

PAY ADMINISTRATION

1. **REASON FOR ISSUE:** To revise [the] Department of Veterans Affairs (VA) [pay administration policy, specifically pay setting,]] as a result of the abolishment of all title 38 professional standards boards.
2. **SUMMARY OF CONTENTS/MAJOR CHANGES:** This handbook contains mandatory VA procedures on pay administration. The pages in this issuance replace the corresponding page numbers in VA Handbook 5007. Revised text is contained in [brackets]. These changes will be incorporated into the electronic version of VA Handbook 5007 that is maintained on the [Office of the Chief Human Capital Officer website](#) and the [VA Publications website](#). Significant changes include:
 - a. Establishes guidance for setting initial rates of pay previously recommended by Professional Standards Boards.
 - b. Provides templates to be used when recommending approving an Appointment Above the Minimum Rate of the Grade for employees appointed to title 38 and [[hybrid] title 38 occupations.
 - c. Incorporates new basic pay for Advanced Practice Registered Nurses, Physician Assistants [,] and Registered Nurses.
3. **RESPONSIBLE OFFICE:** Office of Human Resources and Administration/ Operations, Security and Preparedness (006), Office of the Chief Human Capital Officer (05), Compensation and Classification Service (055).
4. **RELATED DIRECTIVE:** VA Directive 5007, Pay Administration.
5. **RESCISSION:** Not applicable.

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**BY DIRECTION OF THE SECRETARY OF
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PART II. SETTING RATES OF PAY UPON APPOINTMENT

CHAPTER 1. GENERAL

1. **PURPOSE.** This part provides Department of Veterans Affairs (VA) mandatory guidance and procedures for determining initial rates of basic pay for personnel appointed or designated under certain title 38 authorities, personnel occupying positions subject to 5 U.S.C. [§] 51, and personnel subject to the Federal Wage System (FWS). 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 [will] approve rates of pay for employees under [their] jurisdiction upon employees' [] initial entry into a covered position, whether [movement [is] from within or outside the Department.
 - b. Under Secretaries, Assistant Secretaries, Deputy Assistant Secretaries, Other Key Officials, or their designees, [will] approve the salary level for initial placement for employees under their jurisdiction.
 - 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. [Facility Directors may delegate this approval to a lower management official.]
 - e. Human Resources Management staff [will] provide technical assistance and guidance to management officials in [] administration of the provisions of this part. In addition, they [will] advise management officials on exercising their discretion to set pay.
3. **DEFINITIONS.**
 - 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 salary rates (SSR) is higher than locality rates, then the special rate range is considered the highest applicable rate range. If no SSRs 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, podiatrists, [] nurses, [] and physician assistants)[,] 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. Expanded function dental auxiliaries (EFDAs) are compensated according to the grade determined [by] qualifications prescribed by the Under Secretary for Health and approved by the Secretary. [The pay rate ranges are set forth in the annual Executive Order adjusting certain rates of pay and pursuant to section 301(a) of P.L. 102–40.] Employees appointed under 38 U.S.C. § 7401(3) will be paid from the General Schedule (GS) salary system.
- (2) The initial rate of pay for personnel appointed under 38 U.S.C. § 7306, except physicians, dentists and podiatrists, [must] be set by the Secretary, upon recommendation of the Under Secretary for Health, [in accordance with section 5382 of title 5 as if such position were a Senior Executive Service position. In the cases of nurses and physician assistants appointed under § 7306, the Secretary may set basic pay under § 7451 pursuant to 38 U.S.C. § 7404(a)(2)(B). In doing so, such appointees' initial pay may be set within any rate considered appropriate within the range of rates provided for the position to which appointed.
- (3) The initial rate of pay for physicians, dentists, and podiatrists appointed under 7401(1) and 7405(a)(1)(A) is determined in accordance with the procedures contained in part IX of this handbook. The initial rate of pay for physicians, dentists[, and podiatrists] appointed under 38 U.S.C. § 7306 is also determined in accordance with the procedures contained in part IX of this handbook.
- (4) The initial rate of pay for chiropractors, optometrists, EFDAs [,nurses, and physician assistants] 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 Part II, Chapter 3, Paragraph 6. See chapter 4 of this part for highest previous rate determinations.]
- (5) The initial rate of pay for chiropractors, optometrists, 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 chiropractors and optometrists appointed to Chief Grade and below, and EFDAs appointed to Senior Grade and below, may be set by the approving [official] 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 physician assistants appointed at grade IV or grade V may be set by the approving official at any step rate of the appropriate grade [in accordance with Part II, Appendix B]. []

