

**EXCERPT FROM  
THE JANUARY 2005 ISSUE OF THE  
COMMISSIONED CORPS BULLETIN**

**Commissioned Officer Compensation**



## Commissioned Officer Compensation

On October 28, 2004, President Bush signed the National Defense Authorization Act for Fiscal Year 2005. Below is a summary of compensation provisions from the Act and other legislation.

### Changes in Active-Duty Compensation

Effective January 1, 2005, the rate for Basic Pay increased 3.5 percent. The pay table for 2005 is published in this issue of the *Commissioned Corps Bulletin* and can also be found at <http://dcp.psc.gov>, under 'Payroll Issues' which is being used to post current information pertaining to Public Health Service (PHS) compensation. Payroll related forms are available under the 'Services' section, 'Official Forms.'

The 2005 Basic Allowance for Housing (BAH) rates can be found at <http://www.dtic.mil/perdiem/rateinfo.html>. BAH rates are calculated based on median rent (not mortgage costs) plus average utilities and insurance in each local area for rank and dependency status. Please note that local rental market declines may prevent a BAH rate increase in some areas and may actually result in a rate reduction. Refer to the 'Allowances' portion of this article to find out more about BAH.

Effective January 1, 2005, the Basic Allowance for Subsistence (BAS) rate for officers is \$183.99 per month. The BAS rate is linked to a food cost growth index measured by the U.S. Department of Agriculture.

The Thrift Savings Plan (TSP) is intended to be a supplement to existing Uniformed Services retirement plans, not a replacement. For calendar year 2005, officers may deposit up to 10 percent (increased from 9 percent for 2004) of Basic Pay, along with 100 percent of incentive pay, special pay (monthly), and bonuses, up to a combined ceiling of \$14,000 per year, which is increased from the 2004 level of \$13,000. Officers wishing to change the amount of Basic Pay deposited into their TSP account must submit a revised Form TSP-U-1, "TSP Election Form," to the Compensation Branch during the next open season. The next TSP open season will be April 15 - June 30, 2005, with the first deduction to be taken

in the July payroll. Beginning July 1, new legislation is scheduled to take effect which eliminates the TSP open seasons and the restrictions on contribution elections which are tied to open seasons, i.e., open seasons will be eliminated and members may make contribution changes at any time. Contribution elections made after July 1, will be processed effective no later than the first full pay period after they are filed. Additional 'catch-up' contributions are authorized for members age 50 and older, which allow participants to make \$4,000 of additional contributions in 2005 and \$5,000 in 2006. Thereafter the amount will be indexed to inflation. Use Form TSP-U-1-C to make 'catch-up' contributions. Additional details on the TSP are available on the TSP Web site at <http://www.tsp.gov>. (Please be sure you are viewing the 'Uniformed Services' section of that Web site.) Information specific to PHS officers can be found at <http://dcp.psc.gov>, under "Payroll Issues."

Information on changes in medical officers special pay, including new rates, can be found in a separate article on page 4 of this issue of the *Commissioned Corps Bulletin*.

The temporary increases in Family Separation Allowance to \$250 and Hostile Fire/Imminent Danger Pay to \$225 are extended through December 31, 2005, and made permanent thereafter. The temporary increase in Hostile Fire/Imminent Danger Pay applies to eligible members worldwide; not just those assigned to Iraq or Afghanistan.

**DEATH GRATUITY** – The death gratuity which was \$12,000, will now increase each year by the same percentage as the average active-duty pay increase. Therefore, for active-duty deaths occurring on or after January 1, 2005, the death gratuity will be \$12,420. The death gratuity is tax exempt.

### Changes in Retired Pay/Annuitant Compensation

Effective December 1, 2004, payable January 3, 2005, retirees will be receiving

a 2.7 percent cost of living adjustment (COLA) if they first became a member of a Uniformed Service before September 8, 1980. Those officers who first became a member of a Uniformed Service on or after September 8, 1980, will receive a COLA based on their retirement date:

<i>Retirement Effective</i>	<i>Percent Increase</i>
Before January 1, 2004 .....	2.7 percent
January 1, 2004 - March 31, 2004 .....	2.7 percent
April 1, 2004 - June 30, 2004 .....	1.8 percent
July 1, 2004 - September 30, 2004 .....	0.3 percent
October 1, 2004 - December 31, 2004 .....	No increase

Survivors who are receiving an annuity under the Survivor Benefit Plan (SBP) or the Retired Servicemember's Family Protection Plan (RSFPP), will receive an increase of 2.7 percent.

