



OFFICE OF THE UNDER SECRETARY OF DEFENSE

4000 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-4000

JAN 3 2013

PERSONNEL AND
READINESS

MEMORANDUM FOR DEPUTY COMMANDER, UNITED STATES EUROPEAN COMMAND

SUBJECT: United States European Command Living Quarters Allowance One Year Extension
Request for Certain Employees

The purpose of this memorandum is to respond to the concerns and requests you shared in your letter to the Under Secretary of Defense for Personnel and Readiness, dated May 9, 2012, regarding the erroneous payment of living quarters allowance (LQA) to certain employees in the European Command (EUCOM) area of responsibility (AOR).

As noted in your letter and attachments, employees hired overseas after working for more than 1 employer are not eligible to receive LQA, and any LQA paid to these employees thus far is subject to repayment to the government since any such payments were erroneous. The Department shares your concerns about the effect an immediate cessation of these payments will have on morale and retention, and has considered that employees who have been receiving LQA have made life choices based upon their continued receipt of it.

In order to identify locally hired employees in the EUCOM AOR who may have received LQA payments erroneously, I am directing the Military Departments, Defense Agencies, and Field Activities to complete an audit of all locally hired employees who are currently receiving LQA. This audit must be completed within 90 days. Components must notify any employee identified as having erroneously received LQA of that fact, and that they are notifying the Defense Finance and Accounting Service of the erroneous payment, no later than 5 business days after completion of the audit. In determining whether an employee erroneously received LQA in questionable cases, Components should consult with their appropriate legal office.

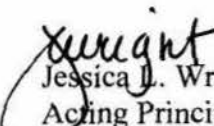
The Department of Defense must collect all indebtedness due to the United States promptly and in accordance with applicable laws and regulations. Notification and collection of any erroneous payment must comply with Department of Defense (DoD) 7000.14-R, Financial Management Regulation, volume 8, chapter 8. If a final determination is adverse to the employee, the affected employee may seek a waiver of indebtedness through established procedures in accordance with section 0805 of DoD 7000.14-R. Though the Department is not able to provide a blanket waiver for all affected employees, my office has determined that it is in the best interests of the Department to support any such employee's request for a waiver of indebtedness in these unique circumstances, provided the employee was not aware of the fact that they were not entitled to the payment of LQA, and there is no evidence of misrepresentation, fraud, or deception by the employee to acquire LQA in the first place.

In further consideration of the immediate financial impact loss of LQA would have on those employees who are identified as being ineligible to receive it under the provisions of

section 031.12b of the Department of State Standardized Regulations (DSSR), in accordance with the provisions of section 031.12c of the DSSR, I waive the provisions of section 031.12b of the DSSR due to the unusual circumstances in these particular cases. As such, I authorize LQA, for up to 1 year, for the affected group of current DoD civilian employees in the EUCOM AOR. This authorization applies only to employees who, before being recruited from outside of the United States by DoD, had been in substantially continuous employment by more than 1 employer. In addition, these employees must meet all other LQA eligibility criteria contained in DSSR 031.12b. This 1 year authorization for payment of LQA will commence on the date affected employees are notified they were found to be ineligible for LQA due solely to their substantial continuous employment by more than 1 employer. Employees in receipt of LQA will be ineligible for this 1 year LQA authorization if evidence of misrepresentation, fraud, or deception by the employee to acquire LQA is discovered.

A response to your request regarding a change to the DoD Priority Placement Program status for affected employees will be forthcoming from the Office of the Deputy Assistant Secretary of Defense for Civilian Personnel Policy under separate cover.

I trust that this memorandum is sufficient to respond to your concerns and requests. If you require any additional information, my point of contact for this action is (b)(6) Director of Compensation, Defense Civilian Personnel Advisory Service, and he can be reached at (b)(6) or (b)(6)


Jessica L. Wright
Acting Principal Deputy