Department of Veterans Affairs
Washington, DC 20420

VA DIRECTIVE 5007
Transmittal Sheet
April 15, 2002

PAY ADMINISTRATION

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

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

3. RESPONSIBLE OFFICE: The Human Resources Management Compensation and Classification Service (055), Office of the Deputy Assistant Secretary for Human Resources and Labor Relations.

4. RELATED HANDBOOK: VA Handbook 5007, "Pay Administration."

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

CERTIFIED BY:

/s/John A. Gauss
Assistant Secretary for
Information and Technology

BY DIRECTION OF THE SECRETARY OF VETERANS AFFAIRS:

/s/Jacob Lozada, Ph.D.
Assistant Secretary for Human
Resources and Administration

PAY ADMINISTRATION

1. PURPOSE. This directive contains policy on pay administration within the Department of Veterans Affairs (VA) 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 directive should be used in conjunction with VA Handbook 5007, which contains mandatory guidance and procedures on pay administration in VA.

2. POLICY

a. VA pay programs and practices will be administered and used to support the Department's efforts to create and maintain a high-performing workforce to serve veterans and their families.

b. VA will administer pay programs in a fair and equitable manner, consistent with applicable title 5 and title 38 provisions, Office of Personnel Management (OPM) regulations, and applicable Comptroller General and OPM decisions.

c. Each responsible official must assure that the administration of the Department's pay authorities is carried out in a cost-effective manner, as necessary, to recruit and retain an adequate workforce.

d. Each responsible official must assure that the rights of employees to correct and timely compensation are observed.

3. RESPONSIBILITIES

a. Statements of responsibility for the various pay administration programs may be found in each of the separate parts or chapters of VA Handbook 5007.

b. In those instances where a specific statement of responsibility has not been listed in a specific part or chapter of VA Handbook 5007, the following officials have responsibility for making pay determinations:

(1) The Secretary, or designee, is the approving official for pay actions 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 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.

Department of Veterans Affairs
Washington, DC 20420

VA HANDBOOK 5007
Transmittal Sheet

PAY ADMINISTRATION

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PAY ADMINISTRATION

CONTENTS

PART I. GENERAL

PART II. SETTING RATES OF PAY UPON APPOINTMENT

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

PART IV. COMPENSATION UPON SEPARATION

PART V. ADDITIONAL PAY AND PREMIUM PAY

PART VI. RECRUITMENT AND RETENTION INCENTIVES

PART VII. PAY LIMITATIONS

PART VIII. MISCELLANEOUS PAY AUTHORITIES

PART IX. [ ] **PAY FOR** [VHA] **PHYSICIANS AND DENTISTS**

PART X. LOCALITY PAY SYSTEM FOR TITLE 38 NURSES

PAY ADMINISTRATION

PART I. GENERAL

CONTENTS

PARAGRAPH **PAGE**

1. PURPOSE I-1
2. RESPONSIBILITIES I-1
[3. AUTHORITY ..... I-1]

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.

[**3. AUTHORITY.** The policies on pay administration in this handbook pertaining to title 38 employees, including the extension of title 5 pay authorities to title 38 employees and title 38 hybrids, are authorizing regulations prescribed pursuant to the Secretary's authority under 38 U.S.C. 7421(a) and the Under Secretary for Health's authority under 38 U.S.C. 7304. Policies so promulgated under the authority of 38 U.S.C. are regulatory with no deviations, not expressly authorized herein, to be indulged.]

PAY ADMINISTRATION

PART II. SETTING RATES OF PAY UPON APPOINTMENT

CONTENTS

PARAGRAPH PAGE

CHAPTER 1. GENERAL

1. PURPOSE II-1
2. RESPONSIBILITIES II-1
[3. DEFINITIONS ..... II-1]

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 ..... II-3
2. SETTING INITIAL RATES OF PAY FOR PERSONNEL SERVING IN TEMPORARY AND PART-TIME POSITIONS UNDER 38 U.S.C. 7405 ..... II-5
3. SETTING INITIAL RATES OF PAY FOR EMPLOYEES IN TITLE 5 POSITIONS (POSITIONS SUBJECT TO 5 U.S.C., CHAPTER 51) ..... II-[10]
4. SETTING INITIAL RATES OF PAY FOR FEDERAL WAGE SYSTEM EMPLOYEES ..... II-[10]

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

1. GENERAL II-13
2. RESPONSIBILITIES II-13
3. APPOINTMENT ABOVE THE MINIMUM RATE OF THE GRADE FOR PERSONNEL IN OCCUPATIONS LISTED UNDER 38 U.S.C. 7401(3) AND VHA GENERAL SCHEDULE HEALTH-CARE PERSONNEL II-13
4. APPOINTMENT ABOVE THE MINIMUM RATE OF THE GRADE FOR PERSONNEL SUBJECT TO CHAPTER 51 ..... II-[16]
5. APPOINTMENT ABOVE THE MINIMUM RATE OF THE GRADE FOR FEDERAL WAGE SYSTEM PERSONNEL II-16

CHAPTER 4. HIGHEST PREVIOUS RATE DETERMINATIONS [ ]

1. HIGHEST PREVIOUS RATE DETERMINATIONS FOR TITLE 38 PERSONNEL II-17
2. HIGHEST PREVIOUS RATE FOR TITLE 5 POSITIONS ..... II-[18]
3. HIGHEST PREVIOUS RATE FOR FEDERAL WAGE SYSTEM EMPLOYEES ..... II-[21]

CONTENTS – CONTINUED

PAGE

APPENDICES

II-A. [deleted] II-A-1
II-B. PAY POLICIES FOR FIELD FACILITY NURSE EXECUTIVES AND KEY NURSING PERSONNEL II-B-1
II-C. PAY CONVERSION INSTRUCTIONS FOR TITLE 38 STATUTORY RATES II-C-1
II-D. AUTHORIZING INDIVIDUAL APPOINTMENTS ABOVE THE MINIMUM RATE OF GRADE UNDER 5 U.S.C. 5333(A) AND PART II, CHAPTER 3, PARAGRAPH 4 OF THIS HANDBOOK II-D-1
II-E. COMPENSATION OF NONCAREER RESIDENTS SERVING UNDER 38 U.S.C. 7405 ..... II-E-1
II-F. COMPENSATION OF CONSULTANTS, ATTENDINGS, AND OTHERS EMPLOYED ON A FEE BASIS UNDER 38 U.S.C. 7405 ..... II-F-1

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, [ ] 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.

a. **Highest Applicable Rate Range.** The rate range applicable to an employee's position based on the position of record and official worksite that provides the highest rates of basic pay, excluding any retained rates. For example, if a rate range of special rates is higher than locality rates, then the special rate range is considered the highest applicable rate range. If no special rates apply, then locality rates are considered the highest applicable rate range.

b. **Underlying Rate of Basic Pay.** A GS base rate, a title 38 base rate (except for physicians, dentists and registered nurses) or a law enforcement officer base rate of pay. The underlying rate of basic pay does not include the locality pay supplement or special rate supplement.]

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 [except physicians and dentists] 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 [and] dentists [ ] appointed under 38 U.S.C. [7306,] 7401(1)[, and 7405(a)(1)(A) is determined in accordance with the procedures contained in part IX of this handbook].

(4) The initial rate of pay for [ ] podiatrists, chiropractors, optometrists, PAs, and EFDAs appointed under 38 U.S.C. 7401(1) who 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.

(5) The initial rate of pay for [ ] podiatrists , chiropractors, [ ] 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].

(6) The initial rate of pay for a [podiatrists, chiropractors, and optometrists] appointed to [Chief G]rade [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 [ ].

(7) The initial rate of pay for [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].

(8) The initial rate of pay for employees in hybrid occupations listed under 38 U.S.C. 7401(3) 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 531.221), 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. [General schedule employees who move from a lower GS grade to a hybrid occupation at a higher GS grade must have their pay set using GS promotion regulations outlined in VA Handbook 5007, part III, chapter 2 unless the pay is set at a higher rate using highest previous rate or a higher rate is approved under chapter 3 of this part (Authorization of Individual Appointments Above the Minimum Rate of the Grade).]

(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 on the basis of the individual's personal qualifications and attainments, superior qualifications, or special needs of the VA. In addition the approving official may authorize a higher step for assignment to a head nurse position or to recruit candidates with specialized skills in accordance with (see part III, chapter 8). The specific step rate should be based on a recommendation of the Nurse Professional Standards Board.

(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).

(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). 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 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." [For retroactive adjustment of salary rates for physicians and dentists, see paragraph 7f of part IX, this handbook.]

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

(1) In unusual circumstances that are not otherwise covered by this chapter, the [appointing official] may initially or subsequently adjust the salary of any person [appointed] under 38 U.S.C. 7306, [7401, or 7405(a)(1), except a] physician or dentist [to any one of the approved step rates of the grade held].

(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.

[(3) An appointing official may request a market pay review for a physician or dentist at any time in accordance with the provisions of part IX of this handbook.]

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, chiropractors, 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 [tier or] 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, chiropractors, 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. 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 [ ] 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.

d. Employees in hybrid occupations listed under 38 U.S.C. 7401(3) will be compensated as noted in paragraph 1, subparagraphs (7) and (8) of this chapter.

e. Employees that have completed a full course of training for an occupation listed under 38 U.S.C. 7401(3) and are 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 [ ] 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.

f. 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.)

g. 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.)

h. Each physician, dentist or nurse appointed as an **associate investigator** or Career Development Award-1 (CDA-1) recipient will receive a per annum salary rate related as closely as practicable to local conditions during the appointment. These appointees are not subject to the title 38 pay systems for physicians and dentists or nurses. 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 the GS-13, step 10 (exclusive of locality pay). 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, longevity step increases] 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 Base and Longevity Pay Schedule 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 or CDA-1 recipient 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 or CDA-1 recipient 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 or Physician or Dentist Compensation Panel. Likewise, the rate may be further adjusted to include market pay considerations, longevity step increases or periodic step increases which otherwise would have been earned if the individual had not become a trainee. The effective date of each such action will be the first day of the appropriate pay period following the completion of training.

i. Medical support personnel (i.e., employees other than physicians, dentists, podiatrists, chiropractors, 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 [ ] 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.

j. **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 calendar 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 calendar 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 [a stipend] on a per annum training rate basis [as approved by the Chief Academic Affiliations Officer (CAAO)]. Trainees may also be appointed [without compensation] (WOC) [under 38 U.S.C. 7405(a)(1)(D)] (see [sub]paragraph p). See [sub]paragraph n for special instructions on students paid in the Summer Work Program.

(1) [Payment Determination.] The Under Secretary for Health may establish, increase, or reduce [payment] 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 [ ] (CAAO).

(2) [**Payment Computation.** Payment is made bi-weekly 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 bi-weekly 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].

[(3) **Educational Details.**] A trainee may be detailed, with no loss of pay, to another [Federal or non-Federal] 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 [unless a WOC exchange trainee from a non-VA facility replaces the paid trainee at VA (see subparagraph (5). Educational details and the WOC Exchange Program must comply fully with directives and guidance provided by CAAO (141). See also VHA Manual M-8, part II, chapter 1, paragraph 1.10].

[(4) **Additional Compensation.** T]rainees 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.

[(5) **WOC Exchange Program.** This program allows a paid trainee in a VA sponsored training program appointed under 38 U.S.C. 7405(a)(1)(D) to rotate to a non-VA facility as long as a WOC trainee (see sub-bparagraph p) replaces the paid trainee at VA. The VA-paid trainee rotated to a non-VA training assignment will continue to receive pay from VA, and the exchange trainee assigned to the VA from a non-VA facility will be given a WOC appointment. The VA facility will ensure that equivalent WOC trainees will replace the VA-paid trainees for an equivalent amount of time when the VA-paid trainees at a non-VA assignment].

[ ]

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.

[ ]

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) [(1)(D)] may be authorized to serve as trainees on a [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. [See VA Handbook 5005, Part II, Chapter 2, section A, paragraph 4c; and Chapter 3, section G, paragraph 7 for additional information on WOC appointments.]

(1) Students from medical and dental schools may serve as clinical clerks [ ].

(2) Students from schools of nursing attached to non-Federal hospitals may serve as affiliate nurses [ ].

(3) Students from affiliating institutions [and participants in post-degree education programs]may serve as [associated health] trainees [ ].

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 [531.211], 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 "[maximum payable r]ate [r]ule." The term "[maximum payable] rate" refers to an individual's highest previous rate when such rate is recognized [ ] for salary adjustment purposes.

b. The rationale for the [maximum payable] 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 [IN OCCUPATIONS LISTED] 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 [employees in hybrid occupations listed under 38 U.S.C. 7401(3)] and VHA GS patient-care personnel at rates of pay above the minimum rate of the [highest applicable rate range for 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 [3]b [ ].

(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 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, the following restrictions apply when making highest previous rate determinations:

(a) 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.

(b) It is generally inappropriate to use above-minimum entrance rates and special 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. See chapter 4 of this part for additional information on applying highest previous rate when setting pay.

(c) In view of subparagraph a(3)(b) above, above-minimum entrance rates or special rates may be used as the highest previous rate only with the prior approval of the facility director and if the criteria in 5 CFR 531.222 and 531.223 are met. A copy of this approval shall be filed [in the permanent folder of the e-OPF] and documented in the "Remarks" section of the Request for Personnel Action, or its electronic equivalent.

(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, recent salary history or competing job offer,] higher or unique qualifications or special needs of VA. [The following factors must be documented and forwarded to the authorizing official for consideration when requesting appointment of an individual at a rate above the minimum rate of the grade:

a. Recommended grade, step and salary rate;

b. Reason for requesting an appointment above the minimum rate of the grade. This may include information on the candidate's existing pay or recent salary history, competing job offer(s), higher or unique qualifications, or special needs of VA;

c. Methodology used to determine the recommended rate of pay if not discussed above; and

d. Information regarding competing job offers or information regarding tentative benefits package, if used to justify a higher rate of pay.

NOTE: *For hybrid occupations listed under 38 U.S.C. 7401(3) or occupations approved for hybrid status under the provisions of VA Handbook 5005, Part II, Chapter 3, paragraph 2, the selecting official [should] forward the recommendation for appointment above the minimum rate of the grade to the appropriate professional or similar standards board. The board will consider this information when making a formal recommendation regarding the candidate's qualifications, and recommended grade and step upon appointment. [Board recommendations may serve as the justification to support an appointment above the minimum rate of the grade. A brief narrative on VA Form 10-2543, Board Action, should be included which provides pertinent information regarding the basis of the recommendation as it relates to the candidate's existing rate of pay, recent salary history or competing job offer, higher or unique qualifications or special needs of the VA.]*

(2) Before using this pay setting 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; possible employee and/or community relations problems which may result from using this authority and alternatives to using this authority to include the use of recruitment incentives, 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 and may be used with full-time, part-time, intermittent, permanent, or temporary appointments provided its use is consistent with the criteria contained herein. It is typically used for new appointments (i.e., first appointment as an employee of the Federal Government, however it may be used for reappointments, provided the candidate had a break in service of at least 90 calendar days. A 90-day break in service is not required if the candidate's civilian service immediately preceding the appointment consisted of one or more periods of employment under a time-limited or non-permanent appointment, employment as an expert or consultant under 5 U.S.C. 3109 and 5 CFR 304, or employment under a provisional appointment under 5 CFR 316.403.

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 IV 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 531.212, 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 531.212 and meet all legal and regulatory requirements.

c. Office of Personnel Management regulations require that consideration must be given to a recruitment incentive 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.

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 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 typically authorized for individuals entering Federal civilian service for the first time, however it may be used for reappointments, provided the candidate had a break in service of at least 90 calendar days. A 90-day break in service is not required if the candidate's civilian service immediately preceding the appointment consisted of one or more periods of employment under a time-limited or non-permanent appointment, employment as an expert or consultant under 5 U.S.C. 3109 and 5 CFR 304, or employment under a provisional appointment under 5 CFR 316.403. 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. [A sample template for requesting an appointment above the minimum rate of the grade is contained in Appendix D. Each request to appoint an individual above the minimum rate of the grade must be made in writing and address the factors contained in the sample template. Requests will be forwarded through organizational channels to the serving HR office for technical review and concurrence prior to submission to the approving official.]

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

[ ]

1. HIGHEST PREVIOUS RATE DETERMINATIONS FOR TITLE 38 PERSONNEL

a. A [step] rate above the minimum may be set as the initial rate of pay for podiatrists, chiropractors, 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.

NOTE: *The step rate for physicians and dentist appointed under 38 U.S.C. 7401(1) is determined based on the individual's tenure in VHA as described in paragraph 7 of part IX, this handbook.*

b. For podiatrists, chiropractors, 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. [Instructions for calculating highest previous rate for podiatrists, chiropractors, optometrists, PAs and EFDAs are contained in paragraph 2 of this chapter.]

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 [ ] 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 [ ] 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 [531.222] generally provides agencies with discretion to set the pay of [an] 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. [To determine the highest previous rate based on a GS rate or LEO rate the underlying GS rate must be used as the highest previous rate, as follows:

(1) Compare the employee's highest previous rate (underlying rate) with the GS underlying rates for the grade in which pay is currently being set using the nationwide GS pay chart in effect at the time the highest previous rate was earned;

(2) Identify the lowest step in the grade at which the nationwide GS rate was equal to or greater than the employee's highest previous rate. If the employee's highest previous rate was greater than the maximum GS rate, use the step 10 rate;

(3) Identify the rate on the current GS nationwide schedule for the employee's current position of record and grade that corresponds to the step identified in paragraph (2) above. This rate is the maximum payable GS rate that may be paid to the employee;

(4) After setting the employee's GS rate within the rate range for the grade (not to exceed the maximum payable rate), determine the employee's payable rate by adding in the appropriate amount of locality pay or special rate, as applicable.

b. To determine highest previous rate based on a GS employee's special rate under the conditions described in subparagraph f below, use the employee's former special rate in effect immediately before the reassignment as follows:

(1) If the employee's special rate schedule is being adjusted on the effective date of the employee's reassignment, determine what the employee's special rate would be on the adjusted schedule and treat the resulting special rate as the employee's former special rate.

(a) If the employee is being assigned to an official worksite within the geographic boundaries of the former special rate schedule, compare the former special rate to the rates of basic pay in the highest applicable rate range for the employee's current position of record and current official worksite;

(b) Identify the lowest step in the range that equals or exceeds the former special rate, or the maximum step rate, if the former special rate exceeds the range maximum – the step rate identified becomes the employee's maximum payable rate of pay.

(2) If the employee is assigned to an official worksite outside the geographic boundaries of the former special rate, determine the maximum payable rate as follows:

(a) Perform geographic conversion by converting the former special rate to a corresponding rate (same step) on the current highest applicable rate range for the new official worksite based on the employee's position of record immediately before the reassignment;

(b) If the rate resulting from the geographic conversion is a special rate, that converted special rate is deemed to be the employee's former special rate and highest previous rate. If the resulting rate is not a special rate use the provisions of paragraph 2a above to calculate highest previous rate based on a GS rate of pay.

c. To determine highest previous rate based on a rate under a non-GS pay system (i.e. FWS or Title 38 schedule) determine the maximum payable rate of pay that may be paid as follows:

(1) Compare the highest previous rate to the highest applicable rate range in effect at the time and place where the highest previous rate was earned. The highest applicable rate range is determined as if the employee held the current GS position of record, including the grade in which pay is being set, at that time and place;

(2) Identify the lowest step rate in the range that equals or exceeds the highest previous rate, or the maximum step rate if the highest previous rate exceeds the maximum range for the grade;

(3) Convert the step rate to the corresponding step in the current highest applicable rate range for the employee's current GS position of record. This step rate is the employee's maximum payable rate of pay.

d.] 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.*

[e. The highest previous rate may not be based on the following:

(1) A rate received under an appointment as an expert or consultant under 5 U.S.C. 3109;

(2) A rate received in a position to which an employee is temporarily promoted for less than 1year unless the employee is permanently placed in a position at the same or higher grade;

(3) A rate received by an individual while employed by the government of the District of Columbia who was first employed by the District of Columbia on or after October 1, 1987;

(4) A rate received by an individual while employed by a Department of Defense or Coast Guard nonappropriated fund instrumentality;

(5) A rate received solely during a period of interim relief under 5 U.S.C. 7701(b)(2)(A);

(6) A rate received under a void appointment or a rate otherwise contrary to applicable law regulation; [ ]

(7) A rate received in a position from which the employee was reassigned or reduced in grade for failure to satisfactorily complete a probationary period as a supervisor or manager[;

(8) A rate received as a member of the uniformed service; or

(9) A retained rate].

f. A special rate may be used as the highest previous rate only when all of the following conditions apply:

(1) The employee is reassigned to another position in the same agency at the same grade level;

(2) The special rate is the employee's rate of pay immediately before the reassignment; and

(3) The authorizing official finds that the need for the services of the employee, and the employee's contribution will be greater in the position to which reassigned. Determinations to use a special rate as a highest previous rate should be made on a case-by-case basis and must be fully documented in writing.

g. The maximum payable 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 a highest previous rate determination.

(2) The employee's tenure in the position on which the highest previous 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 531.222, 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 highest previous 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 maximum payable rate rule should be documented in the individual's personnel folder.

(4) The use of highest previous rate to set pay is discretionary and should be made on an individual case-by-case basis. Human Resources staff should calculate the maximum payable rate in each situation and notify the appropriate management/selecting official. In turn, the management/selecting official should submit in writing their recommendation on setting pay up to the maximum payable rate after considering the guidance provided in this paragraph. Requests must be forwarded through organizational channels to the servicing HR office for technical review and concurrence prior to submission to the approving official.

h. 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.

i. 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. [Highest previous rate shall be computed in accordance with FWS Operating Manual, Section S8-3e.]

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.

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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) [**Promotions Simultaneous with Reassignments or Transfers to Another VA Facility.** Employees 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 paragraph 1c(2) of part III, chapter 4.

(3)] **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 7 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 7 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. **Periodic Step Increase.** Nurse executives are eligible for periodic step increases in accordance with paragraph 1 of part III, chapter 5.

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d. **Applicability of Other Provisions of this Handbook.** Employees covered by this paragraph are [ ] eligible for PSIs[,] special advancements for performance[,] 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 [ ] 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. [For physicians and dentists, the general increase shall only apply to the base pay rate (i.e., longevity step) and not the market pay component.]

2. Rates of basic pay for temporary full-time, part-time and intermittent physicians, dentists, podiatrists, chiropractors, 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 [ ]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 [highest applicable rate range for the] grade. In computing the new rate, fifty cents or more shall be rounded to the next higher dollar amount.

APPENDIX D.
AUTHORIZING INDIVIDUAL APPOINTMENTS ABOVE MINIMUM RATE OF GRADE UNDER 5 U.S.C. 5333 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 [part II, chapter 3] this paragraph and must also satisfy the provisions of 5 CFR 531.212.

2. Requests for centralized positions will be forwarded through organizational channels and the Office of Human Resources Management (OHRM) (055) 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 (05HRS) for technical review and concurrence prior to submission to the approving official. [For positions in the field, requests should be submitted by the appropriate recommending or selecting official to the facility Human Resources Office for technical review and concurrence prior to submission to the approving official. In the field, the facility Director or his/her designee is the approving official.]

4. Justification for all appointments above the minimum rate of the grade will [be documented using the sample template contained in this appendix.]

5. The facility HRMO or the Director, Central Office Human Resources Service (05HRS), as appropriate, shall maintain a case file for each action which will contain the information required in [the sample template contained in this appendix] 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 [in the permanent folder of the employee's e-OPF].

[SAMPLE TEMPLATE FOR AUTHORIZATION AND REVIEW OF APPOINTMENTS ABOVE THE MINIMUM RATE OF THE GRADE UNDER 5 U.S.C. 5333 AND VA HANDBOOK 5007, PART II, CHAPTER 3, PARAGRAPH 4

SECTION A – Employee Information

_____ _____
Name (Last, First, MI) Position Title, Pay Plan, Occupation Series and Grade

Type of Appointment (Permanent, Temporary with NTE date) _____

Appointment Authority _____ Work Schedule _____

_____ _____
Duty Station (Name & Location) Service/Service Line/Section/Unit

SECTION B – Basis for the Recommendation

_____ Recommend an appointment above the minimum rate of the grade based on the candidate's superior qualifications as indicated in the attached document.

_____ Recommend an appointment above the minimum rate of the grade based on a special need as indicated in the attached document.

Recommended Step and Step Rate _____

_____ _____
Name and Title of Recommending Official **Date Signed**

A technical review of this request has been conducted based on criteria contained in VA Handbook 5007, Part II, Chapter 3.
Recommend Approval of this Request / Do Not Recommend Approval of this Request

_____ _____
Name and Title of HR Reviewer **Date Signed**

_____ Appointment above the minimum rate of the grade at _____ is Approved
(Grade, Step and Rate)

_____ Appointment above the minimum rate of the grade is Disapproved

_____ _____
Facility Director, or Designee **Date Signed**

SECTION C – Factors Demonstrating a Candidate Possesses Superior Qualifications

1. Describe the level, type and/or quality of the candidate's skills or competencies demonstrated or obtained through experience and/or education that distinguish the candidate as possessing superior qualifications.

2. Describe the quality of the candidate's experience, skills, competencies, education and/or accomplishments compared to other candidates.

3. Describe the candidate's experience, skills, competencies, education and/or accomplishments relevant to the requirements of the position to be filled. Describe how these skills, competencies, experience and or accomplishments are significantly higher or more specialized than what is minimally required.

4. Describe the candidate's existing salary, recent salary history or salary documented in a competing job offer.

5. Discuss significant disparities between Federal and non-Federal salaries for the skills and competencies required for the position to be filled.

6. Describe existing labor market conditions and employment trends, including the availability and quality of candidates for the same or similar position(s).

7. Describe the success of recent efforts to recruit high quality candidates for the same or similar position(s).

8. Describe recent turnover in the same or similar position(s).

SECTION C – Factors Demonstrating a Candidate Possesses Superior Qualifications - Continued

9. Describe the importance/criticality of the position to be filled and the effect on the organization if the position is not filled or if there is a delay in filling the position.

10. Describe any other factors that affect filling the position with a high quality candidates (i.e. desirability of the geographic location, duties and/or work environment, etc).

11. Discuss the consideration given to authorizing a recruitment incentive in lieu of recommending an appointment above the minimum rate of the grade.

SECTION D – Factors Demonstrating a Candidate Fills a Special Need

1. Describe the special or unique need of the organization; include special or unique competencies that are required for the position.

2. Describe the candidate's type, level or quality of skills and competencies, or qualities and experiences that are relevant to the requirements of the position to be filled.

3. Describe how the candidate's experience, skills or competencies are essential to accomplishing an important mission, goal or program activity.

4. If applicable, describe how the candidate meets workforce needs as documented in the Department or Facility strategic human capital plan.

5. Describe the candidate's existing salary, recent salary history or salary documented in a competing job offer.

6. Discuss significant disparities between Federal and non-Federal salaries for the skills and competencies required for the position to be filled.

SECTION D – Factors Demonstrating a Candidate Fills a Special Need - Continued

7. Describe existing labor market conditions and employment trends, including the availability and quality of candidates for the same or similar position(s).

8. Describe the success of recent efforts to recruit high quality candidates for the same or similar position(s).

9. Describe recent turnover in the same or similar position(s).

10. Describe the importance/criticality of the position to be filled and the effect on the organization if the position is not filled or if there is a delay in filling the position.

11. Describe any other factors that affect filing the position with a high quality candidates (i.e. desirability of the geographic location, duties and/or work environment, etc).

12. Discuss the consideration given to authorizing a recruitment incentive in lieu of recommending an appointment above the minimum rate of the grade.]

APPENDIX E.
COMPENSATION OF NONCAREER RESIDENTS SERVING UNDER 38 U.S.C. 7406

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 CAAO (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 CAAO (141) 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 CAAO (141)].

b. **Educational Details**

[(1)] 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. However, [ ] the total time spent in non-VA institutions [may not] exceed one-sixth of the total hours a trainee is in a pay and training status with VA unless a WOC trainee from a non-VA facility replaces the paid trainee at VA under the WOC Exchange Program.

[(2) The "one-sixth rule" does not apply to VA-paid (either directly or indirectly via a disbursement agreement) residents when they are training at a Department of Defense (DoD) institution if the DoD institution has a Joint Venture with VA or a VA/DoD sharing agreement under which the DoD institution provides care to VA beneficiaries. VA-paid residents, as a proportion of the total number of residents in the DoD-sponsored or affiliated entity-sponsored program, may not exceed the proportion of VA beneficiary-generated workload (either inpatient and/or outpatient) under Joint Venture arrangements. For example: in a DoD inpatient facility where VA beneficiaries generate approximately 50 percent of the workload (averaged over time), the proportion of VA civilian residents in the DoD-sponsored program or rotating to the DoD institution could not exceed 50 percent. In this example, if the program had 12 residents per training year, the maximum number of VA-paid residents would be 6 per training year.

3.] Educational details and the WOC Exchange Program must comply fully with directives and guidance provided by CAAO (141). [ ]

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 CAAO (141). 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 CAAO 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 CAAO, 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 CAAO. 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 CAAO 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 CAAO (141).

(3) Requests for reduced-schedule residency authorizations and stipend rates will be directed to CAAO (141) 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. [ ] Facilities wishing to consider use of a disbursement agreement should contact CAAO (141) for instructions. See also VHA [Handbook 1400.05, Disbursement Agreements Procedures].

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

[**a.**] The instructions in this appendix apply to the payment of physicians, dentists, optometrists, chiropractors, 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.

[b. Fee basis appointments are to be used when health services are not otherwise readily available, when it is cost effective (e.g., there is a limited need for specialized services) and when the utilization is focused on the service to be provided rather than on a specified tour of duty. Fee basis appointments shall not be used when other types of appointments (i.e., full-time, part-time or intermittent) are appropriate.

c. Individuals appointed on a fee basis shall be subject to income tax withholding. This includes Federal withholdings plus state and/or local income taxes, if applicable. It also includes Old Age and Survivor's Disability Insurance (OASDI) and Medicare taxes, including applicable VHA contributions to these programs.

d. Civil service annuitants appointed on a fee basis are not subject to any reduction of their fees.

e. Individuals appointed on a fee basis may be defended by the United States against allegations of malpractice or negligence arising from the exercise of their duties (38 U.S.C. 7316). They are also covered by the Federal Employees' Compensation Act (5 U.S.C., ch. 81) and unemployment compensation (5 U.S.C., ch. 85).

f. Fees paid to individuals covered by this appendix are subject to garnishment under 5 CFR, parts 581 and 582.

g. Individuals appointed on a fee basis are to have their fee paid to them through Direct Deposit/Electronic Funds Transfer (DD/EFT).]

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, chiropractors, 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. [Facilities should document how rates are set and must maintain all information used to establish fee rates in order to make periodic rate reviews.] 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 [duty], 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. [Requests to exceed the $75 or $40, respectively, must be fully documented to include information on why a higher rate is needed, how the payment rate was determined, and the cost effectiveness of authorizing a higher rate. The information used to justify a higher rate must be maintained and should be used in future payment rate determinations.]

(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 2d(3), 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, chiropractors, nurses, physician assistants, and expanded-function dental auxiliaries.

(2) Categories listed under 38 U.S.C. 7401(3), e.g., licensed physical therapists, certified or registered respiratory therapists, licensed practical or vocational nurses, audiologists, and dietitians.

(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**

(1) Employees appointed on a fee basis are to be compensated by the task or service (i.e., by piecework) and are not to be paid on a time basis. Examples of appropriate fee basis appointments include: physicians paid by the compensation and pension examination, members of clergy paid by religious service, or health care practitioners paid by specifically identified medical or surgical procedures. Employees compensated on a time basis are to be appointed on a full-time, part-time, or intermittent basis, depending on the needs of the facility.

(2) 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.

[(3) Facilities must document and maintain all information used to establish payment rates in sufficient detail in order to aid in future pay negotiations and to assist in periodic rate reviews. Depending on what method is used to establish the fee rate, minimum documentation should include:

(a) Details of surveys conducted, to include the names of officials and the health care establishments contacted, the date of the contact, information regarding what specific services or duties are included in quoted prices, and any other pertinent information used as a factor in setting rates; or

(b) If fee rates are being set using Medicare or other fee schedules, documentation regarding specific procedure codes, how discounts were calculated, and the basis for the discounts (e.g., subtracting out a portion of the Medicare rate since services are being provided at the facility); or

(c) Copies of local or regional compensation survey information published by a third party; or

(d) Information on other method(s) used in setting fee basis rates of pay.

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 [the step 1 rate on the Physician and Dentist Base and Longevity] 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 1 rate on the Physician and Dentist Base and Longevity Pay Schedule] and it is not possible to obtain MOD and admitting coverage, the facility director may approve an exception to the fee limitation. If an exception is approved, facilities should document how rates are set and must maintain all information used to establish fee rates in order to make periodic rate reviews.

(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 calendar 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 calendar 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 [annual pay rate] 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 [his or her annual salary (sum of base and market pay)] prorated at 7/8ths[ ]. Facilities needing to pay more to dual appointees may submit requests for exceptions to the Assistant Deputy Under Secretary for Health (10N/055).

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

[**5. MONITORING FEE-BASIS PAYMENTS**

a. Human Resources Management (HRM) Officers, or designees, will monitor fee basis salary limitations, provide technical advice, guidance, and assistance to officials regarding salary limitations, and will maintain necessary records and documentation regarding fee payments.

b. HRM officials will code the approved annual pay limitation for each fee-basis employee into the PAID system. The PAID system will generate a biweekly message to the facility when a fee-basis employee is within ten percent (10%) of reaching the annual pay limitation in the employee's master record.

c. HRM officials will be responsible for notifying key management officials (i.e. service chiefs, Chief of Staff, Medical Center Director) when a fee-basis employee is nearing the pay limitation. In no case may the total of fee payments exceed the rate for EL-V. Additional information regarding aggregate pay limitations can be found in VA Handbook 5007, Part VII, Chapter 2.]

PAY ADMINISTRATION

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

CONTENTS

PARAGRAPH PAGE

CHAPTER 1. GENERAL

1. PURPOSE III-1
2. RESPONSIBILITIES III-1

CHAPTER 2. PROMOTIONS/ADVANCEMENTS

1. ADVANCEMENTS FOR PERSONNEL APPOINTED UNDER 38 U.S.C. 7401 ..... III-3
2. PROMOTIONS FOR PERSONNEL APPOINTED UNDER 38 U.S.C. 7405 ..... III-5
3. PROMOTIONS FOR POSITIONS SUBJECT TO 5 U.S.C., CHAPTER 51 ..... III-5
4. PROMOTIONS FOR EMPLOYEES IN POSITIONS UNDER THE FWS ..... III-[6b]

[5. DEFINITIONS] ..... III-[6b]

CHAPTER 3. CHANGE TO LOWER GRADE

1. CHANGE TO LOWER GRADE FOR PERSONNEL APPOINTED UNDER 38 U.S.C. 7401 ..... III-7
2. CHANGE TO LOWER GRADE FOR POSITIONS PAID FROM THE GENERAL SCHEDULE III-7
3. CHANGES TO LOWER GRADE FOR EMPLOYEES IN POSITIONS UNDER THE FWS III-7

CHAPTER 4. OTHER ASSIGNMENT CHANGES AND MOVEMENTS

1. PERSONNEL APPOINTED UNDER 38 U.S.C. 7306 AND 7401 ..... III-9
2. PERSONNEL IN POSITIONS SUBJECT TO 5 U.S.C., CHAPTER 51 ..... III-12
3. PERSONNEL IN POSITIONS UNDER THE FWS III-13
4. SETTING RATES OF PAY FOR MOVEMENTS FROM NON-GENERAL SCHEDULE POSITIONS TO GENERAL SCHEDULE POSITIONS III-13
5. SETTING RATES OF PAY FOR MOVEMENTS BETWEEN PAY SYSTEMS, WAGE SCHEDULES AND WAGE AREAS III-14
6. MANDATORY RESTORATION AFTER MILITARY SERVICE OR COMPENSABLE WORK INJURY (5 CFR 353) III-14
7. SIMULTANEOUS PAY CHANGES III-14

CONTENTS - CONTINUED

PARAGRAPH **PAGE**

CHAPTER 5. WITHIN GRADE INCREASES AND PERIODIC STEP INCREASES

1. PERIODIC STEP INCREASES FOR PERSONNEL APPOINTED UNDER 38 U.S.C. 7401 ..... III-15
2. PERIODIC STEP INCREASES FOR PERSONNEL APPOINTED UNDER 38 U.S.C. 7405 ..... III-18
3. ADMINISTRATIVE STEP INCREASES FOR PERSONNEL APPOINTED UNDER 38 U.S.C. 7306 ..... III-[18]
4. 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) AND 7405(a)(1)(B) III-25
5. WITHIN-GRADE INCREASES FOR FEDERAL WAGE SYSTEM EMPLOYEES III-28
6. REFERENCES III-31

CHAPTER 6. GRADE AND PAY RETENTION

1. GENERAL III-33
2. GRADE RETENTION UNDER TITLE 5 ..... III-33
3. PAY RETENTION UNDER TITLE 5 ..... III-[35]
4. [PAY RETENTION UNDER TITLE 38 (OTHER THAN NURSES[, PHYSICIANS AND DENTISTS]..... III-[36a]
5. [PAY RETENTION UNDER TITLE 38 FOR NURSES AND NURSE ANESTHETISTS SUBJECT TO THE LOCALITY PAY SYSTEM] ..... III-[37]
6. [TERMINATION OF GRADE AND PAY RETENTION BENEFITS (TITLE 5)] ..... III-[38]
7. [APPEALS (TITLE 5 ONLY)] ..... III-[38]
8. DOCUMENTATION III-38
9. REFERENCES III-38

[ ]

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

1. ABOVE MINIMUM ENTRANCE RATES (INCLUDING ABOVE-MINIMUM ENTRANCE RATES ON A SPECIAL [ ] RATE RANGE) III-39
2. SPECIAL [ ] RATE RANGES III-39
3. REDUCED OR DISCONTINUED RATES III-40
4. [MOVEMENTS TO AND FROM POSITIONS COVERED BY SPECIAL RATES] III-40

[ ]

CONTENTS - CONTINUED

PARAGRAPH **PAGE**

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

1. ASSIGNMENT AS A HEAD NURSE/NURSE MANAGER III-43
2. HIGHER RATES OF PAY BASED ON SPECIALIZED SKILLS III-44
3. ELIGIBILITY III-45
4. DOCUMENTATION III-45
5. PAY ADMINISTRATION III-45
6. DETAILS AND REASSIGNMENTS III-46

CHAPTER 9. LOCATION-BASED PAY ENTITLEMENTS

1. DETERMINING AN EMPLOYEES OFFICIAL WORKSITE III-49
2. TEMPORARY OFFICIAL WORKPLACE CHANGES III-49
3. LOCATION-BASED PAY ENTITLEMENTS FOR EMPLOYEES ON A TELEWORK AGREEMENT III-49
[4. ANNUAL VALIDATION OF DUTY STATIONS III-50
5. RESPONSIBILITIES ..... III-50]

APPENDICES

III-A. STATEMENTS OF UNDERSTANDING FOR ASSIGNMENT AS A HEAD NURSE OR POSSESSION OF SPECIALIZED SKILLS III-A-1
III-B. PAY SETTING EXAMPLES III-B-1
[III-C. DUTY STATION DETERMINATION AND EXAMPLES ..... III-C-1]

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 Podiatrists, Chiropractors, Optometrists, Physician Assistants (PAs) and Expanded Function Dental Auxiliaries (EDFAs).** Podiatrists, chiropractors, optometrists, PAs and EDFAs appointed under 38 U.S.C. 7401(1) 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. [The same instructions regarding geographic conversion and calculating promotions using the standard and alternate methods, which are contained in paragraph 3a of this part apply when calculating promotion actions for podiatrists, chiropractors, optometrists, physician assistants and EFDAs.]

NOTE: *Physicians and dentists appointed under 38 U.S.C. 7401(1) are not subject to promotion rules as these are single grade occupations. See paragraph 15, part IX of this handbook for changes in assignment for physicians and dentists*.

b. **Promotion of Hybrid Employees.** Employees in occupations listed under 38 U.S.C. 7401(3) who are promoted to a higher grade are entitled to have their pay set in accordance with 5 [CFR 531.214], unless they are entitled to a higher rate of pay under the provisions of part II, chapter 4, paragraph 2, or the grade and pay retention provisions of part III, chapter 6 of this handbook and 5 CFR, part 536. [See paragraph 3a of this part for instructions on geographic conversion, and the alternate and standard methods for calculating promotions.]

NOTE: *Refer to paragraph 4 of chapter 7, this part, for promotions involving special rates. Refer to chapter 4 of this part and part IX of this handbook for assignment changes for personnel appointed under 38 U.S.C. 7306 and 7401*.

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. [7] 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.

(4) **Promotion Simultaneous with Placement on a Specialty Schedule.** Nurses or Nurse Anesthetists promoted effective the same date they are assigned to a specialty schedule shall have their promotion calculated using the pay schedule to which assigned immediately prior to the promotion. Once the new grade and step are determined, the employee is then placed at the same grade and step on the specialty schedule.

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 podiatrists, chiropractors, 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 [subparagraph 3a below for information on calculating] 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 [CFR 531.214] or the provisions of this handbook regarding the application of the [highest previous] rate rule. [The following pay setting methods will apply:

(1) **Geographic Conversion.** Geographic conversion ensures that an employee whose official worksite is moved to a new location receives the same rate of pay as an employee at the same grade and step who was already stationed at the new location and who undergoes the same pay actions. When an employee's official worksite is changed to a new location where different pay schedules apply, the employee's pay must be converted to the new pay schedule before processing any simultaneous pay action (other than a general pay adjustment). The employee's rate is converted to the corresponding rate on the pay schedule that would apply to the employee's existing position of record if he or she were stationed at the new official worksite. The resulting rate is then used as the existing rate of pay in effect when processing a subsequent promotion action. A reduction in an employee's payable rate of basic pay as a result of geographic conversion is not a basis for pay retention.

(2) **Standard Method.** This method of calculating a promotion is used when an employee is covered by the same pay schedule before and after promotion. The standard method will also be used when different pay schedules apply before and after promotion, if this method produces a higher result than the alternate method. The steps for the standard method are as follows:

(a) If applicable, apply geographic conversion and any simultaneous within grade increase or quality step increase. Using the rate determined by geographic conversion or the employee's current rate of pay (if geographic conversion does not apply) identify the employee's existing underlying rate in the grade and increase that rate by two within grade increase amounts for that grade (i.e. the regular 2-step promotion rule);

(b) Add any locality pay or special rate supplement based on the employee's position of record before promotion and official worksite after promotion - this determines the highest payable rate of basic pay in calculating the promotion. If the rate determined in subparagraph (2)(a) above is higher than the maximum rate of the grade, add the same locality pay percentage or special rate supplement that applies to rates within the rate range;

(c) Identify the highest applicable rate range (locality pay schedule or special rate schedule) for the employee's position of record after the promotion and find the lowest step rate in that range that equals or exceeds the rate determined in subparagraph (2)(b) above. This is the employee's payable rate of basic pay upon promotion.

NOTE: *The standard method will always apply to an employee being promoted to a higher grade in a different locality pay area when special rates are not involved. Since geographic conversion is performed before the promotion action, the same pay schedule applies before and after promotion.*

(3) **Alternate Method.** This method is used if the employee is covered by different pay schedules before and after promotion OR if the alternate method produces a higher payable rate upon promotion than the standard method. The steps for the alternate method are as follows:

(a) If applicable, apply geographic conversion and any simultaneous within grade or quality step increases. Using the rate determined by the geographic conversion or the employee's current rate (if

geographic conversion does not apply) identify the employee's existing base rate in the grade before the promotion and increase that rate by two within grade increase amounts for that grade (i.e., the regular 2-step promotion rule);

(b) Add any locality pay or special rate supplement based on the employee's position of record before promotion and the official worksite after promotion – this determines the highest payable rate of basic pay in calculating the promotion. If the rate determined in subparagraph (3)(a) above is higher than the maximum rate of the grade, add the same locality pay percentage or special rate supplement that applies to rates within the rate range;

(c) Identify the highest applicable rate range (locality pay or special rate) for the employee's grade after promotion based on any pay schedule that applied to the employee's position before promotion and find the lowest step that equals or exceeds the rate determined in subparagraph (3)(b) above. Do not consider pay schedules that apply only to the employee's new position of record. For example, if a special rate only applies to an employee's position after promotion, disregard that special rate schedule in applying this step;

(d) If the rate determined in subparagraph (3)(c) above is higher than the maximum range of the grade, use the same locality pay percentage or special rate supplement that applies to rates within the rate range;

(e) Convert the lowest step rate identified in subparagraph (3)(c) above to the corresponding step rate in the highest applicable rate range for the employee's new position of record after promotion. This step rate is the employee's alternate payable rate of basic pay upon promotion.

[(f) If the employee's existing rate before promotion exceeds the maximum rate of the grade to which promoted, the employee is entitled to pay retention in accordance with 5 CFR 536.301.]

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 highest previous 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 highest previous 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. Ifthe 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 to subparagraph 3a of this chapte for promotions involving special rates.*

c. **Simultaneous Pay Actions.** Simultaneous pay actions will be processed in the following order:

(1) Process general pay adjustments such as an annual adjustment to the General Schedule under 5 U.S.C. 5305, any adjustment in special rates, or an adjustment of a locality pay percentage;

(2) Apply geographic conversion, if applicable;

(3) Process any within grade increase or quality step increase to which the employee is entitled;

(4) Process any promotion action using either the standard or alternate method, as appropriate; and

(5) Except as provided above, process individual pay actions that take effect at the same time in the order that gives the employee the maximum benefit.]

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.

[**5. DEFINITIONS**

a. **Geographic Conversion.** The process by which an employee's rate of basic pay must first be converted to a corresponding rate on the pay schedule that would apply to the employee's existing position of record if he or she were stationed at a new official worksite. No other simultaneous pay change is considered until after the geographic conversion takes place. Examples of geographic conversion may be found in Appendix III-B.

b. **Official Worksite.** The location of an employee's position of record where the employee regularly performs his or her duties, or, if the employee's work involves regular travel or the employee's work location varies on a daily basis, where his or her work activities are based, as determined by the supervisor. The official worksite must be documented on the employee's SF-50. Information on determining the official worksite for an employee on a telework agreement can be found in part III, chapter 9 of this handbook.

c. **Payable Rate of Basic Pay.** The highest rate of basic pay to which an employee is entitled based on the employee's position of record, official worksite, grade and step, or if applicable, a retained rate. Payable rate of basic pay includes a locality rate, or special rate supplement.

d. **Position of Record.** An employee's official position defined by grade, occupational series, employing agency, Law Enforcement Officer (LEO) status, and any other condition that determines coverage under a pay schedule (other than the official worksite). The position of record is documented on the employee's most recent Notification of Personnel Action, Standard Form 50, or equivalent, and current position description. This excludes any position to which the employee if temporarily detailed. [For an employee whose change in official position is followed within 3 workdays by a reduction in force resulting in the employee's separation before he or she is required to report for duty in the new position, the position of record in effect immediately before the position change is considered the position of record through the date of separation.]

e. **Special Rate Supplement.** The portion of a special rate paid above an employee's underlying [GS] rate after applying any applicable pay limitation. [For a law enforcement officer receiving a Law Enforcement Officer (LEO) special base rate who is also entitled to a special rate, the special rate supplement equals the portion of the special rate paid above the officer's LEO special base rate.]

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 ([maximum payable] 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. [Podiatrists, chiropractors, optometrists, physician assistants (PAs) and expanded function dental auxiliaries (EFDAs) are subject to geographic conversion if the employee's official worksite after demotion is in a different geographic location where different pay schedules apply. See paragraph 2 of this chapter for information regarding geographic conversion.]

NOTE: *Physicians and dentists appointed under 38 U.S.C. 7401(1) are not subject to change to lower grade rules as these are single grade occupations. See paragraph 15, part IX of this handbook for changes in assignment for physicians and dentists*.

2. CHANGE TO LOWER GRADE FOR POSITIONS PAID FROM THE GENERAL SCHEDULE. The [highest previous] rate rule is for application in changes to lower grade. The [highest previous] 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 [highest applicable rate range for the] lower grade to which he is being reduced. [When an employee's official worksite is changed to a new location upon a change to lower grade, the facility must first apply geographic conversion to determine the employee's payable rate upon demotion. See chapter 2, paragraph 3(a)(1) of this part for information on applying geographic conversion.] See chapter 6 of this part for information on grade and pay retention. [Examples of geographic conversion may be found in Appendix III-B.]

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. [**Physicians and Dentists.** The salary rate of a physician or dentist upon change in assignment will be determined in accordance with the provisions of paragraph 15 of part IX, this handbook.]

b. **Associate Investigators** [**and Career Development Award-1 (CDA-1) Recipients**]**.** Notwithstanding part II, chapter 2, paragraph 1a(4), the approving authority, upon recommendation of the appropriate Professional Standards Board [or Compensation Panel for physicians or dentists] may restore the grade and equivalent salary rate held by an employee prior to his or her becoming an Associate Investigator [or CDA-1 recipient] when such training is completed. Likewise, the rate may be adjusted further to include [market pay considerations, longevity step increases or] periodic step increases, which the employee would have earned had the employee not become an Associate Investigator [or CDA-1 recipient]. 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 7 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.** [When an employee is moved from one General Schedule position to another General Schedule position without a change in grade, the facility must first determine the employee's payable rate of basic pay and underlying rate of basic pay based on the employee's new position of record, new official worksite, and the step (or rate) in effect before the position change. Geographic conversion is required when an employee is reassigned to a new official worksite where different pay schedules apply and the employee receives the payable rate of basic pay for the new position of record for the new official worksite. If the employee is eligible for a higher rate of pay under the maximum payable rate rule found in 5 CFR 531.221, the employee may receive a higher rate of pay. Refer to part II, chapter 4 for pay setting involving highest previous rate]. 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[, subject to geographic conversion requirements, if applicable. Examples of reassignments, including movements to and from special rates, may be found in Appendix B].

b. **Re-employments and Reinstatements.** The [highest previous] 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 [highest previous] rate rule is not appropriate, a lower rate within the [highest applicable rate range for 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 [highest previous] 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 531.221, 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. [The use of the highest previous rate may be used upon reemployment, transfer, reassignment, demotion, change in type of appointment, or termination of a critical position pay authority.] 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 [531.203]. 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. [Simultaneous pay actions will be processed in the following order:

(1) Process general pay adjustments such as an annual adjustment to the General Schedule under 5 U.S.C. 5305, any adjustment in special rates, or an adjustment of a locality pay percentage;

(2) Apply geographic conversion, if applicable;

(3) Process any within grade increase or quality step increase to which the employee is entitled;

(4) Process any promotion action using either the standard or alternate method, as appropriate; and

(5) Except as provided above, process individual pay actions that take effect at the same time in the order that gives the employee the maximum benefit.]

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 optometrist, chiropractor, 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 hybrid employees in occupations listed under 38 U.S.C. 7401(3) shall be made under the provisions of the General Schedule salary system and the provisions of paragraph 5 of this chapter.

NOTE: *Longevity step increases for physicians and dentists appointed under 38 U.S.C. 7306 and 7401 shall be determined under paragraph 8, part IX of this handbook.*

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) Podiatrists, chiropractors, optometrists - upon completion of a 104-week waiting period.

(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 rate range)-upon completion of a 104-week waiting period.

(4) Nurses [ ] 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 [ ] 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 [ ] 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 [ ] 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 [ ] 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 [ ] 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 - upon completion of 104 calendar weeks of creditable service.

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[ ]) (055). 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 podiatrists, chiropractors, and optometrists; 176 hours for PAs and EFDAs within the period required for one periodic step increase; 80 hours for nurses [ ] when the waiting period is 52 calendar weeks and 160 hours when the waiting period is 104 weeks[; 160 hours for nurse anesthetists.]

(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 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, except physicians and dentists, 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. Physicians and dentists appointed under 38 U.S.C. 7401 are not covered under the provisions of special advancements for performance or achievement.

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

a. **General.** Temporary full-time, part-time and intermittent optometrists, chiropractors, 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 hybrid employees in occupations listed under 38 U.S.C. 7401(3) shall be made under the provisions of the General Schedule salary system and the provisions of paragraph 5 of this chapter.

NOTE: *Longevity step increases for physicians and dentists appointed under 38 U.S.C. 7405 shall be determined under paragraph 8, part IX of this handbook.*

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 podiatrists, chiropractors, 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 [ ] 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. ADMINISTRATIVE STEP INCREASES FOR PERSONNEL APPOINTED UNDER 38 U.S.C. 7306

a. For positions at or below [Service] 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, for nurses appointed under 38 U.S.C. 7401.

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[4]. 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.

[j. Amount of Increase for GM Employees. A step increase for a GM employee is the rate of basic pay that exceeds the employee's existing rate of basic pay by one-ninth of the difference between the minimum and maximum rates of pay for their grade (normally the within-grade increase amount) not to exceed the maximum rate for the grade.]

5. 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).

[6]. 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. Employees appointed under 38 U.S.C. 7306, 7401(1), and 7405 are eligible for pay retention only to the extent specified in paragraphs 6 and 7 below. This chapter does not cover the following categories of employees:

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

b. Non-appropriated Fund Veterans Canteen Service employees appointed under 38 U.S.C. 7802, except those employed in a position subject to the Federal Wage System, as indicated 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.*

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

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

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

[f. Employees whose pay has been reduced upon termination of a critical position pay authority under 5 CFR, part 535)].

2. GRADE RETENTION UNDER TITLE 5

a. Grade retention is required by 5 CFR 536.201 if an employee is changed to a lower grade position in a covered pay schedule as a result of reclassification or reduction-in-force procedures. Employees must meet the appropriate eligibility requirements in 5 CFR 536.203 to be eligible for grade retention.

b. Under the provisions of 5 CFR 536.202, 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 536.202, 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 536.203. 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.

[c. Under the provisions of 5 CFR 536.206 when an employee becomes entitled to grade retention, or becomes covered by one or more different pay schedules (due to a change in the employee's position, a change in the employee's official worksite, or the establishment of a new pay schedule) during a period of grade retention, the facility must the determine the employee's rate of basic pay under grade retention as follows:

(1) Pre-existing rate within a range. If an employee is entitled to a rate of basic pay within the applicable rate range before the action which results in grade retention, the employee is entitled to the rate of basic pay in the applicable pay schedule for the employee's position of record which correspond to the employee's grade and step (or rate) immediately before the action. The employee's payable rate is the corresponding rate in the highest applicable rate range for the new position of record. If an employee's rate of basic pay otherwise would be reduced because of placement under a lower-paying pay schedule (excluding any reduction that results from geographic conversion), the employee would be eligible for pay retention.

(2) Pre-exisitng retained or saved rate. If an employee is entitled to a retained rate immediately before the action which results in grade retention, the facility must determine the employee's payable rate of basic pay using the pay retention provisions in subparagraph 3d below.

NOTE: *Refer to Appendix III-B for examples involving grade retention.*]

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 [536.301].

b. Under the provisions of 5 CFR [536.302], 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 [subparagraph 3a] 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.*

[d. **Pay Administration**

(1) **General**

(a) When an employee becomes entitled to pay retention or an employee changes his or her position of record while receiving a retained rate, the employee's retained rate of pay will be determined as follows:

1. Process any general pay adjustment that takes effect on the same date;

2. Apply geographic conversion to determine the employee's existing payable rate of pay if the official worksite is also changing (see subparagraph (2)(a) below);

3. If the employee's existing payable rate of basic pay is less than or equal to the maximum rate of the highest applicable rate range for the grade of the employee's position of record, the employee is entitled to the lowest rate of pay that equals or exceeds the employee's existing payable rate of basic pay. (If the employee is currently on pay retention, the pay retention would be terminated).

4. If the employee's existing payable rate of basic pay is greater than the maximum rate of the highest applicable rate range for the grade held, the employee is entitled to a retained rate equal to the employee's existing rate of basic pay.

(b) A retained rate may not exceed:

1. 150 percent of the maximum payable rate of basic pay for the highest applicable rate range for the grade of the employee's position of record; or

2. The rate for Level IV of the Executive Schedule.

(c) If an employee receiving a retained rate of pay changes positions or pay schedules, the pay retention entitlement must again be determined as described in the steps above. If the employee's pay system is not changing but the employee is promoted to a higher grade, the facility must first apply the applicable promotion rules to determine the employee's payable rate of basic pay. If the resulting rate is equal to or greater than the existing retained rate, pay retention is terminated. If the resulting rate is less than the existing retained rate, the employee continues to be entitled to the existing retained rate.

(2) **Determining a Retained Rate Upon Change in Worksite**

(a) When an employee is receiving a retained rate and the employee's official worksite is changed to a new location where different pay schedules apply, the facility must apply the following rules to determine the converted retained rate that will then be used as the existing retained rate, and for determining the employee's pay retention entitlement in the new position:

1. Identify the maximum rate for the highest applicable rate range for the employee's former position based on the former official worksite;

2. Identify the maximum rate for the highest applicable rate range that applies to the employee's former position of record if the employee were stationed at the official worksite for the new position of record;

3. Divide the maximum rate at the new official worksite, identified in subparagraph (a)2 above, by the maximum rate of the former worksite, identified in subparagraph (a)1 above and round the result to the fourth decimal point;

4. Multiply the factor resulting in subparagraph (a)3 by the employee's former retained rate and round to the nearest whole dollar. This becomes the employee's converted retained rate at the new location.

(b) Refer to Appendix III for examples of pay retention calculations.

(3) **Adjusting a Retained Rate.** When the maximum rate of the highest applicable rate range is increased while an employee is on pay retention, the employee is entitled to 50 percent of the amount of the increase in the maximum rate in the range, not to exceed Level IV of the Executive Schedule. The 50 percent adjustment rule only applies when the maximum rate increases, such as a statutory pay increase, or when a new pay schedule that covers the employee's position of record is established or increased. If at any time the new adjusted retained rate is equal to or lower than the maximum rate of the highest applicable rate range for the grade of the employee's position, pay retention is terminated.]

4. [**PAY RETENTION FOR TITLE 38 (OTHER THAN NURSES, PHYSICIANS AND DENTISTS**]

a. [**Coverage**

(1) Employees appointed under or moving into physician assistant, optometrist, podiatrists, chiropractor and expanded function dental auxiliaries positions appointed under the provisions of title 38 U.S.C. 7306, 7401(1) and 7405(a)(1)(A), who undergo the following actions are *entitled* to retention of their basic rate of pay:

(a) Employees whose rates of basic pay would otherwise be reduced as a result of a reduction or termination of a special rate schedule;

(b) Employees whose rates of basic pay would be reduced because of a transfer or reassignment initiated by management for reasons other than cause. This includes employees who choose to accept reassignment to a lower graded position in lieu of separation as a result of a management action, such as reorganization or transfer of function.

(c) Pay retention *may* also be authorized for employees appointed under or moving into positions appointed under title 38 U.S.C. 7306, 7401(1) and 7405(a)(1)(A) (other than nurses, physicians and dentists), whose rates of basic pay would otherwise be reduced, when the placement of the employee is not for cause, including performance or misconduct, or at the employee's request. Placement of an employee in a position initiated or directed by management is not considered to be taken at the employee's request even though the employee may have previously asked the Department to consider his or her personal situation.

NOTE: *See part IX of this handbook regarding a change in assignment and applicability of pay retention for physicians and dentists appointed under 38 U.S.C. 7306, 7401(1) and 7405(a)(1)(A).*]

b. [**Pay Administration.** The pay administration provisions contained in subparagraph 3d of this chapter shall also apply to employees covered under subparagraph 4(a) above and must be used when employees are entitled to pay retention, and are appointed under or moving into physician assistant, optometrist, podiatrist, chiropractor or expanded function dental auxiliaries positions.]

5. [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 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].

6. [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 536.308].

7. [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 536.402. The criteria for a reasonable offer are contained in 5 CFR 536.104.

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 for 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].

8. DOCUMENTATION. The application of the provisions of this [handbook] shall be documented in writing as a permanent part of the employee's personnel folder. [At] a minimum, this will include the documentation required in paragraphs 2b and 3b of this chapter and a copy of the letter [describing the circumstances which warrant the grade or pay retention and the nature of the entitlement].

9. REFERENCES

a. [5 Code of Federal Regulations, part 536].

b. [5 U.S.C. 5361-5366].

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

[ ]

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

1. ABOVE-MINIMUM ENTRANCE RATES (INCLUDING ABOVE-MINIMUM ENTRANCE RATES ON A SPECIAL [ ] 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 [ ] RATE RANGES

a. If above-minimum entrance rates are not in effect, the employee shall be placed in the step rate of the special [ ] rate range that corresponds to his or her existing step rate before the special [ ] rate range was approved (This is consistent with 5 CFR [530.322]).

b. If employees have been subject to above-minimum rates in their current or former positions, the special [ ] 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 [ ] 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 [ ] 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 [ ] 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 [ ] 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 [ ] rate range which equals or exceeds their existing basic rates of pay before special [ ] rates were approved.

c. For instructions on establishing special [ ] 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 [ ] rate range. If such rates are reduced or terminated, employees shall be placed in the lowest step rates of the [highest] 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 [ ] 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 [highest applicable rate range 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 [highest applicable rate range 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 [ ] rate range upon which entitlement to pay retention is based.

4. MOVEMENTS TO [AND FROM] POSITIONS [COVERED BY] SPECIAL SALARY RATE[S. Information on processing promotions involving special rates can be found in chapter 2 of this part; information on processing change to lower grade actions involving special rates can be found in chapter 3 of this part; and information on processing reassignments can be found in chapter 4 of this part.]

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CHAPTER 8. HIGHER RATES OF PAY FOR ASSIGNMENT AS HEAD NURSE [(NURSE MANAGER)] OR POSSESSION OF SPECIALIZED SKILLS

1. ASSIGNMENT AS A HEAD NURSE[/NURSE MANAGER]. An RN serving in a head nurse[/nurse manager] 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[/nurse manager] 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[/nurse managers] are eligible for PSIs until they reach two steps above the maximum authorized step of the grade; e.g., a head nurse[/nurse manager] 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[/nurse manager] assignments must exercise first line supervisory responsibility over a [patient care team] which contains at least the equivalent of three full-time subordinate [patient care team members] (registered nurses, licensed practical nurses[,] nursing assistants[, technicians, clerks or other licensed/certified clinicians). At least two of the patient care team members must be in a nursing position (i.e. registered nurse, licensed practical nurse, nursing assistant).]. A [patient care area] is defined as a geographic location or program with patient care delivery of responsibilities across the continuum of care.

b. **Head Nurse[/Nurse Manager] Supervisory Responsibilities.** The head nurse[/nurse manager] is responsible for ensuring that subordinate [patient care team] 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[/nurse manager] 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[/nurse manager] pay does not apply to the following:

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

(2) Assignments that do not involve the provision of direct [patient] 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.

(4) Employees detailed to head nurse[/nurse manager] assignments except as provided in paragraph 6a(2).

(5) Employees at Nurse IV or Nurse V since assignment to these grades is based on a scope of duties and responsibilities beyond those associated with a head nurse[/nurse manager] position.

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[/nurse manger] pay. For example, a nurse may be given an assignment [that] 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[/nurse manager] 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[/nurse manager] 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[/nurse manager] 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. [Loss of a higher rate of pay for a head nurse assignment or for specialized skills is not considered an adverse action.]

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 [ ] 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 [ ] rates were established for operating room nurses at that facility. When placing these employees on the new pay schedule or the special [ ] 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 [ ] 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

[(1)] 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.

[(2)] An individual detailed to a [head nurse] assignment [ ] or who serves in such an assignment in an acting capacity [shall receive a two-step adjustment in pay effective the beginning of the first full pay period after serving 30 consecutive days in the assignment. The higher rate of pay remains in effect only so long as the employee serves in the head nurse assignment. Upon approval of the higher pay rate, the following statement will be placed in the “Remarks” item of Standard Form SF-50, Notification of Personnel Action: “Employee informed of conditions of temporary assignment”. In addition, 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 personnel folder.

(3) An individual detailed to an assignment with higher rates of pay for specialized skills or who serves in such an assignment in an acting capacity is not eligible for a higher rate of pay under this chapter.]

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.

CHAPTER 9. LOCATION BASED PAY ENTITLEMENTS

1. DETERMINING AN EMPLOYEE'S OFFICIAL WORKSITE. Certain pay entitlements ([General Schedule] locality pay, special rate supplements, [VA Nurse Locality Pay, Federal Wage System] and non-foreign area cost-of-living allowances) are based on the [duty] location of the [ ] official worksite [(reflected in the Personnel and Accounting Integrated Data (PAID) system as the duty station location code)] for [the] position of record [as documented on the employee's Standard Form (SF) 50, Notification of Personnel Action]. Except as provided in paragraph 2 below, the official worksite [(reflected in PAID and on SF-50, block 39 as the duty station)] is the location of an employee's position of record where the employee regularly performs his or her duties or, if the employee's work involves regular travel or the work location varies on a daily basis, where his or her work activities are based, as determined by the employing facility. The facility must document the official worksite on the employee's SF-50, Notification of Personnel Action form. [Since the rate of basic pay paid to an employee is based on the official worksite, supervisors and managers must ensure employee duty stations are appropriately documented in the electronic Official Personnel Folder (e-OPF). Any time an employee has a change in duty station (i.e., official worksite) the supervisor must document the change by submitting a SF 52, Request for Personnel Action, to the servicing Human Resources office.]

2. TEMPORARY WORKPLACE CHANGES

a. When an employee is in a temporary duty travel status away from the official worksite, and the employee is eligible for temporary duty travel allowances such as per diem, the employee's existing location-based entitlements are not affected.

b. If an employee is temporarily detailed to a position in a different geographic area and is eligible for temporary duty travel allowances, the employee's existing location-based entitlements are not affected.

c. If an employee is authorized to receive relocation expenses under 5 U.S.C. 5737 and 41 CFR, part 302-2, subpart E, in connection with a long-term assignment (6 – 30 months), the work location for the long-term assignment is considered the employee's official worksite for pay purposes.

d. If an employee is temporarily reassigned or promoted to a position in a different geographic area, the work location for the position to which temporarily assigned is considered the employee's official worksite for pay purposes.

3. LOCATION-BASED PAY ENTITLEMENTS FOR EMPLOYEES ON A TELEWORK AGREEMENT

a. The employing facility must designate the official worksite for an employee covered by a telework agreement who works from an alternate worksite. Except as provided in 5 CFR 531.605(d)(2), if the employee is scheduled to report at least twice each biweekly pay period on a regular and recurring basis to a main or reporting office, then that office must be designated as the employee's official worksite.

b. For a telework employee whose work location varies on a daily basis, the employee need not report at least twice each biweekly pay period to the established official worksite (where the employee's work activities are based) in order for that office to be designated as the employee's official worksite, as long as the employee is (regularly performing work within the same locality pay area for the worksite.

c. The authorizing official may make an exception to the twice in a pay period requirement in appropriate situations of a temporary nature, such as:

(1) An employee is recovering from an injury or medical condition; or

(2) An employee is affected by an emergency situation, which temporarily prevents the employee from commuting to his or her regular official worksite; or

(3) An employee has an extended approved absence from work; or

(4) An employee is in a temporary duty travel status away from the official worksite; or

(5) An employee is temporarily detailed to work at a location other than a location covered by a telework agreement.

d. If an employee covered by a telework agreement does not meet the requirements outlined in this paragraph, the employee's official worksite is the location of the employee's telework site.

[**4. ANNUAL VALIDATION OF DUTY STATIONS.** On an annual basis the Office of Human Resources Management (OHRM) will notify Under Secretaries, Assistant Secretaries, and Other Key Officials of the requirement to conduct an annual review and certification of all employees' official worksite (duty station) designations. The OHRM Human Resources Information Service (HRIS) will provide a standardized report that will contain a listing of all employees and their designated duty stations for use in conducting this review and certification.

5. RESPONSIBILITIES

a. Under Secretaries, Assistant Secretaries, Other Key Officials, or their designees are responsible for conducting an annual review and certification to ensure all employees within the organization have the correct duty station based on the employee's official worksite.

b. The Assistant Secretary for Human Resources and Administration is responsible for establishing and communicating the annual reporting requirements to all Under Secretaries, Assistant Secretaries, and Other Key Officials.

c. OHRM is responsible for advising management officials on the policies and procedures in this chapter, conducting oversight and reviews to ensure compliance with policy, and for providing reports used by managers and supervisors to validate and certify employee duty stations. On an annual basis, HRIS will send a notification on all Leave and Earnings Statements (LES) reminding employees to check the duty station listed in block 39 of their SF-50 to ensure the official worksite is correct. HRIS

will also send an annual notification to all supervisors and managers with a reminder that a SF-52 must be initiated and processed each time an employee changes duty stations.

d. Human Resource Management Officers are responsible for advising management officials on the provisions of this chapter, providing technical advice on determining the appropriate official worksite (duty station), determining the amount of basic pay or other pay entitlements based on an employee's official worksite, and for ensuring the timely coding of personnel actions affecting duty station changes.

e. Supervisors and managers are responsible for submitting a SF-52, Request for Personnel Action to the Human Resources office each time an employee's official worksite is changed.]

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

[APPENDIX B. PAY SETTING EXAMPLES

1. Geographic Conversion

Special Rate to Non-Special Rate. An employee in Washington, DC transfers to a position in Pittsburgh, PA (Rest of the US)

- GS-2210-11, step 5 in Washington, DC on special rate table 999B - $61,772

- GS-1529-11, step 5 in Pittsburgh (no special rate applies) - $59,578

Employee is placed at step 5 (Pittsburgh locality pay chart) at $59,578

Non-Special Rate to Special Rate. An employee in Philadelphia transfers to New York.

- GS-682-7, step 1 in Philadelphia (no special rate applies) - $36,839

- GS-682-7, step 1 in New York (special rate table 894) - $38,877

Employee is placed at step 1 on the New York special rate table at $38,877

Non-Special rate to Non-Special Rate. An employee transfers from Washington, D.C. to Hampton, VA (Rest of the US).

- GS-201-12, step 1 in Washington DC (locality pay chart) - $65,048

- GS-201-12, step 1 in Hampton, VA (locality pay chart) - $62,291

Employee is placed at step 1 on the Hampton locality pay chart.

2. Promotion using the Standard Method

Promotion at the Same Worksite. GS-11, step 5 Program Analyst in Washington, DC ($61,510) is promoted to a GS-12 Program Analyst in Washington, DC. Special rates do not apply at either grade.

- Apply the two-step promotion rule by adding two WGI amounts to the underlying GS rate (GS-11/5, $52,349 + $3,080 ($1540 X 2) = GS-11/7, $55,429;

- Determine the highest payable rate of basic pay for the GS-11, step 7, by applying any locality pay or special rate supplement. In this example, the locality amount for Washington, DC provides the highest payable rate since the position is not covered by special rates. The highest payable rate is GS-11, step 7, $65,129;

- Identify the highest applicable rate range for the GS-12. In this example, the locality pay schedule for Washington, DC is the highest applicable rate range since the GS-12 is not covered by special rates. Find the lowest step that equals or exceeds the highest payable rate as determined above ($65,129). This would be GS-12, step 2 on the Washington, DC locality pay chart at $67,216. The employee is placed at GS-12, step 2, $67,216.

