

Frequently Asked Questions: During Furlough

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:** Regular timekeeping rules apply and 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:** Time and attendance will be recorded using 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.
- **FURLOUGH ELIGIBLE STATUS:** Time and attendance will be recorded using furlough code 'KE', 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.

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 federal holidays?

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

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?

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

Authority was granted 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 were processed to cover the September 21-30 timeframe for impacted employees. Payments were released 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 (FEGLI)
- 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 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. Are excepted or furloughed employees able to receive Award payments?

No, award payments have been temporarily paused to ensure accurate processing.

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. Regular earnings will be taxed at the employee's regular tax rate and incentives or awards will be taxed at the supplemental rate.

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.

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

Cutback and deferred earnings payments have been temporarily paused.

15. Will DFAS process debt offsets for Furlough Related Debts?

If you had a debt established in DCPS due to corrections made in support of furlough, DCPS will attempt an offset when payments are processed.

Leave

16. 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.

17. How does this impact “Use or Lose”?

During furlough, as an employee is not accruing leave, their Use or Lose balance will decrease based on current DCPS processing.

If an employee had properly scheduled “Use or Lose”, once timecard corrections are processed and funding is restored, annual leave that was forfeited because of the lapse in appropriations will be restored, for furloughed or excepted employees.

18. 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

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19. 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.

20. 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.

21. 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.

22. 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.

23. Why does the Leave and Earning Statement (LES) block for leave show furlough separately as a year-to-date amount and a pay period item?

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

24. Why does leave not accrue during the furlough?

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

25. 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 (PPL) 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

26. 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.

27. 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>.

Accounting

28. What was the impact to employer contributions when furlough (KE) was recorded for October 1-4, 2025?

In the split pay period which ended October 4, Government contributions posted to FY26 for retirement, TSP (1%), Medicare, and OASDI. These government contributions are time driven and should have been prorated between FY 25 and FY26 LOAs. This issue was resolved for PPE October 18 and forward. Once funding has been returned, retroactive timecard adjustments will correct this issue.

29. How do agencies handle employees that were in a furlough status, and the full employee health/life insurance collected using FY25 monies earned?

DCPS collected the employee Federal Employee Health Benefits (FEHB) and Federal Employee Group Life Insurance (FEGLI) in full and the matching government contributions were submitted to the Office of Personnel Management (OPM). Employee and government contributions are required at the time of submission to OPM. The proration is correct between the two fiscal years as reported.

30. How do agencies handle employee in a non-pay status other than furlough status for government shutdown?

OPM guidance states employees can remain in these statuses since they are non-pay. Agency debts created with these statuses hitting FY26 LOA. The agency pays these debts up front on behalf of the employee and sends payment to the third party, OPM. The employee then owes the agency for the missed payment.

Child Support, Garnishments and Bankruptcy

31. 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.

Post Furlough Questions

For most customers, DFAS is processing out-of-cycle payments for time and attendance (excepted and subject to furlough employees) between October 1-18. Agencies are responsible for removing furlough status and correcting time and attendance.

Impacted employees will be paid in lump sum for pay period October 4, 2025, and October 18, 2025, and November 1, 2025, via an out of cycle payment. Pay period ending October 4, 2025, only applies to furlough time from October 1 to October 4.

32. What will employee LES's look like after the out-of-cycle payment?

The earnings for the payment received will be reflected on November 15, 2025, LES, in the 'Retroactive Earnings section. To prevent the monies from paying out a second time during the normal pay date of November 21, 2025, employees will see a deduction type of 'Special Pay' for the net pay of the out of cycle payment processed. The payment totals will be reflected in current totals as well as your year-to-date totals.

Note: Prior LES's are not adjusted for retroactive actions.

33. For agencies that used out-of-cycle payments to pay employees after furlough, what deductions are employees responsible for making up?

Missed contributions for certain deductions will need to be made by the employee, in coordination with the benefit provider.

- 401(k) Loan – Employees will need to reach out to their Portability office and follow the established missed contributions process.
- Long Term Care - No employee action is needed. FedPoint will work with DFAS to make corrective deductions.
- Dental/Vision - No employee action is needed. FEDVIP will send DFAS updated deductions to make up for missed contributions.
- Military Service Deposit payments - DFAS will continue to deduct amounts at the previous rate. If employees want to adjust the collections, they will need to contact their CSR and request an adjustment.
- Child Support, Garnishment and Bankruptcy deductions - 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.

34. Will DFAS process debt offsets for any debts created due to Furlough actions?

Yes, DFAS will attempt to offset any debt created as a result of furlough processing once agencies have processed corrective actions.

35. Will employee entitlements and allotments continue without additional employee action once furlough status is removed?

Yes, employee entitlements will be restored upon agencies processing corrective actions.

36. When corrections to furlough status are completed, will my leave accruals be adjusted? Will the LWOP balances reduce?

Yes, employee leave balances will be adjusted upon agencies processing corrective actions. Employee LES's will reflect any changes made, including the removal of LWOP.

37. What will happen to employee "Use or Lose" leave?

If an employee had properly scheduled "Use or Lose" leave, once timecard corrections are processed and funding is restored, annual leave that was forfeited because of the lapse in appropriations can be restored by agency request, for furloughed or excepted employees.

38. How should an employee code Paid Parental Leave?

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. Agencies should follow established processes for requesting PPL.

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

Student Loan entitlements and deductions will continue as usual once agency corrective actions are processed. Employees will need to reach out to their servicer to request adjustments in order make up for missed deductions.

Note: Employees that did have a deduction processed for pay period ending October 4, 2025, without receiving that entitlement will have a refund processed by DFAS, retroactively.

40. 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. Regular earnings will be taxed at the employee's regular tax rate and incentives or awards will be taxed at the supplemental rate.

41. Will TSP charge for breakage for contributions scheduled during the shutdown?

No, per CFR, breakage will **not** be charged for contributions originally scheduled to be made during the shutdown period (Oct 1 - Nov 12/13).