

PAY ADMINISTRATION

1. REASON FOR ISSUE: To implement provisions of the “National Defense Authorization Act for 2004” (Public Law 108-136), the “Veterans Health Care, Capital Asset, and Business Improvement Act of 2003” (Public Law 108-170), and the “Federal Employee Student Loan Assistance Act” (Public Law 108-123) as they relate to the Department of Veterans Affairs (VA).

2. SUMMARY OF CONTENTS/MAJOR CHANGES: This handbook contains mandatory VA procedures on pay administration. The pages in this handbook replace the corresponding page numbers in VA Handbook 5007. These changes will be incorporated into the electronic version of VA Handbook 5007 that is maintained on the [Office of Human Resources Management Web site](#). Significant changes include:

a. Modifies the overtime cap applicable to employees exempt from the overtime provisions of the Fair Labor Standards Act to one and one-half times the rate for GS-10, Step 1, or their regular hourly rate of pay, whichever is higher.

b. Entitles certain Veterans Health Administration health care workers to receive weekend premium pay.

c. Increases the annual payment limitation for the Student Loan Repayment Program from \$6,000 to \$10,000 per year and the lifetime maximum from \$40,000 to \$60,000.

d. Increases the basic pay limitation for the Senior Executive Service to EL-III and eliminates the locality pay entitlement.

NOTE: *Policies related to the new hybrid occupations established in Public Law 108-170 will be issued separately.*

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

4. RELATED DIRECTIVES: VA Directive 5007, “Pay Administration.”

5. RESCISSIONS: None.

CERTIFIED BY:

**BY DIRECTION OF THE SECRETARY
OF VETERANS AFFAIRS**

/s/Robert N. McFarland
Assistant Secretary for
Information and Technology

/s/William H. Campbell
Assistant Secretary for Management
Office of Human Resources and Administration

ELECTRONIC DISTRIBUTION ONLY

[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 salary 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 salary rate or locality rate of pay), or

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

(2) **FLSA Non-Exempt Positions.** Employees in FLSA non-exempt positions (covered by FLSA) receive overtime at the rate of one and one-half times their hourly rate of basic pay (including any applicable special salary rate or locality rate of pay).]

[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.] **RTs, PTs, LPNs, OTs, and Pharmacists.** Except as authorized under chapter 3 or 4 of this part, personnel appointed under 38 U.S.C. 7401(3), referred to as “hybrid personnel,” shall be entitled to 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 within the provisions of subparagraphs (2) through (4), below, to General Schedule and Federal Wage System employees and non-U.S. citizen employees overseas.

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

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

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

(b) In the absence of a specific request by the employee for compensatory time off in lieu of payment, an employee whose basic rate of compensation is not in excess of the [GS-10, Step 10], must be paid for the overtime services rendered.

3. OTHER FORMS OF PREMIUM PAY FOR GENERAL SCHEDULE EMPLOYEES

a. **Shift Differential.** Employees who perform work during regularly scheduled non-overtime hours between the hours of 6:00 p.m. and 6:00 a.m. shall receive 10 percent of basic pay for those hours.

b. **Sunday Premium.** Full-time employees who perform work during a regularly scheduled non-overtime tour, any part of which falls between midnight Saturday and midnight Sunday, shall receive 25 percent of basic pay for that tour.

c. **Weekend Premium**

[(1) **Hybrid Employees.**] A full-time, part-time or intermittent [employee in an occupation listed in 38 U.S.C. 7401(3)] 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 unless a higher rate is approved under chapter 4 of this part.

[(2) **Other VHA Health Care Employees.** A full-time, part-time or intermittent VHA employee in an 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. Such employees are not eligible for premium pay under chapter 3 or chapter 4 of this part.]

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.

[APPENDIX A.

VHA HEALTH CARE OCCUPATIONS ELIGIBLE FOR WEEKEND PREMIUM PAY

Series	Title	Series	Title
0060	Chaplain	0647	Diagnostic Radiologic Technologist
0101	Social Science	0648	Therapeutic Radiologic Technologist
0102	Social Science Aid and Technician	0649	Medical Instrument Technician
0180	Psychology	0651	Respiratory Therapist (Title 5)
0181	Psychology Aid and Technician	0660	Pharmacist
0184	Sociology	0661	Pharmacy Technician
0185	Social Work	0664	Restoration Technician
0186	Social Services Aid and Assistant	0665	Speech Pathologist and Audiologist
0187	Social Services	0667	Orthotist and Prosthotist
0188	Recreation Specialist	0669	Medical Records Administration
0189	Recreation Aid and Assistant	0670	Health System Administration
0334	Computer Specialist (DHCP Operations Only)	0671	Health System Specialist
0401	General Biological Science	0672	Prosthetic Representative
0403	Microbiology	0673	Hospital Housekeeping Management
0404	Biological Science Technician	0675	Medical Records Technician
0405	Pharmacology	0679	Medical Support Assistant
0413	Physiology	0681	Dental Assistant
0415	Toxicology	0682	Dental Hygienist
0601	General Health Science	0683	Dental Laboratory Aid and Technician
0620	Licensed Practical/Vocational Nurse	0690	Industrial Hygienist
0621	Nursing Assistant	0698	Environmental Health Aid and Technician
0622	Medical Supply Aid and Technician	0699	Student Nurse Technician (Title code 63 only)
0625	Autopsy Assistant	0701	Veterinary Medical Science
0630	Dietitian and Nutrition	0704	Animal Health Technician
0631	Occupational Therapist	0802	Biomedical Engineering Technician
0633	Physical Therapist	0858	Biomedical Engineering
0635	Corrective Therapist	1020	Medical Illustrator
0636	Rehabilitation Therapy Assistant	1060	Photographer (Medical)
0637	Manual Arts Therapist	1301	General Physical Science
0638	Recreation/Creative Arts Therapist	1306	Health Physics
0639	Education Therapist	1310	Physics
0640	Health Aid and Technician	1311	Physical Science Technician
0642	Nuclear Medicine Technician	1320	Chemistry
0644	Medical Technologist	1725	Public Health Educator
0645	Medical Technician	1910	Quality Assurance
0646	Pathology Technician	2210	Computer Specialist (DHCP Operations Only)

*Only VHA computer specialists responsible for the ongoing operation of the Decentralized Hospital Computer Program (DHCP) are eligible for weekend pay. Other computer specialists are ineligible.]

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 retention allowance or recruitment and relocation bonuses. The periods of service required by a Recruitment/Relocation 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

**Department of Veterans Affairs
5007/11
Washington, DC 20420**

VA HANDBOOK

**Transmittal Sheet
May 24, 2004**

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

Department of Veterans Affairs
5007/11
Washington, DC 20420

VA HANDBOOK

Transmittal Sheet
May 24, 2004

signs an initial or renewal service agreement. In subsequent years, a student loan repayment will be disbursed

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.

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	Level IV	Level III
Physicians/Dentists/	Level V	Not Applicable
Podiatrists/Optometrists/ PAs/EFDA's	Level V	Level IV
Board of Veterans' Appeals	Level IV	Level III
Board of Contract Appeals	Level IV	Level III
Veterans Canteen Service	None	
Deputy Under Secretary for Health	Level IV	Not Applicable
Registered Nurses and Nurse Anesthetists (LPS)	Level V	Not Applicable