

## PAY ADMINISTRATION

**1. REASON FOR ISSUE:** To implement provisions of the “Caregivers and Veterans Omnibus Health Services Act of 2010” (Public Law 111-163, dated May 5, 2010) 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. Existing special pay amounts previously authorized will remain in place until superseded by an authorization approved under this issuance. The pages in this handbook 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 Human Resources Management Web site](#). These provisions are effective upon the date of issuance. Significant changes include:

a. Increases the aggregate pay limitation for title 38 Nurse Executives from the rate for Level I of the Executive Schedule to the rate for the President of the United States (excluding expenses), which is currently \$400,000;

b. Increases the maximum amount of special pay a Nurse Executive may receive from \$25,000 to \$100,000;

c. Eliminates the mandatory \$10,000 in special pay for a Nurse Executive at a Complexity Level 1a VHA health care facility;

d. Requires the approval of the Network Director for special pay up to \$40,000; and

e. Requires the approval of the Under Secretary for Health, or designee for special pay in excess of \$40,000.

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

**4. RELATED DIRECTIVE:** VA Directive 5007, Pay Administration.

**5. RESCISSIONS:** None.

**CERTIFIED BY:**

/s/  
Roger W. Baker  
Assistant Secretary for  
Information and Technology

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

/s/  
John U. Sepúlveda  
Assistant Secretary for  
Human Resources and Administration

ELECTRONIC DISTRIBUTION ONLY



## CHAPTER 2. AGGREGATE LIMITS

### 1. ADMINISTRATION OF AGGREGATE LIMITS

a. The annual aggregate limitation on compensation in 5 CFR, part 530, subpart B, applies to all Department employees, including employees in the Senior Executive Service (SES); Senior-Level employees; General Schedule (GS) employees; Federal Wage system (FWS) employees; and title 38 employees except physicians, dentists, pharmacist executives[, nurse executives], and certified registered nurse anesthetists (CRNAs) (see subparagraphs b, c,[d] and [e]). Such employees may not be paid aggregate compensation higher than Level I of the Executive Schedule (EL-I) in any calendar year.

b. Physicians and dentists appointed under 38 U.S.C. 305, 7306, 7401(1), and 7405 may not be paid aggregate compensation in a calendar year higher than the annual pay (excluding expenses) received by the President of the United States.

c. Pharmacist executives in the following positions who are authorized special pay under part VIII, chapter 17 of this handbook may not be paid aggregate compensation in a calendar year higher than the annual pay (excluding expenses) received by the President of the United States.

- (1) The VA Central Office Chief Consultant, Pharmacy Benefits Management Services (PBM);
- (2) VA Central Office Deputy and Associate Chief Consultants, PBM;
- (3) Consolidated Mail Outpatient Pharmacy (CMOP) Directors; and
- (4) The Pharmacy Benefits Manager for each VISN.

d. CRNAs appointed under 38 U.S.C. 7306, 7401(1), and 7405 may not be paid aggregate compensation in a calendar year higher than the annual pay received by the Vice President of the United States.

[e. Nurse executives may not be paid aggregate compensation in a calendar year higher than the annual pay (excluding expenses) received by the President of the United States. A nurse executive is 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.]

### 2. REFERENCES

- a. [3 U.S.C. 102, 104]
- b. [5 U.S.C. 5301-5307, 5372a, 5595, 5596, 5753-5755, 8118]
- c. [38 U.S.C. 305, 7306, 74401, 7405]

d. [5 CFR, part 530, subpart B]

[ ]

## 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 and the [Deputy] 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 shall apply:

[a]. **Nurse Executive.** A registered nurse appointed under 38 U.S.C. 7401(1) or 7405(a)(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. [(7306)]) 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.

[b]. **Special Pay for Nurse Executives.** An annual amount [up to \$100,000] authorized to recruit and retain highly qualified nurse executives.

**[5]. 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) [Approves special pay amounts payable to Nurse Executives at VHA health care facilities in amounts greater than \$40,000.]

[(3)] 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 [8] of this chapter.

[(4)] 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. [Network Directors]**

(1) Approve special pay amount payable to a Nurse Executive [up to \$40,000].

(2) Adjust special pay amount payable to [a] Nurse Executive [ ] when deemed appropriate under the provisions of paragraph [8] of this chapter.

(3) [Recommend special pay amounts greater than \$40,000 to the Under Secretary for Health (or designee)].

[(4)] Terminate special pay amount payable to [a] Nurse Executive [ ] 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 [ ].

[c.] **Facility Directors.** [Recommend the special pay amount payable to the Nurse Executive at their facility to Network Directors.

d.] **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.

[e.] **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.

**[6]. DETERMINING THE AMOUNT OF SPECIAL PAY.** Each nurse executive approved to receive special pay under this chapter [ ] may not receive more than the maximum amount of special pay (\$100,000).

**a. Factors to Consider.** The following factors will be considered when determining whether to approve special pay for the Chief Nursing Officer or Deputy Chief Nursing Officer in VA Central Office [and] a nurse executive at a VHA health care facility [ ]. 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?

[(d) Does the nurse executive have responsibility for nursing research programs?]

(3) **Personal Qualifications**

(a) Does the nurse executive possess a [doctoral] degree [ ] ?

(b) Does the nurse executive possess an appropriate advanced certification (e.g., American Nurses Credentialing Center (ANCC); [ ] Nursing Administration Advanced[-Board Certified (NEA-BC); Fellow in the] American College of Healthcare Executives [ ] (FACHE); [Fellow in the American Academy for Nursing (FAAN).]

(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?  
[ ]

(b) What is the nature and number of specialty care [services] 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?

[(e) Does the facility have Magnet Recognition Program designation?]

**(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?

[(c) Is there a requirement or desire for a specific level of expertise, such as an early career or first time Nurse Executive; or is the facility more in need of an expert executive with extensive successful experience?]

**(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-[IV] 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 [in] the [permanent] side of the [e-OPF].

**[7]. 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.

#### **[8]. 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 [6a] 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 [8a] above. Pay retention provisions do not apply to special pay.

c. Except for [decisions] resulting from [initial appointment or] 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 [initial appointment or] reassignment to another VA facility will be effective on the same date as the [appointment or] reassignment.

[d. There is no requirement for an annual review or renewal of Nurse Executive Special Pay. Adjustments to increase, decrease, or terminate special pay will be made in accordance with this paragraph and paragraph 9 below.]

#### **[9]. 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 [(if applicable) or demonstration of performance at the fully successful level.]

(2) It is determined that it is no longer necessary for the recruitment or retention of the Chief Nursing Officer or Deputy Chief Nursing Officer in VA Central Office or a highly qualified nurse executive at a VHA health care facility [ ].

b. Pay retention provisions do not apply to special pay. Further, termination of special pay is not considered an adverse action.

c. 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.

**[10]. 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".

**[11]. 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.

**[12]. REFERENCES**

a. [38 U.S.C. 7306, 7401, 7405, 7452, 7461-7464]

[ ]