

## PAY ADMINISTRATION

**1. REASON FOR ISSUE:** To revise Department of Veterans Affairs (VA) policy regarding pay administration.

**2. SUMMARY OF CONTENTS/MAJOR CHANGES:** This handbook contains mandatory VA procedures on pay administration. The pages in this issuance 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](#). Changes include:

a. Exempts VA residents from the limitation that prevents these residents while on educational details from spending more than one-sixth of their total time in a pay and training status at a DoD institution that has a Joint Venture with VA or a VA/DoD sharing agreement under which DoD provides care to VA beneficiaries.

b. Allows the number of VA resident positions at a DoD institution that has a Joint Venture with VA or a VA/DoD sharing agreement under which DoD provides care to VA beneficiaries to be determined in proportion to the level of care (workload) provided to VA beneficiaries at that institution.

**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:**

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

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

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

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**APPENDIX E.  
 COMPENSATION OF NONCAREER RESIDENTS  
 SERVING UNDER 38 U.S.C. 7406**

**1. GENERAL.** Residents not appointed on a WOC basis shall receive per annum stipends related as closely as practical to local conditions as described below. VA stipends may be made retroactively effective to conform with the effective date of changes in stipends and/or fringe benefits effected by the index hospital.

**2. INDEX HOSPITALS.** Subject to approval of the Chief Academic Affiliations Officer (CAAO) (144), each facility director concerned, with the advice of any Deans Committee, or Medical Advisory Committee, will recommend an index hospital for comparative pay purposes. The university hospital for the medical school with which the VA facility is affiliated will serve as the index hospital. Normally, the designated index hospital will serve for all residency specialties. However, additional index hospitals are appropriate for VA facilities with multiple affiliations. Programs accredited in the name of VA (independent programs) will use the index hospital applicable to the majority of the integrated programs at the same VA facility. If the CAAO changes the index hospital to meet the requirements of this paragraph, the change must be completed as soon as possible, but not to exceed 3 years. Approval for a phase-in must, however, be obtained from the CAAO.

**3. REPORTING.** Facility Directors will furnish a report on index hospital compensation practices to the CAAO (144) by the last working day in April each year or as soon as possible thereafter, on VA Form 10-1319, Medical Intern and Resident Stipends and Fringe Benefits in Index Hospital. Reports Control Symbol 10-0158 has been assigned to this report. Following is a list of the type of information that will be required regarding the index hospital:

- a. Name and university affiliation.
- b. Annual base pay at each level of training. If differences exist between specialties, report by specialty.
- c. Complete description of fringe benefits provided to house staff, distinguishing between benefits provided in cash and in kind.
- d. Pay differentials for Chief Residents, if any and if applicable. (See subparagraph (4)(c) below.)
- e. Recommendation with complete justification of rates proposed, preferably with advice of the Deans Committee or Medical Advisory Committee.

**4. AMOUNT OF STIPENDS.** Stipends will be determined by and approved by CAAO (144) for each VA facility, in consideration of those appointments and pay practices existing at the designated index hospital and within the framework outlined below.

[a. The base for each VA salary grade will be the cash stipend, excluding fringe benefits and obligations, for each postgraduate level or residency at the index hospital.

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- b. An additional amount will be added to the base stipend in lieu of actual fringe benefits, such as health benefits, life insurance, housing, family allowances, etc., provided by the index hospital and for which VA cannot provide equivalent benefits. However, no amounts will be added for tuition.]
- c. Stipend differentials for Chief Residents in VA will be established in consideration of the pay differentials, if any, provided Chief Residents at the index hospital. (See subparagraph e below.)
- d. A Chief Resident may be designated for each major specialty with a residency training program (e.g., Internal Medicine, Surgery, Neurology, Psychiatry, Radiology) where there is an average of at least nine residents throughout the year, including the Chief Resident and including subspecialties. One Chief Resident may be designated for each specialty. In certain circumstances, with the written approval of VACO (141B), more than one Chief Resident may be designated in a specialty. See MP-6, part V, supplement 1.5, chapter 4, section B, for information on PAID processing requirements.
- e. The stipends for Chief Residents will be determined in the manner prescribed by the subparagraphs above, except in a situation where no similar practice exists at the index hospital. Under this circumstance, the rate(s) recommended for VA Chief Residents should be fully justified and take into consideration the level(s) of residency training of the nominee(s), the stipends for the different levels of regular residents at the facility, and the prevailing practice(s) in the community. If the index hospital has Chief Residents, but provides no pay differential for such positions, then VA will not establish special stipends for its Chief Residents.

**5. EFFECTIVE DATE.** Review and adjustment of stipends for all residents, including Chief Residents, will normally coincide with index hospital practices, typically effective on the first day of each academic year, July 1.

**6. SALARY PAYMENTS.** The per annum salaries for residents are based on rendering of service or authorized leave status with pay every day of the year. Payments shall be made for each regular biweekly pay period at the approved rates in the manner prescribed by VHA Supplement to VA Manual MP-4, part II, appendix A. VA will pay residents only for such time as they are in training, assigned, and on VA duty at a VA medical facility, subject to the following provisions:

a. **Without Compensation (WOC) Exchange Program.** The purpose of the WOC Exchange Program is to facilitate the administration of affiliated training programs. In consideration of salaries paid, this program permits the services due VA to be rendered by a pool of VA house officers and Non-VA (WOC) house officers within a specialty. The VA house officer rotated to a non-VA training assignment will continue to receive pay from VA, and the exchange house officer assigned to the VA from a non-VA facility must be given a WOC appointment. VA's share of all services rendered by the pool must be proportional to VA's share of the pool's compensation. The quality, nature and schedule of services received by VA must be similar to those received by the index hospital. When local circumstances require variation in the nature and/or schedule of services by VA, an exception can be [made with CAAO (141) approval. Adequate documentation shall be maintained to demonstrate at any time that VA has received services commensurate to salaries paid. The Chief of Staff is directly responsible for the proper functioning of the Exchange Program and the required documentation. Review of the Exchange Program shall be continuous by the Deans Committee and intermittent by CAAO (141).]

