CHAPTER 31

MILITARY PAY

3101 ADDITIONAL GUIDANCE

For military pay guidance, see the Department of Defense Financial Management Regulation (DoDFMR), Volume 7 series.

3102 REFERENCES

310201. Interim Change 1-96 to the DoDFMR, Volume 7C, Procedures for Mandatory Electronic Funds Transfer (EFT) of Federal Payments (Item E-32).

310202. Balanced Budget Downpayment Act of l996.

310203. Debt Collection Improvement Act of 1996.

3103 AUTHORITY

310301. Authority and Policy. The reference cited in paragraph 310201 provides implementing guidance for direct deposit (DD) of pay. The following are quotes from Interim Change 1-96 to the DoDFMR, Volume 7C:

A. Authority. All new entitlements paid by the federal government after July 1996 are required to be paid by EFT in accordance with the Debt Collection Improvement Act of 1996. The Department of Defense (DoD) implementing policy is the reference cited in paragraph 310201.

B. Policy**.** DoD considers the requirement to participate in DD/EFT as a reasonable condition of service or benefit for personnel including enlistments, commissions, promotions, reenlistments, retirements and survivor benefit annuitant recipients. DFAS will implement effective and efficient business practices in accordance with the reference cited in paragraph 310202. This act mandates that all Federal payments after January 1, 1999 shall be made by EFT to recipients (individuals and businesses) that become eligible for such payments after 90 days following enactment -- July 25, 1996. Further, all recipients already receiving Federal payments will begin to receive these payments electronically January 1, 1999. This will require changes to local installation processes and the prevailing Army culture. Every effort will be made to minimize adverse impacts from the changes necessary to reduce the cost to the Government.

310302. Use of Government Charge Card. The reference cited in paragraph 310202 directs maximum use of the government-sponsored, contractor-issued travel charge card for "all costs incidental to official business travel...unless otherwise specified" in appropriate orders. If a

traveler's government-sponsored, contractor-issued travel charge card has been canceled on the basis of irresponsibility or other specific reasons, travel advances shall be obtained through EFT.

3104 MILITARY PAYMENTS

The Defense Military Pay Office (DMPO) provides military pay and permanent change of station (PCS) travel service to Active Component soldiers. PCS travel service includes PCS with temporary duty (TDY) enroute and do-it-yourself (DITY) moves. Military pay service are changing pay account information, paying advance pays (APs), paying casual pays (CPs), paying temporary lodging expense (TLE), paying temporary lodging allowance (TLA), conducting in and out processing and answering pay inquiries.

3105 METHODS OF PAYMENT

Payment methods will be in accordance with the DoDFMR, Volume 7. Payments will be made either by the Directorate for Central Disbursing (DCD) (central site) or by the DMPO (remote site). Policy of DCD is that all payments, except in cases of emergencies, should be made by the central site. The methods listed below are in the order which is most cost effective to the government:

310501. First. EFT to a Financial Institution (FI) checking or savings account. This is the standard preferred method of payment.

A. Defense Joint Military Pay System (DJMS). DJMS EFT payments received on the 15th (mid-month (MIDMO)) and the 1st (end of month (EOM)) are issued for regular pay from the central site.

B. EFT. Allotment of pay at month end is received on the first of the following month. If the 1st is not a bank business day (weekend or holiday) the MIDMO/EOM and allotment payments are received on the last preceding bank business day.

C. SRD1. EFT payments are issued daily from central site for military pay and PCS entitlements. These payments are normally received within 24 to 48 hours or the next regular bank business day.

310502. Second. Central site issued check mailed to a FI for credit to an account:

A. DJMS. Allotment of Pay - central site issued Composite Allotment check, using a Company Code, payable to a FI accompanied by a listing of allottee names and account numbers mailed to arrive on the 1st of the next month or last preceding bank business day.

B. SRD1. Daily central site check mailed to a FI for credit to a soldier's account

310503. Third. Checks mailed to an address:

A. DJMS.

1. Individual regular pay mailed to an address payable to a soldier. NOTE: This type payment is prohibited 90 days following enactment of the Balanced Budget Downpayment Act of 1996 on July 25, 1996. Further, all recipients already receiving Federal payments will begin to receive these payments electronically January 1, 1999.

2. Allotments - EFT is required for all savings allotments sent to financial institutions participating in the Federal Reserve System. EFT is required for all discretionary allotments to non-individuals. EFT is the preferred method for paying all allotments and used whenever possible. It is DoD's intention to work with recipients of all allotments, such as courts receiving child support and/or alimony payments, dependents, spouses, insurance companies, mortgage companies, loan companies, etc., to accept allotment payments by EFT when systems become available for third party EFT.

