Department of Veterans Affairs
Washington, DC 20420

VA HANDBOOK 5007
Transmittal Sheet
April 15, 2002

PAY ADMINISTRATION

1. REASON FOR ISSUE: To issue Department of Veterans Affairs (VA) procedures regarding pay administration.

2. SUMMARY OF CONTENTS/MAJOR CHANGES: This handbook sets forth mandatory procedures previously contained in numerous other issuances. No substantive changes have been made.

3. RESPONSIBLE OFFICE: The Human Resources Management Programs and Policies Service (051), Office of the Deputy Assistant Secretary for Human Resources.

4. RELATED DIRECTIVE: VA Directive 5007, "Pay Administration."

5. RESCISSIONS: Refer to the Transmittal Sheet for VA Handbook 5001, "General Introduction and Administration."

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PAY ADMINISTRATION

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PART I. GENERAL

1. PURPOSE. This handbook provides Department of Veterans Affairs (VA) mandatory guidance and procedures for pay administration for personnel appointed or designated under certain title 38 authorities, personnel occupying positions subject to 5 U.S.C., chapter 51, and personnel subject to the Federal Wage System.

2. RESPONSIBILITIES. In general, the following officials have responsibility for making pay determinations. However, additional statements of responsibility may be included in separate parts or chapters of the handbook, as appropriate.

a. The Secretary, or designee, is the approving official for pay actions for employees occupying positions centralized to that office.

b. Administration Heads, Assistant Secretaries, Other Key Officials, and Deputy Assistant Secretaries, or their designees, may approve pay actions for employees occupying VA Central Office positions in their organizations that are not centralized to the Secretary and employees occupying field positions centralized to their offices.

c. Network directors, and equivalent in VA, may approve pay determinations for employees occupying non-centralized positions in their organizations.

d. Facility directors may approve pay actions for employees in non-centralized positions under their jurisdiction.

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PART II. SETTING RATES OF PAY UPON APPOINTMENT

CHAPTER 1. GENERAL

1. PURPOSE. This part provides Department of Veterans Affairs (VA) mandatory guidance and procedures for determining initial rates of basic pay for personnel appointed or designated under certain title 38 authorities, personnel occupying positions subject to 5 U.S.C., chapter 51, and personnel subject to the Federal Wage System. This chapter excludes Senior Executive Service employees, members of the Board of Veterans' Appeals, members of the Board of Contract Appeals, Senior-Level and Executive Level employees.

2. RESPONSIBILITIES

a. The Secretary or designee shall approve rates of pay for employees under his jurisdiction upon their initial entry into a covered position, whether upon movement from within or outside the Department.

b. Administration Heads, Assistant Secretaries, Other Key Officials, and Deputy Assistant Secretaries or their designees shall approve the salary level for initial placement for employees under their jurisdiction. They will recommend the salary level for employees in positions centralized to the Secretary.

c. Network directors, and equivalent in VA, may approve pay determinations for employees occupying non-centralized positions in their organizations.

d. Facility directors may approve the salary level for initial placement of employees under their jurisdiction.

e. Office of Human Resources Management staff shall provide technical assistance and guidance to management officials in the administration of the provisions of this part. In addition, they shall advise management officials on exercising their discretion to set pay.

CHAPTER 2. SETTING INITIAL RATES OF BASIC PAY

1. SETTING RATES OF PAY FOR EMPLOYEES APPOINTED TO POSITIONS UNDER 38 U.S.C. 7306 OR 7401

a. **Initial Rates of Pay**

(1) Personnel employed under 38 U.S.C. 7306 and 7401(1) shall be compensated in accordance with salary tables established by the Secretary for each occupation and salary grade for which a range of rates is established under 38 U.S.C. 7404. Physician assistants (PAs) and expanded function dental auxiliaries (EFDAs) are compensated according to the grade determined in accordance with qualifications prescribed by the Under Secretary for Health and approved by the Secretary. Employees appointed under 38 U.S.C. 7401(3) will be paid from the General Schedule salary system, but their assignments are not subject to the classification and grading requirements of chapter 51, title 5, U.S.C.

(2) The initial rate of pay for personnel appointed under 38 U.S.C. 7306 may be set by the Secretary, upon recommendation of the Under Secretary for Health, at any step rate considered appropriate within the range of rates provided for the grade to which appointed.

(3) The initial rate of pay for physicians, dentists, podiatrists, optometrists, PAs, and EFDAs appointed under 38 U.S.C. 7401(1) who do not have prior VA or other Federal civilian service will be the minimum rate of the grade unless a higher step rate is authorized under subparagraphs (5), (6), or c below.

(4) The initial rate of pay for physicians, dentists, podiatrists, optometrists, PAs, and EFDAs appointed under 38 U.S.C. 7401(1) who have prior VA or other Federal civilian service may be set based on the employee's highest previous rate, unless a higher step rate is determined appropriate under subparagraphs (5), (6), or c below. See chapter 4 of this part for highest previous rate determinations.

(5) The initial rate of pay for physicians, dentists, podiatrists and optometrists appointed to Chief Grade and below and PAs and EFDAs appointed to Senior Grade and below may be set by the approving authority at any step rate of the appropriate grade on the basis of the individual's personal qualifications and attainments. The pay determination will be made in accordance with such qualifications as may be prescribed by the Under Secretary for Health and approved by the Secretary.

(6) The initial rate of pay for a physician or dentist (other than chiefs of staff) appointed to Executive grade or nurses or nurse anesthetists appointed at Nurse IV or Nurse V may be set by the approving authority at any step rate of the appropriate grade. The assignment of the grade shall be based upon criteria established by the Under Secretary for Health and approved by the Secretary, to cover complexity and responsibility involved in the specific assignment.

(7) The initial rate of pay for registered respiratory therapists and certified respiratory therapists (RTs), physical therapists (PTs), licensed practical nurses (LPNs), occupational therapists (OTs), and pharmacists who do not have prior VA or other Federal civilian service will be the minimum rate of the grade unless a higher rate is authorized using the authority for individual appointments above the minimum rate of the grade (see chapter 3, paragraph 3 of this part).

(8) The initial rate of pay for RTs, PTs, LPNs, OTs, and pharmacists who have prior VA or other Federal civilian service may be set by the approving official at any step rate of the grade which does not exceed the highest previous rate (maximum payable rate) rule (see 5 CFR 531.203(c)), unless a higher rate is approved under chapter 3, paragraph 3 of this part. The specific pay rate shall be based on the recommendation of the appropriate Standards Board, which is to compare the quality of service rendered during the individual's prior employment with the quality of service expected of other persons in the same grade who have attained pay rates above the minimum rate of the grade. The provisions of this subparagraph are not to be construed as precluding reappointment at a higher grade if the person is qualified.

(9) **Appointments, Reappointments and Transfers from Other Agencies of Nurses and Nurse Anesthetists Under the Locality Pay System (LPS)**

(a) **Employees Without Prior VA or Other Creditable Federal Civilian Service.** The initial rate of pay shall be the applicable minimum rate of the grade and level unless the approving official authorizes a higher step for a head nurse or specialized skills (see part III, chapter 8) or superior qualifications.

(b) **Prior VA Service Under the LPS.** Former employees who served under the LPS may have their step set at any step which does not exceed their highest previous step unless the approving official authorizes a higher step as described in subparagraph (a) above.

(c) **Current or Prior Federal Service Which Does Not Include Service Under the LPS.** The employee may be paid at any step of the grade which does not exceed the employee's relative position in the former rate range unless the approving official authorizes a higher step as described in subparagraph (a) above. Current employees converted to a covered position at their request are not eligible for pay retention under part III, chapter 6, paragraph 4.

(d) **Restrictions on Making Highest Previous Step Determinations.** All highest previous step determinations are subject to the following restrictions:

1. The highest previous step must have been earned in a full-time, part-time or intermittent appointment, not limited to 90 days or less, or for a period of not less than 90 days under one or more appointments without a break in service.

2. The highest previous step may not include higher rates of pay for being a head nurse, higher rates based on specialized skills or an interim geographic adjustment approved under Executive Order 12826, dated December 31, 1992.

3. The earned step on any special salary rate range approved under 38 U.S.C. 7455 is to be used for the

purposes of computing the highest previous step.

b. **Retroactive Adjustment of Salary Rates.** If sufficient data concerning prior Federal employment is not available to make a salary determination concerning the highest previous rate, the rate shall be established initially at the lowest clearly appropriate dollar amount within the grade. The following statement will be placed in the "Remarks" section of the Standard Form (SF) 50-B: "Pay rate subject to retroactive adjustment upon verification of prior Federal service."

c. **Special Basic Pay Adjustments for Personnel Serving Under 38 U.S.C. 7306, 7401(1) or 7405(A)(1)(A)**

(1) In unusual circumstances that are not otherwise covered by this chapter, the Secretary or designee may initially or subsequently adjust the salary of any person serving under 38 U.S.C. 7306, and any employee above Executive grade on the Physician and Dentist Pay Schedule, to any one of the approved step rates of the grade held. Similar action may be taken by the Under Secretary for Health on the pay of any physician or dentist in Executive grade, and by the Under Secretary for Health, or designee, for any other employee covered by 38 U.S.C. 7306, 7401(1) or 7405(a)(1).

(2) Upon change in assignment without change in grade of an employee who has been granted a special basic rate adjustment authorized in accordance with subparagraph c(1) above, the appropriate appointing official may readjust the rate by fixing it at any step of the grade which is no lower than the step rate the employee otherwise would normally have earned under part III, chapter 5 of this handbook. This authority is available for use when a change in assignment is made:

(a) To a locality or type of duty where circumstances would not be considered sufficiently unusual to warrant continuation of the special basic pay rate;

(b) At the employee's request and primarily for his or her benefit and convenience; or

(c) For personal cause.

d. **Rates of Pay for VHA Facility Directors and Chiefs of Staff.** See appendix II-A of this handbook for pay setting guidance for facility directors and chiefs of staff.

2. SETTING INITIAL RATES OF PAY FOR PERSONNEL SERVING IN TEMPORARY AND PART-TIME POSITIONS UNDER 38 U.S.C. 7405

a. Part-time and intermittent physicians, dentists, podiatrists, optometrists, nurses, PAs, and EFDAs shall receive, dependent upon the number of hours worked each week, the proportionate amount of the approved per annum rate appropriate to the grade appointed. The standard VA workweek of 40 hours shall serve as the basis for computation of the salary. The Under Secretary for Health will establish a standard limitation on the number of hours of employment. The Under Secretary for Health, or designee, may make an exception to such limitation on an individual basis when required in the interest of medical need.

b. Upon appointment or re-appointment under 38 U.S.C. 7405, the pay of part-time and intermittent physicians, dentists, podiatrists, optometrists, nurses, PAs and EFDAs shall be determined by the Under Secretary for Health in a manner consistent with paragraph 1 of this chapter and parts III and IX of this handbook.

c. Upon a temporary full-time appointment under 38 U.S.C. 7405, the pay of a distinguished physician shall be set at a salary rate equivalent to a rate established for Medical Director grade, Section 7306 Schedule, as determined appropriate by the Under Secretary for Health.

d. Student nurse technicians with no prior experience will be paid the minimum rate of the appropriate grade under the General Schedule unless a higher rate is authorized under the authority in chapter 3, paragraph 3 of this part to approve an individual appointment above the minimum rate of the grade. The minimum rate should take into account any applicable special salary rate. Student nurse technicians with prior experience may be paid at a rate that does not exceed their highest previous rate, unless a higher rate is authorized under chapter 3, paragraph 3 of this part. Premium pay shall be paid under the provisions of 5 U.S.C., chapter 55. Grade determinations require application of the appropriate classification standard.

e. RTs, PTs, LPNs, OTs, and Pharmacists will be compensated as noted in paragraph 1, subparagraphs (7) and (8) of this chapter.

f. Graduate practical nurses, graduate vocational nurses, graduate physical therapists, graduate occupational therapists, and graduate pharmacists pending licensure shall receive a basic rate of pay commensurate with the minimum rate of the grade for which they qualify, unless an above-minimum entrance rate or special salary rate range has been approved for similar licensed employees, in which case the higher rate would apply. The employee may be given a higher rate under the highest previous rate rule because of prior Federal service.

g. Medical and dental residents are authorized to receive stipends approved by the Under Secretary for Health or designee. Under criteria and procedures established by the Under Secretary for Health, these stipends will be related as closely as practicable to local conditions of remuneration for residents in the hospitals having a major impact on VA's recruitment of house staff. Irrespective of the number of hours of service rendered in a day or a week, no compensation additional to the per annum rate shall be payable to residents by reason of duty at night, on overtime, on Saturday or Sunday, or a legal holiday, or on-call. (See appendix II-E of this part.)

h. The authority to set compensation of **consultants, attendings and others employed on a fee basis** has been delegated by the Under Secretary for Health to facility directors. These fees shall conform, insofar as possible, with practices prevailing within the profession concerned. Per annum ceiling limitations shall be imposed by the Under Secretary for Health on such pay and revised from time to time as necessary in the public interest for both patient care and treatment. Except as may be specifically authorized by the Under Secretary for Health or designee, these limitations shall cover all types of services rendered in VA, and are to be applied uniformly. The foregoing requirements, however, shall not obligate VA to utilize the services of these persons to the maximum extent established by the per annum salary ceiling limitations. (See appendix II-F of this part.)

i. Each physician, dentist or nurse appointed as an **associate investigator** will receive a per annum salary rate related as closely as practicable to local conditions during the appointment. The salary will be approved by the facility director on the recommendation of the Deans Committee or Medical Advisory Committee but will not under any circumstances exceed the salary level of Intermediate grade, step 1, for physicians and dentists or Nurse IV, step 1 for nurses. An appointee will be in an ungraded position for the tenure of this appointment and, as such, is not eligible for advancements, such as promotions, special advancements or periodic step increases. However, with the approval of the Director, Office of Medical Research Service (121), these appointees shall receive pay comparability increases consistent with those granted employees paid under the VHA Physician and Dentist or Nurse Pay Schedules. This obviates the necessity for the Professional Standards Board to make grade and salary rate recommendations.

(1) If an associate investigator is to be given a regular VA appointment at the completion of training, the effective date of adjustments to the grade and step for which qualified for appointment will be the first day following completion of training.

(2) An on-duty employee serving as an associate investigator whose rate of pay exceeds the appropriate amount paid when converted to a training status may request a voluntary reduction, as appropriate, for the purpose of becoming a trainee. On completions of training, the grade and current equivalent of the salary rate held by such employee prior to entering training may be restored by the approving authority on recommendation of the appropriate Professional Standards Board. Likewise, the rate may be further adjusted to include periodic step increases which otherwise would have been earned if the individual had not become a trainee. The individual is entitled to receive a two-step increase above that adjusted rate if also qualified for change to a higher grade. The effective date of each such action will be the first day of the appropriate pay period following the completion of training.

j. Medical support personnel (i.e., employees other than physicians, dentists, podiatrists, optometrists, nurses, PAs or EFDAs who are not trainees and students) serving under 38 U.S.C. 7405(a)(1)(D), who have no prior Federal civilian service are to be paid the minimum rate of the appropriate grade established for competitive service employees performing similar duties, unless an appointment above the minimum rate of the grade has been authorized (see chapter 3, paragraph 3 of this part). The minimum rate shall also take into consideration any applicable above-minimum entrance rate or special salary rate range. For employees with prior Federal service, a higher rate may be set within the applicable range of rates for competitive service employees performing similar duties. However, such rates may not exceed the current equivalent of the employee's highest previous rate, unless a higher rate is authorized under chapter 3, paragraph 3 of this part.

k. **Non-medical consultants** in scientific and other activities allied to medicine will be paid on a per annum or lump-sum fee basis in accordance with the same administrative requirements, including limitations, provided for medical consultants, except that the annual pay limitation is $7,500. This limitation is placed on the amount of compensation a non-medical consultant may receive from VA during any 1 fiscal year. (See appendix II-F).

l. **Other professional, technical, and medical support personnel serving on a fee basis** will

receive compensation in varying amounts as provided in appendix A to VHA Manual M-1 and in VHA Manual M-4, chapter 3. Where there is not directly applicable fee listed in above references, the facility director may authorize a fee which does not exceed fees charged by representative members of the profession for similar services offered to the general public in the vicinity of the field facility. The per annum pay limitation for these personnel is $3,750. This limitation is placed on the amount of compensation any such person may receive from VA during any 1 fiscal year. Requests for exceptions to the annual pay limitation will be made consistent with appendix II-F.

m. **Trainees and students** serving under 38 U.S.C. 7405(a)(1)(D), are paid either on a per annum training rate basis (see subparagraph (1) or on a stipend basis (see subparagraph (2)). Trainees may also be appointed WOC (see paragraph p). See paragraph n for special instructions on students paid in the Summer Work Program.

(1) **Trainees Paid on Per Annum Basis**

(a) The Under Secretary for Health may establish, increase, or reduce per annum training rates in consideration of such factors as VA and national health care needs, qualifications required for entry into training programs, nationwide and/or local compensation practices of non-VA institutions having similar training programs, and VA funding capability. Trainees will be paid at the appropriate per annum rate determined by the Chief Academic Affiliations Officer (CAAO).

(b) Payment is made biweekly for hours actually worked. Actual salary of trainees, therefore, is a proportionate amount of the full per annum rate. This is determined by prorating the amount of time worked in relation to the standard VA 40-hour workweek. In computing the biweekly amount payable, the full per annum rate for a 40-hour workweek first is divided by 2,080 to establish the hourly rate, as computed to the nearest cent, counting one-half cent and over as a whole cent; the hourly rate then is multiplied by the number of hours actually worked during the pay period. A trainee may be detailed with no loss of pay to another Government or non-Government institution to obtain related supplementary education or training which is an integral part of the training for which VA has assumed responsibility. However, under no circumstances may the total time spent in non-VA institutions exceed one-sixth of the total hours a trainee is in a pay and training status with VA.

(c) Per annum basis trainees will be paid their regular straight time base rate, but will not receive any additional premium pay by reason of working on a legal holiday, on Sunday, or at night. These trainees will receive their regular straight time pay for time off if relieved or prevented from working solely by the occurrence of a legal holiday. No compensation will be paid these trainees by reason of working overtime; however, they may be granted equivalent time off for service in excess of 8 hours in a day or 40 hours in a week.

(2) **Trainees Paid on a Stipend Basis**

(a) A stipend trainee will be entitled to be paid the biweekly stipend rate for the stipulated period of training if the individual is in an acceptable and satisfactory training status. The trainee will be in an acceptable and satisfactory training status if the individual is enrolled in an approved program and satisfactorily fulfills university and VA requirements irrespective of the number of hours or sequence of supervised VA training and coordinated academic work. The trainee must, however, satisfactorily complete the minimum hours of supervised VA training. The total of biweekly amounts will approximate the aggregate stipend and will control actual payments.

(b) On acceptance of a trainee in a stipend program, the Human Resources Office will effect the appointment by SF 50-B, Notification of Personnel Action. It is important to note that, while an appointment may be made on any appropriate date, in order that the trainee receive the full biweekly stipend for the initial pay period, the appointment must be made effective on Sunday, the first day of a pay period. If an appointment is effective on any other day than the first of a pay period and the stipend trainee satisfactorily complete all training requirements, the appointment must terminate on the appropriate day other than the last day of a pay period since the trainee will have earned entitlement to the full number of biweekly amounts specified in the applicable stipend payment plan. Appointments of trainees in a stipend program are made under authority of 38 U.S.C. 7405(a)(1). The Nature of Action will be "171 Excepted Appointment, NTE _(date)_." When an individual's program is extended for the next higher level of training, the Nature of Action will be "571 Conversion to Excepted Appointment, NTE _(date)_." The duration of the appointment or conversion action may not exceed 10, 15, 17, 20, 22 or 26 pay periods, as appropriate. Duty basis of trainees in a stipend program will be "intermittent." The salary item on the SF 50-B will show the biweekly amount for the appropriate year level of the trainee. The following remark is to be placed on the "Remarks" item: "The full biweekly stipend stated above or a prorated part of such stipend will be paid based on your plan for (number) minimum hours of being in a satisfactory training status for the full period of (number) pay periods. (See VHA Supplement to MP-4, pt. II, par. 1C.11)

(c) The approved stipend amount will not be exceeded if the trainee exceeds the authorized training period and requires additional hours. If a stipend trainee does not complete the required minimum number of hours of work in the predetermined 5-, 7-, 8-, 9-, 10-, or 12-month period for which the trainee received stipend payments, the trainee is required to make up the deficiency; no additional stipend funds may be authorized for such makeup time. Payments will cease if the employee's status as a stipend trainee is terminated. A stipend trainee may be detailed with no loss of stipend to another Government or non-Government institution to procure necessary supplementary training or experience for a period NTE one-sixth of the total time a trainee is in a pay and training status with VA.

(d) A stipend trainee who has satisfied all university and VA requirements, including the minimum training hours required by the payment plan as well as any additional hours that may be required by the individual program director, but who has not received all of the biweekly amounts specified in the stipend payment plan may, at the option of local management, be given a lump-sum payment representing the difference between the aggregate stipend and the sum of the biweekly amount already received or be retained in an acceptable training status until all of the biweekly amounts have been paid.

(e) Stipend trainees are to be compensated in accordance with stipends determined by the CAAO.

n. **VHA Summer Work Program** participants (high school graduates, college, medical and dental students participating on a temporary full- or part-time basis, except dental students covered by paragraph o below) are paid at per annum rates as determined appropriate by individual field facility directors in terms of completed academic level.

(1) The per annum rates established under this paragraph *are not* valid for any other trainees or training programs. These procedures may not be used to circumvent the regular procedures for establishment and approval of training programs and trainee rates.

(2) Summer students will be paid their regular straight-time base rate, but will not receive any additional premium pay, by reason of working on a legal holiday, on Sunday, or at night. These students will receive their regular straight time pay for time off if relieved or prevented from working solely by the occurrence of a legal holiday. No compensation will be paid these students by reason of working overtime; however, they may be granted equivalent time off for service in excess of 8 hours in a day or 40 hours in a week.

(3) The Office of Academic Affiliations frequently funds **summer traineeships** for affiliated educational program students in associated health professions and occupations. Appointment and pay instructions are ordinarily provided by separate VHA Directive. It is important to note that rates established for summer traineeships may differ from and supercede those published in this manual. Also, it is essential not to confuse these summer trainees with individuals serving under the provisions of subparagraph m(1) and m(2) above. Summer trainees are appointed to perform duties, which are not part of a formally approved training program.

o. **Dental students** selected for a special **10-week summer research program** at designated field facilities are paid per annum rates approved by the Assistant Under Secretary for Dentistry.

p. In certain designated programs, as specified below, **students** serving under 38 U.S.C. 7405 (a) may be authorized to serve as trainees on a **without monetary compensation (WOC)** basis. In return for services rendered, they may be furnished quarters and subsistence during the whole or any part of the training period if facilities are available and these services are requested by the student's school. Uniforms also may be laundered by VA if facilities are available. Instructions for making such payment "in kind" are contained in M-1, part I, chapter 2.

(1) Students from medical and dental schools may serve as clinical clerks under authority of 38 U.S.C. 7405(a)(1)(D).

(2) Students from schools of nursing attached to non-Federal hospitals may serve as affiliate nurses under authority of 38 U.S.C. 7405(a)(1)(D).

(3) Students from affiliating institutions may serve as trainees under authority of 38 U.S.C. 7405(a)(1)(D) in various allied health specialties.

3. SETTING INITIAL RATES OF PAY FOR EMPLOYEES IN TITLE 5 POSITIONS (POSITIONS SUBJECT TO 5 U.S.C., CHAPTER 51)

a. Initial rates for employees whose positions are subject to chapter 51 may be set at any rate up to the highest levels permitted by 5 CFR 531.203, subject to any limiting Office of Personnel Management regulations and Comptroller General decisions and as specifically provided in chapter 4, paragraph 2 of this part. In VA, this policy is referred to as the "Earned Rate Rule." The term "earned rate" refers to an individual's highest previous rate when such rate is recognized under the "Earned Rate Rule" for salary adjustment purposes.

b. The rationale for the earned rate rule is that the steps within a given grade are intended to reflect differences in individual proficiency which affect quality of performance. Typically, proficiency is acquired or enhanced gradually during one's tenure in a position, and is recognized by within-grade increases. Proficiency at least equivalent to that expected of employees at any of the step rates also may be gained through successful experience in a higher position. The purpose of the policy is to recognize proficiency acquired in this latter manner, to the extent possible.

c. **Health Care Administration Residents and Interns Under 5 U.S.C. 5351-5356**

(1) **Policy.** The facility director will establish stipends for health care administration residents and interns on a locality basis, not to exceed the appropriate maximum permitted stipends as indicated in 5 CFR 534.203, after consultation with administrative officials of the affiliating school or university and with other hospitals in the area which utilize residents and interns in these programs. These administratively determined stipends may be effected only on a prospective basis. The only exception to this retroactive prohibition is where the facility director has executed written documentation establishing local policy as paying the maximum permitted stipends according to OPM regulations and a statutory pay adjustment becomes effective retroactively.

(2) **Maximum Stipends.** Maximum per annum stipends for health care administration residents and interns are determined in accordance with 5 CFR 534.203.

d. **Retroactive Adjustment of Salary Rates.** Except as provided in paragraph c above, pay determinations made under this paragraph are discretionary administrative determinations, which will not be made on a retroactive basis. However, as an exception to this rule, if sufficient data are not available to permit making a salary determination, the salary rate will be established initially at the lowest clearly appropriate rate of the grade. The following statement will be placed in the "Remarks" section of the SF 50-B: "Pay rate subject to retroactive adjustment upon verification of prior Federal service."

4. SETTING INITIAL RATES OF PAY FOR FEDERAL WAGE SYSTEM EMPLOYEES

a. **General.** Except as provided in chapter 3, paragraph 5 and chapter 4, paragraph 3 of this part or 5 CFR 532.403(c), a new appointment in the Federal Wage System will be made at the minimum rate of the grade.

b. **Retroactive Adjustment of Salary Rates.** Pay determinations made under this paragraph are discretionary administrative determinations, which will not be made on a retroactive basis. However, as an exception to this rule, if sufficient data are not available to permit making a salary determination, the salary rate will be established initially at the lowest clearly appropriate rate of the grade. The following statement will be placed in the "Remarks" section of the SF 50-B: "Pay rate subject to retroactive adjustment upon verification of prior Federal service."

CHAPTER 3. AUTHORIZATION OF INDIVIDUAL APPOINTMENTS ABOVE THE MINIMUM RATE OF THE GRADE

1. GENERAL. This authority is a pay-setting authority; it is not an appointing authority. Therefore, consideration of an above-minimum rate appointment may occur only after it has been determined that the candidate may be properly appointed. An above-minimum rate, however, must be approved prior to the effective date of appointment.

2. RESPONSIBILITIES

a. The Secretary, or designee, is the approving official for entry at an above-minimum rate in positions centralized to that office.

b. Administration Heads, Assistant Secretaries, Other Key Officials, and Deputy Assistant Secretaries or their designees, recommend entry at above-minimum rates for positions in their organizations which are centralized, to the Secretary. They, or their designees, approve entry at an above-minimum rate for positions in their Central Office organizations, which are not centralized to the Secretary and for field positions centralized to their offices.

c. For non-centralized positions, facility directors may approve entry at an above-minimum rate.

d. The Deputy Assistant Secretary for Human Resources Management shall advise management and operating officials on the policies contained herein. Facility Human Resources Management Officers or other appropriate officials shall advise facility officials on the policies contained herein.

3. APPOINTMENT ABOVE THE MINIMUM RATE OF THE GRADE FOR PERSONNEL APPOINTED UNDER 38 U.S.C. 7401(3) AND VETERANS HEALTH ADMINISTRATION (VHA) GENERAL SCHEDULE (GS) HEALTH-CARE PERSONNEL

a. **General**

(1) Authorized officials may, after considering an individual's existing pay, higher or unique qualifications, or special needs of VA, appoint RTs, PTs, LPNs, OTs, pharmacists and VHA GS patient-care personnel at rates of pay above the minimum rate of the appropriate grade. Officials are cautioned against making firm salary commitments to candidates before a rate above the minimum of the grade has been approved. Criteria for approving such rates are contained in subparagraph b below.

(2) Upon specific written request, and on a quarterly basis, the union will be provided with the names of bargaining unit employees appointed above the minimum rate of the grade and the grade and step to which appointed.

(3) A pay rate approved under this paragraph is considered an "earned rate" and may subsequently be used in applying the highest previous rate rule. The highest previous rate is not an entitlement, however, and should be judiciously used in situations where employees move to positions which might not qualify for an appointment above the minimum rate of the grade. In addition, restrictions concerning the use of above-minimum entrance rates and special salary rates continue to apply when making highest previous rate determinations (see chapter 4, paragraph 1 of this part).

(4) A pay rate approved under this paragraph shall be used when determining an employee's pay upon promotion to a higher grade position.

(5) When setting rates under this paragraph, consideration shall be given to the locality comparability payment authorized for the geographic area and the fact that the employee will receive the locality comparability payment in addition to the basic rate of pay selected from the General Schedule.

b. **Criteria for Pay Determinations**

(1) Pay determinations under this paragraph may be made after considering a candidate's existing pay, higher or unique qualifications or special needs of VA. If an individual's pay rate is based on the recommendation of a professional or similar standards board, the approving official's action shall consider the recommendation of that board.

(2) Before using this authority, approving officials should consider such things as the number of on-duty personnel in the category under consideration and their pay rates, the number of vacancies and the availability of well-qualified candidates, as well as possible employee and/or community relations problems which may result from using this authority. Alternatives include a (non-recurring) recruitment bonus, a more comprehensive recruitment effort, job redesign, internal training, use of part-time employees, etc.

(3) This authority is intended to enhance VA's ability to meet its recruitment needs. Thus, it shall typically be used for new appointments (i.e., first appointment as an employee of the Federal Government). To be used for reinstatements, the candidate must have had a break in service of at least 90 calendar days since the last period of Federal employment (other than part-time or temporary employment as a student or part-time employment which is not the principal employment of the candidate). This authority may be used with full-time, part-time, temporary, term or intermittent appointments provided its use is consistent with the criteria contained herein.

c. **On-Duty Employees**

(1) A higher step rate may be approved for on-duty employees in the situations shown below if the appropriate standards board or recommending official (if a standards board is not appropriate) has recommended a higher step rate than otherwise applicable. The recommendation may be based on higher or unique qualifications of an individual or special needs of VA.

(a) On-duty employees converted to occupations listed under 38 U.S.C. 7401(3); and

(b) On-duty employees reassigned to a new position or changed to a new lower grade position under 38 U.S.C. 7401(3). For the purpose of this paragraph, a new position means a position subject to different qualification standards and in a different occupational series.

(2) On-duty employees in the same occupation as an individual newly appointed under 38 U.S.C. 7401(3) are not entitled to have their pay rate adjusted.

d. **Limitations on Pay Rates.** Approving officials shall not authorize a rate above the maximum rate of the grade. In addition, pay rates approved under this paragraph are limited by the payable rate for Level V of the Executive Schedule.

e. **Retroactive Administrative Determination.** The authority contained in this paragraph is a discretionary administrative determination, which shall not be made on a retroactive basis.

f. **Superior Qualifications Appointments.** Employees covered by this paragraph may not be considered for superior qualifications appointments under 5 U.S.C. 5333 and paragraph 4 below.

4. APPOINTMENT ABOVE THE MINIMUM RATE OF THE GRADE FOR PERSONNEL SUBJECT TO CHAPTER 51

a. Under the provisions of 5 U.S.C. 5333(a) and 5 CFR 531.203(b), appointment at a rate above the minimum of a General Schedule (GS) grade may be made based on the superior qualifications of a candidate or a special VA need for the candidate's services. **NOTE:** *VHA GS employees who provide direct patient care services or services incident to direct patient services are covered by paragraph 3 above, and are not covered by this paragraph.*

b. Appointments at above-minimum rates under this paragraph will be fully justified in accordance with criteria outlined in 5 CFR 531.203(b) and meet all legal and regulatory requirements.

c. Office of Personnel Management regulations require that consideration must be given to a recruitment bonus before approval of an above-minimum rate under this authority (5 CFR, part 575). This requirement is predicated on the fact that an appointment with an above-minimum rate will be significantly more costly because it has a lasting effect on future pay entitlements and increases retirement, life insurance, and premium pay entitlements. A recruitment bonus is a one-time payment that does not affect future pay entitlements.

d. The authority in this paragraph is to be used in individual cases of superior qualifications or special VA need. It is not to be used for occupational pay comparability or substituted for above-minimum entrance rates for an occupation or special salary rates for an occupation. Consideration is to be given to the effect approval may have on the morale of current employees and/or community relations.

e. Above-minimum rates are authorized only for individuals entering Federal civilian service for the first time or those returning after a break in service of 90 days or more. However, this authority may be used for appointment or conversion of certain cooperative work study employees, District of Columbia employees, members of Public Health Service Commissioned Corps, Intergovernmental Personnel Act participants, and experts or consultants as provided by 5 U.S.C. 531.203(b). An above-minimum rate must be approved before the candidate enters on duty; retroactive adjustment is not permitted.

f. An above-minimum rate may not exceed the rate for the tenth step of the grade.

g. See appendix II-D for information on requesting above-minimum entrance rates under this paragraph.

5. APPOINTMENT ABOVE THE MINIMUM RATE OF THE GRADE FOR FEDERAL WAGE SYSTEM PERSONNEL. Appointing officials may make a new appointment at any step rate of the appropriate grade in recognition of skills and experience of an exceptional or highly specialized nature in a particular trade or craft. Such appointments, however, may be made only when it is not possible to recruit an applicant at the minimum rate and VA has a specific need for the applicant's special qualifications. When an appointment above the minimum rate is made, the following statement will be placed in the "Remarks" section of the 50-B, Notification of Personnel Action: "Salary rate approved under FWS Operating Manual, section S8-3b(1)." Reasons for the determination will be recorded on the Request for Personnel Action, or its electronic equivalent.

CHAPTER 4. HIGHEST PREVIOUS RATE DETERMINATIONS (EARNED RATE RULE)

1. HIGHEST PREVIOUS RATE DETERMINATIONS FOR TITLE 38 PERSONNEL

a. A rate above the minimum may be set as the initial rate of pay for physicians, dentists, podiatrists, optometrists, nurses, PAs, and EFDAs with prior VA or other Federal civilian service whose appointment or reappointment is made under 38 U.S.C. 7401(1). The rate may be set by approving authority at any step rate within the appropriate grade which does not exceed the highest step rate previously attained while rendering such service, unless a higher step rate is determined appropriate under chapter 2, paragraph 1a, subparagraphs (5), (6), or paragraph 1c of this part.

b. For physicians, dentists, podiatrists, optometrists, nurses, PAs, and EFDAs, unless a higher step rate is authorized under chapter 2, paragraph 1a, subparagraphs (5), (6), or paragraph 1c, of this part, the specific step rate shall be based on a recommendation from the appropriate Professional Standards Board. The recommendation shall compare the quality of service rendered during such individual's prior employment with the quality of service expected of other persons in the same grade who have attained step rates above the minimum rate of the grade. This provision, however, shall not be construed as precluding reappointment of such person at a higher grade or step for which he or she is qualified.

c. The following restrictions apply in making highest previous rate determinations for personnel listed in paragraph 1a above:

(1) The rate must be based on prior full-time, part-time or intermittent service under an appointment or contractual agreement (38 U.S.C. 513), not limited to 90 days or less, or for a period of not less than 90 days under one or more appointments or contractual agreements without a break in service.

(2) It is generally inappropriate to use above-minimum entrance rates and special salary rate ranges as the highest previous rate when an employee voluntarily moves to a position where lower rates of pay apply. This is because approval of such rates is the result of recruitment or retention problems at a particular VA health-care facility and higher non-Federal pay rates in a specific labor market.

(3) In view of subparagraph c(2) above, above-minimum entrance rates or special salary rates may be used as the highest previous rate only with the prior approval of the facility director. A copy of this approval shall be filed on the right hand side of the Merged Records Personnel Folder and documented in the "Remarks" section of the Request for Personnel Action, or its electronic equivalent.

2. HIGHEST PREVIOUS RATE FOR TITLE 5 POSITIONS

a. Title 5, United States Codes, section 5334(b) sets forth certain minimum pay adjustment rules applicable to promotions of employees between General Schedule positions. Subject to these mandatory requirements, 5 CFR 531.203(c) generally provides agencies with discretion to set the pay of the employee who is re-employed, transferred, reassigned, promoted, re-promoted, or demoted at any rate for the

employee's grade which does not exceed his highest previous rate. Once the applicable highest previous rate is determined, if it falls between two steps of the new grade, the higher step will be paid.

b. In applying the provisions of this chapter, salary rates received in non-VA positions and rates received in VA positions may be taken into account in fixing salary rates, if appropriate in the judgment of the authorizing official, but no right is vested in the employee to receive a rate based on such service. **NOTE:** *Instructions regarding crediting of non-General Schedule service are contained in part III, chapter 4, paragraph 4.*

c. The earned rate rule will be controlling only where the record indicates, in the authorizing official's judgment, that the experience gained in the position on which the rate is proposed to be based was of such quality and duration that the individual's total qualifications were likely thereby to have been enhanced. The following considerations will be taken into account in making this determination:

(1) A rate received by an employee in a position from which he had been removed for inefficiency or disciplinary reasons by reassignment, reduction in grade, or separation shall not be used as basis for an earned rate determination.

(2) The employee's tenure in the position on which the earned rate is based must have been sufficient to have demonstrated his ability to perform satisfactorily at such higher grade. One year's service will be considered as a reasonable minimum. Subject to the limitations of 5 CFR 531.203(d), however, a shorter period may be acceptable if the factors in the individual case so warrant.

(3) Where an affirmative determination cannot be made for application of the earned rate rule, in the light of the above criteria, a salary rate shall be selected at any lower level within the grade that is not below the minimum required by law or regulation. (See, however, part III, chapter 4, paragraph 2a, regarding reassignments for disciplinary reasons or for unsatisfactory service.) The rate selected in such cases shall be that which in the authorizing official's judgment best represents equity to the employee and VA, and affords reasonable internal alignment with the rates received by other groups of employees within the installation. The basis for selection of a rate lower than the normal rate under the earned rate rule should be documented in the individual's personnel folder.

d. Removal from a position for failure to satisfactorily complete the managerial/supervisory probationary period will be considered as follows:

(1) An employee who, for reasons of managerial/supervisory performance, does not satisfactorily complete the managerial/supervisory probationary period will be placed, except as provided in subparagraph (2) below, in a position of no lower grade and pay than the one the employee left to accept the managerial/supervisory position.

(2) A non-supervisory or non-managerial employee who is demoted into a position in which a probationary period is required, and who, for reasons of managerial/supervisory performance, does not complete the probationary period is entitled to be placed in a position at the same grade and pay as the position in which he or she was serving during the probationary period.

e. When an employee is demoted at his or her request, with the prospect of re-promotion back to the former grade as soon as possible under merit promotion rules, the appointing official will select a rate in the lower grade which upon promotion back will place the employee in a rate of the higher grade which he or she would have attained if he or she had remained at that grade. **NOTE:** *If the employee is eligible for pay retention as a result of the personnel action, the change to a lower grade is not considered to be at the employee's request.*

3. HIGHEST PREVIOUS RATE FOR FEDERAL WAGE SYSTEM (FWS) EMPLOYEES

a. A rate above the minimum rate of the grade using the principle of highest previous rate will only be approved where the record indicates that the experience in the previous position, on which the higher rate is proposed to be based, was of such quality and duration that the individual's qualifications for the position in which being placed have been appreciably enhanced. The employee's tenure in the position on which the rate is based must also have been sufficient to demonstrate ability to perform satisfactorily in that grade. Thus, except as provided in part III, chapter 3, paragraph 3, on changes to lower grade or chapter 4, paragraph 3b on reassignments, an employee is to have at least 1 year of continuous service at a particular grade to have the service considered when computing the highest previous rate.

b. The rate selected shall represent equity to the employee and VA, and afford reasonable internal alignment with rates received by similar employees at the facility.

APPENDIX A.
VHA PAY POLICIES FOR FACILITY DIRECTORS AND CHIEFS OF STAFF

1. SCOPE. The provisions of this appendix apply to VHA facility directors and chiefs of staff appointed under 38 U.S.C. 7401(1) or 7405(a)(1).

2. PER ANNUM RATES AND PAY RANGES. Personnel covered by this appendix shall be compensated in accordance with the rates of basic pay for physicians and dentists established under 38 U.S.C. 7404.

3. APPOINTMENTS AND REASSIGNMENTS

a. **Chiefs of Staff.** Facility officials will forward chiefs of staff (COSs) recommendations to the Management Support Office (10A2) in VA Central Office. The COS program staff in that office will provide a technical review of the nomination, arrange for appropriate concurrences and approvals of VHA Central Office officials as necessary, and forward the completed nomination package to the Network Director for approval. The recommendation of the Central Office PSB (Professional Standards Board) will be required for all COSs receiving their initial VA appointments, re-appointments following a break in service, or initial conversions to 7401(1) appointments.

b. **Facility Directors.** The VHA ERB (Executive Resources Board) shall recommend the appropriate step rate within Director grade upon an employee's initial appointment or reassignment to a facility director position. The VA Form 5-4065a, and 5-4065b, Request for Approval of Personnel Action Centralized to the Secretary, or its electronic equivalent, shall be used to document the recommendation. Recommendations shall be made through the Under Secretary for Health and the Deputy Assistant Secretary for Human Resources Management to the Secretary. All actions affecting directors at VAM&ROC's will also require the concurrence of the Under Secretary for Benefits.

c. **Pay Determinations.** Any recommendation concerning the step rate of the above employees shall be made in accordance with paragraph 4 of this appendix.

4. PAY ADMINISTRATION

a. **Appointments and Reassignments.** Upon a change to or within Director or Executive grade, the VHA ERB or facility management, as appropriate, shall, except as outlined below, recommend a step rate within the grade based on an individual's qualifications and on facility characteristics. Action by the Professional Standards Board is required only on the appointments of chiefs of staff as noted in paragraph 3a of this appendix.

b. **Advancement to Executive or Director Grade.** Individuals advanced to Executive or Director grade shall be entitled to the lowest rate of pay within the higher grade which exceeds his or her existing rate by not less than two step increases of the lower grade.

c. **Annual Step Rate Review.** See the guidelines for the annual step rate review in paragraph 3 of part III, chapter 5, this handbook.

d**. Applicability of Other Step Rate Increases.** The employees subject to the provisions of this appendix may not receive periodic step increases, rate adjustments, or quality increases under any other provisions of this handbook. Such employees are, however, eligible for a special basic pay adjustment under the provisions of part II, chapter 2, paragraph 1c of this handbook.

APPENDIX B. PAY POLICIES FOR FIELD FACILITY NURSE EXECUTIVES AND KEY NURSING PERSONNEL

1. SCOPE. This appendix applies to Nurse Executives at Department of Veterans Affairs (VA) field facilities. The term Nurse Executive refers to Chiefs of Nursing Service or equivalent positions that represent the highest ranking nurse management position at a facility. This appendix also applies to key nursing personnel and nurse anesthetists in Nurse IV and Nurse V who are employed at a VA medical center and are appointed on a full- or part-time basis under title 38 United States Code (U.S.C.) Section 7401(1) or 7405(a)(1)(A). **NOTE:** *Employees at the Veterans Integrated Service Network (VISN) and Veterans Health Administration (VHA) Central Office are covered by part X, chapter 5, VHA Central Office and VISN Office Nurse Pay.*

2. NURSE EXECUTIVES

a. **Pay Administration**

(1) **Promotions to a Higher Grade.** Employees promoted from a grade to a higher grade shall receive basic pay at the lowest rate of the higher grade which exceeds the employee's existing rate of basic pay by not less than two step increments of the grade from which promoted. **NOTE:** *See paragraphs 1c(2) and (3) of part III, chapter 2, for promotions of head nurses or employees receiving a higher rate based on specialized skills.*

(2) **Placement of a Nurse Executive. NOTE:** *See subparagraphs 1c(2)(b) and (c) of part III, chapter 4.*

(a) **At a Facility With the Same Complexity Level.** The appropriate NPSB may recommend a pay adjustment upon placement of a Nurse Executive at a facility with the same complexity level if such an adjustment is consistent with the criteria contained herein, and the placement is made for reasons other than cause or the employee's request.

(b) **At a Facility With a Higher Complexity Level.** The appropriate NPSB may recommend a pay adjustment upon placement of a Nurse Executive at a facility with a higher complexity level provided such an adjustment is consistent with the criteria contained herein.

(c) **To a Facility With a Lower Complexity Level.** The appropriate NPSB shall recommend one of the following options upon placement of a Nurse Executive to a facility with a lower complexity level, provided the placement is for reasons other than cause or the employee's request.

1. The employee shall receive the lowest step in the grade which equals or exceeds his or her existing rate of pay.

2. If there is no such rate, the employee will be eligible for pay retention under paragraph 6 of chapter 6 of part III.

(d) **Placement in a Key Nursing Assignment.** The appropriate NPSB shall recommend one of the following options upon placement of a Nurse Executive in a key nursing assignment, provided such placement is made for reasons other than cause or at the employee's request.

1. The employee shall receive the lowest step in the grade which equals or exceeds their existing rate of pay.

2. If there is no such rate, the employee will be eligible for pay retention under paragraph 6 of chapter 6 of part III.

(e) **Voluntary Changes to a Lower Grade. NOTE:** *See paragraph 4.*

b. **Changes in Complexity Level.** If the Under Secretary for Health changes facility complexity levels, Nurse Executives at facilities with changed levels are to be reviewed as follows:

(1) **Change to a Higher Facility Complexity Level.** If a facility is changed to a higher complexity level, the appropriate NPSB shall review the grade and step of the Nurse Executive, and may recommend an increase provided the increase is consistent with the criteria contained herein.

(2) **Change to a Lower Complexity Level.** If the facility is changed to a lower complexity level and the grade of the Nurse Executive is not supported by the lower facility complexity level, the Nurse Executive shall be entitled to the lowest step in the lower grade which equals or exceeds the employees existing rate of pay. If there is no such pay rate in the lower grade, the employee shall be entitled to pay retention under paragraph 6 of part III, chapter 6.

(3) **Exceptions.** Facility directors may request exceptions to established grades if the complexity of the Nursing program is comparable to those found at facilities with a higher complexity level. The VHA Central Office NPSB is the appropriate NPSB for actions involving a waiver of facility complexity level.

c. **Annual Step Rate Review.** At the time of the proficiency rating, the immediate supervisor shall recommend, based on the employee's performance during the rating period, that the Nurse Executive receive no step increase, a one-step increase, or a two-step increase. This recommendation shall be documented in Section F of the proficiency rating form and forwarded to the facility director for approval. If the facility director is the immediate supervisor, the rating form will be forwarded to the Network Director for approval. See paragraph 3 of part III, chapter 5, this handbook, for instructions regarding the annual step rate review.

NOTE: *The immediate supervisor may not recommend any step adjustment for the Nurse Executive if the employee is already at or above the maximum step authorized for the grade or level.*

d. **Applicability of Other Provisions of this Handbook.** Employees covered by this paragraph are not eligible for PSIs or special advancements for performance. They may, however, receive special advancements for achievement and other cash awards under VA Handbook 5017, Employee Recognition and Awards.

3. KEY NURSING PERSONNEL AND NURSE ANESTHETISTS IN NURSE IV AND NURSE V. For the purposes of this handbook, "key nursing personnel" refers to nurses (other than Nurse Executives) at Nurse IV and above whose grade is based on both their personal qualifications and responsibilities of their assignment.

a. **Reassignment to Nurse Executive Positions.** Key nursing personnel reassigned as a Nurse Executive shall have their pay set in accordance with paragraph 2.

b. **Placement in a Lower Grade for the Good of VA.** An employee placed in a lower grade for reasons other than cause or at the employee's request will have his or her pay set at the lowest step of the lower grade which equals or exceeds his or her existing rate of basic pay. If there is no such step, the employee is entitled to pay retention under paragraph 6 of part III, chapter 6.

c. **Voluntary Changes to a Lower Grade.** See paragraph 4.

4. VOLUNTARY CHANGES TO A LOWER GRADE. Employees covered by this chapter who take a voluntary change to a lower grade may have their pay set at any step of the grade which does not exceed their highest previous rate. However, the employee is not eligible for pay retention, and, if the employee changes facilities, the pay rates of the gaining facility shall be applicable. The employee must submit a written request, through channels, for the employment change. Generally, such requests should not be effected until the employee has had 24 hours to consider the matter. **NOTE:** *A sample request is included in this appendix.* The employee's signed request is to be filed on the right side of the employee's Merged Records Personnel Folder.

SAMPLE OF STATEMENT OF UNDERSTANDING FOR VOLUNTARY CHANGE TO LOWER GRADE OF NURSE EXECUTIVES AND KEY NURSING PERSONNEL

I, (Name), voluntarily request my assignment as (current assignment and location) be changed to (new assignment) effective (Date) .

I am voluntarily requesting this change without coercion or influence and understand that I will no longer be eligible for the higher rate of pay I received in my previous assignment. This decision is being made of my free will, and I fully understand the significance of this request (i.e., the loss of salary and benefits related to the higher salary).

_____ _____.
Signature Date

APPENDIX C.
PAY CONVERSION INSTRUCTIONS FOR TITLE 38 STATUTORY RATES

Subject to the provisions of 38 U.S.C. 7404(a) and (b), the rates of basic pay for personnel (excluding registered nurses and nurse anesthetists) appointed under 38 U.S.C. 7306 or 7401(1) shall be adjusted on the effective date of a general pay increase as follows:

1. Personnel receiving a rate of basic pay immediately prior to the effective date of a general pay increase at one of the step rates of a grade or position on the pay schedules applicable to appointees under section 7306 or 7401(1) of title 38, U.S.C. shall receive the rate of basic pay for the corresponding numerical step rate of that grade or position which is in effect on and after the effective date of the increase.

2. Rates of basic pay for temporary full-time, part-time and intermittent physicians, dentists, podiatrists, optometrists, PAs, and EFDAs appointed under 7405(a)(1)(A) shall be adjusted in the same manner authorized for personnel in paragraph 1 above.

3. Rates of basic pay for VHA General Schedule patient care employees receiving above-minimum entrance rates or special salary rate ranges shall be adjusted in accordance with part II, chapter 3 of this handbook.

4. The salary rate of an employee receiving a retained rate of pay under part III, chapter 6, paragraph 6, shall be increased as described therein, specifically, by 50 percent of the increase in the maximum rate of the grade. In computing the new rate, fifty cents or more shall be rounded to the next higher dollar amount.

NOTE: *The rates of basic pay for nurses and nurse anesthetists will be adjusted in accordance with part X, chapter 3, paragraph 7.*

APPENDIX D.
AUTHORIZING INDIVIDUAL APPOINTMENTS ABOVE MINIMUM RATE OF GRADE UNDER 5 U.S.C. 5333(A) AND PART II, CHAPTER 3, PARAGRAPH 4 OF THIS HANDBOOK

1. Requests for approval of an appointment above the minimum rate under this authority must meet all of the requirements of this paragraph and must also satisfy the provisions of 5 CFR 531.203(b).

2. Requests for centralized positions will be forwarded through organizational channels and the Office of Human Resources Management (OHRM) (051) for technical review and concurrence prior to submission to the approving official.

3. For Central Office positions, requests for approval will be submitted through organizational channels to the Central Office Human Resources Service (035) for technical review and concurrence prior to submission to the approving official.

4. Justification for all appointments above the minimum rate of the grade will at a minimum, include:

a. A description of recruitment efforts used and/or the likelihood of finding candidates from additional recruiting;

b. A description of the candidate's superior qualifications or the special need for the candidate's skill and a comparison of the candidate's skills to those of other available applicants (e.g., the candidates educational attainment, specific training, extensive knowledge and experience directly related to the duties of the position which materially exceed the qualifications of other candidates or which other candidates lack);

c. Documentation of the candidate's existing pay or current job offers (e.g., copies of current pay voucher or written job offers);

d. Explanation of how the proposed rate was determined to be appropriate (e.g., whether based on candidate's unique qualifications for job, existing pay, or competing job offers);

e. The reasons for authorizing an advanced rate instead of, or in addition to, a recruitment bonus; and

f. A copy of the position description.

5. The facility HRMO or the Director, Central Office Human Resources Service (035), as appropriate, shall maintain a case file for each action which will contain the information required in paragraph 4, above and a copy of the local or Central Office approval. Files will be retained for two years.

6. A copy of the approval shall be filed on the right side of the employee's personnel folder.

APPENDIX E.
COMPENSATION OF NONCAREER RESIDENTS SERVING UNDER 38 U.S.C. 7405

1. GENERAL. Residents not appointed on a WOC basis shall receive per annum stipends related as closely as practical to local conditions as described below. VA stipends may be made retroactively effective to conform with the effective date of changes in stipends and/or fringe benefits effected by the index hospital.

2. INDEX HOSPITALS. Subject to approval of the Chief Academic Affiliation Officer (CAAO) (144), each facility director concerned, with the advice of any Deans Committee, or Medical Advisory Committee, will recommend an index hospital for comparative pay purposes. The university hospital for the medical school with which the VA facility is affiliated will serve as the index hospital. Normally, the designated index hospital will serve for all residency specialties. However, additional index hospitals are appropriate for VA facilities with multiple affiliations. Programs accredited in the name of VA (independent programs) will use the index hospital applicable to the majority of the integrated programs at the same VA facility. If the CAAO changes the index hospital to meet the requirements of this paragraph, the change must be completed as soon as possible, but not to exceed 3 years. Approval for a phase-in must, however, be obtained from the CAAO.

3. REPORTING. Facility Directors will furnish a report on index hospital compensation practices to the CAAO (144) by the last working day in April each year or as soon as possible thereafter, on VA Form 10-1319, Medical Intern and Resident Stipends and Fringe Benefits in Index Hospital. Reports Control Symbol 10-0158 has been assigned to this report. Following is a list of the type of information that will be required regarding the index hospital:

a. Name and university affiliation.

b. Annual base pay at each level of training. If differences exist between specialties, report by specialty.

c. Complete description of fringe benefits provided to house staff, distinguishing between benefits provided in cash and in kind.

d. Pay differentials for Chief Residents, if any and if applicable. (See subparagraph (4)(c) below.)

e. Recommendation with complete justification of rates proposed, preferably with advice of the Deans Committee or Medical Advisory Committee.

4. AMOUNT OF STIPENDS. Stipends will be determined by and approved by VACO (141) for each VA facility, in consideration of those appointments and pay practices existing at the designated index hospital and within the framework outlined below.

a. The base for each VA salary grade will be the cash stipend, excluding fringe benefits and

obligations, for each postgraduate level or residency at the index hospital.

b. An additional amount will be added to the base stipend in lieu of actual fringe benefits, such as health benefits, life insurance, housing, family allowances, etc., provided by the index hospital and for which VA cannot provide equivalent benefits. However, no amounts will be added for tuition.

c. Stipend differentials for Chief Residents in VA will be established in consideration of the pay differentials, if any, provided Chief Residents at the index hospital. (See subparagraph e below.)

d. A Chief Resident may be designated for each major specialty with a residency training program (e.g., Internal Medicine, Surgery, Neurology, Psychiatry, Radiology) where there is an average of at least nine residents throughout the year, including the Chief Resident and including subspecialties. One Chief Resident may be designated for each specialty. In certain circumstances, with the written approval of VACO (141B), more than one Chief Resident may be designated in a specialty. See MP-6, part V, supplement 1.5, chapter 4, section B, for information on PAID processing requirements.

e. The stipends for Chief Residents will be determined in the manner prescribed by the subparagraphs above, except in a situation where no similar practice exists at the index hospital. Under this circumstance, the rate(s) recommended for VA Chief Residents should be fully justified and take into consideration the level(s) of residency training of the nominee(s), the stipends for the different levels of regular residents at the facility, and the prevailing practice(s) in the community. If the index hospital has Chief Residents, but provides no pay differential for such positions, then VA will not establish special stipends for its Chief Residents.

5. EFFECTIVE DATE. Review and adjustment of stipends for all residents, including Chief Residents, will normally coincide with index hospital practices, typically effective on the first day of each academic year, July 1.

6. SALARY PAYMENTS. The per annum salaries for residents are based on rendering of service or authorized leave status with pay every day of the year. Payments shall be made for each regular biweekly pay period at the approved rates in the manner prescribed by VHA Supplement to VA Manual MP-4, part II, appendix A. VA will pay residents only for such time as they are in training, assigned, and on VA duty at a VA medical facility, subject to the following provisions:

a. **Without Compensation (WOC) Exchange Program.** The purpose of the WOC Exchange Program is to facilitate the administration of affiliated training programs. In consideration of salaries paid, this program permits the services due VA to be rendered by a pool of VA house officers and Non-VA (WOC) house officers within a specialty. The VA house officer rotated to a non-VA training assignment will continue to receive pay from VA, and the exchange house officer assigned to the VA from a non-VA facility must be given a WOC appointment. VA's share of all services rendered by the pool must be proportional to VA's share of the pool's compensation. The quality, nature and schedule of services received by VA must be similar to those received by the index hospital. When local circumstances require variation in the nature and/or schedule of services by VA, an exception can be made with VACO (141B) approval. Adequate documentation shall be maintained to demonstrate at any time that VA has received services commensurate to salaries paid. The Chief of Staff is directly

responsible for the proper functioning of the Exchange Program and the required documentation. Review of the Exchange Program shall be continuous by the Deans Committee and intermittent by VACO (141B).

b. **Educational Details.** A noncareer medical or dental resident may be detailed, with no loss of pay, to another Federal or non-Federal institution to procure necessary related supplementary education or training which is an integral part of the training for which VA has assumed responsibility. Educational details and the WOC Exchange Program must comply fully with directives and guidance provided by VACO (141B). See also VHA Manual M-8, part II, chapter 1.

c. **Reduced-Schedule Positions**

(1) A resident may be assigned to VA duty less than full-time. This reduced schedule may be necessary to accommodate special requirements of program (e.g., family practice where residents are required to rotate away from the VA facility to a family practice center several times per week). It can be used also to accommodate a house officer's desire to work on a reduced schedule and share a position with another resident. House officers shall be informed that the latter arrangement may require individual approval by the Residency Review Committee and appropriate American Specialty Board. Whether the reduced schedule is for professional or personal reasons, reduced-schedule positions and pay methods must have the concurrence of the Chief of Staff and be approved by VACO (141B). Pay will be prorated to a full-time schedule utilizing as the base the average total duty time for a house officer in the overall program for which a reduced schedule is requested. For example, if a facility's 100 percent full-time PG3 stipend rate is established by VACO at $20,000 per annum for all specialties, a 50 percent reduced-schedule psychiatry resident whose overall program anticipates an average of 112 hours of duty each pay period should be scheduled for an average of 56 hours of VA duty each pay period in order to receive $10,000 (one-half of the full stipend) from VA. Similarly, a 50 percent reduced-schedule Surgical resident whose overall program anticipates an average of 120 hours of duty each pay period should be scheduled for an average of 60 hours of VA duty each pay period in order to receive $10,000 from VA.

(2) While reduced-schedule positions may be authorized by VACO, the types of paid appointments permitted for residents are "full-time" and "intermittent." Thus, and departing from the customary use of these appointment terms, the 50 percent reduced-schedule resident who is to perform VA duty for 5 or more days each week will be appointed "full-time" using PAID duty basis code 1 and PAID duty basis code 3. In either of the examples cited above, the stipend rate would be established at $10,000 by VACO. The reduced-schedule resident who is to perform VA duty less frequently than 5 days each week must be appointed "intermittent," using PAID duty basis code 3 and PAID pay basis code 3. For the reduced-schedule intermittent appointee, the stipend rate established by VACO will depend further on the number of workdays of VA duty to be performed each pay period. Thus, the 50 percent reduced-schedule resident expecting to receive approximately $10,000 (one-half of the full stipend) from VA would require a per annum stipend rate established at $15,556 if expected to be on duty an average of 9 workdays each pay period, $17,500 if expected to be on duty an average of 8 workdays each period, and so forth. These per annum stipend rates are determined by dividing the number of days of VA duty in 26 pay periods into 364 and multiplying VA's portion of the full stipend by the resulting factor (e.g., 9 workdays per pay period x 26 pay periods = 234, 364 divided by 234 = 1.5556, $10,000 x 1.5556 =

$15,556). The intermittent resident's pay is then derived by dividing this calculated stipend by 364 and paying this daily rate for each day worked, as long as the projected workdays per pay period do not change. If the number of workdays per pay period is altered, or if the amount of the reduced schedule is changed, the daily stipend rate shall be recalculated and the new stipend shall be approved by VACO (141B).

(3) Requests for reduced-schedule residency authorizations and stipend rates will be directed to VACO (141B) and will include information regarding the post-graduate levels and specialties affected, the overall average number of hours of duty required by the specialties each pay period, and the average number of hours of VA duty to be performed by reduced-schedule residents. Additionally, if any reduced-schedule resident is to perform VA duty less frequently than 5 days each week, the request must specify the average number of days of VA duty to be performed each pay period.

7. HOUSE STAFF DISBURSEMENT AGREEMENTS. The Under Secretary for Health may approve house staff disbursement agreements which provide for the central administration of house staff stipends and/or fringe benefits. This mechanism may be used only when the traditional methods for house staff appointment and compensation are inadequate at a VA medical facility. In any event, all principles addressed in this paragraph apply in the formulation of disbursement agreements. Facilities wishing to consider use of a disbursement agreement should contact VACO (141B) for instructions. See also VHA Manual M-8, part II, chapter 5.

8. DUTY AND LEAVE. Leave may be pooled for medical or dental residents. The process is described in VA Handbook 5011 along with other duty and leave policies relevant to medical and dental noncareer residents.

APPENDIX F.
COMPENSATION OF CONSULTANTS, ATTENDINGS, AND OTHERS EMPLOYED ON A FEE BASIS UNDER 38 U.S.C. 7405

1. GENERAL. The instructions in this appendix apply to the payment of physicians, dentists, optometrists, podiatrists, nurses, other health care, and non-medical consultants employed on a fee basis and appointed under 38 U.S.C. 7405(a)(2). These individuals provide services on a facility's premises. Individuals providing services off-station are not considered employees and are reimbursed for their services through the DHCP Fee System.

2. COMPENSATION OF CONSULTANTS AND ATTENDINGS

a. **General.** Compensation will be on a lump sum fee per visit or per annum salary, depending on the type of appointment. Physicians, dentists, optometrists, podiatrists, and nurses may be appointed as consultants; these same professions, and nurse anesthetists, may be appointed as attendings. See paragraph 4 for information on annual limitations on compensation.

b. **Lump Sum Fee.** Compensation will be made on a lump sum basis for each visit. Only a single visit per day will be compensated. The fee will be determined on the basis of the actual service rendered, plus the cost of transportation, if required, including per diem at the applicable rate if travel is required. When setting the fee, consideration should be given to the level prevailing in the community. Consideration should also be given to the fact that VA provides office space, supplies, malpractice insurance coverage, and other support; thus, the amount of the fee will be normally be less than if the services were performed in the practitioner's own office. The service portion of the fee (exclusive of travel and per diem expenses) may not exceed $75 (for consultants) or $40 (for attendings) for a day or any portion thereof. Any additional payment for travel or per diem may not exceed the amount permitted under VA travel regulations, and must be fully documented.

c. **Per Annum Salary.** Consultants and attendings paid on a per annum basis are expected to be available for recurring and regularly scheduled duty to meet the needs of VA. Compensation will be based on fees determined in the same manner as above (including the service fee limitation), multiplied by the number of visited projected for the coming year. That amount is divided by 26 (or 27, as appropriate) and paid to the per annum consultant or attending on a biweekly basis, with the following provisions:

(1) When a consultant or attending is available for duty but there is no need for the individual's services in a particular day or scheduled period, no recovery of fees will be made.

(2) When a consultant or attending is unavailable for duty for a specified period, their salary will be reduced on a prorata basis for the number of projected visits missed.

(3) When a consultant or attending is frequently unavailable for call, a change to the fee basis arrangement should be considered.

d. **Exceptions to Service Fee Limitations**

(1) The maximum service fees for consultants and attendings (exclusive of travel and per diem allowances) are $75 and $40, respectively, unless exceptions are approved by the facility director.

(2) Exceptions will be made on an individual or category basis.

(3) Exceptions for individual service providers will specify the new fee limit, and will be based on the community level of fees for comparable services, distance of facility or sites served from provider's business office, length of normal visit, and availability of the service in the community from other providers.

(4) When facilities find it necessary to approve individual exceptions on a regular basis, exceptions on a category- or facility-wide basis may be approved. These exceptions will be based on the same criteria as in subparagraph (3), above, and will specify the new limit on the fee or fees. Exceptions will be funded within the facility's target allowance.

3. COMPENSATION FOR ALL OTHER FEE BASIS APPOINTMENTS

a. **Covered Positions.** By law, fee basis appointments are limited to the following categories of personnel:

(1) Categories appointed under 38 U.S.C. 7401(1), i.e., physicians, dentists, optometrists, podiatrists, nurses, physician assistants, and expanded-function dental auxiliaries.

(2) Categories appointed under 38 U.S.C. 7401(3), i.e., licensed physical therapists, certified or registered respiratory therapists, licensed or practical licensed nurses, occupational therapists, and pharmacists.

(3) Other professional and technical health care personnel, defined as:

(a) Health care occupations that require knowledge in a field of science or learning characteristically acquired through education or training equivalent to a bachelor degree or higher, with major study in, or pertinent to, the specialized field, as distinguished from general education. Work requires the exercise of discretion, judgment, and personal responsibility for the application of an organized body of knowledge.

(b) Work associated with and supportive of a health care professional category. It involves extensive practical knowledge gained through experience or specific training less than that represented by graduation from college. Work involves substantial elements of a professional field. Administrative, clerical, and manual trades are specifically excluded from the technical category.

b. **Setting Fees.** Except as provided below in subparagraphs c through e below, fees shall be based on fees or similar services in the community. The fee shall also be based on the actual service or procedure, plus the cost of transportation, if required, including per diem at the applicable rate if travel is required. Consideration should be given to the fact that VA provides office space, supplies, malpractice insurance coverage, and other support; thus, the amount of the fee will be normally be less than if the services were performed in the practitioner's own office. Fees for dentists will be set in accordance with the instructions in paragraphs 6m and 6n of VHA Handbook 1130.1. See paragraph 4 for information on annual limits on compensation.

c. **Special Duty Nurses.** These individuals will be compensated on a fee basis according to the specific service or procedure performed. Fees will not exceed those charged in the community for similar work.

d. **Physicians Performing Medical Officer of the Day or Admitting Physician Duties**

(1) Facility directors will establish and approve fees for periods of coverage for Medical Officers of the Day (MODs) providing medical supervision on wards, and for Admitting Physicians providing medical supervision in admitting areas during nights, evenings, weekends, and holidays, when VA staff physicians do not perform these assignments as part of their assigned patient care duties. Periods of coverage will be determined according to need, with fees set according to the average locality rate for similar coverage, not to exceed the hourly equivalent of step 6 rate of Senior grade on the VA Physician and Dentist Pay Schedule. The following factors will be considered in setting these fees:

(a) Fees paid in community health care facilities, particularly as they relate to the level of activity and number of patients seen and the complexity of patient care.

(b) Benefits provided, particularly the value of VA's malpractice coverage.

(c) Variations in qualifications requirements.

(2) If the fees determined under subparagraph (1) above exceed the step 6 of Senior grade and it is not possible to obtain MOD and admitting coverage, the facility director may approve an exception to the fee limitation.

(3) In no case will part-time or intermittent appointments be used to obtain MOD or Admitting Physician services. However, individuals with part-time or intermittent appointments may also receive fee basis compensation under this paragraph for a separate portion of time, subject to the annual limitation in paragraph 4. See also chapter 5 of part VIII for information about dual employment restrictions.

(4) In no case may non-career residents be used for MOD service or for a combination of MOD and Admitting Physician duties.

e. **Use of Non-Career Residents as Admitting Physicians**

(1) Facility directors may appoint non-career residents as fee-basis Admitting Physicians during nights, weekends, and holidays only when the following conditions have been met, as certified by the Director in the approval document:

(a) The Deans Committee has determined that admitting physician duty is not a valid part of the residents' training experience.

(b) No other means of obtaining admitting coverage is available.

(2) Fees will be established in the same manner as outlined in subparagraph d(1), above, and paid to non-career residents in addition to their stipends.

(3) An exemption to the dual compensation restrictions has been granted for non-career residents performing Admitting Physician duties only; they may not be used for any other purpose.

4. ANNUAL LIMITATIONS ON PAY

a. The total of payments to the following fee basis categories may not exceed $15,000 in a fiscal year:

(1) Consultants and attendings (excluding nurse anesthetist), whether paid on a lump sum or per annum basis.

(2) On-station fee basis (excluding special duty nurses).

b. The total of payments to the following fee basis categories may not exceed $5,000 in a fiscal year:

(1) Nurse anesthetist attendings.

(2) Special duty nurses.

c. Exceptions to the annual limitations in the above paragraphs may be approved by the facility director. However, in no case may the total of fee payments exceed the rate for EL-V.

d. For employees who hold both fee basis and part-time and intermittent appointments, the combination of their basic pay and fees may not exceed the basic salary of a seven-eighths part-time individual at the same grade and step in a fiscal year. For example, a part-time physician who is also appointed on a fee basis may receive in base pay and fees not more than the annual basic salary (prorated at 7/8ths) for the same grade and step. Facilities needing to pay more to dual appointees may submit requests for exceptions to the Assistant Deputy Under Secretary for Health (10N/051).

e. Nothing in this paragraph or appendix shall obligate VA to use the services of fee basis personnel to the maximum extent permitted.

PAY ADMINISTRATION

PART III. PAY SETTING COINCIDENT WITH PERSONNEL ACTIONS/MOVEMENTS DURING EMPLOYMENT

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PART III. PAY SETTING FOR PERSONNEL ACTIONS/ MOVEMENTS DURING EMPLOYMENT

CHAPTER 1. GENERAL

1. PURPOSE. This part provides Department of Veterans Affairs (VA) mandatory guidance for setting pay for personnel actions and movements during employment.

2. RESPONSIBILITIES. Subject to statutory and regulatory limitations and the policy provisions contained herein, the officials named below are authorized to determine and approve salary rates upon promotion, re-promotion, reassignment, change to lower grade, reemployment, reinstatement, and transfer for employees under their jurisdiction:

a. Secretary, Deputy Secretary;

b. Administration Heads, and heads of staff offices;

c. Assistant Secretaries, Deputy Assistant Secretaries, and Other Key Officials;

d. Network directors, and equivalent, in VA;

e. Directors of field facilities;

f. Additional statements of responsibility may be included in separate chapters of this part, where appropriate.

CHAPTER 2. PROMOTIONS/ADVANCEMENTS

1. ADVANCEMENTS FOR PERSONNEL APPOINTED UNDER 38 U.S.C. 7401

a. **Promotion of Title 38 Employees (Except Nurses and Nurse Anesthetists).** An employee appointed under 38 U.S.C. 7401(1), except nurses and nurse anesthetists, shall receive, upon promotion, the lowest step rate within the higher grade that exceeds his or her existing step rate by not less than two step increases of the lower grade.

b. **Promotion of Hybrid Employees.** RTs, PTs, LPNs, OTs and pharmacists promoted to a higher grade are entitled to have their pay set in accordance with 5 U.S.C. 5334(b), unless they are entitled to a higher rate of pay under the provisions of part II, chapter 5, paragraph 2, or the grade and pay retention provisions of part III, chapter 6 of this handbook and 5 CFR, part 536.

NOTE: *Refer to paragraph 4 of chapter 7, this part, for promotions involving special rates. Refer to chapter 4 of this part for assignment changes for personnel appointed under 38 U.S.C. 7306.*

c. **Promotion of Nurses and Nurse Anesthetists.** Except as provided in subparagraphs 1c(1),(2), and (3), nurses and nurse anesthetists promoted shall receive basic pay at the lowest rate of the higher grade which exceeds the employee's existing rate of basic pay by not less than two step increments of the grade from which promoted, unless pay retention rules apply (see par. 6 of chapter 6, this part).

(1) **Promotion Simultaneous with Reassignment or Transfer to Another VA Facility.** Nurses or nurse anesthetists promoted effective the same date they are reassigned or transferred to another VA facility shall have their promotion calculated using the pay schedule of the losing location. Once the new grade and step rate are determined, the employee's salary rate is determined under the provisions in par. 1c(2) of chapter 4, this part.

(2) **Head Nurses**

(a) A head nurse promoted to a non-head nurse assignment receives the lowest step in the higher grade that equals or exceeds his or her existing rate of basic pay (excluding head nurse pay) by not less than two steps of the grade from which promoted. For example, a head nurse at Nurse II, step 7 (which includes the two additional steps for being a head nurse) would first have the 2 steps removed, then receive a two-step promotion and be placed on the lowest step in Nurse III that equals or exceeds Nurse II, step 7.

(b) The entitlement of head nurses promoted while remaining in a head nurse assignment will be determined as follows:

1. Remove the additional two steps for the head nurse assignment. **NOTE:** *These steps will be returned to the employee after calculating the promotion.*

2. Find the lowest step of the higher grade that exceeds the employee's rate of pay (excluding head nurse pay) by not less than two steps of the grade from which promoted.

3. To the step in subparagraph 2. above, add two additional step increments in the higher grade, to recognize the employee remaining in the head nurse assignment.

4. Example 1: A head nurse is at Nurse II, step 6, which includes the two additional steps for being a head nurse. To promote the head nurse to Nurse III, remove the additional two steps (step 4) and promote the head nurse to the step in Nurse III that exceeds the employee's step without head nurse pay by two steps (Nurse II, step 6). Then, add two steps onto that step in Nurse III. If, for example, Nurse III, step 2 is the lowest step of Nurse III that equals or exceeds Nurse II, step 6, the employee is promoted to Nurse III, step 2 and given 2 additional steps for being in the head nurse assignment (i.e., Nurse III, step 4).

5. Example 2: A head nurse is on pay retention at Nurse II. The employee is receiving the dollar equivalent of two additional steps beyond their retained rate of pay for being a head nurse. To promote the head nurse to Nurse III, find the lowest step in Nurse III that exceeds the maximum authorized step rate for Nurse II plus two steps (this will be the rate for step 14 unless the rate range for Nurse II has been extended beyond the normal 12 steps). If the resulting rate is higher than the employee's retained rate (excluding head nurse pay), the employee is removed from pay retention and placed at that step. Then, add two steps onto that step in Nurse III for head nurse pay. If, for example, Nurse II, step 14 is $42,000 and the lowest step in Nurse III that exceeds that rate is step 9, $42,800 (which also exceeds the employee's retained rate), the employee is removed from pay retention and placed at Nurse III, step 11. If the resulting rate is less than the employee's retained rate, the employee is placed at the first step of the grade that exceeds their retained rate (excluding head nurse pay). Then add two steps onto that step for head nurse pay. If there is no rate in the higher grade that exceeds the employee's retained rate (excluding head nurse pay); the employee remains on pay retention in the higher grade. The amount of the head nurse pay, however, must be adjusted to reflect the dollar equivalent of two additional steps in the higher grade.

(3) **Employees With Specialized Skills**

(a) **Promotion While Remaining in an Assignment Requiring Specialized Skills.** An employee promoted while remaining in an assignment requiring specialized skills receives the lowest step of the higher grade that equals or exceeds the employee's existing rate of basic pay (including the higher rate based on specialized skills) by not less than two step rates of the grade from which promoted. If the rate in the higher grade is less than the entry rate for specialized skills, the employee shall be advanced to the specialized skills entry rate in the higher grade. Example: An employee at Nurse II, step 5, based on possession of specialized skills shall receive the lowest step in Nurse III that equals or exceeds Nurse II, step 7.

(b) **Assignments Not Requiring Specialized Skills and Simultaneous Promotion.** An employee receiving a higher rate of basic pay for specialized skills, who accepts an assignment which does not require specialized skills and who is simultaneously promoted, shall receive the lowest step in the higher grade which equals or exceeds the employee's existing rate of basic pay (including the higher rate based

on specialized skills) by not less than one step increment within the grade from which promoted. Example: An employee at Nurse I, step 5, based on possession of specialized skills receives the lowest step of Nurse II that equals or exceeds Nurse I, step 6.

d. **Advancement of Nurses and Nurse Anesthetists to a Higher Level Upon Attainment of Additional Qualifications**

(1) Nurses and Nurse Anesthetists advanced to a higher level within Nurse I will receive two steps or be placed at the first step of the appropriate level, if that step is greater. However, except as noted for head nurses in chapter 8 of this part, no advancement may exceed the maximum authorized step of the grade. For example, an employee in Level 1 of Nurse I who is at step 1 would be advanced two steps upon attaining the qualifications for Nurse I, Level 2; however, the employee would be advanced to the beginning step of Level 2 if the beginning step of Level 2 is higher than step 3 of the grade.

(2) Advancement based on the attainment of a higher level in Nurse I is an equivalent increase and will cause the employee to begin a new waiting period for a PSI.

(3) Employees who are advanced to a higher level based upon attainment of additional qualifications effective the same date that they are reassigned or transferred to another VA facility shall have their advancement calculated using the pay schedule of the losing location (i.e. advanced two steps or to the first step of the next higher level, whichever is greater). Once the new grade and step rate is determined, the employee's salary rate is determined under the provisions in paragraph 1c(2) of chapter 4, this part.

2. PROMOTIONS FOR PERSONNEL APPOINTED UNDER 38 U.S.C. 7405. Upon promotion under 38 U.S.C. 7405, the pay of part-time and intermittent physicians, dentists, podiatrists, optometrists, nurses, PAs, and EFDAs shall be determined by the Under Secretary for Health in a manner consistent with paragraph 1 of this chapter.

NOTE: *Refer to chapter 7, paragraph 4, of this part for promotions involving special rates.*

3. PROMOTIONS FOR POSITIONS SUBJECT TO 5 U.S.C, CHAPTER 51

a. **Promotion.** On promotion, including transfer with promotion, an employee's salary will be set in accordance with the mandatory provisions of 5 U.S.C. 5334(b) (the “Two-Step Rule”) or the provisions of this handbook regarding the application of the earned rate rule.

b. **Re-promotion.** On re-promotion to a grade which an employee previously has held in VA, or to an intervening grade, his or her salary rate will be determined consistent with the provisions of subparagraph a above, or consistent with the earned rate rule, if appropriate, whichever results in the higher rate. The limitations in part II, chapter 4, paragraph 2b, on consideration of prior VA service shall not apply to these re-promotions. If application of the earned rate rule is not appropriate under the criteria specified, the salary shall be set at any lower step rate not less than the minimum required by subparagraph a above. If the re-promotion is to a grade not previously held in VA, or to an intervening grade, the salary shall be set based on the considerations specified in chapter 4, paragraph 2c of this part, applicable to transfers.

