

# MS 642 Conditions of Service for Overseas U.S. Direct Hire Employees

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## ***MS 642 Conditions of Service for Overseas U.S. Direct Hire Employees Procedures***

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### **Attachments**

Attachment A – Conditions of Employment with the Peace Corps Outside the Continental U.S.

Attachment B – Peace Corps Overseas Mobility Agreement

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## **1.0 Purpose**

This Manual Section sets out the “conditions of service” benefits for overseas U.S. citizen direct hire employees (USDH employees), including overseas allowances, import privileges, use of U.S. Government facilities in countries of assignment, change in family status, and related topics.

## **2.0 Authority**

- (a) The Peace Corps Act, 22 USC 2501, et seq.
- (b) Department of State Standardized Regulations ([DSSR](#)).
- (c) Foreign Service Act, 22 USC Ch. 52; [State Department Foreign Affairs Manual \(FAM\) and associated Handbooks \(FAHs\)](#).

## **3.0 Allowances and Benefits**

The basic philosophy of the Peace Corps emphasizes the importance of modest, non-ostentatious styles of living and working in relation to the host culture. Volunteers are expected to live simply and in ways that correspond with how the people they live among live and work. Because overseas Peace Corps staff members are charged with leading Volunteers, it is important that they live in a manner compatible with that basic philosophy. It would be inconsistent for the agency to compensate its USDH employees based upon any standard suggesting that difficult or notably unhealthy conditions or excessive physical hardships, differing substantially from those in the U.S., warrant special allowances or benefits. Therefore, in specific instances the Peace Corps limits allowances and differentials in accordance with the Department of State Standardized Regulations (DSSR) and other authorities that might otherwise be available to USDH employees.

USDH employees have access to benefits and allowances while stationed overseas in accordance with the provisions of the Department of State DSSR, FAM and FAH, except when limited by Peace Corps policy. The following illustrative listing of benefits is described in this Manual Section and provided to eligible USDH employees, as applicable, together with MS 812 *Peace Corps Staff Travel and Transportation Procedures*:

- (a) Peace Corps–provided housing or residential quarters allowance in accordance with the DSSR;
- (b) Education allowance and education travel as provided in the DSSR;
- (c) Involuntary, voluntary, and transitional separate maintenance allowance (SMA) as provided in the DSSR;
- (d) SMA travel as provided in the DSSR;
- (e) Foreign transfer allowance (FTA) and home service transfer allowance (HSTA) as provided in the DSSR;
- (f) Duty-free privileges;
- (g) Commissary privileges;
- (h) Post Exchange (PX) access;
- (i) Department of State pouch usage;
- (j) Military Postal Service (MPS) access;
- (k) Department of State medical and health programs;
- (l) Embassy health unit services;
- (m) Employment and assignment travel (*see* MS 812 Procedures);
- (n) Family travel (*see* MS 812 Procedures);
- (o) Home leave travel (*see* MS 812 Procedures and MS 635 *Staff Absence and Leave* and its Procedures);
- (p) Medical travel (*see* MS 812 Procedures);
- (q) Directed departure (*see* MS 812 Procedures); and
- (r) Staff Emergency Visitation Travel (*see* MS 812 Procedures).

#### **4.0 Department of State Standardized Regulations (DSSR) Allowances**

These allowances are not an entitlement for USDH employees. It is at the sole discretion of the Peace Corps whether to provide, reduce, or eliminate the payment of such allowances.

##### **4.1 Quarters Allowance: Living Quarters Allowance and Temporary Lodging Allowance**

The Peace Corps either provides housing directly to USDH employees and family members overseas or provides a housing allowance in accordance with the DSSR. Quarters allowances provided in accordance with [DSSR 130 Living Quarters Allowance](#) reimburse USDH employees

for substantially all housing costs, either temporary or permanent, at foreign Posts where government housing is not provided. In accordance with the regulations of the Internal Revenue Service, these allowances are not treated as taxable income.

#### **4.2 Post Allowance (Cost of Living Allowance – COLA)**

Pursuant to Section 7(a)(3) of the Peace Corps Act, 22 U.S.C. 2506, the Peace Corps may specify which allowances/differentials and the rates thereof it authorizes for USDH employees in accordance with 5 U.S.C. 5923-25 and 5941. It is the policy of the Peace Corps to grant cost of living allowances (COLAs) consistent with [DSSR 220 Post Allowance](#). The Peace Corps follows the Department of State’s Office of Allowances’ determination as to the COLA for each overseas Post.

