

PAY ADMINISTRATION

- 1. REASON FOR ISSUE:** To implement provisions of the “Department of Veterans Affairs (VA) Health Care Personnel Enhancement Act of 2004” (Public Law 108-445, dated December 3, 2004) as it relates to special pay for nurse executives within the Veterans Health Administration (VHA).
- 2. SUMMARY OF CONTENTS/MAJOR CHANGES:** This handbook contains mandatory pay administration procedures regarding special pay for nurse executives as authorized under 38 U.S.C. 7452. The pages in this handbook replace the corresponding page numbers in VA Handbook 5007. Chapter 16 is added to Part VIII. 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](#). These provisions are effective April 2, 2006.
- 3. RESPONSIBLE OFFICE:** The Compensation and Classification Service (055), Office of the Deputy Assistant Secretary for Human Resources Management and Labor Relations.
- 4. RELATED DIRECTIVE:** 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
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/s/R. Allen Pittman
Assistant Secretary for
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[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 as amended by Public Law 108-445, dated December 3, 2004.

3. COVERAGE. Registered nurses in the following positions are eligible for special pay under this chapter as follows:

a. Mandatory

- (1) The Nurse Executive at a Complexity Level 1a VHA health care facility;
- (2) The Deputy Chief Nursing Officer of the Office of Nursing Services in VA Central Office; and
- (3) The Chief Nursing Officer of the Office of Nursing Services in VA Central Office.

b. Discretionary. The Nurse Executive at a VHA health care facility with a complexity level other than Complexity Level 1a may be authorized special pay under this chapter at the discretion of the Facility Director when necessary to recruit and retain a highly qualified nurse executive.

4. ELIGIBILITY. In order to be eligible for special pay, a nurse executive must possess and maintain a performance rating of at least “Fully Successful” or equivalent. Special pay under this chapter must be terminated if a covered nurse executive receives a rating of record of less than “Fully Successful” or equivalent or is placed on a performance improvement plan.

5. DEFINITIONS. For the purposes of this chapter, the following definitions shall apply:

a. Complexity Level. Depicts the level of volume, patient risk, teaching and research at a facility based on analysis of factors that tend to contribute to medical center complexity. Complexity level determinations were originally published in VHA’s 2005 Facility Complexity Model, dated October 11, 2005. A current list of Complexity Level 1a facilities for which special pay under this chapter is mandatory is provided in appendix I of this part.

b. Nurse Executive. A registered nurse appointed under 38 U.S.C. 7401(1) or 7405a(1)(A), that is the **one** Chief of Nursing Service or equivalent position that represents the highest ranking nurse management position at a VHA health care facility. For the purposes of this chapter, the Deputy Chief Nursing Officer (appointed under 38 U.S.C. 7401(1) or 7405(a)(1)(A)) and the Chief Nursing Officer (appointed under 38 U.S.C. 7306) of the Office of Nursing Services in VA Central Office are also considered nurse executives. Only one nurse at each VHA health care facility may receive special pay under this chapter.

c. **Special Pay for Nurse Executives.** An annual amount of \$10,000 to \$25,000 authorized to recruit and retain highly qualified nurse executives.

6. RESPONSIBILITIES

a. Under Secretary for Health (or designee)

(1) Approves special pay amounts payable to the Chief Nursing Officer and the Deputy Chief Nursing Officer of the Office of Nursing Services in VA Central Office.

(2) Adjusts special pay amounts payable to the Chief Nursing Officer and the Deputy Chief Nursing Officer of the Office of Nursing Services in VA Central Office when deemed appropriate under the provisions of paragraph 9 of this chapter.

(3) Terminates special pay amounts payable to the Chief Nursing Officer and the Deputy Chief Nursing Officer of the Office of Nursing Services in VA Central Office when an individual receiving special pay is rated less than “Fully Successful” or equivalent or is placed on a performance improvement plan.

b. Facility Directors

(1) Approve special pay amount payable to the Nurse Executive at the Director’s VHA health care facility.