Promotion to a Different Worksite. A GS-5, step 7 Nursing Assistant in Houston, TX is promoted to a GS-6 Nursing Assistant in Lexington, KY. Special rates do not apply to either position.

- Apply geographic conversion to determine the rate of basic pay for the GS-5/7 Nursing Assistant position in Lexington. In this example, geographic conversion would move the employee from the GS-5/7 in Houston ($38,208) to the GS-5/7 in Lexington ($34,020). The standard promotion method is used because after the geographic conversion the same pay schedules apply;

- Apply the two-step promotion rule by adding two WGI amounts to the underlying GS rate (GS-5/7, $30,235 + $1,680 ($840 x 2) = GS-5/9, $31,915;

- Determine the highest payable rate of basic pay for the GS-5 by applying either locality pay or a special rate. In this example, locality pay provides the highest payable rate (GS-5/9, $35,911);

- Identify the highest applicable rate range for the GS-6 (this would be the locality schedule for Lexington) and find the first step that equals or exceeds the highest payable rate as determined above. This would be the GS-6, step 6 on the Lexington locality pay chart = $36,867.

Note – in this example the employee has an overall decrease in pay even though he/she is promoted to a higher grade. The decrease in pay is a result of the geographic conversion and therefore pay retention may not be authorized.

3. Promotion Using the Alternate Method

- A Therapeutic Radiologic Tech (TRT), GS-648-5/5, $35,378 in Indianapolis covered by special rates is being promoted to a GS-6 Diagnostic Radiologic Tech (DRT) position covered by special rates. Since different pay schedules apply before and after promotion, use the alternate method to calculate the promotion

- No geographic conversion is required since both positions are located at the same facility;

- Using the underlying GS chart, increase the GS-5, step 5 base rate by two WGI amounts ($28,555 + $1,680 ($840 x 2) = $30,235;

- Determine the highest payable rate of pay for the TRT, GS-5, step 7 by applying any locality pay or special rate amount. In this example, the TRT special rate (table 743) provides the highest payable rate (GS-5, step 7, $37,058) since the locality rate for GS-5, step 7 is $34,140;

- Identify the highest applicable rate range for the employee's grade *after* promotion (GS-6) based on consideration of the pay schedules that applied to the employee's position of record *before* promotion (TRT). In this example, the special rate table for TRT provides the highest rate range;

- find the lowest step in the highest applicable rate range (TRT, GS-6 special rate table) that equals or exceeds the highest payable rate of pay determined above ($37,058);

- GS-6, step 3, $37,561 is the first step on the TRT special rate chart that exceeds $37,058;

- Convert the GS-6, step 3 rate ($37,561) from the TRT special rate table to the DRT special rate table. The new rate of pay will be $39,317, which is step 3 on the DRT special rate table.

NOTE: *The standard method would have compared the TRT GS-5 step 7 rate of $37,058 directly to the DRT GS-6 special rate range and would have produced a rate of GS-6, step 1. The facility must use the alternate method since it produces a higher rate, and thus a greater benefit to the employee.*

4. Promotion of a Retained Rate Employee

- GS-11, step 00 employee in Hampton, VA (Rest of the U.S.) is receiving a retained rate of pay of $69,746 and is being promoted to a GS-12 position also in Hampton (no geographic conversion is required);

- Using the underlying GS chart, increase the GS-11, step 10 by two WGI amounts ($60,049 + $3,080 ($1,540 x 2) = $63,129;

- Multiply the increased rate ($63,129) by the applicable locality pay amount to find the highest payable rate of pay associated with the $63,129 underlying rate - $63,129 x 12.52% = $71,033;

- The highest applicable rate range that applies to the GS-12 position in Hampton is the locality pay chart;

- Find the lowest step in the GS-12 locality range that equals to exceeds $71,033. This would be step 6, at $72,671.

- The employee's pay is set at GS-12, step 6 at $72,671 and pay retention is terminated.

5. Geographic Conversion of a Retained Rate Employee

- GS-11, step 00 employee has an official worksite in the Rest of the U.S. locality pay area and a retained rate of $69,746 and moves to a new official worksite in the Washington, DC locality pay area. The employee's grade is not changing and the employee's former and new positions are not covered by special rates. Convert the employee's retained rate to the new geographic location as follows:

- Identify the maximum rate for the highest applicable rate range that applies to the former position of record based on the former official worksite – this would be the GS-11, step 10 on the RUS locality pay chart, $67,567;

- Identify the maximum rate for the highest applicable rate range that would apply to the employee's former position of record if that position were located at the new official worksite – this would be GS-11, step 10 on the Washington, DC locality pay chart, $70,558;

- Divide the maximum rate at the new official worksite by the maximum rate of the former worksite - $70,558 divided by $67,567 = 1.0442;

- Multiply the factor (1.0442) by the employee's retained rate of pay and round to the nearest whole dollar – 1.0442 x $69,746 = $72,829 – this becomes the employee's new retained rate after geographic conversion;

- In order to determine if the individual is still entitled to remain on pay retention, identify the highest applicable rate range for the employee's new position in the new location. This would be the GS-11, step 10 on the Washington, DC locality pay chart, $70,558;

- The employee remains on pay retention since his/her new retained rate of $72,829 is higher than the maximum rate of the new highest applicable rate range ($70,558);

NOTE: *If the employee's new retained rate had been less than or equal to the maximum rate of the new highest applicable rate range, then the employee would have been placed at the first step that equals or exceeds the new retained rate, and pay retention would be terminated.*

6. Change to Lower Grade to a Different Geographic Location

- GS-11, step 5 HR Specialist in Washington, DC (locality pay) accepts a voluntary change to lower grade to a GS-9 HR Specialist in Asheville, NC (Rest of the U.S. locality pay). Since this is a voluntary change to lower grade, grade and pay retention do not apply;

- The facility decides to use the maximum payable rate rule. The employee's highest previous rate (HPR) is the GS-11, step 5. Use the employee's underlying GS rate as the HPR in order to avoid the need for geographic conversion;

- Compare the HPR of $52,349 (underlying rate of GS-11, step 5) to the GS-9 underlying rate range. Since there are no rates that equal or exceed the HPR, the maximum payable rate is the GS-9, step 10, $49,632;

- The facility decides to set the employee's rate using the highest maximum payable rate, a GS-9, step 10. The employee is entitled to receive locality pay based on the new position of record, at the new official worksite, therefore the employee's highest payable rate is GS-9, step 10, $55,846.

7. Reassignments

<u>Reassignment from a Special Rate to a Non-Special Rate (Same Geographic Location)</u>

- Therapeutic Radiologic Tech, GS-11, step 1, $63,129 (special rate) in Houston requests a reassignment to a Program Specialist, GS-11 position also located in Houston (no special rate);

- The employee's payable rate is set at the corresponding GS-11, step 1 rate on the Houston locality pay chart at $58,369. The employee's underlying rate remains at $46,189.

<u>Reassignment from a Non-Special Rate to a Special Rate (Same Geographic Location)</u>

- Medical Clerk, GS-4 step 5, $28,718 in Huntington, WV is selected for a GS-4 Diagnostic Radiologic Technician position. DRTs in Huntington are covered by special rates;

- The employee's payable rate is set at the corresponding GS-4, step 5 on the DRT special rate chart at $30,780. The employee's underlying rate remains at $25,523.

8. Grade Retention

Placement of a Special Rate Employee in a Lower-Graded Non-Special Rate Position as a Result of RIF

Police Officer GS-9, step 3, $53,451 (special rate in Los Angeles) is placed, as a result of RIF, in a GS-8 Program Assistant non-special rate position also in Los Angeles. Geographic conversion is not required since both positions are in the same geographic location). The employee meets the requirements for mandatory grade retention and will retain the GS-9 grade for two years. Determine the employee's rate of pay under grade retention as follows:

- Compare the rate for the former position with the rate for the new position at the same grade and step: GS-9, step 3, $53,451 (former position) – GS-9, step 3, $50,160 (Program Asst on LA locality pay chart);

- Since the rate for the new position is less than the rate for the former position, pay retention rules are used to set the pay;

- Compare the employee's existing payable rate of pay ($53,451) to the maximum rate on the highest applicable rate range for the employee's new position and retained grade (Program Assistant GS-9, step 10 on the LA locality chart, $61,137);

- Since the employee's existing payable rate of pay is less than the step 10 on the LA locality chart, the employee is entitled to the lowest step in that rate range that equals or exceeds his/her existing payable rate of pay - the lowest step that equals or exceeds $53,451 is step 5, $54,864;

- The employe is entitled to the GS-9, step 5, LA locality rate of $54,864.

Placement of a Non-Special Rate Employee in a Lower-Graded Special Rate Position.

GS-5, step 4, Rehab Therapy Assistant, ($31,185) whose official worksite is located in the Hampton, VA (Rest of the US locality pay) received written notice of a reorganization that would affect the employee's position. The employee moves to a GS-4 Rehab Therapy Asst position in New York which is covered by special rates. The employee meets the eligibility requirements for optional grade retention. Determine the employee's rate as follows:

- Since the Rehab Therapy Asst is moving to a new geographic location where different pay schedules apply, convert the employee's rate of basic pay to the new pay schedule by applying geographic conversion. Since the Rehab Therapy Asst is entitled to grade retention, the geographic conversion can be applied by simply setting the employee's rates of basic pay in the applicable pay schedule for the new position of record after the RIF action, which correspond to the employee's grade and step immediately before the action;

- Grade and rate of basic pay before RIF – GS-5, step 4, RUS locality, $31,185;

- Retained grade and rates of basic pay after RIF – GS-5, step 4 NY locality pay, $34,081 and GS-5, step 4 on NY Rehab Therapy Asst special rate, $33,914;

- The employee's payable rate under grade retention is $33,914, since that rate is the highest rate that applies to the new position of record.

Placement of an FWS Employee in a GS Position.

A WG-9, step 2 employee with an official worksite of Baltimore, MD is placed in a GS-7 position at the same worksite as a result of a RIF. The employee meets the eligibility requirements for mandatory grade retention. Determine the employee's rate of basic pay under grade retention as follows:

- Compare the representative rates of the WG and GS grades to determine whether the GS grade is equal to, higher than, or lower than the WG grade;

- WG-9, step 2 is $20.06 per hour. Convert to an annual rate by multiplying the hourly rate by 2,087 - $20.06 x 2,087 = $41,865;

- GS-7, step 4 (DC locality pay chart) is $40,337;

- The GS-7 position is lower than the WG-9 therefore the employee is entitled to retain the WG-9, step 2 rate ($41,865) while on grade retention.

NOTE: *The pay setting examples contained in this Appendix were calculated using the applicable 2006 pay schedules*.]

[APPENDIX C. DUTY STATION DETERMINATION AND EXAMPLES

The SF-50, Notification of Personnel Action documents an employee's organizational assignment and duty station. The duty station is the location of the employee's official worksite. The official worksite determines certain location based pay entitlements, such as the amount of General Schedule locality pay an employee will receive. For this reason, it is imperative that an employee's duty station is correctly annotated on the SF-50. A SF-52, Request for Personnel Action is required at any time an employee's official worksite (duty station) is changed. Block 39 on the SF-50 is where the duty station location (City-County-State or Overseas Location) is documented. A current list of established duty station codes can be found on the HRIS website. HR will contact HRIS to establish a new duty station location code, as needed.

Example 1 – Virtual or Remote Employee

A GS employee is organizationally assigned to Station 101, VA Central Office, but the employee's official worksite (duty station) is located in Richmond, VA. The SF-50, Blocks 14 and 22, show the Name and Location of the Position's Organization, which would be VA Central Office, Washington, DC; however block 39 designates the Duty Station as Richmond, VA. In this example, the GS employee would be paid based on the GS locality rates paid in the Richmond, VA area. The employee is not entitled to receive the higher GS locality rates paid in Washington, DC because the employee's official work site is not located in Washington, DC, but rather in Richmond, VA.

Example 2 – Employee on a Telework Agreement

An employee is organizationally assigned to Station 539, VA Medical Center, Cincinnati, OH. The employee is required by the supervisor to report each Monday and Wednesday to the VA Community Based Outpatient Clinic in Florence, KY (Duty Station 539-K). The rest of the time the employee has been authorized to telework from home, which is located Owenton, KY. The official worksite is designated as the VA Community Based Outpatient Clinic in Florence, KY (539-K) because the employee is scheduled to report to the VA location at least twice each biweekly pay period on a regular and recurring basis. Florence, KY is in the GS Cincinnati-Middleton-Wilmington, OH-KY-IN Locality Pay Area, while Owenton, KY (Owen County) is in GS Rest of the United States (RUS) locality pay area. In this example the employee is paid from the higher Cincinnati GS locality pay rates.

Example 3 – Employee Relocation

A GS employee is organizationally assigned to the Veterans Benefit Office located in Washington, DC The employee's official worksite (duty station) is the VA Medical Center in San Francisco, CA; therefore the employee is paid from the San Francisco GS Locality Pay Chart. The employee is authorized to relocate and work from home at a new location in Colorado Springs, CO. The GS Locality pay area for the Colorado Springs area is much lower than the San Francisco GS locality pay area rates. While the employee's position and organizational assignment does not change, the supervisor must generate a Request for Personnel Action, SF-52 to change the duty station (official worksite). The employee's rate of pay is reduced to reflect the lower GS Locality rate paid in the Colorado Springs area.]

PAY ADMINISTRATION

PART IV. COMPENSATION UPON SEPARATION

CONTENTS

PARAGRAPH **PAGE**

CHAPTER 1. GENERAL

1. PURPOSE IV-1
2. RESPONSIBILITIES IV-1

CHAPTER 2. SEVERANCE PAY

1. ENTITLEMENT IV-3
2. PROCEDURES FOR PAYMENT OF SEVERANCE PAY IV-3
3. REFERENCES IV-4

CHAPTER 3. LUMP-SUM ANNUAL LEAVE PAYMENTS

1. ENTITLEMENT IV-5
2. PAYMENT IV-6
3. REEMPLOYMENT IV-7
4. RESPONSIBILITIES IV-7
5. REFERENCES IV-7
6. DEFINITIONS IV-8

APPENDICES

IV-A. GUIDELINES (SELECTED COMPTROLLER GENERAL'S DECISIONS) SEVERANCE PAY IV-A-1
IV-B. COMPUTING A LUMP-SUM PAYMENT FOR ACCUMULATED AND ACCRUED ANNUAL LEAVE IV-B-1
IV-C. GUIDELINES (SELECTED COMPTROLLER GENERAL'S DECISIONS) LUMP SUM ANNUAL LEAVE PAYMENTS IV-C-1
IV-D. SEVERANCE PAY ENTITLEMENT FOR TITLE 38 EMPLOYEES IV-D-1

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. [Presidential Management Fellows and Senior Presidential Management Fellows appointed under 5 U.S.C 362 are excluded from receiving severance pay.]

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. [Employees subject to the hourly leave accrual system of title 5 or title 38 will receive a lump-sum payment equal to the pay they would have received had they remained employed in VA until the expiration of the accumulated and accrued annual leave to their credit.]

b. [Full-time physicians, dentists, podiatrists, chiropractors and optometrists subject to the daily leave system of title 38 will receive 1.4 times their daily rate of pay for each day of annual leave to their credit.

NOTE: Annual leave payments made to full-time physicians, dentists, podiatrists, chiropractors and optometrists who became eligible for lump sum payments prior to January 8, 2006, and annual leave in frozen leave accounts as of January 8, 2006, will be paid at a rate of one day of pay for each day of annual leave.]

c. [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.]

d. [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.

e. 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, [which] must be included in a lump-sum payment.

f. 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 [and Labor Relations]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 [but including a law enforcement special base rate, a special rate, a locality rate or a retained rate].

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 [ ] rate, [a law enforcement special base rate,] pay under VA's nurse locality pay system (LPS)[, or market pay for physicians and dentists]; or

b. A locality rate of pay under subpart F 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 [ ] rate, [locality rate,] LPS, or Base and Longevity Pay 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, a periodic step increase if the employee has met the requirements of part III, chapter 5 this handbook[, or a longevity step increase if the physician or dentist has met the requirements of paragraph 8 of part IX of this handbook] prior to the date the employee becomes eligible for a lump-sum payment.

5. [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].

6. [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.

7.] 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.

[8.] 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.*

[9.] 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.

[10.] 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, [longevity step 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. [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 [and 7456A (alternate work schedules for nurses)].

[ ]

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.

	Appointment		**Entitled**	
Occupation	**Authority**	**Duty Status**	**Yes**	**No**
Physician, dentist,	7401(1)	FTP	X	
podiatrist, optometrist,	7405(a)(1)(A)	PT (w/o time limit)	X	
[chiropractor,]	7405(a)(1)(A)	FT (w/ time limit)		X
RN, PA, EFDA	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.

PAY ADMINISTRATION

PART V. ADDITIONAL PAY AND PREMIUM PAY

CONTENTS

PARAGRAPH **PAGE**

CHAPTER 1. GENERAL

1. PURPOSE V-1
2. RESPONSIBILITIES V-1

CHAPTER 2. OVERTIME AND COMPENSATORY TIME OFF

1. GENERAL V-3
2. OVERTIME AND COMPENSATORY TIME OFF FOR EMPLOYEES APPOINTED UNDER 38 U.S.C. 7306, 7401 AND 7405 ..... V-3

[ ]

[3.] OVERTIME PAY AND COMPENSATORY TIME OFF FOR EMPLOYEES IN POSITIONS SUBJECT TO 5 U.S.C., CHAPTER 51 ..... V-5

[4.] OVERTIME PAY AND COMPENSATORY TIME OFF FOR EMPLOYEES IN POSITIONS SUBJECT TO THE FWS V-7

[5.] EXCEPTION TO THE BIWEEKLY PREMIUM PAY LIMITATION FOR MISSION-CRITICAL AND EMERGENCY WORK V-8

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 V-11
2. CRITERIA FOR APPROVAL V-11
3. ADMINISTRATION OF AUTHORITY V-11
4. FUNDING V-11
5. REPORTS TO VA CENTRAL OFFICE V-12
6. TERMINATION V-12

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 V-13
2. CRITERIA FOR APPROVAL V-13
3. COMPETITIVE PREMIUM PAY PRACTICES V-13
4. ADMINISTRATION OF AUTHORITY V-14
5. FUNDING V-14

CONTENTS - CONTINUED

PARAGRAPH PAGE

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)- Continued

6. DELEGATION OF AUTHORITY V-14
7. REPORT TO VA CENTRAL OFFICE V-14
8. TERMINATION OF RATES V-15

CHAPTER 5. ON-CALL PAY AND STANDBY PAY

1. ON-CALL PAY FOR NURSES, PAs, AND EFDAs APPOINTED UNDER 38 U.S. 7401(1)OR 7405 (a)(1)(A) V-17
2. ON-CALL PAY UNDER 38 U.S.C. 7457 AND STANDBY PAY UNDER 5 U.S.C. 5545(c)(1) FOR VETERANS HEALTH ADMINISTRATION (VHA) GENERAL SCHEDULE HEALTH-CARE EMPLOYEES V-17
3. [STANDBY DUTY FOR FWS POSITIONS V-22
4. ON-CALL DUTY FOR GENERAL SCHEDULE AND FWS EMPLOYEES ..... V-22]

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. 7401(1) V-23
2. OTHER FORMS OF PREMIUM PAY FOR EMPLOYEES APPOINTED UNDER 38 U.S.C. 7405 ..... V-23a
3. OTHER FORMS OF PREMIUM PAY FOR GENERAL SCHEDULE EMPLOYEES[, OTHER VHA HEALTH CARE EMPLOYEES AND ADDITIONAL POSITIONS ELIGIBLE FOR TITLE 38 WEEKEND PREMIUM] V-25
4. OTHER PREMIUM PAY FOR FWS POSITIONS V-26

CHAPTER 7. HAZARDOUS PAY DIFFERENTIAL AND ENVIRONMENTAL DIFFERENTIAL PAY

1. HAZARDOUS DIFFERENTIAL PAY FOR TITLE 5 EMPLOYEES WHO PERFORM IRREGULAR OR INTERMITTENT DUTY INVOLVING UNUSUAL PHYSICAL HARDSHIP OR HAZARD V-27
2. ENVIRONMENTAL DIFFERENTIAL PAY FOR EMPLOYEES IN POSITIONS SUBJECT TO THE FWS V-27

APPENDIX

V-A. VHA HEALTH CARE OCCUPATIONS ELIGIBLE FOR WEEKEND PREMIUM PAY[, ON-CALL PAY AND SPECIAL RATES APPROVED UNDER 38 U.S.C. 7455] V-A-1
V-B. ADDITIONAL VHA POSITIONS ELIGIBLE FOR WEEKEND PREMIUM PAY ONLY ..... V-B-1]

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 and Administration] (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 [and Labor Relations] 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, Chiropractors, 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. [Part-time and intermittent employees are eligible to work unscheduled hours of more than 40 hours a week or 80 hours a pay period for regular straight time pay but may not be paid for more than 1820 hours (7/8ths) in a calendar year. The regular straight time rate of pay is a combination of base and market pay and all such compensation is creditable for retirement, life insurance, the Thrift Savings Plan and work compensation claims.] In addition, part-time and intermittent physicians, dentists, podiatrists, chiropractors, 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

(1) [Overtime resulting from either a solicitation initiated by management or at the request of the employee is considered to be voluntary overtime.

(2) Employees are authorized to work voluntary overtime when the overtime has been approved either verbally or in writing, in advance, by an appropriate management official or his/her designee, as determined in accordance with VA Handbook 5011 and local policy.

(3) When an employee has not requested authorization in advance for overtime from an appropriate management official or his designee, an employee may submit a written request for after-the-fact authorization. The written request should be submitted as soon as possible, typically within the pay period when the voluntary overtime was worked, to an appropriate management official or his/her designee. In such cases, the decision to authorize the overtime is at the discretion of management. Employees who work overtime without advance authorization are not guaranteed to ultimately receive authorization or compensation for the overtime.

(b) Mandatory overtime authorized under emergency circumstances may be ordered verbally or in writing by an appropriate management official or his/her designee, as determined in accordance with VA Handbook 5011 and local policy.]

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

[(d)] Overtime must be at least 15 minutes duration in a calendar day to be creditable for overtime purposes

[(e)] Overtime is payable for service performed in excess of 40 hours in an administrative workweek, or in excess of 8 consecutive] hours, whichever is greater, at a rate of one and one-half times the employee's basic hourly rate of pay. **NOTE:** *For a full-time employee on a compressed work schedule, overtime is pay-able for hours of work in excess of the basic work requirement. For a part-time employee on a compressed work schedule, overtime is payable for hours of work in excess of the basic [tour of duty] (but must be in excess of 8 [consecutive]hours) or [in excess of 40 hours in the administrative work week.*

(f) All authorized overtime will be recorded and approved in the official electronic time and attendance system.]

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. [If an employee is called back to work as described in paragraph 2c above, a minimum of 2 hours of compensatory time will be granted for each call-back overtime period.] 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 26th 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).

NOTE: *See part VIII, chapter 9 of this handbook for overtime provisions for nurses on the Baylor Plan, 72/80 and 9-month work schedules.*

3. 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 a full-time employee on a compressed work schedule, overtime is payable for hours of work in excess of the basic work requirement. For a part-time employee on a compressed work schedule, overtime is payable for hours of work in excess of the basic work requirement for a day (but must be in excess of 8 hours) or for a week (but must be in excess of 40 hours).* 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. [ ] [Except at the request of employees on a flexible schedule or hybrid personnel who have been authorized to receive premium pay on the same basis as registered nurses under chapter 3 or 4 of this part, compensatory time off in lieu of premium pay may not be granted for regular 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. **Payable Rates for Overtime Work**

(1) **FLSA Exempt Positions.** Employees in positions exempt from (not covered by) the overtime pay provisions of the Fair Labor Standards Act (FLSA) receive overtime pay at the rate of one and one-half times their hourly rate of basic pay (including any applicable special [ ] rate or locality rate of pay). For employees whose rate of basic pay is at a rate which exceeds the GS-10, Step 1, the overtime rate is capped at the greater of:

(a) One and one-half times the minimum hourly rate of basic pay for GS-10 (including any applicable special [ ] rate or locality rate of pay), or

(b) The employee's regular hourly rate of basic pay (including any applicable special [ ] rate or locality rate of pay).

(2) **FLSA Non-Exempt Positions.** [Under the FLSA, overtime pay is determined by multiplying the employee's straight time rate of pay by all overtime hours worked plus] one-half times their hourly [regular] rate of basic pay (including any applicable special rate or locality rate of pay) [times all overtime hours worked.]

d. **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).

e. [**Hybrid Occupations Under 38 U.S.C. 7401(3)**]. Except as authorized under chapter 3 or 4 of this part, personnel [in occupations listed] under 38 U.S.C. 7401(3), referred to as "hybrid personnel," shall be entitled to overtime 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. 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).

f. **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 [ ] 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 [Overtime] 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 GS-10, Step 10, must be paid for the overtime services rendered.

[(c) If an employee is called back to work as described in paragraph 3d above, a minimum of 2 hours of compensatory time will be granted for each call-back overtime period.]

[(d)] [Except as noted below, i]n the case of an employee [who is Exempt from FLSA, and] 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 [for irregular or occasional overtime hours]. 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 Administration is involved, the director of the appropriate Memorial Service Network 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. [NOTE: *Hybrid personnel who have been authorized to receive premium pay on the same basis as registered nurses under either chapter 3 or chapter 4 of this part also earn compensatory time in the same manner of a nurse and as such, the approval of compensatory time in lieu of overtime may only be the result of the employee's request.]*

(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 26th 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 exempt from the Fair Labor Standards Act (FLSA), 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).

4. 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 Purchase and Hire (P&H) employees shall be determined as follows, based upon whether or not the employee's position is covered by 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 [26] 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 [26] 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 [26] 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.

5. EXCEPTION TO THE BIWEEKLY PREMIUM PAY LIMITATION FOR MISSION-CRITICAL AND 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 higher of two rates: GS-15, step 10, or the rate payable for Level V of the Executive Schedule 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 [ ] 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, or the aftermath of that emergency, involving a direct threat to life or property. 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 during which an employee has been determined to

be performing emergency work, the employee may be paid premium pay which when added to base pay doesn't result in total pay for the calendar year to exceed the higher of two rates: GS-15, step 10 , or the rate payable for Level V of the Executive Schedule 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 Under Secretaries, Assistant Secretaries and Other Key Officials, and may be redelegated. Officials should contact the Office of Human Resources Management [and Labor Relations] (05[5]) for the current delegation.

c. 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 the work in question is critical to the mission of the agency and that an annual cap is needed (see 5 CFR 550.106). The annual limitation provides that in any calendar year during which an employee has been determined to be performing work critical to the mission of the agency, the employee may be paid premium pay which when added to base pay doesn't result in total pay for the calendar year to exceed the higher of two rates: GS-15, step 10, or the rate payable for Level V of the Executive Schedule in effect on the last day of the calendar year. The authority to determine that the work is mission-critical and to authorize premium pay based on the annual maximum earnings limit instead of the biweekly limit has been delegated to Under Secretaries, Assistant Secretaries and Other Key Officials, and may be redelegated. Officials should contact the Office of Human Resources Management [and Labor Relations] (055) 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 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 [ ] 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. The authorized rates of premium pay shall be those prescribed by 38 U.S.C. 7454(b) unless a higher rate is authorized under chapter 4 of this part.

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_/05[5]) 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 [in occupations listed] 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 [hybrid employees in occupations listed under 38 U.S.C. 7401(3)] 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 [ ] 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 [ ] 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_/05[5]):

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_/05[5]) 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, [a full-time employee] shall receive overtime pay in accordance with chapter 2 or chapter 4 of this part, as appropriate. [A part-time or intermittent nurse, PA or EFDA shall be entitled to on-call pay. 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.] 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. When the period of callback overtime merges with the employee's regular tour of duty, 2 hours minimum overtime pay does not apply (45 Comp. Gen. 53). [A full-time, part-time or intermittent nurse, PA or EFDA who is called back to duty and for whom the period of service does not qualify as overtime will receive base pay for the actual period of time that work is performed.]

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 [eligible] employees to be immediately available for a call to duty during other than regular duty hours (see subparagraph a(2) below). [Only VHA General Schedule healthcare occupations and Hybrid Title 38 employees listed in appendix A of this part are eligible for on-call under 38 U.S.C. 7457.] 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.

[(3) When called back to perform overtime work, a full-time employee shall receive overtime pay in accordance with chapter 2 or chapter 4 of this part, as appropriate. A part-time or intermittent employee may also be authorized for on-call duty. 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. 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. When the period of callback overtime merges with the employee's regular tour of duty, 2 hours minimum overtime pay does not apply (GAO B-175151 and 45 Comp. Gen. 53). A full-time, part-time or intermittent employee who is called back to duty and for whom the period of service does not qualify as overtime will receive base pay for the actual period of time that work is performed.]

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 [ ] 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 DUTY FOR OTHER GENERAL SCHEDULE AND FWS EMPLOYEES.** General Schedule occupations other than those listed in appendix V-A and Wage Grade employees may be placed in an on-call status. These employees may be required to leave a telephone number where they can be reached or carry an electronic pager device and may also be required to remain within a call-back radius. However, they are not eligible for any form of compensation unless actually called back to duty. When called back to duty, such employees shall receive pay at the straight time basic hourly rate for non-overtime work and at the overtime rate for overtime work. Overtime work performed by individuals called back to duty will be considered to be at least two hours in duration. The two hour minimum does not apply when the call-back does not result in overtime work.

4. STANDBY DUTY FOR FWS. A Wage Grade employee who is regularly required to remain at or within the confines of his or her post of duty in excess of 8 hours a day in a standby status is entitled to overtime pay only for hours of duty, exclusive of eating and sleeping time, in excess of 40 hours a week.]

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. **Night Differential Pay.** A nurse, PA or EFDA who performs service, any part of which is within the period commencing at 6 p.m. and ending at 6 a.m. shall receive additional pay for each hour of service provided 4 or more hours fall between 6 p.m. and 6 a.m. When fewer than 4 hours fall between 6 p.m. and 6 a.m., the differential is payable only for service between those hours. For the purpose of determining differential hours, only service within 6 p.m. to 6 a.m. or continuous service connected to the period of 6 p.m. or 6 a.m. are subject to differential pay. An unpaid meal period of one hour or less is not a break in continuous service. A nurse, PA, or EFDA shall receive differential at the rate of 10 percent of their basic hourly rate of pay, unless a higher differential is authorized under chapter 4 of this part.

(1) When on annual or sick leave, a nurse, PA or EFDA shall be entitled to night differential pay otherwise appropriate, provided the total amount of such leave in a pay period, including both night and day hours, is fewer than 8 hours.

(2) When not required to perform service because of a holiday or the day obserived as a holiday, a nurse, PA or EFDA shall be entitled to night differential pay otherwise appropriate.

b. **Weekend Pay (Premium Pay for Service on Saturday or Sunday).** A nurse, PA or EFDA who performs service, any part of which is between midnight Friday and midnight Sunday, shall receive premium pay for each hour of such service. Service for which weekend premium pay is payable includes continuous service connected to midnight Friday or midnight Sunday. An unpaid meal period of one hour or less is not a break in continuous service. 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. [The divisor for calculating the basic hourly rate of pay for a nurse, PA or EFDA is 2,080.] Weekend pay is payable only during periods when work is performed. Weekend pay is therefore not payable for periods of paid leave or excused absence including annual leave, sick leave, compensatory time off, credit hours military leave, court leave excused absence on a holiday, or time off as an incentive or performance award, etc.

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.** [The Secretary has determined that these employees shall receive premium pay as if covered by chapter 55 of title 5, U.S.C., and the Fair Labor Standards Act, unless their position meets one of the exemptions contained in 5 CFR 551, subpart B, that would otherwise apply.]

e. **Pay for Employees Pending Licensure in Occupations Listed Under 38 U.S.C. 7401(3).** [The Secretary has determined that] employees that have completed a full course of training for an occupation listed under 38 U.S.C. 7401(3) and are pending licensure shall receive premium pay [as if covered by] chapter 55 of title 5, U.S.C., and the Fair Labor Standards Act, unless their positions meet one of the [ ] exemptions contained in 5 CFR 551, subpart B[, that would otherwise apply].

f. **Medical Support Personnel Appointed Under 38 U.S.C. 7405(a)(1)(D).** [The Secretary has determined that these employees shall receive premium pay as if covered by] title 5, United States Code, chapter 55. They are also [to be treated as if] 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[, that would otherwise apply]. 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[, OTHER VHA HEALTH CARE EMPLOYEES AND ADDITIONAL POSITIONS ELIGIBLE FOR TITLE 38 WEEKEND PREMIUM]

a. **Shift Differential.** Employees who perform work during regularly scheduled 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 and part-time (see note below) 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. In accordance with Section 624 of Treasury and General Government Appropriations Act, 1999, as contained in section 101(h) of Public Law 105-277, Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999, the payment of Sunday pay is prohibited for periods of leave. Sunday pay is therefore only payable for periods when work is performed. Sunday pay is not payable for periods of paid leave or excused absence including annual leave, sick leave, compensatory time off, credit hours, military leave, court leave, excused absence on a holiday, or time off as an incentive or performance award.

NOTE: *As a result of the Fathauer vs. United States court decision dated May 26, 2009, part-time employees are eligible for Sunday premium pay. (See Office of Personnel Management (OPM) Compensation Policy Memorandum 2009-21 dated December 8, 2009.) Human Resources Management Letter (HRML) 05-11-02, Administrative Claims for Sunday Premium Pay as a Result of Fathauer vs. United States dated February 15, 2011, provides instructions for identifying affected employees and processing claims for unpaid Sunday premium pay for a period up to six years prior to May 26, 2009, upon receipt of a written claim.*

c. **Weekend Premium**

(1) **Hybrid Employees.** A full-time, part-time or intermittent employee in an occupation listed in 38 U.S.C. 7401(3) or in an occupation approved for hybrids status under the provisions of VA Handbook 5005, Part II, Chapter 3, paragraph 2, who performs service, any part of which is between midnight Friday and midnight Sunday, will receive premium pay for each hour of service. Service for which weekend premium pay is payable includes continuous service connected to midnight Friday or midnight Sunday. Premium pay for service under this paragraph 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. [Hybrid employees receive weekend premium pay on the same basis as a nurse, which requires utilizing a divisor of 2080 to calculate the basic hourly rate of pay for this purpose (see paragraph 1b).]

(2) **Other VHA Health Care Employees.** A full-time, part-time or intermittent VHA employee in a non-hybrid occupation listed in appendix V-A who performs service on a tour, any part of which is between midnight Friday and midnight Sunday, will receive premium pay for each hour of service on such tour. Premium pay for service under this paragraph is equal to 25 percent of the employee's basic hourly rate of pay. The divisor for calculating the basic hourly rate of pay for a VHA employee in a health care occupation is 2,087. Such employees are not eligible for premium pay under chapter 3 or chapter 4 of this part.

.

[(3) **Additional positions eligible for title 38 Weekend Premium.** Effective January 11, 2004, additional positions were determined to be eligible for weekend premium pay. A full-time, part-time or intermittent VHA employee in a position (Occupation, Series and Title) listed in appendix V-B, who performs service on a tour, any part of which is between midnight Friday and midnight Sunday, will receive premium pay for each hour of service on such tour. Premium pay for service under this paragraph is equal to 25 percent of the employee's basic hourly rate of pay.

(a) The divisor for calculating the basic hourly rate of pay for these additional General Schedule positions, other than a VHA firefighter described below, is 2,087.

(b) Weekend premium pay for VHA firefighters occupying a position listed in appendix V-B whose regular workweek averages 53 hours of more will be calculated by applying a divisor of 2,756 to the basic hourly rate of pay.

(c) The basic hourly rate of pay for VHA firefighters occupying a position listed in appendix V-B who perform service on a weekend tour of duty will be calculated by utilizing the 2,087 divisor for work within the 40 hour workweek and a divisor of 2,756 divisor for hours in excess of the regular 40 hour workweek. This applies to all VHA firefighters who are scheduled to work 40 hours per week, including those on a 40-PLUS tour.]

d. **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

e. **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.

f. **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.

g. **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 for full-time and part-time employees is to be computed in accordance with the instructions contained in FWS Operating Manual, section S8-4. In accordance with Section 624 of Treasury and General Government Appropriations Act, 1999, as contained in section 101(h) of Public Law 105-277, Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999, the payment of Sunday pay is prohibited for periods of leave. Sunday pay is therefore only payable for periods when work is performed. Sunday pay is not payable for periods of paid leave or excused absence including annual leave, sick leave, compensatory time off, credit hours, military leave, court leave, excused absence on a holiday, or time off as an incentive or performance award. Normally, P&H employees are not entitled to Sunday pay because they do not have regularly scheduled tours.

NOTE: *As a result of the Fathauer vs. United States court decision dated May 26, 2009, part-time employees are eligible for Sunday premium pay. (See Office of Personnel Management (OPM) Compensation Policy Memorandum 2009-21 dated December 8, 2009.) Human Resources Management Letter (HRML) 05-11-02, Administrative Claims for Sunday Premium Pay as a Result of Fathauer vs. United States dated February 15, 2011, provides instructions for identifying affected employees and processing claims for unpaid Sunday premium pay for a period up to six years prior to May 26, 2009, upon receipt of a written claim.*

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 [and Labor Relations] (05[5]).

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.

APPENDIX A.
VHA HEALTH CARE OCCUPATIONS ELIGIBLE FOR WEEKEND PREMIUM PAY[, ON-CALL PAY AND SPECIAL RATES APPROVED UNDER 38 U.S.C. 7455]

Series	Title
0060	Chaplain
0101	Social Science
0102	Social Science Aid and Technician
0180	Psychology
0181	Psychology Aid and Technician
0184	Sociology
0185	Social Work
0186	Social Services Aid and Assistant
0187	Social Services
0188	Recreation Specialist
0189	Recreation Aid and Assistant
[ ]	
[ ]	
0401	General Biological Science
0403	Microbiology
0404	Biological Science Technician
0405	Pharmacology
0413	Physiology
0415	Toxicology
0601	General Health Science
0620	Licensed Practical/Vocational Nurse
0621	Nursing Assistant
0622	Medical Supply Aid and Technician
0625	Autopsy Assistant
0630	Dietitian and Nutrition
0631	Occupational Therapist
0633	Physical Therapist
0635	[Kinesiotherapist]
0636	Rehabilitation Therapy Assistant
0637	Manual Arts Therapist
0638	Recreation/Creative Arts Therapist
0639	Education Therapist
0640	Health Aid and Technician
0642	Nuclear Medicine Technician
0644	Medical Technologist
0645	Medical Technician
0646	Pathology Technician

Series	Title
0647	Diagnostic Radiologic Technologist
0648	Therapeutic Radiologic Technologist
0649	Medical Instrument Technician
0651	Respiratory Therapist (Title 5)
0660	Pharmacist
0661	Pharmacy Technician
0664	Restoration Technician
0665	Speech Pathologist and Audiologist
0667	Orthotist and Prosthotist
0669	Medical Records Administration
0670	Health System Administration
0671	Health System Specialist
0672	Prosthetic Representative
0673	Hospital Housekeeping Management
0675	Medical Records Technician
0679	Medical Support Assistant
0681	Dental Assistant
0682	Dental Hygienist
0683	Dental Laboratory Aid and Technician
0690	Industrial Hygienist
0698	Environmental Health Aid and Technician
0699	Student Nurse Technician (Title code 63 only)
0701	Veterinary Medical Science
0704	Animal Health Technician
[ ]	[ ]
0858	Biomedical Engineering
1020	Medical Illustrator
1060	Photographer (Medical)
1301	General Physical Science
1306	Health Physics
1310	Physics
1311	Physical Science Technician
1320	Chemistry
[1601	Biomedical Equipment Support Specialist]
1910	Public Health Educator
1725	Quality Assurance

[ ]

[**APPENDIX B.**
ADDITIONAL VHA POSITIONS ELIGIBLE FOR WEEKEND PREMIUM PAY ONLY

Pay Plan	Series	Title Code	Title
GS	0080	02	Security Officer
GS	0081	03	Firefighter (Bas Life Spt/Haz Mat Tech)
GS	0081	04	Firefighter (Structural)
GS	0081	05	Firefighter (Hazardous Materials Tech)
GS	0081	07	Firefighter (Paramedic)
GS	0083	02	Detective
GS	0083	03	Police Officer (Instructor)
GS	0083	05	Police Officer
GS	0085	04	Security Guard
GS	0086	01	Security Clerk
GS	0086	02	Security Assistant
GS	0086	04	Security Assistant (OA)
GS/GM	0301	61	Rehabilitation Medicine Coordinator
GS	0301	68	Patient Representative
GS	0303	03	Medical Administrative Assistant
GS	0303	04	Domiciliary Assistant
GS	0303	11	Prosthetic Clerk
GS/AD	0303	13	Patient Services Assistant
GS	0303	16	Medical Data Clerk (Typing)
GS	0303	19	Medical Data Clerk
GS	0303	44	Prosthetic Clerk (OA)
GS	0303	45	Medical Data Clerk (OA)
GS	0303	57	Patient Services Assistant (OA)
GS	0350	09	X-Ray Film Processing Equipment Opr
GS	0394	02	Communications Clerk
GS	0394	03	Communications Clerk (OA)
GS	0394	08	Communications Clerk (Typing)
GS	1001	11	Interpreter (OA)
GS	1046	02	Clerk-Translator
GS	1715	02	Vocational Rehabilitation Specialist
GS	1715	04	Vocational Development Specialist
WG/WL/WS	3511	10	Laboratory Worker
WG/WL/WS	3566	10	Housekeeping Aid
WG/WL/WS	3566	30	Housekeeping Aid Training Leader
WG/WL/WS	3566	40	Housekeeping Storeroom Attendant
WG/WL/WS	3566	60	Housekeeping Aid (Leader)
WG/WL/WS	4742	10	Utility Systems Repairer-Operator
WG/WL/WS	4742	20	Utility Systems Repairer
WG/WL/WS	4801	10	Equipment Servicer (Wheelchair Repair)]

[Pay Plan	Series	Title Code	Title
WG/WL/WS	4805	10	Medical Equipment Repairer
WG/WL/WS	4805	20	Medical Equipment Worker
WG/WL/WS	5306	20	Air Conditioning Equipment Mechanic
WG/WL/WS	5309	20	Boiler Plant Equipment Mechanic
WG/WL/WS	5402	20	Boiler Plant Operator
WG/WL/WS	5406	30	Utility Systems Operator
WG/WL/WS	5415	20	Air Conditioning Equipment Operator
WG/WL/WS	5703	60	Motor Vehicle Operator
WG/WL/WS	7304	10	Laundry Worker
WG/WL/WS	7305	50	Laundry Machine Operator
WG/WL/WS	7305	60	Laundry Machine Opr (Motor Veh Opr)
WG/WL/WS	7404	20	Cook
WG/WL/WS	7408	10	Food Service Worker
WG/WL/WS	7408	20	Food and Sanitation Worker

NOTE: *The additional positions deemed eligible for weekend premium pay in Appendix B are considered healthcare workers only for weekend premium pay purposes and are NOT eligible for any additional title 38 pay entitlements, applicable solely to healthcare workers.*]

[PAY ADMINISTRATION

PART VI. RECRUITMENT AND RETENTION INCENTIVES

CONTENTS

PARAGRAPH PAGE

CHAPTER 1. GENERAL

1. PURPOSE VI-1
2. OVERALL VI-1
3. RESPONSIBILITIES VI-1

CHAPTER 2. RECRUITMENT AND RELOCATION INCENTIVES

1. GENERAL VI-3
2. COVERAGE VI-4
3. EXCLUSIONS VI-4
4. RESPONSIBILITIES VI-5
5. APPROVING AND RECOMMENDING OFFICIALS VI-7
6. ELIGIBILITY REQUIREMENTS VI-8
7. JUSTIFICATION FOR INCENTIVES VI-9
8. AUTHORIZATION FOR INCENTIVES VI-10
9. DETERMINING INCENTIVE AMOUNTS VI-10
10. PAYMENT METHODS AND PROCEDURES VI-12
11. AGGREGATE LIMIT ON COMPENSATION VI-12
12. RECRUITMENT OR RELOCATION SERVICE AGREEMENT VI-13
13. SERVICE OBLIGATIONS VI-14
14. TERMINATION OF A SERVICE AGREEMENT VI-14
15. REPAYMENT REQUIREMENTS VI-15
16. RECORDS AND REPORTS VI-17
17. ANNUAL CERTIFICATION AND INTERNAL MONITORING VI-18
18. CONCURRENT SERVICE AGREEMENTS VI-18

CHAPTER 3. RETENTION INCENTIVES OTHER THAN FOR CLOSURE OR RELOCATION OF EMPLOYING OFFICE, FACILITY OR ORGANIZATION

1. GENERAL VI-21
2. COVERAGE VI-22
3. EXCLUSIONS VI-22
4. RESPONSIBILITIES VI-23
5. APPROVING AND RECOMMENDING OFFICIALS VI-24
6. ELIGIBILITY REQUIREMENTS VI-25
7. AUTHORIZATION OF RETENTION INCENTIVES VI-25
8. DETERMINING INCENTIVE AMOUNTS VI-28
9. PAYMENT METHOD AND PROCEDURES VI-29

CONTENTS - CONTINUED

PARAGRAPH PAGE

CHAPTER 3. RETENTION INCENTIVES

10. AGGREGATE LIMIT ON COMPENSATION VI-30
11. RETENTION SERVICE AGREEMENT VI-30
12. STATEMENT OF UNDERSTANDING VI-31
13. TERMINATION OF A RETENTION INCENTIVE VI-31
14. ANNUAL REVIEW OF RETENTION INCENTIVES VI-32
15. RECORDS AND REPORTS VI-33
16. ANNUAL CERTIFICATION REPORT AND INTERNAL MONITORING VI-33

CHAPTER 4. SUPERVISORY DIFFERENTIALS

1. COVERAGE VI-25
2. CRITERIA FOR AUTHORIZING AND PAYING A SUPERVISORY DIFFERENTIAL VI-25
3. CALCULATION OF SUPERVISORY DIFFERENTIAL VI-27
4. RESPONSIBILITIES VI-28
5. DELEGATIONS OF AUTHORITY VI-29
6. SUBMISSION PROCEDURES VI-30
7. PROCESSING SUPERVISORY DIFFERENTIALS VI-31
8. TERMINATION OR ADJUSTMENT OF SUPERVISORY DIFFERENTIALS VI-32
9. REPAYMENT REQUIREMENTS VI-33
10. RECORDS VI-33

CHAPTER 5. ADVANCES IN PAY FOR NEW EMPLOYEES

1. COVERAGE VI-35
2. GENERAL VI-35
3. CRITERIA VI-35
4. RESPONSIBILITIES VI-36
5. DELEGATIONS OF AUTHORITY VI-36
6. REQUESTS FOR ADVANCES IN PAY VI-37
7. EMPLOYEE STATEMENT OF UNDERSTANDING VI-37
8. APPROVING ADVANCES IN BASIC PAY VI-38
9. PAYMENT AND REPAYMENT PROCEDURES VI-38
10. WAIVERS OF REPAYMENT VI-39
11. RECORDS VI-39
12. REFERENCES VI-39
13. DEFINITIONS VI-39

CONTENTS – CONTINUED

PARAGRAPH PAGE

CHAPTER 6. SPECIAL RATES

1. GENERAL VI-41
2. APPROVAL OF SPECIAL RATES UNDER 38 U.S.C. 7455 ..... VI-42
3. REQUESTS FOR SPECIAL RATES UNDER 38 U.S.C. 7455 ..... VI-47a
4. REQUESTS FOR SPECIAL RATES UNDER 5 U.S.C. 5305 ..... VI-50
5. SURVEY INSTRUCTIONS VI-50
6. TERMINATION OF SPECIAL RATES VI-53

CHAPTER 7. TRAVEL AND TRANSPORTATION EXPENSES FOR NEW APPOINTEES AND INTERVIEWS

1. GENERAL VI-55
2. APPROVAL VI-55
3. AGENCY DISCRETION VI-55
4. REFERENCES VI-55

CHAPTER 8. REPAYMENT OF STUDENT LOANS

1. GENERAL VI-57
2. CRITERIA FOR THE AUTHORIZATION OF STUDENT LOAN REPAYMENTS VI-58
3. STUDENT LOAN REPAYMENT REQUESTS VI-59
4. EMPLOYEE SERVICE AGREEMENT VI-59
5. RESPONSIBILITIES VI-59
6. DELEGATION OF AUTHORITY VI-60
7. DETERMINING THE AMOUNT OF STUDENT LOAN REPAYMENTS VI-61
8. PROCEDURES FOR MAKING STUDENT LOAN REPAYMENTS VI-61
9. LOSS OF ELIGIBILTY FOR STUDENT LOAN REPAYMENTS AND EMPLOYEE REIMBURSEMENT TO VA VI-62
10. RECORDS MAINTENANCE VI-62
11. ANNUAL REPORT VI-63
12. DEFINITIONS VI-63
13. REFERENCES VI-63

APPENDICES

VI-A. JUSTIFICATION AND AUTHORIZATON OF RECRUITMENT AND RELOCATION INCENTIVES TEMPLATE AND INSTRUCTIONS VI-A-1
VI-B. RECRUITMENT/RELOCATION SERVICE AGREEMENT VI-B-1
VI-C. AUTHORIZATION AND REVIEW OF RETENTION INCENTIVE TEMPLATE AND INSTRUCTIONS VI-C-1
VI-D. SAMPLE STATEMENT OF UNDERSTANDING/RETENTION INCENTIVE VI-D-1

CONTENTS - CONTINUED

APPENDICES **PAGE**

VI-E. RESCINDED VI-E-1
VI-F. RESCINDED..... VI-F-1
VI-G. EXAMPLES OF CONTINUING PAY AND DIFFERENTIAL COMPUTATIONS/ SUPERVISORY DIFFERENTIAL..... VI-G-1
VI-H. SUPERVISORY DIFFERENTIAL COMPUTATION SHEET..... VI-H-1

VI-I. SUBORDINATE PAY ABOVE GS-15/10 ..... VI-I-1
VI-J. INSTRUCTIONS FOR COMPLETING SPECIAL RATES EVALUATION WORKSHEET..... VI-J-1
VI-K. SAMPLE OF SPECIAL RATES EVALUATION WORKSHEET (VA FORM 10-0396) VI-K-1
VI-L. RESCINDED VI-L-1
VI-M. SAMPLE SPECIAL RATE AUTHORIZATION USING FIXED-PERCENTAGE SUPPLEMENT..... VI-M-1
VI-N. SAMPLE INITIAL STUDENT LOAN REPAYMENT RECOMMENDATION// APPROVAL VI-N-1
VI-O. SAMPLE EMPLOYEE SERVICE AGREEMENT..... VI-O-1
VI-P. RETENTION SERVICE AGREEMENT VI-P-1
VI-Q. RETENTION INCENTIVE DUE TO CLOSURE OR RELOCATION OF EMPLOYING OFFICE, FACILITY OR ORGANIZATION VI-Q-1
VI-R. SAMPLE REQUEST FOR APPROVAL OF RETENTION INCENTIVE (DUE TO CLOSURE OR RELOCATION OF EMPLOYING OFFICE, FACILITY OR ORGANIZATION) VI-R-1
VI-S. SAMPLE SERVICE AGREEMENT - RETENTION INCENTIVE (DUE TO CLOSURE OR RELOCATION OF EMPLOYING OFFICE, FACILITY OR ORGANIZATION) ..... VI-S-1]

[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 highly qualified employees in difficult to fill positions. These include recruitment, relocation, and retention incentives, special rates, student loan repayments, advances in pay, and supervisory differentials.

2. OVERALL

a. Each of the pay flexibilities and incentives contained in this part are important tools when strategically and prudently used to address human capital needs. These flexibilities and incentives facilitate the staffing of difficult to fill positions with highly qualified candidates who possess unique skills and competencies and the retention of employees whose services are essential to the Department and who would otherwise leave Federal service. The effective use of these flexibilities requires a proper assessment of the Department's needs, fully justified authorization documents, periodic and annual reviews to determine the need for continued use, and the consideration of other staffing flexibilities where appropriate. Recommending and approving officials are responsible for ensuring that authorized pay flexibilities and incentives support the organization's workforce plan and strategic goals and meet Government-wide regulations and Department policies.

b. Successful workforce and succession planning efforts do not rely on pay flexibilities alone. Organizations must consider the recruitment and development of highly qualified employees as an ongoing process, continually reviewing and analyzing workforce data to determine trends, identifying gaps in competencies, and developing strategies to address current and future staffing needs. In conjunction with pay flexibilities and incentives, organizations must consider and use, as appropriate, career development programs, mentoring, job reengineering, knowledge transfer, telework arrangements, alternate work schedules and other options in order to build and maintain a quality high-performing workforce with essential skills and competencies to accomplish the Department's mission and goals.

3. RESPONSIBILITIES

a. Subject to the approval criteria for each pay flexibility, an official at a level higher than the recommending official must serve as the approving official. Officials must carefully review and follow the mandatory procedures in this part before proceeding with the recommendation and approval of pay flexibilities. Since pay flexibilities are discretionary, approval may not be made on a retroactive basis. For recruitment and relocation incentives, approval must occur before the employee enters on duty.

b. The Secretary, or designee, is the approving official for employees occupying positions centralized to the Office of the Secretary. This includes employees in the Senior Executive Service (SES), title 38 SES-equivalents, Senior Level (SL) employees, and GS-15 employees in centralized positions.

c. Under Secretaries, Assistant Secretaries, Other Key Officials, and Deputy Assistant Secretaries, or their designees, are the recommending officials for employees in their organization occupying positions centralized to the Office of the Secretary. They or their designees are the approving officials for employees occupying VA Central Office positions in their organizations that are not centralized to the Office of the Secretary and for employees occupying field positions centralized to their respective offices.

d. Network Directors in the Veterans Health Administration (VHA) and National Cemetery Administration (NCA), and Area Directors in the Veterans Benefits Administration (VBA) are the approving officials for employees in non-centralized positions under their jurisdiction.

e. Subject to approval limits in this part, Medical Center, Regional Office, Cemetery Directors and Regional Counsels in the Office of General Counsel (OGC) are the approving officials for employees in non-centralized positions under their jurisdiction. This approval 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 INCENTIVES

1. GENERAL

a. Recruitment and relocation incentives may be used to appoint high quality employees in positions that are likely to be difficult to fill without such incentives. These incentives are authorized under 5 U.S.C. 5753, extended to title 38 employees under the authority of 38 U.S.C. 7410, and are governed by regulations in 5 CFR part 575, subparts A and B, and the provisions of this chapter.

b. Subject to the approval requirements in paragraph 5 and the procedures contained in this chapter, recruitment and relocation incentives of up to 25 percent of an employee's annual rate of basic pay in effect at the beginning of the service period multiplied by the number of years in a service agreement (four-year maximum) may be authorized to high quality employees in positions that are likely difficult to fill without such incentives. Total incentive payments may not exceed 100 percent of an employee's annual rate of basic pay. Incentives are not considered basic pay for any purpose. When calculating a recruitment or relocation incentive, an employee's rate of basic pay includes any locality-based comparability payment under 5 CFR part 531, subpart F, or any special rate under 5 CFR part 530, subpart C or 38 U.S.C. 7455 but excludes additional pay of any kind such as night shift differential or environmental differential. For the purposes of this chapter, market pay for physicians and dentists under 38 U.S.C. 7431(c) will be included in basic pay. For the purposes of this chapter, special pay for pharmacist executives and nurse executives will be included in basic pay.

c. Prior to authorizing a recruitment or relocation incentive, organizations must first fully justify the need for the incentive. Appendix VI-A contains VA Form 10016, Justification and Authorization of Recruitment and Relocation Incentives, which must be used in both the justification and subsequent authorization of incentives. Section A, Justification of Incentive, should be completed as soon as an organization considers the use of an incentive in order to determine if it is justified. Section A must be completed and signed by all appropriate officials prior to advertising incentives on a vacancy announcement. Once an incentive is justified for a vacant position, the vacancy announcement must contain a statement that the incentive may be authorized. Paragraph 7 contains factors that must be addressed to justify incentives and Appendix VI-A contains guidance for addressing each factor and instructions for completing VA Form 10016.

d. Once a candidate is selected to receive an incentive, organizations must complete Section B, Authorization of Incentive, of VA Form 10016. Section B contains information on the candidate's qualifications, the authorized percentage, payment method, service obligation length and other information specific to the individual. This phase of the authorization process must also include a completed service agreement signed by the candidate and the approving official specifying the terms and conditions for which the incentive is payable. VA Form 10016 and the service agreement must be approved before a candidate enters on duty. Approvals may not be made on a retroactive basis. Appendix VI-B contains a sample recruitment/relocation service agreement and instructions for completion.

e. Except for positions centralized to the Office of the Secretary, approving officials may delegate to an official at a level no lower than a candidate's potential supervisor the authority to offer a recruitment incentive when necessary to make a timely offer of employment. Section A of VA Form 10016 must be

completed prior to or at the time of such delegation. The delegation must be in writing and specify the conditions under which an incentive may be offered, including payment range and time period in which the delegation is in effect. The delegation may also include a candidate's necessary qualifications, skill level, service agreement requirements and other conditions specified by the approving official. A copy of the delegation will be filed in the servicing human resources office and ultimately maintained with the completed VA Form 10016 and employee service agreement. The approving official, not the delegated official, must ultimately sign VA Form 10016.

2. COVERAGE

a. Recruitment incentives may be paid to full-time and part-time employees; recruitment incentives may not be paid to intermittent employees except when approved at the Network Director, Area Director, or Deputy Assistant Secretary levels or higher.

b. Relocation incentives may be paid to full-time employees only; relocation incentives may not be paid to part-time or intermittent employees.

c. Subject to the employment status above and the eligibility requirements in paragraph 6 below, incentives may be offered to employees in the following positions or appointments:

(1) **Title 5 and Hybrid Positions.** General Schedule (GS) positions paid under 5 U.S.C. 5332 (including "hybrid" positions listed under 38 U.S.C. 7401(3) or approved for 38 U.S.C. 7401(3) hybrid status by the Assistant Secretary for Human Resources and Administration in accordance with VA Handbook 5005, Part II, Chapter 3, Section A, paragraph 2), 5 U.S.C. 5305 or 38 U.S.C. 7455; senior-level or scientific and professional positions paid under 5 U.S.C. 5376; Senior Executive Service (SES) positions paid under 5 U.S.C. 5383; law enforcement officer positions as defined by 5 CFR 550.103; Executive Schedule positions paid under 5 U.S.C. 5311-5317 or a position the rate of pay for which is fixed by law at a rate equal to a rate for the Executive Schedule; and Federal Wage System positions.

(2) **Title 38 Positions.** Under the authority of 38 U.S.C. 7410 and 7421, the Secretary has extended the provisions of 5 U.S.C. 5753 to physicians, dentists, podiatrists, optometrists, chiropractors, registered nurses, physician assistants, and expanded-function dental auxiliaries appointed under 38 U.S.C. 7401(1). Individuals appointed under 38 U.S.C. 7306, 7405(a)(1)(A) or (B) for a minimum period of at least one year are also covered. This chapter constitutes VA regulations with respect to recruitment and relocation incentives for title 38 employees.

3. EXCLUSIONS

a. Recruitment and relocation incentives may not be paid to individuals to be appointed for less than a 1-year period; as experts and consultants; on a without compensation basis; as a Presidential appointee or in expectation of a Presidential appointment; as a non-career SES appointee as defined in 5 U.S.C. 3132(a)(7); or in a position which has been excepted from the competitive service by reason of its confidential, policy-determining, policy-making, or policy-advocating character. These incentives may also not be paid to those with scholarship obligations to VA resulting from education or training activities. Employees in the Veterans Canteen Service (VCS) appointed under 38 U.S.C. Chapter 78 are

excluded from the provisions of this chapter but are covered under the provisions of VCS Directive 08-02, Recruitment, Relocation and Retention Incentives.

b. Recruitment incentives may not be paid to individuals with less than a 90-day break in Federal service unless the 90-day period immediately preceding the appointment was in one or more of the following:

(1) A time-limited appointment in the competitive or excepted service;

(2) Employment with the Government of the District of Columbia (DC) when the candidate was first appointed by the DC Government on or after October 1, 1987;

(3) Appointment as an expert or consultant under 5 U.S.C. 3109 and 5 CFR part 304;

(4) A non-permanent appointment (excluding a Schedule C appointment under 5 CFR.213) in the competitive or excepted service;

(5) A provisional appointment under 5 CFR 316.403;

(6) Appointment under the Student Career Experience Program under 5 CFR 213.3202(b);

(7) An SES limited term or limited emergency appointment as defined in 5 U.S.C. 3132(a)(5) or (a)(6), respectively.

c. Individuals in Federal service in a government-controlled corporation, the Tennessee Valley Authority, the Virgin Islands Corporation, the Atomic Energy Commission, the Central Intelligence Agency, the National Security Agency, the Government Accountability Office, the Defense Intelligence Agency or the National Geospatial-Intelligence Agency must also have at least a 90-day break in service in order to be eligible for a recruitment incentive.

4. RESPONSIBIITIES

a. Under Secretaries, Assistant Secretaries, Other Key Officials, Deputy Assistant Secretaries, and facility directors are responsible for the prudent and fiscally responsible administration of this policy and for ensuring that recruitment and relocation incentives, 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 incentives submitted for OPM's approval, conducting technical reviews for title 38 incentives requiring the Under Secretary for Health's approval, auditing incentives for non-centralized positions and centralized positions, monitoring usage trends and anomalies and fulfilling Department-wide reporting requirements to the Secretary as contained in this chapter or as required by government entities.

c. The Corporate Senior Executive Management Office (CSEMO) is responsible for advising management officials on the application of regulations and procedures for executive positions and for conducting technical reviews of incentives and assuring the completeness of authorizations for positions that are centralized to the Office of the Secretary, to include SES, title 38 SES-equivalent and senior level employees. The CSEMO will ensure that the incentive has been justified and approved prior to advertising incentives on a vacancy announcement and will maintain documentation adequate for reconstruction for each incentive submission.

d. Human Resources Management Officers (HRMOs) are responsible for:

(1) Advising management officials on the provisions in this chapter, providing technical advice and assistance on incentive percentages, length of service obligation requirements, definition of the geographic area (when appropriate), and other technical matters and assuring the completeness of authorizations prepared and approved at the local level.

(2) Reviewing and concurring on all justifications and approvals to ensure factors are fully addressed, accurate and current and that all information meets the requirements for approval. The review and concurrence of justifications (Section A, Justification and Authorization of Recruitment and Relocation Incentives, VA Form 10016) must occur prior to advertising incentives on vacancy announcements; the review and concurrence of the authorizations (Section B, Justification and Authorization of Recruitment and Relocation Incentives, VA Form 10016) must occur before an employee enters on duty.

(3) Maintaining documentation adequate for reconstruction of each case, and prepare reports as required.

(4) Reviewing the records of those being considered for positions to determine whether a service obligation remains unfulfilled and, if so, notifying the recruiting office.

(5) For relocation incentives, confirming that a candidate's most recent performance rating of record is at least "Fully Successful" or equivalent and that the employee has established a residence in the new geographic area before payment is processed.

e. Supervisors will ensure that each incentive recipient maintains a performance rating of record of at least "Fully Successful" or equivalent. If a rating of record is lower than "Fully Successful" or equivalent, they will contact the approving official for immediate termination of the service agreement.

f. The Office of Financial Management will develop, in coordination with OHRM, incentive payment, refund, and waiver procedures.

g. Employees are responsible for signing a service agreement to receive an incentive and for completing the required service in accordance with the terms of the service agreement. For relocation incentives, employees are responsible for certifying to the servicing human resources office the establishment of a residence in the geographic area for which the incentive is authorized.

5. APPROVING AND RECOMMENDING OFFICIALS

a. The Secretary, or designee, is the approving official for employees occupying positions centralized to that office. This includes employees in the SES, title 38 SES-equivalents and senior-level or scientific and professional positions. The CSEMO conducts a technical review and makes recommendation for all incentives for SES, title 38 SES-equivalents and SL employees submitted to the Secretary, or designee, for approval.

b. Under Secretaries, Assistant Secretaries, Other Key Officials, and Deputy Assistant Secretaries, or their designees, are the recommending officials for employees in their organizations occupying positions centralized to the Secretary. They, or their designees, are the approving officials 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 in the Veterans Health Administration (VHA) and National Cemetery Administration (NCA), and Area Directors in the Veterans Benefits Administration (VBA) are the approving officials for incentives for employees in non-centralized positions under their direct jurisdiction or organization. Also these individuals are the approving officials for all incentives greater than 15 percent recommended by Facility Directors within their respective Network or Area. These individuals are also approving officials for incentives paid to employees with an unfulfilled service obligation from a previous incentive and for recruitment incentives for intermittent employees. The approval authority for officials in this category may not be re-delegated.

d. The General Counsel is the approving official for incentives (except for SES and SL positions) in the Office of General Counsel that are greater than 15 percent, for incentives paid to employees with an unfulfilled service obligation from a previous incentive, and for recruitment incentives for intermittent employees. The approval authority may not be re-delegated.

e. Medical Center Directors, Regional Office Directors, Cemetery Directors and Regional Counsels (in the Office of General Counsel) are the approving officials for incentives up to 15 percent for employees in non-centralized positions under their jurisdiction. This approval authority may not be re-delegated. These officials may not approve incentives greater than 15 percent, incentives to employees with unfulfilled service obligation from a previous incentive, or recruitment incentives for intermittent employees.

f. The Office of Personnel Management (OPM) may authorize recruitment and relocation incentives in excess of 25 percent, but not in excess of 50 percent, for SES and title 5 employees based on a critical VA need. The Secretary may take similar action for title 38 SES-equivalent employees; the Under Secretary for Health may do so for title 38 employees that are not SES-equivalent.

g. Except as otherwise provided, an official at a level lower than the approving official is the recommending official for all incentives. Under Secretaries and Assistant Secretaries may serve both as the recommending official and approving official for incentives, except for incentives that require the Secretary's or designee's approval.

6. ELIGIBILITY REQUIREMENTS

a. **Recruitment Incentives.** Recruitment incentives may be authorized to full-time, part-time or intermittent individuals in their first appointment as a Federal employee or to a newly appointed former Federal employee with at least a 90-day break in service (except as provided in subparagraph 3b), when the approving official determines that it would be difficult to fill the position with a high quality candidate without the incentive. Recruitment incentives 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 rates, student loan repayments, 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.

b. **Relocation Incentives**

(1) Relocation incentives may be authorized to full-time Federal employees who must change worksite and physically relocate to a different geographic area when the approving official determines that without the incentive, it would be difficult to fill the position with a high quality candidate. Relocation incentives may not be authorized for part-time or intermittent employees. Relocation incentives may be authorized for permanent relocations or for temporary relocations of 120 days or more. An additional incentive may not be paid if a temporary assignment is extended beyond the initial proposed completion date. Relocation incentives may be used in combination with certain other allowances and authorities, such as reimbursement of travel and transportation expenses, special rates, student loan repayments, 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. Relocation incentives are payable only to individuals who are employees of the Federal Government immediately before the relocation.

(2) A position is considered to be in a different geographic area if the worksite of the new position is 50 or more miles from the worksite of the position held immediately before the move. If the worksite of the new position is less than 50 miles from the worksite of the position held immediately before the move, but the employee must relocate to accept the position, the approving official may waive the 50-mile requirement and pay the employee a relocation incentive. Any such waiver shall be documented in the relocation incentive approval document.

(3) A relocation incentive may be paid only when the employee's rating of record for the position held immediately before the move is at least "Fully Successful" or equivalent.

(4) Prior to receipt of a relocation incentive, employees must establish a residence in the new geographic area. Employees will submit written self-certification, which must include the employee's new address, to the human resources office once a residence is established in order to generate payment of the incentive.

(5) A relocation incentive is not payable and may not commence for the same period of employment covered by a recruitment incentive or previous relocation incentive. A relocation incentive may be payable and may commence for a period of employment covered by a retention incentive service agreement or retention incentive payment. When a relocation incentive is authorized for an employee

covered by a retention incentive, any such service agreements must run concurrently. A retention incentive paid on a bi-weekly basis must be terminated prior to authorizing a subsequent incentive. A retention incentive followed by a relocation incentive is the only instance in which an employee may receive more than one incentive and fulfill concurrent service agreements for the same period of service.

(6) A retention incentive paid in bi-weekly installments without a Retention Service Agreement must be terminated in order to authorize a relocation incentive.

7. JUSTIFICATION OF INCENTIVES

a. Section A, Justification of Incentive, which is contained in VA Form 10016, Justification and Authorization of Recruitment and Relocation Incentives, is the basis for determining that a position is likely to be difficult to fill without the use of an incentive. This section must be completed by the recommending official as soon as an organization determines that an incentive may be needed. The servicing human resources office must review and concur on justifications to ensure they are specific, current and relevant for the position(s). Section A must be completed and properly authorized prior to placing a statement on the vacancy announcement that a recruitment or relocation incentive may be authorized. When a position is filled through a vacancy announcement, an incentive cannot be approved unless it was advertised on the vacancy announcement.

b. Recommending officials must consider and fully document how each of the following factors contribute to the determination that an incentive is needed. If a factor does not apply, the justification must explain why a factor is not appropriate. Appendix VI-A contains instructions and guidance on fully addressing each of the following:

(1) The availability and quality of candidates possessing the competencies required for the position including the success of efforts within the previous six months to recruit candidates for similar positions using indicators such as job acceptance rates, the proportion of positions filled, and the length of time to fill similar positions.

(2) The salaries typically paid outside the Federal Government for similar positions;

(3) Turnover within the previous six months in similar positions;

(4) Employment trends and labor-market factors that may affect the ability to recruit candidates for the position or similar positions;

(5) Special or unique competencies required for the position;

(6) Efforts to use non-pay authorities such as special training and work scheduling flexibilities to resolve difficulties alone or in combination with a recruitment incentive;

(7) The desirability of the duties, work or organizational environment, or geographic location of the position; and

(8) Other supporting factors, such as historical information on the occupations or types of positions VA has experienced difficulty in filling with high quality candidates or geographic areas that traditionally have been considered less desirable.

c. Justifications of incentives will not contain employee-specific information but rather will document why a position is likely to be difficult to fill in the absence of an incentive. Employee-specific information will be documented in Section B, Authorization of Incentive, of VA Form 10016 once a candidate is selected and offered an incentive.

