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April 26, 2019

MEMORANDUM

TO: Agency Human Resource Directors

FROM: Rue Collins White
Deputy Director, Department of Human Resource Management (DHRM)

SUBJECT: REVISION ADDENDUM; Fiscal Year 2019 Authorizations and Compensation Activities

Please be advised of the following supplemental revised information concerning compensation activities *solely* for the June 10, 2019 pay actions occurring in fiscal year 2019. These revisions supersede the information issued on July 6th of 2018 to meet the directives of the 2019 Appropriation Act.

The following compensation changes authorized in the 2019 Appropriation Act are effective on June 10, 2019.

1) **June 10, 2019, Employee Salary Increases**

A. 2.75% base salary increase

Item 474, paragraph T.1. authorizes a 2.75% base salary increase effective June 10, 2019, for all salaried state employees (*except* for faculty at institutions of higher education and elected officials.) All eligible employees in salaried positions as of March 10, 2019, shall be awarded a 2.75% base salary increase, subject to the performance criteria outlined in the "Employee Performance" section below.

Agency heads listed in T.5.a-i., may utilize agency funds or the funds provided pursuant to paragraph T. to implement the provisions of new or existing performance-based pay plans. State institutions of higher education may provide a variable salary adjustment based on performance and other employment-related factors to employees designated as university staff, as long as the increases do not exceed 2.75 percent on average.

B. 3.00% base salary increase for faculty at institutions of higher education

Item 474, paragraph T.1. authorizes a 3.00% base salary increase effective June 10, 2019, for salaried faculty at institutions of higher education. All eligible employees in salaried faculty positions as of March 10, 2019, shall be awarded a 3.00% base salary increase, subject to the performance criteria outlined under "Employee Performance" in section 3 below. State institutions of higher education may provide a variable salary adjustment based on performance and other employment-related factors to faculty, as long as the increases do not exceed 3.00 percent on average. Institutions may also provide this increase consistent with new or existing faculty pay plans.

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C. Additional merit-based salary increase for certain employees with three or more years of continuous state service

Item 474, paragraph V.1. authorizes an additional 2.25% merit-based salary increase effective June 10, 2019, for salaried employees listed in item A above with three or more years of continuous state service (*excludes* elected officials, 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.)

All employees in eligible salaried positions with three or more years of continuous state service on June 10, 2019, are eligible for the additional merit-based salary increase subject to the appropriation funding limit and the performance criteria outlined in the “Employee Performance” instructions below.

Agency directors shall have the authority to provide eligible employees a merit increase in excess of the additional 2.25% provided the *total cost* of all merit increases for the agency *does not exceed* 2.25% of the total state salaries of all eligible employees. In order to accomplish PMIS systems programming, agency directors who choose to implement a variable increase must inform the compensation group at DHRM and/or the Deputy Director of DHRM *no later than May 1, 2019*. DHRM will provide staff to assist agency heads and HR directors to help ensure a compliant, fair, and equitable variable increase process.

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 0.60% - Maximum of 2.25%)
- Employees rated **Extraordinary Contributor** should receive between 100% and 300% of the additional merit based salary increase. (Minimum of 2.25% - Maximum of 6.75%)

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. Agencies should continue to fully adhere to all the applicable procedures and instructions of the Performance Management Policy.

In order to accomplish PMIS systems programming, agency directors who choose not to vary the additional merit based increases and implement an across the board 2.25% additional merit based increase to all eligible employees must notify the compensation group at DHRM and/or the Deputy Director of DHRM of their decision to implement a 2.25% increase for all eligible employees *no later than May 1, 2019*.

If any merit-based increase places an employee’s new salary over the maximum of the updated June 10, 2019 effective pay bands, the employee’s base pay will be increased to the new pay band maximum and the remaining amount will be paid as a one-time bonus.

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Agency heads listed in V.2.a-i., may utilize agency funds or the funds provided pursuant to paragraph V. to implement the provisions of new or existing performance-based pay plans.

D. Implementation guidance for the June 10, 2019 salary increases

Specific guidance for the technical implementation of all components of the June 10, 2019 pay actions are provided in the Revision Addendum - Comp Memo FAQs published [here](#).

2) **Additional Information**

Additional information regarding June 10, 2019 compensation activities is provided in this section regarding Employee Performance, Wage Employees, and Elected Officials. Please also reference the revised addendum FAQ document posted on [our website](#) for further details on the June 10, 2019 salary actions.

- Employee Performance:

Item 474 directs that employees must have received a rating of at least “Contributor” on their latest performance evaluation in order to be eligible for any components of the June 10, 2019 salary increases. The eligibility of most employees will be determined by performance evaluations that were conducted in the fall of 2018 for the current performance cycle (October 25, 2017 through October 24, 2018). Agencies are responsible for tracking the performance evaluation ratings of employees and determining the employee’s eligibility for fiscal year 2019 pay actions.

PMIS IPP functions will not be available to centrally record and track 2018 performance evaluation ratings. Employees who were rated the equivalent of “Contributor” or “Extraordinary Contributor” are eligible, while those rated “Below Contributor” are not. Guidance on how to inform DHRM of an employee’s Below Contributor performance rating so the individual employee may be excluded from the increase is provided in the Revision Addendum FAQ document on [our website](#).

NOTE: The appointing or governing authority of Judicial and Legislative Departments, Independent agencies, and agencies of the Executive Department not subject to the Virginia Personnel Act shall certify to the Department of Human Resource Management that employees receiving June 10, 2019 salary increases are performing at levels at least comparable to other eligible employees.

- Wage Employees:

The base rates of pay for wage employees may be increased by up to 2.75% percent no earlier than June 10, 2019. The cost of such increases for wage employees shall be borne by existing funds appropriated to each agency. Assistance for keying wage employee salary changes will be available as resources allow by request to DHRM’s [iHelp](#) group.

- Elected Officials:

Elected officials are not covered by the salary increases effective June 10, 2019.

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3) **Classified Salary Structures**

The minimum and maximum for each pay band in the classified salary structure will be increased by *five* percent effective June 10, 2019, pursuant to Item 474, paragraph T.3. No salary increase shall be granted to any employee as a result of this action. A table of the updated pay bands is provided at the end of this memorandum.

Please ensure that a copy of this memorandum is provided to all human resource staff and to your agency's fiscal officer. If you have questions, please contact the [compensation group at DHRM](#).

cc: Emily S. Elliott, Director of Human Resource Management
David A. Von Moll, State Comptroller
Daniel S. Timberlake, Director of Planning and Budget
Adam Rosatelli, Senate Finance Committee
Michael Jay, House Appropriations Committee

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Virginia State-Wide (SW) Pay Area PAY BANDS June 10, 2019		
<i>Band</i>	<i>Minimum</i>	<i>Maximum</i>
1	\$17,296	\$49,117
2	\$22,597	\$60,526
3	\$27,004	\$70,017
4	\$35,278	\$87,831
5	\$46,087	\$111,102
6	\$60,209	\$141,502
7	\$78,659	\$181,224
8	\$102,756	\$233,113
9	\$134,245	MARKET

Northern Virginia (FP) Pay Area Expanded Range PAY BANDS - June 10, 2019		
<i>Band</i>	<i>Minimum</i>	<i>Maximum</i>
1	\$17,296	\$61,712
2	\$22,597	\$76,544
3	\$27,004	\$88,884
4	\$35,278	\$112,040
5	\$46,087	\$142,292
6	\$60,209	\$181,814
7	\$78,659	\$216,043
8	\$102,756	\$278,308
9	\$134,245	MARKET