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Payroll for U.S. Personal Service Contractors (USPSCs)

A Mandatory Reference for ADS Chapter 626

Reference Issuance Date: 11/17/2011
Policy Issuance Date: 10/02/2009
Responsible Office: M/CFO/FPS
File Name: 626mae_111711

This reference provides an update for all United States Personal Service Contractors (USPSCs) on how they will be paid by USAID, as well as certain Third Country National Personal Service Contractors who are paid in dollars based on the General Services pay schedule. (This will affect only Third Country National PSCs who 1) have a social security number or tax identification number issued by the Internal Revenue Service, and 2) have a United States bank account). USAID/M/CFO will be shifting the payroll processing for these PSCs to the National Finance Center (NFC), beginning in pay period 20. In pay period 20 (Sept. 27 - Oct. 10), all USPSCs hired in Washington and South Africa will convert over to the NFC. USAID/M/CFO will convert the remaining Mission PSCs in pay period 23 (Nov. 8 - 21) and pay period 24 (Nov. 22 - Dec. 5). USAID/M/CFO is finalizing the conversion dates for the remaining Missions and will provide an update to Missions in the near future.

USAID/M/CFO is doing this in order to standardize time and attendance and payroll processing, to relieve Washington and the Missions of the burden of processing biweekly payrolls, and to improve our ability to provide a unified information repository for USAID's entire workforce.

The conversion for each of the three tranches of USPSCs will be effective as of the start of the pay period specified. For 2009, USPSCs will receive one W-2 from USAID for the time worked before the conversion, and a second W-2 from the NFC for the balance of the year. Year-to-date salary will be provided to the NFC so that it can avoid over-withholding for the Federal Insurance Contributions Act, once the individual has reached the maximum contribution for the year.

NFC paychecks are sent electronically to the USPSC's bank account, generally available on the Monday of the second week after the end of a pay period. We have made arrangements with NFC so that USPSCs can continue having salary deductions sent to The Teachers Insurance and Annuity Association College Retirement Equity Fund for their 401k program, if applicable. In addition, if USPSCs are covered under the health insurance plan provided by Bowman Gaskins Financial Group, USPSCs will be able have biweekly deductions made from their paycheck transmitted directly to the carrier. Reimbursement for health or life insurance costs that USPSCs pay out of pocket will be handled as in the past, according to AIDAR rules.

USAID/M/CFO has been working with Washington and Mission financial management Offices to gather the data required to make this transition happen smoothly. Some USPSCs may have been contacted in this regard, as NFC requires some data (e.g., date of birth, gender, and ethnicity) that we have not necessarily asked for in the past. All of the other information needed for payroll that USPSCs have supplied (address, bank information, Federal tax withholding information, leave balances, etc.) is being transferred from USAID records to the NFC.

Leave (annual, sick, and home leave, where appropriate) will continue to accrue and be used just as in the past. Benefits will remain unchanged by this transition. Instead of filling out a timesheet and providing it to their supervisor or the Controller's office,

USPSCs will need to use the automated time and attendance system used by direct hires - webTA. We don't anticipate USPSCs will have any difficulty in learning to use this system, and their timekeeper can help them get started. The following are links to guidance on using webTA:

http://inside.usaid.gov/M/CFO/pdf/Employee_Reference_030308_Guide.pdf

<http://inside.usaid.gov/M/CFO/docs/PostDifferentlProcedrs20090814.doc>

USPSC data will be loaded into webTA at the same time it is loaded into the NFC system; USPSCs' timekeepers need to go into webTA and designate the appropriate supervisor to approve the USPSCs' timecards. For any USPSCs who do not work in USAID space and cannot access webTA, we will work out alternative arrangements.

There are a few new features that USPSCs will now be able to benefit from. The first is the use of NFC's Employee Personal Page (EPP). Once registered for EPP, PSCs will be able to make online change requests for their residence address, Federal and state withholding, financial allotments, direct deposit, etc. Second, we will be able to offer state tax withholding for those USPSCs who want us to do this. Since we have not been doing this in the past, we assume that most USPSCs are paying estimated taxes quarterly. Therefore, we plan to begin offering this service as of the first of next year.

USPSCs' relationship with their supervisor is not affected by this change. Their CO/EXO will provide notice of any changes that affect their pay (e.g., contract start or end, increases in rate of pay, or in the annual leave accrual rate) to the cognizant Controller and to John Sawh of the Washington Payments Office (M/CFO/CMP).

A mailbox has been established for all USPSC-related actions; please send email requests to USPSC@usaid.gov. John Sawh and his staff will ensure that the changes are entered into NFC's system so that USPSCs are paid correctly.