#### **4.3 Rest and Recuperation Travel**

It is the policy of the Peace Corps to grant rest and recuperation (R&R) travel to USDH employees in accordance with State Department regulations [3 FAM 3720](#) and [14 FAM 531.5](#). Implementation of these regulations by the Peace Corps must be consistent with Section 901(6) of the Foreign Service Act of 1980, as amended. The Peace Corps provides R&R travel to USDH employees in accordance with Department of State travel regulations, and the guidelines and procedures published in [3 FAH-1H-3720](#).

USDH employees are expected to schedule R&R travel in accordance with the needs of the agency, in consultation with supervisors, and in accordance with [3 FAM 3726 Scheduling Rest and Recuperation Travel](#). R&R travel normally should not be scheduled during the first and last six months of an assignment.

#### **4.4 Education Allowance and Education Travel**

The Peace Corps provides an education allowance to assist USDH employees in defraying those costs necessary to obtain educational services (grades K-12) that would normally be free of charge in the United States. The education allowance supports the school enrollment of minor dependents who are residents at the Post or who attend schools away from Post, in accordance with [DSSR 270 Education Allowance](#).

Dependent children attending college, technical or vocational school up to age 23 are entitled to education travel. This allowance permits one round-trip annually between a school attended and the overseas Post of assignment. This benefit is primarily intended to reunite a full-time post-secondary student attending college (including the post-baccalaureate level) with the USDH employee/parent. The Peace Corps authorizes one round-trip per year for dependent children between the Post and the U.S. secondary or college institution in accordance with [DSSR 280 Educational Travel](#) (See MS 812 *Peace Corps Staff Travel and Transportation* and its accompanying procedures for specific agency guidance on education travel).

## 4.5 Separate Maintenance Allowance (SMA)

It is the policy of the Peace Corps to authorize SMAs when it is determined that USDH employees and family members must live apart, as appropriately justified and in accordance with [DSSR 260 \*Separate Maintenance Allowance\*](#).

### (a) SMA Exceptions

- (1) An SMA shall not be paid on behalf of any child during the period covered by the grant of a “school away from Post” education allowance.
- (2) An SMA allowance may be granted only on behalf of a spouse and/or dependent child (children) who have received medical clearance for accompanying USDH employees to their Post of assignment.

An SMA may be granted to USDH employees when the Director of the Peace Corps; or the Associate Director of the Office of Global Operations, the Office of Safety and Security, or the Office of Health Services; or an official designated by one of those Associate Directors (an Authorizing Official) determines a USDH employee is compelled to maintain any or all members of their family elsewhere than at their Post of assignment due to the circumstances identified below.

### 4.5.1 Involuntary Separate Maintenance Allowance (ISMA)

In accordance with [DSSR 262.1 \*Involuntary SMA \(ISMA\) - For the Convenience of the Government\*](#), an ISMA may be approved under the following conditions:

- (a) When a USDH employee’s spouse and/or child (children) are directed by the Peace Corps to leave the Post of assignment for reasons of health, safety, or foreign policy; or
- (b) When the USDH employee’s spouse or child (children) incur/s an illness or injury at Post which requires the permanent revocation of the individual's medical clearance, necessitating their departure from the country of assignment.

### 4.5.2 Voluntary Separate Maintenance Allowance (VSMA)

If USDH employees request a VSMA, the Peace Corps may authorize the allowance, in accordance with [DSSR 262.2 \*Voluntary SMA \(VSMA\) - For Special Needs or Hardship of the Employee\*](#), when USDH employees have special needs or experience hardship prior to or after arrival at a Post for reasons including those related to (i) career, (ii) health, (iii) education, or (iv) family considerations.

#### (a) VSMA Eligibility

To be eligible for a VSMA, there must be a reasonable expectation that the USDH employee’s separation period from their eligible family members (EFMs) will continue for at least 90 consecutive calendar days.

