnel Compensation and Payroll Records.

491.5 Presentation Ceremonies

Whenever feasible, installation heads should (a) coordinate publicity with communications staff or the area communications program specialist, and (b) provide an appropriate ceremony for each award in the presence of the employee's managers and coworkers.

491.6 Documenting Awards

Cash, cash equivalent, gift certificate, and reportable noncash tangible awards are documented electronically in eAwards for 7 years after processing. In addition, awards may be documented by a record (e.g., copy of the nomination, letter to the recipient, copy of a certificate) filed in the recipient's electronic official personnel folder (eOPF).

492 Certificate of Appreciation

492.1 Overview

The characteristics of the Certificate of Appreciation are as follows:

Type	Who Is Eligible	Description	Approval Authority	Basis
Certificate of Appreciation	All employees, contractors, suppliers and customers	Certificate	Vice president, installation head, district manager, senior plant manager, or designee	Recognizes contributions to the betterment of the Postal Service

492.2 Purpose

The *Certificate of Appreciation* provides executives, managers, postmasters, and other installation heads with a method for recognizing and commending career and noncareer employees, contractors, suppliers, and customers for their contributions to the betterment of the Postal Service.

492.3 Description

The Certificate of Appreciation is a nonmonetary award consisting of a printed certificate with the Postal Service corporate signature and "Certificate of Appreciation" printed at the top. At the discretion of the approving official, a commendatory letter may accompany the certificate.

The certificate and letter of commendation (if included) are presented in an official service award folder.

492.4 Eligibility

Career and noncareer employees, contractors, suppliers, and customers are eligible to receive the Certificate of Appreciation. Eligibility for a Certificate of Appreciation is without regard to race, color, religion, national origin, sex, age, or presence of physical or mental disability.

492.5 Basis

The Certificate of Appreciation may be issued for noteworthy assistance to the Postal Service. Examples of such contributions are:

a. Reflecting credit on the Postal Service through civic service and humanitarian endeavors.

b. Participating significantly in Postal Service programs such as Savings Bond drives, Combined Federal Campaigns, and blood donor drives.

c. Performing exceptionally in one or more important job projects.

d. Meeting unusual demands on one's own initiative, along with regularly assigned duties, during unplanned absences of associates.

e. Improving public relations or sustaining good public relations in unusual circumstances.

f. Enabling a unit to meet unanticipated demands by performance of unusual duties for short periods.

g. Demonstrating unusual courage or competence in an emergency.

h. Improving service through actions that Postal Service management feels are significant.

492.6 Responsibility

492.61 Headquarters and Headquarters-Related Field Units

The manager of Corporate Personnel Management administers the Certificate of Appreciation program for Headquarters and Headquarters-related field units.

492.62 Areas, Districts, and Plants

Area vice presidents, district managers, and senior or lead plant managers administer the Certificate of Appreciation program in their organizational units.

492.7 Approval Authority

492.71 Headquarters and Headquarters-Related Field Units

PCES executives may approve the Certificate of Appreciation for career and noncareer employees, customers, suppliers, and contractors.

492.72 Areas

The area vice president may approve a Certificate of Appreciation for career and noncareer employees, customers, suppliers, and contractors.

492.73 Field

Managers, postmasters, and installation heads may approve the Certificate of Appreciation to suit local needs.

492.8 Ordering Certificates

Certificates and folders may be ordered from the Material Distribution Center by local offices under the following item numbers:

Item No.	Description
0-1100-F	Certificate of Appreciation
0-1100-H	Service Award Folder (Single Window)
0-1100-K	Service Award Folder (Double Window)

The double window service award folder is to be used when presenting a commendatory letter along with a Certificate of Appreciation (see 472.3).

492.9 Presenting Awards

The Certificate of Appreciation is presented by the immediate supervisor or higher-ranking official with appropriate ceremony and publicity in the presence of top officials and coworkers, preferably at the employee's work site.

493 Service Awards

493.1 Overview

The characteristics of Service Awards are shown in Exhibit 493.1:

Exhibit 493.1
Service Awards

Type	Who Is Eligible	Description	Approval Authority	Basis
Service Award Pin (milestone years)	All career employees	Emblem pin and letter of appreciation	Installation head, district manager, senior plant manager, or designee	Recognizes employees with 25, 30, 35, 40, 45, and 50 years of federal service, including military service.
Service Award Certificate (retirement)	All career employees	Certificate (retirement) and letter of appreciation	Installation head, district manager, senior plant manager, or designee	Recognizes employees at time of retirement.
Service Award Certificate (posthumous)	All career employees	Certificate (posthumous) and letter of appreciation	Installation head, district manager, senior plant manager, or designee	Recognizes employees with 5 or more years of creditable federal service who die while still employed. Presented to nearest relative.

493.2 Service Award Pin

493.21 Description

The *Service Award Pin,* a noncash recognition award given at milestone years, consists of an emblem pin and a letter of appreciation issued in recognition of government service.

The letter of appreciation is:

a. Signed by the installation head or functional organization head for an employee with 25, 30, 35, 40, or 45 years of service.

b. Signed by the postmaster general for an employee with 50 years of service.

c. Presented in an official service award folder.

493.22 Basis

The Service Award Pin is presented to career employees who have completed 25, 30, 35, 40, 45, or 50 years of creditable service to the government. *All* federal civilian and military service is considered creditable. Eligibility for the Service Award Pin is without regard to race, color, religion, national origin, sex, age, or presence of physical or mental disability.

493.23 Responsibility

493.231 Headquarters

The manager of Corporate Personnel Management is responsible for:

a. Administration of the Service Award Pin program for Headquarters and Headquarters-related field units.

b. Oversight of the 50-year Service Award Pin program service-wide.

493.232 Areas

The area vice president is responsible for administration of:

a. The Service Award Pin program for personnel on area rolls and employees reporting directly to the area office.

b. The 50-year Service Award Pin program for eligible employees within the area (see 493.26 for instructions).

493.233 Districts and Plants

District managers are responsible for the administration of the Service Award Pin program for district and plant employees (see 493.26 for instructions).

493.234 Inspection Service

The chief postal inspector is responsible for the administration of:

a. The Service Award Pin program for Inspection Service employees.

b. The 50-year Service Award Pin program for all eligible Inspection Service employees (see 493.26 for instructions).

