

NOTE: Pursuant to Section 101 of the Aviation and Transportation Security Act (49 U.S.C. 114(n)), this directive and the accompanying Handbook establish Transportation Security Administration (TSA) policy and supersedes Federal Aviation Administration (FAA) orders, policies, and guidance regarding severance pay issued under the FAA Personnel Management System. This directive is TSA policy and must be applied accordingly.

This Handbook and all related Attachments and/or Appendices contain stipulations to implement the provisions of [TSA MD 1100.55-4, Severance Pay](#). Until such time as TSA MD 1100.55-4 is rescinded, the Management Directive, Handbook, and any Attachments or Appendices are considered TSA policy, and must be applied accordingly.

Summary of Changes:

The following changes have been made: Section C has been created; Sections E and G have been clarified and expanded with examples.

Table of Contents

<u>Section</u>	<u>Page #</u>
A. Definitions	3
B. Creditable Service	5
C. Eligibility Verification and Documentation	6
D. Accrual and Payment of Severance Pay	6
E. Computation of Severance Pay Fund	7
F. Maximum Limitation on Severance Pay	8
G. Sample Severance Pay Calculation	8
H. Suspension of Severance Pay	9
I. Termination of Severance Pay Entitlement	10
J. Reemployment: Recredit of Service	10

A. Definitions:

1. Commuting Area: The geographic area surrounding a work site that encompasses the localities where people live and reasonably can be expected to travel back and forth daily to work as established by TSA.
2. Employee: An employee of the TSA.
3. Employed by the Government of the United States: Employment by any part of the Government of the United States, including the United States Postal Service and similar independent entities, but excluding enlistment or activation in the armed forces.
4. Immediate Annuity:
 - (a) A recurring benefit payable under a retirement system applicable to a Federal civilian employee or member of the uniformed services that the individual is eligible to receive at the time of the involuntary separation from TSA or that begins to accrue within one month after such separation, excluding any Social Security retirement benefit; or
 - (b) A benefit that meets the conditions above, except that the benefit begins to accrue more than one month after separation solely because the employee elected a later commencing date – delayed annuity.
5. Inefficiency: Unacceptable performance or conduct that leads to separation.
6. Intermittent Work Schedule: A work schedule that requires an employee to work on an irregular basis with no scheduled tour of duty.
7. Involuntary Separation: A separation initiated by TSA against the employee's will and without his or her consent for reasons other than inefficiency, including a separation resulting from the expiration of a temporary (time-limited) appointment effected within three calendar days after separation from a qualifying appointment.
8. Non-Qualifying Appointment: An appointment that does not convey eligibility for severance pay under this policy, including:
 - (a) An appointment in which the employee has an intermittent work schedule;
 - (b) A Presidential appointment;
 - (c) An emergency appointment; or,

**TSA HANDBOOK TO
MANAGEMENT DIRECTIVE No. 1100.55-4**

- (d) A temporary (time-limited) appointment (except as described in Section A11(c) of this Handbook.
9. Permanent Appointment: An appointment without a specific end date.
10. Position of Record: The TSA position, as documented on an employee's most recent Notification of Personnel Action (Standard Form SF-50-B or equivalent) and the current job/position description (TSA Job Analysis Tool or Standardized Job Description), to which an employee is officially assigned. The position of record is defined by pay band, occupational category, occupational series, work schedule type, and any other condition(s) that determined coverage under the TSA position classification/pay system. A position to which an employee is temporarily detailed, acting, or temporarily promoted is *not* considered the position of record for an employee.
11. Qualifying Appointment:
- (a) A permanent appointment;
 - (b) A career or career conditional appointment held prior to coming to TSA; or,
 - (c) A temporary (time-limited) appointment (including a series of temporary appointments by the same agency without any intervening break in service) that takes effect within three calendar days after the end of one of the qualifying appointments listed in Section A11(a) and (b) of this Handbook.
12. Rate of Adjusted Pay: The rate of basic pay and locality pay before any deductions.
13. Reasonable Offer: The offer of a position that meets all the following conditions:
- (a) The offer is made in writing and provided either at the same time or after the employee is notified in writing that he/she will be involuntarily separated;
 - (b) The employee meets established qualification and eligibility requirements; and,
 - (c) The offered position is:
 - i. In TSA or in an agency to which the employee is transferred with his or her function in a transfer of function between agencies;
 - ii. Within the employee's commuting area, unless geographic mobility is a condition of employment;

- iii. Of equal or greater appointment type (e.g., permanent or temporary) and with the same work schedule (part-time or full-time); and,
- iv. Not lower than two pay bands below the pay band of the employee's position of record, without consideration of pay retention under [TSA MD 1100.53-2, Pay Retention](#).

NOTE: If the employee declines the offer, he or she will not be eligible for severance pay.

