



FAQs

June 10, 2019 Compensation Changes Authorized by Chapter 2, 2018 Special Session I, Acts of Assembly

Summary

The following compensation changes authorized in Chapter 2, 2018 Special Session I, Acts of Assembly may become effective on June 10, 2019. Pay actions for FY 2019 are contingent on general fund revenue forecasts for fiscal years 2019 and 2020 being no less than the revenues assumed in the 2018 Appropriation Act. (See the Fiscal Year 2019 Authorizations and Compensation Activities memo for specific citations):

- June, 10, 2019 Changes:
 - A 2% base salary adjustment for state employees (full and part-time classified and certain other salaried employees, including faculty, appointed, and at-will employees)
 - An additional merit based salary increase for eligible employees with three years or greater continuous service (except for faculty at institutions of higher education, appointed officials and employees designated as university staff at institutions of higher education, and judges and justices in the Judicial Department, and Officials whose salary is listed in § 4-6.01 of the act)

Frequently asked questions and related to these salary adjustments are provided throughout this document.

NOTE

While the June 10, 2019 pay actions are targeted for implementation in FY19, appropriations and payment for the increases start in FY20. *Agencies and employees should be aware that these appropriations are subject to modification by the 2019 General Assembly and as mentioned above, by revenue forecasts and collections meeting prescribed targets.*

Employee Eligibility

1. Who is subject to the June 10, 2019, 2% base salary adjustment?

All classified and other salaried employees, except elected officials, who were employed in salaried positions as of March 10, 2019, and who received a rating of “Contributor” or “Extraordinary Contributor” on their last performance evaluation or more recent interim evaluation are eligible to receive the 2% base salary adjustment effective June 10, 2019.

2. Who is NOT subject to the June 10, 2019, 2% base salary adjustment?

Employees who were hired or rehired after March 10, 2019 and employees who received a rating of “Below Contributor” on their last performance evaluation or more recent interim evaluation are not eligible to receive the 2% base salary adjustment effective June 10, 2019.

3. Why was March 10, 2019, selected as the cutoff employment date for the 2% base salary adjustment?

The base salary adjustments are performance dependent increases. A three-month period provides a reasonable time for an agency to assess the probationary progress of a new employee, therefore three months employment is required to be eligible for the performance driven increase.

4. Who is eligible for the June 10, 2019, additional merit based increases?

All classified and other salaried employees (except for faculty at institutions of higher education, appointed officials and employees designated as university staff at institutions of higher education, and judges and justices in the Judicial Department, and Officials whose salary is listed in § 4-6.01 of the appropriation act) with three or more years of continuous state service on June 10, 2019 who received a rating of “Contributor” or “Extraordinary Contributor” on their last performance evaluation or more recent interim evaluation are eligible to receive an additional merit increase effective June 10, 2019.

5. How do I know if an employee has three years or more of continuous state service on June 10, 2019?

Employees with a state begin date on or before June 10, 2016 will have three years or greater continuous state service on June 10, 2019. Continuous state service is a period of service without a separation or break. [See this reference](#) if you have questions on what actions constitute a separation or break in service and what actions may not.

6. Will employee performance ratings affect eligibility for the June 10, 2019 salary adjustments?

Yes. The June 10, 2019 salary adjustments are performance-driven. Employees must have received a rating of “Contributor” or “Extraordinary Contributor” on their latest performance evaluation or more recent interim evaluation in order to be eligible to receive a salary adjustment.

7. Can written notices under the Standards of Conduct policy be used to deny any of the components of the June 10, 2019 salary adjustment?

*No. Written Notices were not included in the eligibility criteria approved by the Governor and General Assembly. For this reason, and because written notices are issued for a wide range of infractions, they should not be used exclusively to deny the increase – an interim performance evaluation is also needed. If an employee’s performance has declined to the extent that it is at the “Below Contributor” level, the supervisor should conduct an interim performance evaluation (note: as always, a written notice may be considered as documentation of performance during the interim performance evaluation process). **Agency management is responsible for assuring that all agency employees who receive a June 10, 2019 salary adjustments are performing at the contributor level or above.***

8. Are employees whose ratings for the 2018 performance evaluation were recorded as “On Leave” eligible for the June 10, 2019 salary adjustments?

Yes. A rating of “On Leave” will not automatically disqualify an employee from receiving the June 10, 2019 salary adjustments if the employee is in active status on the increase date, and the employee’s agency certifies that the employee meets the requirement for satisfactory performance.

9. How should agencies treat employees whose performance has changed significantly since their 2018 evaluation so that their eligibility for the June 10, 2019 salary increases cannot reasonably be based on that evaluation?

Agencies are responsible for ensuring that sufficient documentation exists to support satisfactory performance for any employees who receive the increase or unsatisfactory performance for employees who are denied an increase. This documentation could include: interim evaluations; probationary progress review forms; and notice of sub-standard performance forms. Agencies should ensure that all employees are aware of their current performance rating and its impact on these salary increases.