(2) Adjust special pay amount payable to the Nurse Executive at the Director’s VHA health care facility when deemed appropriate under the provisions of paragraph 9 of this chapter.

(3) Terminate special pay amount payable to the Nurse Executive at the Director’s VHA health care facility when an individual receiving special pay is rated less than “Fully Successful” or equivalent, is placed on a performance improvement plan, or when payment of special pay is no longer necessary to recruit or retain a highly qualified nurse executive at a VHA health care facility with a complexity level other than Complexity Level 1a.

c. **Deputy Assistant Secretary for Human Resources Management and Labor Relations.** Advises the Under Secretary for Health and other key officials on the regulations, policies, and procedures contained in this chapter.

d. **Human Resources Management Officers and the Director, Central Office Human Resources Service.** Advise facility management on the regulations, policies, and procedures contained in this chapter and ensure that covered employees are aware of the policies governing the payment of special pay for nurse executives.

7. DETERMINING THE AMOUNT OF SPECIAL PAY. Each nurse executive approved to receive special pay under this chapter must receive at least the minimum amount of special pay (\$10,000) and may not receive more than the maximum amount of special pay (\$25,000).

a. **Factors to Consider.** The following factors will be considered when determining whether to approve special pay for a nurse executive at a VHA health care facility with a complexity level other than Complexity Level 1a. These factors will also be considered when determining the amount of special pay to approve for all nurse executives authorized special pay under this chapter.

(1) **Grade of the Position.** Does the grade of the nurse executive position appropriately reflect the scope of the duties and responsibilities of the position?

(2) **Scope and Complexity of the Position**

(a) Is the nurse executive accountable and responsible for the success and outcomes of numerous clinics and programs in several facilities on multiple campuses or in one facility/campus?

(b) Does the nurse executive's responsibility include line authority and programmatic responsibility for nursing and other professions/services, for nursing only, or oversight but no direct line authority?

(c) Is the nurse executive accountable for more than one multidisciplinary educational affiliation program, one educational affiliation program or are there no education affiliation program responsibilities?

(3) **Personal Qualifications**

(a) Does the nurse executive possess an advanced degree (beyond Masters)?

(b) Does the nurse executive possess an appropriate advanced certification (e.g., American Nurses Credentialing Center (ANCC) Certification in Nursing Administration Advanced (CNAA); American College of Healthcare Executives (ACHE) Diplomate (CHE) or Fellow (FACHE); American Academy of Medical Administrators (AAMA) Certified (CAAMA) or Fellow (FAAMA))?

(c) Is the nurse executive's practice comprised of complex leadership and administrative components, associated with critical health care issues and activities that influence the organizational mission, health care, and policy?

(4) **Facility Characteristics**

(a) What is the complexity level of the facility to which the nurse executive is or will be assigned?

NOTE: *Facility complexity level determinations are made in accordance with VHA's 2005 Facility Complexity Model, dated October 11, 2005.*

(b) What is the nature and number of specialty care units at the facility?

(c) What is the level of volume, patient risk, teaching and research at the facility?

(d) Is the facility a multi-division or single-division facility?

(5) **Recruitment and Retention Difficulties**

(a) Has the nurse executive position historically remained vacant for long periods of time despite extensive recruitment?

(b) Are recruitment, relocation and retention incentives typically necessary to attract well qualified candidates to the position?

(6) **Pay Comparability**

(a) Is the pay range established for the nurse executive's grade competitive for recruitment and retention purposes?

(b) Is the nurse executive's salary capped at the rate for EL-V with no future earning potential?

(7) **Other Factors.** Any additional factors deemed appropriate by the approving official, including but not limited to organizational leadership, management skills, education/staff development, resource utilization, quality management, expertise in a specific nursing discipline, research, exceptional labor-management relations skills, etc.

b. **Documenting Approval of Special Pay Amount**

(1) Special pay approvals will be documented on VA Form 0876. A sample is provided in appendix VIII-J of this part.

