



**DEPARTMENT OF THE ARMY**

U.S. Army Corps of Engineers  
WASHINGTON, D.C. 20314-1000

31 DEC 2003

REPLY TO  
ATTENTION OF:

CERM-F

MEMORANDUM FOR Commanders/Directors, Major Subordinate Commands

SUBJECT: Pay Limitations

1. During 2003, our deployed civilians supporting the actions in Iraq and various OCONUS areas of operation experienced many payroll problems. The major issues were that some individuals were overpaid because they exceeded the annual base pay cap, and others were underpaid because they exceeded the bi-weekly pay limitation, which Defense Finance and Accounting Service uses to minimize the chances of overpayment later in the calendar year.

2. Language in the FY2004 Department of Defense Authorization Act states that the Secretary of Defense and the Director of the Office of Personnel Management may jointly enact regulations waiving portions of Title 5 of the U.S. Code, including both the annual and aggregate salary limitations. USACE plans to pursue an initiative to lift the pay cap in CY2004. Even if this permission is granted we must ensure our deployed supervisors and employees are aware of the potential problems excessive overtime causes and have plans in place to protect deployed employees from potential overpayment situations. Further, while the existing aggregate salary limitation in 5 U.S.C. § 5307 may be waived, the FY04 DoD Authorization Act provides that the aggregate compensation may not exceed the Vice President's compensation, which for calendar year 2003 is \$186,300.00. Several things all supervisors and deployed personnel should be aware of are:

**Supervisors must be aware of the Pay Cap** - There are two legislative limitations on pay.

a. The **annual salary pay cap**, which is limited to GS15, step 10 plus locality pay (maximum rate for GS-15). For example, a GS-15, step 10 annual rate in Washington, D.C. is \$125,400.00. This amount includes base pay, locality and premium. Premium pay includes overtime, night differential, Sunday and holiday. There is also the biweekly cap, which has been waived by Department of Defense for work in connection with an emergency. The waiver of the biweekly limitation on premium pay has no impact on the statutory limitation on the annual pay limitation.

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b. The aggregate limitation is limited to Level 1 of the Executive Schedule, which for calendar year 2003 is \$171,900.00. This limitation not only includes basic and premium pay, but also payments such as allowances, post and night differentials, danger pay, bonuses and awards. See attachment 1 for entitlements chart.

**Supervisors must effectively manage employee overtime and deployment schedules.** Attachment 2 is a spreadsheet that will help supervisors and employees roughly calculate where they stand in terms of pay entitlements earned in relation to the pay limitations. It is imperative that supervisors and employees work together to avoid overpayments to employees and having the employee not being compensated for time worked. Supervisors should ensure all employees are aware of the salary limitations and both should monitor work schedules to ensure compliance.

3. Payments in a calendar year that exceed the legislative amount will be billed to the employee, which will result in an indebtedness to the government, and the employee will receive a debt letter from the Defense Finance and Accounting Service, Denver. If the debt is paid in full prior to the end of the CY, the employee's W-2 will be correct when issued.

4. I fully recognize the non-traditional work environment in Iraq and Afghanistan makes it more of a challenge to schedule work and monitor hours worked. However, it is imperative that supervisors schedule work in a manner that does not cause employees to work without compensation. We must all work together to ensure that situations like 2003 don't happen again, as we need to take care of our deployed civilians. Managers must be fully aware of the constraints laws put on us and they must work to properly schedule deployed civilians to ensure that our employees aren't put in this avoidable situation again.

5. Frequently Asked Questions, additional deployment related issues and guidance are available on the HQUSACE web site [www.hq.usace.army.mil](http://www.hq.usace.army.mil). My Resource Management POC regarding this issue is Ms. Jo-Ann Evans, 202-761-1865 and Human Resources POC is Ms. Jeannie Hansohn, 202-761-7277.

FOR THE COMMANDER:



ROBERT H. GRIFFIN  
Major General, USA  
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