8. AUTHORIZATION OF INCENTIVES

a. Once a candidate is selected and offered an incentive, Section B, Authorization of Incentive, of VA Form 10016, Justification and Authorization of Recruitment and Relocation Incentives, must be completed with employee-specific information, authorized percentage, effective date, payment method and schedule, service obligation length period, the candidate's qualifications and other required information. Section A, Justification of Incentive, must be fully completed and signed by the appropriate officials prior to the completion of Section B. Appendix VI-A contains instructions and guidance for the completion of Section B.

b. Incentive requests will be reviewed on a case-by-case basis by the human resources office and approving official. Requests for non-centralized positions will be submitted to the approving official through channels and the local human resources office for technical review and concurrence. Requests should be submitted early enough to permit approval of the incentive before the effective date of employment or before the employee relocates. Incentives for positions centralized to the Office of the Secretary will be submitted as part of the appointment package through appropriate channels. The CSEMO will conduct a technical review and make recommendation for all incentive requests for SES, title 38 SES-equivalent and SL employees. Decisions to pay a recruitment or relocation incentive must be made on a case-by-case basis for each employee or groups of employees.

c. Incentives may not be authorized to employees solely due to superior qualifications or to compensate employees for pay disparity with comparable positions in the private sector or for positions that routinely have a significant number of qualified applicants. Incentives may only be authorized when justifications fully document the difficulty of filling a position with a highly qualified candidate without an incentive. An incentive must be justified, documented and approved for a position using Section A, Justification and Authorization of Recruitment and Relocation Incentive, VA Form 10016, before a recruitment or relocation incentive may be authorized for a specific employee.

9. DETERMINING INCENTIVE AMOUNTS

a. The total amount of incentive payments paid to an employee in a service period may not exceed 25 percent of the employee's annual rate of basic pay in effect at the beginning of the service period multiplied by the number of years (including fractions of a year) in the obligated service period (not to exceed 4 years). Amounts greater than 15 percent must be approved at the Network or Area Director level or higher (see paragraphs 5b, 5c and 5d). Amounts greater than 25 percent must be approved by OPM for title 5 employees, the Secretary for title 38 SES-equivalent employees and the Under Secretary for Health for all other title 38 employees (see subparagraph 5f).

NOTE: *For hourly rate employees, compute an annual rate of basic pay by multiplying the employee's hourly rate in effect at the beginning of the service period by 2,087.*

b. To determine the factor for the number of years in a service period, divide the total number of calendar days in the service period by 365 and round the result to two decimal places. For example, a service period covering 39 biweekly pay periods equals 546 days. The total calendar days divided by 365 days equal 1.50 years. In this example, if the local approving official approves a 20 percent recruitment incentive and the employee's annual rate of basic pay in effect at the beginning of the service period is $40,000, the total incentive payable is $12,000 ($40,000 times 20 percent times 1.5).

c. The approved percentage and length of service selected should reasonably correlate to the difficulty experienced in obtaining high quality candidates. The highest percentage and maximum service lengths will be reserved for positions for which VA experiences the greatest difficulty in obtaining high quality candidates and for which VA has documented evidence of long-term staffing difficulties. It is important to make meaningful and consistent distinctions in determining approved percentages and service periods. The factors in paragraph 7 shall be considered when determining an appropriate percentage and required service period.

d. Subject to the approval levels in paragraph 5, incentive amounts may not exceed 25 percent of the annual rate of basic pay; therefore, calculation of incentives of 25 percent which result in a fraction of a dollar will be rounded down to the next whole dollar. Incentive amounts of less than 25 percent will be rounded up for $0.50 or more and down for $0.49 or less to the nearest whole dollar.

e. In order to exceed the 25 percent limitation (subject to the approval levels in paragraph 5e), the recommending official must fully address each factor in paragraph 7 and determine that the competencies required for the position are critical to the successful accomplishment of an important VA mission, project, or initiative, (e.g., program or project related to a national emergency, implementing a new law or critical management initiative). The additional criteria needed to exceed 25 percent may be documented in Section A, Item 7h, Other Supporting Factors or Special Circumstances of VA Form 10016, Justification and Authorization of Recruitment and Relocation Incentives.

(1) Under this subparagraph, the total amount of incentive payments requested may not exceed 50 percent of the employee's annual rate of basic pay in effect at the beginning of the service period multiplied by the number of years (including fractions of a year) in the service period. However, under no circumstances may incentive payments exceed 100 percent of the employee's annual rate of basic pay in effect at the beginning of the service period. For example, an employee who signs a 2 -year service agreement and whose annual rate of basic pay is $75,000 can be paid a total incentive of $75,000 ($75,000 times 50 percent times 2). However, a 50 percent incentive could not be approved for this employee if the service agreement was longer than 2 years since this would result in an incentive amount greater than 100 percent of the employee's annual rate of basic pay in effect at the beginning of the service period.

(2) Requests to pay incentives greater than 25 percent for employees other than SES, title 38 SES-equivalent and SL employees must be submitted through appropriate channels to OHRM, Compensation and Classification Service (055) for technical review and recommendation. Requests to pay incentives

greater than 25 percent for SES, title 38 SES-equivalent and SL employees must be submitted through appropriate channels to the CSEMO (006E) for technical review and recommendation. Only requests meeting the criteria in this chapter will be forwarded to OPM, the Under Secretary for Health, or the Secretary for approval.

10. PAYMENT METHODS AND PROCEDURES

a. Incentive payments may be paid biweekly, as a lump sum, or in installments subject to the following limitations. Only one of the following payment methods may be used for each incentive:

(1) **Biweekly.** Payments must be in equal biweekly payments at the full authorized percentage each pay period;

(2) **Installments.** May not exceed 4 equal installments per year throughout the service period required by the service agreement; or,

(3) **Lump Sum.** An initial payment may be made at the beginning of the service period or a final lump sum payment may be made upon full completion of the required service period.

b. Payment of a relocation incentive may be made only after the incentive has been approved, the employee has signed a service agreement, the effective date of the employment action has passed and the employee has actually relocated for the purpose of establishing a residence. Employees must submit a written self-certification to the human resources office, which must include the employee's new address, to document that they have actually established a residence in the new geographic area before the incentive is actually paid.

c. An initial lump sum payment for a recruitment incentive may be made prior to the effective date of employment only if the incentive has been approved and the employee has signed a service agreement.

d. In order to reduce the repayment liability due to breached service agreements, approving officials are encouraged to structure payments to cover one year increments. For example, if a recruitment incentive is authorized for three years, an employee will initially receive payment only for the first year. After one year of service, the employee will receive the second payment; after two years of completed service, the employee will receive the third and final payment.

11. AGGREGATE LIMIT ON COMPENSATION. An employee may not receive any portion of an incentive 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. Any excess portion of the incentive may not be paid until the beginning of the next calendar year. Refer to part VII, chapter 2 for information on aggregate limits. Local Human Resources office officials will inform an incentive recipient affected by an aggregate limitation and include an explanation in the service agreement.

12. RECRUITMENT OR RELOCATION SERVICE AGREEMENT

a. In order to receive a recruitment incentive, employees must sign a service agreement and agree to complete a specified period of service in VA, or at a specific duty station. For a relocation incentive, the service must be completed at a specific duty station or with a successor agency in the event of a transfer of function. Incentive recipients must complete the obligated service period or repay the incentive unless repayment is waived (see paragraph 15c). A sample service agreement is provided in Appendix VI-B.

b. The service agreement must include the commencement and termination dates of the required service period. Except as provided in the agreement, the required service period for recruitment incentives must begin upon the commencement of service with VA. For relocation incentives, the required service period must begin after the employee establishes a residence in the new geographic area. The service period for both recruitment and relocation incentives must begin at the beginning of a pay period and terminate on the last day of a pay period. If service with the VA does not begin on the first day of a pay period, VA must delay the service period commencement date so that the required service period begins on the first day of the first pay period beginning on or after the commencement of service with VA or establishment of a residence.

c. A service agreement commencement date may be delayed until after the employee completes an initial period of formal training or required probationary period when continued employment in the position is contingent on successful completion of the formal training or probationary period. However, the determination to pay a recruitment incentive must be made before the employee enters on duty in the position and the service agreement must specify that if the employee does not successfully complete the training or probationary period before the service period commences, VA is not obligated to pay any portion of the recruitment incentive to the employee.

d. The service agreement must specify the total amount of the incentive, the method of paying the incentive, the timing and amount of each incentive payment, the specific conditions under which VA must terminate a service agreement, the specific conditions under which VA may terminate a service agreement and the effect of termination of a service agreement on any additional payments for partially completed service. The service agreement may include any other terms or conditions that, if violated, will result in a termination of the service agreement. For example, the service agreement may specify the employee’s work schedule, type of position, and the duties that are expected to be performed. In addition, the service agreement may address the extent to which a period of time on detail or in paid leave status is creditable toward the completion of the service period.

e. The service agreement must be signed and dated by the employee and the requesting official and attached to the completed VA Form 10016, Justification and Authorization of Recruitment and Relocation Incentives. The approved VA Form 10016 and service agreement will be filed on the temporary side of the employee's electronic Official Personnel Folder until the completion of the required service period. Copies of the service agreement will be given to the employee and the servicing fiscal office and one will be kept with the documentation file.

13. SERVICE OBLIGATIONS

a. The minimum service period for a recruitment incentive is six months. The minimum service period required for a relocation incentive for a permanent relocation is six months; for a temporary relocation it is 120 days.

b. Service in a non-pay status will not count toward satisfying the service obligation. Any time in a non-pay status will postpone the service obligation to VA and will extend the period of obligated service by an equal amount of time.

c. An increase in hours of work after receipt of an incentive, whether initiated by the employee or management, does not increase the incentive payment or accelerate satisfaction of the service obligation. If an incentive recipient requests and management approves a decrease in hours of work before completing the service obligation, repayment of a prorated portion of the incentive is required and the length of the unsatisfied portion of the service obligation remains. The amount of the incentive to be repaid will be computed as described in paragraph 15 below. If the hours of work are reduced at management's request, repayment of the prorated portion of the incentive will not be required; however, the length of the unsatisfied portion of the service obligation will remain.

d. A service obligation required for VA payment of travel and moving expenses is distinct from a recruitment or relocation incentive service obligation and each obligation must be satisfied. However, the same period of service may be credited toward the satisfaction of both obligations.

e. In the event of a transfer of function, the remainder of the service obligation will be satisfied with the successor agency or VA facility. A transfer of function does not include a voluntary transfer to another VA facility or organization at the employee’s request. An employee who breaches a service agreement due to a voluntary transfer is subject to repayment liability. The service obligation must be completed at the location cited in the service agreement, unless the service agreement contains conditions for transferring an employee’s remaining obligated service to another VA facility. Employees whose service obligation is transferred to another VA facility may not receive another incentive while under obligated service from a previous incentive.

14. TERMINATION OF A SERVICE AGREEMENT

a. The approving official may unilaterally terminate a service agreement based solely on the management needs of the agency. For example, VA may terminate a service agreement when the employee’s position is affected by a reduction in force, when there are insufficient funds to continue the planned incentive payments, or when VA assigns the employee to a different position (if the different position is not within the terms of the service agreement). If a service agreement is terminated under this subparagraph, the employee is entitled to all incentive payments that are attributable to completed service and to retain any portion of an incentive payment already paid that is attributable to uncompleted service.

b. The approving official must terminate a service agreement if an employee is demoted or separated for cause (i.e., for unacceptable performance or conduct), if the employee receives a rating of record of less than “Fully Successful” or equivalent, or if the employee otherwise fails to fulfill the terms of the

service agreement. If a service agreement is terminated under this subparagraph, the employee is entitled to retain incentive payments previously paid by VA that are attributable to the completed portion of the service period. If the employee received incentive payments that are less than the amount that would be attributable to the completed portion of the service period, VA is not obligated to pay the employee the amount attributable to completed service, unless VA agreed to such payment under the terms of the service agreement. If the employee received incentive payments in excess of the amount that would be attributable to the completed portion of the service period, the employee must repay the excess amount.

c. The approving official must terminate a service agreement and the employee must repay the entire recruitment incentive when the employee is separated as a result of material false or inaccurate statements or deception or fraud in examination or appointment or as a result of failing to meet employment qualifications.

d. An employee must be notified in writing when a service agreement is terminated. The termination of a service agreement is not grievable or appealable.

15. REPAYMENT REQUIREMENTS

a**. General.** An employee who fails to complete a service obligation or otherwise fulfill the terms of a service agreement shall be indebted to the Federal Government for incentive payments received in excess of the amount that would be attributable to the completed portion of the service period, and must repay the excess amount of the incentive on a prorated basis, unless a waiver is approved. A repayment requirement also occurs when a service agreement is terminated by the approving official under the conditions in subparagraph 14b or 14c.

b**. Determining the Amount of Repayment Obligation.** The following calculations apply only when an employee is entitled to retain payments that are attributable to completed service. They do not apply when a service agreement is terminated under paragraph 14c since the employee must repay the entire incentive.

(1) Credit will be granted for each full biweekly pay period in the service period completed by the employee.

(2) If the incentive was paid in equal bi-weekly installments, a repayment obligation will not exist unless there is a reduction in the employee's work hours.

(3) For breached or terminated service agreements, determine the repayment obligation as follows:

(a) Divide the total incentive amount authorized by the total number of pay periods in the service obligation (e.g., $12,000 incentive divided by 39-pay period obligation = $307.69). This is the bi-weekly incentive amount.

(b) Multiply the resulting amount in subparagraph (a) above by the number of pay periods remaining in the service obligation (e.g., if the employee completed 28 pay periods of a 39-pay period obligation:

$307.69 times 11 pay periods remaining in the service obligation = $3,384.59). This is the amount the employee must repay.

(c) Subtract the resulting amount in subparagraph (b) above from the total incentive amount authorized (e.g., $12,000 minus $3,384.59 = $8,615.41). This is the amount attributable to service completed under the service agreement.

(d) Compare the resulting amount in subparagraph (c) above to the total of the incentive payments already paid to the employee under the service agreement. The employee must repay any amount received in excess of the amount determined in subparagraph (c) above (e.g., if the employee received the $12,000 incentive as a lump sum payment at the commencement of the service period, $3,384.59 must be repaid to VA. If the employee received payments totaling less than the resulting amount in subparagraph (c) above, the employee is owed the difference.

(4) For reductions in the number of work hours, determine the repayment obligation as follows:

(a) Divide the total incentive amount authorized by the total number of pay periods in the service obligation (e.g., $6,000 incentive divided by 26-pay period obligation = $230.77 bi-weekly incentive amount). This is the bi-weekly incentive amount.

(b) Multiply the resulting amount in subparagraph (a) above by the number of pay periods remaining in the service obligation (e.g., if the employee completed 17 pay periods of the 26-pay period obligation before changing their work hours: $230.77 times 9 pay periods remaining in the service obligation = $2,076.93).

(c) Multiply the resulting amount in subparagraph (b) above 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 = 5/8s - (5 ÷ 8 = .625 / .625 times $2,076.93 = $1,298.08). This is the amount the employee must repay.

(d) Compare the resulting amount in subparagraph (c) above to the total of the incentive payments already paid to the employee under the service agreement. The employee must repay any amount received in excess of the amount determined in subparagraph (c) above (e.g., if the employee received the $6,000 incentive as a lump sum payment at the commencement of the service period, $1,298.08 must be repaid to VA. If the employee received payments totaling less than the total incentive amount reduced by the repayment amount determined in subparagraph (c) above, the employee is owed the difference (e.g., if the employee was to receive the incentive as a lump sum at the end of the required service period, the employee is owed $4,701.92: $6,000 minus the $1,298.08 repayment amount).

(5) The local payroll office must take appropriate action to collect any amount received by the employee in excess of the amount attributable to the completed period of service, or to submit overpayment determination to the payroll provider to support debt billing and collection. As appropriate, the local payroll office must submit documentation to the payroll provider to pay additional amounts due the employee to include any waiver determination.

(6) Unless a waiver is granted, amounts owed shall be recovered in accordance with VA's normal debt collection procedures as provided under 5 U.S.C. 5514 and subpart K of 5 CFR, part 550(b) or other appropriate authority.

c. **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) As provided in 5 CFR 575.111 and 5 CFR 575. 211, approving officials may waive all or part of an employee's repayment requirements for breach of service agreements if there is a determination that recovery would be against equity and good conscience and not in the best interest of the United States. For example, waivers may be granted if an employee is unable to complete the service obligation due to an off-duty injury or if repayment would constitute an undue hardship due to unforeseen personal reasons. Waivers under this authority must be granted judiciously and only under compelling circumstances.

(3) A waiver will not be approved and the incentive will be repaid on a prorated basis for an employee who is separated for cause (e.g., on charges of misconduct or delinquency), before completion of the required service period. The employee must repay the entire recruitment incentive when the employee is separated as a result of material false or inaccurate statements or deception or fraud in examination or appointment or as a result of failing to meet employment qualifications.

(4) Approving officials do not have authority to waive overpayments due to erroneous incentive payments; approving officials may only consider waivers due to a breach of service obligation. Waivers for erroneous incentives must be processed through normal debt collection procedures through the Committee on Waivers and Compromises. Erroneous incentive payments include incentives paid to employees in which there was no authority to approve, incentives paid without proper authorization or the amount paid was larger than the approved amount. For example, recruitment incentives paid to a current Federal employee, or an incentive paid without the appropriate authorization, are considered erroneous incentives.

d. **Requesting Waivers.** Requests for waivers due to breach of service obligation will be submitted, through channels, to the official or representative who authorized the incentive. All cases involving breach of service obligations must be routed through the servicing human resources office for technical review prior to submission to the approving official. Incentives which were approved for SES, title 38 SES- equivalent and SL employees will be routed through channels to the CSEMO for technical review. Decisions on waiver requests are final within VA. However, this does not lessen or eliminate an employee's protection from the Prohibited Personnel Practices in 5 U.S.C. 2302 or an employee's right to any rights or remedies available through Equal Employment Opportunity processes or the Office of Special Counsel.

16. RECORDS AND REPORTS. Records sufficient to reconstruct the action will be maintained by the servicing human resources office for a minimum of six years following the end of the service obligation period or incentive payment date, whichever is later. Each facility must keep a record of each determination to pay an incentive and make such records available for review upon request by OHRM or

any other authorized organization. Records on incentives approved for SES, title 38 SES-equivalent and SL employees will be maintained by the CSEMO. These records will include, at a minimum: the approved justification and authorization (VA Form 10016), the service agreement, supporting documentation described in paragraph 7, and waiver requests, approvals or denials, as applicable. Records shall also be made available to appropriate union officials upon request in accordance with governing laws, rules, and regulations.

17. ANNUAL CERTIFICATION AND INTERNAL MONITORING

a. On an annual basis, each servicing human resources office will be responsible for compiling a certification report attesting to the strategic and prudent use of all incentives authorized during the prior calendar year. The report will require information from each incentive authorization and must be signed at the Network, Area, or Deputy Assistant Secretary level or higher. Reports must be submitted to the Deputy Assistant Secretary for Human Resources Management (05) no later than March 31st each year and will be the basis for a Department-wide report to the Secretary.

b. To ensure all incentives are certified, human resources offices will receive a listing from PAID (or the Department's current human resources information system) with information for each incentive authorized during the prior calendar year to include the employee's name, occupation title and series, pay plan, grade/step, duty location, incentive type, incentive percentage authorized, and dates of the service period. The servicing human resources office will estimate the total incentive amount payable during the entire service period, the basis for the authorization and a description of any workforce and succession planning efforts proposed to eliminate or reduce the use of incentives or any labor market, staffing, or other data that supports continued use. For incentives with service periods greater than one year, the report must identify the long-term staffing difficulty used to justify the extended service period.

c. In addition to the annual certification report, OHRM's Compensation and Classification Service will extract data from PAID (or the Department's current human resources information system) on a quarterly basis to identify any trends or anomalies in usage. As needed, the Compensation and Classification Service will contact servicing human resources offices to verify information and to obtain copies of authorizations or other relevant documents needed for the analysis.

d. OHRM's Oversight and Effectiveness Service will routinely review a facility's incentive authorizations during onsite visits and reviews. This will include verifying justifications and authorizations and ensuring incentives are approved in accordance with VA policies and Federal Government regulations.

18. CONCURRENT SERVICE AGREEMENTS

a. In very unusual situations, an employee who has not yet completed the service obligation for a prior incentive may be considered for another assignment. Except as provided in paragraph c below, concurrent service agreements and multiple incentive payments for the same period of employment are not permitted. Employees who accept a new position but have a service obligation due to a previous relocation or recruitment incentive are subject to the repayment liabilities of the previously authorized service agreement unless the approving official terminates the agreement or waives repayment.

Terminating a service agreement or waiving repayment in order to offer an employee a subsequent incentive is generally inappropriate and must be approved as stated in paragraph c below.

b. A relocation incentive is not payable and may not commence for a period of employment covered by a recruitment incentive service agreement or a previous relocation incentive service agreement. A retention incentive followed by a relocation incentive is the only instance in which an employee may receive more than one incentive and fulfill concurrent service agreements for the same service period.

c. A relocation incentive may be payable for a period of employment covered by a retention incentive provided the conditions for both the retention incentive and relocation exists. Concurrent service agreements for retention incentives and relocation incentives as well as terminating an agreement or waiving repayment in order to pay a subsequent incentive require approval at the Network, Area or Deputy Assistant Secretary level or higher. Such approvals should be limited to rare and unusual circumstances in which an employee's retention is directly linked to a mission critical function in which documented evidence shows an inability to fill the position unless a subsequent incentive is approved.

CHAPTER 3. RETENTION INCENTIVES OTHER THAN FOR CLOSURE OR RELOCATION OF EMPLOYING OFFICE, FACILITY OR ORGANIZATION

1. GENERAL

a. Retention incentives may be used to retain full-time or part-time employees with high or unique qualifications or whose services are essential to a special VA need and are likely to leave Federal service without an incentive. These incentives are authorized under 5 U.S.C. 5754, extended to title 38 employees under the authority of 38 U.S.C. 7410, and are governed by regulations at 5 CFR part 575, subpart C, and the provisions of this chapter. For retention incentives based on the closure or relocation of the employee's office, facility or organization refer to Appendix VI-Q, Retention Incentive Due to the Closure or Relocation of Employing Office, Facility or Organization.

b. Subject to the requirements in this chapter, approving officials may authorize individual retention incentives of up to 25 percent of an employee's rate of basic pay or group incentives up to 10 percent of an employee's rate of basic pay. Individual incentives greater than 25 percent or group incentives greater than 10 percent require special approval by the Office of Personnel Management (OPM) for title 5 employees or the Under Secretary for Health for title 38 employees. When calculating a retention incentive, an employee's rate of basic pay includes any locality-based comparability payment under 5 CFR part 531, subpart F, or any special rate under 5 CFR part 530, subpart C or 38 U.S.C. 7455 but excludes additional pay of any kind such as night shift differential or environmental differential. For the purposes of this chapter, market pay for physicians and dentists under 38 U.S.C. 7431(c) will be included in basic pay. For the purposes of this chapter, special pay for pharmacist executives and nurse executives will be included in basic pay.

c. Approving officials must review and approve each retention incentive in writing. Incentives will be effective the beginning of the first pay period after the appropriate official approves the request. Approvals may not be made on a retroactive basis.

d. All retention incentives must be reviewed and recertified on at least an annual basis. Incentives that are not reviewed and recertified as required will be automatically terminated by VA's human resources personnel processing system or manually terminated by the servicing human resources office. When automatically terminated, VA's human resources personnel processing system will generate an alert message advising the servicing human resources office to issue an appropriate termination letter to the employee. Once terminated, retention incentives may not be reinstated or reapproved retroactively. The termination of an incentive is not grievable or appealable as authorization is based solely on the needs of the Department.

e. A retention incentive is an effective tool only when strategically and prudently used to retain employees with high or unique qualifications or whose services are essential to a special VA need when such employees are likely to leave Federal service without an incentive. A retention incentive is not appropriate when used primarily to compensate high performing employees for their services or essential employees who are not likely to leave Federal service. The proper administration of retention incentives requires periodic reviews (at least annually) to determine the need for continued use and persistent efforts to reduce or eliminate retention incentives as documented in an organization's

workforce and succession plans.

2. COVERAGE

a. **Individual Retention Incentives.** Retention incentives may be authorized on an individual basis for full-time and part-time employees who occupy the following types of positions or appointments provided the eligibility requirements of paragraph 5 are met:

(1) **Title 5 and Hybrid Positions.** General Schedule (GS) positions paid under 5 U.S.C. 5332 (including "hybrid" positions listed under 38 U.S.C. 7401(3) or approved for 38 U.S.C. 7401(3) hybrid status by the Assistant Secretary for Human Resources and Administration in accordance with VA Handbook 5005, Part II, Chapter 3, Section A, paragraph 2), 5 U.S.C. 5305 or 38 U.S.C. 7455; senior-level or scientific and professional positions paid under 5 U.S.C. 5376; Senior Executive Service (SES) positions paid under 5 U.S.C. 5383; law enforcement officer positions as defined by 5 CFR 550.103; Executive Schedule positions paid under 5 U.S.C. 5311-5317 or a position the rate of pay for which is fixed by law at a rate equal to a rate for the Executive Schedule; and Federal Wage System positions.

(2) **Title 38 Positions.** Under the authority of 38 U.S.C. 7410 and 7421, the Secretary has extended the provisions of 5 U.S.C. 5754 to physicians, dentists, podiatrists, optometrists, chiropractors, registered nurses, physician assistants, and expanded-function dental auxiliaries appointed under 38 U.S.C. 7401(1). Individuals appointed under 38 U.S.C. 7306 or 7405(a)(1)(A) or (B), for a minimum period of at least one year are also covered. This chapter constitutes VA's implementing regulations with respect to retention incentives applicable to title 38 employees.

b**. Group Retention Incentives.** Retention incentives may be authorized for a group or category of full-time or part-time employees occupying the positions and appointments listed in subparagraph 2a except that employees in senior-level or scientific or professional positions paid under 5 U.S.C. 5376; SES positions paid under 5 U.S.C. 5383; Executive Schedule positions paid under 5 U.S.C. 5311-5317 or a position the rate of pay for which is fixed by law at a rate equal to a rate for the Executive Schedule; and title 38 SES-equivalent employees are not eligible for group incentives.

3. EXCLUSIONS

a. **General**

(1) Retention incentives may not be authorized for intermittent employees. Retention incentives may not be authorized for employees appointed on a time-limited basis of less than one year; as experts or consultants; on a without-compensation basis; as Presidential appointees; in the SES as noncareer appointees as defined in 5 U.S.C. 3132(a)(7); in a position excepted from the competitive service by reason of its confidential, policy-determining, policy-making or policy-advocating character; as a resident or intern under 38 U.S.C. 7406; or in the Veterans Canteen Service (see VCS Directive 08.02, Recruitment, Relocation and Retention Incentives). Retention incentives may not be authorized for employees with scholarship obligations to VA resulting from education or training activities.

(2) Except as provided in Appendix VI-Q, retention incentives may not be authorized or paid to a VA employee who is likely to leave for employment in another VA facility, Federal agency, a Government-controlled corporation, the Tennessee Valley Authority, the Virgin Islands Corporation, the Atomic Energy Commission, the Central Intelligence Agency, the National Security Agency, the Government Accountability Office; the Defense Intelligence Agency, or the National Imagery and Mapping Agency.

b. **Group Incentive Exclusions.** In addition to the general exclusions in subparagraph a above, retention incentives may not be authorized on a group or category basis for employees appointed in senior-level or scientific or professional positions paid under 5 U.S.C. 5376; in SES positions; in positions paid under the Executive Schedule; or, in positions the rate of pay for which is fixed by law at a rate equal to a rate for the Executive Schedule.

4. RESPONSIBILITIES

a. Under Secretaries, Assistant Secretaries, Other Key Officials, Deputy Assistant Secretaries, and facility directors are responsible for the fiscally responsible administration of this policy and for ensuring that retention incentives, 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 incentive requests submitted to OPM, auditing retention incentives, monitoring usage trends and anomalies on a quarterly basis, and for compiling an annual certification report to the Secretary.

c. The Corporate Senior Executive Management Office (CSEMO) is responsible for advising management officials on the application of regulations and procedures for executive level positions in this chapter, conducting technical reviews of incentives and assuring the completeness of authorizations for positions that are centralized to the Office of the Secretary, to include SES, title 38 SES-equivalent and senior level employees.

d. Human Resource Management Officers (HRMOs) are responsible for:

(1) Advising management officials on the provisions in this chapter, providing technical advice and assistance on incentive percentages, length of service obligation requirements and other technical matters, and ensuring the completeness of requests prepared or approved at the local level;

(2) Maintaining documentation adequate to reconstruct each case, compile annual certification reports, and prepare other reports as required;

(3) Ensuring that records of those being considered for a retention incentive are screened to determine whether a service obligation remains unfulfilled; and

(4) Ensuring that approving officials and employees being recommended for retention incentives are informed about the impact of aggregate limitations on pay.

e. Supervisors will ensure that each incentive recipient's rating of record is at least "Fully Successful" or equivalent. If a rating of record is lower than "Fully Successful" or equivalent, supervisors will contact the approving official for immediate termination of the incentive and service agreement if applicable.

f. The Office of Financial Management will develop, in coordination with OHRM, incentive payment, refund, and waiver procedures.

g. Employees are responsible for providing accurate information about offers of employment which may be used in retention incentive determinations.

5. APPROVING AND RECOMMENDING OFFICIALS

a. The Secretary, or designee, is the approving official for employees occupying positions centralized to that office. This includes employees in the SES and title 38 SES-equivalents, and senior-level or scientific and professional positions. The CSEMO conducts a technical review and makes recommendation for all incentives for SES, title 38 SES-equivalents and senior level positions submitted to the Secretary, or designee, for approval.

b. Under Secretaries, Assistant Secretaries, Other Key Officials, and Deputy Assistant Secretaries, or their designees, are the recommending officials for employees in their organization occupying positions centralized to the Secretary. They, or their designees, are the approving official 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 in the Veterans Health Administration (VHA) and National Cemetery Administration (NCA), and Area Directors in the Veterans Benefits Administration (VBA), are the approving officials for incentives for employees in non-centralized positions under their direct jurisdiction or organization. Also these individuals are the approving officials for all incentives greater than 15 percent recommended by Facility Directors within their respective Network or Area. These individuals are also approving officials for incentives paid to employees with an unfulfilled service obligation from a previous incentive. The approval authority for officials in this category may not be re-delegated.

d. The General Counsel is the approving official for incentives (except SES and SL) in the Office of General Counsel that are greater than 15 percent, and for incentives paid to employees with an unfulfilled service obligation from a previous incentive. The approval authority may not be re-delegated.

e. Medical Center Directors, Regional Office Directors, Cemetery Directors and Regional Counsels (in the Office of General Counsel) are the approving officials for incentives up to 15 percent for employees in non-centralized positions under their jurisdiction. This approval authority may not be re-delegated. These officials may not approve incentives greater than 15 percent or incentives to employees with unfulfilled service obligation from a previous incentive.

f. OPM may authorize retention incentives in excess of 25 percent, but not in excess of 50 percent, for title 5 employees based on a critical VA need. The Under Secretary for Health may take similar action for title 38 employees.

g. Except as provided below, an official at a level lower than the approving official is the recommending official for all incentives. Under Secretaries and Assistant Secretaries may serve both as recommending official and approving official for retention incentives, except for incentives that require the Secretary's or designee's approval.

6. ELIGIBILITY REQUIREMENTS

a. Retention incentives may be authorized for current employees serving in full-time or part-time appointments without time limit or for a minimum of one year who have no unfulfilled recruitment or relocation incentive service obligations and possess and maintain a rating of record of at least "Fully Successful" or equivalent. Retention incentives may not be authorized for intermittent employees.

b. A Retention Service Agreement to complete a specified period of obligated service with VA is required for all employees authorized incentives in excess of 25 percent, for all employees covered by a group authorization and for all employees paid an incentive in installments or as a lump sum. A Statement of Understanding (SOU) is required of all employees receiving retention incentives in equal bi-weekly installments.

c. Retention incentives may not commence for a period of employment covered by a service agreement resulting from a recruitment incentive, relocation incentive or a previously authorized retention incentive.

d. A new employee who enters on duty after the approval of a group retention incentive or who transfers into a position covered by a group retention incentive must serve at least 90 days before being authorized a group incentive. When defining the criteria for a group incentive approving officials may establish a minimum service requirement longer than 90 days. Longer minimum service requirements are encouraged when needed to assess an employee's performance in the new position. An employee must have a rating of record of "Fully Successful" or better in the position for which the group incentive is authorized.

7. AUTHORIZATION OF RETENTION INCENTIVES

a. VA Form 10017, Authorization and Review of Retention Incentive, in Appendix VI-C must be used for the authorization and review of all retention incentives (except retention incentives authorized for the Office of Inspector General). Appendix VI-C also contains guidance for completion of VA Form 10017.

b. A retention incentive may be authorized for an employee or group of employees whose retention is essential because of unusually high or unique qualifications (i.e., competencies) or a special need of the Department and who would otherwise leave the Federal service if an incentive were not authorized. The authorization must fully document the factors demonstrating the essential need to retain and the basis for determining that the employee or group would likely leave Federal service without the incentive.

Evidence that each factor was considered must be documented in Section C of VA Form 10017. If a factor is not used in the determination, there must an explanation as to why the factor does not apply. Appendix VI-C contains instructions and guidance on fully addressing each of the following:

(1) **Essential Need to Retain.** Each of the following factors must be considered and addressed:

(a) Employment trends and labor-market factors such as the availability and quality of candidates in the labor market possessing the competencies required for the position;

(b) The success of efforts within the previous six months to recruit candidates and retain employees with competencies similar to those possessed by the employee for positions similar to the position held by the employee;

(c) Special or unique competencies required for the position;

(d) Efforts to use non-pay authorities to help retain the employee instead of or in addition to a retention incentive;

(e) The desirability of the duties, work or organizational environment, or geographic location of the position;

(f) The extent to which the employee's departure would affect VA's ability to carry out an activity, perform a function, or complete a project that is essential (or critical) to VA's mission;

(g) The salaries typically paid outside the Federal Government;

(h) The quality and availability of the potential sources of employees that are identified in the agency's, facility's or organization's succession plan, who possess the competencies required for the position, and who, with minimal training, cost, and disruption of service to the public, could perform the full range of duties and responsibilities of the employee's position at the level performed by the employee;

(i) Other supporting factors not previously addressed that demonstrate the essential need to retain.

(2) **Likelihood of Leaving Federal Employment.** In addition to documenting that retention is essential, recommending officials must certify and provide written narrative and other evidence that they are reasonably convinced that an employee (or group) is likely to leave Federal service in the absence of an incentive. Except for a retention incentive authorized due to the closure or relocation of an employing office, facility or organization in Appendix VI-Q, there is no provision to authorize an incentive to an employee or group who are not likely to leave Federal service. The basis for determining that an employee or group is likely to leave Federal service must be fully addressed in Section D of VA Form 10017 and may be based on one or more of the following:

(a) For an individual incentive:

(1) The employee is in receipt of a bona fide offer of employment as evidenced by a formal written job offer or affidavit signed by the employee providing the position and salary being offered, the name and location of the organization, and the prospective date of employment; or

(2) Confirmation of the employee's submission of a retirement application or letter of resignation to the local human resources office.

(b) For a group incentive:

(1) Employees within the group or category have unusually high or unique qualifications or there is a special need to retain the employees' services that makes it essential to retain the employees in the group or category; and

(2) It is reasonable to presume that there is a high risk that a significant number of employees in the targeted category or group would be likely to leave Federal service in the absence of a retention incentive. The following information may substantiate or justify a group retention incentive:

(a) A significant number of employees have received bona fide offers of employment, as evidenced by formal written job offers or affidavits signed by the employees providing the positions and salaries being offered, the name and location of the organization, and the prospective date of employment; or

(b) Documented evidence of high demand in the private sector for the knowledge and skills possessed by the group of employees and significant pay disparities between Federal and non-Federal salaries along with documented history of recent or expected turnover of employees in the position or category.

NOTE: *For privacy reasons, supervisors, managers, and other VA officials are not permitted to obtain or view copies of an employee's retirement application or letter of resignation. Instead, the recommending official may seek confirmation of the submission from the servicing human resources office and must include a written narrative containing the name of the HR employee who confirmed the submission; the date and time of the confirmation, and the employee's anticipated retirement or resignation date. Do not attach copies of an employee's retirement application or letter of resignation to the retention incentive authorization.*

(3) **Additional Criteria for Group Determinations.** In addition to addressing the criteria in subparagraphs (1) and (2) above, requests to pay group retention incentives must narrowly define the targeted group or category of employees and address the following factors:

(a) Occupational series;

(b) Grade level;

(c) Distinctive job duties;

(d) Unique competencies required for the position;

(e) Required rating of record;

(f) Minimum service requirement;

(g) Organizational or team designation;

(h) Geographic location; and

(i) Assignment to a special project.

NOTE: *Employees must successfully occupy a position for a minimum of 90 days before becoming eligible for a group incentive. Recommending officials must specifically identify the minimum time that an employee must occupy a position before becoming eligible for a group incentive and may establish a minimum service requirement longer than 90 days. Longer minimum service requirements are encouraged when needed to assess an employee's performance in the new position.*

(4) **Workforce and Succession Plans:** Retention incentives are not intended to provide long-term staffing flexibility without the use of effective workforce and succession planning efforts. As a result, each retention incentive authorization must include a narrative explanation of an organization's workforce and succession plan to eventually eliminate or reduce the need for retention incentives. An organization's workforce and succession planning efforts must be fully documented in Section C (Item 20h) of VA Form 10017, Authorization and Review of Retention Incentive. The succession plan should include information on the quality and availability of potential sources of employees identified in the organization's succession plan who possess the competencies required for the position and who, with minimal training, cost, and disruption of service, could perform the full range of duties and responsibilities at the level performed by the employee. The plan may also include future recruitment and training efforts, changes in workflow distribution, reengineered processes or similar measures to eliminate the need to retain employees with an incentive. For positions with documented long-term staffing difficulties, the plan must describe how the continuation of retention incentives is a necessary flexibility to retain essential employees. Approving officials must ensure workforce and succession plans are actively pursued and successfully administered as documented in the authorization.

8. DETERMINING INCENTIVE AMOUNTS

a. The approved retention incentive rate should reasonably correlate to the difficulty experienced in retaining high quality candidates in positions for which VA has the greatest special needs. The highest percentages will be reserved for positions with the greatest retention difficulty and the greatest special needs. The factors in paragraph 7 and other factors such as an employee's work experience and skill level or the essential need on a special project shall be considered when determining an appropriate percentage.

b. A retention incentive rate must be expressed as a percentage of the employee's rate of basic pay. For re-employed annuitants, the employee's salary before any offset for annuity will be used to compute the incentive amount. For title 38 physicians and dentists, annual pay (sum of base and market pay) will be used to compute a retention incentive.

c. Subject to the approval levels in paragraph 5, a retention incentive may not exceed 25 percent for an individual employee or 10 percent for a group. Requests to exceed these limits require the approval of OPM for title 5 employees, the Secretary for title 38 SES-equivalent employees and the Under Secretary for Health for all other title 38 employees.

d. In order to pay more than 25 percent for individual incentives or 10 percent for group incentives, the recommending official must document in detail that the competencies required for the position are critical to the successful accomplishment of an important VA mission, project, or initiative, (e.g., program or project related to a national emergency, implementing a new law or critical management initiative).

e. Requests to pay individual incentives greater than 25 percent or group incentives greater than 10 percent for title 5 and title 38 employees (excluding SES, title 38 SES-equivalent and SL employees) must be submitted through appropriate channels to OHRM, Compensation and Classification Service (055) for technical review and recommendation. Requests to pay individual incentives greater than 25 percent for SES, title 38 SES-equivalent and SL employees must be submitted through appropriate channels to the CSEMO for technical review and recommendation. SES, title 38 SES-equivalent and SL employees are not eligible for group incentives. Only requests meeting the criteria in this chapter will be forwarded to OPM, the Under Secretary for Health or the Secretary for approval.

9. PAYMENT METHODS AND PROCEDURES. Retention incentive payments may be paid biweekly, in installments, or in a lump sum subject to the following limitations. The amount of basic pay earned by an employee during an installment period or, if paid in a lump sum, during the service period, will be multiplied by a percentage not to exceed the authorized incentive percentage rate established for the employee. For re-employed annuitants, the employee's salary before any offset for annuity will be used to compute the incentive. A retention incentive is not considered basic pay and is not creditable for retirement, overtime, or other purposes. Retention incentives may not be paid as an initial lump sum at the start of a service period or in advance of completing the service period for which the incentive is being paid. Only one of the following payment methods may be used for each incentive:

a. **Biweekly.** Payment may be made at the full authorized percentage on a biweekly basis. A statement of understanding is required for this payment option.

b. **Installments.** Payment may be made in installments at the full authorized percentage in four or fewer equal installments per year. A service agreement is required. Payment will generally not be made unless the employee completes the amount of service required for payment. For example, if the payment is scheduled after the completion of six months of service, an employee who separates or otherwise fails to complete six months of service will not be entitled to any payment. In limited extenuating circumstances, employees may receive payment for a period of service that is less than the obligated period of service if such conditions are specified in the agreement.

c. **Lump Sum.** Full payment may be made after the completion of the obligated service period. A service agreement is required. Payment will generally not be made unless the employee completes the entire obligated service period. In limited extenuating circumstances, employees may receive payment for a period of service that is less than the obligated service period if such conditions are specified in the agreement.

10. AGGREGATE LIMIT ON COMPENSATION. An employee may not receive any portion of an incentive 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. Any excess portion of the incentive may not be paid until the beginning of the next calendar year. Refer to part VII, chapter 2 for information on aggregate limits. Human resources officials will inform an incentive recipient affected by an aggregate limitation and include an explanation in the service agreement or statement of understanding.

11. RETENTION SERVICE AGREEMENT

a. All employees who are authorized to receive payments in installments or as a lump sum, are authorized to receive an incentive greater than 25 percent, or who are covered by a group authorization must sign a Retention Service Agreement and agree to complete a specified period of service in VA (or a successor agency in the event of a transfer of function). Service in a non-pay status will not count toward satisfying the service obligation and will extend the period of obligated service by an equal amount of time. A service agreement is not required for employees authorized to receive an individual retention incentive of 25 percent or less paid at the full authorized percentage on a biweekly basis. A sample service agreement is provided in Appendix VI-P.

b. The service agreement must include the length of the required service period and the commencement and termination dates of the required service period. The required service period must begin on the first day of a pay period and end on the last day of a pay period.

c. The service agreement must specify the percentage authorized and the payment method.

d. The service agreement will include the conditions under which VA must terminate the service agreement before the employee completes the agreed-upon service period. VA must terminate the service agreement if an employee is demoted or separated for cause, receives a rating of record of less than ”Fully Successful” or equivalent, otherwise fails to fulfill the terms of the service agreement, or when the conditions giving rise to the original determination to authorize the retention incentive no longer exists.

e. The service agreement must include the conditions under which VA may terminate the service agreement. Examples include insufficient funds, management needs, reassignment of the employee to another position, or other extenuating circumstances beyond the employee’s control such as death, severe illness, or accidents. When the service agreement is terminated for reasons beyond the control of the employee, payment may be made for completed periods of service.

f. The service agreement may include any other terms or conditions that, if violated, will result in a termination of the service agreement. For example, the service agreement may specify the employee's work schedule, the required service period, type of position, the duties that are expected to be performed, and the extent to which periods of time on detail or in paid leave status are creditable toward the completion of the service period.

g. The service agreement, signed by the employee and the requesting official, must be included in the request for approval of an incentive, except an agreement for an SES, title 38 SES-equivalent or SL incentive which is signed after the incentive has been approved by the Secretary for designee. After the request is approved, the signed and dated service agreement will be filed on the temporary side of the employee's electronic official personnel folder until completion of the required service. Copies of the service agreement will be given to the employee and the servicing fiscal office and one will be maintained in accordance with paragraph 16.

12. STATEMENT OF UNDERSTANDING (SOU)

a. A Statement of Understanding (SOU) is required for all employees authorized an individual retention incentive of 25 percent or less paid at the full authorized percentage on a biweekly basis. A sample SOU is provided in Appendix VI-D.

b. The SOU will include the employee's position title, occupation title, series, grade, step, percentage authorized, and a statement that payments will be made on a biweekly basis at the full percentage rate based on the number of regular hours worked and the employee's rate of pay. The SOU must advise that the incentive will not be paid for overtime and periods of non-pay and may be terminated or reduced at any time based on the needs of the Department. The SOU must state that the incentive will be terminated if the employee's rating of record is less than "Fully Successful" or equivalent, or if it is not properly reviewed and recertified after one year by the approving official, and that termination or reduction of the incentive at any time is not an adverse action and may not be grieved.

c. The SOU must be signed by the employee and the requesting official and attached to the incentive authorization. A SOU for an SES, title 38 SES-equivalent or SL employee is signed after the incentive has been approved by the Secretary or designee. After the incentive is approved, the authorization and the SOU must be filed on the temporary side of the employee's electronic official personnel folder and maintained in accordance with the records retention requirements in paragraph 16.

13. TERMINATION OF A RETENTION INCENTIVE

a. An approving official may unilaterally terminate a retention incentive based solely on the management needs of VA. For example, VA may terminate an incentive when the employee's position is affected by a reduction in force, when there are insufficient funds to continue the planned payments, when conditions no longer warrant payment at the level originally approved (or at any level), or when VA assigns the employee to a different position (if the different position is not within the terms of the service agreement or SOU). If an authorized VA official terminates an incentive under this subparagraph, the employee is entitled to receive the incentive through the end of the pay period in which the incentive is terminated.

b. An approving official must terminate an incentive if the employee is demoted or separated for cause (e.g., for unacceptable performance or misconduct), if the employee receives a rating of record of less than "Fully Successful" or equivalent, or if the employee otherwise fails to fulfill the terms of the service agreement or SOU. If an incentive is terminated under this subparagraph, the VA is not obligated to pay the employee through the end of the pay period in which the incentive is terminated, unless VA agreed to such payment under the terms of the service agreement or SOU.

c. An employee must be notified in writing when a retention incentive is terminated.

d. The termination of an incentive is not grievable or appealable.

14. ANNUAL REVIEW OF RETENTION INCENTIVES

a. The servicing human resources office is responsible for ensuring an annual review of all retention incentives and for a compiling the annual certification report in paragraph 16 below. All retention incentives must be reviewed at least annually to determine whether continued payment at the percentage authorized is appropriate. Approving officials must review incentives more frequently when the conditions giving rise to the original determination have changed or no longer exist. VA Form 10017, Authorization and Review of Retention Incentive, must be completed for all annual or periodic reviews.

b. Four months prior to the anniversary date of each incentive authorization, the automated human resources information system will generate a notice of the employees for whom an annual review is required. The servicing human resources office must distribute a VA Form 10017, Authorization and Review of Retention Incentive, to the supervisor of each employee identified in the notice. Retention incentives must be terminated if the annual review is not completed timely or when the justification for continuance is not warranted. The human resources information system will automatically terminate a retention incentive on the annual review due date. Terminated retention incentives will not be reinstated retroactively.

c. Not later than two months prior to the anniversary date of a retention incentive, recommending officials will submit to the appropriate approving officials a completed VA Form 10017, Authorization and Review of Retention Incentive, indicating whether an incentive should be terminated, continue unchanged, or adjusted. Approving officials may approve, disapprove, or change recommendations as appropriate. Changes will be effective at the beginning of the first pay period after the approving official's signature. Annual reviews may include justification from the original authorization that is still applicable and must specifically address the results of workforce and succession plans that were included in the original authorization. The servicing human resources office must also include the results of workforce and succession plans in the annual certification report identified in paragraph 16 below.

d. The approving official may continue paying a retention incentive to an employee as long as the conditions giving rise to the original determination to pay the incentive still exist. The approving official must reduce or terminate a retention incentive authorization whenever payment at the level originally approved is no longer warranted or when payment of an incentive is no longer necessary. The following factors must be considered in determining whether to continue, reduce, or terminate a retention incentive:

(1) Whether a lesser amount (or no incentive at all) would be sufficient to retain the employee;

(2) Whether labor-market factors make it more likely (or reasonably likely) to recruit a candidate with competencies similar to those possessed by the employee;

(3) Whether the need for the services of the employee has been reduced to a level that makes it unnecessary to continue payment at the level originally approved (or at all);

(4) Whether budgetary considerations make it difficult to continue payment at the level originally approved (or at all); and,

(5) Other supporting factors.

e. HR offices must notify employees in writing prior to the end of the pay period in which the incentive is reduced or terminated. The notification must include the effective date of the change or termination, the new incentive amount, if applicable, and the reason for the change or termination. Terminated retention incentives may not be reinstated retroactively.

15. RECORDS AND REPORTS. Records sufficient to reconstruct the action will be maintained by the servicing human resources office for a minimum of six years following the end of the service obligation period or incentive payment date. Each facility must keep a record of each determination to pay an incentive and make such records available for review upon request by OHRM or any other authorized organization. Records on incentives approved for SES, title 38 SES-equivalent and SL employees will be maintained by CSEMO. These records will include, at a minimum: the approved justification and authorization documents, the service agreement or statement of understanding, supporting documentation described in paragraph 7, and waiver requests, approvals or denials, as applicable. Records shall also be made available to appropriate union officials upon request in accordance with governing laws, rules, and regulations.

16. ANNUAL CERTIFICATION REPORT AND INTERNAL MONITORING

a. On an annual basis, each servicing human resources office will be responsible for compiling a certification report attesting to the strategic and prudent use of all incentives authorized at their facility during the prior calendar year. The report will require information from each incentive authorization and must be signed at the Network, Area, or Deputy Assistant Secretary for Human Resources Management level. Reports will be submitted to the Assistant Secretary for Human Resources and Administration no later than March 31st each year and will be the basis for a Department-wide report to the Secretary.

b. Each human resources office will receive a listing from PAID (or the Department's current human resources information system) with data for each incentive authorized during the prior calendar year to include the employee's name, occupation title and series, duty location, incentive type, incentive percentage authorized, and dates of the service period. The servicing human resources office will estimate the total incentive amount payable during the entire service period, the basis for the authorization and a description and results of any workforce and succession planning efforts proposed to

eliminate or reduce the use of incentives or any labor market, staffing or other data that supports continued use.

c. In addition to the annual certification report, OHRM, Compensation and Classification Service will extract data from PAID (or the Department's current human resources information system) on a quarterly basis to identify any trends or anomalies in usage. As needed, the servicing human resources offices may be contacted to verify and confirm information, provide copies of authorizations or other relevant documents or submit information needed for other reports, such as to OPM, Congress, etc.]

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 [which includes locality pay or a special rate] established for the grade of the subordinate's position may be used.

(2) Market 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 base 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 [ ] 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 [ ] rate range. If the subordinate and supervisor are not located in the same area, the special [ ] 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) [Premium pay paid on an annual basis; and]

(5) [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, similar payments under title 5, or [market] 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 and Labor Relations (OHRM&LR) (055) 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&LR (055) 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 (05HRS) 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, [ ], 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 [and Labor Relations] 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 (0[5HRS]), 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 [incentive] (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 (0[5HRS]); 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, [market pay for physicians and dentists under 38 U.S.C. 7431,] 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 [ ] recruitment, relocation, or retention incentives, or on-call pay.

CHAPTER 6. SPECIAL RATES

1. GENERAL. This chapter contains mandatory procedures for approving or requesting special rates for General Schedule and title 38 positions.

a. **Exclusions.** The following personnel are excluded from the provisions of this chapter:

(1) Physicians and dentists paid 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).
(4) 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 Rates.** Special 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 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) Except in the case of nurse anesthetists, pharmacists, and licensed physical therapists and licensed practical nurses, no special rate supplement may exceed [69] percent. The maximum rate of basic pay for any employee so increased may not exceed the rate payable for Level IV of the Executive Schedule.

e. [**Fixed Percentage Special Rate Supplement.** Special rates will be established or adjusted using fixed percentage special rate supplements. Percentage supplement amounts will be calculated using a whole number (e.g., 40 percent) or a number rounded to the second decimal (e.g., 45.25 percent)]

f. **Increases in GS and PA Pay Schedules.** Whenever there is a nationwide adjustment in the GS or PA pay schedule, [the underlying general schedule rate will be increased based on the Executive Order; the percentage supplement will remain the same unless there is a simultaneous increase to the percentage supplement.

NOTE: *Special rates consisting of a fixed dollar amount supplement will continue to exist; however all new or modified special rate authorizations will be established or increased using the fixed percentage special rate supplement method.]*

2. APPROVAL OF SPECIAL RATES UNDER 38 U.S.C. 7455

a. **Coverage.** This paragraph contains mandatory procedures for establishing, adjusting, or canceling special rates for physician assistants appointed under 38 U.S.C. 7401(1) and 7405(a)(1)(A); and health-care personnel appointed to hybrid positions listed under 38 U.S.C. 7401(3) and 7405(a)(1)(B).

b. **Definitions**

(1) **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.

(2) [**Applicable Annual Rate.** The rate corresponding to the type of survey data used to establish or adjust a special rate supplement; this may include survey data reported as minimum or beginning rates of pay, midpoint, average, maximum or rates that are reported as percentiles (10th, 25th, 50th, 75th and 90th).]

[(3)] **Benchmark Grade.** For each occupation, the first grade or grade interval beyond the entry or developmental 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)] **Entry Grade.** For each occupation, the grade at which new graduates without experience or those meeting minimum qualifications standards are typically employed.

[(6)] **General Schedule (GS) or Nurse Schedule for PAs and EFDAs.** The schedule of rates of basic pay exclusive of any geographic or locality pay.

[(7)] **Intergrade Differential.** The [proper pay alignment of at least 6 percent difference between the Step 1 rates for each grade when different percentage supplements are authorized].

[(8)] **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.

(8) **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.

(9) **Salary Data.** Information about pay practices in the local non-Federal labor market for comparable levels of work.

(10) **Special** [ ] **Rate** [ ]**.** An increase in the rate of basic pay through a special [ ] rate range or an above-minimum entrance rate.

(11) [**Special 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.

c. **Responsibilities**

(1) Facility directors shall establish initial [special rates], adjust existing rates (upward or downward), move from AMERs to [special rate] ranges, or cancel [special rates] when they are no longer appropriate. They are responsible for assuring that:

(a) [Special rates] are needed to recruit and retain well qualified health-care personnel;

(b) Appropriate consideration has been given to the use of recruitment[, relocation, and retention incentives], 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 [special rates] 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[, relocation, and retention incentives], 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 [special rates] 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 Compensation and Classification Service, Office of Human Resources Management [ ] (055) 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 Compenation & Classification Service, Office of Human Resources Management [ ] (055) 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 [ ] 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 [special rates] if the [special rates] authorized are not consistent with law and policy or based on documented recruitment or retention problems.

d. [**Special Rate**] **Ranges**

(1) [Special Rate] 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) [Special Rate] 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. [**Methodology for Evaluating Survey Data for Special Rates.** This paragraph provides the methodology for evaluating and establishing special rates based on third party survey data or VA collected survey data. The use of third party survey data is preferred and strongly encouraged. The following methodology will be used to determine the special rate needed at Step 1:

(1) Using Minimum or Beginning Survey Data – compare the minimum or beginning rate reported for a grade to the underlying General Schedule Step 1 rate for the grade. This method compares the reported beginning or minimum rates to the current Step 1 underlying General Schedule rate for the grade;

(2) Using Midpoint or Median Survey Data – divide the mid-point or median survey rate by 1.150 percent to determine an appropriate Step 1 rate for a grade;

(3) Using the Average, Actual or Mean Survey Data – determine the average step for on-board VA employees in the grade for which pay is being set. Back down to an appropriate beginning rate by dividing the average, actual or median salary rate by the divisor as follows:

Average Step	Divisor
2	1.0333
3	1.0666
4	1.10
5	1.1333
6	1.1666
7	1.20
8	1.2333
9	1.2667
10	1.30

(4) Using Maximum Survey Data – divide the maximum rate by 1.30 to determine an appropriate Step 1 rate for a grade;

(5) Using Percentile Survey Data – beginning rates may also be extrapolated using the 10th percentile, 25th percentile, 50th percentile, 75th percentile and 90th percentile survey data. Using the following chart, divide the applicable percentile survey data by the divisor shown below to determine an appropriate Step 1 rate for a grade:

Percentile Amount	Divisor
10th percentile	1.03
25th percentile	1.075
50th percentile	1.150
75th percentile	1.225
90th percentile	1.27

f. **Setting the First Step of the Entry and Benchmark Grades**

(1) Special rates are generally established at the entry and benchmark grades. Additional grades may be extrapolated from the entry and benchmark grades. For each occupation, the entry grade is the grade at which new graduates without experience or those meeting minimum qualifications standards are employed; the benchmark grade is the first grade or grade interval beyond the entry or developmental grade. Except for physical therapist, pharmacist and licensed practical nurse authorizations, the fixed percentage supplement may not exceed [69] percent. If a higher beginning rate is needed, an AMER may be established under subparagraph h. When one or more survey sources are utilized, or when survey results include more than one category of survey data, the facility director should give consideration to each survey type and/or data type.

(2) The first step of the entry and benchmark grades may be set at any rate that is greater than the community average but less than the highest 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 f(1) and (2) above.

(4) In no instance may the beginning rate of a special rate range exceed the highest rate determined using the survey methodology contained in subparagraph e above.

(5) To determine the fixed percentage special rate supplement:

(a) Find the difference between the new beginning rate and the underlying General Schedule Step 1 rate; this amount becomes the special rate supplement;

(b) Divide the special rate supplement by the applicable underlying General Schedule Step 1 rate to determine the supplement percentage; (convert to whole number, rounded two decimals; e.g., .07352 becomes 7.35 percent). For example, after evaluating all survey data, a facility director authorizes a new GS-3 step 1 rate of $28,392. Divide the new GS-3 step 1 rate of $28,392 by the existing underlying GS-3 step 1 rate of $21,840; $28,392 divided by $21,840 = 1.30. In this example the Facility Director authorizes a 30 percent percentage supplement.

(c) The supplement percentage is multiplied by the underlying General Schedule steps 2 through 10 to create the new rate range.

g. **Internal Alignment**

(1) Survey data may support different amounts of fixed percentage special rate supplements between grades, especially where there are indications that significant recruitment and/or retention problems exists, or are likely to exist.

(2) If survey data is not available for a grade, Facility Directors may increase the next lower, or next higher grade by applying the same percentage supplement amount as the grade below or above. The facility director may authorize a lower percentage supplement amount as long as adequate pay alignment exists.

(3) When different percentage amounts are authorized there should be at least a 6 percent intergrade differential between the rates for each grade at Step 1 in order to ensure proper pay alignment.

(4) In no instance shall the rate set at any grade exceed the highest applicable non-Federal rate for corresponding positions. It may be necessary to reduce the minimum rate for the benchmark grade so that none of the minimum rates at other grades exceed the highest applicable non-Federal rate for corresponding positions.

h. **Setting AMERs in Combination with Special Rate Ranges**

(1) Except for PT, pharmacist and licensed practical nurse authorizations, no special rate supplement may exceed [69] percent. When a higher beginning rate is necessary and when the special rate supplement is set at the [69] percent maximum, an AMER may be established in combination with a special rate range. Use the following steps to establish combined AMERs and special rate ranges:

(a) Develop the special rate range using a fixed percentage supplement amount of [69] percent.

(b) Based on salary survey data, determine the first step of the special rate range that is equal to or less than the applicable community average; this step becomes the AMER for the grade.

(c) An AMER may be established at a rate that is higher than the applicable community average, but less than the highest rate reported as provided in subparagraph e(2) above.

(2) AMERs will not be used for PT, pharmacist and licensed practical nurse authorizations.

i. **Statutory Limitation.** The maximum rate of basic pay for any authorization, including those for PTs, and pharmacists and licensed practical nurses, may not exceed the rate payable for Level IV of the Executive Schedule.

j. **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.

[k.] **Reporting Requirements.** Copies of the following documents shall be faxed to the Human Resources Management Compensation and Classification Service (055) 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 special rate range, a copy of the evaluation worksheet shown in appendix VI-K, a summary of the salary survey results for each grade surveyed **[**or copies of third party survey data that was used**]** 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.

[l.] **Processing Instructions.** Processing procedures will be issued by VACO when authorizations are approved or schedules are canceled.

[m.] **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.

[n.] **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 RATES UNDER 38 U.S.C. 7455

a. **Coverage.** This paragraph contains mandatory procedures for requesting the approval of special rates 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; except hybrid employees in occupations listed under 38 U.S.C. 7401(3) (see paragraph 2);

(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, chiropractors, 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 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 [ ] rate ranges and above-minimum entrance rates for employees covered by this paragraph.

(2) For occupations covered under paragraphs 3a(1)(a) and (b) [ ], 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 [ ] 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 [special rates], adjust existing rates (upward or downward), move from above-minimum entrance rates to [special rate] ranges, or cancel [special rates] when they are no longer appropriate. They are responsible for assuring that:

(a) [Special rates] are needed to recruit and retain well qualified personnel;

(b) Full consideration has been given to the use of recruitment[, relocation and, retention incentives], 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 [special rates] when, in their best judgment, such rates are necessary to recruit and retain well-qualified personnel.

(b) Recommend the use of recruitment[, relocation and retention incentives], 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. [**Special Rate**] **Requests**

(1) [Special Rates] 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) [Special Rates] 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 [ ] rates are to be submitted to the Human Resources Management [Compensation and Classification] Service through the appropriate network director (10N__/055). 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 [ ] rates are to be submitted on Office of Personnel Management (OPM) Form 1397.

(3) **Contents of Requests**

(a) A request for special [ ] 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 [ ] rates and what action they may take in response.

4. REQUESTS FOR SPECIAL [ ] RATES UNDER 5 U.S.C. 5305

a. **Coverage.** This paragraph contains mandatory procedures for requesting the approval of special [ ] 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. [**Special Rate**] **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 [Compensation and Classification] Service (05[5]) 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 [ ] 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 [applicable annual] 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 special rates and to those responsible for reviewing special rates 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 special rates.

(3) The minimum rate of an special rate range may not exceed the highest [applicable annual] rate [ ] paid in the community [based on the survey methodology contained in paragraph 2e, of this chapter.] 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 [special rates] under paragraph 2 will not set [ ] rates of pay that exceed the highest [applicable] annual rate [ ] paid in the community for comparable positions. [ ]

f. **Use of Retail Survey Data for Pharmacist Special Rates 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 [special rates].

g. **Contract Data.** Organizations which provide health-care services on a contract basis will not be surveyed for the purpose of setting [special rates].

[**6. TERMINATION OF SPECIAL RATES.** Facilities are required to monitor their special rates and to take the appropriate action to terminate special rates in the following situations:

a. **Locality Rates Exceed all Steps of a Grade on a Special Rate Table.** Facilities must terminate a special rate table when all steps within a grade are exceeded by the applicable locality rates. In this situation, employees are placed at the corresponding grade and step on the locality pay chart.

b. **Locality Rates Exceed Some Steps of a Grade on a Special Rate Table.** In some cases, locality rates will exceed only some of the steps within a grade on a special rate table. These special rate tables are referred to as "combination special rate" tables. Facilities must monitor an employee's movement within these special rates. If an employee moves from a step that is covered by a special rate, to a step that is no longer considered a special rate because the special rate is exceeded by locality pay, the facility must process an action to take the employee off the special rate and move the employee to the locality pay chart. Although unlikely, if an employee moves from a step that is covered by locality pay to a step where higher special rates apply, the facility must process an action to take the employee off the locality pay chart and move the employee to the special rate.]

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.

[CHAPTER 8. REPAYMENT OF STUDENT LOANS

1. GENERAL. This chapter establishes VA policy for repayment of all or part of any outstanding federally insured student loan or loans previously taken out by (a) a highly qualified candidate to whom an offer of employment has been made or (b) a current highly qualified employee, when necessary to recruit and retain these personnel.

a. **Scope**

(1) Student loan repayments may be authorized for individual employees who occupy General Schedule (GS) positions paid under 5 U.S.C. 5332, including "hybrid" positions identified under 38 U.S.C. 7401(3); senior-level or scientific or professional positions paid under 5 U.S.C. 5376; Veterans Canteen Service positions; Senior Executive Service positions paid under 5 U.S.C. 5383; Federal Wage System positions; 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; or positions for which pay is fixed by law at a rate equal to an Executive Schedule rate.

(2) Student loan repayments may be authorized for employees in full- and part-time positions specified above who are:

(a) Temporary employees serving on appointments leading to conversion to term or permanent appointments;

(b) Term employees with at least 3 years left on their appointment;

(c) Permanent employees; or

(d) Employees serving on excepted appointments with conversion to term, career, or career conditional appointments (including, but not limited to, Career Intern or Presidential Management Intern appointments).

b. **Exclusions.** A student loan may not be paid on behalf of an employee occupying a position excepted from the competitive service because of its confidential, policy determining, policy making, or policy advocating character, such as Presidential and Schedule C appointments, **and title 38 employees appointed under 38 U.S.C. 7401, 7405, and 7306 except as identified in paragraph 1a(1) for "hybrid" positions**. Title 38, hybrid, and General Schedule employees in health care positions are eligible for a student loan repayment under VHA Directive 1021, Education Debt Reduction Program.

c. **Service Agreement.** A recipient of a student loan repayment must sign a written service agreement that requires the employee to complete, at a minimum, a 3-year period of employment with VA regardless of the amount of loan repayment authorized.

d. **Student Loan Repayment Amount Limitations.** A student loan repayment may only be authorized as a recruitment or retention incentive for a candidate or employee on an annual or biweekly

basis. The maximum **annual** gross amount (i.e., before taxes) payable in a calendar year that may be authorized is $10,000. The total **lifetime** gross amount of student loan repayments that may be authorized on behalf of an employee is $60,000. The approving official must assure that sound justification supports each authorization.

e. **Relationship to Other Payments.** A student loan repayment may be paid in addition to a [recruitment, relocation or retention incentive]. The periods of service required by a [recruitment, relocation or retention incentive] Service Agreement are separate from the period of service required under a Student Loan Repayment Service Agreement. However, the specified period of service in a Student Loan Repayment Service Agreement may begin at the same time and run concurrently with other service agreements.

f. **Loss of Eligibility.** An employee may lose eligibility for student loan repayments and may be required to reimburse VA when conditions warrant. (See paragraph 9 in this chapter).

2. CRITERIA FOR THE AUTHORIZATION OF STUDENT LOAN REPAYMENTS

a. **Written Determination.** A student loan repayment must be based on a written determination that, in the absence of offering a student loan repayment, VA would encounter difficulty either in filling the position with a highly qualified candidate, or retaining a highly qualified employee in that position.

(1) **Written Determination for Recruitment Purposes.** Each written determination for recruitment purposes must be approved before the candidate enters on duty. The service agreement, including amounts to be paid and other optional terms, must be provided for the candidate's review prior to appointment. To authorize a student loan repayment for recruitment purposes, the approving official must assure that:

(a) The recipient does not work for a Federal agency;

(b) The recipient is highly qualified for the position being offered; and

(c) The organization would have difficulty filling the position with a highly qualified candidate without offering the student loan repayment incentive.

(2) **Written Determination for Retention Purposes.** Each written determination for retention purposes must be based on a description of the extent to which the employee's departure would affect VA's ability to carry out an activity or perform a function that is deemed essential to VA's mission. To authorize a student loan repayment for retention purposes, the approving official must certify that:

(a) The recipient is an employee of the organization and occupies a position requiring a highly qualified employee;

(b) The recipient possesses high qualifications for the position;

(c) In the absence of offering a student loan repayment, the employee would likely leave for employment outside the Federal government; and

(d) The employee has no adverse performance or conduct action pending.

b. **Merit Principles.** When recommending candidates and employees for a student loan repayment, all management officials must adhere to merit system principles.

3. STUDENT LOAN REPAYMENT REQUESTS

a. All requests must include the information identified in Appendix VI-N.

b. A request will be submitted by the supervisor, in writing, through the servicing human resources management (HRM) office for technical review and concurrence, and to the approving official in sufficient time for a decision before the proposed effective date. Student loan repayment requests for centralized positions requiring Central Office approval will be submitted through channels to the Office of Human Resources Management [ ] (055), VA Central Office, for technical review and concurrence prior to action by the approving official.

4. EMPLOYEE SERVICE AGREEMENT

a. An Employee Service Agreement (ESA) must be prepared by the HRM office and included with each student loan repayment request. A sample is provided in Appendix VI-O.

b. Before a student loan repayment can be made, the ESA must be signed by the employee agreeing to continue employment with VA for a minimum of 3 years from the date of the first loan repayment. If the employee's obligation exceeds the 3-year minimum, the ESA must include a basis for determining the length of service, i.e., that the employee will be assigned to a specific project that is expected to last beyond 3 years. The employee must also agree to reimburse VA for any loan repayments if any conditions of the service agreement are not met.

c. The ESA should include specific conditions as to position occupied, duties to be performed, duty location, work schedule, etc.

d. A statement will be included in the ESA indicating that its signing in no way constitutes a right, promise, or entitlement for continued employment or noncompetitive conversion to the competitive service.

e. Increases in the annual amount of the repayments or authorization of additional repayments not to exceed the annual limitation can be made without requiring the employee to enter into a new service agreement.

[f. When completing a renewal service agreement the service dates must be based on the dates of the original service agreement.]

5. RESPONSIBILITIES

a. Under Secretaries, 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 student loan repayments, where recommended or approved, are determined in accordance with the criteria and procedures in this chapter. They are responsible for ensuring that local

policies and procedures related to this chapter are developed and implemented with involvement and/or negotiation with the exclusive Labor Representatives as appropriate in accordance with this policy, governing labor-management agreements, and applicable law and regulations.

b. The Deputy Assistant Secretary for Human Resources Management [and Labor Relations] is responsible for advising management officials on the governing regulations and the procedures in this chapter, conducting technical reviews of student loan requests submitted for centralized approval, tracking the number of student loan repayments approved under this chapter, and for compiling annual reports required by the Office of Personnel Management (OPM).

c. HRM officials are responsible for technical review and concurrence and maintaining documentation adequate to reconstruct each case. They will retain the approval, recommendation, and supporting documentation, including the signed ESA, for 2 years after the termination of the agreement.

d. Supervisors are responsible for making the written determination that a student loan repayment is needed to recruit or retain a highly qualified employee. They are also responsible for verifying that the organization would experience difficulties filling the position with a highly qualified candidate without a student loan repayment, that a candidate possesses high qualifications that meet the need of the organization, or that an employee is likely to leave Federal service.

e. Employees are responsible for providing evidence of valid loan obligations to the approving official. They are responsible for providing accurate information about offers of employment and career plans, which may be used in student loan repayment determinations. They will be responsible for making timely loan payments on the portion of the loan(s) that continues to be the employee's responsibility. Student loan repayments do not exempt an employee from the responsibility and/or liability for any loan(s) the individual has taken out. The employee will also be responsible for any tax obligations resulting from the student loan repayment.

f. Approving officials must review and approve each student loan repayment recommendation. Student loan repayments will be paid only after the appropriate official approves the request. Approvals may not be made on a retroactive basis.

g. The Office of Finance (047) is responsible for overseeing the student loan repayment disbursement to lending institutions.

6. DELEGATION OF AUTHORITY

a. An official at a higher level than the one recommending the student loan repayment must approve the repayment. Officials must carefully review and follow the mandatory procedures in this chapter before proceeding with a student loan repayment.

b. The Secretary, or designee, is the approving official for student loan repayments for employees in or selected for positions centralized to that office.

c. Under Secretaries, Assistant Secretaries, Other Key Officials, and Deputy Assistant Secretaries, or their designees, will **recommend** student loan repayments for candidates and employees occupying positions in their organizations which are centralized to the Secretary, and employees occupying field positions centralized to their offices. They, or their designees, **approve** recommendations for employees in or selected for Central Office positions that are in their organizations that are **not** centralized to the Secretary and for employees in or selected for field positions centralized to their offices.

d. Network Directors and Area Office Directors, or their designees, may approve student loan repayment for employees in or selected for noncentralized positions under their jurisdiction.

e. Facility directors may approve student loan repayments for employees in or selected for noncentralized positions under their jurisdiction.

