



# 2006 Premium Pay Cap Waiver for Employees Working in Iraq and Afghanistan

A Mandatory Reference for ADS Chapter 472

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The National Defense Authorization Act for Fiscal Year 2006 (P.L. 109-163, section 1105) provides authority for the agency head to waive the annual limitation, up to \$200,000, established in 5 U.S.C. 5547(a), on the aggregate of basic pay and premium pay, payable in Calendar Year 2006. On July 21, 2006, Ambassador Tobias authorized a waiver of the limitation, up to \$200,000, on the aggregate of basic pay and premium pay payable in Calendar Year 2006 for all our eligible USAID employees working in Iraq and Afghanistan. This action is taken in recognition of the substantial contributions USAID employees make in these countries, under very difficult circumstances.

The waiver applies only for those employees who perform work while in an overseas location that is the area of responsibility of the Commander of the U.S. Central Command in direct support of or directly related to a military operation. USAID employees working at our missions in Iraq and Afghanistan perform significant amounts of work on a regular basis in direct support of, or directly related to, the military operations in those countries.

Eligible employees (including non-commissioned Foreign Service Officers, Foreign Service non-career limited appointees, and General Schedule employees on detail) who are covered by Title 5 premium pay provisions are currently subject to the annual pay cap on the sum of base pay and premium pay established under 5 U.S.C. 5547(a) (\$139,297.60 for those assigned to Washington, D.C., and \$133,452.80 for those assigned overseas).

Since Section 1105 of the law was intended to apply to Calendar Year 2006, in its entirety, the waiver may be applied retroactively to the beginning of the 2006 pay year, based on a determination that employees in a given category were otherwise eligible and performing qualifying work. Employees must be assigned work in an overseas location that is in the area of responsibility of the U.S. Central Command and remain in that location for at least 42 consecutive calendar days.

The premium pay cap waiver applies to all premium pay earnings payable in Calendar Year 2006; i.e., for work performed in pay period 25 of 2005 (pay date January 5, 2006) through pay period 24 of 2006 (pay date December 21, 2006). At this time, there is currently no statutory authority to extend or renew this waiver for 2007. Therefore, as of January 1, 2007, section 5547(a) limitations once again apply.

The statutory limit on aggregate pay of \$183,500 (EX-I) is, however, still in effect. Therefore, employees' total pay for tax year 2006 is limited to this amount but employees may earn an additional \$16,500 in premium pay payable in tax year 2007. Any premium pay earned under this new provision that exceeds the statutory limit, which continues to apply to all Executive Branch employees, will roll over into Calendar

Year 2007 and be credited to the 2007 annual aggregate cap, but not to the 2007 premium pay cap.

The Agency is following the implementation procedures for administering the pay cap waiver that are set forth in STATE 54986 which is linked to this reference. Affected employees are advised to review the State cable for complete details. This policy will be posted on the Pay Administration webpage of OHR's website at:

[http://inside.usaid.gov/M/HR/pay\\_admin.htm](http://inside.usaid.gov/M/HR/pay_admin.htm).

Attachment: [\*\*STATE 54986, For Employees Working in Iraq and Afghanistan, 2006 Premium Pay Cap Waiver\*\*](#)

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