- (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 ~~that~~ does not exceed the highest previous rate (maximum payable rate rule) (see 5 C.F.R. [§] 531.221), unless a higher rate is approved under chapter 3, paragraph 3[,] of this part. [] General Schedule (GS) employees who move from a lower GS grade to a hybrid occupation at a higher GS grade must have their pay set using the GS promotion guidance outlined in VA Handbook 5007, part III, chapter 2, paragraph 3, unless 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 Physician Assistants Under the Title 38 Locality Pay System (LPS).**
- (a) **Employees Without Prior VA or Other Creditable Federal Civilian Service.** The initial rate of pay ~~will~~ 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 VA. [Selecting officials may recommend a higher step in accordance with the instructions provided in chapter 3, paragraph 6 of this part.] In addition, for nurse [] positions:
- i [When a recommendation is made for a step(s) above the minimum rate, the Office of Nursing Services (ONS) Above Entry Pay Tool must be used to guide the recommendation. The ONS Above Entry Tool is available on the ONS SharePoint.]
 - ii The approving official may authorize a higher step for assignment to a head nurse [/nurse manager] position in accordance with part III, chapter 8 of this handbook.
 - iii The approving official may also authorize a higher step to recruit nurse [] or physician assistant candidates with specialized skills in accordance with part III, chapter 8 [of this handbook.] [.]
- (b) **Prior VA Service Under the LPS.** Former employees who served under the LPS may have their pay set at any step ~~that~~ does not exceed their highest previous step unless the approving official authorizes a higher step as described in subparagraph 1.a.[(7)](a).
- (c) **Current or Prior Federal Service ~~That~~ 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 [highest previous rate or] 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:
- i. 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.
 - ii. The highest previous step may not include higher rates of pay for being a head nurse, higher rates based on specialized skills.
 - iii. The earned step on any special rate range approved under 38 U.S.C. § 7

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- 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[,] [dentists[, and podiatrists], see paragraph 7.f. of part[] [IX] of 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 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.

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- 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, [podiatrist, 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[,],dentists[,], podiatrists, 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 [Chief Research and Development Officer] these appointees []will receive pay comparability increases consistent with those granted employees paid under the VHA Physician, [] Dentist[, and Podiatrist] Base and Longevity Pay Schedule or [title 38 Locality] Pay Schedules. []
- (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 completion[] 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[.]. 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

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authorized (see chapter 3, paragraph 3 of this part). The minimum rate [will] 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 [task or per service basis] in accordance with the same administrative requirements, including limitations, provided for medical consultants.

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- k. **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.

- l. **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.

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- (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.** 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

**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. Under Secretaries, Assistant Secretaries, Other Key Officials, and Deputy Assistant Secretaries or their designees[] recommend entry at above-minimum rates for positions in their organizations [][that] 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. [Facility Directors may delegate this approval in writing to a lower management official.]
 - d. The [] [Chief Human Capital Officer will] advise management and operating officials on the policies contained herein. Facility Human Resources Management Officers or other appropriate officials [][will] 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. of this chapter.

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- (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.

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 [] [will] forward the recommendation for appointment above the minimum rate of the grade to the [] [authorizing official].] Recommendations for an appointment above the minimum rate of the grade under this paragraph [will be documented using the template provided in Part II, Appendix G,] [and are] to be forwarded to the servicing HR office in accordance with the guidance outlined in VA Handbook 5005, part II, Appendix U. The recommendation for additional steps for all occupations listed under 38 U.S.C. § 7401(3) cannot be based upon the number of years of experience alone.

- (2) Before using this pay setting authority, approving officials should consider such things as the number of on-duty personnel and their pay rates in the category under consideration, the number of vacancies[,] and the availability of well-qualified candidates, possible employee and/or community relations problems [[that] may result from using this authority, and other 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-calendar 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 C.F.R. [§] 304, or employment under a provisional appointment under 5 C.F.R. [§] 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 [] recommending official [] has recommended a higher step rate than otherwise applicable. The selecting official will forward a recommendation to the [] servicing HR office (as applicable), who will make a formal recommendation to the appointing official. The recommendation may be based on higher or unique qualifications of an individual or special needs of VA. Determinations as to whether an employee will be granted a higher step rate will be made fairly, consistently, and in accordance with VA policy.

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- (a) On-duty employees converted to hybrid 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.

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.