493.24 Providing Lists of Eligible Employees

Prior to the end of each quarter, a list of all employees who, based on their *retirement computation date,* will achieve sufficient government service to qualify for a Service Award Pin during the next quarter will be made available to the officials responsible for the administration of the program at each district, area, Headquarters, and Headquarters-related field unit office.

Note: To determine an individual's eligibility for the Service Award Pin, federal civilian and military service that is not creditable for retirement purposes must be added to service indicated by the retirement computation date.

493.25 Ordering Pins and Service Award Folders

Pins and folders may be requisitioned from the Material Distribution Center under the following item numbers:

Item No.	Description
0-917-C	25-Year Pin
0-917-G	30-Year Pin
0-917-D	35-Year Pin
0-917-E	40-Year Pin
0-917-H	45-Year Pin
0-917-J	50-Year Pin
0-1100-H	Service Award Folder (Single Window)
0-1100-K	Service Award Folder (Double Window)

Normally the single window service award folder is sufficient for Service Pin Awards, unless the office decides to include a locally produced certificate with the letter of appreciation. The Material Distribution Center does not stock certificates for Service Pin Awards.

493.26 Preparing Letters of Appreciation

For an employee with 25, 30, 35, 40, or 45 years of combined postal, federal civilian, and/or military service, the responsible installation or functional organization head prepares a letter of appreciation to accompany the Service Award Pin. (See Exhibit 493.27a for a sample letter.) Letters of appreciation to accompany Service Award Pins for up to 45 years of service may be created using eAwards.

For an employee with 50 or more years of combined Postal Service and federal civilian or military service, the responsible vice president or district Human Resources manager drafts a letter of appreciation to accompany the Service Award Pin and forwards it electronically to Corporate Personnel Management for signature by the postmaster general. (See Exhibit 493.27b for a sample letter.) The eAwards system is not used for letters of appreciation that accompany the 50-year pin.

493.27 Presenting Awards

The Service Award Pin (except for the 50-year pin) is presented by the installation or functional organization head, with appropriate ceremony and publicity, in the presence of top officials and coworkers. Responsibility for presenting 50-year pins remains with the vice president, who may delegate the responsibility.

Exhibit 493.27a

Sample Letter of Appreciation — Employee With 25, 30, 35, 40, or 45 Years of Service

To be signed by the installation or functional organization head.

UNITED STATES POSTAL SERVICE®

[__*date*__]

[__*name*__]
[__*street address*__]
[__*city, state, ZIP Code*__]

Dear [__*name*__]:

It is with great pleasure that I present this Service Award Pin in recognition of your [__*number of*__] years of federal employment.

The Postal Service owes a great deal to the loyalty and dedication of its employees, and I am happy to commend you for your many contributions throughout the years toward improved Postal Service operations.

[__*If desired, personal information can be inserted here.*__]

I wish to extend my warm personal greetings and the hope that you will accept this pin as a symbol of my deep appreciation for a career of commendable service.

Sincerely,

[__*signature*__]
[__*name*__]

Exhibit 493.27b

Sample Letter of Appreciation — Employee With 50 Years of Service

To be signed by the postmaster general.

UNITED STATES POSTAL SERVICE®

[__*date*__]

[__*name*__]
[__*street address*__]
[__*city, state, ZIP Code*__]

Dear [__*name*__]:

It is my privilege to present this Service Award Pin to recognize your completion of 50 years of government service.

A career spanning a half century is certainly indicative of a unique dedication to duty and to country. The attainment of this career milestone places you in an elite group. Few employees inside or outside of the Postal Service ever attain this distinction. It is an accomplishment of which you should be proud, and one which deserves the admiration of your fellow employees and your community as well.

I am happy to thank you, on behalf of the Postal Service, for your many years of dedicated service and to commend you personally on the attainment of this major career landmark.

Sincerely,

[__*signature*__]
[__*name*__]

493.3 Service Award Certificates

493.31 Description

There are two types of *Service Award Certificates:* the *Retirement Service Award,* and the *Posthumous Service Award.* Both are noncash recognition items, printed on certificates that have the Postal Service corporate signature and the type of service award printed at the top. In addition:

a. The Retirement Service Award Certificate states: "Given…on this occasion of your retirement."

b. The Posthumous Service Award Certificate states: "Given posthumously…"

Retirees receive a certificate and a letter of appreciation signed by the installation or functional organization head. Retirees with 50 or more years of service receive a certificate and a letter of appreciation signed by the postmaster general. Retirement Service Award Certificates for less than 50 years of service can be created in eAwards.

Employees who die while still active with any amount of creditable service equal to 5 or more years receive a Posthumous Service Award Certificate. This certificate can be created in eAwards.

The certificate and the letter of appreciation that accompanies it are presented in an official double window service award folder (see 493.34 for ordering information).

493.32 Basis

493.321 Retirement

The Retirement Service Award Certificate recognizes employees who retire (a) under the optional provisions of the applicable retirement law, (b) due to disability, or (c) under mandatory retirement for postal inspectors. Eligibility for the Retirement Service Award Certificate is without regard to race, color, religion, national origin, sex, age, or presence of physical or mental disability.

493.322 Death

To honor employees with 5 or more years of creditable service who die while still employed, the Posthumous Service Award Certificate is presented to the nearest relative. *Creditable service* is defined as service that qualifies for retirement under the procedures for the Civil Service Retirement System (CSRS) or Federal Employees Retirement System (FERS). Eligibility for the Posthumous Service Award Certificate is without regard to race, color, religion, national origin, sex, age, or presence of physical or mental disability.

493.33 Responsibility

493.331 Headquarters

The manager of Corporate Personnel Management is responsible for:

a. Preparing Service Award Certificates and letters of appreciation for Headquarters and Headquarters-related field unit employees.

b. Administering the Retirement Service Award program for all Postal Service retirees with 50 or more years of creditable service, including the submission of requests to the postmaster general to sign certificates and letters of appreciation from Headquarters, Headquarters-related field units, and district and area offices.

493.332 **Areas**

The area vice president is responsible for:

a. Preparing Service Award Certificates and letters of appreciation for area office employees.

b. Ensuring that the certificates and letters of appreciation for area office retirees with 50 or more years of creditable service, to be signed by the postmaster general, are prepared and presented in accordance with established procedures (see 493.351 for more information).

