



OFFICE OF THE UNDER SECRETARY OF DEFENSE  
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PERSONNEL AND  
READINESS

JUL 24 2009

MEMORANDUM FOR: SEE DISTRIBUTION

SUBJECT: Compensatory Time Off

This memorandum serves as a reminder of the expiration of "old compensatory time," as of May 22, 2010, for those Department of Defense (DoD) employees who have separate "old compensatory time" accounts for compensatory time off earned before June 8, 1997, (January 5, 1997, for Defense Logistics Agency (DLA) employees), in accordance with Department of Defense Instruction, Number 1400.25, Volume 550, Section (3)(3)(b). Under Section 550.114(e) of title 5 of the Code of Federal Regulations (C.F.R.), the opportunity to use such compensatory time off expires the pay period ending three years after May 14, 2007, which will be on May 22, 2010. Any unused compensatory time off left in an "old compensatory time" account will be liquidated at the overtime rate at which the compensatory time off was earned.

As background, on March 15, 2007 the Office of Personnel Management (OPM) issued final regulations at Part 550 of title 5 of the C.F.R., regarding the time limit for using compensatory time off in lieu of over time pay. The regulation, 5 C.F.R. § 550.114(e), indicated that employees who had compensatory time off to their credit as of the effective date of the regulations, which was May 14, 2007, must use that compensatory time by the end of the pay period ending three years after May 14, 2007, which will be on May 22, 2010. It also established a requirement that compensatory time off in lieu of over time pay credited after May 14, 2007 must be used within 26 pay periods. DoD had already established a similar 26 pay period limitation policy on June 8, 1997.

Therefore, compensatory time off held by DoD employees in an "old compensatory time" account must be used by the pay period ending May 22, 2010. An employee who still has such compensatory time off remaining in his or her "old compensatory time" account, by the end of the aforementioned pay period, will receive payment for the unused compensatory time at the overtime rate in which the compensatory time off was earned. Per current DoD policy, old compensatory time will be charged only if the employee has insufficient current compensatory time to fulfill any compensatory time off requested.



DoD Components and Agencies should reference the biweekly Aged/Grandfathered/Travel Compensatory Time Report (P6785R01) produced by the Defense Civilian Pay System, and available through Agency Customer Service Representatives, to notify employees and Component Comptrollers of this requirement, as appropriate.

A handwritten signature in cursive script, appearing to read "Marilee Fitzgerald".

Marilee Fitzgerald  
Acting Deputy Under Secretary  
Civilian Personnel Policy

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