

PAY ADMINISTRATION

- 1. REASON FOR ISSUE:** To implement provisions of the “Veterans Health Care, Capital Asset, and Business Improvement Act of 2003” (Public Law 108-170) which converted certain Title 5 positions to Hybrid Title 38 positions under 38 U.S.C. 7401(3).
- 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 and Labor Relations Web site](#). Significant changes include:
 - a. Facility Directors may approve premium pay on the same basis as registered nurses for the new hybrid occupations.
 - b. Facility Directors may approve higher rates of additional pay for the new hybrid occupations if premium pay on the same basis as registered nurses has been authorized.
 - c. Facility Directors may locally establish or adjust special salary rates for the new hybrid occupations.
 - d. References to specific occupations listed under 38 U.S.C. 7401(3) have been replaced with the statutory citation.
- 3. RESPONSIBLE OFFICE:** The Human Resources Management Compensation and Classification Service (055), Office of the Deputy Assistant Secretary for Human Resources and Labor Relations.
- 4. RELATED DIRECTIVE:** VA Directive 5007, Pay Administration.
- 5. RESCISSIONS:** None.

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PAY ADMINISTRATION

PART II. SETTING RATES OF PAY UPON APPOINTMENT

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(7) The initial rate of pay for [employees in hybrid occupations listed under 38 U.S.C. 7401(3)] who do not have prior VA or other Federal civilian service will be the minimum rate of the grade unless a higher rate is authorized using the authority for individual appointments above the minimum rate of the grade (see chapter 3, paragraph 3 of this part).

(8) The initial rate of pay for [employees in hybrid occupations listed under 38 U.S.C. 7401(3)] who have prior VA or other Federal civilian service may be set by the approving official at any step rate of the grade which does not exceed the highest previous rate (maximum payable rate) rule (see 5 CFR 531.203(c)), unless a higher rate is approved under chapter 3, paragraph 3 of this part. The specific pay rate shall be based on the recommendation of the appropriate Standards Board, which is to compare the quality of service rendered during the individual's prior employment with the quality of service expected of other persons in the same grade who have attained pay rates above the minimum rate of the grade. The provisions of this subparagraph are not to be construed as precluding reappointment at a higher grade if the person is qualified.

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

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

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

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

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

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

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

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designee, may make an exception to such limitation on an individual basis when required in the interest of medical need.

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

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

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

e. [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.

f. [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 salary rate range has been approved for similar licensed employees, in which case the higher rate would apply. The employee may be given a higher rate under the highest previous rate rule because of prior Federal service.

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

h. The authority to set compensation of **consultants, attendings and others employed on a fee basis** has been delegated by the Under Secretary for Health to facility directors. These fees shall conform, insofar as possible, with practices prevailing within the profession concerned. Per annum ceiling limitations shall be imposed by the Under Secretary for Health on such pay and revised from time to time as necessary in the public interest for both patient care and treatment. Except as may be

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

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

2. RESPONSIBILITIES

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

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

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

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

3. APPOINTMENT ABOVE THE MINIMUM RATE OF THE GRADE FOR PERSONNEL [IN OCCUPATIONS LISTED] UNDER 38 U.S.C. 7401(3) AND VETERANS HEALTH ADMINISTRATION (VHA) GENERAL SCHEDULE (GS) HEALTH-CARE PERSONNEL**a. General**

(1) Authorized officials may, after considering an individual's existing pay, higher or unique qualifications, or special needs of VA, appoint [employees in hybrid occupations listed under 38 U.S.C. 7401(3)] and VHA GS patient-care personnel at rates of pay above the minimum rate of the appropriate grade. Officials are cautioned against making firm salary commitments to candidates before a rate above the minimum of the grade has been approved. Criteria for approving such rates are contained in subparagraph [3]b [].

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

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APPENDIX F****d. Exceptions to Service Fee Limitations**

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

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

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

(4) When facilities find it necessary to approve individual exceptions on a regular basis, exceptions on a category- or facility-wide basis may be approved. These exceptions will be based on the same criteria as in subparagraph [2d](3), [] and will specify the new limit on the fee or fees. Exceptions will be funded within the facility's target allowance.