493.333 **Districts and Plants**

District managers are responsible for:

a. Administering the Service Award Program for district and plant employees.

b. Ensuring that the certificates and letters of appreciation for district and plant retirees with 50 or more years of creditable service, to be signed by the postmaster general, are prepared and presented in accordance with established procedures (see 493.351 for more information).

493.34 Ordering Certificates

Certificates and folders may be requisitioned from the Material Distribution Center under the following item numbers:

Item No.	Description
0-1100-N	Service Award Certificate (Retirement)
0-1100-P	Service Award Certificate (Posthumous)
0-1100-H	Service Award Folder (Single Window)
0-1100-K	Service Award Folder (Double Window)

The double window service award folder should be used to present the certificate and letter of appreciation together.

493.35 Preparing Letters of Appreciation

493.351 **Retiring Employees**

For an employee retiring with up to 49 years and 11 months of creditable service, the responsible installation or functional organization head prepares a letter of appreciation to accompany the Retirement Service Award Certificate. (See Exhibit 493.351a for a sample letter.) Service Award Certificates for up to 49 years and 11 months of service can be created in eAwards.

For an employee retiring with 50 or more years of creditable service, the area or district manager of Human Resources drafts a letter to accompany the Retirement Service Award Certificate and forwards it electronically to Corporate Personnel Management for signature by the postmaster general.

(See Exhibit 493.351b for a sample letter.) Letters of appreciation or certificates for employees retiring with 50 or more years of creditable service should not be created using eAwards.

493.352 **Deceased Employees**

At the request of the responsible installation or functional organization head, those close to the deceased are most suitable for drafting a letter to accompany a Posthumous Service Award Certificate. Letters of appreciation to accompany Posthumous Service Awards for employees with 5 or more years of creditable service can be created in eAwards.

493.36 Presenting Awards

493.361 **Retirement Award Certificates**

Whenever possible, installation heads should coordinate publicity with communications staff and provide an appropriate ceremony for each award in the presence of the employee's managers, coworkers, and family. Except in unusual circumstances, the award should not be mailed.

493.362 **Posthumous Award Certificates**

The presentation of posthumous awards must be tailored to the wishes of the family, as follows:

a. The deceased employee's supervisor, manager, or postmaster should contact the nearest relative to determine whether the recipient prefers to have the certificate presented formally in public or taken to the recipient's home.

b. At a formal ceremony, attendance should be limited to a few close friends and coworkers of the deceased.

c. When the recipient prefers delivery to the home, the management representative should consider having coworkers who were close friends of the deceased accompany him or her.

d. District, area, or Headquarters Human Resources personnel should mail the Posthumous Service Award Certificate only as a last resort, making certain that the award is carefully and securely wrapped before mailing.

Exhibit 493.351a

Sample Letter of Appreciation — Retiring Employee With Less Than 50 Years of Service

To be signed by the installation or functional organization head.

UNITED STATES POSTAL SERVICE®

[__*date*__]

[__*name*__]
[__*street address*__]
[__*city, state, ZIP Code*__]

Dear [__*name*__]:

It is with great pleasure that I present this Service Award Certificate in commemoration of your [__*number of*__] years of service. The good reputation the Postal Service enjoys is built on the loyal service of people like you, and I am happy to commend you for your contribution to our efforts for a better Postal Service.

I wish to extend my warm personal greetings and the hope that you will accept this certificate as a symbol of my deep appreciation for a career of commendable service. Best wishes for many years of happy retirement.

Sincerely,

[__*signature*__]
[__*name*__]

Exhibit 493.351b

Sample Letter of Appreciation — Retiring Employee With 50 or More Years of Service

To be signed by the postmaster general.

UNITED STATES POSTAL SERVICE®

[__*date*__]

[__*name*__]
[__*street address*__]
[__*city, state, ZIP Code*__]

Dear [__*name*__]:

It is with great deal of pleasure that I present this Service Award Certificate in recognition of your [__*number of* __] years with the U.S. Postal Service.

The Postal Service owes a great deal to the loyalty and dedication of its employees, and I am happy to commend you for your many contributions throughout the years toward improved Postal Service operations. I wish to extend my warm personal greetings and the hope that you will accept this certificate as a symbol of my deep appreciation for a career of commendable service.

[__*If desired, personal information can be inserted here.*__]

Sincerely,

[__*signature*__]
[__*name*__]

494 Informal Award

494.1 Overview

Characteristics of this award are as follows:

Type	Who Is Eligible	Description	Approval Authority	Basis	Limit
Informal Award	All employees and contractors	Noncash tangible items, such as plaques, mugs, clothing, event tickets (for prohibited items, see 491.332).	Immediate supervisor	Recognizes a specific action or consistent performance of regular duties in an exemplary manner.	Less than $50 in value.

494.2 Purpose

The *Informal* Award provides a quick and simple method for recognizing employees and contractors who regularly perform duties beyond normal work requirements, or who have performed a specific exceptional task or action.

494.3 Description

The Informal Award is a noncash tangible item of less than $50 in value obtained or purchased locally, such as a plaque, coffee mug, an article of clothing, tickets to a specific entertainment event, or similar item. (Purchasing and reporting requirements pertaining to event tickets and noncash tangible items less than $50 in value are set forth in 491.331; prohibited purchases in 491.332.)

494.4 Eligibility

All employees and contractors are eligible to receive an Informal Award. Eligibility for the Informal Award is without regard to race, color, religion, national origin, sex, age, or presence of physical or mental disability.

494.5 Basis

The basis for this award is an employee contribution (sustained performance or achievement). The employee must:

a. Consistently perform regular duties in an exemplary manner; or

b. Accomplish a specific act beyond the normal duties.

494.6 Approval Authority

The immediate supervisor is the approving official for the Informal Award.

494.7 Documentation

Management must track all informal awards presented to employees. If the aggregate amount of informal awards received by an employee during a calendar year meets or exceeds $50, the total amount of informal awards must be reported as income in eAwards under the appropriate noncash award category. (See 491.331b for reporting requirements.) The value of informal awards presented to contractors should never meet or exceed $50 in a calendar year.

495 Formal Awards

495.1 Overview

The characteristics of Formal Awards are shown in Exhibit 495.1.