(2) In addition to specifying the annual amount of special pay to be paid to the nurse executive, complete justification in support of the approved amount will be provided in accordance with the factors in subparagraph a above.

(3) VA Form 0876 is filed on the left side of the employee's Merged Records Personnel Folder.

8. PAYMENT OF SPECIAL PAY

a. **Computation.** Special pay will be paid on a pay period basis using the same formula used to determine basic hourly rates. The per annum amount of special pay is divided by 2,080 to obtain an hourly rate. The hourly rate is then multiplied by the number of hours in a pay status (not to exceed 80) to obtain a bi-weekly payment. A fraction resulting from any computations is adjusted to the nearest cent, counting one-half cent and over as a whole cent. Payment of special pay will not be authorized for periods of leave without pay or absence without leave.

b. **Treatment as Basic Pay.** Special pay paid to a nurse executive under this chapter is considered part of the individual's rate of basic pay for the purposes of computing civil service retirement benefits, life insurance, thrift savings plan, lump-sum annual leave payments, work injury compensation claims, severance pay, continuation of pay, and recruitment and retention incentives. It is not considered pay for the purpose of adverse actions under Chapter 74, Subchapter V of Title 38, United States Code.

9. ADJUSTMENTS IN SPECIAL PAY

- a. The special pay authorized for a nurse executive will be re-determined when:
 - (1) The facility complexity levels are modified;
 - (2) The scope of the nurse executive assignment changes;
 - (3) The nurse executive reassigns to another VA facility as the nurse executive; or
 - (4) The approving official determines that the factors considered in paragraph 7a have significantly changed.
- b. The amount of special pay authorized for a nurse executive may increase or decrease as a result of a re-determination under subparagraph 9a above. Pay retention provisions do not apply to special pay.
- c. Except for changes resulting from reassignment to another VA facility, special pay adjustments will be effective the first day of the first pay period after the date the approving official signs VA Form 0876. Adjustments resulting from reassignment to another VA facility will be effective on the same date as the reassignment.

10. TERMINATION OF SPECIAL PAY

- a. Special pay for a nurse executive shall be terminated if:
 - (1) The nurse executive is rated less than “Fully Successful” or equivalent or is placed on a performance improvement plan. Special pay may be reinstated at the same or different amount upon successful completion of a performance improvement plan.
 - (2) It is determined that it is no longer necessary for the recruitment or retention of a highly qualified nurse executive at a VHA health care facility with a complexity level other than Complexity Level 1a.
- b. Pay retention provisions do not apply to special pay. Further, termination of special pay is not considered an adverse action.
- b. Terminations of special pay will be effective the last day of the pay period in which the determination to terminate special pay is made under subparagraph a above.

11. SPECIAL PAY FOR DETAILS

a. Special pay for a nurse executive continues while the employee is detailed to another assignment.

b. An individual detailed to a nurse executive assignment or who serves in such an assignment in an acting capacity may receive special pay effective the beginning of the first full pay period after serving 30 consecutive days in the assignment. The special pay remains in effect only so long as the employee serves in the nurse executive assignment and as long as deemed necessary by the approving official. Upon approval of the special pay amount on VA Form 0876, the following statement will be placed in the "Remarks" item of Standard Form SF-50, Notification of Personnel Action: "Employee informed of conditions of temporary assignment".

12. INITIAL IMPLEMENTATION INSTRUCTIONS

a. The provisions contained in this chapter are effective April 2, 2006.

b. Each special pay determination approved under paragraph 7 above will require local input using instructions issued by the Workforce Information Systems Team.

13. OVERSIGHT AND ACCOUNTABILITY. Actions taken under this chapter may be post audited by VA Central Office and corrective action may be directed to ensure compliance with the law and the provisions of this chapter.

