D-2600

 April 7, 2021

Memorandum

TO: Federal Personnel and Payroll System (FPPS) User Group Representatives

FROM: Christine Zertuche-Rocha, Chief  //signed//

Payroll Operations Division (POD)

SUBJECT: Consolidated Appropriations Act, 2021 Pay Related Legislative Changes

Please share this information with all applicable staff.

This is to inform you of several legislative changes and extensions affecting Federal employee pay and certain benefits.  The changes resulting from the enactment of the Consolidated Appropriations Act, 2021, (Public Law 116-260, December 27, 2020), are summarized below for the extension of 1) “Exclusion of Certain Employer Payments of Student Loans”, and 2) “Premium Pay Cap Waiver authority”. The Interior Business Center (IBC) is providing the below interim solution on our manual processing of these items until an enhancement can be implemented into FPPS.

1. **Section 120 of Division EE – Exclusion for Certain Employer Payments of Student Loans.**

Section 120 extends exclusion of taxable income applies to the payment by an employer, whether paid to the employee or to a lender, of principal or interest, on any qualified education loan incurred by the employee for the education of the employee through December 31, 2025. The $5,250 tax exclusion limit is shared between education assistance programs such as tuition reimbursement and Student Loan Repayment Program (SLRP).

***POD’s manual process for tax exclusion of SLRP is outline below, followed by phase timelines:***

*Please note: Prior to IBC Payroll processing manual adjustments for SLRP, it is imperative that, if any agency has issued tuition reimbursement payments to those employees, that they notify the points of contact listed at the end of the Memorandum. As a reminder, the tax exclusion is shared between tuition reimbursement and SLRP, so we do not want to cause any overpayments.*

IBC Payroll will accomplish the manual adjustments by following the steps below:

1. Run a query to identify all student loan payments issued between pay period 2021-01 through 2021-07 (December 20, 2020 through March 27, 2021)
2. Identify all employees that have reached the maximum benefit amount of $5,250.00
3. Review each loan to determine if the employee has multiple student loan vendors
4. Each employee’s individual tax record will be pulled into the spreadsheet to calculate an accurate state tax amount
5. Identify employees that have exceeded the OASDI limit (this will be more relevant in later phases)
6. Identify employees that have exceeded $200,000 to ensure accurate Medicare taxes are adjusted (this will be more relevant in later phases)

**Phases**

|  |  |  |
| --- | --- | --- |
| Phase/Pay Periods (PP) | Loan issued Calendar To/From Dates | Pay Period Additional Payment issued to Student Loan Vendor |
| Phase 1 PP2101-2107 | December 20, 2020- March 27, 2021 | 2021-09  |
| Phase 2 PP2108-2113 | March 28, 2021- June 19, 2021 | 2021-16 |
| Phase 3 PP2114-2120 | June 20, 2021 – September 25, 2021 | 2021-22 |
| Phase 4 PP2121- PP2122 | September 26, 2021 -October 23, 2021 | 2021-23 |
| Phase 5 PP2123 | October 24, 2021-November 6, 2021 | 2021-24 |
| Phase 6 PP2124 | November 7, 2021- November 20, 2021 | 2021-25 |
| Phase 7 PP2125 | November 21, 2021-December 4, 2021 | 2021-26 |
| Phase 8 PP2126 | December 5, 2021 -December 18, 2021 | Pay Period “99” Processing |

1. **Section 303 of Division M – Premium Pay Cap Waiver Authority**

Section 303 allows the head of an agency to disregard premium pay for services an employee performs during 2020 and 2021 related to the “preparation, prevention, or response to [the] coronavirus” in applying the premium pay cap under 5 U.S.C. 5547(a). In addition, any such premium pay must also be disregarded in calculating the employee’s aggregate pay for purposes of the aggregate pay limitation under 5 U.S.C. 5307.  Under this temporary authority, the combination of basic and premium pay, however, cannot exceed the rate for level II of the Executive Schedule as in effect at the end of the applicable calendar year ($199,300 for 2021). The additional premium payments are not creditable as basic pay for retirement purposes and must not be included in a lump-sum payment for accumulated or accrued annual leave.  This waiver authority is effective as if enacted on February 2, 2020.  See [CPM 2020-07](https://www.chcoc.gov/content/waiver-premium-pay-limitation-and-aggregate-pay-limitation-employees-working-response) for information on a similar premium pay cap waiver authority in section 18110 of the “Coronavirus Aid, Relief, and Economic Security Act” (CARES Act) (Public Law 116-136, March 27, 2020).

***Time and Attendance Coding and POD’s manual audit process to include agency actions:***

The Interior Business Center’s client agencies use several different T&A systems; each system may be unique in its processing of the Lift Biweekly maximum (LB) code and handling of messages to payroll. **Please give your timekeepers and/or administrators the applicable coding for your T&A system(s).** The audits will be conducted in two phases, which may require amended T&As with applicable remarks codes for prior pay periods (PP):

* Phase 1 will include effective pay periods (PPs) 2020-21 through 2020-26 (September through December 19, 2020)
	+ This will require amended T&As, as stated below under agency actions
* Phase 2 will include effective PPs 2021-01 through 2022-01 (December 20,2020 through January 1,2022)

**Agency actions:**

* To allow premium payments to be excluded from the biweekly limits, use your applicable T&A system code LB to lift the biweekly maximum with the applicable appropriate payroll message to the applicable CARES Act Section:
	+ “COVID-19 Section 16003 FEMA”
	+ ‘COVID-19 Section 18110’
* **Phase 1** processing - POD will manually recalculate and process any applicable payments to employees who had reduced pay for effective PP 2020-21 through 2020-26.
	1. No later than PP 2021-10, process any amended T&As for effective PPs 2020-21 through 2020-26 with an LB code and the appropriate payroll message to the applicable CARES Act Section referenced above
	2. Starting May 10, 2021, agencies can began emailing in the [attached spreadsheet](https://www3.ibc.doi.gov/sites/default/files/HRD/files/Employees-Identified-as-CARES-Exception-to-Pay-Limitation.xlsx) listing employees that fall under either CARES section to the Payroll Operations Branch (POB) point of contacts (POCs) listed below.
* **Phase 2** processing – POD will manually recalculate and process any applicable payments to employees who had reduced pay for effective PP 2021-01 through 2022-01.
	1. Starting in PP 2021-08, process any amended or original T&A entries that have an LB code and the appropriate payroll message to the applicable CARES Act Section referenced above
		1. We will allow until PP 2022-03 to send amended T&As for effective pay periods 2021-01 through 2022-01
	2. Starting January 15, 2022, agencies can began emailing the [attached spreadsheet](https://www3.ibc.doi.gov/sites/default/files/HRD/files/Employees-Identified-as-CARES-Exception-to-Pay-Limitation.xlsx) listing employees that fall under either CARES section to the Payroll Operations Branch (POB) point of contacts (POCs) listed below.

FPPS currently monitors annual and aggregate pay limits. For those employees identified on the spreadsheet as exempted under the CARES Act sections 16003 and/or 18110, along with having the applicable T&A message, the POD will manually recalculate and process any applicable payments to those employees who had reduced pay.

If User Group Representatives have questions, they may contact any of the POB POCs listed below:

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| --- | --- | --- | --- |
|   | **Name** | **Phone Number** | **Email Address** |
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Attachment