

Internal Revenue Service  
**Memorandum**

**date:** June 5, 1997

**to:** All Manager  
North Texas District

**from:** District Director 1520 DAL  
North Texas District

---

**subject:** Time Off In Lieu Of Cash As Incentive Awards

Pursuant to the January 11, 1997, revision of the procedures for Time off in Lieu of Cash as an Incentive Award, all employees, except Presidential Appointees, members of the Senior Executive Service, and Schedule C employees, may be granted a Time off in Lieu of Cash as an Incentive Award as long as they have not been on a leave restriction letter within the previous twelve months. Managers may offer a Time Off Option Award (TOO) to employees who have expressed their preference through submission of a completed canvassing sheet (see attached) and who are granted a Superior Accomplishment Award, such as a Special Act or Manager's Award, a Performance Award, or a Suggestion Award.

The following TOO Award options are available:

- a. Single Time Off Option: For a full-time employee, the TOO Award for a single achievement or contribution may not exceed 40 hours. For a part-time employee or employee with an uncommon tour of duty, the maximum TOO Award granted for anyone achievement or contribution may not exceed one-half the average number of hours in the employee's biweekly scheduled tour of duty over a period of one year. For example, with a part-time tour of 32 hours a week, an employee may receive a maximum of 32 hours time off for anyone achievement or contribution.
- b. Multiple Time Off Option: For a full-time employee, the total amount of time off granted during a leave year (i.e., for more than one achievement or contribution) may not exceed 80 hours. For a part-time employee or employee with an uncommon tour of duty, the total amount of time off granted during a leave year may not exceed the average number of hours in the employee's biweekly scheduled tour of duty.

The decision to grant a TOO Award is a management choice which must be exercised in a fair, consistent, and objective manner without discrimination. Managers will canvass all employees prior to the beginning of each award year for their preference of receiving either a cash award or time off. Specifically, employees will inform management of their preferences by completing

All Manager  
North Texas District

the accompanying Cash Award/TOO Award Preference Sheet. Once made, employees may not change their preferences during the award year.

The amount of time off will be calculated by dividing the employee's hourly rate at the time the award is granted, rounded to the nearest dollar, into the amount of the recommended award and rounding the result to the nearest hour. For example, if an employee who earns \$14.65 an hour is recommended for a \$400.00 cash award, the award will be converted to a TOO Award by rounding the hourly salary to the nearest dollar (\$15) and dividing into \$400. The result of 26.666 is rounded to the 27 hours. The hourly rate of pay is determined by dividing the employee's current **annual basic rate** of pay by 2087 and rounding to the nearest dollar. The annual basic rate of pay is the salary for the position the employee occupies before any additions (such as locality pay) or deductions. For example, the hourly rate for a GS-4, Step 2 under the 1996 General Schedule Table is \$8.84.

A TOO Award may be used in single blocks of time or in one hour increments, subject to scheduling approval by management. Accumulated time off does not increase an employee's "use or lose" account and time off should be scheduled so as not to conflict with "use or lose" annual leave. Absence on a TOO Award is not justification for the restoration of forfeited annual leave. As a rule, employees must schedule and use the time off within one year after the award is granted unless one of the exceptions in this paragraph applies. Time off that is not used within one year (and not subject to one of these exceptions) is forfeited and may not be restored or converted to cash. The Head of Office may grant written exception to the one year requirement in the following situations:

- A. If an employee who has been granted a TOO Award is granted extended annual or sick leave or leave without pay at a later date which would prevent him or her from using the time off within one year,
- B. If an employee who has been granted a TOO Award receives a leave restriction letter at a later date which would prevent him or her from using the time off within one year, or
- C. For any similar reason.

When physical incapacitation for duty occurs during a period of time off, sick leave may be granted for the period of incapacitation (medical certification may be required upon the employee's return to work). Time off would then be scheduled at another time subject to supervisory approval. Employees may not use time off before their TOO Award has been officially processed by the servicing personnel office. A TOO Award shall not convert to a cash payment under any circumstances; therefore, once the award is processed by the servicing personnel office, the TOO Award may not be converted back to cash. Also, awards may be granted as either cash or time off, not a combination, with the exception of when the award amount exceeds maximum time off limits allowed (e.g., 40 hours for full time employees). For example, if an award is \$500 and the employee's hourly salary is \$10, the result, 50 hours, from dividing 500 by 10, exceeds the maximum amount of hours allowed for a single act. The

All Manager  
North Texas District

remaining 10 hours (\$100 cash equivalent) will be paid as a standard cash award (Note: Cash will be paid only if the "add on" is equal to or greater than \$50).

Managers will use Form 9127 (Rev. 6-96), Recommendation for Recognition, to grant the time off. Managers will check the appropriate box (A-E or H-K) listed under **1. Type of Recommendation**, and indicate the type of award. Additionally, managers will check the **Time Off** box, the number of hours approved in **Award Amount Recommended or Time Off** block, and justify in writing in **2. Justification of Recommendation** the employee's contribution with the basis for the amount of time granted. Subsequent to routing and approval of the Form 9127 by the appropriate levels of management, the form will be forwarded to the District Controller, 1300 DAL, for tracking and submission for processing to Support Services. The cash equivalent of the Time Off Award will reduce the overall cash award allocation for the District in the same way that a cash award would.

Although time off granted pursuant to a TOO Award is not leave, employees are responsible for obtaining supervisory approval for the use of award hours in the same manner as for annual leave. The IRS Exception Standard Form 71 (SF 71), Application for Leave, is required for management and employee certification of absences for TOO Awards. Absences should be recorded on the SF 71, with the appropriate number or hours in row 10 and utilizing "TOO" as the Leave Code in row 11.

If you have any questions regarding the processing of TOO Awards, please contact your servicing Financial Management Analyst at 214- 767-1613. If you have any questions concerning canvassing or any other labor/employee relations issues, please contact your servicing Labor Relations Specialist.



Bobby E. Scott

Attachment

# CASH AWARD/TIME OFF AWARD PREFERENCE SHEET

*I understand that the decision to grant time off as an incentive award is reserved for management. If I am recommended for and entitled to an incentive award during the FY '97 awards year, my preference would be to receive it as (check Payment Option and indicate for what type of award):*

## Payment Option

CASH



TIME OFF



## Type Of Award

- Performance
- Manager's
- Suggestion
- Special Act

- Performance
- Manager's
- Suggestion
- Special Act

SIGNATURE \_\_\_\_\_ DATE \_\_\_\_\_

(Note: Return completed form to your immediate supervisor/manager.)