**(b) VSMA Exceptions**

- (1) The USDH employee’s separation period from their EFMs may be reduced from at least 90 consecutive calendar days to at least 30 consecutive calendar days when:
  - (i) Adequate medical facilities in the area are not available for pre- and post-natal care;
  - (ii) Family members are detained in the United States for medical clearance; or
  - (iii) Children must begin or complete a school year before the USDH employee has arrived at Post or after they have departed on transfer to another overseas Post.
- (2) If, after expiration of the 90-day or 30-day periods, the Director of the Peace Corps or an Authorizing Official determines that the condition necessitating separate maintenance has continued for a longer period, they may extend the VSMA for up to 24 months; thereafter, USDH employees may request a further extension of VSMA on an exceptional basis.

**4.5.3 Transitional Separate Maintenance Allowance (TSMA)**

TSMA is available in accordance with [DSSR 262.3 Transitional SMA \(TSMA\) - Following the Termination of an Evacuation or in Connection with Commencement/Termination of an Unaccompanied Tour](#). TSMA may be authorized to assist USDH employees who incur additional costs due to family members and the USDH employee having to temporarily occupy commercial housing while permanent housing is arranged, following an authorized or ordered departure, or in connection with an unaccompanied assignment.

**(a) TSMA Eligibility**

- (1) Temporary commercial housing is housing that is occupied on a short-term basis, such as a hotel, motel, commercially-leased house or apartment, or other similar commercial establishment.
- (2) USDH employees whose family members reside in non-commercial housing, housing that can be occupied for a longer-term or in private housing, are not eligible to receive TSMA. Examples of non-commercial housing include USDH employee-owned housing, living with family or friends, and apartment rentals where the lease term is longer than six months.
- (3) TSMA may be granted for a period up to 60 calendar days after the end of an authorized or ordered departure, when the Post is converted to any unaccompanied status.

(b) **TSMA Exceptions**

When the Director of the Peace Corps or an Authorizing Official determines that extreme or unusual circumstances are present, the period of time for TSMA may be extended for not more than 30 calendar days.

**4.6 Emergency Visitation Travel (EVT)**

The Peace Corps provides EVT to its USDH employees when the agency determines such action to be warranted. It is the policy of the Peace Corps to authorize EVT when it is determined that emergency travel from the Post is necessary and appropriately justified and undertaken in accordance with [3 FAM 3740 \*Emergency Visitation Travel \(EVT\)\*](#).

Medical EVT may be approved for USDH employees or their spouses by the U.S. Department of State Office of Medical Services (State MED) and by the agency, in accordance with subsection 30.0 Staff Emergency Visitation Travel of the MS 812 Procedures, when the death of an immediate family member is imminent or in the event of the serious injury or illness of a family member of a USDH employee or their spouse. A Travel Authorization for EVT can be issued as soon as possible at Post, when supported by a Repayment Agreement (*see MS 812 Peace Corps Staff Travel and Transportation Procedures*).

EVT may also be authorized by the agency's Chief Human Capital Officer for other unusual emergency situations, in accordance with [3 FAH-1 H-3741 \*Emergency Visitation Travel \(EVT\) Procedures\*](#), including but not limited to as set forth below.

- (a) Death of an immediate family member: EVT may be authorized to enable a USDH employee or their spouse to travel in the event of a death.
- (b) Eldercare: A parent of the USDH employee or their spouse's parent becomes temporarily or permanently incapacitated.
- (c) New Child: A non-birth parent departs Post to care for a spouse or domestic partner who is giving birth in another country; or the non-birth parent(s) depart(s) Post to receive a child/children through adoption, fostering, or born through surrogacy. Post provides the fund citation for New Child EVT's in accordance with 3 FAM 3749.2. Approval procedures are outlined in 3 FAM 3746.6.
- (d) Personal hardship: Circumstances, meriting urgent travel for family visitation with an immediate family member of a USDH employee or their spouse's immediate family member, in situations involving personal hardship.
- (e) Unaccompanied Post: A USDH employee on official duty at an unaccompanied Post that is seriously wounded or becomes critically ill, is subsequently medically evacuated to another medical facility, and a family member's and/or other designated individual's presence is determined to be needed during the emergency period.

## 4.7 Transfer Allowances

U.S. foreign affairs agencies, including the Peace Corps, provide transfer allowances to USDH employees newly assigned overseas or transferring between Posts overseas to help defray extraordinary expenses associated with an overseas assignment.