7. DETERMINING THE AMOUNT OF STUDENT LOAN REPAYMENTS

a. **Factors to Consider.** In determining the amount of student loan repayments, the recommending and approving officials should consider the prospective employee's or incumbent's value to VA, and how far in advance the organization can commit funds. For example, a facility, due to budget constraints, may elect to only commit to a 1-year payment. However, they may authorize additional payments during the term of the agreement as long as they do not exceed the annual and lifetime payment limitations.

b. **Repayment Limitations.** The amount of repayment of a student loan(s) is subject to the following maximum limits:

(1) [$10,000] per employee per calendar year; and

(2) A lifetime total of [$60,000] per employee.

c. **Verification of Outstanding Balance.** Before authorizing initial or subsequent student loan repayments, a recommending official must verify with the holder of the loan that the employee has an outstanding student loan that qualifies for repayment and must determine the outstanding balance on the loan.

8. PROCEDURES FOR MAKING STUDENT LOAN REPAYMENTS

a. Student loan repayments are subject to such terms, limitations, or conditions as may be mutually agreed to in writing in the ESA on behalf of VA by the approving official and by the employee. Student loan repayments may be applied only to the indebtedness outstanding at the time VA and the employee enter into an agreement, and may not begin before the employee enters on duty.

b. Student loan repayments are in addition to basic pay and any other form of compensation otherwise payable to the employee involved and are not subject to the aggregate limit on compensation.

c. A one-time annual payment of up to [$10,000] may be disbursed when a candidate or employee signs an initial or renewal service agreement. In subsequent years, a student loan repayment will be

disbursed on a bi-weekly [or annual lump sum] basis. See OPM's Questions and Answers on the Student Loan Repayment Program for tax implications.

9. LOSS OF ELIGIBILITY FOR STUDENT LOAN REPAYMENTS AND EMPLOYEE REIMBURSEMENT TO VA

a. An employee receiving a student loan repayment will become ineligible for continued benefits if the employee:

(1) Voluntarily vacates the position (this includes going to another organization, another VA facility, or another government agency);

(2) Does not maintain an acceptable level of performance. The employee's most recent rating of record must be a pass or equivalent rating; or

(3) Violates any of the conditions of the service agreement.

b. Except as provided in subparagraph e. below, an employee who fails to complete the specified period of employment or meet other terms as stipulated in the service agreement will be indebted to VA for all student loan repayments made under the service agreement.

c. If an employee fails to reimburse VA for the amount owed under subparagraph 9b, a sum equal to the amount outstanding will be recovered from the employee under Federal regulations for collection by offset from an indebted Government employee under 5 U.S.C. 5514 and 5 CFR 550, subpart k; or if the individual is no longer a Federal employee, the Debt Collection Act of 1996 governing debt collection.

d. An approving official may waive, in whole or in part, a right of recovery of an employee's debt if it is determined that recovery would be against equity and good conscience or against the public interest. Requests for waivers will be submitted, through channels, to the official responsible for the authorization of the student loan repayment.

e. An employee will not be indebted to VA when the failure to complete the employment period established under a service agreement is because the employee is involuntarily separated for reasons other than misconduct[, performance or a negative suitability determination under 5 CFR 731,] or is in a non-pay status due to compensation for an on-the-job injury or military obligation.

f. A VA facility is not obligated to honor an employee's student loan repayment service agreement with another agency or another VA facility.

10. RECORDS MAINTENANCE. [Generally,] records of student loan repayment approvals, including those for centralized field positions, sufficient to reconstruct the action will be maintained at the facility for 3 years after the completion or` termination of the employee service agreement. [However, records involving disputes, claims, collection or litigation actions will be maintained for a minimum of 6 years from date of dispute, claim, collection or litigation action, unless a longer period is required by agency counsel or other appropriate authority.] Records on student loan repayments for VA

Central Office positions will be maintained by Central Office Human Resources Service (05HRS). Records will include, at a minimum, the request, the approval with supporting documentation, employee service agreement described in paragraph 4 of this chapter, and notices of terminations, if applicable, along with the reason for the termination.

11. ANNUAL REPORTS. On an annual basis, the HRM officer will submit through channels to the Compensation and Classification Service (055) an annual report on the student loan repayment program containing cumulative information on the number of employees that received student loan repayments during the preceding [calendar] year, the job title and occupation series of each recipient, and the dollar amount of each student loan repayment during that [calendar] year. A description of the program's impact on recruitment and retention abilities and an explanation of how the program was publicized shall also be included. Additional information may be specified in the annual reporting notification. Field facilities and the Central Office Human Resources Service will be notified annually of the due date of the report. The Compensation and Classification Service will aggregate report data for submission to OPM.

12. DEFINITIONS

a. **Employee Service Agreement (ESA).** A written agreement between VA and the employee under which the employee agrees to a specified period of employment with an organization at a specific VA facility of not less than 3 years, in return for payments toward a student loan previously taken out.

b. **Student Loan**

(1) A loan made, insured, or guaranteed under Part B, D, or E of Title IV of the Higher Education Act of 1965; or

(2) A health education assistance loan made or insured under Part A of Title VII of the Public Health Service Act, or under Part E of Title VIII of the Act.

13. REFERENCES

a. 5 CFR, part 537

b. 5 U.S.C. 2105

c. 5 U.S.C. 5379

[APPENDIX A

Department of Veterans Affairs

JUSTIFICATION AND AUTHORIZATION OF RECRUITMENT AND RELOCATION INCENTIVES

SECTION A - JUSTIFICATION OF INCENTIVE

1. INCENTIVE TYPE ☐ RECRUITMENT ☐ RELOCATION	2. OCCUPATION SERIES TITLE, PAY PLAN, OCCUPATION SERIES	3. POSITION TITLE

4. NUMBER OF VACANCIES FOR WHICH INCENTIVE IS JUSTIFIED	5a. DUTY STATION *(Name and location)*	5b. DUTY STATION NUMBER

6a. SERVICING HUMAN RESOURCES (HR) OFFICE FACILITY *(Name and location)*	6b. SERVICING HUMAN RESOURCES OFFICE STATION NUMBER

7. FACTORS DEMONSTRATING DIFFICULTY IN FILING POSITIONS

a. AVAILABILITY AND QUALITY OF CANDIDATES POSSESSING COMPETENCIES REQUIRED FOR THE POSITION(S)

b. SALARIES TYPICALLY PAID OUTSIDE THE FEDERAL GOVERNMENT FOR SIMILAR POSITIONS

c. RECENT TURNOVER IN POSITION OR SIMILAR POSITIONS

d. EMPLOYMENT TRENDS AND LABOR-MARKET FACTORS

e. SPECIAL OR UNIQUE COMPETENCIES REQUIRED FOR THE POSITION

f. EFFORTS TO USE NON-PAY AUTHORITIES

g. DESIRABILITY OF THE DUTIES, WORK OR ORGANIZATIONAL ENVIRONMENT, OR GEOGRAPHIC LOCATION OF THE POSITION

VA FORM
SEP 2012 **10016**

h. OTHER SUPPORTING FACTORS OR SPECIAL CIRCUMSTANCES

8. RECOMMENDATIONS AND APPROVALS

I certify that the justification accurately describes the factors demonstrating the difficulty in filling the position and the need for an incentive for the position identified.

a. NAME AND TITLE OF RECOMMENDING OFFICIAL	SIGNATURE		DATE SIGNED
b. NAME AND TITLE OF HUMAN RESOURCES REVIEWER	SIGNATURE	☐ CONCUR ☐ NON-CONCUR	DATE SIGNED
c. NAME AND TITLE OF APPROVING OFFICIAL	SIGNATURE	☐ APPROVED ☐ DISAPPROVED	DATE SIGNED

SECTION B - AUTHORIZATION OF INCENTIVE - CANDIDATE INFORMATION

9. NAME *(Last, First, MI)*	10. POSITION TITLE	11. PAY PLAN, OCCUPATION SERIES, GRADE/STEP

12a. TYPE OF APPOINTMENT ☐ PERMANENT ☐ TEMPORARY	12b. IF TEMPORARY, ENTER NOT-TO-EXCEED DATE	13. APPOINTMENT AUTHORITY	14. APPOINTMENT EFFECTIVE DATE
15a. WORK SCHEDULE ☐ FULL-TIME ☐ PART-TIME	15b. IF PART-TIME, ENTER NORMAL HOURS PER PAY PERIOD	16. DUTY STATION *(Name and location)*	17. DUTY STATION NUMBER
18. ORGANIZATIONAL UNIT *(Name)*		19. SERVICING HR STATION *(Name and location)*	20. SERVICING HR STATION NUMBER

21a. ANNUAL SALARY RATE *(Non-physicians/dentists)*	21b. ANNUAL PAY *(For Title 38 Physicians and Dentists)* ANNUAL BASE PAY PLUS ANNUAL MARKET PAY = ANNUAL PAY

INCENTIVE TYPE, PERCENTAGE, PAYMENT METHOD, SERVICE PERIOD

22. INCENTIVE TYPE ☐ RECRUITMENT ☐ RELOCATION	23. PERCENTAGE AUTHORIZED	24. DATES OF SERVICE PERIOD	25. LENGTH OF SERVICE PERIOD *(In Years/Months)*

26. TOTAL INCENTIVE AMOUNT AUTHORIZED

ANNUAL SALARY RATE/ANNUAL PAY TIMES PERCENTAGE AUTHORIZED TIMES SERVICE PERIOD FACTOR = TOTAL INCENTIVE AMOUNT AUTHORIZED

27. PAYMENT METHOD

☐ LUMP SUM AT THE BEGINNING OF THE SERVICE PERIOD _____

☐ LUMP SUM AT THE END OF THE SERVICE PERIOD _____

☐ EQUAL BI-WEEKLY PAYMENTS _____

☐ INSTALLMENTS _____ NUMBER PER YEAR *(Not to exceed 4)* _____

VA FORM 10016, SEP 2012, PAGE 2

28. INSTALLMENT PAYMENT SCHEDULE: *If the incentive is paid in installments, enter the installment amount, year and pay period number for each payment. The total of the installment payments must equal Total Incentive Amount Authorized (Item 26).*

INSTALLMENT #1: AMOUNT _____ YEAR/PAY PERIOD NUMBER _____

INSTALLMENT #2: AMOUNT _____ YEAR/PAY PERIOD NUMBER _____

INSTALLMENT #3: AMOUNT _____ YEAR/PAY PERIOD NUMBER _____

INSTALLMENT #4: AMOUNT _____ YEAR/PAY PERIOD NUMBER _____

29. BASIS FOR PERCENTAGE, PAYMENT METHOD AND SERVICE PERIOD LENGTH: DESCRIBE THE CRITERIA AND BASIS USED IN DETERMINING THE AUTHORIZED PERCENTAGE, PAYMENT METHOD AND LENGTH OF OBLIGATED SERVICE PERIOD.

30. DESCRIBE THE CANDIDATE/EMPLOYEE'S SPECIAL SKILLS AND QUALIFICATIONS

FOR RELOCATION INCENTIVES ONLY, ANSWER QUESTIONS 31 THROUGH 34

31. PERFORMANCE RATING: ENTER AGENCY, DATE AND RATING OF THE MOST RECENT PERFORMANCE RATING OF RECORD

31a. AGENCY	31b. DATE OF RATING	31c. PERFORMANCE RATING

32. IS THE EMPLOYEE REQUIRED TO RELOCATE IN ORDER TO ACCEPT POSITION?	33. IS THE EMPLOYEE'S PRIOR DUTY STATION LOCATION IN A DIFFERENT GEOGRAPHIC AREA, GREATER THAN 50 MILES FROM THE NEW DUTY LOCATION?
☐ YES ☐ NO	☐ YES ☐ NO

34. JUSTIFICATION FOR WAIVER OF 50 MILE REQUIREMENT: IF THE PRIOR DUTY STATION IS LESS THAN 50 MILES FROM THE NEW DUTY STATION, ENTER JUSTIFICATION FOR WAIVER OF THE 50 MILE REQUIREMENT.

FOR RECRUITMENT INCENTIVES ONLY, ANSWER QUESTION 35

35. PRIOR EMPLOYMENT STATUS: ENTER CANDIDATE'S EMPLOYMENT STATUS DURING THE 90-DAY PERIOD IMMEDIATELY PRIOR TO APPOINTMENT. INLCUDE EMPLOYER NAME(S), LOCATION(S) AND POSITION(S) HELD.

36. RECOMMENDATIONS AND APPROVALS

I certify that the information in this authorization meets the criteria for approval as contained in VA Handbook 5007, Part VI, Chapter 2.

a. NAME AND TITLE OF RECOMMENDING OFFICIAL	SIGNATURE		DATE SIGNED
b. NAME AND TITLE OF HUMAN RESOURCES OFFICIAL	SIGNATURE	☐ CONCUR ☐ NON-CONCUR	DATE SIGNED
c. NAME AND TITLE OF APPROVING OFFICIAL	SIGNATURE	☐ APPROVED ☐ DISAPPROVED	DATE SIGNED

VA FORM 10016, SEP 2012, PAGE 3

INSTRUCTIONS FOR COMPLETING VA FORM 10016, JUSTIFICATION AND AUTHORIZATION OF RECRUITMENT AND RELOCATION INCENTIVES

GENERAL: Recruitment and relocation incentives are important tools when strategically and prudently used to address human capital needs. These incentives permit the staffing of difficult to fill positions with highly qualified candidates who possess unique skills and competencies needed to perform critical mission-essential functions. The effective use of recruitment and relocation incentives requires an assessment of the Department's needs, fully documented justification and authorization documents, periodic reviews to determine the need for continued use, and the consideration of other staffing flexibilities and incentives whenever appropriate.

VA Form 10016, Justification and Authorization of Recruitment and Relocation Incentives, is required for the justification and authorization of all recruitment and relocation incentives (except for incentives authorized by the Office of Inspector General). The following instructions for completing VA Form 10016 must be used in conjunction with VA Handbook 5007, Part VI, Chapter 2, and any procedural or approval requirements specific to an organization.

The approval of recruitment and relocation incentives is a two-step process. First, an organization must fully justify the need for an incentive(s) by completing Section A of VA Form 10016, Justification and Authorization of Recruitment and Relocation Incentives. This step must be accomplished as soon as an organization considers the use of an incentive in order to determine if use of an incentive is justified for the position. In all cases, Section A must be completed and approved prior to advertising incentives on a vacancy announcement. To ensure justifications are relevant and based on current information, Section A must be signed by the appropriate officials within the six months prior to authorizing the incentive.

The second step is completion of Section B with information pertaining to the candidate, including the authorized percentage, total payment amount, payment method, candidate's qualifications, and total obligated service period. This step also requires the completion of a recruitment or relocation service agreement in which the employee agrees to complete a specified period of service with the Department. The completion of Sections A and B and a service agreement must occur prior to an employee entering on duty or, for relocation incentives, relocating to the new geographic location.

The following provides basic guidelines for completing VA Form 10016, Justification and Authorization of Recruitment and Relocation Incentives. Before completing VA Form 10016, it is important to understand VA's policy contained in Part VI, Chapter 2, as well the strategy and guiding principles of the Department, requesting organization, and approving official(s).

Section A – Justification of Incentive

1. Incentive Type: Enter "x" for the type of incentive being justified.

2. Occupation Series Title, Pay Plan, Occupation Series: Enter occupation series title, pay plan and four-digit occupation series. For example, Human Resources Specialist, GS-0201.

3. Position Title: Enter title of position(s) such as "Director, Compensation Service". In some cases, Occupation Series Title and Position Title may be the same.

4 . Number of Vacancies for which Incentive is Justified: Enter the number of vacancies for which the incentive is justified. The number of incentives authorized under this justification may not exceed this number and the incentive(s) must be authorized within six months of the approved justification.

5a. Duty Station Name and Location: This is the name and location of the facility at which the employee will be assigned to perform his or her regular duties. For example, this may be the name of an Outpatient Clinic or other satellite office away from the main VA facility.

5b. Duty Station Number: Enter the duty station number including any suffixes.

6a. **Servicing Human Resources Office Facility Name and Location:** This is the facility name and location of the servicing human resources office that maintains the employee's electronic official personnel folder.

6b. **Servicing Human Resources Office Station Number**: Enter the three-digit station number.

7. Factors Demonstrating Difficulty in Filling Position: OPM regulations require agencies to consider the following factors in determining whether a position is likely to be difficult to fill in the absence of an incentive. The consideration of each factor must be fully documented. If a factor does not apply, enter a narrative explaining why it is not applicable in determining the difficulty in filling the position(s).

a**. Availability and quality of candidates possessing competencies required for the position:** This is a major factor in demonstrating the need to offer an incentive. Enter detailed narrative and verifiable evidence showing why quality candidates are not available without the use of an incentive. This should include the results of recent recruitment efforts for the position or similar positions using such indicators as job acceptance rates, current vacancy rates and the length of time required to fill similar positions.

To compute job acceptance rates, divide the number of job offers candidates accepted by the number of job offers made and multiply by 100. For example, if two candidates accepted an offer but eight offers were made, the job acceptance rate is 25 percent (two divided by eight times 100). A low acceptance rate is one indicator of difficulty in filling a position without an incentive.

To compute current vacancy rates, divide the number of vacant positions by the total number of positions and multiply by 100. For example, if six out of 12 positions are vacant, the vacancy rate is 50 percent (six divided by 12 times 100). A high vacancy rate is one indicator of difficulty in filling a position without an incentive.

It is not acceptable to rely on outdated recruitment efforts to demonstrate that quality candidates are not available. Indicators for this factor must be current and relevant.

b. **Salaries typically paid outside the Federal Government for similar positions**: Enter a narrative from a credible source showing the salaries typically paid outside the Federal Government for similar positions. Credible sources may include salary data purchased from a salary survey company, reported in a professional organization's journal or published by a Government agency such as the Bureau of Labor Statistics. Online salary websites, such as Salary.com, that offer employers' self-reported data are not acceptable as a sole source of salary data. As appropriate, a printed copy of the survey data used to document this factor may be submitted and maintained as part of the justification request.

When Federal salaries are already competitive, approving officials must ensure other factors sufficiently demonstrate the difficulty in filling the position without the use of an incentive.

c. **Recent turnover in position or similar positions:** Enter a narrative showing any recent turnover in the position. For example, a high volume of recent separations, transfers, or retirements may indicate a need for an incentive in order to quickly attract a high quality candidate. When this factor is relevant, the narrative should be as specific as possible without using privacy protected information.

To compute a monthly turnover rate, divide the number of separations (including retirements, transfers, resignations, deaths, etc.) during the month by the average number of employees during the month multiplied by 100. For example, an organization had 15 separations and employed an average of 40 employees during the month. The turnover rate is 37.5 percent (15 divided by 40 times 100).

To compute an annual turnover rate, divide the number of separations (including retirements, transfers, resignations, deaths, etc.) during the reporting period by the average number of employees employed during the same period. Multiply by 12 and divide by the number of months in the reporting period times 100. For example, during a seven month period, 16 employees separated. During the same period, the average number of employees on board was 50. The annual turnover rate is 54.85 percent (16 divided by 50 times 12 divided by 7 times 100).

While a high turnover rate supports a longer service obligation period for potential candidates and contributes to the determination that incentives may be needed, organizations should seek ways to lower the turnover rate whenever possible. This may include determining whether there is an underlying common cause that can be remedied by reengineering job processes and redistributing workloads, expanding the use of other flexibilities and incentives such as awards or alternate work schedules, and analyzing and implementing results of employee exit interviews.

Another element of turnover rate is turnover cost. Turnover costs may include the cost of hiring temporary employees or contractors, overtime and premium pay cost of current employees used to fill in for vacant positions, advertisement and recruitment costs, training and orientation costs for new employees, and cost of lost productivity. The cost associated with high turnover rates demonstrates the need for incentives in order to reduce turnover rates in difficult to fill positions.

d. **Employment trends and labor market factors:** Describe how current employment trends and labor market factors affect the ability to attract candidates. Information for this factor must be relevant, current and from a reliable source. Sources of reliable information include current reports and publications from professional organizations representing an occupation, on-line fee-for-service tools

offering employment forecasting and market analysis for an area or occupation, Department-level workforce assessments and plans, or Federal Government reports and statistics. For occupations or positions covered by an OPM-approved direct-hire authority, this narrative should include a specific citation of that authority.

Organizations may cite local conditions as well as broader national or regional conditions which may affect their ability to recruit for a particular occupation or position. For example, an area with a high concentration of information technology companies may find it difficult to attract computer specialists; an area with several hospitals and medical organizations may find it difficult to attract certain health care personnel. Narratives addressing these conditions should include detailed information on the salaries and benefits offered by competitors and any specific incident in which a candidate declined a VA job offer in order to accept a competitor's job offer.

When employment trends and labor market factors only affect a local area, the justification should include a narrative describing the situation so that any third party reviewer not located in the area would have a thorough description and understanding of the local factors affecting recruitment efforts. While the approving official may have knowledge of local trends and factors, it should not be assumed that anyone outside the local area would have the same knowledge. As needed, information for this factor should include local company and employer names, significant dates, and specific projects or initiatives impacting recruitment efforts.

e. **Special or unique competencies required for the position:** Describe the special or unique competencies that makes the position difficult to fill. Narratives for this factor will focus on the special or unique competencies required for the position. Qualifications and competencies possessed by the candidate will be described in Section B once a selection is made. Competencies required for the position may include a particular level of expertise, background, or field of knowledge.

f. **Efforts to use non-pay authorities**: Since recruitment and relocation incentives are not intended to resolve recruitment difficulties in their entirety, describe other efforts considered or used to recruit candidates with or without an incentive. Examples of non-pay authorities include special training, work scheduling flexibilities such as alternative work schedules and telework, and job or process reengineering. Include the results of considering or using non-pay authorities or explain why certain authorities were not used.

g. **Desirability of duties, work or organizational environment, geographic location:** Describe any duties or conditions which affect the ability to recruit highly qualified candidates without the use of an incentive. For example, some positions have duties that are less desirable such as working with soiled materials; some offices have operations that are highly stressful due to demanding work requirements such as routine short deadlines; some locations are less desirable because they are remotely located or in close proximity to high crime areas or in busy metropolitan areas without parking facilities. While an approving official may have knowledge of the desirability of duties, organizational environment or geographic location, it should be not assumed that anyone outside the local area would have the same knowledge.

h. **Other supporting factors or special circumstances:** Describe any other factors or special circumstances that support the use of an incentive for a hard to fill position. For example, this may

include a description of how a prolonged vacancy may impact a mission critical operation, Congressional mandate or other initiative requiring prompt recruitment action; historical information on the success of using incentives for certain occupations or positions; how incentives are strategically and prudently being used in workforce and succession planning efforts; and any additional information that further demonstrates the need for an incentive.

8. Recommendations and Approvals

This section must be signed and dated by the recommending official, human resources officer (or designee), and the approving official in accordance with the procedures contained in chapter 2 of this part.

As needed, facilities and organizations may add concurrences, approval levels, or other procedures to comply with local or organizational requirements.

Section B – Authorization of Incentive

This section contains information specific to the candidate including the position, authorized percentage, required service period, skills and qualifications, etc.

A service agreement signed by the employee and the approving official prior to the employee's effective date of appointment or relocation, a copy of an approval delegation for recruitment incentive, if applicable, and supporting documents (e.g. salary survey data, recruitment or staffing data) must also be attached.

Candidate Information

9. Name: Enter employee name (last, first, middle initial)

10. Position Title: Enter title of employee's position. For example, Director of Compensation Service.

11. *Pay Plan, Occupation Series, Grade/Step:

- Enter two digit pay plan, such as GS, WG, EX, AD, etc.
- Enter Occupation Series, such as "0201";
- Enter grade and step, such as "13/5".
  The occupation series must be the same series as in Section A, block 2.

***NOTE:** *See relevant codes and series in PAID coding manual at*:
http://vaww.va.gov/HRIS/PAID_Coding.asp

12a. Type Appointment: Select the appropriate block for either a Permanent or Temporary appointment.

12b. If Temporary, Enter Not-to-Exceed Date: Enter the appointment not to exceed date.

13. ***Appointment Authority**: Enter the appointment authority used to appoint the employee. The appointment authority used may be obtained from the staffing specialist in the local human resources office.

14. Proposed Appointment Effective Date: Enter the date the employee will be appointed.

15a. Work Schedule: Enter full-time, part-time, or intermittent.

15b. If part-time, enter the number of hours per pay period. For part-time employees, enter the number of hours scheduled for each pay period. For intermittent employees, estimate the number of hours for each pay period.

16. Duty Station: Enter name and location of the **employee's duty station.**

17. Duty Station Number: Enter the three digit duty station number followed by the one or two digit suffix. For example, the duty station number for an employee assigned to station 101, Central Office, but stationed in Quantico Virginia is "101AE." In this example, the Duty Station Number is "101AE."

18. Organizational Unit (Name/Office Symbol): Enter the name of the employee's organization, office, and routing symbol, as appropriate. For example, Compensation and Classification Service (055).

19. Servicing Human Resources Station Name: Enter the servicing human resources station name and location. This is the name of the VA facility responsible for providing human resources service for the employee.

20. Servicing Human Resources Station Number: Enter the three digit station number of the servicing human resources station.

21a. Annual Salary Rate (Non-physicians/dentists): For employees other than title 38 physicians and dentists, **e**nter the employee's annual salary rate as of the employee's entry on duty date. This rate includes a locality pay rate or special salary rate. The Annual Salary Rate should also include any special pay authorized for Pharmacist or Nurse Executives. This rate will be used to compute the total incentive amount and will be the same rate entered as Annual Salary in Item 26 below. If the employee is a title 38 physician or dentist, enter "n/a" and complete Item 21b.

21b. Annual Pay (Title 38 Physicians/Dentists): For title 38 physicians and dentists, compute Annual Pay by entering the annual base pay rate and annual market pay rates. The total (Annual Pay) will be used to compute the total incentive amount and will be the same rate entered as Annual Salary/Annual Pay in Item 26 below.

21c. Annual Pay for Pharmacist Executives and Nurse Executives in Receipt of Special Pay. The total annual pay, to include special pay, will be used to compute the total incentive amount and will be the same rate entered as Annual Salary/Annual Pay in Item 26 below.

Incentive Type, Percentage, Payment Method, Service Period

22. Incentive Type: Enter "X" to indicate type of incentive.

23. Percentage Authorized: Enter the percentage authorized, up to two decimal places. For example, you may enter amounts such as 10 percent, 10.33 percent, or 13.99 percent, etc. Facility Directors, Regional Office Directors, Cemetery Directors and Regional Counsels may only approve up to 15 percent. Percentages greater than 15 percent must be approved at the Network, Area or Deputy Assistant Secretary levels or higher.

24. Dates of Service Period: Enter commencement and termination dates of service period. The commencement date must begin on the first day of a pay period and the termination date must end on the last day of a pay period. Use the following format for service period dates – "dd/mm/yyyy – dd/mm/yyyy". The service period may begin after the appointment date if delayed due to the exceptions in Part VI, Chapter 2, paragraphs 12b and 12c.

25. Length of Service Period Factor: The service period length is a factor based on years. To determine the service period length, compute the number of calendar days in the service period and divide by 365. Since the service period must be full pay periods, multiply the number of pay periods by 14 to determine the calendar days then divide the number of calendar days by 365. For example, a service period of 39 pay periods is 546 calendar days (39 X 14), divided by 365 is 1.50 (rounded to two decimal places). **NOTE:** *The service period length factor for 26 pay periods is "1" (26 times 14 divided by 365); 52 pay periods is "2", 78 pay periods is "3", 104 pay periods is "4."*

The service period length factor must be used to compute the total incentive amount and should correlate to the difficulty in filling the position. The longer service period (up to four years) should be reserved for the most difficult positions to fill.

26. Total Incentive Amount Authorized: Enter Annual Salary or Annual Pay rate from Items 21a, 21b or 21c times the Percentage Authorized (Item 23) times Length of Service Period Factor (Item 25) to compute the Total Incentive Amount Authorized. This is the incentive amount the employee is authorized to receive. The method of payment will be specified in Item 27 below.

27. Payment Method: Enter "X" to indicate how the Total Incentive Amount Authorized (Item 26) will be paid. Incentives may be paid as a lump sum at the beginning of the service period, a lump sum at the end of the service period, equal biweekly payments at the full authorized percentage, or in installments (not to exceed four per year).

The Payment Method should be strategically scheduled to limit the potential for employee repayment liability for uncompleted periods of service. That is, instead of paying all incentives in a lump sum at the beginning of the service period, schedule payments at the end of completed periods of service. For difficult to fill positions and candidates with unusually high or unique qualifications, payment methods may be used as flexibility to encourage the candidate to accept the position.

28. Installment Payment Schedule: If payments are made in installments (other than biweekly payments), enter the year, pay period number and amount of each installment in the following format – "yyyy/pp - $xxxx.xx."

29. Basis for Percentage, Payment Method and Service Period Length: OPM regulations require that all authorizations for recruitment and relocation incentives document the basis for determining the percentage, payment method, and service period length. Enter a descriptive narrative of how each item was determined. Examples may include past recruitment difficulties, job declinations, or competitors' practices. Higher percentages and longer service periods should reasonably correlate to the difficulty in filling critical positions with highly-qualified candidates.

For example, a percentage of 25 percent might include a narrative indicating the shortage of the occupation, previous attempts to offer a lower percentage without success, or the competitive salaries for similar positions in the local labor market.

A payment method of a lump sum at the beginning of the service period might include a narrative indicating that the payment method mirrors a specific competing employer.

A service period length of four years might include a narrative indicating that the position is difficult to fill, while a shorter service period length might include narrative indicating less difficulty.

30. Candidate/Employee's special skills and qualifications: Describe the employee's credentials, experiences, skills, etc. demonstrating that he/she is a high quality candidate and possesses the special or unique competencies required for the position.

31a, 31b and 31c: Performance Rating (for relocation incentives): Enter the employee's most recent performance rating, agency name and date of rating. An employee's most recent rating of record must be at least "Fully successful" or equivalent in order to receive a relocation incentive. The servicing human resources office can assist in obtaining and verifying this information.

32. Is the employee required to relocate in order to accept position? Enter an "X" in "Yes" or "No". If the employee is not required or does not relocate, he/she is not eligible for a relocation incentive.

33. Is the employee's prior duty station location in a different geographic area, greater than 50 miles from the new duty location? Check "Yes" or "No". If the employee's prior duty station is less than 50 miles from the new duty station, a relocation incentive is not authorized unless the approving official waives the 50 mile requirement.

34. Justification for waiver of the 50 mile requirement: If the employee's prior duty station is less than 50 miles from the new duty station, enter a narrative to justify waiver of the 50 mile requirement. If the approving official does not accept this justification, the relocation incentive may not be approved.

35. Prior Employment Status (for recruitment incentives): Enter the candidate's employment status during the 90 days immediately prior to the proposed appointment date. Include the previous employer's name, and address, and the candidate's position title. This information ensures that recruitment incentives are authorized only for individuals who were not Federal employees 90 days prior to appointment.

36. Recommendations and Approvals

This section must be signed and dated by the recommending official, human resources officer (or designee) and approving official in accordance with the guidance contained in Chapter 2 of this part.

As needed, facilities and organizations may add concurrences, approval levels, or other policies and procedures to comply with local or organizational requirements.]

[APPENDIX B.
RECRUITMENT/RELOCATION SERVICE AGREEMENT

1. GENERAL

A recruitment/relocation service agreement is required for all recruitment and relocation incentives. These agreements must include the commencement and termination dates of the service period, the total amount of the incentive, the method of paying the incentive, the timing and amount of each incentive payment, the conditions under which the service agreement will be terminated, the conditions under which the employee must repay an incentive, and the effect of terminating a service agreement, including the conditions under which VA will pay an additional recruitment incentive payment for partially completed service. It must also include 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 an incentive is needed to fill the position with a high quality candidate. An incentive may be paid only after approval. An incentive must be approved before an individual enters on duty.

2. INSTRUCTIONS FOR PREPARING THE SERVICE AGREEMENT

Before preparing the service agreement, HR officials should carefully review the employee's compensation and the policy on aggregate limit restrictions (see part VII of this handbook). Develop the service agreement as follows:

a. **Amount/Percentage.** Insert the total dollar amount and the percentage of annual rate of basic pay of the recruitment/relocation incentive.

b. **Work Schedule.** Enter whether full time or part time. If part time (recruitment incentive only) enter the normal hours per pay period. If intermittent (recruitment incentive only) enter the estimated hours per pay period.

c. **Position.** Insert the title, series, and grade of the position.

d. **VA Facility.** Name the facility where the employee will work.

e. **Reporting Date.** Insert the date that the employee will enter on duty. For relocation incentives, enter the date that the employee will report to the position in the new geographic location.

f. **Total Service Period.** Insert total service period of no less than six months and no more than four years. Include the number of pay periods in the service period.

g. **Service Period Commencement Date.** Insert the beginning date of the service period (must be the first day of a pay period).

h. **Service Period Termination Date.** Insert the ending date of the service period (must be the last day of a pay period).

i. **Delayed Service Period.** If the service period commencement date is different from the reporting date, give the reason and, if due to a training or probationary period, insert a mandatory termination statement (i.e., if the employee does not successfully complete the training or probationary period before the service period commences, VA is not obligated to pay any portion of the incentive to the employee).

j. **Method of Paying the Incentive.** Insert how the incentive will be paid (e.g., as an initial lump sum payment at the start of the service period, in equal installments during the service period (not to exceed four per year), as biweekly payments or as a final lump sum payment at the end of the service period).

k. **Timing and Amounts of Each Payment.** If the incentive will be paid as an initial or final lump sum payment, insert the payment date and amount. If the incentive will be paid in equal biweekly payments, insert the beginning and ending payment dates and installment amounts.

l. **Employee Signature/Date and Requesting Official Signature/Date.** The service agreement must be signed and dated by both the employee and the recommending official. Their names should be typed below the appropriate lines.

m. **Approving Official Signature/Date.** The approving official must sign and date the service agreement. The date must precede the effective date of appointment. The approving official's name should be typed below the appropriate line.

SAMPLE RECRUITMENT/RELOCATION SERVICE AGREEMENT

As a condition of being paid a recruitment/relocation incentive of (amount/percentage) in connection with my appointment on a (full time or part time and number of normal hours each bi-weekly pay period) basis, to the position of (position) at (VA facility) effective (month, day, and year), I agree to serve (number bi-weekly pay periods) bi-weekly pay periods of employment with the Department of Veterans Affairs (VA) and, in the event of a transfer of function, to complete all remaining obligated service with the successor agency. Service in a non-pay status will not count towards satisfaction of this obligation. Any time in a non-pay status will postpone my service obligation to VA and will extend my period of obligated service by a number of days equal to the number of days spent in a non-pay status.

I understand that the incentive will be paid to me as (method of payment) on (timing and amount of each payment). My service period begins on (must be first day of a pay period) and ends on (must be last day of a pay period). (If applicable add, "The commencement period of my service agreement is delayed until I successfully complete a 1-year probationary period.) I understand that VA is not obligated to pay any portion of the incentive if I fail to successfully complete the probationary period."

I understand that VA may unilaterally terminate this agreement based solely on the management needs of VA. If this occurs, I will be entitled to all recruitment incentive payments that are attributable to completed service and to retain any portion of an incentive payment received that is attributable to uncompleted service.

I understand that this agreement will be terminated if I am demoted, separated for cause, receive a rating of record of less than "Fully Successful" or equivalent, or fail to fulfill other terms of this agreement (such as by reducing my work hours or changing positions). If this occurs, I am entitled to retain incentive payments previously paid by VA that are attributable to the completed portion of the service period. If, at the time the agreement is terminated, I have received incentive payments that are less than the amount that would be would be attributable to the completed portion of the service period, VA will not be obligated to pay any additional amount attributable to completed service. If, at the time this agreement is terminated, I have received incentive payments in excess of the amount attributable to the completed portion of the service period, I understand that I must repay that excess amount. 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, 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.

(Add information for aggregate limit on pay if applicable; other terms as appropriate)

I understand that this agreement is valid only when signed by me, the recommending official, and the approving official.

(signature and name of employee) (date) (signature, name and title of recommending official) (date)

APPROVED: I certify that payment of an incentive is appropriate in order to fill the above position.

(signature, name and title of approving official) (date)]

[APPENDIX C.

Department of Veterans Affairs

AUTHORIZATION AND REVIEW OF RETENTION INCENTIVE

SECTION A – EMPLOYEE INFORMATION

1. NAME *(Last, First, MI)*	2. POSITION TITLE	3. PAY PLAN, OCCUPATION SERIES, GRADE/STEP

4a. TYPE OF APPOINTMENT	4b. IF TEMPORARY, ENTER NOT-TO-EXCEED DATE	5. APPOINTMENT AUTHORITY	6. APPOINTMENT EFFECTIVE DATE
☐ PERMANENT ☐ TEMPORARY			
7a. WORK SCHEDULE	**7b. IF PART-TIME, ENTER NORMAL HOURS PER PAY PERIOD**	**8. DUTY STATION** *(Name and location)*	**9. DUTY STATION NUMBER**
☐ FULL-TIME ☐ PART-TIME			
10. ORGANIZATIONAL UNIT *(Name)*		11. SERVICING HR STATION *(Name and location)*	12. SERVICING HR STATION NUMBER

13a. ANNUAL SALARY RATE *(Non-physicians/dentists)*	13b. ANNUAL PAY *(For Title 38 Physicians and Dentists)*		
	ANNUAL BASE PAY	ANNUAL MARKET PAY	ANNUAL PAY
	PLUS		=

SECTION B - AUTHORIZATION TYPE, PERCENT, PAYMENT METHOD AND SERVICE PERIOD

14a. INITIAL RETENTION INCENTIVE	14b. PERCENTAGE	14c. EFFECTIVE DATE

15. REVIEW OF RETENTION INCENTIVE

CONTINUE AT _____ PERCENT EFFECTIVE DATE _____

REDUCE TO _____ PERCENT EFFECTIVE DATE _____

INCREASE TO _____ PERCENT EFFECTIVE DATE _____

TERMINATE _____ EFFECTIVE DATE _____

16. BASIS FOR REVIEW ACTION *(If review of Retention Incentive, enter basis for review action using the factors in VA Handbook 5007, Part VI, Chapter 3, paragraph 14.)*

17. SERVICE OBLIGATION PERIOD: *(If this is an authorization for greater than 25 percent, a group authorization or will be paid in a manner other than a biweekly basis at the full biweekly percentage, enter the commencement and termination date of the service obligation period and the number of pay periods in the service obligation period.)*

COMMENCEMENT DATE _____

TERMINATION DATE _____

NUMBER OF PAY PERIODS _____

18a. PAYMENT METHOD

BIWEEKLY BASIS AT THE FULL AUTHORIZED PERCENTAGE _____

LUMP SUM AT THE END OF THE SERVICE OBLIGATION PERIOD _____

EQUAL INSTALLMENTS *(No more than four per year)* _____

18b. INSTALLMENT SCHEDULE

INSTALLMENT #1: AMOUNT _____ YEAR/PAY PERIOD NUMBER _____

INSTALLMENT #2: AMOUNT _____ YEAR/PAY PERIOD NUMBER _____

INSTALLMENT #3: AMOUNT _____ YEAR/PAY PERIOD NUMBER _____

INSTALLMENT #4: AMOUNT _____ YEAR/PAY PERIOD NUMBER _____

VA FORM MAR 2013 **10017**

19. BASIS FOR PERCENTAGE, PAYMENT METHOD AND SERVICE OBLIGATION PERIOD *(Enter basis for determining percentage, payment method, and service obligation period)*

SECTION C - FACTORS DEMONSTRATING ESSENTIAL NEEDS TO RETAIN
20. DESCRIBE HOW EACH OF THE FOLLOWING FACTORS CONTRIBUTE TO THE DETERMINATION THAT THE EMPLOYEE'S HIGH OR UNIQUE QUALIFICATIONS OR SPECIAL NEEDS OF THE DEPARTMENT MAKES IT ESSENTIAL TO RETAIN THE EMPLOYEE. EACH FACTOR MUST BE FULLY ADDRESSED
a. EMPLOYMENT TRENDS AND LABOR-MARKET FACTORS
b. RECENT RECRUITMENT EFFORTS
c. SPECIAL UNIQUE COMPETENCIES REQUIRED FOR THE POSITION
d. EFFORTS TO USE NON-PAY AUTHORITIES
e. DESIRABILITY OF THE DUTIES, WORK OR ORGANIZATIONAL ENVIRONMENTAL, OR GEOGRAPHIC LOCATION OF THE POSITION
f. AFFECT ON DEPARTMENT IF EMPLOYEE IS NOT RETAINED; IDENTIFY SPECIAL NEED AND IMPACT
g. SALARIES TYPICALLY PAID OUTSIDE FEDERAL SERVICE

VA FORM 10017, MAR 2013, PAGE 2

h. THE QUALITY AND AVAILABILITY OF POTENTIAL SOURCES OF EMPLOYEES IDENTIFIED IN THE ORGANIZATION'S SUCCESSION PLAN, WHO POSSESS THE COMPETENCIES REQUIRED FOR THE POSITION AND WHO, WITH MINIMAL TRAINING, COST AND DISRUPTION OF SERVICE COULD PERFORM THE FULL RANGE OF DUTIES AND RESPONSIBILTIES AT THE LEVEL PERFORMED BY THE EMPLOYEE. DESCRIBE ANY OTHER EFFORTS IN THE ORGANIZATION'S PLAN TO EVENTUALLY ELIMINATE OR REDUCE THE USE OF RETENTION INCENTIVES.

i. OTHER SUPPORTING FACTORS

SECTION D - LIKELIHOOD OF LEAVING FEDERAL SERVICE

21. BASIS FOR LIKELIHOOD LEAVING FEDERAL SERVICE *(Explain the basis for determining that the employee or group is likely to leave Federal service without the use of a retention incentive. Cite and attach job offers, confirmation of employee's submission of a retirement application or letter of resignation, data showing high demand and pay disparity or other supporting documentation as appropriate.)*

SECTION E - GROUP INCENTIVES

22. CRITERIA FOR GROUP INCENTIVES *(Enter criteria to narrowly define employees eligible for a group incentive. The definition must show occupation series, grade level, distinctive job duties, unique competencies required for the position, required rating of record, organization or team designation, geographic location, special project assignment, and minimum service requirements.)*

23. RECOMMENDATIONS AND APPROVALS

I certify that the justification in this request meets the criteria for approval as contained in VA Handbook 5007, Part VI, Chapter 3 for the payment of a retention incentive..

a. NAME AND TITLE OF RECOMMENDING OFFICIAL	SIGNATURE		DATE SIGNED
b. NAME AND TITLE OF HUMAN RESOURCES REVIEWER	SIGNATURE	☐ CONCUR ☐ NON-CONCUR	DATE SIGNED
c. NAME AND TITLE OF APPROVING OFFICIAL	SIGNATURE	☐ APPROVED ☐ DISAPPROVED	DATE SIGNED

INSTRUCTIONS FOR COMPLETING VA FORM 10017, AUTHORIZATION AND REVIEW OF RETENTION INCENTIVE

GENERAL: Retention incentives are important tools when strategically and prudently used to maintain a high-performing workforce who possess unique skills and competencies and whose services are essential to the Department and who would otherwise leave Federal service. The effective use of retention incentives requires a proper assessment of the Department's needs, fully justified authorization documents, periodic reviews to determine whether continued use is appropriate and consideration of other staffing flexibilities where appropriate.

VA Form 10017, Authorization and Review of Retention Incentive, is required for the justification, authorization, and review of all retention incentives (except for incentives authorized by the Office of Inspector General). The following instructions for completing VA Form 10017 must be used in conjunction with VA Handbook 5007, Part VI, Chapter 3.

VA Form 10017 will be used to approve and review all retention incentives for employees likely to leave Federal service. See VA Handbook 5007, Part VI, Appendix R, for policy and documentation requirements for retention incentives for employees likely to leave for another Federal agency due to closure or relocation of employing office, facility, or organization.

VA Form 10017 must be approved prior to the effective date of an initial retention incentive or prior to the annual review due date for a renewal. For annual review requirements and criteria, see VA Handbook 5007, Part VI, Chapter 3, paragraph 14. A retention incentive cannot be retroactive.

A Retention Service Agreement or Statement of Understanding (SOU) signed by the employee and the approving official must be attached to VA Form 10017. For SES, title 38 SES-equivalent and SL incentives, the Service Agreement or SOU is signed after the incentive is approved by the Secretary or designee. Other supporting documents that also may be attached include copies of job offers, vacancy announcements, salary survey data, published reports, etc.

The purpose of VA Form 10017 is to fully document an employee's high or unique qualifications, the special needs of the Department that make retention essential, and the basis for the reasonable assurance that the employee or group of employees would likely leave Federal service in the absence of an incentive.

SECTION A: EMPLOYEE INFORMATION:

1. Name: Enter the employee's name (last, first, middle initial)

2. Position Title: Enter the title of the employee's position. For example, Director of Compensation Service.

3. *Pay Plan, Occupation Series, Grade/Step

- Enter the two letter pay plan, such as GS, WG, EX, AD.
- Enter the occupation series, such as "0201."
- Enter the grade and step, such as "13/5."

4a. *Type Appointment: Select the appropriate block for either a Permanent or Temporary appointment.

4b. **If Temporary, Enter NTE Date:** enter the appointment not to exceed date.

5. *Appointment Authority: Enter the appointment authority used to appoint the employee. The proper appointment authority may be obtained from the staffing or other specialist in the local human resources office.

***NOTE:** *See relevant codes and series in PAID coding manual at:* http://vaww.va.gov/HRIS/PAID_Coding.asp

6. Appointment Effective Date: Enter the effective date of the employee's current appointment.

7a. Work Schedule: Enter full-time or part-time.

7b. If part-time, enter the number of normal hours per pay period.

8. Duty Station: Enter the name and location of the employee's duty station.

9. Duty Station Number: Enter the three digit duty station number followed by the one or two digit suffix. For example, the duty station number for an employee assigned to station 101, Central Office, but stationed in Quantico Virginia is "101AE". In this example, the Duty Station Number is "101AE."

10. Organizational Unit (Name/Office Symbol): Enter the name of the employee's organization, office, and routing symbol, as appropriate. For example, "Compensation and Classification Service (055)."

11. Servicing HR Station Name: Enter the servicing HR station name and location. This is the name of the VA facility that maintains the employee's electronic official personnel folder.

12. Servicing HR Station Number: Enter the three digit station number of the servicing HR station.

13a. Annual Salary Rate (Non-Physician/Dentist): For employees other than title 38 physicians and dentists, enter the employee's current annual salary rate. The Annual Salary Rate should also include any special pay authorized for Pharmacist or Nurse Executives. This rate may include a locality pay rate or special salary rate. If the employee is a title 38 physician or dentist, enter "n/a" and complete Item 13b.

13b. Annual Pay (Title 38 Physicians/Dentists): For title 38 physicians/dentists, compute Annual Pay by entering the annual base pay rate and annual market pay rate.

SECTION B – AUTHORIZATION TYPE, PERCENTAGE, PAYMENT METHOD, SERVICE PERIOD

14a. Initial Retention Incentive: Enter "x" if this is the initial retention incentive or if a previous incentive has expired or was terminated.

14b. Percentage: Enter the percentage authorized, up to two decimal places. For example, you may enter amounts such as 10 percent, 10.33 percent, or 13.99 percent etc. Facility directors, regional office directors, cemetery directors and regional counsels may only approve up to 15 percent. Percentages greater than 15 percent must be approved at the Network, Area or Deputy Assistant Secretary levels or higher.

14c. Effective date: The effective date must be at the beginning of a biweekly pay period.

15. Review of Retention Incentive: Enter "x" if this is a review of an incentive that is currently in effect. Indicate the action taken as a result of the review, including the percentage, if applicable, and effective date. During the review, the approving official may continue, reduce, increase or terminate the incentive.

Effective Date: Except for incentives terminated due to demotion, unacceptable performance or misconduct (see VA Handbook 5007, Part VI, Chapter 3, paragraph 13b), all review actions are effective no sooner than the pay period following approval. Terminations due to demotions, unacceptable performance, misconduct, etc, are effective the pay period prior to approval unless VA agreed to payment through a different effective date under the terms of the service agreement or SOU.

16. Basis for Review Action: Enter a narrative describing the factors considered in the review. (See VA Handbook 5007, Part VI, Chapter 3, paragraph 14, for review requirements.) Since retention incentives must be terminated when the conditions giving rise to the original determination no longer exist, it is important to review the original authorization. In the narrative description, you may describe (1) whether a lesser amount (or none at all) would be sufficient to retain the employee(s); (2) whether labor-market conditions make it more or less likely to recruit a candidate with the employee's(s') competencies; (3) whether the need for the employee's(s') services has been reduced to a level that makes it unnecessary to continue payment at the level originally approved (or at all); and (4) whether budgetary constraints make it difficult to continue payment at the level originally approved (or at all).

Periodic reviews and assessments of retention incentives are critical factors in properly managing this flexibility. Approving officials must actively engage in the review process at least annually to ensure continued incentives are in the best interest of the Government and that managers are efficiently using other staffing flexibilities and making progress in their workforce and succession planning efforts.

NOTE: *Retention incentives that are not reviewed at least annually will be systematically terminated. Once terminated, retention incentives cannot be reinstated retroactively.*

17. Service Obligation Period: Individual incentives greater than 25 percent, group authorizations and incentives paid on other than a biweekly basis require employees to sign a Retention Service Agreement (See Appendix VI-P) to remain with VA for a specified service obligation period. Enter the commencement date and termination date that correspond with the signed service agreement. A service agreement, signed by the employee and approving official must be attached to this authorization. For SES, title 38 SES equivalent and SL incentives, the service agreement is signed and attached after the incentive is approved by the Secretary or designee. Note: All retention incentives may be unilaterally terminated based solely on the needs of the Department and reviewed at least annually regardless of the service obligation period stated in the service agreement.

For incentives paid on a biweekly basis at the full authorized percentage, employees must sign an SOU which acknowledges that incentives are paid based on management needs, may be terminated at any time, and that incentives will be terminated after one year unless recertified.

18a. Payment Method: Enter "x" for the payment method used to pay the incentive. Retention incentives will be paid at the full percentage rate authorized after specified periods of service based on the annual rate of basic pay (annual pay for title 38 physicians and dentists) earned.

If paid in installments, enter the pay period number and year of each installment. If paid in equal biweekly installments, do not enter the pay period and year as the incentive will be paid at the full percentage at the completion of each biweekly pay period.

18b. Installment Schedule: For incentives paid in installments, enter the year and pay period number for each payment in the following format "yyyy/pp". The number of installments cannot exceed four per year. The amount of the payment will be systematically computed based on the authorized percentage times the employee's hourly salary rate times the number of basic pay hours paid to the employee during the installment period. Since all retention incentives must be recertified at least annually, a new installment schedule will be authorized during the review process for incentives extending beyond one year.

19. Basis for Percentage, Payment Method, and Service Obligation Length: OPM regulations require that all authorizations for retention incentives document the basis for determining the percentage, payment method and service obligation length. Enter a descriptive narrative of how each item was determined. Examples may include past recruitment or retention difficulties, special project deadlines or priorities, recent turnover or vacancies, etc. Higher percentages and longer service periods should reasonably correlate to an employee's unique competencies and skills and the Department's special need to retain the individual.

Section C: Factors demonstrating essential need to retain

20. In order to fully document the basis for an incentive, all authorizations must describe the factors used to determine that retention is essential. Using each of the factors below, describe the basis for this determination. If a factor was not used in the determination to pay an incentive, explain why the factor does not apply.

20a. Employment trends and labor market factors: Describe how current employment trends and labor market factors affect the ability to attract and retain candidates. Information for this factor must be relevant, current, and from a reliable source. Sources of reliable information include current reports and publications from professional organizations representing an occupation; on-line fee for service tools offering employment forecasting, market analysis and trends for an occupation; Department-level workforce assessments; or Federal government reports and statistics. For occupations or positions covered by an OPM-approved direct-hire authority, this narrative should include specific citation of the direct-hire authority.

Organizations may cite local conditions as well as broader national or regional conditions which affect the ability to recruit or retain. For example, an area with a high concentration of information technology companies may find it difficult to attract computer specialists, an area with several hospitals and medical organizations may find it difficult to attract and retain certain health care personnel. Narratives addressing these conditions should include detailed information on the salaries and benefits offered by competitors and any record of a specific incident in which employees left Federal employment.

20b. Recent recruitment and retention efforts: Describe the results of efforts in the last six months to recruit and retain employees with similar competencies or in similar positions. For example, enter a narrative that describes the number of vacancy announcements issued, the number of applicants who applied, the number of qualified and unqualified applicants, the number of applicants selected, job acceptance rates, the length of time required to fill similar positions, or other recruitment results.

To compute job acceptance rates, divide the number of job offers accepted by the number of job offers made and multiply by 100. For example, if eight job offers were made and two candidates accepted, the job acceptance rate is 25 percent (two divided by eight times 100). A low acceptance rate is one indicator of difficulty in filling a position without an incentive.

If there were no recruitment efforts in the last six months, explain why recruitment was not conducted or is not a factor.

20c. Special or unique competencies required for the position: Describe the special or unique competencies required for the position. This may include certain skills or experience required for the position or special knowledge of a specific project or initiative that makes retention essential. This narrative should fully illustrate why other employees do not have such competencies, skills and knowledge.

20d. Efforts to use non-pay authorities: Describe any non-pay authorities used to improve employee retention or to eliminate the essential need to retain. Examples may include special training, alternative work schedules such as compressed tours and telework, job or workload reengineering, efforts to improve working conditions, workforce and succession planning efforts, expanded recruitment efforts, etc. Include the results of using non-pay authorities or explain why certain authorities were not used.

20e. Desirability of duties, work, organizational environment, or geographic location: Describe any duties or conditions which affect the ability to recruit or retain highly qualified candidates without the use of an incentive. For example, some positions have duties that are less desirable such as working with soiled materials, some offices may have operations that are highly stressful due to demanding

workload requirements, some locations may be less desirable because they are remotely located or in close proximity to high crime areas or in busy metropolitan areas without parking facilities, etc. Describe any factors that may impact recruitment or retention efforts.

20f. Effect on Department or facility if employee is not retained: Describe the effect which the employee's departure would have on the Department's or facility's ability to carry out an activity, perform a function, or complete a critical project or initiative. The effect must be specific. Provide background information to fully illustrate why the employee's departure would have such an effect. In other words, describe what will happen if the employee is not retained.

20g. Salaries typically paid outside the Federal Government for similar positions: Enter a narrative citing a credible source showing the salaries typically paid outside the Federal Government for similar positions. Credible sources may include salary data purchased from a salary survey company or reported in a professional organization's journal, published report, or a report published by a Government agency such as the Bureau of Labor Statistics. On-line salary websites that offer self-reported data, such as Salary.com, are not acceptable and may not be used as a sole source of salary data.

Approving officials should require data for this factor not only when private sector salaries are higher, but also to identify when Federal salaries are already competitive. When Federal salaries are already competitive, approving officials must ensure other factors sufficiently demonstrate the difficulty in filling the position without the use of an incentive.

20h. The quality and availability of potential sources of employees in the organization's succession plan: Enter information from the organization's workforce and succession plan that identifies employees who possess the competencies required for the position and who could perform the duties and responsibilities of the position with minimal training, cost, and disruption of service. If no employees are identified, the organization should develop a strategy to recruit or train such employees and include this strategy in the workforce and succession plans. In addition, describe any other plans to eventually eliminate or reduce the use of retention incentives. The narrative for this factor must be evaluated by the approving official and human resources office during the annual review and organizations must be held accountable to actively pursue their plans.

20i. Other Supporting factors: Enter any other information or factors that demonstrate the need for a retention incentive.

Section D: Likelihood of Leaving Federal Service

21. Basis for likelihood of leaving Federal service: Enter a narrative describing the basis for the reasonable assurance that the employee or group of employees is likely to leave Federal service in the absence of an incentive. This determination may be based one or more of the following:

- a copy of a bona fide written job offer received by the employee within the last 90 days;
- verification of the employee's submission of a retirement application (see note below); or

- documented evidence of high demand in the private sector for the knowledge and skills possessed by the employee(s) and significant pay disparity between Federal and non-Federal salaries.

Attach a copy of any bona fide job offer or other documents used in the recommending official's reasonable assurance that the employee or group is likely to leave Federal service.

Documented evidence of high demand and pay disparity must be obtained from a reputable source. Examples include reports and publications from professional organizations, labor market and occupational trend data from a fee for service online tool, a reputable third party survey company, etc. In addition, the narrative must describe the basis for the determination that the employee is likely to leave in light of the high demand and/or pay disparity. For example, although there may be a high demand and/or pay disparity in the private sector for a particular occupation, a Federal employee vested in the Civil Service Retirement System who has three years remaining until he/she can retire is unlikely to resign from Federal service.

NOTE: *For privacy reasons, supervisors, managers and other VA officials are not permitted to obtain or view copies of an employee's retirement application or letter of resignation. Instead, the recommending official may seek confirmation of the submission from the servicing HR office and must include a written narrative containing the name of the HR employee who confirmed the submission, the date and time of the confirmation, and the employee's anticipated retirement or resignation date. Do not attach copies of an employee's retirement application or letter of resignation to the retention incentive authorization.*

Section E – Group Incentives

22. Criteria for group incentives: For group authorizations, enter criteria to narrowly define the group of employees covered by this authorization. The criteria must include occupation series, grade level(s), distinctive job duties, unique competencies required for the positions, a minimum required rating of record, organization or team designation(s), geographic location(s), special project assignment(s) and a minimum service requirement. Upon approval, any employee meeting the criteria will receive a retention incentive under the group incentive authorization unless they are covered by a recruitment, relocation, or other service agreement that obligates the employee to a complete a specific period of service. The minimum service requirement is 90 days before an employee is eligible to receive a group incentive. Approving officials may increase the minimum service requirement especially when needed to assess an employee's performance in a new position.

23. Recommendations and Approvals

This section must be signed and dated by the recommending official, human resources officer (or designee) and the approving official in accordance with the guidance contained in Chapter 3 of this part.

Facilities and organizations may add additional concurrences, approving officials or other policies or procedures to comply with local or organizational requirements.]

[**APPENDIX D.**

SAMPLE STATEMENT OF UNDERSTANDING/RETENTION INCENTIVE

I,_____(name)_____ , understand that the retention incentive that I am to

receive as a ____(title, series, grade, step)____ , currently earning _____($)_____ per year in

____(service, division, or office)_____ at _____(facility), city___, ____state, is being paid in order

to retain my services in this position.

I understand that the incentive:

- will be __(X_percent)__ of my rate of basic pay (excluding any additional pay) in each bi-weekly pay period;
- will not be paid for overtime or periods in a non-pay status and that such periods will reduce the incentive amount received;
- must be terminated if my rating of record is less than 'Fully Successful" or equivalent;
- will be terminated after 26 pay periods if not reviewed and recertified by the appropriate approving official;
- will not be reinstated retroactively if terminated due to a delay in review or recertification;
- may be reduced or terminated at any time and this is not an adverse action.

__(employee's signature)__ _____ __(date)

I understand that the total amount of Federal compensation I receive during the year may not exceed the aggregate limitation of $XXXX for (year). I understand that any amount owed to me over the aggregate limit may not be paid until the beginning of the next calendar year.

NOTE: *A Statement of Understanding is required only if the retention incentive is to be paid in bi-weekly installments of equal amounts. If the retention incentive is paid in any other method, the employee must enter into a Retention Service Agreement (see sample in appendix VI-P).*]

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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	None	Continuing payments	$ 5,672
	(9.76 percent LCP)			
	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. [If third party survey data was used to establish the rate range, provide an analysis of the salary data in this section; also provide a copy of the survey data.]

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. [**Type of Survey Data.** Enter the type of survey data used to establish or adjust a special rate supplement; this may include survey data reported as minimum or beginning rates of pay, midpoint, average, maximum or rates reported as percentiles (10th, 25th, 50th, 75th and 90th).

29. Applicable Annual Rate. Enter the applicable annual rate that corresponds to the type of survey data identified in item 28.]

[ ]

[**30.**] **Grade.** Enter each Federal grade for which special rates are being considered.

[31.] Regular Step 1. Enter step 1 rate of the grade on the nationwide GS or PA pay schedule as appropriate.

[**32.**] **Current Special Rate.** Enter step 1 rate of the current SSR range or AMER, if appropriate.

[**33.**] **Number of Positions Covered.** Enter the FTE of on-board and vacant positions covered by SSRs. Indicate the vacant FTE in parentheses.

[**34.**] **Recommended Rates.** Enter step 1 of the recommended SSR range or AMER, if appropriate.

[**35.**] **Type.** Enter the type of special rate recommended, i.e., SSR range or AMER and SSR range.

[**36.**] **Certification that rates do not exceed highest** [**applicable annual**] **rates in the community.** Initial this line to certify that none of the recommended rates exceed the highest [applicable annual] rate in the community for corresponding positions.

[**37.**] **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. 3-1-08 Date	b. 2-28-09 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. Third party survey data was matched to GS-11 (copy attached). The reported midpoint rate was $132,000. The highest GS-11 step 1 can be set using the midpoint rate is $114,782. After all survey data was considered, the Facility Director set the special rate for GS-11 step 1 at $96,610 – the new fixed percentage amount is 95 percent. Considering the difficulty recruiting and retaining pharmacists at GS-12 and GS-13, the Facility Director authorized a 75 percent supplement at GS-12 and GS-13.

SALARY DATA

25. Equiv. Grade	GS-11					
26. Exper. (Yrs.)	1 Yr.	.				
27. Equiv. Educ.	PharmD					
28. Type of Survey Data	mid-point					
29. Applicable Annual Rate	$132,000					

RECOMMENDATION

30. Grade	GS-11	GS-12	GS-13
31. Reg. Step 1	49,544	59,383	70,615
32. Curr. Sp. Rt.	90,819	95,005	101,217
33. # Pos. Cvrd.	14(4)	5(2)	1
34. Recomm. Rts.	96,610	103,920	123,576

35. Type Special Salary Rate Ranges
36. Recommended rates do not exceed highest applicable annual rate (place initials): _____
37. Report of contact(s) made with other Federal Medical Centers in the labor market area:
N/A X Attached _____]

VA FORM 10-0396
March 2010 **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[-29]. The [Facility Director used third party survey data. Information was provided in Section 24, comments.]

[34.] Step 1 of the GS-11 range is set at [$96,610. The GS-11, step 1 underlying rate is $49,544. To determine the amount of the fixed percentage amount divide the new special rate by the underlying GS-11 step 1 rate - $96,610 divided by $49,544 = 1.9599 percent or a 95 percent percentage supplement. GS-12 and GS-13 step 1 rates are calculated by multiplying the underlying GS rates by 75 percent. Proper pay alignment is exists since the step 1 rate for GS-12 is more than 6 percent greater than the GS-11 step 1 rate; and the step 1 rate for GS-13 is more than 6 percent greater than the GS-12 step 1 rate.]

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 New Authorization
7. Type of Existing Authorization Special Salary Rates

BEGINNING STAFFING STATUS	ENDING STAFFING STATUS
8. a. 12/30/08 Date	b. 12/29/09 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. Third party survey data was matched to GS-3 (copy attached). The reported maximum rate was $39,875. The highest GS-3 step 1 can be set using the maximum rate reported is 30,673 ($39,875 divided by 1.30 = $30,673). After all survey data was considered the Facility Director set the special rate for GS-3 step 1 at $30,124 - the new fixed percentage amount is 40 percent. The Facility Director authorized a 40 percent supplement at the GS-4 through GS-7 based on continuing recruitment and retention difficulties.

SALARY DATA

25. Equiv. Grade	GS-3	GS-4	GS-5			
26. Exper. (Yrs.)	None	6 mos.	1.5 yrs.			
27. Equiv. Educ.						
28. Type of Survey Data	maximum					
29. Applicable Annual Rate	$39,875					

RECOMMENDATION

30. Grade	GS-3	GS-4	GS-5	GS-6		
31. Reg. Step 1	21,517	24,156	27,026	30,125		
32. Curr. Sp. Rt.	N/A					
33. # Pos. Cvrd.	8(2)	9(4)	10(4)	5		
34. Recomm. Rts.	30,124	33,818	37,836	42,175		

35. Type SSRs
36. Recommended rates do not exceed highest applicable annual rate (place initials): _____
37. Report of contact(s) made with other Federal Medical Centers in the labor market area:
N/A X Attached _____]

VA FORM 10-0396

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[-29]. The [Facility Director used third party survey data. Information was provided in Section 24. Comments.]

[34.] Step 1 of the range for [GS-3 is set at $30,124. To determine the amount of the fixed percentage amount divide the new special rate by the underlying GS-3 step 1 rate - $30,124 divided by $21,517 = 1.40 percent or a 40 percent percentage supplement. GS-4 through GS-6 step 1 rates are calculated by multiplying the underlying GS rates by 40 percent.]

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APPENDIX M.
[SPECIAL RATE AUTHORIZATION USING FIXED-PERCENTAGE SUPPLEMENT]

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 Rate Ranges

Authority: 38 U.S.C. 7455 and VA Handbook 5007, Part VI, Chapter 6

Grade	1st Step	10th Step	[Supplement
GS-11	*$98,060*	*$127,473*	*95%*
GS-12	$105,480	$137,121	75%
GS-13	$125,430	$145,700	75%

These rates are based on the General Schedule underlying rates of pay authorized under 5 U.S.C. 5332(a) Salary Table effective January 3, 2010.]

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 [USING A FIXED-PERCENTAGE SUPPLEMENT] WITH AN ABOVE-MINIMUM ENTRANCE RATE (AMER)

Authorization of Special Rates Under 38 U.S.C. 7455

Occupation: [Occupational Therapist, GS-0631]

Location: Enter Facility Name and Station Number

Type of Adjustment: Special [Rates with Above Minimum Entrance Rate at GS-7]

Authority: 38 U.S.C. 7455 and VA Handbook 5007, Part VI, Chapter 6

Rates Authorized:

Grade	1st Step	10th Step	[Supplement
GS-7	$54,366	$70,682	60%
(Above Minimum Entrance Rate, $57,992, Step 3)			
GS-9	$64,423	$83,743	55%
GS-11	$68,390	$88,905	36%
GS-12	$81,973	$106,563	36%]

These rates are [are based on the General Schedule underlying rates of pay authorized under 5 U.S.C. 5332(a) Salary Table effective January 3, 2010.]

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 and VA Handbook 5007, Part VI, Chapter 6

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 and VA Handbook 5007, Part VI, Chapter 6

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.]

[APPENDIX N.
SAMPLE STUDENT LOAN REPAYMENT RECOMMENDATION/APPROVAL

Date:

From: (recommending official)

SUBJ: Repayment of Student Loan(s) (employee's name)

To: (approving official)

1. The following request is submitted for:

Name: (employee's name)

Position: (title, series, grade, step, position description number, appointment authority)

Facility: _____

Duty Station: (name, city, state)

Duty Status: (Full-Time) (Part-Time: indicate # of hours per pay period)

Proposed annual student loan repayment amount: $_____

Proposed total student loan repayment: $_____

Proposed total number of years for payment: _____

Proposed effective date of service commitment: _____

Proposed ending date of service commitment: _____

Organization: (service, division, office)

The employee has selected the following payment action:

____ A biweekly payment of $ (amount).

____ An initial or renewal lump-sum payment of $ (amount) for the first calendar year. Payments made in subsequent calendar years will be biweekly payments of $ (amount).

[____ An initial or renewal lump-sum payment of $ (amount) for the first calendar year. Payments made in subsequent calendar years will be made in an annual lump-sum payment of $ (amount)]

2. The following is submitted as justification for this request:

(recommending official's signature) (date)

Concur_____Do not concur_____

Comments:

Human Resource Manager's Signature (date)

APPROVED____DISAPPROVED____OTHER____

(approving official's signature) (date)]
Title

APPENDIX O.
SAMPLE EMPLOYEE SERVICE AGREEMENT
DEPARTMENT OF VETERANS AFFAIRS
Repayment of Student Loans

1. Introduction

This Repayment of Student Loan Service Agreement is an employment agreement between the Department of Veterans Affairs (VA) and (*employee's name*) (hereinafter referred to as "you" or "your") for the purpose of specifying conditions under which you agree to work as a (*full- or part-time*) Federal employee at (*organization) (VA facility)* (*Position name*) in return for (*VA facility)* repaying part or all of your outstanding student loan(s) through loan payments to the lender(s). This agreement will continue in effect until the terms and conditions have been satisfied or funding is no longer available.

2. Period of Service

You are required to serve *(number of years; minimum of 3 years)*, beginning *(date, i.e., either the first day of the applicable pay period for which the initial loan payment is to be disbursed by the Payroll Office following signing of the service agreement or the date that the employee enters on duty (EOD)* and ending *(date). Include the basis for determining the length of service required if more than the 3-year minimum.*

3. Student Loan Repayments

a. The amount of the applicable outstanding student loan balance(s) as of (*date*) is *($ amount*). The amount of student loan payment that VA will make on your behalf under this service agreement is (*maximum* [*$10,000*]) per **calendar** year, and a total amount of (*maximum* [*$60,000*] over (*no.*) years subject to continued availability of funds.

b. Payments by VA under this service agreement do not exempt you from your responsibility and/or liability for any loan(s) for which you are obligated, as VA is not obligated to the lender/note holder for its commitment to you. You are still responsible for the entire loan balance(s), including any amount not paid by VA and any late fees associated with the timing of the loan payments. Further, you will also be responsible for any tax obligations resulting from the loan payment benefits made according to this agreement.

c. Loan payments will be disbursed directly to the lender/note holder. Payments will be made approximately 25 days after the period of service begins (12 days after the end of the pay period). The loan payments made on your behalf are treated as wages that are subject to income, social security, and Medicare taxes being withheld. The amount of the loan payments to each lender may be reduced by mandatory and voluntary deductions, including tax levies and garnishments.

d. VA's payments will be made as: (*mark the elected option; lender/note holder agreement also required)*

____ A biweekly payment of $ *(amount)*, which will be the amount sent to your lender(s)/note holder(s); taxes related to such payments will be withheld from your salary.

____ An initial lump-sum payment of $ *(amount)* for the first calendar year; taxes related to each payment will be deducted from that amount and a net payment made. Subsequent payments will be biweekly payments of $ (amount), which will be the amount sent to your lender(s) [or] note holder(s); taxes related to such payment will be withheld from your salary.

[____ An initial lump-sum payment of $ *(amount)* for the first calendar year; taxes related to each payment will be deducted from that amount and a net payment made. Subsequent payments will be made in a lump-sum payment of $ (amount) over the course of (x no. years), less taxes withheld related to such payment which will be deducted from that amount. The net payment is sent to your lender(s)/note holder(s).]