**b. Educational Details**

[(1)] A noncareer medical or dental resident may be detailed, with no loss of pay, to another Federal or non-Federal institution to procure necessary related supplementary education or training which is an integral part of the training for which VA has assumed responsibility. However, [ ] the total time spent in non-VA institutions [may not] exceed one-sixth of the total hours a trainee is in a pay and training status with VA unless a WOC trainee from a non-VA facility replaces the paid trainee at VA under the WOC Exchange Program.

[(2)] The “one-sixth rule” does not apply to VA-paid (either directly or indirectly via a disbursement agreement) residents when they are training at a Department of Defense (DoD) institution if the DoD institution has a Joint Venture with VA or a VA/DoD sharing agreement under which the DoD institution provides care to VA beneficiaries. VA-paid residents, as a proportion of the total number of residents in the DoD-sponsored or affiliated entity-sponsored program, may not exceed the proportion of VA beneficiary-generated workload (either inpatient and/or outpatient) under Joint Venture arrangements. For example: in a DoD inpatient facility where VA beneficiaries generate approximately 50 percent of the workload (averaged over time), the proportion of VA civilian residents in the DoD-sponsored program or rotating to the DoD institution could not exceed 50 percent. In this example, if the program had 12 residents per training year, the maximum number of VA-paid residents would be 6 per training year.

[(3)] Educational details and the WOC Exchange Program must comply fully with directives and guidance provided by CAAO (141). [ ]

**c. Reduced-Schedule Positions**

(1) A resident may be assigned to VA duty less than full-time. This reduced schedule may be necessary to accommodate special requirements of program (e.g., family practice where residents are required to rotate away from the VA facility to a family practice center several times per week). It can be used also to accommodate a house officer’s desire to work on a reduced schedule and share a position with another resident. House officers shall be informed that the latter arrangement may require individual approval by the Residency Review Committee and appropriate American Specialty Board. Whether the reduced schedule is for professional or personal reasons, reduced-schedule positions and pay methods must have the concurrence of the Chief of Staff and be approved by CAAO (141). Pay will be prorated to a full-time schedule utilizing as the base the average total duty time for a house officer in the overall program for which a reduced schedule is requested. For example, if a facility’s 100 percent full-time PG3 stipend rate is established by CAAO at \$20,000 per annum for all specialties, a 50 percent reduced-schedule psychiatry resident whose overall program anticipates an average of 112 hours of duty each pay period should be scheduled for an average of 56 hours of VA duty each pay period in order to receive \$10,000 (one-half of the full stipend) from VA. Similarly, a 50 percent reduced-schedule Surgical resident whose overall program anticipates an average of 120 hours of duty each pay period should be scheduled for an average of 60 hours of VA duty each pay period in order to receive \$10,000 from VA.

(2) While reduced-schedule positions may be authorized by CAAO, the types of paid appointments permitted for residents are “full-time” and “intermittent.” Thus, and departing from the customary use of these appointment terms, the 50 percent reduced-schedule resident who is to perform VA duty for 5 or more days each week will be appointed “full-time” using PAID duty basis code 1 and PAID duty basis

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code 3. In either of the examples cited above, the stipend rate would be established at \$10,000 by CAAO. The reduced-schedule resident who is to perform VA duty less frequently than 5 days each week must be appointed “intermittent,” using PAID duty basis code 3 and PAID pay basis code 3. For the reduced-schedule intermittent appointee, the stipend rate established by CAAO will depend further on the number of workdays of VA duty to be performed each pay period. Thus, the 50 percent reduced-schedule resident expecting to receive approximately \$10,000 (one-half of the full stipend) from VA would require a per annum stipend rate established at \$15,556 if expected to be on duty an average of 9 workdays each pay period, \$17,500 if expected to be on duty an average of 8 workdays each period, and so forth. These per annum stipend rates are determined by dividing the number of days of VA duty in 26 pay periods into 364 and multiplying VA’s portion of the full stipend by the resulting factor (e.g., 9 workdays per pay period x 26 pay periods = 234, 364 divided by 234 = 1.5556, \$10,000 x 1.5556 = \$15,556). The intermittent resident’s pay is then derived by dividing this calculated stipend by 364 and paying this daily rate for each day worked, as long as the projected workdays per pay period do not change. If the number of workdays per pay period is altered, or if the amount of the reduced schedule is changed, the daily stipend rate shall be recalculated and the new stipend shall be approved by CAAO (141).

(3) Requests for reduced-schedule residency authorizations and stipend rates will be directed to CAAO (141) and will include information regarding the post-graduate levels and specialties affected, the overall average number of hours of duty required by the specialties each pay period, and the average number of hours of VA duty to be performed by reduced-schedule residents. Additionally, if any reduced-schedule resident is to perform VA duty less frequently than 5 days each week, the request must specify the average number of days of VA duty to be performed each pay period.

**7. HOUSE STAFF DISBURSEMENT AGREEMENTS.** The Under Secretary for Health may approve house staff disbursement agreements which provide for the central administration of house staff stipends and/or fringe benefits. [ ] Facilities wishing to consider use of a disbursement agreement should contact CAAO (141) for instructions. See also VHA [Handbook 1400.05, Disbursement Agreements Procedures].

**8. DUTY AND LEAVE.** Leave may be pooled for medical or dental residents. The process is described in VA Handbook 5011 along with other duty and leave policies relevant to medical and dental noncareer residents.