NOTE: *Refer paragraph 4 of chapter 7, this part, for promotions involving special rates.*

4. PROMOTIONS FOR EMPLOYEES IN POSITIONS UNDER THE FWS

a. Upon promotion, an employee is entitled to the lowest scheduled rate of the grade to which promoted which exceeds his or her existing scheduled rate of basic pay (including a retained rate or a rate being received on a temporary promotion) by at least 4 percent of the representative rate of the grade from which promoted (5 CFR 532.407). **NOTE:** *Fractions of less than 1 cent may not be rounded down if it would result in an increase of less than 4 percent. Unpublished Comp. Gen. B-205372, July 23, 1982.*

b. If, upon promotion, there is no rate in the grade to which promoted which meets the above requirements, the employee shall be paid the maximum rate of the grade to which promoted or his or her existing scheduled rate of basic pay if that rate is higher.

c. When a promotion is to a different wage area, the employee's entitlement to pay will be determined as if there were two pay actions--a promotion and reassignment--and these actions will be processed in the order which gives the employee maximum benefit.

d. When promoted, an employee may be given a higher rate under the provisions of part II, chapter 4, paragraph 3 or part III, chapter 6, if it would result in a higher rate than would otherwise result from applying the provisions of this chapter.

CHAPTER 3. CHANGE TO LOWER GRADE

1. CHANGE TO LOWER GRADE FOR PERSONNEL APPOINTED UNDER 38 U.S.C. 7401. In any voluntary movement to a lower grade, the employee's salary rate may be set by the approving authority at any rate within the range of rates for the new grade which does not exceed the highest previous rate (earned rate rule). This shall be the employee's rate unless a higher rate is authorized under part II, chapter 2, subparagraphs 1a(5) and (6) or 1c of this handbook.

2. CHANGE TO LOWER GRADE FOR POSITIONS PAID FROM THE GENERAL SCHEDULE. The earned rate rule is for application in changes to lower grade. The earned rate rule criteria shall be considered to be met when employee is to be involuntarily changed to a lower grade for non-disciplinary reasons. This will obviate the necessity for consideration of entitlement to pay retention, except where the existing salary rate of the employee is in excess of the maximum scheduled rate of the lower grade to which he is being reduced. See chapter 6 of this part for information on grade and pay retention.

3. CHANGES TO LOWER GRADE FOR EMPLOYEES IN POSITIONS UNDER THE FWS

a. Except as provided in paragraph b below, an employee changed to a lower grade may be paid at any rate of the grade, which does not exceed his or her highest previous rate.

b. An employee changed to a lower grade following an action which conveys entitlement covered by pay retention (see chapter 6 of this part) is entitled to the lowest scheduled rate of basic pay in the employee's grade after the action is taken which equals or exceeds his or her current rate of basic pay. If there is no such rate, the employee is entitled to retain his or her existing rate of basic pay or 150 percent of the maximum rate of basic pay for the grade after the action is taken, whichever is less. See chapter 6 of this part for additional guidance on grade and pay retention.

CHAPTER 4. OTHER ASSIGNMENT CHANGES AND MOVEMENTS

1. PERSONNEL APPOINTED UNDER 38 U.S.C. 7306 AND 7401

a. **Change to or Within Medical Director Grade.** The salary rate of a physician or dentist upon change to or within Medical Director grade, may be set by the Secretary, upon recommendation of the Under Secretary for Health, at any step rate considered appropriate for the level to which assigned.

b. **Associate Investigators.** Notwithstanding part II, chapter 2, paragraph 1a(4), the approving authority, upon recommendation of the appropriate Professional Standards Board, may restore the grade and equivalent salary rate held by an employee prior to his or her becoming an Associate Investigator when such training is completed. Likewise, the rate may be adjusted further to include periodic step increases, which the employee would have earned had the employee not become an Associate Investigator. The above provision shall not be construed as precluding adjustment to a higher grade or rate of pay for which the employee otherwise may qualify upon reappointment upon completion of training.

c. **Nurses and Nurse Anesthetists under the Locality Pay System (LPS)**

(1) **Pay Rates Incident to Certain Personnel Actions.** Except for promotions and advancements simultaneous with transfers and reassignments, pay rates at the gaining location will normally be used when personnel actions involve more than one facility or geographically separate elements of the same facility using different LPS pay schedules.

(2) **Intra-VA Transfers and Reassignments Between Geographically Separate Elements of the Same Facility**

(a) **At Employee's Request.** An employee who is transferred or reassigned without a break in service from one VA facility to another or between separate elements of the same facility normally receives:

1. The rate of pay applicable to the employee's grade and step at the gaining location (e.g., an employee at Nurse II, step 2 receives the rate for that grade and step at the gaining location). Employees at Level 2 or 3 of Nurse I receive the rate for their current step or the minimum beginning step for their level at the gaining location if that step is higher;

2. The maximum step of the grade at the gaining location if the employee is on pay retention at the losing location (pay retention ceases);

3. The maximum step of the grade at the gaining location if, at the losing location, the employee is on a step on an extended rate range under chapter 4, Exceptions to the 133 Percent Rate Range, which is not authorized at the gaining location (e.g., an employee at step 14 will be placed at step 12 upon transfer to a facility with only twelve steps in the employee's grade); or

4. A reduced grade or step if an employee whose grade is dependent upon the complexity of their

assignment is placed in an assignment at the gaining location which is less complex than that at the losing location (see appendix II-B).

NOTE: *If the transfer or reassignment is initiated by the employee for personal advantage, and management accepts the application for reassignment, a higher rate of pay would not be appropriate. (For example, the employee voluntarily applies for transfer and the transfer is not to a recognized employee development program, or based on a special recruitment need, or an employee in Nurse IV or Nurse V applies for a transfer which results in a change to a lower grade when such a change has not been initiated or requested by management.) If the transfer or reassignment results from a solicitation by the Department to fill a position requiring special skills, it is not taken at the employee's request, even though the employee may have previously asked management to consider his/her personal situation. Conversely, it may not be assumed that simply because management initiates recruitment by advertising a vacancy, the transfer or reassignment is not at the employee's request. Pay retention or a higher rate of pay is only appropriate for transfers or reassignments meeting the criteria contained in subparagraphs 1c (2)(b) or (c).*

(b) **Non-disciplinary Directed Transfer or Reassignment.** If the employee is transferred or reassigned for reasons other than cause or at the employee's request (including directed transfers and reassignments approved under VA Handbook 5005, part IV, and transfers or reassignments accepted in lieu of a staffing adjustment), the employee will be paid as follows:

1. If the pay schedule is the same or higher, the employee receives the rate of pay for the same grade and step at the gaining location.

2. If the pay schedule is lower, the employee may receive the lowest step rate of the grade that equals or exceeds the employee's rate of pay at the losing location. If the employee was receiving a rate of pay in excess of the maximum rate of the grade at the gaining location, the employee may be placed on pay retention under paragraph 6 of chapter 6, this part.

3. If the transfer or reassignment is an initial placement after training, or if employees of the gaining location have qualifications or assignments superior to those of the incoming employee and are receiving pay rates significantly lower than the incoming employee would receive on pay retention, the employee may be approved for an intervening rate of pay (see subparagraph 1c(2)(c)1.c.).

(c) **At Management's Request**

1. If, for reasons other than cause or the employee's request, an appropriate official initiates a reassignment or solicits a transfer, the official may offer the employee:

a. The rate of pay for the appropriate grade and step at the gaining location (the same rate as under subparagraph 1c(2)(a));

b. The lowest step rate of the grade that equals or exceeds the employee's rate of pay at the losing location. If the employee was receiving a rate of pay in excess of the maximum rate of the grade at the gaining location, the employee may be placed on pay retention under paragraph 6 of chapter 6, this part; or

c. An intervening rate of pay. If the rate to be offered will be equal to or less than the rate for the top step of the grade at the gaining location, the approving official must offer a rate equivalent to a step rate and place the employee on a step if the offer is accepted. If the employee is offered and accepts a rate above the rate for the top step of the grade at the gaining location, the employee is placed on the top step of the grade (pay retention) and retains the offered rate under the procedures in paragraph 6 of chapter 6, this part.

NOTE: *If the employee is transferred or reassigned to a location with higher rates, the employee must receive the rate of pay for the grade, level, and step earned at the losing location. For example, an employee at Nurse III, step 8, who is transferred or reassigned under this chapter, may not be offered less than that grade and step at the gaining location.*

2. In determining what rate to offer under subparagraph 1c(2)(c)1., the appropriate management official must consider such factors as recruitment or retention problems specific to the assignment, non-VA rates in the local labor market area (LLMA) for comparable assignments, cost-of-living factors for the area, the rates of pay for on-board employees with similar qualifications and assignments, and the rate of pay for the employee's immediate supervisor. If the rate of an employee placed in Nurse IV or V assignment is set under subparagraph 1c(2)(c)1.b. or c. the action will be appropriately documented on the Board Action. For placement of an employee to a Nurse I, II, or III assignment, the following documentation is to be filed with the Board Action:

a. **Special recruitment needs.** To justify a higher rate based on special recruitment needs, such needs must be supported by a memorandum from the selecting official documenting the qualifications required for the assignment; the lack or comparable lack of possession of such qualifications by other available candidates; and that the non-selection of the candidate who is earning a higher rate of pay at another facility would adversely impact upon the efficiency or effectiveness of operations or programs.

b. **Solicitation of an employee to fill an assignment requiring special qualifications.** To justify a higher rate based on this reason, the selecting official must document in a memorandum the qualifications required for the assignment; the candidate's possession of them; and the unlikelihood of locating other candidates with equal possession of these qualifications.

(d) **Promotion or Advancement Simultaneous with Reassignment or Transfer to Another VA Facility.** Employees promoted or advanced to a higher level effective the same date that they are reassigned or transferred to another VA facility shall have their promotion or advancement calculated using the pay schedule of the losing facility. Once the new grade and step rate is determined, the employee's salary rate is determined under the provisions of subparagraph 1c(2)(a), (b), or (c).
NOTE: *Promotion or advancement upon transfer or reassignment is considered one action and shall not be processed as simultaneous pay changes.*

(e) **Disciplinary Action.** An employee who is transferred or reassigned pursuant to a disciplinary action may be placed at the same or reduced grade, step, or level.

d. **Conversion from other Pay Systems.** Refer to part II, chapter 2 for pay setting involving initial appointment under title 38.

2. PERSONNEL IN POSITIONS SUBJECT TO 5 U.S.C., CHAPTER 51

a. **Reassignments.** The earned rate rule shall be applied in effecting reassignments between General Schedule positions, except where such reassignment is for disciplinary reasons or for unsatisfactory service. In all cases where the reassignment is for disciplinary reasons or for unsatisfactory service--whether or not salary retention is involved--the salary will be adjusted to a step within the grade, which does not exceed the employee's current salary on the day preceding the reassignment. The step rate selected shall be that which in the authorizing official's judgment is appropriate in recognition of the circumstances resulting in the reassignment.

b. **Re-employments and Reinstatements.** The earned rate rule, if appropriate under the criteria established, shall be applied in effecting re-employments in cases other than those cited in paragraph 6 below. However, the limitations of part II, chapter 4, paragraph 2b, on consideration of prior service and non-VA service shall apply. Where application of the earned rate rule is not appropriate, a lower rate within the grade shall be selected, based on consideration of the individual's pertinent employment history, the recency of experience, quality of performance, and other factors which bear on his qualifications for the position in which re-employed. This consideration shall be related to the need for reasonable organizational pay alignment.

c. **Transfers**

(1) Consistent with the limitations of non-VA service, set forth in part II, chapter 4, paragraph 2b, the earned rate rule will not routinely be applied in effecting transfer from another agency or branch of the Federal Government, whether by promotion, or change to lower grade, or otherwise. **NOTE:** *See chapter 2 of this part, however, for mandatory adjustments on promotion actions.* Rather, the rate to be selected within the grade shall be that which in the authorizing official's judgment best represents equity to the employee and to VA, taking into account the individual's qualifications as related to those possessed by other VA employees with whom he may work. The highest previous rate, if otherwise appropriate in the judgment of the authorizing official, shall be selected only if the service in which it was received meets the length and quality criteria specified in subparagraph d above.

(2) If sufficient data are not available to permit the making of a salary determination, the salary will be established initially at the lowest clearly appropriate rate of the grade. The following statement will be placed in the "Remarks" space of SF 50-B: "Pay rate subject to retroactive adjustment upon verification of prior Federal service."

3. PERSONNEL IN POSITIONS UNDER THE FWS

a. **General.** Subject to the provisions of chapter 6 of this part on grade and pay retention and paragraph 6 of this chapter on mandatory restoration, when an employee is re-employed, transferred, or reassigned in a position under the FWS, the salary may be set at any step rate of the grade which does not exceed the highest previous rate; however, if the highest previous rate falls between two step rates, the employee may be paid at the higher step rate. If the highest previous rate was earned on a General Schedule or another pay system other than the Federal Wage System, it is the current rate for the same grade and rate of that schedule.

b. **Reassignment.** When employees are reassigned to another position, they may be paid a rate above the minimum rate of the grade under the provisions of subparagraph a above and part II, chapter 4, of this handbook. However, employees will be given the lowest step rate of the grade, which equals or exceeds their current rate of basic pay if they are involuntarily reassigned by management for reasons which are not related to discipline or performance.

c. **Transfer and Reemployment.** A rate above the minimum of the grade may be approved under the provisions of part II, chapter 3, paragraph 5 and chapter 4, paragraph 3 of this handbook. The rate selected, however, will be that which represents organizational pay alignment, taking into account the candidate's qualifications compared to those possessed by similar employees with whom he or she may work.

4. SETTING RATES OF PAY FOR MOVEMENTS FROM NON-GENERAL SCHEDULE POSITIONS TO GENERAL SCHEDULE POSITIONS

a. The provisions of 5 CFR 531.203(c), permitting the use of the highest previous rate (maximum payable rate) in salary adjustments, apply equally to changes to General Schedule positions from non-General Schedule positions. Because of the difficulty of equating levels of work with salary levels for the many possible types of non-General Schedule positions, however, VA policy does not vest the right in an employee to receive the highest previous rate on such movements.

b. The determination of the rate the person will receive--up to and including the highest previous rate--shall be within the discretion of the appropriate appointing official, subject to limitations imposed by statute, Office of Personnel Management regulations and decisions of the Comptroller General. The rate shall be equitable for the employee in consideration of the length and quality of his prior Federal employment other than in a General Schedule position. However, it shall be so fixed as to hold to a minimum inequities that might otherwise be produced in relation to rates received by other employees in the organization. Authorizing officials should be especially alert to the possibility of such inequities when considering rates attained in positions that are based on locally prevailing rates or that are otherwise administratively determined.

c. The nature of the action for changes from non-General schedule positions to General Schedule positions shall be determined in accordance with the definitions in 5 CFR 531.202. A comparison of representative rates shall not be used to make such determinations. Salary adjustments or changes from FWS to General Schedule positions shall be accomplished in accordance with instructions contained in 5 CFR, parts 531 and 536, this chapter and chapter 6 of this part. **NOTE:** *When an employee moves from a position in which he or she is paid an hourly rate of basic pay to a position covered by the*

General Schedule salary system, it is necessary to establish an equivalent annual rate for pay administration purposes. To do this, multiply the employee's hourly rate of basic pay by 2087. The 2087 multiplier is also to be used to determine an hourly rate employee's retained rate if he or she is entitled to pay retention as a result of his or her movement to a position covered by the General Schedule salary system.

5. SETTING RATES OF PAY FOR MOVEMENTS BETWEEN PAY SYSTEMS, WAGE SCHEDULES AND WAGE AREAS. For movements to FWS positions, between wage schedules and between different wage areas, a comparison of the representative rates will be made to determine the nature of these actions where different types of wage schedules are involved, whether in the same or different wage areas. The representative rate is also used to determine the nature of the job change when an employee moves to the FWS. To determine the nature of a personnel action, i.e., whether it is a promotion, reassignment, transfer, change to lower grade, etc., refer to the applicable definitions in 5 CFR 532.401 or the FWS Operating Manual, section S8-2.

6. MANDATORY RESTORATION AFTER MILITARY SERVICE OR COMPENSABLE WORK INJURY (5 CFR 353). Personnel entitled to restoration to duty may have their pay rate set at any rate that does not exceed their highest previous rate. However, as a minimum, they shall receive the rate to which they are entitled under 5 CFR 531.406(c). The highest previous rate rule shall also be applied in effecting mandatory restorations and re-employments of former VA employees from a VA reemployment priority list.

7. SIMULTANEOUS PAY CHANGES. Employees eligible for two salary changes the same day shall have the changes processed in the order that provides the maximum benefit (36 Comp Gen. 217). The only exception to this rule is when a general increase in basic pay rates is effective on the same day as a promotion or other action affecting an employee's rate of basic pay. In these cases, the general increase in basic pay rates is to be processed first.

CHAPTER 5. WITHIN GRADE INCREASES AND PERIODIC STEP INCREASES

1. PERIODIC STEP INCREASES FOR PERSONNEL APPOINTED UNDER 38 U.S.C. 7401

a. **General.** Periodic step increases may be granted to any physician, dentist, optometrist, podiatrist, nurse, PA or EFDA who is receiving less than the maximum rate of his or her grade. That employee shall be advanced to the next higher step rate within such grade subject to meeting the eligibility requirements and waiting periods listed below. Step increases for C/RRTs, PTs, LPNs, OTs, and pharmacists shall be made under the provisions of the General Schedule salary system and the provisions of paragraph 5 of this chapter. See paragraph 3 of this chapter for annual step rate reviews for chiefs of pharmacy service, nurse executives, and physicians and dentists at Director and Executive grades.

b. **Conditions of Eligibility for a Periodic Step Increase (PSI).** A PSI will be granted when:

(1) An employee's work is of an acceptable level of competence;

(2) No "equivalent increase" in compensation was received during the period under consideration; and

(3) The benefit of successive step increases shall be preserved for any person whose continuous service is interrupted by active military duty.

c. **Waiting Period.** The minimum time requirement of creditable service without an equivalent increase is either 52 or 104 weeks of creditable service as indicated below:

(1) Physicians, dentists, podiatrists, optometrists - upon completion of a 104-week waiting period. (For facility directors and chiefs of staff, see paragraph 3 of this chapter.)

(2) PAs and EFDAs at step 1 or 2 on the *regular* rate range of Junior or Associate grade-upon completion of a 52-week waiting period.

(3) PAs and EFDAs (including *any* PA or EFDA on an above-minimum entrance rate or special salary rate range)-upon completion of a 104-week waiting period.

(4) Nurses and Nurse Anesthetists in grade Nurse I, Level 1 at steps 1 through 3 of the grade - upon completion of 52 calendar weeks of creditable service.

(5) Nurses and Nurse Anesthetists in grade Nurse I, Level 1 at steps 4 and higher of the grade - upon completion of 104 calendar weeks of creditable service.

(6) Nurses and Nurse Anesthetists in grade Nurse I, Level 2 at steps 1 through 3 of the level - upon completion of 52 calendar weeks of creditable service.

(7) Nurses and Nurse Anesthetists in grade Nurse I, Level 2 at steps 4 and higher of the level - upon completion of 104 calendar weeks of creditable service.

(8) Nurses in grade Nurse I, Level 3 (for registered nurses only) at steps 1 through 3 of the level - upon completion of 52 calendar weeks of creditable service.

(9) Nurses in grade Nurse I, Level 3 (for registered nurses only) at steps 4 and higher of the level - upon completion of 104 calendar weeks of creditable service.

(10) Nurses and Nurse Anesthetists in grades Nurse II, III, IV, and V (except for nurse executives) - upon completion of 104 calendar weeks of creditable service.

(11) Nurse Executives will receive annual rate reviews rather than periodic step increases (see paragraph 3 below.)

d. **Exceptions to Waiting Periods for Nurses and Nurse Anesthetists**

(1) Facility directors may request deviations to the above waiting periods for nurses or nurse anesthetists. Such requests must be supported by evidence that the variations are needed to enhance recruitment and retention. Examples of such evidence include non-VA advancement and promotion patterns in the LLMA, high quits for pay or vacancy rates, and low staffing success rates (see app. X-A for definitions of these terms.) The request should also include the estimated cost of the change.

(2) Requests for exceptions under this paragraph will be sent to the appropriate network director (10N__) through the Office of Human Resources Management (OHRM) (051). OHRM will review each request and make appropriate recommendations to the Network Director.

e. **Creditable Service.** In computation of waiting periods for the purpose of periodic step increases, the following service shall be counted as creditable:

(1) Continuous paid full-time, part-time, or intermittent assignment on an indefinite or time limited basis, in the VHA under authority of 38 U.S.C. 7401(1) or 7405(a)(1)(A). **NOTE:** *The period spent in part-time service is covered as though it had been performed on the basis of a full-time service. For an intermittent employee, 1 day of credit is given for each day of service in a pay status; 260 compensable days are equivalent to a waiting period of 52 calendar weeks, and 520 such days are equivalent to a waiting period of 104 calendar weeks; this time must extend over a period of not less than 52 or 104 calendar weeks, as appropriate.*

(2) Time elapsing on annual, sick or other leave with pay, including periods for which annual or sick leave is advanced.

(3) Leave without pay not to exceed in total 30 calendar days for physicians, dentists, podiatrists, and optometrists, or 176 hours for PAs and EFDAs within the period required for one periodic step increase.

(4) Except as provided in subparagraph (7) below, paid employment on a full-time, part-time, or intermittent basis under the authority of 38 U.S.C. 7401(1), or 7405(a)(1)(A) rendered prior to a non-pay period (including separation), provided that such non-pay period did not exceed 52 calendar weeks.

(5) Active military duty when otherwise creditable service is interrupted.

(6) Any period of 120 calendar days or less between discharge or termination of active military service and re-employment under mandatory provisions of any statute or regulation.

(7) Actual service rendered prior to an extended absence on leave without pay, regardless of the length of such absence, which is due to injury or illness incurred as a direct result of employment.

(8) Leave of absence granted to an employee who is receiving compensation for work injuries under 5 U.S.C. chapter. 81.

f. **Equivalent Increase in Compensation.** The total of any increase or increases in basic compensation (except general increases in basic compensation provided by statute) which is equal to the smallest step increase in any grade in which the employee has served during a period under consideration constitutes an equivalent increase. Instructions regarding equivalent increase determinations, when above-minimum entrance rates or special salary rate ranges are approved, are contained in chapter 7 of this part.

g. **Effective Date.** Periodic step increases shall be made effective at the beginning of the next pay period following the completion of the required waiting period and compliance with other required conditions of eligibility. When a step increase is delayed beyond its proper effective date solely through an administrative error or oversight, the step increase shall be made retroactively effective as of the date it was properly due. When employees are promoted in grade on the date of a periodic step increase, they shall first be credited with the periodic step increase, then promoted.

h. **Effect of Special Advancements on Waiting Periods.** Special advancements for performance or achievement for personnel appointed under 38 U.S.C. 7401 are not considered equivalent increases under paragraph 5, subparagraph f below. However, these increases and advancements may place an employee in a waiting period that requires an additional 52 calendar weeks of creditable service before the employee is entitled to receive his or her next within-grade increase.

2. PERIODIC STEP INCREASES FOR PERSONNEL APPOINTED UNDER 38 U.S.C. 7405

a. **General.** Temporary full-time, part-time and intermittent physicians, dentists, optometrists, podiatrists, nurses, PAs, and EFDAs shall be granted periodic step increases under the same provisions applicable to full-time employees appointed under 38 U.S.C. 7401, except as provided in subparagraphs b and c. Step increases for C/RRTs, PTs, LPNs, OTs, and pharmacists shall be made under the provisions of the General Schedule salary system and the provisions of paragraph 5 of this chapter.

b. **Waiting Period Requirements for Intermittent Employees**

(1) 260 days of creditable service in a pay status over a period of not less than 52 calendar weeks, for advancement of intermittent PA's and EFDAs to steps 2 and 3 on the regular range of Junior and Associate grades.

(2) 520 days of creditable service in a pay status over a period of not less than 104 calendar weeks, for advancement of intermittent physicians, dentists, podiatrists and optometrists to step 2 and above for all grades, and all intermittent PAs and EFDAs, except those in subparagraph (1) above. This includes any PA or EFDA on an above-minimum entrance rate or special salary rate range.

c. **Leave Without Pay Service Credit for Part-Time Employees.** In computation of the waiting periods for part-time employees, leave without pay may be credited in an amount not to exceed 22 workdays within the period of service required for one periodic step increase.

d. **Within-Grade Increases for Medical Support Personnel Serving Under 38 U.S.C. 7405(a) (Other Than Trainees or Students).** Employees covered by this subparagraph who are appointed for a period in excess of one year are eligible for within grade increases, i.e., if they are given a 2-year or 3-year appointment. Employees given appointments of one year or less are not eligible for within-grade increases.

e. **Trainees and Students Serving Under 38 U.S.C. 7405.** These employees are paid either on a per annum training rate basis or a stipend basis and are ineligible for within-grade increases.

3. ANNUAL STEP RATE REVIEWS

a. **Chiefs of Pharmacy Service.** For purposes of this paragraph, the term "chiefs of pharmacy service" includes those pharmacists in comparable positions, i.e., CMOP directors, pharmacy product line managers, pharmacy site managers, and pharmacy managers. Chiefs of pharmacy service will receive consideration for a step rate increase on the anniversary date of their assignment to their current position. The performance of service chiefs is to be rated under VA Handbook 5013. The VISN Standards Board (VA Central Office Standards Board for pharmacists at the GS-15 level) reviews the step rate of the employee and shall recommend that the service chief receive no step rate increase, a 1-step increase or a 2-step increase.

(1) **Criteria for a 1-Step Increase.** Level of performance which demonstrates:

(a) Creative management to provide the most effective pharmacy service within available resources;

(b) Maintaining open lines of communication, accessibility, and visibility with Pharmacy Service personnel;

(c) Taking steps to improve recruitment, retention and morale for Pharmacy Service personnel through well-planned programs;

(d) Contributing to the short and long range planning which facilitates the facility's healthcare mission;

(e) Demonstrating initiative and perseverance in overcoming obstacles to achieve organizational objectives;

(f) Establishing and maintaining cooperative relationships within the facility and with community groups and educational institutions; and

(g) The Chief of Pharmacy Service's most recent performance appraisal at the time of consideration must reflect successful or higher performance.

(2) **Criteria for a 2-Step Increase or for a 1-Step Increase Above the Maximum Rate at Level III Facilities.** Level of performance which demonstrates:

(a) Effectively managing the changes required to accommodate facility needs and programs;

(b) Working collaboratively, creatively and productively with management to accomplish the mission of the facility;

(c) Demonstrating commitment to clinical practice, administration, education and research in pharmacy;

(d) Developing qualified personnel for the assumption of key positions for the facility and for the system;

(e) Putting into place mechanisms for improving morale such as programs to recognize and reward staff for performance and achievement;

(f) Receiving personal recognition for leadership from within and without the facility; and

(g) The Chief of Pharmacy Service's most recent performance appraisal at the time of consideration must reflect outstanding performance.

(3) **Processing Step Rate Determinations**

(a) **Notification.** Approximately 120 days prior to the anniversary date of the individual's most recent assignment, the automated personnel system will provide a notice that a determination is required. The immediate supervisor of the Chief of Pharmacy Service will forward a recommendation concerning the increase, through the facility director to the appropriate Standards Board. **NOTE:** *If the rating of record does not accurately reflect the performance of the Chief of Pharmacy Service, a special rating of record is to be prepared.*

(b) **Processing Recommendations.** Recommendations of Standard Boards to grant or not to grant a step rate increase are returned to the originating facility director who functions as the approving official

for the board action.

(c) **Standards Board.** Material submitted to the VISN or Central Office Standards Board shall include copies of all performance appraisals received at that facility and the recommendations of the rating official. All standards board members must also be at a grade that is equal to or above the grade of the employee being considered.

(d) **Effective Date.** Step rate increases will be effective on the first day of the first pay period following the anniversary date of the employee's most recent assignment.

(e) **Field Facility Action.** Upon approval of a step increase, the system will issue an SF-50B, Notification of Personnel Action, effecting the action. The recommendation is to be filed in the employee's Employee Performance Folder.

(f) **Delayed Annual Reviews.** Annual step rate reviews may only be delayed when the performance appraisal is to be delayed under the provisions of VA Handbook 5013. Any action taken as a result of the delayed appraisal is to be retroactive to the effective date described in subparagraph (d) above.

(4) **Applicability of Other Step Increases and Performance Awards.** Chiefs of pharmacy service may not receive within-grade increases on or after their conversion to appointments under 38 U.S.C. 7401(3) and are ineligible for special advancements for performance. They may receive special advancements for achievement and they may be considered for performance awards under the provisions of VA Directive and Handbook 5017.

b. **Nurse Executives.** At the time of the proficiency rating, the immediate supervisor shall recommend, based on the employee's performance during the rating period, that the Nurse Executive receive no step increase, a 1-step increase, or a 2-step increase. This recommendation shall be documented in Section F of the proficiency rating form and forwarded to the facility director for approval. If the facility director is the immediate supervisor, the rating form will be forwarded to the Network Director for approval. Step increases will be effective at the beginning of the first pay period beginning on or after November 15. **NOTE:** *The immediate supervisor may not recommend any step adjustment for the Nurse Executive if the employee is already at or above the maximum step authorized for the grade.*

(1) **Criteria for Step Rate Increases**

(a) **1-Step Rate Increase**

1. Level of performance which demonstrates the following:

a. Uses creative management to provide the most effective nursing care within available resources;

b. Maintains open lines of communication, accessibility and visibility of self with Nursing Service personnel;

c. Has taken steps to improve recruitment, retention and morale of Nursing Service personnel through well-planned programs;

d. Contributes to the short and long range planning for the clinical program which facilitates the patient care mission;

e. Demonstrates initiative and perseverance in overcoming obstacles to achieve organizational objective;

f. Establishes and maintains cooperative relationships within the facility and with community groups and educational institutions.

2. The Nurse Executive has a current Proficiency Report on which each criterion (element) is rated highly successful or higher.

(b) **2-Step Rate Increase**

1. Level of performance which demonstrates the following:

a. Effectively manages changes to accommodate medical center needs and programs;

b. Works collaboratively, creatively and productively with management to accomplish the mission of the medical center;

c. Demonstrates commitment to clinical practice, administration, education and research in nursing;

d. Develops qualified personnel for the assumption of key positions for the medical center and the system;

e. Has put into place mechanism for improving morale such as programs to recognize and reward staff for performance; and

f. Has received personal recognition for leadership from within and without the medical center.

2. The Nurse Executive has a current Proficiency Report on which each criterion (element) is rated highly successful or higher.

(2) **Delayed Step Rate Determination.** In unusual circumstances the step rate determination may be delayed up to 120 days. However, if the delay is expected to last longer than 30 days, the employee shall be notified in writing of the reasons for the delay and of when a determination may be expected.

(3) **Applicability of Other Provisions.** Nurse executives are not eligible for periodic step increases or special advancements for performance. They may, however, receive special advancements for achievement and other cash awards under the provisions of VA Handbook 5017. The annual rate review provisions relating to nurse executives are mandatory; however, nurse executives may receive superior

performance awards provided the superior performance award and any adjustment as a result of the annual rate review are not based on the same performance.

c. **Medical Center Directors and Chiefs of Staff.** There will be no periodic step increases for employees in facility director or chief of staff positions. At the time of the anniversary date of an individual's assignment to the position, the Network Director or the facility director, as appropriate, shall review the step rate of the employee and may recommend that the employee receive an increase of 0, 1, or 2 step rates, not to exceed the maximum rate of the grade.

(1) **Criteria for Step Rate Increases**

(a) **One Step Rate Increase**

1. Level of performance and competence over and above that normally expected in such areas as the following:

a. Successful use of resources as evidenced by improvements in work force productivity, development and recognition of employees, achievement of affirmative action goals and plans.

b. Demonstration of personal initiative and innovation in overcoming obstacles to achieve organizational objectives.

c. Improvements in quality, efficiency, or timeliness of performance.

d. Achievement of cost reductions that enable the reallocation of resources to other activities.

e. Successful cooperative efforts with other Federal agencies or governmental jurisdictions.

f. Success in development and execution of quality assurance programs which preserve and maintain high quality of care standards and facilitate program accreditation.

g. Achievement as evidenced by official recognition from a recognized national health management organization.

h. Career achievements generally recognized at the agency, national, or international level.

2. The following criteria may be considered in lieu of some of the criteria listed above for individuals serving in the combined position of Director-Chief of Staff or as the Chief of Staff.

a. Contributions to teaching and education, particularly those than enhance staff competencies in patient care.

b. Contributions to improve management of clinical programs at a particular facility.

c. Contributions to short and long range clinical program budget planning, resource utilization, allocation and reallocation which facilitates achieving the facility patient care mission.

d. Accomplishments in community relations which have a positive impact on VA relations within the medical community and on patient care in general (i.e., medical schools, allied health training institutions, and county/State medical societies).

3. The facility director's most recent performance rating at the time of consideration must be at least fully satisfactory. The Chief of Staff's Proficiency Report at the time of consideration must reflect an overall rating of at least satisfactory. Any "interim" rating on file for the Chief of Staff must also reflect a rating of satisfactory.

(b) **Two-Step Increases**

1. Facility directors and chiefs of staff must have demonstrated exceptional contributions in a number of the performance areas described in subparagraph (1)(a) above.

2. The facility director's most recent performance rating at the time of consideration must be outstanding. The Chief of Staff's Proficiency Report at the time of consideration must reflect an overall rating of excellent. Any "interim" rating on file for the Chief of Staff must also reflect a rating of excellent.

(2) **Processing Step Rate Determinations**

(a) **Notification.** Approximately 120 days prior to the anniversary date of the Director's and Chief of Staff's most recent assignment, the automated personnel system will generate a notice that a step rate determination is required. The servicing human resources office will forward the notice for the Director to the VHA Performance Review Board (10A2B), which is responsible for making a recommendation. For chiefs of staff, the facility Director is responsible for submitting a recommendation to the Network Director for approval. Such officials may recommend that the employee receive no step rate increase, one step rate increase, or a two step rate increase as outlined in subparagraph (1) above.

(b) **Processing Recommendations.** Recommendations will be documented on a memorandum for the approving official. **NOTE:** *All actions affecting directors of medical and regional office centers requiring approval of the Under Secretary for Health, or designee, will also require the concurrence of the Under Secretary for Benefits, or designee.* Following approval by the Under Secretary for Health, or designee, the decision and any supporting documentation will be forwarded to the Office of Human Resources Management (051). Facilities will then be advised of the action taken for the Chief of Staff and of any action taken to change the step rate of the Director. Increases will be effective on the first day of the pay period following the anniversary date of the Director's or Chief of Staff's most recent

assignment. The recommendation will then be filed in the Director's Employee Performance Folder or on the left side of the Chief of Staff's Competency Folder, as appropriate.

(c) **Field Facility Follow-up Action.** Upon receiving the teletype approving a step rate increase, the field facility will issue an SF 50-B, Notification of Personnel Action, effecting the action. The personnel folder copy of the SF 50-B for Directors will be mailed to the Office of Human Resources Management (051) for inclusion in the Merged Records Personnel Folder; for Chiefs of Staff, the SF 50-B should be filed locally in the personnel folder. No action by the facility will be required if there is to be no step rate increase.

(3) **Applicability of Other Step Increases.** Medical center directors and chiefs of staff may not receive periodic step increases, rate adjustments, special pay adjustments, or quality increases under the provisions of this part.

(4) **Delayed Step Rate Determination.** In unusual circumstances (delayed performance evaluation, etc.), the step rate determination may be delayed up to 120 days. However, if the delay is expected to last longer than 30 days, the employee shall be notified in writing of the reasons for the delay and of when a determination may be expected. Delayed step rate determinations are to be made retroactive to the effective date outlined in subparagraph (2)(b) above.

4. ADMINISTRATIVE STEP INCREASES FOR PERSONNEL APPOINTED UNDER 38 U.S.C. 7306

a. For positions at or below Medical Director grade for which a range of rates is provided, an administrative pay increase to the next higher step rate available for use shall be granted upon completion of 104 weeks of service at the lower rate within the grade. This provision does not apply to a nurse appointed under this authority, whose pay will be set and adjusted under the provisions of the Nurse Locality Pay System and the following subparagraph.

b. Nurses appointed under 38 U.S.C. 7306 shall receive advancements within the grade in the same manner as described in paragraph 1, above, for nurses appointed under 38 U.S.C. 7401.

5. WITHIN-GRADE INCREASES FOR GENERAL SCHEDULE EMPLOYEES IN POSITIONS SUBJECT TO 5 U.S.C., CHAPTER 51 AND TITLE 38 HYBRID POSITIONS APPOINTED UNDER 38 U.S.C.7401(3) OR 7405(a)(1)(B)

a. **Basic Requirements.** To be awarded a within-grade increase, an employee must meet all the following requirements, which are established under 5 CFR 531.404:

(1) **Waiting Period.** The employee must have completed the required waiting period for advancement to the next higher step rate of the grade of his or her position (see subparagraph c below);

(2) **Equivalent Increase.** The employee must not have received an equivalent increase during the waiting period (see subparagraph f below); and

(3) **Acceptable Level of Competence.** The employee's performance of the duties and responsibilities of his or her assigned position must be at an acceptable level of competence. To be determined at an acceptable level of competence, the employee's most recent rating of record must be satisfactory. Acceptable level of competence determinations will be made in accordance with the procedures contained in 5 CFR 531.403.

b. **Creditable Service.** To determine if service is creditable for within-grade increase purposes, see 5 CFR 531.406.

c. **Length of Waiting Period**

(1) For full- and part-time employees with a regularly scheduled tour of duty, the waiting periods for advancement to the following steps in all the General Schedule grades are:

(a) Steps 2, 3, and 4: 52 calendar weeks of creditable service;

(b) Steps 5, 6, and 7: 104 calendar weeks of creditable service; and

(c) Steps 8, 9, and 10: 156 calendar weeks of creditable service.

(2) Except as provided in 5 CFR 531.406(c), time in a non-pay status is creditable service in the computation of a waiting period for an employee with a scheduled tour of duty when it does not in the aggregate exceed:

(a) Two workweeks in the waiting period for steps 2, 3, and 4;

(b) Four workweeks in the waiting period for steps 5, 6, and 7; and

(c) Six workweeks in the waiting period for steps 8, 9, and 10.

(d) For intermittent employees without a scheduled tour of duty, waiting periods shall be determined in accordance with 5 CFR 531.405(a)(2).

d. **Effect of Quality Increases on Waiting Periods.** Quality increases, as well as special advancements for performance or achievement for personnel appointed under 38 U.S.C. 7401, are not considered equivalent increases under subparagraph f below. However, these increase and advancements may place an employee in a waiting period that requires an additional 52 calendar weeks of creditable service before the employee is entitled to receive his or her next within-grade increase. See 5 CFR 531.407(c).

e. **Commencement of Waiting Period.** A waiting period begins:

(1) On the first appointment as a Federal employee, regardless of tenure;

(2) On receiving an equivalent increase; or

(3) After a period in a non-pay status or a break in service (either alone or in combination) in excess of 52 calendar weeks, unless the non-pay status is creditable service for within-grade purposes under 5 CFR 531.406. **NOTE:** *The waiting period is not interrupted by non-workdays intervening between an employee's last scheduled workday in one position and his or her first scheduled workday in a new position.*

f. **Equivalent Increase Determinations**

(1) **General.** Equivalent increase determinations shall be made in accordance with 5 CFR 531.407. It should be noted, however, that an employee promoted to a higher grade (including transfer with a promotion) has received an "equivalent increase," even if his or her rate of basic pay has not actually increased. This includes employees receiving pay retention under 5 U.S.C. 5363 (43 Comp. Gen. 507, 43 id. 701, 57 id. 646, 63 id. 105).

(2) **Exclusions.** An increase in an employee's rate of basic pay will not be considered an equivalent increase when it results from the following:

(a) A statutory pay increase.

(b) The periodic adjustment of a wage schedule or the application of a new pay or evaluation plan under the Federal Wage System.

(c) The establishment of special salary rate ranges under 5 U.S.C. 5303 or 38 U.S.C. 7455, but not above-minimum entrance salary rates under 38 U.S.C. 7455. (See 5 CFR 531.407(c)(3) and paragraph 1a of chapter 7, this part.)

(d) A quality step increase under 5 U.S.C. 5336.

(e) Special advancements for performance or achievements under 38 U.S.C. 7304 and 7403.

(f) A rate received on a temporary or term promotion is not considered an equivalent increase in the employee's permanent grade (30 Comp. Gen. 82). However, an employee may receive an equivalent increase, if upon expiration of the temporary or term promotion, his or her pay is adjusted to a higher rate than he or she would have otherwise been entitled based on the maximum payable rate rule.

(g) An increase resulting from placement of an employee in a supervisory or managerial position who does not satisfactorily complete a probationary period established under VA Handbook 5005, and who is returned to a position at the same grade and step held by the employee before such placement.

g. **Effective Date of Within-Grade Increases**

(1) **Usual Effective Date.** Except as provided in subparagraph (2) below, the within-grade increase shall be effective on the first day of the first pay period following completion of the waiting period and compliance with other conditions of eligibility. If the waiting period ends on the first day of the pay period, it will not be awarded until the first day of the following pay period.

(2) **Exceptions**

(a) When a employee's acceptable level of competence determination is delayed in accordance with 5 CFR 531.409(c), and a favorable determination is subsequently made, the employee will be awarded the within-grade increase on the original due date.

(b) When an employee (whose within-grade has been withheld) requests reconsideration of the rating of record which served as a basis for withholding the within-grade increase, and that rating of record is changed from unacceptable to fully successful, the employee's within-grade increase will be effective on the date it was originally due.

(c) When an acceptable level of competence is achieved at some time after a negative determination, the effective date is the first day of the first pay period after the acceptable determination has been made (i.e., an additional and more current rating of record has been approved).

h. **Effect of Temporary or Term Promotions.** An employee who receives a promotion designated in advance as temporary or term is entitled, on restoration to his or her former position, to any with-grade increases in his or her regular position to which he or she would have been entitled had he or she not received the temporary or term promotion (30 Comp. Gen. 82). Thus, when the duration of a temporary or term promotion exceeds the appropriate waiting period in a higher General Schedule grade, the employee is serving two waiting periods simultaneously. The waiting period for the within-grade increase in the regular grade is measured from the beginning of the waiting period in the regular position, while the waiting period in the higher grade will be measured from the date of the temporary or term promotion.

i. **Temporary Appointments.** Employees whose appointments are limited to 1 year or less are not eligible for within-grade increases. This includes permanent employees converted to appointments of 1 year or less, and employees given a series of appointments of 1 year or less, even though total service under those appointments may include sufficient creditable service to complete a waiting period.

6. WITHIN-GRADE INCREASES FOR FEDERAL WAGE SYSTEM EMPLOYEES

a. **Entitlement.** An employee paid under a regular Federal Wage System pay schedule who has rating of record of fully successful or better (see 5 CFR 430.204(d)) shall advance to the next higher step rate within the grade at the beginning of the first applicable pay period following completion of:

(1) 26 calendar weeks of creditable service in step 1;

(2) 78 calendar weeks of creditable service in step 2; and

(3) 104 calendar weeks of creditable service in each of steps 3 and 4.

b. **Beginning of New Waiting Period.** A new waiting period begins:

(1) At the beginning of the first appointment as a Federal employee, regardless of tenure;

(2) On the first day of a period of service after a break in service or time in a non-pay status of 52 weeks; or

(3) On receipt of an equivalent increase (see subparagraph d below).

c. **Creditable Service.** The following periods are creditable service for within-grade purposes. For other instances of creditable service see 5 CFR 532.417(c)(5) through (8).

(1) Time during which an employee is in receipt of pay from a branch of the Federal Government or the District of Columbia, or a non-appropriated fund instrumentality of VA (the Veterans Canteen Service), Department of Defense or Coast Guard. This includes periods of leave with pay.

(2) Time during which an employee with a prearranged regularly scheduled tour of duty is in a non-pay status to the extent that the non-pay status does not exceed:

(a) One workweek in the waiting period for step 2;

(b) Three workweeks in the waiting period for step 3; or

(c) Four workweeks in the waiting period for step 4 and 5.

(3) Time during which an employee or former employee is on a leave of absence or is separated from federal service and is entitled to continuation of pay or compensation under subchapter I of chapter 81, title 5, United States Code.

(4) Time during which a former employee is serving with the Armed Forces during a period of war or national emergency if the employee left the civilian position to enter the Armed Forces and:

(a) Is employed no later than 52 weeks after separation from active military duty; or

(b) Is restored to the civilian position after separation from active military duty or release from hospitalization following separation from active military duty.

d. **Equivalent Increases**

(1) Except as otherwise provided in this subparagraph, an equivalent increase means an increase or increases in an employee's scheduled rate of pay, equal to or greater than the amount of a within-grade increase for the grade in which the employee is serving.

(2) When an employee has served in more than one grade during the waiting period under consideration, and it is necessary to determine whether the employee received an equivalent increase in a prior grade, an equivalent increase is an increase or increases in the scheduled rate of pay equal to or greater than the amount of the within-grade increase between steps of the prior grade.

(3) When the employee receives more than one increase in his or her scheduled rate of pay during the waiting period under consideration, no one of which is an equivalent increase, the first and subsequent increases are added until they amount to an equivalent increase at which time the employee is considered to have received an equivalent increase.

(4) For the purposes of subparagraphs d(2) and (3) above, the waiting period under consideration is the waiting period immediately proceeding an employee's current entry into the rate of the grade in which he or she is serving.

(5) The following increases are not counted as equivalent increases:

(a) Application of a new or revised schedule or application of a new pay or evaluation plan;

(b) Payment of additional compensation in the form of non-foreign post differentials or non-foreign cost-of-living allowances;

(c) Adjustment of the General Schedule (this provision is applicable to an employee whose service in a General Schedule position is being considered in connection with a within-grade increase in a wage job to which the employee has been changed);

(d) Premium pay for overtime, night or holiday duty;

(e) Environmental differential;

(f) Rates above the minimum rate of the grade in recognition of special qualification or for special hard-to-fill occupations (see part II, chapter 3 of this handbook):

(g) Correction of an error in a previous demotion or reduction in pay;

(h) Temporary limited promotion (i.e., promotion known in advance to be temporary) which is filled by a change to a lower grade back to the former grade or to a different lower grade;

(i) Re-promotion to a former or intervening grade of an employee whose earlier change to lower grade was not for cause or at the employee's request; and

(j) An increase resulting from a quality step increase. (This provision is applicable to an employee whose service in a General Schedule position is being considered in connection with a wage job to which he or she has been changed.)

(k) When an employee is changed from a job other than a wage job to a wage job, determination of whether the change resulted in an equivalent increase will be made by comparing the increase received, if any, with 4 percent of the representative rate of the grade to which changed.

(l) When an employee is changed from one wage job to another wage job which is subject to a different wage schedule (such as supervisory to non-supervisory or vice versa), determination of whether the change resulted in an equivalent increase will be made by comparing the increase received, if any, with 4 percent of the representative rate of the grade to which changed.

e. **Effective Date**

(1) A within-grade increase is effective on the first day of the first pay period after an employee becomes entitled to the increase. Employees completing the requirements for a within-grade increase on the first day of a pay period will receive the within-grade increase on the first day of the following pay period.

(2) When the effective date of a within-grade increase and the effective date of other personnel actions occur at the same time, the actions will be processed in the order which give the employee the maximum benefit.

(3) When a within-grade increase is delayed beyond the proper effective date through administrative oversight, error or delay, the increase will be effective as of the date it was properly due.

(4) When an improper personnel action is corrected in accordance with a mandatory statutory or regulatory requirement, the waiting period is not extended and begins on the date it would have begun had the improper personnel action not occurred. (OPM FWS Operating Manual, subchapter S8, paragraph S8-5g(2).

7. REFERENCES

a. Sections 501(a), 7306, 7401(1), 7403, 7404, 7408(b), 7421, 7421, 7423(a)-(e), 7426(c), and 7453-7457 of title 38, United States

b. 5 U.S.C. 5331-5334.

c. 5 CFR, part 531, subparts B and D and parts 532 and 610.

d. VA Manual MP-6, part V, supplements No, 1.5 and 2.2.

e. 5 U.S.C. 5335 and 38 U.S.C.7403.

f. Section 402, Executive Order 11721, as amended.

g. Civilian Personnel Law Manual, Title I--Compensation.

h. United States Government Manual (Used to determine whether service is civilian employment in a branch of the Federal Government (executive, legislative or judicial) or with a Government corporation, and, therefore, creditable for within-grade increase purposes).

i. Subchapter IV, chapter 53, title 5, United States Code.

j. FWS Operating Manual, section S8 and appendix J.

k. VA Handbook 5011, Hours of Duty and Leave.

l. VA Handbook 5013, Performance Management Systems.

CHAPTER 6. GRADE AND PAY RETENTION

1. GENERAL. The grade and pay retention provisions of this chapter apply to employees under or moving into positions under the General Schedule, the Federal Wage System, including Non-appropriated Fund employees in the Veterans Canteen Service who are subject to the Federal Wage System. This chapter does not cover the following categories of employees:

a. Veterans Health Administration (VHA) employees appointed or compensated under 38 U.S.C. chapter 74, except for nurses and nurse anesthetists subject to the Locality Pay System (who are covered by paragraph 6 only).

b. Employees compensated under the Executive Schedule (5 U.S.C., chapter 53).

c. Non-appropriated Fund Veterans Canteen Service employees appointed under 38 U.S.C. 7802, except those employed in a recognized trade or craft, as indicated in above. **NOTE:** *All Non-appropriated Fund Veterans Canteen Service employees moving into positions subject to the Federal Wage System are eligible for grade and pay retention benefits provided they meet the criteria contained in this chapter.*

d. Purchase and hire employees appointed under Schedule A, section 213.3127(a)(1).

e. Employees whose appointments have definite time limitations or are designated as temporary or term.

f. Senior-Level employees; members of the Board of Contract Appeals; Members of the Board of Veterans' Appeals, and fee basis appointees.

2. GRADE RETENTION UNDER TITLE 5

a. Grade retention is required by 5 CFR 536.103(a) if an employee is changed to a lower grade position in a covered pay schedule as a result of reclassification on reduction-in-force procedures. Employees must meet the appropriate eligibility requirements in 5 CFR 536.103(c) (1) or (2) to be eligible for grade retention under 5 CFR 536.103(a).

b. Under the provisions of 5 CFR 536.103(b), VA is extending grade retention to eligible employees who are, or who might be, reduced to a grade in a covered pay schedule as a result of a reorganization (including transfer-of-function) or reclassification decision announced by management in writing. To be eligible for grade retention under 5 CFR 536.103(b), the position must be offered by the official having delegated appointment authority under VA Handbook 5001, General Introduction and Administration, and the employee must meet the appropriate eligibility requirements in 5 CFR 536.103(c)(3). The following documentation is required when applying grade retention under this chapter:

(1) If the employee accepts an offer under this chapter, the following information will be documented in his/her personnel folder to record the basis for grade retention: the reason for the reorganization or reclassification; the title, grade, and series of the position being abolished, downgraded, or transferred; and a description of how the demotion reduced the adverse impact of the reorganization or reclassification. An example of an appropriate use of this authority is for transfer-of-function volunteers who allow the Department to retain employees who would otherwise be separated. (Under 5 CFR 351.303(e), employees may be permitted to volunteer to transfer with a function. By offering grade retention to a volunteer who is willing to transfer if, and only if, grade retention is offered, management may be able to retain the services of both this employee and the employee who would otherwise be separated for failing to transfer with his/her function.)

(2) When an employee is offered a position with grade retention in anticipation of his or her current position being abolished or downgraded, the employee shall be informed in writing that acceptance of the offered position is not required and that the declination of the offer has no effect on the employee's entitlement to grade retention if he or she does not accept the offer and is then actually changed to a lower grade position as a result of reduction-in-force procedures or a reclassification process.

(3) When an employee is offered a position with grade retention in lieu of transferring with his or her function, the employee shall be informed in writing that acceptance of the position is not required and the declination of the offer has no effect on the employee's eligibility to transfer with his or her function.

(4) When an employee is offered a position with grade retention in anticipation of another employee being demoted or separated as a result of reduction-in-force procedures, reclassification or transfer-of-function, the offer must state that if the employee declines, he/she will remain in his/her position unless otherwise reduced under one of these procedures.

3. PAY RETENTION UNDER TITLE 5

a. Pay retention is required for those employees whose pay would otherwise be reduced under the circumstances described in 5 CFR 536.104(a).

b. Under the provisions of 5 CFR 536.104(b), VA is extending pay retention to employees placed in positions when the employee's pay would otherwise be reduced, when the placement is not for cause, including performance evaluation, or at the employee's request, and when the employee is not otherwise eligible for pay retention under paragraph 1 above. For example:

(1) Pay retention based on special recruitment needs must be supported by a memorandum from the selecting official documenting the KSAOs (knowledges, skills, abilities, and other characteristics) required for the position; the lack or comparable lack of possession of such KSAOs by other available candidates; and that the non-selection of the change-to-lower-grade candidates would adversely impact upon the efficiency or effectiveness of operations or programs.

(2) Pay retention based upon demotion or reassignment as a result of solicitation of an employee by the Department to fill a position requiring special KSAOs must be documented by a memorandum

which, in this case, would show the KSAOs required, the candidate's possession of them, and the unlikelihood of locating other candidates with equal possession of these KSAOs.

(3) Pay retention because of a change to lower grade or a reassignment in lieu of disability retirement.

(4) Pay retention because of a change to a lower grade initiated by the Department. It is not considered to be taken at the employee's request even though the employee may have previously asked the Department to consider his/her personal situation. For example, when Department officials judge that the employee's skills could be better utilized in a position for which there are no special recruitment needs.

c. If the change to lower grade is initiated by the employee, for his or her personal advantage, and the Department is responsive thereto, pay retention benefits do not apply. (For example, the employee voluntarily applies for a change to lower grade under competitive merit promotion procedures and the change is not to a recognized employee development program, to a formal upward mobility program, or based on a special recruitment need, or an employee applies for a change to a lower grade for health reasons when such a change has not been initiated or requested by the Department.) If the placement action results in a change to lower grade or reassignment resulting from a solicitation by the Department to fill a position requiring special skills, it is not taken at the employee's request, even though the employee may have previously asked the Department to consider his/her personal situation. **NOTE:** *It may not be assumed that simply because management initiates recruitment by advertising a vacancy and a change to lower grade or rate of pay results, management has initiated the action. Pay retention is only appropriate for placements meeting the criteria contained in subparagraphs a and b above.*

4. TERMINATION OF GRADE AND PAY RETENTION BENEFITS (TITLE 5 ONLY)

a. Eligibility for grade retention is terminated under the circumstances described in 5 CFR 536.207 and 5 CFR 536.208.

b. Eligibility for pay retention is terminated under the conditions described in 5 CFR 536.209.

5. APPEALS (TITLE 5 ONLY)

a. **Declination of Reasonable Offer.** Employees who believe their grade or pay retention benefits have been improperly terminated for failure to accept a reasonable offer may appeal the termination under 5 CFR 536.302. The criteria for a reasonable offer are contained in 5 CFR 536.206.

b. **Failure to Comply.** If the employee believes his or her grade retention benefits have been improperly terminated for failure to enroll in or comply with the requirements of the Priority Placement Program, the employee may appeal such termination of benefits through the VA Grievance Procedure or through an appropriate negotiated grievance procedure, as applicable.

6. PAY RETENTION UNDER TITLE 38 FOR NURSES AND NURSE ANESTHETISTS SUBJECT TO THE LOCALITY PAY SYSTEM

a. **Conditions Conferring Eligibility for Pay Retention.** Employees undergoing the following actions are eligible for pay retention:

(1) Employees whose pay would otherwise be reduced as a result of a reduction or termination of a pay schedule in excess of 133 percent;

(2) Employees whose above-minimum entrance rates or special salary rates have been reduced or terminated;

(3) Employees placed at another facility for the good of VA, or by management-directed actions for reasons other than cause (see par. 1c(2)(b) of chapter 4 this part, and appendix II-B; and

(4) Employees reassigned to another facility by management-initiated action under subparagraph 1c(2)(c)1.b. of chapter 4, this part.

NOTE: *Employees transferred or reassigned to another location by management-initiated action are not automatically entitled to pay retention. They may be offered the rate of pay for the grade and step at the gaining facility or an intervening rate that is more than the rate for the grade and step at the gaining facility but less than pay retention (see subparagraph 1c(2)(c)1. of chapter 4 this part).*

(5) Nurse executives whose rate of basic pay would otherwise be reduced as a result of a change in the facility complexity level (see par. 2b(2) of appendix II-B);

(6) Employees whose pay would otherwise be reduced as a result of a termination of a specialty pay schedule (see par. 4 of chapter 1, part X).

b. **Pay Administration Policies Applicable to Employees Eligible for Pay Retention**

(1) On the date of the action, employees are to be advanced to the lowest step rate of the grade which equals or exceeds their existing rate of basic pay before the action. (If the employee is placed on a step, pay retention will not apply.) If no such rate exists, the employee is placed at the top step of the grade and retains the rate of basic pay held before the action, unless a different rate is authorized under subparagraph 1c(2)(c) of chapter 4, this part.

(2) The employee receives 50 percent of any subsequent increase in the maximum authorized rate of the grade and pay retention terminates when the maximum authorized rate of the grade equals or exceeds the employee's retained rate. When pay retention is terminated, the employee is automatically placed at the top step of the grade, regardless of the amount of pay increase.

(3) Employees on pay retention who are promoted at the same facility shall have their pay determined as if they were not on pay retention. **NOTE:** *They are considered to be at the maximum authorized step of their existing grade.* However, if the maximum authorized rate of the higher grade is

lower than the retained rate, pay retention continues.

(4) Pay retention terminates if the employee is reassigned or changed to a lower grade for cause or at the employee's request.

7. DOCUMENTATION. The application of the provisions of this manual shall be documented in writing as a permanent part of the employee's personnel folder. As a minimum, this will include the documentation required in paragraphs 2b and 3b of this chapter and a copy of the letter described in 5 CFR 536.304.

8. REFERENCES

a. 5 U.S.C. 5361-5366.

b. 5 Code of Federal Regulations, part 536.

c. 38 U.S.C. 512 and 7304.

CHAPTER 7. PAY ADMINISTRATION FOR SPECIAL SALARY RATES APPROVED UNDER 38 U.S.C. 7455

1. ABOVE-MINIMUM ENTRANCE RATES (INCLUDING ABOVE-MINIMUM ENTRANCE RATES ON A SPECIAL SALARY RATE RANGE)

a. When above-minimum entrance rates are approved or increased at a facility, the salary rates of all affected employees in the same grade whose salaries fall below such minimum shall be adjusted to that new minimum rate. For employees who receive such adjustments, such an increase is not considered an equivalent increase in compensation.

b. Similarly, the salary rate of employees who have the same step rate as the new minimum shall be adjusted to a next higher available step rate in the grade. In this instance, the increase shall be considered an equivalent increase in compensation for all affected employees.

c. For instructions on establishing above-minimum entrance rates, refer to part VI, chapter 6.

2. SPECIAL SALARY RATE RANGES

a. If above-minimum entrance rates are not in effect, the employee shall be placed in the step rate of the special salary rate range that corresponds to his or her existing step rate before the special salary rate range was approved (This is consistent with 5 CFR 530.306).

b. If employees have been subject to above-minimum rates in their current or former positions, the special salary rate shall be based on the step rate the employees would have earned without regard to above-minimum entrance rates as determined below:

(1) To arrive at the appropriate step rate, reconstruct the employee's employment history, disregarding the effect of above-minimum entrance rates in the current and former grades. Appropriate credit shall be given, as applicable, for quality step increases, within-grade increases, special advancements for achievement, special advancements for performance, and any periodic step increases the employee would have earned had above-minimum entrance rates not been in effect. **NOTE:** *The reconstruction is to be completed in the sequence in which it would have occurred and as if normal pay administration procedures had been applied. This includes observing appropriate waiting periods, effective dates of within-grade/periodic step increases, delays of within-grade/periodic step increase because of excessive LWOP, withheld within-grade/periodic step increases, etc.*

(2) The step rate selected under subparagraph 2b(1) above shall be the appropriate step rate unless the employee is eligible for a within-grade/periodic step increase under subparagraph (3) below.

(3) A pay increase resulting from the approval of a special salary rate range is not considered an equivalent increase in compensation. Therefore, affected employees do not begin a new waiting period toward their next within-grade/periodic step increase. **NOTE:** *If an employee was at a step rate of the grade before the special salary rate range was approved, and the employee would be reduced to a lower step rate as a result of subparagraph 2b(1) above, then the employee's eligibility for a within-*

grade/periodic step increase must be determined. If the employee is immediately eligible for a within-grade increase, he or she shall be advanced to the applicable step rate and, if appropriate, begin a new waiting period on the effective date the special salary rate range was approved.

(4) Notwithstanding subparagraphs 2b(1) through (3) above, employees shall not have their rates of basic pay reduced as a result of the approval of special salary rate ranges. If employees' basic rates of pay would otherwise be reduced under subparagraphs 2b(1) through (3) above, the employees shall be placed in the lowest step rates of the special salary rate range which equals or exceeds their existing basic rates of pay before special salary rates were approved.

c. For instructions on establishing special salary rate ranges, refer to part VI, chapter 6.

3. REDUCED OR DISCONTINUED RATES. Employees' rates of basic pay shall not be reduced as a result of a reduced or discontinued above-minimum entrance rate or special salary rate range. If such rates are reduced or terminated, employees shall be placed in the lowest step rates of the applicable rate range which does not result in a reduction of employees' basic rates of pay. If the rates of basic pay cannot be accommodated within the rate range, employees shall be entitled to pay retention. In other words, employees shall be entitled to the rate of basic pay they received before the above-minimum entrance rate or special salary rate ranges were reduced or terminated. Then, if the scheduled rates of basic pay for the grade are increased as the result of a general pay increase, the employees shall be entitled to 50 percent of the increase in the maximum rate of the grade. Pay retention ceases whenever:

a. An employee's increased retained rate of basic pay becomes equal to or lower than the new maximum rate of the grade.

b. The employee becomes entitled to a higher rate of basic pay under this chapter.

c. The employee has a break in service of one workday or more.

d. The employee moves to a position, at his or her request, which is not covered by the above-minimum entrance rate or special salary rate range upon which entitlement to pay retention is based.

4. MOVEMENTS TO POSITIONS WITH ABOVE-MINIMUM ENTRANCE RATES OR SPECIAL SALARY RATE RANGES APPROVED UNDER 38 U.S.C. 7455

a. **Promotion**

(1) **Regular Rate to Special Rate.** An employee promoted (including transfer with promotion) shall first have his or her step rate determined without regard to the above-minimum entrance rate or special salary rate range in the higher grade. The employee's basic rate of pay shall then be fixed at a rate in the higher grade that reflects the above-minimum entrance rate or special salary rate range approved for that position. This shall be the employee's rate unless he or she is entitled to a higher rate under the "highest previous rate rule" or to a higher retained rate of pay.

(2) **Special Rate to Special Rate.** An employee promoted from one position with approved special salary rates to another position with approved special salary rates is entitled to the lowest rate of the higher grade for the new special rate position which exceeds his or her existing rate of basic pay by not less than the amount of two step increases of the grade from which promoted. The employee's special rate is considered the existing rate of basic pay for promotion purposes. This shall be the employee's rate unless he or she is entitled to a higher rate under the "highest previous rate rule" or to a higher retained rate of pay.

b. **Reassignment, Transfer and Change to Lower Grade.** An employee being moved to a position with approved special salary rates shall first have his or her step rate determined without regard to the above-minimum entrance rate or special salary rate range in either position. The employee's basic pay shall then be fixed at the step rate in the new position that reflects the above-minimum entrance rate or special salary rate range approved for that position. This shall be the employee's rate unless he or she is entitled to a higher rate under the "highest previous rate rule" or to a higher retained rate of pay.

5. MOVEMENTS FROM POSITIONS WITH ABOVE-MINIMUM ENTRANCE RATES OR SPECIAL SALARY RATE RANGES APPROVED UNDER 38 U.S.C. 7455

a. **Promotion from Special Rate to Regular Rate.** An employee promoted is entitled to the lowest rate of the higher grade which exceeds his or her existing rate of basic pay by not less than the amount of two step increases of the grade from which promoted. The employee's special rate is considered the existing rate of basic pay for promotion purposes. If there is no rate in the non-special rate position that exceeds the existing rate of basic pay (i.e., the special rate) by at least two step increases, the employee is entitled to the greater of:

(1) The maximum rate of the higher-graded non-special rate position

(2) His or her existing rate of basic pay (the special rate)

NOTE: *An employee in the situation described above who retains their special rate will receive general pay increases in an amount equal to 100 percent of the increase in the maximum rate of his or her grade, rather than 50 percent (see 5 CFR 531.205(a)(3)).*

b. **Reassignment, Transfer and Change to Lower Grade.** When an employee occupying a special rate position moves to a non-special rate position by voluntary reassignment, transfer, or change to lower grade, the employee's special rate is terminated and the new salary rate is determined without regard to the above-minimum entrance rate or special salary rate range. However, the facility director may approve use of the special rate as the employee's highest previous rate in a reassignment (within VA only) to a position for which there is a lesser or no special rate.

CHAPTER 8. HIGHER RATES OF PAY FOR ASSIGNMENT AS HEAD NURSE OR POSSESSION OF SPECIALIZED SKILLS

1. ASSIGNMENT AS A HEAD NURSE. An RN serving in a head nurse assignment shall, while so serving, receive basic pay at a rate two steps above the rate that would otherwise be applicable. The adjustment is made even if it causes the RN to exceed the maximum authorized step of the grade, even when the rate range is 175 percent. For example, a head nurse may receive a constructed step 13 or 14 if step 12 is the maximum authorized step of the grade or step 27 or 28 if step 26 is the maximum authorized step of the grade. Head nurses are eligible for PSIs until they reach two steps above the maximum authorized step of the grade; e.g., a head nurse at a constructed step 13 who meets the requirements of part III, chapter 5, is eligible for a PSI to step 14. The differential is also in addition to any pay retention under paragraph 6 of chapter 6, this part.

a. **Restrictions.** Individuals in head nurse assignments must exercise first line supervisory responsibility over a nursing unit or ward which contains at least the equivalent of three full-time subordinate Nursing Service personnel (registered nurses, licensed practical nurses or nursing assistants).

b. **Head Nurse Supervisory Responsibilities.** The head nurse is responsible for ensuring that subordinate nursing personnel provide timely nursing care which complies with generally accepted standards of clinical practice. This includes the authority to accept, amend or reject the work of subordinates. In addition, to be eligible for head nurse pay, individuals in the assignment must have continuing responsibility for all of the following functions:

(1) Planning work to be accomplished by subordinates, setting priorities and preparing schedules for completion of work;

(2) Assigning work to subordinates based on priorities, selective consideration of the difficulty and the requirements of the assignments, and the capabilities of subordinates;

(3) Evaluating the performance of subordinates;

(4) Making recommendations for appointments, advancements or reassignments of subordinates;

(5) Giving advice, counsel, or instruction to subordinate personnel on work and administrative matters;

(6) Hearing and resolving complaints of subordinates and referring more serious complaints not resolved to higher level supervisors;

(7) Recommending and/or taking disciplinary action where appropriate; and

(8) Identifying developmental and training needs of subordinates and providing or making provision for such development and training.

c. **Exclusions.** Head nurse pay does not apply to the following:

(1) Second or higher level supervisors and upper level managers; e.g., Clinical Coordinators, Associate or Assistant Chiefs, or Chief of the Nursing Home Care Unit;

(2) Assignments that do not involve the provision of direct nursing care (e.g., assignments in quality assurance or regional medical education centers); and

(3) Evening supervisors, night supervisors, or other supervisory assignments that do not possess the full range of supervisory responsibilities described in the preceding.

d. **Other Supervisory Assignments.** Facility directors, or their designees, may establish supervisory assignments that do not meet the preceding criteria; however, individuals in those assignments are not eligible for head nurse pay. For example, a nurse may be given supervisory responsibility over non-nursing personnel, or an assignment may meet the definition of a first-line supervisor for labor relations purposes under 5 U.S.C. 7103(a)(10), but not meet the eligibility requirements for head nurse pay.

2. HIGHER RATES OF PAY BASED ON SPECIALIZED SKILLS

a. **Appointments and Reappointments.** Facility directors may, after considering the recommendation of the Professional Standards Board, appoint or reappoint individuals to covered positions at any step of the grade for which they qualify if vacancies for such employees exist and such action is necessary to obtain their services. This action may only be taken to recruit employees with specialized skills, particularly specialized skills that are difficult or demanding. The step rate may exceed the maximum authorized step of the grade only when the individual is appointed to a head nurse position (see par. 1 above), or if pay retention is authorized under chapter 4, paragraph 1c(2)(b) or (c).

b. **Employees Currently Employed at the Facility.** When an adjustment is made under subparagraph 2a, salary rates of onboard employees in assignments requiring the same specialized skills may be adjusted up to the same number of steps. The step may exceed the maximum authorized step of the grade only if the individual is in a head nurse assignment.

NOTE: *The purpose of this adjustment is to ensure that current employees are receiving rates of pay that are comparable to corresponding positions in the LLMA. An adjustment would not be appropriate if the employee's skills have already been recognized under superior qualification appointment, special advancement, or other means.*

c. **Coordination.** Higher rates for specialized skills will be coordinated with other affected VA health care facilities in the LLMA.

3. ELIGIBILITY. To be eligible for a higher rate under this paragraph, employees must spend at least 75 percent of their VA time performing these duties.

4. DOCUMENTATION

a. **Higher Rates of Pay for Head Nurses**

(1) Authorization of a higher rate of pay for a head nurse does not require a recommendation from the Nurse Professional Standards Board (NPSB) unless the action is coincident with some other action requiring NPSB review.

(2) Upon assignment as a head nurse, the employee shall sign a statement of understanding regarding the higher rate of pay (see sample in app. III-A). The statement is to be filed on the right side of the employee's Merged Records Personnel Folder (MRPF).

b. **Higher Rates of Pay for Specialized Skills**

(1) Directors must document the reasons for any appointment above the minimum based on specialized skills, and include a copy of that documentation in the first budget documents submitted after the approval. The facility Human Resources Manager must retain copies of this material for 2 years.

(2) The reason(s) for any appointment or adjustment based on specialized skills are to be placed on VA Form 10-2543, Board Action, along with the grade and step that would have applied but for the approval.

(3) An on-board employee whose rate of pay is adjusted due to specialized skills shall sign a statement of understanding regarding the higher rate of pay (see sample in app. III-A). The statement is to be filed on the right side of the employee's MRPF.

5. PAY ADMINISTRATION

a. **Basic Pay.** Higher rates of pay for head nurses and for specialized skills are considered basic pay for premium pay purposes, lump-sum annual leave, retirement, work injury compensation, life and health insurance, and severance pay.

b. **Equivalent Increases.** Authorizations of higher rates of pay for head nurses or specialized skills are not considered equivalent increases. However, the employee must meet the waiting period required for the higher step.

c. **Reducing or Terminating Authorizations for Higher Rates Based on Specialized Skills**

(1) Facility directors may reduce or terminate higher rates for specialized skills whenever they no longer meet the criteria in paragraph 2. However, if there is more than one affected VA facility in the LLMA, all reductions or terminations must be coordinated with those affected facilities. The reduction or termination of an authorization does not affect the basic pay of employees who were receiving higher rates of pay for specialized skills before the authorization was reduced or terminated.

(2) Higher rates for specialized skills also terminate if a facility director or a group of facility

directors in a given LLMA establish a specialty pay schedule or special salary rates for these employees are approved under 38 U.S.C. 7455. For example, higher rates of pay for a specialized skill (operating room nursing) would terminate if a specialty pay schedule or special salary rates were established for operating room nurses at that facility. When placing these employees on the new pay schedule or the special salary rate range, they are to be treated as if the higher rates for specialized skills had not been approved. The individual's employment history is to be reconstructed disregarding the higher rates for specialized skills, and the employee is then to be placed on the corresponding step of the new pay/special rate schedule. The reconstruction should not result in any employee losing money when placed on a specialty schedule or special salary rates. **NOTE:** *For further information about the reconstruction process, see chapter 7 of this part.* For example, if employees with the specialized skill are appointed at step 3, and a new schedule for employees with the specialized skill is established, employees at step 3 on the old schedule are to be placed at step 1 on the new schedule.

6. DETAILS AND REASSIGNMENTS

a. **Details.** Higher rates of pay for head nurses and for specialized skills continue while the employee is detailed to another assignment. Details of individuals receiving higher rates of pay as head nurses or because of specialized skills should only be approved in emergency situations and should be kept to a minimum duration. An individual detailed to an assignment covered by this paragraph or who serves in such an assignment in an acting capacity is not eligible for pay under this paragraph.

b. **Reassignments**

(1) **Determining Pay.** Higher rates for serving as a head nurse or for having specialized skills continue in effect with respect to the employee only so long as the employee continues to serve in such an assignment at least 75 percent of their VA appointment. If an employee is reassigned to a position other than head nurse or to a position which does not require specialized skills, the higher rate of pay shall not be used to determine the employee's pay in the new assignment.

(a) To determine the appropriate step for head nurses who are reassigned to another position in the same grade, remove the additional two steps for the head nurse position.

(b) To determine the appropriate step for employees who have received higher rates based on specialized skills, the individual's employment history must be reconstructed disregarding any higher rates of pay for specialized skills (see chapter 7 of this part).

(2) **Voluntary Reassignment.** If an employee receiving pay under this paragraph voluntarily requests an assignment that is not covered by this paragraph, the request shall be submitted to the Director, or designee, through channels in writing (see sample request contained in app. III-A). The employee's signed request is to be filed on the right side of the employee's MRPF.

APPENDIX A.
STATEMENTS OF UNDERSTANDING FOR ASSIGNMENT AS HEAD NURSE OR POSSESSION OF SPECIALIZED SKILLS

1. CHANGES TO ASSIGNMENTS WHICH RESULT IN A HIGHER RATE OF PAY:

Employees placed in assignments which entitle them to such pay shall be required to sign the following Statement of Understanding at the time of the assignment (head nurses) or upon the Director's approval of a higher rate of pay for specialized skills (for employees with the skill who are already on-board). The statement is to be filed on the right hand side of the employee's Merged Records Personnel Folder.

I, (Name), accept assignment to the position of (head nurse, location; nurse, location where higher rates for specialized skills are authorized; etc.) effective (Date), which entitles me to a higher rate of pay only so long as I continue to serve in this assignment. I understand that if I am reassigned to another position, voluntarily or involuntarily, this higher rate of pay will NOT be used to determine my rate of pay in the new assignment.

_____ _____
Signature Date

2. CHANGES TO ASSIGNMENTS WHICH RESULT IN A LOWER RATE OF PAY:

Employees voluntarily requesting assignments at the same facility which discontinue such pay shall be required to sign the following Statement of Understanding, which is to be filed on the right-hand side of the employee's personnel folder. Generally, such requests should not be effected until the employee has had 24 hours to consider the matter.

I, (Name), voluntarily request my assignment as (head nurse, location; nurse, location where higher rates for specialized skills are authorized; etc.) be changed to (new assignment) effective (Date) .

I am voluntarily requesting this change without coercion or influence and understand that I will no longer be eligible for a higher rate of pay as a result of (being a head nurse or possessing specialized skills) . This decision is being made of my free will, and I fully understand the significance of this request (i.e., the loss of salary and benefits related to the higher salary).

_____ _____
Signature Date

PAY ADMINISTRATION

PART IV. COMPENSATION UPON SEPARATION

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PART IV. COMPENSATION UPON SEPARATION

CHAPTER 1. GENERAL

1. PURPOSE. This part provides Department-wide mandatory guidance on severance pay and pay for lump-sum annual leave when employees are separated from VA service. It supplements statutory and regulatory provisions on severance pay and lump-sum pay for annual leave.

2. RESPONSIBILITIES

a. The Human Resources Management (HRM) Officer will review separation actions to determine employees' basic entitlement to severance pay. The HRM Officer will also screen each reemployment action to ascertain if a former Federal employee is currently receiving severance pay.

b. The HRM Officer will ascertain and furnish the Fiscal activity all facts relevant to payment for lump-sum annual leave.

CHAPTER 2. SEVERANCE PAY

1. ENTITLEMENT

a. Eligible employees' entitlement to severance pay will be determined at the time of separation in accordance with statutory requirements, Office of Personnel Management regulations, and policy contained in this chapter.

b. The following employees involuntarily separated (but not by removal for cause) are eligible for severance pay: full-and part-time non-temporary General Schedule and SES employees; title 38 employees appointed under 38 U.S.C. 7401(1); part-time title 38 employees appointed under 38 U.S.C. 7405(a)(1)(A) without time limitation; and Federal Wage System non-temporary employees.

c. For purposes of determining severance pay entitlement, the commuting area will be the same as that used for reduction-in-force and staffing adjustment actions. Except in unusual circumstances, acceptance of non-Federal employment will not affect entitlement to severance pay.

2. PROCEDURES FOR PAYMENT OF SEVERANCE PAY

a. For each entitled employee, the HRM office will compute the employee's total years of creditable civilian service and the years of age over 40. This information, identifying the employee by name, social security number, and date of separation, will be furnished to the Fiscal activity by a memorandum signed by the HRM Officer or his designee. The Fiscal activity is responsible for computing the employee's severance pay fund using the information furnished by the human resources office and the applicable rate of basic compensation.

b. The HRM office is responsible for screening each reemployment action to ascertain if the former employee is currently receiving severance pay. If it is found that severance pay would otherwise continue beyond the date of reemployment, the agency making the payments will be notified, as soon as possible, of the reemployment. The following will be placed in the "Remarks" section of the accession SF-50 B: "Severance pay discontinued. Has received (number) weeks of severance pay." The number of weeks will be manually added to the computer-printed remark on SF-50 B when received. If the reemployment is temporary, the following will be placed in the "Remarks" section of the SF-50 B: "Severance pay postponed by (agency) until the termination of this appointment." When notified that a former VA employee receiving severance pay has been re-employed by another Federal agency or another VA facility, the HRM office will inform its Fiscal activity of the effective date so that severance pay can be stopped or postponed. When an SF-50 B is received from the employing agency, a copy will be furnished to the Fiscal activity. Pending receipt of the official notification, a memorandum will be used to notify the Fiscal activity.

3. REFERENCES

a. 5 U.S.C. 5595.

b. 5 CFR, part 550, subpart G.

c. VA Manual MP-6, part V, supplement Nos. 1.5 and 2.2.

d. Relevant Comptroller General decisions (see appendix IV-A of this part).