B. SRD1 Check to Address. This method will be used if separating soldiers have closed their local checking account prior to departure from the installation.

310504. Fourth. Print a check at DFAS-Indianapolis and hand it to the agent/payee:

A. Death Gratuity payments.

B. Exceptional circumstances.

NOTE: This method is not a fall back for soldiers who have closed local checking or savings accounts early or who have failed to coordinate separation clearing in advance with the DMPO.

310505. Fifth. Local check payable to a Paying Agent when required for military pay appropriation funded functions. The DMPO will provide a Treasury check to the paying agent with explicit instructions. The agent will sign accountable documents, convert the check to cash, and pay soldiers.

A. This method of payment will be limited to emergencies or special circumstances which can only be accommodated by paying agents.

B. This is the most costly method and also carries high risk of potential theft. Paying agents must follow DMPO Agent Instructions and will be held accountable for legal disposition of the funds. Installation commanders will provide armed security for paying agents.

C. The paying agent method may also be used as an interim procedure for a limited time. The installation commander/DRM should initiate plans to use the other, more effective methods within 90 days after consolidation of the DAO.

310506. Sixth. Cash. In the event of an emergency situation which results in the above five payment methods being inadequate, the DMPO will make arrangements to obtain the cash necessary to support the mission

3106 EMERGENCY PAYMENTS TO SOLDIERS

310601. General. The DMPO Chief will determine if circumstances warrant "emergency" payment and what payment method will be used. NOTE: Emergency payments (as defined in Part A, Paragraph 40111 of the DoDFMR) and certification of no financial institution, as described in paragraph 070103, DoDFMR are the only exceptions to the requirement for delivery by EFT. All pay for which an exception to the EFT requirement has not been granted, an for which the payee has not designated an account for receipt will be held at the servicing DFAS central site (when systems changes become available) until the required financial institution information is provided.

310602. DJMS and EFT. Under DJMS, with EFT and the availability of MIDMO and EOM pay, soldiers receive timely, accurate and current pay..

310603. No Pay Due. Sometimes when a soldier receives an "emergency" payment, the soldier will not be due any pay on the next pay day. Over 80% of soldiers get MIDMO and EOM payments and typically have 15% of pay allotted. This, coupled with required collection for the "emergency" payment frequently means "No Pay Due" on the next pay day which causes hardship on the soldier and dependents.

310604. Entitlements in Arrears. Entitlements in arrears does not mean an "emergency" payment will be made. DJMS is timely and accurate. Any pay discrepancy can normally be resolved on the day it is brought to the DMPO's attention. Payment will normally be received in the next MIDMO or EOM

310605. AER or Red Cross. Frequently the appropriate recourse for emergency funds to meet critical soldier/family requirements is AER or Red Cross for a grant or interest free loan.

310606. Payment. Emergency funds are to be paid by SRD1 via EFT or central site issued check.

310607. Health and Comfort. Health and Comfort for a soldier's personal needs (haircut or uniform) will be paid as determined by the DMPO chief.

3107 LEAVE AND EARNINGS STATEMENT (LES) DISTRIBUTION

Procedures have changed for LES distribution. Sites now download their own LES's and net pay advices (NPAs) using Remote Print LES (locally).

3108 LOST/STOLEN CHECKS

310801. Delivery of Checks. Except for emergency payments mentioned above, all checks are mailed from DCD. U.S. Postal Service mail delays and potential theft cause this method to be the least desirable. It is not recommended for allotments to family dependents.

310802. Non-receipt of Check. If a check is not received, regardless of the reason, the payee should contact the Customer Service Center Military Pay Inquiry Division, at 1-888-PAY-ARMY. They will request the soldier to fax a completed SF 1199A, Check to Financial Institution before payment can be reissued. Allottees must also FAX a completed SF 1199A along with any form of written claim providing the date of the check (i.e. April 95 allotment, dated May 1, 1995), the sponsors SSN, type of allotment, and the allottees SSN, name and current address. Claims can also be mailed to DFAS-IN, ATTN: DFAS-IN/FDB (Mail Stop #101), 8899 East 56th Street, Indianapolis, IN 46249-8672.

310803. FAXed Claims. Claims can be FAXed to the Military Pay Analysis and Reconciliation Branch at DSN 699-7439/2354 or 317-510-7439/2354.

310804. Disbursing. DCD will send an electronic "Unavailable Check Cancellation," SF 1184, to Treasury. The claim is normally answered within 2 to 3 weeks.

