



# State of Arizona Accounting Manual

Topic 55 Payroll and Personnel  
Section 31 **National Disaster Medical System**  
**Differential Pay**

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## INTRODUCTION

The National Disaster Medical System (NDMS) manages people—civilian medical specialists—who enroll with the NDMS to provide certain types of relief assistance during national disasters. A civilian medical specialist may be engaged in training duty, during which time he is on paid leave, or be on deployment, during which time he is on leave without pay (LWOP) and may qualify for differential pay.

A.R.S. § 38-610.02 authorizes and directs State agencies to pay an employee who is a civilian medical specialist, while deployed, the amount by which his State compensation, had it been paid, would have exceeded his NDMS pay. This policy establishes the guidelines for paying that difference.

Additional information concerning an employee's status when on training duty or on deployment can be found in SPS Policy ASPS/HRD-PA.02, "National Disaster Medical System (NDMS) Leave," published by the Human Resources Division of the Arizona Department of Administration.

Forms to support the policy and procedures outlined below have been published on the GAO Website at <http://www.gao.az.gov/>.

## POLICIES

1. An eligible employee who is a civilian medical specialist and is activated shall, during his period of deployment, be deemed to be on authorized LWOP.
2. An eligible employee who is a civilian medical specialist and is activated may be qualified to receive, for his period of deployment, the equivalent of his State salary or compensation, computed with reference to his adjusted State hourly rate, less the sum of all NDMS pay and allowances received during his period of deployment.
3. An employee is eligible to receive differential pay if all of the following conditions are met:
  - 3.1. The pay the employee would have earned from the State for a day upon which he was scheduled to work exceeds the pay he actually received for a day on which he was deployed. If the amount of NDMS pay received on any given day equals or exceeds the amount he would have earned from State employment on a day he would normally have been scheduled to work, the employee is not entitled to any

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differential pay. This computation is based upon the daily difference between his scheduled State pay and the actual NDMS pay received.

- 3.1.1. He provides advance written or verbal notice of his activation to his supervisor or other appropriate agency personnel. The requirement for advance notice may be waived if precluded by NDMS necessity or if otherwise impossible or unreasonable under the circumstances.
- 3.1.2. He provides documentation of all NDMS pay and allowances received during his period of deployment. This can be accomplished by filing his Civilian Leave and Earning Statements (CLEs) with his Payroll Office (PRO).
- 3.1.3. Prior to receiving any differential pay, but not later than sixty (60) calendar days after the completion of the period of deployment during which the employee would be eligible to receive differential pay, he provides his agency head proof of not having been terminated for misconduct during his period of deployment. This can be accomplished by the employee's preparing a written request for a verification letter to this effect from his NDMS team commander or other appropriate Federal authority.
- 3.1.4. He does not receive any pay, other than differential pay, from the State for the period of his deployment.
- 3.1.5. He is an employee described by A.R.S. Title 41, Chapter 4, Article 4 or who is exempt pursuant to § 41-742, subsection D, paragraph 1, 2, 3 or 5.
4. The State may seek recovery of any differential pay incorrectly paid to an employee.
5. An employee is not entitled to accrue annual leave or sick leave while drawing differential pay.
6. Differential pay is taxable compensation, subject to both the employee's and employer's shares of all applicable payroll taxes.
7. Differential pay is subject to creditor garnishments; Federal and State tax levies and liens; Arizona Department of Economic Security orders; court ordered spousal and child support payments; court ordered collections of spousal and child support arrearages; and Federal student loan collection actions.
8. Computation and payment of differential pay will be made with reference to the employee's most recent payroll related documents on file with the employing agency. In the case of computation of net pay, this means that the marital status and dependency exemptions claimed on the employee's Federal Form W-4 and State of Arizona Form A-4 will be used. Direct deposits, if any, will continue to be made to the bank account specified on the Form GAO-65, Authorization for a Direct Deposit of Net Pay or Payroll Deduction. The employee's payroll advices will be posted on Y.E.S.

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9. For accounting purposes, differential pay is to be posted to object 6044, Military and National Disaster Medical System Differential Pay.
  10. Any proposed personnel action with respect to an individual, including promotions, reassignments and transfers between agencies, will be taken into account as of the originally contemplated effective date in computing an employee's adjusted State hourly rate if the corresponding authorizing paperwork (such as Form AD-100, Request for Personnel Action, Form SF-302, Classification Action Request, or a similar form initiating the personnel action under consideration) was executed before the date of the employee's activation.
  11. None of the costs associated with an employee's LWOP or receiving NDMS differential pay during a deployment are to be allocated to any non-State funding source or program.
  12. An employee can only receive differential pay for days, irrespective of the shift worked, on which, except for his deployment, he would have worked for the State. The differential pay is, on a daily basis, the excess, if any, of the employee's scheduled State pay less the actual NDMS pay received.

Example 1: An employee is activated. When working for the State, he works Monday through Friday, 8:00 a.m. until 5:00 p.m., taking one hour, from 12:00 noon until 1:00 p.m., for lunch (a daily eight-hour shift). While on deployment as a civilian medical specialist, his assignment calls for him to work Thursday through Sunday, 12:00 noon through 11:00 p.m., taking one hour, from 5:00 p.m. through 6:00 p.m., for lunch (a daily ten-hour shift). He is entitled, if otherwise qualified, to receive differential pay for Thursday and Friday. The differential pay, if any, would equal the excess of the employee's scheduled State pay less the actual NDMS pay received for Thursday and Friday.

