
Chapter 3. Advances in Pay

3-1. **Introduction.**

- A. **Authority.** This issuance constitutes the Department's policies on advances in pay and meets the requirements set forth in 5 United States Code (USC) 5524a, 5545a(h)(2)(B), and 5 Code of Federal Regulations (CFR) 550, Subpart B.
- B. **Purpose.** The purpose of an advance in pay is to advance the payment of basic pay, covering not more than two pay periods, to a newly appointed employee who has indicated that he/she would face a significant financial hardship if he/she must wait the usual interval (about four weeks) for the first salary payment to be generated through the automated personnel/payroll system.
- C. **Exclusions.** Excluded from this issuance are entities that have their own human resources authorities and/or appropriations.

3-2. **Delegation of Authority.**

- A. **Advance Payment of Salary.** Concurrently with the Secretary, the Deputy Secretary has the authority to authorize the advance payment of basic pay, covering not more than two pay periods, to an individual who is newly appointed to a position in the Department. (See paragraph 3-5B.)
- B. **Waive Repayment of an Advance in Pay.** The authority to waive the repayment in whole or in part of an advance payment of salary (using criteria in paragraph 3-9A) flows from the Secretary/Deputy Secretary through the Assistant Secretary for Administration to the Deputy Assistant Secretary (DAS) for Resource Management.

3-3. **Redelegation.**

- A. **Advance Payment of Salary.** To the extent that the designated officials have been delegated budgetary authority, the authority to advance a salary payment may be redelegated as follows:

Headquarters - to Office Directors, Division Directors, and/or Branch Chiefs.

Field - to Program Directors and/or Branch Chiefs.

B. Waive Repayment of an Advance in Pay. This authority may not be redelegated.

3-4. **Definitions.**

- A. Employee means an individual employed in or under an agency who is appointed to a position with a scheduled tour of duty.
- B. Newly appointed means the first appointment, regardless of tenure, as an employee of the Federal Government; a new appointment following a break in service of at least 90 days; or a permanent appointment in the competitive service following termination of employment under the Student Educational Employment Program (as described in 5 CFR 213.3202), provided such employee was separated from the service, in a nonpay status, or a combination of both during the entire 90-day period immediately before the permanent appointment; and has fully repaid any former advance in pay under 5 CFR 550.205.
- C. Offset means repayment in installments of an advance in pay by payroll deductions or administrative offset under 5 CFR, Subpart K.
- D. Pay period means the pay period established by an agency for an employee under 5 USC 5504.
- E. Rate of basic pay means the rate of pay fixed by law or administrative action for the position held by an employee, including, as applicable, annual premium pay under 5 USC 5545(c), night differential for prevailing rate employees under 5 USC 5343(f), or locality-based comparability payment under 5 USC 5304, but not including additional pay of any kind.
- F. Disposable pay means that part of current basic pay, special pay, incentive pay, retired pay, retainer pay, or in the case of an employee not entitled to basic pay, other authorized pay, remaining after the deduction of any amount required by law to be withheld (other than deductions to execute garnishment orders in accordance with 5 USC Parts 581 and 582). Among the legally required deductions that must be applied first to determine disposable pay are levies under the Internal Revenue Code (Title 26 USC) and deductions described in 5 CFR 581.105(b) through (f).

3-5. **Requirements.** The following requirements must be met before an advance in pay may be issued:

- A. A newly appointed employee who is requesting an advance in pay must complete

Part I of the form HUD-25029, Request for an Advance in Pay and Repayment Agreement. The form must be submitted to the approving official through the selecting official. The employee must include the reason why waiting to receive his/her salary payment through the normal automated biweekly processing cycle would cause him/her a significant financial hardship. (See Exhibit 3-1, Part I.)

- B. The maximum amount of pay that may be advanced to an employee shall be based upon the rate of basic pay to which the employee is entitled on the date of his/her new appointment with the Department, reduced by the amount of any allotments or deductions that would normally be deducted from the employee's first regular salary payment.
- C. An advance in pay may be made no earlier than the date of the employee's appointment with the Department and no later than 60 days after the date of the appointment.
- D. Before an advance in pay can be processed, the Servicing Human Resources Office (SHRO) shall enter in Part II of form HUD-25029 the gross amount being requested by the employee; the number of pay periods over which the repayment shall occur; and the biweekly repayment amount to be deducted. The employee shall indicate that he/she agrees to repay the Department in accordance with the terms and conditions stated in Part II of form HUD-25029 by signing it. The employee must forward Copy 1 through 3 to the selecting official. The employee shall retain Copy 4 for his/her records. At the employee's option, he/she may forward Copy 5 to his local union.
- E. An advance in pay may not be made to any employee when the Department expects to make an advance to the same employee under 5 USC 5927, when such an employee will be assigned to a post in a foreign area within two pay periods of his or her appointment.
- F. An advance in pay may not be made to the head of an agency or to an employee appointed to a position in the expectation of receiving an appointment as the head of the agency.

