

Compensation

Chapter 3--Highlights

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The Correct Pay for Each Employee

To assist you in scheduling work and to help you to give general pay information to your employees, you should be familiar with general pay-setting practices and your employee entitlements. As a supervisor, you do not need a detailed knowledge of pay rules. The Office of Civilian Personnel can help you with the fine details. You are responsible for approving authorized pay through time and attendance (T&A) reporting.

Employees are generally aware of their entitlements to the various types of premium pay under specific circumstances. This general understanding, on the part of your employees, makes your job as it relates to pay entitlements much easier.

Your key responsibilities involve actions to assure:

- A fair and equitable distribution of scheduled overtime among your eligible employees;
- A clear understanding on the part of each individual employee of job duties and responsibilities, and the expected level of performance for the job they are paid to do.
- Consideration of special compensation options when hiring new employees; and
- Prompt and accurate completion and submission of T&A.

Pay for General Schedule Employees

Pay is based on a Federal to non-Federal salary comparison in local geographical areas as well as nation-wide. Annual raises are calculated using the nationwide Economic Consumer Index (ECI) numbers and non-Federal locality pay information. The first component of the annual increase will be the nationwide calculation and the second will be locality payments that are added to any nationwide increases.

Pay for Federal Wage System (FWS) Employees

Pay for FWS positions is set based on local wage surveys, so that actual pay rates vary from wage area to wage area. Pay is set separately for non-supervisors, for leaders, for supervisors, and for production facilitating jobs.

The Fair Labor Standards Act (FLSA)

Based upon the provisions of the FLSA, there are two categories of employees in the Coast Guard (and throughout the Federal service): “**exempt**” employees (those NOT subject to the FLSA) and “**nonexempt**” employees (those who ARE subject to the FLSA). The determination of status, “exempt” or “nonexempt,” of each employee has been made and is reflected on T&A Reports for each employee. In general terms, all supervisory and management employees have been categorized as “exempt” though there may be some special exceptions (e.g., firefighters).

Amendments to the FLSA particularly affected the rules for the payment of overtime to nonexempt employees. The rules include:

- Nonexempt employees are entitled to overtime pay for work over 40 hours per week or 8 hours in a day or as provided by alternate/flexible work schedules. The overtime hourly rate of pay is one and a half times the employee’s hourly, regular rate of pay which may differ from that under Title 5, because it includes the employee’s basic pay plus certain premium and differentials.
- Also, the rules for compensable travel time differ, and there are other differences of less frequent occurrence.
- Under Title 5, overtime work must be “officially ordered and approved.” Any work which is “suffered or permitted” is compensable under FLSA.

Premium Pay –When It Is Applicable

Premium pay is pay that an employee receives for working unusual hours or under abnormal working conditions. In general, it includes work:

- at night;
- on Sunday;
- on a holiday;
- on overtime; or
- under certain hazardous conditions.

Premium pay is different for GS employees and WG employees. Also, certain employees, designated as “nonexempt” under the Fair Labor Standards Act (FLSA), are paid overtime pay under that Act. Others designated “exempt” are paid under 5 U.S.C.

There are certain points that you need to keep in mind related to each of the various types of premium pay. The principal points for each are:

Overtime Pay

- Payable to GS and WG employees for work over 8 hours per day or 40 hours per week.
- Must be authorized by a Coast Guard manager with the authority to “officially order or approve” overtime. (If **you** don’t have that authority, you must obtain approval before directing overtime.)
- Overtime work on a day when overtime was not scheduled or for which the employee is required to return to the work place entitles the employee to at least 2 hours of overtime pay.
- Unique statutory provisions may set overtime pay for firefighters and law enforcement officers.

Compensatory Time Off In Lieu of Overtime Pay

Compensatory time can be earned in lieu of overtime. There must be an entitlement to overtime to earn compensatory time. FLSA employees (nonexempt) may **request** and may be granted compensatory time off (hour for hour) instead of being paid for irregular or occasional overtime work. FLSA exempt employees may request or be offered compensatory time instead of being paid overtime.

Night Pay or Night Differential (Synonymous terms)

Both your GS and WG employees are entitled to night pay; however, the rules for each are different.

