



The Director

UNITED STATES OFFICE OF PERSONNEL MANAGEMENT

Washington, DC 20415

APR 14 2010

**MEMORANDUM FOR HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES**

**FROM: JOHN BERRY**  
**DIRECTOR** 

**Subject: Reservist Differential Implementation Update**

On December 8, 2009, the U.S. Office of Personnel Management (OPM) issued guidance to Federal agencies on the reservist differential authority (see CPM 2009-19 at <http://www.chcoc.gov/Transmittals/TransmittalDetails.aspx?TransmittalID=2611>). This new authority (5 U.S.C. 5538), which went into effect for most employees on March 15, 2009, requires agencies to make reservist differential payments to eligible Federal civilian employees who are members of the Reserve or National Guard called or ordered to active duty under certain specified provisions of law. Reservist differential payments must be paid when such an employee's projected civilian basic pay for a covered pay period exceeds actual military pay and allowances allocable to that pay period. This memorandum provides an update on the implementation of the reservist differential authority, requests agencies to submit data to OPM on the number of affected reservists, and reminds agencies of the guidance and resources available to help with implementation.

**Implementation Status**

I strongly urge agencies to work diligently to identify employees with qualifying active duty service and, as appropriate, calculate and make reservist differential payments as soon as possible. I recognize the complexities of this law and that OPM's guidance was issued only a few months ago. The amount of work required to develop new agency policies and communicate with active duty reservists who are deployed is considerable. However, agencies need to make certain they are doing everything they can to provide this important benefit to eligible employees as soon as possible.

In this effort, agencies also need to coordinate with payroll providers that are establishing their own payment requirements and procedures and programming their financial systems. The major payroll providers have provided the status reports summarized in the Attachment regarding the implementation of the reservist differential authority.

## Data Request

To help us understand the impact of the new reservist differential authority, I request that each agency send the following information to [reservist-differential@opm.gov](mailto:reservist-differential@opm.gov) (with a subject line of “Reservist Differential Data Request”) within 30 days after the date of this memorandum:

- An estimate of the number of employees in your agency with active duty service between March 11, 2009, and the date of this memorandum that is qualifying under the reservist differential authority. This estimate should include all members of the Reserve or National Guard that have qualifying service, regardless of whether they are eligible for or are actually receiving reservist differential payments. The data should be consolidated so that one report is provided to OPM for each agency.
- If you have no employees with qualifying active duty service, please submit a negative report.
- If you are unable to provide an estimate, please submit a report with an explanation.

## Resources

OPM has issued several resources providing guidance on the reservist differential authority.

- OPM webpage—<http://www.opm.gov/reservist>
- Policy guidance—<http://www.opm.gov/reservist/ReservistDifferentialPolicyGuidance.pdf>
- Summary description—<http://www.opm.gov/reservist/summary/>
- Implementation guidance—  
<http://www.opm.gov/reservist/ReservistDiffImplementationGuidance.pdf>.
- Guide to Processing Personnel Actions (GPPA)—Update 52 includes new instructions related to the reservist differential. Update 52 makes the term “LWOP-US” obsolete and provides that a new term “Absent – Uniformed Service” (NOAC 473) is used to describe employees who are performing service in a uniformed service and who have USERRA reemployment rights. If such an employee is performing service that is qualifying for the reservist differential, a new legal authority “QRD/5 U.S.C. 5538” is used in combination with legal authority Q3K to document that qualifying service. (These new instructions are effective March 28, 2010.)
- Guide to Personnel Recordkeeping (GPR)—OPM is updating section 3-B of Chapter 3 (Filing Documents in the Personnel Folder) to state that military orders must be retained/filed on the right side of the Official Personnel Folder. This change will be reflected in the next edition to the GPR.
- Guide to Data Standards (GDS)—OPM’s new Guide to Data Standards (Update 01, issued March 1, 2010) redefines the “Pay Status” data element—now called “Pay Status / USERRA Status”—to create a new “Q” code that will identify employees performing service that is qualifying for the reservist differential. This new “Q” code is effective March 28, 2010.

In addition, we have received emails from concerned employees inquiring about reservist differential payments. Some have indicated that their local human resources staffs are unaware of this new law. Please ensure that your headquarters human resources office is

providing information on the reservist differential program to local human resources offices so that affected employees can be properly advised.

**Additional Information**

Inquiries on the reservist differential authority may be sent to OPM at [reservist-differential@opm.gov](mailto:reservist-differential@opm.gov). This special email address is for comments and questions from you and your staff in your agency headquarters-level human resources office. Component and local human resources offices should contact their agency headquarters human resources office with any questions. Employees should contact their local human resources office.

cc: Chief Human Capital Officers  
Human Resources Directors

Attachment

### **Payroll Provider Reservist Differential Status Report**

The major payroll providers have provided the following status reports regarding the implementation of the reservist differential authority. These status reports are as of the date of this memorandum and may change quickly as work progresses. Please contact your agency payroll provider for additional information.

- The Defense Finance and Accounting Service (DFAS) is working with the Office of the Secretary of Defense (OSD) on implementing guidance for the payment of reservist differential. This guidance will include detailed procedures for the Department of Defense (DoD) civilians and a fact sheet. Because of the number of eligible employees within the DoD, OSD is leading an effort to identify the eligible employees and provide information to the personnel office to assist them in authorization of payment rather than waiting for them to submit paperwork to their personnel offices.

DFAS has a manual workaround in place to make reservist differential payments, but have not made any payments. Once the OSD guidance is completed and provided to DFAS customers, DFAS believes they will have the additional information needed to proceed with authorizing reservist differential payments.

- The General Services Administration (GSA), National Payroll Branch (NPB) was ready to accept manual reservist differential claims from its client agencies by mid-January 2010. This information was relayed via email to its client agency points of contact on January 29, 2010. The NPB will implement the reservist differential into its Payroll, Accounting, and Reporting (PAR) System on Friday, May 7, 2010, and will then start processing claims automatically through the PAR system. Reservist differential claims received between January 29, 2010, and May 6, 2010, will be calculated and paid manually by the NPB. These manual payments will not be reflected on employee's earnings and leave statements until after May 7, 2010, when the PAR system changes have been implemented and the manual payments can then be recorded in the PAR system.
- The National Business Center (NBC), Department of the Interior, began processing reservist differential payments manually beginning February 1, 2010, and has made payments for several agencies. NBC is scheduled to automate the reservist differential in its Federal Personnel/Payroll System release on August 20, 2010.
- The National Finance Center (NFC) has completed its analysis of the system changes necessary to implement the reservist differential payments into its Special Payment Processing System (SPPS). These changes will allow its client agencies to begin making payments to eligible reservists, effective with the processing of pay period 08, 2010 (April 19, 2010). Specific processing instructions will be provided to its customers in the form of a NFC bulletin prior to this implementation date.

NFC has also completed its analysis of the system changes necessary to implement the modifications detailed in OPM's Update 52 to the Guide to Processing Personnel Actions (GPPA) related to reservist differential. While NFC realizes that the effective date of these changes is March 28, 2010, due to focusing on providing its client agencies the ability to make the actual payments to military reservists, the system changes for the new second authority code, QRD, along with the other Personnel Action Request changes in Update 52 will be implemented in pay period 10, 2010 (May 17, 2010).

Finally, NFC has established another separate project to address the system changes needed for new pay status codes related to the Nature of Action Code (NOAC) changes for reservist differential per OPM's Update 61, Update 01, of the OPM Data Standards, issued March 1, 2010. NFC is working on determining the application system changes necessary to implement these new pay status codes. No target implementation date has been established yet for this phase.