6. APPOINTMENT ABOVE THE MINIMUM RATE OF THE GRADE FOR NURSES, PHYSICIAN ASSISTANTS, CHIROPRACTORS, OPTOMETRISTS AND EXPANDED FUNCTION DENTAL AUXILIARIES (EFDAs) 38 U.S.C. § 7401(1).

- a. Authorizing officials may set the initial rate of pay for the above personnel at any step rate of the appropriate grade on the basis of the individual's personal qualifications and attainments, superior qualifications, or special needs of VA. Selecting officials will forward recommendation for an appointment above the minimum rate of the grade to the authorizing official using the template provided in Part II, Appendix G.
- b. 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-calendar 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 C.F.R. § 304, or employment under a provisional appointment under 5 C.F.R. § 316.403.
- c. Approving officials must not authorize a rate above the maximum rate of the grade. In addition, pay rates approved under this paragraph are limited to the basic pay limits annotated in Part VII, Chapter 3 of this handbook.
- d. An appointment above the minimum rate of the grade is a discretionary administrative determination, which will not be made on a retroactive basis.
- e. Appointments above the minimum rate of the grade must be fully documented in accordance with the instructions and template in Part II, Appendix H.
- f. Refer to Part II, Appendix B of this handbook for pay setting policy for nurses and physician assistants at Grades IV and V.]

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] 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 [][that] 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 1.a., subparagraphs (5), (6), or paragraph 1.c. of this part.

NOTE: The step rate for physicians[,], dentists[, and podiatrists] 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[] [of] this handbook.

- b. For [podiatrists] chiropractors, optometrists, nurses, PAs, and EFDAs, unless a higher step rate is authorized under [Part II, Chapter 3, Paragraph 6, of this part, the step rate will be determined by the approving official based on the recommendation of the selecting official]. The recommendation [][will] 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, [][will] not be construed as precluding reappointment of such person at a higher grade or step for which they are 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 1.a. 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

PART II

CHAPTER 4

- (3) problems at a particular VA health[]care facility and higher non-Federal pay rates in a specific labor market.
- (4) In view of subparagraph [1.c.] (2) of this chapter, 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 [] [will] be filed [] [in the employee's e-OPF] and documented in the "Remarks" section of the Request for Personnel Action, or its electronic equivalent.

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_____ Appointment above the minimum rate of the grade at _____ is Approved. If step approved is different than recommended step and rate justification is required:

(Grade, Step, and Rate)

_____ Appointment above the minimum rate of the grade is Disapproved.

Facility Director or Designee

Date Signed]

SECTION C – Selecting officials must address one or more of the following criteria to recommend an appointment above the minimum rate of the grade.

Justification Based Upon a Candidates Personal Qualifications and Attainments.

Describe the candidate’s personal qualifications, professional achievements, and accomplishments related to the position to be filled.

Justification Based Upon a Candidate’s Superior Qualifications.

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 superior to what is minimally required in the qualification standards.

Justification Based Upon Special Needs of the VA.

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.

_____ 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 – Selecting officials must address one or more of the following criteria to recommend an appointment above the minimum rate of the grade.

Justification Based Upon a Candidate’s Existing Pay or Bona Fide Job Offer.

Provide information on candidate’s existing salary from their present employer in the same occupational series. In addition, a current bona fide job offer from a non-VA employer at a higher rate than the individual’s existing salary may also be considered under this factor. Selecting officials must provide documentation of existing pay (current pay stub, verification of employment). If the recommendation is based on a bona fide job offer, the candidate will provide the written job offer from an employer or a signed statement concerning the offer.

Justification Based Upon a Candidate’s Higher or Unique Qualifications.

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 unique over what is minimally required in the qualification standards.

Justification Based Upon Special Needs of the Department.

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.]

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

CHAPTER 2. PROMOTIONS/ADVANCEMENTS

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

- a. **Promotion of Chiropractors, Optometrists, and Expanded Function Dental Auxiliaries (EDFAs).** Chiropractors, optometrists, and EDFAs appointed under 38 U.S.C. § 7401(1) [] will receive, upon promotion, the lowest step rate within the higher grade that exceeds [] their 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 chiropractors, optometrists, and EDFAs.

NOTE: Physicians, dentists, and podiatrists 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, dentists, and podiatrists.

- 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 C.F.R. [§] 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 C.F.R., [§] 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, of 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 Physician Assistants.** Except as provided in subparagraphs 1.c.(1),(2), and (3), nurses, [] and physician assistants promoted [] will receive basic pay at the lowest rate of the higher grade [] that 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 chapter 6, paragraph 5 of this part).

