

## 430 Basic and Special Pay Provisions

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### 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, 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 employees	
(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 444.21).

**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 444.23.

**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 444.231).

**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 444.212g).

432.54 **Rural Carriers**

See 445.

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 <sup>4</sup>	No
C – MESC	Yes <sup>1,3</sup>	Yes <sup>1,5</sup>	Yes <sup>4,5</sup>	—
E – EAS	No	No	—	No
F – Postmasters (A–E)	—	No	—	No
G – Nurses	Yes <sup>1,3</sup>	—	No	—
K – HQ Op. Services	Yes <sup>1,2</sup>	—	—	—
L – Postmaster Replacement	—	—	—	No
M – Mail Handlers	Yes <sup>1,3</sup>	Yes <sup>1,5</sup>	Yes <sup>4,5</sup>	—
N – Data Center	Yes <sup>1,2</sup>	—	Yes <sup>2,4</sup>	—
P – PS	Yes <sup>1,3</sup>	Yes <sup>1,5</sup>	Yes <sup>4,5</sup>	—
Q – City Carriers	Yes <sup>1,3</sup>	Yes <sup>1,5</sup>	Yes <sup>4,5</sup>	—
R – Rural Carriers	Yes <sup>6</sup>	—	Yes <sup>6</sup>	—
S – PCES	No	—	—	—
T – Tool and Die	Yes <sup>1,3</sup>	—	Yes <sup>2,4</sup>	—
Y – Postal Police	Yes <sup>1,2</sup>	—	Yes <sup>2,4</sup>	—

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

<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> Guaranteed 8 hours work or pay in lieu of when called in to work on a nonscheduled day.

<sup>4</sup> 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.

<sup>5</sup> 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.

<sup>6</sup> 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 444.22.

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 444.21), 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.

**Notes:**

- 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 444.3). These include all employees occupying positions that are classified exempt as indicated in the Organization Management Staffing System (OMSS) position directory.
- b. *Nonexempt employees* — employees who serve in positions that are covered by the overtime provisions of FLSA (see 444.1), 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* — 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 444.22).
  - (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 to eligible personnel at 150 percent of each employee's basic hourly rate for actual workhours 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 (see 444) is compensation paid to nonexempt personnel at 150 percent of each employee's FLSA regular hourly rate for all worktime that management suffers or permits to be actually worked in excess of 40 hours worked within an FLSA workweek.

**434.133 Penalty Overtime**

Penalty overtime is compensation paid 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 paid to eligible FLSA-exempt employees 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 those employees who are eligible for postal overtime. [Exhibit 434.141b](#) identifies those employees who are eligible for FLSA overtime. [Exhibit 434.141c](#) identifies those 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 <sup>2,3</sup>	Yes <sup>2,3</sup>	—	No
F – Postmasters (A–E)	—	Yes <sup>3</sup>	—	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 <sup>1</sup>	—	Yes <sup>1</sup>	—
P – PS	Yes	Yes	Yes	—
Q – City Carriers	Yes	Yes	Yes	—
R – Rural Carriers	Yes <sup>4</sup>	—	Yes <sup>4</sup>	—
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.

<sup>1</sup> Grades 18 and below only.

<sup>2</sup> 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.

<sup>3</sup> 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.

<sup>4</sup> See special provisions in Rural Carrier contract.

Pay Administration  
Basic and Special Pay Provisions

434.141

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 <sup>1</sup>	Yes <sup>1</sup>	—	Yes <sup>1</sup>
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 <sup>2</sup>	—	Yes <sup>2</sup>	—
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.

<sup>1</sup> FLSA-nonexempt employees only.

<sup>2</sup> See special provisions in the Rural Carrier contract.

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Pay Administration  
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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.



**434.142 Multiple Eligibility**

When an employee is eligible for more than one type of overtime during a service week, penalty overtime is paid for any qualifying hours; postal overtime is then paid for qualifying hours that are not paid as penalty overtime; 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.

**434.143 Assignment of FLSA-Exempt and Nonexempt Work**

When an employee performs a combination of exempt and nonexempt work within an FLSA workweek, the following applies:

- a. If the employee's permanent position is exempt and 50 percent or more of the actual workhours are spent in nonexempt work, the employee is paid for FLSA overtime that is worked in excess of 40 hours actually worked in the FLSA workweek. The employee is eligible for other premiums as applicable to exempt positions.
- b. If the employee's permanent position is nonexempt, regardless of the time temporarily spent performing exempt work, the employee remains eligible for overtime and premiums as applicable to nonexempt positions.
- c. If the employee's permanent position is exempt and 50 to 100 percent of the actual workhours are spent in exempt work, the employee remains exempt for the entire week and is not entitled to receive overtime. However, EAS additional pay and other premiums applicable to the permanent position are received.

**434.144 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 <sup>1</sup>	Yes <sup>1</sup>	—	Yes <sup>1</sup>
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.