CHAPTER 3. LUMP-SUM ANNUAL LEAVE PAYMENTS

1. ENTITLEMENT

a. This chapter applies to all employees who earn annual leave under the provisions of 5 U.S.C., chapter 63, and to employees covered by the VA leave system authorized under 38 U.S.C. 7421. All payments for accumulated and accrued annual leave will be made consistent with statutory requirements, subpart L of part 550, title 5, Code of Federal Regulations (CFR), and this chapter. The lump-sum payment provisions contained in subpart L of part 550, title 5, Code of Federal Regulations apply to eligible VA employees separated on or after September 7, 1999. See chapter 2 of part VIII for lump-sum payment provisions for firefighters.

b. Payment of a lump-sum for accumulated and accrued annual leave will be made when an eligible employee separates or retires, dies in service, transfers to a position that is not covered by subchapter I of chapter 63 of title 5 and to which the accumulated annual leave cannot be transferred, transfers from a position under the title 38 leave system to another to which the accumulated leave cannot be transferred, or enters on active duty in the armed forces and elects to receive a lump-sum payment for accumulated and accrued annual leave.

c. Payment of a lump-sum for annual leave may not be made to:

(1) An employee who transfers between positions covered by subchapter I of chapter 63 of title 5;

(2) An employee who transfers to a position not covered by subchapter I of chapter 63 of title 5, but to which all of his or her accumulated and accrued annual leave may be transferred;

(3) An employee who transfers to a position not covered by the provisions of 38 U.S.C. 7421, but to which all of his or her accumulated and accrued annual leave may be transferred;

(4) An employee who transfers to the government of the District of Columbia or to the U.S. Postal Service;

(5) An employee with a dual appointment, e.g., more than one concurrent part-time appointment, who separates from only one of the appointments; in this instance, the annual leave will be credited to the employee's account for the remaining appointment, if the leave system allows it; otherwise, a lump-sum payment is made; or

(6) An employee who elects to retain his or her leave benefits upon accepting a Presidential appointment.

(7) Residents paid on stipend schedules.

2. PAYMENT PROCEDURES

a. A lump-sum payment must equal the pay an employee would have received had the employee remained employed in VA until the expiration of the accumulated and accrued annual leave to the employee's credit, provided the type of pay included in the lump-sum payment is listed in appendix IV-B. The period of leave used for calculating the lump-sum payment will not be extended by:

(1) Any holidays which occur immediately after the date the employee becomes eligible for a lump-sum payment,

(2) Annual leave donated to an employee under the leave transfer or leave bank programs,

(3) Compensatory time off, or

(4) Accumulated credit hours.

b. For an employee on a mixed tour (see paragraph 6c under definitions) in VA, a lump-sum payment will be made to that employee when he or she is assigned to a period of intermittent duty.

c. The amount of a lump-sum payment will be determined in the following manner:

(1) A lump-sum payment must be computed based on the types of pay in effect at the time an employee becomes eligible for a lump-sum payment.

(2) Appendix IV-B contains a list of the types of pay and pay adjustments, as applicable, that must be included in a lump-sum payment.

d. Firefighters on uncommon tours of duty who separate from Federal employment with accumulated annual leave will have their leave balances paid out according to their regular tours of duty. (See chapter 3, part IV of this handbook.)

(1) For firefighters who generally work 24-hour shifts, leave balances will be paid out at the 2,756-divisor rate, including overtime for regularly scheduled hours in excess of 53 hours in an administrative week. For example, a firefighter with 100 hours of accumulated annual leave will have the hours paid out according to the scheduled tour. If the first scheduled tour following the separation would be a 72-hour week, the firefighter would receive 53 hours of leave at the 2,756-divisor straight-time rate, and 19 hours of leave at the 2,756-divisor overtime rate. Any remaining accumulated annual leave would be paid out in subsequent weeks in the same manner.

(2) For firefighters with a basic 40-hour workweek, accumulated annual leave will be paid out at the 2,087-hour divisor for hours that correspond to the basic 40-hour workweek, with the remainder of the regularly scheduled tour of duty paid at the 2,756-divisor rate. Hours over 40 will be paid at the 2,756-divisor straight time rate up to 53, with all remaining hours paid at the applicable overtime rate.

3. REEMPLOYMENT

a. An individual who is reemployed in VA prior to the expiration of the period covered by a lump-sum payment from VA or any other Federal agency is required to refund to VA an amount equal to the pay included in the lump-sum payment (except that portion of the lump-sum payment that was for annual leave restored under 5 U.S.C. 6304(d)) that covers the period between the date of reemployment and the expiration of the lump-sum leave period. The only exceptions to this are:

(1) An individual who is reemployed in a position listed in 5 U.S.C. 6301(2) (ii),(iii),(vi), or (vii); or

(2) An individual who is reemployed in a position that has no leave system to which annual leave can be recredited, e.g., a fee-basis consultant appointed under 38 U.S.C. 7405.

b. When an employee pays a refund under subparagraph a above, an amount of annual leave equal to the days or hours of work, including holidays, remaining between the date of reemployment and the lump-sum period must be recredited to the employee, excluding annual leave restored under 5 U.S.C. 6304(d).

4. RESPONSIBILITIES

a. The Deputy Assistant Secretary for Human Resources Management is responsible for providing advice and guidance to management officials regarding policy matters contained in this handbook.

b. The Deputy Assistant Secretary for Finance is responsible for providing technical advice and guidance to management officials regarding the calculation and payment of lump-sum payments for accumulated and accrued annual leave.

c. The facility official with responsibility for fiscal activities (such as the Fiscal Officer) is responsible for assuring that lump-sum payments for accumulated and accrued annual leave are made correctly and for assuring that refunds are properly made when individuals are reemployed during the lump-sum payment period.

5. REFERENCES

a. 5 U.S.C. 5551 – 5552

b. 5 U.S.C. 6302 - 6306

c. Subpart L of part 550, title 5, Code of Federal Regulations

d. Applicable Comptroller General decisions (see appendix IV-B)

e. 38 U.S.C. 7421

6. DEFINITIONS

a. **Accumulated and Accrued Annual Leave.** Any annual leave as defined in 5 CFR 630.201, plus any annual leave credited to an employee under 5 U.S.C. 6304(c) and 5 CFR 630.301(d), leave restored under 5 U.S.C. 6304(d); and/or any annual leave earned in accordance with Department regulations under the provisions of 38 U.S.C. 7421.

b. **Lump-Sum Payment.** A final payment to an employee or beneficiary for accumulated and accrued annual leave.

c. **Mixed Tour of Duty.** Employment in which a fluctuating workload requires an employee to work full-time or part-time for a limited portion of the year and on an intermittent basis for the remainder of the year.

e. **Rate of Basic Pay.** The rate of pay fixed by law or administration action for the position held by an employee before any deductions and exclusive of additional pay of any kind.

APPENDIX A.
GUIDELINES (SELECTED COMPTROLLER GENERAL'S DECISIONS)
SEVERANCE PAY

Selected Comptroller General's decisions, as cited below, provide guidelines which may be consulted in applying the provisions of part IV, chapter 2. They cover situations in terms of legal and regulatory provisions applicable when the decisions were rendered. It is well to remember that subsequent changes may be made in these and related decisions.

Decisions	Subject Coverage
47 Comp. Gen. 56	Entitlement of employee who resigns after being unable to accept offer of reassignments (as distinguished from 45 Comp. Gen. 811)
47 Comp. Gen. 72	Entitlement of employee who attains age 62 after separation to concurrent receipt of severance pay and annuity for deferred retirement

APPENDIX B.
COMPUTING A LUMP-SUM PAYMENT FOR ACCUMULATED AND ACCRUED ANNUAL LEAVE

PAY TO BE INCLUDED IN A LUMP-SUM PAYMENT

1. The greatest of:

a. An employee's rate of basic pay, including a special salary rate or pay under VA's nurse locality pay system (LPS); or

b. A locality rate of pay under subpart F of part 531 of the CFR; or

c. A special law enforcement adjusted rate of pay under subpart C of part 531 of the CFR, including a rate continued under 5 CFR 531.307; or

d. A continued rate of pay under subpart G of part 531 of the CFR.

2. Any statutory adjustments or any general system-wide increases in pay that become effective during the lump-sum leave period. This includes an adjustment to a special salary rate or LPS schedule from which the employee was paid immediately prior to separation.

3. For a prevailing rate employee, the employee's scheduled rate of pay and any applicable adjustments in rates that become effective during the lump-sum leave period.

4. A within-grade increase if the employee has met the requirements of 5 CFR 531.404 or 5 CFR 532.417, or a periodic step increase if the employee has met the requirements of part III, chapter 5 this handbook prior to the date the employee becomes eligible for a lump-sum payment.

5. For eligible VHA physicians and dentists, special pay under 38 U.S.C. 7431, as reduced by any applicable refund liability. **NOTE:** *The special pay included in a lump-sum payment for a part-time physician or dentist is limited to 6/8th (75 percent) of what a full-time physician or dentist would receive. For example, if a full-time physician's creditable special payment for lump-sum payment is $100, a 7/8th part-time physician would receive only $75 because of the 6/8th limitation. For unwaived refund liabilities, individuals who separate from VA in the first year of a special pay agreement will forfeit 100% of special pay from lump-sum leave calculations, in the second year 75%, etc.*

6. Additional steps paid to individuals under 38 U.S.C. 7452(a)(2) and 38 U.S.C. 7452(c), if they were in receipt of the additional payments immediately prior to the date the employee became eligible for the lump-sum payment.

7. The following types of premium pay under title 5 and title 38, to the extent such premium pay was actually payable to the employee:

a. Night differential under 5 U.S.C. 5343(f) at the percentage rate received by a prevailing rate

employee for the last full workweek immediately prior to separation, death, or transfer;

b. Pay for standby duty or administratively uncontrollable work under 5 U.S.C. 5545(c) or availability pay under 5 U.S.C. 5545a, if the employee was receiving this type of premium pay for the pay period immediately prior to the date the employee became eligible for a lump-sum payment;

c. Overtime pay under 5 U.S.C 5545b and 5 CFR 550.1304 for overtime hours in an employee's uncommon tour of duty as defined in 5 CFR 630.201, e.g., firefighter. The uncommon tour must be applicable to the employee for the pay period immediately prior to the date the employee became eligible for a lump-sum payment.

d. An employee's work schedule will not be changed for the sole purpose of avoiding or providing payment of premium pay under this paragraph in a lump-sum payment.

8. Overtime pay under the Fair Labor Standards Act (FLSA) for overtime work that is regularly scheduled during an employee's established uncommon tour of duty, as defined in 5 CFR 630.201(b)(1), and established under 5 CFR 630.210(a), for which the employee receives standby duty pay under 5 U.S.C. 5545(c)(1). FLSA overtime pay must be included in a lump-sum payment if an uncommon tour was applicable to the employee for the pay period immediately prior to the date the employee became eligible for a lump-sum payment.

9. A supervisory differential based on the percentage rate (or dollar amount) received by the employee for the pay period immediately prior to the date the employee became eligible for a lump-sum payment. **NOTE:** *The authorization of a supervisory differential under 5 U.S.C. 5755 requires a discretionary determination by the appropriate approving official and is contingent on the continued employment of a higher paid, non-GS subordinate. A supervisory differential should be terminated and should not be included in the lump-sum payment if it is deemed likely that a qualifying higher paid non-GS subordinate will not continue to be employed during the period covered by the lump-sum payment. The differential must be terminated prior to separation to be excluded from the lump sum payment.*

10. A cost-of-living allowance and/or post differential in a non-foreign area, if the employee's official duty station is in the non-foreign area when he or she becomes eligible for a lump-sum payment.

11. A post allowance in a foreign area, if the employee's official duty station is in the foreign area when he or she becomes eligible for a lump-sum payment.

PAY TO BE EXCLUDED FROM A LUMP-SUM PAYMENT

1. Any periodic step increase, within-grade increase, or periodic advancement that the employee would have earned had the employee remained in service.

2. On- call pay under 38 U.S.C. 7453(h) and 7458 is excluded, as is all overtime pay for FLSA-exempt title 5 and title 38 personnel.

3. Sunday premium pay under title 5 and weekend premium pay under title 38.

4. Physicians' comparability allowances under title 5.

5. Uniform allowances.

6. Special pay under 38 U.S.C. 7431 that has been forfeited as a result of a refund liability. (If a waiver of the refund liability is granted, the special pay will be included in lump-sum calculations.)

7. The following forms of premium pay under title 5 or title 38:

   a. Overtime pay for General Schedule employees under 5 U.S.C. 5542;

   b. Shift differential for General Schedule employees under 5 U.S.C. 5545(a);

   c. Shift differential for hybrids and title 38 employees under 38 U.S.C. 7453(b);

   d. Overtime pay for hybrids and title 38 employees under 38 U.S.C. 7453(e);

   e. Additional pay under 38 U.S.C. 7456 (the Baylor Plan).

APPENDIX C. GUIDELINES (SELECTED COMPTROLLER GENERAL'S DECISIONS) LUMP SUM ANNUAL LEAVE PAYMENTS

Selected Comptroller General's decisions, as cited below, provide guidelines which may be consulted in applying the provisions of this chapter. They cover situations in terms of legal and regulatory provisions applicable when the decisions were rendered. It is well to remember that subsequent changes may be made in these and related decisions.

1. Entitlement

Decisions	Subject Coverage
43 Comp. Gen. 440 47 Comp. Gen. 773	Benefit of certain statutory salary increases effective after separation
36 Comp. Gen. 340	Re-employed annuitants
48 Comp. Gen. 212 26 Comp. Gen. 604	Transfers between leave systems
27 Comp. Gen. 330	Entitlement to step increase
58 Comp. Gen. 734	Defacto employees entitled to lump-sum payment for leave
32 Comp. Gen. 387	Refund required for reemployment in temporary position
59 Comp. Gen. 395	Erroneous separation
59 Comp. Gen. 15	Period of payment not creditable service
59 Comp. Gen. 494	Prevailing rate pay adjustment
59 Comp. Gen. 683	Standby premium pay not included in lump sum on disability retirement
B-206515, April 23, 1982	Lump sum, holidays, and disability retirement

2. Computation of Payment

Decisions	Subject Coverage
41 Comp. Gen. 761	Inclusion of holiday on regular workday
41 Comp. Gen. 320	Employee separated to enter military service
30 Comp. Gen. 508 42 Comp. Gen. 677	Employee detailed to different shifts
28 Comp. Gen. 235 45 Comp. Gen. 368	Inclusion of step increase
44 Comp. Gen. 636	Exclusion of excess unused annual leave of deceased employee

APPENDIX D. SEVERANCE PAY ENTITLEMENT FOR TITLE 38 EMPLOYEES

Coverage: The regulations for authorizing severance pay for employees who are involuntarily separated from Federal service are found in 5 CFR, part 550, subpart G. Coverage includes both title 5 and title 38 employees who meet eligibility requirements.

The following chart identifies by occupation, appointment authority, and duty status those title 38 employees who are entitled to severance pay when they are involuntarily separated and meet all other eligibility criteria found in 5 CFR 550.704.

Occupation	Appointment Authority	Duty Status	Entitled Yes	Entitled No
Physician, dentist,	7401(1)	FTP	X	
podiatrist, optometrist,	7405(a)(1)(A)	PT (w/o time limit)	X	
RN, PA, EFDA	7405(a)(1)(A)	FT (w/ time limit)		X
	7405(a)(1)(A)	PT (w/ time limit)		X
	7405(a)(1)(A)	intermittent		X
Non-career residents/interns	7406(a)(1)	temporary		X

Special guidance for employees on time-limited appointments:

An employee who is involuntarily separated from a time-limited appointment when this appointment was effective within 3 calendar days after a qualifying appointment (i.e., an appointment without time limit) is entitled to severance pay if they meet all other eligibility criteria. This includes employees who have had a number of successive time-limited appointments without a break in service when they were originally on a qualifying appointment. **NOTE:** *Qualifying and non-qualifying appointments are defined in 5 CFR 550.703.*

Example:

1/1/90 – 1/14/93:	FTP physician appointed under 38 U.S.C. 7401(1)
1/16/93 – 1/15/95	Converted to a 2 year PT time-limited appointment under 38 U.S.C. 7405(a)(1)(A)
1/16/95 – 1/15/97	Converted to a 2 year FT time-limited appointment under 38 U.S.C. 7405(a)(1)(A)
5/31/96:	Involuntarily separated (staff adjustment).

Employee is entitled to severance pay.

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PART V. ADDITIONAL PAY AND PREMIUM PAY

CHAPTER 1. GENERAL

1. PURPOSE. This part provides Department of Veterans Affairs mandatory guidance and procedures for determining additional and premium rates of pay, e.g., overtime pay, for personnel appointed or designated under certain title 38 authorities, personnel occupying positions subject to 5 U.S.C., chapter 51, and title 5 employees subject to the Federal Wage System. See chapter 2 of part 8 for overtime for firefighters.

2. RESPONSIBILITIES

a. The following officials are authorized to approve premium pay/additional pay for employees under their jurisdiction:

(1) The Secretary, or designee, for employees occupying positions centralized to that office.

(2) Administration Heads, Assistant Secretaries, Other Key Officials, and Deputy Assistant Secretaries, or their designees, may approve pay determinations for employees occupying VA Central Office positions in their organizations that are not centralized to the Secretary; and employees occupying field positions centralized to their offices. These officials or their designees may determine that an emergency exists and that an employee is performing work related to that emergency for purposes of exceeding the biweekly overtime limit.

(3) For VA Central Office, the determination that an emergency exists for purposes of exceeding the biweekly overtime limit will be made by the Assistant Secretary for Human Resources Management (006). Once that determination has been made, determinations that employees are performing work in connection with that emergency may be made by officials with jurisdiction over those employees.

(4) Network directors, or equivalent in VA, for employees directly under their jurisdiction.

(5) Facility directors for employees at field facilities.

b. The Deputy Assistant Secretary for Human Resources Management will advise management on the applicable policy and procedures.

CHAPTER 2. OVERTIME AND COMPENSATORY TIME OFF

1. GENERAL. Overtime is considered an expedient to be used only under conditions wherein necessary operations cannot be performed through planned coverage by on-duty personnel during their regular non-overtime basic workweek. Supervisory personnel must obtain proper authorization for overtime before permitting or requiring the performance of overtime work by an employee. Administration Heads, Assistant Secretaries and Other Key Officials are authorized to prescribe, in their responsible areas, such limitations as are necessary to provide control and prevent abuse of the use of overtime. Each responsible official must assure that the rights of employees to compensation for overtime services are observed. Each responsible official shall also adhere to a policy of authorizing only such overtime as can be readily demonstrated as wholly supported from the standpoint of emergency and/or efficiency in carrying out responsibilities, and with due regard to cost and the availability of current funds. Any request for annual leave in proximity to overtime by the same employee will be scrutinized to assure that the granting of annual leave is in the interest of good administrative practice.

2. OVERTIME PAY AND COMPENSATORY TIME OFF FOR EMPLOYEES APPOINTED UNDER 38 U.S.C. 7306, 7401 AND 7405

a. **Physicians, Dentists, Podiatrists, and Optometrists.** Full-time employees covered by this paragraph are employed on the basis of availability for duty 24 hours a day, 7 days a week. No extra amount in addition to the regular per annum rate shall be payable to these employees for duty on a legal holiday, Saturday or Sunday, at night, on overtime, or for on-call duty. In addition, part-time and intermittent physicians, dentists, podiatrists and optometrists may not receive extra pay for duty performed on a legal holiday, on a Saturday or Sunday, at night, for overtime, or for on-call duty. However, regular straight time pay is authorized for full-time and part-time employees for time off on a holiday or non-workday designated by Federal Statute or Executive Order when absence from duty is officially approved.

b. **Overtime Pay for Nurses, PAs, and EFDAs**

(1) Except as provided in paragraph 3a of this chapter, probational and permanent full-time nurses, PAs, and EFDAs are employed on the basis of a 40-hour basic workweek, unless on an alternate work schedule, as indicated in VA Handbook 5011, Hours of Duty and Leave. Computation of regular pay for employees on the 40-hour basic workweek shall be based on a basic hourly rate, derived by dividing the employee's annual rate of basic pay by 2,080.

(2) General provisions for the payment of overtime pay for nurses, PAs, and EFDAs

(a) Leave without pay is not included when computing hours of work for overtime purposes.

(b) Overtime must be at least 15 minutes duration in a calendar day to be creditable for overtime purposes.

(c) Overtime is payable for service performed in excess of 40 hours in an administrative workweek, or in excess of 8 hours in a day, whichever is greater, at a rate of one and one-half times the employee's basic hourly rate of pay. **NOTE:** *For employees on compressed work schedules, overtime pay is payable for service performed in excess of the employee's daily work requirement.*

c. **Call-Back Overtime**

(1) Any overtime on a day when a nurse, PA or EFDA was not scheduled to work, or for which an employee is required to return to his or her place of employment, shall be deemed to be a minimum of 2 hours in duration, regardless of whether or not service is performed for a full 2 hours. When an employee is called back from an on-call status to perform overtime work, the callback overtime provisions shall be applied upon return to duty of the employee.

(2) To be eligible for the full 2 hours of overtime, employees must be called into work at a time which is outside of and unconnected with their basic workweek (45 Comp. Gen. 53).

d. **Compensatory Time Off in Lieu of Regular and Irregular or Occasional Overtime for Nurses, PAs, and EFDAs**

(1) An official authorized to approve overtime work may, at the written request of eligible employees, grant such employees compensatory time off from their scheduled tour of duty in lieu of overtime pay. The amount of the compensatory time off will equal the amount of time spent in overtime work. Requests for compensatory time off for title 38 and hybrid title 38 employees paid premium pay on the same basis as registered nurses must be in writing.

(2) **Limit on Compensatory Time.** The limitation on overtime pay contained in 5 U.S.C. 5547 does not apply to title 38 employees covered by this paragraph.

(3) **Time Limit on Compensatory Time for Nurses, PAs, and EFDAs**

(a) Compensatory time should be taken as soon as possible after it is earned, but not later than the end of the seventh pay period following the pay period in which it is earned.

(b) If the compensatory time is not taken within the time limit prescribed above because of exigencies of the service, the employee will be paid for the overtime work at the overtime rate. If the compensatory time off is not taken within this period because of personal reasons not due to exigencies of service, the right to compensatory time off and overtime pay for the duty is lost.

(c) In cases of inter-station transfers, compensatory time off must be taken or paid for prior to the effective date of transfer. Under no circumstances will the obligation for compensatory time off be transferred to the receiving facility.

(d) The date of separation resulting from a staffing adjustment and failure to transfer may be administratively extended to include any compensatory time off due. However, where, due to circumstances beyond the control of the employee, the compensatory time off is not taken prior to separation, and no extension of the separation date is granted, overtime is payable in lieu of the compensatory time off (26 Comp. Gen. 750).

3. OVERTIME PAY FOR NURSES COVERED BY THE BAYLOR PLAN

a. A nurse on the Baylor Plan is not entitled to additional pay for service performed during the 24-hour basic workweek. However, such a nurse performing service outside the basic workweek shall be eligible for any applicable additional pay under 38 U.S.C 7453(b)-(d), (f)-(h) and (j). This includes tour differential, weekend pay, holiday pay and on-call pay. The regular pay for full-time nurses on the Baylor Plan (i.e., the 24-hour basic workweek) shall be based on a basic hourly rate derived by dividing the employee's annual rate of basic pay by 1,248.

b. A nurse on the Baylor Plan is also entitled to overtime pay under 38 U.S.C. 7453(e) or (j) for performing officially ordered and approved overtime service as follows:

(1) Service in excess of 24 hours on the weekend.

(2) Service in excess of 8 hours on a day other than Saturday or Sunday.

(3) All or part of actual service performed in excess of 40 hours in an administrative workweek, provided such payments were officially authorized. **NOTE:** *Hours of duty during the basic workweek shall be credited on an hour-for-hour basis when computing the amount of service performed during the administrative workweek.*

4. OVERTIME PAY AND COMPENSATORY TIME OFF FOR EMPLOYEES IN POSITIONS SUBJECT TO 5 U.S.C., CHAPTER 51

a. **Regular Overtime.** A regularly scheduled administrative workweek consisting of a period of overtime work, either as a part of or in addition to the 40-hour basic workweek, may be established by Administration Heads or staff office heads, or their designees, for their respective personnel within Central Office, and by facility directors. When a National Cemetery is involved, the director of the appropriate National Cemetery Area Office will make this determination. Overtime work is work performed by an employee that is in excess of 8 hours in a day, or in excess of 40 hours in an administrative workweek, that is *officially ordered or approved*. **NOTE:** *For an employee on a compressed work schedule, overtime work is work in excess of the employee's daily work requirement.* For purposes of leave and overtime pay administration, the authorization shall specify for such employee(s), by calendar days and number of hours a day, the overtime periods included in the regularly scheduled administrative workweek. Compensatory time off in lieu of premium pay may not be granted for such overtime work.

b. **Irregular or Occasional Overtime.** Administration Heads, staff office heads, and facility directors, or their designees, are authorized to order and approve irregular or occasional overtime.

c. **Callback Overtime.** Any unscheduled overtime work performed by employees who are called back to work on an off-duty day, or on a regular workday after they have completed their regular schedule of work and left their place of employment, will be considered to be at least 2 hours in duration and should be so credited. Further, employees shall be credited with a minimum of 2 hours of overtime for each time they are called back, notwithstanding the fact that the second or subsequent returns may be required before the expiration of 2 hours from the time they previously reported for duty (35 Comp. Gen. 448, 37 Comp. Gen. 1, 45 Comp. Gen. 53).

d. **RTs, PTs, LPNs, OTs, and Pharmacists.** Except as authorized under chapter 3 or 4 of this part, personnel appointed under 38 U.S.C. 7401(3), referred to as "hybrid personnel," shall be entitled to premium pay under chapter 55 of title 5, U.S.C., and the Fair Labor Standards Act, unless their positions meet one of the applicable professional, supervisory or administrative exemptions contained in 5 CFR 551, part B. If so authorized under chapter 3 of this part, these employees shall receive additional pay on the same basis as nurses under 38 U.S.C. 7453, when necessary to recruit or retain such personnel. Employees may not simultaneously receive premium pay under chapter 55 of title 5, U.S.C., and additional pay under title 38, U.S.C. Hybrid personnel are to have their hourly rate of basic pay computed by dividing their annual rate of pay by 2,087, except as provided in the following sentence. Personnel receiving premium pay on the same basis as nurses shall have the premium pay rates based on their annual rate of pay divided by 2,080 (38 U.S.C. 7453(f)). Hybrid personnel are also eligible for any applicable non-foreign cost-of-living allowance and post differential (see part VIII, chapter 11 of this handbook).

e. **Compensatory Time Off for Irregular or Occasional Overtime**

(1) **Employee Eligibility.** Compensatory time off in lieu of payment for irregular or occasional overtime may be granted within the provisions of subparagraphs (2) through (4), below, to General Schedule and Federal Wage System employees and non-U.S. citizen employees overseas.

(2) **Limitation on Compensatory Time.** Section 5547, title 5, United States Code, provides that premium compensation is not payable where it results in an aggregate rate which exceeds the maximum rate of basic compensation provided for grade GS-15. An employee who is prohibited by that aggregate compensation limitation from receiving overtime compensation may not receive compensatory time off in lieu of such prohibited compensation (26 Comp. Gen. 750).

(3) **Granting Compensatory Time Off in Lieu of Payment**

(a) An official authorized to approve overtime work may, at the request of an eligible employee, grant such employee compensatory time off from his scheduled tour of duty in lieu of overtime pay. The amount of compensatory time off will be equal to the amount of time spent in the irregular or occasional overtime work.

(b) In the absence of a specific request by the employee for compensatory time off in lieu of payment, an employee whose basic rate of compensation is not in excess of the maximum overtime rate provided for, which is GS-10 step 1 of the General Schedule, must be paid for the overtime services rendered.

(c) In the case of an employee whose rate of basic compensation is in excess of the maximum rate for GS-10, the official authorized to approve overtime work may, at his or her own discretion, provide for compensatory time off in lieu of overtime pay. Such determination shall take into account all pertinent factors, including the employee's views. If, after consideration of all factors, paid overtime is indicated, prior approval will be requested from the field facility head. When a field facility of the National Cemetery System is involved, the director of the appropriate National Cemetery Area Office is the approving official. No such approval will be in effect for more than 3 months without a specific re-determination. An employee for whom compensatory time off is directed should be so notified at the time the overtime duty is ordered.

(4) **Time Limits on Compensatory Time**

(a) Compensatory time off should be taken as soon as possible after it is earned but not later than the end of the 7th pay period following the pay period in which it is earned. Compensatory time off may be taken only during the employee's basic workweek.

(b) For employees covered by the Fair Labor Standards Act, if compensatory time off is not taken within the time limit prescribed above because of the exigencies of the service, the employee will be paid for the overtime work at the overtime rate. If compensatory time is not taken within this period because of personal reasons not due to the exigencies of service, the right to compensatory time off or overtime pay for the duty performed is lost for FLSA-exempt employees. Non-exempt employees must be paid overtime pay.

(c) Compensatory time off must be taken or paid for prior to the effective date of the transfer. Under no circumstances will an obligation for compensatory time off be transferred to the receiving facility.

(d) The date of separation stated in an employee's advance notice of separation due to reduction in force may be administratively extended so as to include any compensatory time due. However, where, due to reasons beyond the control of the employee, compensatory time off is not taken prior to separation and no extension of the separation date is granted, overtime compensation is payable in lieu of the compensatory time off (26 Comp. Gen. 750).

5. OVERTIME PAY AND COMPENSATORY TIME OFF FOR EMPLOYEES IN POSITIONS SUBJECT TO THE FWS

a. Overtime pay is to be computed in accordance with the instructions contained in FWS Operating Manual, section S8-4 and 5 CFR, part 551, as appropriate. Overtime entitlement determinations for irregular and occasional overtime and computations for P&H employees shall be determined as follows, based upon whether or not the employee’s position is covered by the Fair Labor Standards Act (FLSA).

b. P&H employees in FLSA non-exempt positions (covered by FLSA) shall receive overtime compensation in accordance with 5 CFR, part 551, subpart E. Additional hourly compensation representing fringe benefit considerations and paid to the employee shall be used in computing overtime rates.

c. P&H employees in FLSA exempt positions (not covered by FLSA) shall receive overtime compensation for authorized work in excess of 8 hours in any one-day or 40 hours in any one week. Such overtime will be approved at such overtime rates as are customarily paid in the locality of the facility for work of a comparable nature, but not less than a rate of 150 percent of the basic hourly day rate of compensation. Additional hourly compensation representing fringe benefit considerations and paid to the employee shall be used in computing overtime rates. All fractional rates shall be computed to the nearest cent, counting one-half cent and over as a whole cent.

d. At the request of a FWS employee, **compensatory time off** may be authorized in lieu of payment for overtime hours. The following provisions apply:

(1) For employees covered by flexible work schedules, the overtime work need not be irregular or occasional. For other FWS employees, the overtime work must be irregular or occasional, i.e., scheduled after the beginning of the administrative workweek.

(2) The seven pay period time limit for using compensatory time applies to FWS employees in the same manner as for other title 5 employees. A FWS employee who is exempt from the provisions of the Fair Labor Standards Act (FLSA-exempt) and fails to take compensatory time earned before the expiration of the seven pay periods shall lose the right to compensatory time off and to overtime pay unless the failure is due to an exigency of the service beyond the employee's control. If compensatory time is not used by a non-exempt FLSA FWS employee before the expiration of the seven pay periods, the employee must be paid for overtime work at the applicable overtime rate.

(3) Managers may not require that FWS employees be compensated for overtime work via compensatory time off in lieu of overtime pay. An employee may not directly or indirectly intimidate, threaten, or coerce, or attempt to intimidate, threaten, or coerce any other employee for the purpose of interfering with such employee's right to request or not to request compensatory time off in lieu of payment for overtime hours.

6. EXCEPTION TO THE BIWEEKLY OVERTIME LIMIT FOR EMERGENCY WORK

a. Title 5 General Schedule employees who are exempt from the Fair Labor Standards Act may not receive any combination of premium pay, including overtime pay, which, when added to their base pay, results in total pay above the rate for GS-15, step 10, on a biweekly basis (see 5 CFR 550.105). The applicable rate for GS-15, step 10, includes any locality-based comparability payment or special salary rate, as applicable.

b. An exception to the biweekly limitation on overtime or other premium pay cited in paragraph a above may be made when the appropriate official determines that an emergency exists, e.g., a natural disaster, and that an employee is performing work related to that emergency. In this instance, such an employee may be paid overtime, or other premium pay, as applicable, based on an annual limitation (see 5 CFR 550.106). The annual limitation provides that in any calendar year an employee determined to be performing emergency work may be paid premium which when added to base pay doesn't result in total pay for the calendar year to exceed the rate for GS-15, step 10 in effect on the last day of the calendar year. The authority to determine that an emergency exists and to authorize premium pay based on the

annual maximum earnings limit instead of the biweekly limit has been delegated to Administration Heads, Assistant Secretaries and Other Key Officials, and may be redelegated. Officials should contact the Office of Human Resources Management (051) for the current delegation.

CHAPTER 3. PREMIUM PAY ON THE SAME BASIS AS REGISTERED NURSES FOR EMPLOYEES APPOINTED UNDER 38 U.S.C. 7401(3) OR 7405(a)(1)(B)

1. GENERAL. This chapter applies to personnel who are appointed on a full-time, part-time or intermittent basis under 38 U.S.C. 7401(3) or 7405(a)(1)(B).

2. CRITERIA FOR APPROVAL

a. Facility directors may approve premium pay on the same basis as registered nurses for any category of personnel covered by this chapter when it is necessary to obtain or retain their services. This includes premium pay for work at night, on weekends and holidays, overtime and on-call duty. This authority is not to be delegated to a lower level by the facility director.

b. Approval of rates under this chapter requires the existence of a recruitment or retention problem. A facility with above-minimum entrance rates or special salary rate ranges in effect for an occupation has, by definition, a recruitment or retention problem for that occupation.

c. There are also other situations where such a determination may be appropriate. For a discussion of those situations, see 5 CFR, part 530.

3. ADMINISTRATION OF AUTHORITY

a. Employees may not receive premium pay under title 5 and title 38 United States Code at the same time.

b. Premium pay may be approved for any category of personnel covered by this chapter, including specializations within an occupation. However, categories shall be based on recruitment/retention needs with approved rates being applied to all personnel within that category.

c. Authorizations shall be approved so affected personnel begin receiving premium pay at the beginning of a pay period.

d. Personnel receiving premium pay under this paragraph shall have those hourly rates of premium pay based on their annual basic rate of pay divided by 2080.

4. FUNDING. Rates of pay under this chapter may only be approved if local funding is available or (if local funds are not available) the appropriate network director has previously authorized use of centralized funds for this purpose based on a written request by the facility director.

5. REPORTS TO VA CENTRAL OFFICE. Facility directors shall, within 15 calendar days of approving or discontinuing an authorization under this chapter, provide VA Central Office (10N_/051) with written notice of such action. This notice shall include a copy of the approval or termination (signed by the facility director), its effective date, the reason(s) for taking the action, number of personnel affected, and estimated cost.

6. TERMINATION. Facility directors are to terminate authorizations approved under this chapter when they are no longer necessary to meet recruitment or retention needs. Termination of rates under this chapter is not an adverse action.

CHAPTER 4. HIGHER RATES OF ADDITIONAL PAY FOR EMPLOYEES APPOINTED UNDER 38 U.S.C. 7401, 7405(a)(1)(A) AND 7405(a)(1)(B)

1. GENERAL. Higher rates of additional pay for employees appointed under 38 U.S.C. 7401(1), 7401(3) or 7405(a)(1)(A) and (B) may be authorized at individual VA health-care facilities based on the recruitment or retention needs of that facility, as well as corresponding premium pay practices in the local labor market. Rates may not be approved for personnel appointed under 7401(3) or 7405(a)(1), i.e., "hybrid title 38" personnel, unless the facility director has authorized premium pay on the same basis as registered nurses for such personnel. Rates of premium pay under this chapter shall be based on annual rates of basic pay divided by 2080.

2. CRITERIA FOR APPROVAL

a. Higher rates of additional pay may be approved so VA can recruit or retain well-qualified nurses, physician assistants and EFDAs, or any category of these employees, where recruitment or retention problems are caused by higher non-Federal rates of premium pay in the labor market. They may also be approved for certified or registered respiratory therapists, licensed physical therapists, licensed practical/vocational nurses, pharmacists and occupational therapists if any of these employees have been authorized to receive premium pay on the same basis as registered nurses.

b. Approval of rates under this chapter requires the existence of a recruitment or retention problem and a determination that the problem is being caused, in whole or part, by higher rates of premium pay in the local labor market.

c. Approvals under this chapter shall be made at specific VA health-care facilities in amounts competitive with, but not exceeding, the amount of the same type of pay paid to the same category of non-Federal employees in the same labor market.

3. COMPETITIVE PREMIUM PAY PRACTICES

a. A determination that recruitment or retention problems are related to premium pay practices shall be based on a survey of pay practices in the local labor market. Such a survey may be combined with any other salary surveys to document above-minimum entrance rates or special salary rate ranges. In addition, surveys are to be to be a coordinated effort whenever rates are being proposed for more than one VA health care facility in the labor market.

b. Where there are a large number of establishments in the local labor market, it is only necessary to include a reasonable percentage to assure that the survey results are representative. However, the sample should contain information on non-Federal, including State or local employers, having a major affect on recruitment or retention of personnel in the survey occupation. The survey shall, to the extent practicable, include the following data on each establishment surveyed:

(1) Ranges of regular salaries paid including minimum rates, (furnish minimum hiring rates, if different), maximum rates, increments between rates and length of time between increments. If the pay practices are not fixed, typical pay practices shall be documented. It is not necessary to re-survey regular salaries if they were surveyed as part of a request for above-minimum entrance rates or special salary rate ranges submitted to VA Central Office within the past year.

(2) Number of hours regularly worked each week for which regular (non-overtime) pay is received.

(3) A description of the premium pay(s) under consideration, for example:

(a) Type of premium pay and rate.

(b) Conditions employees must fulfill to receive such pay.

(c) Number and categories of employees receiving the premium pay.

(d) Any limits on the premium pay received.

4. ADMINISTRATION OF AUTHORITY

a. Approvals under this chapter shall be in percentage amounts that are competitive with, but not exceeding, the same type of pay paid to the same category of non-Federal employees in the labor market. If the community practice is to use specific dollar amounts rather than a percentage, the percentage rate authorized by VA should be governed by the amount an employee would receive (i.e., the percentage authorized when applied to the average covered employee's salary should not exceed the community rate).

b. Rates may be approved for any category of personnel covered by this chapter (including specializations within an occupation). However, categories are to be based on recruitment or retention needs with approved rates being applied to all personnel within that category.

c. Approvals are to be effected at the beginning of a pay period and discontinuations at the end of a pay period.

5. FUNDING. Higher rates of premium pay may only be authorized to the extent that local funding is available or (if local funds are not available) the appropriate network director has previously authorized use of centralized funds for this purpose based on a written request by the facility director.

6. DELEGATION OF AUTHORITY. Facility directors may approve higher rates of additional pay under 38 U.S.C. 7453(j), 7454 and 7455.

7. REPORT TO VA CENTRAL OFFICE. For initial submissions, officials approving or adjusting rates under this chapter shall, within 15 calendar days after approval, forward the following documents to the appropriate network director (10N_/051):

a. A copy of the approval document including:

(1) Facility Director's signature;

(2) Date signed;

(3) Type of premium pay affected;

(4) Amount of premium pay authorized;

(5) Occupational title and series of covered employees including any specialization within the occupation, if appropriate; and

(6) Effective date of authorization.

b. An explanation of the finding that a recruitment or retention problem exists.

c. A copy of the salary survey completed under paragraph 3 above.

d. An estimate of costs.

e. A certification from the facility director that certifies that "The approved higher rates(s) or adjusted rates of premium pay will assist the facility in meeting its staffing needs."

8. TERMINATION OF RATES. Approving officials shall notify the appropriate network director (10N_/051) within 15 calendar days of any decision to terminate rates under this paragraph. These decisions may be based on a finding that recruitment or retention problems are no longer related to higher rates of premium pay in the local labor market or that rates under this chapter are no longer necessary to meet recruitment or retention needs. In addition, rates shall be terminated if funds for the authorization are no longer available.

CHAPTER 5. ON-CALL PAY AND STANDBY PAY

1. ON-CALL PAY FOR NURSES, PAs, AND EFDAs APPOINTED UNDER 38 U.S.C. 7401(1) OR 7405(a)(1)(A)

a. A nurse, PA or EFDA officially scheduled to be on-call outside of his or her regular duty hours shall receive 10 percent of his or her applicable overtime rate for each hour of on-call duty. When called back to perform overtime work, such personnel shall receive overtime pay in accordance with chapter 2 or chapter 4 of this part, as appropriate. On-call pay shall be suspended during the period of actual overtime duty; when released from overtime duty, such personnel shall return to the remaining scheduled on-call duty, if any, and receive on-call pay accordingly.

b. While in an on-call status, such personnel shall be available for prompt response to perform service. In the event of incapacitation or unavailability during the period for which scheduled to be on-call, such unavailability shall be promptly reported by the employee to the authorizing official or other responsible official. An employee who is relieved from scheduled on-call duty as a result thereof shall not receive on-call pay during the period from which relieved.

c. An employee who is excused from duty on a holiday may receive on-call duty during such hours of excusal. Authorizing officials for on-call duty shall be the same officials authorized to order and approve overtime, as indicated in chapter 1 of this part.

2. ON-CALL PAY UNDER 38 US.C. 7457 AND STANDBY PAY UNDER 5 U.S.C. 5545(c)(1) FOR VETERANS HEALTH ADMINISTRATION (VHA) GENERAL SCHEDULE HEALTH-CARE EMPLOYEES

a. **General**

(1) When there is a need for employees to return to duty outside of their regular duty hours on an unscheduled basis, callback overtime remains an appropriate means of providing employee coverage. On-call duty under 38 U.S.C. 7457 shall be used when it is essential for unit employees to be immediately available for a call to duty during other than regular duty hours (see subparagraph a(2) below). Standby duty under 5 U.S.C. 5545(c)(1) shall be used only when an exception to on-call duty policy is authorized under subparagraph b below.

(2) In those situations or work units where assured availability of employees outside regular duty hours is essential to meet patient care needs, on-call duty under 38 U.S.C. 7457 shall be the preferred method of coverage. Except for employees eligible for standby duty pay retention under subparagraph f below, an employee covered by this paragraph who is officially scheduled to be on-call outside the employee's regular duty hours shall receive 10 percent of the employee's applicable overtime rate for on-call duty during the period when scheduled to be on-call. While in an on-call status, an employee shall be available for prompt return to duty to perform service.

b. **Standby Duty as an Exception to On-Call Duty**

(1) Exceptions to on-call duty may not be appropriate for hybrid occupations eligible for higher rates of premium pay permitted under 38 U.S.C. 7454. Where higher rates of on-call pay in the local labor market are adversely affecting the recruitment and retention of employees in hybrid occupations, an adjustment to the rate of on-call is recommended. (See chapter 4 of this part.)

(2) When it can be demonstrated that on-call duty will not assure availability of employees for essential patient care needs, standby duty may be authorized as an exception to on-call duty. If authorized, employees will be paid standby premium pay in accordance with the provisions of 5 U.S.C. 5545(c)(1) and must meet all eligibility requirements for such payment. Standby duty may be authorized under this paragraph in the following circumstances:

(a) Assured availability of employees outside regular duty hours is impossible or impractical under the on-call system, e.g., geological or geographic characteristics of an area make use of a paging system inefficient;

(b) Conversion to on-call duty pay has resulted in recruitment or retention problems directly related to higher rates of on-call pay in the local labor market area. Evidence of higher rates of on-call pay may be based on formal or informal survey data, bona fide job offers, or newspaper advertisements. **NOTE:** *Care should be exercised to distinguish between pay-related recruitment and retention problems caused by higher rates of basic pay, which should be addressed by special salary rates under part VI, chapter 6 of this handbook and those due to higher rates of non-Federal on-call or standby pay.* Examples of staffing problems which might warrant approval of standby duty as an exception to on-call duty include, but are not limited to, the following:

1. Vacancy rate of 10 percent or higher directly attributable to higher non-Federal on-call or similar pay.

2. Turnover rate of 15 percent or higher directly attributable to higher non-Federal on-call or similar pay.

(3) An exception to the on-call duty policy under this paragraph may be authorized only for occupations and work units where there is a need for on-call duty.

(4) The Human Resources Management Officer will maintain the following information when standby duty is authorized as an exception to on-call duty:

(a) The specific reason(s) why standby duty is considered preferable to on-call duty;

(b) The title, grade level and number of position(s) to be placed on a standby schedule;

(c) The tour of duty proposed (including all actual work periods and standby periods), specifying this schedule on a daily basis;

(d) The total number of hours of actual work anticipated or customarily required of the position weekly;

(e) What effect not authorizing standby duty as an exception to on-call duty will have on facility services, programs and operations; and

(f) Any other pertinent information.

c. **Approved Exceptions to On-Call Duty**

(1) Only full-time, 40-hour per week employees may be assigned a standby tour of duty when standby duty has been authorized as an exception to on-call under paragraph 2b above. To supplement the provisions of 5 CFR 550.144(a)(3), the Office of Personnel Management (OPM) has approved for VA an additional provision for 10 percent annual premium pay when standby duty averages 8 to 13 hours per workweek on workdays or on a combination of workdays and non-workdays. For scheduling and other hours of duty considerations concerning standby duty, refer to VA Handbook 5011, Hours of Duty and Leave.

(2) In administering the provisions of 5 CFR 550.144(a)(4) pertaining to additional rates for Sunday work, the average number of Sundays over a year's period will be determined on what may reasonably be expected to be required over a year's time. This determination will be expected to be required over a year's time. This determination will be based on either a 12-month period or a reasonable cycle (e.g., a period when full rotation of employees occurs) which may be projected to a yearly average. A new determination will be made when a change in scheduling is approved and an employee's average number of Sundays is expected to change. If the new determination affects the employee's entitlement to the additional rate, an appropriate prospective adjustment action will be taken. In addition to the percentages outlined in 5 CFR 550.144(a)(4) of 2 1/2 percent for 20 to 40 Sundays or 5 percent for 41 or more Sundays, the following percentages, as approved for VA by OPM, will be applied in determining the appropriate additional rates for Sunday work:

(a) One percent when the employee is required to perform Sunday work on an average of 5 to 10 Sundays over a year's period, or

(b) Two percent when the employee is required to perform Sunday work on an average of 11 to 19 Sundays over a year's period.

(3) Other factors to consider include:

(a) Employees assigned a standby tour and paid an annual premium rate for standby duty must remain at the facility and await a call to duty. Such employees may not simply leave a phone number or carry an electronic paging device for the purpose of being contacted, similar to on-call employees (Unpublished Comp. Gen. B-190369, February 23, 1978). A standby assignment must be established on a recurring basis over a substantial period of time; the requirement may not be occasional, irregular or for brief periods.

(b) A standby tour must be in addition to a basic 40-hour workweek, be established in writing with actual work hours and standby hours clearly designated in advance of the workweek. Premium pay for standby assignments will be on an annual basis as provided in 5 CFR, parts 550.141 and 550. 144(a)(3) and (4).

(c) A facility may have sufficient accommodations available to require employees assigned a standby tour to remain on the premises either at the actual worksite or in quarters provided for standby purposes. When facilities are unavailable or when more advantageous to VA, the facility director may designate an employee's home as the official duty station. When so authorized, the designation will be in writing, specifically advising employees that their whereabouts are narrowly limited; that their activities are substantially restricted, and that they must remain at the quarters and hold themselves in a state of readiness to perform work.

d. **Rescission of On-Call or Standby Schedules.** An on-call or standby tour of duty may be terminated in a work unit at any time the facility director determines that such tour is unnecessary or excessively costly. The decision and reason shall be specific and in writing and forwarded to the union prior to implementation. Rescissions of a on-call or standby tour and accompanying loss of on-call or standby pay by affected employees is not an adverse action under the provisions of 5 CFR 752.301 or 5 U.S.C. chapter 75, subchapter II.

e. **Scheduling and Pay Administration**

(1) To the extent possible, the scheduling provisions in VA Handbook 5011, Hours of Duty and Leave, shall apply to employees scheduled for on-call duty under this chapter. Procedures not in conflict with this policy, government-wide regulations, rules or law will be developed at the facility.

(2) When called back to perform overtime work, the employee shall receive overtime pay under the provisions of 5 U.S.C. 5542. On-call pay shall be suspended during the actual period of overtime duty; when released from overtime duty the employee shall return to the scheduled on-call duty, if any, and receive on-call pay accordingly. When the period of callback overtime merges with the employee's regular tour of duty two hours minimum overtime pay does not apply (45 Comp. Gen. 53).

(3) In the event of incapacitation or unavailable during the period for which the employee is scheduled to be on-call, such unavailability shall be promptly reported by the employee to the authorizing official or other appropriate responsible official. An employee who is relieved from scheduled on-call duty shall not receive on-call pay during the period from which relieved from duty.

(4) An employee who is excused from regular duty on a holiday, or day designated as the employee's holiday, may nevertheless be scheduled for and receive on-call pay during such hours of regular duty excusal.

f. **Standby Duty Pay Retention**

(1) **General.** An employee changed from standby duty to on-call duty shall be paid standby premium pay under 5 U.S.C. 5545(c)(1), to the extent it provides the greater biweekly pay benefit (see

subparagraph (3) below) and the employee meets all conditions of eligibility under subparagraph (2) below. This is standby duty pay retention, but not standby duty retention. Unless standby duty is authorized under subparagraph 2b above of this chapter, employees eligible for standby duty pay retention are converted to on-call duty. Under standby duty pay retention, each pay period the employee's entitlement for on-call duty pay is compared with their retained standby pay amount, and they receive whichever is greater. The annual standby premium percentage will remain fixed at the level which was in effect on the date of conversion to on-call duty, since the employees are no longer on standby duty.

(2) **Eligibility.** Notwithstanding conversion to on-call duty, 38 U.S.C. 7457(c) requires employees to continue to meet all requirements for standby pay to be eligible for standby duty pay retention. An employee is eligible to receive standby premium pay under this paragraph (if determined to be the greater benefit) only if the employee:

(a) Was in receipt of standby premium pay on May 20, 1988;

(b) Is still in the same position and work unit for which standby premium pay was authorized on that date (this includes promotion or reassignment to a position in the same occupational series and in the same work unit for which standby premium pay was authorized on that date; and)

(c) Continues to meet eligibility requirements for payment of standby premium pay, including restriction to duty station (which may be the employee's home when designated by the facility director) during periods of standby/on-call duty.

(3) **Biweekly Pay Comparisons.** In making greater benefit comparisons under this paragraph the following shall apply:

(a) **On-Call Pay.** The biweekly on-call pay entitlement shall include overtime pay during periods of call-back while in a scheduled on-call status as well as the on-call pay entitlement. For comparison purposes, it shall also include other forms of premium pay entitlement under chapter 55 of title 5, United States Code outside scheduled standby/on-call duty periods.

(b) **Standby Premium Pay.** The biweekly standby premium pay entitlement shall include Fair Labor Standards Act (FLSA) pay entitlements the employee would have received if the on-call duty had instead been scheduled standby duty. However, for comparison purposes, except for entitlement for irregular or occasional overtime work performed outside the scheduled standby/on-call duty, the biweekly standby premium pay entitlements shall exclude other forms of premium pay the employee may have otherwise been entitled to under chapter 55 of title 5, United States Code.

(4) **Comparisons Required Every Pay Period.** Biweekly pay comparisons shall be made every pay period for employees who maintain eligibility, even during biweekly pay periods when the employee was not scheduled for standby/on-call duty. Employees and/or their representatives may obtain an explanation concerning the computation of their pay under this chapter from the local fiscal activity in accordance with applicable laws, rules and regulations.

3. ON-CALL PAY FOR PART-TIME AND INTERMITTENT EMPLOYEES. A part-time or intermittent nurse, PA or EFDA shall be entitled to on-call pay when appropriate. When called back to duty, such an employee shall receive pay at the basic hourly rate for non-overtime work and at the overtime rate for overtime work.

CHAPTER 6. OTHER FORMS OF ADDITIONAL PAY (SUNDAY PAY, NIGHT DIFFERENTIAL, WEEKEND PAY)

1. OTHER FORMS OF PREMIUM PAY FOR EMPLOYEES APPOINTED UNDER 38 U.S.C. 7401(1)

a. **Tour Differential Pay.** A nurse, PA or EFDA who performs service on a tour of duty within the period commencing at 6 p.m. and ending at 6 a.m. shall receive additional pay for each hour of service on such tour provided 4 or more hours of the tour fall between 6 p.m. and 6 a.m. When fewer than 4 hours fall between 6 p.m. and 6 a.m., a nurse, PA or EFDA shall receive differential pay for each hour of service performed between these hours only. A nurse, PA or EFDA shall receive tour differential at the rate of 10 percent of their basic hourly rate of pay, unless a higher tour differential is authorized under chapter 4 of this part.

b. **Weekend Pay (Premium Pay for Service on Saturday or Sunday).** A nurse, PA or EFDA who performs service on a tour, any part of which is between midnight Friday and midnight Sunday, shall receive premium pay for each hour of service on such tour. Premium pay for service under this subparagraph is equal to 25 percent of the employee's basic hourly rate of pay unless a higher rate is approved under chapter 4 of this part.

c. **Holiday Pay**

(1) A nurse, PA or EFDA with a 40-hour basic workweek who performs service on a holiday designated by Federal statute or Executive order shall receive, for non-overtime service, additional pay at a rate equal to the employee's basic hourly rate of pay. This shall be the applicable rate for holiday pay unless a higher rate is authorized under chapter 4 of this part. When the basic workweek of a nurse, PA or EFDA includes portions of 2 tours on a holiday, the tour that commences on the holiday shall be treated as the holiday for pay and leave purposes. When assigned to duty on a holiday, a nurse, PA or EFDA shall receive a minimum of 2 hours of holiday pay.

(2) A full-time nurse on the Baylor Plan shall only receive holiday pay for non-overtime holiday service performed outside the nurse's 24-hour basic workweek.

2. OTHER FORMS OF PREMIUM PAY FOR EMPLOYEES APPOINTED UNDER 38 U.S.C. 7405

a. **Part-Time or Intermittent Nurses, PAs, and EFDAs.** In addition to basic pay, a part-time or intermittent nurse, PA or EFDA shall receive additional pay on the same basis as that for a full-time employee, except as indicated below:

b. **Holiday Pay.** A part-time nurse shall be entitled to holiday pay only for service performed on the actual calendar holiday. A part-time nurse, PA or EFDA may be excused for a holiday which occurs within such employee's regularly scheduled tour of duty.

c. **Graduate Nurses and Nurses Pending Graduation.** Graduate nurses and nurses pending graduation shall receive additional pay on the same basis as outlined above for registered nurses. Compensatory time off in lieu of regular and irregular or occasional overtime may be authorized.

d. **Student Nurse Technicians.** Student nurse technicians will be paid their regular straight time base rate, but will not receive any additional premium pay, by reason of working on a legal holiday, on Sunday, or at night. These technicians will receive their regular straight time pay for time off if relieved or prevented from working solely by the occurrence of a legal holiday. No compensation will be paid these trainees by reason of working overtime; however, they may be granted equivalent time off for service in excess of 8 hours in a day or 40 hours in a week.

e. **Pay for Graduate Practical Nurses, Graduate Vocational Nurses, Graduate Physical Therapists, Graduate Occupational Therapists, and Graduate Pharmacists.** Employees shall receive premium pay in accordance with chapter 55 of title 5, U.S.C., and the Fair Labor Standards Act, unless their positions meet one of the applicable exemptions contained in 5 CFR 551, subpart B.

f. **Medical Support Personnel Appointed Under 38 U.S.C. 7405(a)(1)(D).** These personnel are entitled to premium pay under title 5, United States Code, chapter 55. They are also covered by the minimum wage and overtime provisions of the FLSA, unless the position meets one of the applicable professional, administrative or supervisory exemptions contained in 5 CFR 551, subpart B. FLSA coverage determinations for employees compensated under this paragraph will be consistent with coverage determination made for employees in the competitive service. Premium payments are also to be based on the rate of basic pay computed under 5 U.S.C. 5504 or 5 CFR, part 551, as applicable. They shall receive any applicable non-foreign cost-of-living allowance and post differential (see part VIII, chapter 11 of this handbook).

g. **Trainees and Students Appointed Under 38 U.S.C. 7405(a)(1)(D)**

(1) Per annum basis trainees will be paid their regular straight time base rate, but will not receive any additional premium pay, by reason of working on a legal holiday, on Sunday, or at night. These trainees will receive their regular straight time pay for time off if relieved or prevented from working solely by the occurrence of a legal holiday. No compensation will be paid these trainees by reason of working overtime; however, they may be granted equivalent time off for service in excess of 8 hours in a day or 40 hours in a week.

(2) Summer students will be paid their regular straight-time base rate, but will not receive any additional premium pay by reason of working on a legal holiday, on Sunday, or at night. These students will receive their regular straight time pay for time off if relieved or prevented from working solely by the occurrence of a legal holiday. No compensation will be paid these students by reason of working overtime; however, they may be granted equivalent time off for service in excess of 8 hours in a day or 40 hours in a week.

3. OTHER FORMS OF PREMIUM PAY FOR GENERAL SCHEDULE EMPLOYEES

a. **Shift Differential.** Employees who perform work during regularly scheduled non-overtime hours between the hours of 6:00 p.m. and 6:00 a.m. shall receive 10 percent of basic pay for those hours.

b. **Sunday Premium.** Full-time employees who perform work during a regularly scheduled non-overtime tour, any part of which falls between midnight Saturday and midnight Sunday, shall receive 25 percent of basic pay for that tour.

c. **Holiday Pay.** Employees who are required to perform regularly scheduled non-overtime work on a designated holiday shall receive pay at the rate of two times their hourly rate for actual hours worked on their tour, but not less than at least two hours. Employees who perform overtime work on a holiday will be compensated at their regular overtime rate.

d. **Standby Duty Pay.** Employees who are required to remain at their official duty station in a state of readiness may receive up to 25 percent of their rate of pay, paid on an annual basis. This payment is in lieu of all other premium pay, except pay for irregular and occasional overtime. Employees in health care-related occupations who need to remain available for duty shall be authorized on-call pay under the provisions of chapter 5 of this part, unless an exception to on-call is authorized.

e. **Administratively Uncontrollable Overtime (AUO).** Employees required to independently determine the need to perform substantial amounts of irregular and occasional overtime work which cannot be controlled administratively may receive from 10 to 25 percent of their rate of pay on an annual basis. This payment is in lieu of all other premium pay, except for regularly scheduled overtime. AUO may be appropriate for positions like Detective or Criminal Investigator, in which the employees generally are responsible for recognizing, without supervision, circumstances which require the employees to remain on duty.

f. **Availability Pay.** Law enforcement officers (LEOs), as defined in 5 CFR 550.103, shall receive, if otherwise qualifying, 25 percent of their rate of pay to ensure availability for unscheduled duty in excess of the 40-hour workweek. See 5 CFR 550.181 for additional requirements.

4. OTHER PREMIUM PAY FOR FWS POSITIONS

a. **Night Shift Differential.** Night shift differential is to be computed in accordance with FWS Operating Manual, section S8-4c and 5 U.S.C. 5343; to assist in determining entitlement to night shift differential, the appropriate supervisor is responsible for ensuring that the employee's regularly scheduled tours of duty and changes thereto are properly documented. Normally, Purchase and Hire (P&H) employees are not entitled to be paid shift differentials because they do not have regularly scheduled tours.

b. **Holiday Pay.** Holiday pay is to be computed in accordance with the instructions contained in FWS Operating Manual, section S8-4. Normally, P&H employees are not entitled to holiday pay when no work is performed on a holiday because they do not have regularly scheduled tours. However, when authorized to perform work on a legal holiday (Federal, State, or local), P&H employees shall receive a holiday rate of pay as outlined for wage employees in 5 CFR 532.507.

c. **Sunday Pay.** Sunday pay is to be computed in accordance with the instructions contained in FWS Operating Manual, section S8-4. Normally, P&H employees are not entitled to Sunday pay because they do not have regularly scheduled tours.

CHAPTER 7. HAZARD PAY DIFFERENTIAL AND ENVIRONMENTAL DIFFERENTIAL PAY

1. HAZARD PAY DIFFERENTIAL FOR TITLE 5 EMPLOYEES WHO PERFORM IRREGULAR OR INTERMITTENT DUTY INVOLVING UNUSUAL PHYSICAL HARDSHIP OR HAZARD. 5 CFR 550, appendix A provides a list of approved hazards for payment of hazardous duty pay. Facility directors are delegated the authority to pay hazardous duty pay (HDP) in accordance with these regulations. Unless specifically provided for in part 550, HDP may not be paid to an employee when the hazardous duty or physical hardship has been taken into account in the classification of the employee's position. Payment of hazardous duty pay involving hazards not listed requires prior approval of VACO. Hazard pay provisions should be uniformly applied. Accordingly, except as indicated in the note below, prior approval of VACO will be requested for a General Schedule position if facility management considers hazard pay to be appropriate. Such a request should be submitted through channels to the Deputy Assistant Secretary for Human Resources Management (051).

NOTE: *General Schedule employees, other than those in firefighter positions, who are members of an emergency firefighting crew may be entitled to hazard pay. Such employees are eligible only if they actually perform the same duties in fighting a fire as a firefighter, such as handling the same equipment and being exposed to the same hazardous conditions. Membership in the crew would not, in itself, be a basis for paying hazard pay.*

2. ENVIRONMENTAL DIFFERENTIAL PAY FOR EMPLOYEES IN POSITIONS SUBJECT TO THE FWS. In the performance of assigned duties, an employee is entitled to an environmental differential for exposure to a hazard, physical hardship, or working condition of an unusually severe nature which cannot be practically eliminated. Determination of entitlement and payment will be made in accordance with paragraph S8-7 and appendix J of the Federal Wage System Operating Manual. Only the facility director or designee will make authorization or payment of an environmental differential. It is the responsibility of field facility directors to observe fully the objectives set forth in 5 CFR 532.511, and to exercise the use of every, protective facility, device, or precautionary measure to assure an employee's full safety in the performance of officially assigned duties.

PAY ADMINISTRATION

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PART VI. RECRUITMENT AND RETENTION INCENTIVES

CHAPTER 1. GENERAL

1. PURPOSE. This part provides mandatory guidance and procedures for the authorization and implementation of pay authorities, which may be used to help recruit and retain employees in hard-to-fill positions. These include recruitment and relocation bonuses, retention allowances, and advances in pay.

2. RESPONSIBILITIES

a. An official at a higher level than the one recommending the payment must approve recruitment bonuses, relocation bonuses, and retention allowances. For recruitment and relocation bonuses, this must happen before the employee enters on duty. Officials must carefully review and follow the mandatory procedures in this part before proceeding with a recruitment or relocation bonus or a retention allowance. Bonuses will not be approved retroactively after entry on duty.

b. The Secretary, or designee, is the approving official for recruitment bonuses, relocation bonuses, and retention allowances for employees occupying positions centralized to that office.

c. Administration Heads, Assistant Secretaries, Other Key Officials, and Deputy Assistant Secretaries, or their designees will recommend recruitment bonuses, relocation bonuses, and retention allowances for employees occupying positions in their organization which are centralized to the Secretary. They, or their designees, approve bonuses and allowances for employees occupying VA Central Office positions in their organizations that are not centralized to the Secretary; and employees occupying field positions centralized to their offices.

d. Network directors, or their equivalents in VA, or their designees may approve recruitment bonuses, relocation bonuses, and retention allowances for employees in non-centralized positions under their jurisdiction provided that the amount of the allowance, when combined with all other VA payments, does not exceed the aggregate limit on pay.

e. Facility directors may approve recruitment bonuses, relocation bonuses, and retention allowances for employees in non-centralized positions under their jurisdiction provided that the amount of the allowance, when combined with all other VA payments, does not exceed the aggregate limit on pay. This authority may not be re-delegated.

f. Additional statements of responsibility may be included in separate chapters of this part, where appropriate.

CHAPTER 2. RECRUITMENT AND RELOCATION BONUSES

1. GENERAL

a. **Coverage.** Recruitment bonuses are limited to candidates who have been selected for or received a written offer of appointment without time limitation or of an appointment with a time limit of one year or more. Relocation bonuses are limited to individuals who are relocating from employment with VA, other Federal agencies, a Government-controlled corporation, the Tennessee Valley Authority, the Central Intelligence Agency, the Panama Canal Commission, the National Security Agency, the General Accounting Office, or the Defense Intelligence Agency. To receive a relocation bonus, individuals must be serving on appointments without time limit or for a minimum of 1 year and relocate, without a break in service, to a different commuting area on a permanent or temporary basis. Recruitment and relocation bonuses are available for the following types of positions or assignments:

(1) **Title 5 Positions.** General Schedule (GS) positions paid under 5 U.S.C. 5332, (including full-time and part-time "hybrid" positions such as pharmacist and occupational therapist); senior-level or scientific & professional positions paid under 5 U.S.C. 5376; Senior Executive Service positions paid under 5 U.S.C. 5383; law enforcement officer positions as defined by 5 U.S.C. 8331(20) or 8401(17) whether or not under the GS; Executive Schedule positions established under 5 U.S.C., chapter 53, subchapter II; Federal Wage System positions; positions for which pay is fixed by law at a rate equal to an Executive Schedule rate; or certain positions filled by Presidential appointment, Board of Veteran's Appeals, under 38 U.S.C. chapter 71, and members of Board of Contract Appeals.

(2) **Title 38 Assignments.** Service under 38 U.S.C. 7401(1) or as Under Secretary for Health. Also service under 38 U.S.C. 7405(a)(1)(A), 7405(a)(1)(B), and 7306 on appointment of at least a minimum of one year.

b. **Exclusions**

(1) Recruitment bonuses may not be paid to the following:

(a) Individuals to be appointed: for less than a 1-year period; as experts and consultants; on a without compensation basis; to non-appropriated fund excepted service positions in Veterans Canteen Service (see VCS Directive 00-01, Recruitment and Relocation Bonuses and Retention Allowances for VCS Employees); as Secretary of Veterans Affairs or to a position in the expectation of appointment as Secretary. They also may not be paid to those with scholarship obligations to VA resulting from education or training activities.

(b) Although the following organizations are not Federal agencies as defined in 5 U.S.C. 5102, they are Federal entities and their employees may not be offered a recruitment bonus unless there has been a break in service of at least 90 days: a Government controlled corporation, the Tennessee Valley Authority, the Central Intelligence Agency, the Panama Canal Commission, the National Security Agency, the General Accounting Office, or the Defense Intelligence Agency.

(c) Employees who have already entered on duty may not be offered a recruitment bonus, except for those receiving their first permanent appointments after prior Federal employment under cooperative work study programs, as former students during school vacations, or as law clerk trainees, former employees with less than a 90-day break in service may not be offered a recruitment bonus. This 90-day break in service restriction would not apply to those who have been serving on non-permanent appointments, such as title 38 residents, and are receiving their first permanent appointments to staff positions.

(2) Relocation bonuses may not be paid to individuals appointed: for less than two years; as experts and consultants; on a without compensation basis; to non-appropriated fund excepted service positions in Veterans Canteen Service (see VCS Directive 00-01, Recruitment and Relocation Bonuses and Retention Allowances for VCS Employees); as Secretary of Veterans Affairs or to a position in the expectation of appointment as Secretary. They also may not be paid to those with scholarship obligations to VA resulting from education or training activities.

c. **Recruitment Bonus Eligibility.** A recruitment bonus of up to 25 percent of the rate of basic pay may be authorized, provided the approving official determines that it would not be possible to fill the position with a high quality candidate without the bonus. Recruitment bonuses may be used in combination with certain other allowances and authorities, such as reimbursement of travel and transportation expenses, appointment at above-minimum rates, special salary rates, and waivers of annuity offsets for retirees, to fill positions with high quality candidates. **They are not, however, to be given as substitutes for payment of moving expenses.**

d. **Relocation Bonus Eligibility.** A relocation bonus of up to 25 percent of the rate of basic pay may be authorized for an eligible Federal employee who must physically relocate and change duty stations to accept a position in a different commuting area provided that the approving official determines that without the bonus, it would not be possible to fill the position with a high quality candidate. Bonuses may be authorized for permanent relocations or for temporary relocations to a new duty station of 120 days or more. Relocation bonuses may be used in combination with certain other allowances and authorities, such as reimbursement of travel and transportation expenses, special salary rates, and waivers of annuity offsets for retirees, to fill positions with high quality candidates. **They are not, however, to be given as substitutes for payment of moving expenses.**

e. **Approvals.** Each bonus shall be reviewed and approved by a VA official higher than the recommending official, unless there is no higher official in the Department. Approvals will be documented in writing and will be based on criteria established in this part.

f. **Employee Obligations.** Before appointment and receipt of a recruitment bonus, selectees must agree to complete a service obligation with VA. Before they may receive a relocation bonus, employees must agree to complete a service obligation with VA at the new location. Proposed bonus recipients must be informed if the payment of a bonus would cause their pay to exceed the aggregate limit on compensation (see part VII). For most employees, the limit is EL-I; for physicians and dentists, the limit is the annual pay (excluding expenses) of the President of the United States as specified in 3 U.S.C. 102.

2. CRITERIA FOR THE AUTHORIZATION OF RECRUITMENT AND RELOCATION BONUSES

a. Determinations to pay these bonuses may take into consideration the occupation or type of position for which VA historically has experienced difficulty filling, or geographic areas that traditionally have been considered to be less desirable. However, any decision to pay a recruitment or relocation bonus must be made in a fair and equitable manner on a case-by-case basis for each employee, as indicated below.

b. A bonus may be authorized if, without one, VA is unable to attract the kind or quality of applicant needed for the position. In determining whether a bonus should be authorized and the bonus amount, the following factors will be considered:

(1) Staffing information, including recruitment history (most recent efforts); the success in filling the same or similar positions at the facility, in the region, or nationwide (all efforts to fill the position must be fully described); turnover in the position within the preceding 3 years; and the reasons previous incumbents left. If the position is new or has existed for less than 3 years, provide information as appropriate;

(2) Cost-of-living disparities, significant differences between Federal and community pay for the position, and exceptional cost factors which make moving or relocating to the area unattractive to the candidate;

(3) Special considerations in filling the position, such as work environment or remote location;

(4) Unique or distinguishing experience or qualifications which are desirable or relevant to the position, would enhance the incumbent's performance, or which are not generally available among likely candidates for the position;

(5) Any other labor market factors that may affect VA's ability to attract high quality applicants; and

(6) Competing recruitment incentives and inducements, whether in VA, other Federal agencies, the community, or for the occupation or profession.

3. BONUS REQUESTS

a. **Determining the Amount of the Bonus.** Bonuses of up to 25 percent of the per annum rate of basic pay for the position to which appointed or relocated may be authorized. The bonus percentage selected shall reasonably correlate to the difficulty experienced in obtaining a high quality candidate. The highest percentage of bonus will be reserved for positions for which VA is experiencing the greatest difficulty in finding high quality candidates. The factors in paragraph 2b, above, will be used to determine the appropriate amount of bonus.

b. **Calculating the Bonus**

(1) Bonuses for full-time employees are based on the per annum rate of basic pay. Bonuses for re-employed Civil Service annuitants are calculated on the annuitant's reduced reemployment salary. Relocation bonuses for employees on grade or pay retention are calculated on the employee's per annum retained rate of basic pay. For GS law enforcement officers who are subject to early retirement, a recruitment bonus may not exceed the greater of $15,000 or 25 percent of the rate of basic pay. Bonuses for part-time employees are based on the per annum rate of basic pay prorated according to the proportion of time the part-time employment bears to full-time employment. That figure is then multiplied by the approved bonus percentage to obtain the dollar amount of the bonus. For temporary relocations of less than 1 year, the ratio of the length of the change in duty station to 1 year times the per annum rate of basic pay will yield the amount to be multiplied by the approved relocation bonus percentage.

(2) Bonus amounts may not exceed 25 percent of the basic rate of pay; therefore, calculations of bonuses of 25 percent which result in a fraction of a dollar will be rounded down to the next whole dollar. All other bonus percentages will be rounded up for $.50 or more and down for $0.49 or less to the nearest whole dollar.

c. **Contents of Request.** Each bonus request must include the following:

(1) The employee's name, facility, duty station, appointment authority, rate of basic pay, organization, and classification title, series, and grade of the position or assignment for which the bonus is being recommended and if the request is for a relocation bonus, the employee's proposed tenure, appointment authority, rate of basic pay, and organizational and classification titles, series, and grade;

(2) The proposed effective date of appointment ;

(3) Whether the appointment is permanent or time limited (if time limited, may not be less than 2 years), or duration of a temporary change in duty station, if applicable;

(4) Whether full-time or part-time (if part-time, the hours to be worked; e.g., 44 hours per pay period, 36 hours per pay period, etc.);

(5) Documentation which includes, as a minimum, the following information:

(a) Information addressing all the criteria listed in paragraph 2 of this chapter. **NOTE***: If the position is a new position, only current recruitment efforts must be documented*;

(b) The bonus dollar amount, the percentage of basic pay rate which the bonus represents, and a statement explaining how the amount was determined;

(c) An explanation of the decision, if any, made about use of an appointment at a rate above the minimum in lieu of, or in combination with, the proposed bonus;

(d) A statement about the effect of the aggregate limit, if any, on the recruitment bonus and the employee's compensation (see paragraph 6 below).

(e) The recruitment or relocation agreement (RSA), signed and dated by the employee and requesting official (appendix VI-B);

(f) Whether there is an unsatisfied service obligation from a previous bonus, the length of the remaining obligation, and the amount of the original bonus; and

(g) Any other considerations or information relevant to the case.

d. **Procedures.** Bonus requests will be reviewed on a case-by-case basis by the approving official. To facilitate the approval process, requests for non-centralized positions will be submitted to the approving official in writing, through channels and the local HRM office for technical review and concurrence, early enough to permit approval of the bonus before the effective date of employment or before the employee relocates. Bonus requests for appointments or for employees relocating to centralized positions will be submitted as part of the appointment package through appropriate channels and will be referred to OHRM (051) for technical review and concurrence prior to action by the approving official.

e. **Extensions of Temporary Changes in Duty Station.** An additional relocation bonus may not be paid if a temporary assignment is extended beyond the initial proposed completion date.

4. RECRUITMENT OR RELOCATION SERVICE AGREEMENT (RSA)

a. To receive a bonus, employees must sign an RSA and agree to complete a specified period of service in VA (if relocation bonus, at a specific duty station) or with a successor agency in the event of transfer of function (additional information and sample RSA is provided in appendix VI-B). Bonus recipients must complete obligated service or repay the bonus, unless a waiver (see paragraph 8) is approved.

b. The RSA, signed by the employee and the requesting official, must be included in the request for approval of a bonus. After the request is approved, the signed and dated RSA will be filed on the left (temporary) side of the employee's personnel folder until the completion of the required service. Copies of the RSA will be given to the employee and the servicing fiscal office and one will be kept with the documentation file (see paragraph 9).

5. PAYMENT PROCEDURE

a. A recruitment bonus or relocation will be paid as a lump sum and shall not be considered part of an employee's rate of basic pay for any purpose.

b. Payment of a bonus may be made only after the bonus has been approved, the employee has signed an RSA, and the effective date of the employment action has passed. The lump sum payment normally will be made within two pay periods after the employee has reported for duty, unless a later date is required because of the aggregate limitation on compensation (see paragraph 6 below).

6. AGGREGATE LIMIT ON COMPENSATION. An employee may not receive any portion of a bonus that, when added to the annual rate of the employee's continuing payments and any lump sum payments received earlier in the calendar year, would exceed aggregate limits on pay. For payments to title 38 employees (except for physicians and dentists) and title 5 employees, the aggregate limit on compensation is EL-I. The maximum limit on pay for title 38 physicians and dentists is the annual pay (excluding expenses) received by the President of the United States as specified in 3 U.S.C. 102. Any excess portion of the bonus may not be paid until the beginning of the next calendar year (see part VII on aggregate limitations). HRM officials will inform a bonus recipient affected by an aggregate limitation and include an explanation in the RSA.

7. SERVICE OBLIGATIONS

a. Service in a non-pay status will not count toward satisfying the service obligation. Any time in a non-pay status will merely postpone the service obligation to VA and will extend the period of obligated service by an equal number of days.

b. There is no maximum limit on service obligations; however, they cannot be less than 12 months, except as noted in subparagraph f below. In some instances, a service obligation of 2 to 3 years may be appropriate. In determining the length of the service obligation, officials will consider such factors as the qualifications of the employee, the degree of difficulty in filling the position, the bonus percentage, and/or the dollar value of the bonus.

c. A service obligation resulting from VA payment of travel and moving expenses is distinct from a recruitment bonus service obligation and each obligation must be satisfied. However, the same period of service will be credited toward the satisfaction of both obligations.

d. In the event of transfer of function, the remainder of obligated service will be performed with the successor agency.

e. The service obligation must be completed at the location cited in the RSA, unless the approving official determines that the need for the employee's service at another duty station is more critical. The approving official's decision will be documented in writing and filed in the documentation file (see paragraph 9 below) and on the left (temporary) side of the employee's personnel folder.

f. For temporary changes of duty station of less than 12 months, the service obligation will be the length of the assignment.

8. REPAYMENT REQUIREMENTS

a. **General.** Failure to complete a service obligation occurs when the employee, whether voluntarily or for cause, leaves VA (or the VA facility, if relocation bonus) before completing the period of employment specified in the RSA. An employee who fails to complete this service obligation shall be indebted to the U.S. Government and must repay the recruitment bonus on a prorated basis, unless a waiver is approved.

b. **Criteria for Approval of Waivers**

(1) A request for waiver will be approved when an employee is involuntarily separated for other than cause, e.g., pursuant to a reorganization or reduction-in-force.

(2) Regulations also provide that, under certain circumstances, VA may waive all or part of its right of recovery of an employee's debt under 5 U.S.C. 5514 if there is a determination that recovery would be against equity or the public interest, for example, if the employee is unable to complete the service obligation due to an off-duty injury.

(3) A waiver will not be approved for an employee who is separated for cause, for example, on charges of misconduct or delinquency, before completion of the period of service required by the RSA. The bonus will be repaid on a prorated basis (see subparagraphs e and f below).

c. **Requesting Waivers.** Requests for waivers will be submitted, through channels, to the official who authorized the bonus. All cases involving unsatisfied bonuses which were approved in VACO will be routed through channels to OHRM (051) for technical review prior to submission to the approving official. OHRM (051) staff is available to discuss cases which will be handled locally. Decisions on waiver requests are final within VA. However, this does not lessen or eliminate any of the rights and remedies under subchapter II of chapter 12 of title 5 U.S.C. or any of the laws referred to in 5 U.S.C. 2302(d). Subchapter II of chapter 12 deals with the Office of the Special Counsel and, among other things, its authority to investigate and take corrective action in connection with prohibited personnel practices and prohibited political activity. The laws referred to in 5 U.S.C. 2302(d) relate to prohibited discrimination on the basis of race, color, religion, sex, national origin, age, disabling condition, marital status or political affiliation.

d. **Determining the Amount of Repayment Obligation.** The amount to be repaid shall be determined by providing credit for each full month of VA employment completed by the employee. Amounts owed shall be recovered under VA regulations for collection by offset from an indebted Government employee under 5 U.S.C. 5514 and subpart K of 5 CFR, part 550.

e. **Credit for VA Employment.** Credit will be granted for each full month of VA employment completed by the employee under the RSA. The total bonus will be divided by the number of months of service obligation (e.g., $12,000 bonus divided by 12-month obligation = $1,000 monthly bonus amount). The monthly bonus amount will be multiplied by the number of obligated months remaining at the time of the reduction in hours worked (e.g., 6 months obligation remaining times $1,000 monthly bonus amount = $6,000). The resulting amount will be multiplied by the amount of the reduction in hours to arrive at the repayment obligation (e.g., a full-time (8/8) employee reduces hours worked to 3/8. 8/8 - 3/8 = 5/8. 5/8 times $6,000 = $3,750 repayment obligation). Amounts owed shall be recovered under VA regulations for collection by offset from an indebted Government employee.

f. **Changes in Hours of Work**

(1) **Increase in Hours.** An increase in hours of work after receipt of a bonus, whether initiated by the employee or management, does not increase the bonus or accelerate repayment of the service obligation.