- (1) **Promotion Simultaneous with Reassignment or Transfer to Another VA Facility.** Nurses [] and physician assistants promoted effective the same date they are reassigned or transferred to another VA facility [] will have their promotion calculated using the pay schedule of the losing facility. Once the new grade and step rate are determined, the employee's

salary rate is determined under the provisions in paragraph 1.c.(2) of chapter 4, of 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 [[their] 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 [two] steps removed, then receive a two-step promotion and be placed on the lowest step in Nurse III that 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

6. 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.

CHAPTER 4. OTHER ASSIGNMENT CHANGES AND MOVEMENTS

1. PERSONNEL APPOINTED UNDER 38 U.S.C. §[§] 7306 and 7401.

- a. **Physicians, Dentists, and Podiatrists.** The salary rate of a physician, dentist, or a 7401(1) or 7405(a)(1)(A) podiatrist upon change in assignment will be determined in accordance with the provisions of paragraph 15 of part IX, of 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 management official for physicians, dentists, or podiatrists may restore the grade and equivalent salary rate held by an employee prior to []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 or periodic step increases []the employee would have earned had the[y][] not become an Associate Investigator or CDA-1 recipient. The above provision [] [must] not be construed as precluding adjustment to a higher grade or rate of pay for which the employee otherwise may qualify upon reappointment [] [after] completion of training.
- c. **Employees Subject to the Title 38 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 title 38 LPS pay schedules.
 - (2) **Intra-VA Transfers and Reassignments Between [Different Labor Markets].**
 - (a) **At Employee's Request.** An employee who is transferred or reassigned without a break in service from one VA facility [] [to a different labor market] normally receives:
 - i 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; a Physician Assistant at PA III, step 5 receives the rate for that grade and step at the gaining location). Nurses 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; The maximum step of the grade at the gaining location if the employee is on pay retention at the losing location (pay retention ceases);

- ii 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)[.]

[iv is deleted. Start with NOTE]

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. ([e.g.], 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 [][that] 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 1.c .(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:
 - i 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.
 - ii 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.

iii 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 1.c.(2)(c)i(C)).

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

i If [an appropriate official initiates a reassignment or solicits a transfer for reasons other than cause or the employee's request], 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 1.c.(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 5 of chapter 6, of 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 5 of chapter 6, of 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.

- ii In determining what rate to offer under subparagraph 1.c.(2)(c)i, the appropriate management official must consider such factors as recruitment or retention problems specific to the assignment, non-
- iii 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 subject to the title 38 LPS[] is set under subparagraph 1c(2)(c)i(B) or (C), [] the [pay decision] will be appropriately documented [in writing prior to entry on duty at new duty station].
 - (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.

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

- a. **General.** Temporary full-time, part-time, and intermittent optometrists, chiropractors, nurses, PAs, and EFDAs [[will]] 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) [[will]] be made under the provisions of the GS salary system and the provisions of paragraph 4 of this chapter.

NOTE: Longevity step increases for physicians, dentists, and podiatrists appointed under 38 U.S.C. § 7405 [[will]] 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 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 chiropractors and optometrists to step 2 and above for all grades, and all intermittent EFDAs, except those in subparagraph b.(1) above. This includes any 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, LWOP may be credited in an amount not to exceed 176 hours within the period of service required for one PSI.
- 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.

[All of 3 on page III-18 and III-18a is deleted]

10. PAY RETENTION FOR EMPLOYEES SUBJECT TO THE TITLE 38 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[%];
- (2) Employees placed at another facility for the good of VA or by management-directed action for reasons other than cause (see subparagraph 1c(2)(b) of chapter 4 of this part, [] and
- (3) Employees reassigned to another facility by management-initiated action under subparagraph 1.c.(2)(c)i(B) of chapter 4, of 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)i of chapter 4 of this part).

[(4)] Employees whose pay would otherwise be reduced as a result of a termination of a specialty pay schedule (see paragraph 7 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 [that] 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 1.c.(2)(c) of chapter 4, of this part.
- (2) The employee receives 50[%] 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.

- 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 6.a.(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 manager 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 []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 1.c.(2)(b) or (c).
- b. **Employees Currently Employed at the Facility.** When an adjustment is made under subparagraph 2.a., 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[%] of their VA time performing these duties.