**PHASE-IN OF FULL CONCURRENT RECEIPT** – Under current law, a Uniformed Services retiree who is receiving both military retired pay and Department of Veterans Affairs (VA) disability compensation, has his or her retired pay offset by the amount of the VA compensation. Effective January 2004, this 'offset' is reduced over the next 10 years to zero. This provision only applies to retired members with 20 or more years of service, whose VA disability rating is 50 percent or greater. For calendar year 2004, the offset was reduced by an amount based on VA disability percentage as follows:

<i>VA Disability Percentage</i>	<i>Increase in Retired Pay</i>
100% .....	\$750
90% .....	\$500
80% .....	\$350
70% .....	\$250
60% .....	\$125
50% .....	\$100

*Note:* For calendar year 2005, same amount as above plus 10 percent of the remaining offset. In future calendar years, the percentage is increased, i.e., for 2006 it is 20 percent, for 2007 it is 30

(Continued on page 9)

## Commissioned Officer Compensation

(Continued from page 8)

percent, etc., until by January 2014 there is no offset.

**PHASED ELIMINATION OF TWO-TIER ANNUITY COMPUTATION FOR SURVIVING SPOUSES UNDER THE SURVIVOR BENEFIT PLAN (SBP)** – Under current SBP law, annuitants receive 55 percent of the retired member's retired pay until age 62, and 35 percent thereafter. If the member at the time of retirement, elected Supplemental SBP coverage, the annuitant's share at age 62 is 40 percent, 45 percent, 50 percent, or 55 percent, based on what option the member elected. Beginning October 1, 2005, there will be a phased elimination of the two-tier annuity, so that by April 1, 2008, the SBP annuity remains at 55 percent for all annuitants. The phase-in period is as follows:

Date	Percentage
October 1, 2005 .....	40 percent
April 1, 2006 .....	45 percent
April 1, 2007 .....	50 percent
April 1, 2008 .....	55 percent

Periodic recomputation is required on each of the above dates for SBP annuities less than 55 percent and Supplemental Survivor Benefit Plan (SSBP) annuities less than 55 percent. The recomputation will be based as if the percent applicable for one of the dates above had been used for the initial computation of the annuity.

**SSBP PREMIUMS** – Effective November 1, 2004, premiums for the SSBP were eliminated. Premiums for the SBP remain in effect.

**SBP/SSBP OPEN ENROLLMENT PERIOD** – A 1-year open season to make certain elections for SBP and SSBP will begin October 1, 2005. Further information on the open season will be provided later this year.

### Annual Earnings Statements (Form W-2 or Form 1099R)

Annual earning statements (W-2 for active duty and 1099R for retirees and annuitants) are scheduled to be mailed at the end of January. Active-duty officers should receive their Form W-2, and retirees/annuitants their Form 1099R, by the first week of February for use in filing their income tax returns. If you do not receive an earnings statement or if

there are errors, please contact the Compensation Branch in writing or by phone. Also, be sure to notify the Compensation Branch, in writing, if you have changed your payroll address. The statements will be mailed to the same address as your monthly earnings statement, i.e., your payroll address.

The address and phone number for the Compensation Branch are as follows:

Office of Commissioned Corps  
Support Services  
ATTN: Compensation Branch  
5600 Fishers Lane, Room 4-50  
Rockville, MD 20857-0001

Phone: 301-594-2963 (or toll-free  
1-877-INFO-DCP, listen to  
the prompts, select option  
#1, dial 301-594-2963)

### General Payroll Information

The compensation of commissioned officers consists of two elements—pay and allowances. The pay portion is taxable income while the allowances are usually non-taxable. This section describes the various pay elements.

### Basic Pay

Basic Pay is subject to Federal income tax, Social Security tax (FICA), and in most cases, State income tax. The rate of Basic Pay received is based on the officer's temporary grade and the Base Pay Entry Date (BPED) printed on the officer's call-to-active-duty personnel order. The BPED date is usually the call-to-active-duty date; however, it may be adjusted for prior service in other Uniformed Services. The second date that is important is the Training and Experience Date (TED). This date appears on your call-to-active-duty personnel order and reflects your creditable training and experience related to your health specialty and determines your rank and eligibility for promotion. Your initial rate of Basic Pay is determined by your BPED and your rank. Subsequent increases in Basic Pay result from length of service, promotion to the next higher rank, and legislative pay increases.

### Special Pay

Special pays are paid to several professional disciplines in the PHS Commissioned Corps based on category. Officers

must be called to duty for a minimum period of 1 year. These special pays are paid either on a monthly basis or on an annual contractual basis. All special pays are considered as taxable income. Rates of monthly special pays are determined by the years of creditable service, while most contract pay rates are determined according to specialty.