Exhibit 495.1
Formal Awards

Type	Who Is Eligible	Description	Approval Authority	Basis	Limit
Spot cash	Non-Inspection Service, career employees	Check issued by Accounting Services	Manager or postmaster EAS-22 or higher	Recognizes sustained high-quality performance that is likely to continue or a specific action or accomplishment beyond normal work requirements.	From $50 to $3,000 per award. Limit is $3,000 per employee per fiscal year.
Spot Cash Equivalent	Non-Inspection Service, career employees	Cash equivalent item purchased locally from authorized vendor	Manager or postmaster EAS-22 or higher	Recognizes sustained high-quality performance that is likely to continue or a specific action or accomplishment beyond normal work requirements.	From $100 to $3,000 per award. Limit is $3,000 per employee per fiscal year.
Spot Noncash Tangible	Non-Inspection Service, career employees	Merchandise item, clothing, etc., purchased locally	Manager or postmaster EAS-22 or higher	Recognizes sustained high-quality performance that is likely to continue or a specific action or accomplishment beyond normal work requirements.	From $50 to $3,000 per award. Limit is $3,000 per employee per fiscal year.
Spot Gift Certificate	Non-Inspection Service, career emplyeess	Gift card or certificate purchased locally from an authorized vendor	Manager or postmaster EAS-22 or higher	Recognizes sustained high-quality performance that is likely to continue or a specific action or accomplishment beyond normal work requirements.	From $1 to $3,000 per award. Limit is $3,000 per employee per fiscal year.
Noncareer Gift Certificate	Noncareer employees	Gift card or certificate purchased locally from an authorized vendor	Manager or postmaster EAS-22 or higher	Recognizes sustained high-quality performance that is likely to continue or a specific action or accomplishment beyond normal work requirements.	From $1 to $50 per award. Limit is $300 per employee per fiscal year.

Type	Who Is Eligible	Description	Approval Authority	Basis	Limit
Quality Step Increase (QSI)	Career bargaining unit employees	Change in base pay	See 495.4	See 495.4	Step increase (see 495.4)

495.11 Presenting Awards

Whenever possible, an award should be presented by the installation head or designee, in front of coworkers, with the appropriate amount of ceremony. The award may be presented along with a letter of appreciation describing the reason for the award to the recipient on Postal Service letterhead in an official service award folder. Folders may be ordered from the Material Distribution Center under the following item number:

Item No.	Description
0-1100-H	Service Award Folder (Single Window)

495.2 Spot Award

495.21 Purpose

The purpose of a Spot Award is to provide immediate recognition for a specific action or achievement beyond what is normally expected of an employee. It is not to be used as an incentive for preestablished goals or objectives. A Spot Award may be used to recognize a wide range of performance or actions.

495.22 Description

A Spot Award is one of the following:

a. A check issued by Accounting Services (see 491.31).

b. A cash equivalent product that can be immediately converted to cash (see 491.32 for an explanation of cash equivalent awards).

c. A merchandise item of at least $50 in value (see 491.33).

d. A gift certificate (see 491.34).

A Spot Award is always considered ordinary income for tax purposes. Depending on the award type and amount, cash equivalent items, gift certificate, and noncash tangible awards may be grossed up for income tax purposes. (See 491.3 for more information on the tax impact of awards and grossing up for tax purposes.)

Note: Cash awards are not grossed up.

495.23 Eligibility

All non-Inspection Service career employees are eligible to receive Spot Awards. Eligibility for Spot Awards is without regard to race, color, religion, national origin, sex, age, or presence of physical or mental disability.

495.24 Basis

The basis for presenting a Spot Award is an employee contribution (sustained performance, achievement, invention, special act, or service) that exceeds usual work requirements. (See 495.442 for comparison with Quality Step Increase.) The employee must:

a. Exceed requirements in one or more important job elements for 12 months or more.

b. Devise new or improved methods that save manpower, space, materials, equipment, or other cost items.

c. Contribute to outstanding economy, efficiency, added income, or measurably improved service to the public.

d. Break production records or inspire others to improve quantity and quality of work.

e. Risk life or personal safety in an act of heroism.

f. Maintain work schedule in absence of supervisor or meet unusual demands of higher level duties on one's own initiative.

495.25 Approval Authority

495.251 Headquarters and Headquarters-Related Field Units

Officers, PCES executives, and their designees who are EAS-22 and above may approve Spot Awards for eligible Headquarters and Headquarters-related field unit employees.

495.252 Areas

Area vice presidents, area managers, and their designees who are EAS-22 and above, may approve Spot Awards for eligible area employees, in accordance with Postal Service and area office policy.

495.253 Field

District managers, senior plant managers, postmasters, and other managers who are EAS-22 and above may approve Spot Awards for eligible employees under their jurisdiction in accordance with Postal Service and local guidelines for employee recognition.

495.26 Recommending an Award

The recommendation for a Spot Award is initiated in eAwards by the immediate supervisor, postmaster, or management official with knowledge of the employee or group contribution. The recommendation is initiated promptly, but no later than 1 year after the date of the achievement, act, or period covering the performance.

The recommending official reviews the employee's job description, assigned duties, and performance requirements and decides to what degree the contribution exceeds average requirements by:

a. Measuring the amount of savings or degree of improvement realized in relation to job responsibilities. (Savings alone cannot be used to determine an award. Higher-level employees are expected to effect more significant improvements and benefits than employees at lower levels.)

b. Determining the extent of contribution and benefits outside the employee's immediate installation.

c. Considering the degree of ingenuity, magnitude of accomplishment, and nonmonetary benefits represented by the contribution.

Note: The nominee should not be advised of the recommendation in advance of its approval.

495.27 Evaluating and Approving the Award

The approving official evaluates the recommendation, decides if an award is warranted, and approves the recognition in eAwards. The approving official can modify the amount of the award via eAwards if he or she feels the amount requested is not appropriate.

When, in the opinion of the approving official, the accomplishment fails to meet the outlined criteria for Spot Award recognition, the award submission is returned to the recommender via eAwards, with comments as to why it is being returned and any further handling instructions.

495.28 Processing

All Spot Cash Awards are requested, approved, and generated via eAwards. When a Spot Cash award submission is approved, eAwards will generate a check that is mailed to the official Postal Service address provided when the award request was entered.

The recommending official is responsible for obtaining or purchasing locally any cash equivalents, noncash tangible merchandise items, and gift certificates to be used as recognition. Purchasing must be done in accordance with established Postal Service and local policies.