(2) **Decrease in Hours**

(a) If a bonus recipient requests, and management approves, a decrease in hours of work before completing the service obligation, repayment of a prorated portion of the bonus is required. The unsatisfied portion of the service obligation remains. The amount of the bonus to be refunded will be computed as described in subparagraph e above.

(b) If the hours of work are reduced at management's request, repayment of the prorated portion of the bonus will not be required. However, the unsatisfied portion of the service obligation remains.

9. RECORDS. Records sufficient to reconstruct the action will be maintained at the approving level for 3 years. In no instance will records be destroyed before completion of the service obligation. Records on bonuses approved in CO will be maintained by OHRM (051 for field positions, 035 for VACO positions). Other bonus documents will be retained at the employing facility. These records will include, at a minimum: the request, the RSA, supporting documentation described in paragraph 3 of this chapter, release from the RSA, waiver request and approval (if applicable). The union, upon request, will be provided copies of these records in accordance with governing laws, rules, and regulations.

10. ANNUAL REVIEW AND REPORTS

a. **Periodic Facility Reports.** On an annual basis (no later than November 15 of each year), the Chief, HRM will submit through channels to OHRM (051) an Annual Recruitment Bonus Report, Reports Control Symbol 05-0869, and an Annual Relocation Bonus Report, Reports Control Symbol 05-0870, each containing cumulative information on the number of bonuses offered under this chapter during the preceding fiscal year, the number of employees who received bonuses, the percentage of the facility's total salary dollars paid out as bonuses, and an evaluation of the effect of each bonus on the facility's ability to fill critical positions with high quality candidates. The report will be in memorandum format and will be signed by the facility director. Negative reports are required.

b. **Annual Department Report.** OHRM (051) will prepare periodic reports of VA use of (1) recruitment bonuses and (2) relocation bonuses during the previous fiscal year. Each will include the number of bonuses offered during the fiscal year, the number of employees who received bonuses, the percentage of salary received as a bonus by each employee, and an evaluation of the overall effect of the payment of recruitment bonuses on VA's ability to fill key positions with high quality candidates. The report will be made available to OPM, and the union, upon request.

11. SELECTIONS OF EMPLOYEES WITH UNFULFILLED BONUS OBLIGATIONS

a. In very unusual situations, an employee who has not yet completed the service obligation for a prior bonus may be considered for another assignment. This consideration may or may not involve an overlapping bonus (see definition in paragraph 13 of this chapter).

b. The following officials may approve bonuses for employees with unfulfilled bonus obligations:

(1) The Secretary, or designee, is the selecting official and the approving official for bonuses for employees with unsatisfied service obligations who are being placed in, or being assigned from, positions centralized to that office and for all such actions involving placement between administrations and/or staff offices.

(2) Administration Heads, Assistant Secretaries, Other Key Officials, and Deputy Assistant Secretaries, or their VACO designees, are the recommending officials for actions described in this paragraph, which require the Secretary's approval. They are the selecting officials and the bonus approval officials for employees with unsatisfied service obligations who are moving between positions within their organizations not centralized to the Office of the Secretary, except as described below.

(3) Network directors, area directors, and the Director, Office of Field Operations, National Cemetery System, are the selecting officials and the bonus approval officials for employees with unsatisfied service obligations who are moving between non-centralized positions at different facilities under their respective jurisdictions. They recommend, through channels, movements of employees who are in centralized positions and have unfulfilled service obligations.

(4) Facility directors are the selecting officials for movements of employees with unfulfilled service obligations in non-centralized positions to other local non-centralized positions under their jurisdiction.

12. DELEGATIONS OF AUTHORITY

a. Administration Heads, Assistant Secretaries, Other Key Officials, Deputy Assistant Secretaries, and facility directors are responsible for the fair, equitable, and fiscally responsible administration of this policy and for ensuring that recruitment and relocation bonuses, where recommended or approved, are determined in accordance with the criteria and procedures in this chapter.

b. The Office of Human Resources Management (OHRM) is responsible for advising management officials on the regulations and procedures in this chapter, conducting technical reviews of bonus requests submitted for centralized approval, tracking the number of bonuses approved under this chapter, auditing recruitment bonus approvals for non-centralized positions, and for compiling annual reports required by the Office of Personnel Management (OPM).

c. Chiefs, Human Resources Management (HRM) are responsible for advising management officials on the provisions in this chapter, providing technical advice and assistance on bonus percentages, length of service obligation requirements, definition of the commuting area (when appropriate), and other technical matters, and assuring the completeness of requests prepared or approved at the local level. They will maintain documentation adequate for reconstruction of each case, conduct annual reviews, and prepare reports as required. They will ensure that records of those being considered for positions are screened to determine whether a service obligation remains unfulfilled and, if so, notify the recruiting office of that fact. When VA and/or transfer candidates from other agencies are being considered for a relocation bonus, the HRM office at the recruiting facility must review the records of those under consideration to determine whether an unsatisfied bonus service obligation exists, notify the recommending official, and ensure that the recommendation for selection and/or overlapping bonus (see par. 13 of this chapter for definition) is forwarded to the official authorized to act.

d. The Office of Financial Management will develop, in coordination with OHRM, bonus payment, refund, and waiver procedures.

e. Employees are responsible for signing a service agreement to receive a bonus and for completing the required service. If they receive consideration for another position before the service obligation for a bonus has been satisfied, they must convey that fact to the recruiting office when they submit their applications.

13. DEFINITIONS

a. **Commuting Area.** The geographic area that normally is considered one area for employment. It includes any population center (or two or more neighboring ones) and the surrounding localities where people live and reasonably can be expected to travel back and forth daily to work.

b. **Employee.** For purposes of this chapter, employee means a person who is newly appointed to a covered position without time limitation or for a minimum period of 1 year or more, or an individual who has received a written offer of employment without time limitation or for a minimum period of 1 year or more.

c. **High Quality Candidate.** A candidate whose overall qualifications, experience, and past performance indicate that he or she is superior to other candidates who were recruited or who could reasonably be expected to respond to recruiting efforts or renewed recruiting efforts.

d. **Involuntary Separation.** A separation that is not voluntary and not for misconduct or delinquency.

e. **Newly Appointed**

(1) Placed in the first Federal civilian appointment, or an appointment following a break in Federal civilian service (including retirement) of at least 1 year; or

(2) Receiving an <u>initial</u> <u>permanent</u> appointment within 1 year after completing Federal employment under cooperative work study programs, as former students during school vacations, or as law clerk trainees.

f. **Overlapping Bonus.** A bonus paid to an employee who has not yet completed the service obligation for a previously authorized recruitment or relocation bonus.

g. **Rate of Basic Pay.** The rate of pay fixed by law or administrative action for the position to which the employee is being appointed, before deductions and exclusive of additional pay of any kind, such as locality-based comparability payments under 5 U.S.C. 5304, continued geographic adjustments in pay (GAP), or special pay for physicians and dentists under 38 U.S.C. 7431.

h. **Recruitment or Relocation Service Agreement (RSA).** A written agreement between the employee and VA under which the employee agrees to serve a specified number of months in VA in return for payment of a recruitment or relocation bonus.

CHAPTER 3. RETENTION ALLOWANCES

1. COVERAGE

a. To be eligible for retention allowances, employees must be serving on appointments without time limit or for a minimum of 1 year, have no unfulfilled recruitment or relocation service obligations, and be serving in a position or assignment listed in subparagraphs b or c below. Title 38 employees appointed under 38 U.S.C. 7406 and 7802 are not eligible to receive retention allowances.

b. Retention allowances may be authorized for individual employees who occupy General Schedule (GS) positions paid under 5 U.S.C. 5332 (including full-time and part-time "hybrid" positions such as pharmacist and occupational therapist); senior-level or scientific & professional positions paid under 5 U.S.C. 5376; Senior Executive Service positions paid under 5 U.S.C. 5383; law enforcement officer positions as defined by 5 U.S.C. 8331(20) or 8401(17), whether or not under the GS; Executive Schedule positions established under 5 U.S.C., chapter 53, subchapter II; Federal Wage System positions; positions for which pay is fixed by law at a rate equal to an Executive Schedule rate; or executive branch positions filled by Presidential appointment. Allowances may also be authorized on an individual basis for title 38 employees on full-time and part-time appointments or as Under Secretary for Health.

c. Retention allowances may be authorized for a group or category of employees occupying GS positions paid under 5 U.S.C. 5332 and law enforcement officer positions as defined by 5 U.S.C. 8331(20) or 8401(17), whether or not under the GS. Group authorizations may also be approved for employees in title 38 assignments, except physicians or dentists in receipt of special pay under 38 U.S.C. 7431.

d. Retention allowances may not be authorized for a group or category of employees who occupy senior-level or scientific & professional positions paid under 5 U.S.C. 5376; Senior Executive Service positions paid under 5 U.S.C. 5383; Executive Schedule positions established under subchapter II, chapter 53 of title 5; executive branch positions filled by Presidential appointment; or physicians and dentists in receipt of special pay under 38 U.S.C. 7431.

e. An approving official may authorize a retention allowance of up to 25 percent of basic pay for an individual VA employee described in subparagraph b above, provided that the official determines that:

(1) A special VA need exists for the employee's services or that the employee has unusually high or unique qualifications; <u>and</u>

(2) The employee would likely leave Federal service in the absence of the allowance.

f. An approving official may authorize a retention allowance of up to 10 percent of basic pay for a group or category of employees described in subparagraph c above, provided that the official determines that:

(1) A special VA need exists for the employees' services or that the category of employees has unusually high or unique qualifications; and

(2) There is a high risk that a significant number of employees in the category would likely leave Federal service in the absence of the allowance.

g. The Office of Personnel Management (OPM) may authorize retention allowances in excess of 10 percent, but not in excess of 25 percent, of basic pay for a group or category of title 5 employees. Requests for allowances of more than 10 percent for a group or category of employees must meet the criteria in 5 CFR 575.305(d) and may be submitted through channels to the Human Resources Management Programs and Policies Service (051) for consideration.

h. Retention allowances are not to be used as a substitute for special salary rates, which should be used to address pay disparities for an occupation or to correct perceived internal pay misalignment. Also, they are not to be used as a substitute for scarce specialty or geographic location special pay for physicians and dentists, which should be initially used to assist in the retention of these employees.

i. Individual and group allowances will be reviewed and approved by a VA official higher than the official who is recommending the allowance, unless there is no higher official. Written approvals that address the criteria specified in paragraph 2 of this chapter are required. An allowance may be terminated at any time when conditions warrant.

j. Retention allowances will not be paid to any individual appointed on a time-limited basis of less than two years; as experts or consultants; on a without compensation basis; to non-appropriated fund excepted service positions in Veterans Canteen Service (see VCS Directive 00-01, Recruitment and Relocation Bonuses and Retention Allowances for VCS Employees); or as Secretary of Veterans Affairs or to a position in the expectation of appointment as Secretary. They also may not be paid to individuals with scholarship obligations to VA resulting from education or training activities.

k. A retention allowance will not be paid to a VA employee who is likely to leave for employment in another Federal agency or a Government-controlled corporation, the Tennessee Valley Authority, the Central Intelligence Agency, the Panama Canal Commission, the National Security Agency, the General Accounting Office, or the Defense Intelligence Agency. Regulations permit payment of retention allowances only when an employee is likely to leave the Federal Government.

l. The approval of retention allowances for individual physicians and dentists in receipt of special pay, particularly any discretionary form of special pay, will occur only in the most unusual circumstances. Approval of allowances for groups or categories of physicians or dentists will not be made.

2. CRITERIA NEEDED TO AUTHORIZE RETENTION ALLOWANCES. A retention allowance may be authorized if, without one, VA would likely lose for any reason an employee or group of employees whose retention is essential because of unusually high or unique qualifications or a special VA need. In determining whether a retention allowance should be authorized and the allowance percentage, the following factors must be considered:

a. **Essential Need for Services.** A determination must be made that the loss of the employee or a significant number of employees, for group authorizations, would have a significantly detrimental impact on one or more activities or functions that are essential to VA's mission. This determination will be based, in part, on an evaluation of the particular skills, knowledges, and abilities which employees possess that impact on the activities or functions of VA.

b. **Availability of Equivalent Skills.** Consideration should be given to the availability of the unique or distinguishing experience or qualifications possessed by an employee or group of employees and the likelihood of attracting replacements with sufficient skills to accomplish the work. The availability of current staff with comparable qualifications, abilities, expertise or partial qualifications that will enable the function to continue should be determined. Consideration should also be given to the possibility of job engineering to fulfill the need and/or the establishment of a training program or an understudy position to meet VA's need.

c. **Evidence that the Employee is Likely to Leave Federal Employment.** Each supervisor shall make a separate certification that an employee, or for group authorizations, a significant number of employees in the group, is likely to leave Federal service (see appendix VI-E). This certification will only be made when the supervisor is reasonably convinced that the employee is likely to leave Federal service. Such a certification will be based on:

(1) Receipt by an employee, or for group authorizations, a significant number of employees, of one or more bona fide offers of employment, as evidenced by a formal written job offer or affidavit signed by the employee or employees providing the position and salary being offered, the name and location of the organization, and the prospective date of employment; or

(2) Evidence of high demand in the private sector for the knowledge and skills possessed by the employee or group of employees and significant pay disparities between Federal and non-Federal salaries; or

(3) A discussion with the employee of the employee's career plans.

d. **Staffing History.** Careful consideration must be given to the staffing history for the occupation, including recent recruitment experience, the success in filling the same or similar positions at the facility, in a geographic area, or nationwide; retention experience for similar jobs requiring similar qualifications; historical VA difficulties in recruiting for an occupation or a type of position, either nationwide or on a geographic basis. Some of the factors to consider in evaluating recent staffing experience are the desirability of the location, cost-of-living disparities, significant differences between Federal and community pay for the position, any special considerations in securing a replacement for the incumbent, and competing recruiting incentives and inducements for the occupation or position.

3. ALLOWANCE REQUESTS

a. The appropriate approving official, as indicated in paragraph 7 of this chapter may authorize allowances of up to 25 percent of an employee's rate of basic pay for individual employees and up to 10 percent of an employee's rate of basic pay for groups or categories of employees. The allowance percentage shall reasonably correlate to the impact of the loss of the employee's expertise and the anticipated difficulty in recruiting a replacement with similar qualifications or expertise.

b. Retention allowance requests for individual employees must include the following:

(1) The employee's name, facility, duty station, organization, appointment authority, rate of basic pay, and classification title, series, and grade;

(2) The supervisory certification that the employee is likely to leave Federal service (see sample in appendix VI-E);

(3) The proposed effective date and duration of the retention allowance;

(4) Whether the appointment is permanent or time-limited (if time-limited, it must be for one year or more).

(5) Whether the appointment is full-time or part-time and, if part-time, the hours to be worked;

(6) Justification which addresses the criteria in paragraph 2 of this chapter, including the basis for the supervisory certification that the employee is likely to leave Federal service;

(7) The percentage of basic pay the allowance represents, the dollar amount, and a statement explaining why this amount is considered necessary;

(8) A statement about the impact of the retention allowance on the aggregate limit on pay (see paragraph 8d below);

(9) Any other considerations or information relevant to the case; and

(10) Signature blocks of the recommending and approving officials and dates.

c. Retention allowance requests for groups must include the following:

(1) A description of the group or category and number of employees to be covered;

(2) The supervisory certification that a significant number of employees in the group are likely to leave Federal service;

(3) The information required in paragraph 3b, items (3) through (9) above, for each employee in the group or category;

(4) Signature blocks of the recommending and approving officials and dates.

d. Requests will be submitted in writing, through the local HRM office for technical review and concurrence, to the approving official in sufficient time for a decision before the proposed effective date. Retention allowance requests for field positions requiring centralized approval will be submitted through channels to OHRM (051) for technical review and concurrence prior to action by the approving official.

4. EMPLOYEE STATEMENT OF UNDERSTANDING. An employee statement of understanding must be prepared by the HRM Office and included with each retention allowance request. A sample is included in appendix VI-D.

5. APPROVING ALLOWANCES

a. Approving officials must review and approve each retention allowance in writing. Allowances will be effective only after the appropriate official approves the request. Approvals may not be made on a retroactive basis.

b. The approving official will return the approved allowance request to the recommending official for transmittal to the employee and the servicing HRM office. HRM officials will retain the approval, recommendation, and supporting documentation, including the signed Employee Statement of Understanding.

6. RESPONSIBILITIES

a. Administration Heads, Assistant Secretaries, Other Key Officials, Deputy Assistant Secretaries, and facility directors are responsible for the fair, equitable, and fiscally responsible administration of this policy and for ensuring that retention allowances, where recommended or approved, are determined in accordance with the criteria and procedures in this chapter.

b. The Office of Human Resources Management (OHRM) is responsible for advising management officials on the governing regulations and the procedures in this chapter, conducting technical reviews of allowance requests submitted for centralized approval, tracking the number of allowances approved under this chapter, auditing retention allowance approvals of non-centralized positions, and for compiling annual reports required by OPM.

c. Human Resource Managers (HRMs) are responsible for advising management officials on the governing regulations and the procedures in this chapter, providing technical advice and assistance on bonus percentages and other technical matters, and ensuring the completeness of requests prepared for approval. They will maintain documentation adequate to reconstruct each case, coordinate annual reviews of allowances, and prepare reports as required. HRMs will ensure that records of those being considered for a retention allowance are screened to determine whether a recruitment or relocation bonus service obligation remains unfulfilled. They will also ensure that approving officials and employees being recommended for retention allowances are informed about the impact of aggregate limitations on pay (see paragraph 8d of this chapter).

d. Employees are responsible for providing accurate information about offers of employment which may be used in retention allowance determinations.

7. DELEGATIONS OF AUTHORITY

a. Retention allowances must be approved by an official at a higher level than the one recommending the payment. The authorizing official's signature signifies concurrence with the determination that an allowance is needed to retain a critical VA employee and authorization of the allowance percentage.

b. The Secretary, or designee, is the approving official for retention allowances for employees occupying positions centralized to that office.

c. Administration Heads, Assistant Secretaries, Other Key Officials, and Deputy Assistant Secretaries, or their designees, recommend retention allowances for employees occupying positions in their organization which are centralized to the Secretary. They, or their designees, approve retention allowances for employees occupying Central Office (VACO) positions in their organizations, which are not centralized to the Secretary; and employees occupying field positions centralized to their offices.

d. Facility directors may approve retention allowances for title 38 and title 5 employees in non-centralized positions under their jurisdiction provided that the amount of the allowance, when combined with all other VA payments, does not cause an employee's total pay to exceed the aggregate limit on pay.

8. PAYMENT PROCEDURES

a. A retention allowance is not part of basic pay for any purpose. It will not be credited for retirement, overtime, or other purposes. The per annum rate of basic pay, including a retained rate, will be used to calculate the allowance. For re-employed annuitants, the employee's reduced reemployment salary will be used. Each allowance will be paid in the same manner and at the same time as basic pay exclusive of overtime hours. The allowance for part-time employees will reflect the relationship of their regularly scheduled part-time hours to full-time work. Time in a non-pay status will not be credited for allowance payment. To calculate the allowance, use the following steps:

(1) Multiply the annual basic rate of pay for the grade and step of the employee by the approved percentage and round down to the nearest whole dollar. This amount cannot exceed 25 percent for individual authorizations or 10 percent for group authorizations, unless approved by OPM.

(2) Divide the result by 2087 to calculate the hourly rate of retention allowance for title 5 employees and by 2080 hours to calculate the hourly rate for title 38 employees, except physicians, dentists, optometrists and podiatrists; for these employees, divide the result by 364 days to calculate the daily rate.

(3) Pay the employee this hourly rate of retention allowance for each hour the employee receives basic pay, excluding overtime hours.

b. Since retention allowances are paid for each hour an employee receives basic pay, reductions in hours of work will automatically reduce the amount of the annual allowance.

c. OPM's definition of "rate of basic pay" excludes additional pay of any kind; therefore, retention allowances shall be calculated only on the rate of basic pay exclusive of additional pay of any kind, including pay for overtime hours. (See 5 CFR 575.303 for the definition of “rate of basic pay” for purposes of paying retention allowances.)

d. An employee may not receive any portion of a retention allowance that would, in combination with the estimated aggregate of all the employee's other payments, cause total compensation received during the calendar year to exceed the **aggregate limit on pay**. If an increase in a non-discretionary payment(s) causes the estimated aggregate compensation to exceed the aggregate limitation, the amount of the retention allowance will be reduced to the extent necessary to remain within the limit specified. The aggregate limit on compensation is the rate of pay for EL-I. The limit on total compensation for physicians and dentists is the amount prescribed in 3 U.S.C. 102.

9. ANNUAL REVIEW

a. Each authorization must be reviewed at least annually to determine whether continued payment is appropriate and, if so, whether the amount should be adjusted. Consideration should be given to the local job market and the current likelihood of the employee's leaving. The automated human resources and payroll system will generate a notice five months prior to the anniversary date of each allowance authorization. These notices will be used to evaluate the need to continue the allowance and whether the amount should be adjusted.

b. Not later than ten months after approval of an allowance and annually thereafter, recommending officials will submit to the appropriate approving officials requests to terminate, continue unchanged, or adjust the allowances. Approving officials will approve, disapprove, or alter the recommendation over their signatures. Changes will be effective at the beginning of the first pay period after the decision if received prior to the anniversary date of the allowance. Justification from the original request that is still applicable to the case should be included in the annual renewal request. Appendix VI-F of this handbook contains a sample request for the annual review of retention allowances.

10. CHANGES IN RETENTION ALLOWANCES

a. A retention allowance may be increased only by the approving official based on a new finding of VA's need for the employee's services and evidence that an employee or a significant number of a group of employees are likely to leave. A new request will be submitted in accordance with paragraphs 2 and 3 of this chapter.

b. A retention allowance may be reduced or terminated by the official who approved it at any time it is determined that a retention allowance is no longer needed or should be reduced. Among the situations which may warrant adjustment or termination of an allowance:

(1) Circumstances indicate that the employee or for group authorizations, a significant number of employees in the group, will remain with VA with a reduced allowance (or none);

(2) Labor market conditions make it reasonably likely that a replacement with equivalent qualifications may be available (with or without a recruitment or relocation bonus);

(3) VA's need for the applicable services has declined so that it is unnecessary to continue the allowance at the present level, or at all;

(4) Budget constraints make it difficult to continue payment at the originally approved level or at all;

(5) The employee(s) announces his or her intent to retire, resign or transfer from VA employment or accepts another position within VA;

(6) There is a change of duties, including change to a different set of functions while remaining on the same position description. When a retention allowance is terminated because of position change or change of duties, a new retention allowance may be approved only if there is a new determination based on VA need and a new offer of outside employment; or

(7) There is an adjustment to the employee's rate of basic pay, whether due to approval of special salary rates, within-grade or periodic step increases, annual comparability and locality adjustments, promotion, etc.

c. Terminations will be effective as of the beginning of the first pay period after the date of the decision of the approving official or as of the anniversary date of the allowance if PAID termination results from lack of annual review compliance.

d. Disapproval, reduction, or termination of a retention allowance cannot be appealed. However, this does not lessen or eliminate any of the rights and remedies under subchapter II of chapter 12 of title 5 U.S.C. or any of the laws referred to in 5 U.S.C. 2302(d). Subchapter II of chapter 12 deals with the Office of the Special Counsel and, among other things, its authority to investigate and take corrective action in connection with prohibited personnel practices and prohibited political activity. The laws referred to in 5 U.S.C. 2302(d) relate to prohibited discrimination on the basis of race, color, religion, sex, national origin, age, disabling condition, marital status, or political affiliation.

11. RECORDS MAINTENANCE. Records sufficient to reconstruct the action will be maintained at the facility for three years after payment ends. Records on allowances approved in Central Office will be maintained by the Human Resources Management Programs and Policies Service (051) for centralized field positions, Central Office Human Resources Service (035) for Central Office positions, and records of locally approved allowances will be retained at the employing facility. Records will include at a minimum: the request, the approval, the statement of understanding, supporting documentation described in paragraph 3 of this chapter, annual review requests and approvals with supporting documentation, notices of terminations with reasons.

12. REPORTS

a. On an annual basis, no later than November 15 of each year, the HRM official will submit through channels to the Human Resources Management Programs and Policies Service (051) an Annual Retention Allowance Report, Reports Control Symbol 05-0876, containing cumulative information on the number of allowances offered during the preceding fiscal year, the number of employees who received allowances, the classification title, series and grade of each, the recipient's annual salary, the percentage of that salary received as an allowance, the dollar amount of the allowance received during that fiscal year, the number of allowances terminated during the year, the reasons for termination and an evaluation of the effect of each allowance on the facility's ability to retain essential VA employees. The report will be in memorandum format and will be signed by the facility director. Negative reports are not required.

b. OHRM (051) will prepare periodic reports of VA use of retention allowances during the previous fiscal year. It will include the number of allowances offered under this chapter during the preceding fiscal year, the number of employees who received allowances, the percentage of salary received as an allowance by each employee, and an evaluation of the overall effect of the payment of retention allowances on VA's ability to retain essential employees. The report will be made available to OPM and the union upon request.

CHAPTER 4. SUPERVISORY DIFFERENTIALS

1. COVERAGE. This chapter applies to first level supervisory employees occupying General Schedule (GS) positions paid under U.S.C. 5332. A supervisory differential may be paid to a GS supervisor who is regularly responsible for providing direct technical and administrative supervision of the work of one or more non-GS employees if any of the subordinates would, in the absence of a supervisory differential, be paid more than the supervisor. GS employees competitively promoted or reassigned on a temporary basis to supervisory positions with higher paid subordinates for more than 120 days are eligible for a supervisory differential.

2. CRITERIA FOR AUTHORIZING AND PAYING A SUPERVISORY DIFFERENTIAL

a. **Supervisory Differential is Not Basic Pay.** A supervisory differential is not considered part of the supervisor's rate of basic pay for any purpose. Therefore, a differential under this authority is not an equivalent increase because it does not change the rate of basic pay. For this same reason, the reduction or termination of a differential is not an adverse action; it is not used to calculate promotions; nor is it used for retirement calculation purposes.

b. **Limitations on Subordinate's Pay**

(1) A subordinate's retained rate of pay may not be used to calculate a differential. Only the maximum rate of basic pay established for the grade of the subordinate's position may be used.

(2) Special pay paid to a physician or dentist under 38 U.S.C. 7431 may not be used to calculate a differential. However, the rate of basic pay will be considered in determining eligibility for and the amount of a supervisory differential.

c. **Subordinate's Basic Pay Above GS-15/10.** A supervisory differential will not be paid when the subordinate's rate of basic pay, exclusive of additional payments of any kind, exceeds the maximum rate of basic pay for grade GS-15 of the General Schedule (GS-15/10). The following criteria will be used to determine whether the subordinate's rate of basic pay exceeds the rate for GS-15/10:

(1) In areas where the supervisor is paid from the nationwide General Schedule, a differential may not be paid if the subordinate's pay exceeds the rate of basic pay GS-15/10 on the nationwide schedule.

(2) In areas where the supervisor receives GS locality payments, a differential may not be paid if the subordinate's pay exceeds the rate for GS-15/10 including locality payments. If the subordinate and supervisor are not located in the same area, the rate for GS-15/10 at the supervisor's location will be used.

(3) If there is a special salary rate range at the GS-15 level for the supervisor's position, a differential may not be paid if the subordinate's pay exceeds the rate for GS-15/10 on the special salary rate range. If the subordinate and supervisor are not located in the same area, the special salary rate for GS-15/10 at the supervisor's location will be used.

(4) Appendix VI-I provides examples of how the above provisions are to be applied.

d. **Effect of Details on Eligibility for Differentials.** A supervisor who is receiving a differential and is detailed to another work unit may continue to receive the differential not to exceed (NTE) 30 days from the beginning of the detail. A supervisor receiving a differential whose higher paid subordinate is detailed to another work unit may continue to receive the differential NTE 30 days from the beginning of the detail. While such differentials may be terminated earlier, they must cease 30 days from the effective date of such details because the supervisor is no longer providing day-to-day technical supervision to the higher paid subordinate as required by regulation. A supervisor detailed into a work unit with a higher paid subordinate does not become eligible for a differential.

e. **Effect of Temporary Promotions on Eligibility for Supervisory Differentials**

(1) A supervisor who is receiving a differential and is temporarily promoted to another position loses the differential for the period of the temporary promotion. The differential may be reinstated upon return to the former position if a pay disparity exists.

(2) A person who is temporarily promoted for more than 120 days into a position with a higher paid subordinate may be given a supervisory differential in the new organization.

(3) If a subordinate is temporarily promoted to a position outside the unit, a supervisory differential based on that employee's pay may continue for no more than 30 days.

(4) If a subordinate is temporarily promoted for more than 120 days to another position under the same supervisor, a new differential based on the subordinate's higher salary may be approved for the period of time the new supervisory/subordinate relationship lasts. Normally, the determination will be made at the time of selection of the subordinate for temporary promotion. It may, however, be made later as long as the subordinate's total service on the temporary promotion has exceeded or will exceed 120 days. In any case, the higher rate is to be paid only on a prospective basis from the date of decision.

f. **Paying the Differential**

(1) The differential is to be paid for hours during which the supervisor receives basic pay, exclusive of overtime hours. For full-time supervisors, the differential will be paid for not more than 80 hours per pay period; for part-time employees, the differential will be paid only for non-overtime hours in a pay status.

(2) The decision to pay a supervisory differential is discretionary; therefore, no differential may be paid until approved by the appropriate management official. In no instance may a differential be paid retroactively.

(3) A differential may only be authorized for a GS supervisor whose continuing pay is less than that of a non-GS subordinate. Only one supervisor may receive a differential based on a specific higher paid subordinate; a single subordinate will cause only one supervisor to receive a differential.

g. **Aggregate Limitation on Pay.** Payment of a supervisory differential is subject to the aggregate limitation on pay of not more than Level I of the Executive Schedule.

3. CALCULATION OF SUPERVISORY DIFFERENTIAL

a. **Limitation on Rate of Subordinate**

(1) A differential may be paid to a supervisor whose continuing pay is less than the continuing pay of a non-GS subordinate whose rate of basic pay does not exceed GS-15/10, based on calculations described in subparagraphs b and c below. The amount of the differential will be set at an amount which does not cause the supervisor's adjusted continuing pay (e.g., the sum of basic pay and continuing payments, plus the supervisory differential payment) to exceed the continuing pay of the higher paid non-GS subordinate by more than 3 percent. (See appendix VI-H for sample calculations.)

(2) The differential may not cause the supervisor's continuing pay to exceed that of the subordinate by more than 3 percent. The subordinate's annual continuing pay is multiplied by the desired percentage (NTE 3 percent). Add the product of that calculation to the subordinate's annual continuing pay to determine the desired rate for the supervisor. The supervisor's continuing pay is then subtracted from that total for the dollar amount of differential. This differential is paid in the same manner and at the same time as the supervisor's basic pay, excluding overtime hours. Processing instructions are contained in paragraph 6 below. A sample computation sheet is included as appendix VI-H.

b. **Supervisor's Continuing Pay.** The following payments are included in the supervisor's continuing pay:

(1) Basic pay, including a retained rate of pay;

(2) A locality comparability payment;

(3) A staffing differential; (if this authority is implemented by OPM)

(4) A retention allowance;

(5) Premium pay paid on an annual basis; and

(6) Any other continuing payment, except night, Sunday, or holiday premium pay or a hazardous duty differential.

c. **Subordinate's Continuing Pay.** The following payments, except as noted here and in subparagraph d below, are included in the subordinate's continuing pay:

(1) Basic pay not to exceed the maximum rate for the position and grade (retained rates are excluded);

(2) A locality comparability payment extended by OPM to a non-GS pay system;

(3) Premium pay paid on an annual basis; and

(4) Any other continuing payment, except night or environmental differentials, Saturday, Sunday or holiday pay, a retention allowance, similar payments under title 5, or special pay for physicians and dentists.

d. **Use of Annual Rates.** A multiplier of 2,087 will be used to calculate the annual equivalent for hourly rates for FWS and hourly rate Veterans Canteen Service employees. Salaries, which are stated as annual amounts, will be compared to the annual rate of the GS supervisor.

e. **Part-Time Employees.** Computation of basic pay and continuing payments for part-time supervisors and subordinates and the amount of the differential will be calculated as if both supervisor and subordinate were full-time. Payment of the differential, however, will be prorated according to the proportion that the supervisor's part-time employment bears to full-time employment.

f. **Rounding of Calculations.** A supervisory differential may not cause the continuing pay of the supervisor to exceed the subordinate's pay by more than 3 percent. Therefore, calculation of a 3 percent differential must always be rounded down to avoid exceeding the limit. Differentials of lesser percentages will be rounded to the nearest whole dollar (counting 50 cents or more as a whole dollar).

NOTE: *See appendices VI-G and VI-H of this part for computation examples.*

4. RESPONSIBILITIES

a. Administration Heads, Assistant Secretaries, Other Key Officials, Deputy Assistant Secretaries, and facility directors are responsible for the fair, equitable, and fiscally responsible administration of this policy and for ensuring that supervisory differentials are determined, calculated, adjusted, and terminated in accordance with the criteria and procedures contained in this chapter. Management officials are responsible for ensuring that these differentials are adjusted or terminated, as appropriate, whenever pay disparities change, whether due to staffing changes or within-grade, periodic step, or comparability increases.

b. The Office of Human Resources Management (OHRM) (051) is responsible for advising management officials on the procedures contained in this chapter, conducting technical reviews of requests submitted for centralized approval, auditing approvals for noncentralized positions, and for ensuring that approvals, adjustments, and terminations of differentials are included in the Department's regular submission to OPM's Central Personnel Data File.

c. Human Resources Managers (HRM) are responsible for advising facility management on the procedures contained in this chapter, providing technical advice and assistance on differential eligibility and calculation, ensuring that requests and records of locally approved differentials are complete, and, upon notification, adjusting or terminating differentials in a timely manner as prescribed in paragraph 8, below. Because supervisory differentials must be calculated and adjusted manually, care must be

exercised to monitor changes in staffing and pay of both the non-GS subordinates whose pay establish eligibility for a differential and the supervisors receiving these differentials. For these reasons, periodic reviews of each differential should be scheduled.

d. Employees receiving differentials are responsible for notifying management officials of staffing changes and pay adjustments for the subordinates whose pay establish eligibility for the differentials which affect the amount of, and their eligibility for, supervisory differentials.

5. DELEGATIONS OF AUTHORITY

a. **Higher Level Review.** The decision to approve or change a differential must be made by a management official who is at a higher level than the official recommending the action.

b. **Differentials Based on Supervision of Federal Wage System (FWS) Employees**

(1) Approval authority for differentials for VACO GS supervisors of FWS employees is delegated to under secretaries; the Director, National Cemetery Administration (NCA); assistant secretaries; other key officials; and deputy assistant secretaries, who may re-delegate it to lower level Central Office management officials in their organizations.

(2) The Director, National Cemetery Administration, or designee, is the approving official for supervisory differentials recommended by subordinate managers.

(3) Other field facility directors are delegated authority to approve differentials for centralized and non-centralized GS supervisors of FWS subordinates under their jurisdiction.

c. **Differentials Based on Supervision of Title 38 Employees**

(1) The Secretary, or designee, approves supervisory differentials for employees in positions centralized to that office.

(2) Except as noted below, the Under Secretary for Health is the approving official for all other differentials based on supervision of Veterans Health Administration (VHA) title 38 employees. Approval authority for differentials and all increases in the percentage of differentials for Central Office VHA title 5 supervisors of title 38 employees may not be further delegated. Authority to approve differentials and all increases in the percentage of differentials based on supervision of title 38 employees for VHA title 5 employees in field positions may be delegated no lower than the appropriate network director.

(3) The immediate supervisors of VHA Central Office employees who are receiving differentials based on supervision of title 38 employees may approve decreases in percentage and dollar amount.

(4) The Director, Veterans Canteen Service (VCS) is the approving official for all supervisory differentials for VCS title 5 supervisors of title 38 employees (e.g., Canteen Chiefs). VCS regional directors, for their respective jurisdictions, recommend differentials for VCS district managers based on

supervision of title 38 subordinates and are authorized to approve decreases in the percentage and dollar amount of such differentials.

(5) Field facility directors may approve decreases in the percentage and dollar amount of differentials based on supervision of title 38 employees at their facilities regardless of where the differential was approved.

6. SUBMISSION PROCEDURES

a. **Contents of Recommendations.** Regardless of the approval level or types of employee supervised, recommendations to pay a supervisory differential must contain the following:

(1) The supervisor's position description;

(2) The subordinate's position description or functional statement;

(3) Signed and dated organizational chart showing all positions and the supervisory chain of command;

(4) Recommended amount or percentage of differential;

(5) Work sheet comparing continuing pay of the supervisor and subordinate, including approximate dates and amounts of anticipated pay changes for both (See appendix H of this part);

(6) Reason for paying the differential, including an evaluation of the relationship in pay among GS supervisors in the unit and other units;

(7) Certification that the supervisor is responsible for the required personnel management functions; and

(8) Any other supporting documentation, such as relative position in a rate range, earning potential in each position, etc.

b. **Submission of Requests for Supervisors of Title 38 Employees**

(1) For positions under this subparagraph, requests for supervisory differentials will be signed by the facility director and submitted through channels to OHRM (051) for review and processing prior to referral to the approving official.

(2) For Central Office positions, requests for supervisory differentials will be made by the immediate supervisor of the candidate for the differential and submitted through channels to Central Office Human Resources Service (035) for review and processing prior to referral to the approving official.

7. PROCESSING SUPERVISORY DIFFERENTIALS

a. **General.** An adjustment to the differential must be initiated and processed by the servicing human resources management office. There will be no advance notice from the PAID System or automatic adjustment to the differential. Therefore, whenever the basic pay or continuing payment of either the supervisor or subordinate changes, for whatever reason, or the supervisory relationship terminates due to staffing changes, the supervisory differential must be recalculated and adjusted or terminated, as appropriate. The differential must be reduced or terminated within 30 days or two pay periods of the pay change or staffing change which affects eligibility for the differential. Increases are discretionary and may not be effected until authorized by the approving official. Management is responsible for ensuring that staffing changes which affect eligibility for a differential are promptly brought to the attention of Human Resources Managers and Fiscal Officers, so that the differential may be adjusted or terminated, as appropriate, within the 30-day time limit. A copy of each personnel action and revised computation sheet will be filed in the personnel folder.

b. **Change in Supervisor's Continuing Pay.** Each time a supervisor's payment (basic pay, GAP, retention allowance, etc.) is adjusted or terminated, the differential must be manually recalculated to ensure that the continuing pay of the supervisor does not exceed the subordinate's continuing pay by more than the differential authorized or 3 percent, whichever is lower. Normally, the increase in a continuing payment will be offset by an equal reduction in the amount of the differential. If an increase in the continuing pay of the supervisor causes it to equal or exceed the continuing pay of the subordinate, even if only by one dollar, the differential must be terminated.

c. **Change in Subordinate's Continuing Pay.** Any adjustment to the rate of basic pay of the subordinate, such as a WGI or periodic step increase or general or comparability increase, or to a continuing payment, such as annual premium pay or GAP, will require a recalculation of the supervisor's differential to ensure that the continuing pay relationship remains within the authorized percentage. Any increase in the percentage of the differential requires a re-determination by the approving official.

d. **Staffing Change.** Any staffing change or any other action, such as a change in the supervisory relationship, reassignment of either employee, resignation or other separation, etc., will require an adjustment or termination of the differential. Any of these conditions affect the supervisor's eligibility for a differential and will require a re-computation of the differential and adjustment, if necessary, within 30 days of the action affecting eligibility for the differential or the amount payable.

8. TERMINATION OR ADJUSTMENT OF SUPERVISORY DIFFERENTIALS. The primary responsibility for ensuring that supervisory differentials are properly adjusted or terminated rests with the immediate supervisor of the recipient of a differential. However, the recipient is responsible for notifying his/her immediate supervisor when there is a staffing change or change in the subordinate's pay so the differential may be adjusted or terminated, as appropriate. Human Resources Management Offices will provide technical advice and assistance regarding terminations and adjustments. They and Fiscal Offices are responsible for processing the adjustment or termination of the differential within 30 days of the effective date of any staffing or pay change which changes eligibility for a differential, as specified below.

a. **Required Termination**

(1) The supervisory differential must be terminated under either of the following circumstances:

(a) When the continuing pay of the supervisor, excluding the differential, equals or exceeds the continuing pay of the highest paid non-GS subordinate. This may be due to changes in either the supervisor's or subordinate's pay.

(b) When a supervisor is no longer responsible for providing direct technical and administrative supervision over a higher paid non-GS employee, whether due to retirements, reorganizations, temporary assignments or details of more than 30 days, changes in continuing pay, etc., of either the supervisor or subordinate.

(2) Required terminations do not need higher level approval.

b. **Required Adjustment.** The supervisory differential must be reduced or terminated, as appropriate, when the continuing pay of the supervisor, including the differential, exceeds the continuing pay of the highest paid non-GS subordinate, calculated according to the instructions in paragraph 3 of this chapter, by more than 3 percent. Required adjustments do not need higher level approval.

c**. Discretionary Termination.** Only the approving official may authorize the discretionary termination of a differential. Requests for termination of a differential will be submitted in the same manner and to the same approving official as the initial request. The differential may be terminated at any time, but requires a written determination and justification.

d. **Discretionary Adjustment.** Supervisory differentials may be adjusted by the appointing official to any amount which does not exceed either the authorized percentage of the differential or 3 percent above the subordinate's pay, whichever is lower. A written record of the adjustment and reason for it must be prepared and maintained with the initial approval documents.

e. **Effective Date.** The reduction or termination of a differential must be effective no later than 30 calendar days after the event which triggers the required reduction or termination, or the discretionary decision to reduce or terminate the differential. Making reductions or terminations effective at the

beginning of a pay period will simplify matters for human resources and payroll staffs. Failure to adjust or terminate a differential will result in salary overpayments, which entail repayment obligations. Increases in differentials are discretionary and may not be effected until authorized by the approving official.

f. **Appeals.** The reduction or termination of a differential may not be grieved through the agency grievance procedure, nor may such actions be appealed. However, this does not lessen or eliminate any of the employee rights and remedies with the Office of Special Counsel, Merit Systems Protection Board (see title 5, chapter 12, subchapter II) or employee rights authorized by any of the laws referred to in 5 U.S.C. 2302(d). The Office of the Special Counsel has authority to investigate and take corrective action in connection with prohibited personnel practices and prohibited political activity. The laws referred to in 5 U.S.C. 2302(d) relate to prohibited discrimination on the basis of race, color, religion, sex, national origin, age, disabling condition, marital status or political affiliation.

9. REPAYMENT REQUIREMENTS

a. **General.** An overpayment occurs whenever a differential is not terminated within 30 days of the date the supervisor became ineligible for the differential or the date the differential was required to be adjusted. The employee is obliged to notify human resources managers of staffing changes which affect eligibility for the differential. Therefore, an employee who receives an overpayment shall be indebted to the U.S. Government and must repay the overpayment, unless a waiver is approved.

b. **Waiver Procedures.** When an overpayment occurs, a Bill of Collection will be prepared by facility officials to notify the employee of the overpayment. The employee will be advised how to request a waiver of repayment liability. Requests will be processed through the VA Committee for Waivers and Compromises (VA Directive 4060 and related handbooks). Amounts owed shall be recovered under VA regulations for collection by offset from an indebted Government employee under 5 U.S.C. 5514 and subpart K of 5 CFR, part 550.

10. RECORDS

a. A record of each supervisory differential approval will be maintained by the servicing human resources office for at least three years after its termination. The information retained will include:

(1) Name, position, grade, and step of the supervisor;

(2) Name, position, grade, step, and applicable pay schedule of the subordinate;

(3) Justification and information specified in paragraph 6 of this chapter;

(4) A signed, dated copy of the approval document;

(5) Information on all discretionary adjustments, including the reasons; and

(6) Information on the termination of the differential, including the reason and the effective date.

b. A copy of the approval and the most recent computation sheet showing the amount of differential currently being paid shall be maintained on the temporary (left) side of the personnel folder.

CHAPTER 5. ADVANCES IN PAY FOR NEW EMPLOYEES

1. COVERAGE. This chapter provides the Department of Veterans Affairs (VA) mandatory guidance and procedures on advance payments of basic pay to newly appointed employees. Such advances will not cover more than two pay periods and can be made only to new employees (including those receiving appointment after a break in service of at least 90 days) appointed to positions with a scheduled tour of duty. Intermittent and fee basis employees are excluded. The title 5 authority permits advance payments to both title 5 and title 38 appointees. The Secretary of Veterans Affairs, or a person appointed to a position in expectation of receiving an appointment as Secretary, may not receive an advance in pay under this authority.

2. GENERAL

a. An advance payment of basic pay (see paragraph 13e for definition of "basic pay") may be made when, without the payment, the prospective employee may not accept the position because of immediate financial obligations associated with acceptance.

b. Advance payments of not more than two pay periods of basic pay may be made in one or more installments to newly appointed employees. The amount advanced will be based on the employee's rate of pay at the time of appointment, reduced by the amount of any deductions and allotments that would normally be subtracted from the employee's first regular paycheck.

c. An advance payment may be made no earlier than the date of appointment and no later than 60 days after appointment.

d. If a special advance payment is expected within two pay periods after appointment because of assignment to a foreign post (5 U.S.C. 5927), eligibility for an advance under this authority is nullified.

e. A written statement of understanding covering requirements for the payment, repayment, recovery, and waiver will be signed by the approving official and the employee prior to payment.

3. CRITERIA. An advance payment of basic pay may be made when there is evidence that, without the payment, the new employee may be deterred from accepting the position. During recruitment interviews or other preliminary discussions, applicants should be made aware of the possibility of advance payments for special needs related to the new employment. General notice of the availability is likely to generate a request if a need exists. In determining whether an advance should be approved, factors such as the following should be considered:

a. The presence of significant travel and/or household relocation costs and whether VA is helping pay those expenses;

b. The ability of the new employee to bear expenses related to acceptance (e.g., recent graduate just beginning career);

c. Personal financial obligations of the new appointee which indicate an advance in pay will ease the transition to new employment (e.g., pressing debts incurred while in school or during periods of unemployment); and

d. Other factors related to the acceptance of new employment which indicate a need and, in the judgment of the approving official, justify an advance (e.g., need to remodel home to provide accessibility for dependent with disabilities).

4. RESPONSIBILITIES

a. Administration Heads, Assistant Secretaries, Other Key Officials, Deputy Assistant Secretaries, and facility directors are responsible for the fair, equitable, and fiscally responsible administration of this policy and for ensuring that advances in pay are determined and approved in accordance with the criteria and procedures in this chapter.

b. The Deputy Assistant Secretary for Human Resources Management has Department level responsibility for advising management officials on the procedures in this chapter.

c. HRM Officials are responsible for advising local management officials on policy, the procedures in this chapter, providing technical advice and assistance in coordination with Financial Managers on advances in pay, repayment requirements and other technical matters, and ensuring the completeness of requests prepared at the local level and the statement of understanding to be signed by the employee. They will maintain documentation adequate for reconstruction of each case and prepare reports as required. They will keep senior management informed about delegated use of advances in pay and waivers and make recommendations for corrective measures if necessary.

d. Management officials (e.g., selecting officials in coordination with HRM Officials) are responsible for advising the new employee of the possibility of an advance in pay and the conditions of repayment.

e. Employees are responsible for signing a statement of understanding prior to receipt of an advance payment and promptly repaying as required.

5. DELEGATIONS OF AUTHORITY

a. The Secretary, Administration Heads, Assistant Secretaries, and Other Key Officials, or their designees, approve payments and waivers of repayment of advances in pay for employees occupying Central Office positions in their organizations.

b. Facility directors, or their designees, may approve advances in pay and waivers of repayment for employees in centralized and noncentralized positions under their jurisdiction. Redelegation of authority to approve advances may occur with or without corresponding authority to grant waivers or the two authorities may be redelegated to different subordinates.

c. Supervisors are responsible for recommending the amount of advances in pay.

d. The Director, Central Office Human Resources Service (035), upon recommendation of service directors (or equivalent supervisors) or higher level officials for advances in pay for new VACO employees under their jurisdiction, is authorized to approve such advances.

6. REQUESTS FOR ADVANCES IN PAY

a. **General.** Requests for advances in pay must be made in writing and signed by the employee.

b. **Contents of Requests.** Each request for an advance in pay must include the following:

(1) The employee's name, facility, and duty station;

(2) Organization, title, and grade of the position to which appointed;

(3) An explanation of the need for the advance;

(4) The signed and witnessed Statement of Understanding;

(5) The signature of the recommending official, with date; and,

(6) A signature and date block for the approving official.

c. **Procedures.** Requests for advances will be reviewed on a case-by-case basis by the approving official. If the Chief, HRM is not delegated approval authority, requests will be submitted through that office for technical review and concurrence. Requests will be routed through channels and received by the approving official early enough to permit approval and payment of the advance before the employee's 61st calendar day of employment.

7. EMPLOYEE STATEMENT OF UNDERSTANDING

a. An employee statement of understanding must be prepared by the HRM office and included with each request for an advance in pay.

b. The statement will include:

(1) Employee name, position (title, series, and grade), organization, and facility;

(2) Employee's per annum basic rate of pay;

(3) The amount of basic pay which the employee is entitled to receive for two pay periods at the time of appointment, less any allotments or deductions normally subtracted from pay;

(4) The total amount of pay to be advanced, which cannot be more than the net amount described in (3);

(5) Whether the advance in pay is to be recovered by payroll deductions, or salary offset;

(6) The schedule of allotments for repayment of the advance which must be completed over not more than 14 pay periods from the date of first payment, unless recovery is accomplished under 5 CFR, part 550, subpart K;

(7) The amount that will be deducted from the employee's pay by payroll deductions or salary offset for each pay period;

(8) A statement that the employee may prepay all or part of the outstanding balance at any time before final payment is due and how and where these prepayments may be made;

(9) A statement that the employee understands that the unpaid balance is due and must be repaid to VA by the employee, unless waived by the approving official, upon transfer to another Federal agency or termination of VA employment for any reason;

(10) A statement that, upon transfer or termination of the employee for any reason, any unpaid balance must be recovered by salary offset or by any other method provided by law;

(11) Signature of employee and date; and

(12) Signature of witness and date.

8. APPROVING ADVANCES IN BASIC PAY

a. **General.** Approving officials must review and approve each advance in pay in writing (either on the request or by separate memorandum). Advances will be effective only after the appropriate official approves the request. Approvals may not be made on a retroactive basis.

b. **Notification.** The approving official will return the approved request for advance to the recommending official for transmittal to the employee and the servicing HRM office. The approval, recommendation, and supporting documentation, including the signed Employee Statement of Understanding, will be retained by HRM officials as required in paragraph 11 below. The HRM office will provide a copy to the servicing payroll office.

9. PAYMENT AND REPAYMENT PROCEDURES

a. The advance in pay will be calculated based on the new employee's basic pay for not more than two pay periods. Any allotments or deductions normally taken from that amount will be subtracted to yield the maximum amount of pay which may be advanced. A recruitment bonus (if authorized) is not part of the basic rate of pay and, therefore, is not included in the advance.

b. Unless salary offset procedures are required for repayment under 5 CFR, part 550 subpart K, for any advance, a period of no more than 14 pay periods will be established for repayment through payroll deductions. An employee may prepay all or part of the outstanding balance at any time and must be told where and how prepayments may be made.

10. WAIVERS OF REPAYMENT. Approving officials may waive, in whole or in part, the right of recovery of the advance payment, if it is determined that recovery would be against equity and good conscience or against the public interest (e.g., employee who received an advance is severely injured shortly after entry on duty and must be placed on leave without pay for extensive rehabilitation).

11. RECORDS. Records sufficient to reconstruct actions that do not include a waiver will be retained at the facility until the advance is fully repaid. Those involving waivers of repayment will include a clear explanation of the circumstances and facts, which justified the waiver. Records will be retained for 3 years. Records on VACO advances will be maintained by the Central Office Human Resources Service (035); those approved locally will be retained at the employing facility. Records will include: the request, the approval, the statement of understanding, and any waivers with supporting documentation.

12. REFERENCES

a. 5 U.S.C. 5524a.

b. 5 CFR, part 550 subparts B and K.

c. 38 U.S.C. 7410

13. DEFINITIONS

a. **Employee.** An individual appointed to a position with a scheduled tour of duty.

b. **Newly Appointed**

(1) The first appointment, regardless of tenure, as an employee of the Federal Government;

(2) A new appointment following a break in service of at least 90 days; or

(3) A permanent appointment in the competitive service following a period of at least 90 days of leave without pay after completion of a cooperative work-study program under 5 CFR 213.3202 appointment, provided any former advance in pay has been fully repaid.

c. **Offset (or setoff).** Repayment in installments of an advance in pay by payroll deductions or an administrative offset under 5 CFR, part 550, subpart K, to collect a debt under 5 U.S.C. 5514 from an indebted Government employee.

d. **Pay Period.** The period covering two administrative workweeks.

e. **Rate of Basic Pay.** The rate of pay fixed by law or administrative action for the position held by an employee, including annual premium pay under 5 U.S.C. 5545(c); night differential for prevailing rate employees under 5 U.S.C. 5343(f); a special rate established under 5 U.S.C. 5305, 5 CFR 532.231, or other legal authority (such as 38 U.S.C. 7455); and locality-based comparability payments under 5 U.S.C. 5304, competitive pay for nurses and other health-care personnel established under 38 U.S.C. 7451, any applicable interim geographic adjustment, special rate of pay for law enforcement officers, or special pay adjustment for law enforcement officers under section 302, 403, or 404 of the Federal Employees Pay Comparability Act of 1990 (Pub. L. 101-509). Rate of basic pay does not include additional pay of any other kind, such as special pay for physicians and dentists, recruitment bonuses, or on-call pay.

CHAPTER 6. SPECIAL SALARY RATES

1. GENERAL. This chapter contains mandatory procedures for approving or requesting special salary rates (SSR) for General Schedule and title 38 positions.

a. **Exclusions.** The following personnel are excluded from the provisions of this chapter:

(1) Physicians and dentists eligible for special pay under 38 U.S.C. 7431.

(2) Residents appointed under 38 U.S.C. 7406.

(3) Residents and trainees appointed under 38 U.S.C. 7405(a)(1)(D).

(3) Personnel employed on a per annum fee basis or lump-sum fee basis under 38 U.S.C. 7405(a)(2).

b. **Use of Special Salary Rates.** Special salary rates may be requested or approved only to:

(1) Provide basic pay in amounts competitive with, but not exceeding, the amount of the same type of pay paid to the same category of personnel at non-Federal facilities in the same labor market; and

(2) Enable VA to recruit or retain well-qualified employees, or categories of employees, where recruitment or retention problems are being caused by higher non-Federal rates of pay;

(3) Achieve adequate staffing at particular facilities; or

(4) Recruit personnel with specialized skills, especially those skills which are difficult or demanding.

c. **Preconditions.** Submission of a special rate request or authorization presupposes all recruitment possibilities have been exhausted and full attention has been given to addressing any retention consideration such as working conditions and duty assignments. A request for special salary rates for General Schedule positions also presupposes sound and effective position management, as well as properly classified positions.

d. **Other Limitations**

(1) The authorities in this chapter are to be used as a management tool to enable VA to recruit and retain sufficient numbers of capable, well-qualified personnel. However, pay rates may not be set at levels above those necessary to meet recruitment and retention needs.

(2) The maximum rate established for a grade under this chapter (except in the case of nurse anesthetists, pharmacists and licensed physical therapists) may not exceed the minimum rate prescribed by statute for the grade by more than 90 percent. The maximum rate of basic pay for any employee so increased may not exceed the rate payable for Level V of the Executive Schedule.

e. **Alignment.** SSRs must be aligned to the nationwide General Schedule or Nurse Schedule for Physician Assistants (PAs) and Expanded Functional Dental Auxiliaries (EFDAs) as appropriate. The rates are not to be aligned to locality pay schedules established under 5 U.S.C. 5304. An expanded 28-step GS and PA schedule has been provided on the OHRM web page for use in setting and requesting special rates.

f. **Increases in GS and PA Pay Schedules.** Whenever there is a nationwide adjustment in the GS or PA pay schedule, instructions will be provided to field facilities on adjusting special rate authorizations to coincide with the nationwide adjustment.

2. APPROVAL OF SPECIAL SALARY RATES UNDER 38 U.S.C. 7455

a. **Coverage.** This paragraph contains mandatory procedures for establishing, adjusting, or canceling special salary rates for physician assistants appointed under 38 U.S.C. 7401(1) and 7405(a)(1)(A); and the following health-care personnel appointed under 38 U.S.C. 7401(3) and 7405(a)(1)(B): certified or registered respiratory therapists, licensed physical therapists, licensed practical/vocational nurses, pharmacists, and occupational therapists.

b. **Definitions**

(1) **Special Salary Rate (SSR).** An increase in the rate of basic pay through a special salary rate range or an above-minimum entrance rate.

(2) **SSR Range.** An increase in the minimum, intermediate, and maximum rates of basic pay for a grade, i.e., an increase in all step rates for the grade.

(3) **Above-Minimum Entrance Rate (AMER).** An increase in the minimum rate of basic pay for a grade with no corresponding increase in higher intermediate rates or in the maximum rate of pay for that grade.

(4) **Corresponding Position.** A non-Federal position where the basic duties and responsibilities are similar to those found in VA positions and which has the same or similar education, training, and experience requirements.

(5) **Intergrade Differential.** The number of steps or within-grade increase equivalents between the adjusted entrance rates or first steps of grades (see appendix VI-L).

(6) **Internal Alignment.** The alignment of pay grades based on inter-grade differentials. Internal alignment is intended to provide appropriate recognition of differences in levels of responsibility while assuring that the entrance rates for all grades do not exceed the highest beginning non-Federal rates in the community for corresponding positions.

(7) **Entry Grade.** For each occupation, the grade at which new graduates without experience or those meeting minimum qualifications standards are typically employed.

Pharmacist - GS-9
Registered Respiratory Therapist (RRT) - GS-7
Certified Respiratory Therapist (CRT) - GS-5
Physical Therapist (PT) - GS-7
Occupational Therapist (OT) - GS-7
Licensed Practical/Vocational Nurse (LPN/LVN) - GS-3
Physician Assistant (PA) - Associate grade

(8) **Benchmark Grade.** For each occupation, the first grade or grade interval beyond the entry or developmental grade.

Pharmacist - GS-11
RRT - GS-8
CRT - GS-6
PT - GS-9
OT - GS-9
LPN/LVN - GS-4
PA - Full grade

(9) **Salary Data.** Information about pay practices in the local non-Federal labor market for comparable levels of work.

(10) **Minimum Hiring Rate.** The lowest rate of basic pay that an establishment would offer a new hire for a corresponding position. This may be a higher rate than the published minimum rate.

(11) **General Schedule (GS) or Nurse Schedule for PAs and EFDAs.** The schedule of rates of basic pay exclusive of any geographic or locality pay.

c. **Responsibilities**

(1) Facility directors shall establish initial SSRs, adjust existing rates (upward or downward), move from AMERs to SSR ranges, or cancel SSRs when they are no longer appropriate. They are responsible for assuring that:

(a) SSRs are needed to recruit and retain well qualified health-care personnel;

(b) Appropriate consideration has been given to the use of recruitment bonuses, relocation bonuses, retention allowances, and/or appointments above the minimum step of the grade, to address staffing problems in lieu of establishing or adjusting special rates;

(c) Approved special rates comply with this chapter; and

(d) Local funds are available for any increased costs before implementing special rate authorizations.

(2) Human Resources Management (HRM) Officers

(a) HRM Officers will recommend the approval of SSRs when, in their best judgment, such rates are necessary to recruit and retain well-qualified health-care personnel.

(b) HRM Officers will recommend the use of recruitment bonuses, relocation bonuses, retention allowances, or appointments above the minimum step of the grade, when, in their judgment, the use of these authorities would be more appropriate to address recruitment and retention problems than special rates.

(c) HRM Officers will coordinate special rate authorizations with all concerned parties by:

1. Assuring that authorizations and cancellations of SSRs are closely coordinated with other VA facilities in the same labor market;

2. Advising officials of other Federal medical facilities that employ personnel in the same occupation in the local labor market of impending salary surveys and notifying them of any special rate authorizations approved under this chapter. HRM Officers may release salary data to officials from other Federal medical facilities upon request to avoid duplicate surveys. These officials will be required to maintain the data in strict confidence in accordance with paragraph 5c of this chapter;

3. Reporting special rate authorizations to the Human Resources Management Programs and Policies Service, Office of Human Resources Management (051) prior to effecting them; and

4. Notifying the appropriate Office of Personnel Management (OPM) Regional and Area Offices of approved authorizations.

(3) Human Resources Management Programs and Policies Service, Office of Human Resources Management (051) shall conduct post-audit reviews of adjustments made under this paragraph and advise management and operating officials in VHA on special rate policy and procedures.

(4) Network directors are responsible for designating a lead facility when necessary to coordinate special salary rate authorizations when more than one facility in the same labor market would be affected by such rates.

(5) Under Secretary for Health or designee may withdraw the authority to approve SSRs if the SSRs authorized are not consistent with law and policy or based on documented recruitment or retention problems.

d. **SSR Ranges**

(1) SSR ranges may be authorized when higher non-Federal rates of pay in the local labor market area are causing significant problems recruiting or retaining well-qualified health-care personnel. To determine the extent of recruitment and retention problems, facility officials should complete the Special Rates Evaluation Worksheet found in appendix VI-K to this part. At the same time, they should estimate the additional cost of salaries and fringe benefits associated with the authorization of special rates.

(2) SSR ranges may also be authorized when recruitment or retention problems are anticipated due to higher non-Federal rates of pay in the community. For example, special rates may be appropriate when there are higher rates within the community and facility officials are unable to recruit well-qualified candidates for anticipated vacancies in hard-to-fill occupations, expect to lose employees in such occupations who are receiving bona-fide job offers, or cannot recruit for an occupation without appointments above the minimum step of the grade. The circumstances for approving special rates based on anticipated problems should be fully explained and attached to the evaluation worksheet along with any other supporting documentation that is available.

e. **Setting the First Step of the Entry and Benchmark Grades**

(1) Normally, the first step of the entry and benchmark grades will be set at any step rate of the grade that is equal to or below the local average beginning salary rate for corresponding positions (the community average). Except for PT and pharmacist authorizations, the step selected may not exceed the 19th step of the GS or PA schedule. If a higher rate is needed, AMERS may be established under subparagraph g below.

(2) The first step of the entry and benchmark grades may be set at any step rate that is greater than the community average but less than the highest beginning rate for corresponding positions when doing so is necessary to recruit and retain well-qualified employees. Factors such as the rates paid by the facility's nearest major competitors and the severity of any recruitment and retention problems must be considered when determining whether to set the rate above the community average. Severe staffing problems are evidenced by a vacancy rate of 20 percent or more, positions that have been vacant for 6 months or longer, a staffing success rate of 50 percent or less, or a quit for pay rate of 25 percent or higher (see appendix VI-J to determine these rates).

(3) In Alaska and Hawaii, where OPM has approved a non-foreign cost-of-living allowance (COLA) under 5 U.S.C. 5941, facility directors are to set the beginning rate of a grade so that the sum of the beginning rate **and** the COLA meet the criteria in subparagraphs e(1) and (2) above.

(4) In no instance may the beginning rate of a special salary rate range exceed the highest beginning non-Federal pay rate for corresponding positions.

(5) The step selected under subparagraph e(1) or (2) above becomes the new minimum step rate for a 10-step range in which each step increase is equal to a step increase on the GS or PA pay schedule for that grade.

f. **Internal Alignment**

(1) Normally, to internally align SSR ranges, set the minimum rate for a grade at a step which will provide a two-step inter-grade differential. (See appendix VI-L of this part.)

(2) To prevent special rates at any grade from exceeding the highest non-Federal rate, a one- or three-step differential between grades may be used.

(a) A one-step differential may be used to set the minimum rate of a grade above the benchmark grade when necessary to prevent that rate from exceeding the highest beginning non-Federal rate.

(b) A three-step differential may be used to set the minimum rate for a grade below the benchmark grade when necessary to prevent that rate from exceeding the highest beginning non-Federal rate.

(c) A three-step differential may also be used to set the minimum rate of a grade above the benchmark grade when the average non-Federal pay for corresponding positions significantly exceeds the rate obtained using a two-step differential.

(d) A three-step differential may not be used to set the minimum rate for a grade above the benchmark grade without survey data to support such action.

(3) In no instance shall the rate set at any grade exceed the highest beginning non-Federal rate for corresponding positions. Instead, the minimum rate for the benchmark grade will be set at a lower level so that none of the minimum rates at other grades exceed the highest beginning non-Federal rate for corresponding positions.

g. **Setting AMERs in Combination with SSR Ranges**

(1) Except for PT and pharmacist authorizations, the beginning rate of an SSR range under subparagraph e above may not exceed the equivalent of the 19th step of the grade. When the average beginning non-Federal rate for a grade exceeds the 19th step, an AMER may be established in combination with an SSR range. Use the following steps to establish combined AMERs and SSR ranges:

(a) Set the first step of the SSR range for the benchmark grade equivalent to the 19th step of the grade.

(b) Set the AMER for the entry and benchmark grades using the procedures in subparagraph e above.

(c) Then use the procedures in subparagraph f to set the minimum step of grades above the benchmark grade.

(2) AMERs will not be used for PT and pharmacist authorizations. If a beginning step above the 19th is needed for a PT or pharmacist authorization, that step and a full SSR range will be established under subparagraph e(1) above.

h. **Statutory Limitation.** The maximum rate of basic pay for any authorization, including those for PTs and pharmacists, may not exceed the rate payable for Level V of the Executive Schedule.

i. **Effective Date of Authorizations and Cancellations**

(1) The effective date of authorizations and cancellations will be the first day of the first full pay period after the approval date.

(2) Facilities must coordinate the effective date of their authorizations and cancellations with other affected VA facilities to meet the requirements of paragraph 3b(5) below.

j. **Reporting Requirements.** Copies of the following documents shall be faxed to the Human Resources Management Programs and Policies Service (051) prior to the effective date of an authorization. Informational copies of these documents should also be sent to the appropriate network director.

(1) A copy of the authorization formatted in the manner shown in appendix VI-M to this handbook.

(2) For an initial authorization and increase in existing SSRs, a copy of the evaluation worksheet shown in appendix VI-K, a summary of the salary survey results for each grade surveyed, and any supporting documentation including, when appropriate, justification for setting beginning rates above community averages and documentation of the nature and extent of anticipated staffing problems.

(3) For a cancellation, a narrative explanation of the decision, the number of employees covered by the authorization, and an estimate of the costs associated with canceling the special rates should be provided.

k. **Processing Instructions.** Processing procedures will be issued by VACO when authorizations are approved or schedules are canceled.

l. **Records Retention.** A history file shall be established for each occupation for which special salary rates are approved. The records in this file are to be disposed of in accordance with item 05-35, VHA's Records Control Schedule (RCS) 10-1.

m. **Review and Correction.** Authorizations approved under this chapter will be subject to post-audit review by Central Office officials. Network directors will direct facility directors to take appropriate corrective action if this review establishes that adjustments made are not in compliance with VA policy or the provisions of this chapter.

3. REQUESTS FOR SPECIAL SALARY RATES UNDER 38 U.S.C. 7455

a. **Coverage.** This paragraph contains mandatory procedures for requesting the approval of special salary rates (SSRs) by the Under Secretary for Health under 38 U.S.C 7455.

(1) This paragraph applies to:

(a) Veterans Health Administration (VHA) General Schedule (GS) employees providing direct patient care services or services incident to direct patient care;

(b) VHA police officers, and

(c) Health-care personnel appointed under title 38 U.S.C. for which the Under Secretary for Health has retained approval authority including registered nurses, certified registered nurse anesthetists, expanded-functional dental auxiliaries, podiatrists, optometrists, and board certified clinical or counseling psychologists.

(2) This subchapter does not apply to VHA GS administrative, clerical and physical plant maintenance personnel whose special salary rates are approved by the Office of Personnel Management under 5 U.S.C. 5305.

b. **Responsibilities**

(1) The Under Secretary for Health or designee will approve special salary rate ranges and above-minimum entrance rates for employees covered by this paragraph.

(2) For occupations covered under paragraphs 3a(1)(a) and (b) above, the Under Secretary for Health or designee shall, not less than 45 days prior to the proposed effective date of an increase, notify the Director of the Office of Personnel Management of the Under Secretary for Health's intention to approve such an increase. The Director of the Office of Personnel Management may disapprove such an increase under the provisions of 38 U.S.C. 7455(d)(2).

(3) Veterans Integrated Service Network (VISN) directors are responsible for:

(a) Reviewing facility requests to ensure they are consistent with the criteria contained in this chapter.

(b) Designating a lead facility when necessary to coordinate special salary rate requests when more than one facility in the same labor market would be affected by such rates.

(4) Facility directors shall submit a request to establish SSRs, adjust existing rates (upward or downward), move from above-minimum entrance rates to SSR ranges, or cancel SSRs when they are no longer appropriate. They are responsible for assuring that:

(a) SSRs are needed to recruit and retain well qualified personnel;

(b) Full consideration has been given to the use of recruitment bonuses, relocation bonuses, retention allowances, and/or appointments above the minimum step of the grade, to address staffing problems;

(c) Requests comply with the requirements of this chapter; and

(d) Local funds are available for any increased costs before submitting a request for special rates.

(5) Human Resources Management (HRM) Officers will:

(a) Recommend requesting SSRs when, in their best judgment, such rates are necessary to recruit and retain well-qualified personnel.

(b) Recommend the use of recruitment bonuses, relocation bonuses, retention allowances, or appointments above the minimum step of the grade, when, in their judgment, the use of these authorities would be more appropriate to address recruitment and retention problems than special rates.

(c) Coordinate special rate requests with all concerned parties by:

1. Assuring that requests are closely coordinated with other VA facilities in the same labor market area. This includes taking the lead as appropriate to submit a consolidated request to Central Office that covers all affected VA facilities in the labor market.

2. Advising officials of other Federal agencies that employ personnel in the same occupation in the local labor market of impending salary surveys and special rate requests, including proposed salary rates. HRM Officers may release salary data to officials from other Federal medical facilities upon request to avoid duplicate surveys. These officials will be required to maintain the data in strict confidence in accordance with subparagraph 5c of this chapter.

c. **SSR Requests**

(1) SSRs may be requested when higher non-Federal rates of pay in the local labor market area are causing significant problems recruiting or retaining well-qualified personnel.

(2) SSRs may also be requested when recruitment or retention problems are anticipated due to higher non-Federal rates of pay in the community. For example, special rates may be appropriate when there are higher rates within the community and facility officials are unable to recruit well-qualified candidates for anticipated vacancies in hard-to-fill occupations, expect to lose employees in such occupations who are receiving bona-fide job offers, or cannot recruit for an occupation without appointments above the minimum step of the grade.

d. **Submission of Requests**

(1) **Where to Submit.** All requests for special salary rates are to be submitted to the Human Resources Management Programs and Policies Service through the appropriate network director (10N__/051). Incomplete, improperly prepared or inappropriate requests will be returned by the Network Director without further action.

NOTE: *Field facilities will not submit requests for special salary rates for VHA General Schedule employees covered by this chapter under 5 U.S.C. 5305 unless specifically authorized to do so by the Under Secretary for Health or designee.*

(2) **Format of Requests.** Requests for approval or adjustment of special salary rates are to be submitted on Office of Personnel Management (OPM) Form 1397.

(3) **Contents of Requests**

(a) A request for special salary rates should contain enough information for reviewing and approving officials to clearly identify the nature and extent of any recruitment or retention problems, the effect of these problems on the provisions of patient care, and the role of non-VA Federal and non-Federal salary rates in the local labor market.

(b) If a request is based on anticipated staffing problems, the basis for anticipating recruitment or retention problems should be fully explained in the request and any supporting documentation such as copies of bona-fide job offers employees have received should be submitted with the request.

(c) Facility officials must submit reports of contact with all Federal agencies in the local labor market that might be affected by the proposed special rates. Reports should include the reaction of the other Federal agencies to VA establishing or increasing special salary rates and what action they may take in response.

4. REQUESTS FOR SPECIAL SALARY RATES UNDER 5 U.S.C. 5305

a. **Coverage.** This paragraph contains mandatory procedures for requesting the approval of special salary rates by the Office of Personnel Management (OPM) under 5 U.S.C. 5305. These provisions apply to non-healthcare positions with the exception of police officers. This paragraph is to be used with 5 CFR, part 530, subpart C.

b. **SSR Requests.** Requests from field facilities may be made only where special rates are absolutely essential to VA's maintaining a competitive position in staffing the facility, and where other administrative actions are not appropriate.

c. **Submission of Requests**

(1) **Where to Submit.** Fully developed requests and recommendations will be sent through administrative channels to the Human Resources Management Programs and Policies Service (051) for review and appropriate action.

(2) **Format of Requests.** Requests for approval or adjustment of special rates are to be submitted on OPM Form 1397.

(3) **Content of Requests.** Requests should be sufficiently explanatory, documented and otherwise adequate to support a request to the OPM. Documentation must be specific enough to reflect the extent to which positive actions have been taken to recruit and/or retain well-qualified personnel in accordance with current guidelines.

5. SURVEY INSTRUCTIONS. This paragraph contains mandatory procedures for conducting salary surveys for the purpose of authorizing or requesting special salary rates.

a. **Coordination.** HRM Officers of VA facilities in the same labor market areas will coordinate salary surveys including the timing of surveys, selection of establishments to be surveyed, appointment of data collectors, and collection of data. HRM Officers will also coordinate surveys with officials of other Federal agencies in the same labor market areas by advising them of VA's intent to conduct a salary survey and by sharing any data that they collect with these officials upon request.

b. **Data Collection**

(1) The salary survey must be conducted by a HRM Service employee or by a data collection team consisting of a HRM employee and a subject matter expert from the occupation being surveyed. **NOTE:** *Federal employees are prohibited by law from directly or indirectly influencing their own rate of pay. Therefore, employees covered by a special rate authorization may not independently collect salary data for their own grade or for a grade which would indirectly influence the rate for that grade.*

(2) The salary survey may be a formal or informal sampling of the non-Federal employers in the same labor market.

(3) The survey should include establishments which are representative of the local labor market and which have a significant impact on VA's recruitment and retention of employees in the affected occupation. Data should be obtained from at least three survey establishments.

(4) The data collected must reflect the beginning rates of pay for corresponding positions, i.e., positions where the basic duties and responsibilities are similar to VA's positions and where the education, training, and experience requirements for the positions are equivalent or similar to those found in VA. Published data such as negotiated agreements, recruiting literature, and published surveys should be used whenever available. Minimum hiring rates (i.e., the lowest rates establishments would offer new hires) may be used when such data can be obtained.

(5) At a minimum, data should be collected for the entry grade and for the first grade above the entry grade of the occupation.

c. **Confidentiality of Survey Data**

(1) Access to survey data is to be restricted to data collectors and management officials responsible for authorizing or requesting SSRs and to those responsible for reviewing SSR authorizations or requests. All individuals having access to the data are required to retain it in strict confidence. Federal employees will be subject to disciplinary action for violating the confidentiality of data obtained from a non-Federal employer.

(2) If a request is made under the Freedom of Information Act (FOIA) for salary information from non-Federal employers, such information may be withheld under 5 U.S.C. section 552 (b)(4), which exempts from mandatory disclosure trade secrets and commercial or financial information which is privileged or confidential.

(3) Data summarizing the results of a survey (e.g., community averages and ranges of salaries paid in the community) may be released to non-Federal facilities providing the information does not permit the reader to associate specific employers with specific rates of pay.

d. **Conversion of Hourly Rates of Pay**

(1) Hourly rates of pay must be converted to annual rates of pay before being used in the survey. To convert the hourly rate to an annual rate, multiply the hourly rate of pay times the number of hours in the employee's workweek times 52 weeks. For example, if an employee makes $10.50 per hour and works 37.5 hours a week, the person's annual salary would be $20,475 ($10.50 x 37.5 x 52).

(2) For employees working a 40-hour workweek, multiply the hourly rate of pay by 2,080 for employees covered by paragraphs 2 and 3 of this handbook, and 2,087 for employees covered by paragraph 4.

e. **Differences in Workweeks as they Apply to Special Rates Under 38 U.S.C. 7455**

(1) Normally, minor disparities between VA and non-Federal employers concerning the length of a workweek will not have an adverse impact on VA's ability to recruit and retain employees. Therefore, these differences will not usually be considered when collecting and evaluating salary data. However, in some areas of the country, it is the normal practice for full-time employees to work less than 40 hours a week, and this practice may add to VA's staffing difficulties. When this happens, differences in workweeks may be factored into the rates of pay. To factor in differences in workweeks, the following conditions must be met:

(a) The workweek for the majority of the establishments surveyed differs from the Federal workweek for the same occupation, and

(b) There is evidence indicating that the workweek difference is, in addition to pay disparity,

contributing to the staffing difficulty for the occupation.

(2) Where the above conditions are met, salary data (except for the highest beginning hourly rate) may be converted to the equivalent of a 40-hour workweek, i.e., hourly rates of pay may be multiplied by 2,080. The converted rates of pay may then be used to determine community averages for the purpose of setting SSRs.

(3) The minimum rate of an SSR range may not exceed the highest beginning rate actually paid in the community. For this reason, the highest beginning hourly rate can be converted to an annual rate of pay only. It cannot be converted to the equivalent of a 40 hour workweek. Facility directors approving SSRs under paragraph 2 will not set beginning rates of pay that exceed the highest beginning annual rate actually paid in the community for comparable positions. For special rate requests submitted under paragraph 3, the highest beginning annual rate actually paid must be clearly reported on the data collection sheet.

f. **Use of Retail Survey Data for Pharmacist SSRs Under Paragraph 2**

(1) If a facility's major competition for pharmacists in the local labor market area is with retail drug stores, facility officials should survey the rates of pay for pharmacists employed by the retail stores.

(2) When surveying retail stores, data collectors must be careful to make proper job matches. Some retail pharmacists serve as store managers and are compensated for this additional responsibility. These positions are not considered to correspond to VA pharmacists and, therefore, are not considered appropriate job matches. However, data for staff pharmacists may be used in the salary survey.

(3) Data collectors should determine what, if any, premium pay the retail pharmacists receive to work their basic tour of duty. Retail pharmacists who work nights or weekends may not receive additional pay for these tours as VA pharmacists do. Differences in tour differentials should be taken into consideration when evaluating salary data and setting SSRs.

g. **Contract Data.** Organizations which provide health-care services on a contract basis will not be surveyed for the purpose of setting SSRs.

