

Shutdown Furlough Questions and Answers – 09-15

Q1: DLA receives the majority of its funding from the Defense Working Capital Fund. What does that mean?

A1: Ninety-eight percent of the agency's budget is resourced through the Defense Working Capital Fund; a business-oriented, revolving fund financing model where the money DLA spends to support customer requirements is replenished by money made through customer purchases. As a practical matter, it means DLA can continue to operate for a short period of time under a government shutdown scenario.

Q2: Who are excepted employees in the context of a shutdown furlough?

A2: These employees perform essential and necessary work involving the safety of human life or the protection of property; assist in the orderly suspension of agency operations; or perform other functions deemed necessary by the agency. These employees should not be confused with emergency employees who must report for work in emergency situations such as severe weather or with excepted service employees who are exempt from the requirements of the Civil Service Act.

Q3: How will DLA employees be notified of their status?

A3: Supervisors may notify employees face-to-face or by telephone call. However, employees will eventually receive a written notice that details their work status.

Q4: What type of status are furloughed employees in?

A4: Furloughed employees are placed in a non-duty, non-pay status. They cannot perform unpaid work or volunteer their services to their organizations or telework.

Q5: Will excepted employees be paid on time?

A5: Although excepted employees continue to work during the furlough period, their pay is deferred until either a continuing resolution is signed or the fiscal year appropriations bill is passed.

Q6: Can employees work another job while furloughed?

A6: Furloughed employees considering temporary jobs during the shutdown are still bound by the standards of ethical conduct and any agency applied rules for outside employment. Before taking a temporary job, employees should contact their agency's ethics official and review any applicable regulations.

Q7: Will the shutdown affect an employee's employment status as a Federal employee?

A7: A short furlough (30 days or less) is not considered a break in service. Only an extended period of furlough (more than 30 days) can affect the way creditable service is calculated for retirement or leave accrual. Creditable service is the qualifying time in service that is credited to an employee for purposes of leave and retirement.

During a non-pay period time is credited as follows:

- To compute career tenure: The first 30 calendar days of the furlough period are credited service.
- To compute time served toward completing a probationary period: A total of 22 workdays in a non-pay status are credited service.
- To compute time-in-grade: All time in a furlough status is credited.

Q8: Will the shutdown affect employees' TSP contributions?

A8: TSP contributions are discontinued during a furlough, but employees may obtain a TSP loan during that time.

Q9: Will employees' health insurance, life insurance, or other types of insurance be affected?

A9: Federal Employee Health Benefits will continue for up to 365 days while the employee is in a non-pay status, and the government will continue to pay its contribution during this time. Life insurance coverage continues for 12 consecutive months for furloughed employees without cost to the employee or the government.

Flexible Spending Account deductions do stop when an employee is in non-pay status and there are insufficient funds to cover the FSA premium. Long Term Care deductions also stop when an employee is in non-pay status and there are insufficient funds to cover the LTC premium. In addition, Federal Employee Dental and Vision Insurance Plan deductions stop when an employee is in non-pay status and there are insufficient funds to cover the FEDVIP premium.

Q10: Will retirement contributions be affected by the shutdown?

A10: Retirement **contributions** continue for up to six months per calendar year for periods in non-pay status.

Q11: How many employees work throughout DLA?

A11: DLA has almost 27,000 employees worldwide.

Q12: Will service personnel have to report for work?

A12: Military personnel are not subject to furlough, and will be expected to report for duty.

Q13: Will excepted employees be paid for performing work during a shutdown furlough? If so, when will excepted employees receive such payments?

A13. Agencies will incur obligations to pay for services performed by excepted employees during a lapse in appropriations, and those employees will be paid when Congress passes and the President signs a new appropriation or continuing resolution.

Q14: Will employees who are furloughed get paid?

A14: Congress will determine whether "non-excepted" employees receive pay for the furlough period.

Q15: Will non-excepted employees receive back pay?

A15: Congress would have to approve that recommendation.

Q16: Can employees adjust their voluntary deductions during this time period?

A16: Yes, voluntary deductions can be adjusted during this time. Employees would need to contact their local Human Resources Office for more information.