310805. Non-negotiated Check. If the check is not negotiated it will be replaced with an EFT to the soldier's financial institution.

310806. Negotiated Check. If the check is negotiated a Check Claim, TUS Form 1133, will be mailed to the claimant. The 1133 must be sent to Treasury where endorsement signatures will be examined to determine if the claim is valid.

310807. Recertified Payment. A recertified payment via EFT will be authorized if the payee did not negotiate the check. This process can take from 2 to 6 months depending on the UST's ability to adjudicate the claim.

3109 CANCELED CHECKS

Checks are canceled by DCD (central site) and NOT by the DMPO. DMPOs will send a copy of the original voucher with the check. Annotate on the voucher CANCEL CHECK, and the reason why the check should be canceled, (e.g. not entitled to check, duplicate payment). All checks should be sent via certified mail. It takes approximately 2-3 weeks for checks to be canceled. Send checks to be canceled to: DFAS-IN. ATTN: DFAS-IN/FDB (Mail Stop #101), Indianapolis, IN 46249-8672

3110 NON-RECEIPT OF EFT

If an EFT deposit is not received, payee should contact the Centralized Disbursing Customer Service Division at 317-510-0585, DSN 699-0585. They should be able to provide the Customer Service Division a social security number (SSN), type of payment (i.e. travel, allotment, etc) and

date of payment. The Customer Service Division will provide a FAX number should they require any further documentation.

3111 PERMANENT CHANGE OF STATION (PCS)

Active and Reserve Component soldiers must coordinate in advance with the DMPO for PCS travel payments. The standard method of payment will be to an EFT account.

311101. First. Use of the DoD Travel Charge Card is the preferred method for PCS advance travel payments. The Travel Charge Card is also recommended for routine PCS travel expenses. For Army personnel, use of the Travel Charge Card for PCS is not required.

311102. Second. Daily central site EFT payment to soldier's FI checking or savings account will be the standard method of payment for Advance Pay, DLA, TLE/TLA and PCS travel settlement payments.

311103. Third. Daily central site check payment to an address is the least desirable method of payment and is subject to potential mail delays and loss by theft.

3112 COLLECTIONS

311201. DMPOs can only accept collection vouchers related to military pay and PCS travel. Installation activity collections for specific allotments/appropriations must be submitted in accordance with guidance provided by their servicing OPLOC/FAO.

311202. The DMPO will take collection payments for credit to military pay appropriations as follows:

A. Indebtedness. If a soldier is indebted to the government for a military pay or other appropriation debt, reflected on the Master Military Pay Account (MMPA), the soldier may submit payment to the DMPO.

1. Cashiers checks and money orders are the standard method of payment.

2. If a soldier is not being considered for adverse personnel action (separation or financial Uniformed Code of Military Justice (UCMJ) punishment) and will not ETS for 90 days, the DMPO will accept a personal check in payment. If the check is dishonored the debt will be immediately added back to the MMPA in accordance with DoDFMR Volume 5, Chapter 4, paragraph 040401 through 040403.

B. Lump Sum Settlement for Veterans Education Assistance Program or the Montgomery G. I. Bill. Cashiers check or money order will be accepted by DMPO.

C. Receipt of Payment. Prepare a manual DD Form 1131, Cash Collection Voucher (CCV) using a locally assigned sub-CCV number. On the voucher include: soldiers name, SSN, purpose of collection, date of indebtedness, line affected on MMPA (if applicable), and the accounting classification. A DMPO deputy signs the DD Form 1131. Give one copy to the remitter and keep one copy on file at the DMPO. Input CCV into SRD1 for further processing by Military Pay Accounting.

3113 SEPARATION/RETIREMENT PAYMENTS

311301. General. Soldiers separating or retiring must attend a pre-retirement interview at the DMPO 30 days prior to ETS. The DMPO out processing procedures should be coordinated with the installation Director for Personnel and Community Affairs (DPCA) and should be published to soldiers.

311302. Confirmation. The final separation payment must be confirmed and coordinated with the DMPO at least 4 work days prior to the desired payment date.

311303. Method of Payment.

A. Final separation payments will be made via EFT to the soldiers financial institution account. DPCA outprocessing instructions should advise soldiers to keep their accounts open until the final separation payment is received.

B. If the soldier's EFT account is closed the final payment will be by DMPO's using SRD1. Soldiers are paid by the local DMPO or finance offices at separation for pay or percentage of pay due at separation.