Recent changes in legislation have increased the maximum allowable rates for certain special pays and bonuses for health care professionals. Any changes in these rates will be announced via the *Commissioned Corps Bulletin*, at <http://dcp.psc.gov>, and various Listservs.

Veterinary and optometry officers are eligible to receive \$100 per month special pay. Special pays for medical officers include Retention Special Pay (RSP), Variable Special Pay (VSP), Board Certified Pay (BCP), Incentive Special Pay (ISP), and Multiyear Retention Bonus (MRB). Note: Included in this issue of the *Commissioned Corps Bulletin* is an article titled "Changes Announced for Medical Officers Special Pays." Dental officers are eligible for VSP, BCP, MRB, and Additional Special Pay (ASP) as well as an accession bonus. Engineering and scientist officers may be eligible to receive Engineering and Scientific Career Continuation Pay (ESCCP). Nurse Special Pay (NSP) includes a special pay for nurse anesthetists as well as an accession bonus. Pharmacist officers receive VSP and may be eligible for an accession bonus upon call-to-duty. Optometry officers may be eligible to receive Optometrist Retention Special Pay (ORSP). Non-physician BCP may be authorized for certain officers, as defined below.

- **VARIABLE SPECIAL PAY (VSP)** is a monthly pay based on the pharmacist, medical, or dental officer's years of creditable service. The creditable service entry date (CSED) reflects the officer's years of active duty as a pharmacist, medical, or dental officer in any of the Uniformed Services. For medical and dental officers, CSED also includes the years spent participating in an accredited medical or dental internship/residency while not on active duty in a Uniformed Service. VSP rates range from \$5,000 to \$12,000 annually for medical officers and \$3,000 to \$12,000 for pharmacist and dental

(Continued on page 10)

## Commissioned Officer Compensation

(Continued from page 9)

officers. The rate is determined by the length of creditable service.

- **BOARD CERTIFIED PAY (BCP)** is a monthly pay based on the medical, dental, or veterinary officer's CSED and board certification. BCP ranges from \$2,500 to \$6,000 annually for medical officers or dental officers, and \$2,000 to \$5,000 annually for veterinary officers. Officers must provide documentation from the certifying board in support of current active certification to receive this special pay. All time-limited diplomates must submit successful completion of recertification exams to continue receipt of BCP.

- **NON-PHYSICIAN BOARD CERTIFIED PAY (NBCP)** – NBCP has been implemented by the PHS Commissioned Corps in the same manner as it has been in the other Uniformed Services. The payment of NBCP is authorized for recognized specialties that are above the normal entry level, and to be eligible a recipient must:

- (1) Be a healthcare provider in a specialty that is authorized to receive NBCP;
- (2) Have a post-baccalaureate degree in his or her clinical specialty; (MPH or MHA degrees do not substitute for your clinical specialty);
- (3) Be certified by a professional board in his or her clinical specialty; and
- (4) Meet the applicable criteria recognized by specialty boards.

The rates of pay range from \$2,000 to \$5,000 per year based on years of creditable service. Officers must provide documentation from the certifying board in support of current active certification to receive this special pay. All time-limited diplomates must submit successful completion of recertification exams to continue receipt of NBCP. Officers with prior military must include classification information for all prior active duty time with their request for NBCP.

Specialties eligible to receive NBCP include: nurse anesthetist, nurse practitioner, nurse midwife, radiological physics, dietetics, occupational therapy, optometry, pharmacy, physical therapy, podiatry, psychology, so-

cial work, audiology/speech pathology, and physician assistant.

If you meet the above criteria and are not already receiving NBCP, please submit a copy of your advanced degree certificate along with documentation of your board certification to the Compensation Branch.

- **RETENTION SPECIAL PAY (RSP)** is an annual payment of \$15,000 for medical officers who execute a contract to remain on active duty for a specified term of 1 or more years. The payment is made in a lump sum usually within 90 days of the effective date of the contract. If other bonus pay contracts are negotiated, they will have concurrent dating.

- **INCENTIVE SPECIAL PAY (ISP)** is an annual bonus for medical officers who are board certified or fully trained in a medical specialty. ISP rates authorized by law, range from \$2,000 to \$42,000 per year for a 1-year contract. ISP has three payment levels: (1) ISP payable in conjunction with an MRB contract; (2) ISP payable if the officer has an obligation for training or scholarship; and (3) ISP payable for officers who choose to enter into 1 year only contracts when the officer is eligible for MRB. There is a provision to pay ISP for medical officers who execute an ISP contract to stay on active duty for a minimum of 1 year at an isolated hardship site or a hard-to-fill location. Officers serving at the eligible sites are notified of their eligibility when they are assigned. The amount for isolated hardship sites ranges from \$24,000 to \$30,000 annually based on the category of the site. The payment is made in an annual lump sum.