Federal Employees Health Benefits (FEHB)

Q17. To what extent does non-pay status affect Federal Employee Health Benefits (FEHB) coverage?

A17. FEHB enrollment continues for no more than 365 days in a non-pay status. The non-pay status may be continuous or broken by periods of less than four consecutive months in a pay status. The Government contribution continues while employees are in a non-pay status. The employee can choose between paying the agency directly on a current basis while in a non-pay status or having the premiums accumulate and be withheld from his or her pay upon returning to duty.

Q18. If an employee chooses to repay health benefit premiums on a bi-weekly basis while in a non-pay status, where should he/she send the payments?

A18. Bi-weekly payments must be sent to the Defense Finance Accounting Service (DFAS) Disbursement Center at the following address:

DFAS-Cleveland
P.O. Box 99555
Cleveland, Ohio 44199

Checks should be made payable to DSSN-8522-DFAS Cleveland.

Note: Premiums paid directly to DFAS are not eligible for the pre-tax benefit. Premiums are deducted prior to payroll taxes withholdings. If an employee chooses to pay premiums bi-weekly, the employee must continue to send payments for each pay period while in a non-pay status. The following information must be submitted along with the payment to ensure employee's account is properly credited:

- *Your Social security number*
- *A statement that the payment is for FEHB and the pay period effective date*
- *Your servicing Payroll Office Number (can be found on your Leave and Earnings Statement)*

Employees are encouraged to maintain proof of payment. Examples of proof of payment include cancelled checks and bank statements.

Q19. What happens if an employee chooses to cancel FEHB coverage while in a non-pay status in order to avoid the expense?

A19. Employees who cancel FEHB coverage to avoid payment of premiums while in a non-pay or reduced status do not have to wait for an FEHB open season to re-enroll. Cancellation of FEHB coverage will not affect an employee's right to carry such coverage into retirement or while in receipt of workers' compensation.

Q20. Will an employee continue to be covered under the FEHB program if the agency is unable to make its premium payments on time?

A20. Yes, the employee's FEHB coverage will continue even if an agency does not make the premium payments on time.

Federal Employees Group Life Insurance (FEGLI)

Q21. To what extent does non-pay status affect FEGLI coverage?

A21. Life insurance coverage continues for 12 consecutive months while in a non-pay status without cost to the employee or the agency. The non-pay status may be continuous or it may be broken by a return to duty for periods of less than four consecutive months.

Thrift Savings Plan (TSP)

Q22. Will TSP investments be affected by a Government shutdown? What about disbursements?

A22. Investment activity will continue. Share prices and account balances will continue to be updated each business day, and loans and withdrawals will continue to be disbursed.

Q23. What happens to my contributions?

A23. Because you are not paid during a furlough, your TSP contributions will stop, and, if you are a Federal Employee Retirement System employee, you will not receive agency contributions during this time.

Q24. Can I take a TSP loan while I'm furloughed?

A24. Yes. By law, a TSP participant may take a TSP loan any time before separation. 5 U.S.C. 8433(g)(1). The TSP has adopted an administrative rule that provides that TSP participants must be in a pay status in order to take a TSP loan. 5 C.F.R. 1655.2(b). The TSP adopted this rule because it generally requires TSP participants to agree to repay their loans through payroll deduction. 5 C.F.R. 1655.12(b). The first payment is due on or before the 60th day following the loan issue date. 5 C.F.R. 1655.14(c).

Since shutdowns are rare occurrences and are typically of short duration, the TSP's Executive Director has determined that it is in the best interest of TSP participants to interpret the requirement that participants be in a pay status to mean that a break in pay due to a Government shutdown does not disqualify one from TSP loan eligibility. A short-term break in pay status would still allow participants to commence payment by payroll deduction within the required 60 days of the loan issue date. If a shutdown were to extend beyond 60 days, participants would still be responsible for making loan payments (see next question).

Q25. What impact does the furlough have on an employee's loan payments?