CHAPTER 7. TRAVEL AND TRANSPORTATION EXPENSES FOR NEW APPOINTEES AND INTERVIEWS

1. GENERAL. In order to enhance VA's ability to recruit high quality candidates, VA may pay the travel expenses for a candidate being considered for employment or the travel and transportation expenses for new appointees who relocate to accept a position with VA.

2. APPROVAL. The individual with budget authority may authorize the reimbursement of covered expenses. Approval will be indicated through the use of standard travel authorization documents.

3. AGENCY DISCRETION. Any decision to authorize payment for a specific individual or vacancy will be at the discretion of the employing facility. In no case will a previous decision for a particular vacancy require a similar decision for other vacancies. In exercising their discretion under this chapter, approving officials will consider the availability of funds as well as the desirability of face-to-face interviews for a particular position or the effectiveness of travel and transportation expenses reimbursement as a recruitment incentive.

4. REFERENCES

a. 41 CFR, Federal Travel Regulation, chapters 301-304.

b. 5 CFR, part 572, Travel and Transportation Expenses, New Appointees and Interviews.

APPENDIX A.
SAMPLE REQUEST FOR APPROVAL OF RECRUITMENT BONUS

FROM: (title of recommending official)

SUBJ: Recruitment Bonus – (individual's name), (position), (organization name)

TO: (approving official)

1. I request that you approve a recruitment bonus for (name), who has been (tentatively) selected for the position of (title), GS-(pay plan – series – grade), in (organization name), VA (facility), (city), (state).

2. The information required by VA policy and justification for this request are as follows:

NAME: (name)

APPOINTMENT: (if temporary, state duration)

SALARY: (insert salary)

PROPOSED EFFECTIVE DATE OF APPOINTMENT: (date)

PROPOSED EFFECTIVE DATE OF ENTRY ON DUTY: (date)

DOCUMENTATION: (narrative - recruitment history, success in filling same or similar positions, turnover in position, cost-of-living disparities, and all other criteria in par. 2 of chapter 2, this part)

BONUS DOLLAR AMOUNT AND PERCENT OF BASIC PAY: (include explanation of how the amount was determined)

AGGREGATE LIMIT: (if limit applies, how payment would be made)

RECRUITMENT SERVICE AGREEMENT: (attach signed copy)

3. I recommend that you approve this recruitment bonus based on the above justification.

(recommending official) (date)
Approved / Disapproved

(approving official) (date)

APPENDIX B.
RECRUITMENT/RELOCATION SERVICE AGREEMENT (RSA)

1. GENERAL

A recruitment/relocation service agreement (RSA) is required for a recruitment/relocation bonus. It must include the dollar amount of the bonus and the length of the service obligation in VA. It states the bonus payment conditions, including the effect of the aggregate limitation on pay. It must be signed by the employee and the requesting official and be included in the request for approval. The approving official's authorization certifies that payment of a bonus is needed to fill the position with a high quality candidate. A bonus may be paid only after approval and after the effective date of the personnel action. A bonus must be approved before an individual enters on duty.

2. INSTRUCTIONS FOR PREPARING THE RSA

Before preparing the RSA, HR officials should carefully review the employee's compensation and the policy on aggregate limit restrictions (see part VII of this handbook). Develop the RSA as follows:

a. **Amount.** Insert the dollar amount of the recruitment bonus.

b. **X time.** Enter the fraction for the hours of work (e.g., 8/8, 5/8).

c. **Position.** Insert the title, series, and grade of the position.

d. **VA Facility.** Name the facility where the employee will work.

e. **Date.** Insert the date the employee is to report to duty.

f. **Months.** Insert the number of full months of obligated service due.

g. **Pay Periods.** Enter the number of pay periods within which payment will be made.

h. **Employee/Date and Requesting Official/Date.** The RSA must be signed and dated by both. The names should be typed below the line.

i. **Approving Official/Date.** The approving official must sign and date the RSA. The date must precede the effective date of appointment. The name should be typed below the line.

SAMPLE RECRUITMENT/RELOCATION SERVICE AGREEMENT

As a condition of being paid a recruitment bonus of (amount) in connection with my appointment on a X time basis, to the position of (position) at (VA facility) on (month, day, year), I agree to complete (number) full consecutive months of employment starting on the above date with the Department of Veterans Affairs (VA) and, in the event of transfer of function, to complete all remaining months of obligated service with the successor agency.

I understand that if I fail to complete this period of employment (at VA facility) or reduce my hours of work, I may be required to repay the recruitment bonus in accordance with prescribed regulations, unless the Secretary of Veterans Affairs or designee determines that failure to complete the obligated service was for reasons beyond my control or that repayment is against equity or is not in the interest of the Government. I further agree that any amount I am obligated to refund will be a debt due the United States, which I hereby agree to pay in full as directed by VA.

I understand that the bonus will be paid to me within X pay periods of the above date on which I will report for duty in the new position, unless compliance with aggregate limit on compensation regulations requires otherwise.

If I apply for another position before fulfillment of the service obligation resulting from this bonus, I will notify the recruiting office of that fact at the time of application. I understand that this agreement is valid only when signed by me, the requesting official, and the approving official.

(Add information for aggregate limit on pay, other.)

(employee name) (date) (requesting official) (date)

APPROVED: I certify that payment of a bonus is appropriate in order to fill the above position.

(approving official) (date)

APPENDIX C.
SAMPLE WORKSHEET FOR RETENTION ALLOWANCE REQUESTS

Employee's Name: _____ Facility: _____
Employee's Position: _____
(Title) (Series) (Grade)

Appointment Authority:_____ If temporary, _____.
Expiration date: _____.

If physician or dentist, is employee receiving special pay? _____ If yes, for which components and annual amount for each? _____
How long is the special pay service obligation?_____ How many months remain?_____

Evidence that an employee is likely to leave Federal employment (check if attached):
_____ Bona fide offer of employment ____ Career counseling
_____ Evidence of high demand in the private sector for employee's skills

Name of organization: _____
Address:_____ City: _____ State: _____ Zip: _____
Name and title of person offering job: _____ Phone No. _____
Title of position offered: _____ Annual salary: _____
Other benefits contributing to attractiveness of offer and approximate value of each:_____
_____

Describe VA's need and employee's special skills that cannot be obtained elsewhere:
_____
_____
_____(continue on back).

Describe lack of similar qualifications (internal and external). Why can't job be re-engineered? (advertisements, announcements, OPM certificates, transfer candidates, reinstatement eligibles, VRAs, dates of each attempt, number of candidates available from each, number of declines, reasons for declines, what's wrong with others)
_____
_____
_____
_____(continue on back).

Prepared by _____ Date

APPENDIX D.
SAMPLE STATEMENT OF UNDERSTANDING/RETENTION ALLOWANCE

I,_____(name)_____ , understand that the retention allowance that I am to receive as a ____(title, series, grade, step)____ , earning _____($)_____ per year in ____(service, division, or office)_____ at _____(facility), city__, ____state, is being paid in order to retain my services.

I understand that the allowance:

- will be __(X %)__ of my basic rate of pay for non-overtime hours only;
- will not be paid for overtime or periods in a non-pay status and that such periods will reduce the total allowance received in a 12-month period;
- must be reduced or terminated if it will cause my total compensation to exceed the aggregate limitation on pay for my occupation; and
- may be reduced or terminated at any time and that this is not an adverse action.

__(employee's signature)__ __(date)__

APPENDIX E.
SAMPLE SUPERVISORY CERTIFICATION/RETENTION ALLOWANCE

1. This is to certify that I have determined that (employee's name) is likely to leave Federal service for the purpose of authorizing a retention allowance.

2. This certification is based on (check one or more, as applicable):

- _____ receipt by the employee(s) of a bona fide offer of employment from:

(name of company), (position title) ___, (city) ___, (state), annual salary of ($), (date)

- _____ High demand in the private sector for the employee's/group's knowledges and skills with significant pay disparities between Federal and non-Federal salaries.

Labor market trend/information to document high demand for employee's/group's knowledges and skills _____

Salary of VA position $_____; private sector salary for comparable position $_____
Source of private sector salary _____

- _____ Discussion of employee's career plans (summarize below)

_____
_____

(supervisor's signature)_____ (date)

APPENDIX F.
SAMPLE ANNUAL RETENTION ALLOWANCE REVIEW

Date:

From: (recommending official)

SUBJ: Retention Allowance Annual Review - (employee's name)

To: approving official

1. With regard to the retention allowance described below:

   Name: (employee's name)
   Position: (title, series, grade, step, position description number)
   Current annual basic rate of pay: $
   Current allowance percentage: %
   Organization: (service, division, office)
   Facility: (name, city, state)

I recommend the following action for the next ____ months (not to exceed 12 months), beginning on (month, day, year):

_____ Continue the allowance at the current percentage;
_____ Reduce the percentage of the allowance to X% ;
_____ Increase the percentage of the allowance to X% (not to exceed 25%);
_____ Terminate the allowance.

2. The following is submitted as justification for this request:
   (provide justification for recommendation)

(recommending official's signature)

APPROVED ___ DISAPPROVED ___ OTHER _____

(approving official's signature) (date)
Title

APPENDIX G.
EXAMPLES OF CONTINUING PAY AND DIFFERENTIAL COMPUTATIONS / SUPERVISORY DIFFERENTIAL

EXAMPLE 1: GS-11/3 supervisor over WS-10/5 subordinate at $20.43 per hour.

A.	Subord. basic pay ($20.43 x 2,087)	$42,637	Supr. basic pay (GS-11/3)	$40,260
	Continuing payments	None	Continuing payments	None
	Subord. cont. pay	$42,637	Supr. continuing pay	$40,260

B. Recommended Differential: 3 percent Target rate: $43,916 (Round down)
Desired percentage x Subord. continuing pay)

C. Amount of Differential $ 3,656
(Target rate - Supr. continuing pay)

Supervisor will receive $1.75 ($3,656/2,087, rounded down) for every straight-time hour during which basic pay is paid.

Note that the computation does not change if one or both employees are part-time.

EXAMPLE 2: GS-13 supervisor over Nurse III subordinate nurse earning $70,490 per annum.

A.	Subord. basic pay	$70,490	Supr. basic pay (GM-13)	$58,114
	Continuing payments (9.76 percent LCP)	None	Continuing payments	$ 5,672
	Subord. continuing pay	$70,490	Supr. continuing pay	$63,786

B. Recommended Differential: 1 percent Target rate: $71,195 (Standard rounding)
(Desired percentage x Subord. continuing pay)

C. Amount of Differential $ 7,409
(Target rate - Supr. continuing pay)

Supervisor will receive $3.55 ($7,409/2,087, standard rounding) for every hour during which basic pay is paid, exclusive of overtime. Because the approved differential is for less than 3 percent, standard rounding is used; if the differential in this case were 3 percent, the hourly rate would have to be rounded down.

EXAMPLE 3: GS-12/3 supervisor over WS-11/5 subordinate on pay retention (retained rate of $24.06, scheduled rate for WS-11/5 is 21.95)

A.	Subord. basic pay	$45,810	Supr. basic pay (GS-12/2)	$46,744
	(Scheduled maximum of grade - $21.95 x 2,087			
	Continuing payments	$ 4,581	Continuing payments	$ 2,743
	(10 percent night shift)		(5.87 percent LCP)	
	Subord. continuing pay	$50,391	Supr. continuing pay	$49,487

B. Recommended Differential: 3 percent Target rate: $51,902 (Round down)
(Desired percentage x Subord. continuing pay)

C. Amount of Differential $ 2,415
(Target rate - Supr. continuing pay)

Supervisor will receive $1.15 ($2,415/2,087, rounded down) for every hour of basic pay, exclusive of overtime hours.

NOTE: *The maximum rate for the subordinate's grade,* ***not the retained rate****, is used as basic pay. Even though this rate is lower than the supervisor's, continuing payments make the subordinate's continuing pay higher than the supervisor's, and a differential may be paid. If there were no continuing payments, the subordinate's continuing pay would be lower than the supervisor's, and then no differential could be paid. Note also that the differential* ***must be terminated*** *when the supervisor receives a WGI to step 4. This will result in a reduction to the supervisor's continuing pay. In this instance, a differential may not be appropriate because the pay inversion will not be long lasting.*

EXAMPLE 4: GS-13 employee on special salary rate supervises Nurse III subordinate earning $59,666.

A.	Subord. basic pay	$69,666	Supr. basic pay (GS-13) (Special salary rate)	$65,450
	Continuing payments	None	Continuing payments (10 percent retention allowance)	$ 6,545
	Subord continuing pay	$69,666	Supr. continuing pay	$71,995

Although the supervisor's basic pay is lower than the subordinate's, the supervisor's continuing pay is higher than the subordinate's; therefore, no differential may be paid.

NOTE: *See appendix VI-I for special guidance on subordinate pay above GS-15/10.*

APPENDIX H.
SUPERVISORY DIFFERENTIAL COMPUTATION SHEET

1. **Name of Subordinate and Basic Pay:** (annual salary)
(EXCLUDE retained rate. For FWS employees, multiply the hourly rate by 2,087 and use conventional rounding.)

2. **Additional Continuing Payments:** (annual amounts)
(IMPORTANT: Refer to paragraph 2c of chapter 4, this part for information on continuing payments for subordinate.)

3. **Total Subordinate's Continuing Pay:** (sum of #1 and #2)

4. **Recommended Differential:** (percentage)
(Multiply subordinate's continuing pay in #3 by recommended percentage (not more than 3 percent) to determine target rate for the supervisor.)

NOTE: *If differential is 3 percent, always round down; if less than 3 percent, use conventional rounding.*

5. **Name of Supervisor and Basic Pay:** (annual salary)
(INCLUDE retained rate.)

6. **Additional Continuing Payments:** (annual amounts)
(IMPORTANT: Refer to paragraph 3b of chapter 4, this part, for information on continuing payments for supervisor.)

7. **Total Supervisor's Continuing Pay:** (sum of #5 and #6)

8. **Recommended Differential:** (annual dollar amount)
(Subtract supervisor's continuing pay in #7 from the target rate calculated in #4 - this is the amount of differential. The sum of #7 and #8 cannot be more than three percent above the amount in #3.)

9. To determine the hourly amount of the supervisor's differential, divide the recommended differential by 2087. Carry to four decimal places. If the recommended differential is 3 percent, always round down; otherwise, use conventional rounding.

10. For both supervisor and subordinate, provide:

Date of next schedule adjustment: (date for supr.) (date for subord.)

Date of next WGI or PSI: (date for supr.) (date for subord.)

IMPORTANT: These dates show when the amount of the differential must be recomputed and adjusted or terminated, as necessary. The differential must be recalculated whenever there is a staffing change or pay adjustment affecting either the subordinate or the supervisor.

APPENDIX I. SUBORDINATE PAY ABOVE GS-15/10

These examples illustrate situations when a differential may not be paid because the subordinate's pay is above the rate for GS-15/10, as specified in paragraph 2c of chapter 4, this part.

A. When the supervisor is paid from the nationwide GS schedule, then a differential may be paid only for subordinates earning not more than the rate for GS-15/10 on the nationwide schedule ($97,201 as of January 3, 1999).

B. When the supervisor is paid from a locality schedule, then a differential may be paid only for subordinates earning not more than the rate for GS-15/10 on the locality schedule.

C. When the supervisor is paid from a special salary rate schedule which includes higher rates for GS-15, then a differential may be paid only for subordinates earning not more than the special salary rate for GS-15/10.

D. These rules are applied according to the supervisor's location.

Question: May a differential be paid if:

a. the higher paid non-GS subordinate earns $20.42 per hour as a WS-10 General Foreman?
Answer: Multiply $20.42 x 2,087 for annual salary = $42,617
Yes; the subordinate's rate of basic pay is less than the rate for GS-15/10, so a differential may be paid.

b. the higher paid subordinate is a Nurse III nurse earning $62,047 per annum?
Answer: Yes; the subordinate's rate of basic pay is less than the rate for GS-15/10, so a differential may be paid.

Question: What is the limit on the non-GS subordinate's pay, above which no differential may be paid, when the supervisor is receiving a locality payment of 5.42 percent?

Answer: The limit is the rate of pay for GS-15/10 plus the locality payment. So, multiply GS-15/10 by the percentage of locality pay. A supervisor in a locality area receiving 5.87 percent LCP may not receive a differential if the subordinate earns more than $102,907 (GS-15/10 x 5.87 percent).

Question: What is the limit on the non-GS subordinate's pay, above which no differential may be paid, when the supervisor is a title 5 employee paid worldwide special salary rates (SSR)?

Answer: The limit is the rate of pay for GS-15/10 on the SSR schedule, if there is a SSR established at GS-15 for the supervisor's occupation.

EXAMPLE: If the beginning SSR at GS-15 is equivalent to GS-15/3 on the regular schedule, then the limit on the non-GS subordinate's pay, above which no differential could be paid, would be $102,185. The GS-15/10 SSR for this occupation would be equivalent to a step 12, or GS-15/10 + 2 WGIs ($97,201 + 2,492 + 2,492).

APPENDIX J.
INSTRUCTIONS FOR COMPLETING SPECIAL RATES EVALUATION WORKSHEET

The special rates evaluation worksheet blank form is available on the VHA intranet website at: http://vaww.va.gov/forms/medical/FormImageFiles/10-0396.pdf. The following instructions will be used when completing the special rate evaluation worksheet. The numbers correspond to the item numbers on the worksheet. Items not described are self-explanatory.

7. Type of Existing Authorization. Enter type of special salary rate—SSR ranges, AMERs, or both--currently approved for the facility.

8. Date. Enter beginning and ending dates of the period for which staffing data is being provided. The period should be adequate to demonstrate the extent of the staffing problem--usually 1 year, but not less than 6 months.

9. Ceiling. The number of FTE (full-time employment equivalents) allocated for an occupation by local management officials.

10. On-Board. The FTE on-board as of the beginning and ending dates (items 10a and 10b). The total number of on-board employees at the end of the period ***must*** equal the total number of on-board employees at the beginning of the period minus the number of losses during the period plus the number of hires, (i.e., 10b ***must*** equal 10a minus 12 plus 17).

11. Vacant. The vacant FTE on the beginning date (item 11a) and ending date (item 11b); it equals the ceiling FTE minus the on-board FTE (item 11a equals item 9a minus item 10a; item 11b equals item 9b minus item 10b).

12. Losses. Enter the total FTE of employees who left the occupation during the reporting period.

13. Quits. Total FTE of employees who quit Federal employment during the reporting period.

14. Quits for Pay. The FTE of employees who quit for pay. A quit is a quit for pay ***only*** when an employee leaves to take a higher paying non-Federal position in the same occupation and commuting area.

15. Tried to Fill. The FTE of positions you tried to fill during the reporting period. This is the FTE of vacancies at the beginning of the reporting period (item 11a) plus the FTE of losses during the reporting period (item 12), plus or minus any ceiling changes (item 9b minus item 9a) during the reporting period.

16. Job Offers. Enter FTE of bona-fide offers of employment made to persons within and outside of Federal service.

17. Hires. Enter total FTE of hires in the occupation.

18. Percent Vacancy Rate (Beginning). This is the FTE of vacancies at the beginning of the reporting period (item 11a) divided by the FTE ceiling at the beginning of the reporting period (item 9a).

19. Percent Vacancy Rate (Ending). This is the FTE of vacancies at the end of the reporting period (item 11b) divided by the FTE ceiling (item 9b) at the end of the reporting period.

20. Turnover Rate (Annual). Divide FTE of losses during the reporting period (item 12) by the average on-board FTE during the reporting period (the sum of the beginning and ending on-board figures, items 10a and 10b, divided by two) to determine turnover rate for the reporting period. Multiplying this figure by the quotient of 12 divided by the number of months in the reporting period will provide the ***annual*** turnover rate.

21. Percent Quit for Pay (Annual). Divide quits for pay (item 14) by the average on-board FTE (item 10a plus 10b divided by two) to determine the quit for pay rate for the reporting period. Multiplying this figure by the quotient of 12 divided by the number of months in the reporting period will provide the ***annual*** quit for pay rate.

22. Job Acceptance Rate. FTE of hires (item 17) divided by the FTE of job offers (item 16).

23. Staffing Success Rate. FTE of hires (item 17) divided by the tried to fill FTE (item 15).

24. Comments. In this item, enter the analysis of recruitment and retention problems and the rationale for how the special rates were set.

25. Equivalent Grade. Enter the Federal grade equivalent to the level of the non-Federal positions being surveyed.

26. Experience (Years). Enter the years of experience required for the equivalent Federal grade.

27. Equivalent Education. Enter the educational level required for the equivalent Federal grade.

28. Average Beginning Rate. Enter the straight average of the beginning or lowest annual base salaries paid by local non-Federal facilities for each equivalent grade level.

29. Lowest Beginning Rate. Enter the lowest beginning salary rate or minimum hiring rate of local non-Federal facilities for each equivalent grade level. **NOTE:** *See paragraph 2 of chapter 6, this part, for definition of a minimum hiring rate.*

30. Highest Beginning Rate. Enter the highest beginning salary rate of local non-Federal facilities for each equivalent grade level. **NOTE***: The highest beginning rate will not be a salary rate that has been converted to the equivalent of a 40 hour workweek under paragraph 5d, chapter 6, this part.*

31. Grade. Enter each Federal grade for which special rates are being considered.

32. Regular Step 1. Enter step 1 rate of the grade on the nationwide GS or PA pay schedule as appropriate.

33. Current Special Rate. Enter step 1 rate of the current SSR range or AMER, if appropriate.

34. Number of Positions Covered. Enter the FTE of on-board and vacant positions covered by SSRs. Indicate the vacant FTE in parentheses.

35. Recommended Rates. Enter step 1 of the recommended SSR range or AMER, if appropriate.

36. Type. Enter the type of special rate recommended, i.e., SSR range or AMER and SSR range.

37. Certification that rates do not exceed highest beginning rates in the community. Initial this line to certify that none of the recommended rates exceed the highest beginning rate in the community for corresponding positions.

38. Coordination of Rates. Document contacts made with non-VA Federal medical centers in the labor market that have employees in the affected occupation. Contacts with other VA medical centers in the labor market need only be documented when the other VA facilities decline to participate in the survey. The reasons for the lack of participation should be documented.

APPENDIX K. SAMPLE OF SPECIAL RATES EVALUATION WORKSHEET (VA FORM 10-0396)

1. Series 660 2. Occupation Pharmacist
3. Facility _____ 4. VISN _____ 5. Evaluator _____
6. Effective Date of Existing Authorization 11-10-96
7. Type of Existing Authorization Special Salary Rates Ranges

BEGINNING STAFFING STATUS	ENDING STAFFING STATUS
8. a. 3-1-00 Date	b. 2-28-01 Date
9. a. 20 Ceiling	b. 20 Ceiling
10. a. 15 On-Board	b. 14 On-Board
11. a. 5 Vacant	b. 6 Vacant
12. 7 Losses (all reasons)	18. 25% Vacancy Rate-Beginning
13. 4 Quits	19. 30% Vacancy Rate-Ending
14. 4 Quits for Pay	20. 48% Turnover Rate-Annual
15. 12 Tried to Fill	21. 28% Quit for Pay-Annual
16. 17 Job Offers	22. 35% Job Acceptance Rate
17. 6 Hires (Non-Fed___ Fed___)	23. 50% Staffing Success Rate

24. Comments:

Ongoing vacancies with high vacancy rates; low job acceptance and staffing success rates.Very high annual turnover rate including a significant number of documented pay-related losses. Staffing data shows significant pay-related recruitment and retention problems. Special salary rate ranges are supportable. Rate at GS-11 is set just below community average; rates at GS-9, GS-12 and GS-13 set based on a 2-step intergrade differential. A special rate was set at GS-10 for overtime purposes. It was set based on a one-step intergrade differential from the GS-11.

SALARY DATA

25. Equiv. Grade	GS-9	GS-11				
26. Exper. (Yrs.)	None	1 yr.				
27. Equiv. Educ.	BS	BS				
28. Avg. Beg. Rate	53,500	56,940				
29. Lowest Beg. Rate	50,402	52,126				
30. Highest Beg. Rate	54,700	58,350				

RECOMMENDATION

31. Grade	GS-9	GS-10	GS-11	GS-12	GS-13	GS-14
32. Reg. Step 1	33,254	36,621	40,236	48,223	57,345	67,765
33. Curr. Sp. Rt.	47,658	-	50,964	54,651	59,257	-
34. # Pos. Cvrd.	2(1)	0	8(5)	2	1	1
35. Recomm. Rts.	53,198	54,936	56,328	59,472	63,081	-

36. Type Special Salary Rate Ranges
37. Recommended rates do not exceed highest beginning rates in community: _____
38. Report of contact(s) made with other Federal Medical Centers in the labor market area:
N/A X Attached _____

VA FORM 10-0396
Aug 2001 **TO BE REPRODUCED LOCALLY**

NOTES ON SAMPLE SPECIAL RATES EVALUATION WORKSHEET FOR AMERS AND/OR SPECIAL SALARY RATE (SSR) RANGES

ITEM #(s)

18-23. Staffing data shows significant recruitment and retention problems; therefore, authorization of SSRs ranges is appropriate.

28. The average beginning non-Federal rate equivalent to the benchmark grade, General Schedule (GS)-11, should be used to set step 1 of the range for that grade.

35. Step 1 of the GS-11 range is set at $56,328, i.e., the rate on the General Schedule that is at or below the non-Federal average. Step 1 rates at GS-9, GS-12, and GS-13 are then set to provide a two-step differential between grades. Although GS-10 is not a working level, a special rate is set at that grade in order to provide an overtime rate that is higher than the GS-10 rate on the General Schedule. The GS-10 step 1 rate is set between the step 1 rates for GS-9 and GS-11. Ten-step rate ranges are constructed by using the appropriate within-grade amount.

NOTE: *No adjustment is made at GS-14 because at least a two-step differential already exists between step 1 of the GS-13 SSR range and step 1 of GS-14 on the General Schedule.*

SPECIAL RATES EVALUATION WORKSHEET (VA FORM 10-0396)

1. Series 620 2. Occupation Licensed Practical Nurse
3. Facility _____ 4. VISN _____ 5. Evaluator _____
6. Effective Date of Existing Authorization 3-8-94
7. Type of Existing Authorization Special Salary Rates

BEGINNING STAFFING STATUS	ENDING STAFFING STATUS
8. a. 1-1-00 Date	b. 12-31-00 Date
9. a. 42 Ceiling	b. 42 Ceiling
10. a. 34 On-Board	b. 32 On-Board
11. a. 8 Vacant	b. 10 Vacant
12. 4 Losses (all reasons)	18. 19% Vacancy Rate-Beginning
13. 1 Quits	19. 24% Vacancy Rate-Ending
14. 0 Quits for Pay	20. 12% Turnover Rate-Annual
15. 12 Tried to Fill	21. 0% Quit for Pay-Annual
16. 8 Job Offers	22. 25% Job Acceptance Rate
17. 2 Hires (Non-Fed_1 Fed_1_)	23. 17% Staffing Success Rate

24. Comments

Ongoing vacancies including some over 4 months old; low job acceptance and staffing success rates due primarily to noncompetitive pay. Staffing data supports increased special salary rates to improve recruitment. Rate at GS-4 grade is set just below community average; rates at GS-3, GS-5 and GS-6 are set based on a 2 step intergrade differential.

SALARY DATA

25. Equiv. Grade	GS-3	GS-4	GS-5			
26. Exper. (Yrs.)	None	6 mos.	1.5 yrs.			
27. Equiv. Educ.						
28. Avg. Beg. Rate	29,523	31,142	32,299			
29. Lowest Beg. Rate	25,233	28,128	29,224			
30. Highest Beg. Rate	30,103	32,996	33,212			

RECOMMENDATION

31. Grade	GS-3	GS-4	GS-5	GS-6		
32. Reg. Step 1	17,474	19,616	21,947	24,463		
33. Curr. Sp. Rt.	24,458	26,156	27,803	29,353		
34. # Pos. Cvrd.	8(2)	9(4)	10(4)	5		
35. Recomm. Rts.	29,114	30,734	32,195	34,243		

36. Type SSRs/AMER at GS-3
37. Recommended rates do not exceed highest beginning rates in community: _____
38. Report of contact(s) made with other Federal Medical Centers in the labor market area:
N/A X Attached _____

VA FORM 10-0396
Aug 2001 **TO BE REPRODUCED LOCALLY**

NOTES ON SAMPLE SPECIAL RATES EVALUATION WORKSHEET FOR AMERS AND/OR SPECIAL SALARY RATE (SSR) RANGES

18-23. Staffing data shows substantial recruitment problems and supports increasing SSRs.

28. The average non-Federal rate equivalent to the benchmark grade, GS-4, should be used to set step 1 of the range for that grade.

35. Step 1 of the range for GS-4 is set at $30,734, i.e., the rate on the General Schedule which is at or below the non-Federal average. Step 1 rates for GS-5 and GS-6 are set to provide a two-step differential between grades. Two-step internal pay alignment is also used to set the rate for GS-3. However, at this grade, an AMER is necessary since the rate exceeds the 19th step of the General Schedule.

APPENDIX L.
INTERNAL ALIGNMENT OF SPECIAL SALARY RATES

Once the first step of the Special Salary Rate (SSR) range or the Above-Minimum Entrance Rate (AMER) for the benchmark grade has been set, the first steps or AMERs for other grades are internally aligned by intergrade differential. The normal intergrade differential is two steps, and setting it is not unlike the process used to set the step rate of a General Schedule (GS) employee upon promotion. Intergrade differentials may also be one or three steps as described in paragraph 6 of this Handbook. Using the General Schedule salary table effective January 14, 2001, the following three examples demonstrate how intergrade differentials are applied. An extension of the GS and Physician Assistant (PA) salary schedules can be found on the Office of Human Resources Management (OHRM) web page under pay charts and guidance.

Example 1 – SSRs for Physical Therapists (PTs) Using a Two-step Intergrade Differential

The first step of an SSR range for GS-9, which is the benchmark grade for PTs, has been set at step 6 under the procedures described in paragraph 5 of this Handbook. To establish a two-step differential for GS-10, set the first step of the rate range at the GS-10 rate which equals or exceeds step 8 of GS-9. Since GS-9, step 8, falls between steps 4 and 5 of GS-10, step 5 is the appropriate rate to use for the first step of the GS-10 rate range.

To set the first step of GS-7, find the highest GS-7 rate which falls below the SSR set for GS-9. Back down two steps from this rate to provide for a two-step differential. In this example, step 13 of GS-7 is the highest step which falls below step 6 of GS-9. Therefore, the first step of GS-7 should be set at step 11 to provide a two-step intergrade differential.

Example 2 – AMERs in Combination with SSR Ranges for PAs Using a Two-step Intergrade Differential

The first step of the rate range for the benchmark grade, which is Full grade for PAs, has been set at step 16 under the procedures described in paragraph 5 of this Handbook. Full grade, step 18, which is used to establish the first step of the rate range for Intermediate grade, falls between steps 8 and 9 of Intermediate grade; therefore, step 9 becomes the first step of the Intermediate grade rate range.

Since step 23 is the highest step of Associate grade which falls below Full grade, step 16, it is used as the basis for setting the first step of the rate range for Associate grade. Step 21 of Associate grade would provide a two-step differential from Full grade, step 16. However, since the first step of a rate range for PAs cannot exceed step 19 on the Nurse Schedule for PAs and Expanded-Function Dental Auxiliaries (EFDAs), a combination SSR range and AMER of step 3 is used to match the step 21 rate (see paragraph 7 of this Handbook).

Example 3 – SSR ranges for Licensed Practical Nurses Using One- and Three-step Differentials

Very compressed non-Federal rates require the use of one-and three-step differentials to assure that the adjustments do not exceed the highest equivalent non-Federal rates for any grade. The first step of the rate range for the benchmark grade has been set at GS-4, step 4. One step above step 4 or step 5 is used as the basis for setting the first step of the rate range for GS-5. Since GS-4, step 5 falls between steps 1 and 2 at GS-5, step 2 becomes the first step of the rate range for GS-5.

Step 8 is the highest step of GS-3 which falls below the first step of the rate range for GS-4. To provide for a three-step intergrade differential, step 5 becomes the first step of the rate range for GS-3 because it is three steps below step 8.

APPENDIX M.
SAMPLE SPECIAL SALARY RATE AUTHORIZATIONS

1. SAMPLE AUTHORIZATION OF SSR RANGES

Authorization of Special Rates Under Title 38 United States Code (U.S.C.) 7455

Occupation: Pharmacist, General Schedule (GS)-660

Location: [Enter Facility Name and Station Number]

Type of Adjustment: Special Salary Rate Ranges

Authority: 38 U.S.C. 7455; MP-5, Part II, Chapter 3, Section D, Paragraph 5a and VHA Directive 5103.4

Grade	1st Step	10th Step	Step Increase
GS-9	$53,198	$63,170	$1,108
GS-10	54,936	65,925	1,221
GS-11	56,328	68,397	1,341
GS-12	59,472	73,935	1,607
GS-13	63,081	80,289	1,912

These rates are aligned to 5 U.S.C. 5332(a) Salary Table effective January 14, 2001.

Approved by:

/s/_____ _____
Name Date
Facility Director

Effective Date: [Enter date which will be the first day of the first pay period beginning on or after the date of this authorization.]

Point of Contact: [Enter the name, title, and telephone number of the person to contact for further information about the authorization.]

2. SAMPLE AUTHORIZATION WITH AN ABOVE-MINIMUM ENTRANCE RATE (AMER)

Authorization of Special Rates Under 38 U.S.C. 7455

Occupation: Licensed Practical Nurse, GS-620

Location: [Enter Facility Name and Station Number]

Type of Adjustment: Special Salary Rate Ranges
Above-Minimum Entrance Rate at GS-3

Authority: 38 U.S.C. 7455; MP-5, Part II, Chapter 3, Section D, Paragraph 5a and VHA Directive 5103.4

Rates Authorized:

Grade	1st Step	10th Step	Step Increase
GS-3	$27,950	$33,188	$582
(Above-Minimum Entrance Rate $29,114, Step 3)			
GS-4	30,734	36,620	654
GS-5	32,195	38,783	732
GS-6	34,243	41,578	815

These rates are aligned to 5 U.S.C. 5332(a) Salary Table effective January 14, 2001.

Approved by:

/s/_____ _____
Name Date
Facility Director

Effective Date: [Enter date which will be the first day of the first pay period beginning on or after the date of this authorization.]

Point of Contact: [Enter the name, title, and telephone number of the person to contact for further information about the authorization.]

3. SAMPLE AUTHORIZATION ALIGNED TO THE NURSE SCHEDULE FOR PHYSICIAN ASSISTANTS (PAS) AND EXPANDED-FUNCTION DENTAL AUXILIARIES (EFDAS)

Authorization of Special Rates Under 38 U.S.C. 7455

Occupation: Physician Assistant, VN-603

Location: [Enter Facility Name and Station Number]

Type of Adjustment: Special Salary Rate Ranges

Authority: 38 U.S.C. 7455; MP-5, Part II, Chapter 3, Section D, Paragraph 5a and VHA Directive 5103.4

Rates Authorized:

Grade	1st Step	10th Step	Step Increase
Associate	$45,788	$54,374	$954
(Above-Minimum Entrance Rate $49,604, step 5)			
Full	52,090	62,062	1,108
Intermediate	54,987	67,056	1,341
Senior	57,865	72,328	1,607
Chief	61,169	78,377	1,912

These rates are aligned to 38 U.S.C. 7404 Salary Table effective January 14, 2001.

Approved by:

/s/_____ _____
Name Date
Facility Director

Effective Date: [Enter date which will be the first day of the first pay period beginning on or after the date of this authorization.]

Point of Contact: [Enter the name, title, and telephone number of the person to contact for further information about the authorization.]

4. SAMPLE TERMINATION AUTHORIZATION

Department of Veterans Affairs Termination of Special Salary Rates

Occupation: Occupational Therapist, GS-631

Location: [Enter Facility Name and Station Number]

Authority: 38 U.S.C. 7455; MP-5, Part II, Chapter 3, Section D, Paragraph 5a and VHA Directive 5103.4

Effective Date: The authorization is terminated on the first day of the first pay period beginning on or after the date this action is approved.

Approved by:

/s/_____ _____
Name Date
Facility Director

Point of Contact: [Enter the name, title, and telephone number of the person to contact for further information about the authorization.]

PAY ADMINISTRATION

PART VII. PAY LIMITATIONS

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PART VII. PAY LIMITATIONS

CHAPTER 1. GENERAL

1. PURPOSE. This part provides Department of Veterans Affairs mandatory guidance on compensation limits, including the annual aggregate limitation on pay.

2. RESPONSIBILITIES

a. The Deputy Assistant Secretary for Human Resources Management will develop policy and procedures and advise management officials on compensation limitations for VA employees.

b. Managers and supervisors will consider compensation limitations, including the aggregate limitation, in connection with setting and authorizing discretionary payments to subordinate employees.

c. Human Resources Management officials will provide technical advice and assistance to officials and employees on compensation limitations and their effects on current and future compensation and will maintain necessary records.

d. Financial managers/chief financial officers are responsible for applying limits.

CHAPTER 2. AGGREGATE LIMITS

1. ADMINISTRATION OF AGGREGATE LIMITS

a. The annual aggregate limitation on compensation in 5 CFR, part 530, subpart B, applies to all Department employees, including employees in Senior Executive Service (SES); Senior-Level employees; General Schedule (GS) employees; Federal Wage system (FWS) employees; and title 38 employees (see subparagraph b below regarding title 38 physicians and dentists). Such employees may not be paid aggregate compensation higher than Level I of the Executive Schedule (EL-I) in any calendar year.

b. Physicians and dentists appointed under 38 U.S.C. 305, 7306, 7401(1), and 7405 may not be paid aggregate compensation in a calendar year higher than the annual pay (excluding expenses) received by the President of the United States.

2. REFERENCES

a. Section 302 of Public Law 101-509, "The Federal Employees Pay Comparability Act of 1990."

b. 5 U.S.C. 5304, 5307, 5372a, 5595, 5596,5753, 5754, 5755, 8118

c. Public Law 102-40

d. 5 CFR, part 530, subpart B.

e. 3 U.S.C. 102

3. PROCEDURES FOR ADMINISTRATION OF THE AGGREGATE LIMITATION ON COMPENSATION

a. **Making Determinations.** Using the CFR and the following table, HRM officials should determine if employees' pay has reached the aggregate limit in a calendar year. Payments over the limit (lump sum payments of excess amounts) must be deferred to the following calendar year and will count toward the aggregate limit in the new year.

b. **Lump-Sum Payment of Excess Amounts.** If an employee is due a lump-sum payment of an excess amount, HRM officials need only consider the employee's estimated basic pay in the coming year in deciding how much of the excess amount may be paid in full before any other component at the beginning of a calendar year.

Payments counted towards the limit	Payment not counted towards the limit
Basic Pay	Back pay due to an unjustified personnel action under 5 U.S.C. 5596
Locality-based comparability pay and interim geographic adjustments	Premium pay under title 5 and sections 532.503, 532.507, and 532.509 for prevailing rate employees
Incentive awards and performance-based cash awards	Overtime pay under the Fair Labor Standards Act, as amended, and 5 C.F.R. 551
Recruitment and relocation bonuses	Severance pay under 5 U.S.C. 5595
Retention allowances	Lump sum payments for accumulated and accrued annual leave on separation under 5 U.S.C. 5551 or 5552
Supervisory differentials	Administratively uncontrollable overtime (non-discretionary entitlement in 5 U.S.C. 5545(2)
Allowances and differentials under chapter 59, title 5 U.S.C.; cost-of-living allowances; post differentials, physicians comparability allowances	
For title 38 physicians and dentists, fee basis and all other compensation paid under title 38 authority.	

CHAPTER 3. BASIC PAY AND LOCALITY COMPARABILITY PAY LIMITS

The following table identifies basic pay and locality pay limitations for the pay systems/occupations listed.

Pay System/Occupation	Basic Pay Limit	Locality Pay Limit
General Schedule/Hybrid Title 38	Level V	Level IV
Federal Wage System	Level V	Not Applicable
Senior Executive Service	Level IV	Level III
Executive Schedule	Varies	Not Applicable
Senior-Level	Level IV	Level III
Physicians/Dentists/	Level V	Not Applicable
Podiatrists/Optometrists/ PAs/EFDAs	Level V	Level IV
Board of Veterans' Appeals	Level IV	Level III
Board of Contract Appeals	Level IV	Level III
Veterans Canteen Service	None	
Deputy Under Secretary for Health	Level IV	Not Applicable
Registered Nurses and Nurse Anesthetists (LPS)	Level V	Not Applicable

PAY ADMINISTRATION

PART VIII. MISCELLANEOUS PAY AUTHORITIES

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PART VIII. MISCELLANEOUS PAY AUTHORITIES

CHAPTER 1. GENERAL

1. PURPOSE. This part provides mandatory guidance and procedures for setting pay for employees being paid under unique pay authorities, e.g., firefighter pay.

2. RESPONSIBILITIES. For most of the pay authorities listed in this part, the following officials have authority for pay setting. Deviations from the responsible officials listed below may be found in individual chapters within this part.

a. The Secretary, or designee, is the approving official for the pay authorities in this part for employees occupying positions centralized to that office.

b. Administration Heads, Assistant Secretaries, Other Key Officials, and Deputy Assistant Secretaries, or their designees, may authorize pay actions for the authorities in this part for employees occupying VA Central Office positions in their organizations that are not centralized to the Secretary; and employees occupying field positions centralized to their offices.

c. Network directors may authorize pay for the authorities in this part for employees occupying non-centralized positions in their organizations.

d. Facility directors may approve pay for the pay authorities in this part for employees in non-centralized positions under their jurisdiction.

CHAPTER 2. FIREFIGHTER PAY

1. GENERAL

a. The provisions on firefighter pay in this chapter apply to VHA organizational elements in the Department of Veterans Affairs (VA) and are effective October 11, 1998. (see subpart M of part 550, title 5 Code of Federal Regulations and section 628 of the Treasury and General Government Appropriations Act, 1999, incorporated in section 101(h) of Public Law 105-277.)

b. The key features of firefighter pay are as follows:

(1) Under the pay system covered by this chapter, covered firefighters, i.e., those with regular workweeks **of 53 hours or more**, will no longer receive standby duty pay or certain other forms of premium pay, including night, Sunday, holiday, and hazardous duty. Covered firefighters are eligible only for overtime premium pay; they will be paid on an hourly basis for all hours worked. The firefighter overtime standard is 53 hours per week.

(2) Firefighters with normal 24-hour shifts will have their hourly rate calculated by taking the annual rate for the employee and dividing it by 2,756 (53 hours times 52 weeks). There are special computation procedures for covered firefighters whose regular workweek includes a basic 40-hour tour. Firefighters with a basic 40-hour workweek in their regular tour of at least 53 hours will receive an hourly rate computed with a 2,087 divisor for their first 40 hours, and an hourly rate computed with a 2,756 divisor for all hours over 40.

(3) Under this new pay system, firefighters who are non-exempt from the Fair Labor Standards Act (FLSA) will receive overtime pay at time-and-one-half. Exempt firefighters' overtime rate will be capped at the overtime rate of GS-10, step 1 (2,087 divisor), but in no case will it be lower than their regular hourly rate (2,756 divisor).

(4) Basic pay received for a covered firefighter's regular tour is creditable for retirement and certain other purposes. The straight-time portion of overtime pay will now be included in retirement coverage, resulting in higher annuities.

(5) Firefighters covered by this chapter must be converted to uncommon tours of duty for leave purposes.

(6) Firefighters with regular tours of duty averaging 60 hours or less per week (but at least 53 hours) will receive a special 2-step pay adjustment effective October 11, 1998. Refer to PAID Bulletin 98-17 for special WGI eligibility coding for firefighters in steps 8 and above prior to October 11, 1998.

(7) The divisor for computing pay for firefighters whose schedules generally consist of 24-hour tours will be 2,756. See paragraph 2 below for the divisor for firefighters whose uncommon tours include a basic 40-hour workweek.

c. Standby duty premium pay is eliminated for covered firefighters. They will receive hourly rates of pay, either straight-time or overtime, for all hours worked. All other forms of premium pay, including night, Sunday, holiday, and hazardous duty, are prohibited.

d. Covered firefighters who attend agency-sanctioned training at which attendance would otherwise reduce the hours worked will continue to receive basic and overtime pay for their regular tour of duty. This provision does not apply to individuals who voluntarily participate in training during non-duty hours, leave hours, or periods of excused absence.

e. All periods of paid absence will be counted as hours of work in determining whether the 53-hour overtime standard has been met.

2. TOURS INCLUDING BASIC 40-HOUR WORKWEEK

a. Firefighters whose regular tours of duty include a basic 40-hour workweek (as opposed to firefighters whose regular tours generally consist of 24-hour shifts) will have pay for their basic workweeks computed using the 2,087 divisor. All hours in excess of their basic 40-hour workweek will be computed using the 2,756 divisor. Firefighters who are working compressed work schedules for the basic 40-hour portion of their tours will have pay for their basic workweeks computed on a biweekly basis using the 2,087 divisor for all hours within their basic 80-hour workweek.

b. All hours worked outside their basic 80-hour workweek will be computed using the 2,756 divisor with overtime being determined on a weekly basis as follows:

(1) **Non-Overtime Hours.** Hours in excess of the basic 80-hour workweek, up to 53 hours in a week, will be paid at the straight-time rate using the 2,756 divisor.

(2) **Overtime Hours.** Hours in excess of 53 hours in a week will be paid at the applicable overtime rate using the 2,756 divisor. The applicable overtime rate will be determined in accordance with paragraph 3 below.

3. OVERTIME PREMIUM PAY

a. Firefighters covered by the terms of this chapter will receive overtime pay only after 53 hours of work in a week. All hours in a duty status will be considered as hours of work for purposes of computing overtime pay.

b. Firefighters whose hourly rate (using the 2,756 divisor) is less than the minimum hourly rate for General Schedule (GS)-10 (using the 2,087 divisor) *and* all firefighters who are covered by (i.e., non-exempt from) the Fair Labor Standards Act (FLSA), regardless of pay rate, will receive overtime pay at the rate of one-and-one-half their firefighter rate of basic pay (2,756 divisor). This pay will be considered to be appropriate compensation under section 7(k) of the FLSA.

c. FLSA-exempt firefighters whose hourly rate (using the 2,756 divisor) is greater than the minimum hourly rate for GS-10 (using the 2,087 divisor) will be paid for all overtime hours at a rate which is the greater of:

(1) One-and-one-half times the minimum hourly rate of basic pay for GS-10 (using the 2,087 divisor); or

(2) The applicable firefighter hourly rate of basic pay (using the 2,756 divisor).

4. LEAVE WITHOUT PAY (LWOP), LUMP SUM ANNUAL LEAVE PAYMENTS AND UNCOMMON TOURS OF DUTY

a. **Substitution of Irregular Hours.** Firefighters who take LWOP during an administrative workweek will have any irregular hours worked (i.e., hours outside the regular tour of duty for that workweek) substituted for those LWOP hours. Firefighters whose regular tour of duty includes a basic 40-hour workweek who take LWOP will have any irregular hours worked in the administrative workweek substituted first for the basic 40-hour workweek LWOP hours, and then, if applicable, for any other LWOP hours. The substitution is only for irregular hours worked in the workweek, because VA firefighters' pay is computed on a weekly basis.

b. **Lump Sum Annual Leave Payments.** Firefighters who earn and use leave under uncommon tours of duty will receive regular overtime hours in lump sum annual leave payments. **NOTE:** *See part IV, chapter 3, paragraph 2d for additional guidance.*

c. **Uncommon Tours of Duty.** All VHA firefighters under the scope of this chapter shall be placed on uncommon tours of duty for purposes of leave accrual and usage. This will include all firefighters with regular tours of duty of at least 53 hours per week, such as 56-, 60-, and 72-hours. **NOTE:** *See VA Handbook 5011, Hours of Duty and Leave, for regulations on leave accrual and charges for absences.*

5. SCHEDULING

a. All fire chiefs will be placed on tours of duty that include a basic 40-hour workweek. When desired, fire chiefs may work a 56-hour regular tour, providing that this schedule includes the basic 40-hour workweek.

b. Firefighters whose normal tours of duty are 56, 60 or 72 hours and generally consist of 24-hour shifts will continue to have a requirement for a minimum of 25 and a maximum of 39 hours of actual work each week.

6. PAY ADMINISTRATION

a. **Effective Date.** The pay provisions contained in subpart M of part 550, 5 CFR, became effective in VA on October 11, 1998.

b. **Cancellation of Standby Duty Premium Pay.** Effective October 11, 1998, firefighters covered by this handbook are no longer eligible for standby duty premium pay.

c. **Special Pay Adjustment of Two Steps.** Effective October 11, 1998, all firefighters with regular tours of duty averaging 60 hours or less per week (and that do not include a basic 40-hour workweek) received an increase in basic pay equal to two within-grade increases (WGIs) for the grade applicable to the firefighter. Such 2-step pay adjustments were not considered equivalent increases in pay for purposes of waiting periods for within-grade increases.

7. RESPONSIBILITIES

a. The Office of Human Resources Management is responsible for providing advice and guidance to management officials regarding pay matters contained in this chapter.

b. The Office of Financial Management is responsible for providing technical advice and guidance to management officials regarding the procedures for implementing and paying firefighters under the terms of this chapter.

c. VHA management officials at VHA facilities employing firefighters with regular weekly tours of duty of at least 53 hours are responsible for ensuring that fire personnel are scheduled and paid in accordance with the provisions of this chapter.

8. SAVINGS PROVISION. Firefighters with regular tours of duty of generally 24-hour shifts that average 56 hours per week and whose standby premium pay is more than 10 percent may receive less annualized regular pay under the new system, even after the special 2-step adjustment. The law requires that agencies establish a protected annual rate of basic pay (exclusive of locality comparability pay) for these individuals. This protected rate is fixed and not subject to any further adjustment, except for computing locality comparability payments (LCPs). For purposes of LCPs, a protected rate is a scheduled rate of basic pay. **NOTE:** *See appendix VIII-A for procedures for determining whether a protected rate applies.* Entitlement to a protected rate of basic pay will terminate when the employee's actual rate of basic pay equals or exceeds the protected rate, or when the individual moves to a position not covered by this Directive.

9. PAY COMPUTATIONS. Refer to appendix VIII-B for guidance on computing pay under the new rules.

10. REFERENCES

a. Section 628 of the Treasury and General Government Appropriations Act, 1999, incorporated in section 101(h) of Public Law 105-277, the Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999, October 21, 1998.

b. Subpart M of part 550, 5 CFR.

c. PAID Bulletin 98-17, October 22, 1998.

11. DEFINITIONS

a. **Firefighter.** For purposes of this chapter, firefighter refers to individuals in positions classified in the GS-081 series (Fire Protection and Prevention) and who have regular tours of duty averaging at least 53 hours per week.

b. **Regular Tour of Duty.** A firefighter's official work schedule established by management on a regular and recurring basis as in effect throughout the year (or on a temporary basis in cases where a temporary change in schedules results in a reduction in regular work hours or a change in the pay computations under paragraph 1), provided that the individual works at least 53 hours per week, on average. It includes only those overtime hours that are deemed to be part of the firefighter's fixed recurring work schedule. Firefighters whose regular tour of duty consists of a 56-, 60- or 72-hour average week will be placed on Uncommon Tours of Duty.

c. **Basic 40-Hour Workweek.** A block of time in a firefighter's regular tour of duty that consists of 40 hours of actual work during an administrative workweek (or 80 hours of actual work over a biweekly pay period for individual on compressed work schedules), excluding sleep and eating time, provided the tour does not consist primarily of 24-hour shifts.

d. **Overtime Hours.** Hours of work in excess of 53 hours in a week.

e. **Annualized Regular Rate of Pay.** The gross salary a firefighter would earn over a 52-week period for working the regular tour of duty.

CHAPTER 3. PAY FOR EMPLOYEES IN SENIOR-LEVEL (SL) AND SCIENTIFIC AND PROFESSIONAL (ST) POSITIONS

1. PAY SETTING UPON INITIAL PLACEMENT IN A SL OR ST POSITION

a. Pay for a current Federal employee paid from the General Schedule or an equivalent system (such as title 38) who is placed in a senior-level (SL) or scientific and professional (ST) position for the first time will be set at a rate equal to their current rate of basic pay, plus 6 percent, unless a higher rate is justified under the criteria in subparagraph 1e, below.

b. Pay for a current Federal employee paid under a pay system or grade not linked to the General Schedule will be set at a rate equal to the employee's existing rate of basic pay or the minimum of the grade, whichever is higher, unless a higher rate is justified under the criteria in subparagraph e, below. In no case will an individual's pay be set above the maximum of the rate range.

c. Pay for a current Federal employee who transfers from an SL or ST position, or a position under the Senior Executive Service, will be set at a rate of basic pay equal to the individual's existing rate of basic pay, unless a higher rate is justified under the criteria in subparagraph e, below.

d. Pay for an individual upon initial appointment to Federal service, or after a break in service, will be set at the minimum rate of the range, unless a higher rate is justified under the criteria in subparagraph e below.

e. Pay for individuals receiving their initial appointment to an SL or ST position may be set at a rate higher than that authorized in the paragraphs above, when warranted by the level of responsibilities of the assignment; the impact of the position on VA, the Federal government, and/or the private sector; to match levels of pay for comparable positions in the Federal or private sector; or, to resolve difficulties in recruiting a high quality candidate for the position based on local characteristics or special needs of the Department. Recommendations for higher initial rates under the provisions of this paragraph will include appropriate justification.

f. Pay rates established under the provisions of this chapter will be approved by the Secretary.

2. INDIVIDUAL PAY ADJUSTMENTS

a. An SL or ST employee's rate of basic pay may be adjusted only once during any 12-month period. Across-the-board adjustments to SL rates do not count as individual adjustments.

b. SL and ST employees may be reassigned to different duties and responsibilities only with the approval of the Secretary. Upon reassignment, the individual's rate of basic pay may be adjusted, if the individual has not received an adjustment during the preceding 12 months.

c. Covered employees may receive pay adjustments based on documented professional accomplishments, job performance, or expanded scope of responsibility.

d. The head of the employing organization of an SL or ST employee will make recommendations on individual adjustments to employees' pay rates. The Assistant Secretary for Human Resources and Administration has authority to approve individual adjustments.

e. Individual pay adjustments are wholly at the discretion of the Department.

3. MISCELLANEOUS PROVISIONS

a. Covered employees are eligible for employee recognition under the provisions of VA Handbook 5017, Employee Recognition and Awards.

b. Any reduction to a covered employee's rate of basic pay is subject to the provisions of 5 CFR, part 752, subparts C and D.

CHAPTER 4. PAY FOR MEMBERS OF THE BOARD OF VETERANS' APPEALS

1. GENERAL. Members of the Board of Veterans' Appeals (BVA), as prescribed by 38 U.S.C. 7101A(b), are to be compensated at rates of pay equivalent to those for Federal Administrative Law Judges under 5 U.S.C. 5372.

2. PAY RATES

a. The pay of the Chairman, BVA, is fixed at Level IV of the Executive Schedule by 5 U.S.C 5315. All pay actions for this position will be accomplished in accordance with policies for Executive Schedule positions.

b. Senior Executive Service (SES) members of the BVA as of January 8, 1995, will remain under that pay system. SES pay policies and requirements will apply to those incumbents.

c. Below is the Pay System (designated as "AL") for Members of the Board of Veterans' Appeals

Board Member Grade	Administrative Law Judge Equivalent Level
AL-3, step 1	AL-3/A
AL-3, step 2	AL-3/B
AL-3, step 3	AL-3/C
AL-3, step 4	AL-3/D
AL-3, step 5	AL-3/E
AL-3, step 6	AL-3/F
AL-2	AL-2
AL-1	AL-1

(1) Statutory changes in the calculation of Administrative Law Judge (ALJ) rates will be applied to VA grades.

(2) Annual adjustments to ALJ rates will be applied to AL rates. AL basic rates of pay will be adjusted by the percentage of locality pay authorized for the area in which the position is located. Individual pay charts will be issued as needed to reflect annual adjustments and locality adjustments.

3. PAY ADMINISTRATION

a. **AL-1 and AL-2 Board Members**

(1) AL-1 is reserved.

(2) AL-2 applies to incumbents of the Deputy Vice Chairman positions of the BVA.

(3) Pay for AL-1 and AL-2 board members will be fixed at the rates applicable to those levels when duties and responsibilities have resulted in a determination that those grades are appropriate.

b. **AL-3 Board Members**

(1) Pay for new AL-3 board members will be fixed at step 1, unless the new appointee is eligible for a higher rate because of prior service or superior qualifications.

(2) An appointee who has prior Federal service or is an ALJ transfer candidate from another agency may be paid the lowest AL-3 step that equals or exceeds the applicant's highest previous Federal rate of pay unless the new appointee is eligible for a higher rate because of superior qualifications.

(3) An AL-3 applicant with superior qualifications may be offered the lowest step that equals or exceeds the applicant's existing pay or earnings. Superior qualifications may include significant legal experience in the adjudication of legal or forensic medical issues, and/or significant outstanding legal experience in the adjudication or litigation of appeals for entitlements to veterans' benefits.

(4) An AL-3 Board member may be advanced to steps 2 through 4 successively upon completion of 52 weeks of service in the next lower step and to steps 5 and 6 upon completion of 104 weeks of service at the next lower rate. Time in a non-pay status is generally creditable service for waiting period credit unless it exceeds two weeks for each 52 weeks of service. Non-pay status is fully creditable if absence is due to military service, as defined in 5 U.S.C. 8331(13), or due to receipt of injury compensation under chapter 81 of title 5, U.S.C.

(5) On a one-time basis, the Chairman, BVA, or designee, may advance an AL-3 member one step within that grade because of added administrative and managerial duties and responsibilities.

c. **Governing Practices.** Pay matters upon the movement of Board members to other pay systems will be governed by policies and procedures applicable to the gaining system.

4. RESPONSIBILITIES

a. The Secretary will approve initial salary rates for newly appointed members of the BVA.

b. The Chairman, BVA, or designee, will recommend initial salary levels and approve subsequent adjustments in pay for AL employees.

c. The Assistant Secretary for Human Resources and Administration will provide advice to the Secretary and the Chairman regarding this chapter, and address any unresolved pay related issues which are not covered by this chapter.

d. The Deputy Assistant Secretary for Human Resources Management will provide guidance and assistance in the administration of the AL pay system to ensure that pay determinations are consistent with law, regulation, and VA policy.

5. REFERENCES

a. 38 U.S.C. 7101

b. 5 U.S.C. 5372

c. 5 CFR, part 930

CHAPTER 5. DUAL COMPENSATION

1. GENERAL. Except as specifically provided otherwise by statute or the Office of Personnel Management (OPM), 5 U.S.C. 5533(a) provides that an employee is not entitled to receive basic pay from more than one Federal position for more than an aggregate of 40 hours of work in 1 calendar week (Sunday through Saturday). Further, 5 U.S.C. 5536 prohibits receipt of extra Federal pay for extra services unless specifically authorized by law and appropriation (see 41 Comp. Gen. 741 and 37 Comp. Gen. 29). Accordingly, except as indicated in paragraph 2 below, a full-time employee may not hold more than one Federal position; a part-time or intermittent employee may hold more than one Federal position provided basic pay does not exceed pay for 40 hours and there are no conflicts in duty schedules or other prohibitions. Such part-time or intermittent dual employment in VA may be authorized only when there is no other administratively feasible alternative. For dual VA employment of persons appointed under 38 U.S.C. chapters 73 and 74, refer to part II, chapter 3, section A, paragraph 3b of VA Handbook 5005, Staffing.

2. EXCEPTIONS TO DUAL COMPENSATION RESTRICTIONS

a. **Statutory Exceptions.** The provisions of 5 U.S.C. 5533(a), concerning the 40-hour basic pay limitation, do not apply to the types of pay outlined in 5 U.S.C. 5533(d), principal types of which are summarized below.

(1) Pay on a when-actually employed basis received from more than one consultant or expert position refers to individuals utilized under 5 U.S.C. 3109 and 5 CFR, part 304; consultants and attending utilized under 38 U.S.C. 7405 will not be paid by VA for more than one visit a day. (See appendix II-F.)

(2) Pay consisting of fees paid on other than a time basis includes consultants, attendings, and others utilized under 38 U.S.C. 7405 on a fee-per-service basis.

(3) Pay within the purview of 13 U.S.C. 23(b) concerns enumerators and others involved in the fieldwork of the Bureau of Census, Department of Commerce.

b. **Regulatory Exceptions**

(1) **Emergencies.** 5 CFR 550.503 provides that 5 U.S.C. 5533(a) does not apply for certain emergency services.

(2) **General and Specific Exceptions.** Each official authorized in VA Handbook 5005 to make appointments is considered the appropriate authority to determine that personal services otherwise cannot be readily obtained in the application of 5 CFR 550.504 and 550.505. Section 550.504(a) applies only to positions for which OPM has authorized special salary rates under 5 U.S.C. 5303 and does not apply to positions not specifically designated in OPM issuances.

c. **Prior Approval of Exceptions.** Requests for exceptions under 5 CFR 550.504 will be sent to the Deputy Assistant Secretary for HRM who will recommend whether the request should be sent to the

Secretary for action. The request should include, where appropriate, a copy of the employee's application, position description, specific salary data, specific needs for services, recruitment efforts, length of position vacancy, and any other information or material which would help support the request.

3. EMPLOYMENT OF CERTAIN PERSONNEL

a. **VA Employment of Military Personnel.** The VA employment of any person on active duty in the Armed Forces is incompatible with military service (see 46 Comp. Gen. 400). The fact that the person may be on furlough, or that the basis of VA utilization is part-time, intermittent, or fee basis does not alter the situation (see 47 Comp. Gen. 505). However, VA may employ a member of the uniformed services who is on terminal leave pending separation or release from active duty as indicated in 5 U.S.C. 5534a.

b. **VA Employee who is in the Reserve or National Guard.** Under the provisions of 5 U.S.C. 5534, a VA employee who is in the Reserve of the Armed Forces or a member of the National Guard is entitled to VA salary and military pay and allowances.

c. **Other Employment.** Work performed by a VA employee for somebody else is ordinarily a matter between the employee and the other employer, provided there is no violation of laws, regulations, or VA policy governing outside employment. Under 18 U.S.C. 209, an employee is from receiving any salary or anything of a monetary value from a private source as compensation for his services to the Government. Generally, an employee may not receive compensation from an outside source except for services performed outside his tour of duty, or while he is on annual leave or leave without pay. However, an employee may receive reasonable bone fide reimbursement for actual expenses of travel and such other subsistence expenses compatible with, and not otherwise prohibited by, law or regulation (see VA Regulation 812(D)(1), 36 Comp. Gen. 268, 35 Comp. Gen. 354, and 32 Comp. Gen. 454).

d. **Programs Funded by the Federal Government.** An employee is not necessarily prohibited from receiving compensation from an organization, such as a Community Action Program, a Model Cities Board, or an educational institution administering a grant, which may be funded in whole or in part by Federal funds. Although it is the responsibility of the second employing office to make the determination as to the legal propriety of such employment, an employee may be advised of the following:

(1) The general rule is that Federal funds lose their identity if administered wholly by a third party (see 25 Comp. Gen. 868, 16 Comp. Gen. 948, and 14 Comp. Gen. 916 and compare with 41 Comp. Gen. 741). However, some projects or grants may specifically prohibit payment of salaries to Federal employees.

(2) The second employment would not be a violation of 5 U.S.C. 5533 unless the position is one defined in 5 U.S.C. 5531(2), which must meet the three criteria of Federal employment outlined in 5 U.S.C. 2105 and as implemented in OPM Operating Manual 296-31, appendix B, section 210-3.

(3) If the second employment is a Federal position, the exceptions set forth in 5 U.S.C. 5533(d), or 5 CFR 550.503 or 550.504(a), if applicable, may permit the second employment.

(4) If the second employment is a Federal position and involves use of VA facilities and equipment and the performance by the employee of duties, which are essentially similar to his regularly assigned duties,

such duties may be performed by him only on an overtime basis. See 5 Comp. Gen. 94 and 44 Comp. Gen. 690. These circumstances would require special fiscal procedures for billing and paying.

(5) Generally, the second employment would not be a violation of 5 U.S.C. 5536 if work and duty hours are separate and distinct from the employee's VA position.

4. FEES FOR COURT CASES

a. **Jury Service.** Normally, an employee may not retain fees for jury service in a court of the United States (5 U.S.C. 5537). Under certain conditions, an employee may retain fees; for example, when an employee, in the absence of jury service, would not have been required to report and perform duty for VA (such as holidays and non-duty days), he is entitled to retain fees for that jury duty (45 Comp. Gen. 251). Since an employee is not to suffer a loss of compensation for jury duty, he must receive any differentials to which he otherwise would have been entitled (29 Comp. Gen. 427). For leave in connection with jury service, refer to VA Handbook 5011, Hours of Duty and Leave.

b. **Subpoena.** Any fee received for a subpoena as a result of official Government testimony must be deposited with the appropriate VA agent cashier.

5. RE-EMPLOYED ANNUITANTS

a. A civilian annuitant may be re-employed in VA. The provisions of 5 U.S.C. 8344(a) and 5 U.S.C 8468(a), requiring reduction in salary, are generally applicable for civilian re-employed annuitants. In unusual circumstances, a re-employed annuitant may be utilized without a reduction in pay. The determining factor is whether or not an employer-employee relationship exists in the method of utilization. Since all the facts in each instance must be considered, it is not possible to categorize by type of utilization. For Office of Personnel Management guidelines, refer to 5 CFR, part 304. The Comptroller General has ruled that if an "independent contractor" status existed (rather than an employer-employee relationship), the salary is not subject to reduction (see 39 Comp. Gen. 681 and 26 Comp. Gen. 468). For Comptroller General decisions relating to the reduction in pay of a part-time or intermittent re-employed annuitant, see 28 Comp. Gen. 87 and 693, and 32 Comp. Gen. 146.

b. Reduction in salary for civilian re-employed annuitants may be waived as provided for in 5 CFR, part 553.

c. A military annuitant may also be re-employed in VA without any reduction in pay or annuity. Retired members of the uniformed services will be considered for positions in VA commensurate with their skills, experience, and qualifications on the same basis as other applicants.

6. REFERENCES

a. 5 U.S.C. 5531, 5533-5537

b. 5 CFR, part 550, subpart E and part 553

c. Applicable Comptroller General decisions; e.g., see appendix VIII-C in this part.

7. DEFINITIONS

a. **Position.** A civilian office or position (including a temporary, part-time or intermittent position). This term also includes experts and consultants, employment on a fee-basis and personal services contracts, unless the individual is excluded from this chapter under paragraph 2 above.

b. **Retired or Retainer Pay.** Retired pay as defined in 5 U.S.C. 8311(3) determined without regard to subparagraph (B) through (D) of that section. This term does not apply to a beneficiary of a member of former member of a uniformed service under chapter 73 of title 10, United States Code.

CHAPTER 6. BACKPAY

1. GENERAL. A VA employee who meets backpay entitlement requirements as a result of an unjustified or unwarranted personnel action may be entitled to backpay.

2. ENTITLEMENT DETERMINATIONS

a. An employee who suffers a loss or diminution of pay and other benefits as the result of an unjustified or unwarranted personnel action will have such pay and benefits restored on determination of his entitlement to back pay under the provisions of 5 CFR 550.801 through 550.808.

b. Employees covered by this chapter are entitled to backpay under 5 U.S.C. 5596 and 5 CFR, part 550, subpart H, if an appropriate authority finds that an unjustified or unwarranted personnel action resulted in the withdrawal, reduction or denial of all or a part of pay, allowances or differentials otherwise due the employee. This includes, among other things, basic pay, additional pay, special pay, premium pay, leave, inclusion of special pay as basic pay for retirement purposes, consideration of special pay as annual pay for life insurance purposes, cost-of-living allowances, and post differentials. The appropriate authority is typically the official having authority to approve the applicable personnel action. For further information, see 5 CFR, part 550, subpart H.

c. Corrective actions will be processed as indicated in VA Manual MP-6, part V, supplement No. 1.5, chapter 4, section C, and in 5 CFR, part 550, subpart H.

3. WAIVERS OF SALARY OVERPAYMENTS. Title 5, United States Code, section 5584, authorizes waiver under certain conditions of claims of the Government arising out of erroneous payment of pay and allowances. Examples include overpayment of basic pay, special pay (but not waivers of special pay refund liability under 38 U.S.C. 7432), additional pay and premium pay. For further information concerning such waivers, see OF Bulletin 97GC1.03.

4. RESPONSIBILITIES

a. The Secretary, or designee, is the approving official for backpay for employees occupying positions centralized to that office.

b. Administration Heads, Assistant Secretaries, Other Key Officials, and Deputy Assistant Secretaries, or their designees, may authorize backpay for employees occupying VA Central Office positions in their organizations that are not centralized to the Secretary; and employees occupying field positions centralized to their offices.

c. Network directors and VA equivalents may authorize backpay for employees occupying non-centralized positions in their organizations.

d. Facility directors may approve backpay for employees in non-centralized positions under their jurisdiction.

5. REFERENCES

a. 5 U.S.C. 5596.

b. 5 CFR, part 550, subpart H.

c. Applicable Comptroller General decisions, e.g., see appendix VIII-D of this part.

CHAPTER 7. PAYMENTS DURING EVACUATION

1. GENERAL

a. In making advance payments, evacuation payments, and special allowances, VA follows OPM regulations as outlined in 5 CFR, part 550, subpart D.

b. Generally, all categories of VA employees, except non-U.S. citizens hired locally in foreign areas, are eligible for evacuation payments. All such payments shall be made under the departmental regulations published by the Department of State in chapter 600 of the Standardized Regulation (Government Civilians, Foreign Areas).

2. EMPLOYEES OF OTHER AGENCIES. When payments are made to employees of other departments listed in 5 CFR 550.401 or section 614 of chapter 600 of Standardized Regulations (Government Civilian, Foreign Areas), the heads of field facilities and the Assistant Secretary for Human Resources and Administration will report the amount and date of payment to the employee's agency as set forth in OPM regulations.

3. RESPONSIBILITIES

a. **Non-Foreign Areas**

(1) Facility directors and the Assistant Secretary for Human Resources and Administration in VA Central Office, or their designees, may make appropriate payments in accordance with Office of Personnel Management (OPM) regulations, upon receipt of an oral or written evacuation order from proper authority.

(2) Administration Heads for field facility employees and the Deputy Secretary in the case of Central Office employees, or an available senior designated official, may authorize waivers of recovery and extensions of payments and may receive reports as set forth in OPM regulations.

(3) Facility directors and the Deputy Secretary for VA Central Office employees will select safe haven posts as far in advance as practicable. These selections shall be coordinated, as appropriate, with local civil defense authorities.

b. **Foreign Areas**

(1) Upon receipt of an evacuation order from proper authority, the Director, Manila VA Regional Office, or other appropriate regional office director, or their designee, will proceed to make appropriate payments in accordance with the departmental regulations.

(2) The Under Secretary for Benefits or the senior designated official shall authorize waiver of recovery and extension of payments and receive prescribed reports as set forth in section 116b and 121 of the departmental regulations.

(3) The Director, Manila VA Regional Office will direct the employees and their dependents to the appropriate safe haven post selected by the Secretary of State and relayed through the Ambassador or delegate.

4. REFERENCES

a. 5 U.S.C. 5521-5524, 5526, 5527.

b. Executive Order 10982.

c. 5 CFR, part 550, subpart D

5. DEFINITIONS. Foreign area employees are U.S. citizen employees of VA stationed in a foreign country and any non-citizen employee in these areas who is a citizen of a country other than that in which assigned.

CHAPTER 8. PAY FOR TITLE 5 EXPERTS AND CONSULTANTS

1. GENERAL. This chapter provides guidance on the appointment of experts and consultants appointed under authority of 5 U.S.C. 3109. Excluded are consultants and attendings appointed in the Veterans Health Administration under authority of 38 U.S.C. 7405.

2. DETERMINING RATE OF PAY

a. When appointed under the provision of 5 U.S.C. 3109, experts and consultants will be paid in accordance with the provision of 5 CFR, part 304. They may be appointed on a pay or without-compensation basis. Alternatively, their services may be obtained by contract. (See VA Handbook 5005.)

b. When setting the rate of pay for an expert or consultant, the responsible official shall consider the level and difficulty of the work to be performed; the individual's qualifications; the pay rates for comparable work in the Federal and non-Federal sectors; and, the availability of qualified candidates. In no case shall the rate of pay for an expert or consultant appointed under 5 U.S.C 3109 exceed the rate of basic pay (excluding locality comparability payments) for GS-15, step 10. Additional guidance is found in appendix VIII-E of this part.

3. ADJUSTING RATES OF PAY

a. The pay of experts and consultants may be adjusted at any time based on the following considerations:

(1) The individual's job performance and contributions; or

(2) Changes in the level of pay for comparable work in the Federal sector.

b. There is no entitlement to an adjustment. However, provisions for pay adjustments may be specified in the official appointment documents that provide for regular adjustments to the rates of pay of experts and consultants.

4. RESPONSIBILITIES

a. Administration Heads, Assistant Secretaries, and Other Key Officials, or their designees, shall have authority to set the rates of pay for individuals appointed within their organizations under authority of 5 U.S.C. 3109.

b. Individuals charged with responsibility for human resources management at the employing facility will ensure that all requirements (e.g., dual employment and compensation, conflict of interest, leave and benefits administration, etc.) are met and records completed as necessary.

5. REFERENCES

a. 5 U.S.C. 3109

b. 5 CFR, part 304

c. VA Handbook 5005, Staffing.

CHAPTER 9. PAY FOR NURSES ON THE BAYLOR PLAN

1. GENERAL. This chapter provides mandatory guidance for using the Baylor Plan and, applies to nurses appointed at VA health-care facilities under 38 U.S.C. 7401(1) or 7405a(1)(A). This chapter applies to all such nurses except those who are not providing direct patient care services.

2. REQUESTS TO USE THE BAYLOR PLAN

a. Requests will be considered only where there is evidence of recruitment or retention problems that are being caused by work scheduling practices similar to the Baylor Plan. Submission of a request presupposes all recruitment possibilities have been exhausted, full attention has been given to retention considerations, such as working conditions and duty assignments, and that full use has been made of available authorities to increase rates of basic and additional pay under parts V and VI of this handbook.

b. Requests will be submitted to the appropriate network director (10N_). Incomplete, improperly prepared or inappropriate requests shall be returned without further action. If approval is recommended, the Network Director will certify that the facility has correctly estimated the budgetary effect of its request and that sufficient funds exist should the request be approved. The request and certification are then sent through the Chief Financial Officer (17) and the Assistant Deputy Under Secretary for Health (10N) to the Deputy Assistant Secretary for Human Resources Management (051) for further action.

c. Requests should contain enough information for reviewing and approving officials to clearly identify the nature and extent of any recruitment or retention problems, the effect of these problems on the provision of patient care, the role of non-VA employers and the effect of any approval on the facility's budget. Guidelines for submitting a request are contained in appendix VIII-F of this part.

3. APPOINTMENTS

a. Employees on the Baylor Plan are considered to be serving on a full-time basis for all personnel management purposes, except for the computation of full-time equivalent employment of FTE. Therefore, employees serving on less than a full-time basis must be converted to a full-time appointment, in accordance with VA Handbook 5005, upon or before being placed on the Baylor Plan.

b. A nurse shall only be placed on the Baylor Plan at the beginning of the administrative workweek and taken off the Baylor Plan at the end of an administrative workweek.

c. When selecting nurses to be placed on the Baylor Plan, preference shall be given to current employees appointed under 38 U.S.C. 7401(1). Temporary employees may only be used as a last resort in order to obtain adequate nurse staffing.

4. PAY ADMINISTRATION

a. **Basic Rates of Pay.** The hourly rates of basic pay for nurses on an approved Baylor Plan shall be determined in accordance with paragraph 10g below.

b. **Periodic Step Increases.** The following leave without pay (LWOP) is creditable for periodic step increase purposes:

(1) LWOP not to exceed 80 hours for periodic step advancement when the waiting period is 52 calendar weeks of creditable service.

(2) LWOP not to exceed 160 hours for periodic step advancement when the waiting period is 104 weeks of creditable service.

(3) The number of hours of LWOP taken by RNs and nurse anesthetists on the Baylor Plan shall be multiplied by 1.667 when making the above determinations.

c. **Hours of Duty, Leave and Holidays.** Policies concerning hours of duty, leave and holidays for nurses on the Baylor Plan are contained in VA Handbook 5011, Hours of Duty and Leave.

5. FRINGE BENEFITS. Nurses on the Baylor Plan are considered full-time employees for the purposes of retirement, life insurance, health insurance and work injury compensation.

6. OUTSIDE PROFESSIONAL ACTIVITIES. Nurses on the Baylor Plan are covered by the outside professional activities restrictions contained in 38 U.S.C. 7423 and VA Handbook 5025, Legal.

7. REVIEW OF EXISTING PLANS. Facility directors are to review any Baylor Plans approved under this chapter at least annually to ensure that it continues to meet the provisions of paragraph 2a of this chapter. This will be in addition to any reviews initiated by VA Central Office. Field facilities may be contacted individually and requested to submit updated information necessary for VA Central Office review purposes.

8. RESPONSIBILITIES

a. The Under Secretary for Health may authorize use of the Baylor Plan at any VA health care facility, when needed to recruit or retain the services of nurses. The Under Secretary for Health may also provide that nurses be paid overtime for all or part of the actual amount of officially ordered and approved overtime services in excess of 40 hours in an administrative workweek.

b. The Deputy Assistant Secretary for Human Resources Management shall advise management and operating officials on the policies and procedures contained herein.

c. Network directors are responsible for designating a lead facility for the submission of a request whenever more than one VA health-care facility in the same local labor market would be affected by such a request.

d. Facility directors are responsible for properly submitting requests under this chapter and for ensuring any approved plan continues to meet the criteria contained herein. This includes responsibility for recommending discontinuance of the Baylor Plan when it is no longer appropriate.

9. REFERENCES

a. Section 2, VA Health-Care Programs Improvement and Extension Act of 1982 (PL 97-251, September 8, 1982, 38 U.S.C. 7456, 96 Stat. 711).

b. VA Handbook 5011, Hours of Duty and Leave.

10. DEFINITIONS. For the purposes of this chapter, the following definitions shall apply:

a. **Additional Pay.** Additional rates of pay or increased rates of additional pay authorized under 38 U.S.C. 7453. These include tour differential, weekend pay, holiday pay, overtime pay, and pay for employees on-call outside their regular duty hours or on a holiday.

b. **Administrative Workweek.** A period of 7 consecutive calendar days which shall coincide with the calendar week, Sunday through Saturday.

c. **Basic Pay.** The annual rate of pay to which an employee is entitled under 38 U.S.C. 7404, including above-minimum entrance rate or special salary rate ranges authorized under 38 U.S.C. 7455.

d. **Basic Workweek.** Two regularly scheduled 12-hour tours of duty contained entirely within the first and last day of the administrative workweek, Sunday and Saturday.

e. **Baylor Plan.** Two regularly scheduled 12-hour tours of duty entirely within the period commencing at midnight Friday and ending at midnight the following Sunday.

f. **Category of Employee.** An employee, or group of employees, who perform service within a specialization of an occupation, e.g., operating room nurse, critical care nurse, etc.

g. **Hourly Rate of Basic Pay**

(1) For service during the basic workweek, the hourly rate of basic pay equals the annual rate of basic pay to which an employee is entitled divided by 1,248.