- **MULTIYEAR RETENTION BONUS (MRB)** is an annual bonus for medical officers who are board certified or fully trained in a medical specialty. MRB rates range from \$6,000 to \$33,000 depending on the specialty training and the duration of the contract.

Eligibility requirements for ISP and MRB include that a medical officer:

- (1) Be entitled to receive RSP;
- (2) Be in pay grade O-6 (CAPT) or below;

- (3) Not be participating in Department of Health and Human Services (HHS)-supported long-term training as defined in INSTRUCTION 1, Subchapter CC25.2, "Extramural Training," of the Commissioned Corps Personnel Manual (CCPM);

- (4) Be eligible to remain on active duty for the duration of the contract;
- (5) Be board certified or fully trained in a recognized medical specialty;
- (6) Have a current license to practice medicine or osteopathy;
- (7) Not be serving obligated service as a result of training or scholarship (applies to MRB only); and
- (8) Enter into a contract to remain on active duty for 2-4 years. (Note that MRB and RSP contracts must have concurrent dates.)

- **MULTIYEAR RETENTION BONUS (MRB)** for dental officers is an annual bonus for officers who are board certified or fully trained in a dental specialty, and is payable at the rate of \$3,000 to \$30,000 annually depending on the specialty training and the length of the contract. Eligibility criteria are similar to those for medical officers, listed above.

- **ADDITIONAL SPECIAL PAY (ASP)** is an annual lump sum bonus payable to dental officers who execute a contract to remain on active duty for at least 1 year. Amounts range from \$4,000 to \$15,000 per year depending on the officer's years of creditable service.

- **NURSE SPECIAL PAY** is an annual contract special pay for nurse anesthetists. At the discretion of the Agency/Operating Division/Program to which they are assigned, qualified nurse officers may sign a contract to remain on active duty for 1 year and may be paid an amount of \$6,000 or \$15,000 depending on their obligation to the Service.

Eligibility requirements include that a nurse officer must:

- (1) Be a Certified Registered Nurse Anesthetist (CRNA), and submit proof of current certification;

(Continued on page 11)

## Commissioned Officer Compensation

(Continued from page 10)

- (2) Be on active duty under a call or order to duty for not less than 1 year;
- (3) Have a current and unrestricted State license as a registered professional nurse; and
- (4) Sign an agreement to remain on active duty for 1 year.

Any questions regarding the nurse special pay should be directed to your Agency/Operating Division/Program Commissioned Corps Liaison or the Compensation Branch.

- **ACCESSION BONUSES** are authorized for registered nurses, pharmacists, and dentists who accept a commission as an officer. Officers must sign a contract within 60 days of their call-to-active-duty, and agree to remain on active duty for a period of not less than 4 years for dental and pharmacist officers, and not less than 3 years for nurse officers. The amount of the accession bonus is \$5,000 for nurses and \$30,000 for pharmacists and dentists. To be eligible for the accession bonus, the officer must:
  - (1) Have a current and unrestricted license as a registered professional nurse, pharmacist, or dentist;
  - (2) Meet the commissioning standards for their respective category;
  - (3) Not have received financial assistance from HHS or a Uniformed Service;
  - (4) Not be serving obligated service pursuant to participation in an HHS-supported scholarship or training program;
  - (5) Be willing to accept a commission as an officer and remain on active duty for a period not less than 4 years; and
  - (6) Not have been on extended active duty in any Uniformed Service during the previous 12 months for nurse officers, and previous 24 months for dental and pharmacist officers.
- **ENGINEERING AND SCIENTIFIC CAREER CONTINUATION PAY (ESCCP)** is a special pay for engineer or scientist officers who are assigned to positions designated as critical

shortage positions. The maximum pay authorized is \$3,000 per year. For engineers, the positions deemed as critical shortage positions are the locations designated as isolated hardship duty sites. Scientist officers occupying billets in which the civil service equivalent would be eligible for special pay are deemed critical shortage positions. Other eligibility criteria are:

