

## OVERSEAS ALLOWANCES

### INTRODUCTION

The Department of State Standardized Regulations (DSSR) govern allowances and differentials available to U.S. government civilians assigned to foreign areas. As permitted by the DSSR, the Department of Defense (DoD) has issued its own implementing regulations under DoD Instruction 1400.25- V1250, “Overseas Allowances and Differentials.” Volume 1250 delegates authority, assigns responsibility, and authorizes the payment of allowances and differentials to DoD appropriated fund civilian employees except the wardrobe portions of the foreign transfer allowance and home service transfer allowance, the education allowance (except the educational travel allowance may be authorized), and the difficult-to-staff incentive differential.

It is DoD policy that the overseas allowances and differentials are specifically intended to be recruitment incentives for U.S. citizen civilian employees living in the United States to accept Federal employment in a foreign area and are not entitlements. Prior to approval, authorizing officials must weigh both the recruitment need for the individual and the cost of the allowances.

The charts below provide a summary of the most common types of overseas allowances. For additional information on each allowance, please see the references at the end of the guide.

### COST-OF-LIVING ALLOWANCES

These allowances are designed to reimburse employees for certain excess costs incurred as a result of employment overseas. These allowances are not included in taxable income.

TYPE	PURPOSE	INFORMATION	AMOUNT
Post Allowance (COLA) (DSSR 220)	Provided to employees who serve at posts where the cost of living (exclusive of quarters costs) is substantially higher than in Washington, D.C.	Intended to permit employees to spend the same portion of their salaries on current living expenses as they would in Washington, D.C., without incurring a reduction in their standard of living because of the higher cost of goods and services at the post.	Allowance based on a percentage of spendable income which is that portion of an employee’s salary used to purchase goods and services. Amount paid is a flat annual rate based on annual salary, size of family, and classification of a post, regardless of individual expenses.

<p>Foreign Transfer Allowance (FTA) (DSSR 240)</p>	<p>Helps defray extraordinary, necessary and reasonable expenses, not otherwise compensated for, when an employee transfers to a foreign post.</p>	<p>FTA reimburses employees for four types of relocation expenses:</p> <p>1) <i>Miscellaneous Expense</i> Portion: Covers expenses such as pet transportation, vehicle registration, driver's license, etc.</p> <p>Applies only to new appointees on first duty station travel to a foreign post. Current employees are authorized Miscellaneous Expense Allowance (MEA) under JTR Chapter 5.</p> <p>2) <i>Wardrobe Expense</i> Portion: Not authorized for DoD employees.</p> <p>3) <i>Predeparture Subsistence Expense</i> Portion: Reimburses costs for temporary lodging, meals, and laundry/dry cleaning for up to 10 days after vacating permanent quarters as long as the employee or family members have not begun travel on orders and final departure is from the employee's U.S. post of assignment. New appointees and employees are eligible.</p> <p>4) <i>Lease Penalty Expense</i> Portion: Helps offset the penalty for breaking a residential lease when transferring to a foreign post. Applies to new appointees and DoD employees.</p>	<p>Amounts:</p> <p>1) <i>Miscellaneous Expense</i>: Capped at the lesser of either 1 week's salary or \$650 for an individual; 2 weeks' salary or \$1300 for a family. Higher rate is available if employee provides itemized receipts.</p> <p>3) <i>Predeparture Subsistence Expense</i> Portion: Two methods of payment -- Total Actual Subsistence or the Partial Flat Rate. Both methods calculate the amount based on the per diem rate for the employee's official worksite in the U.S.</p> <p>4) <i>Lease Penalty Expense</i> Portion: Amount required by the rental contract, or 3 months' rent, whichever is less.</p>
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<p>Home Service Transfer Allowance (HSTA) (DSSR 250)</p>	<p>Helps defray extraordinary, necessary and reasonable expenses connected with establishing a residence in the U.S., when an employee transfers from a foreign post to an official worksite in the U.S.</p>	<p>Like the Foreign Service Transfer Allowance, the HSTA has four parts:</p> <p>1) <i>Miscellaneous Expense</i> Portion; 2) <i>Wardrobe Expense</i> Portion (not authorized for DoD employees); 3) <i>Predeparture Subsistence Expense</i> Portion; and the 4) <i>Lease Penalty Expense</i> Portion.</p> <p>The only relevant portion of the HSTA for DoD employees receiving a Living Quarters Allowance is the lease penalty provision. Miscellaneous expenses and temporary quarters are covered under the Joint Travel Regulations.</p> <p>In exchange for the lease penalty provision, an employee must agree to remain in Government service for 12 months after transfer, unless separated for reasons beyond the employee's control which are acceptable to the agency.</p> <p>4) <i>Lease Penalty Expense</i> Portion: Helps offset the penalty for breaking a residential lease when transferring from a foreign area PDS to a CONUS/non-foreign OCONUS area PDS. Applies to DoD employees.</p>	<p>Amounts:</p> <p>4) <i>Lease Penalty Expense</i> Portion: Amount required by the rental contract or 3 months' rent, whichever is less.</p>
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<p>Separate Maintenance Allowance (SMA) (DSSR 260)</p>	<p>Defrays the additional expense of maintaining family member(s) away from an employee's foreign post of assignment.</p>	<p>Three types of SMA:</p> <p>1) Involuntary SMA: Paid when family members are prohibited from residing at the foreign post due to dangerous, unhealthy, or excessively adverse living conditions, or for the convenience of the U.S. government.</p> <p>2) Voluntary SMA: Personal request based on special needs or family hardship.</p> <p>3) Transitional SMA: Family members occupying commercial quarters after termination of an evacuation.</p>	<p>1) &amp; 2) Established annual rate for involuntary and voluntary SMA, determined by number of family members maintained elsewhere.</p> <p>3) Transitional SMA is paid at a daily rate, varying by the number of family members maintained at a location other than the post of assignment.</p>
<p>Educational Travel (DSSR 280)</p>	<p>Travel to and from a school offering a full-time course of secondary or post-secondary education.</p>	<p>Permits payment of a child's travel expenses between school and the employee's post once each way annually for secondary or post-secondary education.</p>	<p>Actual expenses for the transportation, travel per diem, and expenses for transportation of unaccompanied personal baggage.</p>