- 14. **Scheduled Tour of Duty:** The hours of a day (a daily tour of duty) and the days of an administrative workweek (a weekly tour of duty) that constitute an employee's regularly scheduled administrative workweek.
- 15. **Seasonal Employee:** A permanent appointment to a position with an annual duty/pay status of limited duration based on recurring periods of peak workload (less than 12 months and 2080 hours per year). Seasonal employees are placed in a nonduty/nonpay status when the peak workload is over and recalled to duty during established peak workloads in accordance with the pre-established conditions of employment and based on several factors, including operational need, performance, and seniority.
- 16. **Severance Pay Fund:** The total severance pay to which an employee is entitled during a single severance pay entitlement. It includes a basic severance pay allowance, described in Sections E(1) (2) and (3) of this Handbook, and, where applicable, an age adjustment allowance as described in Section E(4) of this Handbook.
- 17. **Time-Limited Appointment:** An appointment of a specific duration with a defined end (not-to-exceed) date.

B. Creditable Service:

The following types of service are creditable for computing an employee's severance pay:

- 1. Civilian service as an employee (as defined in Title 5, United States Code, §2105), excluding time during a period of non-pay status that is not creditable for annual leave accrual purposes.
- 2. Service performed with the United States Postal Service or the Postal Rate Commission;
- 3. Military service, including active or inactive duty training with the National Guard, when it interrupts civilian service and the employee returns to civilian

service through the exercise of a restoration right provided by law, Executive Order, or regulation;

4. Service performed by an employee of a non-appropriated fund instrumentality of the Department of Defense or the Coast Guard (as defined in Title 5, United States Code, § 2105(c)) who moves to a position within the civil service employment system of the Department of Defense or the Coast Guard, respectively, without a break in service of more than three days; and,
5. Service performed with the government of the District of Columbia by an individual first employed by that government before October 1, 1987, excluding service as a teacher or librarian of the public schools of the District of Columbia.

C. Eligibility Verification and Documentation:

The HR specialist, Administrative Officer, or other designated staff member on behalf of the affected employee's supervisor or manager initiating the personnel action documenting the involuntary separation is responsible for making an initial determination regarding the employee's eligibility for severance pay based on OHC policy, obtaining severance pay estimates from HRAccess, and ensuring that:

1. Severance pay eligibility is referenced in the final separation notice issued to the employee; and
2. The appropriate remark regarding severance pay eligibility is included on the personnel action documenting the employee's involuntary separation.

D. Accrual and Payment of Severance Pay:

1. Severance pay accrues on a day-to-day basis following the recipient's separation from Federal employment. If severance pay begins in the middle of a pay period, one day of severance pay accrues for each workday or applicable holiday left in the pay period at the same rate at which pay would have accrued if the recipient were still employed. Thereafter, accrual is based on days from Monday through Friday, with each day worth one-fifth of one week's severance pay. Accrual ceases when the severance pay entitlement is suspended or terminated, as provided in Sections H and I of this Handbook. If severance pay is suspended during a non-qualifying time-limited appointment, as provided in Section H of this Handbook, accrual will resume following separation from that appointment.
2. Severance payments must be made at the same pay period intervals (on TSA's normal pay day) that salary payments would be made if the recipient were still employed. The amount of the severance payment is computed using the recipient's rate of adjusted pay in effect immediately before separation, with credit for each day of severance pay accrual during the pay period corresponding

to the payment date. A severance payment is subject to appropriate deductions for income, Medicare, and Social Security taxes.

3. When an individual receives severance pay as the result of an involuntary separation from a qualifying time-limited appointment, the severance payment is based on the rate of adjusted pay received at the time of separation.
4. When an individual is in a non-pay status immediately before separation, the amount of the severance pay is determined using the rate of adjusted pay that he or she would have received if he or she had been a pay status at the time of separation.

E. Computation of Severance Pay Fund:

1. Basic severance pay allowance. Except as provided in Sections E(2) and (3) of this Handbook, the basic severance pay allowance consists of the following:
 - (a) One week of pay at the rate of adjusted pay for the position of record held by the employee at the time of separation for each full year of creditable service through 10 years.
 - (b) Two weeks of pay at the rate of adjusted pay for the position of record held by the employee at the time of separation for each full year of creditable service beyond 10 years; and,
 - (c) Twenty-five percent of the otherwise applicable amount for each full 3 months of creditable service beyond the final full year.

NOTE: Law enforcement availability pay (LEAP) should be included when determining the basic severance pay allowance for an eligible law enforcement officer.

2. Basic severance pay allowance for an employee who is being separated from a position with a part-time or seasonal part-time work schedule will be calculated using a presumed schedule of 32 hours per week. This will minimize the impact of any official and unofficial work schedule variations which could otherwise affect an employee's severance pay entitlement.
3. For seasonal positions, the weekly rate of basic pay used in computing the basic severance pay allowance is determined by multiplying the number of hours per week (40 for full-time employees and presumed 32 for part-time employees) by the number of weeks the employee was in a pay status for the last position held by the employee during the 26 biweekly pay periods immediately preceding separation. The result is then divided by the number of weeks of employment in the employee's last position.