Example 2: An employee is activated. When working for the State, he works Monday through Friday, 8:00 a.m. until 5:00 p.m., taking one hour, from 12:00 noon until 1:00 p.m., for lunch (a daily eight-hour shift). While on deployment as a civilian medical specialist, his assignment calls for him to work Tuesday through Thursday. On Tuesday and Wednesday, he worked from 10:00 a.m. until 8:00 p.m., taking one hour, from 2:00 p.m. until 3:00 p.m., for lunch (daily nine-hour shifts). On Thursday, he is only required to work from 10:00 a.m. until 2:00 p.m. (a four-hour shift). He is entitled, if otherwise qualified, to receive differential pay for Tuesday, Wednesday and Thursday. The differential pay, if any, would equal the excess of the employee's scheduled State pay less the actual NDMS pay received for Tuesday, Wednesday and Thursday.

13. Payments of differential pay shall be treated as expenditures in the fiscal year made.
14. Requests for NDMS differential pay should be submitted after the conclusion of NDMS deployment and return to State employment.

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15. Requests for NDMS differential pay must be supported by all appropriate documentation for the period of deployment, including:
  - 15.1. A copy of the employee's activation (if possible);
  - 15.2. Copies of all CLEs;
  - 15.3. Copies of all NDMS timesheets; and
  - 15.4. A letter from his NDMS commander or other appropriate Federal authority verifying that the employee was not terminated for misconduct.
16. It is the employee's responsibility to ensure that the required documentation is provided on a timely basis.
17. An eligible employee who is activated under the NDMS should contact the agency HRO for specific information relating to the employee's health benefits, retirement contributions, and credited service.

## **PROCEDURES**

18. The following procedures are to be followed by the employee:
  - 18.1. At the time of activation.
    - 18.1.1. Provides his supervisor with written or verbal notice of his activation; if not precluded from doing so by circumstance, such notice should be made in advance of deployment.
  19. At the conclusion of NDMS employment and within sixty (60) days of return to State employment.
    - 19.1.1. Provides to his HRO:
      - 19.1.1.1. A copy of his activation (if possible);
      - 19.1.1.2. Copies of all CLEs covering his period of deployment;
      - 19.1.1.3. Copies of all NDMS timesheets covering his period of deployment; and
      - 19.1.1.4. A letter from his NDMS commander or other appropriate Federal authority verifying that he was not terminated for misconduct.
    - 19.1.2. If the sum of his modified differential pay and his State pay is insufficient to fully fund his elective benefits, remits a payment to fully fund them. Payment should be in the form of a check or money order made payable to ADOA-HITF and

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should be sent to his HRO so as to arrive not later than the first day of the month to which coverage applies.

19.1.3. Takes such steps as may be necessary to effect his employing agency's payment of his retirement contributions for his period of deployment.

20. The following procedures are to be followed by the employee's supervisor.

20.1. At the time of activation.

20.1.1. Notifies the HRO of the employee's activation.

21. The following procedures are to be followed by the HRO.

21.1. At the time of activation.

21.1.1. Verifies that the employee is an employee described by A.R.S. Title 41, Chapter 4, Article 4 or who is exempt pursuant to § 41-742, subsection D, paragraph 1, 2, 3 or 5.

21.1.2. Notifies the PRO of the employee's activation and potential eligibility for differential pay.

21.2. At the conclusion of NDMS employment and within sixty (60) days of the employee's return to State employment.

21.2.1. Collects:

21.2.1.1. A copy of the employee's activation (if possible);

21.2.1.2. Copies of all CLEs covering the employee's period of deployment;

21.2.1.3. Copies of all NDMS timesheets covering the employee's period of deployment;  
and

21.2.1.4. A letter from his NDMS commander or other appropriate Federal authority verifying that he was not terminated for misconduct.

21.2.2. If necessary, collects from the employee a remittance sufficient to fund the voluntary benefits selected by the employee for the period of deployment.

21.2.2.1. Completes, if applicable, the Health Insurance Trust Fund LWOP Payment Form, Personal Payments, and forwards it, together with the appropriate remittance, to the ADOA-HITF.

21.2.3. Forwards to the employee's PRO:

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21.2.3.1. A copy of the employee's activation (if possible);

21.2.3.2. Copies of all CLEs covering the employee's period of deployment.

21.2.3.3. Copies of all NDMS timesheets covering the employee's period of deployment;  
and

21.2.3.4. The letter from his NDMS commander or other appropriate Federal authority verifying that he was not terminated for misconduct.

22. The following procedures are to be conducted by the PRO:

22.1. At the conclusion of NDMS employment and within sixty (60) days of the employee's return to State employment:

22.1.1. Collects from the HRO:

22.1.1.1. A copy of the employee's activation (if possible);

22.1.1.2. Copies of all CLEs covering the employee's period of deployment;

22.1.1.3. Copies of all NDMS timesheets covering the employee's period of deployment;  
and

22.1.1.4. The letter from his NDMS commander or other appropriate Federal authority verifying that he was not terminated for misconduct.

22.1.2. As soon as practicable, using Form GAO-44, National Disaster Medical System Differential Pay Computation Worksheet, computes the amount, if any, of differential pay to be paid to the employee. This form is to be retained by the PRO for the duration prescribed for other payroll related documents.

22.1.2.1. If the employee's Federal NDMS pay for each day of his deployment is greater than or equal to the pay he would have received for the time he would otherwise have been scheduled to work for the State, he does not qualify for differential pay and no further actions will need to be taken.

22.1.3. Enters the amount of differential pay, if any, on HRIS Screen XR35.2, using Pay Code 385 and Attendance Code ND.