- (1) Not be receiving any other accession or career continuation bonus or annual bonus authorized by 37 U.S.C. 302;
  - (2) Not be serving obligated service pursuant to participation in an HHS-supported scholarship or training program;
  - (3) Be below pay grade O-6 (CAPT);
  - (4) Hold an earned degree in engineering or science from an accredited college or university;
  - (5) Be a member of the engineer or scientist categories or meet the standards for appointment to the scientist category;
  - (6) Have completed 3 but less than 11 years of active duty with a Uniformed Service of which at least 3 years is duty as an engineer or scientist officer, or served on active duty for 3 but less than 11 years after meeting requirements for eligibility;
  - (7) Be serving in an engineering or scientific specialty that is specified as a critical shortage specialty;
  - (8) Not have been called to active duty as an inter-service transfer or served on active duty in another Uniformed Service within the last 12 months;
  - (9) Not be participating in HHS-supported long-term training as defined in INSTRUCTION 1, Subchapter CC25.2, "Extramural Training," of the CCPM; and
  - (10) Execute a written agreement to remain on active duty for at least 1 year in the critical shortage position.
- **OPTOMETRIST RETENTION SPECIAL PAY (ORSP)** is an annual payment of \$6,000, \$7,000, or \$8,000 for optometry officers who execute a con-

tract to remain on active duty for a specified term of 1, 2, or 3 years. The payment is made in a lump sum usually within 90 days of the effective date of the contract.

Eligibility requirements include that an optometrist officer must:

- (1) Be in pay grade O-6 (CAPT) or below;
- (2) Be on active duty under a call or order to duty for not less than 1 year;
- (3) Have a current and unrestricted State license as a professional optometrist;
- (4) Not be participating in HHS-supported long-term training as defined in INSTRUCTION 1, Subchapter CC25.2, "Extramural Training," of the CCPM;
- (5) Be eligible to remain on active duty for the duration of the contract;
- (6) Not be serving obligated service as a result of training, scholarship, or loan repayment; and
- (7) Sign an agreement to remain on active duty for 1, 2, or 3 years.

All special pay contracts are available online at <http://dcp.psc.gov>, under 'Services' and 'Official Forms.' Specific guidelines determine the effective date of all contract pays, so it is important for officers to be familiar with the requirements in order not to jeopardize their eligibility. Questions on special pay eligibility can be addressed with Agency/Operating Division/Program Commissioned Corps Liaisons or the Compensation Branch.

### Deductions

*Deductions from pay* include taxes, both State and Federal, and Social Security (FICA). Officers must submit Form W-4, "Employee's Withholding Allowance Certificate," to the Compensation Branch to determine the rate of withholding of Federal income tax. Officers claim withholding allowances based on their marital status, number of dependents, and other adjustments to income. Worksheets are provided with Form W-4. *Note: The mandatory withholding rate for annual bonus payments is 25 percent.*

(Continued on page 12)

## Commissioned Officer Compensation

(Continued from page 11)

- **STATE INCOME TAXES** are withheld based on the officer's State of legal residence. Officers notify the Compensation Branch of their State of legal residence by completing form DD-2058, "State of Legal Residence Certificate," and if appropriate, State taxes are withheld. State tax laws vary so you should contact your State tax service for assistance.
- **SOCIAL SECURITY (FICA)** will continue to be deducted from each officer's pay at the rate of 7.65 percent, which is the same rate as in 2004. Effective January 1, 2005, the maximum amount for which the full rate of 7.65 percent will be deducted has increased from \$87,900 to \$90,000. The Social Security deduction is comprised of two parts. The Old Age Survivors' and Disability Insurance (OASDI) rate is 6.2 percent. The Hospital Insurance (HI) rate is 1.45 percent. Both OASDI and HI are deducted on the first \$90,000 of earnings. At that point, OASDI deductions are discontinued. The HI portion has no maximum salary cutoff, so it continues to be applicable to earnings above the OASDI cutoff. In other words, the Social Security deduction will be 7.65 percent on the first \$90,000 of wages and 1.45 percent thereafter. Officers earning more than \$90,000 will see a change in the net take-home pay when that amount has been reached.
- **SERVICEMEMBER'S GROUP LIFE INSURANCE (SGLI)** premiums will automatically be deducted to provide \$250,000 of life insurance on the officer unless a lesser amount or no insurance is elected. New calls to duty are automatically covered for \$250,000 unless they decline or elect reduced coverage. Effective July 1, 2003, SGLI premium rates were reduced to \$.65 per \$10,000 of coverage, making the monthly premium \$16.25 for maximum coverage.

Using form SGLV-8286, "Service-member's Group Life Insurance Election and Certificate," officers may (1) decline coverage, or (2) elect a reduced level of insurance in a multiple of \$10,000. To specify an election or decline the insurance, the officer must submit form SGLV-8286 on or before his or her first day of active duty.