311304. Pay the soldier a separation payment on the soldier's DOS. This payment can be the full amount due the soldier or reduced up to 45% if a debt is identified or the Installation Clearance Sheet is not completed. The soldier will complete and sign a payment letter that identifies his/her bank for EFT payment and separation address fro mailing final LES and W2. Post pay affecting transactions received on the separating soldier and monitor the account until DOS plus 20 days. Perform a Post Separation audit of the account at DOS plus 20 days. Verify all transactions are posted properly and the payment computed for the soldier is the same as the information on the What-If and manual changes. Make corrective inputs for data not posted properly or require input. After ensuring that no other pay affecting documentation is due on the soldier then pay the soldier any residual pay due using the available system (use SRD1 until the programs are changed for "V" status accounts). The EFT payment is sent to the soldier's bank address on the MMPA, using the LH entry. The payment will be processed using the procedures for local payment via EFT.

3114 SALARY OFFSET FOR DEBTS

Soldiers indebted to an installation activity must submit payment in accordance with the activity and OPLOC instructions. If a soldier cannot submit payment to the installation activity, the following alternatives are suggested:

311401. AER or Red Cross. Army Emergency Relief or American Red Cross offices can be petitioned for grants or interest free loans.

311402. Collection From Pay. The installation activity can have the soldier sign a Pay Adjustment Authorization (DD Form 139) authorizing offset against the MMPA. The authorization statement must be typed on the DD 139 as follows:

"Request the collection be prorated over ___ months. I agree that my voluntary allotments, in accordance with DoD-FMR VOL. 7 PART A, may be reduced in amount or number in order that the total debt can be collected prior to my ETS."

311403. Processing DD 139. If the debt is for installation activities funded by specific fund allotments/appropriations or military personnel open allotments, the DD 139 will be accepted by the DMPO for input to the MMPA. If the soldier is separating and does not have enough entitlements to cover the debt, it will be passed from DJMS to the Defense Debt Management System at DFAS-IN. Debt collection efforts will continue for 10 years and will include use of collection agencies, bad debt reporting to credit bureaus, and offset against IRS tax refunds. DD Form 139's from outside agencies for collection will be collected from the soldier's servicing ADSN. Accounts in a "T" or "V" status DD 139's will be processed at DFAS-IN Separation Branch. Those accounts in a "T" or "V" status serviced by ADSN 3891 will be sent to DFAS-DE. All "A" status accounts will be processed by the office serving the soldier's account.

311404. Debt Collections for Non-Army agencies. Debt collection documents from non-Army agencies or non-appropriated fund instrumentalities (NAFI) will be returned to the originator, if the soldier has no entitlements to satisfy the debt or the account is in suspended status.

3115 VOUCHER BALANCING

Most vouchers for payment to soldiers will be created by the central site SRD1 module on DSSN 5570. SRD1 will then create collection input to DJMS. The Disbursing Division, DMP, DFAS-IN, will create voucher total input. Rejects will be worked by the Voucher Balancing Branch in the DMP Accounting Office. The DMPO will immediately FAX substantiating documentation to commercial (317) 510-2354 when requested to resolve a rejected transaction.

3116 SUBSTANTIATING DOCUMENTATION

Retain in the DMPO and follow specific guidance when provided by the DMPO. DMPO or similar activity will retain the supporting documents for payments they certify. Since supporting documents are subject to audit, they must be retained for a period of 6 years and 3 months in such a way that will facilitate their rapid recovery. All supporting documents must be annotated with the voucher number on which the payment was made. The documents shall be retained in open files in the certifying activity office for a period of two years. They may be stored in an official records holding activity for their balance of the required retention period.

3117 COMMUNICATION WITH DMP, DFAS-IN

311701. Supporting Documentation. The Chief of the DMPO will be provided a copy of Remote cc:Mail for E-mail communication with the DMP supporting staff..

311702. Telephone Directory. A telephone list of key functional areas will also be provided the DMPO. Extreme care should be taken not to pass these numbers out to soldiers or allottees. These numbers are staffed with people to support DMPOs in the field, not customers. Giving these numbers out to soldier/allottee customers could jeopardize DMPs ability to provide prompt support to DMPOs.

311703. Customer Inquiries. Customer inquiries should be directed to DSN 699-2800 or commercial (317) 510-2800 where personnel are trained to answer customer questions or route them to the functional area for expert assistance. DMP anticipates the use of an Automated Call Distribution (ACD)/Interactive Voice Response System (IVRS). These two systems will route calls to the proper functional area for either automated or face-to-face service depending on the need. In the mean time all customer referrals should go to the 2800 number.