Spot Awards that are cash equivalents, noncash tangible items of $50 or more, or gift certificates are to be reported in eAwards as income received so that (a) appropriate withholding deductions can be made from the recipient's normal pay, and (b) the award amount may be grossed up if necessary. The reporting of these items in eAwards should occur in the same pay period the award is presented to the recipient. Reporting *must* take place in the same calendar year to avoid tax reporting discrepancies.

495.3 Noncareer Gift Certificate

495.31 Purpose

The purpose of the Noncareer Gift Certificate Award is to provide immediate recognition for a specific action or achievement beyond the normal work requirements of a noncareer employee. It is not to be used as an incentive for achievement of preestablished goals or objectives. The Noncareer Gift Certificate Award may be used to recognize a wide range of performance or actions.

495.32 Description

A Noncareer Gift Certificate Award consists of a gift certificate not greater than $50 in value purchased locally in accordance with Postal Service and local purchasing rules and regulations. Eligible employees may receive up to $300 in gift certificate awards in a fiscal year.

The Noncareer Gift Certificate Award is always considered ordinary income and is not grossed up for tax purposes. (See 491.34 for more information on the tax impact of awards and grossing up for tax purposes.)

A Noncareer Gift Certificate Award may be presented along with a letter of appreciation on official Postal Service letterhead in an official service award folder.

495.33 Eligibility

All noncareer Postal Service employees are eligible to receive Noncareer Gift Certificate Awards. Eligibility for the Noncareer Gift Certificate Award is without regard to race, color, religion, national origin, sex, age, or presence of physical or mental disability. In addition:

a. The Noncareer Gift Certificate Award is the only formal award that noncareer employees are eligible to receive.

b. Contractors are not eligible to receive any type of formal award.

495.34 Basis

The basis for presenting a Noncareer Gift Certificate Award is an employee contribution (sustained performance, achievement, invention, special act, or service) that exceeds usual work requirements.

495.35 Approval Authority

495.351 Headquarters and Headquarters-Related Field Units

Officers, PCES executives, and designated managers EAS-22 and above may approve Noncareer Gift Certificate Awards for eligible Headquarters and Headquarters-related field unit employees.

495.352 Areas

Area vice presidents, area managers, and their designees EAS-22 and above may approve Noncareer Gift Certificate Awards for eligible employees, in accordance with Postal Service and area office policy.

495.353 Field

District managers, senior plant managers, postmasters, and other managers EAS-22 and above may approve Noncareer Gift Certificate Awards for eligible employees under their jurisdiction in accordance with Postal Service and local guidelines for employee recognition.

495.36 Recommending an Award

The recommendation for a Noncareer Gift Certificate Award is initiated in eAwards by the immediate supervisor, postmaster, or management official with knowledge of the employee or group contribution. The recommendation should be initiated promptly, but no later than 1 year after the date of the achievement, act, or period covering the performance.

Note: The nominee should not be advised of the recommendation in advance of its approval.

495.37 Evaluating and Approving the Award

The approving official evaluates the recommendation, decides if an award is warranted, and approves recognition in eAwards. The approving official can modify the amount of the award via eAwards if he or she feels the amount requested is not appropriate.

When, in the opinion of the approving official, the accomplishment fails to meet the outlined criteria for Noncareer Gift Certificate Awards recognition, the award submission is returned to the recommender via eAwards, with comments as to why it is being returned and any further handling instructions.

495.38 Processing

The recommending official is responsible for purchasing gift certificates to be used as recognition. Purchasing must be done in accordance with established Postal Service and local policies.

All Noncareer Gift Certificate Awards are reported in eAwards as income received so that the appropriate withholding deductions can be made from the recipient's pay. The reporting of these items in eAwards should occur in the same pay period the award is presented to the recipient. Reporting must take place in the same calendar year to avoid tax reporting discrepancies.

495.4 Quality Step Increase Award

495.41 Description

The *Quality Step Increase* (QSI) is an increase in basic pay that recognizes sustained high-quality performance. The total dollar benefit usually exceeds that of a one-time cash award and is granted only when the level of performance is likely to continue.

495.42 Eligibility

All career bargaining unit employees not already at the top step for their pay grade are eligible to receive the QSI. An employee cannot receive more than one QSI in any 52-week period. Eligibility for the QSI is without regard to race, color, religion, national origin, sex, age, or presence of physical or mental disability.

495.43 Basis

High-quality performance can be determined only after a thorough review of position requirements, duties, and responsibilities. Consideration must be given to the quality and quantity of work, demonstrated professional and technical knowledge, manual skills, and other evidence of superior competence. Performance criteria include one or more of the following:

a. The most important function of the job is being performed in a manner that substantially exceeds normal requirements.

b. Another function of the job is being performed in a manner that is better than satisfactory.

c. A specific job was sustained at a high level during the preceding year and gives promise of continuing.

495.44 Comparisons

495.441 Comparison to Regular Within-Grade Increases

A QSI requires exceptional authorization by management and is always in addition to regular pay adjustments (such as general increases, cost of living adjustments, and/or regular within-grade increases) required by the labor contracts. Any employee below the highest step is eligible to receive a QSI.

A bargaining unit employee cannot receive more than one QSI in any 52-week period (see 495.42). An employee who receives a QSI may advance by one or two steps, as determined by the procedure described below. The QSI may also change the due date for advancement to the next higher step.

The step and next step date for the QSI action are determined as follows:

a. If the number of weeks served before the QSI is greater than the number of weeks that would be required to progress from the QSI step to the next step, the employee is advanced two steps as the result of the QSI. The next step date is then set to allow for a complete waiting period following the QSI.

   Example: Before the QSI, Employee A completed 38 weeks in step I in RSC M. The labor contract requires 34 weeks to progress from step J to K. Because the time served in step I is greater than the time required to progress from step J to K, Employee A is given an additional step and placed directly into step K as the result of the QSI. He then must wait the full contractual period (34 weeks) before he reaches the next step, step L.

b. If the number of weeks served before the QSI is less than or equal to the number of weeks required to progress from the QSI step to the next step, the employee is advanced only a single step. The next step date is then determined by subtracting the waiting period weeks required by the labor contract to progress from the QSI step to the next step by the weeks already served before the QSI.