<sup>1</sup> 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, <sup>1</sup> Temporary, and PM Relief
B — Rural Auxiliary (RAUX)	—	—	No	No
C — Mail Equipment Shops/Material Distribution Center (MESC-1)	Yes	Yes	Yes	—
CB — Mail Equipment Shops/Material Distribution Center (MESC-2)				
E — Executive and Administrative (EAS)	Yes <sup>2</sup>	Yes <sup>2</sup>	—	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)	Yes	Yes	Yes	—
PB — Postal Service (PS-2)				
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	—
<sup>1</sup> Casual employees are covered in RSC-E (salary table E6) regardless of the bargaining unit they supplement. <sup>2</sup> 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) Veteran's 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 434.411b(3) 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. Where necessary, 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.

#### 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 <sup>1</sup>
Part-time flexible		No <sup>2</sup>
Casual		No
Temporary		No
Transitional		No

<sup>1</sup> Unless the holiday falls on their scheduled workday.

<sup>2</sup> Holiday pay is included in the hourly rate.

To receive holiday leave pay, these 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 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:

<b>Salary Schedule</b>	<b>Salary Schedule Acronym</b>	<b>Rate Schedule Code (RSC)</b>
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 <sup>3</sup>	No <sup>3</sup>
C – MESC	Yes <sup>4</sup>	Yes	No <sup>3</sup>	—
E – EAS	Yes <sup>1,2</sup>	Yes <sup>1,2</sup>	—	No <sup>3</sup>
F – Postmasters (A–E)	—	Yes <sup>2</sup>	—	No <sup>3</sup>
G – Nurses	Yes	—	No <sup>3</sup>	No <sup>3</sup>
K – HQ Op. Services Div.	Yes	—	—	—
L – Postmaster Replacement	—	—	—	No <sup>3</sup>
M – Mail Handlers	Yes <sup>4</sup>	Yes	No <sup>3</sup>	—
N – Data Center	Yes <sup>4</sup>	—	No <sup>3</sup>	—
P – PS	Yes <sup>4</sup>	Yes	No <sup>3</sup>	—
Q – City Carriers	Yes <sup>4</sup>	Yes	No <sup>3</sup>	—
R – Rural Carriers	Yes	—	No	—
S – PCES	No	—	—	—
T – Tool and Die	Yes <sup>4</sup>	—	No <sup>3</sup>	—
Y – Postal Police	Yes <sup>4</sup>	—	No <sup>3</sup>	—

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

<sup>1</sup> 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 434.144).

<sup>2</sup> Postmasters, officers in charge, and FLSA-exempt employees are not eligible for Christmas-Worked Pay (see 434.53).

<sup>3</sup> 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).

<sup>4</sup> 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

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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 <sup>2</sup>	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 <sup>1</sup>	—	No	—
P – PS	Yes <sup>3</sup>	No	No	—
Q – City Carriers	Yes <sup>3</sup>	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.

<sup>1</sup> Grades 18 and below when the change exceeds 1 hour and lasts for more than 1 week.

<sup>2</sup> See 434.7 for coverage under the Nonbargaining Rescheduling Premium.

<sup>3</sup> 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.

434.8

Pay Administration  
Basic and Special Pay Provisions

Exhibit 434.8

**Pyramiding of Premiums**

<b>If an employee is eligible to receive:</b>	<b>Night Differential</b>	<b>Sunday Premium</b>	<b>Overtime</b>	<b>Penalty Overtime</b>	<b>Out-of-Schedule Overtime</b>	<b>Guaranteed Time</b>	<b>Holiday-Worked Pay</b>	<b>Christmas-Worked Pay</b>	<b>Holiday Schedule Premium</b>	<b>Nonbargaining Rescheduling Premium</b>	<b>Continuation of Pay</b>	<b>DC Beeper Time</b>	<b>DC Telephone Time</b>
Night Differential	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No
Sunday Premium	Yes	N/A	No <sup>2</sup>	No	No	Yes	Yes	Yes	No	No	Yes	No	No
Overtime <sup>1</sup>	Yes	No <sup>2</sup>	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

<sup>1</sup> To be paid at the applicable Postal or FLSA overtime rate or EAS additional pay.

<sup>2</sup> 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 reccredited 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-430-90-8 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 436.42g).
  - (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:** Postal Service employees eligible for veterans' preference are entitled to uncapped annual leave restoration if a removal is reversed or modified by the Merit Systems Protection Board (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:

- 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 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.
- 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).