4. DOCUMENTATION.

- a. **Higher Rates of Pay for Head Nurses[/Nurse Manager.]** Upon assignment as a head nurse [/nurse manager], the employee [[must] sign a statement of understanding regarding the higher rate of pay (see sample in app. III-A). The statement is to be filed [[in the employee's Electronic Official Personnel Folder (eOPF).]
- b. **Higher Rates of Pay for Specialized Skills**
 - (1) Directors must document the reasons for any appointment above the minimum based on specialized skills
 - (2) An [onboard] employee whose rate of pay is adjusted due to specialized skills [[will] sign a statement of understanding regarding the higher rate of pay (see sample in app. III-A). The statement is to be filed [in the employee's eOPF.]

5. PAY ADMINISTRATION.

- a. **Basic Pay.** Higher rates of pay for head nurses[/nurse managers] and for specialized skills are considered basic pay for premium pay purposes, lump-sum annual leave, retirement, work injury compensation, life and health insurance, and severance pay.
- b. **Equivalent Increases.** Authorizations of higher rates of pay for head nurses[/nurse managers] 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

PART V. PAY LIMITATIONS

CHAPTER 2. OVERTIME AND COMPENSATORY TIME OFF

1. **GENERAL.** Overtime is considered an expedient to be used only under conditions where [in] 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 [] overtime. Each responsible official must assure that [] employees[' rights] to compensation for overtime services are observed. Each responsible official [] [will] 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 [] [will] 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 ~~[[will]]~~ be based on a basic hourly rate, derived by dividing the employee's annual rate of basic pay by 2,080.

- (2) General provisions for the payment of overtime pay for nurses, PAs, and EFDAs.
 - (a) [Overtime resulting from either a solicitation initiated by management or at the request of the employee is considered to be voluntary overtime.
 - (b) 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.
 - (c) 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.
 - i 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.
 - ii Leave without pay is not included when computing hours of work for overtime purposes.
 - iii Overtime must be at least 15 minutes duration in a calendar day to be creditable for overtime purposes.

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/Podiatrists	As reflected in the Executive Order each year	Not Applicable
Optometrists/Chiropractors/EFDA's	Level V	Level IV (if locality is approved)
Board of Veterans' Appeals	Level IV	Level III
Board of Contract Appeals	Level IV	Level III
[Advanced Practice Registered Nurse/Physician Assistants] (LPS)	Level I	Not Applicable
[Physician Assistants] (LPS)	[Level I]	[Not Applicable]
[Certified Registered Nurse Anesthetist (LPS)]	[Level I]	[Not Applicable]
Registered Nurses [] (LPS)	Level [II]	Not Applicable

[Note: This table does not address special salary rate or critical pay that may exceed these levels in some cases under specific legal authority.]

*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.

PART VIII. MISCELLANEOUS PAY AUTHORITIES

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 [] 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 [][will] 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 Chief Nursing Officer (appointed under 38 U.S.C. § 7306) of the Office of Nursing Services in VA Central Office [is] also considered [a] nurse executive. 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.

PART X. [TITLE 38] LOCALITY PAY SYSTEM []

CHAPTER 1. GENERAL PROVISIONS

1. **PURPOSE.** This chapter contains mandatory procedures for administering the [title 38] Locality Pay System (LPS) for full-time, part-time, and intermittent registered nurses (RNs)[,] nurse anesthetists[, and physician assistants] appointed under chapter 74, Title 38, United States Code (U.S.C.). [The] LPS provides VA healthcare facilities a mechanism for adjusting salary rates in order to be competitive in the recruitment and retention of RNs[,] nurse anesthetists[, and physician assistants.

2. LPS STRUCTURE

a. Five-Grade Pay System.

(1) Under [the] LPS there are five grades, [] I through [] V. Certain [occupations include] grades [which] 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.

(c) **Physician Assistant.** Contains five grades, Physician Assistant (PA) I 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.

Basic Pay Ranges.

(1) The maximum authorized range of basic pay rates for any grade is 133[%][] of the minimum rate, unless:

(a) The Facility Director determines a larger rate range, not to exceed 175[%][], is necessary to recruit or retain a sufficient number of well-qualified health care personnel at [] [grade] I (see chapter 4 [of this part]); or

(b) 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 [] [grade] II through [] [grade] V (see chapter 4 [of this part])

- (2) Rates of basic pay for registered nurses [] may not exceed Level [II] of the Executive Schedule (EX).
- (3) Rates of basic pay for [advanced practice registered nurses,] certified registered nurse anesthetist [and physician assistants] may not exceed Level I of the EX.