

2018 PAY FACT SHEET – CENTCOM AREA OF OPERATIONS

As of 15 June 2018

There are several types of statutory pay limitations that can be waived when a Federal civil service employee is deployed to a contingency operation in the CENTCOM Area of Operations (AOR). The waiver of limitations occurs on an annual basis, based on authorizations included in each year's National Defense Authorization Act (NDAA). This is not an automatic process, but rather must be renewed each year and issued with delegations of authority and implementing instructions. Each waiver authority expires at the end of the calendar year, so employee pay reverts to the non-waived limitations at the beginning of the next calendar year until such time that the next year's waiver authority (if approved) is issued and applied through command channels. The entire process typically takes 6 months or more to complete and during this time, a deployed civilian's pay is subject to the biweekly and/or annual pay caps. However, once the next year's waivers are in place, the employee receives any retroactive earnings for pay that was withheld during the gap in waiver authorizations.

DEFINITION OF TERMS:

Biweekly Premium Pay Limitation (BPL)

- This is a statutory limitation on the amount of premium pay an employee can receive on a biweekly basis. The limit includes the total of basic pay and premium pay and is set at a cap of the GS 15 step 10 biweekly regular rate for the employee's home station employing locality pay table, or Level V of the Executive Schedule, whichever is greater.
- When deployed in support of declared contingency operations in the CENTCOM AOR, employees are eligible to have the BPL lifted to the Annual Premium Pay Limit (APPL). Without a waiver, earnings above the biweekly limit are forfeited.

Annual Premium Pay Limitation (APPL)

- This is a statutory limitation on the amount of premium pay an employee can receive on an annual basis. The limit includes the employee's total basic pay plus premium pay and is set at the GS 15 step 10 annual rate for the employee's home station employing locality pay table, or Level V of the Executive Schedule, whichever is greater.
- Employees are eligible to have the APPL lifted retroactively after completing 42 consecutive days in a declared contingency operation in the CENTCOM Area of Operations.
- The lifted limit for 2018 is \$243,500. This means that employees who meet the criteria for the waiver based on service in a contingency in the CENTCOM AOR, can receive earnings from basic and premium pay up to the new annual limit of \$243,500.
- This is a yearly waiver which must be Congressionally-approved and implemented through a process that typically takes 6 months to complete. Employee earnings

from January until the waiver is implemented (typically June) may be reduced since they are covered by the regular annual and biweekly pay limitations. Once the waiver is applied, retroactive pay will be issued back to 1 January of the calendar year, or whatever date the employee became eligible, based on arrival in the contingency location. Waivers are then removed on the last pay period of the calendar year until a new determination has been made for the next calendar year.

Annual Aggregate Pay Limitation (AAPL)

- This is a different statutory limitation on pay that includes all types of pay (basic, premium, plus allowances, differentials, bonuses, awards, or other similar payments) received in a calendar year. Note that the biweekly and annual premium limitations only include basic and premium pay, but the aggregate limitation includes ALL types of pay.
- The AAPL for 2018 is set at \$210,700.
- In accordance with the 2018 Congressional authorization, employees who are approved for a waiver to the biweekly and annual premium pay limitations based on contingency support to missions in the CENTCOM AOR, are automatically waived from the AAPL. If the AAPL had not been included in the pay waiver authorities, the total amount of pay an employee could receive in a calendar year would have been capped at the AAPL limit and the balance between the AAPL (\$210,700) and the APPL (\$243,500) deferred for payment in the following calendar year. Note that the Aggregate limit affects the amount that can be paid in any one year, as compared to the Annual limit which reduces earnings. However, since the 2018 authority waives the AAPL in its entirety, there is no limitation or deferral on the amount of payments an employee can receive (up to the earnings limit of \$243,500).
- The AAPL waiver is also an annual process which must be authorized by Congress each year and then delegated through DoD to the Components. A 6-month delay in application of the waiver is typical, with retroactive pay issued after the waiver is in place.

KEY FACTS:

- Reduced earnings during the time when no waiver is approved will be recalculated and paid out to the new limits, once the waivers are applied to the employee's pay and personnel record.
- Biweekly and Annual Limits only include: Regular Pay and Premium Earnings (Overtime, Night Differential, Sunday Premium, Holiday Premium, and Comp Time Earned In Lieu of Overtime). This limitation caps earnings.
- Aggregate Limit Includes all "Paid" earnings in a calendar year: Regular Pay, Premium Earnings, Post Differential, Danger Pay, Awards, Relocation Incentives,

etc. This limitation caps the amount of pay that may be issued in any one calendar year.

CALCULATIONS:

- **ANNUAL LIMIT CALCULATION:** Additional pay that is earned during 2018 will be compared to the normal 2018 annual maximum limitations and applied to earnings. To determine when to impose limits because of the Annual Cap, employee's Regular Pay is projected through the end of the calendar year with NO premium pay added. Then the scheduled premium pay (overtime, night differential, Sunday differential, Holiday) is added to the Regular pay, starting with the first applicable pay period of the year. At whatever point this additional Premium Pay causes the projected annual amount to exceed the cap (of \$243,500 for 2018), Premium Pay starts being reduced, but Regular Pay continues. Depending on the employee's grade and rate of pay, the employee could start seeing a reduction in premium pay as early as January of the calendar year.
- **AGGREGATE LIMIT CALCULATION:** Differentials (Danger Pay and Post Differential) plus awards/bonuses are added to an employee's Regular + Premium Pay to determine the Aggregate amount. If an employee's Total Aggregate Pay exceeds the Annual Aggregate Limit, excess amounts of post differential, danger pay, awards, or incentives are DEFERRED for payment at the beginning of the next calendar year. In 2018, the Aggregate limit is \$210,700 so amounts that would cause the projected yearly pay to exceed this amount are withheld and scheduled for deferred payment in the next year. Then once the waivers are applied, the amounts scheduled for deferred payment will be issued because the 2018 authorization waives the Aggregate limit in its entirety.
- Each cap is applied separately in calculating pay limits. If an employee's pay is limited by any of these caps until the waivers are in place, the Leave and Earnings Statements will show the earnings with annotations of whether pay was forfeited or deferred, depending on which cap caused the limitation. The forfeited or deferred amounts will then be paid retroactively at whatever time the 2018 waivers are applied, subject to the caps in the new waivers (\$243,500 for the APPL and a complete waiver of the \$210,700 AAPL).

Implementation of 2018 Pay Cap Waivers:

- The NDAA for 2018 includes the same Congressional authorization to waive the biweekly, annual, and aggregate pay limitations as was authorized in previous years.
- Implementing instructions and delegations of authority to apply the 2018

waivers were issued by DoD on June 7, 2018.

- The final step in applying these waivers to employee records is accomplished through each Component's chain of command and then documented in individual personnel and pay systems. Once this is accomplished, pay that was forfeited or deferred in 2018, that is now authorized through issuance of the waiver authority, will be paid in lump sum to employees. Questions on procedures and timeframes to complete the authorization process and issue retroactive payments should be directed to each employee's home station personnel or payroll office.