   Example: Before the QSI, Employee B completed 22 weeks in step I in RSC M. The labor contract requires 34 weeks to progress from step J to step K. Because the time served in step I is less than the time required to progress from step J to K, Employee B is advanced just a single step, to step J, as the result of the QSI. The next step is determined by taking the waiting period required between steps J and K (34 weeks) and subtracting from it the weeks served in step I before the QSI (22 weeks). The next step, to step K, occurs 12 weeks after the QSI (34 weeks 22 weeks = 12 weeks).

495.442 Comparison to Spot Awards

The standards for a QSI and a Spot Award are similar. Employee performance is evaluated according to the conditions required under both awards to see which award is more appropriate (see 475.24 and 475.33). The primary difference is that the QSI changes the employee's base salary, while the Spot Award is a one-time, lump-sum, cash award. The Spot Award may be preferable when (a) the employee is at the top of the grade or (b) group recognition is desired.

495.45 Approval Authority

495.451 Headquarters and Headquarters-Related Field Units

Officers, PCES executives, and designated managers EAS-22 and above may approve QSIs for eligible Headquarters bargaining unit employees.

495.452 Areas, Districts, and Plants

Area vice presidents, district managers, senior plant managers, postmasters, and other managers EAS-22 and above may approve QSIs for eligible employees under their jurisdiction in accordance with Postal Service and local guidelines for employee recognition.

495.46 Recommending an Award

Normally, the employee's supervisor initiates the recommendation for a QSI; however, such recommendations may be initiated by others with the concurrence of the employee's immediate supervisor or manager.

495.47 Initiating Documentation

The official who is recommending the QSI award initiates the request by completing PS Form 1727, *Award Recommendation/Authorization (Quality Step Increase),* and submitting it to the appropriate manager for approval.

495.48 Initiating a Personnel Action

When the award is approved, the recommending official forwards PS Form 1727 to the Human Resources Shared Service Center (HRSSC) for completion of PS Form 50, *Notification of Personnel Action,* via the address below:

HRSSC
BENEFITS & COMPENSATION
PO BOX 970400
GREENSBORO NC 27497-0400

The personnel action is effective the first day of the first pay period beginning on or after the completion of the PS Form 50 by the HRSSC.

496 Special Awards

496.1 Overview

The characteristics of Special Awards are as shown in Exhibit 496.1.

Exhibit 496.1
Special Awards

Type	Who Is Eligible	Description	Approval Authority	Basis	Limit
Team Award	All career nonbargaining employees	Cash ,cash equivalent item, or noncash tangible item	Vice president	Recognizes superior team contribution or achievement deserving of system-wide recognition.	Cash, from $50 to $2,000 per team member, Cash equivalent, from $100 to $2,000 per team member, or Noncash tangible item valued from $50 to $2,000 per team member. Limit of $2,000 per employee per fiscal year.
Vice President Award	All career employees	Cash	Vice president	Recognizes superior individual contribution or achievement deserving of systemwide recognition.	Cash, up to $5,000 per award. Limit of $10,000 per employee per fiscal year.
Postmaster General Award	All career employees	Cash	Postmaster general, executive committee members, and senior vice presidents	Recognizes exceptional individual contribution and achievement deserving of systemwide recognition.	Cash, up to $10,000
Benjamin Franklin Award	Designated by the postmaster genetal	Plaque showing a bust of Benjamin Franklin and a canceled 1847 issue of a 5-cent stamp	Postmaster general	The highest award given by the Postal Service, reserved for employees in highly responsible Postal Service positions to recognize unusally significant service.	Noncash award.

496.2 Team Award

496.21 Purpose

The purpose of the *Team Award* is to reward superior team contribution or achievement deserving of system-wide recognition.

496.22 Description

The Team Award can be any of the following:

a. A check from $50 to $2,000 issued by Accounting Services given to an individual team member (see 491.31 for an explanation of cash awards).

b. A cash equivalent product valued from $100 to $2,000, given to an individual team member (see 491.32 for an explanation of cash equivalent awards).

c. A noncash tangible item valued from $50 to $2,000, given to an individual team member (see 491.33 for an explanation of noncash tangible awards).

The amount of the award should be commensurate with the magnitude of the team achievement.

Note: Noncash tangible awards valued at $50 or more, and all cash equivalent awards must be reported in eAwards.

496.23 Eligibility

All career nonbargaining employees are eligible for the Team Award. Eligibility for the Team Award is without regard to race, color, religion, national origin, sex, age, or presence of physical or mental disability.

496.24 Limits

The maximum amount for an individual Team Award is $2,000, whether it is cash, a cash equivalent item, or a noncash tangible item. The minimum award amount for cash and noncash tangible items is $50. The minimum cash equivalent award is $100. An employee may receive up to $2,000 in Team Awards in a fiscal year (independent of other awards received).

496.25 Approval Authority

Only vice presidents can approve Team Awards, and they are responsible for establishing administrative procedures for issuing these awards within their respective organizations.

496.26 Processing

The official who is recommending the Team Award initiates the request for a cash award in eAwards. All cash equivalent and noncash tangible Team Awards must be purchased locally in accordance with Postal Service and local purchasing guidelines and reported in eAwards under the appropriate award category. The reporting of these items in eAwards should occur in the same pay period the award is presented to the recipient. Reporting must take place in the same calendar year as the award is presented to avoid tax reporting discrepancies. Cash equivalent and noncash tangible awards are automatically grossed up by eAwards so that the Postal Service assumes the tax liability for the recipient. The additional tax liability for grossed up awards is charged to the finance number indicated in eAwards.

496.3 Vice President Award

496.31 Purpose

The *Vice President Award* is cash recognition to acknowledge and reward superior individual contribution or achievement deserving of system-wide recognition. It is intended to recognize contributions not encompassed by basic salary, merit salary adjustments, or formal pay for performance programs.

496.32 Description

The Vice President Award is a cash award (check issued by Accounting Services) valued at up to $5,000. The amount awarded should be commensurate with the magnitude of the effort or achievement.

The Vice President Award is considered ordinary income for tax purposes (see 491.32).

496.33 Eligibility

All career employees are eligible for the Vice President Award. Eligibility for the Vice President Award is without regard to race, color, religion, national origin, sex, age, or presence of physical or mental disability.

496.34 Approval Authority

Vice presidents must approve these awards, and they are responsible for establishing administrative procedures for issuing this award within their respective organizations.