- GS employees are entitled to night pay for **regularly scheduled** night work performed between the hours of 6:00 p.m. and 6:00 a.m. It is the “night work” that must be regularly scheduled and not necessarily the employee. For example, an employee can perform irregular, unscheduled overtime work at night and, if the work unit is on an “around the clock” operation (including regularly scheduled night work), the employee is entitled to both night pay and overtime pay for such work.
- WG employees are entitled to night pay for regularly scheduled non-overtime work when a **majority of the work hours** occur between 3:00 pm and 8:00 am. The “majority of hours” are based on whole hours. Therefore, the employee’s 8-hour tour of duty must include at least 5 hours of night work to qualify for night pay for the entire shift. WG premium rates for night work are different depending upon whether the majority of hours occur between 3:00 pm and midnight or between 11:00 pm and 8:00 am.
- An employee on an alternate/flexible work schedule is not entitled to night pay for voluntarily working flexible hours between 6:00 p.m. and 6:00 a.m.

Sunday Pay

Both GS and WG employees are entitled to Sunday pay for irregularly scheduled non-overtime work performed on Sunday. Employees are paid Sunday pay for the entire period of work even though only part is performed on Sunday. Thus, if an employee has two non-overtime shifts, and part of each is performed on Sunday, the employee is entitled to Sunday pay for both shifts. (For example, 6:00 pm Saturday to 2:00 am Sunday and 6:00 pm Sunday to 2:00 am Monday.)

Holiday Pay

Both GS and WG employees are entitled to holiday pay for non-overtime work performed on a holiday. An employee who is required to return to the work place on a holiday is entitled to at least two hours of holiday pay.

Hazardous Duty Pay

Your GS employees are entitled to hazardous duty pay for irregular or intermittent duty involving unusual physical hardship or hazard. GS employees are paid hazardous duty pay for the entire shift on a day when such duty is performed as specified by OPM for each approved category of hazard or condition.

Environmental Differential Pay

Your WG employees are entitled to environmental differential pay for irregular or intermittent exposure to unusually hazardous or severe working conditions. Differential is paid either for actual exposure or on the basis of hours in a pay status as specified by OPM for each approved category of hazard or condition.

Standby Duty Pay

Your GS employees who are regularly required to remain at, or within, the confines of the duty station during longer than ordinary periods of duty (a substantial part of which consists of remaining on “standby”), may be paid annual premium pay for such duty. Standby pay would be “instead of” regular premium pay authorized by other provision of Title 5, **except** for irregular, unscheduled overtime work. Employees are entitled to overtime pay for irregular, unscheduled overtime work performed in addition to a regular tour of duty. Standby duty pay is not authorized for employees who are required to wear a beeper when they are not confined to the worksite.

Premium Pay for Training

Generally, payment of overtime, holiday Sunday, or night pay is prohibited for training. There are a few exceptions. For example, if an employee is given training during a period for which that employee is already receiving premium pay, such as at night, because the situations the employee must learn to handle occur only at night, the premium pay will continue to be paid.

Premium Pay for Travel

The rules for paying premium pay for travel can depend on whether you are exempt or nonexempt employees. Generally, payment of overtime for travelling is not compensable unless it meets certain conditions. While travelling within the workday is compensable, premium pay is only applicable if the conditions cited in 5 U.S.C. or, for nonexempt employees, cited in FLSA are met.

Allowances

Allowances and differentials may be paid to employees based on differences in living costs, differences in conditions of environment, or other special conditions.

Allowances in foreign and non-foreign areas

Allowances and differentials may be paid to General Schedule (GS) employees serving in non-foreign areas and foreign areas. Non-foreign areas include Alaska, Hawaii, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, territories and possessions of the United States, and any other areas outside the contiguous United States that the State Department designates. Wage Grade (WG) employees do not receive these allowances; however, the Office of Personnel Management (OPM) can establish special rates for certain Wage Grades serving in foreign and non-foreign areas.