### 4.7.1 Foreign Transfer Allowance (FTA)

The FTA supports USDH employees in recognition of the expenses they incur in moving households to and between Posts overseas.

The Peace Corps adheres to the regulations established by the Department of State for foreign affairs agencies. The Department of State's FTA rules and requirements are set forth in [DSSR 240 Foreign Transfer Allowance](#). The Peace Corps FTA is set in accordance with DSSR 240 and consists of the following allowances:

- (a) An FTA miscellaneous expense allowance may be granted to help cover “miscellaneous” expenses incident to a foreign assignment, such as utility fees or deposits not offset by an eventual refund, conversion of appliances, local transportation expenses (e.g., car rentals, taxi expenses), and other related miscellaneous expenses. The Peace Corps provides a reimbursement of \$750 to an employee without EFMs and a reimbursement of \$1500 to an employee with EFMs.
- (b) An FTA wardrobe expense allowance may be granted when a USDH employee transfers across one or two climate zones to their newly assigned Post. Climate zone information for foreign areas can be found in the column headed, “Transfer Zone” when searching by country under [the Office of Allowances on the U.S. Department of State’s website](#). The amounts provided for pursuant to a location’s Transfer Zone are intended to offset a portion of the wardrobe expenses related to a transfer between one or two zones.
  - (1) One Zone Transfer Allowance: Employees transferring between zone 1 and zone 2 or between zone 2 and zone 3 are eligible for: (i) \$350 if they are employees without EFMs or (ii) \$750 if they are employees with EFMs.
  - (2) Two Zone Transfer Allowance: Employees transferring from zone 1 to zone 3 or zone 3 to zone 1 are eligible for: (i) \$700 if they are employees without EFMs or (ii) \$1,400 if they are employees with EFMs.
- (c) An FTA pre-departure subsistence expense allowance may be granted to assist USDH employees with the costs of temporary lodging, meals, laundry, and dry cleaning that are incurred when a USDH employee transfers to a Peace Corps Post from the United States. This allowance may be granted for up to 10 days before final departure from the United States, beginning not more than 30 days after the USDH employee has vacated permanent residence quarters. The Peace Corps uses the partial flat rate reimbursement method outlined in the DSSR.



- (d) An FTA lease penalty expense allowance may be granted to offset a residential (not car or cell phone) lease penalty unavoidably incurred by USDH employees when transferring to a Peace Corps Post. To qualify for the lease penalty expense allowance, the USDH employee and the agency must meet several requirements. Additional information on the lease penalty expense portion of this allowance is found in DSSR 242.4.
- (e) An FTA “Pet Shipment and Required Quarantine Expense Portion” is provided to assist with transport of a family’s pet(s) from the United States to or between Peace Corps Posts. Allowable expenses may be reimbursed up to a total of \$4,000 and may include pet transport costs and other expenses, such as pet shipper fees, ground transport to/from airports, quarantine fees, required immunizations, blood tests, and certifications. See DSSR 242.5 for additional information.

#### **4.7.2 Home Service Transfer Allowance (HSTA)**

The Peace Corps provides to its USDH employees, who are reassigned from a Post overseas to a location in the United States, an HSTA. An HSTA includes extraordinary, necessary, and reasonable expenses, not otherwise compensated for, and/or incurred as a result of a USDH employee re-locating to an assignment in the United States.

The Peace Corps adheres to the regulations established by the Department of State for foreign affairs agencies. The Department of State’s HSTA rules and requirements are set forth in [DSSR 250 Home Service Transfer Allowance](#). The HSTA is set in accordance with DSSR 250 and consists of the following allowances:

