



Transportation  
Security  
Administration

US DEPARTMENT OF HOMELAND SECURITY  
TRANSPORTATION SECURITY ADMINISTRATION  
OFFICE OF HUMAN CAPITAL POLICY

HUMAN CAPITAL MANAGEMENT POLICY

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*To enhance mission performance, TSA is committed to promoting a culture founded on its values of Integrity, Innovation and Team Spirit.*

*NOTE: Pursuant to Section 101 of the Aviation and Transportation Security Act (49 U.S.C. 114(n)), this directive establishes Transportation Security Administration (TSA) policy and supersedes Federal Aviation Administration (FAA) orders, policies, guidance, bulletins regarding earning, accrual, and use of Compensatory Time Off in Lieu of Overtime Pay issued under the FAA personnel management system. This HCM is TSA policy and must be applied accordingly.*

**HCM POLICY NO. 550-6**

**DATE: December 22, 2008**

**SUBJECT:** Compensatory Time Off in Lieu of Overtime Pay

1. **PURPOSE:** This HCM provides TSA policy and procedures for the earning, accrual and use of compensatory time off in lieu of overtime pay. It supersedes the provisions outlined in TSA MD 1100.55-5, *Premium Pay for Exempt Employees*, dated November 13, 2007, Sections 7C(6) and (7) and TSA MD 1100.55-7, *Premium Pay for Non-Exempt Employees*, dated November 13, 2007, Sections 7C(7) and (8) relating to the administration and payment for compensatory time off in lieu of overtime pay. These directives will be amended at a later date to reflect the provisions outlined herein. This HCM does not apply to the earning, accrual, and use of compensatory time off for travel or compensatory time off for religious observances.
2. **SCOPE:** This HCM applies to all TSA employees covered under the Core Compensation Plan. Members of the Transportation Security Executive Service (TSES) and Law Enforcement Officers earning availability pay (LEAP) are not eligible to earn compensatory time off in lieu of overtime pay.
3. **AUTHORITIES:** The Aviation and Transportation Security Act, Pub L.107-71 (ATSA).
4. **DEFINITIONS:**
  - A. Adjusted Rate of Pay: The rate of basic pay and locality pay before any deductions. Adjusted rate of pay is also referred to as adjusted salary.
  - B. Basic Work Requirement: The number of hours an employee is required to work or account for by charging leave, excused absence, holiday hours, compensatory time off, or time off as an award. The basic work requirement does not include overtime hours.
  - C. Compensatory Time Off in Lieu of Overtime Pay: A form of compensatory time off that is earned by employees in lieu of receiving overtime pay for irregular or occasional overtime work. It is commonly referred to as compensatory time off.

- D. Compressed Work Schedule: Full-time employees on a compressed work schedule are scheduled less than 10 days a pay period and more than 8 hours in a day to complete the basic work requirement of 80 hours in a biweekly pay period. Part-time employees on a compressed schedule are scheduled less than 10 days in a pay period and for less than 80 hours.
- E. Conventional Work Schedule: Full-time employees on a conventional schedule have a basic work requirement of eight (8) hours a day on five (5) days of the workweek. Part-time employees on a conventional schedule are scheduled less than eight (8) hours a day on five (5) days of the workweek.
- F. Overtime: Any work in excess of eight (8) hours in a day or 40 hours in a workweek for employees on a conventional schedule or in excess of 80 hours in a pay period for employees on a compressed work schedule. All overtime work must be officially ordered and approved in advance of being worked.
- G. Rate of Basic Pay: The basic pay established by law or administrative action for the position held by the employee; that is, the rate of pay before any deductions. It includes a retained rate but excludes additional pay of any kind, e.g., locality pay, night differential, LEAP, or other premium pay.

**5. RESPONSIBILITIES:**

- A. Managers are responsible for applying the provisions of this policy when determining employee eligibility to earn overtime pay and compensatory time off in lieu of overtime pay.
- B. Employees are responsible for scheduling and using compensatory time off within 26 pay periods of the date earned. As with any form of leave, supervisory approval is required.
- C. The Office of Human Capital (OHC) is responsible for developing compensation policies for TSA employees.

**6. POLICY:**

- A. Exempt Employees are subject to the biweekly premium pay limitation. Exempt and non-exempt employees are subject to the annual aggregate compensation limitation. These limitations usually change each year and a Management Directive is issued providing the new limitations.
- B. All overtime hours must be ordered and approved by an authorized management official in advance of the performance of the work.
- C. Employees may be granted up to 160 hours of compensatory time off in lieu of overtime pay in a leave year. Exceptions may be granted, in writing, by the appropriate Assistant Administrator or equivalent when necessary to meet agency mission requirements. This authority may not be delegated.

- D. Effective **January 4, 2009**, all compensatory time off in lieu of overtime pay earned or accrued must be used within one year (26 pay periods) of the date earned or accrued.
- E. At the end of the 26 pay period time limit or when the employee separates from TSA, all unused compensatory time off in lieu of overtime pay hours will be forfeited by exempt employees and will be paid out for non-exempt employees at the overtime rate at which they were earned.
- F. Employees moving from non-TSES positions to TSES positions will forfeit all unused compensatory time off in lieu of overtime pay hours.