- 10. Some recently hired employees will meet the employment date for eligibility for the 2% base salary adjustment, but will not have a 2018 performance evaluation rating - how should the agency document that the employee meets the required performance level?**

Agencies are responsible for ensuring that sufficient documentation exists to support satisfactory performance for newly-hired and other employees who have no 2018 performance cycle rating. This documentation could include: interim evaluations and probationary progress review forms.

- 11. Are employees whose positions are funded entirely by federal grants or other special funding sources subject to the June 10, 2019 salary changes?**

Yes. As with other general, performance, role specific, or across-the-board increases that are funded in the state budget, all of the June 10, 2019 increases apply to employees whose positions are funded by grants or other special funding sources in addition to those funded by the General Fund.

- 12. Are wage employees eligible for any salary adjustments?**

Yes. The base rates of pay for wage employees may be adjusted by up to 2% no earlier than June 10, 2019. The cost of such increases for wage employees shall be borne by existing funds appropriated to each agency.

- 13. Will employees whose salaries are at or near the maximum of their pay bands receive the June 10, 2019 salary adjustments?**

Yes, provided that they meet the eligibility criteria. If the salary adjustments will place an employee's new salary over the maximum of the new pay band, the employee's base pay will be increased to the new maximum and the remaining amount will be paid as a one-time bonus.

- 14. Will employees whose salaries are frozen above the maximum of their current pay bands receive the June 10, 2019 salary adjustments?**

Yes, provided that they meet the required eligibility criteria. If an employee's salary is frozen at an amount that exceeds the maximum of the new pay band, the employee will receive a bonus rather than a salary increase for the amount in excess of the new pay band maximum.

- 15. For employees separating effective June 10, 2019, will the June 10, 2019 salary adjustments apply to their leave payments or other benefits?**

No. The last day worked for an employee separating effective June 10, 2019, is June 9, 2019. Therefore, the employee is not employed on June 10, 2019, and is not eligible for the June 10, 2019, salary increases.

Effect on Employees' Compensation

16. How will this change affect my “take-home pay”?

*Each employee's situation is somewhat unique, depending on his or her salary and the deductions that are taken from his or her paycheck. The higher annual salary will result in an increase in all payroll tax withholdings and other salary-based withholdings like Optional Life Insurance. Therefore, it is likely that the change in take-home amounts may vary somewhat among employees as a result of payroll deductions. **Note:** Optional Group Life withholding only changes on January 1 of each year, regardless of salary changes during the year.*

17. When will I see the changes in my paycheck?

The June 10, 2019, salary adjustments will first appear in the July 1, 2019, paycheck.

18. Can all or part of the June 10, 2019 salary adjustments be deposited into Deferred Compensation?

Yes. The salary adjustments become part of an employee's new regular salary. As such, part or all of the increase may be deferred, subject to VRS Defined Contribution Plan guidelines and limitations. See plan information at www.varetire.org for instructions.

19. How will the June 10, 2019 salary adjustments affect my retirement benefit calculation?

The salary adjustments will increase employees' creditable compensation. Any future salary increases will be applied to this higher salary. Therefore, any months beginning July 2019 that are included in an employee's Average Final Compensation (AFC) will increase the employee's retirement benefit accordingly.

20. Will the June 10, 2019 salary adjustments affect my other benefits?

The salary increase amount is subject to payroll deductions for Social Security and Medicare as well as federal and state income taxes. This may result in an increase in an employee's future Social Security entitlement depending on his or her individual situation. It will also affect the rate used in calculating payments for accrued leave hours.

Calculating the Salary Adjustments

21. How will the employee's 2% base salary increase be calculated?

If an employee is employed 100% (40 hours per week for 12 months), the calculation will multiply the employee's current annual salary (including cents if there are any) by the appropriate percentage and the result will be rounded to the nearest dollar (.5 and above rounds up).

If the employee is employed for less than 100% and 12 months, the salary increase will be prorated based on the employee's percent of full time with the calculated result being rounded to the nearest cent, just as part-time salaries are currently prorated in calculations.

22. Is the 2% base salary adjustments calculated on base pay or total state pay?

The salary adjustments are to base state salary effective June 10, 2019.

23. Do special rates count toward the calculation of the salary adjustments?

No. Special rate differentials, which are entered into PMIS as annual salary amounts, must be adjusted by employees' agencies if appropriate. Agencies paying special rate differentials as flat amounts will determine whether or not to increase those amounts.

24. Do "non-state salary" supplements count toward the calculation of the salary adjustments?

No. The amounts of non-state salary supplements are determined by non-state entities. Therefore, the amounts will not be adjusted automatically effective June 10, 2019. Affected state agencies will need to process any adjustments to non-state supplements individually.

25. Does Temporary Pay count toward the calculation of the salary adjustments?

No. Temporary Pay is paid when an agency assigns an employee to perform different key (essential) duties on an interim basis, for critical assignments associated with a special time-limited project, or for employees serving in an acting capacity in a higher level position. Because these assignments are temporary, the additional pay associated with them is not creditable for retirement purposes. Therefore, these amounts will not be automatically adjusted effective June 10, 2019.