Non-Foreign Area Cost of Living Allowance (COLA)

The Office of Personnel Management has established COLAs in certain non-foreign areas. Allowances are currently paid to GS employees serving in Alaska, Hawaii, the Commonwealth of Puerto Rico, the Virgin Islands, and Guam. In establishing allowances, OPM takes into consideration:

- The relative consumer price levels in the area compared to the District of Columbia;
- Differences in goods and services available; and
- The manner of living of persons employed in the area concerned in positions comparable to those of the United States Government employee in the area.

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Payment of Allowance

- Allowances are computed as a percentage of basic pay (i.e., the basic salary for a position before any deductions are made, and exclusive of any additional compensation such as overtime pay, night differential, or Sunday differential). The maximum additional compensation from an allowance is 25 percent of basic pay.
- Allowances are reviewed annually by OPM and are subject to change. Your Civilian Personnel Office can provide you with the current rates payable at the various locations.

When It Begins & Ends

Payment of allowances begins when the employee arrives at the post of duty and starts work on his regular assignment, or on the date of entrance on duty when the employee is recruited locally. Payment ends when the employee is separated or is permanently transferred outside the allowance area. The regulations dealing with the payment of allowances during the periods of leave, detail or while enroute to or from other posts or duty are highly technical. Questions in these areas should be referred to the Civilian Personnel Office.

Physicians' Comparability Allowance

Under certain conditions, the Physicians' Comparability Allowance Program authorizes a comparability allowance of up to \$30,000 per year for Coast Guard physicians.

Uniform Allowance

A uniform allowance (currently up to \$400 a year) can be paid to Coast Guard civilian employees who are required to wear a uniform when performing their official duties (e.g., firefighters).

Other Special Compensation Options Available

- Recruitment bonuses of up to 25% of basic pay as an incentive for candidates to accept a Federal job.
- Relocation bonuses of up to 25% of basic pay as an incentive to move to a new duty station within the agency.
- Retention allowances of up to 25% of basic pay to an employee that would otherwise be likely to leave for a non-federal position.
- Travel expenses for interviews, new appointments, and permanent change of station (PCS).
- Superior qualifications appointments. Appointments above the minimum rate (above step one of the grade) for any grade level.
- Highest previous rate for current or former employees.
- Advances in pay for newly appointed employees.

More detailed information on certain pay provisions are contained in:

COMDTINST 12500.2, Civilian Recruitment, Relocation, & Retention Incentives
(includes Superior Qualifications)

COMDTINST M12531.11A, Environmental Differentials Paid for Exposure to Hazards
(FWS)

COMDTINST 12550.11, Pay for Irregular or Intermittent Duty Involving Hazard (GS)

COMDTINST 12550.3C, Special Overtime Pay for Vessel Document Specialists and
Marine Inspectors

Questions and Answers

1. Q How do I assign overtime work?

- A. Within the limits of your authority or based upon approval of higher authority, you schedule regular overtime work or direct employees to work irregular overtime in emergencies. You determine when overtime is necessary, when it will be performed, and what skills are necessary to do it.

It is essential that you are familiar with, and keep in mind, all local policies and procedures applicable to overtime and, if your people are working under a Labor-Management negotiated agreement, precisely what that agreement prescribes in relation to overtime.

Whenever possible, you should give your employees advance notice of the need for overtime work, so they can adjust their personal activities, and, of course, your overtime assignments should be distributed among your employees fairly and equitably.

2. Q. What if an employee refuses to work overtime?

- A. Try to determine what is causing the employee to refuse and what alternatives may be open to you. If you have no reasonable alternative but to require the employee to work the overtime, remember that a refusal to work overtime should be treated as a refusal to comply with an order. Refusal could result in a reprimand or an adverse action. Since an adverse action is, in a sense, an admission that all else has failed, use it as a last resort.

3. Q. What is “suffered or permitted” overtime work (FLSA nonexempt employees)?

- A. The courts have defined “suffered and permitted” work to mean overtime work performed by an employee with the knowledge of the employer. If it can be determined that you had knowledge or had reason to believe that an employee was working overtime and continued to allow it (or acquiesced in such work), then you did “suffer and permit” the employee to work. You must exercise your control to ensure that overtime work is not done if you don’t intend it to be. If, after properly exercising that control, an employee works overtime without your knowledge and consent, then you did not have the opportunity to prevent the work and, therefore, you did not “suffer and permit” the work.