3-6. **Criteria for Granting or Denying a Request.**

- A. Considerations. At a minimum, the selecting official shall address and the approving official shall consider the following before approving or denying the request for an advance in pay:
 - 1. A written statement of significant financial hardship from the employee;
 - 2. The recommendation of the selecting official;
 - 3. The difficulty encountered in filling the position;

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4. Whether it will be necessary for the individual to move to a different city to accept the position and/or whether the Department will reimburse the employee for the cost of such a move;
 5. Budget constraints; and/or
 6. Other relevant considerations.

B. Advances in Pay and Repayment Agreement. For each request, the approving official must ensure that the employee has signed the Request for an Advance in Pay and Repayment Agreement. (See Exhibit 3-1.)

3-7. **Requesting/Approving/Processing the Advance in Pay.**

- A. Employee. Once the employee indicates that he/she wishes to request an advance in pay, the SHRO shall enter in Part II of the form HUD-25029 the gross amount being requested by the employee; the number of pay periods over which the repayment shall occur; and the biweekly repayment amount to be deducted from the employee's pay. The form is returned to the employee in order for the employee to complete the form as indicated in paragraph 3-5A and affix his/her signature. The employee then forwards the form HUD-25029 to the selecting official.
- B. Selecting Official's Actions. The selecting official shall complete Part III of the form HUD-25029 by addressing, at a minimum, the items cited in paragraph 3-6 and indicating his/her recommendation to the approving official in the upper half of Part III.
- C. Approving Official's Actions. The approving official evaluates the recommendations made by the selecting official, then renders his/her decision by completing the lower half of Part III of form HUD-25029. The approving official retains Copy 2. If the request is approved, Copy 1 and 3 are forwarded to the Employee Service Center (ESC) through the SHRO. If the request is denied, the approving official must complete the "Justification" provided on form HUD 25029, Part III or under an attached separate cover. The employee must be notified in writing of the reason for the denial. The denied form HUD-25029, supporting documents, and a copy of the notification issued to the employee must be forwarded to the ESC through the SHRO.
- D. Servicing Human Resources Office (SHRO). Once the approving official has acted upon the request, the SHRO must ensure that all the requirements in paragraph 3-5 and all documents in this paragraph have been satisfied/completed before forwarding the request to the ESC. Once this has been confirmed, the SHRO shall retain Copy 3 and forward Copy 1 and the supporting documents to the ESC. In order to comply with the requirement to reduce the payment by the amount of any allotments or deductions that would normally be deducted from the employee's first regular salary payment,

at a minimum, the SHRO must either input into the National Finance Center (NFC) database's future file or forward a hardcopy of the following to the ESC:

1. Federal, State, and city tax data;
 2. Employee's direct deposit routing number and account number or the employee's check mailing address;
 3. Allotment data;
 4. Retirement data;
 5. Life insurance data;
 6. Health insurance data, if available;
 7. Fair Labor Standards Act position designation; and
 8. Time and Attendance (T&A) Unit Number, Timekeeper Unit and Number.
- E. Employee Service Center. Upon receiving all applicable documents from the SHRO, the ESC will initiate action to request the NFC to issue the advance and establish a repayment schedule. The advance will be reduced by the amount of any allotments and/or deductions that would normally be deducted from the employee's first regular salary payment. The ESC will TELEFAX the required information to the NFC for processing, then mail the original.

3-8. **Recovery of an Advance in Pay.**

- A. In addition to initiating action to issue the advance, the ESC will initiate a request to the NFC to offset the collection of this advance in pay against the employee's salary.
- B. A bill shall be sent to the employee indicating the installment payment amount that will be required to liquidate the debt. At any time before it becomes due, the employee may prepay all or part of the debt by forwarding a written notification and prepayment to the ESC.
- C. Generally, the advance in pay must be repaid in full within 14 pay periods from the date the advance was made, provided such a repayment schedule does not cause the employee's disposable pay to be reduced by more than 15 percent. If the deduction would cause the employee's disposable pay to be reduced by more than 15 percent, a longer collection period shall be established under 5 CFR 550.1104(i). Upon written request, an employee may elect a recovery period of less than 14 pay periods.

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- D. If the employee transfers to another agency or his/her employment is terminated for any reason, the outstanding balance becomes due and payable to the Department. If the employee is **involuntarily** separated, he/she may request a waiver of the collection of the remaining balance of the advance.