14. REFERENCES

a. Public Law 108-445, December 3, 2004

b. 38 U.S.C. 7452]

[APPENDIX I. COMPLEXITY LEVEL 1A FACILITIES

Nurse Executives at the following VHA health care facilities must receive between \$10,000 and \$25,000 in special pay under the provisions of chapter 16 of this part provided they maintain a performance rating of at least “Fully Successful” or equivalent.

| Facility # | Facility Name |
|-------------------|---|
| 506 | VA Medical Center, Ann Arbor, MI |
| 508 | VA Medical Center, Atlanta, GA |
| 512 | VA Maryland Health Care System |
| 523 | VA Boston Health Care System |
| 537 | VA Chicago Health Care System |
| 539 | VA Medical Center, Cincinnati, OH |
| 541 | VA Medical Center, Cleveland, OH |
| 546 | VA Medical Center, Miami, FL |
| 549 | VA North Texas Health Care System |
| 558 | VA Medical Center, Durham, NC |
| 573 | VA North Florida/South Georgia Health Care System |
| 578 | VA Medical Center, Hines, IL |
| 580 | VA Medical Center, Houston, TX |
| 598 | VA Medical Center, Little Rock, AR |
| 614 | VA Medical Center, Memphis, TN |
| 618 | VA Medical Center, Minneapolis, MN |
| 626 | VA Tennessee Valley Health Care System |
| 630 | VA New York Harbor Health Care System |
| 640 | VA Palo Alto Health Care System |
| 646 | VA Pittsburgh Health Care System |
| 648 | VA Medical Center, Portland, OR |
| 660 | VA Medical Center, Salt Lake City, UT |
| 662 | VA Medical Center, San Francisco, CA |
| 663 | VA Puget Sound Health Care System |
| 664 | VA Medical Center, San Diego, CA |
| 671 | VA South Texas Health Care System |
| 672 | VA Medical Center, San Juan, PR |
| 673 | VA Medical Center, Tampa, FL |
| 688 | VA Medical Center, Washington, DC |
| 691 | VA Greater Los Angeles Health Care System |

APPENDIX J. NURSE EXECUTIVE SPECIAL PAY APPROVAL FORM

| | | | |
|--|---|--|---|
| VA Department of Veterans Affairs | | NURSE EXECUTIVE SPECIAL PAY DETERMINATION | |
| 1. NAME (Last, First, Middle Initial) | | 2. LAST 4 DIGITS OF SSN | 3. Assignment (Check one) <input type="checkbox"/> VHA Health Care Facility <input type="checkbox"/> VACO Deputy Chief Nursing Officer <input type="checkbox"/> VACO Chief Nursing Officer |
| 4. GRADE/STEP | 5. CURRENT BASIC PAY RATE | 6. EFFECTIVE DATE | 7. DATE PREPARED |
| 8. FACILITY COMPLEXITY LEVEL <input type="checkbox"/> Complexity Level 1a <input type="checkbox"/> Complexity Level 1b, 1c, 2 <input type="checkbox"/> Complexity Level 3 | | | |
| 9. JUSTIFICATION (REFER TO SPECIAL PAY FACTORS IN VA HANDBOOK 5007, PART VIII, CHAPTER 16, PARAGRAPH 7) | | | |
| Grade of the Position: | | | |
| | | | |
| | | | |
| Scope and Complexity of the Position: | | | |
| | | | |
| | | | |
| Personal Qualifications: | | | |
| | | | |
| | | | |
| Facility Characteristics: | | | |
| | | | |
| | | | |
| Recruitment and Retention Difficulties: | | | |
| | | | |
| | | | |
| Pay Comparability: | | | |
| | | | |
| | | | |
| Other Factors: | | | |
| | | | |
| | | | |
| 10. ACTION BY APPROVING OFFICIAL | | | |
| Special Pay Amount Authorized | Signature and Title of Approving Official | | Date of Signature |
| | | | |