## **7. PROCEDURES:**

### **A. Earning Overtime and Compensatory Time Off in Lieu of Overtime Pay.**

- (1) Overtime hours must be ordered and approved by an authorized management official for each event requiring overtime work following the procedures outlined in TSA MD 1100.55-5, TSA MD 1100.55-7, and the Overtime Approval Provisions memorandum, dated April 25, 2008. Blanket approvals for the earning of overtime pay and/or compensatory time off in lieu of overtime pay may not be granted to any employee or group of employees. Managers do not have the authority to approve overtime or compensatory time off in lieu of overtime pay for themselves.
- (2) Employees will not receive overtime pay or compensatory time off in lieu of overtime pay when deciding to work through meal periods or extending their workday to complete routine work assignments.
- (3) Exempt employees receive overtime pay for all regularly scheduled overtime hours. All overtime work must be ordered and approved in advance of the performance of the work.
- (4) Exempt employees receive overtime pay or compensatory time off in lieu of overtime pay for irregular and occasional overtime hours worked under the provisions of TSA MD 1100.55-5. All overtime work must be ordered and approved in advance of the performance of the work.
- (5) Non-exempt employees receive overtime pay for all regularly scheduled and irregular and occasional overtime hours worked. These employees may request compensatory time off in lieu of overtime pay for irregular and occasional overtime hours worked. All overtime work must be ordered and approved in advance of the performance of the work.

**Note:** Hours beyond the normal tour, or on a regular day off spent in initial classroom and on-the-job training by Transportation Security Officers (TSOs), including Lead TSOs, Expert TSOs, and Master TSOs, may only be compensated as compensatory time off. This is an exception to the general rule that provides management may not direct a non-exempt employee to take compensatory time off rather than receive overtime pay.

Hours beyond the normal tour or on a regular day off spent meeting ongoing training requirements by Transportation Security Officers (TSOs), including Lead TSOs, Expert TSOs, and Master TSOs must be compensated with overtime pay.

- (6) All compensatory time off in lieu of overtime earned must be documented on the time and attendance record and recorded in the payroll system. There will be no “unofficial” compensatory time off accounts. Only those hours appearing in the payroll system may be used by an employee. TSA will not compensate employees for hours kept in “unofficial” accounts.
- (7) Once compensatory time off in lieu of overtime pay has been accrued, employees may not request to receive overtime pay instead of the compensatory time off hours.

**B. Current Accumulated Compensatory Time Off:**

- (1) Affected employees with compensatory time off in lieu of overtime pay balances exceeding 160 hours will receive payment for the hours in excess of 160. These excess hours will be paid out at the overtime rate in effect when the time was earned. The oldest hours will be paid out first.
- (2) Affected employees with compensatory time off in lieu of overtime pay balances of 160 hours or less, including employees who receive payment for hours in excess of 160, will have 26 pay periods to schedule and use these remaining hours.
- (3) The 26 pay period time limit will begin on January 4, 2009, the beginning of the 2009 leave year.
- (4) At the end of the 26 pay period time limit, exempt employees will forfeit any unused compensatory time off in lieu of overtime pay hours.
- (5) At the end of the 26 pay period time limit, non-exempt employees will receive payment for any unused compensatory time off in lieu of overtime pay hours. Payment will be made at the overtime rate in effect when the hours were earned.

**C. Future Accrual and Accumulation of Compensatory Time Off.**

- (1) All compensatory time off in lieu of overtime pay hours earned and/or accrued after the effective date of this policy, must be used within one year (26 pay periods) of the date earned.

For any hours accrued between the effective date of this policy and January 4, 2009, the 26 pay period time limit will begin on January 4, 2009. This will eliminate the need for employees to track newer hours that would otherwise reach the 26 pay period time limit before current accumulated hours.

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- (2) For any hours accrued after January 4, 2009, the 26 pay period time limit will begin on the date of accrual.
- (3) At the end of the 26 pay period time limit or when the employee separates from TSA, all unused compensatory time off in lieu of overtime pay hours will be forfeited by exempt employees and will be paid out for non-exempt employees at the overtime rate at which they were earned.
- (4) Compensatory time off in lieu of overtime pay hours that are forfeited cannot be re-credited or restored to the employee's account.
- (5) Exempt and non-exempt employees placed in a leave without pay (LWOP-US) status when called to or volunteering for active military duty or separating from TSA when called to or volunteering for active military duty will receive a lump sum payment for unused compensatory time off in lieu of overtime pay hours. Payments will be made at the overtime rate in effect when the compensatory time off in lieu of overtime pay hours were earned.
- (6) Exempt and non-exempt employees placed in a leave without pay (LWOP-OWCP) status or separating from Federal service because of an on-the-job injury with entitlement to injury compensation under 5 U.S.C. Chapter 81 will receive a lump sum payment for unused compensatory time off in lieu of overtime pay hours. Payments will be made at the overtime rate in effect when the compensatory time off in lieu of overtime pay hours were earned.

**D. Overtime Rate Computation.**

- (1) For exempt employees refer to TSA MD 1100.55-5 for the overtime computation rate.
- (2) For non-exempt employees refer to TSA MD 1100.55-7 for the overtime computation rate.

**8. EFFECTIVE DATE AND IMPLEMENTATION:** This policy is effective immediately upon signature.

**APPROVAL**



12-22-08

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Richard A. Whitford  
Assistant Administrator for Human Capital

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Date

Filing Instructions: File with HCM 550 Letters and Guidance  
Effective Date: Date of Signature

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**COMPENSATORY TIME OFF IN LIEU OF OVERTIME PAY**

Review Date: Two years from Effective Date  
Distribution: Assistant Secretary, Deputy Assistant Secretary, Assistant Administrators,  
Deputy Assistant Administrators, Area Directors, Senior Field Executives,  
Federal Security Directors, Special Agents in Charge, Local TSA HR  
representatives, Administrative Officers  
Point-of-Contact: Office of Human Capital Policy, [TSA-OHC-Policy@dhs.gov](mailto:TSA-OHC-Policy@dhs.gov)