November 1, 2001, marked the beginning of SGLI family coverage which extends coverage to spouses and children of active-duty officers with SGLI. Spouse coverage is automatic unless reduced or no coverage is requested using form SGLV-8286A, "Family Coverage Election (SGLI)." Premiums for spouse coverage are based on the age of the spouse. Child coverage in the amount of \$10,000 per child is free and cannot be declined or reduced.

Detailed information on all SGLI programs is available online at the VA Web site—<http://www.insurance.va.gov/sgliSite/default.htm>. Election forms are also available online at <http://www.insurance.va.gov/sgliSite/forms/forms.htm> or from the Compensation Branch.

### Allowances

*Allowances* are generally non-taxable income and include Basic Allowance for Subsistence (BAS), Basic Allowance for Housing (BAH), Overseas Housing Allowance (OHA), Cost of Living Allowance (COLA), Dislocation Allowance (DLA), and Move-In Housing Allowance (MIHA). Continental United States Cost of Living Allowance (CCOLA) is a taxable allowance.

- **BASIC ALLOWANCE FOR SUBSISTENCE (BAS)** is a monthly allowance payable to all officers
- **BASIC ALLOWANCE FOR HOUSING (BAH)** rates are determined by the officer's duty location, grade, and dependency status. These rates are paid based on the duty location zip code, not home address. The 2005 BAH rates will increase in most (but not all) locales to make the housing allowances more reflective of actual housing costs. In some areas, rates may decrease due to decreases in local rent markets.

Current BAH rates can be viewed at <http://www.dtic.mil/perdiem/rateinfo.html>. Officers receiving BAH at the 'with' dependent rate must recertify annually the status of each dependent to continue receiving the 'with' dependent rate. The Compensation Branch will provide the recertification form. Failure to submit a completed form to the Compensation Branch will result in your being paid BAH at the 'without' dependent rate.

### BAH Rate Protection

In most cases, officers will have their BAH rate protected. Each year, when the BAH rates change, the rate paid will be the greater of the new rate or the rate in effect the day previous to the new rates. This protects officers in areas where rents have decreased, thus causing a decrease in the published BAH rate. This rate protection does not apply in the following three circumstances, each of which involves a change in status that could lead to a reduction in BAH:

- (1) Permanent change of station (PCS) will result in different rates of BAH based on your new duty station. There is no rate protection when changing duty stations.
  - (2) If you are demoted, your BAH will revert to the current published rate appropriate to your new grade. Promotions will not lower your housing allowance.
  - (3) If there is a change in dependency status, your rate of BAH will be determined by your new dependency status and the current published rate of BAH for your grade and duty station.
- **OVERSEAS HOUSING ALLOWANCE (OHA)** – Officers stationed overseas, other than Alaska and Hawaii, who live on the local economy are eligible to receive OHA. The monthly OHA amount is based on comparing the officer's rent, up to a rental ceiling for the duty station, plus the utility/recurring maintenance allowance. If a member owns quarters, the rent will be determined by dividing the purchase price by 120 to determine the monthly rental rate.
  - **COST OF LIVING ALLOWANCE (COLA)** is authorized to officers assigned to overseas areas to enable the officer to maintain approximately the same standard of living as in the Continental United States (CONUS). The rate established is based on the officer's grade, base pay entry date, and the actual number of dependents residing in his or her household.
  - **CONTINENTAL UNITED STATES COST OF LIVING ALLOWANCE (CCOLA)** is a taxable allowance paid to officers assigned to designated high

(Continued on page 13)

## Commissioned Officer Compensation

(Continued from page 12)

cost areas within CONUS. The COLA rates vary depending upon the officer's rank and dependency status. Current rates can be found at <http://www.dtic.mil/perdiem/ccform.html>.

- **DISLOCATION ALLOWANCE (DLA)** – An officer is eligible to receive a DLA if he or she relocates his or her household as a result of a Permanent Change of Station (PCS). DLA is a non-taxable allowance that is meant to partially reimburse the officer for expenses incurred in closing out his or her household and establishing a new household. The amount of DLA authorized can be found in the Joint Federal Travel Regulations (JFTR) Table U5G-1. *Note:* The Compensation Branch does not process DLA. The procedure for requesting DLA is similar to requests for travel and travel reimbursement, and is processed through the Agency/OPDIV/Program.
- **U.S. SAVINGS BONDS** – Many officers find that purchasing U.S. Savings Bonds from their salary is a convenient and reliable way to systematically save money. Properly executed U.S. Savings Bonds purchase/change request forms received by the Compensation Branch by the 10th of each month will be implemented with that month's payroll. Commissioned officers must use form SB-2362 for Series I Bonds and for Series EE Bonds. The maximum number of Bonds that can be purchased by payroll deduction continues to be three (I and EE combined).