496.35 Processing

The Vice President Award is submitted by the intended recipient's manager or functional area executive and approved via eAwards. When the award is approved, Accounting Services generates a check and mails it to the official Postal Service address indicated in eAwards.

496.4 Postmaster General Award

496.41 Purpose

The *Postmaster General Award i*s a cash payment to acknowledge and reward superior individual contribution or achievement that deserves system-wide recognition. It is intended to recognize contributions not encompassed by basic salary, merit salary adjustments, or formal pay for performance programs.

496.42 Description

The Postmaster General Award is a one-time cash award (a check issued by Accounting Services) valued at up to $10,000. The amount of award should be commensurate with the magnitude of the effort or achievement.

The Postmaster General Award is considered ordinary income for tax purposes (see 491.32).

496.43 Eligibility

All career employees are eligible for the Postmaster General Award. Eligibility for the Postmaster General Award is without regard to race, color, religion, national origin, sex, age, or presence of physical or mental disability.

496.44 Approval Authority

The postmaster general, executive committee members, or senior vice presidents must approve Postmaster General Awards, and they are responsible for establishing administrative procedures for issuing these awards within their respective organizations.

496.5 Benjamin Franklin Award

496.51 Description

The *Benjamin Franklin Award,* the highest award given by the Postal Service, is a plaque showing a bust of Benjamin Franklin and a canceled 1847 issue of a 5-cent Benjamin Franklin stamp. An engraved metal plate is attached to the plaque.

496.52 Eligibility

The postmaster general designates those to be honored and does not accept recommendations. Eligibility for the Benjamin Franklin Award is without regard to race, color, religion, national origin, sex, age, or presence of physical or mental disability.

496.53 Basis

This award is reserved for employees serving in highly responsible Postal Service positions who meet either of these criteria:

a. The employee's accomplishments have had a unique impact on major Postal Service programs.

b. The employee's accomplishments have resulted in an unusually significant improvement in service to the public or in general operations.

496.54 Approval Authority

The postmaster general has sole authority to approve this award.

497 Other Awards

497.1 Overview

The characteristics of other awards are shown in Exhibit 497.1.

Exhibit 497.1
Other Awards

Type	Who Is Eligible	Award Description	Approval Authority	Basis	Limit
Ideas Program Awards	All career employees	Noncash or cash recognition	Dependent on the scope of idea's adoption (see Exhibit 497.22).	Recognition for: submitting, testing, or championing an adopted idea that triggers management action (see Exhibit 497.22).	■ Up to $10,000 to the submitter of an idea that triggers management action, based on the idea's impact and scope of implementation. ■ Up to $2,000 may be divided among employees involved in testing an idea that is adopted nationwide, based on the idea's impact and scope of implementation. ■ Up to 10% of the idea submitter's award may be presented to a management employee who championed the idea to operation wide adoption.
Contest Award	All career employees	Noncash tangible item or gift certificate	EAS-22 or higher	Valid winner of a qualifying contest (see 620).	Up to $500 per award.
Safety Award	All career bargaining unit employees	Noncash tangible item or gift certificate	PCES executive	Recognizes safety awareness.	Up to $500 per award.

497.2 Ideas Program Awards

497.21 Purpose

The purpose of *Ideas Program Awards* is to recognize career employees who submit, test, or champion constructive ideas that will materially improve customer satisfaction, generate revenue, increase productivity, reduce cost, and/or improve the competitiveness of the Postal Service in the marketplace.

497.22 Description

Ideas Program Awards consist of cash or nonmonetary awards for qualifying employee suggestions that are adopted at the local, operational, or national level of the Postal Service. Only ideas submitted and evaluated via the eIDEAS application are eligible for cash awards.

Cash awards can also be given to employees who assist in the testing of an Ideas Program submission, or to management personnel who champion an employee's suggestion to operation-wide adoption.

Noncash tangible awards, which must be less than $50 in value, may be presented to employees who offer suggestions that are not adopted for

operational or other reasons, but are otherwise commendable, or for adopted ideas that do not merit a cash award in scope or impact. (See 491.33 for information on noncash tangible awards.)

See subchapter 630 for information about the Ideas Program, section 634 for information about Ideas Program Awards, and Exhibit 497.22 for details on cash awards for the Ideas Program.

Exhibit 497.22
Ideas Program Awards

Type	Who Is Eligible	Approval Authority	Basis	Limit
Local Idea Award	All career employees	EAS-17 or higher	The local adoption of a suggestion submitted via eIDEAS.	Up to $250.
Operation-wide Idea Award	All career employees	PCES executive	The adoption of a suggestion submitted via eIDEAS adopted operation-wide.	Up to $2,000.
National Level Idea Award	All career employees	Vice president	The adoption of a suggestion submitted via eIDEAS adopted nationwide.	Up to $10,000.
Idea Champion Award	All career nonbargaining employees	PCES executive	May be given to a management employee who successfully champions an idea submitted by another employee to operation-wide adoption.	Up to 10 percent of the amount of the idea originator's award (with a maximum of $200) may be given to the supervisor or manager who champions the idea by the PCES manager who implements the idea.
Idea Team Testing Award	All career employees	PCES executive	Amount to be divided among employees, other than the submitter, who participated in the testing of an employee suggestion that has been adopted nationwide. (A separate check is generated for each team member.)	Up to $2,000 for the team.

Note: For the Idea Team Testing Award, the maximum limits apply to the team as a whole, not to individual team members.

497.23 Eligibility

All active career employees are eligible for nonmonetary recognition or a cash award for adopted ideas that trigger management action. Eligibility is without regard to race, color, religion, national origin, sex, age, or presence of physical or mental disability.

To be eligible, the employee suggestion must be submitted, evaluated, and adopted via the eIDEAS system. No other form of employee suggestion is considered for a cash or nonmonetary award.

497.24 Approval Authority

See Exhibit 497.22 for authorized award approvers.

497.25 Processing

All Ideas Program cash awards must be submitted, approved, and processed via eAwards. When an award is approved, Accounting Services generates and mails a check to the official Postal Service address indicated in eAwards. Ideas Program Awards are considered ordinary income and normal payroll deductions will be withheld. (See 491.31 for more information on cash awards.)

497.3 Contest Award

497.31 Purpose

The *Contest Award* is intended to provide a motivational tool for improving performance in particular functions. Such programs can be used for, but are not limited to, safety awareness and sales promotions. Each contest must have a specific start and end date, and the purpose must be clearly defined.

