DEPARTMENT OF THE ARMY
OFFICE OF THE ASSISTANT SECRETARY
FINANCIAL MANAGEMENT AND COMPTROLLER
109 ARMY PENTAGON
WASHINGTON DC 20310-0109

REPLY TO
ATTENTION OF

October 16, 2002

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Non Foreign Cost of Living Allowance

The attached memorandum from the Defense Finance and Accounting Service (DFAS) provides the guidance for civilian employees to submit a claim for under payment of Non Foreign Cost of Living Allowance. This claim affected employees assigned to Alaska, Hawaii, the Commonwealth of Puerto Rico, the U.S. Virgin Islands, the Territory of Guam, and the Commonwealth of Northern Mariana Islands.

Request your office disseminate the enclosed memorandum to your subordinate resource managers and Defense Civilian Pay System (DCPS) customer service representatives (CSRs). Furthermore, please share this memorandum with any tenant activities located on the installation.

Advance information on this issue was provided to all MACOM civilian pay POCs via email on September 15, 2002. Additionally, DFAS updated the original attachment to the August 12, 2002 memorandum based on comments provided by the field. The updated attachment is included.

My point of contact for this issue is Mr. Juan A. De Jesus, at DSN 791-4442 or commercial (407) 646-4442.

William M Landrum

WILLIAM M. LANDRUM III
Colonel, Finance Corps
Acting Deputy Assistant Secretary of
the Army (Financial Operations)

Attachment

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DISTRIBUTION:
Office, Secretary of the Army, ATTN: SAAA-RM

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Commandant, U.S. Army Finance School

ASA(M&RA), ATTN: SAMR-CPP-FA
ASA(FM&C), ATTN: BUO-C

DEFENSE FINANCE AND ACCOUNTING SERVICE
ARLINGTON
1931 JEFFERSON DAVIS HIGHWAY
ARLINGTON VA 22240-5291

AUG 12 2002

DFAS-ARL/DFC

MEMORANDUM FOR DEPUTY ASSISTANT SECRETARY OF THE ARMY (FINANCIAL OPERATIONS)
DIRECTOR, OFFICE OF FINANCIAL OPERATIONS, ASSISTANT SECRETARY OF THE NAVY (FINANCIAL MANAGEMENT AND COMPTROLLER)
DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE (FINANCIAL OPERATIONS)
COMPTROLLERS, DEFENSE AGENCIES

SUBJECT: Non-Foreign Cost of Living Allowance

In our memorandum of January 18, 2002 we notified you that the calculation of Non-Foreign Cost of Living Allowance (COLA) performed by the Defense Civilian Pay System (DCPS) was not in compliance with the Code of Federal Regulations. As a result some individuals who are or were employed in Alaska, Hawaii, the Commonwealth of Puerto Rico, the U.S. Virgin Islands, the Territory of Guam, and the Commonwealth of Northern Mariana Islands may have been mispaid one-cent per hour. Our memorandum also stated that we would issue instructions regarding how employees could claim additional monies and this memorandum forwards those instructions.

The DCPS has been modified effective with the pay period ending January 26, 2002 to correctly calculate the Non-Foreign COLA. This change is prospective only and employees will be required to make a claim for additional compensation for periods prior to that date. The attached provides guidance for developing the claim package. This will be posted on the DFAS web site at http://dfas4dod.dfas.mil and http://www.dfas.mil.

Please be advised that underpayments and overpayments calculated for the claim period will be combined, resulting in either monies due or a net overpayment. Payments will be made as quickly as possible after the claim has been calculated and will be charged to the employee's current line of accounting. If the current line of accounting is not to be charged, or if the employee is no longer employed with the Department, a line of accounting to which the payment should be charged must be included with the claim package. Should a net overpayment occur, we will inform the claimant and terminate collection predicated

on the likelihood of waiver. You are requested to give this information the widest possible dissemination.

You may refer any questions concerning this matter to DFAS-DFC at (703) 602-5279.

Jerry S. Hinton
Director for Finance

Attachment:
As stated

cc: CPMS

GUIDANCE FOR NON FOREIGN COST OF LIVING ALLOWANCE CLAIMS

The following is provided as a guide to prepare claims for payment of Non Foreign COLA due to an incorrect calculation by the DCPS. The calculations were corrected for the pay period ending January 26, 2002 and are prospective only.

Employee Notification

Each employee must submit a claim in order to receive payment. If claims are submitted without the information requested in these instructions, the payroll office will return them. It is not necessary for civilian payroll offices to provide individual notification to employees.

Employees Covered

Employees covered are those individuals who are or were employed in Alaska, Hawaii, the Commonwealth of Puerto Rico, the U.S. Virgin Islands, the Territory of Guam, and the Commonwealth of Northern Mariana Islands and paid by the DCPS. Separated employees should contact their former employing activity for information regarding the preparation of a claim.

Claim Submission

Each payroll office is responsible for notifying their CSRs that this guidance is available on the DFAS web site. Employing activities may obtain copies from the nearest CSR or the DFAS web site.

The basis for a claim will be a signed letter submitted by individuals to their current employing activity. Separated employees must submit their letters to the last employing activity of record. Employing activities will forward the claims, along with any accounting information, to: DFAS-PCP/PE, P.O. Box 33717, Pensacola, FL 32508-3717 or fax 1(866)401-5849 or (850)473-6450. The letter must contain the following information:

- Name
- Social Security Number
- Address
- Name and location of the Non Foreign COLA employing activity(s)
- The beginning and ending date(s) of the claim expressed in month, day, and year.

Revised 10 Sept 02

Claim Period Covered

Based on the Statute of Limitations, a claim may be filed for a period of up to six years. The payment consideration period will end the date the claim is filed and be for a period of 6 years prior to that date. Since the DCPS was modified prospectively as of the pay period ending January 26, 2002, claims may be made only for periods prior to that date.

Calculations and Deductions

Claims will be calculated by comparing the amount of Non Foreign COLA previously paid to amounts manually recalculated using the correct formula. Please be advised that underpayments and overpayments calculated for the claim period will be combined, resulting in either monies due or a net overpayment. If you are currently a resident of a state or locality that subjects Non Foreign COLA to taxation, these taxes will be withheld.

If the result of the claim is a net overpayment, collection will not be pursued predicated on the likelihood of waiver. You will be advised should this occur.

Revised 10 Sept 02