

MS 642 Conditions of Service for U.S. Overseas Staff

Effective Date: August 4, 2021

Responsible Office: Office of Human Resources; Office of Global Operations

Supersedes: 08/16/18; 06/29/18; 01/07/13; 07/18/12; 11/23/09; 06/17/09; 11/27/07; 04/22/85; 10/03/83

Issuance Memo (06/17/2009)

Issuance Memo (11/23/2009)

Issuance Memo (07/18/2012)

Issuance Memo (01/07/2013)

Issuance Memo (06/29/2018)

Issuance Memo (08/16/2018)

Issuance Memo (08/04/2021)

MS 642 Conditions of Service for U.S. Overseas Staff Procedures

Attachments

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

Attachment B – Peace Corps Overseas Mobility Agreement

Table of Contents

- 1.0 Purpose
- 2.0 Authority
- 3.0 Allowances and Benefits
 - 3.1 Non-Resident USDH Employees
 - 3.2 Resident-Hire Permanent USDH Employees
 - 3.3 Resident-Hire Temporary USDH Employees
- 4.0 Department of State Standardized Regulations (DSSR) Allowances
 - 4.1 Quarters Allowance: Living Quarters Allowance and Temporary Lodging Allowance
 - 4.2 Post Allowance (Cost of Living Allowance – COLA)
 - 4.3 Rest and Recuperation Travel
 - 4.4 Education Allowance and Education Travel
 - 4.5 Separate Maintenance Allowance (SMA)
 - 4.5.1 Involuntary Separate Maintenance Allowance (ISMA)
 - 4.5.2 Voluntary Separate Maintenance Allowance (VSMA)
 - 4.5.3 Transitional Separate Maintenance Allowance (TSMA)
 - 4.6 Transfer Allowances
 - 4.6.1 Foreign Transfer Allowance (FTA)
 - 4.6.2 Home Service Transfer Allowance (HSTA)
- 5.0 Duty-Free Privileges
- 6.0 Commissary and Post Exchange (PX) Facilities
 - 6.1 Commissary Facilities
 - 6.2 Post Exchange (PX) Facilities

- 6.3 Pouch and Military Postal Service (MPS)
 - 7.0 Requirements for Overseas Tour of Duty
 - 7.1 Failure to Complete One Full Year of Service or Tour of Duty
 - 7.2 Exceptions
 - 8.0 Procedures
 - 9.0 Effective Date
-

1.0 Purpose

This Manual Section sets out the “conditions of service” benefits for overseas U.S. citizen direct hire (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) The Foreign Service Act; The Foreign Affairs Manual

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 U.S. citizen 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, the Peace Corps limits allowances and differentials under the Department of State Standardized Regulations (DSSR) and other authorities that might otherwise be available to U.S. citizen overseas employees.

3.1 Non-Resident USDH Employees

As described in this Manual Section and in MS 812 *Peace Corps Staff Travel and Transportation*, non-resident USDH employees have access to the following benefits:

- (a) Peace Corps–provided housing or DSSR quarters allowances;
- (b) DSSR education allowance and education travel;
- (c) DSSR involuntary, voluntary, and transitional separate maintenance allowance (SMA);
- (d) DSSR SMA travel;

- (e) DSSR foreign transfer allowance (FTA) and home service transfer allowance (HSTA);
- (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) MS 812 Employment and Assignment Travel;
- (n) MS 812 Family Travel;
- (o) MS 812 Home Leave Travel;
- (p) MS 812 Medical Travel;
- (q) MS 812 Directed Departure; and
- (r) MS 812 Staff Emergency Visitation Travel.

3.2 Resident-Hire Permanent USDH Employees

Resident-hire permanent USDH employees may receive the following:

- (a) Peace Corps provided housing or DSSR quarters allowances when the Country Director determines that an employee must reside in Peace Corps-provided housing for safety or other reasons; and
- (b) Normal embassy health unit services during business hours at Post.

In addition, the Associate Director of the Office of Global Operations may authorize additional allowances and benefits under subsection 3.1 for a resident-hire permanent USDH employee who is appointed to a position that requires worldwide availability (WWA) (subject to assignments anywhere) or in other special circumstances.

3.3 Resident-Hire Temporary USDH Employees

Resident-hire temporary USDH employees receive normal embassy health unit services during business hours at Post.

4.0 Department of State Standardized Regulations (DSSR) Allowances

This provision of allowances should not be considered an entitlement for Foreign Service overseas staff. It is at the discretion of the Peace Corps whether to reduce or eliminate the payment of allowances as circumstances require. The Peace Corps' adherence to the DSSR in granting allowances is an option for the Peace Corps and is not a legal or regulatory requirement or employee entitlement.

4.1 Quarters Allowance: Living Quarters Allowance and Temporary Lodging Allowance

The Peace Corps provides housing directly to employees and family members overseas or provides a housing allowance under the DSSR. Quarters allowances provided in accordance with [DSSR 130 Living Quarters Allowance](#) reimburse employees substantially for all housing costs, either temporary or permanent, at foreign Posts where government housing is not provided. These allowances are not included in 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 foreign service overseas staff 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 overseas foreign service staff in accordance with State Department regulations [3 FAM 3720](#) and [14 FAM 531.5](#). Implementation of these regulations must be consistent with Section 901(6) of the Foreign Service Act of 1980, as amended. The Peace Corps provides R&R travel to employees assigned overseas in accordance with Department of State travel regulations, and the guidelines and procedures published in [3 FAH-1H-3720](#).