- (a) The miscellaneous expense portion of the HSTA may be granted to help cover miscellaneous expenses incident to an assignment overseas, such as utility fees or deposits not offset by an eventual refund, conversion of appliances, local transportation expenses (e.g., car rentals, taxi expenses), and other related miscellaneous expenses. The Peace Corps provides for reimbursement of \$750 for an employee without EFMs and \$1500 for an employee with EFMs, in accordance with DSSR 252.1(a).
- (b) The subsistence expense portion of the HSTA is designed to help offset costs of restaurant meals (including tips), groceries, laundry and dry cleaning, and “temporary lodging” (e.g., lodging in a hotel, pension, or other transient-type quarters), including obligatory service charges.
  - (1) Normally a house or apartment may not be designated as temporary lodging unless the head of agency or designee determines that it is or was occupied on a temporary basis. However, see DSSR 252.3b(1) when permanent quarters are occupied prior to delivery of “Household Effects (HHE)/Household Goods (HHG).”
  - (2) The subsistence expense portion of the HSTA may be granted for periods during which expenses for restaurant meals (including tips), groceries, laundry and dry cleaning, and temporary lodging were incurred within the time limits established in Section 252.3 at the new post of assignment in the United States.

Expenses are reimbursed according to the actual expense reimbursement method in DSSR 252.3 for USDH employees and any EFMs.

- (c) The wardrobe portion of the HSTA at DSSR 252.2 is a wardrobe expense allowance that may be granted when a USDH employee transfers across one or two climate zones to their new post in the United States. Climate zone information for foreign areas can be found in the column headed, “Transfer Zone” when searching by country under [the Office of Allowances on the U.S. Department of State’s website](#). The amounts provided for pursuant to a location’s Transfer Zone are intended to offset a portion of the wardrobe expenses related to a transfer between one or two zones.
  - (1) One Zone Transfer Allowance: Employees transferring between zone 1 and zone 2 or between zone 2 and zone 3 are eligible for: (i) \$350 if they are employees without EFMs; or (ii) \$700 if they are employees with EFMs.
  - (2) Two Zone Transfer Allowance: Employees transferring from zone 1 to zone 3 or zone 3 to zone 1 are eligible for: (i) \$700 if they are employees without EFMs; or (ii) \$1,400 if they are employees with EFMs.
- (d) The lease penalty expense portion of the HSTA is designed to help offset the expense of a residence quarters lease penalty unavoidably incurred by an employee receiving the living quarters allowance at the previous overseas Post as a result of a transfer to the United States. The amount of reimbursement shall not exceed the amount required by the specific terms of a rental contract signed by the employee as a prior condition of obtaining the lease for quarters at the overseas Post, or the equivalent of three months’ rent, whichever is less. See DSSR 252.4 for additional information.
- (e) The pet shipment and required quarantine expense portion of the HSTA may be provided to help offset the expenses of shipping the family pet(s) from an overseas Post to a U.S. post of assignment, including any required quarantine. Allowable expenses may be reimbursed up to a total of \$4,000 and may include pet transport costs and other expenses, such as pet shipper fees, ground transport to/from airports, quarantine fees, required immunizations, blood tests, and certifications. See DSSR 252.5 for additional information.

The supervisor of the receiving office may authorize the HSTA for an initial period not to exceed 30 days. For compelling reasons beyond the control of USDH employees, the HSTA may be extended by the supervisor, in consultation with the Chief Human Capital Officer, for a period not to exceed 60 days.

As a condition prior to receiving the HSTA, USDH employees must agree in writing to repay the HSTA to the agency unless (i) the USDH employee completes 12 months of U.S. government service following the effective date of the transfer; (ii) their limited appointment has expired before completing the 12 months of service; or (iii) they are separated from U.S. government service for reasons beyond their control as determined by the Peace Corps.

## **5.0 Duty-Free Privileges**

In accordance with the terms of the Peace Corps country agreements, many host governments have agreed to exempt USDH employees from certain customs, duties, and local taxes. Exemptions may vary from country to country and in accordance with the status of accredited USDH employees at the embassy. There are different levels of immunity from customs, duties, and local taxes which depend upon how Peace Corps staff are accredited by the host government. USDH employees are subject to the Department of State Chief of Mission procedures under [2 FAM 225.3](#) on the importation and sale of personal property.

## **6.0 Commissary and Post Exchange (PX) Facilities**

It is the policy of the Peace Corps to encourage USDH employees to carry out their activities, to the extent practical and possible, relying on the local economy and services and to refrain from patronizing facilities from which host country people are expressly excluded. Subject to the concurrence of the Regional Director, Country Directors may authorize USDH employees to use commissary or PX facilities as set out below.

### **6.1 Commissary Facilities**

USDH employees may use commissary facilities at a Post if a commissary is established and available.