3. COMPENSATION FOR ALL OTHER FEE BASIS APPOINTMENTS

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

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

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

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

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

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

CHAPTER 2. PROMOTIONS/ADVANCEMENTS

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

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

b. **Promotion of Hybrid Employees.** [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 U.S.C. 5334(b), unless they are entitled to a higher rate of pay under the provisions of part II, chapter 5, paragraph 2, or the grade and pay retention provisions of part III, chapter 6 of this handbook and 5 CFR, part 536.

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

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

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

(2) **Head Nurses**

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

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

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

CHAPTER 5. WITHIN GRADE INCREASES AND PERIODIC STEP INCREASES**1. PERIODIC STEP INCREASES FOR PERSONNEL APPOINTED UNDER 38 U.S.C. 7401**

a. **General.** Periodic step increases may be granted to any physician, dentist, optometrist, chiropractor, podiatrist, nurse, PA or EFDA who is receiving less than the maximum rate of his or her grade. That employee shall be advanced to the next higher step rate within such grade subject to meeting the eligibility requirements and waiting periods listed below. Step increases for [hybrid employees in occupations listed under 38 U.S.C. 7401(3)] shall be made under the provisions of the General Schedule salary system and the provisions of paragraph 5 of this chapter.

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

- (1) An employee's work is of an acceptable level of competence;
- (2) No "equivalent increase" in compensation was received during the period under consideration; and
- (3) The benefit of successive step increases shall be preserved for any person whose continuous service is interrupted by active military duty.

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

- (1) Physicians, dentists, podiatrists, chiropractors, optometrists - upon completion of a 104-week waiting period.
- (2) PAs and EFDAs at step 1 or 2 on the *regular* rate range of Junior or Associate grade-upon completion of a 52-week waiting period.
- (3) PAs and EFDAs (including *any* PA or EFDA on an above-minimum entrance rate or special salary rate range)-upon completion of a 104-week waiting period.
- (4) Nurses and Nurse Anesthetists in grade Nurse I, Level 1 at steps 1 through 3 of the grade - upon completion of 52 calendar weeks of creditable service.
- (5) Nurses and Nurse Anesthetists in grade Nurse I, Level 1 at steps 4 and higher of the grade - upon completion of 104 calendar weeks of creditable service.
- (6) Nurses and Nurse Anesthetists in grade Nurse I, Level 2 at steps 1 through 3 of the level - upon completion of 52 calendar weeks of creditable service
- (7) Nurses and Nurse Anesthetists in grade Nurse I, Level 2 at steps 4 and higher of the level - upon completion of 104 calendar weeks of creditable service.

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CHAPTER 5**

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

a. **General.** Temporary full-time, part-time and intermittent physicians, dentists, optometrists, chiropractors, podiatrists, nurses, PAs, and EFDAs shall be granted periodic step increases under the same provisions applicable to full-time employees appointed under 38 U.S.C. 7401, except as provided in subparagraphs b and c. Step increases for [hybrid employees in occupations listed under 38 U.S.C. 7401(3)] shall be made under the provisions of the General Schedule salary system and the provisions of paragraph 5 of this chapter.

b. Waiting Period Requirements for Intermittent Employees

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

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

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

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

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

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

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

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

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

e. **[Hybrid Occupations Under 38 U.S.C. 7401(3)].** Except as authorized under chapter 3 or 4 of this part, personnel [in occupations listed] under 38 U.S.C. 7401(3), referred to as “hybrid personnel,” shall be entitled to overtime pay under chapter 55 of title 5, U.S.C., and the Fair Labor Standards Act, unless their positions meet one of the applicable professional, supervisory or administrative exemptions contained in 5 CFR 551, part B. If so authorized under chapter 3 of this part, these employees shall receive additional pay on the same basis as nurses under 38 U.S.C. 7453, when necessary to recruit or retain such personnel. Hybrid personnel are to have their hourly rate of basic pay computed by dividing their annual rate of pay by 2,087, except as provided in the following sentence. Personnel receiving premium pay on the same basis as nurses shall have the premium pay rates based on their annual rate of pay divided by 2,080 (38 U.S.C. 7453(f)). Hybrid personnel are also eligible for any applicable non-foreign cost-of-living allowance and post differential (see part VIII, chapter 11 of this handbook).

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

(1) **Employee Eligibility.** Compensatory time off in lieu of payment for irregular or occasional overtime may be granted within the provisions of subparagraphs [4f](2) through (4), [] 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.