(2) For service outside the basic workweek, the hourly rate of basic pay equals the annual rate of basic pay to which an employee is entitled divided by 2,080.

h. **Nurse.** A registered nurse or nurse anesthetist appointed under 38 U.S.C. 7401(1) or 7405a(1)(A), but does not include graduate nurse technicians, nurse technicians, student nurse technicians, or the Deputy Assistant Under Secretary for Health for Nursing Programs, who is appointed under 38 U.S.C. 7306.

i. **Weekend.** The period commencing at midnight Friday and ending at midnight the following Sunday.

CHAPTER 10. ALLOTMENTS AND ASSIGNMENTS FROM PAY

1. GENERAL. This chapter provides Department of Veterans Affairs (VA) mandatory guidance for allotments and assignments from pay. It provides for expanded options for allotments, including allotments to collective bargaining units by non-members and to professional organizations.

2. RESPONSIBILITIES

a. The Deputy Assistant Secretary for Human Resources Management is responsible for issuing policy and advising management regarding allotments and assignments from pay, and determining if labor organizations meet the definition for exclusive representation, i.e., meet the definition of "labor organization" in 5 U.S.C. 7103(a)(4).

b. The Office of Financial Management is responsible for administering the processing of allotments. This includes developing fiscal policies and procedures, establishing system requirements, and maintaining those system resources needed to process allotments.

c. Management officials at the facility level are responsible for implementation matters, developing agreements for the payment of allotments with organizations and institutions, as necessary, and determining if an allotment may be approved for processing.

d. Officials with human resources and/or payroll responsibilities, whether at the local level or the Shared Service Center, will advise employees under their jurisdiction on the policies and procedures for allotments from pay.

3. TYPES OF ALLOTMENTS ALLOWED

a. The Department is committed to providing employees with the opportunity to assign deductions from pay for certain legal and voluntary purposes. Included in this effort are allotments for debts to the Federal Government; donations to the Combined Federal Campaign; purchase of savings bonds; savings; dues to labor organizations; membership fees for employee or professional organizations; alimony and/or child support; installment purchases from the Veterans Canteen Service; membership fees to labor organizations by non-bargaining unit members; and, contributions to political action committees.

b. Allotments for purposes other than those specified in subparagraph a above are subject to approval by the Director of the facility responsible for processing the allotment.

c. This policy is not intended to allow for the authorization of allotments from pay for the purpose of bill paying or other commercial purpose. The Department reserves the right to refuse to process allotments that are contrary to law or agency policy, beyond system capacities, or that cannot be made by electronic funds transfer.

d. New allotment authorizations will not be accepted from employees on intermittent appointments

or on extended leave without pay.

e. Eligible employees as authorized under 5 U.S.C. 5522 or 5523 and procedures in this chapter may establish allotments during periods of evacuation.

f. Allotments may include the following types:

(1) Dues to labor organizations, employee organizations, professional associations and societies, and associations of management officials and supervisors;

(2) Payments for purchase of U.S. Savings Bonds;

(3) Payments to the Combined Federal Campaign;

(4) Payments for installment purchases from the Veterans Canteen Service;

(5) Payments for alimony and/or child support;

(6) Payments of Federal debts;

(7) Payments to financial organizations for savings accounts;

(8) Payments to non-financial organizations for the purchase of individual retirement accounts, money market funds, mutual funds, or similar accounts;

(9) Payments for State, District of Columbia, and local income or employment taxes;

(10) Payments for contributions to political action committees;

(11) Payments for allotments from evacuation pay;

(12) Payments to medical schools, index hospitals, or insurance carriers for reimbursement of medical and dental residents' fringe benefits;

(13) Payments for membership fees to labor organizations by non-bargaining unit employees; and

(14) Payments for other legal purposes as deemed appropriate by management officials at the facility that processes the allotment.

4. ADDITIONAL ALLOTMENTS. Allotments for employees in foreign areas outside the 50 states, the District of Columbia, the Commonwealth of Puerto Rico, and the U.S. Virgin Islands may include the following:

a. Payments for support of relatives or dependents;

b. Payment of United States Government Life Insurance and National Service Life Insurance, or certain other life insurance premiums;

c. Repayment of home loans; and

d. Payments for other legal purposes as deemed appropriate by management at the facility level.

5. AGREEMENTS WITH EMPLOYEE, LABOR, AND/OR MANAGEMENT ORGANIZATIONS

a. Allotments to organizations may require an agreement or written memorandum of understanding between the Department and the organization. These agreements will normally be developed at individual sites unless they involve more than one facility or location, in which case the agreements will be developed jointly by the affected locations. Human resources management offices and payroll activities or the Shared Service Center, as appropriate, should be involved in the agreement process.

b. Organizations applying for dues withholding as labor organizations must meet the definition in 5 U.S.C. 7103(a)(4).

6. SETTING UP, PAYING, AND CANCELING ALLOTMENTS

a. Employees may set up or cancel allotments with assistance from their local payroll servicing facility or the Shared Service Center, as appropriate, using specified procedures, forms, signatures, and conditions for each kind of allotment. Procedures for facilities with local payroll servicing are issued by the Office of Financial Policy in chapter 5 of MP-6, part V, supplement 2.3; procedures for facilities serviced by the Shared Service Center are found in the User's Guide.

b. Employees may set up and pay allotments to employee, labor, and/or management organizations that have a written agreement or memorandum of understanding between the Department and the organization.

c. To the extent that current financial systems allow, new allotments will be paid by electronic funds transfer.

d. An allotment will not be deducted for any pay period in which an employee has no pay or has insufficient pay to make the allotment under the established priority of deductions. Allotments suspended during such periods of leave without pay or insufficient pay will automatically resume when the employee's pay is sufficient to make the allotment.

e. Employees who transfer from one facility to another must complete new allotment authorization(s) in order to continue the payment of the allotment. Employees should work closely with the human resources and payroll offices or Shared Service Center, as appropriate, to ensure that essential payments continue.

f. An allotment will be canceled when:

(1) The employee requests cancellation, is no longer represented by an organization, or is no longer a member in good standing, and in accordance with the applicable agreement or memorandum of understanding. Payment will cease upon receipt by the payroll activity or the Shared Service Center, as applicable, of written notification of one of these conditions from the employee, organization, or facility director or designee;

(2) The employee requests in writing that the allotment be cancelled;

(3) The employee dies, retires, transfers to another facility, or separates from VA employment;

(4) The recipient of the allotment dies or if the recipient's whereabouts are unknown; or

(5) Upon dissolution of the organization or institution receiving an allotment.

g. The number of allotments established will be consistent with Federal regulations, system requirements, and the Department's administrative needs and obligations.

7. ADVISORY SERVICES. The Human Resources Management Programs and Policies Service (051) will provide guidance and technical advice on the contents of this handbook. Technical information on procedures for setting up, closing, and administering allotments from pay is available at the local payroll activity or the Shared Service Center, as applicable.

8. REFERENCES

a. Title 5, U.S.C. 5514, 5516, 5517, 5520, 5521, 5525, 5527, and 7115

b. 5 CFR, part 550, subpart C.

c. 31 CFR, part 209.

d. VA Handbook 5023, Labor-Management Relations.

e. Office of Personnel Management Memorandum, "Allotments to Political Action Committees," dated February 17, 1994.

9. DEFINITIONS

a. **Employee.** All categories of employees, including non-U.S. citizens at the Manila (PI) Regional Office and non-appropriated fund employees of the Veterans Canteen Service, but excluding employees appointed on a without-compensation basis or fee basis.

b. **Labor Organization.** An organization, as defined in 5 U.S.C. 7103(a)(4), that is the exclusive representative of a unit's employees, including organizations certified by the Federal Labor Relations Authority as representing at least 10 percent of a unit's employees under 5 U.S.C. 7115(c).

c. **Employee or Professional Organization.** An organization based on employees' professional or occupational interests, or to provide financial or beneficial services.

CHAPTER 11. ALLOWANCES AND DIFFERENTIALS PAYABLE IN NON- FOREIGN AREAS

1. GENERAL. This chapter contains guidance on additional compensation for VA employees located in non-foreign areas outside the continental United States, e.g., Alaska, Hawaii, Puerto Rico and The Virgin Islands. The payment of additional compensation authorized by 5 U.S.C. 5941 will be in accordance with the requirements contained in 5 CFR, part 591 and the guidance in this chapter.

2. FORMS OF ADDITIONAL COMPENSATION

a. Territorial cost-of-living allowance (COLA) is based on a determination by the Office of Personnel Management that living costs in the non-foreign area are substantially higher than in the District of Columbia. Such a COLA may not exceed 25 percent.

b. Territorial post differential has not been authorized for non-foreign areas covered by this chapter.

3. ELIGIBILITY. Basic eligibility requirements for receipt of the allowance by VA employees are:

a. Permanent assignment to a VA installation in Alaska, Hawaii, Puerto Rico or the Virgin Islands; and

b. Occupancy of a position subject to 5 U.S.C. chapter 51, chapter 53, subchapters IV and VIII or appointment in the Veterans Health Administration under 38 U.S.C. chapter 74.

4. AMOUNTS AND METHODS OF PAYMENT. Additional compensation shall be paid to eligible employees at the percentage rate of basic compensation as specified by 5 CFR 591.202 and in accordance with the provisions of 5 CFR 591.401.

5. REFERENCES

a. 5 U.S.C. 5941.

b. Executive Order 10000, as amended.

CHAPTER 12. ALLOWANCES AND DIFFERENTIALS PAYABLE IN FOREIGN AREAS

1. GENERAL. This chapter contains guidance on allowances, differentials, and other benefits for U.S. citizens employees who serve in foreign areas. It is to be used for current or prospective employees of VA Regional Office, Manila, or for any other employees officially stationed overseas.

2. REFERENCES

a. 5 U.S.C. 5921 through 5925, 6304(b) and 6305.

b. 22 U.S.C. 1131 through 1156.

c. 38 U.S.C. 315 and 707.

d. 38 U.S.C. chapter 73.

e. Executive Order 10000, as amended by E.O. 10903, E.O. 11123 and E.O. 11380.

f. Standardized Regulations (Government Civilians, Foreign Areas) and Uniform State/AID/USIA Regulations issued by the Department of State.

g. Foreign Affairs Manual: Vols. 3 and 6.

h. VA Manual, MP-1, part II, paragraph 215.00.

3. ELIGIBILITY

a. Basic eligibility requirements for receipt of allowances and differentials outlined in this chapter are that the employee must be:

(1) A United States citizen by birth or naturalization;

(2) Permanently assigned to the Manila, Philippines, Regional Office, to a VA office under the jurisdiction of the Manila Regional Office, or to any other overseas post; and

(3) Assigned to a position subject to 5 U.S.C. chapter 51 or appointed in the Veterans Health Administration under 38 U.S.C. chapter 73.

b. In addition to the above, employees must meet the eligibility requirements specified for allowances, differentials, or other benefits set forth in Standardized Regulations (Government Civilians Foreign Areas), issued by the Department of State and, with respect to the post differential, in Executive Order 10000, as amended.

c. Notwithstanding the provisions of paragraph 3a(2), concerning a permanent assignment, an

employee who is detailed to an overseas post and who meets the conditions for payment is entitled to the authorized post differential for that post.

d. Each administration head or his designee is authorized to determine eligibility of employees, under his jurisdiction who are assigned overseas, to receive any of the authorized forms of additional compensation or benefits. A U.S. citizen employee who is determined to be ineligible for one or more of the allowances or differentials claimed shall be advised that he may appeal such determination, through channels, to the appropriate administration head.

4. TYPES OF ALLOWANCES AND DIFFERENTIALS. The allowances and differentials listed below are provided in accordance with 5 U.S.C. 5921 through 5925 and the Standardized Regulations (Government Civilians, Foreign Areas). Such payments are not considered compensation for purposes of retirement life insurance, employee's injury compensation, or other benefits based on basic compensation; however, post differential is considered "income" for Federal income tax purposes.

a. Post differential is payable to an eligible employee while he is stationed at an overseas post, and is based upon a finding that the conditions of environment at the post differ substantially from the conditions of environment in the continental United States so as to warrant additional pay as a recruitment and retention incentive. Living costs are not considered. The differential may not exceed 25 percent of the employee's basic salary rate.

b. Living quarters at the overseas post in a Government-owned or rented building shall normally be made available without cost to an eligible employee and his immediate family. Included shall be basic furnishings, heat, fuel, and light. The Under Secretary for Benefits or designee, is authorized to enter into agreement with another appropriate agency to provide such quarters and furnishings in accordance with 5 U.S.C. 5912. If, under unusual circumstances, living quarters are not provided, a living quarters allowance (in accordance with an employee's grade and family status), a temporary lodging allowance, or a supplementary post allowance may be authorized, if appropriate.

c. Foreign transfer allowance is payable to an eligible employee to offset a part of the cost for extraordinary, necessary, and reasonable expenses, not otherwise compensated for, incurred incident to establishing himself at the overseas post.

d. Education allowances is payable to an eligible employee to assist in meeting extraordinary and necessary expenses, not otherwise compensated for, incurred in providing adequate elementary and secondary education for his children while assigned to an overseas post. Under certain conditions, educational travel expenses may be authorized for an employee's child to attend a secondary school or a college in the United States.

5. OTHER BENEFITS. The benefits listed below are provided in accordance with 5 U.S.C. 6305 or 38 U.S.C. 235 and appropriate regulations:

a. Travel expenses, including storage and shipment of household effects and automobile, may be authorized as indicated in MP-1, part II, paragraph 215.00; and Uniform State/AID/USA Foreign Service Travel Regulations.

b. Leave (i.e., annual or sick leave) is earned by an eligible employee at the same rate as in the United States. However, the 30-day maximum carryover for a General Schedule employee is raised to 45 days while he is overseas. In addition, such an employee earns "home leave" in varying amounts, depending upon the amount of post differential authorized.

c. Medical treatment of injury or illness for eligible employees and certain family members may be provided or paid for by VA as determined appropriate by the Under Secretary for Benefits or designee.

d. Representation allowance, as determined by the Secretary, is authorized only for the Director VA Regional Office, Manila, to cover allowable items of expenditure, as senior representative of VA, to promote necessary relationships in the performance of official duties.

6. PAY FOR NON-U.S. CITIZENS IN FOREIGN AREAS. See appendix G of this part.

CHAPTER 13. FEDERAL WAGE SYSTEM PURCHASE AND HIRE WAGE RATES

1. GENERAL

a. Individuals working as purchase and hire (P&H) employees are employed on a temporary basis for the duration of a construction project. When P&H employees enter on duty, they receive intermittent, when-actually-employed appointments. It is inappropriate for P&H employees to have regularly scheduled tours of duty.

b. The P&H pay authority is appropriate only for the replacement of entire systems, building service equipment, and structural elements requiring personnel and equipment not normally available at the facility to the extent that Federal personnel are used as distinguished from contractual personnel. This includes work necessary to extend the useful life expectancy of real property such as major maintenance to update facilities and replacement of building service systems of major items of building service equipment.

c. The use of regular schedule VA wage employees, as opposed to P&H employees, is appropriate for preventive maintenance, recurring maintenance and repairs due to normal usage of real or personal property, including the replacement of component parts, as well as work cited in subparagraph (b), above, which cannot be scheduled by contract or P&H due to conflict with patient care activities. Further, when regular wage personnel are required to perform work on a P&H project, their pay basis shall remain unchanged.

2. RESPONSIBILITES

a. Facility directors are responsible for determining and authorizing local rates of pay for P&H positions. Facility directors are also responsible for insuring that P&H rates are not applied to continuing positions that properly are subject to other pay systems. In this connection, if the nature of the project work changes, facility directors are expected to review the situation periodically to see that conversion from the P&H special pay plan to the regular schedule of the FWS will be effected promptly whenever the circumstances so warrant. The approval of P&H rates and the conduct of local surveys should be coordinated with facility Human Resources Management Officer.

b. The Deputy Assistant Secretary for Human Resources Management (051) will advise management and operating officials on the policies in this chapter, and will provide pay-setting assistance and review for all P&H rates.

3. SETTING PURCHASE AND HIRE RATES OF PAY

a. **Journeyman and Laborer Rates**

(1) If available, current prevailing basic hourly rates of pay predetermined for Federal contract construction work by the Secretary of Labor pursuant to the Davis-Bacon Act of 1931, as amended, shall normally be adopted for journeyman, helper, and laborer jobs. All rates shall be converted to the

nearest cent, counting one half-cent and over as a whole cent. In addition, if the Secretary of Labor includes fringe benefit considerations as part of prevailing rate determinations, such considerations shall be converted to monetary amounts and expressed in cents per hour terms. If the fringe benefit consideration cannot readily be converted to a monetary amount, an advisory opinion should be requested from the Office of Human Resources Management. The aggregate of all such amounts shall then be rounded to the nearest cent, counting one half-cent and over as a whole cent, and entered on personnel records separately from the basic hourly rate. At the discretion of the P&H employee, all or part of the additional hourly fringe compensation thus computed and entered may be directed as a pre-tax deduction to IRS-approved union trust fund(s). Benefit providers may not compel VA to make such deductions. Any amount not established as a pre-tax deduction shall be paid to the P&H employee as wages, subject to income tax and social security withholding.

(2) If the currency or applicability of the most recent Davis-Bacon determination is disputed in the locality of the facility or if there is no current Davis-Bacon determination for a trade or trades available, the facility director is authorized to determine what rates prevail for the trade(s) involved. The facility director may authorize a local survey to be conducted under the provisions of paragraph b below, and pay the rates derived from the survey.

(3) Basic rates of pay for P&H employees are subject to any annual statutory pay limitations (pay caps) placed on FWS employees. However, any fringe benefit compensation that is paid as part of the total P&H hourly rate of pay is not subject to pay capping. Because of the complexity of the pay capping process, facilities must contact the Office of Human Resources Management to obtain payable rates or to recruiting for P&H employees. For P&H employees on the rolls, facilities must monitor Friday Federal Register entries made by the Employment Standards Administration, Department of Labor, for any changes to the Davis-Bacon decision listed as current for the county in which the P&H employee is working. When the facility notices a change, it should contact the Office of Human Resources Management, which will review the change and advise the facility on the correct payable rate.

b. **Local Surveys**

(1) Whenever possible, the surveys will include at least three employers (union or nonunion) of project-type construction workers. Where feasible, local offices of the U.S. Employment Service shall also be contacted for pertinent information.

(2) Rates of regular schedule maintenance workers (regular FWS), even though temporarily assigned to project type work, will be disregarded. Consideration will be given only to rates and fringe benefits prevailing for intermittent construction workers.

(3) To the extent that fringe benefits are found to be generally provided by the employers surveyed, they may be prorated and granted as additional hourly compensation (e.g., health and welfare payments, pension contributions, or apprentice training).

(4) All basic and additional rate determinations made under this authority shall be expressed in terms of whole cents, counting one-half cent and over as a whole cent.

(5) Facility directors will make proper rate adjustments either upward or downward whenever a change in prevailing rates or benefits authorized above is noted.

c. **Foreman Rates**

(1) Whenever possible, in establishing a wage rate for a foreman or general foreman required for a P&H project, facility directors shall authorize a local survey to ascertain the rates prevailing in the area for similar supervisory construction positions. This determination shall include a separate aggregate fringe benefit amount comparable to that approved, if any, for the journeyman workers under the supervision of the foreman in question. In ascertaining the basic rate appropriate for the P&H foreman, care should be taken to insure that only those positions that are comparable in terms of nature of work, responsibilities assumed, size of project, and technical supervision received, are considered.

(2) In areas where sufficient prevailing wage data are not available, or positions for which data are available are not comparable to VA positions, a foreman rate shall be established that is 50 cents per hour above the basic hourly rate received by the highest paid journeyman or trades foreman to be supervised. In addition, when applicable, fringe benefits will be prorated and granted as additional compensation. Application of this formula contemplates a maximum of two supervisory levels above the journeyman level, namely, foreman for specific trades and a general foreman, where necessary, for large projects. A higher differential of one dollar per hour, based on the insertion of an additional intermediate supervisory level (e.g., foreman of all mechanical trades), which might possibly be required on very large P&H projects, shall be established.

4. EFFECTIVE DATE OF RATE CHANGES

a. If a facility is currently paying P&H employees based on a current Davis-Bacon determination, rate adjustments due to a new Davis-Bacon determination issued by the Secretary of Labor will be placed in effect on the effective date of the new determination, even if this date does not coincide with the beginning of a pay period. Adjustments to rates will be made retroactive to take effect concurrently with the Davis-Bacon determination.

b. If a facility is currently paying P&H employees based on local survey findings, and a new Davis-Bacon determination for the locality is issued, then the rates reflected on the new determination will be paid on their effective date only if they are higher than those currently being paid based on the survey; if not higher, then the rates based on the survey will be continued until a new survey is authorized and conducted as determined by the needs of the facility.

5. PREMIUM PAY. It is important to remember that P&H employees must be given intermittent, when-actually-employed appointments. It is inappropriate for P&H employees to have regularly scheduled tours of duty. Work tours set up in advance of the workweek are regularly scheduled, and will entitle the P&H employees to premium pay. Please refer to the definitions of regularly scheduled work and tour of duty in 5 CFR 610.102.

a. **Overtime Compensation.** Overtime entitlement determinations for irregular and occasional overtime and computations for P&H employees shall be determined as follows based upon whether or not the employee's position is covered by the Fair Labor Standards Act (FLSA).

(1) P&H employees in FLSA non-exempt positions (covered by FLSA) shall receive overtime compensation in accordance with 5 CFR, part 55 1, subpart E. Additional hourly compensation representing fringe benefit considerations and paid to the employee shall be used in computing overtime rates.

(2) P&H employees in FLSA exempt positions (not covered by FLSA) shall receive overtime compensation for authorized work in excess of 8 hours in any one day or 40 hours in any one week. Such overtime will be approved at overtime rates customarily paid in the locality of the facility for work of a comparable nature, but not less than a rate of 150 percent of the basic hourly day rate of compensation. Additional hourly compensation representing fringe benefit considerations and paid to the employee shall be used in computing overtime rates. All fractional rates shall be computed to the nearest cent, counting one-half cent and over as a whole cent.

b. **Shift Differentials.** Normally, P&H employees are not entitled to be paid shift differentials because they do not have regularly scheduled tours.

c. **Holiday Pay.** Normally, P&H employees are not entitled to holiday pay when no work is performed on a holiday because they do not have regularly scheduled tours. However, when authorized to perform work on a legal holiday (Federal, State, or local), P&H employees shall receive a holiday rate of pay as outlined for wage employees in 5 CFR 532.507.

d. **Sunday Premium Pay.** Normally, P&H employees are not entitled to Sunday premium pay because they do not have regularly scheduled tours.

6. REFERENCES

a. 5 U.S.C. 5102(c)(7), 5341 through 5349, 5544, 6101.

b. Public Law 92-392, Government Employees Prevailing Rate Systems.

c. Office of Personnel Management Operating Manual - Federal Wage System.

7. DEFINITIONS

a. **Purchase and Hire Positions.** Positions established specifically for the performance of trade, craft, and laboring duties on construction or major repair projects, and are distinguished from regular schedule wage positions by a "duration of project" tenure of employment and the payment of wages on a when-actually-employed basis.

b. **Regular Wage Schedules.** Schedules (non-supervisory, leader, and supervisory) that result from a wage survey in the local area and from which all prevailing rate employees in the wage area are paid.

c. **Special Wage Schedules.** Schedules authorized by the Office of Personnel Management in individual wage areas when prevailing rates for specific types of jobs are so far above the maximum rates of regular wage schedules that agencies are seriously handicapped in recruiting and retaining qualified employees at the regular schedule rates. One situation this condition applies to is jobs peculiar to a single industry that are subject to unusual work and employment conditions directly affecting the rates paid, e.g., the construction industry.

d. **Fringe Benefits.** Benefits that the Secretary of Labor may include as part of a Davis-Bacon prevailing rate determination. These are add-ons to account for such items as vacations, holidays, pensions, health and welfare, apprenticeships, etc.

APPENDIX A.
PROTECTED PAY RATES FOR FIREFIGHTERS GENERALLY WORKING 24-HOUR SHIFTS

1. DETERMINING ENTITLEMENT TO A PROTECTED RATE

a. In order to determine a firefighter's entitlement to a protected rate, it is necessary to compute the annualized regular rate of pay. The steps in Tables 1 and 2 should be used in computing annualized pay under the old and new rules.

Table 1. OLD RULES – 24-Hour Shifts

Annual Pay Rate (Including Locality Comparability Payments (LCP) _____ Standby Percentage _____	Scheduled Tour Cycle _____ (e.g., 3-week rotation – 48-64-56, for a 56-hour average tour)
Exempt: _____ Non-Exempt: _____ (If exempt, receive no FLSA overtime)	**NOTE:** *Round to 2 decimal places at each step of the computations, except where noted.*
1. Take the Annual Pay Rate and divide by 2,087 and round to determine the GS hourly rate.	
2. For each week in the Tour Cycle: A. Take hourly rate computed in Step 1 and multiply by 40. B. Take hourly rate computed in Step 1 and multiply by Standby percentage. C. Multiply the result from Step B by 40 and add to the result from Step A. (Stop here if the employee is FLSA-exempt; this is an exempt employee's average weekly pay.) D. *For FLSA-covered employees only:* Compute FLSA overtime for scheduled hours over 53. (1) Divide result from Step C by number of hours in scheduled tour. This is the FLSA hourly rate. (2) Multiply result from (1) by ½ times the number of scheduled hours over 53. EX: For 64-hour week, multiply FLSA hourly rate x ½ x 11 [64 – 53] E. Add the results of Steps C and D. This is the average FLSA-covered weekly pay.	
3. Repeat Step 2 for each week in scheduled tour cycle.	
4. Add average weekly pay for all weeks in tour cycle.	
5. Multiply sum from Step 4 by (52 divided by the number of weeks in tour cycle). *This is the Annualized Regular Pay under the old rules.*	

Table 2. NEW RULES – 24-Hour Shifts

Annual Rate (Excluding LCP) _____ (Standby Duty Pay is Abolished)	Scheduled Tour Cycle _____ (e.g., 3-week rotation -- 48-64-56, for a 56-hour average tour)
Exempt: _____ Non-Exempt: _____ (If exempt, overtime rate may be capped)	*NOTE: Round to 2 decimal places at each step of the computations, except where noted.*
For 72-hour firefighters, start at Step 3b; for 56- and 60-hour firefighters, start at Step 1.	
1. Take the Current Annual Rate of basic pay and add the special 2-step adjustment.	
2. Add LCP to the result from Step 1.	
3a. Divide the result from Step 2 by 2,756. This is the new firefighter hourly rate for 56- and 60-hour firefighters. -- OR -- 3b. Add LCP to the Current Annual Rate of basic pay and divide by 2,756. This is the new hourly rate for 72-hour firefighters.	
4. For each week in the Tour Cycle: A. Take hourly rate from Step 3a or 3b, as applicable, and multiply by number of hours in scheduled tour, not to exceed 53. B. Multiply hourly rate from Step 3a or 3b by 1.5 times number of scheduled hours over 53. **NOTE:** *Cap overtime rate for exempt firefighters whose hourly rate (2,756 divisor) exceeds the hourly rate for GS-10, step 1 (2,087 divisor).* EX: For 64-hour week, multiply hourly rate x 1.5 x 11 [64 – 53] C. Add the results of Steps 4A and 4B. This is the weekly pay under the new rules.	
5. Repeat Step 4 for each week in scheduled tour cycle.	
6. Add average weekly pay for all weeks in tour cycle.	
7. Multiply sum from Step 6 by (52 divided by the number of weeks in tour cycle). *This is the Annualized Regular Pay under the new rules.*	

b. If the Annualized Regular Pay (ARP) computed in Table 2 – New Rules, is lower than the ARP computed in Table 1 – Old Rules, the firefighter is entitled to a protected rate that will prevent a reduction in the individual's ARP. If the ARP under the new rules is higher than the ARP under the old rules, a protected rate is not required.

2. DETERMINING A PROTECTED RATE

a. The new rules will result in a reduction in the ARP of certain firefighters with a 56-hour regular tour of duty and standby duty premium pay of more than 10 percent. These individuals are entitled to a protected rate.

b. To determine an individual's protected rate, an hourly rate must be computed that, when used in the new pay computation rules, will yield as much pay as the individual's ARP under the old rules. Because there is no standby premium pay under the new rules, the protected rate will be computed using all hours of pay – including overtime – in an individual's tour.

EX: A 56-hour tour pays 57.5 hours = 53 hours + (3 hours overtime x 1.5)
A 60-hour tour pays 63.5 hours = 53 hours + (7 hours overtime x 1.5)

c. So, if the ARP for an individual's tour cycle, as computed under the old rules, is divided by the total number hours of pay in the tour cycle, it will result in an hourly rate that, over a year's time, will yield the old ARP when used to compute pay under the new rules.

d. However, because the protected annual rate is frozen and may not be increased, but LCP rates may be changed or increased, the protected rate is a rate of basic pay only. So, compute the protected hourly rate by subtracting LCP. This will yield the protected hourly rate of basic pay, to which LCP will be added. This protected rate, plus LCP, will be used to compute pay under the new rules, thereby ensuring that firefighters will receive at least as much money under the new rules as they received under the old rules.

e. The protected annual rate of basic pay remains in effect until the individual's actual annual rate of basic pay (whether the scheduled rate or the retained rate of basic pay) is equal to or greater than the protected annual rate of basic pay.

Table 3. Computing a Protected Rate

NOTE: *Round to 2 decimal places at each step of the computations, except where noted.*

1. Compute the number of hours of pay for the tour cycle. For every week in the tour cycle, add the number of hours up to 53, plus scheduled hours in excess of 53 times 1.5. EX: A 48-64-56 tour cycle equals 48 + [53 + (11 x 1.5)] + [53 + (3 x 1.5)], for 175 hours of pay in the cycle.
2. Take total pay for tour cycle as computed in Step 4, Old Rules, in Table 1, and divide by number of hours of pay in the cycle, as computed in step 1, above. *Round up.*
3. Take result from Step 2 times 2,756. This is new annual rate including LCP. *Round up to whole number.*
4. Take result from Step 3 and divide by amount of LCP (1 + percentage stated as decimal figure). *Round to whole number.* EX: If LCP percentage is 5.42%, divide result from Step 3 by 1.0542 (1 + .0542) *This is the protected annual rate of basic pay. It is frozen and not subject to any adjustments.*
5. Compute protected hourly rate of basic pay by dividing result from Step 4 by 2,756.
6. Multiply result from Step 5 by amount of LCP (1 + LCP percentage stated as decimal figure). This is the protected firefighter hourly rate for computing pay under the new rules.

f. The rate computed in Table 3 will result in pay over the tour cycle that, when computed under the new rules, equals or exceeds the old ARP. This can be verified by multiplying the hourly rate computed in Step 6 of Table 3 by the number of hours of pay in the tour cycle. This figure will equal or exceed the average pay for the tour cycle computed in Step 4 of Table 1.

EXAMPLE:
A GS-6/9 FLSA-covered firefighter in a 5.42% LCP area works a 48-64-56 cycle for an average 56-hour tour. The firefighter receives 12.5 percent standby premium pay.

Under the old rules, the firefighter receives $34,573.59 ARP including LCP ($1,994.63 for the cycle). With the special 2-step adjustment, the same firefighter would receive $34,429.55 ARP including LCP. Because the firefighter would receive a lower ARP under the new rules, the firefighter will receive a protected rate as shown below:

1. A 48-64-56 tour cycle equals 175 hours of pay. {48 + [53 + (11 x 1.5)] + [53 + (3 x 1.5)]}
2. Divide pay for 3-week cycle under old rules by hours of pay in cycle = $11.3978 ($1,994.63 ÷ 175). *Round up*.
3. Compute annual rate. $11.40 x 2,756 = $31,418.40. *Round up.* This is the protected rate including LCP.
4. Deduct LCP from annual rate. $31,419 ÷ 1.0542 = $29,804. *Round up. This is the protected annual rate of basic pay. It is frozen.*
5. Compute protected hourly rate. $29,804 ÷ 2,756 = $10.81. *This is the protected hourly rate of basic pay. It is frozen.*
6. Add LCP back in. $10.81 x 1.0542 LCP = $11.40. This is the protected hourly rate of pay for computing pay under the new rules.

Check to see if this figure will equal or exceed the average pay for the tour cycle: $11.40 x 175 hours of pay = $1,995, which is greater than $1,994.63, pay under the old rules.

APPENDIX B. SAMPLE PAY COMPUTATIONS FOR FIREFIGHTERS

NOTE: *Round to 2 decimal places at each step of the computations.*

1. Fair Labor Standards Act (FLSA)-covered firefighter working a 48-64-56 rotation, for an average 56-hour tour of duty.
Current Rate: $26,593, GS-6/5, with 5.42% locality comparability payments

Employee receives special 2-step adjustment to $28,158, GS-6/7, and receives pay as shown:
$28,158 ÷ 2,756 = $11.216, rounded to $11.22 hourly rate. Overtime rate = $16.83 (11.22 x 1.5)

Week 1 – 48 hours: Receives 48 hours of straight-time pay. $11.22 x 48 = $538.56. Additional hours paid at straight-time, until overtime standard of 53 met; hours over 53 in week paid at overtime rate.

Week 2 -- 64 hours: Receives 53 hours of straight-time and 11 hours of overtime pay. ($11.22 x 53) + ($16.83 x 11) + $797.28. Additional hours paid at overtime rate.

Week 3 – 56 hours: Receives 53 hours of straight-time and 3 hours of overtime pay. ($11.22 x 53) + ($1.83 x 3) = $645.15. Additional hours paid at overtime rate.

NOTE: *See appendix VIII-A to determine Average Regular Pay and whether a protected rate applies.*

2. FLSA-covered firefighter working an 88-32-72-48 rotation, for an average 60-hour tour of duty.
Current Rate: $27,370, GS-5/10, with 5.42% LCP

Employee receives special 2-step adjustment to $28,774 ($27,295 retained rate + 5.42% LCP), and receives pay as shown:
$28,774 ÷ 2,756 = $10.44004, rounded to $10.44 hourly rate. Overtime rate = $15.66 ($10.44 x 1.5)

Week 1 – 88 hours: Receives 53 hours of straight-time and 25 hours of overtime. ($10.44 x 53) + ($15.66 x 25) = $944.82. Additional hours paid at overtime rate.

Week 2 – 32 hours: Receives 32 hours of straight-time pay. $10.44 x 32 = $334.08. Additional hours paid at straight-time rate, until overtime standard of 53 is met; hours over 53 in week paid at overtime rate.

Week 3 – 72 hours: Receives 53 hours of straight-time and 19 hours of overtime. ($10.44 x 53) + ($15.66 x 19) = $850.86. Additional hours paid at overtime rate.

Week 4 – 48 hours: Receives 48 hours of straight-time pay. $10.44 x 48 = $501.12. Additional hours paid at straight-time rate, until overtime standard of 53 is met; hours over 53 in week paid at overtime rate.

3. FLSA-exempt firefighter working a straight 56-hour tour of duty that includes a 40-hour basic workweek.
Current Rate: $37,468, GS-10/3, with 5.42% LCP

Employee does not receive special 2-step adjustment.
$37,468 ÷ 2,087 = $17.953, rounded to $17.95 (first-40-hour hourly rate)
$37,468 ÷ 2,756 = $13.595, rounded to $13.60 (41-to-53-hour rate)
$13.60 x 1.5 = $20.40 overtime rate for hours over 53 (less than the overtime rate for GS-10/1, using 2,087 divisor)

Each Week: 40 hours of straight-time at 2,087 divisor; 13 hours of straight-time at 2,756 divisor; and 3 hours of overtime at 2,756 divisor. ($17.95 x 40) + ($13.60 x 13) + ($20.40 x 3 x 1.5) = $986.60. Additional hours paid at overtime rate.

4. FLSA-covered firefighter working a straight 72-hour tour of duty.
Current Rate: $33,024, GS-7/9, with 5.42% LCP

Employee does not receive special 2-step adjustment:
$33,024 ÷ 2,756 = $11.98258, rounded to $11.98 hourly rate. Overtime rate = $17.97 ($11.98 x 1.5)

Each Week: Receives 53 hours of straight-time and 19 hours of overtime. ($11.98 x 53) + ($17.97 x 19) = $976.37. Additional hours paid at overtime rate.

5. FLSA-covered firefighters working a 55-48-65-48-65-55 rotation, for an average 60-hour tour of duty.
Current Rate: $30,504, GS-6/10, with 5.42% LCP

Employee receives special 2-step adjustment to $32,069 ($30,420 retained rate + 5.42% LCP), and receives pay as shown:
$32,069 ÷ 2,756 = $11.63606, rounded to $11.64 hourly rate. Overtime rate = $17.46 ($11.64 x 1.5)

Week 1 – 55 hours: Receives 53 hours of straight-time and 2 hours of overtime. ($11.64 x 53) + ($17.46 x 2) = $651.84. Additional hours paid at overtime rate.

Week 2 – 48 hours: Receives 48 hours of straight-time pay. $11.64 x 48 = $558.72. Additional hours paid at straight-time rate, until overtime standard of 53 is met; hours over 53 in week paid at overtime rate.

Week 3 – 65 hours: Receives 53 hours of straight-time and 12 hours of overtime. ($11.64 x 53) + ($17.46 x 12) = $826.44. Additional hours paid at overtime rate.

Week 4 – 48 hours: Receives 48 hours of straight-time pay. $11.64 x 48 = $558.72. Additional hours paid at straight-time rate, until overtime standard of 53 is met; hours over 53 in week paid at overtime rate.

Week 5 – 65 hours: Receives 53 hours of straight-time and 12 hours of overtime. ($11.64 x 53) + ($17.46 x 12) = $826.44. Additional hours paid at overtime rate.

Week 6 – 55 hours: Receives 53 hours of straight-time and 2 hours of overtime. ($11.64 x 53) + ($17.46 x 2) = $651.84. Additional hours paid at overtime rate.

APPENDIX C.
GUIDELINES (SELECTED COMPTROLLER GENERAL'S DECISIONS)
DUAL COMPENSATION

Selected Comptroller General's decisions, as cited below, provide guidelines which may be consulted in applying the provisions of this chapter. They cover situations in terms of legal and regulatory provisions applicable when the decisions were rendered. It is well to remember that subsequent changes may be made in these and related decisions.

REDUCTION IN RETIRED PAY

Decisions	Subject Coverage
46 Comp. Gen. 366	TAPER appointments not considered temporary for dual compensation purposes
47 Comp. Gen. 185	Retired pay deduction for less than 1 day's salary
46 Comp. Gen. 575 46 Comp. Gen. 549	Effect of change in Consumer Price Index on reduction
55 Comp. Gen. 961	Disability incurred in line of duty
48 Comp. Gen. 152	Effect of LWOP on reduction
45 Comp. Gen. 784	Non-entitlement of employee who resigns prior to receiving written notice of involuntary separation
45 Comp. Gen. 811	Non-entitlement of employee who fails to accept transfer in transfer of functions or who fails to accept reassignment at another location after being directed to do so
46 Comp. Gen. 664	Entitlement of employees upon second separation and computation for full- or part-time employee

APPENDIX D.
GUIDELINES (SELECTED COMPTROLLER GENERAL'S DECISIONS)
BACKPAY

Selected Comptroller General's decisions, as cited below, provide guidelines which may be consulted in applying the provisions of chapter 6, this part. They cover situations in terms of legal and regulatory provisions applicable when the decisions were rendered. It is well to remember that subsequent changes may be made in these and related decisions.

BACK PAY

NOTE: *Some decisions cited below antedate "The Back Pay Act of 1966," approved March 30, 1966 (now replaced by 5 U.S.C. 5596). However, principles and concepts contained therein may be applicable under certain circumstances. Also included are some decisions on de facto employment; under the de facto rule an employee has no legal claim to compensation paid, but is permitted to retain compensation already received for services rendered during the period prior to the time erroneous payment was discovered.*

Decisions	Subject Coverage
48 Comp. Gen. 502 38 Comp. Gen. 175 36 Comp. Gen. 73, 798 34 Comp. Gen. 380 32 Comp. Gen. 211, 381, 463 31 Comp. Gen. 15, 262 30 Comp. Gen. 27, 94 27 Comp. Gen. 27, 550 21 Comp. Gen. 341	Administrative errors, de facto employment, etc.
45 Comp. Gen. 16	Demotion
46 Comp. Gen. 139	Illness during separation
48 Comp. Gen. 572	Involuntary annual leave
42 Comp. Gen. 438 41 Comp. Gen. 774	Involuntary sick leave
48 Comp. Gen. 572	Outside earnings
44 Comp. Gen. 634	Rate payable

Decisions	Subject Coverage
48 Comp. Gen. 502	Reemployment after military duty
45 Comp. Gen. 722	Restoration prior to March 30, 1966
46 Comp. Gen. 200	Premium pay and reduction
55 Comp. Gen. 1402 58 Comp. Gen. 622	Veterans benefits in lieu of waived retired pay
59 Comp. Gen. 470	Effect of State law in community property States
61 Comp. Gen. 221 61 Comp. Gen. 704	Computation of aggregate limit in 5 U.S.C. 5532(c)
39 Comp. Gen. 681 B-154204, September 4, 1964 B-176681, October 27, 1972 53 Comp. Gen. 542	Independent contractor status
42 Comp. Gen. 296 51 Comp. Gen. 189	Coverage of experts and consultants
45 Comp. Gen. 81	Exclusion of certain fee-basis physicians

APPENDIX E.
PAY ADMINISTRATION FOR EXPERTS AND CONSULTANTS – TITLE 5

1. GENERAL. An expert or consultant may be employed on a paid or unpaid basis. If the individual is employed on a paid basis, the appointing official shall set the rate of pay only after considering the criteria contained in chapter 8, paragraph 2b of this part.

2. PAY LIMITATION. In no instance may an expert or consultant receive an aggregate amount of pay (including basic pay, premium pay, and any other additions to pay) for one day that exceeds the daily rate of basic pay for GS-15, step 10. In no instance shall an expert or consultant receive an aggregate amount of pay for any biweekly pay period that exceeds the biweekly rate of GS-15, step 10. In computing this limitation, the rate of basic pay for GS-15, step 10, exclusive of locality comparability payments or other additions to pay, shall be divided by 2,087 to find the hourly rate. That result shall be multiplied by 8 or 80 to find the daily rate or biweekly limit, respectively.

3. DETERMINING BASIS FOR PAY. The responsible official shall decide whether to employ and compensate an expert or consultant on an hourly or daily basis. If the individual is paid on an hourly basis, the responsible official shall establish an hourly rate, which may or may not be linked to a rate of pay for the General Schedule. If the individual is paid on a daily basis, a rate of pay shall be established for the day, which may or may not be linked to the General Schedule. An individual paid on a daily rate shall be paid for the day if work is performed, regardless of the hours worked.

4. ADJUSTMENTS TO PAY. The pay of experts and consultants may be adjusted based on the decision of the responsible official, and in accordance with the provisions specified in the official appointment documents. For example, it might be provided in the appointment documents that the expert or consultant will receive adjustments in basic pay linked to adjustments in the General Schedule. In addition, responsible officials may choose to adjust an expert's or consultant's pay based on job performance, contributions to the mission, or other factors that materially enhance the individual's value to the organization.

5. PREMIUM PAY

a. **Fair Labor Standards Act (FLSA).** Experts and consultants are entitled to overtime pay under the Fair Labor Standards Act, unless they are determined to be exempt under regulations issued by the Office of Personnel Management in 5 CFR, part 551.

b. **Ban on Overtime for Daily Rate Employees.** Experts and consultants paid on a daily basis are excluded by regulation from eligibility for overtime pay. This is because they are paid a flat rate for the day, regardless of the number of hours worked.

c. **Other Forms of Premium Pay for Daily Rate Employees.** Experts and consultants paid on a daily basis may receive other forms of premium pay, such as Sunday and shift differentials, if they have a regularly scheduled tour of duty and otherwise qualify for the payments. **NOTE:** *The limitation on*

pay for experts and consultants limits total pay, including premium pay, is not more than the rate of basic pay for GS-15, step 10.

d. **Premium Pay for Hourly Rate Employees.** Experts and consultants paid on an hourly basis, whether appointed on a full-time, part-time, or intermittent basis, may receive overtime pay either under the provisions of title 5 or the FLSA, as applicable. Individuals appointed on an intermittent basis do not have scheduled tours of duty, and so do not qualify for other forms of premium pay, including Sunday, shift, or holiday.

6. MISCELLANEOUS PROVISIONS

a. **Employment of Retirees.** Experts and consultants are employees of the Federal Government, and are therefore subject to dual compensation restrictions. This means that they are subject to the provisions governing reemployment of civilian annuitants and retired members of the unformed services.

b. **Dual Employment.** Experts and consultants employed on an intermittent basis may receive pay from more than one position. However, they are prohibited from receiving pay from more than one position for the same period of time, whether on an hourly or daily basis.

c. **Leave.** Experts and consultants with scheduled tours of duty (i.e., not on intermittent appointments) are eligible to earn sick and annual leave. Intermittent employees do not earn leave.

d. **Holidays.** Experts and consultants with scheduled tours of duty will receive pay for any holiday that falls on a workday during which they perform no work, provided that workday is part of the basic workweek. Intermittent employees do not receive pay for days on which they do not work.

APPENDIX F.
REQUESTS TO USE THE BAYLOR PLAN

1. FORMAT OF REQUESTS

a. **Supporting Data**

(1) Identify VA Facility(ies) covered by the request.

(2) Identify affected category(ies) of nurses, e.g., operating room staff, critical care, etc.

(3) For the category(ies) of nurses identified in subparagraph (2) above show, for each VA facility, the;

(a) Number of filled and vacant positions at the time the request is submitted, as well as number of filled and vacant positions for 1 year preceding submission of the request; and

(b) Number of any additional positions that may be authorized over the next 12 months.

(4) For each VA facility furnish evidence that a significant recruitment or retention problem has existed over the most recent 12 months, including:

(a) Information on the average length of time positions in the affected category(ies) have been vacant;

(b) Number and reasons for quits during each of the four preceding quarters;

(c) Information on the number of declinations received in proportion to job offers;

(d) Reasons for the above declinations;

(e) A statement of how recruitment or retention problems are affecting patient care; and

(f) Other significant indicators.

(5) To the extent possible, include information to show how recruitment or retention problems are related to non-Federal work scheduling practices and not other relevant factors. Describe:

(a) Recruiting efforts including areas covered, methods used, dates and numbers of contacts made, etc.

(b) Any working conditions or other factors (e.g., mandatory shift rotation, transportation, location, etc.) contributing to recruitment or retention difficulties.

(6) Furnish data on the non-Federal work scheduling practices for comparable employers in the local labor market. **NOTE:** *If information is based on published data such as negotiated agreements, recruiting literature, published surveys, etc., such documents shall be forwarded with the request.* All data should include a full description of the work scheduling practices being used by each non-Federal employer, including:

(a) Category(ies) and numbers of employees covered;

(b) Hours of the week during which these work schedules are being used;

(c) Number of hours each employee is required to work; and

(d) Method of compensation. Employees may, for example, receive regular non-overtime pay rates for all hours worked or some combination of regular pay and premium pay.

(7) Estimated percentage of comparable non-Federal employers in the local market using work scheduling practices similar to the Baylor Plan.

b. **Budget Estimates.** Show estimated additional per annum costs, which would result from approval of this request. Budget estimates are to be prepared by each facility in the following manner and include the computations outlined in subparagraphs (1) through (3) below.

(1) **Current Expenditures**

(a) Cost of 2 straight time weekend days (average of the number of full-time equivalent nurses of duty each weekend day x average hourly rate of basic pay of affected nurses x 8 hours x 2 days x 52 weeks x 1.10 for additional fringe benefit costs); plus

(b) Costs of night differential on the weekend (average hourly rate of basic pay x number of hours on the weekend for which night differential would be paid to affected nurses x 52 weeks x 10 percent differential); plus

(c) Cost of overtime pay (annual cost of overtime to staff functions of affected nurses on weekends); plus

(d) Cost of Sunday premium pay (number of affected nurses on Sundays x average hourly rate of basic pay x 8 hours x percent differential); plus

(e) Cost of Saturday premium pay (number of affected nurses on duty Saturdays x average hourly rate of basic pay x number of hours for which differential would be payable x 52 weeks x Saturday differential).

(2) **Proposed Cost**

(a) Average number of full-time equivalent nurses needed for each weekend. **NOTE:** *Solely for the purpose of this estimate, a full-time nurse on the Baylor Plan is considered 1.0 FTE.*

(b) Multiply subparagraph (a) above x average annual salary of affected nurses x 1.10 for additional fringe benefit costs.

(3) Total additional cost; proposed costs in subparagraph (2) above minus current expenditures in subparagraph (1) above.

2. FACILITY CONTACT. All requests submitted under this chapter should contain the name, title, and telephone number of a facility employee who can answer technical questions about the request and provide additional information that may be required by VACO.

APPENDIX G. PAY FOR NON-U.S. CITIZEN POSITIONS IN FOREIGN AREAS

1. GENERAL. Pay rates for non-U.S. citizen positions will be based on periodic wage surveys conducted locally. Whenever possible, the collection of wage data will be the cooperative effort of, and participation by, the several U.S. Government agencies having offices or installations in the Philippines or other foreign area, as applicable. However, if a joint survey is not possible, the Under Secretary for Benefits may authorize the Director, Manila Regional Office, to conduct a locality wage survey to determine salary rates solely for VA positions. The Under Secretary for Benefits, after consultations with the Under Secretary for Health and the Deputy Assistant Secretary for Human Resources Management, will issue pay schedules reflecting the local rates of pay.

2. EFFECTIVE DATE

a. The Director, Manila Regional Office, will determine the effective date of revised pay schedules. Such schedules will be made effective within 45 days of receipt of the schedules in the Manila Regional Office.

b. To the extent possible, effective dates will be set to coincide with the effective dates established for revised schedules for other Federal agencies in the area.

3. CHANGE OF POSITION. Salary adjustments for non-U.S. citizen employees on promotion, change to lower grade, reassignment, reemployment, restoration, and transfer will be made as for General Schedule employees in accordance with the provisions of 5 CFR, part 531, subpart B and part III of this handbook.

4. PREMIUM PAY. Non-U.S. citizen employees will be paid overtime pay, night pay differential and holiday pay as it is paid to General Schedule employees in accordance with 5 CFR, part 550, subpart A and part V of this handbook.

5. PERIODIC STEP INCREASES

a. Where authorized wage schedules contain a range of step rates for each grade, non-U.S. citizen employees shall be advanced to the next higher step within the grade upon completion of a one-year waiting period, except where there is an administrative determination that performance of duties is unsatisfactory.

b. The Director, Manila Regional Office, or designee, shall approve step increases. Such increases will be effective at the beginning of the next pay period following approval.

6. SEVERANCE PAY. Severance pay will be paid to non-U.S. citizen employees in accordance with the provisions in 5 CFR, part 550, subpart G and part II, chapter 4 of this handbook.

PAY ADMINISTRATION

PART IX. SPECIAL PAY FOR TITLE 38 PHYSICIANS AND DENTISTS

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PART IX. SPECIAL PAY FOR VHA PHYSICIANS AND DENTISTS

1. GENERAL

a. **Scope.** The Secretary has delegated to the Under Secretary for Health all authority to establish special pay regulations for Veterans Health Administration (VHA) physicians and dentists in the Department of Veterans Affairs (VA) holding appointments under 38 U.S.C. 305, 7306 (formerly 4103), 7401(1) (formerly 4104(1)), and 7405 (formerly 4114). The Secretary retains authority to act on special pay matters involving the Under Secretary For Health.

b. **Statutory Exclusions.** Title I of Public Law 102-40 (codified as 38 U.S.C. 7431-7440) specifically excludes, in whole or part, certain categories of physicians or dentists from the receipt of special pay.

(1) **Total Exclusions.** The following categories of physicians and dentists are ineligible for <u>any</u> component of special pay:

(a) Employed on less than a quarter-time basis; that is, on a prescheduled tour of duty of less than 20 hours per pay period. However, special pay for physicians and dentists employed on less than a half-time but at least quarter-time basis may be approved, on a case-by-case basis, by the facility director in accordance with this subparagraph and appendix IX-I of this part. Half-time basis means a prescheduled tour of duty of 40 hours per pay period.

(b) Employed on an intermittent basis; that is, without a regularly scheduled tour of duty.

(c) Occupying internship or residency positions.

(d) Reemployed annuitants.

(e) Fulfilling service obligations under the VA Health Professionals Educational Assistance Program, <u>except</u> such individuals may be paid special pay for <u>full-time</u> status during the first 3 years of obligated service at the discretion of the Under Secretary for Health, or designee. A calendar year of obligated service shall be calculated in the same manner as length of service in paragraph 5b and appendix IX-C of this part.

(f) Not covered by a special pay agreement.

(g) Consultants, attendings and fee basis physicians and dentists.

(h) Physicians and dentists whose appointments are limited to less than 1 year.

(i) Individuals with unsatisfied refund liabilities.

(2) **Partial Exclusions.** A physician or dentist occupying an executive position in Central Office at the deputy service director level or above is not eligible for the scarce specialty component of special pay.

c. **Administrative Exclusions.** The Under Secretary may administratively exclude, either totally or partially, categories of physicians and dentists for which significant recruitment and retention problems do not exist. The Under Secretary will make periodic redeterminations of the categories excluded.

(1) **Total Exclusions**

(a) Distinguished Physicians.

(b) Associate Investigators.

(c) Physicians or dentists appointed under title 38 who serve in a Federal-State exchange program.

(d) Physicians or dentists in fellowship or equivalent training programs.

(e) Physicians or dentists fulfilling service obligations incurred in other Federal agencies; e.g., Public Health Service.

(f) Physicians appointed as Veterans Outreach Team Leaders unless the Secretary determines, based on the Under Secretary's recommendation, that the services of a physician are required in the position.

(2) **Partial Exclusions**

(a) Physician or dentist directors of medical centers, domiciliaries, and outpatient clinics shall not be eligible for special pay unless the Under Secretary determines that payment of special pay is in the best interest of the facility. These determinations will be made on a case-by-case basis.

(b) Special pay based on service in a scarce specialty is not authorized for Career Development appointees in the Office of Research and Development (formerly Clinical Investigators, Research Associates, Medical Investigators, and Senior Medical Investigators). However, if they are regularly assigned patient care responsibilities 25 percent or more of their VA appointment, as certified in writing on VA Form 10-5379e, Special Pay Computation -- Physicians and Dentists, by the Chief of Staff, they are entitled to the other components of special pay for which they are eligible, including special pay for exceptional qualifications. Certification shall be made when the individual enters the special pay agreement and on the annual verification of that agreement under paragraph 13b of this part. Entitlement to geographic special pay for these individuals must be justified under the regulations and procedures specified in appendix IX-E to this part.

2. REFERENCES

a. 38 U.S.C. 501(a)

b. 38 U.S.C. 7304 (formerly 4115).

c. 38 U.S.C. 7421(a).

d. 38 U.S.C. 7431-7439 (formerly 4118).

e. Public Law 102-40 (38 U.S.C., as amended).

f. Public Law 101-509 (Federal Employees Pay Comparability Act of 1990).

g. 5 U.S.C. 5307.

h. Executive Order 12736, December 12, 1990.

i. Public Law 106-419, November 1, 2000.

3. PAY COMPARABILITY. VA is committed to assuring that the levels of total pay (basic pay plus special pay) for VHA physicians and dentists are fixed at levels reasonably comparable (a) with the levels of total pay of physicians and dentists employed by or serving in other departments and agencies of the Federal Government and (b) with the income of non-Federal physicians and dentists performing like services. This policy is intended to make possible the recruitment and retention of the best qualified workforce capable of providing high quality care for eligible veterans.

4. DEFINITIONS

a. **Specialty Trained.** Individuals certifying special pay computations (see paragraph 7 of this part) are to personally ensure that physicians or dentists who receive special pay for service in a scarce medical or dental specialty are board certified or specialty trained. This means it must be verified that the physician or dentist has attained the necessary experience or training in the specialty or is board certified and, as such, has met the requirements of a specialty board that is a member of the American Board of Medical Specialties, or certification from a specialty board recognized by the Board of Osteopathic Specialists, or recognized by the American Dental Association (see par. 5c of this part), prior to entering into the special pay agreement. This determination should be made in conjunction with the clinical privileging process. Training needed to meet board requirements shall be reflected on either the individual's employment form, VA Form 10-2850, Application for Physicians, Dentists, Podiatrists, and Optometrists, or other appropriate documentation.

b. **Board Certification.** See paragraph 5c of this part.

c. **Pay Limitations**

(1) **Maximum Pay Limitation.** In no case may the total annual pay (basic pay plus special pay and other payments under title 38) of a VHA physician or dentist exceed the amount of annual pay (excluding expenses) received by the President of the United States as specified in 3 U.S.C. 102.

(2) **Total Salary Pay Limitation**

(a) Special pay agreements that would result in a physician or dentist receiving total pay under title 38 in excess of $190,000 require separate approval if the physician or dentist is to received pay above that limitation. Facility directors (for all field positions other than the Chief of Staff) or network directors (for chiefs of staff and network staff) are delegated authority to approve agreements and total pay for individuals up to and including $190,000. The Under Secretary for Health retains authority to approve increases in pay for any individual above $190,000.

(b) The total salary limitation also applies to increases in pay that occur after a special pay agreement is approved. Any change in either basic pay (e.g., periodic step increase, promotion) which would cause total pay to exceed the $190,000 limitation for the first time or above the amount previously authorized over $190,000, must be separately approved. **NOTE:** *If the increase is the result of a change in assignment, a new special pay agreement, a new special pay computation form, and a covering memorandum explaining the reasons for the increase are required. If the increase does not involve a change in assignment, only a new special pay computation form and cover memorandum are required (see paragraphs 12 and 13 of this part)*

d. **Special Pay.** Special pay is pay that physicians and dentists may receive for meeting the conditions under this part. It is paid only after executing a special pay agreement. Per annum special pay is based upon the individual components of special pay an eligible physician or dentist may receive.

e. **Special Pay as Basic Pay.** Special pay is basic pay for life insurance purposes for eligible full-time and part-time physicians and dentists (see par. 20c of this part). Special pay is basic pay for civil service retirement purposes for full-time and part-time physicians and dentists meeting applicable criteria (see subparagraphs. 20a and b of this part). Special pay is basic pay for lump-sum leave payments and work injury compensation claims. It shall included in any continuation of pay (COP) authorized under chapter 81 of title 5 U.S.C. Special pay is subject to income tax withholding. Special pay is not basic pay for purposes of severance pay or computing continued geographic adjustment pay (GAP).

f. **Initial Special Pay Agreement.** This is the first special pay agreement approved for a physician or dentist under the provisions of 38 U.S.C. 7432.

g. **Subsequent Special Pay Agreement.** Any other special pay agreement approved for a physician or dentist under the provisions of 38 U.S.C. 7432 after the first agreement under 38 U.S.C. 7432.

h. **Misconduct.** The failure to comply with standards of employee conduct as contained in VA regulations, Federal laws, Government-wide regulations, and Executive orders.

5. SPECIAL PAY COMPONENTS. Entitlement of physicians and dentists to special pay is based upon the definitions specified in paragraph 4 of this part, the appropriate appendices to this part, and the following subparagraphs:

a. **Full-Time.** A physician serving in VHA in a full-time capacity who executes a special pay agreement is entitled to $9,000 per annum for this component of special pay. A full-time dentist is entitled to $3,500 for this component.

b. **Length of Service.** A physician or dentist becomes eligible for this component on the first day of the first pay period following completion of the required years of service. For example, an individual must have completed 2 full years of creditable service with VHA to become eligible for the component of special pay based on length of service. The VHA service may include leave without pay and need not be continuous but must have been under 38 U.S.C. 305, 7306 (formerly 4103), 7401(1) (formerly 4104(1)), or 7405(a)(1)(A) (formerly 4114(a)(1)(A)), under a career residency, VA fellowship, the Career Development Program (see M-3, pt. II, chapter 8), or be otherwise creditable for periodic step increases or rate adjustment purposes as outlined in part III, chapter 5. The Under Secretary is authorized to specify the amount of special pay for length of service within the statutory range authorized for this component (see appendix IX-C to this part).

c. **Board Certification.** Eligibility for this component of special pay is restricted to physicians or dentists who are currently certified as having met the full requirements of the appropriate American specialty board. The list of approved specialties is located on the OHRM website.

d. **Specific Geographic Location.** This component of special pay may be authorized when it has been determined there are extraordinary difficulties in the recruitment or retention of employees in specific physician or dentist clinical categories based on geographic location of a specific medical facility. It shall be authorized under the regulations and procedures described in appendix IX-E to this part.

e. **Exceptional Qualifications within a Medical or Dental Specialty.** This component may be authorized when it is necessary to enhance the recruitment and retention of certain medical and dental specialists who possess special or distinguishing qualifications in a specialty or within a category of positions. Procedures for requesting and paying this component of special pay are contained in appendix IX-F of this part.

f. **Responsibility Level.** With the exception of Central Office positions, the amount of special pay authorized based on responsibility level generally will be based on the complexity of the assignment. However, responsibility pay may differ among positions at the same organizational level of a facility depending upon the needs of the facility and/or the qualifications of the individuals occupying the positions. The statutory range authorized for this component and the regulations and procedures to be followed when applying this component are contained in appendix IX-G to this part.

g. **Service Chief or Comparable Positions.** See paragraph 6 and appendix IX-G of this part.

h. **Service Director or Deputy Service Director.** Eligibility for the service director or deputy service director component of special pay includes Central Office physicians or dentists in Medical

Director grade who occupy the position of service director or deputy service director, or a position which encompasses a comparable level of professional responsibility as determined by the Under Secretary. See appendix IX-G for additional information.

i. **Scarce Medical or Dental Specialty.** This component of special pay is applicable to direct patient care in a medical or dental specialty for which VHA has experienced extraordinary difficulties in the recruitment or retention of qualified physicians or dentists nationwide, or based on the needs of a specific medical facility. The authorization of scarce specialty pay nationwide or based on the needs of a specific medical facility shall be granted under the regulations and procedures contained in appendix IX-H to this part.

j. **Post-Graduate Training for Dentists.** Dentists who present evidence of having completed a post-graduate year of hospital-based training in a program accredited by the ADA will receive $2,000 per year for the first two years of VHA service after completing the training. The payment will be paid in the same manner as the other components of special pay: it is prorated for part-time service, it is subject to the statutory limit on part-time payment of 75 percent, and it is not payable to excluded categories of positions. Entitlement to this component will cease the beginning of the first pay period beginning on or after the first two full years of VHA service after completing an ADA-accredited hospital-based training program.

6. POSITIONS COMPARABLE TO SERVICE CHIEF

a. Special pay for executive position (responsibility pay) is authorized as compensation for individuals with direct supervisory and management responsibility over a defined function. Normally, the function is a specified clinical operation, like Surgical Service, Dental Service, or Mental Health Product Line. These positions are normally separately identified in organization charts, and report directly to the Chief of Staff (COS) or comparable position.

b. Individuals formally placed in service chief positions (and comparable positions like product/service/care line manager positions, if applicable) are entitled to receive at least the minimum amount of responsibility pay. Individuals who have been officially placed in the positions on a temporary basis, as indicated by an official personnel action, also are entitled to receive this component.

c. Network directors are authorized to approve positions for responsibility pay entitlement in accordance with the following criteria:

(1) A proposed organization chart which indicates that the position is in charge of a separate organizational entity reporting directly to the Chief of Staff for program direction and guidance.

(2) A proposed functional statement which indicates that the professional and administrative functions of the position are of a complexity and variety equivalent to that of a service chief.

(3) The position is identified and counted as a supervisory position.

7. RESPONSIBILITIES AND APPROVING AUTHORITIES

a. **The Under Secretary for Health.** In addition to the authorities vested by law, the Under Secretary, or designee, is authorized to approve the following actions. **NOTE:** *Any special pay determination or authorization delegated to the Under Secretary by the Secretary to approve, disapprove, change, or discontinue special pay will be considered the final Departmental decision.*

(1) Total pay in excess of $190,000 per annum.

(2) Special pay for any eligible physician or dentist in accordance with the provisions of this part.

(3) Certify special pay computations and approval special pay agreements for Central Office physicians and dentists.

(4) An exception to this part for any physician or dentist, in unusual circumstances, provided such exception does not result in a physician or dentist receiving an amount of total pay under title 38 in excess of the statutory cap; the exception is not contrary to the provisions and intent of 38 U.S.C., and the exception is deemed equitable to the individual concerned.

(5) The waiver of special pay refund liability over $15,000 for field employees and any amount for VACO employees for any physician or dentist who fails to complete any of the years of service under the terms of an agreement due to circumstances beyond the individual's control.

(6) Extend special pay agreement up to a total of 4 years for VACO employees.

(7) Determine administrative exclusions of categories of physicians and dentists from special pay eligibility.

(8) Authorize special pay for physicians and dentists placed in Director grade.

(9) Approve designations of nationwide scarce specialties and approved amounts of pay.

b. **Network Directors.** In accordance with the provisions of this part, the network directors are authorized to approve:

(1) The special pay agreement and certify the special pay computation for the Clinical Services Manager (formerly the Regional Chief of Staff) or other positions within the network office, provided the total amount of pay under title 38 does not exceed $190,000 for the first time, or exceed the amount previously approved by the Under Secretary. Agreements for Network staff that require the approval of the Under Secretary require the network's certification of the special pay computations.

(2) Special pay agreements and certify special pay computations for facility chiefs of staff, based on the recommendation of the facility director, provided the total amount of pay (basic pay plus special pay plus other payments under title 38) does not exceed $190,000 per annum for the first time, or exceed the amount previously approved by the Under Secretary. Agreements for chiefs of staff that require the approval of the Under Secretary require the Network Director's certification of the special pay computations. Facility Human Resources Management (HRM) Officers will be the reviewing officials for the special pay computation sheet and will forward it through the facility director to the Network

Director for certification, along with the special pay agreement.

(3) Special pay agreement renewals for individuals at Director grade, provided the total amount of pay does not exceed $190,000 for the first time, or the amount previously approved by the Under Secretary.

(4) Positions comparable to service chiefs, for responsibility pay eligibility .

(5) Extensions of special pay agreements of positions under their jurisdiction to a total of 4 years.

(6) Special pay waivers of not more than $15,000.

(7) Approve changes in special pay on an annual basis of greater than 50 percent increase or 25 percent decrease for positions under their jurisdiction.

(8) These authorities may not be redelegated.

c. **Local Approval.** Facility directors, or chiefs of staff**,** if designated by the facility director, are authorized to:

(1) Determine payable amounts of special pay components for individual physicians and dentists.

(2) Certify special pay computations for any eligible physician or dentist who is employed or will be employed at a facility, except that all pay matters concerning facility chiefs of staff (including certification of special pay computations) must be submitted to the appropriate network director for approval, with the recommendation of the facility director.

(3) Approve special pay agreements for all facility physicians and dentists, except the Chief of Staff, provided the total amount of pay under title 38 does not exceed $190,000 per annum for the first time, or the amount previously approved by the Under Secretary.

(4) Approve scarce specialty pay of up to $40,000 per annum for scarce specialties identified on a nationwide basis or facility-specific.

(5) Approve geographic location pay of up $17,000 per annum.

(6) Approve changes in special pay or subsequent special pay agreements under 7432 that reflect an increase in special pay of greater than 50% of a decrease in special pay of greater than 25%.

(7) Approve receipt of special pay for less than half-time, but at least quarter-time, service.

(8) Extend special pay agreements up to a total of four (4) years under their jurisdiction.

d. **Deputy Assistant Secretary for Human Resources Management.** The Deputy Assistant Secretary for Human Resources Management is responsible for advising the Under Secretary and other key officials on the regulations and procedures contained in this part and the policies and procedures

contained in this part.

e. **Human Resources Management Officers and the Director, Central Office Human Resources Service.** These officials are responsible for:

(1) Advising facility management on the regulations and procedures contained in this part.

(2) Assuring the accuracy of VA Form 10-5379e, Special Pay Computation -- Physicians and Dentists, and serving as the reviewing official by signing the special pay computation form.

(3) Ensuring that eligible employees are made aware of their entitlements and responsibilities under the regulations contained in this part.

8. LIMITATIONS ON DELEGATIONS OF APPROVAL AUTHORITIES

a. **Total Pay Limitation.** Notwithstanding any delegation of approval authority contained in this paragraph or other paragraphs in this part for any individual component of special pay or total pay under title 38 when any special pay agreement will result in a physician or dentist receiving annual pay in excess of $190,000 for the first time, or an increase in the amount previously approved over $190,000, the prior approval of the Under Secretary is required. Procedures for processing such requests are contained in subparagraph 12g of this part.

b. **Total Pay Not Exceeding the Total Pay Limitation.** Consistent with the individual approval authorities provided for in paragraph 7, limitations on the approval authority for special pay agreements when the total amount of compensation does not exceed $190,000 for the first time or the amount previously approved over $190,000 are as follows:

(1) Agreements involving total pay under title 38 up to and including $190,000 for the first time, or subsequent agreements involving no increase in special pay (all facility positions except chief of staff) -- facility director

(2) Agreements involving total pay under title 38 up to and including $190,000 for the first time, and subsequent agreements involving no increase in special pay (for chief of staff and network staff) -- Network Director

(3) VACO physicians and dentists and agreements for all others above $190,000 for the first time or subsequent increases -- Under Secretary

c. **Special Pay Agreements Involving Multiple Levels of Approval.** In those cases where there are multiple or overlapping levels of approval, the amount of the total pay under title 38 to be received generally will determine the level of approval required. **NOTE:** *In cases where the total amount of pay is at a level that can be approved by the facility director (i.e., at or below $190,000), but a component of the special pay (e.g., exceptional qualifications) requires a higher level of approval, (i.e., the Under Secretary), the higher level approval must be obtained prior to paying the higher amounts of pay. This also applies to agreements approved at the network director level.*

d. **The 50 Percent/25 Percent Special Pay Limitations**

(1) A special pay agreement or change in assignment that results in an increase in per annum special pay of more than 50 percent or a decrease in per annum special pay of more than 25 percent from the previous per annum special pay amount under a 7432 agreement will require separate approval by the official authorized to approve the agreement or assignment change.

(2) After a physician or dentist has entered into his/her initial agreement under 7432 provisions, any subsequent special pay agreement, measured from the anniversary date of the agreement, that would result in special pay which exceeds the previous annual amount, requires separate approval by the official authorized to approve the agreement. Procedures for approving exceptions to these limits are contained in paragraph 9 of this part.

(3) An initial special pay agreement under 38 U.S.C. 7432 is not subject to the 50 percent/25 percent limitations.

(4) The 50 percent/25 percent limitations do not apply to agreements signed by VA Central Office physicians or dentists in executive positions.

9. PROCEDURES FOR APPROVING SPECIAL PAY AGREEMENTS WHICH EXCEED 50 PERCENT/25 PERCENT LIMITATIONS

a. After entry into the initial 7432 agreement, any subsequent special pay agreement or assignment change that would result in special pay which exceeds the previous annual special pay amount by more than 50 percent or is less than the previous annual special pay amount by more than 25 percent must be separately approved by the appropriate official except as noted below.

b. Except for any action which would cause total pay to exceed $190,000 (and require the Under Secretary's approval), this requirement for separate approval of a greater than 50 percent increase or 25 percent decrease in special pay does not apply to the following situations:

(1) Increases or decreases in scheduled hours, e.g., from half-time to full-time.

(2) A change in a non-discretionary component, i.e., full-time, tenure (length of service), or board certification.

10. SPECIAL PAY POLICY CHANGES

a. The terms and conditions of an existing special pay agreement may not be changed during its term unless the policy in effect at the time the agreement was entered into provided for such changes. This means changes to this manual only affect special pay agreements entered into on or after the effective date of the change. Generally this includes amounts of special pay; however, amounts of special pay may be changed during the term of an agreement as a result of:

(1) Authorization of special pay for service in a specific geographic location under the conditions provided in appendix IX-E to this part.

(2) A change in the amount of special pay authorized for responsibility level based on an enhanced level of experience.

(3) Changes in amounts of basic pay (e.g., periodic step increases) or special pay (e.g., board certification or certain increases in scarce specialty pay) that do not involve a change in position.

(4) Changes in assignment.

b. Physicians or dentists under existing special pay agreements on the effective date of a change to this manual, who wish to become subject to the provisions of that change, must sign a new special pay agreement to do so (see paragraph 11 of this part).

c. In view of the above, officials responsible for administering the special pay program should retain superseded versions of this part.

11. AGREEMENTS

a. General Information

(1) For the purposes of this part, "initial" special pay agreement refers to the first special pay agreement signed by a physician or dentist under the provisions of 38 U.S.C. 7432. All other agreements are considered "subsequent" special pay agreements.

(2) Personnel actions that involve a permanent upward change in assignment (e.g., assignment from a staff physician to a service chief, or promotion from service chief to chief of staff) will require a new agreement.

(3) Personnel actions that change the amount of special pay for which the individual qualifies (e.g., length of service pay) or the amount of basic pay (e.g., periodic step increase), but do not involve a change in assignment, do not require a new agreement. However, the amount of pay received as a result of the increase is subject to the provisions of the $190,000 limitation (see subparagraph 4c(2) of this part).

(4) If a physician or dentist voluntarily moves into an excluded category, or is placed there for cause, entitlement to receive special pay will terminate, and the individual will incur a special pay refund liability. If the individual subsequently returns to a category not excluded from special pay eligibility, the individual must enter into a new agreement to be entitled to receive special pay.

(5) The entitlement to scarce specialty pay for a physician or dentist may not change during the term of an existing agreement so long as the physician or dentist is in the scarce specialty position. See appendix IX-H for additional information.

(6) Physicians and dentists on time-limited appointments of 1 year of more may sign special pay agreements which extend beyond the expiration of their appointment.

(7) Physicians or dentists who are converted to appointments under 38 U.S.C. 7306 must sign new special pay agreements.

b. **Under Secretary for Health**

(1) All matters involving special pay for the Under Secretary For Health shall require the Secretary's action.

(2) Any increases in special pay for the Under Secretary will require that a new agreement be entered into by the Under Secretary.

(3) Any increase in special pay for the Under Secretary, other than that which has been statutorily provided (i.e., special pay for responsibility level) is subject to approval by the Secretary.

c. **Advice About Agreements for Covered Physicians and Dentists.** Individuals signing special pay agreements will be advised of the following:

(1) They may, at their option, request a total of 1, 2, 3, or 4 years of service under an agreement, subject to the concurrence of the approving official. Agreements may not be signed for fractions of years and they may not extend beyond a maximum of 4 years.

(2) They may, at their option, enter into a subsequent special pay agreement upon reemployment for 1, 2, 3, or 4 years provided satisfactory arrangements have been made to liquidate any applicable refund liability resulting from service under a previously terminated special pay agreement subject to the concurrence of the approving official.

(3) Entry into a subsequent special pay agreement under this subparagraph automatically cancels the existing special pay agreement **but not the service obligation** (see subparagraph e below for information on superseded agreements).

(4) A repayment obligation exists if a physician or dentist voluntarily or because of misconduct fails to complete any of the years of service (measured from the anniversary date of the agreement) regardless of the type of agreement (initial or subsequent) or length of service selected (see subparagraph (6) below).

(5) A waiver of special pay refund liability may be authorized under the policies and procedures provided in paragraph 17 of this part.

(6) There is no relationship between an eligible individual's term of employment and the length of the special pay agreement, except that physicians and dentists whose appointments are limited to less than 1 year are not eligible to enter into a special pay agreement. In addition, those signing a longer agreement have a reduced repayment liability since the amount of the refund liability decreases each year by a specified percentage over the term of the agreement (see paragraph 17 of this part).

(7) Physicians or dentists may terminate existing special pay agreements; extend existing special pay agreements upon approval of the appropriate official (see paragraph 18 of this part); or enter into subsequent special pay agreements.

(8) A special pay agreement is not an employment contract and does not constitute a VA obligation to continue the service of a person for the entire period of an agreement, i.e., the usual personnel policies continue to apply.

(9) Physicians or dentists receiving special pay based on attainment of board certification are required to keep VA apprised of anything that may affect their eligibility for this component of special pay (see appendix IX-D of this part). This includes advising VA if their board certification is probationary or time-limited, has expired, or is revoked.

(10) Physicians or dentists on Leave Without Pay (LWOP) retain their employee status. However, time spent in LWOP does not diminish the individual's service obligation under a special pay agreement. Physicians and dentists who enter special pay agreements and subsequently go into a LWOP status merely postpone their service obligation to VHA under the terms of their agreement during the period of LWOP.

(11) Special pay is included in basic pay for lump sum annual leave payments, and life insurance and retirement purposes under the provisions of paragraph 20 of this part; however, special pay is not basic pay for severance pay or compensation for work related injuries (other than continuation of pay).

(12) Physicians or dentists in receipt of special pay for which they are not eligible shall be liable for such pay and may be subject to appropriate administrative or judicial action.

(13) A copy of this part will be made available to the employee.

d. **Local Procedures.** The agreement will be prepared in an original by the HRM Officer or the Director, Central Office Human Resources Service, as appropriate and will be signed by the individual employee. The special pay computation sheet will be prepared by the HR Office and signed by the reviewing official. The agreement and computation sheet will be forwarded to the appropriate official(s) (see paragraphs 7, 8, 9 and 12 of this part). Upon approval by the appropriate official(s), the original of the agreement will be filed on the permanent side of the Merged Records Personnel Folder (MRPF), copies will be given to the individual and the Payroll Office. VA Form 10-5379e, Special Pay Computation -- Physicians and Dentists, will be filed on the temporary side of the MRPF.

e. **Superseded Agreements.** Employees may sign new special pay agreements at any time, provided the approving official agrees to supersede the existing agreement. For example, individuals may want to have their special pay agreements run concurrent with the academic year. However, there are special considerations for agreements that are superseded in the first year.

(1) Every special pay agreement carries a minimum 1-year service obligation. Thus, if an individual signs a superseding agreement during the first year of an agreement, entitlement to special pay under the old agreement stops, *but the service obligation continues;* that is, the special pay received under the old agreement is subject for refund liability if the individual fails voluntarily or for cause to complete the year of obligated service.

(2) During the period of the remaining service obligation of the old agreement, the individual's creditable service will satisfy both the old (superseded) and the new (current) agreements' service obligations.

(3) Individuals who are permitted to sign superseding agreements must be counseled about the continued service obligation and the potential for refund liability of the old (superseded) agreement.

12. EFFECTIVE DATES AND APPROVAL PROCESS OF SPECIAL PAY AGREEMENTS

a. **Initial Agreement.** Special pay agreements that are executed on appointment or reappointment are effective on the date of appointment or reappointment provided both parties sign and agree to that effective date.

(1) Agreements for current employees that are within the facility director's authority to approve are effective the first day of the first pay period on or after the approval by the facility director unless the physician or dentist requests a different effective date and that date is approved by the facility director.

