



Department of Energy
Washington, DC 20585

*Reimbursement
Procedure
10/2010*

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MEMORANDUM FOR HUMAN RESOURCE DIRECTORS

FROM: SARAH J. BONILLA, DIRECTOR *Bonilla*
OFFICE OF HUMAN CAPITAL MANAGEMENT

SUBJECT: POLICY MEMORANDUM #12: PAYMENT OF EXPENSES FOR
PROFESSIONAL CREDENTIALS

The Department has revised its guidance to authorize payments to obtain and maintain professional credentials, i.e., pay for renewals, for expenses paid for occupations and credentials that are authorized by each Departmental element retroactive to January 1 of this year, providing that funds are available and/or can be obligated. Attached is the updated guidance in the form of questions and answers.

For questions regarding use of this authority, contact Bruce Murray at bruce.murray@hq.doe.gov or by calling 202-586-3372. For questions regarding processing payments, servicing finance staffs should contact Marcos Garcia at marcos.garcia@hq.doe.gov or by calling 202-586-3425.

Attachment

cc: Marcos Garcia, CF-50
Jerry Odegard, Payroll Staff



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Questions and Answers
Regarding
Payment of Expenses for Professional Credentials
(Updated September 2010)

These questions and answers will assist Departmental elements, i.e., Headquarters Program Offices and Field elements, including Site Offices, in preparing internal policy and procedures related to payment of expenses for professional credentials. The element's policy should be written, and all collective bargaining obligations discharged, prior to implementation. Payments are subject to the concurrence of the servicing human resource and finance staffs.

1. What employees are eligible?

This authority applies to all eligible employees except Presidential appointees, noncareer members of the Senior Executive Service, and excepted service employees appointed under Schedule C. Payment may be made for expenses incurred retroactive to January 1, 2010, providing funds are available.

2. What credentials are covered?

A credential refers to a designation that is needed for an occupation to practice or provide a service. The designation is normally provided by a State or publicly recognized organization for the respective occupation. Credentials covered include professional accreditations, licenses, or certifications that are either directly related to an employee's current position or that are considered to further DOE interests (e.g., credentials that are desired for the development of knowledge, skills, and abilities in response to mission/function changes or that contribute to recruitment, retention, career development, or worker transition objectives.) Examples include bar dues for attorneys, State licenses for engineers, and certifications for industrial hygienists.

3. What occupations are covered?

Neither the statute nor the legislative history responds directly to this question. Accordingly, any occupation that has a normal career pattern and accreditation, license, or certification associated with it is covered. Thus, it could mean a one-grade interval administrative series, such as a program support position; an "administrative professional" 2-grade interval series; or a series that has an educational or equivalent licensing requirement associated with it.

4. What expenses are covered?

5 U.S.C. §5757 (Public Law 107-107, §1112) states that "(a)n agency may use appropriated funds or funds otherwise available to the agency to pay for:

- (1) expenses for employees to obtain professional credentials, including expenses for professional accreditation, state-imposed and professional licenses, and professional certification; and
- (2) examinations to obtain such credentials."

The following expenses associated with obtaining a professional credential may be covered:

- a. fee(s) for obtaining and maintaining (including renewal fees) a professional credential;
- b. fee(s) to take an examination or series of examinations;
- c. in limited instances, travel expenses (see Q & A 8 and 9); and
- d. in limited instances, membership fees (see Q&A 10).

5. What latitude does an organization have in determining what expenses will be paid?

This authority is not an employee entitlement. A Departmental element, at its discretion, will decide which expense(s), if any, should be paid. Its decision should be based on the following factors: the organization's mission and budget; equity among employees; the value of a credential to the organization, including workforce succession planning purposes, or, in the case of a worker transition situation, to DOE or the Government; an employee's need for self-development; and the administrative burden on finance staffs, e.g., the burden associated with identifying and reporting expenses that are subject to employment and income taxes. To ensure the perception of equitable application of this authority, Departmental elements should establish policies and practices that will ensure consistency prior to exercising this authority.

6. Is there a limit on the amount of expenses that can be paid per employee?

No; however, organizations may want to set an annual limit for budgetary purposes and/or to ensure consistency among employees.

