

## POST HARDSHIP DIFFERENTIAL

### INTRODUCTION

The post hardship differential provides additional compensation as an incentive for Federal employees to work in foreign areas where environmental living conditions differ substantially from those within the continental United States (U.S.). A differential may be established when extraordinarily difficult or notably unhealthful living conditions or excessive physical hardships affect a majority of eligible employees at an overseas location. The rates range from 5 percent to 35 percent above basic compensation, based on the severity of hardship conditions at a post. This reference guide provides information on the process for setting post differential rates, employee eligibility, and the starting and stopping of differential payments.

### DETERMINING POST DIFFERENTIAL RATES

The Department of State (DoS), Office of Allowances, determines which posts are eligible for a hardship differential and the appropriate rate by analyzing the responses reported by a post on the Post Hardship Differential Questionnaire (DS-267). Other sources of information about foreign living conditions are also considered during the analysis process such as on-site survey inspections and security reports from the Bureau of Diplomatic Security.

The DS-267 questionnaire, which describes the environmental living conditions in foreign locations, has 11 general categories. The categories are: political violence, terrorism and harassment; medical; social isolation; environmental conditions and sanitation; climate; crime; housing and infrastructure; physical isolation; community resources; education; and import restrictions. These categories are divided into many factors which are used to assess the hardship conditions at a post. For example, air pollution, contaminated water, sewage and garbage disposal methods, high or critical crime rates, diseases, poor medical care or lack of medical equipment, and limited access to the Internet are some of the factors that contribute to a post's hardship score. Each factor that contributes to difficult living conditions is assigned one or more points.

The Office of Allowances compares the information in the questionnaire to the written standards for the continental U.S. and assigns points when the environmental living conditions at a post are more severe than in the U.S. Once each individual factor in the questionnaire is evaluated and rated, the points are totaled. Then the total score for each post is compared to the specific rates ranges that correspond to the hardship rates ranging from 0 to 35 percent above basic compensation.

Posts are required to submit Post Hardship Differential Questionnaire reports every 4 years. However, overseas posts may submit new surveys outside of the normal 4-year cycle if there are significant changes to the living conditions at a post.

### DEFINITIONS

**Day** means each midnight, including the midnight of the 24-hour period required by a detail, occurring while the employee is on detail at a differential post.

**Detail** means the temporary assignment or temporary duty of an employee away from his/her official duty station for a minimum of 24 consecutive hours, counted from the time of arrival at a place other

than the employee's post (Section 040h) including all periods of leave while serving at the place of detail.

**Differential post** means: (a) a place listed individually in Section 920 for which a hardship differential rate other than zero is shown in column 6; or (2) a place which is not listed individually in Section 920, but which is located in a country or area for which a hardship differential rate other than zero is shown in column 6 of Section 920.

**Footnote "n"** indicator found in the Table of Allowances (Section 920) is for posts with a hardship differential where there is (1) a significant number of U.S. military personnel who are or have been involved in hostilities, and (2) a danger pay designation.

**Footnote "p"** indicator found in the Table of Allowances (Section 920) is for posts with a hardship differential and danger pay allowance under Section 652f.

**Footnote "v"** indicator found in the Table of Allowance (DSSR Section 920) is a danger pay allowance under Section 652g for Federal Civilian employees who accompany U.S. Military forces designated by the Secretary of Defense as eligible for imminent danger pay for the designated areas. The amount of danger pay shall be the same flat rate amount paid to uniformed military personnel as Imminent Danger Pay (\$225 per month at all times). Danger pay authorized under Section 652g will not be paid for periods of time that the employee either receives danger pay authorized under Section 652f or post differential that would duplicate political violence credit which is already included in the differential rate.

**Footnote "y"** indicator found in the Table of Allowances (DSSR Section 920) is for posts having footnote "n" and footnote "p" (danger pay) indicators.

## **ELIGIBILITY**

- Full-time employees who are U.S. citizens permanently assigned to a differential post and are entitled to a Living Quarters Allowance (LQA). In the case of married couples, both may receive post hardship differential if both were recruited in the U.S. even though only one spouse is receiving LQA. (Part-time and intermittent employees are not eligible).
- U.S. citizen employees on extended detail from the U.S. or from foreign posts.
- Temporary employees who are appointed on a full-time basis.