## QUARTERS ALLOWANCES

These allowances are designed to reimburse employee for substantially all housing (temporary or permanent) at overseas posts where government housing is not provided. These allowances are not included in taxable income.

TYPE	PURPOSE	INFORMATION	AMOUNT
Living Quarters Allowance (DSSR 130)	Defrays the annual cost of suitable, adequate living quarters for employee and family at the foreign post.	LQA is designed to substantially cover the average employees' costs for rent, utilities, required taxes levied by local government, and other allowable expenses.	LQA rates are based on Living Quarter Expenditure Surveys submitted by posts. The allowance is computed as an annual rate and paid biweekly. An employee will receive LQA for the amount of allowable expenses or the maximum rate for the post, whichever is lower. LQA for posts vary by personnel classification and family size.
Temporary Quarters Subsistence Allowance (TQSA) (DSSR 120)	Assists with the reasonable cost of temporary quarters, meals and laundry incurred by the employee upon first arrival or preceding final departure from the overseas post.	TQSA is designed to assist with the average cost of adequate hotel/transient-type quarters accommodations, and reasonable meals and laundry expenses. TQSA may not exceed 90 days after first arrival at the post, or 30 preceding final departure from the post after vacating residence quarters.	TQSA is paid as a percentage of the per diem rate listed for the post, and varies by the length of time in temporary quarters (first 30 days, second 30 days, third 30 days), and by the number of family members and age of the dependents.

## INCENTIVE ALLOWANCES

These allowances are designed to recruit employee to posts where living conditions may be difficult or dangerous. These allowances are included in taxable income.

TYPE	PURPOSE	INFORMATION	AMOUNT
Post Hardship Differential (DSSR 500)	Provides additional compensation for service at places where conditions of environment differ from those in the U.S.	A hardship differential is established for a post when the location involves extraordinarily difficult living conditions, excessive physical hardship, or notably unhealthy conditions affecting the majority of employee stationed at the post.	Additional compensation of 5, 10, 15, 20, 25, 30, or 35 percent over basic compensation, depending on the severity of conditions.

<p>Danger Pay (DSSR 650)</p>	<p>Provides additional compensation for service at designated 'danger pay posts' as determined by the Secretary of State.</p>	<p>Paid where civil insurrection, terrorism or wartime conditions threaten physical harm or imminent danger to the health and well-being of all employees.</p>	<p>Additional compensation of 15, 25, or 35 percent over basic compensation.  Under DSSR 652g, "imminent danger pay" is a flat monthly rate paid to an employee who accompanies U.S. military forces to an area designated by the Secretary of State. Current rate is \$225 per month.</p>
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## REFERENCES

- Department of State Standardized Regulations,  
[https://aoprals.state.gov/content.asp?content\\_id=282&menu\\_id=101](https://aoprals.state.gov/content.asp?content_id=282&menu_id=101)
- DoD Instruction 1400.25-V 1250, "Overseas Allowances and Differentials"  
<http://www.esd.whs.mil/Portals/54/Documents/DD/issuances/140025/1400.25-V1250.pdf>

## POINTS OF CONTACT

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