

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](#). Significant changes include:

a. Clarifies that the hourly rate divisor for calculating weekend premium pay for nurses, physician assistants, expanded function dental auxiliaries (EFDAs) and employees in hybrid title 38 occupations is 2,080.

b. Clarifies that the hourly rate divisor for calculating weekend premium pay for VHA employees in healthcare occupations is 2,087.

c. Revises the definitions of the terms “change in assignment” and ”performance pay” as they apply to pay for VHA physicians and dentists.

d. Allows for one physician and one dentist management representative to serve on the VHA Physician and Dentist Steering Committee.

e. Revises instructions for communicating and documenting performance pay for VHA physicians and dentists.

f. Revises reporting requirements for the Annual Report on Staffing for nurse and nurse anesthetist positions.

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/
Stephen W. Warren
Executive in Charge and Chief Information Officer
Office of Information and Technology

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

/s/
Gina S. Farrisee
Assistant Secretary for
Human Resources and Administration

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**CHAPTER 6. OTHER FORMS OF ADDITIONAL PAY
(SUNDAY PAY, NIGHT DIFFERENTIAL, WEEKEND PAY)****1. OTHER FORMS OF PREMIUM PAY FOR EMPLOYEES APPOINTED UNDER 38 U.S.C. 7401(1)**

a. **Night Differential Pay.** A nurse, PA or EFDA who performs service, any part of which is within the period commencing at 6 p.m. and ending at 6 a.m. shall receive additional pay for each hour of service provided 4 or more hours fall between 6 p.m. and 6 a.m. When fewer than 4 hours fall between 6 p.m. and 6 a.m., the differential is payable only for service between those hours. For the purpose of determining differential hours, only service within 6 p.m. to 6 a.m. or continuous service connected to the period of 6 p.m. or 6 a.m. are subject to differential pay. An unpaid meal period of one hour or less is not a break in continuous service. A nurse, PA, or EFDA shall receive differential at the rate of 10 percent of their basic hourly rate of pay, unless a higher differential is authorized under chapter 4 of this part.

(1) When on annual or sick leave, a nurse, PA or EFDA shall be entitled to night differential pay otherwise appropriate, provided the total amount of such leave in a pay period, including both night and day hours, is fewer than 8 hours.

(2) When not required to perform service because of a holiday or the day observed as a holiday, a nurse, PA or EFDA shall be entitled to night differential pay otherwise appropriate.

b. **Weekend Pay (Premium Pay for Service on Saturday or Sunday).** A nurse, PA or EFDA who performs service, any part of which is between midnight Friday and midnight Sunday, shall receive premium pay for each hour of such service. Service for which weekend premium pay is payable includes continuous service connected to midnight Friday or midnight Sunday. An unpaid meal period of one hour or less is not a break in continuous service. Premium pay for service under this subparagraph is equal to 25 percent of the employee's basic hourly rate of pay unless a higher rate is approved under chapter 4 of this part. [The divisor for calculating the basic hourly rate of pay for a nurse, PA or EFDA is 2,080.] Weekend pay is payable only during periods when work is performed. Weekend pay is therefore not payable for periods of paid leave or excused absence including annual leave, sick leave, compensatory time off, credit hours military leave, court leave excused absence on a holiday, or time off as an incentive or performance award, etc.

c. **Holiday Pay**

(1) A nurse, PA or EFDA with a 40-hour basic workweek who performs service on a holiday designated by Federal statute or Executive order shall receive, for non-overtime service, additional pay at a rate equal to the employee's basic hourly rate of pay. This shall be the applicable rate for holiday pay unless a higher rate is authorized under chapter 4 of this part. When the basic workweek of a nurse, PA or EFDA includes portions of 2 tours on a holiday, the tour that commences on the holiday shall be treated as the holiday for pay and leave purposes. When assigned to duty on a holiday, a nurse, PA or EFDA shall receive a minimum of 2 hours of holiday pay.

(2) A full-time nurse on the Baylor Plan shall only receive holiday pay for non-overtime holiday service performed outside the nurse's 24-hour basic workweek.

3. OTHER FORMS OF PREMIUM PAY FOR GENERAL SCHEDULE EMPLOYEES

a. **Shift Differential.** Employees who perform work during regularly scheduled hours between the hours of 6:00 p.m. and 6:00 a.m. shall receive 10 percent of basic pay for those hours.

b. **Sunday Premium.** Full-time and part-time (see note below) employees who perform work during a regularly scheduled non-overtime tour, any part of which falls between midnight Saturday and midnight Sunday, shall receive 25 percent of basic pay for that tour. In accordance with Section 624 of Treasury and General Government Appropriations Act, 1999, as contained in section 101(h) of Public Law 105-277, Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999, the payment of Sunday pay is prohibited for periods of leave. Sunday pay is therefore only payable for periods when work is performed. Sunday pay is not payable for periods of paid leave or excused absence including annual leave, sick leave, compensatory time off, credit hours, military leave, court leave, excused absence on a holiday, or time off as an incentive or performance award.

NOTE: *As a result of the Fathauer vs. United States court decision dated May 26, 2009, part-time employees are eligible for Sunday premium pay. (See Office of Personnel Management (OPM) Compensation Policy Memorandum 2009-21 dated December 8, 2009.) Human Resources Management Letter (HRML) 05-11-02, Administrative Claims for Sunday Premium Pay as a Result of Fathauer vs. United States dated February 15, 2011, provides instructions for identifying affected employees and processing claims for unpaid Sunday premium pay for a period up to six years prior to May 26, 2009, upon receipt of a written claim.*

c. Weekend Premium

(1) **Hybrid Employees.** A full-time, part-time or intermittent employee in an occupation listed in 38 U.S.C. 7401(3) or in an occupation approved for hybrid status under the provisions of VA Handbook 5005, Part II, Chapter 3, paragraph 2, who performs service, any part of which is between midnight Friday and midnight Sunday, will receive premium pay for each hour of service. [Service for which weekend premium pay is payable includes continuous service connected to midnight Friday or midnight Sunday] Premium pay for service under this paragraph is equal to 25 percent of the employee's basic hourly rate of pay unless a higher rate is approved under chapter 4 of this part. [The divisor for calculating the basic hourly rate of pay for employees in hybrid title 38 occupations is 2,080.]

(2) **Other VHA Health Care Employees.** A full-time, part-time or intermittent VHA employee in a non-hybrid occupation listed in appendix V-A who performs service on a tour, any part of which is between midnight Friday and midnight Sunday, will receive premium pay for each hour of service on such tour. Premium pay for service under this paragraph is equal to 25 percent of the employee's basic hourly rate of pay. [The divisor for calculating the basic hourly rate of pay for a VHA employee in a health care occupation is 2,087.] Such employees are not eligible for premium pay under chapter 3 or chapter 4 of this part.

d. **Holiday Pay.** Employees who are required to perform regularly scheduled non-overtime work on a designated holiday shall receive pay at the rate of two times their hourly rate for actual hours worked on their tour, but not less than at least two hours. Employees who perform overtime work on a holiday will be compensated at their regular overtime rate.

e. **Standby Duty Pay.** Employees who are required to remain at their official duty station in a state of readiness may receive up to 25 percent of their rate of pay, paid on an annual basis. This payment is in lieu

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of all other premium pay, except pay for irregular and occasional overtime. Employees in health care-related occupations who need to remain available for duty shall be authorized on-call pay under the provisions of chapter 5 of this part, unless an exception to on-call is authorized.

f. **Administratively Uncontrollable Overtime (AUO).** Employees required to independently determine the need to perform substantial amounts of irregular and occasional overtime work which cannot be controlled administratively may receive from 10 to 25 percent of their rate of pay on an annual basis. This payment is in lieu of all other premium pay, except for regularly scheduled overtime. AUO may be appropriate for positions like Detective or Criminal Investigator, in which the employees generally are responsible for recognizing, without supervision, circumstances which require the employees to remain on duty.

g. **Availability Pay.** Law enforcement officers (LEOs), as defined in 5 CFR 550.103, shall receive, if otherwise qualifying, 25 percent of their rate of pay to ensure availability for unscheduled duty in excess of the 40-hour workweek. See 5 CFR 550.181 for additional requirements.

4. OTHER PREMIUM PAY FOR FWS POSITIONS

a. **Night Shift Differential.** Night shift differential is to be computed in accordance with FWS Operating Manual, section S8-4c and 5 U.S.C. 5343; to assist in determining entitlement to night shift differential, the appropriate supervisor is responsible for ensuring that the employee's regularly scheduled tours of duty and changes thereto are properly documented. Normally, Purchase and Hire (P&H) employees are not entitled to be paid shift differentials because they do not have regularly scheduled tours.

b. **Holiday Pay.** Holiday pay is to be computed in accordance with the instructions contained in FWS Operating Manual, section S8-4. Normally, P&H employees are not entitled to holiday pay when no work is performed on a holiday because they do not have regularly scheduled tours. However, when authorized to perform work on a legal holiday (Federal, State, or local), P&H employees shall receive a holiday rate of pay as outlined for wage employees in 5 CFR 532.507.

c. **Sunday Pay.** Sunday pay for full-time and part-time employees is to be computed in accordance with the instructions contained in FWS Operating Manual, section S8-4. In accordance with Section 624 of Treasury and General Government Appropriations Act, 1999, as contained in section 101(h) of Public Law 105-277, Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999, the payment of Sunday pay is prohibited for periods of leave. Sunday pay is therefore only payable for periods when work is performed. Sunday pay is not payable for periods of paid leave or excused absence including annual leave, sick leave, compensatory time off, credit hours, military leave, court leave, excused absence on a holiday, or time off as an incentive or performance award. Normally, P&H employees are not entitled to Sunday pay because they do not have regularly scheduled tours.

NOTE: *As a result of the Fathauer vs. United States court decision dated May 26, 2009, part-time employees are eligible for Sunday premium pay. (See Office of Personnel Management (OPM) Compensation Policy Memorandum 2009-21 dated December 8, 2009.) Human Resources Management Letter (HRML) 05-11-02, Administrative Claims for Sunday Premium Pay as a Result of Fathauer vs. United States dated February 15, 2011, provides instructions for identifying affected employees and processing claims for unpaid Sunday premium pay for a period up to six years prior to May 26, 2009, upon receipt of a written claim.*

- c. **Base and Longevity Pay Schedule.** A table consisting of 15 rates of base pay, designated as steps 1 through 15. Physicians and dentists advance on the table at the rate of one step for every 2 years of VHA service.
- d. **Base Pay Rate.** The rate for a step on the Physician and Dentist Base and Longevity Pay Schedule.
- e. **Basic Pay.** The rate of pay fixed by law or administrative action for the position held by an employee before any deductions and exclusive of additional pay of any kind (e.g., market pay, performance pay, recruitment incentive etc.) as prescribed under 38 U.S.C. 7431. However, annual pay is basic pay only for purposes of computing civil service retirement benefits, lump sum annual leave payments, life insurance, thrift savings plan, work injury compensation claims, severance pay, recruitment, relocation, and retention incentives, continuation of pay, and advances in pay. In no instance is performance pay considered part of any individual's rate of basic pay.
- f. **Change in Assignment.** A permanent change in official duty station, change in duty basis (i.e., to/from full-time, part-time or intermittent), change in tier, [a change in the amount of time a physician or dentist spends performing non-clinical duties or activities (i.e., time spent away from performing clinical duties within the specialty or assignment),] or a significant change in duties or assignments as determined by an appropriate management official.
- g. **Compensation Panel.** A group of physicians or dentists responsible for the evaluation of physicians or dentists and making recommendations to the approving official for annual pay.
- h. **Longevity Step Increase.** Advancement to the next higher step of the grade based upon completing the required waiting period of two years (104 weeks) of creditable service.
- i. **Management Official.** A person who has supervisory authority over staff or program management responsibility.
- j. **Market Pay.** A component of basic pay intended to reflect the recruitment and retention needs for the specialty or assignment of a particular VHA physician or dentist.
- k. **Performance Pay.** A component of compensation paid to recognize the achievement of specific goals and performance objectives prescribed on a fiscal year basis by an appropriate management official. [The purpose of performance pay is to improve the quality of care and health care outcomes through the achievement of specific goals and objectives related to the clinical, academic and research missions of VA.] Performance pay is paid as a lump sum in accordance with paragraph 12 of this part.
- l. **Tier.** A level within the annual pay range for an assignment or specialty.
- m. **Tier Exception.** Approval to exceed the maximum amount of a tier in the nationwide pay range under the provisions of paragraph 14d or Appendix IX-B.
- n. **Total Pay.** The sum of all payments made to a physician and dentist. Includes base pay, market pay, performance pay, recruitment, relocation, and retention incentives. Excludes cash awards. In Alaska, Hawaii, and Puerto Rico, where the Office of Personnel Management has approved a non-foreign cost-of-living allowance (COLA) under 5 U.S.C. 5941, total pay also includes the COLA.
- o. **Year.** For purposes of determining base pay under paragraph 7, a year is 52 calendar weeks.

6. RESPONSIBILITIES**a. Secretary**

(1) Establishes the market pay of the Under Secretary for Health utilizing an appropriate health care labor market.

(2) Approves nationwide annual pay ranges after consideration of recommendations of the Under Secretary for Health and after concurrence by the General Counsel and the Assistant Secretary for Human Resources and Administration.

b. Under Secretary for Health (or Designee)

(1) Recommends annual pay ranges for each specialty or assignment to the Secretary at least once every two years (this authority may not be redelegated);

(2) Establishes a Steering Committee comprised of [] management representatives to develop recommendations for annual pay ranges for each specialty or assignment. [The Steering Committee may include no more than one physician and one dentist executive serving in a Deputy Under Secretary, Principal Deputy Under Secretary, Network Director, or Facility Director position.] The Steering Committee reviews available national pay sources and recommends applicable sources that describe overall compensation practices in broad geographic scope;

(3) Establishes VHA performance guidelines and objectives for performance pay determinations;

(4) Approves annual pay (plus non-foreign COLA where applicable) in excess of \$325,000 per annum;

(5) Approves performance pay amounts for physicians and dentists in VACO and those in positions centralized to the Secretary or the Under Secretary for Health;

(6) Approves requests for exceptions to the nationwide pay ranges in accordance with the provisions of appendix B of this part;

(7) Ensures physicians and dentists in VACO and those in positions centralized to the Secretary or the Under Secretary for Health have a market pay review at least once every 24 months and at such other times deemed necessary;

(8) Approves assignment to tier and annual pay for tier 4 national program assignments; and

(9) Approves assignment to tier and annual pay for those physicians and dentists assigned to any tier on the Executive annual pay range.

c. Network Directors (or Designee)

(1) Approve membership to the physician and dentist Compensation Panel at the VISN level;

(8) In Alaska, Hawaii, and Puerto Rico, the Office of Personnel Management has approved a non-foreign cost-of-living allowance (COLA) under 5 U.S.C. 5941 which is intended to address living costs substantially higher than those in Washington, DC, and/or conditions of environment substantially different from those in the Continental United States. The non-foreign COLA for physicians and dentists is calculated as a percentage of the employee's base pay only (the rate for a step on the Physician and Dentist Base and Longevity Pay Schedule). When determining market pay amounts for providers in these areas, the Compensation Panel should consider the COLA amount the provider will receive to ensure the provider is adequately, but not excessively, compensated for these issues.

NOTE: *The law requires the Compensation Panel to consider all factors. Where a provider spends a significant amount of time away from clinical duties within his/her specialty or assignment, the time spent away from clinical duties may impact on the provider's level of experience in the specialty or assignment, availability to work in the specialty or assignment, and/or accomplishments in the specialty or assignment, and may therefore be considered [] when recommending a market pay amount. [A provider's market pay may be reduced when the provider spends time away from performing clinical duties.]*

f. The Compensation Panel action will normally be recommended and a final decision made prior to the effective date of appointment. In unusual circumstances, a physician or dentist may be appointed without Compensation Panel review. The following conditions apply:

(1) The physician or dentist will be paid only the applicable base pay rate on the Base and Longevity Pay Schedule until a Compensation Panel action is approved.

(2) The physician or dentist must be reviewed by the appropriate Compensation Panel within the 30 days following the effective date of appointment.

(3) Once the Compensation Panel action is approved, the market pay rate will be retroactive to the effective date of the appointment.

g. Compensation Panel recommendations are taken into consideration by the appropriate approving official. The approving official determines the amount of market pay to be paid a physician and dentist after consideration of the annual pay (the sum of the base pay rate and market pay) recommended by the panel. The approving official's decision is final.

10. MARKET PAY ADJUSTMENTS FOR INDIVIDUAL PHYSICIANS AND DENTISTS

a. At least once every 24 months, the market pay of each physician and dentist is reviewed by the appropriate Compensation Panel (or approving official when a compensation panel is not required) in accordance with the criteria in paragraph 9e. Each physician and dentist will be provided a written notice of the results of the review, even if the review does not result in a pay adjustment. The Notification of Personnel Action, SF-50, as well as the Compensation Panel form VA 10-0432A, serve as the written notice. If an adjustment is made as a result of the biennial review, the effective date of such change will be retroactive to the first pay period following the biennial review due date.

b. The market pay of a physician or dentist is also reviewed upon change in assignment and at any such additional times as deemed necessary or appropriate by an appropriate management official. Change in assignment refers to a permanent change in official duty station, change in duty basis (i.e., to/from full-time, part-time or intermittent), change in tier, [a change in the amount of time a physician or dentist spends performing non-clinical duties or activities (i.e., time spent away from performing clinical duties within the specialty or assignment),] or a significant change in duties or assignments as determined by an appropriate management official, such as call duty rotations, or assignment to/from a Community Based Outpatient Clinic. A market pay review, and any subsequent adjustment made based on a change in assignment, is effective the first pay period following approval of the compensation panel form.

c. A market pay review cannot result in a reduction in market pay for a physician or dentist remaining in the same position or assignment at the same duty station. Market pay may only be reduced upon change in assignment or as the result of a correction to the appointment action under the provisions of paragraph 7f.

d. The market pay amount authorized by the approving official is a final decision. There is no reconsideration process. However, employees may request reconsideration of a tier determination under the provisions of paragraph 11 below.

11. RECONSIDERATION OF TIER DETERMINATION

a. If a physician or dentist believes that his/her tier determination is improper based on the nature of his/her assignment, the employee may submit a request for reconsideration to the official that approved the tier recommendation. These reconsideration procedures do not apply to appointment actions.

(1) The request for reconsideration must be submitted in writing to the approving official (i.e., the official who approved the tier recommendation) within 30 days of the end of the pay period in which the pay determination is effected.

(2) The request must cite specific facts and circumstances that support the employee's belief that his/her tier determination is inappropriate.

b. If the facility director was the approving official on the original action, the facility director will consult with the VISN Chief Medical Officer regarding the reconsideration request. The facility director will consider the recommendation of the Chief Medical Officer and make a final decision regarding the tier reconsideration request. The facility director will provide a decision to the employee in writing. The facility director's final decision will be filed with the VA Form 10-0432A.

c. Any tier adjustments resulting from a reconsideration will be effective the beginning of the first pay period after the approving official's decision.

d. The decision of the approving official is final. There is no further reconsideration.

e. If the original action was taken at the Network level or above, the approving official's decision is final.

12. PERFORMANCE PAY

a. [The purpose of performance pay is to improve the overall quality of care and health care outcomes through the achievement of specific goals and objectives related to the clinical, academic and research missions of VA.] Performance pay is intended to recognize the [degree to which an individual physician or dentist achieves] specific goals and performance objectives prescribed on a fiscal year basis by an appropriate management official. Physicians and dentists not excluded under paragraph 3 of this part are eligible to receive performance pay. The amount is determined solely at the discretion of the approving official based on the achievement of the specified goals and objectives and is paid annually as a lump sum.

b. The amount of performance pay established should be commensurate with the complexity and scope of the goals and objectives. The amount paid to any individual may vary based on the degree of execution and individual achievement of specified goals and objectives.

c. The amount of performance pay payable to any individual physician or dentist in a fiscal year is determined by the approving official based on the goals and objectives specified for the fiscal year. The amount payable may not exceed the lower of:

(1) \$15,000, or

(2) The amount that is equal to 7.5% of the annual pay in effect for the physician or dentist on September 30th of the fiscal year during the period of time under review.

NOTE: *The amount payable as performance pay to a part-time or intermittent employee shall [generally] be [prorated] based on the full-time equivalent salary. [] However, if there is no qualitative or quantitative difference between the expected contributions of a part-time employee and a similarly situated full-time employee [(e.g. when the same performance goals and objectives are used by both full-time, part-time employee)] their performance pay amounts should be equal.*

d. Physicians and dentists must be advised of the specific goals and objectives that will be measured in determining their eligibility for performance pay and the maximum monetary value associated with those goals and objectives. These goals and objectives and the maximum amount of performance pay available in connection with achieving the specified goals and objectives [must] be communicated by an appropriate management official to the individual physician or dentist within 90 days of the beginning of each fiscal year. For newly hired physicians and dentists, goals and objectives [must] be communicated within 30 days of their entrance on duty. [VA Form 10-0432, Performance Pay Recommendation & Approval will be used to document when goals and objectives are communicated to each employee.] Physicians and dentists hired after July 1 are not eligible for performance pay based on their performance within that fiscal year.

e. Performance goals and objectives are generally developed locally and will differ from performance standards used for the Executive Career Field (ECF) or proficiency rating systems. Examples of categories that may be addressed include outcomes, reduction of waiting times, patient panel sizes, research achievements, performance of compensation and pension exams or other additional tasks, timely completion of medical record documentation, adequacy of medical record documentation for billing purposes, patient satisfaction, exemplary conduct or behavior, teaching students or others, innovations, national priorities, and other areas where improvements, efficiencies or increased effectiveness are identified. Goals and objectives may also be set at the Network or Headquarters level.

f. At the end of each fiscal year, each supervisor evaluates the degree to which each covered individual achieved the goals and objectives communicated at the beginning of the fiscal year. [] VA Form 10-0432 [must be completed and include a description of the goals and objectives achieved by the individual that supports the amount of performance pay. VA Form 10-0432 must also be completed if the employee has not successfully met the communicated goals and objectives and therefore is not being recommended to receive performance pay. In addition, supervisors and managers must document to what extent a performance or conduct related disciplinary/adverse action impacted an individual's ability to achieve performance pay goals and objectives and what effect, if any, the action had on the performance pay decision. Further, supervisors and managers must document to what extent the performance of part-time or intermittent work, and the effect, if any, the performance of non-clinical duties has had on the performance pay decision. VA Form 10-0432 must be forwarded through the appropriate chain of command to the designated approving official not later than March 31st of each year. Performance pay disbursements may not be made until VA Form 10-0432 is signed by the supervisor and employee and approved by the appropriate management official.]

g. Performance payments should be disbursed to employees as soon as possible after the end of the fiscal year but must be made no later than March 31 of the following year.

h. Physicians and dentists who separate from VA employment prior to September 30 are not eligible for performance pay based on their performance within that fiscal year.

i. For physicians and dentists who transfer during the fiscal year, the gaining facility will consult with the previous supervisor to determine the appropriate performance pay amount. For individuals who change positions during the year, performance under previously specified goals and objectives will be considered, and previous supervisors will be consulted as applicable, in determining the appropriate performance pay amount.

j. A physician's or dentist's failure to meet the criteria for performance pay may not be the sole basis for an adverse personnel action against that individual.

13. COMPENSATION PANELS

a. Function of Panels

(1) Compensation Panels are required for pay tables 1 through 5 and 7. Compensation panels are not required for pay table 6. Compensation Panels recommend the appropriate pay table, tier level and market pay amount (considering the combined sum of the base pay and market pay) for individual physicians and dentists. Appointment actions recommended by the Professional Standards Board require a separate review for a pay recommendation by the appropriate Compensation Panel. The Compensation Panel is also responsible for evaluating the annual pay (base pay and market pay) to include pay table and tier assignment of each physician and dentist under its jurisdiction at least once every 24 months (biennial review) and at such other times deemed necessary by the appropriate management official. A change in duty basis (i.e., to/from full-time, part-time, or intermittent), change in tier, [a change in the amount of time a physician or dentist spends performing non-clinical duties or activities (i.e., time spent away from performing clinical duties within the specialty/assignment),] or a

significant change in duties or assignments as determined by an appropriate management official, such as call duty rotations, or assignment to/from a Community Based Outpatient Clinic will also require a re-evaluation of the market pay and tier by the Compensation Panel. Additionally, if it is anticipated that a change in assignment may result in a market pay or tier change, the Compensation Panel must be consulted. Supervisors or other management officials may make market pay and tier recommendations for physicians and dentists being reviewed by the Compensation Panel.

(2) The Compensation Panel will recommend the following with regard to pay for individual physicians or dentists:

(a) The appropriate specialty or assignment and pay table;

3. LPS ADJUSTMENTS

a. **General.** Title 38 U.S.C. 7451(d) requires facility Directors to increase rates of basic pay coincident with General Schedule (GS) adjustments. Facility Directors are further authorized to adjust rates of pay for covered positions to amounts comparable to corresponding non-VA positions in the local labor market area (LLMA) when deemed necessary.

b. **Regular Adjustments.** The Director will make an adjustment:

(1) On the effective date of any GS adjustment under 5 U.S.C. 5303, and by not less than the same percentage as the increase in the rates of basic pay under the GS, exclusive of locality comparability payments under 5 U.S.C. 5304;

(2) Not later than 30 days after the release of the results of an LLMA survey by the Bureau of Labor Statistics (BLS) that meets the requirements of paragraph 4c below;

(3) Not later than 30 days after the publication of an applicable third-party salary survey that meets the requirements of paragraph 4d below; and

(4) Not later than 30 days after the completion of data collection for a VA survey conducted under chapter 2 of this part.

NOTE: *See paragraph 5 of chapter 3 for additional guidance regarding adjustments.*

c. **Exceptions to Regular Adjustments.** If a facility Director determines an adjustment is not necessary under subparagraphs b(2), (3) or (4) above because current LPS rates are competitive, the Director may continue those rates after a VA- or BLS-conducted survey or other third-party survey.

d. **Other Adjustments.** Without conducting or purchasing a new survey, facility Directors may authorize general LPS adjustments based on data from the most recent survey, provided that all of the following conditions apply:

(1) The new rates authorized do not exceed the highest comparable community rate reported in the most recent survey; [and

(2)] There are continuing pay-related recruitment and retention problems which would not be more appropriately addressed by another pay-setting mechanism (e.g., establishing pay schedules for a particular specialty within an occupation, requesting exception to the 133 percent rate range, or authorizing higher step rates for personnel with specialized skills).

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g. **Records.** A survey file containing the material specified in paragraph 9 of chapter 2 and paragraph 8 of chapter 3, this part, will be established for each survey conducted or purchased under this part.

5. UNDER SECRETARY FOR HEALTH AUTHORITY TO MODIFY LOCAL DETERMINATIONS

a. In order to ensure that rates of pay for covered positions are sufficient to be competitive, on the basis of pay and other employee benefits, with non-Department health care facilities in the same labor market area in the recruitment and retention of qualified personnel, the Under Secretary for Health may modify any decision made by a local facility Director with respect to adjusting rates of pay. This includes the authority to direct that a survey be conducted.

(1) If the determination of the Director results in an increase in rates of basic pay applicable to covered positions, any action by the Under Secretary for Health under this paragraph shall be made effective the same date as the initial decision of the Director.

(2) Any new pay actions ordered by the Under Secretary for Health shall take effect on the first day of the first pay period beginning after such action.

b. Office of Human Resources Management [] (OHRM[]) (055) officials will review pay-setting and/or survey decisions at least annually to determine if action by the Under Secretary for Health is warranted. Such reviews will normally be conducted coincident with the annual reporting requirement in paragraph 6 of this chapter but may take place at other times as requested by the Under Secretary for Health.

c. OHRM [] officials will recommend action by the Under Secretary for Health after consideration of the following criteria. Such recommendations will not be based on just one factor, but rather a combination of factors that reflect the overall pay and staffing picture:

(1) The facility has a documented staffing problem based on the criteria in paragraph 4b(2) of this chapter;

(2) A salary survey has not been conducted in the past 12 months;

(3) The existing or recommended pay rates are set significantly below comparable rates in the community; and

(4) Any other evidence which suggests that the current or recommended pay rates are not sufficient to be competitive for the recruitment and retention of employees in the occupation or specialty.

6. ANNUAL REPORT. Facility Directors shall complete and submit an annual report on staffing no later than July 31 each year. Separate reports will be submitted for nurses and nurse anesthetists, as well as for any category of an occupation for which a specialty schedule has been established. [VA facilities must provide a copy of the Annual Report on Staffing to any employee or their union representative upon request.] For illustrative purposes, a copy of the report is contained in Appendix X-B.

APPENDIX B. ANNUAL REPORT ON STAFFING

In accordance with the reporting requirements established by Section 201 of P.L. 106-419, facility Directors are required to submit an annual report on staffing for registered nurse (RN) and nurse anesthetist positions. Reports must be submitted to the Office of Human Resources Management [] (055) no later than July 31 each year. Separate reports will be submitted for RNs and nurse anesthetists, as well as for any category for which a specialty schedule has been established.

FACILITY NAME:

FACILITY NUMBER:

POSITION TITLE:

PAY SCHEDULE NO.: []

[FACILITY POINT OF CONTACT:]

CONTACT NUMBER:

VISN:

1. STAFFING DATA [FOR PAY SCHEDULE # N _ _ _]

a. Provide turnover and vacancy rates for the occupation or specialty for the one-year period ending June 30 of the current year and the preceding three years. The turnover rate will be calculated by dividing the losses by the average number on-board. The vacancy rate will be calculated by dividing the vacancies at the end of the reporting period by the authorized ceiling.

	[6/30/20__ (Current year)	6/30/20__ (Last three preceding years)]	6/30/20__	6/30/20__
Turnover Rate:	___._%	___._%	___._%	___._%
Vacancy Rate:	___._%	___._%	___._%	___._%

b. Provide the following information for the occupation or specialty for the one-year period ending June 30 of the current year.

Beginning Authorized Ceiling:	___	Ending Authorized Ceiling:	___
Beginning On Board:	___	Ending On Board:	___
Number of Losses:	___	Number of Vacancies:	___

c. Please check all recruitment efforts used in the past year, and indicate the number of times each was used.

- | | | | |
|--|-----------|---|-----------|
| <input type="checkbox"/> Newspaper Ads | ___ times | <input type="checkbox"/> Internal | ___ times |
| <input type="checkbox"/> Job Fairs | ___ times | <input type="checkbox"/> VA Careers.com | ___ times |
| <input type="checkbox"/> Journal Ads | ___ times | <input type="checkbox"/> Other Internet sites | ___ times |
| <input type="checkbox"/> Posting of vacancy announcement at schools of nursing | ___ times | <input type="checkbox"/> Other: _____ | ___ times |
| | | <input type="checkbox"/> No recruitment conducted | |

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d. What was the average duration of vacancies for positions paid [from this pay schedule] during the past year?

_ _ months

e. Please check all of the following pay incentives that have been offered within the occupation or specialty in the past year by indicating the frequency used.

Recruitment

Incentive: Frequently Occasionally Rarely [Not used]

Relocation

Incentive: Frequently Occasionally Rarely [Not used]

Retention

Incentive: Frequently Occasionally Rarely [Not used]

Higher Rates

For Specialized

Skills: Frequently Occasionally Rarely [Not used]

2. DIRECTOR'S FINDINGS CONCERNING THE STAFFING SITUATION []

a. Positions in the occupation or specialty that meet at least three of the following criteria are considered to be experiencing, or likely to experience, a significant pay-related staffing problem for the purpose of determining whether [third party survey data should be reviewed or] a salary survey must be conducted. Please check all that apply to the occupation or specialty:

A 5 percent increase* in turnover since June 30 of the prior year.

A significant number of losses since June 30 of the prior year were quits for pay.

A 10 percent increase* in the vacancy rate since June 30 of the prior year.

Positions remain vacant for 6 months or more despite active recruitment.

Positions have been abolished due to recruitment difficulty.

Any other criteria deemed appropriate by the facility Director. Define the criteria in the narrative section at the end of this report.

***NOTE:** *The increase in turnover and vacancy rates will be calculated by subtracting the previous rate from the current rate (e.g., a change from 10% to 12% is a 2% increase; a change from 8% to 13% is a 5% increase).*

b. Based on the criteria in 2a above, is there currently, or is there likely to be a significant pay-related staffing problem for the occupation or specialty? (If 3 or more boxes in 2a are checked, you MUST answer Yes)

- YES
- NO

c. Has [third party survey data been reviewed or] a salary survey been conducted during the reporting period (or will one be [reviewed/]conducted)?

- YES
- NO

d. If [third party survey data was reviewed or] a salary survey has been conducted or is planned, please indicate the time frame []. Check all that apply.

- [Third party survey data reviewed or] survey conducted within past 3 months
- [Third party survey data reviewed or] survey conducted more than 3 months ago
- [Third party survey data is being reviewed or] survey currently being conducted
- [Third party survey data will be reviewed or] survey will be conducted within next 3 months

e. If there is a staffing problem for this occupation or specialty and [the facility has not reviewed third party survey data or conducted a survey] please explain why [].

f. Indicate the types of salary surveys conducted for the occupation or specialty since June 30 of the previous year and the number of times each was conducted. For third-party surveys, indicate the number of times the surveys were reviewed for possible pay adjustments.

- BLS Survey __ times
- Other Third-Party Survey __ times
- VA-Conducted Survey __ times

g. [If survey data was used to adjust a grade or level, select the type of survey data/methodology used:

Nurse I, Level 1 -

- Minimum
- 10th Percentile
- 25th Percentile
- Mid-Point/Median
- 50th Percentile
- 75th Percentile
- 90th Percentile
- Maximum

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- Nurse I, Level 2 -
- Minimum
 - 10th Percentile
 - 25th Percentile
 - Mid-Point/Median
 - 50th Percentile
 - 75th Percentile
 - 90th Percentile
 - Maximum

- Nurse I, Level 3
- Minimum
 - 10th Percentile
 - 25th Percentile
 - Mid-Point/Median
 - 50th Percentile
 - 75th Percentile
 - 90th Percentile
 - Maximum

- Nurse II -
- Minimum
 - 10th Percentile
 - 25th Percentile
 - Mid-Point/Median
 - 50th Percentile
 - 75th Percentile
 - 90th Percentile
 - Maximum

- Nurse III -
- Minimum
 - 10th Percentile
 - 25th Percentile
 - Mid-Point/Median
 - 50th Percentile
 - 75th Percentile
 - 90th Percentile
 - Maximum

- Nurse IV -
- Minimum
 - 10th Percentile
 - 25th Percentile
 - Mid-Point/Median
 - 50th Percentile
 - 75th Percentile
 - 90th Percentile
 - Maximum

- Nurse V -
- Minimum
 - 10th Percentile
 - 25th Percentile
 - Mid-Point/Median
 - 50th Percentile
 - 75th Percentile
 - 90th Percentile
 - Maximum

h. Indicate the reasons for taking (or not taking) such actions:]

- Beginning rates for all grades increased.
- Beginning rates for some grade increased.
- Beginning rates for all grades remained the same.

Reasons: (Check all the apply)

- To become or remain competitive with rates paid by non-VA employers.
- Increase given at one or more grades to improve staffing abilities.
- No increase given at one or more grades because survey results were not sufficient to make a pay-setting determination.
- No increase given at one or more grades because survey data was not representative of the rates paid in the community.
- No increase given at one or more grades because existing rates are higher than survey results and an increase would make VA the community pay leader.
- Other Reasons/Additional Comments.