Series EE Bonds are purchased for half their face value and may not be cashed for 6 months from the date of issue. The minimum EE Bond denomination is \$100. Series I Bonds are purchased for their full face value. The minimum Series I Bond denomination is \$50.

It is important to note that U.S. Savings Bonds will only be mailed to the officer's payroll address, which is the same as that used for monthly earnings statements. It is generally recommended that your payroll address be your home address rather than your business address, in order to

safeguard privacy. U.S. Savings Bonds information is also available on the following Web site—[www.publicdebt.treas.gov/sav/sav.htm](http://www.publicdebt.treas.gov/sav/sav.htm).

### Officer Responsibilities

Officers should notify the Compensation Branch immediately of changes in their payroll address. This is important for proper receipt of your monthly earnings statement. Updating your contact information on the CCMIS (Commissioned Corps Management Information System) Web site's "Secure Area" will **not** update your payroll address. You must also notify the Compensation Branch of other changes that will affect your pay (i.e., dependency status). Officers receiving COLA, must notify the Compensation Branch if a dependent departs the vicinity of their overseas duty station for a period in excess of 30 days.

Officers should pay particular attention when submitting various forms to the Compensation Branch. Name and Social Security number should be included on all correspondence sent to the Compensation Branch. Remember that these forms affect your pay and the information should be clearly printed or typed.

### Payday

For active-duty officers, payday is usually the first day of the month. If the first day of the month is not a workday, officers may expect to receive their pay on the previous workday. The exception is the December payday, which is paid on the last workday of the month. The Compensation Branch must be notified in writing of changes no later than the 10th of the month in order for the changes to be processed in the current month. Submission of changes as early in the month as possible will facilitate completion of processing in a timely manner. Allow 90 days for the processing of special pay contracts.

For retired officers and annuitants, payday is usually the first day of the month. If the first day of the month is not a workday, retired officers and annuitants may expect to receive their pay on the first workday following the first day of the month.

### PAY DATES FOR 2005

Payroll Month	Active Duty	Retired/Survivors
January 2005	February 1	February 1
February 2005	March 1	March 1
March 2005	April 1	April 1
April 2005	April 29	May 2
May 2005	June 1	June 1
June 2005	July 1	July 1
July 2005	August 1	August 1
August 2005	September 1	September 1
September 2005	September 30	October 3
October 2005	November 1	November 1
November 2005	December 1	December 1*
December 2005	December 30	January 3, 2006

\* Last pay day for 2005 tax year for retired officers and annuitants

- **EARNING STATEMENTS – Please read your monthly pay statement!** Each month, approximately 5 workdays before the end of the month, form PHS-6155, "Statement of Earnings and Deductions," is mailed to each officer and annuitant. For active-duty officers, the statement provides a detailed accounting of earnings, both taxable and non-taxable, and deductions that include Federal Tax Withholding, State Tax Withholding (if appropriate), Social Security (FICA), and Servicemember's Group Life Insurance (SGLI). For retirees and annuitants, the statement provides a detailed accounting of retired pay (SBP for annuitants), taxable and non-taxable amounts, and deductions that include tax withholding.

The net check is the amount of pay you receive in the form of funds transferred to your account at a financial institution. In addition, a year-to-date summary is provided. The Statement of Earnings and Deductions is sent to the payroll address which you provide to the Compensation Branch. This payroll address does not change unless you provide written notification of the change to the Compensation Branch. In many cases for active-duty officers, this address is your personal address rather than a duty station address to assure your receipt of this important information.

(Continued on page 14)

# Commissioned Officer Compensation

(Continued from page 13)

