

From: Defense Finance and Accounting Services (DFAS)

Dated: October 28, 2025

Frequently Asked Questions

Which employees are affected by the 2025 lapse in appropriations?

Federal employees whose agencies are funded by FY26 annual appropriations are either deemed "excepted" and work without pay, or are "furloughed" and placed on temporary, unpaid leave. Agencies are responsible for any necessary updates to employee personnel records.

Time and Attendance

1. How should employees code their timecards during government shutdown?

Agencies are responsible for ensuring proper time and attendance is submitted on behalf of their employees. There are three categories of employees as defined below:

- **EXEMPT EMPLOYEE STATUS:** For employees exempt from the government, regular timekeeping rules apply. There is no change in payroll processing procedures. Exempt employees are defined as employing organizations having available funding to continue normal operations such as working capital funds, multi-year funds, and revolving funds.
- **EXCEPTED FROM FURLOUGH EMPLOYEE STATUS:** For employees excepted from furlough, time and attendance will be recorded as furlough code KE for October 1-4, 2025, and pay period ending October 18, 2025. Personnel transactions, with an effective date of October 19, 2025, will be processed for pay period ending November 1, 2025, if the lapse continues.
- **FURLOUGH ELIGIBLE STATUS:** For an employee in a furlough status, employees should be coded KE, furlough, beginning October 1, 2025, and pay period ending October 18, 2025. Personnel transactions, with an effective date of October 19, 2025, will be processed for pay period ending November 1, 2025, if the lapse continues.

2. Did DCPS make changes to employee time for October 1-4, 2025?

At no point in time has DFAS input T&A for employees during this 2025 shutdown period.

DFAS added KE to the employee work schedules for October 1-4, 2025, defaulting furlough for any agency that failed to input time for those specific days only.

3. What is the expectation for the federal holiday on October 13, 2025?

Timekeepers should not submit holiday hours for furloughed or excepted employees and instead use KE (Furlough).

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Pay

4. How were pay entitlements and allowances impacted by furlough?

Furlough hours reported to DFAS during the lapse in appropriations, result in entitlement payments temporarily being paused to ensure payments are not processed against unfunded appropriations.

5. Why did furloughed employees not receive Foreign Entitlement payments or Market Pay for September 21-30, 2025?

DFAS paused Foreign Entitlements and Market Pay for employees subject to furlough until a legal determination could be made for these entitlements were payable if they crossed fiscal years.

DFAS received approval to pay the following entitlements:

- Living Quarters Allowance (LQA)
- Post Allowance
- Foreign Post Differential
- Danger Pay
- Separate Maintenance Allowance
- Temporary Quarters Subsistence Allowance
- Market Pay

Out-of-cycle (special pays) payments are being processed to cover the September 21-30 timeframe for impacted employees. Payments are scheduled for release on October 29, 2025.

6. Are deductions taken from the out-of-cycle (special pays)?

Yes, the following deductions must be taken from the out-of-cycle payment, if applicable to the type of entitlement:

- Federal/State/Local Taxes
- Old-Age, Survivors, and Disability Insurance (OASDI)
- Medicare
- Federal Employee Health Benefits (FEHB)
- Federal Employee Life Insurance (FELI)
- Dental/Vision
- Long Term Care (employee and/or dependent care)
- Thrift Savings Plan (TSP)
- TSP or 401K Loans
- Military Service Deposit (MSD)

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- Voluntary allotments (including, but not limited to, Combined Federal Campaign (CFC) and union)

The deductions are required when payments are made.

7. Why were premium hours recorded on an employee's timecard paused?

DCPS will convert furlough hours for employee work schedules to meet the requirements for regular paid hours. Premium hours are converted systematically to ensure the work schedule is met, also convert/decrease furlough hours as necessary.

8. Why didn't Aged Compensatory Time pay out?

Aged compensatory time payments have been temporarily paused to ensure accurate processing during the fiscal year rollover.

9. How were Lump Sum Leave Payments impacted by furlough?

If furlough hours are reported to DFAS for an employee, that employee's Lump Sum Leave payment, and associated final payments, are temporarily paused.

Employees who separated under the Deferred Resignation Program (DRP) with an effective date of September 30, 2025, received their Lump Sum Leave payment with pay period ending October 4, 2025, payments. The Lump Sum Leave payment was paused if a DRP employee had a late separation, furlough coded on their timecard from October 1-4, 2025, or where voluntary separation incentives (VSIP), awards or other types of lump sum payments were paid.