26. How do agencies determine the total amount allocated to the agency for the additional two percent merit increases for employees with three or more years of continuous state service?

The agency budget for the additional merit increase is two percent of the average annual salary of all qualifying salaries. Qualifying salaries are those of eligible employees with a state begin date on or before June 10, 2016 and with a Contributor or higher performance level. Detailed information on process implementation for these additional merit based increases will be provided by DHRM in early 2019.

27. Agency directors have the authority to vary the additional merit based increase amounts based on employee performance. If agencies directors choose to vary the amount of the additional merit based increases awarded to eligible employees are there any guidelines?

The following guidelines are recommended by DHRM if agency directors elect to vary the amount of the additional merit based salary increase:

- *Employees rated Below Contributor are not eligible for the additional merit based increase.*
- *Employees rated Contributor should receive between 25% and 100% of the additional merit based salary increase. (Minimum of .5% - Maximum of 2.0%)*
- *Employees rated Extraordinary Contributor should receive between 100% and 300% of the additional merit based salary increase. (Minimum of 2.0% - Maximum of 6.0%)*

To support a fair and equitable process DHRM recommends that employees who have received promotions, voluntary transfers, reassignments, demotions, role changes, or in-band adjustments are eligible to receive the same percentage based on their performance evaluation as those employees who have not received the noted pay actions.

DHRM strongly recommends that:

- *Agencies continue to fully adhere to all the applicable procedures and instructions of the [Performance Management Policy 1.40](#) to manage the performance evaluation process.*
- *Agency Salary Administration Plans should be followed and will provide a framework to support merit based increase process development.*
- *Agencies should communicate to all eligible employees the rationale and process they will implement to award the additional merit based increases.*

28. If my agency needs help determining a suitable guidelines or a process to vary the additional merit based increases, is support available?

Yes. Contact your assigned [human resource management consultant for support](#).

Processing the Increases

29. When will agencies receive specific guidance for processing the June 10, 2019 increases?

DHRM will provide detailed guidance for processing the June 10, 2019 increases in early 2019.

30. What sequence will be followed if there are other employee status changes effective June 10, 2019?

Actions such as promotions that are keyed into PMIS prior to June 10, 2019 to become effective on that date will be processed before any salary adjustments are applied. Such actions should be keyed into PMIS by the close of business on June 7, 2019. Promotions or other actions that change employees' salaries after June 10, 2019 should not be keyed into PMIS until after the salary adjustments have been applied.

31. What happens to employees on leave?

- a) Otherwise-qualified employees who are on short-term disability or other paid leave will receive the salary adjustments on the respective effective dates.*
- b) Employees on long-term disability-working will also have the salary adjustments applied to their current rates of pay. The adjustments do not apply to individuals who are on long-term disability-non-working.*
- c) Employees on leave without pay are not eligible for the salary adjustments until they return to work or paid leave.*
- d) Agencies should adjust the military supplements of eligible employees on leave without pay-military to reflect the salary adjustments.*
- e) The salary adjustments will not be automatically applied for any employee who has an overdue leave end-date in PMIS as of June 10, 2019. Agencies should review and update these employees' records on an individual basis and process their salary increases after their Return-to-Work transactions have been entered into PMIS.*

NOTE: *These rules are based on policies that apply to classified employees.*

Other

32. Will the Commonwealth’s Salary Structure be adjusted?

Yes. If the appropriation is implemented, the minimum for each salary band in the classified [salary structure](#) will be increased by four percent effective June 10, 2019. The maximum for each salary band will be increased by four percent plus also on June 10, 2019. No salary increase shall be granted to any employee as a result of these actions.

33. What happens to employees who were hired after March 10, 2019, at salaries that will be below the new pay band minimums on June 10, 2019?

Agencies may apply pay practices under [DHRM Policy 3.05, Compensation](#), consistent with agency Salary Administration Plans, to adjust the salaries of these employees, if appropriate. DHRM will work with agencies where necessary to allow an additional 2% for employees hired at the pay band minimum after the March 10, 2019 cutoff date.

34. What happens to employees whose salaries will fall below the new pay band minimums on June 10, 2019, due to “Below Contributor” performance that disqualifies them from the salary adjustments?

Agencies should continue to monitor and document the performance of these employees through probationary progress reviews, interim evaluations, and the formal 2018 performance evaluation process. If employees’ performance improves to the “Contributor” level, agencies may apply pay practices under [DHRM Policy 3.05, Compensation](#), consistent with agency Salary Administration Plans, to adjust the salaries of these employees, if appropriate.

35. Will there be a performance-based pay increase effective November 25, 2018, in addition to the June 10, 2019, salary adjustments?

No. The General Assembly did not approve funding for performance increases effective November 25, 2018. Therefore, agencies, except for those excluded in Chapter 2 of the 2018 Special Session I, Acts of the Assembly, and Item 475, paragraph X.5a-i, may not provide salary increases at that time based on performance during the October 25, 2017, through October 24, 2018, performance cycle as documented in the “Performance Increases” section of the [Performance Management Policy 1.40](#).

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