For example, a part-time seasonal employee who has been on TSA's rolls for four years, was in a pay status for 13 weeks out of the last 26 biweekly pay periods, and makes \$20 per hour as his adjusted rate of pay, would have his basic severance pay allowance calculated as follows:

13 weeks in a pay status x 32 hours per week = 416
Average weekly hours for the last 52 weeks = $416 \div 52 = 8$ (average hours per week)
 $8 \times \$20 = \160 per week
 $\$160$ (1 week's salary) x 4 years = \$640
Basic Severance Pay = \$640

4. Age adjustment allowance: The basic severance pay allowance is augmented by an age adjustment allowance consisting of 2.5 percent of the basic severance pay allowance for each full three months of age over 40 years.

F. Maximum Limitation on Severance Pay:

The maximum severance pay allowed during an individual's entire Federal employment is that amount which will provide 52 weeks of salary (taking into account weeks of severance pay previously received).

G. Sample Severance Pay Calculations:

Example 1: An employee is age 52 with 20 years of service at the time of involuntary separation. The employee's adjusted rate of pay is \$64,218 annually or \$1,230.80 per week.

1. Basic Severance Pay Allowance = $\$1,230.80$ (1 week's salary) x 10 years = \$12,308
ADD: $\$2,461.60$ (2 weeks' salary) x 10 years = \$24,616
Total = \$36,924. (This amount is basic severance pay.)
2. Age Allowance = $\$36,924 \times .10$ (2.5 x 4 quarters) x 12 (years over age 40) = \$44,308.80
3. Total (1 + 2) = \$81,232.80 (This amount is the adjusted severance pay.)
4. Multiply 1 week's salary in line 1 ($\$1,230.80$) x 52 = \$64,001.60. (This amount is the maximum payable under the 1-year (52-week) limit.)
5. If the amount in line 3 exceeds line 4, use the amount in line 4. Otherwise, if line 3 is smaller, use the amount in line 3. The amount in line 4 is smaller = \$64,001.60. (This is the estimated amount of the total severance pay fund.)
6. Multiply 1 week's salary in line 1 ($\$1,230.80 \times 2$) = \$2,461.60. (This is the estimated amount of the biweekly severance payment (before deductions).)

**TSA HANDBOOK TO
MANAGEMENT DIRECTIVE No. 1100.55-4**

7. Divide the amount in line 5 by the amount in line 3 ($\$64,001.60 \div \$2,461.60 = 26$) and multiply $\times 2 = 52$. (This is the approximate number of weeks of severance pay that will be received.)

Example 2: An employee is age 52 with 4 years of service at the time of involuntary separation. The employee is a seasonal part-time employee who was in a pay status for 13 weeks out of the last 26 biweekly pay periods. The employee's adjusted rate of pay is \$64,218 annually or \$30.77 per hour.

8. Basic Severance Pay Allowance:
13 weeks in a pay status \times 32 hours per week = 416
Average weekly hours for the last 52 weeks = $416 \div 52 = 8$ average hours per week
 $8 \times \$30.77 = \246.16 per week
 $\$246.16$ (1 week's salary) \times 4 years = \$984.64
Basic Severance Pay = \$984.64
9. Age Allowance = $\$984.64 \times .10$ (2.5 \times 4 quarters) \times 12 (years over age 40) = \$1181.57
10. Adjusted Severance Pay = $\$984.64 + \$1181.57 = \$2166.21$
11. Maximum Amount Payable Under the 52-week Limit = $\$246.16 \times 52 = \$12,800.32$
12. Estimated Amount of Total Severance Pay Fund = \$2166.21 (Adjusted is less than Maximum Amount Payable)
13. Estimated Biweekly Severance Payment (before deductions) = $\$492.32$ ($\$246.16 \times 2$)
14. Approximate Number of Weeks of Severance Pay That Will be Received = $\$2166.21 \div 492.32 = 4 \times 2 = 8$

NOTE: The above are only examples and not final, accurate calculations of the amount of severance pay due to an employee upon involuntary separation.

H. Suspension of Severance Pay:

Severance pay is suspended during a period of non-qualifying time-limited employment with the Government of the United States or the government of the District of Columbia. Severance pay resumes, without any re-computation, when the employee separates from the non-qualifying time-limited appointment. The resumed severance payments are the responsibility of TSA if the employee was separated from TSA with entitlement to severance pay.

I. Termination of Severance Pay Entitlement:

1. The individual entitled to severance pay is employed by the Government of the United States or the government of the District of Columbia, unless employed under a non-qualifying time-limited appointment; or
2. The severance pay fund is exhausted.
3. If an employee becomes eligible for disability retirement retroactive to the effective date of his/her separation, any severance pay received automatically becomes an erroneous payment and the employee becomes indebted to TSA for the severance pay received.

J. Reemployment: Recredit of Service:

1. When a former employee is reemployed, TSA shall record on the appointment document the number of weeks of severance pay received (including partial weeks).
2. If an employee again becomes entitled to severance pay while employed with TSA, OHC shall re-compute the severance pay allowance on the basis of all creditable service and current age and deduct from the number of weeks, and/or dollar amount, it would take to reach the maximum payable limitation on severance pay provided in Section F of this Handbook.