



DEPARTMENT OF DEFENSE
DEFENSE CIVILIAN PERSONNEL ADVISORY SERVICE
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APR 25 2013

MEMORANDUM FOR JAY D. ARONOWITZ, ASSISTANT G-1 FOR CIVILIAN
PERSONNEL, DEPARTMENT OF ARMY

SUBJECT: Request for Waiver for Living Quarters Allowance

Reference: (a) DAPE-CPZ April 09, 2013, memorandum "Request for Waiver for Living Quarters Allowance"
(b) USD(P&R) January 3, 2013, memorandum "Erroneous Payment of Living Quarters Allowance to Certain Employees"

The purpose of this memorandum is to respond to the concerns and requests you shared in reference (a) above, in which you endorsed requests to include two groups of employees in the one year living quarters allowance (LQA) extension authorized by reference (b). One of those groups consists of employees who separated overseas from the military, had intervening employment in non-appropriated fund (NAF) positions, were then hired into appropriated fund positions and granted LQA. The other group consists of employees who separated overseas from the military, worked for two or more contractors, and were then hired as appropriated fund civilian employees.

I have considered the circumstances surrounding the group that took NAF positions after separating from the military. Department of Defense Instruction (DoDI) 1400.25, Volume 1250, Enclosure 2, paragraph 2j, requires employees serving in NAF positions overseas to have first received LQA in those positions for a minimum of one year in order to be eligible for LQA in any subsequent appropriated fund position. Granting LQA to employees who did not meet these criteria was contrary to this longstanding policy. I cannot support waiving the terms of the DoDI retroactively, or extending the one year LQA authorization to that group, and must decline this request.

I have also considered the circumstances surrounding the other group of military members who separated in a location outside of the U.S., had intervening employment as other than federal civilian employees, and were subsequently hired as federal civilian employees by the Department. These individuals are eligible for the one year LQA authorization contained in reference (b) and were addressed in the point paper entitled, "Erroneous Payment of LQA to Certain Employees," provided to Civilian Personnel Policy Council members on April 9, 2013.

The Department must collect all indebtedness due to the United States promptly and in accordance with applicable laws and regulations. Notification and collection of any erroneous payment must comply with Department of Defense (DoD), Financial Management Regulation 7000.14-R, Volume 8, Chapter 8. If a final determination is adverse to the employee, the affected employee may seek a waiver of indebtedness through established procedures in

accordance with section 0805 of DoD 7000.14-R. While we are concerned about the immediate financial impact that loss of LQA would have on morale and retention of these employees, the Department cannot provide blanket waivers for them. In reference (b) it was determined that it is in the best interests of the Department to support any such employee's request for a waiver of indebtedness in these circumstances, provided the employee was not aware of the fact that they were not entitled to the payment of LQA, and there is no evidence of misrepresentation, fraud, or deception by the employee to acquire LQA in the first place.

As a reminder, please submit Army's final results from the LQA audit as soon as possible, along with the associated spreadsheet showing the number of Army employees who received LQA erroneously, the amount of LQA erroneously received, the number of affected employees eligible for one year extension of LQA under the Acting USD(P&R)'s January 3, 2013, memorandum, and the number of affected employees not covered by the January 3, 2013, memorandum. As soon as we receive Army's final response, we will be able to bring this issue to closure.

If you have questions about this guidance, my point of contact is (b)(6) Chief, Compensation Division, Civilian Personnel Policy/Defense Civilian Personnel Advisory Service. He may be reached at (b)(6) or (b)(6)

Pamela S. Mitchell

Pamela S. Mitchell
Director, Human Resources Operational
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