



Application of the Foreign Affairs Manual (FAM) under Federal and USAID Regulations and Policies on PSCs

A Mandatory Reference for ADS Chapter 309

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This Mandatory Reference explains how USAID's personal services contract authority relates to various provisions of the Foreign Affairs Manual ("FAM") for purposes of benefits.

1. For salary, meritorious step increases, leave and other terms of employment under the control of USAID, the governing Agency regulations on PSCs are [AIDAR Appendices D and J](#), **not** the [FAM](#). While USAID's general policy is to be consistent with the FAM, especially on cooperating national personal services contractors, the source of agency policy and regulations for USAID is the [AIDAR](#) and the [ADS](#).
2. The provisions in [3 FAM 7000](#) – Foreign Service National Personnel and [3 FAM 8200](#) Appendix A – Methods of Employment – do **not** apply to USAID's PSCs, unless the AIDAR or ADS makes a particular FAM provision applicable. Any reference in those FAM provisions to Foreign Service National ("FSN") employees or PSCs is to be read as **not** applying to USAID PSCs.

For example, [3 FAM 7224.2-3](#), U.S. Citizenship, provides that an FSN employee who obtains U.S. citizenship must be terminated. Since it has not been made applicable by the ADS or the [AIDAR](#), that FAM provision does not apply to USAID PSC positions.

3. PSCs may not be entitled to all benefits afforded to USAID direct-hire (USDH) employees (see [ADS 309.3.1.a\(2\)](#)). The following benefits in the FAM are **not** under the control of USAID, and are administered by the Department of State:
 - a) Employee association and commissary privileges. U.S. citizen PSCs are entitled to employee association and commissary privileges under [6 FAM 500 – Employee Associations](#).
 - b) Pouch service. USAID U.S. citizen PSCs are entitled to pouch service on the same basis as direct-hire USAID employees under [14 FAM 700 – Diplomatic Pouch Mail](#).
 - c) Health Unit privileges. U.S. citizen PSCs are entitled to Health Unit privileges on the same basis as direct-hire USAID employees under [16 FAM – Medical](#).
4. There are a number of benefits under the control of other agencies:
 - a) APO privileges. U.S. citizen PSCs are eligible to use the military postal services on the same basis as USAID direct-hire employees under the regulations of the Military Postal Service Agency of the Department of Defense.
 - b) Federal Workers' Compensation ("FECA"). PSCs (regardless of citizenship) are Government considered "employees" for purposes of the Federal

Employees Compensation Act, which is administered by the Division of Federal Employees' Compensation of the Department of Labor.

- c) Unemployment Compensation. Under a recent ruling of the Department of Labor (Unemployment Insurance Program Letter No. 41-99, August 3, 1999) PSCs are **not** eligible for the Unemployment Compensation for Federal Employees program ("UCFE").

5. Additional FAM references include:

- [2 FAM 222, EMPLOYEES OF DIPLOMATIC MISSIONS](#)
- [2 FAM 232.1-4, NATIONALS OR PERMANENT RESIDENTS OF UNITED STATES](#)
- [16 FAM 121, MEDICAL, APPLICABILITY](#)

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