**CHAPTER 4. HIGHER RATES OF ADDITIONAL PAY FOR EMPLOYEES
APPOINTED UNDER 38 U.S.C. 7401, 7405(a)(1)(A) AND 7405(a)(1)(B)**

1. GENERAL. Higher rates of additional pay for employees appointed under 38 U.S.C. 7401(1), 7401(3) or 7405(a)(1)(A) and (B) may be authorized at individual VA health-care facilities based on the recruitment or retention needs of that facility, as well as corresponding premium pay practices in the local labor market. Rates may not be approved for personnel [in occupations listed] under 7401(3) or 7405(a)(1), i.e., “hybrid title 38” personnel, unless the facility director has authorized premium pay on the same basis as registered nurses for such personnel. Rates of premium pay under this chapter shall be based on annual rates of basic pay divided by 2080.

2. CRITERIA FOR APPROVAL

a. Higher rates of additional pay may be approved so VA can recruit or retain well-qualified nurses, physician assistants and EFDAs, or any category of these employees, where recruitment or retention problems are caused by higher non-Federal rates of premium pay in the labor market. They may also be approved for [hybrid employees in occupations listed under 38 U.S.C. 7401(3)] if any of these employees have been authorized to receive premium pay on the same basis as registered nurses.

b. Approval of rates under this chapter requires the existence of a recruitment or retention problem and a determination that the problem is being caused, in whole or part, by higher rates of premium pay in the local labor market.

c. Approvals under this chapter shall be made at specific VA health-care facilities in amounts competitive with, but not exceeding, the amount of the same type of pay paid to the same category of non-Federal employees in the same labor market.

3. COMPETITIVE PREMIUM PAY PRACTICES

a. A determination that recruitment or retention problems are related to premium pay practices shall be based on a survey of pay practices in the local labor market. Such a survey may be combined with any other salary surveys to document above-minimum entrance rates or special salary rate ranges. In addition, surveys are to be a coordinated effort whenever rates are being proposed for more than one VA health care facility in the labor market.

b. Where there are a large number of establishments in the local labor market, it is only necessary to include a reasonable percentage to assure that the survey results are representative. However, the sample should contain information on non-Federal, including State or local employers, having a major affect on recruitment or retention of personnel in the survey occupation. The survey shall, to the extent practicable, include the following data on each establishment surveyed:

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CHAPTER 6**

c. **Graduate Nurses and Nurses Pending Graduation.** Graduate nurses and nurses pending graduation shall receive additional pay on the same basis as outlined above for registered nurses. Compensatory time off in lieu of regular and irregular or occasional overtime may be authorized.

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

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

f. **Medical Support Personnel Appointed Under 38 U.S.C. 7405(a)(1)(D).** These personnel are entitled to premium pay under title 5, United States Code, chapter 55. They are also covered by the minimum wage and overtime provisions of the FLSA, unless the position meets one of the applicable professional, administrative or supervisory exemptions contained in 5 CFR 551, subpart B. FLSA coverage determinations for employees compensated under this paragraph will be consistent with coverage determination made for employees in the competitive service. Premium payments are also to be based on the rate of basic pay computed under 5 U.S.C. 5504 or 5 CFR, part 551, as applicable. They shall receive any applicable non-foreign cost-of-living allowance and post differential (see part VIII, chapter 11 of this handbook).

g. **Trainees and Students Appointed Under 38 U.S.C. 7405(a)(1)(D)**

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

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

CHAPTER 2. RECRUITMENT AND RELOCATION BONUSES**1. GENERAL**

a. **Coverage.** Recruitment bonuses are limited to candidates who have been selected for or received a written offer of appointment without time limitation or of an appointment with a time limit of one year or more. Relocation bonuses are limited to individuals who are relocating from employment with VA, other Federal agencies, a Government-controlled corporation, the Tennessee Valley Authority, the Central Intelligence Agency, the Panama Canal Commission, the National Security Agency, the General Accounting Office, or the Defense Intelligence Agency. To receive a relocation bonus, individuals must be serving on appointments without time limit or for a minimum of 1 year and relocate, without a break in service, to a different commuting area on a permanent or temporary basis. Recruitment and relocation bonuses are available for the following types of positions or assignments:

(1) **Title 5 [and Hybrid] Positions.** General Schedule (GS) positions paid under 5 U.S.C. 5332, (including [] "hybrid" positions [listed under 38 U.S.C. 7401(3)]); senior-level or scientific & professional positions paid under 5 U.S.C. 5376; Senior Executive Service positions paid under 5 U.S.C. 5383; law enforcement officer positions as defined by 5 U.S.C. 8331(20) or 8401(17) whether or not under the GS; Executive Schedule positions established under 5 U.S.C., chapter 53, subchapter II; Federal Wage System positions; positions for which pay is fixed by law at a rate equal to an Executive Schedule rate; or certain positions filled by Presidential appointment, Board of Veteran's Appeals, under 38 U.S.C. chapter 71, and members of Board of Contract Appeals.