DEPARTMENT OF HEALTH AND HUMAN SERVICES PAY AND ALLOWANCES OF PUBLIC HEALTH SERVICE COMMISSIONED CORPS OFFICERS EFFECTIVE JANUARY 1, 2005															
MONTHLY RATES OF BASIC PAY CUMULATIVE YEARS OF SERVICE															
PAY GRADE	2 OR LESS	OVER 2	OVER 3	OVER 4	OVER 6	OVER 8	OVER 10	OVER 12	OVER 14	OVER 16	OVER 18	OVER 20	OVER 22	OVER 24	OVER 26
O-10												12963.00*	13026.60*	13297.50*	13769.40*
O-9												11337.90	11501.10	11737.20	12149.10
O-8	8022.30	8285.10	8459.40	8508.30	8725.50	9089.40	9173.70	9519.00	9618.00	9915.30	10345.50	10742.40	11007.60	11007.60	11007.60
O-7	6666.00	6975.60	7119.00	7233.00	7439.10	7642.50	7878.30	8113.50	8349.00	9089.40	9714.60	9714.60	9714.60	9714.60	9763.80
O-6	4940.70	5427.90	5784.00	5784.00	5805.90	6054.90	6087.90	6087.90	6433.80	7045.50	7404.60	7763.40	7967.70	8174.10	8575.50
O-5	4118.70	4639.80	4961.10	5021.40	5221.50	5341.80	5605.50	5799.00	6048.60	6431.10	6613.20	6793.20	6997.50	6997.50	6997.50
O-4	3553.80	4113.90	4388.40	4449.60	4704.30	4977.60	5317.50	5582.70	5766.60	5872.20	5933.70	5933.70	5933.70	5933.70	5933.70
O-3**	3124.50	3542.10	3823.20	4168.20	4367.70	4586.70	4728.60	4962.00	5083.20	5083.20	5083.20	5083.20	5083.20	5083.20	5083.20
O-2**	2699.40	3074.70	3541.20	3660.90	3736.20	3736.20	3736.20	3736.20	3736.20	3736.20	3736.20	3736.20	3736.20	3736.20	3736.20
O-1**	2343.60	2439.00	2948.10	2948.10	2948.10	2948.10	2948.10	2948.10	2948.10	2948.10	2948.10	2948.10	2948.10	2948.10	2948.10

*\*\*Does not apply to commissioned officers who have been credited with over 4 years of active service as an enlisted member or warrant officer (see table below).*

COMMISSIONED OFFICERS WHO HAVE BEEN CREDITED WITH OVER 4 YEARS ACTIVE SERVICE AS AN ENLISTED MEMBER OR WARRANT OFFICER														
	PAY GRADE	OVER 4	OVER 6	OVER 8	OVER 10	OVER 12	OVER 14	OVER 16	OVER 18	OVER 20	OVER 22	OVER 24	OVER 26	
	O-3E	4168.20	4367.70	4586.70	4728.60	4962.00	5158.50	5271.00	5424.60	5424.60	5424.60	5424.60	5424.60	
	O-2E	3660.90	3736.20	3855.30	4055.70	4211.10	4326.60	4326.60	4326.60	4326.60	4326.60	4326.60	4326.60	
	O-1E	2948.10	3148.80	3264.90	3383.70	3500.70	3660.90	3660.90	3660.90	3660.90	3660.90	3660.90	3660.90	

Basic Allowance for Subsistence is \$183.99.  
 \*Basic Pay for O-7 to O-10 is limited to Level III of the Executive Schedule which is \$12,433.20.  
 Basic Pay for O-6 and below is limited to Level V of the Executive Schedule which is \$10,950.00.

You should pay particular attention to the MESSAGE area of your Statement of Earnings and Deductions. In addition to a general information message, the Compensation Branch prints specific messages to notify you of changes (corrections, adjustments, etc.) in your pay, or to alert you to potential changes.

- **DESIGNATION OF ADDRESS** – The PHS commissioned officer payroll system requires you to have your net salary credited directly to your account at a financial institution and to receive your Statement of Earnings and Deductions, U.S. Savings Bonds, and other personnel/payroll documents at a separate address of your choice. This method increases your privacy and provides for prompt, reliable, and secure delivery of important and confidential personnel/payroll documents.

To have your net salary credited to your account, complete form SF-

1199A, "Direct Deposit Sign-Up Form," and have it authorized by the financial institution holding the account to which you want your salary credited. You must then submit the form to the Compensation Branch, along with the designation of an address for your other payroll documents. We recommend the address you designate be the same address you use to receive other types of mail. Our experience has shown that officers who use the duty organization address to receive the earning statements usually do not receive these documents as timely as those using a personal address.

**The payroll address does not change when you transfer.** You must notify the Compensation Branch, in writing, when you want your payroll address changed.

- **DO NOT FAX PAYROLL INFORMATION.** Unless specifically requested,

the Compensation Branch does not accept faxed information for updating pay records. Requests for changes to pay records, i.e., address changes, changes in marital status, and tax withholding must be in writing with an original signature in order for the Compensation Branch to process them. Changes should be received by the 10th of the month in order to provide time for the changes to be processed for the current month.

Information concerning changes in pay will be published in the *Commissioned Corps Bulletin* throughout the year. Current information on pay will also be placed under 'Payroll Issues' at <http://dcp.psc.gov>. Enrollment on the CCMIS Listserv will provide you with e-mail notification of all significant new postings on the CCMIS Web site. Go to the Web site above for instructions on how to enroll.

