



MEMORANDUM

DATE: February 5, 2019

SUBJECT: Explanation of Leave and Earnings Statement Related to Back Pay

TO: FPPS User Group (UG) Representatives

FROM: Julie Bednar, Acting Chief
Systems Migration and Services Division

The Interior Business Center (IBC) continues the process of issuing back pay for federal employees who were not paid during the partial government shutdown.

I extend our appreciation to all FPPS UG Representatives for sharing information within your agencies to ensure time and attendance corrections were processed timely. In addition, the information that you share helps employees to understand the back pay process.

IBC anticipates that employees will have questions regarding how their back pay corrections are reflected in the Employee Express Leave and Earnings Statement (LES) which will be issued for Pay Period (PP) 03 (January 20, 2019 – February 2, 2019). The LESs for PP 03 will be issued later in the week of February 4, 2019.

Although not technical FPPS or time & attendance system questions, the information in the attachment may be useful as employees have questions about back pay payments. Feel free to use the content of the attachment to share information with your agency's employees and in compliance with your internal agency communication protocols.

FPPS UG Representatives should feel free to contact their servicing Payroll Supervisors or the contacts below with any questions:

- Linda Rihel at 303-969-7739 or linda_y_rihel@ibc.doi.gov
- Lisa Puente at 303-969-7739 or lisa_puente@ibc.doi.gov
- Christine Zertuche-Rocha at 303-969-7450 or christine_l_zertuche@ibc.doi.gov

Employee questions should be directed to the Customer Support Center (CSC) at 888-367-1622 Option 3 or via email at Payroll_Helpdesk@ios.doi.gov.

Attachment

Explanation of Employee Express Leave and Earnings Statement (LES) for Pay Period (PP) 03

As a result of the government shutdown which began on December 22, 2018, and ended January 26, 2019, federal employees who were furloughed or working without pay during the shutdown will receive back pay.

Employees were paid off-cycle interim back pay payments during the weeks of January 28, 2019, and/or February 4, 2019, for PP 01 (December 23, 2018 – January 5, 2019) and/or PP 02 (January 6, 2019 – January 19, 2019). These interim payments were made as expeditiously as possible to provide employees with some of the back pay which was due. LESs were not generated for the off-cycle payments.

Employees have been asking about the off-cycle payments, wondering why the payments were less than their normal pay checks and whether future adjustments would make their back pay whole.

- The off-cycle interim back payments for PP 01 and/or PP 02 that employees received during the weeks of January 28, 2019 and February 4, 2019 were partial payments of back pay. The primary reasons for the partial payments are:
 - a) it takes a longer time to run a "regular" pay calculate process and that "regular" process would not have been possible to accomplish last week;
 - b) the priority was to get some pay relief soonest to employees who had not received pay since December 31, 2018; and
 - c) the off-cycle interim payments were calculated in a way to minimize the possibility of overpayments once full corrections would be made in PP 03.
- The majority of adjustments resulting from the reconciliation between the off-cycle payments and the amended timecards will be paid during the pay cycle for PP 03 and will be reflected in the LESs for PP 03. The official pay day for PP 03 is February 12, 2019, but you may see your deposit earlier based on your financial institution's time frames.

During the payroll processing cycle for PP 03 (January 20, 2019 – February 2, 2019), agencies who receive time and attendance system services from IBC were asked to submit amended timecards to reflect all corrections for time and attendance that occurred during the government shutdown. For example, during the shutdown, employees who were working without pay could not be paid for overtime work; during the PP 03 payroll processing cycle, amended timecards should have been submitted to reflect any overtime worked during the shutdown and, as a result, employees who worked overtime would be paid for such overtime in the paycheck resulting from the PP 03 payroll cycle. Another example: for employees who were regularly scheduled to work on December 22, 2018, which occurred in PP 27 of 2018, the amended timecard for PP 27 would be processed in PP 03 and employees would see their back pay for December 22, 2018, in the payroll cycle for PP 03. These are only two examples of any number of work hour scenarios which occurred during the shutdown.

The following is an example of an Employee Express LES that contains such adjustments, along with explanations of those adjustments. The adjustments for prior pay periods' back pay will be reflected in summarized areas in the LES. For example, all adjustments for Federal Taxes will be

reflected in one entry in the “Adjusted” column in the LES – please see accompanying table for more detailed explanations.