(2) **Title 38 Assignments.** [Appointment] under 38 U.S.C. 7401(1) or as Under Secretary for Health. Also [appointment] under 38 U.S.C. 7405(a)(1)(A), 7405(a)(1)(B), and 7306 [for a minimum period] of at least [] one year.

b. Exclusions

(1) Recruitment bonuses may not be paid to the following:

(a) Individuals to be appointed: for less than a 1-year period; as experts and consultants; on a without compensation basis; to non-appropriated fund excepted service positions in Veterans Canteen Service (see VCS Directive 00-01, Recruitment and Relocation Bonuses and Retention Allowances for VCS Employees); as Secretary of Veterans Affairs or to a position in the expectation of appointment as Secretary. They also may not be paid to those with scholarship obligations to VA resulting from education or training activities.

(b) Although the following organizations are not Federal agencies as defined in 5 U.S.C. 5102, they are Federal entities and their employees may not be offered a recruitment bonus unless there has been a break in service of at least 90 days: a Government controlled corporation, the Tennessee Valley Authority, the Central Intelligence Agency, the Panama Canal Commission, the National Security Agency, the General Accounting Office, or the Defense Intelligence Agency.

CHAPTER 3. RETENTION ALLOWANCES**1. COVERAGE**

a. To be eligible for retention allowances, employees must be serving on appointments without time limit or for a minimum of 1 year, have no unfulfilled recruitment or relocation service obligations, and be serving in a position or assignment listed in subparagraphs b or c below. Title 38 employees appointed under 38 U.S.C. 7406 and 7802 are not eligible to receive retention allowances.

b. Retention allowances may be authorized for individual employees who occupy General Schedule (GS) positions paid under 5 U.S.C. 5332 (including [] "hybrid" positions [listed under 38 U.S.C. 7401(3)]); senior-level or scientific & professional positions paid under 5 U.S.C. 5376; Senior Executive Service positions paid under 5 U.S.C. 5383; law enforcement officer positions as defined by 5 U.S.C. 8331(20) or 8401(17), whether or not under the GS; Executive Schedule positions established under 5 U.S.C., chapter 53, subchapter II; Federal Wage System positions; positions for which pay is fixed by law at a rate equal to an Executive Schedule rate; or executive branch positions filled by Presidential appointment. Allowances may also be authorized on an individual basis for title 38 employees on full-time and part-time appointments or as Under Secretary for Health.

c. Retention allowances may be authorized for a group or category of employees occupying GS positions paid under 5 U.S.C. 5332 and law enforcement officer positions as defined by 5 U.S.C. 8331(20) or 8401(17), whether or not under the GS. Group authorizations may also be approved for employees in title 38 assignments, except physicians or dentists in receipt of special pay under 38 U.S.C. 7431.

d. Retention allowances may not be authorized for a group or category of employees who occupy senior-level or scientific & professional positions paid under 5 U.S.C. 5376; Senior Executive Service positions paid under 5 U.S.C. 5383; Executive Schedule positions established under subchapter II, chapter 53 of title 5; executive branch positions filled by Presidential appointment; or physicians and dentists in receipt of special pay under 38 U.S.C. 7431.

e. An approving official may authorize a retention allowance of up to 25 percent of basic pay for an individual VA employee described in subparagraph b above, provided that the official determines that:

(1) A special VA need exists for the employee's services or that the employee has unusually high or unique qualifications; and

(2) The employee would likely leave Federal service in the absence of the allowance.

f. An approving official may authorize a retention allowance of up to 10 percent of basic pay for a group or category of employees described in subparagraph [1]c [], provided that the official determines that:

**PART VI
CHAPTER 6**

e. **Alignment.** SSRs must be aligned to the nationwide General Schedule or Nurse Schedule for Physician Assistants (PAs) and Expanded Functional Dental Auxiliaries (EFDAs) as appropriate. The rates are not to be aligned to locality pay schedules established under 5 U.S.C. 5304. An expanded 28-step GS and PA schedule has been provided on the OHRM web page for use in setting and requesting special rates.

f. **Increases in GS and PA Pay Schedules.** Whenever there is a nationwide adjustment in the GS or PA pay schedule, instructions will be provided to field facilities on adjusting special rate authorizations to coincide with the nationwide adjustment.

