

## **Summary of Key Necessary Elements in Agency Policies Implementing Section 1101 of Public Law 110-417, as Amended, for Calendar Year 2018**

Section 1105 of Public Law 115-91, December 12, 2017, extends to calendar year 2018 the authority of section 1101 of Public Law 110-417, October 14, 2008, as amended by section 1106 of Public Law 111-84, October 28, 2009; section 1103 of Public Law 111-383, January 7, 2011; section 1104 of Public Law 112-81, December 31, 2011; section 1101 of Public Law 112-239, January 2, 2013; section 1101 of Public Law 113-66, December 26, 2013; section 1101 of Public Law 113-291, December 19, 2014; section 1108 of Public Law 114-92, November 25, 2015; and section 1137 of Public Law 114-328, December 23, 2016. (Hereafter, all references to “section 1101” in this attachment refer to section 1101 of Public Law 110-417, as amended.) Historical background regarding the application of this waiver authority can be found in [CPM 2012-02](#), March 21, 2012; [CPM 2012-05](#), July 17, 2012; [CPM 2013-04](#), March 21, 2013; [CPM 2013-11](#), June 17, 2013; [CPM 2014-04](#), February 10, 2014; [CPM 2014-08](#), July 22, 2014; [CPM 2015-02](#), March 26, 2015; [CPM 2015-06](#), July 27, 2015; [CPM 2016-02](#), February 18, 2016; [CPM 2016-08](#), August 1, 2016; [CPM 2017-04](#), March 13, 2017; [CPM 2017-11](#), September 7, 2017; and [CPM 2018-07](#), March 26, 2018. (Please note that the scheduled Vice President’s salary rate referenced in CPM 2013-04 did not take effect. See [Executive Order 13641](#), April 5, 2013, and [CPM 2013-05](#), April 5, 2013.)

- Section 1101(a) authorizes the waiver of the normal biweekly or annual premium pay cap under 5 U.S.C. 5547 and establishes a higher annual cap linked to the Vice President’s salary rate established under 3 U.S.C. 104, as explained below.
- The premium pay cap waiver authority under section 1101(a) may be applied in calendar year 2018 to a civilian employee who meets all of the following conditions for coverage eligibility:
  1. The employee is covered by 5 U.S.C. 5547 (dealing with limitations on premium pay) or a limitation on premium pay similar to one set forth in 5 U.S.C. 5547 (as determined by the head of the Executive agency in which such employees are employed).
  2. The employee is assigned to work in an overseas location that (1) is in the area of responsibility of the Commander of the U.S. Central Command (CENTCOM) or (2) was formerly in the CENTCOM area of responsibility but has been moved to the area of responsibility of the Commander of the United States Africa Command (AFRICOM) and remains in that location for at least 42 consecutive calendar days (unless an authorized agency official grants a waiver of the 42-day requirement in very limited and extraordinary circumstances – e.g., where an employee’s 42 consecutive days is interrupted by an unplanned short trip outside the area required by the agency in an emergency situation). (If the employee meets the 42-day requirement, the section 1101 limitation may be applied to days before that requirement was satisfied, as long as the employee was performing work in a covered and approved category on those days. Although section 1101 applies only to

payments payable in calendar year 2018, the 42-day period may overlap a calendar year—i.e., begin in 2017 and end in 2018, or begin in 2018 and end in 2019.)