3-9. **Criteria to Consider Before Waiving an Advance in Pay.**

- A. **Waiver Standard.** Before waiving all or part of the repayment of an advance in pay, the Deputy Assistant Secretary (DAS) for Resource Management will consider whether recovery would be against equity and good conscience or against the public interest. These criteria will be met if the employee is involuntarily separated for reasons other than misconduct or less than fully successful performance prior to repaying the advance in pay. **Financial hardship may not be used as a basis for waiver.**
- B. **Notification and Disposition of Waiver Request.** The DAS for Resource Management must inform the employee in writing of the disposition of his/her request for waiver of the collection of the repayment of the advance, with a copy forwarded to the ESC. If the request was approved, the ESC will notify the NFC to clear the employee's record of the remaining outstanding balance. If the request is denied, the ESC will initiate action to collect the amount due.

3-10 **Records and Reports.**

- A. **Records.** At a minimum, the ESC must keep the following records for at least 6 years and 3 months:
1. Justifications for approving or denying requests for an advance in pay, signed by the approving official;
 2. The signed Request for an Advance in Pay and Repayment Agreement;
 3. Requests for waiver of repayments, if applicable;
 4. Report of disposition of request to waive a repayment and supporting documents;
 5. Letter notifying the employee and the ESC of the disposition of the request for waiver; and
 6. Any other relevant documents.
- B. **Reports.** Reports on the use of this authority will be produced upon request.

Exhibit 3-1

Part II - Terms and Conditions of Repayment:	
<p>I am aware that the above advance in pay in the gross amount of \$ _____ will be recovered in installments from my biweekly salary payment by payroll deductions over a period generally not to exceed 14 pay periods. However, in order to avoid exceeding the 15 percent of disposable pay limitation under 5 CFR 550.1104(i), recovery may be accomplished by salary offset procedures.</p> <p>2. The repayment shall begin the second pay period after the issuance of the advance.</p> <p>3. I understand that the above advance in pay of \$ _____ will be deducted over a period of _____ pay periods</p> <p>4. at a rate of \$ _____ per pay period.</p> <p>I am aware that in accordance with the order of precedence for payroll deductions prescribed by applicable laws and regulations, an advance in pay is considered to be an indebtedness due the United States Government and, as such, this deduction precedes other voluntary deductions, including allotments and assignments of pay. I understand that if I transfer to another Federal agency or if my employment with the Department is terminated for any reason, any outstanding balance not yet paid shall become due and payable in full as a debt due the United States Government and must be recovered by salary offset.</p> <p>6. I understand that only if I am involuntarily separated before I repay my advance(s) in pay in full, I may request a waiver of the collection of the balance due. Financial hardship may not be used as a basis for requesting a waiver. My written request for waiver shall be submitted to the Deputy Assistant Secretary for Resource Management.</p> <p>7. I understand that upon written request, I may repay all or part of the balance of this advance in pay at any time before the monies become due by mailing my prepayment to:</p> <p style="text-align: center;">Director, Employee Service Center 77 West Jackson Boulevard, Room 2201 Chicago, IL 60604</p>	
I certify that I have read and I accept the above terms and conditions relating to my request for the issuance and repayment of this request for an advance in pay.	
Signature (First, Middle, Last)	Date
Privacy Act Statement	
<p>This information is being collected under Title 5 United States Code 5524a and Title 5 Code of Federal Regulations 550, Subpart B. The primary use of this information will be for the Department and the National Finance Center to act upon your request for an advance in pay. Additional disclosures of this information may be made to: the Office of Personnel Management or the General Accounting Office when the information is required to monitor our use of this advances in pay authority. Otherwise, this information will not be disclosed or released, except as required and permitted by law, without your consent.</p> <p>The furnishing of this information is voluntary; however, failure to do so will result in your request not being processed.</p>	
NOTE: If you wish, you may provide a copy of this request to your local union.	

HUD-25029

Copy 1 - Employee Service Center
 Copy 2 - Program Office
 Copy 3 - Servicing Human Resources Office
 Copy 4 - Employee
 Copy 5 - Local Union (employee's option - see note on page 2)

Exhibit 3-1

Part III Recommendation and Disposition of the Approving Official			
Selecting Official's Recommended Action (Written justification must be attached or stated below:)		<input type="checkbox"/> Approve	<input type="checkbox"/> Disapprove
Justification			
Office	Title	Name (Type or Print Clearly)	Date
		Signature	
Approving Official's Action (If the request is disapproved, written justification must be attached or stated below:)		<input type="checkbox"/> Approve	<input type="checkbox"/> Disapprove
Justification			
Office	Title	Name (Type or Print Clearly)	Date
		Signature	

HUD-25029

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