10. Were award payments made during pay period ending October 4?

No, award payments for pay ending October 4, 2025, are temporarily paused.

11. Why did some employees receive a deposit labelled "Shutdown Pay"?

Payments from DFAS will not be marked "Shutdown Pay". Contact your financial institution regarding any supplemental deposits received.

12. Will taxes be impacted when corrections are processed?

Federal, state, and local taxes will process as currently defined within DCPS; there will be no special logic applied because of the furlough.

13. Will Student Loan entitlements and corresponding deductions still be processed?

Student Loan entitlements and deductions have been temporarily paused. Employees that did have a deduction processed for pay period ending October 4, 2025, without receiving that entitlement will have a refund processed when funding is appropriated.

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14. Will cutback or deferred earnings be paid out while on furlough status?

Cutback and deferred earnings payments have been temporarily paused.

Leave

15. If a furloughed employee had previously scheduled annual or sick leave on a furlough day, what happens to the scheduled leave?

Upon furlough, all scheduled leave is canceled (annual leave, sick leave, or other). Absences during the furlough may not be charged to leave.

16. Can excepted employees be granted leave?

Yes. 31 U.S.C. § 1341(c)(3) provides that excepted employees may use leave during a lapse in appropriations, subject to the normally applicable rules. Use of leave will not result in payment during the lapse of appropriations.

If an excepted employee is excused from duty during the lapse, the employee must either be placed in (1) furlough status or (2) paid leave status under 31 U.S.C. 1341(c)(3) (with leave payments deferred until after the lapse has ended), if requested by the employee. Generally, we anticipate that excepted employees will use the available work schedule flexibilities described above or be furloughed when excused from duty

17. If an employee is on approved leave without pay (LWOP), is the employee furloughed and LWOP terminated?

No. The status of employees in LWOP does not change unless there is an indication that the employee may return from LWOP during the furlough.

18. How will employees on home leave be affected?

Employees on home leave will be placed in furlough status. Home leave may be extended at the discretion of senior management officials.

19. If an employee is on leave under the Family and Medical Leave Act of 1993 (FMLA) during the furlough, do furlough days count towards the 12-week entitlement to FMLA leave?

No. Days associated with furlough will not count against an employee's 12-week FMLA leave entitlement.

20. If an employee is on Military Furlough, do they need to take any action?

No. Employees on Military Furlough can remain in their current status and with the "KG" (Military Leave) code in the system. No changes are required.

21. Why does the LES block for leave show furlough separately as a year-to-date amount and a pay period item?

This display is correct on your Leave and Earning Statement (LES). Furlough hours are a form of leave without pay. The total number of furlough hours used in a paper period are record in the current pay period information. The total hours used are accumulated and displayed in the year-to-date total.

22. Why does leave not accrue during the furlough?

Leave does not accrue while employees are in a non-paid status, such as furlough.

23. Will the 12-month Paid Parental leave period following the birth or placement of a child be extended due to the furlough?

Paid Parental Leave must be used during the 12-month period beginning on the date of birth or placement. There is no authority to adjust this 12-month period due to a lapse in appropriations.

Benefits

24. How are Federal Employee Health Benefits (FEHB) and Dental and Vision Insurance (FEDVIP) impacted by furlough?

FEHB and FEDVIP coverage continues during a shutdown. Unpaid premiums are calculated on a continuous basis and will be withheld from pay upon return to pay status.

25. How is Thrift Savings Plan (TSP) impacted by furlough?

Employees should refer to the TSP website or contact their agency representative for information concerning TSP. The web address is <https://www.tsp.gov>.

Child Support, Garnishments and Bankruptcy

26. How will Child Support, Garnishment and Bankruptcy deductions be impacted for furloughed employees?

During furlough, employees not receiving pay will not have garnishment deductions taken which means that no payment is sent to the entity ordering the garnishment. DFAS recommends employees contact the case worker at their state's child support agency for child support orders and their assigned Bankruptcy trustee regarding missed payments as a result of furlough.

*Please be advised, when an employee's pay resumes, DFAS will NOT withhold the total amount of missed payments from any retroactive payments received after furlough has ended. Employees are responsible for making up their child support and/or Bankruptcy payments on their own.