Staff should be encouraged not to depend exclusively on the commissary facilities for daily living when necessary goods and services are available at reasonable cost locally.

### **6.2 Post Exchange (PX) Facilities**

Country Directors may authorize the use of U.S. military PX facilities only when there is no commissary in country and when there are no adequate resources available to support representational activities outside of PX facilities (*see MS 724 Representation Allowances*).

The Peace Corps strives to maintain not only a separation from the U.S. military overseas, but also an appearance of separation. The Country Director shall consider the effect patronizing such military PX establishments may have on the credibility of the Peace Corps program in country.

### **6.3 Pouch and Military Postal Service (MPS)**

*See MS 835 International Mail and Distribution* and its procedures for guidance on the use of the pouch and MPS.

## **7.0 Requirements for Overseas Tour of Duty**

Worldwide availability (WWA) is a requirement of the Peace Corps and is based on the ability, assumed by the agency, of each USDH employee to serve in any and all Posts, including in the U.S. (headquarters – Washington, D.C.), for as long as required conditions of employment allow,

and the agency deems the appointment to be in the best interests of the Peace Corps and the U.S. Government. Through this process, USDH employees will agree to be available for assignment/reassignment anywhere in the world based on the needs of the Peace Corps as these may arise. Upon initial appointment, the USDH employee will be required to sign a mobility agreement and acknowledge that failure to accept an assignment may lead to termination of their appointment with the Peace Corps.

Even though changes in a USDH employee's personnel circumstances may be taken into consideration when determining a new Post, nothing shall obligate the Peace Corps to offer or guarantee a specific position, Post, or region to a selectee or Peace Corps employee, and no entitlement shall exist to such a posting based upon those circumstances. (For additional guidance on WWA, see MS 642 *Conditions of Service for Overseas U.S. Direct Hire Employees Procedures* and MS 642 Attachment B – Peace Corps Overseas Mobility Agreement.)

### **7.1 Failure to Complete One Full Year of Service or Tour of Duty**

USDH employees who fail to complete one full year of a first overseas tour shall reimburse the Peace Corps for any travel and transportation costs from the home-of-record to the Post for the USDH employee and their dependents, and for household and personal effects costs, and shall also be responsible for paying all return travel and transportation costs.

USDH employees who fail to complete one full year of a second overseas tour shall reimburse the Peace Corps for all return travel costs from the Post to their home-of-record.

USDH employees who fail to complete their first prescribed tour of duty at Post shall be responsible for paying all return travel and transportation costs for themselves, their dependents, and their household and personal effects from the Post.

Upon completion of five years of service, whether domestic or overseas or by a direct-hire or personal service contract employee or a combination thereof, all Peace Corps employees who extend their service overseas shall have no further requirement for the repayment of travel or transportation costs.

### **7.2 Exceptions**

USDH employees who would otherwise be liable to pay or repay travel and/or transportation costs, as set out in subsection 7.1, will not be responsible for such costs under the following circumstances:

- (a) The failure to complete the period of service is due to involuntary separation initiated by the Peace Corps, other than for separation for cause or in connection with an Office of Inspector General (OIG) investigation;
- (b) The resignation is precipitated by the Peace Corps in lieu of termination for reasons of convenience to the Peace Corps, other than for separation for cause or in connection with an OIG investigation;

- (c) Their departure is determined by the Director or designee to be for reasons beyond the USDH employee's control, including a departure due to serious illness;
- (d) The USDH employee has been reassigned to a position in the U.S. and completes not less than six months of service in that or another assignment with the Peace Corps in the United States; or
- (e) The USDH employee and the Regional Director have agreed that it is in the USDH employee's and the agency's best interests to shorten the length of their prescribed tour of duty by up to and including 180 days. (Requests for such changes in the duration of the tour of duty shall be submitted in writing, along with the recommendations of the Country Director at Post, to the Regional Director for approval.)

## **8.0 Procedures**

Procedures and guidance implementing this Manual Section are contained in the MS 642 Procedures, *Overseas Financial Management Handbook (OFMH)*, MS 812 *Peace Corps Staff Travel and Transportation Procedures* and other Manual Sections and implementing procedures, as appropriate.

## **9.0 Effective Date**

The effective date of this Manual Section is the date of issuance.