4. Conditions

a. During the term of this agreement, you agree that *(VA facility)* is authorized to verify the status of each loan and to discuss the terms and amount of the outstanding obligation(s) with each lender/note holder. You agree to provide VA with the information about each loan, such as the lender/note holder's name, address, phone number, bank routing number, etc., your identifying information, including social security number, and your payment obligation, i.e., the amount due and the time period that the loan is to be paid. The payment benefits which are the subject of this service agreement will apply only to your student loan indebtedness outstanding as of the date that this service agreement is executed by you and *(VA facility)*.

b. If the payments hereunder cover only a part of your repayment obligation(s) under the subject student loan(s), and if you are in arrears or default on your own loan repayment obligation(s), then VA will terminate future payments. If payments are terminated under this paragraph, the minimum period of service—3 years—must be completed or you will be obligated to reimburse VA, under VA's debt collection procedures, for the full amount of the loan payments that VA has paid on your behalf according to this agreement; if 3 years of service under this service agreement have already been completed, then any remaining service obligation under this paragraph will be terminated.

c. You are required to maintain at least a pass or equivalent performance rating for the duration of this service agreement. If your performance rating falls below passing or if you are separated involuntarily [due to misconduct, unacceptable performance or a negative suitability determination under 5 CFR 731] the loan payments will be terminated [and you will be obligated to reimburse VA the full amount of the loan payments that VA has paid on your behalf.]

d. If you fail to complete the period of service specified in this agreement because you voluntarily separate from VA for any reason, the loan payments will be terminated immediately and you will be obligated to reimburse VA the full amount of the loan payments that VA has paid on your behalf. If you do not make the required reimbursement, VA will initiate debt-collection procedures to recover the amount due.

e. If you apply and are selected for a position at a VA facility other than the one that is party to this agreement, the gaining VA facility is **not** required to assume this loan repayment obligation. Accordingly, your right to placement as a surplus and/or displaced employee under the Career Transition and Assistance Program does not guarantee that the gaining VA facility will take on your loan repayment

obligation. However, if management reassigns you to another VA facility, the gaining VA facility will assume full responsibility for this agreement.

f. If you fail to satisfy the terms of this agreement and are required to reimburse VA, you may request a waiver of all or part of that indebtedness. To qualify for a waiver, you must demonstrate that it would be against equity and good conscience or against the public interest for VA to recover the amount you owe. The requests for waiver must be filed with the Chief Financial Officer at the VA facility that made the loan payments. Filing a waiver request will not stop the initiation or stay debt-collection procedures.

g. This agreement in no way constitutes a right, promise, or entitlement for continued employment and/or noncompetitive conversion to the competitive service, if applicable.

5. Certifications

I hereby certify that I have read and understand the terms and conditions of this agreement and have attached the necessary information on each loan for which VA will make payments.

_____

Applicant/Employee Date

Pursuant to OPM regulations, 5 CFR § 537.105, I hereby certify that:

In the absence of the loan repayment benefits contemplated in this agreement, *(organization) (VA facility)* would encounter difficulty in filling the position of *(name of position)* with a highly-qualified candidate (or retaining a highly qualified employee in the position of *(name of position)*, and I have stated my detailed reasons for this conclusion in my written determination that is part of the official file pertaining to this matter. When selecting the above-named employee to receive loan repayment benefits, I have adhered to merit system principles.

To my knowledge, approval of this agreement does not create any inequitable treatment of candidates and employees and is consistent with the diversity goals and needs of this VA facility
.

The source of funding for this agreement is *(accounting information):*

_____ _____

Recommending Official Date HRM Official Date

Attachment(s): Information on each loan and lender/note holder

Distribution:
Original - OPF
Copies - Employee, payroll office, supervisor, finance staff, etc.

Privacy Act Statement

Part 537 of Title 5 of the Code of Federal Regulations requires the use of a service agreement to support employer repayments of student loans. Providing information and signing this agreement is voluntary, but failure to provide the requested information on your loan(s), or to sign this agreement will preclude the authorization of such payments on your behalf. It will not, however, affect your selection and appointment to the position offered you by the Department of Veterans Affairs. The information collected in connection with this agreement will be used by applicable management officials and administrative staff, payroll and accounting staffs, human resource staff, and equal employment opportunity staffs to verify the status of your loan(s), make the payments to the appropriate note holder(s), and ensure equitable treatment. There are no additional uses that may be made of the information collected.

The official copy of this agreement is maintained in your Official Personnel File, which is a category of record included in the OPM/GOVT-1 General Personnel Records system. One copy of the information that you provide, along with a copy of this agreement, will be maintained in your payroll file. Other copies may be maintained within your organization such as by your supervisor and finance office, which is appropriate under the OPM/GOVT-1 records system.]

[APPENDIX P.
RETENTION SERVICE AGREEMENT

1. GENERAL

A Retention Service Agreement is required for a retention incentive unless paid in biweekly installments at the full percentage rate of 25 percent or less. An agreement is always required for employees paid under a group authorization. The agreement must include the commencement and termination dates of the service period, the total amount of the incentive, the method of paying the incentive, the timing and amounts of each incentive payment, conditions under which the service agreement will be terminated, the conditions under which the employee must repay an incentive, the effect of terminating a service agreement including the conditions under which VA will pay a retention incentive payment for partially completed service. It must also include 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 an incentive is needed to retain an employee that is likely to leave Federal service without the incentive and has unusually high or unique qualifications or special need of the VA that make it essential to retain the employee. An incentive is effective the beginning of the first pay period after approval.

2. INSTRUCTIONS FOR PREPARING THE SERVICE AGREEMENT

Before preparing the service agreement, HR officials should carefully review the employee's compensation and the policy on aggregate limit restrictions (see part VII of this handbook). Develop the service agreement as follows:

a. **Percentage.** Insert the percentage of the retention incentive.

b. **Work Schedule.** State whether full time or part time. If part time, enter the normal hours (e.g., 48 hours per pay period).

c. **Position.** Insert the title, series, and grade of the position.

d. **VA Facility.** Name the facility where the employee will work.

e. **Total Service Period.** Insert the total length of the service period. The maximum service period is four years.

f. **Service Period Commencement Date.** Insert the beginning date of the service period (must be the first day of a pay period).

g. **Service Period Termination Date.** Insert the ending date of the service period (must be the last day of a pay period).

h. **Method of Paying the Incentive.** Insert how the incentive will be paid (in installments after completion of specified periods of service at the full percentage rate; or in a lump sum at the end of the full period of service).

i. **Timing and Amounts of Each Payment.** Enter dates and installment amounts (not to exceed four equal installments per year).

NOTE: *If a retention incentive is paid in equal biweekly installments at the full percentage, a service agreement is not required.*

j. **Employee Signature/Date and Requesting Official Signature/Date.** The service agreement must be signed and dated by both. The names should be typed below the signature line.

k. **Approving Official Signature/Date.** The approving official must sign and date the service agreement. The name should be typed below the signature line.

SAMPLE RETENTION SERVICE AGREEMENT

As a condition of being paid a retention incentive of (percentage) percent in connection with my service on a (full-time or part-time basis and number of normal hours each bi-weekly pay period) basis, in the position of (position) at (VA facility), I agree to serve (number of) bi-weekly pay periods of employment with the Department of Veterans Affairs (VA). Service in a non-pay status will not count towards satisfaction of this obligation. Any portion of a pay period in a non-pay status will postpone the service obligation to VA and will extend the period of obligated service by an equal number of full bi-weekly pay periods.

I understand that the incentive will be paid to me as (method of payment) on (timing and amount of each payment). My service period beginning date for this agreement is (must be first day of a pay period) and my service period ending date is (must be last day of a pay period).

I understand VA may unilaterally terminate this agreement based solely on the management needs of VA. If VA does so, I will be entitled to all retention incentive payments that are attributable to the already-completed portion of the service period.

I understand that this agreement will be terminated if I am demoted or separated for cause, receive a rating of record of less than "Fully Successful" or equivalent, or fail to fulfill other terms of this agreement (such as reducing my work hours or changing positions). If this agreement is terminated under these conditions, I understand that I am entitled to retain any incentive payments previously paid by VA that are attributable to the completed portion of the service period. I understand that if I received incentive payments that are less than the amount that would be attributable to the completed portion of the service period, VA is not obligated to pay me the amount attributable to completed service.

I understand that I will be notified in writing of any reduction or termination of my retention incentive and will be entitled to receive incentive payments through the end of the pay period in which the written notice is provided or until7 I separate from VA employment, or whichever is sooner.

(Add information for aggregate limit on pay; other terms as appropriate)

I understand that this agreement is valid only when signed by me, the recommending official, and the approving official.

(signature and name of employee) (date) (signature, name and title of requesting official) (date)

APPROVED: I certify that payment of an incentive is appropriate in order to retain this employee.

(signature, name and title of approving official) (date)]

[APPENDIX Q. RETENTION INCENTIVE DUE TO CLOSURE OR RELOCATION OF EMPLOYING OFFICE, FACILITY OR ORGANIZATION

1. GENERAL

a. Retention incentives may be used to retain individual employees or a group of employees whose services are essential to a VA mission requirement during a period of time before the closure or relocation of the employee's office, facility, or organization and the employee (or group of employees) would likely leave for a different position in the Federal service without a retention incentive. Policy and procedures for retention incentives for employees likely to leave for positions outside the Federal service are contained in chapter 3 of this part.

b. Individual retention incentives of up to 25 percent of an employee's rate of basic pay in an installment or service period may be authorized under the procedures contained in this appendix.

c. Group retention incentives up to 10 percent of an employee's rate of basic pay in an installment or service period may be authorized under the procedures contained in this appendix.

d. Approving officials must review and approve each retention incentive in writing. Incentives will be effective the beginning of the first pay period after the appropriate official approves the request. Approvals may not be made on a retroactive basis.

2. COVERAGE

a. **Individual Retention Incentives.** Retention incentives may be authorized on an individual basis for employees who occupy the following types of positions or appointments provided the eligibility requirements of paragraph 5 are met.

(1) **Title 5 and Hybrid Positions.** General Schedule (GS) positions paid under 5 U.S.C. 5332 (including "hybrid" positions listed under 38 U.S.C. 7401(3)), 5 U.S.C. 5305 or 38 U.S.C. 7455; senior-level or scientific or 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 CFR 550.103; Executive Schedule positions paid under 5 U.S.C. 5311-5317 or a position the rate of pay for which is fixed by law at a rate equal to a rate for the Executive Schedule; and Federal Wage System positions.

(2) **Title 38 Positions.** Under the authority of 38 U.S.C. 7421 and 38 U.S.C. 7410, the Secretary has extended the provisions of 5 U.S.C. 5754 to physicians, dentists, podiatrists, optometrists, chiropractors, registered nurses, physician assistants, and expanded-function dental auxiliaries appointed under 38 U.S.C. 7401(1). Individuals appointed under 38 U.S.C. 7405(a)(1)(A), 7405(a)(1)(B), and 7306 for a minimum period of at least one year are also covered.

b. **Group Retention Incentives.** Retention incentives may be authorized for a group or category of employees occupying the positions and appointments listed in subparagraph 2a above with the following exceptions: employees in senior-level or scientific or professional positions paid under 5 U.S.C. 5376; Senior Executive Service positions paid under 5 U.S.C. 5383; Executive Schedule positions paid under 5 U.S.C. 5311-5317 or a position the rate of pay for which is fixed by law at a rate equal to a rate for the Executive Schedule may be paid individual retention incentives only; they are not eligible for group incentives.

3. EXCLUSIONS

a. **Individual Retention Incentives.** Retention incentives may not be authorized for employees appointed on a time-limited basis of less than one year; as experts or consultants; on a without compensation basis; as Presidential appointees; in the Senior Executive Services as noncareer appointees as defined in 5 U.S.C. 3132(a)(7); in a position excepted from the competitive service by reason of its confidential, policy-determining, policy-making or policy-advocating character; as a resident or intern under 38 U.S.C. 7406; in the Veterans Canteen Service under 38 U.S.C. Chapter 78 (see VCS Directive 00.01, Recruitment and Relocation Bonuses and Retention Allowances for VCS Employees). They also are not authorized for employees with scholarship obligations to VA resulting from education or training activities.

b. **Group Incentive Exclusions.** In addition to the general exclusions in subparagraph a above, retention incentives may not be authorized on a group or category basis for employees appointed: in senior-level or scientific or professional positions paid under 5 U.S.C. 5376; in Senior Executive Service positions paid under 5 U.S.C. 5383; in positions under the Executive Schedule paid under 5 U.S.C. 5311-5317 or positions the rate of pay for which is fixed by law at a rate equal to a rate for the Executive Schedule.

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 retention incentives, 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 incentive requests submitted for centralized, OPM or Under Secretary for Health approval, and auditing retention incentive approvals for non-centralized positions.

c. Human Resource Management Officers (HRMOs) are responsible for advising management officials on the provisions in this chapter, providing technical advice and assistance on incentive percentages, length of service obligation requirements and other technical matters, and ensuring the completeness of requests prepared or approved at the local level. They will maintain documentation adequate to reconstruct each case, coordinate annual reviews of incentives, and prepare reports as

required. HRMOs will ensure that records of those being considered for a retention incentive are screened to determine whether a service obligation remains unfulfilled. They will also ensure that approving officials and employees being recommended for retention incentives are informed about the impact of aggregate limitations on pay.

d. Supervisors will ensure each incentive recipient's rating of record is at least "Fully Successful" or equivalent. If a rating of record is lower than "Fully Successful" or equivalent, they will contact the approving official for immediate termination of the service agreement.

e. The Office of Financial Management will develop, in coordination with OHRM, incentive payment, refund, and waiver procedures.

f. Employees are responsible for providing accurate information about offers of employment which may be used in retention incentive determinations.

5. ELIGIBILITY REQUIREMENTS

a. Retention incentives may be used to retain individual employees, or a group of employees, whose services are essential to a mission-related activity, function or project during a period of time before the closure or relocation of the employee's office, facility, or organization and the employee or group of employees would likely leave for a different position in the Federal Service without a retention incentive.

b. Employees must be in full-time or part-time appointments without time limit or for a minimum of 1 year with no unfulfilled recruitment or relocation incentive service obligations and possess and maintain a rating of record of at least "Fully Successful" or equivalent.

c. Prior to authorization, the employee must have received a general or specific written notice that his or her position may, or is likely to be affected by the closure or relocation of the employee's office, facility or organization. This may include the likelihood that the employee's position may be required to move to a new geographic location or the employee's position may be eliminated.

d. Retention incentives approved under the provisions of this appendix require that the employee sign a Retention Service Agreement to complete a specified period of obligated service with VA (See sample in appendix VI-S.)

6. CRITERIA FOR THE AUTHORIZATION OF RETENTION INCENTIVES. In determining whether an employee or group of employees would likely leave for a different Federal position during a period of time before closure or relocation, the following factors must be considered, as applicable to the case at hand, fully documented and retained as part of the record.

a. **General Criteria**

(1) Employment trends and labor market factors such as the availability and quality of candidates in the labor market possessing the competencies required for the position and who, with minimal training, cost, or disruption of service to the public, could perform the full range of duties and responsibilities of the employee's position at the level performed by the employee;

(2) The success of efforts within the previous six months to recruit candidates and retain employees with competencies similar to those possessed by the employee for positions similar to the position held by the employee;

(3) Special or unique competencies required for the position;

(4) Efforts to use non-pay authorities to help retain the employee instead of or in addition to a retention incentive, such as special training and work scheduling flexibilities or improving working conditions;

(5) The desirability of the duties, work or organizational environment, or geographic location of the position.

b. **Additional Criteria for Group Determinations.** In addition to addressing the criteria in subparagraph a above as applicable to the case at hand, a group incentive must narrowly define the group or category of employees and address the following factors:

(1) The group or category of employees covered by the group retention incentive. Each separate group retention incentive may only cover one occupational series; the requesting official may further limit the group of employees by identifying specific positions or grade levels or by requiring employees to possess a certain performance rating, etc. The defined group or category of employees must be based on agency need and determined in a fair and equitable manner;

(2) The services provided that make it essential to retain the group of employees during a period of time before the closure or relocation of the office, facility or organization;

(3) Occupational series, grade levels and distinctive job duties;

(4) Unique competencies required for the position or the services provided that make it essential to retain the group of employees during a period of time before the closure or relocation of the office, facility or organization;

(5) Required rating of record; and

(6) Organization or team designation.

7. INCENTIVE REQUESTS

a. **Contents of Request**

(1) Each incentive request must include the following. A sample worksheet is contained in appendix VI-R.

(a) The employee's name, facility, duty station, organization, appointment authority and duration, annual rate of basic pay, occupational title, series, and grade;

(b) Whether the appointment is full-time or part-time and, if part-time, the number of hours to be worked per pay period;

(c) The proposed effective date and service period;

(d) The incentive rate expressed as a percentage of the annual basic pay rate, the estimated dollar amount, and a statement explaining why this amount is considered necessary;

(e) The proposed schedule (or frequency) of payments;

(f) Most recent rating of record (must be at least "Fully Successful" or equivalent);

(g) Description of the closure or relocation to include name of office, facility or organization affected, the nature or reason for the closure or relocation, the anticipated date, and how the closure or relocation will affect the employee (or group of employees). A copy of the employee's general or specific notice should be attached to the incentive request;

(h) The extent to which the employee(s)' departure for a different position in the Federal service would affect the organization's ability to carry out an activity, perform a function, or complete a project deemed essential before and during the closure or relocation period;

(i) The competencies and skills possessed by the employee(s) that are essential to retain;

(j) The basis for determining the employee (or group) is likely to leave for a different Federal position prior to closure or relocation. This may include information from written job offers, evidence of high demand in the Federal service such as multiple job announcements for comparable positions/grades, information from the factors considered in paragraph 6, etc;

(k) The name and location of the Federal agency (or VA organization) that the employee(s) will likely transfer to without an incentive;

(l) A statement about the impact of the retention incentive on the aggregate limit on pay; and

(m) Any other considerations or information relevant to the request.

b. **Determining Incentive Amounts**

(1) A retention incentive rate must be expressed as a percentage of the employee's rate of basic pay. The incentive will be paid based on the actual basic pay earned by the employee during the installment period. Therefore, incentive payments will fluctuate (e.g. an incentive payment may be less than estimated due to use of leave without pay; an incentive payment may be more than estimated due to a within grade increase).

(2) A retention incentive rate may not exceed 25 percent if authorized for an individual or 10 percent if authorized for a group or category of employees. Higher amounts require the approval of OPM for title 5 employees and the Under Secretary for Health for title 38 employees (see subparagraph 7d below).

(3) The approved retention incentive rate should reasonably correlate to the difficulty experienced in retaining employees during a period of time before the closure or relocation of an office, facility or organization. The highest percentage will be reserved for positions for which VA has the greatest need to

retain, or those employees who are essential and need to perform critical services, or in instances where there is a special or unique need for the employee's retention. The factors in paragraph 6 and the extent to which the employee's departure would affect the organization's ability to carry out an activity, perform a function, or complete a project shall be considered when determining an appropriate percentage.

c. **Submission of Incentive Requests.** Incentive requests will be reviewed on a case-by-cases basis by the approving official. The approving official must be at least one level above the employee's supervisor. 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. Requests should be submitted in sufficient time for a decision to be made before the proposed effective date. Retention incentive requests for field positions requiring centralized approval will be submitted through channels to OHRM (055) for technical review and concurrence prior to action by the approving official.

d. **Requests to Exceed the Limitation on Individual or Group Retention Incentives**

(1) OPM may authorize individual incentives in excess of 25 percent and group retention incentives in excess of 10 percent, but not in excess of 50 percent for title 5 employees based on a critical VA need. The Under Secretary for Health may take similar action for title 38 employees. In order for a request to exceed these limitations to be considered, the recommending official must determine that the competencies required for the position are critical to the successful accomplishment of an important VA mission, project, or initiative (e.g. program or project related to a national emergency, implementing a new law or critical management initiative, continuity of mission critical work or completion of a VA-wide initiative at sites subject to closure or relocation, etc.).

(2) Incentives authorized by OPM must include the information required in subparagraph 7. It is important that sufficient detail of the critical need that the increased incentive will address be provided. Requests must be submitted through appropriate channels to the Office of Human Resources Management, Compensation and Classification Service (OHRM/055) for technical review and recommendation. Only requests meeting the criteria in this chapter will be forwarded to OPM or the Under Secretary for Health for approval.

8. PAYMENT PROCEDURES

a. **Computation of Payments**. The amount of basic pay earned by an employee during an installment period or, if paid in lump sum, during the service period, will be multiplied by a percentage not to exceed the authorized incentive percentage rate established for the employee. For re-employed annuitants, the employee's rate of basic pay before the annuity offset will be used to compute the incentive. A retention incentive is not considered basic pay and is not creditable for retirement, overtime or other purposes.

b. **Schedule of Payments.** Retention incentives may be paid in installments after completion of specified periods of service, e.g. biweekly, quarterly, semi-annually, etc. or in a single lump sum at the end of the full period of service required by the service agreement. However, retention incentives authorized as biweekly installments may not be paid on a biweekly basis at the full percentage rate. Instead, a portion of the biweekly incentive rate must be held and paid at the completion of the full period of service or strategically paid at intervals throughout the service period. Additionally, retention incentives may not be paid as an initial lump sum at the start of a service period or in advance of

completing the service period for which the incentive is being paid. Facilities should consider paying all or a significant portion of the retention incentive at the end of the full period of service required by the service agreement in order to maximize the effectiveness of the retention incentive.

(1) **Installment Payments**

(a) Installment payments may be computed using the full retention incentive percentage rate (except for biweekly payments) or a reduced percentage rate. Each installment payment is derived by multiplying the full or reduced retention incentive percentage rate by the total rate of basic pay the employee earned during the installment period. If the retention incentive installment payment percentage is less than the full percentage rate (as required for biweekly payments), any accrued portion of the retention incentive not paid during the installment period must be paid as part of a final installment payment after completion of the full service period or after specified completed periods of service as specified under the terms of the service agreement.

(b) An employee's biweekly rate of basic pay must be used to compute an installment payment or a lump sum payment. For example, an employee is authorized a retention incentive percentage rate of 10 percent and has a service agreement that provides for two retention incentive installment payments; one after the completion of 13 pay periods and the last payment after the completion of 26 pay periods. The employee's biweekly rate of basic pay of $3,057.60 for 13 pay periods= $39,748.80 x 10% = $3,974.88. Based of this example, the employee is due $3,974.88 at the completion of 13 pay periods. The second installment payment is calculated at the end of 26 pay periods based on the actual biweekly basic pay earned.

(2) **Lump Sum Payments.** A retention incentive payment paid as a single lump-sum payment upon completion of the full service period is derived by multiplying the retention incentive percentage rate by the total basic pay the employee earned during the full service period. For example, an employee is authorized a retention percentage rate of 15 percent and the service agreement provides for a lump sum payment after completion of 26 pay periods (1 year) of service. If the employee earned $47,358 during the 26 pay periods of service, the employee will receive a $7,103.70 ($47,358 times 15%) retention incentive payment.

9. AGGREGATE LIMIT ON COMPENSATION. An employee may not receive any portion of an incentive 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[,] dentists[, and certified registered nurse anesthetists (CRNAs)]) 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. [The aggregate limit on compensation for CRNAs is the annual pay received by the Vice President.] Any excess portion of the incentive may not be paid until the beginning of the next calendar year (see part VII, chapter 2, on aggregate limits.) HRM officials will inform an incentive recipient affected by an aggregate limitation and include an explanation in the RSA.

10. RETENTION SERVICE AGREEMENT (RSA)

a. An employee must sign an RSA and agree to complete a specified period of service in VA in order to receive a retention incentive under the provisions of this appendix. Service in a non-pay status will not count toward satisfying the service obligation. Any time in a non-pay status will postpone the service

obligation to VA and will extend the period of obligated service by an equal amount of time. A sample RSA is provided in appendix VI-S.

b. At no time may the service period under a service agreement extend past the date on which the employee's position is scheduled for relocation, closure or elimination, (e.g. the date the employee's position moves to a new geographic location, the date the office, facility or organization is scheduled to close or the date the employee's position is eliminated.)

c. The RSA must include the length of the required service period and the commencement and termination dates of the required service period. The required service period must begin on the first day of a pay period and end on the last day of a pay period.

d. The RSA must specify the retention incentive percentage rate approved under subparagraph 7b, to include whether the incentive will be paid in installments or in a lump-sum upon completion of the service period provided in the service agreement; whether any installment payments will be paid at less than the full retention incentive percentage rate with the accrued but unpaid incentive payment being paid in a lump sum upon completion of the full service period required by the service agreement; and the timing of incentive payments.

e. The RSA must include the conditions under which VA must terminate the RSA before the employee completes the agreed-upon service period. Generally, VA must terminate the RSA if any of the following instances occur: an employee is demoted or separated for cause; employee receives a rating of record of less than "Fully Successful" or equivalent; the employee otherwise fails to fulfill the terms of the RSA; the closure or relocation is cancelled or no longer affects the employee's position; the employee moves to another position not affected by the closure or relocation (including another position within the same agency); or in situations involving relocation, the employee accepts an offer to relocate with his/her office, facility or organization.

f. The RSA must include the conditions under which VA may terminate the RSA. Examples include insufficient funds or other management needs.

g. The RSA must specify the effect of a termination, including the conditions under which VA will pay an additional retention incentive payment for partially completed service.

h. The RSA may include any other terms or conditions that, if violated, will result in a termination of the service agreement. For example, the RSA may specify the employee's work schedule, type of position, and the duties that are expected to be performed. In addition, the RSA may address the extent to which periods of time on detail or in paid leave status are creditable towards the completion of the service period.

i. The RSA, signed by the employee and the requesting official, must be included in the request for approval of an incentive. 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 13).

11. TERMINATION OF A SERVICE AGREEMENT

a. An approving official may unilaterally terminate an RSA based solely on the management needs of VA. For example, VA may terminate an RSA when there are insufficient funds to continue the planned retention incentive payments, when conditions no longer warrant payment at the level originally approved or at all, or when VA assigns the employee to a different position (if the different position is not within the terms of the service agreement). If an authorized VA official terminates an RSA under this subparagraph, the employee is entitled to retain any retention incentive payments that are attributable to completed service and to receive any portion of a retention incentive payment owed by the agency for completed service.

b. An approving official must terminate an RSA if the employee is demoted or separated for cause (e.g. for unacceptable performance or misconduct); receives a rating of record of less than "Fully Successful" or equivalent; if the closure or relocation no longer affects the employee's position; if the employee moves to another position not affected by the closure or relocation; if the employee accepts an offer to relocate with the office, facility or organization; or if the employee moves to a different position in the same office, facility or organization that is not covered by the service agreement. If an authorized VA official terminates an RSA under this subparagraph, the employee is entitled to retain any retention incentive payments previously paid by VA that are attributable to the completed portion of the service period. If the employee received retention incentive payments that are less than the amount that would be attributable to the completed portion of the service period, VA is not obligated to pay the employee the amount attributable to completed service, unless VA agreed to such payment under the terms of the RSA.

c. The termination of a service agreement is not grieveable or appealable.

d. An employee must be notified in writing when an RSA is terminated.

12. RECORDS. Records sufficient to reconstruct the action will be maintained at the approving level for a minimum of 3 years. In no instance will records be destroyed before completion of a service obligation. Each facility must keep a record of each determination to pay an incentive and make such records available for review upon request by OHRM. These records will include, at a minimum: the request, the RSA, and supporting documentation described in paragraph 7. The union, upon request, will be provided copies of these records in accordance with governing laws, rules, and regulations.

13. REPORTS. VA must submit a report to OPM by March 31st of each year on the use of retention incentives based on closure or relocation of an office, facility or organization. Records shall also be made available to the union upon request. Not later than January 15th each facility or organization that has authorized retention incentives under this appendix must provide OHRM (055) the following information for the previous year (Jan 1st through Dec 31st):

a. A description of how the authority to pay a retention incentive under this appendix was used;

b. The number and dollar amount of retention incentives paid to individuals or groups by occupational series and grade, pay level or other pay classification;

c. Each individual employee's official worksite and the geographic location of the agency to which each employee would be likely to leave in the absence of the retention incentive; and

d. Any other information, records or reports requested by VA or OPM.]

[**APPENDIX R.**
SAMPLE REQUEST FOR APPROVAL OF RETENTION INCENTIVE (DUE TO CLOSURE OR RELOCATION OF EMPLOYING OFFICE, FACILITY OR ORGANIZATION)

FROM: (title of recommending official)

SUBJ: Retention Incentive: (individual's name, position, organization name)

TO: (approving official)

1. I request that you approve a retention incentive for (name, position, organization name) based on my determination that the employee is likely to leave for another position in the Federal service due to the closure or relocation of the employee's office, facility or organization, without this incentive. The employee's services are essential during the period of time before the closure or relocation of the office, facility or organization as provided below.

2. The information required by VA policy (see Appendix Q, paragraph 7 of chapter 3, this part) is as follows:

NAME:

OCCUPATIONAL TITLE, SERIES AND GRADE:

FACILITY, DUTY STATION, ORGANIZATION:

APPOINTMENT AUTHORITY: (if temporary, state duration)

SALARY: (insert annual rate of basic pay to include locality pay, special rate or market pay as applicable)

RATING OF RECORD: (attach most recent rating – must be at least "Fully Successful" or equivalent)

WORK SCHEDULE: (indicate whether full-time or part-time. If part-time, state hours to be worked; e.g. 48 hours per pay period)

PROPOSED EFFECTIVE DATE:

PROPOSED SERVICE PERIOD: (commencement and termination dates – must begin on the first day of a pay period and end of the last day of a pay period. Maximum service period is 4 years.)

INCENTIVE RATE/DOLLAR AMOUNT: (insert percentage of the annual rate of basic pay and the estimated dollar amount)

PROPOSED SCHEDULE OR FREQUENTY OF PAYMENTS: (biweekly payments may not be paid at the full authorized percentage rate.)

JUSTIFICATION FOR PROPOSED SERVICE PERIOD AND PERCENTAGE OF BASIC PAY (Include explanation as to how the length of service and percentage of basic pay were determined and why this amount is necessary. This may include information on the factors considered in paragraph 6, Appendix Q.)

DESCRIPTION OF THE PENDING CLOSURE OR RELOCATION: (Include the name of the office, facility or organization affected, the nature or reason for the closure or relocation, the anticipated date, and how the closure or relocation will affect the employee (or group of employees). Attach a copy of the general or specific notice of closure or relocation provided to the employee that describes the impact on their position.)

DESCRIPTION OF HOW EMPLOYEE(S)' DEPARTURE WOULD AFFECT ORGANIZATION: (The extent to which the employee(s)' departure for a different position in the Federal service would affect the organization's ability to carry out an activity, perform a function, or complete a project deemed essential before and during the closure or relocation period. This may include the need to retain the employee to ensure minimal disruption in the performance of critical functions; to ensure the continuity of key operations; to train new employees who will move with the organization to the new geographic location; to retain an employee who is needed to train new employees who will move with the organization to the new geographic location; or to retain an employee who is needed to assist with the actual closure or relocation of the office, facility or organization. This may include information on the factors considered in paragraph 6, Appendix Q.)

COMPETENCIES/SKILLS POSSESSED BY THE EMPLOYEE(S) THAT ARE ESSENTIAL TO RETAIN:

NAME OF AGENCY OR VA ORGANIZATION/OFFICE THE EMPLOYEE (OR GROUP OF EMPLOYEES) WILL LIKELY TRANSFER TO:

LIKELIHOOD THAT EMPLOYEE(S) WILL LEAVE FOR ANOTHER FEDERAL POSITION: (Describe basis for assessment that employee(s) will leave for another Federal position without the incentive. Include description of written job offers, evidence of high demand in the Federal service for the employee(s) competencies and skills, recent vacancy announcements from other agencies, etc. This may also include information on the factors considered in paragraph 6, Appendix Q.)

RETENTION INCENTIVE SERVICE AGREEMENT: (A service agreement is required for all payments under this provision. The employee(s) must sign the agreement and attach to this request.)

ADDITIONAL INFORMATION: (e.g. affect on aggregate limit, if applicable, unsatisfied service obligation, information on the factors considered in paragraph 6, Appendix Q, etc.)

3. I certify that the justification in this request meets the criteria for approval contained in VA Handbook 5007, Appendix Q.

(signature of recommending official) (date)
NAME AND TITLE OF RECOMMENDING OFFICIAL

Approved / Disapproved

(signature of approving official) (date)
NAME AND TITLE OF APPROVAL OFFICIAL]

[APPENDIX S.
SAMPLE RSA - RETENTION INCENTIVE (DUE TO CLOSURE OR RELOCATION OF EMPLOYING OFFICE, FACILITY OR ORGANIZATION)

As a condition of being paid a retention incentive of (percentage amount) in connection with my service on a (full or part time basis and number of normal hours each biweekly pay period) basis, in the position of (position) at (VA facility), I agree to serve (number of biweekly pay periods) of employment with the (name of employing office, facility or organization, and specific location). Service in a non-pay status will not count towards satisfying this obligation. Any portion of a pay period 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 pay periods.

I understand that the incentive will be paid to me as (method of payment) on (timing and amount of each payment). My service period beginning date for this agreement is (must be first day of a pay period) and my service period ending date is (must be last day of a pay period).

I understand VA may unilaterally terminate this agreement based solely on the management needs of VA. I will be entitled to all recruitment incentive payments that are attributable to completed service.

I understand that this agreement will be terminated if: I am demoted or separated for cause; receive a rating of record of less than “Fully Successful” or equivalent; if I voluntarily move to another position not affected by the relocation or closure; if I voluntarily move to a different position in the same office, facility or organization subject to closure or relocation that is not covered by the service agreement; or if I fail to fulfill other terms of this agreement (such as reducing my work hours). I understand that I am entitled to retain incentive payments previously paid by VA that are attributable to the completed portion of the service period. If I received incentive payments that are less than the amount that would be attributable to the completed portion of the service period, VA is not obligated to pay me the amount attributable to completed service.

I understand that this agreement will be terminated if: the closure or relocation is cancelled or no longer affects my position; if I accept an offer to relocate with the organization; if I am reassigned by a management official to another position not affected by the closure or relocation; or if I am reassigned by a management official to a different position in the same office, facility or organization subject to closure or relocation that is not covered by the service agreement. I understand that I am entitled to retain incentive payments previously paid by VA that are attributable to the completed portion of the service period and I will receive any portion of the retention incentive owed for completed service.

I understand that I will be notified in writing of the reduction or termination of my retention incentive and will be entitled to receive incentive payments through the end of the pay period in which the written notice is provided or until I separate from VA employment, whichever is sooner.

(Add information for aggregate limit on pay; other terms as appropriate)

I understand that this agreement is valid only when signed by me, the recommending official, and the approving official.

(signature and name of employee) (date)

(signature, name and title of requesting official) (date)

APPROVED: I certify that payment of an incentive is appropriate in order to retain this employee.

(signature, name and title of approving official) (date)]

PAY ADMINISTRATION

PART VII. PAY LIMITATIONS

CONTENTS

PARAGRAPH **PAGE**

CHAPTER 1. GENERAL

1. PURPOSE VII-1
2. RESPONSIBILITIES VII-1

CHAPTER 2. AGGREGATE LIMITS

1. ADMINISTRATION OF AGGREGATE LIMITS VII-3
2. REFERENCES VII-3
3. PROCEDURES FOR ADMINISTRATION OF THE AGGREGATE LIMITATION ON COMPENSATION ..... [VII-4]

CHAPTER 3. BASIC PAY AND LOCALITY COMPARABILITY PAYMENTS

TABLE OF PAY LIMITATIONS VII-5

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 [and Labor Relations] 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 [ ] Senior Executive Service (SES); Senior-Level employees; General Schedule (GS) employees; Federal Wage system (FWS) employees; and title 38 employees except physicians, dentists, pharmacist executives, nurse executives, and certified registered nurse anesthetists (CRNAs) (see subparagraphs b, c, d and e). Such employees may not be paid aggregate compensation higher than Level I of the Executive Schedule (EL-I) in any calendar year.

b. [If a certified agency performance appraisal system is established, Senior Executive Service (SES) employees may not be paid aggregate compensation higher than the annual base salary of the Vice-President of the United States.]

[c.] 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.

[d.] Pharmacist executives in the following positions who are authorized special pay under part VIII, chapter 17 of this handbook 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.

(1) The VA Central Office Chief Consultant, Pharmacy Benefits Management Services (PBM);

(2) VA Central Office Deputy and Associate Chief Consultants, PBM;

(3) Consolidated Mail Outpatient Pharmacy (CMOP) Directors; and

(4) The Pharmacy Benefits Manager for each VISN.

d. CRNAs appointed under 38 U.S.C. 7306, 7401(1), and 7405 may not be paid aggregate compensation in a calendar year higher than the annual pay received by the Vice President of the United States.

e. Nurse executives 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. A nurse executive is a registered nurse appointed under 38 U.S.C. 7401(1) or 7405a(1)(A), that is the **one** Chief of Nursing Service or equivalent position that represents the highest ranking nurse management position at a VHA health care facility. For the purposes of this chapter, the Deputy Chief Nursing Officer (appointed under 38 U.S.C. 7401(1) or 7405(a)(1)(A)) and the Chief Nursing Officer (appointed under 38 U.S.C. 7306) of the Office of Nursing Services in VA Central Office are also considered nurse executives.

2. REFERENCES

a. 3 U.S.C. 102, 104

b. 5 U.S.C. 5301-5307, 5372a, 5595, 5596, 5753-5755, 8118

c. 38 U.S.C. 305, 7306, 74401, 7405

d. 5 CFR, part 530, subpart B

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	Nonforeign area cost-of-living allowances under 5 U.S.C. 5941(a)(1)
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 incentives	Severance pay under 5 U.S.C. 5595
Retention incentives	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.; post differentials, physicians comparability allowances	Student loan repayments under 5 U.S.C. 5379
For title 38 physicians and dentists, fee basis and all other compensation paid under title 38 authority.	
Premium pay under 5 U.S.C. chapter 55, subchapter V	
Premium pay under 38 U.S.C. 7453 and 7454	
[Special pay under 38 U.S.C. 7452 for nurse executives	
Special pay under 38 U.S.C. 7410 for pharmacist executives]	
[Critical position pay paid under 5 CFR, part 535]	

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 III[*]	Not Applicable
Executive Schedule	Varies	Not Applicable
Senior-Level[/Scientific and Professional]	Level [III*]	[Not Applicable]
Physicians/Dentists/	Annual pay received by the President of the United States as specified in 3 U.S.C. 102	Not Applicable
Podiatrists/Optometrists/ Chiropractors/ 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	
[Certified Registered Nurse Anesthetists (LPS)]	Level [I]	Not Applicable
Registered Nurses [ ] (LPS)	Level [IV]	Not Applicable

[*The maximum rate of basic pay is Level II during such times as VA's performance appraisal system is certified by the Office of Personnel Management.]

PAY ADMINISTRATION

PART VIII. MISCELLANEOUS PAY AUTHORITIES

CONTENTS

PARAGRAPH PAGE

CHAPTER 1. GENERAL

1. PURPOSE VIII-1
2. RESPONSIBILITIES VIII-1

CHAPTER 2. FIREFIGHTER PAY

1. GENERAL VIII-3
2. TOURS INCLUDING BASIC 40-HOUR WORKWEEK VIII-4
3. OVERTIME PREMIUM PAY VIII-4
4. LEAVE WITHOUT PAY (LWOP), LUMP SUM ANNUAL LEAVE PAYMENTS AND UNCOMMON TOURS OF DUTY VIII-5
5. SCHEDULING VIII-5
6. PAY ADMINISTRATION VIII-5
7. RESPONSIBILITIES VIII-6
8. SAVINGS PROVISION VIII-6
9. PAY COMPUTATIONS VIII-6
10. REFERENCES VIII-6
11. DEFINITIONS VIII-7

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 VIII-9
2. INDIVIDUAL PAY ADJUSTMENTS VIII-9
3. MISCELLANEOUS PROVISIONS VIII-10

CHAPTER 4. PAY FOR MEMBERS OF THE BOARD OF VETERANS' APPEALS

1. GENERAL VIII-11
2. PAY RATES VIII-11
3. PAY ADMINISTRATION VIII-11
4. RESPONSIBILITIES VIII-12
5. REFERENCES VIII-13

CONTENTS - CONTINUED

PARAGRAPH PAGE

CHAPTER 5. DUAL COMPENSATION

1. GENERAL VIII-15
2. EXCEPTIONS TO DUAL COMPENSATION RESTRICTIONS VIII-15
3. EMPLOYMENT OF CERTAIN PERSONNEL VIII-16
4. FEES FOR COURT CASES VIII-17
5. RE-EMPLOYED ANNUITANTS VIII-17
6. REFERENCES VIII-18
7. DEFINITIONS VIII-18

CHAPTER 6. BACKPAY

1. GENERAL VIII-19
2. ENTITLEMENT DETERMINATIONS VIII-19
3. WAIVERS OF SALARY OVERPAYMENTS VIII-19
4. RESPONSIBILITIES VIII-19
5. REFERENCES VIII-20

CHAPTER 7. PAYMENTS DURING EVACUATION

1. GENERAL VIII-21
2. EMPLOYEES OF OTHER AGENCIES VIII-21
3. RESPONSIBILITIES VIII-21
4. REFERENCES VIII-22
5. DEFINITIONS VIII-22

CHAPTER 8. PAY FOR TITLE 5 EXPERTS AND CONSULTANTS

1. GENERAL VIII-23
2. DETERMINING RATE OF PAY VIII-23
3. ADJUSTING RATES OF PAY VIII-23
4. RESPONSIBILITIES VIII-23
5. REFERENCES VIII-24

[CHAPTER 9. PAY ADMINISTRATION POLICIES FOR NURSES ON ALTERNATE WORK SCHEDULES

1. GENERAL VIII-25
2. [72/80] WORK SCHEDULE VIII-25
3. 9-MONTH WORK SCHEDULE VIII-26

CONTENTS – CONTINUED

PARAGRAPH PAGE

CHAPTER 9. PAY ADMINISTRATION POLICIES FOR NURSES ON ALTERNATE WORK SCHEDULES - Continued

4. BAYLOR PLAN VIII-28
5. DEFINITIONS VIII-29
6. REFERENCES VIII-29

CHAPTER 10. ALLOTMENTS AND ASSIGNMENTS FROM PAY

1. GENERAL VIII-29
2. RESPONSIBILITIES VIII-29
3. TYPES OF ALLOTMENTS ALLOWED VIII-29
4. ADDITIONAL ALLOTMENTS VIII-30
5. AGREEMENTS WITH EMPLOYEE, LABOR, AND/OR MANAGEMENT ORGANIZATIONS VIII-31
6. SETTING UP, PAYING, AND CANCELING ALLOTMENTS VIII-31
7. ADVISORY SERVICES VIII-32
8. REFERENCES VIII-32
9. DEFINITIONS VIII-32

CHAPTER 11. ALLOWANCES AND DIFFERENTIALS PAYABLE IN NON-FOREIGN AREAS

1. GENERAL VIII-35
2. FORMS OF ADDITIONAL COMPENSATION VIII-35
3. ELIGIBILITY VIII-35
4. [EFFECTIVE DATES VIII-35a
[5. AMOUNTS AND METHODS OF PAYMENT ..... VIII-35[a]
[6.] REFERENCES ..... VIII-35[b]

CHAPTER 12. ALLOWANCES AND DIFFERENTIALS PAYABLE IN FOREIGN AREAS

1. GENERAL VIII-37
2. REFERENCES VIII-37
3. ELIGIBILITY VIII-37
4. TYPES OF ALLOWANCES AND DIFFERENTIALS VIII-38
5. OTHER BENEFITS VIII-39
6. PAY FOR NON-U.S. CITIZENS IN FOREIGN AREAS VIII-39

CONTENTS - CONTINUED

PARAGRAPH PAGE

CHAPTER 13. FEDERAL WAGE SYSTEM PURCHASE AND HIRE WAGE RATES

1. GENERAL VIII-41
2. RESPONSIBILITIES VIII-41
3. SETTING PURCHASE AND HIRE RATES OF PAY VIII-41
4. EFFECTIVE DATE OF RATE CHANGES VIII-43
5. PREMIUM PAY VIII-44
6. REFERENCES VIII-44
7. DEFINITIONS VIII-45

CHAPTER 14. HOSTILE FIRE PAY

1. GENERAL VIII-47
2. ELIGIBILITY VIII-47
3. PAY ADMINISTRATION VIII-47
4. RESPONSIBILITIES VIII-48
5. REFERENCES VIII-48
6. DEFINITIONS VIII-48

CHAPTER 15. COMPENSATORY TIME OFF FOR TRAVEL

1. GENERAL VIII-49
2. COVERAGE VIII-49
3. ENTITLEMENT VIII-49
4. COMPUTATION VIII-49
5. REQUEST AND APPROVAL VIII-51
6. USE OF COMPENSATORY TIME OFF VIII-52
7. TRANSFERS, SEPARATIONS AND NON-COVERED POSITIONS VIII-52
8. RESPONSIBILITIES VIII-52
9. DEFINITIONS VIII-53

[**CHAPTER 16. SPECIAL PAY FOR NURSE EXECUTIVES**

1. GENERAL VIII-55
2. AUTHORITY VIII-55
3. [ELIGIBILITY] VIII-55
4. [DEFINITIONS] VIII-55
5. [RESPONSIBILITIES] ..... VIII-[56]
6. [DETERMINING THE AMOUNT OF SPECIAL PAY] ..... VIII-[57]
7. [PAYMENT OF SPECIAL PAY] ..... VIII-[58]

CONTENTS - CONTINUED

PARAGRAPH PAGE

CHAPTER 16. SPECIAL PAY FOR NURSE EXECUTIVES

8. ADJUSTMENTS IN SPECIAL PAY VIII-59
9. TERMINATION OF SPECIAL PAY VIII-59
10. SPECIAL PAY FOR DETAILS VIII-60

11. OVERSIGHT AND ACCOUNTABILITY VIII-60
12. REFERENCES VIII-60

CHAPTER 17. SPECIAL PAY FOR PHARMACIST EXECUTIVES

1. GENERAL VIII-61
2. AUTHORITY VIII-61
3. ELIGIBILITY VIII-61
4. RESPONSIBILITIES VIII-61
5. DETERMINING THE AMOUNT OF SPECIAL PAY VIII-61
6. PAYMENT OF SPECIAL PAY VIII-63
7. ADJUSTMENT IN SPECIAL PAY VIII-63
8. TERMINATION OF SPECIAL PAY VIII-63
9. SPECIAL PAY FOR DETAILS VIII-64
10. REFERENCES VIII-64

[**CHAPTER 18. CRITICAL POSITION PAY AUTHORITY**

1. GENERAL VIII-65
2. AUTHORITY VIII-65
3. COVERAGE VIII-65
4. EXCLUSIONS VIII-65
5. DEFINITIONS VIII-65
6. RESPONSIBILITIES VIII-66
7. CRITICAL POSITION PAY AUTHORITY VIII-67
8. REQUESTS FOR CRITICAL POSITION PAY VIII-67
9. SETTING AND ADJUSTING RATES OF BASIC PAY FOR A CRITICAL POSITION VIII-69
10. TREATMENT AS BASIC PAY VIII-70
11. ANNUAL REPORT VIII-70
12. REFERENCES ..... VIII-71]

CONTENTS – CONTINUED

PARAGRAPH **PAGE**

[**CHAPTER 19. RESERVIST DIFFERENTIAL**

1. GENERAL VIII-73
2. AUTHORITY VIII-73
3. ENTITLEMENT VIII-73
4. COVERED EMPLOYEES VIII-73
5. EXCLUSIONS VIII-73
6. DEFINITIONS VIII-74
7. QUALIFYING PERIODS VIII-74
8. CIVILIAN BASIC PAY AND LEAVE STATUS VIII-76
9. PROJECTING CIVILIAN BASIC PAY RATES VIII-77
10. PROCESSING PAYMENTS VIII-78
11. ADDITIONAL GUIDANCE VIII-79
12. REFERENCES ..... VIII-79]

APPENDICES

VIII-A. RESCINDED VIII-A-1
VIII-B. SAMPLE PAY COMPUTATIONS FOR FIREFIGHTERS VIII-B-1
VIII-C. GUIDELINES (SELECTED COMPTROLLER GENERAL'S DECISIONS) DUAL COMPENSATION VIII-C-1
VIII-D. GUIDELINES (SELECTED COMPTROLLER GENERAL'S DECISIONS) BACKPAY VIII-D-1
VIII-E. PAY ADMINISTRATION FOR EXPERTS AND CONSULTANTS – TITLE 5 ..... VIII-E-1
VIII-F. RESCINDED VIII-F-1
VIII-G. PAY FOR NON-U.S. CITIZEN POSITIONS IN FOREIGN AREAS VIII-G-1
VIII-H. REQUEST FOR CREDIT OF COMPENSATORY TIME OFF FOR TRAVEL VIII-H-1
VIII-I. [RESCINDED] VIII-I-1
VIII-J. NURSE EXECUTIVE SPECIAL PAY APPROVAL FORM VIII-J-1
VIII-K. PHARMACIST EXECUTIVE SPECIAL PAY APPROVAL FORM VIII-K-1

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 [were] 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 [averaging] **53 hours or more**, [are not eligible to] 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. [A firefighter is not entitled to receive paid holiday time off when not working on a holiday, but may be allowed to use annual or sick leave, as appropriate, or may be granted excused absence.]

(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. [See paragraph 2a for the divisor for firefighters whose uncommon tours include a basic 40-hour workweek.]

(3) [F]irefighters 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 [is] 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) [received] a special 2-step pay adjustment [upon conversion to this pay system] 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.

[ ]

[c.] 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. [It also does not apply if the firefighter is entitled to a greater amount of pay based on actual work hours during the week in which training occurs.]

[d.] 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 [GS]-10 (using the 2,087 divisor) *and* all firefighters who are covered by (i.e., non-exempt from) the [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 [which are paid at an hourly rate based on the 2087 divisor. All other substituted hours are paid at an hourly rate based on the 2756 divisor, using the applicable overtime rate for overtime hours. The annual rate used to compute any such hourly rate is the annual rate in effect at the time the hour was actually worked.]

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 [and Labor Relations] 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. PROTECTED RATES. Effective October 11, 1998, a protected annual rate of basic pay was established for 24-hour shift firefighters that would have otherwise experienced a pay reduction. Entitlement to a protected rate terminated when the employee's actual rate of basic pay equaled or exceeded the protected rate, or when the individual moved to a position not covered by this chapter.

9. PAY COMPUTATIONS. Refer to appendix VIII-B for guidance on computing pay

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. [**Annualized Regular Rate of Pay.** The gross salary a firefighter would earn over a 52-week period for working the regular tour of duty].

b. [**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].

c. [**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].

d. **Overtime Hours.** Hours of work in excess of 53 hours in a week.

e. [**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].

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.

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 [and Labor Relations] 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 [and paragraph 17 of part IX, this handbook].

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 prohibited 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. [Title 5 e]mployees 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. [Title 38 employees covered by this chapter are entitled to back pay under this chapter 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 [(for physicians and dentists, basic pay includes the market pay component)], additional pay, [ ] premium pay, leave, [ ] 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 [and 38 U.S.C. 7462(d)(1)].

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, [ ] 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 ADMINISTRATION POLICIES FOR NURSES ON ALTERNATE WORK SCHEDULES

1. GENERAL. This chapter provides mandatory pay administration policies related to the 72/80 work schedule and Baylor Plan and applies to nurses and nurse anesthetists appointed at VA health-care facilities under 38 U.S.C. 7401(1) or 7405a(1)(A). This chapter also provides pay administration procedures related to the 9-month work schedule for certain nurses and nurse anesthetists appointed under 7405a(1)(A). This chapter applies to all such employees who are providing direct patient care services.

2. 72/80 WORK SCHEDULE. Six regularly scheduled 12-hour tours of duty within a pay period that is considered for all purposes to be a full 80-hour pay period. Procedures for establishing a 72/80 work schedule are contained in VA Handbook 5011.

a. **Hourly Rate of Basic Pay**

(1) For service performed during a regularly scheduled 72-hour tour of duty within the pay period, the hourly rate of basic pay equals the annual rate of basic pay to which the employee is entitled divided by 1,872.

(2) For service performed outside the regularly scheduled 72-hour tour of duty within the pay period, the hourly rate of basic pay equals the annual rate of basic pay to which the employee is entitled divided by 2,080.

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 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 72/80 Work Schedule shall be multiplied by 1.111 when making the above determinations.

c. **Additional Pay.** Nurses on an approved 72/80 work schedule are entitled to additional (premium) rates of pay for service performed in a regularly-scheduled 12-hour tour of duty as well as for service performed outside their own regularly-scheduled tour. This includes tour [night] differential, weekend pay and on-call pay.

(1) **Overtime Pay.** A nurse covered by this paragraph is entitled to overtime pay for performing officially ordered or approved overtime service as follows:

(a) Service in excess of a 72]hour tour of duty within a 80-hour pay period.

(b) Service in excess of 8 [consecutive] hours on a day other than a day the nurse is regularly scheduled to work a 12-hour tour of duty.

(c) Service in excess of 12 hours for any day included in the nurse's regularly scheduled [72]-hour tour of duty.

(d) Service in excess of [80] hours during a[pay period].

(2) **Holiday Pay.** If a holiday designated by law or Executive Order is included in the scheduled [72]-hour tour of duty, the nurse shall receive additional pay at a rate equal to the employee's basic hourly rate of pay for non-overtime service on the calendar holiday. When the basic workweek 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 shall receive a minimum of 2 hours of holiday pay.

d. **Hours of Duty, Leave and Holidays.** Policies concerning hours of duty, leave and holidays for nurses on the [72/80] work schedule are contained in VA Handbook 5011, Hours of Duty and Leave.

e. **Fringe Benefits.** Nurses on the [72/80] work schedule are considered full-time employees for the purposes of retirement, life insurance, health insurance, and work injury compensation.

f. **Outside Professional Activities.** Nurses on the [72/80] work schedule are covered by the outside professional activities restrictions contained in 38 U.S.C.7423 and VA Handbook 5025, Legal.

3. 9-MONTH WORK SCHEDULE. Nine months full-time with three months off duty, within a fiscal year, paid at 75 percent of the full-time rate for such nurse's grade and step each bi-weekly pay period of the fiscal year.

a. **Hourly Rate of Basic Pay.** The hourly rate of basic pay equals the annual rate of basic pay to which the employee is entitled divided by 2,080.

b. **Bi-Weekly Payments.** A nurse on the 9-month work schedule shall receive 75 percent of the nurse's full-time rate in gross bi-weekly payments during the course of the fiscal year. For example, a nurse with a full-time annual rate of $47,216 ($22.70 hourly) will receive $35,412 (75% of $47,216) during the course of a fiscal year, paid in bi-weekly payments of $1,362 ($35,412 ÷ 26). Bi-weekly payments shall be adjusted as follows:

(1) **Leave Without Pay.** A gross bi-weekly payment will be reduced based on LWOP taken during that pay period. If the monetary value of the LWOP exceeds the scheduled bi-weekly payment, the next bi-weekly payment shall also be reduced. For example, the gross bi-weekly payment of a nurse whose hourly rate of pay is $22.70 is $1,362. If that nurse uses 12 hours of LWOP in a pay period, the gross bi-weekly payment for that pay period will be reduced by $272.40 ($22.70 x 12). If that same nurse uses 70 hours of LWOP in a pay period, the entire $1,362 bi-weekly payment for that pay period will be forfeited and the gross bi-weekly payment for the following pay period will be reduced by $227 for a total reduction of $1,589 ($22.70 x 70).

(2) **Pay Increases.** The bi-weekly payment amount will be recalculated whenever there is an adjustment in a covered nurse's annual rate of basic pay, e.g., statutory pay increase, general pay increase, periodic step increase. The new bi-weekly payment amount is effective the same pay period as the increase in the annual rate of basic pay and applies to all remaining bi-weekly payments in the fiscal year. For example, a nurse whose annual rate of pay is $47,216 ($22.70 hourly) receives a periodic step increase and a new annual rate of pay of $48,632 ($23.38 hourly). Beginning with the pay period in which the periodic step increase is effective, the gross bi-weekly payment of the nurse will increase from $1,362 (see example in paragraph 3b above) to $1,402.46 (75% of 48,632 ÷ 26).

(3) **Additional pay.** A gross bi-weekly payment will be increased based on unscheduled hours worked or additional pay earned during a pay period. For example, the gross bi-weekly payment of a nurse whose hourly rate of pay is $23.38 and works 8 unscheduled hours during a pay period contained in the nurse's 3-month off-duty period will be increased by $187.04 ($23.38 x 8) in the pay period in which the unscheduled hours are worked. See subparagraph d below for eligibility for additional pay.

c. **Periodic Step Increases.** The following 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 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.

d. **Additional Pay.** Additional rates of pay or increased rates of additional pay are authorized under 38 U.S.C. 7453. These include [night] differential, weekend pay, holiday pay, overtime pay, and pay for employees on-call outside their regular duty hours or on a holiday.

(1) **Overtime Pay.** A nurse covered by this paragraph is entitled to overtime pay for performing officially ordered or approved overtime service as follows, regardless of whether it is performed during the 9-month duty period or the 3-month off duty period:

(a) Service in excess of 40 hours in an administrative workweek.

(b) Service in excess of 8 hours in a day. For nurses on compressed work schedules, overtime pay is payable for service performed in excess of the employee's daily work requirement.

(2) **Holiday Pay.** A nurse covered by this paragraph who performs service on a holiday designed 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. When the basic workweek 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 shall receive a minimum of 2 hours of holiday pay.

(3) **Unscheduled hours.** Service performed in addition to a covered nurses regular duty hours that does not meet the overtime pay requirements in subparagraph 3d(1) above will be paid as unscheduled work hours at the nurse's straight time hourly rate of basic pay. For example, a nurse works full-time from February through October and is off duty from November through January. The nurse works 3 12-hour tours during one week of the nurse's off-duty period in December, including the Christmas holiday. The nurse will receive 24 hours of pay at the straight time hourly rate of basic pay and 12 hours at the holiday pay rate in addition to the normal bi-weekly payment. If any of the unscheduled hours included service in the evening or on a weekend, the nurse also receives the differential applicable to the work hours.

e. **Hours of Duty, Leave and Holidays.** Policies concerning hours of duty, leave and holidays for nurses on the 9-month work schedule are contained in VA Handbook 5011, Hours of Duty and Leave.

f. **Fringe Benefits.** Nurses on the 9-Month Work Schedule are considered part-time employees (.75 FTE) for the purpose of retirement benefits under chapters 83 and 84 of title 5 and full-time employees for the purpose of health insurance benefits under chapter 89 of title 5.

g. **Outside Professional Activities.** Nurses on the 9-Month Work Schedule are covered by the outside professional activities restrictions contained in 38 U.S.C.7423 and VA Handbook 5025, Legal.

4. BAYLOR PLAN. Two regularly scheduled 12-hour tours of duty contained entirely within the first and last day of the administrative work week, Sunday and Saturday.

a. **Hourly Rate of Basic Pay.** The hourly rate of basic pay is calculated as follows:

(1) For service performed during a regularly scheduled work week, the hourly rate of basic pay equals the annual rate of basic pay to which the employee is entitled divided by 1,248.

(2) For service performed outside the basic work week, the hourly rate of basic pay equals the annual rate of basic pay to which the employee is entitled divided by 2,080.

b. **Periodic Step Increases.** The following 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 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. **Additional Pay**. A nurse on the Baylor Plan is not entitled to additional pay for service performed during the 24-hour basic work week. However, such a nurse performing service outside the basic work week shall be eligible for any applicable additional pay under 38 U.S.C. 7453(b)-(d), (f)-(h) and (j). This includes [night] differential, weekend pay, holiday pay, and on-call pay.

(1) **Overtime Pay**. A nurse on the Baylor Plan is entitled to overtime pay under 38 U.S.C. 7453(e) or (j) for performing officially ordered [or] approved overtime service as follows:

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

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

(c) 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 work week shall be credited on an hour-for-hour basis when computing the amount of service performed during the administrative work week.*

(2) **Holiday Pay.** 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 work week.

d. **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.

e. **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.

f. **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.

5. DEFINITIONS. For the purposes of this chapter, the following definitions shall apply:

a. **Administrative Work Week.** A period of 7 consecutive calendar days which shall coincide with the calendar week, Sunday through Saturday.

b. **Basic Pay.** The annual rate of pay to which an employee is entitled under 38 U.S.C. 7404, including an above-minimum entrance rate or special salary rate range authorized under 38 U.S.C. 7455.

c. **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 Chief Nursing Officer of the Office of Nursing Services in VA Central Office, who is appointed under 38 U.S.C. 7306.

d. [**Officially Ordered or Approved Overtime.** Overtime which has been authorized either verbally or in writing by an appropriate management official or his/her designee as determined in accordance with VA Handbook 5011 and local policy.

e.] **Weekend.** The period beginning at midnight Friday and ending at midnight the following Sunday.

6. REFERENCES

a. VA Handbook 5011, Hours of Duty and Leave

b. 38 U.S.C. 7456 and 7456A

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 [and Labor Relations] 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 [ ] 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 [ ] 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 [ ] payroll [office] using specified procedures, forms, signatures, and conditions for each kind of allotment. Procedures [ ] are issued by the Office of Financial Policy in chapter 5 of MP-6, part V, supplement 2.3 [ ].

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 [ ] 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 [ ] 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 [Compensation and Classification Service (05[5]) 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 [ ].

8. REFERENCES

a. [Office of Personnel Management Memorandum, "Allotments to Political Action Committees," dated February 17, 1994].

b. [Title 5, U.S.C. 5514, 5516, 5517, 5520, 5521, 5525, 5527, and 7115].

c. [VA Handbook 5023, Labor-Management Relations].

d. [5 CFR, part 550, subpart C].

e. [31 CFR, part 209].

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 [, the Territory of Guam, Commonwealth of the Northern Mariana Islands, American Samoa, Johnston Island, Sand Island, Midway Islands, Wake Island] 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 [(OPM)] 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 [is paid to certain employees in specified non-foreign areas as a recruitment incentive based on conditions of environment in the local area compared with conditions in the continental United States. Territorial post differential is designed to attract persons from outside the area.

c. In areas where OPM has authorized both a COLA and a post differential, the Government pays the full COLA and a partial differential so as not to exceed 25 percent of the employee's hourly rate of basic pay. COLAs are exempt from Federal income taxes; post differentials are not.

NOTE: *Employees stationed in the Territory of Guam and Commonwealth of the Northern Mariana Islands were not eligible to receive non-foreign post differential until January 1, 2010, when the COLA for these areas first fell below 25 percent.*]

3. ELIGIBILITY [ ]

a. Basic eligibility requirements for receipt of the allowance by VA employees are:

[(1)] Permanent assignment to a VA installation in Alaska, Hawaii, Puerto Rico or the Virgin Islands; and

[(2)] 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.

[b. Basic eligibility requirements for receipt of a post differential by VA employees are:

(1) The employee must be a citizen or national of the United States.

(2) The employee's official duty station or detail to temporary duty must be in a post differential area, e.g. the Territory of Guam, Commonwealth of the Northern Mariana Islands, American Samoa, Johnston Island, Sand Island, Midway Islands, Wake Island.

(3) Immediately prior to being assigned to duty in the post differential area, the employee must have maintained his or her actual place(s) of residence outside the post differential area for an appropriate period of time (generally at least one year).

(4) Current residents of a post differential area must have been originally recruited from outside the differential area and have been in substantially continuous employment by the United States or by U.S. firms, interests, or organizations.]

4. [**EFFECTIVE DATES**

a. COLA and post differential payments begin on the effective date of the change in the employee's official worksite to the VA installation within the COLA or post differential area, or in the case of local recruitment, the effective date of the appointment.

b. For an employee detailed to temporary duty in a post differential area, who is otherwise eligible for receipt of a post differential, payments must begin after 42 consecutive calendar days of temporary duty in the post differential area.

c. COLA and post differential payments end upon separation; on the effective date of assignment or transfer to a new official VA installation outside the COLA or post differential area; or in the case of an employee on detail to temporary duty in a post differential area, on the ending date of the detail.

NOTE: *The Non-foreign Area Retirement Equity Assurance Act (the Act) as contained in subtitle B (sections 1911-1919) of title XIX of the National Defense Authorization Act (NDAA) for Fiscal Year 2010 (Public Law 111-84, October 28, 2009) transitioned the non-foreign area cost-of-living allowance (COLA) authorized under 5 U.S.C. 5941(a)(1) to locality pay authorized under 5 U.S.C. 5304 in the non-foreign areas as listed in 5 CFR 591.205. The Act also extended locality pay to American Samoa and other non-foreign territories and possessions of the United States where no COLA rate applied. Under section 1914 of Public Law 111-84, locality pay was phased in over a 3-year period beginning in January 2010. Under the law, COLA rates issued under 5 CFR part 591 were frozen as of the date of enactment, which was October 28, 2009. The frozen COLA rates will continue to be applicable to VA employees in the non-foreign areas who received a COLA.*]

[5.] 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.

[6.] 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 [and Labor Relations] (05[5]) 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 [and Labor Relations]. 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 [and Labor Relations] 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 [and Labor Relations], 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.

[CHAPTER 14. HOSTILE FIRE PAY

1. GENERAL This chapter establishes Department of Veterans Affairs (VA) policy and procedures for authorizing hostile fire pay.

2. ELIGIBILITY

a. To be eligible for hostile fire pay, a VA employee must:

(1) During any given month be subject to hostile fire or explosion of hostile mines;

(2) Perform service in an area in which there is imminent danger of being exposed to hostile fire or explosion of hostile mines and in which, during the period of duty in the area, other employees were subject to hostile fire or explosion of hostile mines; or

(3) Be killed, injured, or wounded by hostile fire, explosion of a hostile mine, or any other hostile action.

b. VA employees who in their official capacity were subject to hostile fire on September 11, 2001, are eligible for hostile fire pay in accordance with the provisions of this paragraph and 5 U.S.C. 5949.

3. PAY ADMINISTRATION

a. For any month for which an employee is eligible, hostile fire pay will be paid at the rate of $150 per month. Payments will be annualized and paid on a biweekly basis. Payments may be authorized retroactively after a determination has been made that an employee has been subject to hostile fire and is eligible to receive payment.

b. An employee who is treated for injuries or wounds may be paid hostile fire pay for up to three additional months while hospitalized, in accordance with the provisions of paragraph 2a(3) above and 5 U.S.C. 5949(b).

c. An employee may be paid hostile fire pay under this chapter in addition to other pay and allowances to which entitled, except that an employee may not be paid hostile fire pay for any period of time during which the employee receives payment under 5 U.S.C. 5925 or 5928 for service in foreign areas.

d. Payments under this chapter may be effected retroactively to September 11, 2001.

e. Hostile fire pay under this chapter is not basic pay for any purpose, including retirement.

4. RESPONSIBILITIES

a. Officials may authorize hostile fire pay only when consistent with the provisions of 5 U.S.C 5949 and the mandatory provisions of this handbook.

b. The Secretary, or designee, is the approving official for hostile fire pay for employees occupying positions centralized to that office.

c. Under Secretaries, Assistant Secretaries, and Other Key Officials will recommend hostile fire pay for employees occupying positions in their organizations that are centralized to the Secretary. They will approve hostile fire pay for employees occupying 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 and Area Office Directors, or their designees, may approve hostile fire pay for employees in noncentralized positions. The authority to approve hostile fire pay may not be further delegated.

5. REFERENCES 5 U.S.C. 5949.

6. DEFINITIONS

a. **Employee.** An employee as defined by section 2105 of title 5, United States Code, and individuals appointed under chapters 73 or 74 of title 38. Eligible VA employees may have regular or intermittent tours of duty, be full-time or part-time, be on permanent or temporary appointments, provided they are formally appointed to the position and are paid by VA.

b. **Hostile Fire.** An act of violence resulting from terrorism or war, which may occur domestically or in a foreign area that results in physical harm to the health or well being of an employee.]

CHAPTER 15. COMPENSATORY TIME OFF FOR TRAVEL

1. GENERAL. This chapter establishes Department of Veterans Affairs (VA) policy and procedures for the credit and use of compensatory time off for travel.

2. COVERAGE

a. **Eligibility**

(1) Full-time and part-time Title 5 employees who are eligible to receive overtime under 5 U.S.C. 5542 are also eligible to receive compensatory time off for travel.

(2) Under the authority of 38 U.S.C. 7421(a), the Secretary has extended provisions of 5 U.S.C. 5550b, Compensatory Time Off for Travel, to nurses, physician assistants, expanded function dental auxiliaries and title 38 hybrid employees entitled to overtime under 38 U.S.C. 7453[,] to part-time physicians, dentists, podiatrists, chiropractors and optometrists appointed under 38 U.S.C 7306, 7401 or 7405 [and to Federal Wage System (FWS) employees under 5 CFR 550.1402].

b. **Exclusions.** Full-time physicians, dentists, podiatrists, chiropractors and optometrists appointed under 38 USC 7306, 7401 or 7405, employees in the Senior Executive Service, [ ] intermittent employees, and the Secretary of Veterans Affairs are ineligible to receive compensatory time off for travel.

3. ENTITLEMENT. Effective January 28, 2005, and subject to the provisions of this chapter, 5 U.S.C 5542(b)(2) and 5 CFR, part 550, subpart N, employees may earn compensatory time off for [travel for] time [spent] in a travel status away from the official duty station when the travel time is not otherwise compensable as hours of work. [Effective April 27, 2008, and subject to the provisions of this chapter, 5 U.S.C. 5550(b) and 5 CFR, part 550, subpart N, FWS employees may earn compensatory time off for travel for time spent in a travel status away from the official duty station when the travel time is not otherwise compensable as hours of work.] Employees may earn and use compensatory time for travel in 15-minute increments and there is no maximum that may be accumulated. Compensatory time earned under this provision must be used within 26 pay periods after the pay period that it is earned and cannot be restored if forfeited. Employees may not receive compensation for forfeited hours.

4. COMPUTATION

a. **General.** The actual time spent traveling outside of working hours between the employee's official duty station and a temporary duty station or between two temporary duty stations is creditable for compensatory time off for travel subject to the exclusion of excess waiting times and commuting times, if applicable. In computing the amount of creditable travel time, minutes will be rounded to the nearest quarter hour.

b. **Hours of Work**

(1) Hours for which an employee is entitled to receive compensation are not creditable for compensatory time off for travel. For example, employees may not receive credit for compensatory time

off for travel for regular work hours, overtime or regular compensatory time hours, credit hours, unscheduled hours (part-time employees), availability pay hours (law enforcement officers), standby hours, on-call hours and hours of work for travel.

(2) Hours of work are not creditable for compensatory time off for travel even if the employee is prohibited from actually receiving compensation due to the biweekly limitation on premium pay (see part V, chapter 2, paragraph 6 of this handbook) or the aggregate limitation on pay (see part VII, chapter 2 of this handbook) . However, compensatory time off for travel earned under this chapter is not considered in applying these pay limitations.

(3) For [all] 38 and FLSA-exempt title 5 employees, (Ref. 38 U.S.C. 7453(e)(5) and 5 U.S.C. 5542(b)(2)), travel away from the official duty station is considered hours of work if the travel:

(a) is performed during normal duty hours; or

(b) involves the performance of authorized work while traveling (e.g., escorting a patient); or

(c) is incident to travel that involves the performance of authorized work while traveling (e.g., a return trip from escorting a patient); or

(d) is carried out under arduous conditions; or

(e) results from an event which could not be scheduled or controlled administratively.