3. At the location described in paragraph 2 above, the employee performs work in direct support of, or directly related to, (1) a military operation (including a contingency operation, as defined in 10 U.S.C. 101(a)(13)) or (2) an operation in response to a national emergency declared by the President. (“Military operation” is a Department of Defense (DOD) term of art, defined in the DOD Dictionary of Military and Associated Terms.) Prior to authorizing any premium pay cap waiver under section 1101 on the basis of a military operation, an agency must confirm any DOD operation in countries in which such a waiver is being considered meets the DOD definition. (Note: As of the date of this memorandum, Operation Freedom’s Sentinel in Afghanistan and Operation Inherent Resolve in Iraq and Syria have each been determined by DOD to be a contingency operation under 10 U.S.C. 101(a)(13).)
  4. The employee is in a category of employees for whom coverage under section 1101 has been approved by an authorized agency official. (Note: Section 1101 establishes a discretionary authority that agencies may exercise, not an entitlement.)
- Employees who are granted a waiver under section 1101(a) in calendar year 2018 will be covered by a higher annual premium pay cap in lieu of the normal biweekly and annual premium pay caps under 5 U.S.C. 5547. The employee will be entitled to premium payments identified in 5 U.S.C. 5547(a), or similar limitation, to the extent it does not cause the employee’s combined payable amount of basic pay and premium pay for calendar year 2018 to exceed the annual rate of salary established for the Vice President under 3 U.S.C. 104, which is set at **\$243,500 for 2018**. (See Executive Order 13819 and [CPM 2017-18](#), December 22, 2017.) (Note: Under section 5547(b), the normally applicable annual limitation is based on certain annual pay rates in effect at the end of the calendar year. Accordingly, the 2018 limitation is based on the Vice President’s rate under 3 U.S.C. 104 in effect on December 31, 2018. The officially established 2018 pay rates for the Vice President and the Executive Schedule (as documented in Executive Order 13819) are not affected by the statutory pay freeze that limits the payable pay rates for certain senior political officials as in effect on the date of this memorandum.
  - The higher annual limitation on premium pay established under section 1101(a) applies during calendar year 2018 to an employee’s annual aggregate basic pay plus premium pay even after the employee has stopped performing work covered by section 1101. After an employee stops performing covered work, the employee’s earnings will again be subject to the biweekly premium pay limitation under 5 U.S.C. 5547, or similar limitation, and the employee could receive payments up to the biweekly premium pay limitation each pay period until the section 1101(a) annual limitation is reached. (**Note:** If such an employee’s aggregate projected basic pay plus premium pay payable for 2018 is less than the annual limit established under 5 U.S.C. 5547, an agency may invoke that annual limit, if appropriate, and pay premium pay in excess of the biweekly limit. Once the section 5547 annual limit is reached, the employee would be again subject to the section 5547 biweekly limit and simultaneously subject to the section 1101(a) annual limit. If the employee’s projected basic

pay plus premium pay payable for 2018 already exceeds the section 5547 annual limit, the waiver of the biweekly limit and invoking of the section 5547 annual limit would not provide additional premium pay in any biweekly pay period.)

- Under section 1101(b), the aggregate limitation on pay under 5 U.S.C. 5307 will not apply in calendar year 2018 to any employee who is granted a premium pay cap waiver under section 1101(a) during any part of that calendar year. When the aggregate limitation on pay under 5 U.S.C. 5307 is applied, payments (other than basic pay) in excess of the aggregate limitation must be deferred and are generally paid as a lump-sum payment at the beginning of the following calendar year. However, if section 1101(b) applies to an employee in calendar year 2018, the employee is entitled to receive applicable payments immediately without deferral.
- Under section 1101(c), any additional premium pay that results from application of the higher premium pay cap under section 1101(a), may not be considered basic pay for retirement or any other purpose, nor may it be used in computing a lump-sum payment for accumulated and accrued annual leave under 5 U.S.C. 5551. Under 5 U.S.C. 5547 and 5 CFR 550.107, various types of premium pay creditable for retirement and other purposes are always subject to a biweekly cap, even in emergencies that would normally trigger the annual premium pay limit. Thus, in applying section 1101(a), an agency should consider any premium pay of a type that is normally basic pay for retirement or other purposes as being paid before any other premium payment and apply the biweekly cap to determine the amount of basic pay creditable for retirement and other purposes. In other words, section 1101(a) would allow these types of premium payments to exceed the normally applicable biweekly limit, but any excess beyond the biweekly limit would be attributable to section 1101(a) and therefore would not be treated as basic pay for retirement or other purposes. Similarly, for premium payments that are normally used in computing an annual leave lump-sum payment, only the portion below the biweekly limit may be used in the computation.
- *Special Information Related to Employees Working in Iraq:* As noted above, the United States has a contingency operation in Iraq (Operation Inherent Resolve), so the higher premium pay cap can be applied to eligible employees performing qualifying service connected to that operation. In addition, the President issued a notice on May 18, 2018, that continues the declared national emergency in Iraq for 1 year (through May 22, 2019) to support stabilization efforts. (See the President's notice at <https://www.whitehouse.gov/briefings-statements/notice-regarding-continuation-national-emergency-respect-stabilization-iraq-2/>.) The President modified the scope of the national emergency declared in Executive Order 13303, May 22, 2003, and took additional steps in response to this national emergency through the issuances of additional Executive Orders. Please refer to these orders—Executive Order 13315, August 28, 2003, Executive Order 13350, July 29, 2004, Executive Order 13364, November 29, 2004, Executive Order 13438, July 17, 2007, and Executive Order 13668 of May 27, 2014.) Based on this notice, agencies may continue to apply the section 1101(a) waiver authority **through December 31, 2018**, for eligible employees in Iraq based on qualifying service connected to the national emergency. However, since the United States currently has a contingency operation in Iraq (Operation Inherent Resolve),

the higher premium pay cap may also be applied to eligible employees working in Iraq in support of that operation on that basis through **December 31, 2018**. To be eligible while working in Iraq, employees must be performing work in direct support of, or directly related to, either Operation Inherent Resolve or an operation in response to the current national emergency declared by the President, as described in the Presidential notice of May 18, 2018.