7. What examinations are covered?

Any examination or series of examinations that result(s) in obtaining or maintaining a professional credential are covered.

8. Does this authority cover travel expenses associated with obtaining or maintaining a credential or license?

Any travel expense associated with taking an examination under this authority may be covered as an official travel expense, subject to local management approval, in accordance with the Federal Travel Regulations.

9. What is the distinction between professional credential and authorized training expenses?

The training expense authority is used when there is a course involved, including when there are associated travel expenses and/or an examination fee(s). If no course is involved, then associated travel expenses and/or an examination fee(s) are covered only under the professional credential authority.

10. When may membership fees be paid?

5 U.S.C. §5946 states: "Except as authorized by a specific appropriation, by express terms in a general appropriation, or by sections 4109 ... of this title, appropriated funds may not be used for payment of -

(1) membership fees or dues of an employee ... in a society or association;"....

Although the language in 5 U.S.C. §5757 covering professional credentials does not specifically authorize payment for membership fees, there is authority to include payment of membership fees when membership is a prerequisite to obtaining or maintaining a credential. As a practical matter, most associations do not require membership as a condition for taking an examination.

(The interpretation in the previous paragraph is consistent with the training statute; subsection 5 U.S.C. §4109(b) states that "(t)he expenses of training do not include membership fees except to the extent that the fee is a necessary cost directly related to the training itself or that payment of the fee is a condition precedent to undergoing the training." A membership fee may be covered as a training expense when the fee is "required as a condition of enrolling or participating in the training" and "the total cost of the training and the membership fee is equal to or less than the non-member training cost" (DOE M 360.1-1B, paragraph 8k(4), page I-9); i.e., when membership in an organization or association results in reduced training expenses so the additional cost of the membership fee does not result in a higher total cost than would otherwise be incurred as a non-member.)

11. How are the expenses paid?

Payments should be made on a reimbursable basis by servicing finance offices based on documentation that itemizes the expenses and includes approval by an appropriate management official. Servicing finance offices should determine the payment process, e.g. required use of Standard Form 1034, Public Voucher, or level of management approval, etc. Reimbursement procedures should be part of the written policy developed and issued by the Departmental Element.

12. Should service agreements be used for employees benefiting from this authority?

A service agreement may be used at the discretion of the Departmental element. The terms of a service agreement may be based on any one of the following methods or combination of them. (Language in service agreements for repayment of student loans may be helpful in preparing a local service agreement; also, see Q & A 13 regarding recovery of reimbursements.)

- a. the period of time covered by the license or credential, e.g., if a license is renewed annually, then the service period may be for the one-year period covered by the license;
- b. a period of time less than the period of time covered by the license or credential; e.g., if a license is renewed every 3 years, then the service period may be for one year;

- c. the cost for an employee to obtain and maintain appropriate credentials, e.g., up to \$1,000 per year – one year of service, \$1,000 - \$2,000 per year – 2 years of service, etc.

13. Should the expenses be recovered when an employee who has been reimbursed for such expenses leaves the Departmental element?

Again, the legislation does not answer this question. Accordingly, Departmental elements may incorporate reimbursement into any service agreement and/or other written transmittal to the credential recipient. If a service agreement is used, then the agreement can stipulate that such expenses may be recovered in whole or on a pro-rated basis similar to other recruitment and retention incentives if the employee leaves the Department. If the employee transfers to a position that supports the same professional credential in another Department element or the reimbursement provision is not described in a document, no action should be taken to recover the costs since the benefits to the Department remain.

14. Are expenses paid under this authority taxable to the employee?

Any fee(s) for obtaining and maintaining a professional credential(s) is(are) *taxable* if reimbursed. For tax advice or more technical questions about how tax laws apply to you, the employee should consult his/her tax adviser.

Servicing finance offices should not withhold taxes from the reimbursements. Any expenses that are taxable to the employee are to be reported to Payroll on the quarterly report of taxable fringe benefits for inclusion on employee W-2 forms. Payroll will then withhold the applicable taxes from the employee's next salary payment.