(4) [ ] Title 5 FLSA non-exempt employees [may receive overtime payment for hours of work during travel under either 5 CFR 550.112(g), as specified above in para 4(b)(3) or under the provisions of the Fair Labor Standards Act (FLSA)] (Ref. 5 CFR 551.422), [which states that] travel away from the official duty station [for these employees] is considered hours of work if the travel:

[(a)] requires an employee to drive a vehicle or perform other work while traveling; or

[(b)] requires an employee to travel as a passenger on a one-day assignment away from the official duty station; or

[(c)] requires an employee to travel as a passenger on an overnight assignment away from the official duty station during hours on nonworkdays that correspond to the employee's regular working hours.

[**NOTE:** *An employee's normal regularly scheduled administrative workweek may not be adjusted solely to include travel hours that would not otherwise be considered hours of work.*]

(5) Hours of work for travel as well as other hours of work must be authorized by the appropriate approving official and recorded on the employee's time and attendance record as required.

(6) When an employee travels between different time zones, the time zone of departure must be used to determine if an employee traveled during regular duty hours. (See Appendix H, Example 3) In determining the amount of travel time, use the actual number of hours and minutes traveled, rounded to the nearest quarter hour.

c. **Waiting Time**

(1) Up to one hour waiting time is creditable for compensatory time off for travel. This includes time in which the employee is required to wait prior to the departure of a flight or other mode of transportation

or while waiting for intervening transportation (e.g., a connecting flight) en route to or from a temporary duty station. Excess waiting time, i.e., waiting time in excess of one hour, is not creditable if the employee was free to rest, sleep, or otherwise use the excess time for his or her own personal use.

(2) Employees may request credit of excess waiting time by providing a written explanation in the Remarks sections of VA Form 0861. The explanation must include the amount of excess waiting time requested, the reason for the excess waiting time, an explanation why the employee was unable to use the time for personal use and any additional information or documents that supports the request.

d. [**Commuting Time**

(1) An employee's normal home-to-work or work-to-home commuting time must be deducted when employees travel outside of regular work hours between home and a temporary duty location or transportation terminal outside the limits of the official duty station.

(2) Travel between an employee's home and a transportation terminal within the limits of the official duty station is considered normal commuting time and must be deducted from travel time. In some cases, commuting time to a transportation terminal within the limits of the official duty station is greater than the employee's normal home-to-work or work-to-home commuting time. Travel to a temporary duty location within the limits of the official duty station is considered local travel and is not creditable for compensatory time off for travel even if it occurs outside of the employee's regular work hours.

(3) A commuting time deduction does not apply to travel during regular work hours between home and a temporary duty station or a transportation terminal since travel during regular work hours is not creditable for compensatory time off for travel.

(4) A commuting time deduction does not apply to travel outside of regular work hours between an employee's worksite and a temporary duty location or transportation terminal. All such time is creditable for compensatory time off for travel].

[ ]

5. REQUEST AND APPROVAL

a. In order to request credit of compensatory time off for travel, employees must complete and submit VA Form 0861, Request for Credit of Compensatory Time Off for Travel, to the appropriate certifying official within 15 calendar days after completion of authorized travel. Requests after 15 calendar days may not be accepted unless the employee is prevented from submitting the form in a timely manner. VA Form 0861 will be used only for the request and approval of compensatory time off for travel. This form may not be used to compute any other employee benefit or entitlement.

b. Certifying officials may request additional information or documents from the employee or other sources as needed in order to validate and approve an employee's request. Any information or documents used to change the amount requested by the employee should be attached to VA Form 0861 and maintained as part of the official record. Any disagreement or dispute in the amount of compensatory

time approved should be referred to the next level above the certifying official. Unless otherwise delegated, the final approval authority in all matters involving credit of compensatory time off for travel is the facility Director. For Central Office, the Deputy Assistant Secretary level or equivalent has final approval authority. For the Office of Inspector General, the Inspector General has final approval authority. Compensatory time for travel will not be credited to the employee's time and attendance record until approved by the appropriate certifying/approving official(s).

c. Certifying officials may not approve time in travel status that is different from the authorized mode of transportation and/or travel dates unless it is cost effective to the government. If it is not cost effective, the employee must be credited with the lesser of an estimated amount of travel time (based on the mode of transportation and date(s) of travel authorized) or the actual travel time.

d. Upon final approval, timekeepers must document the employee's time and attendance records and maintain VA Form 0861 in accordance with payroll office procedures. Compensatory time for travel will not be commingled with regular or other forms of compensatory time.

6. USE OF COMPENSATORY TIME OFF

a. Compensatory time off for travel must be used within 26 pay periods after the pay period in which it is [earned. However, when employees are prevented from using compensatory time due to an exigency of the service beyond the control of the employee, the certifying official may extend the time limit for an additional 26 pay periods. Extension of the time limit due to an exigency must be fully documented in the remarks section of each original VA Form 0861 for which the compensatory time was initially approved. The documentation must include a description of the exigency and the approval signature of the certifying official. All documents pertaining to the approval, use and extension of compensatory time will be maintained by the timekeeper or other authorized individual in accordance with local payroll office procedures].

b. [Compensatory time off for travel must be earned and used in 15-minute increments. Unused balances after 26 pay periods will be forfeited unless extended due to an exigency of the service as provided above. Employees may not receive compensation under any circumstances for forfeited balances.

c. Requests to use compensatory time must be in accordance with normal leave procedures established in the employee's work unit and may only be used for absences from an employee's scheduled tour of duty for leave purposes.]

7. TRANSFERS, SEPARATIONS AND NON-COVERED POSITIONS

a. Upon separation from the federal government (retirement, resignations, etc) or upon transfer to another government agency, an employee's unused balance of compensatory time off for travel will be forfeited. Employees may not receive compensation under any circumstances for forfeited balances.

b. Upon transfer to another VA facility (intra-agency), an employee's unused balance of compensatory time off for travel will transfer to the new VA facility. Unless the process is automated, the local payroll office will be responsible for providing the new facility payroll office with information required for credit of the transferred balance.

c. Subject to the provisions of 5 CFR 550.1407, employees who separate or are placed in a leave without pay status to perform service in the uniformed services (as defined in 38 U.S.C. 4303 and 5 CFR 353.102) or due to an on-the-job injury with an entitlement of injury compensation under 5 U.S.C. chapter 81 may have unused balances of compensatory time off for travel recredited upon reemployment or return to duty. Recredited compensatory time will be available for use for 26 pay periods after the pay period that it is recredited with no provision for restoration after it is forfeited.

d. Employees who move to a position that is not covered by the compensatory time off for travel provisions will have unused balances of compensatory time forfeited.

8. RESPONSIBILITIES

a. Under Secretaries, Assistant Secretaries, Other Key Officials, Deputy Assistant Secretaries, and facility directors are responsible for the fair and equitable administration of this policy and for ensuring that compensatory time off for travel is administered in accordance with the procedures in this chapter.

b. The Deputy Assistant Secretary for Human Resources Management and Labor Relations is responsible for advising management officials on the governing regulations and the procedures in this chapter.

c. The Deputy Assistant Secretary for Finance is responsible for payroll office procedures and the administration of VA Form 0861, Request and Authorization for Compensatory Time Off for Travel.

d. Facility Human Resources Management officials are responsible for advising local management officials and employees on the procedures in this chapter.

e. Payroll officials are responsible for timekeeping instructions to properly document time and attendance records and in the maintenance of VA Form 0861. Payroll officials must monitor timekeeper input and correct employees' records when needed.

f. Certifying officials (first-line supervisor or higher level supervisor as determined locally) are responsible for reviewing and approving requests for compensatory time off for travel and for requesting additional documentation from the employee or other sources when deemed necessary to validate travel time.

g. Employees are responsible for submitting timely and accurate requests for compensatory time off for travel and for managing leave balances.

9. DEFINITIONS

a. **Compensable.** Periods of time that are creditable as hours of work for the purpose of determining a specific pay entitlement, even when that work time may not actually generate additional compensation because of applicable pay limitations.

b. **Compensatory Time Off.** Compensatory time off for travel that is credited under this chapter and applicable law.

c. **Official Duty Station.** The geographic area surrounding an employee's regular work site that is the same as the area designated by the employing agency for the purpose of determining whether travel time is compensable for the purpose of determining overtime pay. Limits of the official duty station [are] determined by each local facility.

d. **Regular Working Hours.** The days and hours of an employee's regularly scheduled administrative workweek.

e. **Travel.** Officially authorized travel, i.e., travel for work purposes that is approved by an authorized official.

f. **Travel Status.** Travel time that is creditable in accruing compensatory time off for travel under this chapter and applicable law, excluding travel time that is otherwise compensable under other authorities. Once an employee arrives at the temporary duty station, he or she is no longer considered to be in a travel status. Any time spent at a temporary duty station between arrival and departure is not creditable travel time for the purpose of earning compensatory time off.

10. REFERENCES

a. 5 CFR 550, part N

b. 5 U.S.C. 5550b

c. 38 U.S.C. 7421(a)

CHAPTER 16. SPECIAL PAY FOR NURSE EXECUTIVES

1. GENERAL. This chapter provides mandatory pay administration regulations and procedures for administering special pay for nurse executives in the Veterans Health Administration (VHA). Special pay may be paid in order to recruit and retain highly qualified VHA nurse executives.

2. AUTHORITY. 38 U.S.C. 7452.

3. ELIGIBILITY. Registered nurses in the following positions who maintain a performance rating of at least "Fully Successful" or equivalent are eligible for special pay under this chapter as follows:

a. The Chief Nursing Officer and the Deputy Chief Nursing Officer of the Office of Nursing Services in VA Central Office may be authorized special pay under this chapter at the discretion of the Under Secretary for Health when necessary to recruit and retain a highly qualified nurse executive.

b. The Nurse Executive at a VHA health care facility may be authorized special pay under this chapter at the discretion of the Network Director when necessary to recruit and retain a highly qualified nurse executive.

4. DEFINITIONS. For the purposes of this chapter, the following definitions shall apply:

a. **Nurse Executive.** A registered nurse appointed under 38 U.S.C. 7401(1) or 7405a(1)(A), that is the **one** Chief of Nursing Service or equivalent position that represents the highest ranking nurse management position at a VHA health care facility. For the purposes of this chapter, the Deputy Chief Nursing Officer (appointed under 38 U.S.C. (7306) and the Chief Nursing Officer (appointed under 38 U.S.C. 7306) of the Office of Nursing Services in VA Central Office are also considered nurse executives. Only one nurse at each VHA health care facility may receive special pay under this chapter.

b. **Special Pay for Nurse Executives.** An annual amount [of $10,000] up to $100,000 authorized to recruit and retain highly qualified nurse executives.

5. RESPONSIBILITIES

a. **Under Secretary for Health (or designee)**

(1) Approves special pay amounts payable to the Chief Nursing Officer and the Deputy Chief Nursing Officer of the Office of Nursing Services in VA Central Office.

(2) Approves special pay amounts payable to Nurse Executives at VHA health care facilities in amounts greater than $40,000.

(3) Adjusts special pay amounts payable to the Chief Nursing Officer and the Deputy Chief Nursing Officer of the Office of Nursing Services in VA Central Office when deemed appropriate under the provisions of paragraph 8 of this chapter.

(4) Terminates special pay amounts payable to the Chief Nursing Officer and the Deputy Chief Nursing Officer of the Office of Nursing Services in VA Central Office when an individual receiving special pay is rated less than "Fully Successful" or equivalent or is placed on a performance improvement plan.

b. **Network Directors**

(1) Approve special pay amount payable to the Nurse Executive [of $10,000] up to $40,000.

(2) Adjust special pay amount payable to the Nurse Executive when deemed appropriate under the provisions of paragraph 8 of this chapter.

(3) Recommend special pay amounts greater than $40,000 to the Under Secretary for Health (or designee).

(4) Terminate special pay amount payable to a Nurse Executive when an individual receiving special pay is rated less than "Fully Successful" or equivalent, is placed on a performance improvement plan, or when payment of special pay is no longer necessary to recruit or retain a highly qualified nurse executive.

c. **Facility Directors.** Recommend the special pay amount payable to the Nurse Executive at their facility to Network Directors.

d. **Deputy Assistant Secretary for Human Resources Management.** Advises the Under Secretary for Health and other key officials on the regulations, policies, and procedures contained in this chapter.

e. **Human Resources Management Officers and the Director, Central Office Human Resources Service.** Advise facility management on the regulations, policies, and procedures contained in this chapter and ensure that covered employees are aware of the policies governing the payment of special pay for nurse executives.

6. DETERMINING THE AMOUNT OF SPECIAL PAY. Each nurse executive approved to receive special pay under this chapter [must receive the minimum amount of special pay ($10,000) and] may not receive more than the maximum amount of special pay ($100,000).

a. **Factors to Consider.** The following factors will be considered when determining whether to approve special pay for the Chief Nursing Officer or Deputy Chief Nursing Officer in VA Central Office and a nurse executive at a VHA health care facility. These factors will also be considered when determining the amount of special pay to approve for all nurse executives authorized special pay under this chapter.

(1) **Grade of the Position.** Does the grade of the nurse executive position appropriately reflect the scope of the duties and responsibilities of the position?

(2) **Scope and Complexity of the Position**

(a) Is the nurse executive accountable and responsible for the success and outcomes of numerous clinics and programs in several facilities on multiple campuses or in one facility/campus?

(b) Does the nurse executive's responsibility include line authority and programmatic responsibility for nursing and other professions/services, for nursing only, or oversight but no direct line authority?

(c) Is the nurse executive accountable for more than one multidisciplinary educational affiliation program, one educational affiliation program or are there no education affiliation program responsibilities?

(d) Does the nurse executive have responsibility for nursing research programs?

(3) **Personal Qualifications**

(a) Does the nurse executive possess a doctoral degree?

(b) Does the nurse executive possess an appropriate advanced certification (e.g., American Nurses Credentialing Center (ANCC); Nursing Administration Advanced-Board Certified (NEA-BC); Fellow in the American College of Healthcare Executives (FACHE); Fellow in the American Academy for Nursing (FAAN).

(c) Is the nurse executive's practice comprised of complex leadership and administrative components, associated with critical health care issues and activities that influence the organizational mission, health care, and policy?

(4) **Facility Characteristics**

(a) What is the complexity level of the facility to which the nurse executive is or will be assigned?

(b) What is the nature and number of specialty care services units at the facility?

(c) What is the level of volume, patient risk, teaching and research at the facility?

(d) Is the facility a multi-division or single-division facility?

[(e) Does the facility have Magnet Recognition Program designation?]

(5) **Recruitment and Retention Difficulties**

(a) Has the nurse executive position historically remained vacant for long periods of time despite extensive recruitment?

(b) Are recruitment, relocation and retention incentives typically necessary to attract well qualified candidates to the position?

[(c) Is there a requirement or desire for a specific level of expertise, such as an early career or first time Nurse Executive; or is the facility more in need of an expert executive with extensive successful experience?]

(6) **Pay Comparability**

(a) Is the pay range established for the nurse executive's grade competitive for recruitment and retention purposes?

(b) Is the nurse executive's salary capped at the rate for EL-IV with no future earning potential?

(7) **Other Factors.** Any additional factors deemed appropriate by the approving official, including but not limited to organizational leadership, management skills, education/staff development, resource utilization, quality management, expertise in a specific nursing discipline, research, exceptional labor-management relations skills, etc.

b. **Documenting Approval of Special Pay Amount**

(1) Special pay approvals will be documented on VA Form 0876. A sample is provided in appendix VIII-J of this part.

(2) In addition to specifying the annual amount of special pay to be paid to the nurse executive, complete justification in support of the approved amount will be provided in accordance with the factors in subparagraph a above.

(3) VA Form 0876 is filed [in] the [permanent] side of the [e-OPF].

[7.] PAYMENT OF SPECIAL PAY

a. **Computation.** Special pay will be paid on a pay period basis using the same formula used to determine basic hourly rates. The per annum amount of special pay is divided by 2,080 to obtain an hourly rate. The hourly rate is then multiplied by the number of hours in a pay status (not to exceed 80)

to obtain a bi-weekly payment. A fraction resulting from any computations is 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. **Treatment as Basic Pay.** Special pay paid to a nurse executive under this chapter is considered part of the individual's rate of basic pay for the purposes of computing civil service retirement benefits, life insurance, thrift savings plan, lump-sum annual leave payments, work injury compensation claims, severance pay, continuation of pay, and recruitment and retention incentives. It is not considered pay for the purpose of adverse actions under Chapter 74, Subchapter V of Title 38, United States Code.

[**8.**] ADJUSTMENTS IN SPECIAL PAY

a. The special pay authorized for a nurse executive will be re-determined when:

(1) The facility complexity levels are modified;

(2) The scope of the nurse executive assignment changes;

(3) The nurse executive reassigns to another VA facility as the nurse executive; or

(4) The approving official determines that the factors considered in paragraph [6a] have significantly changed.

b. The amount of special pay authorized for a nurse executive may increase or decrease as a result of a re-determination under subparagraph [8a] above. Pay retention provisions do not apply to special pay.

c. Except for [decisions] resulting from [initial appointment or] reassignment to another VA facility, special pay adjustments will be effective the first day of the first pay period after the date the approving official signs VA Form 0876. Adjustments resulting from [initial appointment or] reassignment to another VA facility will be effective on the same date as the [appointment or] reassignment.

[d. There is no requirement for an annual review or renewal of Nurse Executive Special Pay. Adjustments to increase, decrease, or terminate special pay will be made in accordance with this paragraph and paragraph 9 below.]

[**9.**] TERMINATION OF SPECIAL PAY

a. Special pay for a nurse executive shall be terminated if:

(1) The nurse executive is rated less than "Fully Successful" or equivalent or is placed on a performance improvement plan. Special pay may be reinstated at the same or different amount upon successful completion of a performance improvement plan [(if applicable) or demonstration of performance at the fully successful level].

(2) It is determined that it is no longer necessary for the recruitment or retention of the Chief Nursing Officer or Deputy Chief Nursing Officer in VA Central Office or a highly qualified nurse executive at a VHA health care facility [ ].

b. Pay retention provisions do not apply to special pay. Further, termination of special pay is not considered an adverse action.

c. Terminations of special pay will be effective the last day of the pay period in which the determination to terminate special pay is made under subparagraph a above.

[**10.**] SPECIAL PAY FOR DETAILS

a. Special pay for a nurse executive continues while the employee is detailed to another assignment.

b. An individual detailed to a nurse executive assignment or who serves in such an assignment in an acting capacity may receive special pay effective the beginning of the first full pay period after serving 30 consecutive days in the assignment. The special pay remains in effect only so long as the employee serves in the nurse executive assignment and as long as deemed necessary by the approving official. Upon approval of the special pay amount on VA Form 0876, the following statement will be placed in the "Remarks" item of Standard Form SF-50, Notification of Personnel Action: "Employee informed of conditions of temporary assignment".

[ ]

[**11.**] **OVERSIGHT AND ACCOUNTABILITY.** Actions taken under this chapter may be post audited by VA Central Office and corrective action may be directed to ensure compliance with the law and the provisions of this chapter.

[**12.**] REFERENCES

a. [38 U.S.C. 7306, 7401, 7405, 7452, 7461-7464]

[ ]

[CHAPTER 17. SPECIAL PAY FOR PHARMACIST EXECUTIVES

1. GENERAL. This chapter provides mandatory procedures for administering special pay for pharmacist executives in the Veterans Health Administration (VHA). Special pay may be paid in order to recruit and retain highly qualified VHA pharmacist executives.

2. AUTHORITY. 38 U.S.C. 7410(b) as added by Public Law 111-163, dated May 5, 2010 provides for a special pay amount up to $40,000 annually to be authorized for the recruitment and retention of highly qualified pharmacist executives.

3. ELIGIBILITY. Pharmacist executives in the following positions who maintain a performance rating of at least "Fully Successful" or equivalent are eligible for special pay under this chapter:

a. The VA Central Office Chief Consultant, Pharmacy Benefits Management Services (PBM);

b. VA Central Office Deputy and Associate Chief Consultants, PBM;

c. Consolidated Mail Outpatient Pharmacy (CMOP) Directors; and

d. The Pharmacy Benefits Manager for each VISN.

4. RESPONSIBILITIES

a. **Under Secretary for Health (or designee)**

(1) Approves and/or adjusts special pay amounts payable to eligible VA Central Office pharmacist executives.

(2) Terminates special pay amounts payable to the VA Central Office pharmacist executives in accordance with paragraph 8 of this policy.

b. **Chief Consultant, PBM Services, VA Central Office**

(1) Approves and/or adjusts special pay amounts payable to the eligible Pharmacy Benefits Manager for each VISN and CMOP Directors.

(2) Terminates special pay amounts payable to the Pharmacy Benefits Managers and CMOP Directors in accordance with paragraph 8 of this policy.

c. **Deputy Assistant Secretary for Human Resources Management.** Advises the Under Secretary for Health and other key officials on the regulations, policies, and procedures contained in this chapter.

5. DETERMINING THE AMOUNT OF SPECIAL PAY. Each pharmacist executive approved to receive special pay under this chapter may receive a special pay incentive of up to and not more than $40,000 per year.

a. **Factors to Consider.** The following factors will be considered when determining whether to approve special pay for a covered and eligible pharmacist executive.

(1) **Grade and Rate of Pay for the Position**

(a) The rates of pay for comparable positions within the geographic area of the position as evidenced by applicable third party salary survey data.

(b) Availability and opportunity for progression within the rate of pay.

(2) **Scope and Complexity of the Position**

(a) The level of accountability and responsibility for the successful outcomes of clinics and programs.

(b) The geographical dispersion/complexity of facilities/campuses.

(c) Line authority or programmatic responsibility for pharmacy and other professions/services.

(d) Scope of educational affiliation programs.

(3) **Personal Qualifications.** Possession of advanced degrees, Board of Pharmaceutical Specialties certification, residencies and fellowships, etc.

(4) **Characteristics of the Labor Market.** Unique characteristics of the labor market, historical recruitment and retention difficulties, scarcity of available candidates.

(5) **Other Factors.** Any additional factors deemed appropriate by the approving official, including but not limited to organizational leadership, management skills, ethical behavior, education/staff development, resource utilization, quality management, expertise in a specific pharmacy discipline, research, etc.

b. **Documenting Approval of Special Pay Amount**

(1) Special pay approvals will be documented on VA Form 0941. A sample is provided in appendix VIII-K of this part.

(2) In addition to specifying the annual amount of special pay to be paid to the pharmacist executive, complete justification in support of the approved amount will be provided in accordance with the factors in subparagraph a above.

(3) VA Form 0941 is filed in the permanent folder of the e-OPF.

6. PAYMENT OF SPECIAL PAY

a. **Computation.** Special pay will be paid on a pay period basis using the same formula used to determine basic hourly rates. The per annum amount of special pay is divided by 2,080 to obtain an hourly rate. The hourly rate is then multiplied by the number of hours in a pay status (not to exceed 80) to obtain a bi-weekly payment. A fraction resulting from any computations is 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. **Treatment as Basic Pay.** Special pay paid to a pharmacist executive under this chapter is considered part of the individual's rate of basic pay for the purposes of computing civil service retirement benefits, life insurance, thrift savings plan, lump-sum annual leave payments, work injury compensation claims, severance pay, continuation of pay, and recruitment and retention incentives. It is not considered pay for the purpose of adverse actions under Chapter 74, Subchapter V of Title 38, United States Code.

7. ADJUSTMENTS IN SPECIAL PAY

a. The special pay authorized for a pharmacist executive will be re-determined when:

(1) The scope of the pharmacist executive assignment changes;

(2) Assigned to another pharmacist executive position; or

(3) The approving official determines that the factors considered in paragraph 5a have significantly changed.

b. The amount of special pay authorized for a pharmacist executive may increase or decrease as a result of a re-determination under subparagraph 7a above. Pay retention provisions do not apply to special pay.

c. Except for changes resulting from appointment or transfer to another VA facility, special pay adjustments will be effective the first day of the first pay period after the date the approving official signs VA Form 0941. Adjustments resulting from appointment or transfer to another VA facility will be effective on the same date as the appointment or transfer.

8. TERMINATION OF SPECIAL PAY

a. Special pay for a pharmacist executive shall be terminated if:

(1) The pharmacist executive leaves a special pay eligible position.

(2) The pharmacist executive is rated less than "Fully Successful" or equivalent or is placed on a performance improvement plan. Special pay may be reinstated at the same or different amount upon successful completion of a performance improvement plan (if applicable) or demonstration of performance at the fully successful level.

(3) It is determined that it is no longer necessary for the recruitment or retention of select pharmacist executives.

b. Pay retention provisions do not apply to special pay. Further, termination of special pay is not considered an adverse action.

c. Terminations of special pay will be effective the last day of the pay period in which the determination to terminate special pay is made under subparagraph a above.

9. SPECIAL PAY FOR DETAILS

a. Special pay for a pharmacist executive continues while the employee is detailed to another assignment.

b. An individual detailed to a pharmacist executive assignment or who serves in such an assignment in an acting capacity may receive special pay effective the beginning of the first full pay period after serving 30 consecutive days in the assignment. The special pay remains in effect only so long as the employee serves in the assignment and as long as deemed necessary by the approving official. Upon approval of the special pay amount on VA Form 0941, the following statement will be placed in the "Remarks" item of Standard Form SF-50, Notification of Personnel Action: "Employee informed of conditions of temporary assignment".

10. REFERENCES

a. Public Law 111-163, dated May 5, 2010

b. 38 U.S.C. 7410]

[CHAPTER 18. CRITICAL POSITION PAY AUTHORITY

1. GENERAL

a. The critical position pay authority allows the Secretary (or designee) to approve higher rates of pay for employees in positions that require expertise of an extremely high level in a scientific, technical, professional or administrative field critical to the Department's successful accomplishment of an important mission to the extent necessary to recruit or retain an individual exceptionally well-qualified for the critical position.

b. This authority shall only be used after determining that the position in question cannot be filled with an exceptionally well-qualified individual through the use of all other available human resources flexibilities and pay authorities, such as recruitment, relocation and retention incentives, special salary rates and above minimum entrance rates.

c. The Secretary (or designee) must review and approve each critical position pay authority request before forwarding it to the Office of Personnel Management (OPM), who in consultation with the Office of Management and Budget (OMB) will issue final approval.

2. AUTHORITY. 5 U.S.C. 5377

3. COVERAGE. To be eligible for critical position pay, the employee must be working in a position that requires a very high level of expertise in a scientific, technical, professional, or administrative field that is critical to the Department's mission and success. The categories of positions eligible for critical position pay are: General Schedule (GS) (including title 38 hybrid positions appointed under 38 U.S.C. 7401(3) or 7405), Senior-Level (SL), Senior Executive Service (SES), Executive Schedule (EX), Scientific and professional (ST); and other positions designated by the Director of OPM at the request of the Secretary.

4. EXCLUSIONS. Critical position pay may not be authorized for individuals appointed under chapters 73 or 74 of title 38 U.S.C. except as indicated in paragraph 3 above or unless approved by the Director of OPM at the request of the Secretary, or Federal Wage System positions.

5. DEFINITIONS. For purposes of this chapter, the following definitions shall apply:

a. **Critical Position.** A position for which OPM has granted authority to the head of an agency to exercise the pay setting authority provided in 5 U.S.C. 5377.

b. **Critical Position Pay Authority.** The authority that may be granted to the head of an agency by OPM under 5 U.S.C. 5377 to set the rate of basic pay for a given critical position under the provisions of that section.

c. **Critical Position Pay Rate.** The specific rate of pay established by the head of an agency for an employee in a critical position based upon the exercise of the critical position pay authority. A critical

position pay rate is a rate of basic pay to the extent provided in 5 CFR 535.106.

d. **Employee.** An employee as defined in 5 U.S.C. 2105 in or under an agency.

6. RESPONSIBILITIES

a. **Secretary (or designee)**

(1) Approves requests for critical position pay authority at the Department level prior to submission to OPM for final approval.

(2) Authorizes critical position pay to any proposed appointee or incumbent of a position for which the critical position pay authority has been granted by OPM.

(3) Discontinues critical position pay for a given position as deemed appropriate.

(4) May make subsequent adjustments in the rate of basic pay for a critical position each January at the same time general pay adjustments are authorized for Executive Schedule employees under 5 U.S.C. 5318. Adjusted rates may not exceed the new rate for Executive Schedule level II or other applicable maximum established for the critical position. Moreover, the employee must have at least a rating of Fully Successful or equivalent, and subsequent adjustments must be based on labor market factors, recruitment and retention needs, and individual accomplishments and contributions to an agency's mission.

b. **Deputy Assistant Secretary for Human Resources Management.** Reviews critical position pay requests involving positions other than Senior Executive Service (SES) and Senior Level (SL) positions, for technical compliance and makes recommendations to the Secretary for approval. Advises the Secretary and other key officials on the regulations, policies and procedures contained in this chapter.

c. **Executive Director, Corporate Senior Executive Management Office.** Advises senior leadership on the regulations, policies and procedures applicable to critical position pay authority and ensures that covered SES and SL employees are aware of the policies governing the payment of critical position pay. Reviews critical position pay requests for SES and SL positions for technical compliance. Coordinates with the VA Executive Management Board’s Position Management Committee and makes recommendations to the Secretary.

d. **Administration Heads, Assistant Secretaries, and Other Key Officials.** Administration Heads, Assistant Secretaries, and Other Key Officials at the Deputy Assistant Secretary level or higher are the recommending officials and must concur on all requests for employees in their organization. All requests must be initiated at the facility director or national program level or higher and for Veterans Health Administration facilities, have the concurrence of the Veterans Integrated Service Network Director.

e. **Human Resources Officers.** Advises facility management on the regulations, policies and procedures contained in this chapter and ensures that covered employees are aware of the policies

governing the payment of critical position pay.

7. CRITICAL POSITION PAY AUTHORITY

a. Critical position pay authority may be used to fill positions that require expertise of an extremely high level in a scientific, technical, professional, or administrative field which is critical to the Department's successful accomplishment of an important mission and only to the extent necessary to recruit or retain an individual who is exceptionally well-qualified for the critical position.

b. The rate payable for critical position pay may not be less than the rate of basic pay, including any locality based comparability payments under 5 U.S.C. 5304 or special rate supplements under 5 U.S.C. 5305 and 38 U.S.C. 7455, that would otherwise be payable for the position if it were not designated as critical. If critical pay authority is granted, the Secretary (or designee) may set pay initially at any amount up to the rate of pay for Level II of the Executive Schedule. In exceptional circumstances, pay may be set up to Level I of the Executive Schedule, but setting such pay would require detailed justification to support the higher pay. A rate above Executive Level I is only established in rare circumstances and requires the written approval of the President.

c. Critical position pay requests must be submitted in writing only after it has been determined that the position in question cannot be filled with an exceptionally well-qualified individual through the use of other human resources flexibilities and pay authorities (e.g. recruitment, relocation and retention incentives, special salary rates, above minimum entrance rates).

d. Requests covering multiple positions must include a list of the positions in priority order. If granted, the Secretary (or designee) may determine whether it is appropriate to extend the authority with respect to any proposed candidate or incumbent of the position, including individuals who are temporarily promoted or detailed into a position that has been approved for critical position pay. Such an extension does not apply to an SES member who is detailed to another position, or an employee who is detailed to an SES position.

e. SES members are under a pay-for-performance system where pay must be set based on the employee's performance and/or contribution to VA's performance. Therefore, requests covering SES positions are expected to be limited.

f. Once granted by OPM, the critical position pay authority may continue to be used for authorized positions as long as the need exists. Usage of the authority will be monitored by OPM through agency level annual reporting requirements and the authority associated with a given position may be terminated if after consulting with OMB, OPM determines that critical position pay is no longer needed for a particular position.

8. REQUESTS FOR CRITICAL POSITION PAY

a. **Contents of Request.** Each request for critical position pay must include the following:

(1) Name of incumbent/appointee (or "Vacant" if the position has not yet been filled);

(2) Position title, pay plan, occupational series and grade/level/pay band (SES);

(3) Position appointment authority (for SES positions, provide the appointment authority for any incumbent);

(4) Geographic location of the position;

(5) Current salary of the position or incumbent(s);

(6) Length of time the incumbent has been in the position or length of time the position has been vacant;

(7) Written evaluation of the need to authorize the position as critical which fully describes the position; explains the level of expertise required for the position including the duties and types of work to be performed and the context within which the position operates; describes the range of positions and qualification requirements that characterize the occupational field (e.g. engineering, information technology, finance) including those that require extremely high levels of knowledge and expertise; the rates of pay reasonably and generally required in the public and private sectors for similar positions, and the availability of individuals who possess the qualifications to do the work required by the position;

(8) Documentation with appropriate supporting data of the Department's experience and, as appropriate, the experience of other organizations, in efforts to recruit or retain exceptionally well-qualified individuals for the position or for a position sufficiently similar with respect to the occupational field, required qualifications, and other pertinent factors to provide a reliable and supportable comparison;

(9) Detailed assessment as to why the position could not, through diligent and comprehensive recruitment efforts and without the use of the critical position pay authority, be filled within a reasonable period with an individual who could perform the duties in a manner sufficient to fulfill the Department's mission. This assessment must include a justification as to why other human resources flexibilities and pay authorities such as recruitment, retention and relocation incentives under 5 CFR, part 575 are not an effective alternative to critical position pay;

(10) Explanation regarding why the position should be designated as a critical position and made eligible for a higher rate of pay under this chapter within its organizational context (i.e., relative to other positions in the organization) and, when applicable, how it compares with other critical positions in the Department. Include an explanation as to how perceived inequities among employees (e.g., situations in which employees in positions designated as critical would receive higher rates of pay than their peers, supervisors, or other employees in positions with higher-level duties and responsibilities) will be addressed;

(11) Documentation of the effect on the successful accomplishment of important Departmental

missions if the position is not designated as a critical position, including an explanation and justification for OPM and OMB to expedite processing of the request in cases where the situation is so critical as to warrant expedited processing;

(12) Any additional information deemed appropriate to assist in demonstrating that higher pay is needed to recruit or retain an employee for a critical position;

(13) Copy of the position description and qualification standard for the critical position (this documentation is not needed for an Executive Schedule position);

(14) The desired rate of basic pay and justification to show that such a rate is necessary to recruit and retain an individual exceptionally well-qualified for the critical position. Requests to set critical position pay above the rate for Level I of the Executive Schedule may be established in rare circumstances and require written approval by the President;

(15) SES and SL requests for critical position pay based on retaining an individual exceptionally well-qualified for the critical position must include:

(a) Documentation of monetary awards including Performance Awards, Special Contribution Awards and Presidential Rank Awards received during the previous 24 months;

(b) Explanation of the incumbent's qualifications and how he/she meets or exceeds the position qualifications; and

(16) Requests for SES positions require an explanation regarding how the position exceeds the Pay Band 1 criteria and characteristics.

b. **Procedures.** Requests for critical position pay will be routed through the applicable Under Secretary or Assistant Secretary to the Office of Human Resources Management, Compensation and Classification Service (055), for technical review prior to submission to the Secretary and OPM. Requests for SES and SL positions should be sent to the Corporate Senior Executive Management Office (CSEMO) for review and coordination with the Executive Management Board Position Management Committee prior to submission to the Secretary and OPM. Final decisions on critical position pay authority requests will be made jointly by OPM and OMB. OPM will advise VA as to whether the request is approved and when the critical position pay authority becomes effective for the requested position(s).

9. SETTING AND ADJUSTING RATES OF BASIC PAY FOR A CRITICAL POSITION

a. The rate of basic pay for a critical position may not be less than the rate of basic pay, including any locality-based comparability payments established under 5 U.S.C. 5304 or special rate supplement under 5 U.S.C. 5305 or 38 U.S.C. 7455 (or other similar payment or supplement under other legal authority) that would otherwise be payable for the position had it not been designated as critical.

b. If critical position pay is granted for a position, the Secretary (or designee) may set pay initially at any amount up to the rate of pay for Level II or Level I of the Executive Schedule, whichever is authorized by OPM. Under 5 CFR 535.104(c) written approval of the President is required for any rate above Level I of the Executive Schedule. If critical position pay authority is granted for a position, the Secretary may determine whether it is appropriate to exercise the authority with respect to any proposed appointee or incumbent of the same position.

c. The Secretary may make subsequent adjustments in the rate of basic pay for a critical position each January at the same time general pay adjustments are authorized for Executive Schedule employees under 5 U.S.C. 5318. Such adjusted rates may not exceed the new rate for Executive Schedule Level II or other applicable maximum established for the critical position. A subsequent adjustment can only be made if the employee has a rating of at least "Fully Successful" or equivalent. Subsequent adjustments must be based on labor market factors, recruitment and retention needs, and individual accomplishments and contributions to the Department's mission.

d. Employees receiving critical position pay are not entitled to locality-based comparability payments under 5 U.S.C. 5304, special rate supplements under 5 U.S.C. 5305 or 38 U.S.C. 7455 or other similar payments or supplements under other legal authority.

e. Critical position pay authority must be terminated if conditions no longer warrant payment of the critical position pay rate. If the Department discontinues critical position pay for a given position (on its own initiative or through termination by OPM and OMB under 5 CFR 535.103(d)), the employee's rate of basic pay will be set at the rate to which the employee would be entitled had he or she not received critical position pay, unless the employee is eligible for a higher payable rate under the General Schedule maximum payable rate rule in 5 CFR 531.221 and the Department chooses to apply that rule.

10. TREATMENT AS BASIC PAY. Critical position pay paid under this chapter is considered basic pay for the purposes of computing civil service retirement benefits, life insurance, thrift savings plan, lump-sum annual leave payments, work injury compensation claims, severance pay, continuation of pay and recruitment and retention incentives. A critical position pay rate is considered basic pay for all purposes (e.g., recruitment, relocation, retention incentive calculations), any applicable premium pay, except in the application of any saved pay or pay retention provisions (5 U.S.C. 5363) or application of any adverse action provisions (5 U.S.C. 7512).

11. ANNUAL REPORT

a. On an annual basis (by January 31st), the Department must submit a report to OPM on the use of the critical position pay authority for the previous calendar year containing cumulative information on the following:

(1) Name, title, occupational series, pay plan and grade/level of each employee receiving a higher rate of basic pay under this authority;

(2) The annual rate or rates of basic pay paid to each employee in a critical position during the

preceding calendar year;

(3) The beginning and ending dates of such rate(s) of basic pay, as applicable;

(4) The rate or rates of basic pay that would have been paid had the employee not received critical position pay. This includes what the rate or rates of basic pay were, or would have been without critical position pay at the time critical position pay is initially exercised and any subsequent adjustments to basic pay that would have been made if critical position pay had not been exercised; and;

(5) Whether the authority is still needed for the critical position(s).

b. Administrations, field facilities, CSEMO and the Central Office Human Resources Service (COHRS) will be notified annually of the due date of the report. The Compensation and Classification Service (055) will collect, aggregate and prepare the report for submission to OPM.

12. REFERENCES

a. 5 CFR, part 535

b. 5 U.S.C. 5377

c. 5 U.S.C. 5304

d. 5 U.S.C. 5305]

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[CHAPTER 19. RESERVIST DIFFERENTIAL

1. GENERAL

a. This chapter provides guidance for processing reservist differential for eligible Federal civilian employees who are members of the Reserve or National Guard (reservists) and have been called or ordered to active duty under certain specified provisions of law.

b. 5 U.S.C. § 5538, amended by section 745 of the Consolidated Appropriations Act, 2010 (Public Law 111-117, December 16, 2009), authorizes differential payments to eligible Federal civilian employees who are reservists. The Act requires agencies to make payments (reservist differential) to eligible employees equal to the amount by which projected civilian basic pay for a covered pay period exceeds an employee's actual military pay and allowances allocable to the same covered pay period.

2. AUTHORITY. 5 U.S.C. 5538 as enacted by Public Law 111-8, dated March 11, 2009.

3. ENTITLEMENT. Reservist differential is payable to Federal civilian employees who are members of the Reserve or National Guard and who are ordered or called to active duty in the uniformed services under a provision of law referred to in 10 U.S.C. § 101(a)(13)(B). During this absence the employee must meet both of the following conditions: serving on active military duty and entitled to reemployment rights under the Uniformed Services Employment and Reemployment Rights Act (USERRA) under 38 U.S.C. chapter 43. The amount payable is the difference between an employee's projected civilian basic pay and his or her actual military pay and allowances during periods in which the employee is not in a civilian pay status. Reservist differential is not payable for any period in which an employee receives civilian basic pay for performing work or using paid civilian leave or other paid time off (including annual, military or other paid leave).

4. COVERED EMPLOYEES. This chapter applies to all VA employees who meet the eligibility requirements under 38 U.S.C. § 4303(3), which defines an employee as any person who is a citizen, national, or permanent resident alien of the United States employed in a workplace in a foreign country by an employer that is an entity incorporated or otherwise organized in the United States or that is controlled by an entity organized in the United States, within the meaning of section 38 U.S.C. § 4319(c).

5. EXCLUSIONS

a. Any category of employee that is excluded from coverage under section 5 U.S.C. § 5538 by operation of law.

b. Any category of individual for whom there is a statutory provision expressly stating that the individual is not considered an employee of the Federal government for any purpose, or is considered an employee of the Federal government for limited purposes, not including 5 U.S.C. § 5538.

c. An individual loses eligibility for reservist differential effective on the date of separation from Federal service, as basic pay is not payable to a separated employee under 5 U.S.C. § 5538(a)(1).

There is no entitlement to reservist differential if an employee chooses to separate from their Federal civilian position.

6. DEFINITIONS. For purposes of this chapter, the following definitions shall apply:

a. **Active Duty.** Full-time duty in the active military service of a uniformed service of the United States, including full-time training duty, annual training duty, and attendance, while in the active military service, at a school designated as a service school by law or by the Secretary of the military department concerned under 10 U.S.C. § 101(d)(1). Such term does not include full-time National Guard Duty under 10 U.S.C. § (d)(5).

b. **Civilian Basic Pay.** The gross amount of basic pay before any deductions and without additional pay of any kind, with certain exceptions. See paragraph 8 for additional information.

c. **Employee or Covered Employee.** An employee as defined in 5 U.S.C. § 2105, excluding employees that are excluded by law from coverage under 5 U.S.C. § 5538. An individual who separates from Federal civilian service ceases to be an employee or covered employee.

d. **Military Leave.** Military leave provided under 5 U.S.C. § 6323, including regular military leave under 5 U.S.C. § 6323(a) and special military leave under 5 U.S.C. § 6323(b).

e. **Military Pay and Allowances**. The gross amount of pay and allowances before applying any deductions, forfeitures, collections, or other reductions. Includes military basic pay, basic allowance for housing (BAH), basic allowance for subsistence (BAS), and all other military pay and allowances, excluding travel, transportation, per diem allowances, related travel, and one-time annual payments such as clothing allowances or reenlistment bonuses. (See 5 U.S.C. § 5519, 5 U.S.C. § 6323(b) and (c), 37 U.S.C. § 101(25) and 37 U.S.C. § 910).

f. **Qualifying Active Duty.** Active duty by a covered employee pursuant to a call or order as described in 5 U.S.C. § 5538(a).

g. **Reservist.** Federal civilian employee who is a member of a reserve component – i.e., a member of a reserve component of the Army, Navy, Air Force or Marine Corps, or the Air National Guard of the United States, or the Army National Guard of the United States. (See 10 U.S.C. § 101).

h. **Reservist Differential.** The amount payable to an eligible reservist equal to the difference between the employee's projected civilian basic pay and his or her actual military pay and allowances during periods in which the employee is not in a civilian pay status.

i. **Uniformed Services Employment and Reemployment Rights Act (USERRA).** Protects reemployment rights for 'non-career and career' Veterans, Reservists, and National Guard members as codified in 38 U.S.C. Chapter 43.

7. QUALIFYING PERIODS

a. Reservist differential is payable only for periods when an employee is absent from a Federal civilian position to perform active duty in the uniformed service pursuant to a call or order to active duty under a provision of law referred to in 10 U.S.C. § 101(a)(13)(B) and is entitled to reemployment rights under USERRA during this time as provided in 38 U.S.C. chapter 43 and 5 CFR part 353, subparts A and B.

b. Active duty includes:

(1) An order from the President calling the militia of any State into Federal service to put down an insurrection in any State, under 10 U.S.C. § 331

(2) An order from the President calling into Federal service such of the militia of any State, or using such of the armed forces, when he considers it necessary to enforce Federal law or to suppress rebellion because of unlawful obstructions, combinations, or assemblages, or rebellion against the authority of the United States, under 10 U.S.C. § 332

(3) An order from the President by using the militia or armed forces or both, or by any other means, including the National Guard in Federal service, to restore public order and enforce the laws of the United States in situations of natural disaster, epidemic, or other serious public health emergency, terrorist attack or incident, or other condition in any State or possession of the United States, or to suppress, in a State, any insurrection, domestic violence, unlawful combination, or conspiracy, under 10 U.S.C. § 333

(4) 10 U.S.C. § 688

(5) 10 U.S.C. § 12301(a)

(6) 10 U.S.C. § 12302

(7) 10 U.S.C. § 12304

(8) 10 U.S.C. § 12305

(9) 10 U.S.C. § 12406

NOTE: *If a reservist performs qualifying active duty as described above, and the reservist's orders are later changed and reissued under 10 U.S.C. 12301(h) due to a combat injury, the reservist will be considered to still be performing qualifying active duty under the changed orders for the purpose of eligibility for a reservist differential.*

c. If the activation orders are under an authority other than those referenced in 10 U.S.C. § 101(a)(13)(B), the employee is not eligible for reservist differential. If the orders are not specific in citing the correct authority, the Human Resources Office (HRO) must contact the

headquarters office that issued the orders for clarification prior to determining eligibility. (Additional guidance and information of the citations above and the types of qualifying military duty is available in the Office of Personnel Management (OPM) Policy Guidance, Appendix D (revised April 13, 2011), originally issued in OPM's CPM 2009-19 dated December 8, 2009.)

d. Reservist differential is not payable for periods during which the employee is receiving civilian basic pay for performing work or using civilian paid leave or other paid time off, nor is it payable for the period prior to or following completion of an active duty assignment. For example, if an employee receives civilian basic pay (through paid work or paid time off) for an entire biweekly pay period, reservist differential cannot be paid for that biweekly pay period. If an employee receives civilian basic pay for a portion of the pay period, reservist differential is computed for the portion of the pay period in which the employee did not receive civilian basic pay.

e. Other nonqualifying periods include any period in which an employee is placed in military nonpay status for conduct-related reasons (e.g. absent without leave (AWOL), confinement or desertion) during the qualifying active duty period. Those are non-qualifying days and are not to be considered when computing reservist differential. If an employee is separated from military duty for misconduct or other reasons that terminate USERRA reemployment rights, entitlement to reservist differential would also terminate at the time of separation. Military non-pay status dates should be listed in the Remarks of the military Leave and Earnings Statement (LES).

f. A qualifying period may begin or end in the middle of the employee's civilian biweekly pay period, and the days before or after the qualifying period are not used in computing reservist differential for the pay period. The computation of military pay and allowances and projected civilian basic pay for a pay period must be based solely on the days within the qualifying period, making it necessary to determine the days and hours the employee would have worked during the qualifying portion of the pay period.

g. Reservist differential is not available for employees who attempt to retroactively cancel paid leave or any other paid time off that was taken during the post-active duty period in order to receive reservist differential payments instead.

8. CIVILIAN BASIC PAY AND LEAVE STATUS

a. For purposes of computing reservist differential, civilian basic pay is defined by OPM as the gross amount of basic pay prior to applying any deductions and without additional pay of any kind except as follows:

(1) Locality pay under 5 U.S.C. § 5304;

(2) Special rate supplements under 5 U.S.C. § 5305 and 38 U.S.C. § 7455;

(3) Market pay for VA physicians and dentists under 38 U.S.C. § 7431;

(4) Other locality payments or special rate supplements that are equivalent to locality payments under 5 U.S.C. § 5304 or special rate supplements under 5 U.S.C. § 5305 and 38 U.S.C. § 7455.

b. The following types of payments are not equivalent to locality pay or special rate supplements and should not be automatically treated as basic pay under 5 U.S.C. § 5538. They are not to be used for computing reservist differential.

(1) Law enforcement availability pay under 5 U.S.C. § 5545a;

(2) Administratively uncontrollable overtime pay under 5 U.S.C. § 5545(c)(2);

(3) Standby duty pay under 5 U.S.C. § 5545(c)(1);

(4) Straight-time portion of firefighter overtime pay received by firefighters covered by 5 U.S.C. § 5545b, and

(5) Physicians' comparability allowances under 5 U.S.C. § 5948.

c. For reservists on pay retention under 5 U.S.C. § 5363, the additional pay above the range maximum because of a retained rate is not considered basic pay; the maximum rate of basic pay of the applicable rate range is considered the employee's rate of basic pay for the purpose of computing reservist differential.

d. Reservist differential is not categorized as civilian basic pay for any purpose (e.g., retirement, life insurance). Reservist differential is a payment not related to the performance of civilian duty, therefore the receipt of reservist differential does not affect an employee's civilian pay and leave status. Although the employee is considered to be in a leave without pay-uniformed service (LWOP-US) status, other provisions and entitlements that are linked to an employee's pay and leave status are not affected by reservist differential.

e. An employee is considered to be in a civilian pay status when using paid time off but not when receiving reservist differential. Paid time off includes military leave, annual leave, sick leave, excused absence, holiday time off, time off as an award, compensatory time off, credit hours, or any other paid time off to the employee's credit. Employees are entitled to use their military leave as applicable. **NOTE:** *Use of military leave under 5 U.S.C. § 6323(b) entitles an employee to, during and because of such service, to leave without loss of, or reduction in, pay, leave to which he otherwise is entitled, credit for time or service, or performance or efficiency rating, however, any such leave granted shall not exceed 22 days of leave within a calendar year*. When employees use military leave, their civilian pay is offset by the amount of military pay and allowances they receive while using their military pay. Employees may use military leave or claim reservist differential, but not both for the same period.

9. PROJECTING CIVILIAN BASIC PAY RATES

a. The HRO is responsible for projecting a rate of civilian basic pay for all employees except those

holding SES, Title 38 SES-equivalent, and SL appointments. The Corporate Senior Executive Management Office (CSEMO) is responsible for projecting a rate of civilian basic pay for Senior Executive Service (SES), Title 38 SES-Equivalent, and Senior Level (SL) employees. The projected rate will be based on the rate that would have been payable for each pay period within a qualifying period but for the call to active duty. The projected rate of basic pay should be determined using those policies consistent with USERRA, under which employees are credited with any pay adjustment that, with reasonable certainty, would have occurred but for service in the military. The projected rate of basic pay used in computing reservist differential does not affect an employee's actual basic pay entitlement.

b. Pay adjustments that should be applied in the computation of an employee's projected rate of civilian basic pay are: general pay adjustments, including locality pay and special rate adjustments; within-grade increases; career ladder promotion increases; performance-based basic pay adjustments and other basic pay adjustments as long as the adjustments would have occurred with reasonable certainty. The projected adjustment takes effect at the time the adjustment otherwise would have been made except for the call to active duty.

10. PROCESSING PAYMENTS

a. Employees are responsible for providing his/her activation orders to the HRO prior to, or as soon as possible thereafter, his/her scheduled date of deployment and any modified or amended orders. Once deployed, employees are responsible for providing copies of their military LES as soon as they are available. Based on the local process established by the HRO, employees may send their LES to the HRO who will then forward them to the local payroll office, or employees may send their LES directly to the local payroll office. HROs must provide employees with the addresses to send their LESs via surface mail and e-mail. All LES must be date-stamped with the date received as reservist differential payments are due to be paid not later than 8 weeks following the civilian salary pay date provided the employee submits the necessary documents, i.e., activation orders and appropriate LES. If an employee fails to submit the necessary documents in a timely manner, scheduled payments may be delayed consistent with the employee's delayed submission.

b. The HRO is responsible for reviewing activation orders and any amendments to determine if the employee's call to active duty period qualifies for reservist differential (see paragraph 7a and b above). After confirming that an activation period qualifies, the HRO must project an employee's rate of civilian basic pay during the activation and provide information to the local payroll office for computing the reservist differential. Information to the payroll office must include the following:

(1) Employee's Name

(2) Employee's Last 4 SSN

(3) Branch of Service

(4) VA Organization

(5) Mobilization start date

(6) Mobilization end date

(7) Projected rate(s) of basic pay during mobilization

(8) Effective date(s) of projected rate(s)

(9) Activation authority contained in orders

NOTE: *Activation orders, including all amendments or modifications will be maintained in the employee's Electronic Official Personnel Folder (e-OPF).*

c. Upon receipt of the above information from the HRO and the employee's military LES, the local payroll office will compute the reservist differential, and if applicable, the dates for which interest is payable.

d. Under the Defense Finance and Accounting Service (DFAS), reservist differential will be entered via Remedy Ticket by the HRO. Once the local payroll office has performed the calculations, they will provide the HRO with the information required to submit the Remedy Ticket(s). Generally, a Remedy Ticket must be submitted for each pay period that the reservist differential payment is payable.

e. Once an employee returns to duty, he/she must provide a copy of their DD 214 or other official document to confirm their active duty end date. Employees should be reminded to submit any subsequent military LES for the activation period as the local payroll office will reconcile payments to ensure payments are accurate. Overpayments will be subject to normal debt collection procedures; underpayments will result in additional payment.

f. For the provisions addressed in subparagraphs a though e above, CSEMO will work with the appropriate HRO to identify the payment procedures for SES, Title 38 SES-equivalent, and SL employees.

11. ADDITIONAL GUIDANCE. Additional information, such as Frequently Asked Questions for employees and links to OPM guidance is available on the Office of Human Resources Website.

12. REFERENCES

a. 5 U.S.C. 5538

b. 10 U.S.C. 101(a)(13)(B)

c. 38 U.S.C. Chapter 43

d. Public Law 111-8, March 11, 2009

e. Public Law 111-117, December 16, 2009

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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: [$33,731], GS-6/5, with [10.90%] locality comparability payment [(LCP)]

Employee receives [ ] pay as shown:

[$33,731÷ 2,756 = $12.239], rounded to [$12.24] hourly rate. Overtime rate = [$18.36 (12.24 x 1.5)]

Week 1 – 48 hours: Receives 48 hours of straight-time pay. [$12.24 x 48 = $587.52]. 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. [($12.24 x 53) + ($18.36 x 11) = $850.68]. Additional hours paid at overtime rate.

Week 3 – 56 hours: Receives 53 hours of straight-time and 3 hours of overtime pay. [$12.24 x 53) + ($18.36 x 3) = $703.80]. Additional hours paid at overtime rate.

[ ]

2. FLSA-covered firefighter working an 88-32-72-48 rotation, for an average 60-hour tour of duty.
Current Rate: [$34,714, GS-5/10, with 10.90%] LCP

Employee receives [ ] pay as shown:

[$34,714 ÷ 2,756 = $12.595], rounded to [$12.60] hourly rate. Overtime rate = [$18.90 ($12.60 x 1.5)]

Week 1 – [78] hours: Receives 53 hours of straight-time and 25 hours of overtime. [($12.60 x 53) + ($18.90 x 25) = $1,140.30]. Additional hours paid at overtime rate.

Week 2 – 32 hours: Receives 32 hours of straight-time pay. [$12.60 x 32 = $403.20]. 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. [($12.60 x 53) + ($18.90 x 29) = $1,215.90]. Additional hours paid at overtime rate.

Week 4 – 48 hours: Receives 48 hours of straight-time pay. [$12.60 x 48 = $604.80]. 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: [$47,520], GS-10/3, with [10.90%] LCP

[$47,520 ÷ 2,087 = $22.769], rounded to [$22.77] (first-40-hour hourly rate)
[$47,520 ÷ 2,756 = $17.242], rounded to [$17.24] (41-to-53-hour rate)
[$17.24 x 1.5 = $25.86] overtime rate for hours over 53 [ ]

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. [($22.77 x 40) + ($17.24 x 13) + ($25.86 x 3) = $1212.50]. Additional hours paid at overtime rate.

4. FLSA-covered firefighter working a straight 72-hour tour of duty.
Current Rate: [$41,890], GS-7/9, with [10.90%] LCP

[ ]
[$41,890 ÷ 2,756 = $15.199], rounded to [$15.20] hourly rate. Overtime rate = [22.80 ($15.20 x 1.5)]

Each Week: Receives 53 hours of straight-time and 19 hours of overtime. [($15.20 x 53) + ($22.80 x 19)= $1238.80]. 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: [$38,694], GS-6/10, with [10.90%] LCP

Employee [ ] receives pay as shown:

[$38,694 ÷ 2,756 = $14.039], rounded to [$14.04] hourly rate. Overtime rate = [21.06 ($14.04 x 1.5)]

Week 1 – 55 hours: Receives 53 hours of straight-time and 2 hours of overtime. [($14.04 x 53) + ($21.06 x 2) = $786.24]. Additional hours paid at overtime rate.

Week 2 – 48 hours: Receives 48 hours of straight-time pay. [$14.04 x 48 = $673.92]. 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. [($14.04 x 53) + ($21.06 x 12)] = $996.84]. Additional hours paid at overtime rate.

Week 4 – 48 hours: Receives 48 hours of straight-time pay. [$14.04 x 48 = $673.92]. 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. [($14.04 x 53) + ($21.06 x 12) = $996.84]. Additional hours paid at overtime rate.

Week 6 – 55 hours: Receives 53 hours of straight-time and 2 hours of overtime. [($14.04 x 53) + ($21.06 x 2) = $786.24]. 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 [and Labor Relations], 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.

[APPENDIX H
INSTRUCTIONS AND EXAMPLES FOR VA FORM 0861, REQUEST FOR CREDIT OF COMPENSATORY TIME FOR TRAVEL

This appendix provides instructions and examples for VA Form 0861, Request for Credit of Compensatory Time for Travel. In addition to policy and procedures contained in this handbook, employees must also adhere to any local requirements and procedures governing a request for and use of compensatory time off for travel.

General

The amount of compensatory time for travel requested is subject to approval by the appropriate certifying official(s). To ensure accurate completion of VA Form 0861, employees are encouraged to record and maintain information regarding their travel itinerary. This is especially true when employees claim credit for excess waiting time.

All totals will be shown in hours:minutes and rounded to the nearest quarter hour. For example, if an employee departs their home at 7:05 AM and arrive at their temporary duty (TDY) location at 10:30 AM, the total time elapsed is 3 hours 25 minutes. When rounded to the nearest quarter hour, the total hours:minutes should be recorded as "3:30" in Block 1G. Acceptable values for total minutes are :00, :15, :30 and :45.

Once approved by the certifying official, VA Form 0861 will be used to support entries on the employee's time and attendance record.

Instructions for Completion of VA Form 0861

Identifying Information

Block 1. Name of Employee: Enter first name, middle initial (if applicable), last name.

Block 2. T&L Unit: The Time and Leave (T&L) Unit number is located on the Earnings and Leave Statement and can also be obtained from the timekeeper.

Block 3. Travel Authorization No.: This number is located on the employee's travel orders and is the same number used to complete travel vouchers.

Block 4. FLSA Status: The Fair Labor Standards Act (FLSA) status is located on the Earnings and Leave Statement. "E" means "exempt" from the FLSA; "N" means "non-exempt" or covered under FLSA. **Note**: For FLSA "N", if Block 1B (Part I or Part II) is "Day Off", show "N" and work schedule, e.g. "8:00 – 4:30", in Block 4. This information may be needed to determine travel hours that are compensable as hours of work under FLSA. See VA Handbook 5007, Chapter 15, paragraph 4b(4)(d).

Part I (Outgoing Travel) Part II (Return Travel)

VA Form 0861 was designed to cover typical travel assignments to one TDY location. For example, Part 1 (Outgoing Travel) will normally contain travel information from an employee's home (or worksite) to their TDY location and Part II (Return Travel) will normally contain travel information from an employee's TDY location to home (or worksite).

Multiple Assignments

When authorized travel consists of multiple TDY locations, employees must complete more than one form. When more than one form is used, Part I may reflect the travel information from a second TDY location back to home (or worksite) or it may reflect the travel information from a second TDY location to another TDY location. Likewise for Part II, the travel information may not necessarily reflect "Return Travel". When using VA Form 0861 for multiple TDY assignments, disregard the titles "Outgoing Travel" and "Return Travel" but rather use the form to record each segment of travel as they occur regardless of whether it falls in Part I or Part II. For each form used, show only the compensatory time for travel requested for that form. Do not combine the totals from multiple forms.

Block 1A. Date of Travel: Enter the date you departed home or worksite to begin travel. If you traveled to multiple TDY locations during this assignment, this may be the date you departed your second (or any subsequent) TDY location.

Block 1B. Work Schedule on Date of Travel: If you traveled on a work day, you must enter your work schedule for this travel date even if you did not actually travel during your work schedule. For example, if your work schedule is 8:00 AM to 4:30 PM, and you traveled from 5:00 PM to 8:00 PM, you must enter 8:00 AM to 4:30 PM as your work schedule. This information will be used to determine your entitlement to overtime and other hours of work.. If you did not travel on a workday, you may enter "Day Off".

Block 1C. Place of Departure: Enter the place you departed on the travel date shown in Block 1A. In Part 1, you would normally enter "Home" or "Worksite" depending on where you began your TDY travel. In Part II, you would normally enter the name of your TDY location, such as "Washington, DC." However when you travel to multiple TDY locations, this could be the name of your first or subsequent TDY location.

Block 1D. Place of Arrival:. Enter the place you arrived on the travel date shown in Block 1A. In Part I, you would normally enter the name of your TDY location, such as "Washington, DC". In Part II, you would normally enter "Home" or "Worksite" depending on where you arrived upon return from TDY. However, when you travel to multiple TDY locations, this could be "Home", "Worksite" or a subsequent TDY location.

Block 1E. Time of Departure: Enter the local time you departed the location in Block 1C.

Block 1F. Time of Arrival: Enter the local time you arrived at the location in Block 1D.

Note: When travel involves different time zones, employees should specific the time zone for which the time is based. For example, employee[s must annotate] Eastern, Central, Mountain, Pacific, etc following the times. This specification will aid in future review of completed claim forms.

Block 1G. Total Time from Departure to Arrival: Enter the actual time (hours:minutes) elapsed from Block 1C (Place of Departure) to block 1D (Place of Arrival). When traveling between different time zones, you can not subtract Block 1E (Time of Departure) from Block 1F (Time of Arrival) to determine the actual total time. Total Time from Departure to Arrival should be rounded to the nearest quarter hour.

Example: If Time of Departure is 7:05 AM and Time of Arrival is 10:30 AM, the actual time elapsed from Departure to Arrival is 3 hours 25 minutes. When rounded to the nearest quarter hour, enter "3:30"in Block 1G.

Hours of Work

Blocks 2A. Hours for which you have received or are entitled to receive pay or other compensation are not creditable for compensatory time for travel. This is true even if you are prohibited from receiving pay for such hours due to the biweekly limitation on premium pay or the aggregate limitation on pay. (See VA Handbook 5007, Part VIII, Chapter 15, paragraph 4b(2)) Hours of work that are not creditable for compensatory time for travel include regular hours, overtime hours, unscheduled hours (part-time), availability pay hours (law enforcement officers), standby or on-call hours. If the total time in Block 1G include such hours, answer "YES" in Block 2A. For example, if you departed your worksite at 3:00 PM (Block 1E) and arrived at your TDY location at 8:00 PM (Block 1F), and your work schedule for the travel date is 8:00 AM to 4:30 PM (Block 1B), you must check "Yes" in Block 2A and enter 1:30 (hours:minutes) in Block 2B since you are entitled to your regular pay from 3:00 PM to 4:30 PM. If the total time in Block 1G does not include hours for which you received or are entitled to receive compensation, check "No" and go to Block 3A.

Under certain conditions, actual travel time may qualify as hours of work. (See VA Handbook 5007, Part VIII, Chapter 15, paragraph 4b(3) and (4)) For example, travel time by an employee who must escort a patient aboard a flight may qualify as hours of work.. For FLSA Status N (non-exempt) employees, travel on a non-workday during times which corresponds to their normal tour of duty may qualify as hours of work.. Generally, travel time that qualify as hours of work will result in an employee receiving additional regular or overtime pay and must be entered on the time and attendance records. If you need additional information on travel time that may qualify as hours of work, contact your supervisor or local human resources office for more information. Note: Performing *unapproved* work while traveling, such as working on your laptop or reviewing presentation material aboard a flight is not considered hours of work.

Block 2B. If Block 2A is "Yes", enter the total time (hours:minutes) for which you received or are entitled to receive compensation.

Excess Waiting Time

Block 3A. Up to one hour waiting time is creditable for compensatory time off for travel. This includes time in which you are required to wait prior to actual travel time, such as waiting for departure of a flight or connecting flight. If the total time in 1G includes excess waiting time, i.e., waiting time in excess of one hour, check "Yes" and complete Block 3B. If the total time in 1G does not include excess waiting time, check "No".

Block 3B. During the excess waiting time, if you were free to rest, sleep or otherwise use the time for your own personal use, check "Yes" and complete Block 3C. If you were not able to use the excess waiting time for your own personal use, check "No" and explain in Remarks. You may receive credit for excess waiting time only if approved by the certifying official. Include any information and documentation that supports your claim.

Example: If you are arrive at the airport one hour prior to a scheduled departure and your flight is delayed two hours, you must check "Yes" if you were free to use the excess waiting time for your own personal use. However, if your flight is delayed on the runway for two hours and you must remain aboard the plane, you would likely answer "No", and enter an explanation in the Remarks section.

Block 3C. Enter any waiting time in excess of one hour in which you were free to use for your own personal use; enter hours:minutes.

Commute Time

Blocks 4A and 4C. If you departed from or arrived at your home outside of your normal work schedule, check "Yes", as appropriate and complete Blocks 4B and 4D. If you departed from or arrived at your home during your normal work schedule, check "No", as appropriate.

Blocks 4B and 4D. Travel time between home and a transportation terminal within the limits of your official duty station is considered normal commute time. When you travel between home and a transportation terminal or TDY location outside the limits of the official duty station, you must deduct your normal home-to-work or work-to-home commute time. In Block 4B and 4D, enter the appropriate commute time in hours:minutes.

Example: If it takes 1 hour to travel between home and a transportation terminal within the limits of your official duty but your normal home-to-work or work-to-home commute is one-half hour, you must deduct one hour. However, if you travel between home and a transportation terminal or TDY location outside the limits of your official duty station, you would deduct your normal home-to-work or work-to-home commute time of one-half hour.

[ ]

Totals

Block [**5.**] Compute the total amount of compensatory time for travel requested for each segment of travel. This amount equals the Total Time (1G) minus Hours of Work (2B), minus Excess Waiting Time (3C), minus Commute Time (4[B] and 4[D]) [ ].

Block [**6.**] Add Block [5] Part I and Block [5] Part II. This is the total amount requested for the period(s) of travel identified on this form. Note: When adding and subtracting total minutes, remember that one hour equals 60 minutes. For example, 3:45 (3 hours:45 minutes) plus 1:30 (one hour:30 minutes) equals 5:15 (5 hours:15 minutes) **not 4:75.** Likewise, 8:30 (8 hours:30 minutes) minus 6:45 (6 hours:45 minutes) equals 1:45 (1 hour:45 minutes) **not 1:85**. Acceptable values for total minutes are :00, :15, :30, and :45.

Certifications

Blocks [**7 and 8.**] Employee must sign and date**.**

Blocks [**9, 10, and 11.**] Enter the certifying official's name and title in Block [9]. Certifying official must sign and date Blocks [10 and 11.]

For Timekeeper Use Only

Blocks [**12 -16.**] Timekeeper must follow guidance and instructions issued by the local payroll office.

Remarks

This section will be used to enter any additional information pertaining to the employee's request. When an employee claims credit for excess waiting time, i.e., Block 3B is "No", the employee must use this section to enter the reason they were not able to use excess waiting time for personal use. This section will also be used by the certifying official to identify differences in amounts requested by the employee and the amount actually approved.

Any documentation submitted by the employee to substantiate their claim or used by the certifying official in their approval should be attached to VA Form 0861.

Example 1: On March 7, 2005, Elliott Alpha, an FLSA exempt employee whose duty station is Washington, DC, travels TDY to Albuquerque, NM, during regular hours of duty on a workday. He departs his home (for the airport) at 5:00 AM and arrives at his TDY location the same day at 2:15 PM. Elliott's tour of duty is 8:00 AM to 4:30 PM, Monday through Friday and his normal commuting time is 45 minutes. For his return travel, Elliott departs Albuquerque at 7AM on March 12, 2005, [ ] and arrives at his home at 5:15 PM.

You will notice that the Time of Departure and Time of Arrival are based on local times at Place of Departure and Place of Arrival. Since the times in the example reflect a two hour time difference, i.e., between Eastern time and Mountain time, you can not subtract the arrival time from the departure time in order to determine Total Time from Departure to Arrival. The Total Time From Departure to Arrival must reflect the actual amount of time (hours:minutes) between departure and arrival.