## **WHEN A DIFFERENTIAL STARTS**

- Permanently assigned to a post: The date an employee arrives at post or the date an employee enters on duty if recruited locally (local hires must be eligible for LQA); the effective date of assignment, if the employee is already at the new post on detail or leave; the effective date on which a post is classified for a differential.
- Temporarily assigned to a post: If an employee is detailed (TDY) to a post he/she is not eligible for differential until he/she has spent 42 cumulative days at one or more differential locations without returning to his/her non-differential permanent post of assignment. Once the initial eligibility period has been served, the differential is paid starting on day 43; if the employee has met the 42 day eligibility period and travels to the U.S. en route to another non-permanent differential location, but remains in the U.S. less than 14 consecutive days and the travel in the U.S. is for the

convenience of the government, then differential ELIGIBILITY continues BUT no differential is paid during the period in the U.S.

- Temporarily assigned to a footnote “n” post: An employee who serves for a period of 42 consecutive days or more on detail (TDY) at a hardship differential post where there is widespread warfare, U.S. combat troop involvement in hostilities, and has a danger pay designation may be granted the hardship differential at the prescribed rate for the number of days served, beginning the first day of the detail.
- Employees on Temporary Change of Station (TCS) receive the differential on the date of arrival at post.

Note: An employee on leave from a footnote “n” post for more than 30 days will be required to meet the 42-day eligibility requirement upon return to a hardship differential post.

## WHEN A DIFFERENTIAL ENDS

The hardship differential shall terminate as of the close of business on the earliest of the following dates:

(The following applies to permanently assigned and/or temporarily assigned)

- The date the employee commences travel under orders for a transfer;
- The date the employee commences travel under orders for travel to the U.S.;
- **Exceptions**
  - Hardship differential may continue up to 42 consecutive calendar days when the primary purpose of the travel to the U.S. is for a detail or medical evacuation and an eligible family member remains at the post.
  - Hardship differential may continue during “Family Visitation Travel” from a hostile area to the U.S.
  - Hardship differential may continue when an employee assigned to a footnote “n” post is in the U.S. for up to 30 days.
- The date the employee leaves the post due to emergency evacuation;
- The date of separation if the employee separates in the foreign area;
- The date the employee departs the post for leave in the U.S. However, if leave is taken in a foreign area en route to the U.S., post differential ends when the employee arrives in the U.S.;
- **Exception**
  - Hardship differential may continue when an employee assigned to a footnote “n” post is in the U.S. for up to 30 days.
- The 42 consecutive calendar day of the employees temporary absence from the post;
- The day immediately preceding the effective day of transfer, if during the first 42 consecutive calendar days absence from his/her post the employee is on detail or leave at the place to which transferred;
- The date of first departure of other employees from his/her post under emergency evacuation orders if the employee is already on detail or leave away from post;
- The date the employee departs his/her post for leave or detail during period when the post is in an emergency evacuation situation.

## POST DIFFERENTIAL PAYMENTS

- Paid only for hours for which basic compensation is paid.
- Paid biweekly with salary.
- Computed as a percentage of a DoD's employee's rate of basic pay (excluding allowances, differentials or other additional compensation) except that a locality rate of basic pay is considered basic pay in computing danger pay and post differentials for employees detailed to an overseas location with an approved post differential.
- Subject to the aggregate limitation on pay (the annual rate for Executive Level I) except for DoD employees granted the premium pay waiver for performing work overseas in support of contingency operations.
- Not construed as an equivalent increase in compensation for purposes of computing within-grade increases.
- Included in gross income for Federal income tax purposes.
- Suspended while an employee is in a non-pay status.

## POST DIFFERENTIAL AND DANGER PAY

A post differential may include credit for political violence and terrorism. Therefore, when conditions at a post worsen to the point that the Secretary of State authorizes a danger pay allowance, credit for these factors must be removed from the post differential to avoid crediting this same condition twice. However, employees may receive both post differential and danger pay under Section 652f, if both are authorized.

## REFERENCES

- Section 5925 of title 5, United States Code
- Department of State Standardized Regulations (DSSR), Sections 040, 500, 650, and 900
- Department of State, Office of Allowances, Frequently Asked Questions, Post Hardship Differential
- DoD Instruction 1400.25, Volume 1250," DoD Civilian Personnel Management System: Overseas Allowances and Differentials," February 23, 2013
- Volume 8 of DoD 7000.14-R, Department of Defense: Civilian Pay Policy and Procedures, Chapter 3, Subparagraph 030402. E
- *Overseas Allowances: State Should Assess the Cost-Effectiveness of its Hardship Pay Policies*, GAO-17-715 (Washington, DC: Sept 13, 2017)

## CONTACT

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