497.32 Description

The Contest Award consists of noncash tangible merchandise items and gift certificates valued from $1 to $500.

Acceptable awards are characterized as follows:

a. Only gift certificates and noncash tangible items such as trophies, plaques, pins, merchandise or small electronics may be awarded.

b. The value of each award may vary from contest to contest or be graduated within a contest with progressive levels of competition.

c. To ensure maximum interest, prizes should be alternated periodically, or a variety of prizes should be made available for individual selection from a catalog.

d. Prizes offered must be appropriate for both sexes.

e. The maximum value of a contest award cannot exceed $500.

f. Cash and cash equivalents are not to be used as Contest Awards.

See subchapter 620 for more information on contests.

497.33 Eligibility

All employees are eligible to participate in contests without regard to race, color, religion, national origin, sex, age, or presence of physical or mental disability. However, noncareer employees are limited to noncash tangible awards valued at less than $50.

497.34 Approval Authority

The Contest Award must be approved in eAwards by a manager or equivalent at grade EAS-22 or higher.

497.35 Processing

Noncash tangible items valued at $50 or more, and all gift certificates, regardless of value, must be reported in eAwards as a Contest Award. (See 491.3 for more information on noncash tangible and gift certificate awards.)

497.4 Safety Award

497.41 Purpose

The *Safety Award* is intended to provide a motivational tool for improving and encouraging safe working conditions and work habits in the Postal Service. It can be used as a motivational tool, or as a reward for a specific action that prevented an unsafe act from occurring.

497.42 Description

The Safety Award consists of noncash tangible merchandise items and gift certificates valued between $1 and $500. Items are to be procured locally via normal noncash tangible item or gift certificate purchasing procedures. Cash and cash equivalents are not to be used as Safety Awards.

497.43 Eligibility

Only career bargaining unit employees are eligible for the Safety Award.

497.44 Approval Authority

The Safety Award requires the approval of a PCES executive.

497.45 Processing

Noncash tangible items valued at $50 or more, and all gift certificates, regardless of value, must be reported in eAwards as a Safety Award (see 491.3 for information on noncash tangible and gift certificate awards).

498 Inspection Service Awards

498.1 Overview

The characteristics of Inspection Service Awards are shown in Exhibit 498.1.

Exhibit 498.1
Inspection Service Awards

Type	Who Is Eligible	Description	Approval Authority	Basis	Limit
Informal Award	All career Inspection Service employees	Cash equivalent or noncash tangible item*	PCES executive	Recognition of outstanding performance, superior competence, or some other significant accomplishment.	Less than $3,000.
Nonexecutive Award	All career Inspection Service employees	Cash	PCES executive	Recognition of outstanding performance, superior competence, or some other significant accomplishment.	Up to $5,000 per award. Limit of $5,000 per fiscal year per employee.
Vice President/ Chief Postal Inspector Individual Award	All career Inspection Service employees	Cash	Chief Postal Inspector	Exceptional individual contribution or achievement deserving of system-wide recognition.	Up to $10,000 per award.

**See 491.3 for more information on cash equivalent and noncash tangible awards.*

498.2 Informal Award

498.21 Purpose

The purpose of the Inspection Service Informal Award is to recognize outstanding performance, superior competence, or some other significant accomplishment by a career Inspection Service employee.

498.22 Description

The Inspection Service Informal Award consists of either a cash equivalent or noncash tangible item valued at less than $3,000. The recommending official is responsible for obtaining or purchasing locally any cash equivalent or noncash tangible merchandise items to be used as recognition. Purchasing must be done in accordance with established Postal Service and local policies and procedures. (See 491.3 for a description of cash equivalent and noncash tangible awards.)

498.23 Eligibility

All career U.S. Postal Inspection Service employees are eligible to receive the Inspection Service Informal Award.

498.24 Basis

The basis for the Inspection Service Informal Award is recognition of outstanding performance, superior competence, or some other significant accomplishment.

498.25 Approval Authority

The Inspection Service Informal Award must be approved by a PCES executive.

498.26 Processing

Inspection Service Informal Awards must be reported in eAwards under the appropriate Noncash Award type; either the Inspection Service Informal Cash Equivalent or Inspection Service Non-Cash Tangible Award. (See 491.3 for more information on cash equivalent and noncash tangible award reporting requirements.)

498.3 Non-Executive Award

498.31 Purpose

The purpose of the Inspection Service Non-Executive Award is to recognize outstanding performance, superior competence, or some other significant accomplishment by a career Inspection Service employee.

498.32 Description

The Inspection Service Non-Executive Award consists of a cash payment up to $5,000. Eligible Inspection Service employees may receive up to $5,000 in Non-Executive Awards per fiscal year.

498.33 Eligibility

All career employees of the U.S. Postal Inspection Service are eligible to receive the Inspection Service Non-Executive Award.

498.34 Basis

The basis for the Inspection Service Non-Executive Award is recognition of outstanding performance, superior competence, or some other significant accomplishment.

498.35 Approval Authority

The Inspection Service Non-Executive Award must be approved by a PCES executive.

498.36 Processing

This award must be submitted and approved in eAwards using the Inspection Service Non-Executive Award. (See 491.31 for more information on cash awards.)

498.4 Vice President/Chief Postal Inspector Individual Award

498.41 Purpose

The purpose of the Inspection Service Vice President/Chief Postal Inspector Individual Award is to recognize exceptional individual contribution or achievement deserving of system-wide recognition.

498.42 Description

The Inspection Service Vice President/Chief Postal Inspector Individual Award consists of a cash payment up to $10,000.

498.43 Eligibility

All career employees of the U.S. Postal Inspection Service are eligible to receive the Inspection Service Vice President/Chief Postal Inspector Individual Award.

498.44 Basis

The Inspection Service Vice President/Chief Postal Inspector Individual Award is for exceptional individual contribution or achievement deserving of system-wide recognition.

498.45 Approval Authority

The Inspection Service Vice President/Chief Postal Inspector Individual Award must be approved by the chief postal inspector.

498.46 Processing

The Inspection Service Vice President/Chief Postal Inspector Individual Award should be submitted in writing by the responsible PCES executive to the Assistant Chief Postal Inspector, Investigations and Security Support. Upon acceptance the award will be submitted in eAwards for approval by the Chief Postal Inspector.