A25. If you have an outstanding loan and you are furloughed, your loan payments will stop because they are deducted from your pay. Loans are not considered in default until the participant has missed more than 2½ payments. If you miss a loan payment (or two) as a result of the furlough, you always have the option to make direct payments to the TSP using the Loan Payment Coupon available in the Forms & Publications section on the TSP Web site. Otherwise, your loan term will be extended or, if you have requested the maximum loan term, you may have a balloon payment at the end of the loan term. If you miss more than 2½ payments, TSP will notify you by mail that you must mail in a personal check for the "cure" amount to get your loan back on track.

Q26. Are agencies required to send in a Form TSP-41 notifying the TSP when employees have been furloughed?

A26. Your agency should not send a Form TSP-41 to the TSP during a Federal Government shutdown. A shutdown is a rare occurrence and is typically of short duration. The Form TSP-41 is intended for participants who are being placed on extended leave without pay, e.g., due to illness, military furlough, maternity leave, etc. It is not practical for the agencies to complete and submit Forms TSP-41 for all of their furloughed employees who have TSP loans (both at the beginning of the furlough and at the end), and it is not practical for the TSP to process these forms.

Q27. Can the Government take money from the TSP to resolve the financial situation?

A27. No, the money in the TSP is held in trust for its participants. Neither Congress nor the Administration can take money from an employee's TSP account.

Q28. To what extent does non-pay status affect Thrift Savings Plan (TSP) coverage?

A28. Deductions will cease for periods of non-pay status where there is insufficient funds to cover the Thrift Savings Plan (TSP) premium(s). Employees cannot contribute to their TSP account while on furlough. Employees should refer to the TSP Fact Sheet – Effect of Non-pay Status on TSP Participation. The fact sheet can be found at <http://www.tsp.gov/forms/oc95-4w.pdf>.

Flexible Spending Account (FSA)

Q29. To what extent does non-pay status affect Flexible Spending Account (FSA) coverage?

A29. Health Care Expenses: Deductions will cease for periods of non-pay status where there is insufficient funds to cover the Flexible Spending Account (FSA) premium(s). If the employee is in a non-pay status and has not pre-paid the FSA allotment, their FSA account will be frozen and the employee will not be eligible for reimbursement of any health care expenses incurred during that period until he/she returns to a pay status and allotments are successfully restarted.

Dependent Care Expenses: Dependent care expenses incurred during the period in a non-pay status which meet IRS guidelines for eligible expenses (i.e., the employee must incur the expenses in order to allow the employee and his/her spouse to work or attend school) may be reimbursed up to the FSA account balance. When the employee returns to a pay status, allotments will be recalculated based on the number of pay dates remaining in the Benefit Period.

Long Term Care (LTC)

Q30. To what extent does non-pay status affect LTC coverage?

A30. Deductions cease when the employee is placed in a non-pay status and there are insufficient funds to cover the premium(s). In order for employees to continue LTC coverage, the employee must make payments while in a non-pay status. Visit the LTC Web site, <https://www.ltcfeds.com/documents> for more information.

Federal Employees Dental and Vision Insurance Plan (FEDVIP)

Q31. To what extent does non-pay status affect FEDVIP coverage?

A31. FEDVIP deductions cease when an employee is placed in a non-pay status and there are insufficient funds to cover the premium(s). In order for FEDVIP coverage to continue, employees must make payment while in a non-pay status. If premiums are not paid, coverage will be terminated at the end of the pay period in which premiums were last paid.

To avoid termination of FEDVIP benefits, an employee can be moved to a Direct Bill payment plan, by request. With this option, an employee would receive a statement by postal delivery and the invoice must be paid by check. Employees are required to pay all Direct Bills IN FULL to avoid the cancellation of their coverage/plan. If a full payment is not received by the due date, the coverage will be cancelled.

Employees can mail direct bill premiums to:

BENEFEDS
P.O. Box 797
Greenland, NH 03840-0797

Visit the FEDVIP Web site <https://www.benefeds.com> for more information.

Retirement Coverage

Q32. To what extent does non-pay status affect retirement coverage?

A32. Retirement coverage continues for up to six months for periods of non-pay status per calendar year.