As shown in Block [6] of VA Form 0861 on the next page, Elliott requested [9:45] hours:minutes for this TDY travel

Figure 1: Screenshot of Sample VA Form 0861 (see the accessible version)

Department of Veterans Affairs — **REQUEST FOR CREDIT OF COMPENSATORY TIME FOR TRAVEL**

1. NAME OF EMPLOYEE	2. T&L UNIT	3. TRAVEL AUTHORIZATION NO. (If Applicable)	4. FLSA STATUS (Exempt – E; Non-Exempt – N)
ELLIOTT, ALPHA	437	T-58791	E

PART I - OUTGOING TRAVEL		PART II - RETURN TRAVEL	
1A. DATE OF TRAVEL (MM/DD/YYYY): 03/07/2005	1B. WORK SCHEDULE ON DATE OF TRAVEL (Ex: Day Off, 8:00 - 4:30 p.m): 08:30 AM - 4:30 PM	1A. DATE OF TRAVEL (MM/DD/YYYY): 03/12/2005	1B. WORK SCHEDULE ON DATE OF TRAVEL (Ex: Day Off, 8:00 - 4:30 p.m): DAY OFF
1C. PLACE OF DEPARTURE (Home, Worksite, TDY Location): HOME	1D. PLACE OF ARRIVAL (Home, Worksite, TDY Location): ALBUQERUE, NM	1C. PLACE OF DEPARTURE (Worksite, TDY Location): ALBUQERQUE, NM	1D. PLACE OF ARRIVAL (Home, Worksite, TDY Location): HOME
1E. TIME OF DEPARTURE: 5:00 AM (EASTERN STD)	1F. TIME OF ARRIVAL: 10:45 AM (MOUNTAIN)	1E. TIME OF DEPARTURE: 7:00 AM (MOUNTAIN)	1F. TIME OF ARRIVAL: 5:15 PM (EASTERN STD)
1G. TOTAL TIME FROM DEPARTURE TO ARRIVAL ▶ HOURS:MINUTES: 7:45		1G. TOTAL TIME FROM DEPARTURE TO ARRIVAL ▶ HOURS:MINUTES: 8:15	
2A. DOES TOTAL TIME INCLUDE ANY HOURS FOR WHICH YOU RECEIVED OR ARE ENTITLED TO RECEIVE PAY? (For example, if you traveled during your normal tour of duty, you must show the time traveled during normal tour of duty) ☒ YES (Complete Item 2B) ☐ NO (Skip to Item 3A)		2A. DOES TOTAL TIME INCLUDE ANY HOURS FOR WHICH YOU RECEIVED OR ARE ENTITLED TO RECEIVE PAY? (For example, if you traveled during your normal tour of duty, you must show the time traveled during normal tour of duty) ☐ YES (Complete Item 2B) ☒ NO (Skip to Item 3A)	
2B. HOW MANY HOURS AND MINUTES ▶ HOURS:MINUTES: 4:45		2B. HOW MANY HOURS AND MINUTES ▶ HOURS:MINUTES: 0:00	
3A. DOES TOTAL TIME INCLUDE ANY EXCESS WAITING TIME? ☐ YES (Complete Item 3B) ☒ NO (Skip to Item 4)		3A. DOES TOTAL TIME INCLUDE ANY EXCESS WAITING TIME? ☐ YES (Complete Item 3B) ☒ NO (Skip to Item 4)	
3B. WERE YOU FREE TO USE THE EXCESS WAITING TIME FOR YOUR OWN PERSONAL USE? ☐ YES (Complete Item 3C) ☐ NO (Explain in Remarks on Page 2)		3B. WERE YOU FREE TO USE THE EXCESS WAITING TIME FOR YOUR OWN PERSONAL USE? ☐ YES (Complete Item 3C) ☐ NO (Explain in Remarks on Page 2)	
3C. IF YOU WERE FREE TO USE THE EXCESS WAITING TIME FOR YOUR OWN PERSONAL USE, WHAT IS THE TOTAL EXCESS WAITING TIME? (i.e., the total waiting time (hours:minutes) in excess of one hour) ▶ HOURS:MINUTES: 0:00		3C. IF YOU WERE FREE TO USE THE EXCESS WAITING TIME FOR YOUR OWN PERSONAL USE, WHAT IS THE TOTAL EXCESS WAITING TIME? (i.e., the total waiting time (hours:minutes) in excess of one hour) ▶ HOURS:MINUTES: 0:00	
4A. DID YOU DEPART FROM HOME OUTSIDE YOUR NORMAL WORK SCHEDULE? ☒ YES (Complete Item 4B) ☐ NO (Skip to Item 4C)		4A. DID YOU DEPART FROM HOME OUTSIDE YOUR NORMAL WORK SCHEDULE? ☐ YES (Complete Item 4B) ☒ NO (Skip to Item 4C)	
4B. WHAT IS CONSIDERED NORMAL COMMUTE TIME? (See VA Handbook 5007 Part VIII, Chapter 15, Paragraph 4d) ▶ HOURS:MINUTES: 0:45		4B. WHAT IS CONSIDERED NORMAL COMMUTE TIME? (See VA Handbook 5007 Part VIII, Chapter 15, Paragraph 4d) ▶ HOURS:MINUTES: 0:00	
4C. DID YOU ARRIVE AT HOME OUTSIDE OF YOUR NORMAL WORK SCHEDULE? ☐ YES (Complete Item 4D) ☒ NO (Skip to Item 5)		4C. DID YOU ARRIVE AT HOME OUTSIDE OF YOUR NORMAL WORK SCHEDULE? ☐ YES (Complete Item 4D) ☒ NO (Skip to Item 5)	
4D. WHAT IS CONSIDERED NORMAL COMMUTE TIME? (See VA Handbook 5007 Part VIII, Chapter 15, Paragraph 4d) ▶ HOURS:MINUTES: 0:00		4D. WHAT IS CONSIDERED NORMAL COMMUTE TIME? (See VA Handbook 5007 Part VIII, Chapter 15, Paragraph 4d) ▶ HOURS:MINUTES: 0:45	
5. WHAT IS THE TOTAL COMPENSATORY TIME FOR TRAVEL REQUESTED FOR PART I? (Total time (1G) minus hours of work (2B), excess waiting time(3C), commute time (4B and 4D)). ▶ HOURS:MINUTES: 2:15		5. WHAT IS THE TOTAL COMPENSATORY TIME FOR TRAVEL REQUESTED FOR PART II? (Total time (1G) minus hours of work (2B), excess waiting time(3C), commute time (4B and 4D)). ▶ HOURS:MINUTES: 6:30	
6. TOTAL COMPENSATORY TIME OFF FOR TRAVEL (Part I Item 5 plus Part II Item 5) ▶ 8:45			
7. SIGNATURE OF EMPLOYEE: //S//ELLIOTT ALPHA		8. DATE SIGNED: 03/18/2005	
9. NAME AND TITLE OF CERTIFYING OFFICIAL: A.C. OFFICIAL, DIRECTOR, EMPLOYEE RELATIONS		10. SIGNATURE OF CERTIFYING OFFICIAL: //S// A.C. OFFICIAL	11. DATE SIGNED: 03/21/2005

FOR TIMEKEEPER USE ONLY

12. YEAR/PAY PERIOD INPUT	13. YEAR/PAY PERIOD EXPIRES	14. TIMEKEEPER INITIALS	15. DATE INITIALED	16. IS THIS A CORRECTION?
2005/05	2006/06	AET	03/22/2005	☐ YES ☒ NO

VA FORM JUL 2015 (R) **0861**

Example 2: On April 10, 2005, Sam Beta, an FLSA non-exempt employee, departs home at 6:00 AM and arrives at Lexington, KY at 9:00 AM. On April 11, 2005, a non work day, he departs Lexington at 5:00 PM and arrives home at 8:00 PM. Sam's regular tour of duty is 9:00 AM to 5:30 PM and his normal home-to-work/work-to-home commute time is 1 hour.

For FLSA non-exempt employees, time in a travel status on a non-workday that corresponds to normal hours of duty is considered *hours of work for travel*. Employees may not receive compensatory time for travel for such hours. Since Sam departed Lexington at 5:00 PM, (Part II, Block 1E), the time traveled from 5:00 PM to 5:30 PM must be deducted as hours of work (see Part II, Block 2B) and posted on the employee's time and attendance record. Certifying officials must ensure all hours of work are correctly identified and recorded so employees may receive proper compensation and credit.

As shown in Block [6] of VA Form 0861 on the next page, Sam requested 3:30 hours:minutes for this TDY travel.

Figure 2: Screenshot of Sample VA Form 0861 (see the accessible version)

Department of Veterans Affairs — REQUEST FOR CREDIT OF COMPENSATORY TIME FOR TRAVEL

1. NAME OF EMPLOYEE	2. T&L UNIT	3. TRAVEL AUTHORIZATION NO. (If Applicable)	4. FLSA STATUS (Exempt – E; Non-Exempt – N)
SAMUEL BETA	477	T-89671	E

PART I - OUTGOING TRAVEL		PART II - RETURN TRAVEL	
1A. DATE OF TRAVEL (MM/DD/YYYY): 04/10/2005	1B. WORK SCHEDULE ON DATE OF TRAVEL (Ex: Day Off, 8:00 - 4:30 p.m): 9:00 am - 5:30 PM	1A. DATE OF TRAVEL (MM/DD/YYYY): 04/11/2005	1B. WORK SCHEDULE ON DATE OF TRAVEL (Ex: Day Off, 8:00 - 4:30 p.m): DAY OFF
1C. PLACE OF DEPARTURE (Home, Worksite, TDY Location): HOME	1D. PLACE OF ARRIVAL (Home, Worksite, TDY Location): LEXINGON, KY	1C. PLACE OF DEPARTURE (Worksite, TDY Location): LEXINGTON, KY	1D. PLACE OF ARRIVAL (Home, Worksite, TDY Location): HOME
1E. TIME OF DEPARTURE: 6:00 AM	1F. TIME OF ARRIVAL: 9:00 AM	1E. TIME OF DEPARTURE: 5:00 PM	1F. TIME OF ARRIVAL: 8:00 PM
1G. TOTAL TIME FROM DEPARTURE TO ARRIVAL ▶ HOURS:MINUTES 3:00		1G. TOTAL TIME FROM DEPARTURE TO ARRIVAL ▶ HOURS:MINUTES 3:00	
2A. DOES TOTAL TIME INCLUDE ANY HOURS FOR WHICH YOU RECEIVED OR ARE ENTITLED TO RECEIVE PAY? (For example, if you traveled during your normal tour of duty, you must show the time traveled during normal tour of duty) ☐ YES (Complete Item 2B) ☒ NO (Skip to Item 3A)		2A. DOES TOTAL TIME INCLUDE ANY HOURS FOR WHICH YOU RECEIVED OR ARE ENTITLED TO RECEIVE PAY? (For example, if you traveled during your normal tour of duty, you must show the time traveled during normal tour of duty) ☒ YES (Complete Item 2B) ☐ NO (Skip to Item 3A)	
2B. HOW MANY HOURS AND MINUTES ▶ HOURS:MINUTES 0:00		2B. HOW MANY HOURS AND MINUTES ▶ HOURS:MINUTES 0:30	
3A. DOES TOTAL TIME INCLUDE ANY EXCESS WAITING TIME? ☐ YES (Complete Item 3B) ☒ NO (Skip to Item 4)		3A. DOES TOTAL TIME INCLUDE ANY EXCESS WAITING TIME? ☐ YES (Complete Item 3B) ☒ NO (Skip to Item 4)	
3B. WERE YOU FREE TO USE THE EXCESS WAITING TIME FOR YOUR OWN PERSONAL USE? ☐ YES (Complete Item 3C) ☐ NO (Explain in Remarks on Page 2)		3B. WERE YOU FREE TO USE THE EXCESS WAITING TIME FOR YOUR OWN PERSONAL USE? ☐ YES (Complete Item 3C) ☒ NO (Explain in Remarks on Page 2)	
3C. IF YOU WERE FREE TO USE THE EXCESS WAITING TIME FOR YOUR OWN PERSONAL USE, WHAT IS THE TOTAL EXCESS WAITING TIME? (i.e., the total waiting time (hours: minutes) in excess of one hour) ▶ HOURS:MINUTES 0:00		3C. IF YOU WERE FREE TO USE THE EXCESS WAITING TIME FOR YOUR OWN PERSONAL USE, WHAT IS THE TOTAL EXCESS WAITING TIME? (i.e., the total waiting time (hours: minutes) in excess of one hour) ▶ HOURS:MINUTES 0:00	
4A. DID YOU DEPART FROM HOME OUTSIDE YOUR NORMAL WORK SCHEDULE? ☒ YES (Complete Item 4B) ☐ NO (Skip to Item 4C)		4A. DID YOU DEPART FROM HOME OUTSIDE YOUR NORMAL WORK SCHEDULE? ☐ YES (Complete Item 4B) ☒ NO (Skip to Item 4C)	
4B. WHAT IS CONSIDERED NORMAL COMMUTE TIME? (See VA Handbook 5007 Part VIII, Chapter 15, Paragraph 4d) ▶ HOURS:MINUTES 1:00		4B. WHAT IS CONSIDERED NORMAL COMMUTE TIME? (See VA Handbook 5007 Part VIII, Chapter 15, Paragraph 4d) ▶ HOURS:MINUTES 1:00	
4C. DID YOU ARRIVE AT HOME OUTSIDE OF YOUR NORMAL WORK SCHEDULE? ☐ YES (Complete Item 4D) ☐ NO (Skip to Item 5)		4C. DID YOU ARRIVE AT HOME OUTSIDE OF YOUR NORMAL WORK SCHEDULE? ☒ YES (Complete Item 4D) ☐ NO (Skip to Item 5)	
4D. WHAT IS CONSIDERED NORMAL COMMUTE TIME? (See VA Handbook 5007 Part VIII, Chapter 15, Paragraph 4d) ▶ HOURS:MINUTES 0:00		4D. WHAT IS CONSIDERED NORMAL COMMUTE TIME? (See VA Handbook 5007 Part VIII, Chapter 15, Paragraph 4d) ▶ HOURS:MINUTES 0:00	
5. WHAT IS THE TOTAL COMPENSATORY TIME FOR TRAVEL REQUESTED FOR PART I? (Total time (1G) minus hours of work (2B), excess waiting time(3C), commute time (4B and 4D)). ▶ HOURS:MINUTES 2:00		5. WHAT IS THE TOTAL COMPENSATORY TIME FOR TRAVEL REQUESTED FOR PART II? (Total time (1G) minus hours of work (2B), excess waiting time(3C), commute time (4B and 4D)). ▶ HOURS:MINUTES 1:30	
6. TOTAL COMPENSATORY TIME OFF FOR TRAVEL (Part I Item 5 plus Part II Item 5) ▶		3:30	
7. SIGNATURE OF EMPLOYEE: //S// SAMUEL BETA		8. DATE SIGNED: 04/12/2005	
9. NAME AND TITLE OF CERTIFYING OFFICIAL: A.C. OFFICIAL, DIRECTOR, EMPLOYEE RELATIONS		10. SIGNATURE OF CERTIFYING OFFICIAL: //S// A.C. OFFICIAL	11. DATE SIGNED: 04/12/2005

FOR TIMEKEEPER USE ONLY

12. YEAR/PAY PERIOD INPUT	13. YEAR/PAY PERIOD EXPIRES	14. TIMEKEEPER INITIALS	15. DATE INITIALED	16. IS THIS A CORRECTION?
2005/07	2006/08	AET	04/14/2005	☐ YES ☒ NO

VA FORM JUL 2015 (R) **0861**

Example 3: On January 28, 2005, Mr. Tym E. Zones, an FLSA exempt employees departs his worksite at 10:00 AM (Eastern Time) for the airport. Once he arrives at the airport, he learns that his flight is delayed 2 hours. While waiting for his flight, he spends 1 hour eating [ ] at an airport restaurant. He finally arrives at his TDY location in Fresno, CA at 4:30 (Pacific Time).

On February 4, 2005, he departs Fresno, CA at 10:30 AM (Pacific time) and arrives at his home (Washington, DC) at 7:30 PM (Eastern time). His regular work schedule for both travel dates is 8:00 AM to 4:30 PM.

In Part I, [ ] Mr. Zones' flight was delayed two hours and he certified that he was free to use [one hour] for his own personal use, he [therefore] deduct[s] one hour excess waiting time in Block 3C [ ].

In this example, you will notice that Mr. Zones' travel time in Part II is not creditable for compensatory time off for travel. When employees travel between time zones, you must always use the time zone of departure to determine hours of work. In this example, although he arrived at 7:30 PM Eastern Time, his work schedule is based on Pacific time, i.e., the time zone of his departure. Mr. Zones arrived home at 4:30 PM *Pacific time* at the end of his regular work schedule for that day.

As shown in Block [6] of VA Form 0861 on the next page, Mr. Zones requested [2:00 hours: minutes for this TDY travel.

Figure 3: Screenshot of Sample VA Form 0861 (see the accessible version)

Department of Veterans Affairs — **REQUEST FOR CREDIT OF COMPENSATORY TIME FOR TRAVEL**

1. NAME OF EMPLOYEE	2. T&L UNIT	3. TRAVEL AUTHORIZATION NO. *(If Applicable)*	4. FLSA STATUS *(Exempt – E; Non-Exempt – N)*
TYM E. ZONES	003	T-05246	E

PART I - OUTGOING TRAVEL		PART II - RETURN TRAVEL	
1A. DATE OF TRAVEL *(MM/DD/YYYY)* 01/28/2005	1B. WORK SCHEDULE ON DATE OF TRAVEL *(Ex: Day Off, 8:00 - 4:30 p.m)* 8:00 AM - 4:30 PM	1A. DATE OF TRAVEL *(MM/DD/YYYY)* 02/04/2005	1B. WORK SCHEDULE ON DATE OF TRAVEL *(Ex: Day Off, 8:00 - 4:30 p.m)* 8:00 AM - 4:30 PM
1C. PLACE OF DEPARTURE *(Home, Worksite, TDY Location)* WORKSITE	1D. PLACE OF ARRIVAL *(Home, Worksite, TDY Location)* FRESNO, CA	1C. PLACE OF DEPARTURE *(Worksite, TDY Location)* FRESNO, CA	1D. PLACE OF ARRIVAL *(Home, Worksite, TDY Location)* HOME
1E. TIME OF DEPARTURE 10:00AM (EASTER STD)	1F. TIME OF ARRIVAL 4:30 PM (EASTER STD)	1E. TIME OF DEPARTURE 10:30 AM (PACIFIC STD)	1F. TIME OF ARRIVAL 7:30 PM (EASTERN STD)
1G. TOTAL TIME FROM DEPARTURE TO ARRIVAL ▶	HOURS:MINUTES 9:30	1G. TOTAL TIME FROM DEPARTURE TO ARRIVAL ▶	HOURS:MINUTES 7:30
2A. DOES TOTAL TIME INCLUDE ANY HOURS FOR WHICH YOU RECEIVED OR ARE ENTITLED TO RECEIVE PAY? *(For example, if you traveled during your normal tour of duty, you must show the time traveled during normal tour of duty)* ☒ YES *(Complete Item 2B)* ☐ NO *(Skip to Item 3A)*		2A. DOES TOTAL TIME INCLUDE ANY HOURS FOR WHICH YOU RECEIVED OR ARE ENTITLED TO RECEIVE PAY? *(For example, if you traveled during your normal tour of duty, you must show the time traveled during normal tour of duty)* ☒ YES *(Complete Item 2B)* ☐ NO *(Skip to Item 3A)*	
2B. HOW MANY HOURS AND MINUTES ▶	HOURS:MINUTES 6:30	2B. HOW MANY HOURS AND MINUTES ▶	HOURS:MINUTES 7:30
3A. DOES TOTAL TIME INCLUDE ANY EXCESS WAITING TIME? ☒ YES *(Complete Item 3B)* ☐ NO *(Skip to Item 4)*		3A. DOES TOTAL TIME INCLUDE ANY EXCESS WAITING TIME? ☐ YES *(Complete Item 3B)* ☒ NO *(Skip to Item 4)*	
3B. WERE YOU FREE TO USE THE EXCESS WAITING TIME FOR YOUR OWN PERSONAL USE? ☒ YES *(Complete Item 3C)* ☐ NO *(Explain in Remarks on Page 2)*		3B. WERE YOU FREE TO USE THE EXCESS WAITING TIME FOR YOUR OWN PERSONAL USE? ☐ YES *(Complete Item 3C)* ☐ NO *(Explain in Remarks on Page 2)*	
3C. IF YOU WERE FREE TO USE THE EXCESS WAITING TIME FOR YOUR OWN PERSONAL USE, WHAT IS THE TOTAL EXCESS WAITING TIME? *(i.e., the total waiting time (hours:minutes) in excess of one hour)* ▶	HOURS:MINUTES 1:00	3C. IF YOU WERE FREE TO USE THE EXCESS WAITING TIME FOR YOUR OWN PERSONAL USE, WHAT IS THE TOTAL EXCESS WAITING TIME? *(i.e., the total waiting time (hours:minutes) in excess of one hour)* ▶	HOURS:MINUTES 0:00
4A. DID YOU DEPART FROM HOME OUTSIDE YOUR NORMAL WORK SCHEDULE? ☐ YES *(Complete Item 4B)* ☒ NO *(Skip to Item 4C)*		4A. DID YOU DEPART FROM HOME OUTSIDE YOUR NORMAL WORK SCHEDULE? ☐ YES *(Complete Item 4B)* ☒ NO *(Skip to Item 4C)*	
4B. WHAT IS CONSIDERED NORMAL COMMUTE TIME? *(See VA Handbook 5007 Part VIII, Chapter 15, Paragraph 4d)* ▶	HOURS:MINUTES 1:00	4B. WHAT IS CONSIDERED NORMAL COMMUTE TIME? *(See VA Handbook 5007 Part VIII, Chapter 15, Paragraph 4d)* ▶	HOURS:MINUTES 0:00
4C. DID YOU ARRIVE AT HOME OUTSIDE OF YOUR NORMAL WORK SCHEDULE? ☐ YES *(Complete Item 4D)* ☒ NO *(Skip to Item 5)*		4C. DID YOU ARRIVE AT HOME OUTSIDE OF YOUR NORMAL WORK SCHEDULE? ☐ YES *(Complete Item 4D)* ☒ NO *(Skip to Item 5)*	
4D. WHAT IS CONSIDERED NORMAL COMMUTE TIME? *(See VA Handbook 5007 Part VIII, Chapter 15, Paragraph 4d)* ▶	HOURS:MINUTES 0:00	4D. WHAT IS CONSIDERED NORMAL COMMUTE TIME? *(See VA Handbook 5007 Part VIII, Chapter 15, Paragraph 4d)* ▶	HOURS:MINUTES 0:00
5. WHAT IS THE TOTAL COMPENSATORY TIME FOR TRAVEL REQUESTED FOR PART I? *(Total time (1G) minus hours of work (2B), excess waiting time(3C), commute time (4B and 4D).* ▶	HOURS:MINUTES 0:30	5. WHAT IS THE TOTAL COMPENSATORY TIME FOR TRAVEL REQUESTED FOR PART II? *(Total time (1G) minus hours of work (2B), excess waiting time(3C), commute time (4B and 4D).* ▶	HOURS:MINUTES 0:00
6. TOTAL COMPENSATORY TIME OFF FOR TRAVEL *(Part I Item 5 plus Part II Item 5)* ▶	0:30		
7. SIGNATURE OF EMPLOYEE //S//TYM E. ZONE		8. DATE SIGNED 02/10/2005	
9. NAME AND TITLE OF CERTIFYING OFFICIAL A.C. OFFICIAL, DIRECTOR, EMPLOYEE RELATIONS		10. SIGNATURE OF CERTIFYING OFFICIAL //S//A.C. OFFICIAL	11. DATE SIGNED 02/10/2005

FOR TIMEKEEPER USE ONLY

12. YEAR/PAY PERIOD INPUT	13. YEAR/PAY PERIOD EXPIRES	14. TIMEKEEPER INITIALS	15. DATE INITIALED	16. IS THIS A CORRECTION?
2005/02	2006/03	AAE	02/14/2005	☐ YES ☒ NO

VA FORM JUL 2015 (R) **0861**

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APPENDIX J. NURSE EXECUTIVE SPECIAL PAY APPROVAL FORM

VA Department of Veterans Affairs			NURSE EXECUTIVE SPECIAL PAY DETERMINATION
1. NAME (Last, First, Middle Initial)		2. LAST 4 DIGITS OF SSN	3. Assignment (Check one) ☐ VHA Health Care Facility ☐ VACO Deputy Chief Nursing Officer ☐ VACO Chief Nursing Officer
4. GRADE/STEP	5. CURRENT BASIC PAY RATE	6. EFFECTIVE DATE	7. DATE PREPARED

8. FACILITY COMPLEXITY LEVEL

☐ Complexity Level 1a ☐ Complexity Level 1b, 1c, 2 ☐ Complexity Level 3

9. JUSTIFICATION (REFER TO SPECIAL PAY FACTORS IN VA HANDBOOK 5007, PART VIII, CHAPTER 16, PARAGRAPH 7)

Grade of the Position:

Scope and Complexity of the Position:

Personal Qualifications:

Facility Characteristics:

Recruitment and Retention Difficulties:

Pay Comparability:

Other Factors:

10. ACTION BY APPROVING OFFICIAL

Special Pay Amount Authorized	Signature and Title of Approving Official	Date of Signature

VA Form 0876
March 2006]

[APPENDIX K. PHARMACIST EXECUTIVE SPECIAL PAY APPROVAL FORM

Department of Veterans Affairs

PHARMACIST EXECUTIVE SPECIAL PAY APPROVAL FORM

1. NAME *(Last, First, Middle Initial)*	2. LAST 4-DIGITS OF SSN.	3. LOCATION OF ASSIGNMENT

4. GRADE/STEP	5. CURRENT BASIC PAY RATE	6. CURRENT SPECIAL PAY AMOUNT

7. ASSIGNMENT *(Check one)*

- ☐ VACO CHIEF CONSULTANT, PBM
- ☐ VACO ASSOCIATE CHIEF CONSULTANT, PBM
- ☐ VISN PHARMACY BENEFITS MANAGER
- ☐ VACO DEPUTY CHIEF CONSULTANT, PBM
- ☐ CONSOLIDATED MAIL OUTPATIENT PHARMACY DIRECTOR

8. JUSTIFICATION ***(Refer to Special Pay Factors in VA Handbook 5007, Part VIII, Chapter 17, Paragraph 5)***

8A. GRADE AND RATE OF PAY FOR THE POSITION

8B. SCOPE AND COMPLEXITY OF THE POSITION

8C. PERSONAL QUALIFICATIONS

8D. CHARACTERISTICS OF THE LABOR MARKET *(Including recruitment and retention difficulties)*

8E. OTHER FACTORS

9. ACTION BY RECOMMENDING OFFICIAL

9A. SPECIAL PAY AMOUNT RECOMMENDED	9B. SIGNATURE AND TITLE OF RECOMMENDING OFFICIAL	9C. DATE SIGNED

10. ACTION BY APPROVING OFFICIAL

10A. SPECIAL PAY AMOUNT AUTHORIZED	10B. SIGNATURE AND TITLE OF APPROVING OFFICIAL	10C. DATE SIGNED	10D. EFFECTIVE DATE

VA FORM FEB 2011 **0941**

]

PAY ADMINISTRATION

PART IX. PAY FOR VHA PHYSICIANS AND DENTISTS

CONTENTS

PARAGRAPH **PAGE**

1. SCOPE IX-1
2. AUTHORITY IX-1
3. EXCLUSIONS IX-1
4. GENERAL IX-1
5. DEFINITIONS IX-1
6. RESPONSIBILITIES IX-3
7. BASE PAY IX-5
8. LONGEVITY STEP INCREASES IX-6
9. MARKET PAY IX-7
10. MARKET PAY ADJUSTMENTS FOR INDIVIDUAL PHYSICIANS AND DENTISTS ..... IX-[10]
11. RECONSIDERATION OF TIER DETERMINATION IX-10
12 PERFORMANCE PAY IX-11
13. [MARKET PAY RECOMMENDATION AND APPROVAL] IX-12
14. PAY LIMITATIONS AND EXCEPTIONS IX-14
15. PAY RATES INCIDENT TO CERTAIN PERSONNEL ACTIONS IX-16
16. NOTICE REQUIREMENTS FOR REDUCTIONS IN MARKET PAY IX-17
17. DUAL APPOINTMENTS IX-17
18. RELATIONSHIP OF PAY TO BENEFITS IX-17
19. ERRONEOUS PAYMENTS IX-17
20. COMPUTATION OF PAY IX-17
21. PAY FOR THE UNDER SECRETARY FOR HEALTH IX-18
22. [DOCUMENATATION] IX-18
[23.] REFERENCES IX-18

APPENDICES

IX-A. CREDITABLE SERVICE FOR BASE PAY DETERMINATIONS IX-A-1
IX-B. EXCEPTIONS TO THE MAXIMUM OF THE ANNUAL PAY RANGE IX-B-1

PART IX. PAY FOR VHA PHYSICIANS AND DENTISTS

1. SCOPE. This part contains mandatory pay administration regulations and procedures for Veterans Health Administration (VHA) physicians and dentists in the Department of Veterans Affairs (VA) appointed under the authority of 38 U.S.C. 305, 7306, 7401(1), or 7405(a)(1)(A). The Secretary retains authority to act on pay matters involving the Under Secretary for Health.

2. AUTHORITY. 38 U.S.C. 305, § 7421(a); 7431, 7432 and 7433 as amended by Public Law 108-445.

3. EXCLUSIONS. The following categories of physicians and dentists are ineligible for pay under this part:

a. Interns and residents (whether paid by stipend or through a disbursement agreement) appointed under 38 U.S.C. 7406;

b. Fee-basis employees appointed under 38 U.S.C. 7405(a)(2);

c. Fellows (including special fellows such as Health Services Research and Development, Medical Informatics, Advanced Geriatrics, and Advanced Spinal Cord Injury) appointed under 38 U.S.C. 7405(a)(1)(D);

d. Research trainees employed as Associate Investigators appointed under 38 U.S.C. 7405(a)(1)(D); and

e. Physicians and dentists employed at the Manila Outpatient Clinic who are foreign nationals paid under local national pay schedules established by the Department of State (DOS).

4. GENERAL. The pay of VHA physicians and dentists consists of three elements: base pay, market pay, and performance pay. 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. VA is committed to assuring that the levels of annual pay (base pay plus market pay) for VHA physicians and dentists are fixed at levels reasonably comparable with the income of non-VA physicians and dentists performing like services.

5. DEFINITIONS

a. **Aggregate Pay.** The sum of all payments made to a physician or dentist in a calendar year, exclusive of lump sum annual leave, reimbursement of travel, backpay, and severance. Physicians and dentists appointed under 38 U.S.C. 305, 7306, 7401(1), and 7405(a)(1)(A) 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.

b. **Annual Pay.** The sum of the base pay rate and market pay. Annual pay is basic pay only for purposes of computing civil service retirement benefits, lump sum annual leave payments, life insurance, thrift savings plan, work injury compensation claims, severance pay, recruitment, relocation, and retention incentives, continuation of pay, and advances in pay.

c. **Base and Longevity Pay Schedule.** A table consisting of 15 rates of base pay, designated as steps 1 through 15. Physicians and dentists advance on the table at the rate of one step for every 2 years of VHA service.

d. **Base Pay Rate.** The rate for a step on the Physician and Dentist Base and Longevity Pay Schedule.

e. **Basic Pay.** The rate of pay fixed by law or administrative action for the position held by an employee before any deductions and exclusive of additional pay of any kind (e.g., market pay, performance pay, recruitment incentive etc.) as prescribed under 38 U.S.C. 7431. However, annual pay is basic pay only for purposes of computing civil service retirement benefits, lump sum annual leave payments, life insurance, thrift savings plan, work injury compensation claims, severance pay, recruitment, relocation, and retention incentives, continuation of pay, and advances in pay. In no instance is performance pay considered part of any individual's rate of basic pay.

f. **Change in Assignment.** A permanent change in official duty station, change in duty basis (i.e., to/from full-time, part-time or intermittent), change in tier, [ ] or a significant change in duties or assignments as determined by an appropriate management official.

[ ]

[g]. **Longevity Step Increase.** Advancement to the next higher step of the grade based upon completing the required waiting period of two years (104 weeks) of creditable service.

[h]. **Management Official.** A person who has supervisory authority over staff or program management responsibility.

[i]. **Market Pay.** A component of basic pay intended to reflect the recruitment and retention needs for the specialty or assignment of a particular VHA physician or dentist.

[j]. **Performance Pay.** A component of compensation paid to recognize the achievement of specific goals and performance objectives prescribed on a fiscal year basis by an appropriate management official. The purpose of performance pay is to improve the quality of care and health care outcomes through the achievement of specific goals and objectives related to the clinical, academic and research missions of VA. Performance pay is paid as a lump sum in accordance with paragraph 12 of this part.

[k]. **Tier.** A level within the annual pay range for an assignment or specialty.

[l.] **Tier Exception.** Approval to exceed the maximum amount of a tier in the nationwide pay range under the provisions of paragraph 14d or Appendix IX-B.

[m]. **Total Pay.** The sum of all payments made to a physician and dentist. Includes base pay, market pay, performance pay, recruitment, relocation, and retention incentives. Excludes cash awards. In Alaska, Hawaii, and Puerto Rico, where the Office of Personnel Management has approved a non-foreign cost-of-living allowance (COLA) under 5 U.S.C. 5941, total pay also includes the COLA.

[n]. **Year.** For purposes of determining base pay under paragraph 7, a year is 52 calendar weeks.

6. RESPONSIBILITIES

a. **Secretary**

(1) Establishes the market pay of the Under Secretary for Health utilizing an appropriate health care labor market.

(2) Approves nationwide annual pay ranges after consideration of recommendations of the Under Secretary for Health and after concurrence by the General Counsel and the Assistant Secretary for Human Resources and Administration.

b. **Under Secretary for Health (or Designee)**

(1) Recommends annual pay ranges for each specialty or assignment to the Secretary at least once every two years (this authority may not be redelegated);

(2) Establishes a Steering Committee comprised of management representatives to develop recommendations for annual pay ranges for each specialty or assignment. The Steering Committee may include no more than one physician and one dentist executive serving in a Deputy Under Secretary, Principal Deputy Under Secretary, Network Director, or Facility Director position. The Steering Committee reviews available national pay sources and recommends applicable sources that describe overall compensation practices in broad geographic scope;

(3) Establishes VHA performance guidelines and objectives for performance pay determinations;

(4) Approves annual pay (plus non-foreign COLA where applicable) [for employees under his/her jurisdiction and annual pay for all VHA physicians and dentists] in excess of $350,000 per annum;

(5) Approves performance pay amounts for physicians and dentists in VACO and those in positions centralized to the Secretary or the Under Secretary for Health;

(6) Approves requests for exceptions to the nationwide pay ranges in accordance with the provisions of appendix B of this part;

(7) Ensures physicians and dentists in VACO and those in positions centralized to the Secretary or the Under Secretary for Health have a market pay review at least once every 24 months and at such other times deemed necessary;

(8) Approves assignment to tier and annual pay for tier 3 national program assignments; and

(9) Approves assignment to tier and annual pay for those physicians and dentists assigned to any tier on the Executive annual pay range.

c. **Network Directors (or Designee)**

[ ]

([1]) Review and recommend approval or disapproval of annual pay (plus non-foreign COLA where applicable) in excess of $350,000 per annum that requires Under Secretary for Health approval (this authority may be redelegated in whole or in part);

([2]) Approve requests for annual pay greater than $300,000, not to exceed $350,000, in accordance with the provisions of paragraph 14d(2);

([3]) Approve annual pay (plus non-foreign COLA where applicable) up to $350,000 per annum for physicians and dentists under their jurisdiction;

([4]) Establish VISN performance goals and approve performance pay amounts for physicians and dentists under their jurisdiction;

([5]) Ensure physicians and dentists under their jurisdiction have a market pay review at least once every 24 months and at such other times deemed necessary;

([6]) Approve all annual pay and performance pay amounts for facility Chiefs of Staff and Deputy Chiefs of Staff; and

([7]) Approve assignment to tier and annual pay for tier 3 network assignments.

d. **Facility Directors (or Designee)**

[ ]

([1]) Approve assignment to tier and annual pay (plus non-foreign COLA where applicable) not to exceed $300,000 per annum for individuals under their jurisdiction (excluding Chief of Staff and Deputy Chiefs of Staff). Performance pay and recruitment, retention, and relocation incentives are approved without regard the limitations prescribed under paragraph 14d of this part. The approval of incentives may not be redelegated; and

([2]) Approve performance pay amounts for physicians and dentists at their facility, except Chiefs of Staff and Deputy Chiefs of Staff. The authority to make performance pay decisions may be delegated to an appropriate management official.

e. **Chiefs of Staff and Other Management Officials**

(1) Establish and communicate performance goals and objectives to individual physicians and dentists employed at their facility;

(2) Make [annual pay recommendations by completing VA Form 10-0432A, Market Pay Review and Approval Form] performance pay recommendations or decisions, as appropriate; and

(3) [Ensure] physicians and dentists at their facility [receive] a market pay review at least once every 24 months and at such other times deemed necessary.

f. **Deputy Assistant Secretary for Human Resources Management .** The Deputy Assistant Secretary for Human Resources Management advises the Under Secretary for Health and other key officials on the regulations, policies, and procedures contained in this part.

g. **Human Resources Management Officers** [ ]

(1) Advise facility management on the regulations, policies, and procedures contained in this part;

(2) Ensure that the policies and procedures concerning physician and dentist pay as described in this part are adhered to;

(3) [Perform a technical review of all market pay recommendations];

(4)] Ensure that covered employees are aware of the policies governing the establishment and adjustment of physician and dentist pay; and

[(5)] Prepare requests [and ensure compliance for exceptions to annual pay limitations] in accordance with the procedures in paragraph 14.

7. BASE PAY

a. Each physician and dentist covered by this part is entitled to a base pay rate determined under the Physician and Dentist Base and Longevity Pay Schedule.

b. The Physician and Dentist Base and Longevity Pay Schedule contains 15 rates of base pay, designated as steps 1 through 15. The rates of pay that correspond to each step are published annually on the Office of Human Resources Management Web site.

c. The base pay rate payable to a physician or dentist is determined by the number of total years of service worked as a physician or dentist in the VHA as reflected by his/her VA service date. The total years of service will be applied to the step rate payable as follows. For the purposes of this paragraph, 104 weeks of creditable service will be counted as two years of service.

Total Service (as determined by VA service date)	Rate Payable
Two years or less	Step 1
More than 2 years and not more than 4 years	Step 2
More than 4 years and not more than 6 years	Step 3
More than 6 years and not more than 8 years	Step 4
More than 8 years and not more than 10 years	Step 5
More than 10 years and not more than 12 years	Step 6
More than 12 years and not more than 14 years	Step 7
More than 14 years and not more than 16 years	Step 8
More than 16 years and not more than 18 years	Step 9
More than 18 years and not more than 20 years	Step 10
More than 20 years and not more than 22 years	Step 11
More than 22 years and not more than 24 years	Step 12
More than 24 years and not more than 26 years	Step 13
More than 26 years and not more than 28 years	Step 14
More than 28 years	Step 15

NOTE: *A description of the types of service creditable towards the calculation of the VA service date are contained in appendix A of this part.*

d. Base pay rates are adjusted on the same effective date and by the same percentage as any General Schedule adjustment under 5 U.S.C. 5303, exclusive of locality comparability payments under 5 U.S.C. 5304.

e. Since the step rate is based solely on tenure, a physician or dentist may not be adjusted higher or lower in step, except for corrections under subparagraph f below.

f. A physician or dentist with unverified prior VHA service at the time of appointment will be placed at Step 1. Upon receipt of the employee's Merged Record Personnel Folder, the step will be redetermined in accordance with the provisions of subparagraph c above. The responsible Human Resources office will process any step adjustment resulting from this review as a retroactive correction to the appointment action. When processing a correction of this type, the [appropriate management official] should review [the] previous recommendation of the provider's market pay to ensure that [the prior service was properly considered] and if necessary, [the approving official] may also recommend retroactively correcting market pay at this time. This may result in an increase or decrease in the market pay component. [ ]

8. LONGEVITY STEP INCREASES

a. **Eligibility.** Longevity step increases (LSIs) will be granted to physicians and dentists that are receiving less than the maximum step rate (step 15) on the Physician and Dentist Base and Longevity Pay Schedule. If such an increase would cause the employee's annual pay (sum of base and market pay) to exceed the amount of annual pay (excluding expenses) received by the President of the United States as specified in 3 U.S.C. 102, the employee will only receive the portion of the increase that does not exceed the annual limitation. The following remark will be used for LSIs that result in an annual pay rate in excess of the annual limitation: "Annual pay rate (base pay plus market pay) would be $_____ if not limited by 38 U.S.C. 7431(e)(4) and 3 U.S.C. 102." See paragraph 14c for information regarding the annual pay limitation.

b. **LSI Waiting Period.** Each eligible physician and dentist will be advanced one step upon completion of two years (104 weeks) of creditable service in VHA.

c. **Creditable Service.** The following service is counted as creditable in the computation of waiting periods for longevity step increases:

(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), 7405(a)(1)(A) or 7306.

NOTE: *The period spent in part-time service is covered as though it had been performed on the basis of full-time service. For an intermittent employee, 1 day of credit is given for each day of service in a pay status; 520 compensable days are equivalent to a waiting period of 104 calendar weeks; the accumulation of 520 compensable days must extend over a period of not less than 104 calendar weeks.*

(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 a total of 30 calendar days in the LSI waiting period.

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

(5) 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.

(6) 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.

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

d. **Effective Date.** Longevity step increases are effective on the first day of the first pay period following completion of the required waiting period.

9. MARKET PAY

a. Each physician and dentist covered by this part is eligible for market pay. Market pay is intended to reflect the recruitment and retention needs for the specialty or assignment of a particular physician or dentist at a VA facility.

b. At least once every two years, the Secretary prescribes nationwide minimum and maximum amounts of annual pay (base pay plus market pay) that will be paid under this paragraph. These amounts are published in the Federal Register for not less than 60 days prior to the effective date. The Secretary may prescribe different ranges for different specialties or assignments. In determining pay ranges, at least two or more national surveys of pay for physicians and dentists are consulted. National surveys consulted include data that describes overall physician and dentist income by specialization or assignment and benefits in broad geographic scope. Annual pay ranges approved by the Secretary are available on the Office of Human Resources Management.

(1) When VA increases the nationwide minimum and/or maximum amounts of annual pay under this paragraph, physicians and dentists are not automatically entitled to a corresponding increase in their individual annual pay rates. Only physicians and dentists whose existing rate of annual pay falls below the newly prescribed nationwide minimum for their designated pay range will automatically receive an increase in market pay to make their annual pay rate equivalent to the new nationwide minimum. [The appropriate management official is responsible for reviewing] the market pay rates for individual physicians and dentists on a periodic basis under the provisions of paragraph 10.

(2) In the event that the nationwide minimum and maximum amounts of annual pay are reduced under this paragraph, physicians and dentists already on VA rolls will not experience a reduction in market pay.

c. There may be up to four tiers of annual pay for each specialty or assignment for which a separate range of pay has been approved. Each tier reflects different professional responsibilities, professional achievements, or administrative duties. The current tier definitions for the annual pay ranges established for individual clinical specialty pay tables are as follows.

(1) **Tier 1.** Staff

(2) **Tier 2.** Program manager, supervisor or section chief

(3) **Tier 3.** Service chief, service line manager or other assignment for which the scope and complexity is determined to exceed the definition of Tier 2, Network-level program manager or national program responsibilities requiring a specialty within the assigned pay table.

NOTE: *Consult the published pay tables on the Office of Human Resources Management Web site* to determine the specific tiers and definitions that apply to particular specialties covered by pay tables 5 [and 6].

[d.] **Employees with Dual Assignments [National Level Assignments in VHA Headquarters].** The local [management official] will recommend an annual rate of pay for a physician or dentist who is at a medical center or network office but also has a national level assignment with VHA Headquarters. The Human Resources Office will refer the recommendation [ ] through the Workforce Management and Consulting Office (10A2) for final approval as to the tier and annual pay in consideration of the VHA Headquarters assignment.

[e. **Full Time Employees with Multiple Assignments at a Facility.** Full time employees may have more than one assignment at a facility. For example, a full time primary care physician with a full panel of patients may also spend additional hours performing compensation and pension examinations or occasionally cover an emergency room as needed, in addition to their normal full time biweekly work requirement. Another example might be a psychiatrist who works full time at the main medical center Monday through Friday and agrees to work each Saturday at an outpatient clinic. In setting market pay for a full time employee with additional assignments such as these, the approving official can adjust market pay to account for these additional assignments.

(f) **Full Time Employees with Assignments at Another Facility.** Full time employees may have assignments at other facilities in addition to their primary full time biweekly assignment at their parent facility. In such cases, the approving official at the parent facility will consult with the approving official at the secondary facility as to the specifics of the secondary assignment, and reach agreement as to the value of the secondary assignment that should be added into the market pay of the employee. The secondary facility will reimburse the parent facility for the additional market pay that is provided to the employee for the secondary assignment.

g.] The amount of market pay and appropriate tier for a particular physician or dentist is recommended to the approving official by a Compensation Panel as described in paragraph 13 below.

[h.] The determination of the amount of market pay of a particular physician or dentist shall take into consideration:

(1) The level of experience of the physician or dentist in the specialty or assignment;

(2) The need for the specialty or assignment of the physician or dentist at the facility;

(3) The appropriate health care labor market for the specialty or assignment of the physician or dentist;

(4) The board certifications, if any, of the physician or dentist;

(5) The accomplishments of the physician or dentist in the specialty or assignment;

(6) The prior experience, if any, of the physician or dentist as an employee of the VHA [(to include the amount of Base and Longevity Pay the physician or dentist will receive];

(7) Consideration of unique circumstances, qualifications or credentials, if any, and the comparison of these circumstances to the equivalent compensation level of non-VA physicians or dentists in the local health care labor market; and

(8) In Alaska, Hawaii, and Puerto Rico, the Office of Personnel Management has approved a non-foreign cost-of-living allowance (COLA) under 5 U.S.C. 5941 which is intended to address living costs substantially higher than those in Washington, DC, and/or conditions of environment substantially different from those in the Continental United States. The non-foreign COLA for physicians and dentists is calculated as a percentage of the employee's base pay only (the rate for a step on the Physician and Dentist Base and Longevity Pay Schedule). When determining market pay amounts for providers in these areas, the [appropriate management official] should consider the COLA amount the provider will receive to ensure the provider is adequately, but not excessively, compensated for these issues.

NOTE: *The [following factors should be taken into consideration when making market pay recommendations and approvals.] Where a provider spends a significant amount of time away from clinical duties within his/her specialty or assignment, the time spent away from clinical duties may impact on the provider's level of experience in the specialty or assignment, availability to work in the specialty or assignment, and/or accomplishments in the specialty or assignment, and may therefore be considered when recommending a market pay amount.* [ ]

[i. A recommendation of annual pay using VA Form 10-0432A, Market Pay Review and Approval Form] will normally be recommended and a final decision made prior to the effective date of appointment. In unusual circumstances, a physician or dentist may be appointed without [a market pay review]. The following conditions apply:

(1) The physician or dentist will be paid only the applicable base pay rate on the Base and Longevity Pay Schedule until [the market pay review and recommendation] is approved.

(2) The physician or dentist must be reviewed by the appropriate [management official] within the 30 days following the effective date of appointment.

(3) Once the [market pay recommendation action] is approved, the market pay rate will be retroactive to the effective date of the appointment.

[j. Market pay] recommendations are taken into consideration by the appropriate approving official. The approving official determines the amount of market pay to be paid a physician and dentist after consideration of the annual pay (the sum of the base pay rate and market pay) recommended by the [appropriate management official]. The approving official's decision is final.

10. MARKET PAY ADJUSTMENTS FOR INDIVIDUAL PHYSICIANS AND DENTISTS

a. At least once every 24 months, the market pay of each physician and dentist is reviewed by the appropriate [approving official] (or approving official when a compensation panel is not required) in accordance with the criteria in paragraph 9[h]. Each physician and dentist will be provided a written notice of the results of the review, even if the review does not result in a pay adjustment. The Notification of Personnel Action, SF-50, as well as the [Market Pay Review and Approval Form,] VA 10-0432A, serve as the written notice. If an adjustment is made as a result of the biennial review, the effective date of such change will be retroactive to the first pay period following the biennial review due date.

b. The market pay of a physician or dentist is also reviewed upon change in assignment and at any such additional times as deemed necessary or appropriate by an appropriate management official. Change in assignment refers to a permanent change in official duty station, change in duty basis (i.e., to/from full-time, part-time or intermittent), change in tier, or a significant change in duties or assignments as determined by an appropriate management official, such as call duty rotations, or assignment to/from a Community Based Outpatient Clinic. [Employees who have multiple assignments at their facility or multiple facilities, as provided for in paragraphs 9e and 9f above, will have their market pay reviewed at any time that their primary or secondary assignment changes.] A market pay review, and any subsequent adjustment made based on a change in assignment, is effective the first pay period following approval. [ ]

c. A market pay review cannot result in a reduction in market pay for a physician or dentist remaining in the same position or assignment at the same duty station. Market pay may only be reduced upon change in assignment or as the result of a correction to the appointment action under the provisions of paragraph 7f.

d. The market pay amount authorized by the approving official is a final decision. There is no reconsideration process. However, employees may request reconsideration of a tier determination under the provisions of paragraph 11 below.

11. RECONSIDERATION OF TIER DETERMINATION

a. If a physician or dentist believes that his/her tier determination is improper based on the nature of his/her assignment, the employee may submit a request for reconsideration to the official that approved the tier recommendation. These reconsideration procedures do not apply to appointment actions.

(1) The request for reconsideration must be submitted in writing to the approving official (i.e., the official who approved the tier recommendation) within 30 days of the end of the pay period in which the pay determination is effected.

(2) The request must cite specific facts and circumstances that support the employee's belief that his/her tier determination is inappropriate.

b. If the facility director was the approving official on the original action, the facility director will consult with the VISN Chief Medical Officer regarding the reconsideration request. The facility director will consider the recommendation of the Chief Medical Officer and make a final decision regarding the tier reconsideration request. The facility director will provide a decision to the employee in writing. The facility director's final decision will be filed with the VA Form 10-0432A.

c. Any tier adjustments resulting from a reconsideration will be effective the beginning of the first pay period after the approving official's decision.

d. The decision of the approving official is final. There is no further reconsideration.

e. If the original action was taken at the Network level or above, the approving official's decision is final.

12. PERFORMANCE PAY

a. [The purpose of performance pay is to improve the overall quality of care and health care outcomes through the achievement of specific goals and objectives related to the clinical, academic and research missions of VA.] Performance pay is intended to recognize the [degree to which an individual physician or dentist achieves] specific goals and performance objectives prescribed on a fiscal year basis by an appropriate management official. Physicians and dentists not excluded under paragraph 3 of this part are eligible to receive performance pay. The amount is determined solely at the discretion of the approving official based on the achievement of the specified goals and objectives and is paid annually as a lump sum.

b. The amount of performance pay established should be commensurate with the complexity and scope of the goals and objectives. The amount paid to any individual may vary based on the degree of execution and individual achievement of specified goals and objectives.

c. The amount of performance pay payable to any individual physician or dentist in a fiscal year is determined by the approving official based on the goals and objectives specified for the fiscal year. The amount payable may not exceed the lower of:

(1) $15,000, or

(2) The amount that is equal to 7.5% of the annual pay in effect for the physician or dentist on September 30th of the fiscal year during the period of time under review.

NOTE: *The amount payable as performance pay to a part-time or intermittent employee shall* [*generally*] *be* [*prorated*] *based on the full-time equivalent salary.* [ ] *However, if there is no qualitative or quantitative difference between the expected contributions of a part-time employee and a similarly situated full-time employee* [(*e.g. when the same performance goals and objectives are used by both full-time, part-time employee)*] *their performance pay amounts should be equal.*

d. Physicians and dentists must be advised of the specific goals and objectives that will be measured in determining their eligibility for performance pay and the maximum monetary value associated with those goals and objectives. These goals and objectives and the maximum amount of performance pay available in connection with achieving the specified goals and objectives [must] be communicated by an appropriate management official to the individual physician or dentist within 90 days of the beginning of each fiscal year. For newly hired physicians and dentists, goals and objectives [must] be communicated within 30 days of their entrance on duty. [VA Form 10-0432, Performance Pay Recommendation & Approval will be used to document when goals and objectives are communicated to each employee.] Physicians and dentists hired after July 1 are not eligible for performance pay based on their performance within that fiscal year.

e. Performance goals and objectives are generally developed locally and will differ from performance standards used for the Executive Career Field (ECF) or proficiency rating systems. Examples of categories that may be addressed include outcomes, reduction of waiting times, patient panel sizes, research achievements, performance of compensation and pension exams or other additional tasks, timely completion of medical record documentation, adequacy of medical record documentation for billing purposes, patient satisfaction, exemplary conduct or behavior, teaching students or others, innovations, national priorities, and other areas where improvements, efficiencies or increased effectiveness are identified. Goals and objectives may also be set at the Network or Headquarters level.

f. At the end of each fiscal year, each supervisor evaluates the degree to which each covered individual achieved the goals and objectives communicated at the beginning of the fiscal year. VA Form 10-0432 must be completed and include a description of the goals and objectives achieved by the individual that supports the amount of performance pay. VA Form 10-0432 must also be completed if the employee has not successfully met the communicated goals and objectives and therefore is not being recommended to receive performance pay. In addition, supervisors and managers must document to what extent a performance or conduct related disciplinary/adverse action impacted an individual's ability to achieve performance pay goals and objectives and what effect, if any, the action had on the performance pay decision. Further, supervisors and managers must document to what extent the performance of part-time or intermittent work, and the effect, if any, the performance of non-clinical duties has had on the performance pay decision. VA Form 10-0432 must be forwarded through the appropriate chain of command to the designated approving official not later than March 31st of each year. Performance pay disbursements may not be made until VA Form 10-0432 is signed by the supervisor and employee and approved by the appropriate management official.

g. Performance payments should be disbursed to employees as soon as possible after the end of the fiscal year but must be made no later than March 31 of the following year.

h. Physicians and dentists who separate from VA employment prior to September 30 are not eligible for performance pay based on their performance within that fiscal year.

i. For physicians and dentists who transfer during the fiscal year, the gaining facility will consult with the previous supervisor to determine the appropriate performance pay amount. For individuals who change positions during the year, performance under previously specified goals and objectives will be considered, and previous supervisors will be consulted as applicable, in determining the appropriate performance pay amount.

j. A physician's or dentist's failure to meet the criteria for performance pay may not be the sole basis for an adverse personnel action against that individual.

13. [MARKET PAY RECOMMENDATION AND APPROVAL

a. **Function of appropriate management official**

(1) The appropriate management official will complete and submit VA Form 10-0432A, Market Pay Review and Approval Form. The appropriate management official is responsible for recommending] the appropriate pay table, tier level and market pay amount (considering the combined sum of the base pay and market pay) for individual physicians and dentists. [The appropriate management official] is also responsible for evaluating the annual pay (base pay and market pay) to include pay table and tier assignment of each physician and dentist under [their] jurisdiction at least once every 24 months (biennial review) and at such other times deemed necessary by the appropriate management official. A change in duty basis (i.e., to/from full-time, part-time, or intermittent), change in tier, or a significant change in duties or assignments as determined by an appropriate management official, such as call duty rotations, or assignment to/from a Community Based Outpatient Clinic will also require a re-evaluation of the market pay and tier [ ].

(2) The [appropriate management official] will recommend the following with regard to pay for individual physicians or dentists:

(a) The appropriate specialty or assignment and pay table;

(b) The appropriate tier for the physician or dentist using the tier definitions contained in paragraph 9 of this part or the tier definition associated with the pay table, as appropriate; and

(c) A rate or an appropriate range of market pay for the physician or dentist considering the criteria in paragraph 9 of this part, other pay elements authorized for the individual (e.g., base pay, recruitment relocation or retention incentive, COLA), and the nationwide minimum and maximum amounts of annual pay prescribed by the Secretary for the specialty or assignment.

(3) [Annual pay recommendations] will be taken into consideration by the appropriate approving official. The approving official determines the amount of annual pay to be paid a physician or dentist after consideration of the recommendation of the [appropriate management official]. The approving official's decision is final.

[(4) The Human Resources Management Officer, or designee (or a representative of VHA Workforce Management and Consulting Office for VACO pay actions) will provide a technical review for all physician and dentist annual pay determinations.]

[ ]

14. PAY LIMITATIONS AND EXCEPTIONS

a. Except as provided in subparagraph b and subject to subparagraph c below, the annual pay of a physician or dentist may not be less than the minimum amount, nor more than the maximum amount of the applicable pay range and tier for the corresponding specialty/assignment. For part time employees, the full-time equivalent (i.e., not prorated) annual pay will be used to determine whether the annual pay is within the applicable pay range and tier.

b. The annual pay for a physician or dentist may exceed the maximum amount of the applicable pay range and tier for the corresponding specialty/assignment only as a result of a longevity step increase to base pay (see paragraph 8) or as a result of a statutory general increase in base pay (see paragraph 7d). Exceptions to the maximum of the applicable pay range and tier for the corresponding specialty/assignment are permitted in unusual circumstances and may be requested under the provisions of subparagraph 14d below for individual exceptions or appendix B of this part for specialty or facility-wide exceptions.

c. In no instance may the aggregate pay (base pay; market pay; performance pay; recruitment, relocation, and retention incentive; and any other payment under title 38 authority) paid to a VHA physician or dentist in a calendar year exceed the amount of annual pay (excluding expenses) received by the President of the United States as specified in 3 U.S.C. 102. For part time employees, the actual earnings (i.e., annual pay is prorated) will be considered when determining whether this aggregate pay limitation will be exceeded. For detailed information on the deferral of payments that exceed the aggregate pay limitation refer to VII, Chapter 2, this handbook.

d. Annual pay (plus non-foreign COLA where applicable) in excess of the applicable pay range maximum and/or in excess of $300,000 shall require higher level approval unless the increase is the result of a longevity step increase or a statutory general increase in base pay. For part time employees, the full-time equivalent (i.e., not prorated) annual pay will be considered when determining whether an exception is required.

(1) The Medical Center Director is the approving official for annual pay up to $300,000 and may also approve a tier exception for employees in pay tables 1[and] 2 [ ] that does not exceed the maximum for the next higher tier within the pay table up to $300,000. The determination to approve a tier exception at this level will be based on a narrative justification that includes pertinent information on the recruitment and retention history of the position, the unique or exceptional qualifications of the individual, or other circumstances at the specific facility. The Medical Center Director may not approve tier exceptions for employees in pay tables 3, 4, 5, [and] 6 [ ].

(2) The Network Director is the approving official for annual pay greater than $300,000, not to exceed $350,000 and may also approve a tier exception for employees in pay tables 3, 4 and 5. Network offices shall establish procedures for submission of requests for exceptions to the pay limitation.

(3) The Under Secretary for Health is the approving official for all tier exceptions not covered in paragraphs 14(d)(1) and (2) above. The Under Secretary for Health is also the approving official for annual pay in excess of $350,000. Requests to exceed (or further exceed) the $350,000 limitation shall be submitted through the Network Director to VHA's Workforce Management and Consulting Office (10A2A) and shall contain the following information:

(a) A narrative justification for the proposed amount of annual pay, including any pertinent information on the recruitment and retention history of the position occupied or to be occupied by the physician or dentist, the unique or exceptional qualifications of the individual, or other circumstances at the specific facility; and

(b) The [annual pay] recommendation as documented on VA Form 10-0432A.

[(4)] Exceptions under subparagraphs (1)[,] (2) [or (3)] above will be disapproved if the approving official determines that a lesser amount of market pay is sufficient to be competitive for the recruitment and retention of a physician or dentist in the market for the required skills.

e. Exceptions requiring VACO approval under subparagraphs 14b and 14d(3) will be effective the beginning of the first pay period beginning on or after the date of approval, or 30 days from the date of receipt in VACO, whichever is earlier.

f. Annual pay for the Under Secretary shall be subject to the provisions of paragraphs 18 and 19 of this part.

15. PAY RATES INCIDENT TO CERTAIN PERSONNEL ACTIONS

a. **Appointments, Reappointments, Conversions, and Transfers from Other Agencies**

(1) **Employees Without Prior VHA Service.** Employees without prior VHA service as a physician or dentist (including those with other Federal service) are placed at step 1 on the Physician and Dentist Base and Longevity Schedule. The annual pay and tier are recommended by [the appropriate management official] under the provisions of paragraph 13.

(2) **Employees With Prior VHA Service.** Employees with prior VHA service as a physician or dentist are placed at a step on the Physician and Dentist Base and Longevity Schedule according to their prior service. Instructions for calculating the VA Service Date are contained in appendix A of this part. A chart depicting the appropriate step rate based on the length of service is contained in paragraph 7c of this part. The annual] pay and tier are recommended by [the appropriate management official] under the provisions of paragraph 13.

b. **Changes in Assignment**

(1) **At the Same Facility or Upon Transfer to a Different Facility.** Individuals will retain their step on the Base and Longevity Pay Schedule. The market pay and tier for the new assignment are recommended by a Compensation Panel under the provisions of paragraph 13. If such an assignment results in a reduction in market pay, the affected employee is not entitled to retain the higher rate of market pay. However, if the assignment is involuntary, management may offer retention of market pay if a reduction would be against equity and good conscience or against the public interest. The decision not be grant retention of market pay is not appealable. See subparagraph 16 below for notice requirements when an involuntary assignment in connection with a disciplinary action results in a pay reduction.

(2) **Temporary Assignments and Details.** Individuals temporarily assigned to a position with a different pay range or tier may receive a market pay adjustment after serving in the assignment for 60 days or more. Temporary assignments and details that result in a change in market pay must be documented by an official personnel action under the provisions of VA Handbook 5005. Temporary assignments and details to a lower tier may not result in a reduction of an individual's existing market pay rate. Upon termination of a temporary assignment or detail, an individual's market pay is returned to the amount payable prior to the temporary assignment or detail.

c. **Changes in Duty Basis (Part-Time to Full-Time or Full-Time to Part-Time or Intermittent).** Conversions from a part-time to a full-time duty basis or a full-time to a part-time or intermittent duty basis through a conversion action are considered a change in assignment. Individuals will retain their step on the Base and Longevity Pay Schedule. The market pay and tier are re-evaluated by [the appropriate management official] under the provisions of paragraph 13. If the change in duty basis results in a reduction in market pay, the affected employee is not eligible to retain the higher rate of market pay.

d. **Loss of Board Certification and Other Changes in Assignment**. Individuals will retain their step on the Base and Longevity Pay Schedule. If a loss of board certification, reduction in privileges, or other changes in assignment result in a reduction in market pay, the affected employee is not entitled to retain the higher rate of market pay.

e.] **Simultaneous Pay Changes.** Employees eligible for two or more pay changes on the same date shall have them processed in the order which provides the maximum benefit. However, when a general adjustment to the Base and Longevity Pay Schedule is made, that general adjustment is processed first.

16. NOTICE REQUIREMENTS FOR REDUCTIONS IN MARKET PAY. Physicians and dentists must be notified in writing when an involuntary assignment in connection with a disciplinary action will result in a reduction in market pay. The notice must provide at least a 30-day advance notice of the effective date of the reduction, the amount of the reduction, and any appropriate appeal rights with regard to the new assignment, as defined in VA Handbook 5021.

17. DUAL APPOINTMENTS. Individuals with part-time appointments at more than one VA facility may receive base, market, and performance pay from each facility subject to the following restrictions:

a. The combined total of performance pay for any fiscal year may not exceed the lower of:

(1) $15,000, or

(2) The amount that is equal to 7.5% of the sum of the base and market pay payable to the physician or dentist in that fiscal year for his/her highest paying position.

b. Management at the two facilities will coordinate performance pay decisions and communicate regarding the respective market pay decisions to ensure that the provider's earnings do not exceed the limitations contained in paragraph 14 of this part. When determining whether the aggregate pay limitation in paragraph 14c will be exceeded, the provider's projected combined earnings will be considered (i.e., what the provider will actually be paid). When determining whether the [Network Director's or] Under Secretary for Health's approval is required under paragraph 14d, the provider's full-time equivalent (i.e., not prorated) [annual] pay [(plus non-foreign COLA where applicable)] will be considered separately for each appointment.

c. Two part-time appointments under 38 U.S.C. 7405(a)(1)(A) totaling one full-time position will not confer the rights associated with a full-time (80 bi-weekly hours) permanent appointment under 38 U.S.C. 7401(1).

18. RELATIONSHIP OF PAY TO BENEFITS

a. Base pay under paragraph 7 and market pay under paragraph 9 are considered pay for retirement benefits under chapters 83 and 84 of title 5, life insurance, lump-sum leave payments, the Thrift Savings Plan, and work injury compensation claims.

b. All special pay received under the former 38 U.S.C. 7431 or 38 U.S.C. 4118 is included in basic pay for the purposes of 5 U.S.C., chapters 83 and 84, relating to the computation of civil service annuities.

19. ERRONEOUS PAYMENTS. Under certain conditions, claims of the Government arising out of erroneous payment of pay or allowances made to employees may be waived under the authority of 5 U.S.C. 5584. This includes erroneous payments of base, market, and performance pay.

20. COMPUTATION OF PAY

a. Salary payments for full-time physicians and dentists are computed by dividing the annual pay authorized for the individual by 364 to determine a daily rate. This daily rate is paid for all days of paid service.

b. Salary payments for part-time and intermittent physicians are computed by dividing the annual pay authorized for the individual by 2,080 to determine an hourly rate. This hourly rate is paid for all hours of paid service. Part-time and intermittent physicians and dentists may not be paid for more than 1820 hours (7/8ths) in a calendar year.

21. PAY FOR THE UNDER SECRETARY FOR HEALTH

a. Base pay for the Under Secretary for Health shall be determined in accordance with 5 U.S.C. 5314, i.e., Level III of the Executive Schedule.

b. The Under Secretary for Health who is a physician or dentist shall be eligible for market pay. The Secretary determines the amount of market pay payable to the Under Secretary, after considering the recommendations of the Assistant Secretary for Human Resources and Administration.

c. The Under Secretary for Health is not eligible for performance pay.

d. Annual pay for the Under Secretary shall be subject to the provisions of paragraphs 18 and 19 of this part.

22. [DOCUMENTATION

Annual pay recommendations for new appointments, biennial reviews or reviews based on change in assignment will be documented and approved using VA Form 10-0432A, Market Pay Review and Approval Form. VA Form 10-0432A is filed in the employee's e-OPF.

[23]. REFERENCES

a. Public Law 108-445, December 3, 2004

b. 38 U.S.C. 7404

c. 38 U.S.C. 7431

d. 38 U.S.C. 7432

e. 38 U.S.C. 7433

f. Public Law 111-163, May 5, 2010

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[APPENDIX A. CREDITABLE SERVICE FOR BASE PAY DETERMINATIONS

1. The VA Service Date reflects the cumulative amount of time physicians and dentists have served in the Veterans Health Administration (VHA). It is used to determine an employee's placement on the Physician and Dentist Base and Longevity Pay Schedule.

2. Calculate the VA Service date in the same manner as a service computation date by subtracting the total amount of creditable service from the effective date of the appointment.

3. In order to be creditable towards the VA Service Date, the VHA service may include some 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, or the Career Development Program (see M-3, pt. II, ch. 8).

4. The following types of appointments and service are creditable in the computation of the VA Service Date:

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 subparagraph 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.

5. The following types of appointments and service are <u>not</u> creditable in the computation of the VA Service Date:

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.

f. Service as off-station fee basis or on scarce medical specialty contract.

g. LWOP in excess of 15 days per year.]

APPENDIX B. EXCEPTIONS TO THE MAXIMUM OF THE ANNUAL PAY RANGE [ON A SPECIALTY OR FACILITY-SPECIFIC BASIS]

1. GENERAL

a. In accordance with VA Handbook 5007, Part IX, paragraph 14, the annual pay for a physician or dentist may not exceed the maximum amount in the nationwide pay range prescribed by the Secretary for a specialty or assignment.

b. It is expected that the maximum amount in the nationwide pay range will meet most pay and staffing needs. However, [ ] an exception to the maximum [may be granted] on an individual, specialty or assignment, and/or facility-specific basis if such action is necessary to recruit or retain well qualified physicians and dentists.

c. [This part sets forth procedures regarding specialty or assignment and/or facility-specific exceptions. See paragraph 14d of part IX for instructions for requesting exceptions to the pay range on an individual basis].

d. [Exceptions to the maximum amount in the nationwide pay range will only be considered if failure to approve the exception would significantly impair a facility's ability to recruit and retain well qualified physicians and dentists].

[e.] Exceptions to the maximum amount of a nationwide pay range are not required for physicians and dentists who will exceed the pay range due to a longevity step increase or a statutory general increase in pay.

2. FACILITY DIRECTOR OR REQUESTING OFFICIAL RESPONSIBILITIES

a. Identifying the need for and requesting exceptions;

b. Reducing or canceling previously approved exceptions when they determine the exceptions are no longer warranted, and notifying VHA's Management Support Office through the appropriate VISN Director (10N__/10A2) of the reasons for reduction or cancellation; and

c. Coordinating requests for specialty/assignment and/or facility-specific exceptions and decisions to reduce or cancel previously approved exceptions with VA facilities located in the same labor market.

3. CRITERIA FOR APPROVAL. Each facility submitting a request for an exception to the maximum in the pay range [on a] specialty or assignment, and/or facility-specific basis must demonstrate that a higher maximum is necessary to maintain adequate staffing. Factors to consider include:

a. [**Higher Maximum Rates**]

(1) [There is evidence or anecdotal information that the maximum rates in the community are higher than VA's maximum rate for the specialty or assignment. However, higher rates in the community may not be the sole basis for making a request for an exception to the maximum of the market pay range; and]

(2) Employees are quitting for pay and the potential exists for an adverse impact on patient care;

b. **Quality of Candidates.** Historical evidence indicates that the quality of or a lack of candidates is unacceptable because of higher pay rates being offered in the labor market for the assignment or specialty. Documentation of specific recruitment efforts must be provided to support this factor;

c. **Alternative Job Offers.** There is evidence that applicants and employees are being offered higher rates of pay for the same assignment or specialty in the labor market; and

d. **Other Criteria.** The facility may submit any evidence of pay-related staffing problems which seriously hamper or have the potential to seriously hamper its ability to recruit and retain physicians and dentists in the specialty or assignment.

4. REQUESTING EXCEPTIONS

a. Requests for exceptions to the maximum of the nationwide pay range not in excess of $[350,000] will be sent to the appropriate Network Director for approval.

b. Requests for exceptions to the maximum of the nationwide pay range in excess of $[350,000] will be sent through the appropriate Network Director (10N__) to VHA's [Workforce Management and Consulting] Office (10A2), which will review each request and make appropriate recommendations to the Under Secretary for Health or designee.

c. All requests shall include the following:

(1) The specialty or assignment for which the exception is requested;

(2) The amount of maximum pay requested;

(3) The reasons for the request, including documentation specific to the criteria in paragraph 3; and

(4) Any other pertinent information.

5. EFFECTING EXCEPTIONS. When an exception is approved, employees in the assignment or specialty may be referred to the Compensation Panel for a market pay review as deemed necessary by an appropriate management official.

6. REDUCTION OR CANCELLATION OF EXCEPTIONS TO THE MAXIMUM IN THE NATIONWIDE PAY RANGE

a. When an exception under this appendix is reduced or canceled, current employees will retain their rate of pay.

b. Facility Directors will report any reductions or cancellations of previously approved exceptions to the appropriate Network Director (10N__/10A2).