Note that the Employee Express LES is formatted differently than the paper LES that is mailed to employees. You can access your Employee Express LES at:

<https://www.employeeexpress.gov/>

Here are some common questions and answers that have been arisen:

1. Will my Thrift Savings Plan (TSP) or Roth deductions be made whole in PP 03?

Answer: The automatic agency contributions will be adjusted through the recalculation process for PP 03 and will reflect the dates the deposits originally would have been posted. TSP/Roth voluntary contributions are retroactively recalculated for back pay. If the TSP or Roth contributions were not adjusted for the back pay due to insufficient funds, you will receive a letter from the Interior Business Center payroll staff to determine whether you want make-up contributions taken from future paychecks.

2. Will my use or lose leave which expired during the furlough be restored in PP 03?

Answer: “Restored” leave is leave that you would have lost at the end of the leave year if you did not use it. Leave restoration processes are decided by each Department/Agency - please check with your servicing Human Resources Office for information on your Department/Agency’s leave restoration process.

3. When will my accrued leave be caught up for PP 01 and PP 02?

Answer: Leave accruals for PP 01 and PP 02 will be accumulated in PP 03. The retroactive leave accruals will be reflected in the beginning balance for each leave category e.g., annual and sick leave.

4. After the week of January 28, 2019, will there be any more off-cycle interim back pay payments before pay day for PP3?

Answer: IBC anticipates that all off-cycle payments will be completed before pay day for PP 03. There were additional off-cycle payments made early in the week of February 4, 2019, to address unique situations that required manual off-cycle payments.

5. Will I be billed for dental and vision under the Federal Employees’ Dental and Vision Insurance Program (FEDVIP)?

Answer: As of the date of these Q & As, according BENEFEDS, the program which manages FEDVIP, your premiums for the two full pay periods of the furlough will be withheld from future pay periods’ paychecks. Deductions will be doubled until made whole. For most employees, these double deductions will begin in PP 03.

6. If I worked on December 22, 2018 (the day after the furlough began) and my timecard was amended for PP 03 processing, will I receive a corrected W-2 (W-2C) for tax year 2018?

Answer: No. Since you will receive back pay for December 22, 2018 in tax year 2019, this salary will be reflected in the W-2 for 2019.

7. The state and local taxes that were withheld from my off-cycle payments were very different from the taxes that recalculated in PP 03. I had been told by a tax expert that I would need to file tax return amendments to get that state and local tax refunded. Was this advice accurate?

Answer: No. You will not have to file any separate tax returns to reconcile the differences in these tax withholdings.

8. What happens with the Federal Employee Health Benefits (FEHB) premiums that should have been paid in PP 01 and PP 02?

Answer: The FEHB premiums that normally would have been deducted in PP 01 will be deducted from PP 03's paycheck. And the premiums that normally would have been deducted in PP 02 will be deducted from PP 04's paycheck (February 3, 2019 - February 16, 2019). Official pay day for PP 03 is February 12, and official pay day for PP 04 is February 26, but you may see your deposits earlier based on your financial institution's time frames.

9. Will union dues be deducted for PP 01 and PP 02?

Answer: As of the date of this Q & A document, a process for collection of union dues for PP 01 and PP 02 has not been determined and IBC is assessing a process for implementation in a future pay period. IBC will provide a status update to your agency's FPPS User Group Representative.

If you have any questions regarding your pay adjustments, please contact the Customer Support Center at 888-367-1622 Option 3 or via email at Payroll_Helpdesk@ios.doi.gov.