Peace Corps employees overseas 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 an employee 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 employee/parent serving the U.S. Government outside the United States. 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 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 the employee to his or her overseas Post of assignment.

An SMA may be granted to an employee 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 the employee is compelled to maintain any or all members of their family elsewhere than at the foreign 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 an 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 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 his or her departure from the country of assignment.

4.5.2 Voluntary Separate Maintenance Allowance (VSMA)

If an employee requests 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 an employee has special needs or experiences 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 employee's separation period from their eligible family members (EFMs) will continue for at least 90 consecutive calendar days.

(b) VSMA Exceptions

- (1) The 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 employee has arrived at Post or after the employee has 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, the employee 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 an employee who incurs additional costs due to family members and the 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) 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 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 Transfer Allowances

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

4.6.1 Foreign Transfer Allowance (FTA)

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

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

- (a) FTA miscellaneous expense allowance may be granted to help cover "miscellaneous" expenses incident to a foreign assignment such as pet transportation; utility fees or deposits not offset by an eventual refund; conversion of appliances and other related miscellaneous expenses;
- (b) FTA wardrobe expense allowance may be granted when an employee transfers across two climate zones to his/her new foreign Post of assignment. Climate zone information for foreign areas can be found in the column headed "Transfer Zone" in [DSSR Section 920](#);
- (c) FTA pre-departure subsistence expense allowance may be granted to assist employees with the costs of temporary lodging, meals, laundry, and dry cleaning that are incurred when an employee transfers to a foreign Post from a Post in the United States. This allowance may be granted for up to 10 days before final departure from a Post in the U.S., beginning not more than 30 days after the employee has vacated permanent residence quarters; and
- (d) FTA lease penalty expense allowance may be granted to offset a residential (not car or cell phone) lease penalty unavoidably incurred by an employee when transferring

to a foreign Post. To qualify for the lease penalty expense allowance, the 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](#).

4.6.2 Home Service Transfer Allowance (HSTA)

The Peace Corps provides to its non-resident USDH employees, who are reassigned from an overseas location to a stateside location, an HSTA for extraordinary, necessary, and reasonable expenses, not otherwise compensated for, and incurred by an employee incident to establishing him/herself at a Post of assignment in the United States as follows:

- (a) The miscellaneous expense portion - A lump sum amount in accordance with [DSSR 252.1\(a\)](#).
- (b) The subsistence expense portion - Expenses reimbursed according to the actual expense reimbursement method in [DSSR 252.3](#) for employees and any EFM's.

The receiving office may authorize the allowance for an initial period not to exceed 30 days. For compelling reasons beyond the control of the employee, HSTA may be extended for a period not to exceed 60 days.

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

5.0 Duty-Free Privileges

In accordance with the terms of the Peace Corps country agreements, most host governments have agreed to exempt Peace Corps non-resident U.S. citizen employees from certain customs, duties, and local taxes.

It is the policy of the Peace Corps to authorize duty-free privileges only for the importation of non-luxury commodities not available in the host country at reasonable prices, such as powdered milk or special baby food. Employees may not use the duty-free privilege for personal luxury items such as tobacco and perfume.

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 non-resident 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 non-resident USDH employees to use commissary or PX facilities as set out below.

6.1 Commissary Facilities

In determining whether and within what limits non-resident USDH employees may use commissary facilities at a Post, the Country Director should consider the effect of commissary use by such employees.

As much as possible, the use of commissary facilities should be limited to purchasing goods used for representational activities. Under no circumstances should staff 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 PX facilities maintained for U.S. military only when there is no commissary in country and only when there are no adequate resources available for acquisition of representational activities outside of PX facilities.

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 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 employees' ability to serve in any and all Posts served by the Peace Corps, 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 the employee 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 employee will be required to sign a mobility agreement and acknowledge that failure to accept an assignment may lead to termination of his/her appointment with the Peace Corps.

Even though changes in an 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 employee and no entitlement shall exist to such posting based on those circumstances. (For additional guidance on WWA, *see MS 642 Conditions of Service for U.S. Overseas Staff 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

An employee who fails 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 employee and the employee's dependents, and for household and personal effects costs, and shall also be responsible for paying all return travel and transportation costs.

An employee who fails to complete one full year of a second overseas tour shall reimburse the Peace Corps for all return travel costs from the Post to the employee's home-of-record.

An employee who fails to complete his or her first prescribed tour of duty at Post shall be responsible for paying all return travel and transportation costs for himself or herself, dependents, and 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, an employee who extends his or her service overseas has no further liability to repay travel or transportation costs.

7.2 Exceptions

An employee 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;
- (b) The resignation is precipitated by the Peace Corps in lieu of termination for reasons of convenience to the Peace Corps;
- (c) The employee's departure is determined by the Director or designee to be for reasons beyond the employee's control;
- (d) The 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 employee and the Regional Director have agreed that it is in the employee's and the agency's best interests to shorten the length of the employee's 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* and other Manual Sections, as appropriate.

9.0 Effective Date

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