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PAY ADMINISTRATION

PART X. LOCALITY PAY SYSTEM FOR TITLE 38 NURSES

CONTENTS

PARAGRAPH PAGE

CHAPTER 1. GENERAL PROVISIONS

1. PURPOSE X-1
2. LPS STRUCTURE X-1
3. LPS ADJUSTMENTS X-2
4. LPS SURVEYS X-3
5. UNDER SECRETARY FOR HEALTH AUTHORITY TO MODIFY LOCAL DETERMINATIONS X-6
6. ANNUAL REPORT X-6
7. SPECIALTY SCHEDULES X-7
8. COORDINATION ..... [X-8]
9. EFFECTIVE DATES X-8
10. POST AUDIT AND CORRECTIVE ACTION X-8

CHAPTER 2. [VA-CONDUCTED] SURVEYS

1. GENERAL X-9
2. LOCAL LABOR MARKET AREAS X-9
3. SURVEY UNIVERSE AND SURVEY SAMPLE X-10
4. CONFIDENTIALITY OF SURVEY DATA X-12
5. AUTHORITY TO COLLECT DATA X-12
6. DATA COLLECTORS X-12
7. DATA COLLECTION X-13
8. SURVEYING NURSE ANESTHETIST CONTRACTORS X-17
9. RECORDS X-19
10. COORDINATION X-20

CHAPTER 3. SALARY SCHEDULE CONSTRUCTION AND IMPLEMENTATION

1. GENERAL X-21
2. SETTING THE BEGINNING RATE FOR GRADES AND LEVELS [BASED ON] SALARY SURVEY [RESULTS] X-21
3. MINIMUM DIFFERENTIALS X-25
4. CALCULATING THE REMAINING STEPS X-25
5. MANDATORY PAY ADJUSTMENT X-25
6. APPROVAL OF SCHEDULES X-26
7. IMPLEMENTATION OF LPS SCHEDULES X-26
8. DOCUMENTATION X-26

CONTENTS-CONTINUED

PARAGRAPH PAGE

CHAPTER 4. EXCEPTIONS TO THE 133 PERCENT RATE RANGE

1. GENERAL ..... [X-27]
2. FACILITY DIRECTOR RESPONSIBILITIES ..... [X-27]
3. CRITERIA FOR APPROVAL ..... [X-27]
4. DETERMINING THE RATE RANGE AND BEGINNING STEP FOR UPPER LEVELS IN THE GRADE ..... [X-28]
5. APPROVING EXCEPTIONS AT NURSE I ..... [X-29]
6. REQUESTING EXCEPTIONS AT NURSE II THROUGH NURSE V ..... [X-29]
7. EFFECTING EXCEPTIONS ..... [X-29]
8. REDUCTION OR CANCELLATION OF EXCEPTIONS TO THE 133 PERCENT RATE RANGE ..... [X-30]

CHAPTER 5. VHA CENTRAL OFFICE AND VISN OFFICE NURSE PAY

1. COVERAGE ..... [X-31]
2. ESTABLISHING PAY RATES FOR THE CHIEF CONSULTANT, NURSING STRATEGIC HEALTHCARE GROUP AND THE DIRECTOR, NURSING SERVICE ..... [X-31]
3. OTHER VHA CENTRAL OFFICE NURSES ..... [X-32]
4. VISN OFFICE NURSES ..... [X-32]
5. PAY ADMINISTRATION ..... [X-32]
6. RATE RANGE EXTENSIONS ..... [X-32]

CHAPTER 6. RATES OF PAY FOR SAN JUAN AND MANILA

1. SCOPE ..... [X-33]
2. PAY SETTING PROCEDURES ..... [X-33]
3. REVIEW OF BEGINNING PAY RATES AND SCHEDULES ..... [X-33]
4. RATE RANGE EXTENSIONS ..... [X-33]
5. SALARY SCHEDULE CONSTRUCTION AT NEW LOCATIONS OR WHEN COVERED POSITIONS ARE RE-ESTABLISHED AT EXISTING LOCATIONS ..... [X-34]

APPENDICES

X-A. DEFINITIONS X-A-1
X-B. ANNUAL REPORT X-B-1
X-C. [ ] LOCALITY PAY SYSTEM DATA COLLECTION FORM AND INSTRUCTIONS X-C-1
X-D. SURVEY JOB STATEMENTS X-D-1
[X-E. DETERMINING JOB MATCHES X-E-1
X-F]. SAMPLE VA NURSE LOCALITY PAY SCHEDULE ..... [X-F-1]

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.). 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 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.** [Contains four grades,] Nurse II through V [ ].

(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) below, 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); or

(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 [for registered nurses] may not exceed Level [IV] of the Executive Schedule.

[(3) Rates of basic pay for certified registered nurse anesthetists may not exceed Level I 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 not less than 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 release of the results of an LLMA survey by the Bureau of Labor Statistics (BLS) that meets the requirements of paragraph 4c below;

(3) Not later than 30 days after the publication of an applicable third-party salary survey that meets the requirements of paragraph 4d below; and

(4) Not later than 30 days after the completion of data collection for a VA survey conducted under chapter 2 of this part.

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), (3) or (4) above because current LPS rates are competitive, the Director may continue those rates after a VA- or BLS-conducted survey or other third-party survey.

d. **Other Adjustments.** Without conducting or purchasing a new survey, facility Directors may authorize general LPS adjustments based on data from the most recent survey, provided that all of the following conditions apply:

(1) The new rates authorized do not exceed the highest comparable community rate reported in the most recent survey; [and

(2)] 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. LPS SURVEYS**

a. **General**

(1) LPS surveys apply to employees covered by LPS except certain Veterans Health Administration (VHA) Central Office and 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) Except for mandatory pay adjustments made under the provisions of chapter 3, paragraph 5, LPS adjustments are made to achieve consistency with rates of compensation for corresponding health care positions in the LLMA. In determining whether to carry out a wage survey, facility Directors may not consider the absence of a current recruitment or retention problem.

(3) To the extent practicable, all salary surveys purchased or conducted shall include the collection of salary midpoints, actual salaries, lowest and highest salaries, average salaries, bonuses, incentive pays, differential pays, actual beginning rates of pay, and any other information available to determine if LPS adjustments are necessary.

b. **Mandatory Survey Requirement**

(1) If the facility Director determines that a significant pay-related staffing problem exists or is likely to exist for any grade of a covered occupation or specialty, the Director must conduct a salary survey or use a BLS or other third-party industry salary survey to determine whether a rate adjustment is necessary to remain competitive with the rates of compensation for corresponding positions, if such a survey has not been conducted within 120 days. Nothing in the preceding sentence precludes the Director from conducting a survey at other times if deemed necessary in order to adjust the pay rates of covered positions.

(2) Positions in the occupation or specialty meeting 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.

(a) A 5 percent increase in the turnover rate since June 30 of the prior year.

(b) A significant number of losses since June 30 of the prior year were quits for pay.

(c) A 10 percent increase in the vacancy rate since June 30 of the prior year.

(d) Positions remain vacant for six months or more despite active recruitment.

(e) Positions have been abolished due to recruitment difficulty.

(f) Any other criteria deemed appropriate by the facility Director**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).

c. **BLS-Conducted Surveys**

(1) When a facility Director determines that a Bureau of Labor Statistics (BLS)-conducted LLMA survey contains current information on rates of compensation for corresponding positions, that Director shall use that data as a basis for LPS adjustments. Surveys must meet the following conditions:

(a) The data reported in the survey must reflect an appropriate LLMA for the facility or geographic area covered by the pay schedule. An appropriate LLMA is one that includes the county in which the covered employees will be assigned and is representative of the location of competing establishments.

(b) Data is available for one or more levels described in paragraph 2 of Appendix X-E.

(2) The only type of BLS survey that shall be used for pay-setting purposes under chapter 3, Salary Schedule Construction and Implementation, is a National Compensation Survey specific to the geographic area in which the VA facility is located. Information regarding the availability of National Compensation Surveys for specific geographic locations may be obtained from the BLS website.

NOTE: *VA has determined that the BLS Occupational Employment Statistics Survey is not an appropriate pay-setting tool because data is reported for all workers in an occupation and is not specific to the level of work performed within the occupation.*

d. **Other Third-Party Surveys**

(1) When BLS data are not available or not current, the Director shall, to the extent practicable, use other third-party wage surveys to determine if LPS adjustments are necessary. These surveys may be purchased from a compensation service or obtained on a participatory basis through local hospital associations or other organizations. Surveys must meet the following conditions:

(a) **Type of Salary Data.** The survey [may] include the following components:

1. **Rates Actually Paid.** The minimum and maximum rates actually paid in a given job category.

2. **Salary Range.** The published minimum and maximum rates of pay for a given job category.

3. **Mean Salary.** The average of all actually paid wages for a specific job category.

4. **Median Salary.** The middle wage value in a group of sequential data. The actually paid wages reported are sorted from lowest to highest and the middle number is the median value. This may also be reported as "50th percentile."

5. **Number of Establishments.** The number of establishments that reported data for a particular job category.

6. **Number of Employees.** The total number of employees in the job category for which rates were reported.

(b) **Geographic Area.** The data reported in the survey must reflect an appropriate LLMA for the facility or geographic area covered by the pay schedule. An appropriate LLMA is one that includes the county in which the covered employees will be assigned and is representative of the location of competing establishments.

(c) **Job Match.** The data reported can be readily equated to one or more grade levels shown in the survey job statements included in Appendix D. General job descriptions that do not differentiate between varying levels of education or experience will be matched to the lowest appropriate VA grade or level. Data collectors will conduct job matching in accordance with Appendix E. Facility Directors will appoint data collectors in the same manner as those for VA surveys conducted under chapter 2, this part.

(d) **Job Description.** The survey must provide job descriptions for each of the positions reported. The job descriptions should include duties, responsibilities and, where applicable, education and experience requirements.

(e) **Periodicity.** The particular third-party survey must be conducted at least every other year, but preferably at least once a year.

(f) **Number of Establishments.** Surveys must include at least 3 participant establishments in order to be considered a statistically valid sample.

(2) Third-party wage surveys exhibiting the following characteristics will not be considered valid:

(a) Surveys with insignificant size for a statistically valid sample. Surveys with less than 3 participant establishments will be considered invalid.

(b) Surveys conducted on an ad-hoc basis.

(c) Surveys reporting only averages or beginning pay rates.

(d) Surveys that do not provide salary data geographically.

(e) Surveys that do not provide job descriptions for the positions surveyed.

e. **VA-Conducted Surveys.** When BLS or other third-party salary survey data are not available, the facility Director shall conduct a survey in accordance with the instructions in chapter 2 of this part.

f. **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 this chapter.

g. **Records.** A survey file containing the material specified in paragraph 9 of chapter 2 and paragraph 8 of chapter 3, this part, will be established for each survey conducted or purchased under this part.

5. UNDER SECRETARY FOR HEALTH AUTHORITY TO MODIFY LOCAL DETERMINATIONS

a. In order to ensure that rates of pay for covered positions are sufficient to be competitive, on the basis of pay and other employee benefits, with non-Department health care facilities in the same labor market area in the recruitment and retention of qualified personnel, the Under Secretary for Health may modify any decision made by a local facility Director with respect to adjusting rates of pay. This includes the authority to direct that a survey be conducted.

(1) If the determination of the Director results in an increase in rates of basic pay applicable to covered positions, any action by the Under Secretary for Health under this paragraph shall be made effective the same date as the initial decision of the Director.

(2) Any new pay actions ordered by the Under Secretary for Health shall take effect on the first day of the first pay period beginning after such action.

b. Office of Human Resources Management [ ] (OHRM[ ]) (055) officials will review pay-setting and/or survey decisions at least annually to determine if action by the Under Secretary for Health is warranted. Such reviews will normally be conducted coincident with the annual reporting requirement in paragraph 6 of this chapter but may take place at other times as requested by the Under Secretary for Health.

c. OHRM [ ] officials will recommend action by the Under Secretary for Health after consideration of the following criteria. Such recommendations will not be based on just one factor, but rather a combination of factors that reflect the overall pay and staffing picture:

(1) The facility has a documented staffing problem based on the criteria in paragraph 4b(2) of this chapter;

(2) A salary survey has not been conducted in the past 12 months;

(3) The existing or recommended pay rates are set significantly below comparable rates in the community; and

(4) Any other evidence which suggests that the current or recommended pay rates are not sufficient to be competitive for the recruitment and retention of employees in the occupation or specialty.

6. 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. [VA facilities must provide a copy of the Annual Report on Staffing to any employee or their union representative upon request.] For illustrative purposes, a copy of the report is contained in Appendix X-B.

7. SPECIALTY SCHEDULES. A separate salary schedule may be established for any nurse category, 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, clinical nurse specialist, and head nurse. **NOTE:** *Instructions for constructing specialty schedules for head nurses are contained in chapter 3, paragraph 2a(6). All pay administration policies applicable to head nurses (see part III, chapter 8) also apply to head nurses assigned to a specialty schedule.* [An individual shall only be placed on a specialty schedule if that specialty is their primary role.] Employees will be paid as follows: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. If the employee is at a step on an extended rate range that does not exist on the specialty schedule, the employee will be placed at the maximum step of the grade on the specialty schedule and be granted pay retention under part III, chapter 6, paragraph 6 if his or her existing basic pay rate exceeds the maximum rate on the specialty schedule. If such an employee is subsequently reassigned to a schedule with a greater rate range, the employee may be placed at the corresponding rate for the grade and step held on the day before the effective date or may be adjusted up to the highest previous step held. They do not automatically get placed at the maximum step of the grade even if pay retention is terminating. Individuals newly placed in a head nurse assignment for which a specialty schedule applies will also receive a two-step adjustment for serving in the head nurse assignment.

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. If the employee had been placed at a lower step or given pay retention upon assignment to the specialty schedule because their step did not exist on the specialty schedule, the employee may be adjusted up to the highest previous step held (see subparagraph a above). They do not automatically receive the maximum step of the grade even if pay retention is terminating. Had nurses who are reassigned to another position also lose the additional two steps for the head nurse assignment.

d. **Involuntary Reassignment.** If the reassignment of an employee from an assignment covered by a specialty schedule is directed for reasons other than cause, the affected employee will be placed at the lowest step of the corresponding grade on the applicable 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 new schedule, the employee will be placed on pay retention under part III, chapter 6, paragraph 6. Head nurses who are reassigned to another position also lose the additional two steps for the head nurse assignment.

[e. **Promotion Simultaneous with Placement on Specialty Schedule.** Employees promoted effective the same date they are assigned to a specialty schedule shall have their promotion calculated using the pay schedule to which assigned immediately prior to the promotion. Once the new grade and step are determined, the employee is then placed at the same grade and step on the specialty schedule.]

8. 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. Purchase or use of third-party salary survey data under paragraph 4c or d of this chapter, including determining applicability of such data and pay setting determinations.

c. Surveys conducted under chapter 2, VA-Conducted Surveys, including establishing LLMAs, appointing data collectors, conducting surveys, implementing locality pay adjustments, and completing these tasks for satellite outpatient clinics;

d. Salary schedule construction under chapter 3, Salary Schedule Construction and Implementation; and

e. Exceptions to the 133 percent rate range under chapter 4, Exceptions to the 133 Percent Rate Range.

9. 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.

10. POST AUDIT AND CORRECTIVE ACTION. Actions taken under this part 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. VA-CONDUCTED SURVEYS

1. GENERAL. When BLS or other third-party salary survey data are not available (see paragraph 4 of chapter 1), the facility Director shall conduct a survey of the local labor market area (LLMA) in accordance with the instructions in this chapter. In scheduling LPS surveys, the facility Director will consider the dates of the following:

a. Scheduled salary increases at establishments in the LLMA;

b. Upcoming GS adjustments; and

c. 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.

2. 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), [which is not subdivided into Metropolitan Divisions], the minimum LLMA is the MSA[. If the VA facility is located in an MSA which is subdivided into Metropolitan Divisions, the minimum LLMA is the Metropolitan Division.]

(2) If the VA facility is not in an MSA or [Metropolitan Division], but is in a county, township, or independent city contiguous to an MSA or [Metropolitan Division], the minimum LLMA is the MSA or [Metropolitan Division (if applicable), plus] the county, township, or independent city in which the facility is located;

(3) If neither subparagraph 2a(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, [Metropolitan Divisions], 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 2a(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 [Metropolitan Division], but is contiguous to more than one MSA or [Metropolitan Division], the decision on which MSA or [Metropolitan Division] to use will be based on the same criteria in subparagraph 2a(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 2a(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 [Metropolitan Division](s). Such expansion will be based on a review of the conditions in subparagraph 2a(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 2a 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__ /055). Supporting documentation required for locally defined or expanded LLMAs under subparagraphs 2a(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 9.

(2) If upon review, it is determined that a minimum LLMA established under subparagraph 2a(4) or any expanded LLMA exceeds the facility's commuting area and justification required under subparagraph 2b(2) does not support the expansion, appropriate corrective action may be taken (see par. 10 of chapter 1).

3. 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 <u>all</u> 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; and

(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 [Metropolitan Division] that are required to document decisions based on nearest geographic competitors under subparagraph 2a(3) 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; and

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, five 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 3b(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 10.

[4.] CONFIDENTIALITY OF SURVEY DATA

a. **Information Not Subject to Disclosure Under the Freedom of Information Act.** Title 38 U.S.C. Section 7451[(d)(5)] provides that information collected by the Department in surveys conducted under this part 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 part 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 [data from] 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 [ ] the survey summary.

[5.] AUTHORITY TO COLLECT DATA

a. [VA has obtained Office of Management and Budget (OMB) approval to conduct LPS surveys as required by the Paperwork Reduction Act of 1980 (44 U.S.C. Chapter 35).]

b. Only information necessary to complete the LPS Data Collection Form, VA Form 10-0132 (see Appendix X-C), may be requested from an establishment.

[6.] DATA COLLECTORS

a. **Appointments.** Facility directors are to appoint a sufficient number of data collectors to comply with the provisions of this [part]. 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, [affected] employees [ ] 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 [4b]. 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.

[7.] DATA COLLECTION

a. **Data Collection Process**

(1) Before any data are collected, the facility Director will send each survey establishment a written [letter] 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 Appendix X-D) for the occupation or specialty being surveyed. Data are to be reported on the Locality Pay System Data Collection Form, VA-Form 10-0132, following the instructions included with the form (see Appendix 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, i.e., 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 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 are obtained. [ ]

[(e)] Data collection forms submitted without the documentation required above will be returned to the data collectors for completion.

[(f) VA positions will be compared to those in non-VA establishments using the job matching instructions contained in Appendix X-E.

b. **Types of Data to be Collected**

(1) **Compensation.** Surveys conducted under this chapter shall, to the extent practicable, collect relevant data regarding compensation for corresponding positions, including but not limited to salary midpoints, actual salaries, lowest and highest salaries, average salaries, bonuses, incentive pays, differential pays, and actual beginning rates of pay.]

NOTE: *Surveyors should be careful to differentiate [between different types of data collected (e.g., salary midpoints, actual salaries, lowest and highest salaries, average salaries, bonuses, incentive pays, differential pays, actual beginning rates of pay, etc.)*

(2)] **Employee Benefits.** [Section7451(d)(6)(A)(ii) of Title 38 U.S.C.] 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 [as compensation under (1) above.] Sign-on or recruitment bonuses will not be included because they are [one-time payments rather than an on-going pay entitlement and should not be factored into base pay determinations. However, information regarding bonuses that are not regular and recurring and other employee benefits should be collected and may be used to determine whether the facility needs to offer similar incentives in order to be competitive for recruitment or retention purposes.

c.] **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.

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 3b. (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.)

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. [An Excel spreadsheet titled "LPS Survey Summary" is available on the OHRM[&LR] Web site for this purpose.]

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 for which the same type of data (e.g., salary midpoints, actual salaries, lowest and highest salaries, average salaries, etc.) were collected.

(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 represent 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 of the same type of data (e.g., salary midpoints, actual salaries, lowest and highest salaries, average salaries, etc.) for each grade or level.

(a) Before beginning a survey, if facility officials anticipate [fewer] 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, [fewer] 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 [7f(2)(a)] before the next survey to increase the potential for additional job matches.

2. Where [fewer] than three job matches [of the same type of data] 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 [7f(2)(a)] and create an administrative specialty schedule for those two grades.

(3) If none of the options in subparagraph [7f(2)(a)] or (b) are utilized and [fewer] than three job matches [of the same type of data] per grade or level are used to establish a new or revised schedule, the Director must provide sufficient written assurance that [the limited number of] 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 [fewer] 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.

(c) 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 [is consistent with] data collected [by adjacent VA facilities or by VA facilities] 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 appear not to be based on a job match, or do 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 are 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 are 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 [and Labor Relations] (OHRM[&LR]) 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 chapter, OHRM[&LR] 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 chapter.

8. 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 Appendix 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. Before authorizing surveys of nurse anesthetist contractors, facility Directors must first:

(1) Survey within a locally approved LLMA;

(2) Expand the LLMA (see subparagraph 2b) and survey the expanded LLMA; and

(3) Determine that sufficient data were 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 [2a].

(b) As provided for in subparagraph [2b], the facility director may authorize expansion of the minimum LLMA. **NOTE:** *Authorizations under subparagraph [2b] 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[LLMA] 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 [3]. 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 [3b].

(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. [ ]

3. Data which includes any compensation which is provided to offset the purchase of individual malpractice insurance.

4. Data that include 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.

[**9.**] **RECORDS**

a. A survey file must be established for each survey conducted [or purchased] under this [part]. 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) [**VA-Conducted Surveys**

(a)] Written determination of the LLMA (subparagraph [2c(1)]);

[(b)] The listing of all establishments in the LLMA universe (subparagraph [3a]);

[(c)] A list of survey establishments annotating those that did not participate (subparagraph [3b] and c);

[(d)] List of any certainty establishments selected for survey (subparagraph [3b(2)(a)]);

[(e)] List of data collectors appointed by the facility Director (subparagraph [6a]);

[(f)] Completed VA Forms 10-0132 for survey establishments, including job descriptions and/or job statements (subparagraph [7a(2)(d)]);

[(g) Job match determinations made under Appendix E;

(h)] The survey summary (subparagraph [7e]);

[(i)] Any determination that survey data for a particular grade or grades are invalid (subparagraph [7h]);

[(j)] Any determination not to increase [ ] rates of pay as a result of a salary survey (subparagraph 3c of chapter 1);

[(k)] A copy of the justification and facility Director's approval to use contract [nurse anesthetist] salary data (subparagraph [8a]); and

[(l)] Written justification that less than three job matches were adequate to set a competitive beginning rate for a grade (subparagraph [7f(3)]).

[(2) **BLS or Other Third-Party Surveys**

(a) The published survey (subparagraph 4c and d of chapter 1);

(b) List of data collectors appointed by the facility Director (subparagraph 4d(1)(c) of chapter 1);

(c) Job descriptions for each position reported (subparagraph 4d(1)(d) of chapter 1);

(d) Job match determinations made under Appendix E;

(e) Any determination not to increase rates of pay as a result of a salary survey (subparagraph 3c of chapter 1); and

(f) Supporting documentation that addresses the geographic area represented in the survey, the periodicity of the survey, and the number of establishments represented in the survey (subparagraph 4d of chapter 1).]

b. The records listed in subparagraph [9a] above, along with those listed in paragraph 8 of chapter 3, must be forwarded to OHRM[&LR] (05[5]), within 10 days after the records are requested for audit.

[**10.**] **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. [8] 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 ensure that the schedules established under this [part] 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 [ ] survey data [from different establishments], 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, [there is no Nurse I grade].

2. SETTING THE BEGINNING RATE FOR GRADES AND LEVELS BASED ON SALARY SURVEY RESULTS. 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 are Available for a Grade or Level**

(1) When the BLS, third-party, or VA survey results include salary data for a grade or level, the facility Director will use the data as guidance in determining the appropriate beginning rate for the grade or 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) Non-VA benefit packages which are not quantifiable; and

(c) Other factors which affect the facility's ability to recruit or retain employees in covered positions.

(2) The facility Director will set the beginning rate for each grade and level at an amount deemed competitive with the available salary survey data. When more than one survey source is utilized or survey results include more than one category of data, the Director shall give appropriate consideration to each survey and/or data type. Beginning rates may be extrapolated from non-beginning rate survey data (e.g., median rates, maximum rates, etc.) as follows:

(a) **Using Mid-Point or Median Salaries**

1. If the VA grade has 12 steps, divide the mid-point or median survey rate by 1.165 to determine an appropriate step 1 rate. If the VA grade has an approved rate range extension, divide the mid-point or median survey rate as shown in the following chart:

Number of Steps in VA Grade	Divisor	Number of Steps in VA Grade	Divisor
13	1.180	20	1.285
14	1.195	21	1.300
15	1.210	22	1.315
16	1.225	23	1.330
17	1.240	24	1.345
18	1.255	25	1.360
19	1.270	26	1.375

2. Example: The average median salary rate paid in the community for the equivalent grade is $45,780. The VA grade has 12 steps. Step 1 of the VA grade is set at $39,296 ($45,780 divided by 1.165).

(b) **Using Average, Actual, or Mean Salaries**

1. Determine the average step for on-board employees in the VA grade for which pay is being set.

2. Use the average, actual, or mean salary survey data to set the rate for the step determined in subparagraph 1 above.

3. Back down to the appropriate beginning rate by dividing the average, actual, or mean salary rate as shown in the following chart:

Average Step	Divisor	Average Step	Divisor
2	1.03	8	1.21
3	1.06	9	1.24
4	1.09	10	1.27
5	1.12	11	1.30
6	1.15	12	1.33
7	1.18		

4. Example: The average step for employees in the grade is step 8. The average salary rate paid in the community for the equivalent grade is $53,450. Step 1 of the VA grade is set at $44,174 ($53,450 divided by 1.21).

NOTE: *There is a drawback to setting VA rates based on average salaries. Over a period of time, the average step for VA employees may fluctuate and impact pay-setting.*

(c) **Using Maximum Salaries**

1. Use the maximum rate data from the survey to set the maximum rate for the equivalent VA grade. If the VA grade has 12 steps, back down to the step 1 rate by dividing the maximum rate by 1.33. If the VA grade has an approved rate range extension, add an additional .03 to the divisor for each step beyond step 12 in the rate range. This approach may be used even if the resulting minimum VA rate for the grade is set higher than the community minimum rates.

2. Example: The average maximum rate paid in the community for the equivalent grade is $64,270. If the VA grade has 12 steps, step 1 is set at $48,323 ($64,270 divided by 1.33). If the VA grade has 17 steps, step 1 is set at $43,426 ($64,270 divided by 1.48).

(d) **Using Transaction (Hiring) Rates or Actual Starting Salaries of Incumbents**

1. Determine the average step for VA hires during the past 12 months at the grade for which pay is being set.

2. Use the transaction or actual starting salary survey data to set the rate for the step determined in subparagraph 2a(2)(d)1.

3. Back down to the appropriate beginning rate by dividing the average salary rate as shown in the chart in subparagraph 2a(2)(b).

4. Example: The average step for VA hires in the grade during the past 12 months is step 5. The average actual starting rate paid in the community for the equivalent grade is $41,825. Step 1 of the grade is set at $37,344 ($41,825 divided by 1.12).

NOTE: *The use of transaction rates or actual starting salaries of incumbents is discouraged due to the difficulty in determining equivalent levels of experience in VA. It is also of limited value if the number of transactions is insufficient to support a reasonable projection.*

(e) **Using Published Minimum Rates or Actual Minimum Rates.** Use the published minimum or actual minimum rates from the survey to set the step 1 rate for the equivalent VA grade.

(f) [**Using Percentile Survey Data.** The following methodology will be used to extrapolate survey data reported in percentiles to determine an appropriate Step 1 rate for the grade:

1. If the VA grade has 12 steps, divide the percentile survey rate by the divisor shown in the following chart:

Percentile Amount	Divisor
10th percentile	1.033
25th percentile	1.0825
50th percentile	1.165
75th percentile	1.2475
90th percentile	1.297

2. If the VA grade has an approved extended rate range, divide the applicable percentile amount by the divisor shown in the following chart:

# of Steps	10th	25th	50th	75th	90th
13	1.036	1.09	1.18	1.27	1.324
14	1.039	1.0975	1.195	1.2925	1.351
15	1.042	1.105	1.21	1.315	1.378
16	1.045	1.1125	1.225	1.3375	1.405
17	1.048	1.12	1.24	1.36	1.432
18	1.051	1.1275	1.255	1.3825	1.459
19	1.054	1.135	1.27	1.405	1.489
20	1.057	1.1425	1.285	1.4275	1.513
21	1.06	1.15	1.3	1.45	1.54
22	1.063	1.1575	1.315	1.4725	1.567
23	1.066	1.165	1.33	1.495	1.594
24	1.069	1.1725	1.345	1.5175	1.621
25	1.072	1.18	1.36	1.54	1.648
26	1.075	1.1875	1.375	1.5625	1.675

(g)] **Using Salary Survey Data that Match More Than One VA Grade**

1. When it is determined that a surveyed position matches more than one VA grade equally, the available salary data may be used to extrapolate beginning rates for each grade matched.

2. Example: The descriptions of the positions(s) matched equate to both the VA Nurse I and Nurse II grades equally. Mid-point salary data are available. In order to have the mid-point of the two grades reflect the survey data, Step 1 of Nurse I is set by dividing the average mid-point salary rate paid in the community by 1.33. The Step 1 rate of the Nurse II grade is then set based on the minimum differential requirements contained in paragraph 3 of this chapter.

3. Example: The descriptions of the position(s) matched equate to both Nurse I and Nurse II equally. Only maximum salary data are available. Step 1 of the Nurse II grade is set by dividing the average maximum salary rate paid in the community by 1.33 (add .03 to the divisor for each step in an extended rate range). The Step 1 rate of the Nurse I grade is then set by dividing the new Nurse II Step 1 rate by 1.09.

(3)] Some facilities are located in outlying towns and suburbs of a Metropolitan Statistical Area (MSA) or a Metropolitan Division and are, therefore, included in the same LLMA as facilities in the more urban area of that MSA or Metropolitan Division. Directors of such outlying facilities will normally set the beginning rate for each grade at an amount deemed competitive with the available salary data] of that facility's nearest (geographically) principal competitors (see subparagraph 3b(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.

(4) In no instance shall the rate of a VA grade, or level in a grade, for which survey data were collected, be adjusted to an amount that exceeds the highest comparable rate for corresponding non-VA positions in the LLMA.

(5) In Alaska and Hawaii, where the Office of Personnel Management has approved a non-foreign cost-of-living allowance (COLA) under 5 U.S.C. 5941, facility Directors are to set the rate of a grade or level so that the sum of the rate and the COLA meet the criteria in the [subparagraphs (1) through (4) above and subparagraphs (6) and (7) below].

(6) [When establishing or adjusting a specialty schedule for head nurses, facility directors are to set the rate of a grade or level so that the sum of the rate and the two-step head nurse differential meet the criteria in the subparagraphs (1) through (5) above and subparagraph (7) below.

(7)] In no instance shall the beginning rate of a VA grade be reduced.

b. **When Non-VA Salary Data are Not Available for a Grade or Level of the Grade.** If data are not available for a grade or level within the grade, facility directors shall set the beginning rate for that grade using the following options:

(1) Set the beginning rate up to an amount that maintains the existing ratio (percent difference) between that grade and the next higher grade.

(a) Example: The existing Step 1 rate for Nurse II is $35,752 and the existing Step 1 rate for Nurse III is $43,179 (a difference/ratio of 1.21). Based on salary survey data, the Step 1 rate for Nurse II is being adjusted to $38,943. No salary survey data are available for Nurse III. Using this option, the Step 1 rate for Nurse III may be set up to $47,121 (38,943 x 1.21).

(b) Example: The existing Step 1 rate for Nurse IV is $57,253 and the existing Step 1 rate for Nurse V is $78,129 (a difference/ratio of 1.36). Based on salary survey data, the Step 1 rate for Nurse IV is being adjusted to $61,069. No salary survey data are available for Nurse V. Using this option, the Step 1 rate for Nurse V may be set up to $83,054 (61,069 x 1.36).

(2) Continue the existing regular or special rate for the beginning step for the grade, provided the beginning rates remain consistent with the minimum differential requirements in paragraph 3.

(3) When necessary to recruit or retain well qualified employees, the facility Director may adjust the following:

(a) 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;

(b) The beginning rate of Nurse II, Nurse III, Nurse IV, and Nurse V up to the seventh step of the next lower grade; or

(c) 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.

c. **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 submitted with approved schedules.

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 12 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 [VA- or BLS-conducted survey or other third-party] salary survey of corresponding non-VA positions in the local labor market area (LLMA)[ ]. Such additional adjustments may not exceed the highest [comparable rate] 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[&LR] 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, the survey summary, and documentation listed in paragraph 8 will be forwarded to the Network Director (10N) and OHRM[&LR] (05[5]) immediately after approval.

(1) Pay schedules will be effective the first day of the first pay period after the Director approves the schedule unless an earlier date is necessary to meet the requirements of paragraph 3b of chapter 1.

(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 [the completion or publication of a survey (see paragraph 3b of chapter 1, this part).]

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 [ ] be advanced to the next step of the grade; however, this latter increase is considered an equivalent increase in compensation. [Step rates] 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[ ]. 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[ ];

[b.] A copy of the schedules approved under paragraph 6; and

[c.] The determination that an extended rate range continues to be necessary (see subparagraph 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[(c)(1)] 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 [up to the community maximum], if appropriate. [ ]

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 VISN Director (10N__/05[5]) 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 VA facilities located in the same or overlapping 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 [and Labor Relations] Service (05[5]) 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 [of] Human Resources Management [and Labor Relations] (05[5]), which 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 in the same step on the expanded rate range as they occupied on the former rate range. However, an employee who was at 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 in 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__/05[5]).

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 [ ] 7401(1), or 7405 serving in the Veterans Health Administration (VHA) Central Office or in a Veterans Integrated Service Network (VISN) Office.

2. ESTABLISHING PAY RATES FOR [ ] THE DIRECTOR, NURSING SERVICE

a. **Grades and Pay Schedules.** [The Director, Nursing Service (DNS)] will be paid rates established by the Under Secretary for Health.

b. **Mandatory Pay Adjustment.** The Under Secretary shall adjust the beginning rate of pay for the [ ] 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 rate[ ] of the [ ] DNS and decide if further adjustment [is] 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 [ ] 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 (minimum, maximum, average) for the Nurse V grade;

(3) Local cost-of-living and employment cost index information; and

(4) Staffing data [ ].

NOTE: *If the existing pay rate[ ] of the [ ] DNS [is] equivalent to the Level [IV] pay cap, the rate review and summary report discussed in subparagraphs c and d above are not required.*

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 (0[5HRS]) 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. The Central Office Human Resources Service (0[5HRS]) will coordinate with officials at the Washington VA Medical Center the purchase or use of BLS or other third-party salary survey data under paragraph 4c or d of chapter 1, timing and frequency of VA-conducted surveys under chapter 2, selection of establishments to be surveyed, appointment of data collectors, collection of data, construction of pay schedules, and maintenance of records (par. 8 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. The VISN Human Resources Coordinator will coordinate with officials at the local servicing VA medical center the purchase or use of BLS or other third-party salary survey data under paragraph 4c or d of chapter 1, timing and frequency of VA-conducted surveys under chapter 2, selection of establishments to be surveyed, appointment of data collectors, collection of data, construction of pay schedules, and maintenance of records (par. 8 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[&LR] (05[5]) 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 part 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 paragraph 4c or d of chapter 1 or chapter 2, VA-Conducted 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 OHRM[&LR] 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 Network Director. Requests will be submitted to the appropriate Network Director (10N__/05[5]), through OHRM[&LR]. 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 Network Director will be effective the first day of the first pay period following the Network 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__/05[5]) through OHRM[&LR].

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 reauthorized 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 [part] 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 38 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 [ ] 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 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 part.

8. Commuting Area. The geographic area that is normally 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.

9. Days. The term "days" means calendar days.

10. 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[/nurse managers] or employees with specialized skills; and

f. Cash awards.

11. 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 8 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.

12. 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 (OPM) and published in the OPM Operating Manual, Federal Wage System.

13. FTE. FTE is full-time equivalent employees.

14. 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.

15. 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.

16. Grade. Unless otherwise specified, an LPS grade, Nurse I, Nurse II, Nurse III, Nurse IV, and Nurse V.

17. Head Nurse[/**Nurse Manager**]**.** A head nurse[/nurse manager] is a registered nurse who is the first line supervisor for a designated [patient care team] and who is responsible for the management of [direct patient] care and [subordinate patient care team members].

18. 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.

19. Job Acceptance Rate. The job acceptance rate is the gains divided by job offers.

20. 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.

21. Level. For Nurse I for registered nurses [ ], 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.

22. Local Labor Market Area (LLMA). The LLMA is the geographic area in which LPS surveys are conducted.

23. Locality Pay Schedule. The Locality Pay Schedule is a pay schedule established based on a survey of pay rates for corresponding non-VA health care positions in the LLMA. Locality pay schedules will be constructed using chapter 3, Salary Schedule Construction and Implementation, and may be established for any covered o ccupation, 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 nurse practitioner, clinical nurse specialist).

24. 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."

25. 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.

26. Nurse. An RN who meets the basic requirements for appointment under the qualification standard in VA Handbook 5005. 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.

27. Nurse Anesthetist. A Nurse Anesthetist is an individual who meets the basic requirements for appointment under the qualification standard in VA Handbook 5005.

28. 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.

29. Nursing Unit or Ward. A geographic location or program with patient care delivery of responsibilities across the continuum of care.

30. 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.

31. 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, paragraph 1c) and meeting the criteria for advancement in VA Handbook 5005.

[**32**]. **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.

[**33**]. **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.

[**34**]. **Special Salary Rate.** A special salary rate is a step on a special salary rate range.

[**35**]. **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.

[**36**]. **Staffing Success Rate.** The gains divided by tried to fill (see item 41).

[**37].** **State.** Any State, Territory or Commonwealth of the United States (i.e., Puerto Rico), and the District of Columbia.

[38]. **Survey Establishment.** An establishment in the LLMA that is selected to be surveyed.

[**39**]. **Survey Sample.** All establishments selected for survey in an LLMA.

[**40**]. **Survey Summary.** A report of the results of a survey.

[**41**]. **Survey Universe.** All establishments in the LLMA.

[**42**]. **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.

[**43**]. **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.

[**44**]. **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.

[**45**]. **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 [ ] (055) 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.:** [ ]

[**FACILITY POINT OF CONTACT:**] **CONTACT NUMBER:**

VISN:

1. STAFFING DATA [FOR PAY SCHEDULE # N _ _ _]

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.

	[6/30/20___ (Current year)	**6/30/20___** (Last three preceding years)]	**6/30/20___**	**6/30/20___**
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.

Beginning Authorized Ceiling:	_ _ _._	Ending Authorized Ceiling:	_ _ _._
Beginning On Board:	_ _ _	Ending On Board:	_ _ _
Number of Losses:	_ _ _	Number of Vacancies:	_ _ _

c. Please check all recruitment efforts used in the past year, and indicate the number of times each was used.

☐ Newspaper Ads	_ _ _ times	☐ Internal	_ _ _ times
☐ Job Fairs	_ _ _ times	☐ VA Careers.com	_ _ _ times
☐ Journal Ads	_ _ _ times	☐ Other Internet sites	_ _ _ times
☐ Posting of vacancy announcement at schools of nursing	_ _ _ times	☐ Other: _____	_ _ _ times
		☐ No recruitment conducted	

VA Form 0738

d. What was the average duration of vacancies for positions paid [from this pay schedule] during the past year?

_ _ months

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 Incentive:	☐ Frequently	☐ Occasionally	☐ Rarely	[☐ Not used]
Relocation Incentive:	☐ Frequently	☐ Occasionally	☐ Rarely	[☐ Not used]
Retention Incentive:	☐ Frequently	☐ Occasionally	☐ Rarely	[☐ Not used]
Higher Rates For Specialized Skills:	☐ Frequently	☐ Occasionally	☐ Rarely	[☐ Not used]

2. DIRECTOR'S FINDINGS CONCERNING THE STAFFING SITUATION [ ]

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 [third party survey data should be reviewed or] a salary survey must be conducted. Please check all that apply to the occupation or specialty:

☐ A 5 percent increase* in turnover since June 30 of the prior year.

☐ A significant number of losses since June 30 of the prior year were quits for pay.

☐ A 10 percent increase* in the vacancy rate since June 30 of the prior year.

☐ Positions remain vacant for 6 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 [third party survey data been reviewed or] a salary survey been conducted during the reporting period (or will one be [reviewed/]conducted)?

☐ YES ☐ NO

d. If [third party survey data was reviewed or] a salary survey has been conducted or is planned, please indicate the time frame [ ]. Check all that apply.

☐ [Third party survey data reviewed or] survey conducted within past 3 months
☐ [Third party survey data reviewed or] survey conducted more than 3 months ago
☐ [Third party survey data is being reviewed or] survey currently being conducted
☐ [Third party survey data will be reviewed or] survey will be conducted within next 3 months

e. If there is a staffing problem for this occupation or specialty and [the facility has not reviewed third party survey data or conducted a survey] please explain why [ ].

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. [If survey data was used to adjust a grade or level, select the type of survey data/methodology used:

Nurse I, Level 1 -

☐ Minimum
☐ 10th Percentile
☐ 25th Percentile
☐ Mid-Point/Median
☐ 50th Percentile
☐ 75th Percentile
☐ 90th Percentile
☐ Maximum

Nurse I, Level 2 -

- ☐ Minimum
- ☐ 10th Percentile
- ☐ 25th Percentile
- ☐ Mid-Point/Median
- ☐ 50th Percentile
- ☐ 75th Percentile
- ☐ 90th Percentile
- ☐ Maximum

Nurse I, Level 3

- ☐ Minimum
- ☐ 10th Percentile
- ☐ 25th Percentile
- ☐ Mid-Point/Median
- ☐ 50th Percentile
- ☐ 75th Percentile
- ☐ 90th Percentile
- ☐ Maximum

Nurse II -

- ☐ Minimum
- ☐ 10th Percentile
- ☐ 25th Percentile
- ☐ Mid-Point/Median
- ☐ 50th Percentile
- ☐ 75th Percentile
- ☐ 90th Percentile
- ☐ Maximum

Nurse III -

- ☐ Minimum
- ☐ 10th Percentile
- ☐ 25th Percentile
- ☐ Mid-Point/Median
- ☐ 50th Percentile
- ☐ 75th Percentile
- ☐ 90th Percentile
- ☐ Maximum

Nurse IV -

- ☐ Minimum
- ☐ 10th Percentile
- ☐ 25th Percentile
- ☐ Mid-Point/Median
- ☐ 50th Percentile
- ☐ 75th Percentile
- ☐ 90th Percentile
- ☐ Maximum

Nurse V -

- ☐ Minimum
- ☐ 10th Percentile
- ☐ 25th Percentile
- ☐ Mid-Point/Median
- ☐ 50th Percentile
- ☐ 75th Percentile
- ☐ 90th Percentile
- ☐ Maximum

h. Indicate the reasons for taking (or not taking) such actions:]

☐ Beginning rates for all grades increased.

☐ Beginning rates for some grade increased.

☐ Beginning rates for all grades remained the same.

Reasons: (Check all the 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/Additional Comments.

APPENDIX C.
[ ] LOCALITY PAY SYSTEM DATA COLLECTION FORM AND INSTRUCTIONS

OMB Approval Number: 2900-0519
Estimated burden: 45 minutes

Department of Veterans Affairs

LOCALITY PAY SYSTEM FOR NURSES AND OTHER HEALTH CARE PERSONNEL DATA COLLECTION AND INSTRUCTIONS

The Paperwork Reduction Act of 1995 requires us to notify you that this information collection is in accordance with the clearance requirements of section 3507 of the Paperwork Reduction Act of 1995. We may not conduct or sponsor, and you are not required to respond to, a collection of information unless it displays a valid OMB number. We anticipate that the time expended by all individuals who must complete this form will average 45 minutes. This includes the time it will take to read instructions, gather the necessary facts and fill out the form. The purpose of this data collection is to assure that VA nurses are paid an equitable salary.

SECTION I - GENERAL INFORMATION

1a. NAME OF ESTABLISHMENT	1b. ADDRESS (Number and Street)	2. COUNTY/TOWN/INDEPENDENT CITY

3. CONTACT PERSON	4a. PHONE	4b. TITLE

5. DATE OF CONTACT	6. SURVEY OCCUPATION OR SPECIALTY	7. TOTAL EMPLOYMENT FTEE Occupation or Specialty FTEE

8. SALARY INCREASES Month increases are normally effective:	Effective Date of Last Increase:	Percent:	9. NUMBER OF HOURS IN NORMAL WORKWEEK OF OCCUPATION OR SPECIALTY SURVEYED:

SECTION II - SALARY DATA

SURVEY JOB (GRADE/LEVEL)	ESTABLISHED JOB *(TITLE/GRADE)*	RATE OF PAY	TYPE

SECTION III - BONUS PAY

Description of Bonus Program and Amount Paid:

SECTION IV - PREMIUM PAY FOR THE OCCUPATION OR SPECIALTY BEING SURVEYED

1. Establishment's current overtime Rate:	2. Establishment's current shift differential:	3) List Establishments differential for:
Daily Weekly	PM Night	Saturday Sunday Holiday

4. Does your establishment provide for stand-by/on-call premium pay? *(Circle one)* **YES** **NO** If yes, please provide description of premium pay practices and method of calculating payments:

REMARKS *(Attach salary table and establishment job descriptions, or prepare summary job description - continue on blank sheet if necessary)*

[**NOTE:** *This form is provided for illustrative purposes only. The form may be accessed on the OHRM website.*]

SECTION V - DATA COLLECTOR(S)

SIGNATURE AND TITLE	DATE	SIGNATURE AND TITLE	DATE

VA FORM MAR 2002 **10-0132**

INSTRUCTIONS FOR DATA COLLECTORS

SECTION 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 (FTEE) in the establishment. For the occupation or specialty being surveyed, enter the total FTEE 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 Hours in 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.

SECTION II - SALARY DATA

Enter the title and grade of the survey job and the title and grade of establishment's job. Also enter the salaries paid by the establishment for an employee whose experience and education is comparable to the survey job description and indicate what type of data is being reported (e.g., minimum beginning rate, maximum rate in a range, average, mid-point, etc.).

SECTION III - BONUS PAY

Document the following information: Description of the plan and how bonus payments are determined; amount of bonus paid; and when bonuses are paid.

SECTION 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 MP-5, part II, chapter 3.

SECTION 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. [Delivers fundamental knowledge-based nursing care to assigned patients while developing technical competencies.
Education/Experience: Diploma or an associate degree (AD) in nursing from a school approved by the State accrediting agency. No professional nursing experience.
Performance:

- Basic care responsibilities
- Work with close supervision
- Works as a team member, provides care to assigned patients
- Does not supervise others

Sample job titles: staff nurse, team member

Level 2. Provides nursing care as primary care nurse or team leader providing care to patients with basic and complex needs. Directs/supervises others who provide care.
Education/Experience: AD or diploma plus one-year experience or Bachelor of Science in Nursing (BSN) and no experience.
Performance:

- Progresses from team member to primary nurse/team leader
- Provides care to patients with simple and complex needs
- Works with general supervision
- Assumes accountability for limited leadership roles
- Directs and supervises others who provide care

Sample job titles: staff nurse, team leader, primary care nurse, care manger

Level 3. Demonstrates proficiency in practice based on conscious, deliberate planning. Self-directed in goal setting for managing complex patients.
Education/Experience: AD or diploma and approximately 2–3 years of experience or a BSN and approximately 1-2 years of experience; or a master's degree in nursing or a related field and no experience.
Performance:

- Beginning leadership responsibilities; functions as a team leader/charge nurse
- Applies clinical knowledge to plan and deliver care to patients with complex needs
- Supervise team members
- Works independently with occasional direction/supervision in clinical, education, quality management research or other practice areas
- Provides feedback regulating the practice of others who provide care
- Assumes responsibility and accountability as a charge nurse

Sample job titles: staff nurse, team leader, charge nurse, clinical nurse, care manager, instructor, research nurse, etc.

b. **Nurse II.** Functions in complex clinical settings, makes clinical decisions for individuals or groups.
Education/Experience: BSN plus two years experience or master's with one-year experience.
Performance:

- Assigns work as charge nurse or team leader, serves as preceptor to less experienced staff
- Responsible as a charge nurse for guiding and appraising the performance of others

Sample job titles: staff nurse, primary nurse, team leader, charge nurse, nurse manager, care manager, case manager, instructor, research nurse, etc.

c. **Nurse III.** Expert nurse in clinical, education, research, quality improvement or other leadership role. Provides leadership in the application of the nursing process, improving outcomes at the program or service level.
Education/Experience: Master's degree in nursing or related field with 2-3 years of experience.
Performance:

- Functions as nurse coordinator and leader on multidisciplinary teams
- Works independently and supervises others; acts as a resource for others
- Wide range of responsibility for nursing outcomes at service or program level

Sample job titles: clinical nurse specialist, nurse practitioner, nurse manager, case manager, head nurse, research nurse, instructor, quality management nurse, clinic director, patient care manager, service or program director.

d. **Nurse IV.** Executes leadership that is characterized by 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.
Education/Experience: Master's degree in nursing or related field and approximately 4 to 5 years of progressively responsible professional nursing practice; or doctoral degree in nursing or related field and 4-5 years of professional nursing practice
Performance:

- Responsibility encompasses more than one level of care (acute, ambulatory, long term) and requires innovation and leadership in professional health related programs at the local level.
- 24-hour responsibility for management of nursing service for a group of clinical services, planning and supervision of patient care, management of nursing and support personnel.
- Serves as mentor to various levels of staff.
- Typically responsible for developing or contributing to annual budget and monitoring expenses within prescribed parameters.
- Assigned broad areas of responsibility.
- Work is accomplished personally and/or through subordinates and is evaluated only for its overall effectiveness and responsiveness to organizational requirements
- Reports to Chief Nurse Executive

Sample job titles: assistant director, associate director, assistant vice president
assistant chief nursing officer, associate chief nursing officer

e. **Nurse V.** Practice of an executive nature, comprised of complex leadership and administrative components associated with health care issues and activities that require critical thinking and influence the organizational mission, health care and policy.

Education/Experience: 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.
Performance:

- Performs executive nurse functions in a complex facility
- Responsible for integrating multiple programs or multiple sites across a continuum of care
- Serves as corporate representative on management committees/boards
- Develops and monitors fiscal aspects of service
- Assures that policies and procedures comply with patient safety and quality; meet requirements of accrediting/licensing bodies
- Substantial involvement in state, regional, and/or national professional and health-related issues

Sample job titles: chief nurse executive, director, chief nursing officer, chief operating officer, associate chief or associate director of complex facility

2. SPECIALTY DESCRIPTIONS

a. Administrative (Assistant/Associate Chief Nurse)

Nurse III. Executes position responsibilities that demonstrate leadership, experience and creative approaches to assist the nurse executive in management of complete range of nursing programs at a small health care facility.
Education/Experience: 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.
Performance:

- May be responsible for a specific unit or designated special program areas in a large health care facility
- 24-hour responsibility for supervision and coordination of patient care services
- Ensures that patient care is administered by all professional and non-professional personnel in area of responsibility according to organization and regulatory policies and guidelines
- Typically have staffing and budget control for area of responsibility
- Work with full technical independence, frequently serving as resource for less experienced personnel
- Reports to chief nurse executive

Sample job titles: assistant director, associate director, assistant vice president, associate vice president

b. Nurse Practitioner

Nurse I, Level 3. Entry-level nurse practitioner developing knowledge and competencies necessary to engage in management of health care. Prescriptive authority is preferred. May be assigned roles as a mid-level practitioner and is responsible for assessing diagnosing, prescribing and managing aspects of care for a particular population of patients.
Education/Experience: At all levels, a master's degree as nurse practitioner and national certification by the American Nursing Association as a nurse practitioner is required. Nurse practitioners work with increasing autonomy as competencies develop. Collaboration or supervision by physician varys with

needed level of clinical expertise. Individual has no experience as a nurse practitioner post-academic preparation or may be a new graduate nurse practitioner with several years of prior RN experience.
Performance: Clinical and professional practice reflects the ability to:

- Care for a group or population of patients or a caseload as a team member
- Demonstrate a high degree of knowledge, skill and competence
- Demonstrate progressive competencies to assess patient problems, develop differential diagnoses, define, implement and evaluate the treatment plans

Sample job titles: nurse practitioner, nurse practitioner I

Nurse II. May be assigned roles as a mid-level practitioner and is responsible for assessing diagnosing, prescribing and managing aspects of care for a particular population of patients.
Education/Experience: At all levels, a master's degree as nurse practitioner and national certification by the American Nursing Association as a nurse practitioner is required. Nurse practitioners work with increasing autonomy as competencies develop. Collaboration or supervision by physician varies with needed level of clinical expertise. The individual has 1-2 years of post-academic relevant clinical experience or may be a new graduate nurse practitioner with several years of prior RN experience.
Performance: Clinical and professional practice reflects the ability to:

- Care for a group or population of patients or a caseload as a team member
- Demonstrate a high degree of knowledge, skill and competence
- Demonstrate progressive competencies to assess patient problems, develop differential diagnoses, define, implement and evaluate treatment plans

Sample job titles: nurse practitioner, nurse practitioner II

Nurse III. Clinicians work with independence and serve as a resource for other personnel. Demonstrate progressive independence in seeking consultation as needed. The nurse practitioner may be assigned as an expert mid-level practitioner and demonstrate leadership and creative approaches to the management of complex patient care, improving outcomes at the program or service level.
Education/Experience: At all levels, a master's degree as nurse practitioner and national certification by the American Nursing Association as a nurse practitioner is required. Nurse practitioners work with increasing autonomy as competencies develop. Collaboration or supervision by physician varys with needed level of clinical expertise. Individual has 3-5 years of post-academic relevant clinical experience.
Performance: Clinical and professional practice reflects the ability to:

- Apply in-depth knowledge, competencies and skills as a nurse practitioner providing comprehensive care in managing illness and primary care
- Demonstrate competency in direct and indirect patient care, teaching, staff education, consultation and collaboration with multidisciplinary teams in the facility and community
- Participate in system and facility-wide activities, i.e., committees, research projects, serving as mentor to colleague

Sample job titles: nurse practitioner, nurse practitioner III

c. **Clinical Nurse Specialist**

Nurse I, Level 3. Licensed registered nurse possessing graduate preparation in nursing. This person may function in role of educator, clinical consultant, or mid-level provider. Those functioning as mid-level providers may receive credentialing or privileges to prescribe medications or controlled substances.
Education/Experience: An entry-level clinical nurse specialist has a master's degree from an NLN-accredited nursing program with a major in a clinical specialty. Certification in the specialty is preferred. **NOTE:** Since a master's degree is required for a clinical nurse specialist, a new graduate would qualify for VA appointment at Nurse I, Level 3 if the nurse has no prior RN nursing experience or has 1-2 years of prior RN experience before receiving a master's degree as a clinical nurse specialist. Employees at this level work with increasing autonomy as they demonstrate acquisition of the required competencies. Collaboration or supervision by a physician varies with needed level of clinical expertise.
Performance: As a mid-level provider, the clinical nurse specialist is responsible for assessing, diagnosing, prescribing and managing aspects of care for a particular population of patients. Clinical and professional practice reflects the ability to:

- Manage and deliver care for complex patient situations
- Participate in established quality improvement studies/activities
- Conduct self-assessment of own performance and identify learning needs of others
- Implement an ongoing educational plan to support own professional development
- Identify ethical issues in practice, consult resources when appropriate
- Consult with other healthcare providers to formulate a collaborative plan of care
- Evaluate research-based literature
- Assist patient in identifying and securing appropriate services

Sample job titles: clinical nurse specialist I. Nurses at this grade may be assigned roles as clinical educators, clinical consultants or mid-level providers.

Nurse II. Performance at this grade requires the individual to demonstrate leadership in delivering and improving holistic care through collaborative strategies with others. Employees at this level work with full technical independence. Collaboration or supervision by physician varys with needed level of clinical expertise.
Education/Experience: Nurse has a master's degree in an NLN-accredited nursing program with a major in a clinical specialty. Certification in the specialty is preferred. Individual has 1-2 years of post-academic relevant clinical experience or may be a new graduate clinical nurse specialist with several years of prior RN experience.
Performance: As a mid level provider, the clinical nurse specialist is responsible for assessing, diagnosing, prescribing and managing aspects of care for a particular population of patients (own caseload) or caseload as a member of a team. Clinical and professional practice reflects the ability to:

- Apply the nursing process to improve care
- Initiate/participate in quality improvement activities that result in improved outcomes
- Evaluate practice of self and others using professional standards
- Acquire knowledge and skills to maintain expertise in area of practice
- Educate colleagues and/or students and serve as a preceptor and/or mentor
- Support and enhance client self determination and serve as resource for clients and staff in addressing ethical issues

- Use group process to identify, analyze, and resolve care problems
- Use a body of research to validate and/or change work group practice
- Identify and assess resource utilization and safety issues
- Promote cost effective use of resources (i.e. patient supplies, pharmaceuticals, lab tests, patient scheduling)
- Collaborate with other health disciplines in promoting health maintenance and disease prevention programs

Sample job titles: clinical nurse specialist II. Nurses at this grade may be assigned roles as clinical educators, clinical consultants or mid-level providers.

Nurse III. Executes position responsibilities that demonstrate leadership, experience, and creative approaches to management of complex client care, improving outcomes at program or service level. As an expert clinical nurse specialist, the nurse at this grade enhances patient care for a population group within a service line or throughout the facility. Employees at this level work with full technical independence, frequently serving as a resource for less experienced personnel.
Education/Experience: Individual has a master's degree in an NLN-accredited nursing program with a major in a clinical specialty, and has several years (2-5 or more) of post-academic relevant clinical experience. Certification in the specialty is preferred.
Performance: Nurses at this grade may be assigned roles as clinical educators, clinical consultants or mid-level providers. Clinical and professional practice reflects the ability to:

- Make sustained contributions to health care by sharing clinical/professional expertise within the facility or beyond through consultation, presentations, publication or participation in professional organizations
- Initiate or actively participate in interdisciplinary projects to improve organizational performance
- Use professional standards of care and practice to evaluate programs and/or services activities
- Collaborates with other health care providers for decision-making in interdisciplinary problem solving
- Implement an educational plan to meet changing program or service needs; maintain and update professional knowledge and skills; coach colleagues in team building
- Provide leadership in identifying and addressing ethical issues; use group processes 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, and/or maintains productivity using a variety of modalities to maximize care delivery and/or favorable patient or organizational outcomes.

Sample job titles: clinical nurse specialist II. Nurses at this grade may be assigned roles as clinical educators, clinical consultants or mid level providers.

d. **Intensive Care Unit (ICU) Nurse**

Nurse I, Level 1. Delivers fundamental nursing care to assigned patients in the ICU. This nurse has no experience and should be assigned with another ICU nurse preceptor staff nurse.
Education/Experience: Diploma or AD in nursing from a school approved by the State accrediting agency. No professional nursing experience.

Performance: Provides professional nursing duties for patients whose critical condition warrants nursing care in an intensive care unit.
Sample job titles: staff nurse

Nurse I, Level 2. Provides basic to complex nursing in an intensive care unit. Developing technical skills to monitor and assess patients, administer prescribed medications and use some specialized equipment.
Education/Experience: AD or diploma plus one-year experience or BSN and no experience. BSN graduate should be assigned with an ICU preceptor.
Performance: Provides professional nursing duties for patients whose critical condition warrants nursing care in an intensive care unit.
Sample job titles: staff nurse, primary care nurse, team leader

Nurse I, Level 3. Independently provides basic and complex nursing care in ICU, including patients with specialty equipment.
Education/Experience: AD or diploma and approximately 2–3 years of experience or a BSN and approximately 1-2 years of experience; or a master's degree in nursing or a related field and no experience.
Performance: Provides professional nursing duties for patients whose critical condition warrants nursing care in an intensive care unit. They will be assigned with an ICU preceptor as their primary resource person.
Sample job titles: primary care nurse, team leader, beginning charge nurse

Nurse II. Collaborates and participates in planning and facilitating care with the interdisciplinary team.
Education/Experience: BSN plus two years experience or master's with one-year experience.
Performance:

- Provides total nursing care to all levels of ICU patients
- Guides and supervises practice of other health providers

Sample job titles: charge nurse, team leader, preceptor

Nurse III. Responsible for leadership in planning care for the ICU patient.
Education/Experience: Master's degree in nursing or related field with 2-3 years of experience.
Performance:

- Performs all of the duties as described for Nurse II and is responsible for leadership in planning care, resource management (staff and equipment)
- Participates in addressing quality improvement and ethical issues as member of interdisciplinary team
- Oversees, delegates and evaluates delivery of patient care provided by lower level practitioners.

Sample job titles: charge nurse**,** senior charge nurse, team leader, preceptor

e. **Operating Room Registered Nurse**

Nurse I, Level 1. Delivers fundamental knowledge based care to assigned patients while developing

technical competencies. Employees at this level work under close supervision from team leaders or other more experienced nurses/preceptor.
Education/Experience: Diploma or an associate degree (AD) in nursing from a school approved by the State accrediting agency. No professional nursing experience.
Performance:

- Applies basic principles of aseptic technique
- Ability to circulate and/or scrub less complex surgical cases
- Participates in more complex surgical cases in support of more experienced nurses

Sample job titles: scrub nurse I, staff nurse

Nurse I, Level 2. Delivers more comprehensive care to assigned patients while refining technical competencies. Employees at this level work with increasing autonomy as they demonstrate acquisition of the required competencies.
Education/Experience: AD or diploma plus one-year experience or BSN and no experience.
Performance:

- Applies basic principles of aseptic technique
- Ability to circulate and/or scrub for less complex surgical cases
- Participate in more complex surgical cases in support of more experienced nurses/nurse preceptor
- Participates as on-call or circulating nurse with more senior staff

Sample job titles: scrub nurse I, staff nurse

Nurse I, Level 3. Demonstrates proficiency in practice based on conscious deliberate planning. Self-directed in goal setting for managing complex situations. Employees at this level work in the operating room with considerable independence, consulting with supervisors or team leaders only when unusual circumstances are encountered.
Education/Experience: AD or diploma and approximately 2–3 years of experience or a BSN and approximately 1-2 years of experience; or a master's degree in nursing or a related field and no experience.
Performance:

- Applies principles of aseptic technique
- Independently circulates all surgical specialty cases
- Independently scrubs less complex surgical cases for most specialties
- Assumes on-call charge responsibilities
- Participates in performance improvement data collection

Sample job titles: scrub nurse I, staff nurse

Nurse II. Demonstrates leadership in delivering and improving care through collaboration with others. Employees at this level work with full technical independence.
Education/Experience: BSN plus two years experience or master’s with one-year experience.
Performance:

- Applies principles of aseptic technique
- Independently circulates all surgical specialty cases
- Independently scrubs complex surgical cases for most specialties
- Assumes on-call charge responsibilities
- Assumes an active role in performance improvement practices and data interpretation

- Assumes team leader role
- Assumes surgical specialty service leader role, becoming an expert and resource for other personnel
- Functions as a preceptor and mentor to less experienced staff

Sample job titles: staff nurse II, team leader

Nurse III. Executes position responsibility that demonstrates leadership experience and creative approaches to management of complex patient care. Employees at this level work with full technical independence, frequently serving as resources for less experienced personnel.

Education/Experience: Master's degree in nursing or related field with 2-3 years of experience.

Performance:

- Formulates schedules and assures appropriate personnel are present during surgical procedures
- Oversees, delegate,s and evaluates delivery of patient care provided by lower level practitioners
- Utilizes critical thinking skills to adapt established nursing procedures appropriately
- Plans, directs, coordinates, and evaluates continuing education programs
- Serves on interdisciplinary teams, define policies, and develop procedures for providing care to patients. (Including identified ethical issues)
- Independently circulates and/or scrubs on all cases
- Responsible for resource utilization

Sample job titles: staff nurse III, assistant director-operating services, director-operating room, nurse manager

3. [NURSE ANESTHETIST

a. **Nurse II**. Entry-level nurse anesthetist. The individual must be a graduate of a school of professional nursing approved by the appropriate State accrediting agency and a graduate of an accredited school of nurse anesthesia approved by the American Association of Nurse Anesthetists (AANA). No prior experience as a nurse anesthetist is required at this grade. Certification by the Council on Certification of Nurse Anesthetists is required.

Performance: The employee provides assistance to more experienced nurse anesthetists and anesthesiologists in a wide variety of tasks while developing required competencies. Employees at this level work under close supervision of anesthesiologists and/or more experienced nurse anesthetists. At a minimum entry-level nurse anesthetists should possess the knowledge, skills and ability to perform the following duties:

- Prepare a pre-anesthetic patient history and physical
- Formulate an anesthetic plan and describe the risks, benefits and options to patients
- Administer inhalation, regional, intravenous, local and topical anesthetics
- Respond to emergencies by administering airway management, administration of fluids and drugs and appropriate use of resuscitation techniques

Sample job titles: nurse anesthetist**,** nurse anesthetist I

b. **Nurse III.** Full Performance Level. This individual has experience in the administration of anesthetics that has demonstrated the nurse anesthetist's ability to participate in team programs that are technically challenging and/or complicated.

(1) **Independent Nurse Anesthetist.** The individual functions in an environment where typically there is no full time staff anesthesiologist. Employees at this level work with autonomy and independence.
Education/Experience: Approximately 2 years of experience.
Performance:

- Evaluation and documentation of the patient's physical and mental condition
- Formulation and implementation of an anesthesia care plan including anesthetic agents, adjuvant drugs, and method of administration, in conjunction with the surgeon, dentist or podiatrist
- Delivery of anesthesia care per the Scope and Standards for Nurse Anesthesia Practice of The American Association of Nurse Anesthetists
- Development of protocols for anesthesia care to be approved by the appropriate authority
- Provision of advice and assistance to other nurse anesthetists in difficult or complex procedures
- Acquisition of knowledge and familiarity with newer pharmacologic agents, anesthesia equipment, monitoring modalities, and anesthetic techniques through appropriate continuing education and the professional literature

Sample job titles: nurse anesthetist**,** independent nurse anesthetist

(2) **Senior Nurse Anesthetist.** The individual provides anesthesia care to patients undergoing the most complex procedures. Typically this includes unusually extensive and complex procedures which are of prolonged duration and involve high-risk patients. Employees at this level work with full technical independence, frequently serving as a resource person for less experienced personnel.
Education/Experience: Approximately 2 years of experience.
Performance:

- Performance and documentation of pre-anesthetic evaluation
- Development and implementation of an anesthetic care plan
- Request for consultation and diagnostic studies as appropriate
- Development of individual patient post-anesthesia care plan
- Participation in anesthesia audits
- Recommendation of changes based on audits
- Assistance in the teaching program for anesthesia care
- Participation as an instructor in the facility's in-service education
- Assist in or conduct approved research projects relative to anesthesia care

Sample job titles: nurse anesthetist**,** senior nurse anesthetist

c. **Nurse IV.** This grade is restricted in the Department of Veterans Affairs (VA) to nurse anesthetists who have had a minimum of 5 years of professional experience and who are in one of the following assignments:

(1) **Chief, Nurse Anesthetist Section or Administrative Nurse Anesthetist.** Assumes full administrative or managerial responsibility over 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) **Educator-Coordinator.** Coordinates an education program for nurse anesthesia students or health care trainees who rotate through the healthcare system. This individual has administrative and technical responsibility for maintaining professional standards of practice to include the development of curricula, monitoring cases, counseling and grading students, assisting with research projects and providing development opportunities for primary clinical instructors to maintain their skills. May participate as instructor in the school.

d. **Nurse V.** Candidates have responsibilities which significantly exceed the complexity of those described for Nurse IV. This assignment is restricted to individuals who are responsible for managing a national program].

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.

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[APPENDIX E. DETERMINING JOB MATCHES

1. JOB MATCHING. Job matching is the process of identifying positions in a salary survey that correspond to VA positions.

a. In making determinations about corresponding positions in non-VA health care facilities, the overall comparability of positions being evaluated must be considered. This includes consideration of the complexity of the facility, the scope and responsibility of a particular position, and the clinical knowledges and skills necessary 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.

b. 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.

2. JOB MATCH DETERMINATIONS FOR BLS NATIONAL COMPENSATION SURVEYS. VA grades and levels will be matched to BLS National Compensation Surveys as follows:

VA GRADE/LEVEL	BLS LEVEL
Nurse I, Level 1	Level 4
Nurse I, Level 2	Levels 5 - 7
Nurse I, Level 3	Levels 8 - 9
Nurse II	Levels 10 - 11
Nurse III	Level 12
Nurse IV	Level 13
Nurse V	Levels 14 - 15

3. JOB MATCH DETERMINATIONS FOR THIRD PARTY SURVEYS

a. Available job descriptions will be reviewed against the VA survey job statements in Appendix X-D of this Handbook and the VA Nurse Qualification Standards in Appendix II-G6 or II-G7 of VA Handbook 5005. The job matching process should answer the question "What kind of position will a VA nurse at a given grade or level qualify for in a non-VA nursing setting, given the job descriptions available?" Identical matches are nearly impossible. The idea is to match similar positions on the basis of duties, responsibilities, skills, experience, and educational requirements. As a general rule, if the duties and responsibilities of two positions overlap by 75 to 80 percent, the match is considered appropriate. It is also possible that a surveyed position may match more than one VA grade or level. General job descriptions that do not differentiate between varying levels of education or experience will be matched to the lowest appropriate VA grade or level.

b. To the extent possible, matches will be made by rating the positions based on individual factors rather than on the basis of "whole job" comparisons. These factors include education requirements, experience requirements, autonomy, and scope/responsibility. An average will then be calculated for the various factor ratings. This structured approach, with its numerical ratings, is simply a tool for organizing the data collectors' thoughts. It is not to be followed at the expense of expert judgment. There may be instances where the "whole job" rating will differ from the average of the factors. This may occur because the data collectors decide that the whole is more, or less, than its parts. This is a perfectly valid decision.

c. The following steps should be taken:

(1) Make an initial pairing of each job description with the VA position to which it appears most likely to match.

(2) Rate each job description and, if available, its component factors, against the VA position using the following scale.

0 points	There is insufficient information available to make a determination.
1 point	The requirement for the survey position is less than required for the VA grade.
2 points	The requirement for the survey position exactly matches the requirement for the VA grade.
3 points	The requirement for the survey position exceeds that required for the VA grade.

(3) Total the points in each column.

(4) Determine the Average Factor Rating by dividing the total points by the number of factors evaluated. Factors that were given "0" points due to insufficient information will not be calculated into the average as an evaluated factor.

(5) Positions with an average score in the range of 1.5 to 2.5 will normally be considered a job match.

4. JOB MATCH DETERMINATIONS FOR VA-CONDUCTED SURVEYS. Job descriptions collected from survey establishments and/or job statements developed in accordance with paragraph 7a(2)(d) of chapter 2, this part, as a result of data collection interviews with survey establishments will be used to evaluate job matches consistent with the procedures in paragraph 3 above.

EXAMPLE 1

Example of a job match:

Position title:	REGISTERED NURSE			
VA Grade/Level being matched:	Nurse I, Level 1			
Factor	**Slightly Less Than VA**	**Matches VA**	**Slightly Exceeds VA**	**Insufficient Information**
1. Education Required				0
2. Experience Required		2		
3. Autonomy		2		
4. Scope and Responsibility			3	
5. Organizational Location (for Managerial and Supervisory Positions)				0
Total Points	0	4	3	0
Average Factor Rating (1 – 5)	**2.3**			
Whole Job				

Comments:

The job description does not indicate a minimum education requirement. No experience is required. Nurses at this level work under close supervision. They are sometimes required to provide care to patients with complex needs.

NOTE: *In the above example, a "whole job" rating was not made since there was sufficient information in the job description to rate the individual factors.*

EXAMPLE 2

Example of a job that does not match:

Position title:	Nurse Clinician			
VA Grade/Level being matched:	Nurse III			
Factor	**Slightly Less Than VA**	**Matches VA**	**Slightly Exceeds VA**	**Insufficient Information**
1. Education Required	1			
2. Experience Required	1			
3. Autonomy	1			
4. Scope and Responsibility	1			
5. Organizational Location (for Managerial and Supervisory Positions)	1			
Total Points	5			
Average Factor Rating (1 – 5)	**1.0**			
Whole Job				
Comments: Position has no minimum education requirement and requires only 2 years of nursing experience. Employees work in team setting under close supervision. They mainly handle patients with complex needs. Serve no leadership role.				

NOTE: *The "organizational location" for managerial or supervisory positions refers to the position's place in the organization. For example, is it a first or second line supervisory position?, how many employees are supervised?, what occupations are supervised?, to whom does the incumbent report?, etc.*]

APPENDIX [F.]

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