**436.42 Statements by Employee**

The following must be provided:

- a. The employee must provide a statement signed by the employee agreeing or disagreeing to the hours shown in 436.41b. If the employee does not agree, the basis for the disagreement should be explained.
- b. Where the original action resulted in separation or suspension, the employee must furnish the following:
  - (1) The employee must provide a statement on whether or not any income was earned during the back pay period. If any outside earnings were received, provide information on whether the earnings were from a part-time job held at the time of removal, in a new employment, or in an enlarged part-time employment obtained to replace the postal employment. In either case, a statement from the employer showing the record of hours worked and gross earnings during the back pay period is necessary.
  - (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 claimant 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.
- c. The employee must provide a statement on whether or not the employee received any unemployment compensation, and if so, state the amount received and the state that made the payments.
- d. The employee must provide a statement that the employee was ready and able to perform his or her job during the back pay period. If not, state inclusive dates not ready and able, and the cause by which incapacitated or unavailable. The employee may request payment of sick or annual leave as appropriate and to his or her credit, for the period of incapacity or unavailability during the back pay period.
- e. Where the original action resulted in separation or indefinite suspension and no outside employment was obtained 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 outside employment was not obtained for all parts of the back pay period that exceed 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.
- f. On health benefit coverage, the employee should state whether he or she desires (a) to enroll in any plan, the same as a new employee, or (b) to have the prior enrollment reinstated retroactive to the date it was terminated.
- g. 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 436.42.

### 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) *Merit Systems Protection Board (MSPB)*. Interest is paid automatically by the Accounting Service Center (ASC).

- (2) *Equal Employment Opportunity Commission (EEOC)*. Interest is paid automatically by the ASC.
- (3) *National Labor Relations Board (NLRB)*. Interest is paid automatically by the ASC.
- (4) *Court Decisions*. Interest is not paid unless specifically awarded in the decision.
- (5) *Arbitration Decisions*. Interest is paid automatically for arbitration decisions that award back pay for a 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.  
**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 (MSPB)*. 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 (see 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 (see 28 U.S.C. 1961).
  - (2) *Equal Employment Opportunity Commission (EEOC)*. Interest is paid at the Internal Revenue Code Overpayment Rate (see 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 (NLRB)*. Interest is paid at the Federal Judgment Rate (see 28 U.S.C. 1961).
  - (4) *Court Decisions*. Interest is paid at the Federal Judgment Rate (see 28 U.S.C. 1961).
  - (5) *Arbitration Decisions*. For arbitration decisions that award back pay for disciplinary suspension or removal, interest is paid at the Federal Judgment Rate (see 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 (MSPB)*. 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 (see 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 (see 28 U.S.C. 1961).
- (2) *Equal Employment Opportunity Commission (EEOC)*. Interest is paid at the Internal Revenue Code Overpayment Rate (see 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 (NLRB)*. Interest is paid at the Federal Judgment Rate (see 28 U.S.C. 1961).
- (4) *Court Settlements*. Interest is paid at the Federal Judgment Rate (see 28 U.S.C. 1961).
- (5) *Grievance Settlements*. Interest is paid at the Federal Judgment Rate (see 28 U.S.C. 1961).

Exhibit 436.73a

**Interest on Back Pay Decisions**

Type of Decision	Merit Systems Protection Board (MSPB) Decisions		Equal Employment Opportunity Commission (EEOC) Decisions	National Labor Relations Board (NLRB) 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 ASC	Yes, paid automatically by ASC	Yes, paid automatically by ASC	Yes, paid automatically by ASC	No, unless specifically stated in the decision	Refer to Note <sup>1</sup>
Rate of Interest	IRS Overpayment Rate <sup>2</sup>	Federal Judgment Rate <sup>3</sup>	IRS Overpayment Rate <sup>2</sup>	Federal Judgment Rate <sup>3</sup>	Federal Judgment Rate <sup>3</sup>	Federal Judgment Rate <sup>3</sup>

**Notes:**

<sup>1</sup> 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.

<sup>2</sup> See 26 U.S.C. 6621(a)(1) and 5 CFR 550.806.

<sup>3</sup> 28 U.S.C. 1961. The rate used is the rate in effect seven days prior to the date of the award.



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437.2

Exhibit 436.73b

**Interest on Back Pay Settlements**

<b>Type of Settlement</b>	Merit Systems Protection Board (MSPB) Settlements		Equal Employment Opportunity Commission (EEOC) Settlements	National Labor Relations Board (NLRB) Settlements	Court Settlements	Grievance Settlements
<b>Application</b>	Veterans' Preference Eligible Recipients	Non-Veterans' Preference Eligible Recipients	All Recipients	All Recipients	All Recipients	All Recipients
<b>Whether Interest Is Paid</b>	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
<b>Rate of Interest</b>	IRS Overpayment Rate <sup>1</sup>	Federal Judgment Rate <sup>2</sup>	IRS Overpayment Rate <sup>1</sup>	Federal Judgment Rate <sup>2</sup>	Federal Judgment Rate <sup>2</sup>	Federal Judgment Rate <sup>2</sup>

**Notes:**<sup>1</sup> See 26 U.S.C. 6621(a)(1) and 5 CFR 550.806.<sup>2</sup> 28 U.S.C. 1961. The rate used is the rate in effect seven days prior to the date of the award.436.74 **Responsibility**

The Eagan ASC 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 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 (TCOLA)****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.