(2) Special pay agreements that require approval of a network director or the Under Secretary will be effective on the first day of the first pay period beginning on or after the date of approval by the appropriate official, except as provided in subparagraphs d and e below.

b. **Subsequent Agreement.** Agreement renewals will be effective the first day following expiration of the previous agreement, so that entitlement to special pay continues without break. Notwithstanding the prior statement, the employee and approving official may agree to make the subsequent agreement effective on any mutually agreeable date.

c. **Superseding Agreement.** A superseding agreement may be made effective on a date mutually agreeable to both parties.

d. **Employee Signature.** Agreements will be made effective only after the employee has signed the agreement, unless the official with jurisdiction over the position (e.g., facility director for staff dentist) determines in writing that the individual was unable to sign the agreement prior to the agreement's effective date for reasons beyond the individual's control.

e. **Approval Process.** To facilitate the agreement approval process above the facility level:

(1) For agreements that require the approval of the Network Director, facility directors shall submit the proposed agreement, which has been signed and dated by the physician or dentist, along with VA Form 10-5379e, Special Pay Computation -- Physicians and Dentists, to the Network Director within 5 workdays after signature by the physician or dentist. Included in this package will be all documentation necessary to support the special pay recommendation; e.g., the justification for the proposed amount of scarce specialty pay (see app. H to this part).

(2) The Network Director will review the computation form and supporting documentation to ensure compliance with the limits and ranges established in the policy. If a discrepancy is noted or the amounts of pay proposed are not sufficiently justified, the Network Director will return the case to the facility director for revision or reconsideration.

(3) The Network Director will complete his/her review within 5 workdays after receipt and, if approved, the Network Director will sign the computation form as the certifying official and the agreement form as the approving official. The effective date shall be established in accordance with subparagraph 12c above.

(4) For agreements requiring the approval of the Under Secretary, the proposed agreement and the proposed Special Pay Computation -- Physicians and Dentists, VA Form 10-5379e, must be submitted through appropriate channels (within 5 workdays after signature by the physician or dentist) to VACO (10A2B). During the review process, if a discrepancy is noted or the amounts proposed are not sufficiently justified, the entire case will be returned through channels to the facility director for reconsideration.

f. **60-Day Clock.** Subsequent 7432 agreements, other than agreements with VA Central Office physicians and dentists, that would result in special pay which exceeds the previous annual amount (measured from the anniversary date of the agreement) by more than 50 percent or is more than 25 percent lower than the previous annual amount have a time limit for action. As noted in paragraph 9 of this part, agreements covered by the 50/25 percent limitation must be separately approved by the appropriate official.

(1) Agreements involving changes in special pay of greater than 50% increase or 25% decrease must be acted upon within 60 days of the employee's signing of the agreement.

(2) The appropriate official has 60 days from the date the physician or dentist signed the proposed agreement to approve, disapprove, or take no action on the agreement. Agreements that are approved during the 60-day period will become effective on the first day of the first pay period beginning on or after the date of the approval.

(3) If the appropriate official takes no action with 60 days after the physician or dentist signs the proposed agreement, the agreement will become effective on the 61st day after the physician or dentist signs the agreement.

(4) Except for any action which would cause total pay to exceed $190,000 (and require the Under Secretary's approval), this requirement for separate approval of a greater than 50 percent increase or

25 percent decrease in special pay does not apply to the following situations:

(a) Increases or decreases in scheduled hours, e.g., conversion from part-time to full-time; or

(b) Any change in a non-discretionary special pay component, i.e., full-time, tenure, and board certification.

g. **Total Pay in Excess of $190,000.** Notwithstanding any other provisions of this part, any proposed agreement (other than an agreement with the Under Secretary) that would result in total pay in excess of $190,000 shall require the Under Secretary's approval. A proposed agreement which exceeds the $190,000 limitation will be disapproved if the Under Secretary determines that the amounts of special pay proposed to be paid are not necessary to recruit or retain the physician or dentist.

(1) Proposed agreements affecting field facility physicians or dentists that exceed the $190,000 limitation shall be submitted through appropriate channels within 5 work days after signature by the physician or dentist to the Under Secretary for approval and shall contain the following information:

(a) The proposed special pay agreement that has been signed and dated by the physician or dentist.

(b) The proposed VA Form 10-5379e, Special Pay Computation -- Physicians and Dentists, that has been reviewed by the facility Human Resources Officer and certified by the appropriate official.

(c) Complete justification for the proposed amounts of special pay, including any pertinent information on the recruitment and retention history of the position occupied or to be occupied by the physician or dentist.

(2) Proposed agreements affecting VA Central Office physicians or dentists shall be submitted within 5 workdays after signature by the physician or dentist through the Director, Central Office Human Resources Service (035) to the Under Secretary. (035) will review the proposed documents and make a recommendation to the Under Secretary.

13. COMPUTATION AND ANNUAL VERIFICATION OF SPECIAL PAY AMOUNT

a. **Initial Computation.** Whenever a special pay agreement is executed or there is an assignment change affecting special pay, special pay is to be processed in accordance with PAID procedures. When an automated computation form (Special Pay Computation -- Physicians and Dentists, VA Form 10-5379e) is produced by the Austin Automation Center (AAC), that form shall be reviewed by the Human Resources Officer and certified by the individual authorized to certify special pay computation under paragraph 7 of this part. If an automated computation form is not produced by the AAC, the Human Resources Management Office will manually complete VA Form 10-5379e and follow the review and certification procedures described in subparagraphs b and c below. Computation forms will be retained as temporary documents on the left side of the MRPF.

b. **Annual Verification of Computation.** The computation of special pay is to be verified annually. Approximately 90 days in advance of the anniversary date, the PAID system will generate and forward to the HRM office a computation form (VA Form 10-5379e labeled "Annual Verification"). These

forms are to be reviewed and certified in the same manner as described in subparagraph a and retained as temporary documents on the left side of the MRPF.

c. **Changes in the Amount of Special Pay**

(1) A new special pay agreement is required whenever the amount of special pay changes because of a permanent upward change in assignment, such as assignment from a staff physician or dentist to a service chief or promotion from service chief to chief of staff.

(2) A new special pay agreement is required for greater than 50% increases per annum when the amount of special pay changes because of actions that do not involve a change in assignment, such as receipt of board certification, approval of scarce specialty pay, or change in length of service.

(3) Whenever the amount of special pay changes, the PAID system will generate a computation form, VA Form 10-5379e, to reflect the special pay change. Computation forms generated for this purpose are to be reviewed by the HRM Officer, or designee, and retained as a temporary document on the left side of the MRPF. They do not have to be certified by the official authorized to certify special pay computation (see par. 7 of this part); unless the amount of total pay resulting from the change would exceed the $190,000 limitation (see subparagraph 4c(2) of this part).

(4) If there is a change in the amount of special pay but the PAID system does not generate a revised computation form, follow the procedures outlined in the following paragraph.

d. **Manual Preparation of Forms.** If the employee is not under automated calculation procedures, a computation form does not generate from PAID, or the automated special pay computation provided under subparagraphs a, b or c is incorrect, HRM Officers should manually prepare a VA Form 10-5379e and follow the review and certification procedures above. If the automated special pay computation provided under subparagraphs a, b or c is incorrect, or if the special pay amount being received by the physician or dentist is incorrect, appropriate corrective action must be taken. (See applicable PAID procedures and par. 19 of this part).

14. PAYMENT OF SPECIAL PAY

a. Special pay will be paid on a pay period basis by application of formulas similar to those used for determining basic salary. For full-time physicians and dentists, the per annum special pay will be divided by 364 to determine the daily rate and the daily amount will be multiplied by 14 to obtain a biweekly pay period rate. For part-time physicians or dentists, the per annum special pay will be divided by 2,080 to obtain an hourly rate and the hourly rate will be multiplied by the number of hours in a pay status (not to exceed 79) to obtain a biweekly payment. A fraction resulting from any computation will be adjusted to the nearest cent, counting one-half cent and over as a whole cent. Payment of special pay will not be authorized for periods of leave without pay or absence without leave.

b. Part-time physicians or dentists working 80 or more hours in a biweekly pay period may not have their special pay computed as it they are full-time employees. The annual rate of special pay of a part-time physician or dentist shall be based on the special pay factors (other than full-time) and is to be prorated based on the proportion of time the part-time employment bears to full-time employment,

except that such ratio can not exceed 75 percent on an annual basis (NTE 1560 hours per annum). Entitlement to special pay as a full-time employee exists only if employees are converted to full-time status and the conversation is documented on a SF 50-B, Notification of Personnel Action.

c. Individuals are entitled to receive the amounts authorized for the duration of their special pay agreements. Except that individuals who are reassigned will have their entitlement to special pay recomputed in accordance with their new assignment. In addition, expiration of geographic location pay authorizations will terminate entitlement to the component.

15. TEMPORARY PROMOTIONS AND REASSIGNMENTS. Individuals assigned to service chief, or equivalent, positions and higher positions shall not be eligible for the responsibility component of special pay unless they have been given a temporary promotion to chief of staff or a temporary reassignment to a service chief or comparable position (as documented by an official personnel action) under provisions of VA Handbook 5005.

16. DUAL APPOINTMENTS

a. Individuals with part-time appointments at more than one facility may receive special pay based on their total employment provided it is half time or more, except that the appropriate official may authorize the payment of special pay to a physician or dentist who is employed on less than a half-time basis, but at least quarter time (two-eighths), when it is determined to be the most cost-effective way available to provide needed medical or dental services at a VA medical facility (see appendix IX-I of this part). Appointments in an excluded category or position may not be included.

b. A determination of the facility that is primarily responsible for carrying out the provisions of this paragraph shall be made in the following order:

(1) The facility employing the physician or dentist for the greatest number of hours.

(2) The first employer.

(3) The facility designated by mutual consent.

c. Notwithstanding subparagraph b, each facility shall pay its share of the special pay to physicians or dentists covered by this paragraph based on the percentage of total employment at their facility.

d. In no case shall an individual covered by this paragraph receive special pay for more than 1560 hours per annum.

17. WAIVERS OF SPECIAL PAY REFUND LIABILITY

a. In the event a physician or dentist voluntarily or for cause fails to complete any of the years of service under an agreement, the physician or dentist shall be required to refund the specified percentage of the special pay received for that year unless the appropriate official determines that such failure is necessitated by circumstances beyond the control of the physician or dentist. (Examples of circumstances deemed beyond the control of the individual include semi-permanent or permanent serious illness.)

b. The percentage of repayment liability the individual would incur is as follows:

(1) 100 percent of the special pay received in the first year of the agreement if the failure occurs during the first year.

(2) 75 percent of the amount received in the second year of the agreement if the failure occurs during that year.

(3) 50 percent of the special pay received in the third year of the agreement for failure during that year.

(4) 25 percent of the special pay received during the fourth year of the agreement for failure during that year.

c. Local officials are not authorized to waive any special pay refund liabilities; authority to approve waivers of $15,000 or less has been delegated to network directors; this authority may not be redelegated. The Under Secretary retains authority to approve waivers exceeding $15,000.

d. HRM Officers and the Director, Central Office Human Resources Service, are responsible for ensuring that employees fully understand the nature of their obligation and the procedures for requesting a waiver of special pay refund liability.

e. When a determination is made that a refund liability exists, the servicing human resources office will prepare a personnel action to remove the forfeited special pay (as determined under par. b, above). This reduction of the individual's salary record will cause the Fiscal activity to adjust the employee's record of salary payments and to establish a debt to the Government. Once the debt is established, the individual will be notified of this indebtedness and advised of rights under the Debt Collection Act, including the right to request a waiver of the repayment liability.

f. A request to waive a special pay refund liability should contain any written statement the individual wishes to make concerning the amount or validity of the debt, or the individual's justification for breaching the special pay agreement. The request should be filed with the appropriate official within 3 business days after receiving the SF 1114, Bill for Collection.

g. When a facility director receives an employee's request to waive a refund liability, the waiver request and any supporting documentation will be forwarded to the appropriate approving official, along with the Director's recommendation concerning appropriate action. Requests requiring the Under

Secretary's approval will be forwarded through channels to VACO (10A2B).

h. The approving official will make a written determination with respect to the special pay refund liability and provide a copy of that determination to the individual.

i. Individuals may appeal to the Under Secretary a network director's decision. Requests will be submitted in accordance with subparagraph f above. The Under Secretary's decision is final; there is no further review within the Veterans Health Administration or the Department of Veterans Affairs.

j. Special pay under an agreement for which there is a refund liability is not considered basic pay for retirement purposes, lump sum annual leave payments, Thrift Savings Plan or FEGLI, unless any applicable refund liability is waived. If the refund liability is waived, retirement deductions taken from special pay (received under the breached agreement) will be included in an employee's retirement account. The debt may not be collected by offset against salary payments owed the individual, unless the employee specifically directs such collection.

k. Whenever a special pay agreement is breached, the SF 2806, Individual Retirement Record (CSRS), or the SF 3100, Individual Retirement Record (FERS), is to be revised to reflect the forfeiture of special pay:

18. TERMINATION AND EXTENSION OF EXISTING SPECIAL PAY AGREEMENT

a. Physicians and dentists may terminate special pay agreements at their request in those cases where an agreement would be breached on a known future date. Early termination of the agreement will reduce the amount of special pay subject to refund. It will not terminate the service obligation or the potential for refund liability. Written requests to terminate such agreements are to be submitted to the HRM Office and shall be effected on the first day of the first pay period following receipt. When a request is received, the HRM Officer shall furnish a copy to the payroll activity and file the request in the individual's MRPF.

b. The length of special pay agreements may in extraordinary circumstances, be extended up to a maximum of 4 years, at the request of the employee and upon approval of the appropriate official.

19. BACKPAY AND WAIVERS OF SALARY OVERPAYMENTS

a. **Backpay.** Special pay is considered pay for the purposes of the Backpay Act (5 U.S.C. 5596). Any unjustified or unwarranted personnel actions are to be corrected in accordance with 5 CFR part 550, subpart H.

b. **Waivers of Salary Overpayments.** Section 5584 of title 5, United States Code, authorizes waiver under certain conditions of claims of the Government arising out of erroneous payment of pay or allowances made to employees. This includes erroneous payments of special pay, but not waivers of special pay refund liabilities under paragraph 17 above.

20. RELATIONSHIP OF SPECIAL PAY TO CIVIL SERVICE RETIREMENT, THE THRIFT SAVINGS PLAN, AND FEDERAL EMPLOYEES GROUP LIFE INSURANCE

a. **Inclusion of Special Pay as Basic Pay**

(1) **Special Pay Received Under 38 U.S.C. 7431.** Special pay paid under a section 7432 agreement to any full-time or part-time physician or dentist on and after July 14, 1991, shall be included in basic pay for the purposes of 5 U.S.C., chapters 83 and 84, relating to civil service annuities. This includes those full-time physicians and dentists who were on VA rolls as of October 1, 1980, and elected in writing to waive the withholding of retirement deductions from their special pay received under 38 U.S.C. 4118. In addition, special pay paid under 38 U.S.C. 7431 will be included as basic pay for the purposes of the Thrift Savings Plan.

(2) **Special Pay Received Under 38 U.S.C. 4118.** Special pay paid under 38 U.S.C. 4118, shall be credited in the same manner and to the same extent that such special pay was credited prior to July 14, 1991. For example, special pay received by part-time physicians and dentists, and full-time physicians and dentists, who elected in writing to waive the withholding of retirement deductions from their special pay received under 38 U.S.C. 4118, is not used in the computation of annuities under chapters 83 and 84 of Title 5, U.S.C., or in determining basic pay for the Thrift Savings Plan.

b. **Service Requirement for Crediting of Special Pay in Annuity Computation**

(1) A physician or dentist who enters into an agreement under 38 U.S.C. 7432 on or after July 14, 1991, who has no prior service as a physician or dentist in the VHA (or its predecessors), including other Federal agencies with title 38 authority, must complete no less than 15 years of service as a physician or dentist in VHA, or the other Federal agencies with title 38 authority, in order to have special pay received under 38 U.S.C. 7432 included as basic pay in determining the high three average salary used in the computation of a civil service annuity.

(2) A physician or dentist who has service as a physician or dentist in VHA (or its predecessors) before July 14, 1991, who (a) made a written election before April 1, 1981, not to have retirement deductions withheld from special pay, and who (b) enters into a 7432 agreement will have special pay under the 7432 agreement included as basic pay in determining the high three average salary used in the computation of a civil service annuity on a prospective basis only (on or after July 14, 1991). Special pay these individuals earned under a 4118 agreement will not be included as basic pay for the computation of a civil service annuity. However, service as a physician or dentist in the VHA (or its predecessors), including other Federal agencies with title 38 authority, prior to July 14, 1991, is creditable toward meeting the 15 year requirement in the same manner as described in subparagraph (3), immediately below.

(3) A physician or dentist who enters into a special pay agreement under a 7432 agreement on and after July 14, 1991, who has creditable service as a physician or dentist in VHA (or its predecessors), including other Federal agencies with title 38 authority, before July 14, 1991, must still meet the 15 year service requirement in order to have special pay received under a 7432 agreement included as basic pay in determining the high three average salary used in the computation of a civil service annuity. However, full-time service as a VA resident (creditable as non-deduction service under the Civil Service

Retirement System); full-time service as a physician or dentist performed prior to July 14, 1991, in VHA (or its predecessors), including other Federal agencies with title 38 authority; and part-time service, in VHA (or its predecessors) including other Federal agencies with title 38 authority, as a physician or dentist will be used toward the fulfillment of the 15 year service requirement. **NOTE:** *Except for periods of consultant (fee basis) employment under 38 U.S.C. 4114(a)(1)(B), now codified at 38 U.S.C. 7405(a)(2); periods of employment performed on a without compensation basis, unless performed on a substantially full-time basis; and periods of service in excess of 6 months in nonpay status each calendar year, any full-time or part-time service performed as a physician or dentist in VHA, and other Federal agencies with title 38 authority, on and after July 14, 1991, will be counted toward fulfilling the 15 year service requirement.*

(4) The special pay considered as basic pay for annuity computation purposes will be as follows:

(a) The amount of special pay the physician or dentist was entitled to receive under a 4118 special pay agreement on July 13, 1991, if retirement deductions were withheld.

(b) In addition to the amount in subparagraph (a) above, the amount of special pay the physician or dentist is entitled to under a 7432 agreement will be compared with the amount under the 4118 agreement. If the special pay entitlement under 7432 agreement is greater than under the 4118 agreement, 25 percent of the difference between the two entitlements will be included in the computation of the civil service annuity for each 2 full years of service the physician or dentist completes on and after July 14, 1991.

(c) The computation of annuities for physicians and dentists, who did not have retirement deductions taken under a 4118 agreement, will include all special pay under a 7432 agreement after 8 years of post July 13, 1991 service and fulfillment of the 15 year service requirement. For this same period, physicians and dentist who are entitled to have special pay counted under a 4118 agreement will received 100 percent of the difference between the two entitlements (7432 and 4118 special pay) in addition to the 4118 special pay entitlement.

(5) Fulfillment of 15 years of service as a physician or dentist in the VHA (or its predecessors) is not required for annuities paid under 5 U.S.C. 8337 or 8451, relating to disability retirement, or 5 U.S.C. 8341 (d) or (e) or 8442 (b) or 8443, relating to survivor annuities.

(6) Physicians or dentists whose retirement are not based on disability, and who do not meet the 15 year service requirement, as defined in subparagraph (1), (2), or (3) above, will not receive a refund of retirement deductions that have been taken from their special pay under either a 4118 or 7432 agreement.

c. **Special Transition Rules for Tenure Pay for Dentists.** The increased amounts of special pay that dentists receive after November 1, 2000, as a result of P.L. 106-419, if they otherwise meet the service requirements for crediting special pay for retirement purposes (see subpar. a and b, above) shall be phased in for credit as basic pay for annuity computations according to the following schedule:

(1) Dentists will receive 25 percent of the difference between the entitlement for tenure pay prior to November 1, 2000, and the amount payable under the provisions of P.L. 106-419 for every two full

years of service performed after November 1, 2000.

(2) EXAMPLE. A dentist with 23 years of creditable service was entitled to $4,000 tenure pay prior to November 1, 2000. Under a special pay agreement signed after November 1, 2000, the dentist is entitled to $18,000. Assuming that all service performed after November 1, 2000 is creditable for retirement:

(a) If the individual retires on or before October 31, 2002, only $4,000 of the tenure pay is creditable for annuity computations. No portion of the increased tenure pay is vested in annuity computations.

(b) If the dentist retires from VA on or after October 31, 2002, but before October 31, 2004, the individual will have the $4,000 plus 25 percent of the difference ($18,000 - $4,000) included in annuity computations.

(c) If the dentist retires from VA on or after October 31, 2004, but before October 31, 2006, the individual will have $4,000 plus 50 percent of the difference ($18,000 - $4,000) included in annuity computations.

(d) If the dentist retires from VA on or after October 31, 2006, but before October 31, 2008, the individual will have $4,000 plus 75 percent of the difference ($18,000 - $4,000) included in annuity computations.

(e) If the dentist retired from VA on or after October 31, 2008, the individual will have the full $18,000 included in annuity computations.

(3) Other amounts of special pay increased as a result of P.L. 106-419 are immediately creditable to annuity computations, if employees otherwise satisfy service requirements.

(4) This phase-in requirement for tenure pay for dentists described in subpar. (2) will not apply to cases under 5 U.S.C. 8337 or 8451, relating to disability retirement, or 5 U.S.C. 8341(d) or (e), 8442(b) or 8443, relating to survivor annuities.

d. **Effect on Federal Employees Group Life Insurance.** Special pay received under 38 U.S.C. 7432, on the last day of employment and not subject to refund liability will be considered as annual pay for the purposes of 5 U.S.C., chapter 87, relating to life insurance for Federal employees.

APPENDIX A. SPECIAL PAY AGREEMENT

SPECIAL PAY AGREEMENT

TO RECEIVE SPECIAL PAY UNDER 38 U.S.C. 7431

1. As a consequence of my receipt of Special Pay for which I qualify under regulations issued by the Secretary of Veterans Affairs hereinafter referred to as the Secretary, I hereby agree to serve in the Veterans Health Administration (VHA) of the Department of Veterans Affairs (VA) for the period beginning _____; and ending _____: however, this agreement does not alter the applicability of VHA regulations and procedures concerning terms, conditions, and duration of employment, and this agreement does not constitute an employment contract.

2. This agreement shall be effective upon approval by the Secretary (or designee) of the amount payable, provided I am otherwise eligible, and my entitlement to Special Pay shall commence on the date prescribed in accordance with regulations.

3. I acknowledge that in the event I voluntarily or because of misconduct fail to complete any of the year(s) of service (measured from the anniversary date of my agreement) in a position(s) which entitles me to receive Special Pay, I will refund the specified percentage (listed below) of Special Pay I have received that year unless the Under Secretary for Health, in accordance with prescribed regulations, determines that my failure to complete my agreed period of service is due to circumstances which are beyond my control. It is further agreed that the amounts of the specified percentages will be a debt due to the United States, which I hereby agree to pay in full as directed by the Department of Veterans Affairs. The specified percentages are: (a) 100 percent of the special pay received under the agreement if the failure occurs during the first year; (b) 75 percent of the special pay received in the second year if the failure occurs during that year; (c) 50 percent of the special pay received in the third year if the failure occurs during that year; and (d) 25 percent of the special pay received in the fourth year if the failure occurs during that year.

4. I understand that my entitlement to Special Pay under this agreement will terminate when any of the following occur:

a. Separation from employment with the Veterans Health Administration for any reason.

b. Assignment to an excluded category.

c. Completion of agreed period of service, or enactment of superseding law.

d. My specific written request to terminate Special Pay.

e. Execution of a superseding agreement.

5. I understand that a general increase in the rates of basic pay of persons receiving Special Pay may result in a reduction in the amount of the Special Pay I subsequently receive under this agreement.

6. I acknowledge that the regulations in VA Handbook 5007, part IX, issued by the Secretary (or designee) to implement Special Pay are incorporated into and made a part of this agreement and I have read a copy of those regulations.

7. I acknowledge that the Secretary (or designee), may, pursuant to regulations, adjust the amount of Special Pay to which I am entitled to reflect appropriately any change in my position status from full-time to part time, from part-time to full-time, from one proportion of part-time employment to another proportion of part-time employment, or to reflect a change in time spent in a position, specialty, or the level of responsibilities to which I am assigned.

SIGNATURE OF PHYSICIAN OR DENTIST	DATE
APPROVAL BY THE SECRETARY OR (DESIGNEE) OR UNDER SECRETARY FOR HEALTH OR (DESIGNEE)	EFFECTIVE DATE

VA FORM 10-5379a (JUL 1991) SUPERSEDES ALL PREVIOUS EDITIONS U.S. GPO: I994-52955/82054

APPENDIX B. SPECIAL PAY COMPUTATION SHEET

VA Department of Veterans Affairs

SPECIAL PAY COMPUTATION PHYSICIANS AND DENTISTS

1. NAME (Last, First, Middle Initial)		2. SOCIAL SECURITY NUMBER	3. STATUS (Check one) ☐ FULL-TIME ☐ PART-TIME (Must be ¼ time or more)
4A. OCCUPATION AND ASSIGNMENT	4B. GRADE/STEP	5. EFFECTIVE DATE	6. DATE PREPARED

7. TYPE OF SPECIAL PAY	PHYSICIAN	DENTIST (for agreements after November 1, 2000)	ANNUAL AMOUNT
A. FULL-TIME STATUS:	9,000	9,000	
B. TENURE: VA Service Date: PHYSICIANS Less than 2 yrs. 0 2 yrs. but less than 3 4,000 3 yrs. but less than 4 6,000 4 yrs. but less than 6 9,000 6 yrs. but less than 8 12,000 8 yrs. but less than 12 15,000 12 yrs. but less than 20 18,000 20 yrs. but less than 25 20,000 25 yrs. or more 25,000 DENTISTS (for agreements after November 1, 2000) Less than 1 yr. 0 1 yr. but less than 2 2,000 2 yrs. but less than 3 4,000 3 yrs. but less than 4 5,000 4 yrs. but less than 6 7,000 6 yrs. but less than 8 8,000 8 yrs. but less than 9 10,000 9 yrs. but less than 10 11,000 10 yrs. but less than 12 12,000 12 yrs. but less than 20 15,000 20 yrs. or more 18,000	Not More Than 25,000	Not More Than 18,000	
C. BOARD CERTIFICATION: (1) Specialty/First Board Only OR (2) Specialty/First Board Plus Subspecialty/Second Board	2,000 OR 2,500	2,000 OR 2,500	
D. GEOGRAPHIC LOCATION: EXP :	Not More Than 17,000	Not More Than 12,000	
E. EXCEPTIONAL QUALIFICATIONS (Requires VA Central Office approval)	Not More Than 15,000	Not More Than 5,000	
F. EXECUTIVE POSITION (1) Service Chief or comparable (2) Chief of Staff/Executive Grade (3) Director Grade (4) VACO_____	Not More Than 45,000	Not More Than 30,000	
G. MEDICAL/DENTAL SPECIALTY WITH EXTRAORDINARY RECRUITMENT/ RETENTION DIFFICULTY. (Scarce Specialty) Not authorized with 7F(4) (For information on percent of time, see policy)	Not More Than 40,000 (% of Time)	Not More Than 30,000 (% of Time)	
H. POST-GRADUATE TRAINING. (first 2 years only) EXP:	Not applicable	2,000	
I. TOTAL SPECIAL PAY: (For part-time employment, payment of this amount is adjusted by the PAID System based on the ratio of part-time to full-time hours not to exceed ¾.)			
		ANNUAL BASIC PAY	
		TOTAL PAY	

I certify that the above special pay computations are accurate.

8. SIGNATURE OF REVIEWING OFFICIAL	9. DATE	10. SIGNATURE OF CERTIFYING OFFICIAL	11. DATE

VA FORM 10-5379e

INSTRUCTIONS FOR COMPLETING COMPUTATION SHEET

1. **Employee Name.** Enter employee's name (last name, first name, and middle initial).
2. **Social Security Number.** Enter employee's SSN.
3. **Status.** Mark the box for "Full-Time" for individuals with administrative tours of 80 hours per pay period. Mark the box for "Part-Time" for employees scheduled for less than 80 hours, but at least 20 hours every pay period. For part-time employees, note the number of hours regularly scheduled each pay period.
4. a. **Occupation and Assignment.** Enter employee's positions (staff dentist, service chief, etc.) and assignment (dentistry, ambulatory care, etc.)

   b. **Grade/Step.** Enter as Grade/Step, using either title (Senior, Chief, etc.) or numeric value (14, 15, etc.) for the grade and numeric step.
5. **Effective Date.** Date that reflected amounts will be effective (if prepared prospectively). If amounts are proposed, enter "Proposed" in box.
6. **Date Prepared.** Date the computation sheet is completed.
7. **Type of Special Pay.** Ranges are noted on the form. Refer to VA Handbook 5007, part IX, for additional guidance.

   a. **Full-Time.** For full-time employees only, enter amount in right-hand column - $9,000.

   b. **Length of Service (Tenure).** Enter VA service date in left-hand column for reference and to double-check reported amount. Enter annual amount listed on form based on full years of creditable VHA service.

   c. **Board Certification.** Enter names of board certifications held by employee with expiration dates, if applicable, in left-hand column. This information should be cross-checked against PAID master record coding. Enter annual amount in right-hand column - $2,000 for 1 general or specialty board certificate, $2,500 for 2 or more general/specialty and related subspecialty board certificates.

   d. **Geographic Location*.** Enter category for which the component is authorized and expiration date of authorization in left-hand column. Ensure that this information is correctly coded in PAID_____. Enter the annual amount in the right-hand column.

   e. **Exceptional Qualifications.** Enter annual amount authorized by Under Secretary of Health, if applicable.

   f. **Executive Position (Responsibility).** Enter annual amount authorized for individual. Ensure that amount is within statutory range for the position or grade.

   g. **Scarce Specialty Pay*.** Enter annual amount authorized for the individual in left-hand column. Enter percentage of time spent in direct patient care in parentheses in center columns. Multiply individual's annual amount by percentage and enter result in right-hand column.

   h. **Post-Graduate Training**. For dentists only, enter $2,000 for the first two years of VHA service following completion of post-graduate hospital-based training in a program certified by the ADA.

   i. **Total Special Pay.** Add the amounts recorded in right-hand column.

Annual Basic Pay. Enter the annual amount for the employee's grade/step. Include GAP, if applicable.

Total Pay. Add the total special pay and annual basic pay together.

8. **Reviewing Official.** For the signature of the HRM Officer

9. **Date.** Date of signature of HRM Officer

10. **Certifying Official.** For the signature of the Network Director or facility director or designee, as specified in par. 7 of the basic chapter.

11. **Date.** Date of signature of Certifying Official

* Special Instructions for GAP Stations: **Employees receiving GAP will have the GAP amount offset dollar for dollar against geographic location and scarce specialty pay, if applicable. The offset or reduced annual amounts should be entered in the right-hand column for these components.**

NOTE: ***For part-time employees:*** *Procedures for completing the form are the same as for full-time employees, except for item 7a. The total annual amount is prorated according to the individual's scheduled hours, not to exceed 75 percent of the annual amount.*

APPENDIX C. SPECIAL PAY FOR LENGTH OF SERVICE

1. The Secretary has delegated to the Under Secretary for Health the authority to specify the amount of special pay for length of service within the statutory range authorized for this component. To be eligible for special pay for length of service, the VHA service may include leave without pay and need not have been continuous but must have been under 38 U.S.C. 7306 (formerly 4103), 7401(1) (formerly 4104(1)), or 7405(a)(1)(A) (formerly 4114(a)(1)(A)), under a career residency, VA fellowship, the Career Development Program (see M-3, pt. II, ch. 8), or be otherwise creditable for periodic step increases or rate adjustment purposes.

2. Physicians and dentists receive special pay for length of service in the amounts specified below:

PHYSICIANS

At Least	But Less Than	Dollars
2 (Years)	3 (Years)	$4,000
3	4	6,000
4	6	9,000
6	8	12,000
8	12	15,000
12	20	18,000
20	25	20,000
25 plus		25,000

DENTISTS (for agreements effective after November 1, 2000)

At least	But Less Than	Dollars
1 Years	2 (Years)	$2,000
2 (Years)	3	4,000
3	4	5,000
4	6	7,000
6	8	8,000
8	9	10,000
9	10	11,000
10	12	12,000
12	20	15,000
20 plus		18,000

DENTISTS (for agreements effective before November 1, 2000)

At least	But Less Than	Dollars
2 (Years)	4 (Years)	$1,000
4	8	2,000
8	12	3,000
12	20	3,500
20 plus		4,000

3. Initial payments and increases in length of service pay are effected on the first day of the first pay period following completion of the required years of service.

4. The following types of appointments and service are creditable for computing tenure (length of service):

a. Appointment as the Under Secretary for Health

b. Appointments under 38 U.S.C. 7306 (formerly 4103) as a physician or dentist; full-time permanent appointments under 38 U.S.C. 7401(1) (formerly 4104(1)); temporary full-time or part-time appointments under 38 U.S.C. 7405(a)(1)(A) (formerly 4114(a)(1)(A)).

c. Appointments to a VA fellowship under 38 U.S.C. 7405(a)(1)(A) (formerly 4114(a)(1)(A)), which are restricted to individuals who are VA employees immediately prior to entering the VA fellowship.

d. Career residencies. **NOTE:** *This appointment authority is no longer used.*

e. Service as an Associate Investigator, Research Career Development and Advanced Research Career Development awardees (formerly Clinical Investigators, Research Associates, Medical Investigators, and Senior Medical Investigators) under the auspices of the Office of Research & Development, provided the service was performed under one of the appointments authorities in paragraph b, above.

f. Intermittent service under 38 U.S.C. 7405(a)(1)(A) (formerly 4114(a)(1)(A)). One year of service will be credited for every 260 days of paid service.

g. Leave without pay (LWOP) of up to 15 days per year. An employee may take 15 days of LWOP for every year in the waiting period for the next tenure increase, without delaying the next tenure increase. **NOTE:** *LWOP is creditable service for tenure increases in the same manner that it is creditable for periodic step increases (PSIs). That is, employees may take up to 30 days of LWOP during the 2-year waiting period without delaying their next PSI. Thus, employees may take 15 days of LWOP during every year of a tenure waiting period, without delaying the effective date of the tenure increase.*

5. The following types of appointments and service are <u>not</u> creditable for computing tenure (length of

service):

a. Appointments as residents under 38 U.S.C. 7406 (formerly 4114(b)), whether paid on a stipend schedule or disbursement agreement. **NOTE:** *Some appointments may be referred to as fellowships, but the appointment is clearly identified as a resident on the SF 50-B.*

b. Internships under 38 U.S.C. 7406 (formerly 4114(b)), which are now combined with first year residencies.

c. Appointments to VA fellowships under 38 U.S.C. 7406 (formerly 4114(b)), used for individuals who are not employed by VA immediately prior to the fellowship appointment.

d. Without-compensation (WOC) appointments under 38 U.S.C. 7405 (formerly 4114(a)(1)(A)).

e. Fee basis appointments under 38 U.S.C. 7405(2) (formerly 4114(a)(1)(B)), whether on fee-for-service, or per annum basis. This includes consultants and attendings. on a scarce medic

f. Service as off-station fee basis or on scarce medical specialty contract.

g. LWOP in excess of 15 days per year of waiting period for tenure increase.

APPENDIX D. BOARD CERTIFICATION

1. AMOUNTS PAYABLE. VHA and dentists will be paid special pay in the amount of $2,000 per annum for the first creditable general (specialty) certificate they possess. They will be paid an additional $500 per annum upon attaining either a creditable special (subspecialty) certificate or a second creditable general certificate.

2. ELIGIBILITY

a. Eligibility for this component of special pay is restricted to physicians and dentists who present documentation (copy of certificate or letter from the examining board) that they are currently certified as having met the full requirements of an American examining board creditable for special pay purposes.

b. Eligibility for this component of special pay terminates if the certificate expires or if the board certification no longer meets the requirements of preceding subparagraph. Loss of a general certificate also terminates eligibility to receive special pay for a special certificate or a certificate of added qualifications that is based on possession of the general certificate.

3. CREDITABLE BOARD CERTIFICATES

a. Only certification from a specialty board that is a member of the American Board of Medical Specialties, a specialty board recognized by the Bureau of Osteopathic Specialists (BOS), or the American Dental Association is creditable for special pay purposes. All certificates issued by these organizations, except those granted for specialization in the treatment of infants, children, or young adult, have been determined to be related to the Department of Veterans Affairs' (VA) health care mission.

b. Only certificates of Added Qualifications issued by a specialty board that is a member of BOS, except those granted for specialization in the treatment of infants, children, or young adults, have been determined to be related to VA's health care mission and are creditable for special pay purposes.

c. Current general certificates, special certificates, and certificates of added qualifications that have been issued by examining boards identified in the preceding subparagraphs continue to be creditable for special pay purposes even if the certificate is no longer issued by the board or is issued under another title.

d. A current list of the general certificates, special certificates, and certificates of added qualifications creditable for special pay can be found on the OHRM website.

4. VERIFICATION OF POSSESSION OF BOARD CERTIFICATION. Possession of board certification may be verified using documentation in the employee's credentialing and privileging folder. If such documentation is not available, verification must parallel existing credentialing requirements (see VHA Handbook 1100.19 and VA Handbook 5005, part II, chapter 3, section B.

5. SPECIAL PROVISION. Physicians or dentists receiving or to receive special pay under this

directive may not receive special advancements for achievement under VA Handbook 5017, Employee Recognition and Awards, based on attainment of board certification. Similarly, physicians or dentists who will receive special pay under this directive shall not be appointed at initial rates of pay above the minimum rate of the grade based on superior qualifications (see VA Handbook 5005, part II, chapter 3, section E) if those higher rates are to be based solely on board certification. This does not preclude appointment at higher rates if the higher rate is based on considerations other than board certification.

6. EFFECTIVE DATES OF ADJUSTMENTS

a. Special pay for board certification is effective the latest of:

(1) The date the special pay agreement is entered into;

(2) The first day of the first pay period following the effective date of the certification, as specified on the certificate or letter from the specialty board; or

(3) The first day of the first pay period in the month in which the individual becomes certified (as established by the date of notification from the applicable Board), if no date is specified on the certificate.

(4) Increases authorized under this subparagraph will be made retroactively, as necessary.

b. The termination of special pay for board certification is effective:

(1) The last day of the pay period in which the employee is no longer board certified; or

(2) The last day of the current special pay agreement for employees receiving special pay for board certification based on a Fellowship in the American Academy of Osteopathy.

7. SPECIAL RETROACTIVE PAYMENT PROVISION. Individuals who were employed in the VHA and were in possession of general or special certificates newly recognized with the issuance of VHA Directive 5103.2 are entitled to retroactive pay for any additional special pay for board certification. The effective date for the retroactive pay entitlement is October 10, 1999, the first day of the first pay period after October 4, 1999, the date the Under Secretary for Health approved payment of special pay for the additional specialty and subspecialty board certifications. Individuals who became board certified after October 10, 1999 will be eligible for retroactive special pay for board certification as determined by the provisions of paragraph 6. **NOTE:** *Employees do not need to sign new special pay agreements to receive special pay for the certification.*

APPENDIX E. SPECIAL PAY FOR SPECIFIC GEOGRAPHIC LOCATIONS

1. Special pay for service in a geographic location may be authorized when it has been determined there are extraordinary problems recruiting or retaining specific categories of physicians and dentists. The range of special pay authorized for physicians is $0 - $17,000; for dentists it is $0 - $12,000 (for dentists on agreements effective after November 1, 2000) or $0 - $5,000 (for dentists on agreements signed prior to November 1, 2000). Normally, this component of special pay will not be authorized for all physicians or dentists at a facility since it is used to address recruitment and retention problems affecting a specific clinical category; i.e., specialty of physicians or dentists.

2. Geographic special pay authorizations are separate from special pay agreements. They will be applicable for 18 months (39 pay periods), and are effective on the first day of the first pay period immediately following approval. Authorizations will not be approved on a retroactive basis. Facility directors may extend, decrease, or terminate geographic special pay authorizations approved at the facility level, using the guidelines in paragraphs 5 through 7 below. Facility directors may approve authorizations for clinical categories up to $17,000 for physicians, $12,000 for dentists.

3. If authorizations are terminated, the geographic special pay of covered physicians and dentists will not be reduced or terminated until the 18-month authorization expires or a new agreement is signed, whichever comes first. If authorizations are terminated. If an authorization is extended, covered physicians and dentists shall receive the amount of geographic special pay authorized during the extension period.

4. Except as required by the application of the requirement for the Under Secretary's approval of any pay increase above $190,000 for the first time or above the amount previously approved, geographic location pay will be paid uniformly to all individuals within the defined category, e.g., all board-certified cardiologists performing invasive procedures, or dentists performing periodontal work.

5. Authorizations will contain the following information:

a. The category or categories of positions for which geographic special pay is approved.

b. The amount of geographic special pay authorized.

c. Information relating to recruitment/retention including:

(1) Characteristics of the immediate community, to include economic conditions in the local commuting area; e.g., housing, food, utilities, commuting expenses.

(2) Any working conditions or other factors contributing to recruitment and/or retention difficulties.

6. A physician or dentist who is currently in receipt of retained geographic adjustment pay (GAP), under the Federal Employees Pay Comparability Act of 1990, shall receive the greater benefit of the GAP or special pay for geographic location under this appendix. The greater benefit shall be determined by comparing the percentage of basic pay represented by geographic special pay to the GAP percentage. If the percentage represented by geographic special pay exceeds the GAP percentage, the individual's geographic special pay will be offset dollar-for-dollar by the GAP amount. If the GAP percentage exceeds the percentage represented by geographic special pay, the geographic special pay will be completely offset by the GAP. **NOTE:** *If the employee is to receive both geographic special pay under this appendix and scarce specialty pay under appendix IX-H, the combination of the two will be used when making the comparison to the GAP. No component of special pay shall be used in calculating the GAP adjustment; only basic pay is used.*

7. Facility directors will establish facility files on locally approved geographic special pay which will contain the information cited in paragraph 5 above. Facility files will be subject to audit and corrective action will be taken if upon review the documentation does not support the authorization.

8. Individuals encumbering combined assignments of Central Office and field duties will receive the full amount of the geographic location pay, if otherwise working in a category authorized to receive the component.

APPENDIX F. EXCEPTIONAL QUALIFICATIONS

1. The Under Secretary may approve, on a case-by-case basis, special pay of up to $15,000 per annum for a physician or up to $5,000 per annum for a dentist with special or distinguishing qualifications within a specialty or a category of positions. The physician or dentist does not have to be in a scarce specialty as identified in appendix IX-H. The individual should have outstanding qualifications in a medical or dental specialty or possess a unique combination of education and experience that meets a special need of the facility that may be project specific or critical to the VA mission.

2. This authority is intended to be used primarily when a physician or dentist, who is unusually qualified for an assignment, would only be eligible for a minimum amount of special pay and would be receiving substantially less than other similarly qualified physicians or dentists of like service, specialty, and position; e.g., a physician or dentist researcher who devotes only 25 percent of their time to direct patient care.

3. Requests for this component of special pay must be submitted by the facility director through VACO (10A2B). Requests will include at a minimum the following information:

a. Copies of VA Form 10-5379a, and VA Form 10-5379e.

b. A discussion of what factors distinguish the individual when compared with other physicians or dentists with like length of service, specialty, and assignment; or a discussion of the rare combination of education and experience which the individual has and how it meets a special need of the facility or the mission of VHA.

c. The justification for the amount of special pay recommended for this component.

d. A certification that the recommended amount will not, when added to the total of the other special pay categories paid to the individual, exceed the total amount that may be paid to a physician or dentist with the same length of service, specialty, and the position at the facility as the individual concerned.

e. Any other justification that would be of assistance in reaching a favorable determination on the request.

4. Once approved, the exceptional qualifications component paid while the employee is in the specific position. Entitlement to this component terminates upon reassignment.

5. Individuals in combined assignments of VACO executive and field duties shall receive this component in the annual amount authorized, if approved by the Under Secretary for their position. That is, it will not be subject to the 51/49 percent proration.

APPENDIX G. SPECIAL PAY FOR RESPONSIBILITY

1. GENERAL CRITERIA

a. Only individuals in service chief (or equivalent) and higher positions are eligible for this component.

b. Refer to paragraph 15, this part, for information on temporary assignments to covered positions.

2. SERVICE CHIEFS, EQUIVALENT POSITIONS, AND CHIEFS OF STAFF

a. The Under Secretary has delegated to facility directors the authority to set the actual dollar amount within the established ranges for this component of special pay for service chief or equivalent positions. In determining the appropriate amount, the facility director will consider the following factors:

(1) Recency of assignment to the position;

(2) The complexity and size of the service;

(3) Any unique combination of education and experience the individual brings to the assignment; and

(4) Any other factors the facility director deems appropriate in making the determination.

b. The network directors are delegated authority to set the actual dollar amount for chiefs of staff including network staff. In determining the appropriate amount, the Network Director will consider the following factors:

(1) Recency of assignment to the position;

(2) Complexity of the medical facility;

(3) Any unique combination of education and experience the individual brings to the assignment; and

(4) Any other factors the Network Director deems appropriate.

c. Network directors are delegated authority to designate positions as comparable to service chief for eligibility for this component. See paragraph 6 for additional information.

3. EXECUTIVE GRADE ASSIGNMENTS

a. In addition to facility chiefs of staff and network staff, all physicians and dentists in assignments at Executive Grade also receive responsibility pay. Amounts for individuals in Executive grade assignments in the field are determined by the appropriate official. In all cases, the following factors

will be considered:

(1) Recency of assignment;

(2) The complexity of the assignment;

(3) Any unique combination of education and/or experience the individual brings to the assignment; and

(4) Any other factors the approving official deems appropriate.

b. Amounts for individuals in Executive grade assignments in Central Office will be determined by the Under Secretary.

4. DIRECTOR GRADE ASSIGNMENTS. Individuals appointed at Director grade will receive this component of special pay only with the prior approval of the Under Secretary.

5. COMBINED CENTRAL OFFICE AND FIELD ASSIGNMENTS

a. Physicians and dentists whose assignments involve a combination of VACO duties and duties outside of VACO will, if otherwise eligible, receive the appropriate percentage of responsibility pay for the combined responsibilities. For example, a physician serving a dual role as a VACO service director (49 percent) and as a service chief (51 percent) at a medical center would receive 51 percent of the appropriate amount for service chief and 49 percent of the appropriate amount for performing VACO service director duties. **NOTE**: *When VA Form 10-5379e, Special Pay Computation -- Physicians and Dentists, is completed, a fraction resulting from any computation will be adjusted to the nearest whole dollar (counting 50 cents or more as a whole dollar).*

b. Physician or dentist directors of medical centers, domiciliaries, and outpatient clinics who have been authorized to receive special pay by the Under Secretary, shall be eligible for this component of special pay (see subparagraph 1c(2) (a) of this part).

6. RANGES OF RESPONSIBILITY PAY

Established ranges are as follows:

SERVICE CHIEFS AND EQUIVALENT POSITIONS

Physician Range	Dentist Range
$4,500 - $15,000	$4,500 - $15,000 (for agreements effective after November 1, 2000)
	$1,000 - $5,000 (for agreements effective prior to November 1, 2000)

CHIEFS OF STAFF AND EXECUTIVE GRADE ASSIGNMENTS

Physician Range	Dentist Range
$14,500 - $25,000	$14,500 - $25,000 (for agreements effective after November 1, 2000)
	$1,000 - $8,000 (for agreements effective prior to November 1, 2000)

DIRECTOR GRADE

Physician Range	Dentist Range
$ 0 - $25,000	$ 0 - $25,000 (for agreements effective after November 1, 2000)
	$0 - $8,000 (for agreements effective prior to November 1, 2000)

7. RANGES OF RESPONSIBILITY PAY FOR VA CENTRAL OFFICE ASSIGNMENTS

Established ranges are as follows:

VACO PHYSICIANS

Position	Physicians	Dentists
Under Secretary for Health	$45,000	
Deputy Under Secretary for Health	$40,000	
Associate Deputy Under Secretary for Health	$35,000	
Assistant Under Secretary for Health	$30,000	$30,000 (for agreements effective after November 1, 2000)
		$10,000 (for agreements effective prior to November 1, 2000)

Position	Physicians	Dentists
Deputy Assistant Under Secretary for Health	$27,500	$27,500 (for agreements effective after November 1, 2000) $10,000 (for agreements effective prior to November 1, 2000)
Service Director	$25,000	$25,000 (for agreements effective after November 1, 2000) $1,000- $8,000 (for agreements effective prior to November 1, 2000)
Deputy Service Director	$20,000	$20,000 (for agreements effective after November 1, 2000) $1,000- $8,000 (for agreements effective prior to November 1, 2000)
Executive Grade	$14,500 - 25,000	$14,500 - 25,000 (for agreements effective after November 1, 2000) $1,000- $8,000 (for agreements effective prior to November 1, 2000)

8. PAYMENT OF RESPONSIBILITY PAY. An individual officially assigned to a position with entitlement to special pay shall receive not less than the minimum amount authorized for the grade. That amount may not be reduced during the life of a special pay agreement, unless the individual is assigned to a different position.

APPENDIX H. SPECIAL PAY--SCARCE MEDICAL AND DENTAL SPECIALTIES

1. SCOPE

a. This appendix implements the Under Secretary's policies and procedures for payment of special pay for scarce medical and dental specialties on both a nationwide and facility specific basis.

b. Physicians and dentists who have been determined to be specialty trained (see paragraph 4 of this part) are eligible for this component of special pay if they are assigned to and perform direct patient care in a specialty that is authorized this component.

c. Physicians and dentists receiving pay for responsibility level in VACO are not eligible for special pay for scarce medical and dental specialties.

d. Physicians and dentists receiving pay based in part on VACO duties and responsibilities and in part on field facility patient care responsibilities may be eligible for this component of special pay under paragraph 10 below.

e. Physicians and dentists serving in chief of staff positions and other administrative positions outside of VACO may be eligible for this component of special pay under paragraph 10 below.

2. GENERAL CRITERIA

a. Staff physicians and dentists who spend all of their VHA time assigned to a specialty area in direct patient care may receive up to 100 percent of scarce specialty pay (subject to proration for part-time employment).

b. For physicians and dentists who spend a portion of their time in a scarce specialty, and a portion of their time in a medical specialty which is not designated as a scarce specialty, the actual amount of scarce specialty pay shall be determined by the percentage of time the individual works in the scarce specialty in direct patient care. **NOTE:** *When the Special Pay Computation -- Physicians and Dentists, VA Form 10-5379e, is completed, a fraction resulting from any computation will be adjusted to the nearest whole dollar (counting 50 cents or more as a whole dollar). The proportion of time spent in the scarce specialty is to be verified annually on the anniversary date of the special pay agreement, in conjunction with the annual verification of special pay computation (see paragraph 13b of this part), or at other times as appropriate.*

c. The rate of scarce specialty pay for a part-time physician or dentist shall be prorated based on the proportion of time the individual's part-time employment bears to full-time employment and that ratio cannot exceed 75 percent. For example, if a 7/8 physician or dentist spends 50 percent of his/her time in a scarce specialty, the actual entitlement is arrived at by entering 50 percent of the amount applicable to a full-time employee in item 7g of VA Form 10-5379e, Special Pay Computation -- Physicians and Dentists. The total amount of special pay is also entered in item 7h of VA Form 10-5379e; however, the PAID system automatically adjusts the total to an amount which does not exceed 75 percent of the

entitlement of a similar full-time employee, and prorates that amount based on the individual's part-time employment.

d. The amount of scarce specialty pay authorized for an individual may be determined on an individual basis, considering:

(1) The individual's qualifications and credentials, such as significance of accomplishments in teaching, research, or administration, breadth of experience, honors and other awards and recognition;

(2) Performance of specialized procedures which command a higher level of compensation in the community; or,

(3) Differences in privileges.

e. A physician or dentist who is currently in receipt of retained geographic adjustment pay (GAP), under the Federal Employees Pay Comparability Act of 1990, shall receive the greater benefit of the GAP or special pay for scarce specialty under this appendix. The greater benefit shall be determined by comparing the percentage of basic pay represented by scarce specialty pay to the GAP percentage. If the percentage represented by scarce specialty pay exceeds the GAP percentage, the individual's scarce specialty pay will be offset dollar-for-dollar by the GAP. If the GAP percentage exceeds the percentage represented by the scarce specialty pay, the scarce specialty pay will be completely offset by the GAP amount. **NOTE:** *If an individual is to receive both scarce special pay under this appendix and geographic special pay under appendix IX-E to this part, the combination of the two will be used when making the comparison to the GAP. No component of special pay shall be used in calculating the GAP adjustment; only basic pay is used.*

f. The payment of scarce specialty pay is dependent on the individual's assignment to a position performing direct patient care in a designated specialty. The amount authorized for an individual may not be reduced during the life of an agreement, provided the individual remains in the same assignment. However, the percentage of time spent in direct patient care may be adjusted at any time as warranted.

3. NATIONWIDE SCARCE MEDICAL SPECIALTIES AND RANGES. The statutory maximum for this component is $40,000. The annual amount authorized may not be reduced during the term of an existing special pay agreement. Generally, the amount of scarce specialty pay will not change during the life of an agreement; however, if after a reasonable period of time, normally, at least a year, the amount of scarce specialty pay authorized for a particular category is not sufficient to recruit or retain qualified physicians or dentists in that specialty, a higher amount for that category may be authorized or requested, up to the maximum amount. **NOTE:** *A new agreement is not required if an increase in scarce specialty pay of less than 50% is approved.*

a. If an increase in the amount of the scarce specialty component will result in a physician or dentist receiving total annual pay in excess of $190,000, the prior approval of the Under Secretary is required.

b. The categories which have been designated as scarce medical specialties based on nationwide recruitment and retention difficulties and the ranges of special pay established for the categories are shown below.

Specialty with Range of $0 - $40,000

Anesthesiology	Orthopedic Surgery
Cardiovascular/Thoracic Surgery	Otolaryngology
Radiology (Nuclear Medicine)	Ophthalmology
Radiology (Diagnostic)	Neurosurgery
Radiology (Therapeutic)	Plastic Surgery
Cardiology	Physiatry
General Surgery	Psychiatry
Nuclear Medicine	Spinal Cord Injury
Urology	Physical Medicine and Rehabilitation
Gynecology	Gastrointestinal
Pathology	Primary Care *

* Primary care represents the basic level of patient care. It consists of the delivery of acute and chronic care for medical, psychiatric and social conditions, delivery of preventive health interventions, patient and care giver education, referral for specialty care when indicated, and the overall management and coordination of care for an individual. It is differentiated from specialty care, which generally focuses on care for one organ system or procedure. The actual amount of pay for this component shall be determined by the percentage of time the individual works in direct patient primary care services. To receive 100 percent of this component, a physician must work full-time in the specialty. If an individual also provides direct patient care in another designated scarce specialty, the amount of pay received for this component would be prorated based on the amount of time spent in each specialty. For example, if an individual works 50 percent in cardiology and 50 percent in primary care, the amount of scarce specialty pay received would be prorated based on the percent of time spent in each specialty.

4. NATIONWIDE SCARCE DENTAL SPECIALTY AND RANGE. The statutory range is $0 - $30,000 for agreements effective after November 1, 2000 ($0 - $20,000 for agreements effective prior to November 1, 2000. Scarce dental specialties are:

Endodontics (added 11/1/2000)	Periodontics (added 11/1/2000)
Oral and Maxillofacial Surgery	Prosthodontics (added 11/1/2000)

5. APPROVAL AUTHORITIES FOR NATIONWIDE SCARCE SPECIALTIES. Scarce specialty pay of up to the applicable statutory limits may be authorized by the facility director.

6. CRITERIA FOR DETERMINATION OF APPROPRIATE AMOUNT OF NATIONWIDE SCARCE SPECIALTY PAY. Facility directors must document locally approved determinations that will be retained locally and may be subject to review by appropriate officials based on the criteria below.

a. Vacancy and turnover rate in the specialty at the facility.

b. Salary comparisons with non-Federal employers. Information may be obtained from a variety of sources such as private firms, the American Medical Association, the Association of American Medical Colleges, local Chambers of Commerce, and other available local salary information.

c. Economic conditions in the local commuting area; such as housing costs, food, utilities, commuting expenses, etc.

d. Any other locally specific factors which bear on the facility's ability to recruit and retain individuals in the scarce medical or dental specialty.

7. FACILITY SPECIFIC SCARCE MEDICAL OR DENTAL SPECIALTIES. Special pay for a scarce medical or dental specialty may be authorized on a facility-specific basis. This component of special pay is not limited to specialties with nationwide recruitment or retention problems and is intended to give VHA the flexibility to respond to recruitment and retention problems in a specialty at a specific facility or facilities. A physician or dentist may not receive scarce specialty pay on the basis of the needs of a specific facility unless the approving official also determines that geographic location pay is insufficient to meet the needs of the facility. The facility director retains authority to approve requests for facility-specific scarce specialty pay. **NOTE:** *The same procedures described in paragraph 2e of this appendix are to be followed when calculating the actual dollar amount of scarce specialty pay a physician or dentist would be entitled in conjunction with receiving retained GAP.*

8. CRITERIA FOR FACILITY SPECIFIC SCARCE MEDICAL OR DENTAL SPECIALTY PAY. The following criteria will be considered in approving this component:

a. Vacancy and turnover rate in the specialty at the facility.

b. Salary comparisons with non-Federal employers. Information may be obtained from a variety of sources such as private firms, the American Medical Association, the Association of American Medical Colleges, local Chambers of Commerce, and other available local salary information.

c. Economic conditions in the local commuting area; such as housing costs, food, utilities, commuting expenses, etc.

d. Any other locally specific factors which bear on the facility's ability to recruit and retain individuals in the scarce medical or dental specialty.

9. COORDINATION. Facilities in the same local labor market must coordinate determinations of scarce specialty pay amounts to avoid competition among VA facilities. However, in some instances, all facilities in a geographic area will not find it necessary to authorize the identical amount of scarce specialty pay; e.g., the mission of the facilities may not be identical.

10. SCARCE SPECIALTY PAY FOR EXECUTIVE ASSIGNMENTS

a. **Combined VACO and Field Duties.** Physicians and dentists whose assignments involve a combination of VACO duties and patient care duties outside of VACO will, if otherwise eligible, receive the appropriate percentage of scarce specialty pay for patient care responsibilities in the field. For example, a physician or dentist serving a dual role as a VACO service director (49 percent) and as a chief of service or other position at a medical center (51 percent) would receive scarce specialty pay for the percentage of time the physician worked in the specialty at the facility. The physician or dentist is not eligible for a percentage of scarce specialty pay for any portion of the 49 percent spent on VACO service director duties. However, the physician or dentist may be eligible for a percentage of scarce specialty pay for patient care responsibilities performed in conjunction with the service chief responsibilities at the field facility.

b. **Service Chiefs, Chiefs of Staff and Other Administrative Assignments.** Service chiefs, chiefs of staff, and other physicians and dentists with administrative assignments at a field facility that permit the performance of patient care responsibilities in conjunction with their administrative duties may receive scarce specialty pay for the percentage of time the individual performs direct patient care in that scarce specialty, if they are authorized to receive this component. This scarce specialty pay is in addition to the responsibility pay to which the physician or dentist would otherwise be entitled. The Network Director is authorized to determine the applicability of this component and the applicable percentage of time worked in the scarce specialty for chiefs of staff. The facility director is authorized to make the same determination for service chiefs and other administrative assignments.

APPENDIX I. EMPLOYMENT ON LESS THAN HALF-TIME BASIS

1. The facility director may authorize the payment of special pay to a physician or dentist who is employed on less than a half-time basis (but at least quarter-time) when it is determined to be the most cost-effective way available to provide needed medical or dental specialist services at a VA medical facility.

2. The annual rate of special pay of a part-time physician or dentist shall be based on the same components as a full-time physician (other than full-time status) and on the proportion of time the part-time employment bears to full-time employment, except that such ratio can not exceed 75 percent.

3. Facility directors who wish to authorize special pay for a physician or dentist employed on less than a half-time basis but at least quarter time will consider the following.

a. The projected cost savings, e.g., part-time employment versus contract or fee basis practitioner;

b. Improved allocation of FTE;

c. Benefit to patient care services;

d. Enhancement of facility's mission; and

e. Impact if special pay is not approved.

4. Once the facility director has made a determination, the case will be returned to the facility Human Resources staff for action.

APPENDIX J. POST-GRADUATE TRAINING PAY (FOR DENTISTS ONLY)

Effective with special pay agreement effective after November 1, 2000, dentists who present evidence of having completed a post-graduate year of hospital-based training in a program accredited by the ADA will receive $2,000 per year for the first two years of VHA service performed after completing the training. The payment will be paid in the same manner as the other components of special pay: it is prorated for part-time service, it is subject to the statutory limit on part-time payment of 75 percent, and it is not payable to excluded categories of positions. Entitlement to this component will cease the beginning of the first pay period beginning on or after the first two full years of VHA service performed after completing an ADA-accredited hospital-based training program.

PAY ADMINISTRATION

PART X. LOCALITY PAY SYSTEM FOR TITLE 38 NURSES

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PART X. LOCALITY PAY SYSTEM FOR TITLE 38 NURSES

CHAPTER 1. GENERAL PROVISIONS

1. PURPOSE. This chapter contains mandatory procedures for administering the Locality Pay System (LPS) for full-time, part-time and intermittent registered nurses (RNs) and nurse anesthetists appointed under chapter 74, title 38 United States Code (U.S.C.). The LPS provides VA health care facilities a mechanism for adjusting salary rates in order to be competitive in the recruitment and retention of RNs and nurse anesthetists.

2. LPS STRUCTURE

a. **Five-Grade Pay System**

(1) Under the LPS there are five grades, Nurse I through Nurse V. Certain grades contain higher levels, as follows:

(a) **Registered Nurse.** Nurse I contains three levels. Nurse II, III, IV and V are not divided into levels.

(b) **Nurse Anesthetist.** Nurse I contains two levels. Nurse II through V are not divided into levels.

(2) Each grade has a maximum of 26 steps and a step rate increment of 3 percent of the beginning rate for the grade. Because of the limit on the width of the rate range in subparagraph 2b(1), field facilities may only use 12 steps in each grade unless a wider rate range is approved under that paragraph. The dollar value of each step increment will be the same.

b. **Basic Pay Ranges**

(1) The maximum authorized range of basic pay rates for any grade is 133 percent of the minimum rate, unless:

(a) Upon conversion to the five-grade LPS schedule, the facility director approved an extension of the rate range for a covered occupation; or

(b) The facility Director determines a larger rate range, not to exceed 175 percent, is necessary to recruit or retain a sufficient number of well-qualified health care personnel at Nurse I (see chapter 4).

(c) The appropriate Veterans Integrated Service Network (VISN) director determines a larger rate range, not to exceed 175 percent, is necessary to recruit or retain a sufficient number of well-qualified health care personnel at Nurse II through Nurse V(see chapter 4).

(2) Rates of basic pay may not exceed Level V of the Executive Schedule.

3. LPS ADJUSTMENTS

a. **General.** Title 38 U.S.C. 7451(d) requires facility directors to increase rates of basic pay coincident with General Schedule (GS) adjustments. Facility directors are further authorized to adjust rates of pay for covered positions to amounts comparable to corresponding non-VA positions in the local labor market area (LLMA) when deemed necessary.

b. **Regular Adjustments.** The Director will make an adjustment:

(1) On the effective date of any GS adjustment under 5 U.S.C. 5303, and by the same percentage as the increase in the rates of basic pay under the GS, exclusive of locality comparability payments under 5 U.S.C. 5304;

(2) Not later than 30 days after the completion of data collection for a VA-conducted LLMA survey; and

(3) Not later than 30 days after the release of the results of a LLMA survey by the Bureau of Labor Statistics (BLS) that meets the requirements of this handbook.

NOTE: *See paragraph 5 of chapter 3 for additional guidance regarding adjustments.*

c. **Exceptions to Regular Adjustments.** If a facility director determines an adjustment is not necessary under subparagraphs b(2) or (3) above because current LPS rates are competitive, the Director may continue those rates after a VA- or BLS-conducted survey. Within 10 days of determining an adjustment is not necessary, the Director must notify the VISN Director (10N_)/051) of the reasons for this determination. A copy of the survey summary on which the determination is based must also be submitted.

d. **Other Adjustments.** Without conducting a new survey, facility directors may authorize general LPS adjustments based on the data from the most recent survey provided that all of the following conditions apply:

(1) The new beginning rates authorized do not exceed the highest minimum community rate reported in the most recent survey;

(2) The effective date of the proposed adjustment is within 120 days of the completion date of that survey; and

(3) There are continuing pay-related recruitment and retention problems which would not be more appropriately addressed by another pay-setting mechanism (e.g., establishing pay schedules for a particular specialty within an occupation, requesting exception to the 133 percent rate range, or authorizing higher step rates for personnel with specialized skills).

4. ANNUAL REPORT. Facility directors shall complete and submit an annual report on staffing no later than July 31 each year. Separate reports will be submitted for nurses and nurse anesthetists, as well as for any category of an occupation for which a specialty schedule has been established. The report will be completed and submitted via the VA Intranet at http://152.125.56.45/staffing/default.htm. For illustrative purposes, a copy of the report is contained in Appendix X-B.

5. SPECIALTY SCHEDULES. A separate salary schedule may be established for any nurse category, except head nurse, by conducting a survey of pay rates for the corresponding specialty in the LLMA. These specialty areas include but are not limited to operating room nurse, nurse practitioner, critical care nurse, administrative nurse, and clinical nurse specialist. Employees will be paid as follows:

a. **Approval of Specialty Schedule.** Employees reassigned to a specialty schedule must receive the corresponding rate for the grade and step held on the day before the effective date.

b. **Termination of Specialty Schedule.** If the Director determines a specialty schedule is no longer necessary for recruitment and retention purposes and terminates the schedule, affected employees will be placed at the lowest step of the corresponding grade on the regular staff nurse schedule that equals or exceeds their existing rate of pay. If the employee was receiving a rate of pay in excess of the maximum rate of the grade on the regular staff nurse schedule, the employee will be placed on pay retention under part III, chapter 6, paragraph 6.

c. **Voluntary Reassignment.** Employees receiving pay under this paragraph who are voluntarily reassigned must receive the corresponding rate for the grade and step held on the day before the effective date and are not eligible for pay retention.

6. COORDINATION. Successful implementation of the LPS requires close coordination between facilities in the same or overlapping LLMAs, as well as between facilities and their outpatient clinics. This includes coordination of the following items:

a. Higher rates of pay for specialized skills approved under part III, chapter 8;

b. Surveys conducted under chapter 2, LPS Surveys, including establishing LLMAs, appointing data collectors, conducting surveys, implementing locality pay adjustments, and completing these tasks for satellite outpatient clinics;

c. Salary schedule construction under chapter 3, Salary Schedule Construction and Implementation; and

d. Exceptions to the 133 percent rate range under chapter 4, Exceptions to the 133 Percent Rate Range.

7. EFFECTIVE DATES. Authorizations (e.g., higher rates for specialized skills, expansion of the rate range, general pay adjustments) will be effective on the first day of a pay period. All reductions and terminations of authorizations will be effective on the last day of a pay period, unless they occur simultaneously with a change in beginning rates; then, the effective date is the first day of the following pay period.

8. POST AUDIT AND CORRECTIVE ACTION. Actions taken under this handbook may be post audited by VA Central Office, and corrective action may be directed to ensure compliance with the law and this handbook's provisions.

CHAPTER 2. LPS SURVEYS

1. SCOPE. Locality Pay System (LPS) surveys apply to employees covered by the LPS except certain Veterans Health Administration (VHA) Central Office and Veterans Integrated Service Network (VISN) Office employees excluded under chapter 5, VHA Central Office and VISN Office Nurse Pay, and San Juan, Manila, and Guam employees excluded under chapter 6, Rates of Pay for San Juan and Manila.

2. BLS-CONDUCTED SURVEYS

a. **General.** By law, LPS adjustments are made to achieve consistency with beginning rates of compensation for corresponding health care positions in the local labor market area (LLMA). When a facility director determines that a Bureau of Labor Statistics (BLS)-conducted LLMA survey contains current information on such rates, that director shall use that data as a basis for LPS adjustments.

b. **Non-availability of BLS Data.** Currently, BLS does not survey for beginning rates of compensation. Until it does, facility directors will use data from VA-conducted surveys to determine whether general LPS adjustments are appropriate. If BLS starts collecting data on beginning rates, further instructions on the use of that data will be issued under separate cover.

3. VA-CONDUCTED SURVEYS

a. **Scheduling.** In scheduling LPS surveys, the facility Director will consider the dates of the following:

(1) Scheduled salary increases at establishments in the LLMA;

(2) Upcoming GS adjustments; and

(3) Any applicable non-foreign cost-of-living allowance (COLA) outside the continental United States or in Alaska and Hawaii approved by the Office of Personnel Management under Title 5 United States Code (U.S.C.) 5941.

b. **Frequency of Surveys.** Facility Directors may order surveys at any time, subject to the coordination restrictions in paragraph 12, if applicable.

c. **Effective date of Revised Schedules.** Revised schedules will be effective on the first day of the first pay period that begins on or after the date on which the schedule is approved by the facility Director unless an earlier date is required under paragraph 3b of chapter 1.

4. LOCAL LABOR MARKET AREAS

a. **Minimum LLMAs.** The minimum LLMA for covered occupations or specialties shall be one of the following:

(1) If the VA facility is in a Metropolitan Statistical Area (MSA), or Primary Metropolitan Statistical Area (PMSA), the minimum LLMA is the MSA or PMSA;

(2) If the VA facility is not in an MSA or PMSA, but is in a county, township, or independent city contiguous to an MSA or PMSA, the minimum LLMA is the MSA or PMSA and the county, township, or independent city in which the facility is located;

(3) If neither subparagraph 4a(1) or (2) apply, but the facility is in a Federal Wage System (FWS) survey area, the minimum LLMA is the FWS survey area; or

NOTE: *In the New England States (Maine, Vermont, New Hampshire, Massachusetts, Rhode Island, and Connecticut) MSAs, PMSAs, and FWS survey areas are based on townships. In these cases, recognized townships will be used to determine basic survey areas rather than counties.*

(4) If subparagraphs 4a(1) through (3) do not apply, the facility director shall define a minimum LLMA which is contiguous, includes the county in which the facility is located, and is based on the location of competing establishments, geographical features of the area, transportation facilities for employees, and commuting patterns of VA employees. The minimum LLMA defined under this subparagraph shall not exceed the commuting area of the VA facility, and shall include a minimum of three establishments with employees in the occupation or specialty being surveyed.

(5) If a facility is not in an MSA or PMSA, but is contiguous to more than one MSA or PMSA, the decision on which MSA or PMSA to use will be based on the same criteria in subparagraph 4a(4).

(6) If a satellite outpatient clinic (OPC) is not in the LLMA of the parent facility, a separate survey will be required and a separate LLMA will be established using the criteria in subparagraphs 4a(1) through (5).

b. **Expanded LLMAs**

(1) Normally, facility directors may contiguously expand survey areas for one or more covered occupations or specialties to include any recognized economic area, such as township(s), city(ies), county(ies), MSA(s), and PMSAs. Such expansion will be based on a review of the conditions in subparagraph 4a(4) and a determination by the Director that the minimum survey area does not adequately reflect the LLMA for those occupations or specialties or there are less than three job matches per grade. LLMAs may be expanded differently for different occupations or specialties; however, the expanded area normally will not exceed the commuting area of the VA facility.

(2) If the minimum LLMA defined under subparagraph 4a or b(1) does not adequately reflect the local labor market for the occupation or specialty, or the survey continues to provide less than three job matches per grade, facility directors may further expand the LLMA for an occupation or specialty beyond the normal commuting area of the VA facility. The facility director must provide a written justification which clearly supports expansion of the LLMA beyond the normal commuting area.

c. **Documentation and Review**

(1) Each facility director must document the applicable minimum LLMA and forward a copy of the definition to the Network Director (10N__ /051). Supporting documentation required for locally defined or expanded LLMAs under subparagraphs 4a(4) or b will also be forwarded. The LLMA definitions and supporting documentation will be retained by Human Resources Managers and made part of official survey files in accordance with paragraph 11.

(2) If upon review, it is determined that a minimum LLMA established under subparagraph 4a(4) or any expanded LLMA exceeds the facility's commuting area and justification required under subparagraph 4b(2) does not support the expansion, appropriate corrective action may be taken (see par. 7 of chapter 1).

5. SURVEY UNIVERSE AND SURVEY SAMPLE

a. **Survey Universe.** Using local, regional, and national directories which identify health care facilities and include estimates of their employment in the LLMA, facility directors shall develop and maintain a survey universe consisting of all establishments in the LLMA that have employees in covered occupations. Software has been developed to assist facilities in establishing and maintaining survey universes.

b. **Establishments to be Surveyed.** To determine which establishments are to be surveyed, the following procedures will be used.

(1) If the universe contains 15 or fewer establishments, the entire universe will be surveyed.

(2) If the universe contains more than 15 establishments, the survey will be based on a sample.

(a) **Certainty Establishments.** Before sampling, facility directors may select in writing one or more establishments to be included in the survey. Establishments selected by this method are referred to as certainty establishments and are removed from the survey universe before sampling.

1. Establishments will only be included with certainty if they significantly affect the facility's ability to recruit or retain employees in the occupation or specialty to be surveyed; e.g., a major employer of nurses in close proximity to the VA facility. A list of certainty establishments and the reason for their selection will be retained in the LPS survey file.

2. Directors of facilities in outlying towns and suburbs of an MSA or a PMSA that are required to document decisions based on nearest geographic competitors under subparagraph 2a(4) of chapter 3, must list those establishments as certainty establishments for the survey.

3. Selection of additional certainty establishments may also be appropriate in order to increase the potential for job matches.

(b) **Sorting the Universe into Groups.** To begin the sampling process, first sort the universe, excluding any certainty establishments, using the following procedures:

1. Rank by estimated employment, the establishments in the universe from highest to lowest employment.

2. Determine the total estimated employment for the universe by summing the estimated employment for all establishments.

3. Divide the universe into five groups with the total estimated employment of the establishments in each group equal to one-fifth of the total universe employment. (For example, if the total estimated employment in the universe is 50,000, create five groups of establishments each with total estimated employment of approximately 10,000.)

(c) **Selecting Sample Establishments.** If there are five or fewer establishments in a group, all the establishments will be surveyed. If there are more than five establishments in a group, 5 establishments will be selected randomly to be surveyed. **NOTE:** *This procedure will result in no more than 25 randomly selected establishments. These are combined with any certainty establishments to create the survey sample.*

c. **Abbreviated Surveys.** If there are fewer than ten employees in the occupation or specialty to be surveyed, the facility director may order a full scale survey. However, normally an abbreviated survey of only the five establishments closest to the VA facility will be surveyed. In addition, the facility director may select one certainty establishment if the criteria in subparagraph 5b(2)(a) are met. Also, if there are only three or four establishments in the LLMA, only these will be surveyed. In the abbreviated survey, these establishments shall constitute both the survey universe and survey establishments. Abbreviated surveys may not be conducted by facilities coordinating surveys in identical or overlapping LLMAs required in paragraph 12.

6. CONFIDENTIALITY OF SURVEY DATA

a. **Information Not Subject to Disclosure Under the Freedom of Information Act.** Title 38 U.S.C. Section 7451 provides that information collected by the Department in surveys conducted under this handbook is not subject to disclosure under the Freedom of Information Act (5 U.S.C. 552).

b. **Employee Responsibilities.** Access to information collected under this handbook is to be restricted to employees who have a need to know. Further, employees having access to the information are required to retain it in strict confidence, and are subject to disciplinary action for violating the confidentiality of data secured from a non-VA employer. Any reported violation will also result in the employee being barred from continued participation in the survey process.

c. **Release of Summary Information.** Upon request, Human Resources Managers may release salary ranges and averages from Part II of the survey summary provided the information does not permit the reader to associate specific employers with specific rates of pay. Local policies may be developed for the routine release of information from Part II of the survey summary.

7. AUTHORITY TO COLLECT DATA

a. The Paperwork Reduction Act of 1980 (PRA) (44 U.S.C. chapter 35) requires Office of Management and Budget (OMB) approval to conduct a survey.

b. Only information necessary to complete the LPS Data Collection Form, VA Form 10-0132, (see app. X-C), may be requested from an establishment.

8. DATA COLLECTORS

a. **Appointments.** Facility directors are to appoint a sufficient number of data collectors to comply with the provisions of this handbook. Data will be collected by data collection teams. Each team will consist of a Human Resources Management Service employee (or other employee not covered by LPS) and a nurse or nurse anesthetist whenever possible. Normally one team for every ten establishments to be surveyed will be sufficient. However, facility directors will have latitude to adjust the number of teams depending on experience of the data collectors, past difficulties in obtaining data from survey establishments, or other related factors.

NOTE: *Federal employees are prohibited from directly or indirectly influencing their own rate of pay. Therefore, covered employees may not independently collect salary data from non-VA health care facilities or be involved in the analysis of data for setting the rate for their own grade or for a grade which would indirectly influence the rate for that grade. After the data collection process is completed and job matches have been verified, Nursing Service employees normally will not participate in the development of pay schedules to avoid a conflict of interest. However, the facility director may consult with Nursing Service officials for anecdotal information (i.e., career patterns, non-quantifiable benefits, direct competitors, etc.) which may not have been reported during the survey process and which may assist the Director in the decision process.*

(1) In selecting data collectors, facility directors should consider the following qualifications:

(a) Knowledge of the occupation or specialty being surveyed;

(b) Knowledge of the LPS;

(c) Ability to approach the data collection process objectively; and

(d) Ability to communicate effectively both orally and in writing.

(2) All appointments are to be in writing and filed in the left side of the employee's personnel folder. The appointment document will also advise the employee of his or her responsibilities regarding confidentiality of data which are described in subparagraph 6b. Facility directors will establish procedures for the selection of data collectors and length of appointment.

b. **Training.** To ensure consistency in the data collection process, employees appointed as data collectors will be trained before they are permitted to collect data. At a minimum the training will include instruction on survey methodology and job matching, applicable qualifications standards and survey job statements, the procedures for completing the data collection form, and data documentation requirements, as well as a review of the data collected in previous surveys and available information about the establishments to be surveyed.

9. DATA COLLECTION

a. Data Collection Process

(1) Before any data is collected, the facility director will send each survey establishment a written notice indicating that its purpose is to assist VA in fairly compensating nurses by establishing competitive pay while minimizing the possibility of unfair competition by precluding VA from being the pay leader in a LLMA. In addition, the letter will state that VA officials will be calling to arrange an on-site visit.

(2) Under authority of 38 U.S.C. Section 7451 or 7455, facility directors must use the survey-required job statements (see app. X-D) for the occupation or specialty being surveyed. Data is to be reported on the Locality Pay System Data Collection Form, VA-Form 10-0132, following the instructions included with the form (see app. X-C).

(a) Data collectors are expected to maintain good public relations when dealing with non-VA establishments.