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

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

b. Definitions

(1) [**Above-Minimum Entrance Rate (AMER).** An increase in the minimum rate of basic pay for a grade with no corresponding increase in higher intermediate rates or in the maximum rate of pay for that grade.]

(2) [**Benchmark Grade.** For each occupation, the first grade or grade interval beyond the entry or developmental grade].

(3) [**Corresponding Position.** A non-Federal position where the basic duties and responsibilities are similar to those found in VA positions and which has the same or similar education, training, and experience requirements].

(4) [**Entry Grade.** For each occupation, the grade at which new graduates without experience or those meeting minimum qualifications standards are typically employed].

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

(6) [**Intergrade Differential.** The number of steps or within-grade increase equivalents between the adjusted entrance rates or first steps of grades (see appendix VI-L)].

[(7) **Internal Alignment.** The alignment of pay grades based on inter-grade differentials. Internal alignment is intended to provide appropriate recognition of differences in levels of responsibility while assuring that the entrance rates for all grades do not exceed the highest beginning non-Federal rates in the community for corresponding positions.]

[(8) [**Minimum Hiring Rate.** The lowest rate of basic pay that an establishment would offer a new hire for a corresponding position. This may be a higher rate than the published minimum rate].

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

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

(11) [**SSR Range.** An increase in the minimum, intermediate, and maximum rates of basic pay for a grade, i.e., an increase in all step rates for the grade].

c. Responsibilities

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

(a) SSRs are needed to recruit and retain well qualified health-care personnel;

(b) Appropriate consideration has been given to the use of recruitment bonuses, relocation bonuses, retention allowances, and/or appointments above the minimum step of the grade, to address staffing problems in lieu of establishing or adjusting special rates;

(c) Approved special rates comply with this chapter; and

**PART VI
CHAPTER 6****3. REQUESTS FOR SPECIAL SALARY RATES UNDER 38 U.S.C. 7455**

a. **Coverage.** This paragraph contains mandatory procedures for requesting the approval of special salary rates (SSRs) by the Under Secretary for Health under 38 U.S.C 7455.

(1) This paragraph applies to:

(a) Veterans Health Administration (VHA) General Schedule (GS) employees providing direct patient care services or services incident to direct patient care; [except hybrid employees in occupations listed under 38 U.S.C. 7401(3) (see paragraph 2)].

(b) VHA police officers, and

(c) Health-care personnel appointed under title 38 U.S.C. for which the Under Secretary for Health has retained approval authority including registered nurses, certified registered nurse anesthetists, expanded-functional dental auxiliaries, podiatrists, chiropractors, optometrists, and board certified clinical or counseling psychologists.

(2) This subchapter does not apply to VHA GS administrative, clerical and physical plant maintenance personnel whose special salary rates are approved by the Office of Personnel Management under 5 U.S.C. 5305.

b. Responsibilities

(1) The Under Secretary for Health or designee will approve special salary rate ranges and above-minimum entrance rates for employees covered by this paragraph.

(2) For occupations covered under paragraphs 3a(1)(a) and (b) [], the Under Secretary for Health or designee shall, not less than 45 days prior to the proposed effective date of an increase, notify the Director of the Office of Personnel Management of the Under Secretary for Health's intention to approve such an increase. The Director of the Office of Personnel Management may disapprove such an increase under the provisions of 38 U.S.C. 7455(d)(2).

(3) Veterans Integrated Service Network (VISN) directors are responsible for:

(a) Reviewing facility requests to ensure they are consistent with the criteria contained in this chapter.

(b) Designating a lead facility when necessary to coordinate special salary rate requests when more than one facility in the same labor market would be affected by such rates.

(4) Facility directors shall submit a request to establish SSRs, adjust existing rates (upward or downward), move from above-minimum entrance rates to SSR ranges, or cancel SSRs when they are no longer appropriate. They are responsible for assuring that: