

UNITED STATES DEPARTMENT OF AGRICULTURE
FOOD SAFETY AND INSPECTION SERVICE
WASHINGTON, DC

FSIS DIRECTIVE	4591.1	6/2/88
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**ALLOWANCES AND DIFFERENTIALS FOR EMPLOYEES STATIONED
IN NONFOREIGN AREAS**

I. PURPOSE

This directive provides information on allowances and differentials provided to employees permanently assigned to nonforeign areas.

II. CANCELLATION

Cancel FSIS Directive 4592.1, dated 7/16/82.

III. REASON FOR ISSUANCE

To provide guidance and clarification on allowances and differentials provided to employees permanently assigned to nonforeign areas.

IV. REFERENCE

FPM & DPM Chapter 591, Allowances and Differentials Payable in Nonforeign Areas.

Title 5, CFR, Part 591, Allowances & Differentials

5 USC, Chapter 59, Allowances

Time and Attendance Report Handbook

NFC External Procedures, Title I - Payroll/Personnel Processing Manual, Chapters 3 & 4.

V. FORMS AND ABBREVIATIONS

The following will be referred to in their shortened form in this directive:

COB	Classification and Organization Branch, Personnel Division
FSRB	Fiscal Services and Review Branch, Budget and Finance Division
OPM	Office of Personnel Management
SPO	Personnel Operations Branch, Minneapolis, MN Washington Servicing Personnel Office, Washington, DC
T&A	Time and Attendance Report

DISTRIBUTION: All Offices (Except Circuit Supervisors and Below)

OPI: PD - Classification and Organization Branch

VI. DEFINITIONS

A. **Nonforeign Area.** The States of Alaska and Hawaii, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, and territories and possessions of the United States including American Samoa, Guam, and the Virgin Islands.

B. **Conterminous United States.** The 48 contiguous States and the District of Columbia (excludes Alaska and Hawaii).

C. **Cost of Living Allowance.** An allowance established by OPM at a location in a nonforeign area where living costs are substantially higher than in the District of Columbia.

D. **Differential.** A post differential established by OPM at a location in a nonforeign area when conditions of environment differ substantially from conditions of environment in the conterminous United States and warrant its payment as an incentive.

E. **Deductions from Allowances.** Deductions made where warranted because of Federal housing, military housing, or commissary/post exchange privileges.

VII. ELIGIBILITY

A. **Allowances.** All employees permanently assigned to a nonforeign area are entitled to authorized allowance for the area.

B. **Differential.** To be eligible to receive a differential:

1. The employee must be a citizen or national of the United States.

2. The employee's residence in the area where the differential applies must be attributable to employment by the United States.

3. Residence in the nonforeign area over an appropriate prior Period of time must be because of employment by the U.S. Government or by U.S. firms, interests, or organizations.

VIII. OBTAINING PAYMENT OF ALLOWANCE OR DIFFERENTIAL

A. An employee's entitlement to a nonforeign allowance or differential is established by code on the personnel action form. The SPO is responsible for obtaining information from employees located in nonforeign areas to determine the applicable allowance category and the corresponding code. This code merely establishes entitlement to the allowance or differential.

B. Payment of the allowance or differential will begin and end according to data entered on the employee's T&A. Transaction Code 45 is used to begin payment and Transaction Code 47 is used to discontinue payment. Base time hours and the appropriate transaction code are entered in the "Other Time (Hours)" and "Total Other Time" block of the T&A.

1. Payment of an allowance or a differential begins on the date of arrival at the nonforeign post.

2. Payment of an allowance or a differential ends on the date of permanent departure from the nonforeign post.

C. Payment of COLA is not included in gross income for Federal income tax purposes. Payment of nonforeign differential is included in gross income for Federal income tax purposes. .

D. An allowance or differential payment is included in an employee's regular rate of pay for computing overtime pay entitlement under the Fair Labor Standards Act.

E. The total amount of an allowance or a differential, or an allowance and a differential combined, is limited to 25 percent of the rate of basic pay.

IX. AFFECTS OF PAID LEAVE, TRAVEL OR DETAIL OUTSIDE NONFOREIGN AREA

A. **Allowances.** The payment of a nonforeign allowance shall continue during all periods of paid leave travel, or detail outside of the nonforeign area. In addition, if the employee is detailed to a foreign area post and is eligible to receive a foreign post differential authorized by the Department of State, the employee will receive the foreign area differential plus the nonforeign allowance not to exceed 25 percent of the rate of basic pay.

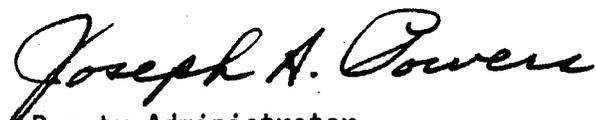
B. **Differentials.** The payment of a nonforeign differential during periods of paid leave or travel outside of the nonforeign area shall continue for the first 42 consecutive days of absence or detail. **EXCEPTION:**

1. **Detail from Alaska or Hawaii.** If the employee is detailed from a nonforeign area within the United States to a foreign area post where a foreign post differential is authorized by the Department of State, then the employee will receive the foreign post differential plus the nonforeign allowance, not to exceed 25 percent of the rate of basic pay.

2. **Detail from All Other Nonforeign Areas.** If the employee is detailed from a nonforeign area outside the United States to a foreign area post where a foreign post differential is authorized by the Department of State, then the employee is not entitled to the foreign differential. However, the employee is entitled to the nonforeign differential for the entire period of the detail.

X. REVIEW BY OPN

At least once a year OPM reviews the allowance and differential rates paid to eligible employees in nonforeign areas. Questions by employees concerning non foreign allowances and differentials should be directed through supervisory channels to the SPO. (Questions concerning employees assigned to a **foreign area** should be sent to FSRB.)


Deputy Administrator
Administrative Management