Employee Express Leave And Earnings Statement

Department of the Interior EARNINGS AND LEAVE STATEMENT		For Pay Period Ending 02/02/2019	Net Pay \$587.21																																																						
		Pay Period # 03	Pay Date 02/12/2019																																																						
Name John P. Doe	Pay Plan/Grade/Step GS-08-06	Annual Salary \$58,126.00	Hourly Rate \$27.06																																																						
Home Address 123 Main Street Town, CO 12345		Pay Check Mailing Address																																																							
Basic Information Service Comp Date: 09/04/2016 Cumulative Retirement Agency: \$10,000 FLSA Class: NON-EXEMPT Financial Institution: ACADEMY BANK		Agency : OS Dept ID : IN Organization Code : 60266431 TSP Tax Deferred Amt/%: 16%																																																							
		CAN # : 000001 Duty Station : CO Pay Begin Date: 09/04/2016 TSP/Roth Amt/%: 9%																																																							
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THIS REPORT CONTAINS INFORMATION SUBJECT TO THE PRIVACY ACT OF 1974																																																									

* Note – This sample LES does not reflect mathematically accurate data for back pay recalculation purposes.

The following describes the information on your Leave and Earnings Statement (LES)

Section Name	Description
A. Earnings – Type	The off-cycle interim back pay payment is called “Advance Pay” on the LES as a way to identify the special payment.
B. Earnings - Adjusted	<p>Regular: This section will reflect your hourly salary rate multiplied by the number of hours that were reported on your amended timecard for PP 01 and/or PP 02. In other words, this is the “regular” pay that you would have earned for PP 01 and/or PP 02.</p> <p>Advance Pay: This section will reflect the total off-cycle payment amounts for both PP 01 and/or PP 02 that you received during the week of January 28, 2019 and/or February 4, 2019. In addition, if you worked unpaid on December 22, 2018, the off-cycle payment for that date will be included in this adjusted earnings total. The off-cycle payment will display as “Advance Pay”.</p>
C. Earnings – Adj Hours	<p>This section will reflect the additional hours that were calculated for any timecard amendments submitted for the furlough. Depending on the number of hours that you were furloughed, the entries in this section will vary.</p> <p>Here is one example: if you had to work unpaid on December 22, 2018, and 80 hours each in PP 01 and PP 02, this section should reflect 168 hours.</p>
D. Deductions	<p>For the off-cycle payments, an estimated tax rate was used for the payroll calculations; this tax rate was estimated high so as to minimize the chances that employee debts would be created. Adjustments will show in each tax category to reflect the difference between the off-cycle tax deductions and your normal tax deductions.</p> <p>Health Benefits – most employees have “pre-tax” deductions taken for health benefits premiums. During the shutdown, the government paid employees’ health benefits premiums to the health care companies so that employees’ health insurance coverage would continue. As a result, each employee must repay the government for covering those premiums during the furlough. The repayments of these premiums will be collected from paychecks for PP 03 and PP 04, which will be reflected as “Health Benefits Pre-Tax/Post-Tax Debt”. The premiums that normally would have been deducted in PP 01 will be deducted from PP 03’s paycheck. And the premiums that normally would have been deducted in PP 02 will be deducted from PP 04’s paycheck (February 3, 2019 - February 16, 2019). Official pay day for PP 03 is February 12, and official pay day for PP 04 is February 26, but you may see your deposits earlier based on your financial institution’s time frames.</p>

Section Name	Description
	<p>Voluntary deductions such as Savings Allotments, Management Association Allotments and other Voluntary Deductions will not be collected retroactively for PP 01 and PP 02.</p> <p>As of the date of this Q & A document, a process for collection of union dues for PP 01 and PP 02 has not been determined and IBC is assessing a process for implementation in a future pay period.</p>
E. Deductions – Advance Pay	<p>In PP 03, you will see an entry called “Advance Pay” in the Deductions section of the LES, which reflects the total off-cycle payment amounts for both PP 01 and PP 02, as well as if you received back pay for December 22, 2018. This amount shows as a deduction because the full payroll recalculation process will have run during PP 03, and this process will reconcile the difference between the off-cycle interim back payments and the salary that you regularly would have earned.</p>
F. Leave – Begin Bal Lv	<p>It is recommended that you use your PP 27 (2018) LES to compare the leave balance adjustments made in PP 03.</p> <p>For example, if you are in annual leave category 4 (i.e., earning 4 hours of annual leave each pay period) and at the end of PP 27 you had 20 hours of leave, after the recalculations of pay for PP 01 and PP 02, you should have 28 hours of annual leave as your beginning leave balance for PP 03.</p>
G. Remarks	<p>Special remarks have been entered for the PP 03 LES to call attention to the amendments made.</p>