HUMAN RESOURCES MANAGEMENT LETTER NO. 05-97-3

FREQUENTLY ASKED QUESTIONS ABOUT THE NURSE LOCALITY PAY SYSTEM

1. Purpose: To provide guidance on various aspects of the Locality Pay System (LPS) as facilities prepare to conduct the annual LPS survey.

2. Background: Under the LPS, facility Directors are responsible for establishing pay rates that are sufficient to be competitive with those at local non-VA health care facilities for the recruitment and retention of nurses and nurse anesthetists. These determinations are based on the results of local salary surveys. VA policy governing the LPS is contained in VA Circular 00-93-7, dated May 4, 1993 and Supplement No. 2, dated March 7, 1995.

3. Frequently Asked Questions (FAQs)

FAQ 1: When must an LPS survey be conducted?

By law, LPS surveys must be conducted within 120 days of any General Schedule (GS) adjustment in order for the facility Director to determine whether or not to adjust nurse rates coincident with the GS adjustment. Additional surveys may be scheduled at any time.

FAQ 2: Who conducts the survey?

The local Human Resources Management Service is responsible for managing the survey process, however, data is collected by teams which include nurses as subject matter experts.

FAQ 3: Can survey data be collected by phone?

Although policy requires that an on-site data collection visit be requested each time a survey is conducted, data may be collected by phone if an establishment refuses an on-site visit. If the establishment has not been visited in the past three years, a written assessment of the validity of the data is also prepared by the data collectors and placed in the survey file.

FAQ 4: What is an abbreviated survey and when is it done?

An abbreviated survey is a survey of only the five establishments geographically closest to a VA facility rather than a survey of the entire local labor market area (LLMA). The facility Director can opt to conduct an abbreviated survey if there are fewer than 10 employees in the occupation or specialty to be surveyed.

FAQ 5: Can survey data be used even if some establishments refused to provide data?

Normally, non-participating establishments can represent no more than 25 percent of the total weighted employment in the survey area. If the non-participation rate is higher than 25 percent, the remaining data may still be used as long as there are at least three establishments that had job matches and the Director determines that the data adequately reflects the salary rates paid in the LLMA.

FAQ 6: When is it appropriate to expand the LLMA? Is there a limit on the distance it can be expanded?

LLMAs can be expanded any time the Director believes the existing LLMA does not adequately reflect the actual labor market for the occupation or specialty being surveyed or when necessary to meet the minimum survey requirement of three participating establishments. There is no limit on the distance but there must be sufficient justification to support expansion outside the normal commuting area of the facility.

FAQ 7: When survey data is not obtainable, how are nurse pay rates adjusted?

If a facility is not able to obtain the survey data necessary to determine whether or not to adjust nurse rates coincident with the GS adjustment, the facility Director may pass on all or part of the amount of the annual General Schedule (GS) adjustment in order to remain competitive for recruitment and retention.

FAQ 8: Under what circumstances can the Director establish a beginning rate more than 5 percent above or below the survey average?

The facility Director may set any beginning rate that is believed necessary to remain competitive for recruitment and retention purposes as long as the selected rate does not exceed the highest beginning rate found in the community. If the rate will be greater than 5 percent above or below the survey average, the Director must address factors such as the rates paid by the facility's major competitors, the geographic relationship of the facility to major non-VA health care facilities in the LLMA, the severity of recruitment or retention problems, and benefit packages offered by competitors.

FAQ 9: Why don't nurses receive the same increases as General Schedule (GS) employees?

The pay increase which GS employees receive at the beginning of the year--called a comparability pay increase--is intended to offset pay disparities with the private sector. Before implementation of the LPS, the national Nurse Schedule was adjusted to match the annual pay comparability increases for GS employees. Since implementation of the LPS, nurses do not automatically receive this increase, nor are they entitled to the Locality Comparability Payment received by GS employees. This is because pay comparability for nurses is now secured through procedures in the LPS.

FAQ 10: What is a specialty schedule and when is it established?

A specialty schedule is a salary schedule established for a specific assignment or category of assignments within the registered nurse occupation. Pay rates are based on the results of a survey of corresponding positions within that specialty in the LLMA. Examples of specialties include critical care nurse, operating room nurse, advanced practice nurse, nurse practitioner and, clinical nurse specialist.

FAQ 11: How is the new rate of pay for a current employee determined when they are placed on a specialty schedule?

Employees reassigned to a specialty schedule receive the corresponding rate for the grade and step held on the day before the effective date (i.e., an employee at Nurse II Step 6 on the facility's regular nurse schedule will receive Nurse II Step 6 on the specialty schedule).

FAQ 12: What conditions must exist in order to extend a rate range beyond 12-steps?

The law provides that the normal rate range will be 133 percent (12 steps) unless a greater rate range (up to 26 steps) is necessary for recruitment and retention purposes. Facility Directors may request extensions of the rate range if there is evidence that there are higher maximum rates in the community that seriously hamper or have the potential to seriously hamper the facility's ability to recruit and retain employees.

FAQ 13: How long do extended rate ranges remain in effect?

Although exceptions to the normal 12-step rate range do not expire, facility Directors are required to review rate range extensions each time a schedule is adjusted to determine the need to continue the extension. Exceptions to the rate range may be reduced or canceled if it is determined that they are no longer warranted.

FAQ 14: How do employees on pay retention receive pay increases?

Employees on pay retention receive 50 percent of any increase in the maximum authorized rate for their grade. 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 placed at the top step of their grade and receives the full benefit of all future increases.

4. Questions: Questions concerning this HRM Letter or the LPS may be referred to the Customer Advisory and Consulting Group at 202-273-9810 (Team A - Donna Schroeder) or 202-273-9804 (Team B - Marie Favicchio) depending on your geographic area.

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