## **COUNTRIES IN CENTCOM OVERSEAS AREA OF RESPONSIBILITY**

1. Afghanistan
2. Bahrain
3. Egypt
4. Iran
5. Iraq
6. Jordan
7. Kazakhstan
8. Kuwait
9. Kyrgyzstan
10. Lebanon
11. Oman
12. Pakistan
13. Qatar
14. Saudi Arabia
15. Syria
16. Tajikistan
17. Turkmenistan
18. United Arab Emirates (U.A.E.)
19. Uzbekistan
20. Yemen

## **COUNTRIES IN AFRICOM OVERSEAS AREA OF RESPONSIBILITY (formerly in CENTCOM overseas area of responsibility)**

1. Djibouti
2. Eritrea
3. Ethiopia
4. Kenya
5. Seychelles
6. Somalia
7. Sudan

**Section 1101 of Public Law 110-417, October 14, 2008, as amended** by section 1106 of Public Law 111-84, October 28, 2009; section 1103 of Public Law 111-383, January 7, 2011; section 1104 of Public Law 112-81, December 31, 2011; section 1101 of Public Law 112-239, January 2, 2013; section 1101 of Public Law 113-66, December 26, 2013; section 1101 of Public Law 113-291, December 19, 2014; Section 1108 of Public Law 114-92, November 25, 2015; section 1137 of Public Law 114-328, December 23, 2016; and section 1105 of Public Law 115-91, December 12, 2017.

**SEC. 1101. AUTHORITY TO WAIVE ANNUAL LIMITATION ON PREMIUM PAY AND AGGREGATE LIMITATION ON PAY FOR FEDERAL CIVILIAN EMPLOYEES WORKING OVERSEAS.**

(a) **WAIVER AUTHORITY.**— During the calendar years 2009 through 2018, and notwithstanding section 5547 of title 5, United States Code, the head of an executive agency may waive, the premium pay limitations established in that section up to the annual rate of the salary payable to the Vice President under section 104 of title 3, United States Code, for an employee who performs work while in an overseas location that is in the area of responsibility of the Commander of the United States Central Command, or an overseas location that was formerly in the area of responsibility of the Commander of the United States Central Command but has been moved to the area of responsibility of the Commander of the United States Africa Command, in direct support of or directly related to—

- (1) a military operation, including a contingency operation; or
- (2) an operation in response to a national emergency declared by the President.

(b) **APPLICABILITY OF AGGREGATE LIMITATION ON PAY.**—

(1) **IN GENERAL.**—Section 5307 of title 5, United States Code, shall not apply to any employee in any calendar year in which that employee is granted a waiver under subsection (a).

(2) **OTHER LIMITATIONS.**—In the case of any employees who (disregarding subparagraph (A)) would otherwise be subject to a limitation on premium pay similar to one set forth in section 5547 of title 5, United States Code (as determined by the head of the Executive agency in or under which such employees are employed)—

(A) the agency head may waive that otherwise applicable limitation, to the same extent and in the same manner as would be allowable under subsection (a) if those employees were instead subject to such section 5547; and

(B) if a waiver under subparagraph (A) is granted with respect to such employees, then, neither section 5307 of title 5, United States Code, nor any other similar limitation (as determined by the agency head) shall apply with respect to such employees for purposes of any calendar year for which such waiver is so granted.

(c) **ADDITIONAL PAY NOT CONSIDERED BASIC PAY.** — To the extent that a waiver under subsection (a) results in payment of additional premium pay of a type that is normally creditable as basic pay for retirement or any other purpose, such additional pay shall not be considered to be basic pay for any purpose, nor shall it be used in computing a lump-sum payment for accumulated and accrued annual leave under section 5551 of title 5, United States Code.

(d) **REGULATIONS.** — The Director of the U.S. Office of Personnel Management may issue regulations to ensure appropriate consistency among heads of executive agencies in the exercise of the authority granted by this section.