(b) An on-site data collection visit must be requested each time a survey is conducted. If, when telephone contact is made with officials of the survey establishment, they refuse an on-site visit, data may be collected by phone if the establishment has been visited within the last 3 years. If an on-site visit is refused and the establishment has not been visited within the past 3 years, the data still may be obtained by phone; however, a separate written assessment of the validity of the data will be placed in the survey file. This determination may be based on anecdotal information, e.g., local recruiting advertisements; a review of the consistency of the data with data collected from past surveys or from other participating establishments in the current survey; or on written records that the establishment is willing to provide, e.g., job descriptions, organizational charts, or published salary schedules.

(c) The data collection form will be annotated to document the name and title of the establishment official contacted, the date of the contact or on-site visit, and, if an on-site visit is refused, the reason for the refusal.

(d) Data collectors will determine beginning rates of compensation (the sum of the minimum rate of

pay and any regular and recurring cash bonuses) for corresponding positions.

1. A minimum rate of pay is the lowest rate of basic pay that an establishment would offer to a new hire for a corresponding position. **NOTE:** *Basic pay is the rate of pay before any deductions and exclusive of additional pay of any kind.* Normally, this is the lowest rate on its published rate schedule. However, when the establishment uses a practice paralleling VA's above-minimum entrance rates, then this above-minimum rate is the lowest minimum rate of pay. For example, if a health care facility has a published minimum rate of $20,000, but always offers new hires with minimum qualifications at least $23,000, then the minimum rate of pay would be $23,000. However, if the same facility has not recently hired anyone below $23,000, but would hire an individual at $20,000 who only meets minimum requirements for the position, then the minimum rate of pay would be $20,000. If an establishment's minimum rate of pay is different than the published minimum rate, both rates should be noted on the data collection form. In calculating the community average, the software will automatically use the higher of the two rates.

NOTE: *Surveyors should be careful to differentiate above-minimum entrance rates from above-minimum rates for superior qualifications and from transaction rates (i.e., the current salaries of on-board employees). Only minimum published rates or above-minimum entrance rates may be used for survey purposes.*

2. **Employee Benefits.** Title 38 U.S.C. Section7451(d)(6)(A)(ii) provides that beginning rates of compensation shall include employee benefits to the extent that those benefits are reasonably quantifiable. At this time, regular and recurring cash bonuses are the only fringe benefits to be included in the "beginning rate of compensation." Sign-on or recruitment bonuses will not be included because they are not regular and recurring. Other employee benefits will be added if methods for quantifying them become available.

NOTE: *Anecdotal information about non-VA benefit packages which are not quantifiable may be used in setting the beginning rate for the grade and level. See subparagraph 2a of chapter 3.*

(e) Data collectors will ask establishment officials for copies of job descriptions, organizational charts, and pay schedules, which they will attach to the survey data collection form. If job descriptions cannot be obtained from the establishment, data collectors will prepare brief job statements based on the information they obtained during their interviews of establishment officials. Job descriptions or statements must be attached for each grade level for which data is obtained. If no salary table is available, data collectors will document, in addition to the beginning rates of pay, any anecdotal information on the range of rates at the survey establishment.

(f) Data collection forms submitted without the documentation required above will be returned to the data collectors for completion.

(3) Using the software package, the survey data will be entered into the survey database that will be used to prepare a survey summary.

b. **Respondent Burden.** To comply with the requirements of the Paperwork Reduction Act, data

collectors must provide a disclosure statement to establishments being surveyed. The following statement must be used:

Public reporting burden for this collection of information is estimated to average 45 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the VA Clearance Officer (723), 810 Vermont Avenue, NW, Washington, DC 20420; and to the Office of Management and Budget, Paperwork Reduction Project (2900-0519), Washington, DC 20503. Do not send requests for benefits to these addresses.

c. **Using Third-Party Surveys.** Since LPS surveys must reflect beginning rates of compensation for corresponding positions within a specific LLMA, we do not anticipate that existing third-party surveys will capture the necessary data. Facility directors may be able to contract for or otherwise arrange for the collection of data which will meet the requirements of this handbook; however, the Director is responsible for assuring the validity of the third-party survey data**.** Third-party surveys may be used in lieu of surveys conducted under this handbook only when the surveys meet the following conditions:

(1) The data reported in the survey must reflect the LLMA as defined in the preceding;

(2) The data reported can be readily equated to the grade levels shown in the survey job statements included in appendix X-D;

(3) The salary data reported in the survey represents the beginning rates of compensation and not the average salaries paid in the LLMA; and

(4) The Director is able to make the decision to adjust LPS rates within the same 30-day time limitation for VA-conducted surveys as noted in subparagraph 3b(2) of chapter 1.

d. **Weighting Survey Results.** Weighting is an attempt to ensure that the results of the sample accurately represent the universe. Normally, survey results are weighted based on the number of participating establishments within each of the five groups identified in subparagraph 5b. (For example, if there are ten establishments in the group and five provide data, the data from each of those five establishments will be doubled when calculating the survey results.) The software program automatically determines the weight of data from participating establishments and applies those weights when producing the survey summary.

e. **Survey Summary.** Upon completion of the data collection process, the Chief, Human Resources Management Service will prepare a summary of the data and forward it, through appropriate channels, to the facility director. A two-part summary will be produced by the software.

(1) Part I will list, by grade and occupation or specialty, the minimum, above-minimum, and average beginning rates of compensation for each grade at each establishment.

(2) Part II provides a general summary of the average salaries and range of rates by grade in a format that does not associate specific employers with specific rates of pay. (See subparagraph 6c.)

f. **Adequacy of Data**

(1) The following minimum survey data requirements are applicable:

(a) There must be at least three participating establishments with job matches in the occupation or specialty being surveyed.

(b) Non-participating establishments will represent no more than 25 percent of the total weighted employment in the survey universe. An establishment willing to participate but where no job matches were found, including one that does not have employees in the occupation or specialty being surveyed, is considered a participating establishment.

(c) If the non-participating rate is higher than 25 percent, but the minimum requirement of three participating establishments is met, the facility director may exercise the following options:

1. Using anecdotal information, the Director may determine that the data collected adequately represents the rates paid in the LLMA, and use the data to establish schedules under chapter 3, Salary Schedule Construction and Implementation.

2. The facility director may maintain the existing rates of pay.

(2) Reasonable efforts will be made to obtain three job matches for each grade or level:

(a) Before beginning a survey, if facility officials anticipate less than three job matches will be found at one or more grades or levels, the facility director may either identify additional certainty survey establishments or survey all non-VA health care facilities in the LLMA. If neither of these approaches is likely to produce three job matches, the Director may expand the LLMA.

(b) If, after completing a survey, less than three job matches are found at one or more grades or levels, the facility director may use the data collected to set beginning rates of pay but must also consider the following:

1. Use the options in subparagraph 9f(2)(a) before the next survey to increase the potential for additional job matches.

2. Where less than three job matches are found for Nurse IV and/or Nurse V only, the facility director may establish a schedule for the other grades and resurvey using the options in subparagraph 9f(2)(a) and create an administrative specialty schedule for those two grades.

(3) If none of the options in subparagraph 9f(2)(a) or (b) are utilized and less than three job matches per grade or level are used to establish a new or revised schedule, the Director must provide sufficient written assurance that less than three job matches are adequate to set a competitive beginning rate for

one or more grades or levels. The following factors or combination of factors may warrant using less than three job matches:

(a) The limited data collected is representative of the rates paid in the LLMA. The facility is in a remote area containing very few health care establishments, all of which provided data for the survey.

(b) Expansion of the LLMA would result in collecting rates not representative of local rates.

(d) Initial expansion of the LLMA did not produce any usable data and further expansion is unlikely to produce useful data.

(d) The limited data available compares favorably to data collected for VA positions at adjacent VA facilities or VAs in similar labor markets.

g. **Validation of Survey Data**

(1) Facility directors will ensure that a thorough analysis of the LPS survey is completed prior to issuance of any schedule. A designated Human Resources Management Service employee will review all aspects of the survey process.

(2) The review will consist of a comparison of the data collected with that obtained in previous surveys, a review of the survey summaries for consistency of job matches within the survey establishment and in the occupation being surveyed, and a review of the appropriateness of the job matches. Survey establishments will be recontacted to resolve inconsistencies in data collected and to resolve any questions on the appropriateness of job matches.

(3) If discrepancies in the data collected cannot be resolved, e.g., reported data appears to reflect estimated rates, appears not to be based on a job match, or does not accurately reflect pay practices in the LLMA and it cannot be validated by an on-site visit, the use of anecdotal information, or written material provided by the survey establishment, the reviewer will recommend to the facility director that the data not be used in the survey summary.

h. **Invalidating Survey Data**

(1) If, after the analysis of survey data described in the preceding paragraph, the facility director determines that some or all of the data from a survey establishment is invalid, the Director will not use that data in the survey summary.

(2) If a facility director determines that all the data collected for a particular grade is invalid, the Director may maintain the existing rates of pay.

(3) Copies of these determinations will be included in the survey file and are subject to post-audit and verification.

NOTE: *Survey data may not be declared invalid simply because it is below or above current VA pay*

rates.

i. **Post-audit Review of Data Collection.** Office of Human Resources Management (OHRM) officials may randomly post-audit salary surveys. These audits will consist of reviews of the survey summaries and data collection forms, including attached establishment job descriptions or statements, organizational charts, and salary schedules. Where inconsistencies are found in the data collected or in the survey file documentation required under this attachment, OHRM officials may contact survey establishment officials to validate the data. Where appropriate, corrective action will be directed to ensure compliance with the law and the provisions of this handbook.

10. SURVEYING NURSE ANESTHETIST CONTRACTORS

a. **Sufficiency of Data.** Normally, adjustments in beginning rates for nurse anesthetist grades will be based on data obtained by surveying establishments, such as medical centers and outpatient clinics (see app. X-A for definition). However, if surveys of initial and expanded LLMAs do not produce sufficient data to make salary adjustments, facility directors may authorize survey of organizations, such as physician practice groups, which provide nurse anesthesia services on a contract basis to non-VA establishments. Before authorizing surveys of nurse anesthetist contractors, facility directors must first:

(1) Survey within a locally approved LLMA;

(2) Expand the LLMA (see subparagraph 4b) and survey the expanded LLMA; and

(3) Determine that sufficient data was not obtained from either the initial or the expanded LLMA, that further expansion of the LLMA is unlikely to produce useful data, and that a survey which includes data from nurse anesthetist contractors is needed to establish or maintain competitive pay rates.

b. **Surveying Nurse Anesthetist Contractors**

(1) **LLMA**

(a) The minimum LLMA for surveys which include nurse anesthetist contractors will be defined under subparagraph 4a.

(b) As provided for in subparagraph 4b, the facility director may authorize expansion of the minimum LLMA. **NOTE:** *Authorizations under subparagraph 4b to expand the LLMA for a survey which did not include nurse anesthetist contractors will not apply to a survey which now includes nurse anesthetist contractor data. The facility director must re-authorize these expansions if it is deemed necessary.*

(2) **Survey Universe and Survey Sample**

(a) Nurse anesthetist contractors will be identified and added to the survey universe created under paragraph 5. The universe will include both contractors and health care establishments as defined in appendix X-A.

(b) The survey sample will be selected as provided for in subparagraph 5b.

(3) **Data Collection**

(a) Data will be collected on VA-Form 10-0132.

(b) Special caution must be exercised in collecting data from nurse anesthetist contractors to assure that the data is an accurate report of beginning rates of compensation. The following types of data may not be used:

1. Data on the compensation of nurse anesthetists who contract with health-care establishments or who are subcontractors of nurse anesthetist contractors. These individuals are not employees of either the establishments or the contractors.

2. Data on flat rate compensation, which includes both regular and premium pay. Some contractors pay their employees a flat rate which is intended to compensate them for regular duty as well as overtime, shift, weekend, and on-call duty. Such rates are not minimum rates of pay under subparagraph 9a(2)(d)1.

3. Data which includes any compensation which is provided to offset the purchase of individual malpractice insurance.

4. Data which includes any compensation in lieu of benefits (e.g., annual or sick leave, life or health insurance).

(c) Both contract data and any available health care establishment data must be considered in establishing pay schedules and the survey summary must reflect the combined data from both sources.

11. RECORDS

a. A survey file must be established for each survey conducted under this handbook. In addition to those records required by paragraph 8 of chapter 3, the following material must be included in that file. Facilities must retain these records for 3 years:

(1) Written determination of the LLMA (subparagraph 4c(1));

(2) The listing of all establishments in the LLMA universe (subparagraph 5a);

(3) A list of survey establishments annotating those that did not participate (subparagraph 5b and c);

(4) List of any certainty establishments selected for survey (subparagraph 5b(2)(a));

(5) List of data collectors appointed by the facility director (subparagraph 8a);

(6) Completed VA Forms 10-0132 for survey establishments, including job descriptions and/or job statements (subparagraph 9a(2)(e));

(7) The survey summary (subparagraph 9e);

(8) Any determination that survey data for a particular grade or grades is invalid (subparagraph 9h);

(9) Any determination not to increase beginning rates of pay as a result of a salary survey (subparagraph 3c of chapter 1);

(10) A copy of the justification and facility director's approval to use contract CRNA salary data (subparagraph 10a); and

(11) Written justification that less than three job matches were adequate to set a competitive beginning rate for a grade (subparagraph 9f(3)).

b. The records listed in subparagraph 11a above, along with those listed in paragraph 8 of chapter 3, must be forwarded to the OHRM (051), within 10 days after the records are requested for audit.

12. COORDINATION. When facilities are in the same or overlapping LLMAs, their directors will coordinate expansion of LLMAs, use of contract data for certified registered nurse anesthetists, timing and frequency of surveys, selection of establishments to be surveyed, appointment of data collectors, collection of data, construction of pay schedules, and maintenance of records (see par. 5 of chapter 1).

a. **Identical LLMAs.** Although it is expected that facilities in the same LLMA would establish identical pay schedules, facility directors may establish differing schedules after considering the location of the facilities, commuting patterns of employees and the salaries paid in the individual local communities. Facility directors in these areas will coordinate the survey process to insure that the schedules established under this handbook do not cause competition between facilities in the same LLMA.

b. **Overlapping LLMAs.** When facilities have overlapping LLMAs, the facilities will coordinate the surveys as provided for above. Since the schedules will be based on the survey data, identical pay schedules would not be appropriate unless supported by the survey data. The degree of coordination and similarity in pay schedules will depend on the extent of overlap in the LLMAs.

CHAPTER 3. SALARY SCHEDULE CONSTRUCTION AND IMPLEMENTATION

1. GENERAL. The same pay-setting procedures apply to registered nurse and nurse anesthetist schedules. However, for nurse anesthetist schedules, Nurse I will only have two levels in the grade.

2. SETTING THE BEGINNING RATE FOR GRADES AND LEVELS AFTER A SALARY SURVEY. Instructions on setting beginning rates for mandatory adjustments coincident with a GS increase can be found in paragraph 5 of this chapter.

a. **When Non-VA Salary Data is Available for All Grades and Levels**

(1) When the survey summary (see subpar. 9e of chapter 2) includes salary rate ranges and averages for all grades and levels, the facility director will use them as guidance in determining the appropriate beginning rate for each grade and level. The Director will also consider such factors as:

(a) The geographic relationship of the Department of Veterans Affairs (VA) facility to major non-VA health care facilities in the local labor market area (LLMA);

(b) The severity of recruitment or retention problems (see par. 3 of chapter 4);

(c) Non-VA benefit packages which are not quantifiable; and

(d) Other factors which affect the facility's ability to recruit or retain employees in covered positions.

(2) Normally, if consistent with subparagraphs 2a(3), (4) and (5), the facility director will set the beginning rate for each grade and level at, or within 5 percent of, the average beginning rate for corresponding positions in the LLMA as shown on the survey summary.

(3) The facility director may establish the beginning rate for a grade or level more than 5 percent above or below the average beginning rate in the LLMA. In this case, the Director will provide written justification, based on the factors in subparagraph 2a(1), that a higher beginning rate is needed or a lower beginning rate is adequate to recruit and retain well-qualified employees.

(4) Some facilities are located in outlying towns and suburbs of a Metropolitan Statistical Area (MSA) or a Primary Metropolitan Statistical Area (PMSA) and are therefore included in the same LLMA as facilities in the more urban area of that MSA or PMSA. Directors of such outlying facilities will normally set the beginning rate for each grade within 5 percent of that facility's nearest (geographically) principal competitors (see subpar. 5b(2)(a)2 of chapter 2 for survey instructions). When submitting a new schedule, the facility director must provide written documentation of which establishments are the nearest principal competitors and justify decisions to set the rates based on survey information from the more urban establishments. Such decisions will be based on the location of other direct competitors, geographical features of the area, transportation facilities for employees, and commuting patterns of VA employees.

(5) In no instance shall the beginning rate of a VA grade, or level in a grade, for which survey data was collected, be adjusted to an amount that exceeds the highest beginning rate for corresponding non-VA positions in the LLMA.

(6) In Alaska and Hawaii, where the Office of Personnel Management has approved a non-foreign cost-of-living allowance (COLA) under title 5 United States Code (U.S.C.) 5941, facility directors are to set the beginning rate of a grade or level so that the sum of beginning rate and the COLA meet the criteria in the above subparagraphs.

(7) In no instance shall the beginning rate of a VA grade be reduced.

b. **When Non-VA Salary Data is Not Available for Any Grade or Level of the Grade.** If data is not available for any grade or level within the grade, facility directors shall continue the existing regular or special rate for the beginning step for each grade, unless an adjustment is necessary to maintain the required minimum differential between grades.

c. **When Limited Non-VA Data is Available**

(1) Where data exists for a grade or for a level, set the beginning rate of the grade or level using procedures in subparagraph 2a.

(2) When data is not available for a grade or level, the beginning rate will be set using subparagraph 2b with the following exceptions:

(a) Beginning rates must be set consistent with the minimum differentials in paragraph 3; and

(b) When necessary to recruit or retain well qualified employees, the facility director may adjust the following:

1. Either the beginning rate for Nurse I or the beginning rate for the levels within Nurse I to provide a three-step differential between them;

2. The beginning rate of Nurse II, Nurse III, Nurse IV, and Nurse V up to the seventh step of the next lower grade; or

3. The beginning rate of Nurse I so that the beginning rate for Nurse II will fall in the range from the fourth through the seventh step of Nurse I.

d. **Documentation.** The rationale for determining how the beginning rate for each grade and level in the grade, where appropriate, is set under this paragraph shall be documented in the local survey files, including rates that are within 5 percent of the weighted survey average.

3. MINIMUM DIFFERENTIALS

a. **Beginning Rates for Grades.** The beginning rate of a grade will be set at least equal to the rate of the step which is one above the beginning step of the highest level of the next lower grade. For example, if Nurse I, Level 3, starts at Nurse I, step 6, then Nurse II, step 1, can be no less than Nurse I, step 7. If there are no levels in the next lower grade, the beginning rate must equal or exceed the fourth step of the next lower grade.

b **Beginning Rates for Levels in Nurse I.** The beginning step for Level 2 of Nurse I will not be less than step 3. The beginning step for Level 3 of Nurse I will be set at an amount that provides for a minimum two-step differential between the beginning rate of that level and the beginning rate of Nurse I, Level 2.

4. CALCULATING THE REMAINING STEPS

a. **Determining Step Rates Above Step 1.** After step 1 has been determined for each of the five grades, the remaining steps will be calculated as follows:

(1) To determine the Periodic Step Increase (PSI) amount, multiply the step 1 amount by 3 percent and round down to the nearest dollar; e.g., if step 1 is $32,123, the PSI is $32,123 x .03 or $963.69 rounded down to $963.

(2) By adding the PSI amount to the previous step, the remaining step rates are then calculated, e.g., using the PSI of $963 above, the step 2 rate would be $32,123 + $963 or $33,086. Unless a greater number of steps is authorized under chapter 4, Exceptions to the 133 Percent Rate Range, each grade on the schedule will have a total of twelve steps.

b. **Software Program.** Following the selection of step 1 and the first step of the level(s) in Nurse I, the software program will automatically calculate the pay schedule as described in the preceding. Printed copies of the schedule can be created by following the instructions in the program.

5. MANDATORY PAY ADJUSTMENT

a. Facility directors shall adjust the beginning rate of pay for each grade of a covered occupation on the same effective date and by the same percentage as any nationwide GS adjustment under 5 U.S.C. 5303, exclusive of locality comparability payments under 5 U.S.C. 5304. The remaining steps will be calculated in accordance with paragraph 4. Further adjustments will be made if necessary to meet the minimum differential requirements of paragraph 3.

b. Facility directors may make additional adjustments coincident with a nationwide GS adjustment based on a salary survey of corresponding non-VA positions in the local labor market area (LLMA) conducted under chapter 2 of this part. Such additional adjustments may not exceed the highest beginning rates of compensation for corresponding non-VA positions in the LLMA.

6. APPROVAL OF SCHEDULES

a. Mandatory adjustments will be processed automatically within Central Office concurrent with GS increases. No facility action is required. Revised pay schedules will be made available on the OHRM web site.

b. The facility Director will approve all other rates established under this chapter by signing and dating a copy of the schedule. A copy of the approved schedule, parts I and II of the survey summary, and documentation listed in paragraph 8 will be forwarded to the VISN Director (10N) and OHRM (051) immediately after approval.

(1) Pay schedules will be effective the first day of the first pay period after the Director approves the schedule.

(2) VA Central Office officials will conduct a technical review of the schedules for compliance with the law and policy. Schedules should not be released to covered employees until VA Central Office officials have notified facility officials that the schedules have been reviewed and may be released. This review will have no impact on the effective date of the schedule adjustment, nor on the Director's requirement to make a pay determination within 30 days of completing the survey.

7. IMPLEMENTATION OF LPS SCHEDULES

a. **When the Beginning Rate for a Grade Remains the Same or Increases.** Employees will receive the rate of pay authorized on the new LPS schedule for their applicable grade and step.

b. **When the Beginning Step for a Level in Nurse I is Increased.** Current employees in the level who fall below the new entry step will be increased to the new minimum. This increase is not considered an equivalent increase in compensation. Employees in the level who are already at the new minimum step will also be advanced to the next step of the grade; however, this latter increase is considered an equivalent increase in compensation. Pay of employees above the new minimum will not be increased.

c. **When the Beginning Step for a Level in Nurse I is Reduced.** Such a reduction does not affect the step of current employees in the level.

8. DOCUMENTATION. Documentation regarding the above determinations will be retained and made part of the survey file established under paragraph 11 of chapter 2. The facility director will sign the following determinations prior to the effective date of any schedule adjustment:

a. The rationale for establishing the beginning rates of each grade and levels within the grades (even if within 5 percent of the weighted average);

b. The justification for setting the beginning rates more than 5 percent above or below the average;

c. A copy of the schedules approved under paragraph 6; and

d. The determination that an extended rate range continues to be necessary (see subpar. 2b of

chapter 4).

CHAPTER 4. EXCEPTIONS TO THE 133 PERCENT RATE RANGE

1. GENERAL

a. Title 38 United States Code (U.S.C.) Section 7451 provides that rate ranges for each grade under the Locality Pay System (LPS) will normally be 133 percent. It is expected that the 133 percent rate range will meet most staffing needs. However, the rate range of any grade may be increased up to 175 percent if such action is necessary to recruit or retain well qualified employees in covered positions.

b. The range will not be increased if there are more appropriate mechanisms to solve pay related staffing problems, e.g., establishing pay schedules for a particular specialty within an occupation, use of special salary rates for a particular specialty, or authorizing higher step rates for personnel with specialized skills.

c. Exceptions to the 133 percent rate range will only be approved if failure to approve the exception would significantly impair a facility's ability to recruit and retain well qualified health care personnel and the facility has exhausted all other mechanisms to locally adjust salary rates; e.g., setting the beginning rate more than 5 percent above the average, if appropriate (see par. 2 of chapter 3). Significant impairment is supported by evidence that employees at the higher rates of the grade are quitting for pay or have bona fide job offers.

d. Requests to extend rate ranges may not be based solely on employees receiving pay retention, nor may they be used to circumvent normal operation of the LPS.

2. FACILITY DIRECTOR RESPONSIBILITIES

a. Identifying the need for and approving exceptions for Nurse I (see paragraph 5) or requesting exceptions for all other nurse grades (see paragraph 6);

b. Reviewing existing rate range extensions on the date of any schedule adjustment and documenting the need to continue the extension;

c. Reducing or canceling previously approved exceptions when they determine the exceptions are no longer warranted, and notifying the appropriate Veterans Integrated Service Network (VISN) director (10N__/051) of the reasons for reduction or cancellation; and

d. Coordinating approvals or requests for exceptions and decisions to reduce or cancel previously approved exceptions with Department of Veterans Affairs (VA) facilities located in the same or overlapping local labor market areas (LLMAs).

3. CRITERIA FOR APPROVAL. Each facility approving a rate range extension for Nurse I under paragraph 5 or submitting a request for a rate range extension for any other nurse grade under paragraph 6 must exhibit some of the following staffing problems, specific to the grade for which the extension is being requested, <u>and</u> show that these problems are related to higher rates for

corresponding non-VA positions in the LLMA. The percentages provided below are simple guidelines and not requirements. The facility should provide as much information as possible to demonstrate the overall recruitment and retention situation to the approving official.

a. **Vacancy Rate.** The facility exhibits a high vacancy rate at the end of the reporting period (e.g., 20 percent or more, or positions vacant 6 months or more);

b. **Composition of Occupation.** The overall composition of employees within the occupation or specialty is unfavorable; i.e., there is not an acceptable mix of employees of various experience or educational levels at the facility;

c. **Quits for Pay.** The facility has evidence of a high annual quit for pay rate (e.g., 25 percent or more), and/or a large percent of employees who quit for pay were in the upper third of the rate range;

d. **Higher Maximum Rates in the LLMA.** There is anecdotal information that the maximum rates in the community are higher than VA, and that employees are either quitting for pay or the potential exists for an adverse impact on patient care (e.g., there are a significant number of experienced nurses at the top of the grade or on pay retention and they are receiving firm job offers in the community);

e. **Quality of Candidates.** Historical evidence indicates that the quality of candidates is unacceptable because higher pay rates are being offered for corresponding positions in the LLMA;

f. **Alternative Job Offers.** There is evidence that applicants and employees are being offered higher rates of pay for corresponding positions in the LLMA;

g. **Staffing Success Rate.** The facility has a low staffing success rate (e.g., 50 percent or less, or positions vacant 6 months or more) in a particular grade, especially in assignments at higher levels within the grades;

h. **Job Acceptance Rate.** The facility has a low job acceptance rate (e.g., 50 percent or less, or positions vacant 6 months or more) in a particular grade, especially in assignments in higher levels of the grades;

i. **Turnover.** The facility has a high annual turnover rate (e.g., 10 to 30 percent) in a particular grade, and/or a significant number of the employees who are leaving are in the upper third of the rate range; and

j. **Other Criteria.** The facility may submit any other evidence of pay related staffing problems which seriously hamper or have the potential to seriously hamper its ability to recruit and retain employees in covered positions.

4. DETERMINING THE RATE RANGE AND BEGINNING STEP FOR UPPER LEVELS IN THE GRADE

a. **Rate Range.** To determine what range to approve under paragraph 5 or request under paragraph 6, facility directors shall consider the factors in paragraph 3 and any anecdotal information relative to rates for corresponding positions in the LLMA.

b. **Appropriate Beginning Step for Employees in Upper Levels Within the Grade.** The beginning step for higher levels within the grade, where appropriate, will be set in accordance with procedures in chapter 3, Salary Schedule Construction and Implementation. The beginning step for these levels may not be adjusted simply as a result of extending a rate range.

5. APPROVING EXCEPTIONS AT NURSE I

a. Facility directors may authorize extension of the 133 percent rate range for the Nurse I grade up to a step rate that is within no more than 6 percent of the maximum rate in the Nurse II rate range. For example, if the Nurse II maximum rate is $55,766, the Director may extend the Nurse I rate range up to a step rate not exceeding $52,520 ($55,766 less 6 percent). This approval authority is limited to instances where there is evidence that the existing maximum rates in the Nurse I rate range are hampering the facility's staffing abilities. Such evidence may include declinations of job offers from Associate Degree Nurses for pay reasons or any of the criteria listed in paragraph 3.

b. Locally-approved extensions of the Nurse I rate range must be reported to the Human Resources Management Programs and Policies Service (051) for review prior to implementation. Submissions must include the revised LPS salary schedule and a memorandum containing narrative justification that addresses the criteria for approval. Extensions will be effective the first day of the first pay period after the Director approves the new pay schedule. Instructions for placing on-board employees on the extended rate range are contained in paragraph 7.

6. REQUESTING EXCEPTIONS AT NURSE II THROUGH NURSE V. Requests for exceptions to the rate range will be sent to the appropriate network director (10N__) through the Office Human Resources Management (051), who will review each request and make appropriate recommendations to the Network Director. Requests shall include the following:

a. The occupation or specialty within an occupation for which the exception is requested, as well as the specific grade or grades affected;

b. A copy of the proposed locality pay schedule;

c. The reasons for the request, including documentation specific to the applicable grade in support of the criteria in paragraph 3; and

d. Any other pertinent information.

7. EFFECTING EXCEPTIONS

a. When an exception is approved, employees normally will be placed on the same step on the expanded rate range as they occupied on the former rate range. However, an employee who was on the maximum step of the former rate range for more than the required waiting period for a Periodic Step Increase (PSI) will be advanced to the next higher step on the extended rate range. This will be an equivalent increase and the employee will begin a new waiting period for PSI purposes.

b. Employees on pay retention based on the rate range in effect prior to extension normally will be placed on the first step of the extended rate range which equals or exceeds their retained rate of pay. If the employee was on pay retention for longer than the normal PSI waiting period, the employee is advanced in the same manner as the employee in subparagraph 7a.

8. REDUCTION OR CANCELLATION OF EXCEPTIONS TO THE 133 PERCENT RATE RANGE

a. When a facility director reduces or cancels an exception under this chapter, current employees will be placed on the new rate range as follows:

(1) Employees whose step prior to the reduction or cancellation continues on the new rate range will remain in that step;

(2) Employees whose step prior to the reduction or cancellation is not in the new rate range will be placed in the new maximum step of the grade. The employee will receive either the rate for the maximum step or be eligible for pay retention under part III, chapter 6, paragraph 6, whichever is greater.

b. Facility directors will report any reductions or cancellations of previously approved exceptions to the appropriate network director (10N__/051).

CHAPTER 5. VHA CENTRAL OFFICE AND VISN OFFICE NURSE PAY

1. COVERAGE. Nurses and nurse anesthetists appointed under title 38 United States Code (U.S.C.) Section 7306, 7401(1), and 7405 serving in the Veterans Health Administration (VHA) Central Office or in a Veterans Integrated Service Network (VISN) Office.

2. ESTABLISHING PAY RATES FOR CHIEF CONSULTANT, NURSING STRATEGIC HEALTHCARE GROUP AND THE DIRECTOR, NURSING SERVICE

a. **Grades and Pay Schedules.** Each of these positions will be paid from separate grades established by the Under Secretary for Health.

b. **Mandatory Pay Adjustment.** The Under Secretary shall adjust the beginning rate of pay for the Chief Consultant, Nursing Strategic Healthcare Group and the Director, Nursing Service (DNS) on the same effective date and by the same percentage as any nationwide GS adjustment under 5 U.S.C. 5303, exclusive of locality comparability payments under 5 U.S.C. 5304.

c. **Scheduling Pay Rate Reviews.** After the first pay period in January and before the second pay period in March, the Under Secretary will review the rates of the Chief Consultant, Nursing Strategic Healthcare Group and the Director, Nursing Service (DNS) and decide if further adjustments are warranted based on January adjustments made to other Locality Pay System (LPS) schedules. The Under Secretary may conduct additional reviews and make schedule adjustments whenever warranted for recruitment or retention.

d. **Conducting Pay Rate Reviews.** To assist the Under Secretary in making the determination whether pay rates for the Chief Consultant, Nursing Strategic Healthcare Group and DNS should be adjusted at times other than coincident with a GS adjustment, the Office of Human Resources Management (OHRM) will prepare a summary report. OHRM will forward the report and its recommendation for establishing rates to the Under Secretary for approval through appropriate VHA channels. The summary report will contain the following:

(1) The minimum, maximum, and average beginning rates for the Nurse V grade VA-wide;

(2) The local beginning rate and range of survey data for the Nurse V grade;

(3) Local cost of living and employment cost index information; and

(4) Staffing data for these positions.

e. **Approval.** After reviewing the above information, the Under Secretary will establish beginning rates of pay for each position. The Under Secretary's decision to adjust the pay schedules for covered positions will be final. Any pay adjustments will be effective on the first day of the pay period following the Under Secretary's approval. Pay schedule determinations will be returned to Central Office Human Resources Service (035) for necessary processing before the effective date of the

adjustment.

3. OTHER VHA CENTRAL OFFICE NURSES. For other nurses in VHA Central Office, the Under Secretary will establish beginning rates of pay using the procedures in chapter 3, Salary Schedule Construction and Implementation. Using the procedures in chapter 2, LPS Surveys, the Central Office Human Resources Service (035) will coordinate with officials at the Washington VA Medical Center the timing and frequency of surveys, selection of establishments to be surveyed, appointment of data collectors, collection of data, construction of pay schedules, and maintenance of records (par. 5 of chapter 1).

4. VISN OFFICE NURSES. For nurses assigned to a network office, each network director will establish beginning rates of pay using the procedures in chapter 3. Using the procedures in chapter 2, the VISN Human Resources Coordinator will coordinate with officials at the local servicing VA medical center the timing and frequency of surveys, selection of establishments to be surveyed, appointment of data collectors, collection of data, construction of pay schedules, and maintenance of records (par. 5 of chapter 1).

5. PAY ADMINISTRATION

a. **Executive Differential.** In addition to the basic rate of pay authorized in this chapter, the Deputy Director for Nursing Programs will receive a two-step executive differential. The differential may not allow the nurse to exceed the maximum rate of the grade, but it is considered basic pay for premium pay, lump-sum annual leave payments, retirement, work injury compensation, life and health insurance, and severance pay.

b. **Subsequent Schedule Adjustments.** Covered employees will receive the rate of pay for the corresponding grade and step on the new pay schedule.

6. RATE RANGE EXTENSIONS. The Under Secretary for Health and each network director, respectively, may extend the rate range for any grade on Central Office or VISN office schedules based on the criteria in chapter 4, Exceptions to the 133 Percent Rate Range. All exceptions to the 133 percent rate range must be submitted through OHRM (051) for concurrence.

CHAPTER 6. RATES OF PAY FOR SAN JUAN AND MANILA

1. SCOPE. This chapter contains procedures which will be used to set rates of pay under the Locality Pay System (LPS) for employees of facilities located outside of the contiguous United States, Alaska, and Hawaii. Currently, this includes nurses and nurse anesthetists employed at San Juan, Manila, and their associated outpatient clinics, and the Guam outpatient clinic.

2. PAY SETTING PROCEDURES. Most of the provisions of this handbook, including the number of grades, pay administration procedures, and qualification standards, will apply to covered employees. However, the rates of pay for these employees will be adjusted under the provisions of this chapter rather than those contained in chapter 2, LPS Surveys.

3. REVIEW OF BEGINNING PAY RATES AND SCHEDULES

a. **Mandatory Pay Adjustment.** Facility directors shall adjust the beginning rate of pay for each grade of a covered occupation on the same effective date and by the same percentage as any nationwide GS adjustment under 5 U.S.C. 5303, exclusive of locality comparability payments under 5 U.S.C. 5304. Mandatory adjustments will be processed automatically within Central Office concurrent with GS increases. No facility action is required. Revised pay schedules will be made available on the Office of Human resources Management (OHRM) web site.

b. **Other Schedule Adjustments**

(1) Facility Directors may submit a request for an adjustment to the beginning rates of the schedules at any time that an increase is supported by documented recruitment and/or retention problems. Such adjustments will be approved by the appropriate VISN Director. Requests will be submitted to the appropriate VISN Director (10N__/051), through OHRM. Requests shall include the following:

(a) A copy of the proposed schedule, including the beginning rates for levels in Nurse I;

(b) The reasons for the adjustment. The need for, and the amount of, any increase to the beginning rates of pay for covered facilities must be supported by evidence of pay-related recruitment and retention difficulties or potential difficulties, such as increases in quits-for-pay, vacancy, turnover, and alternative-job-offer rates, and decreases in staffing success rates.

(2) Pay adjustments and revised schedules approved by the appropriate VISN Director will be effective the first day of the first pay period following the VISN Director's approval.

4. RATE RANGE EXTENSIONS. Facility directors may approve rate range extensions at Nurse I or request rate range extensions at Nurse II through Nurse V in accordance with the criteria contained in chapter 4, Exceptions to the 133 Percent Rate Range. Requests must be submitted to the Network Director (10N__/051) through OHRM.

5. SALARY SCHEDULE CONSTRUCTION AT NEW LOCATIONS OR WHEN COVERED POSITIONS ARE RE-ESTABLISHED AT EXISTING LOCATIONS. There may be instances when covered positions, i.e., nurses or nurse anesthetists, are authorized for the first time at a new location or reauthorize at an existing location outside of the contiguous United States. In these situations, the procedures in this paragraph are to be followed in establishing a locality pay schedule.

a. **Salary Data Available.** If non-Department of Veterans Affairs (VA) salary data is available for all grades and levels in Nurse I or data exists for a grade or for a level in Nurse I, salary schedules must be established in accordance with the procedures in chapter 3, Salary Schedule Construction and Implementation.

b. **Salary Data Not Available.** If non-VA salary data is not available for any grade or level of the grade, the facility director shall use the national eight-grade nurse schedule for Physician Assistants and Expanded Function Dental Auxiliaries to construct the five-grade LPS schedule as shown below. Rates may be adjusted as necessary to meet the minimum differential requirements in paragraph 3 of chapter 3.

(1) **Nurse I.** Nurse I will contain three levels. The beginning rate for Nurse I, Level 1 will be the rate of Junior grade, step 1. The beginning rate for Nurse I, Level 2 will be the first step that equals or exceeds the rate of Associate grade, step 1. The beginning rate for Nurse I, Level 3 will be the first step that equals or exceeds the rate of full grade, step 1.

(2) **Nurse II.** Nurse II will not be divided into levels. The beginning rate will be the rate of Intermediate grade, step 1.

(3) **Nurse III.** Nurse III will not be divided into levels. The beginning rate will be the rate of Senior grade, step 1.

(4) **Nurse IV.** Nurse IV will not be divided into levels. The beginning rate for Nurse IV will be the rate of Chief grade, step 1.

(5) **Nurse V.** Nurse V will not be divided into levels. The beginning rate for Nurse V will be the rate of Assistant Director grade, step 1.

c. **On-going Procedures.** Once LPS schedules have been established under the provisions of this paragraph, the remaining procedures for salary adjustments in this chapter will apply and the remaining provisions of this handbook where appropriate.

APPENDIX A. DEFINITIONS

1. Above-Minimum Entrance Rate. Above-minimum entrance rate is an increase in the minimum rate of basic pay for a grade with no corresponding increase in higher intermediate rates or in the maximum rate of pay for that grade. Above-minimum entrance rates are authorized under title 38 United States Code (U.S.C.) 7455.

2. Advancement. The term advancement means periodic step increases, Special Advancements for Achievement, Special Advancements for Performance, additional steps received for being in a head nurse assignment or an assignment requiring specialized skills, and steps granted to an employee based on the employee's attaining qualifications necessary to advance to a higher level within the grade. Advancement to a higher level within the grade based on additional qualifications is applicable to nurses and nurse anesthetists in Nurse I.

3. Average On-Board. Average on-board means the sum of the total full-time equivalent employees (FTE) in the occupation or specialty on the facility's rolls on the beginning and ending dates of the reporting period divided by 2.

4. Bureau of Labor Statistics (BLS). BLS is the United States (U.S.) Department of Labor bureau responsible for collecting, processing, analyzing, and disseminating data related to employment, unemployment, and other characteristics of the labor market.

5. Ceiling. Ceiling is the FTE of filled and vacant positions allocated to an occupation or specialty by local management officials as of the beginning or ending date of a reporting period.

6. Certainty Establishment. A Certainty Establishment is an establishment selected to be surveyed because it significantly affects a Department of Veterans Affairs (VA) facility's ability to recruit and retain employees in the occupation to be surveyed.

7. Corresponding Positions. Corresponding positions are positions in non-Department health care facilities for which the education, training, and experience requirements are equivalent or similar to the education, training, and experience requirements for positions covered by this handbook.

8. Days. The term "days" means calendar days.

9. Equivalent Increase. An equivalent increase is an increase or increases in an employee's rate of basic pay equal to or greater than the amount of a step increase in the employee's grade. Receipt of an equivalent increase causes the employee to begin a new waiting period for the next periodic step increase (PSI). The following are <u>not</u> considered equivalent increases:

a. General basic pay increases under the Locality Pay System (LPS);

b. Special advancements for achievement or performance;

c. Increases resulting from adjusting employees to the new minimum step for a higher level in Nurse I,

d. Increases resulting from the approval of special salary rates;

e. Higher rates of pay received by head nurses or employees with specialized skills; and

f. Cash awards.

10. Establishment

a. Except as noted in the following, an establishment is a non-VA medical center, independent outpatient clinic or an independent domiciliary facility, either in the private or public sector, with 50 or more employees, whose primary function is to provide diagnostic and therapeutic medical, psychiatric, surgical, or specialty services for particular medical conditions.

b. For the purposes of surveys for nurse anesthetists conducted under paragraph 10 of chapter 2, Surveying Nurse Anesthetist Contractors, an establishment would also include organizations that provide anesthesia services on a contract basis through registered nurse anesthetists.

11. Federal Wage System (FWS) Survey Area. FWS survey areas are geographic areas (a group of counties, townships, and/or independent cities) in which FWS surveys are conducted. FWS survey areas are established by the Office of Personnel Management and published in the OPM Operating Manual, Federal Wage System.

12. FTE. FTE is full-time equivalent employees.

13. Gains. For an occupation or specialty, gains is the total FTE of placements in the occupation or specialty, either from internal or external sources, during the reporting period.

14. General Schedule (GS) Adjustment. A GS adjustment is an adjustment to the national schedule of rates of basic pay exclusive of any locality-based pay adjustments.

15. Grade. Unless otherwise specified, an LPS grade, Nurse I, Nurse II, Nurse III, Nurse IV, and Nurse V.

16. Graduate Nurse (formerly Graduate Nurse Technician). A graduate nurse is a graduate who has completed a full course of nursing in an approved nursing school and whose registration in a State is pending.

17. Graduate Nurse Anesthetist. A graduate nurse anesthetist is a graduate who has completed a full course of nursing in an approved nursing school <u>and</u> a graduate of a school of nurse anesthesia approved by the American Association of Nurse Anesthetists. A graduate nurse anesthetist must also possess active, current, full and unrestricted registration as a graduate professional nurse in a State.

18. Head Nurse. A head nurse is a registered nurse who is the first line supervisor for a designated

nursing unit or ward and who is responsible for the management of nursing care and nursing personnel.

19. Highest Previous Step. For former employees who have served under LPS, the highest previous step is the current equivalent of the highest step formerly earned. The highest step for former employees who have not served under the LPS is determined under part II, chapter 2, paragraph 1a(9)(c). Also see part II, chapter 2, paragraph 1a(9)(d) for restrictions on making highest previous step determinations.

20. Intervening Rate of Pay. An intervening rate of pay is an authorized rate of pay that is above the rate of pay for the corresponding grade and step at the gaining facility, but less than the rate of pay provided by placing a transferring employee at the first step that equals or exceeds the employee's pay rate at the losing facility.

21. Job Acceptance Rate. The job acceptance rate is the gains divided by job offers.

22. Job Offers. Job offers are the FTE of offers of employment in the occupation or specialty during the reporting period made to internal and external candidates.

23. Level. For Nurse I for registered nurses and nurse anesthetists, the grade recognizes employees with higher qualifications. Employees in a higher level in the grade are placed at or above the first step of the level based on the possession of these higher qualifications.

24. Local Labor Market Area (LLMA). The LLMA is the geographic area in which LPS surveys are conducted.

25. Locality Pay Schedule. The Locality Pay Schedule is a pay schedule established after a survey of pay rates for corresponding non-VA health care positions in the LLMA (see chapter 2). Locality pay schedules will be constructed using chapter 3, Salary Schedule Construction and Implementation, and may be established for any covered occupation, or any specialty, assignment and/or category of assignments within the covered occupation (e.g., nurse anesthetist, RN, operating room nurse, critical care nurse, administrative nurse (except head nurse), nurse practitioner, clinical nurse specialist).

26. Losses. In an occupation or specialty, the FTE of losses during the reporting period, for any reason, which resulted in a recruitment action except reduction in ceiling is termed “losses.”

27. Metropolitan Statistical Area (MSA). For a definition and list of MSAs refer to the most current Statistical Abstract of the United States which is published annually by the United States Department of Commerce.

28. Nurse. A RN who meets the basic requirements for appointment under the qualification standard in VA Directive 5102.1. This includes the Chief Consultant, Nursing Strategic Healthcare Group, the Director, Nursing Service, and VHA Central Office or VISN Nurses, but does not include nurse anesthetists.

29. Nurse Anesthetist. A Nurse Anesthetist is an individual who meets the basic requirements for appointment under the qualification standard in VA Handbook 5005.

30. Nurse Executive. A nurse executive is the Chief of Nursing Service or equivalent position that represents the highest ranking nurse management position at a facility.

31. Nurse Pending Graduation (formerly Nurse Technician Pending Graduation). In a limited number of States, students who have completed a designated segment of their nursing studies, but who have not yet graduated, are permitted to obtain registration as a graduate professional nurse. A "nurse pending graduation" is a student enrolled in an approved nursing school who possesses active, current registration to practice nursing in a State.

32. On-Board. On-board means the total FTE of employees in the occupation or specialty on the facility's rolls on the beginning or ending date of the reporting period.

33. Periodic Step Increase (PSI). PSI is an advancement from a step of a grade to the next higher step of that grade based upon completing the required waiting period (see part III, chapter 5, par. 1c) and meeting the criteria for advancement in VA Handbook 5005.

34. Promotion. Promotion is movement from a lower grade to a higher grade on the locality pay schedule.

35. Quits for Pay. The FTE of employees in the occupation or specialty who voluntarily resigned for pay reasons during the reporting period. A quit for pay only occurs when the employee resigns to take a higher rate of pay for a corresponding non-VA position in the same LLMA.

36. Quit for Pay Rate (Annual). Divide quits for pay by the average on-board to determine the quit for pay rate for the reporting period. Multiplying this figure by the quotient of 12 divided by the number of months in the reporting period will provide the annual quit for pay rate.

37. Special Salary Rate. A special salary rate is a step on a special salary rate range.

38. Special Salary Rate Range. An increase in the minimum, intermediate and maximum rates of basic pay for a grade, i.e., an increase in all step rates for the grade. A special salary rate range may be authorized under 5 U.S.C. 5303 or 38 U.S.C. 7455.

39. Staffing Success Rate. The gains divided by tried to fill (see item 45).

40. State. Any State, Territory or Commonwealth of the United States (i.e., Puerto Rico), and the District of Columbia.

41. Survey Establishment. An establishment in the LLMA that is selected to be surveyed.

42. Survey Sample. All establishments selected for survey in a LLMA.

43. Survey Summary. A report of the results of a survey.

44. Survey Universe. All establishments in the LLMA.

45. Tried to Fill. The FTE of positions in the occupation or specialty the facility tried to fill during the reporting period. It consists of the FTE of vacancies at the beginning of the reporting period, plus losses, plus or minus any ceiling changes during the reporting period.

46. Turnover Rate (Annual). Divide losses by the average on-board to determine turnover rate for the reporting period. Multiplying this figure by the quotient of 12 divided by the number of months in the reporting period will provide the annual turnover rate.

47. Vacancy Rate (Beginning). The FTE of vacancies in the occupation or specialty at the beginning of the reporting period divided by the ceiling for the occupation or specialty at the beginning of the reporting period.

48. Vacancy Rate (Ending). The FTE of vacancies in the occupation or specialty at the end of the reporting period divided by the ceiling for the occupation or specialty at the end of the reporting period.

APPENDIX B. ANNUAL REPORT ON STAFFING

In accordance with the reporting requirements established by Section 201 of P.L. 106-419, facility directors are required to submit an annual report on staffing for registered nurse (RN) and nurse anesthetist positions. Reports must be submitted to the Office of Human Resources Management (051) no later than July 31 each year. Separate reports will be submitted for RNs and nurse anesthetists, as well as for any category for which a specialty schedule has been established.

FACILITY NAME: **FACILITY NUMBER:**

POSITION TITLE: **PAY SCHEDULE NO.: N____**

OTHER (Specifiy): **CONTACT PERSON:**

VISN: **CONTACT NUMBER:**

1. STAFFING DATA for *Nxxx (auto-fill from above)

a. Provide turnover and vacancy rates for the occupation or specialty for the one-year period ending June 30 of the current year and the preceding three years. The turnover rate will be calculated by dividing the losses by the average number on-board. The vacancy rate will be calculated by dividing the vacancies at the end of the reporting period by the authorized ceiling.

	6/30/01	6/30/00	6/30/99	6/30/98
Turnover Rate:	_ _ _._%	_ _ _._%	_ _ _._%	_ _ _._%
Vacancy Rate:	_ _ _._%	_ _ _._%	_ _ _._%	_ _ _._%

b. Provide the following information for the occupation or specialty for the one-year period ending June 30 of the current year.

Number of Losses: _ _ _._ Number of Vacancies: _ _ _._ Authorized Ceiling: _ _ _._

c. Please check all recruitment efforts used in the past year, and indicate the number of times each was used.

- ☐ Newspaper Ads _ _ _ times
- ☐ Job Fairs _ _ _ times
- ☐ Journal Ads _ _ _ times
- ☐ Posting of vacancy announcement at schools of nursing _ _ _ times
- ☐ Internal _ _ _ times
- ☐ VA Careers.com _ _ _ times
- ☐ Other Internet sites _ _ _ times
- ☐ Other: _____ _ _ _ times
- ☐ No recruitment conducted

d. What was the average duration of vacancies for positions paid **from *Nxxx [auto-fill]** during the past year?

☐ 0-3 months ☐ 4-6 months ☐ 7-9 months ☐ 10-12 months
☐ 13 or more months ☐ not applicable

e. Please check all of the following pay incentives that have been offered within the occupation or specialty in the past year by indicating the frequency used.

Recruitment Bonus:	☐ Frequently	☐ Occasionally	☐ Rarely
Relocation Bonus:	☐ Frequently	☐ Occasionally	☐ Rarely
Retention Allowance:	☐ Frequently	☐ Occasionally	☐ Rarely
Higher Rates for Specialized Skills:	☐ Frequently	☐ Occasionally	☐ Rarely

2. DIRECTOR'S FINDINGS CONCERNING THE STAFFING SITUATION for *Nxxx [auto-fill]

a. Positions in the occupation or specialty that meet at least three of the following criteria are considered to be experiencing, or likely to experience, a significant pay-related staffing problem for the purpose of determining whether a salary survey must be conducted. Please check all that apply to the occupation or specialty:

☐ A 5 percent increase* in turnover since 6/30 of the prior year.

☐ A significant number of losses since 6/30 of the prior year were quits for pay.

☐ A 10 percent increase* in the vacancy rate since 6/30 of the prior year.

☐ Positions remain vacant for six months or more despite active recruitment.

☐ Positions have been abolished due to recruitment difficulty.

☐ Any other criteria deemed appropriate by the facility Director. Define the criteria in the narrative section at the end of this report.

***NOTE:** *The increase in turnover and vacancy rates will be calculated by subtracting the previous rate from the current rate (e.g. a change from 10% to 12% is a 2% increase; a change from 8% to 13% is a 5% increase).*

b. Based on the criteria in 2a above, is there currently, or is there likely to be a significant pay-related staffing problem for the occupation or specialty? (If 3 or more boxes in 2a are checked, you MUST answer Yes)

☐ YES ☐ NO

c. Has a salary survey been conducted during the reporting period (or will one be conducted)?

☐ YES ☐ NO

d. If a salary survey has been conducted or is planned, please indicate the time frame for that survey. Check all that apply.

☐ Survey conducted within past 3 months
☐ Survey conducted more than 3 months ago
☐ Survey currently being conducted
☐ Survey will be conducted within next 3 months

e. If there is a staffing problem for this occupation or specialty and no survey has been or will be conducted, please explain why a survey will not be conducted.

f. Indicate the types of salary surveys conducted for the occupation or specialty since June 30 of the previous year and the number of times each was conducted. For third-party surveys, indicate the number of times the surveys were reviewed for possible pay adjustments.

☐ BLS Survey _ _ times
☐ Other Third-Party Survey _ _ times
☐ VA-Conducted Survey _ _ times

g. Indicate the action taken based on each survey as well as the reasons for taking (or not taking) such actions. (An additional page of this report will be created for each survey conducted. You must report the results of each survey.)

Action Taken **for *Nxxx [auto-fill]** (check only 1):
☐ Beginning rates for all grades increased
☐ Beginning rates for some grades increased
☐ Beginning rates for all grades remained the same

Reasons: (check all that apply)
☐ To become or remain competitive with rates paid by non-VA employers.
☐ Increase given at one or more grades to improve staffing abilities.
☐ No increase given at one or more grades because survey results were not sufficient to make a pay-setting determination.
☐ No increase given at one or more grades because survey data was not representative of the rates paid in the community.
☐ No increase given at one or more grades because existing rates are higher than survey results and an increase would make VA the community pay leader.
☐ Other Reasons or Comments:
Other Comments/Additional Information:

APPENDIX C.
SAMPLE OF LOCALITY PAY SYSTEM DATA COLLECTION FORM AND INSTRUCTIONS

I. GENERAL INFORMATION

1) Name of Establishment: Mercy Hospital

Address of Establishment: 123 Main Street
Anyplace, USA 00000

2) County/Township/Independent City: Harding County

3) Contact Person: Joe King 4) Phone: 202-555-7878

Title: Pay & Benefits Specialist

5) Date of Contact: March 20, 1997

6) Survey Occupation or Specialty: Registered Nurse

7) Total Employment

FTE: 4,000 Occupational or Specialty FTE: 889

8) Salary Increases:

Month increases are normally effective: June

Effective Date of Last Increase: 6/1/96 Percent: 3.0

9) Number of Hours in a Normal Workweek of occupation or specialty being surveyed: 40

II. SALARY DATA

Survey Job (Grade/Level)	Estab. Job Title/Grade	Published Beginning Rate of Pay (Annual)	Actual Beginning (Annual), if Different
Nurse I,	Registered Nurse, Entry	$31,000	$36,459
Nurse I, Level 2	Registered Nurse, Grade 1	$35,499	$39,550
Nurse II	Registered Nurse, Grade 2	$41,187	
Nurse III	Registered Nurse, Grade 3	$48,650	$52,200
Nurse V	Registered Nurse, Grade 4	$55,000	$60,900

VA Form **10-0132**
FEB 1991

III. BONUS PAY

Description of Bonus Program and Amount Paid: Employees are paid a bonus on the anniversary date of employment: $500. For 4 to 6 years of employment: $1,000. Over 6 years of employment: $1,500.

IV. PREMIUM PAY FOR THE OCCUPATION OR SPECIALTY BEING SURVEYED

1) What is the establishment's current Overtime Rate? Daily 1.5 Weekly 0

2) What is the establishment's current Shift Differential? PM 0 Night 20

3) What is Differential for: Saturday Work 15 Sunday 20 Holiday 20

4) Does your establishment provide for stand-by/on-call premium pay? YES___ NO X

If yes, please provide description of premium pay practices and method of calculating payments:

_____

_____

V. REMARKS: (attach salary table and establishment job descriptions, or prepare summary job description - continue on blank sheet if necessary)

Employees are paid 1 1/2 times hourly rate of pay for work in excess of 8 hours per day.

Differentials in IV.3 are represented as percentages.

(see attached job descriptions and salary table)

Data Collector(s) Signature and Title:

Personnel Mgmt. Spec. Date 3/20/97

Nurse Recruiter Date 3/20/97

VA Form **10-0132**
FEB 1991

INSTRUCTIONS FOR DATA COLLECTORS
VA Form 10-0132

I. GENERAL INFORMATION

1. **Establishment name and address**:
Enter establishment name and address. Include zip code.

2. **County/township/independent city**:
Enter the county/township/independent city where the establishment is located.

3. **Name and Title of Person Interviewed:**
Enter the name and title of the establishment official(s) who furnished the data.

4. **Phone**:
Enter the phone number of the person interviewed. Include extension.

5. **Date of Contact**:
Actual date that establishment was contacted for this survey.

6. **Survey Occupation or Specialty**:
Enter occupation or specialty being surveyed.

7. **Establishment employment**:
Enter total number of full-time equivalent employees (FTE) in the establishment. For the occupation or specialty being surveyed, enter the total FTE employed by the establishment in that occupation.

8. **Month General Increases Normally Effective**:
Enter the month that general increases are normally effected for this occupation or specialty at the establishment. If increases are given more than once a year, indicate the most recent month of adjustment and explain other increases under remarks.

Salary Increase Information:
Enter information on effective date and percent of increases granted within the last 12 months and any increases that are expected within the next year.

9. **Number of Hours in the Normal Workweek for the Surveyed Occupation or Specialty**:
Enter number of hours in the normal workweek. Note under remarks any scheduling practices such as Baylor Plan (registered nurses) or compressed workweek.

II. SALARY DATA

Enter the title and grade of the survey job and the title and grade of establishment's job. Also enter the published and actual (if different) minimum annual beginning salaries paid by the establishment for an employee whose experience and education is comparable to the survey job description.

III. BONUS PAY

Include only bonuses that are regular and recurring and document the following information:

Description of the plan and how bonus payments are determined;
Amount of bonus paid; and
When bonuses are paid.

IV. PREMIUM PAY FOR THE OCCUPATION BEING SURVEYED

Enter requested information to be used to authorize additional pay under title 38 United States Code (U.S.C.) 7453(j) and VA Handbook 5007, part V.

V. REMARKS

Additional information or further explanation that may be necessary for preceding items.

APPENDIX D. SURVEY JOB STATEMENTS

1. REGISTERED NURSE

a. **Nurse I**

Level 1. Individual has a diploma or an associate degree in nursing from a school approved by the State accrediting agency, and the individual has no professional nursing experience. The individual is able to deliver fundamental, knowledge-based care to assigned clients while developing technical competencies.

Level 2. Novice staff nurse with approximately 1 year of experience, or the individual has a Bachelor of Science in Nursing (BSN) from a school approved by the State accrediting agency and has no professional experience. The individual is able to deliver technically competent care to clients with simple or complex needs, integrating biopsychosocial concepts and cognitive skills.

Level 3. Individual has an associate degree and approximately 2 – 3 years of experience or a baccalaureate degree and approximately 1 - 2 years of experience; or may have a master's degree in nursing or a related field and no experience. The individual at this level should demonstrate proficiency in practice based conscious, deliberate planning, and self-directed goal setting for managing complex patients. May function in a team leader or charge nurse role on a unit, or function independently in a clinical, education, quality management, research or other role or practice area.

NOTE: *A master's degree in a related field must be preceded by a baccalaureate degree in nursing to be credited in this or any of the following grades.*

b. **Nurse II.** Individual has a BSN and approximately 2 - 3 years of successful nursing practice; a master's degree in nursing or a related field and 1 - 2 years of successful nursing practice; or a doctoral degree in nursing or a related field and no professional experience. Experience at this level has demonstrated leadership in delivering total patient care through collaborative strategies with others. These nurses function effectively in charge nurse, team leader or other leadership roles requiring application of problem solving skills at the unit or team level, and use team approaches to identify, analyze and resolve problems. They are active in quality improvement for their area, evaluate practice of themselves and others, participate in continuing education to maintain expertise, improve clinical knowledge and enhance role performance; educate colleagues and/or students and serve as preceptor or mentor to less experienced staff; support and enhance client self-determination and serve as a resource for clients and staff on ethical issues; use research finds to validate and/or change work group practice; identify and assess resource utilization and take appropriate action.

c. **Nurse III.** The individual has a master's degree in nursing or a related field and approximately 2 – 3 years of nursing experience; or a doctoral degree in nursing or a related field and 2 – 3 years of nursing experience. The individual has responsibilities that demonstrate leadership, experience and creative approaches to management of complex client care. These individuals may function as expert clinicians, clinical specialists, nurse practitioners, educators, researchers, quality improvement coordinators, or in other positions encompassing a wide range of responsibility or accountability. They provide leadership in

the application of the nursing process to client care, organizational processes and/or systems which improve outcomes at the program or service level. They initiate interdisciplinary projects to improve performance and outcomes; use professional standards of care and practice to evaluate programs/service activities; implement educational plans to meet changing program or service needs; maintain and update professional knowledge and skills; coach colleagues in team building; share expertise within and/or outside the facility; provide leadership in identifying and addressing ethical issues; use group process to identify, analyze and resolve care problems; collaborate with others in research activities to improve care either by application of current research-based knowledge or by conducting research or studies; manage program resources (financial, human, material or informational) to facilitate safe, effective and efficient care.

d. **Nurse IV.** Individual has a master's degree in nursing or a related field and approximately 4 – 5 years of progressively responsible professional nursing practice; or a doctoral degree in nursing or a related field and 3 –4 years of professional experience. The nurse may possess advanced managerial credentials and be responsible and accountable for the coordination and evaluation of integrated programs that cross service and/or discipline lines. The individual may be a Chief Nurse at a small facility, an Assistant or Associate Chief Nurse at large/complex facility, or may direct the education, research or quality improvement program for a facility or a service. Or, the individual may possess advanced clinical practice credentials and experience and provide primary or highly specialized health care management for large groups of veterans. This responsibility includes developing a multidisciplinary and total patient care approach to the patient's total health care, within the context of the organizational mission statement. This nurse may be in an advanced practice role such as a nurse practitioner, clinical nurse specialist or nurse midwife. The individual uses an analytical framework, such as the nursing process, to create an environment that facilitates the delivery of care; coordinates and evaluates integrated programs or demonstrates clinical excellence in management of population groups; provides leadership in improving or sustaining quality and effectiveness of care in diverse or complex programs; implements standards of professional practice and accrediting bodies; develops staff for career progression; forecasts new knowledge needs for changing practice environments/population groups and develops strategies to meet the needs; contributes to the professional growth and development of colleagues and other health care providers; provides leadership in addressing ethical issues; demonstrates leadership in developing working relationships with groups in other programs, services, academic settings and community agencies; collaborates with staff, other disciplines, faculty and peers in developing, conducting, and evaluating research activities and programs; designs, modifies, and implements systems compatible with professional standards and with the mission and goals to improve the cost-effective use of resources.

e. **Nurse V.** Individual must have a master's degree in nursing or a related field and approximately 5 – 6 years of progressively responsible professional nursing practice; or a doctoral degree in nursing or a related field and 4 –5 years of professional experience. Assignments at this level require practice of an executive nature, comprised of complex managerial and administrative components associated with critical health care issues and activities that influence the organizational mission, health care, and policy. There is a substantial sphere of influence across multiple sites or programs, and across the full continuum of care (inpatient, outpatient, extended care). Substantial involvement in multi-site, regional, and/or national professional and health related issues is integral to the assignment.

2. SPECIALTY DESCRIPTIONS

a. Administrative (Assistant/Associate Chief Nurse)

Nurse III. The individual has a master's degree in nursing or a related field and approximately 2 – 3 years of nursing experience; or a doctoral degree in nursing or a related field and 2 – 3 years of nursing experience. The nurse is typically located at a small health care facility and works as a full assistant to the nurse executive, helping to manage the complete range of nursing programs at the facility. In some instances, the nurse may be assigned responsibility for designated special program areas.

Nurse IV. Individual has a master's degree in nursing or a related field and approximately 4 – 5 years of progressively responsible professional nursing practice; or a doctoral degree in nursing or a related field and 3 –4 years of professional experience. The individual has substantial and continuous responsibility and accountability for population groups or integrated programs that cross service and/or discipline lines and influence organizational mission and health care. The position encompasses more than one level of care (acute, ambulatory, long term) and requires innovation and leadership in professional and health related programs at the local level.

Nurse V. Use standard survey job statements in paragraph 1, Registered Nurse.

b. Nurse Practitioner

Nurse I, Level 3. An entry-level nurse practitioner typically has completed at least an NLN-accredited, university-based program for nurse practitioners. A master's degree in a clinical specialty is preferred, and certification in the specialty is encouraged. Nurse demonstrates knowledge and competencies necessary to engage in primary health care decision making; to promote health maintenance and protection against disease; and to manage the care of certain patients within the scope of preparation and accountability.

Nurse II. Nurse typically has completed at least an NLN-accredited, university-based program for nurse practitioners and has 2 years of nursing practice; nurse may have a master's degree in a clinical specialty, which is preferred, with 1 year of practice. Certification in the specialty is encouraged. Nurse demonstrates competency and skill assessing the physical and psychosocial status of patients, families and groups; participates in primary care decision-making; assists in management of stable chronic diseases and minor acute conditions; and has an effective working relationship with members of the multidisciplinary health care team in a specific clinical setting. Nurse has demonstrated ability to serve as a preceptor to other nurses.

Nurse III. The individual has a master's degree in nursing or a related field, specialty training as a nurse practitioner, and approximately 2 – 3 years of nursing experience; or a doctoral degree in nursing or a related field, specialty training as a nurse practitioner, and 2 – 3 years of nursing experience. Nurse demonstrates advanced competencies and skills in assessing the physical and emotional status of patients, families and groups; may work with health promotion, health maintenance and management of stable chronic diseases and minor acute conditions; and may function within the usual role of a nurse or in a role with delegated medical functions. The nurse is an active member of the multidisciplinary health care team. The nurse provides leadership in using the nursing process to improve outcomes and organizational performance at the program/service level.

Nurse IV. Individual has a master's degree in nursing or a related field, specialty training as a nurse practitioner, and approximately 4 – 5 years of progressively responsible professional nursing practice; or a doctoral degree in nursing or a related field, specialty training as a nurse practitioner, and 3 –4 years of professional experience. Specialty certification is encouraged. The individual has substantial and continuous responsibility and accountability for population groups or integrated programs that cross service and/or discipline lines and influence organizational mission and health care. The individual uses an analytical framework, such as the nursing process, to create an environment that facilitates the delivery of care; demonstrates clinical excellence in management of population groups; provides leadership in improving or sustaining quality and effectiveness of care for a population group or complex program; implements standards of professional practice and accrediting bodies; develops staff for career progression, forecasts new knowledge needs for changing practice environments/population groups and develops strategies to meet the needs; contributes to the professional growth and development of colleagues and other health care providers; provides leadership in addressing ethical issues, demonstrates leadership in developing working relationships with groups in other programs, services, academic settings and community agencies; collaborates with staff, other disciplines, faculty and peers in developing, conducting, and evaluating research activities and programs; designs, modifies, and implements systems compatible with professional standards and with the mission and goals to improve the cost-effective use of resources.

c. **Clinical Nurse Specialist**

Nurse I, Level 3. An entry-level clinical nurse specialist has a master's degree in an NLN-accredited nursing program with a major in a clinical specialty. Certification in the specialty is required. Nurse demonstrates a high degree of knowledge, skill and competence in a specialized area of nursing. Nurse also demonstrates the ability to assess patients' problems, determine priorities, identify nursing measures and therapeutic objectives; to evaluate outcomes relating to patient care; to instruct other nursing personnel; and to collaborate with other health disciplines in promoting health maintenance and disease prevention programs. **NOTE:** *Since a master's degree is required for a clinical nurse specialist, a new graduate would qualify for appointment at Nurse I, Level 3.*

Nurse II. Nurse has a master's degree in an NLN-accredited nursing program with a major in a clinical specialty, and 1 year of post-academic relevant clinical experience. Certification in the specialty is required. Nursing practice requires application of in-depth knowledges, competencies and skills in a variety of settings, such as acute and long term care, ambulatory care, and community or hospital-based home care. May be involved in direct and indirect patient care, teaching, staff education, consultation

and collaboration with the health care team, and problem solving. Uses sound clinical judgment; provides leadership through committee participation; functions as a preceptor to other nurses; and applies current concepts and findings from research and other studies to practice.

Nurse III. Individual has a master's degree in an NLN-accredited nursing program with a major in a clinical specialty, and 2 years of post-academic relevant clinical experience. Certification in the specialty is required. The individual has responsibilities that demonstrate leadership, experience and creative approaches to management of complex client care. As an expert practitioner and through clinical practice, the nurse enhances patient care for a population group throughout the facility. The clinical specialist provides leadership in the application of the nursing process to client care, organizational processes and/or systems which improve outcomes at the program or service level. They initiate/actively participate in interdisciplinary projects to improve performance and outcomes; use professional standards of care and practice to evaluate programs/service activities; implement educational plans to meet changing program or service needs; maintain and update professional knowledge and skills; coach colleagues in team building; share expertise within and/or outside the facility; provide leadership in identifying and addressing ethical issues; use group process to identify, analyze and resolve care problems; collaborate with others in research activities to improve care either by application of current research-based knowledge or by conducting research or studies; manage program resources (financial, human, material or informational) to facilitate safe, effective and efficient care.

Nurse IV. Individual has a master's degree in an NLN-accredited nursing program with a major in a clinical specialty, and 4 years of post-academic relevant clinical experience. Certification in the specialty is required. The individual has substantial and continuous responsibility and accountability for population groups that cross service and/or discipline lines and influence organizational mission and health care. The individual uses an analytical framework, such as the nursing process, to create an environment that facilitates the delivery of care; demonstrates clinical excellence in management of population groups; provides leadership in improving or sustaining quality and effectiveness of care for a population group or complex program; implements standards of professional practice and accrediting bodies; develops staff for career progression, forecasts new knowledge needs for changing practice environments/population groups and develops strategies to meet the needs; contributes to the professional growth and development of colleagues and other health care providers; provides leadership in addressing ethical issues, demonstrates leadership in developing working relationships with groups in other programs, services, academic settings and community agencies; collaborates with staff, other disciplines, faculty and peers in developing, conducting, and evaluating research activities and programs; designs, modifies, and implements systems compatible with professional standards and with the mission and goals to improve the cost-effective use of resources.

d. **Intensive Care Unit (ICU) Nurse**

Nurse I. Use basic survey job statements for this grade.

Nurse II. Individual has a BSN and approximately 2 - 3 years of successful nursing practice; a master's degree in nursing or a related field and 1 - 2 years of successful nursing practice; or a doctoral degree in nursing or a related field and no professional experience. Experience at this level has demonstrated leadership in applying the nursing process to care of patients in an ICU setting where life-threatening disease or injury requires close monitoring and, at times, quick intervention. Practice requires application of problem solving skills at the unit or team level, and use of team approaches to identify, analyze and resolve problems. The ICU nurse is active in quality improvement for their area, evaluate practice of themselves and others; participate in continuing education to maintain expertise, improve clinical knowledge and enhance role performance; educate colleagues and/or students and serve as preceptor or mentor to less experienced staff; support and enhance client self-determination and serve as a resource for clients and staff on ethical issues; use research findings to validate and/or change work group practice; identify and assess resource utilization and take appropriate action.

Nurse III. The individual has a master's degree in nursing or a related field and approximately 2 – 3 years of nursing experience; or a doctoral degree in nursing or a related field and 2 – 3 years of nursing experience. The individual has responsibilities that demonstrate leadership, experience and creative approaches to management of complex client care in the ICU setting. These individuals provide leadership in the application of the nursing process to client care, organizational processes and/or systems which improve outcomes at the program or service level. They initiate/actively participate in interdisciplinary projects to improve performance and outcomes; use professional standards of care and practice to evaluate programs/service activities; implement educational plans to meet changing program or service needs; maintain and update professional knowledge and skills; coach colleagues in team building; share expertise within and/or outside the facility; provide leadership in identifying and addressing ethical issues; use group process to identify, analyze and resolve care problems; collaborate with others in research activities to improve care either by application of current research-based knowledge or by conducting research or studies; manage program resources (financial, human, material or informational) to facilitate safe, effective and efficient care.

e. **Operating Room (OR) Nurse**

Nurse I. Use basic survey job statements for this grade.

Nurse II. Individual has a BSN and approximately 2 - 3 years of successful nursing practice; a master's degree in nursing or a related field and 1 - 2 years of successful nursing practice; or a doctoral degree in nursing or a related field and no professional experience. Experience at this level has demonstrated leadership in applying the nursing process to care of patients during surgery and in the immediate post operative period. Practice requires application of problem solving skills at the unit or team level, and use of team approaches to identify, analyze and resolve problems. The OR nurse is active in quality improvement for the operating room, evaluate practice of themselves and others; participate in continuing education to maintain expertise, improve clinical knowledge and enhance role performance; educate colleagues and/or students and serve as preceptor or mentor to less experienced staff; support and enhance client self-determination and serve as a resource for clients and staff on ethical issues; use research findings to validate and/or change practice in the OR; identify and assess resource utilization and take appropriate action.

Nurse III. The individual has a master's degree in nursing or a related field and approximately 2 – 3 years of nursing experience; or a doctoral degree in nursing or a related field and 2 – 3 years of nursing experience. The individual has responsibilities that demonstrate leadership, experience and creative approaches to management of complex client care in the operating room setting. These individuals provide leadership in the application of the nursing process to client care, organizational processes and/or systems which improve outcomes at the program or service level. They initiate/actively participate in interdisciplinary projects to improve performance and outcomes; use professional standards of care and practice to evaluate programs/service activities; implement educational plans to meet changing program or service needs; maintain and update professional knowledge and skills; coach colleagues in team building; share expertise within and/or outside the facility; provide leadership in identifying and addressing ethical issues; use group process to identify, analyze and resolve care problems; collaborate with others in research activities to improve care either by application of current research-based knowledge or by conducting research or studies; manage program resources (financial, human, material or informational) to facilitate safe, effective and efficient care.

3. NURSE ANESTHETIST

a. **Nurse I**

Level 1. The individual must be a graduate of a school of professional nursing approved by the appropriate State accrediting agency and a graduate of a school of anesthesia approved by the Council on Accreditation of the American Association of Nurse Anesthetists (AANA). No prior experience as a nurse anesthetist is required at this level**.**

Level 2. Individual independently participates in team procedures which are exceptionally difficult or responsible, e.g., extracorporeal circulation, hypothermia, shock, and intensive care units. Typically these abilities are demonstrated in approximately 2 years of nurse anesthesia experience.

b. **Nurse II.** Candidate has had progressively responsible experience in the profession which included accomplishments in such areas as teaching, demonstration of patient care which is abreast of current concepts and advancements in the profession, direction of professional and nonprofessional personnel in providing patient treatment, and the administration of an effective nurse anesthetist education program. Typically, these accomplishments are demonstrated in approximately 4 years of nurse anesthetist experience.

c. **Nurse III.** Employees at this grade level are restricted to the following assignments. Such accomplishments are typically demonstrated in approximately 6 years of experience, including 1 year of successful practice in one of the following situations:

(1) **Independent Nurse Anesthetist.** The individual functions in an environment where typically there is no full-time staff anesthesiologist. This requires evaluating the patient's physical and mental condition and determining course of anesthesia care, including nature of anesthetic agent and method of administration, in conjunction with the surgeon, dentist, or podiatrist; delivering anesthesia for a broad range of procedures which may include new methods and techniques, as well as developing protocols for anesthesia care, for approval by the appropriate authority; and providing advice and assistance to

other nurse anesthetists in unusually difficult or complex cases.

(2) **Senior Nurse Anesthetist.** This is a nurse anesthetist who regularly provides anesthesia in the most complex types of procedures. Typically this includes anesthesia care in unusually extensive and complex procedures which are of prolonged duration and involve high risk patients, including development of individualized programs of post-anesthesia care; participating in the audit of anesthesia care, recommending changes where indicated; assisting in the teaching program for providing anesthesia care and participating as an instructor in the facility's program of inservice education; and, assisting in or conducting approved research projects relative to anesthesia care.

d. **Nurse IV.** This grade is restricted in the Department of Veterans Affairs (VA) to nurse anesthetists who have had a minimum of 6 years of professional experience and who are in one of the following assignments:

(1) **Chief, Nurse Anesthetist Section (or Unit).** As a first level supervisor, assumes full supervisory responsibility over a minimum of three experienced nurse anesthetists. Typically, duties include assignment of duties and responsibilities; evaluating performance and identifying continuing education and training needs; making recommendations for personnel actions; assisting in correlating a teaching program for providing anesthesia care; delivering anesthesia in complex cases and to poor risk patients; participating in the audit of anesthesia care, recommending changes where indicated.

(2) **Director, School of Nurse Anesthesia.** As Director of a school of nurse anesthesia, has responsibility for the school, including responsibility for the development of, and modification to, curricula, testing procedures, and evaluation criteria. May participate as instructor in the school. When there is a small school involved, these duties may be performed with those of a Chief, Nurse Anesthetist Section (or Unit). In the case of a large school (15 or more students), the preponderance of work will involve duties connected with administration of the school.

e. **Nurse V.** Candidates have responsibilities which significantly exceed the complexity of those described for Nurse IV. This assignment is restricted to those with a minimum of 6 years of professional experience and who manage a program with 15 or more subordinate nurse anesthetists.

NOTE: *Certification by the Council on Certification of Nurse Anesthetists is required at all grade levels for all nurse anesthetists. Candidates who are not certified may be hired for a period not to exceed 2 years, however, pending attainment of certification.*

4. HEALTH CARE FACILITY COMPLEXITY. In determining whether a non-VA health care facility is a small, medium, or large facility for purposes of job matching, the following factors need to be considered: bed size, volume of inpatient and outpatient workload, numbers of specialty programs, extent of education affiliation, and extent of research activities. An overview of these factors and their relationship to facility size and/or complexity level can be found in the Office of Personnel Management (OPM) position classification standard for the Health System Administration Series, GS-670.

5. DETERMINATION OF COMPARABLE POSITION. In making determinations about corresponding positions in non-Department health care facilities, surveyors should consider the overall

comparability of positions being evaluated. This includes consideration of the complexity of the facility, the scope and responsibility of a particular position, and the clinical knowledges and skills required to perform required duties. Job matches cannot be made on the basis of similarities in job titles. A possible match of corresponding positions should not be discounted solely on the basis of a disparity in the educational requirements.

APPENDIX E.
SAMPLE VA NURSE LOCALITY PAY SCHEDULE

Grade	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8	Step 9	Step 10	Step 11	Step 12	PSI
	Level 1		Level 2			Level 3							
Nurse I	$24,522	$25,257	$25,992	$26,727	$27,462	$28,197	$28,932	$29,667	$30,402	$31,137	$31,872	$32,607	$735
Nurse II	29,455	30,338	31,221	32,104	32,987	33,870	34,753	35,636	36,519	37,402	38,285	39,168	883
Nurse III	40,298	41,506	42,714	43,922	45,130	46,338	47,546	48,754	49,962	51,170	52,378	53,586	1,208
Nurse IV	45,130	46,483	47,836	49,189	50,542	51,895	53,248	54,601	55,954	57,307	58,660	60,013	1,353
Nurse V	56,627	58,325	60,023	61,721	63,419	65,117	66,815	68,513	70,211	71,909	73,607	75,305	1,698