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December 11, 2020

MEMORANDUM

TO: Agency Human Resource Directors

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

SUBJECT: Fiscal Year 2021-2022 Authorizations and Compensation Activities

Please be advised of the following information concerning compensation activities for fiscal year 2021 and 2022 (July 1, 2020, through June 30, 2022). The following compensation activities reflect the directives authorized in Chapter 56 of the 2020 Special Session, Acts of Assembly.

1) **December 1, 2020 Bonus for Law Enforcement and Corrections Officers**

Item 477, paragraph DD-GG of Chapter 56, 2020 Special Session, Acts of Assembly authorizes that funds will be made available to provide full time salaried sworn officers at the Division of Capital Police, full time salaried classified sworn officers Virginia State Police, other state agencies, and higher education institutions, as well as full time classified corrections staff at the Department of Juvenile Justice and the Department of Corrections who were employed as of November 24, 2020 a one-time bonus in the amount of \$500.00 on December 1, 2020.

2) **May 1, 2021 Minimum Wage Increase**

Chapter 56 of 2020 Special Session, Acts of Assembly authorizes the transfer of general funds to state agencies and institutions of higher education on January 1, 2021 to effectuate the provisions of House Bill 395 and Senate Bill 7 which increase the minimum wage beginning May 1, 2021.

While funding will be made available January 1, 2021, please note that the mandated minimum wage increase is not effective until May 1, 2021 in accordance with House Bill 395 and Senate Bill 7 cited below. All minimum wage adjustments in accordance with this section shall not be made effective prior to May 1, 2021.

Section A.2. authorizes that beginning May 1, 2021, every employer shall pay to each of his employees at a rate not less than the federal minimum wage or 75 percent of the Virginia minimum wage provided for in this section, whichever is greater. For the purposes of this subdivision "employee" means any person or individual who is enrolled in an established employer on-the-job or other training program for a period not to exceed 90 days which meets

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standards set by regulations adopted by the Commissioner.

Section B. authorizes that from May 1, 2021, until January 1, 2022, every employer shall pay to each of its employees' wages at a rate not less than the greater of (i) \$9.50 per hour or (ii) the federal minimum wage.

3) Fiscal Year 2022 Compensation Actions and Contingencies

Item 477, paragraph II of Chapter 56, 2020 Special Session, Acts of Assembly states that all pay actions for FY 2022 as detailed below are contingent on general fund revenue forecasts for fiscal 2021 being no less than the revenues assumed in the 2020 Appropriation Act.

A) September 1, 2021 State Employee Bonus

Item 477, paragraph JJ authorizes a \$1,500 one-time bonus to all full time salaried classified employees of the Executive Branch and other full time employees of the Commonwealth, except elected officials, who were employed on April 1, 2021, and remain employed until at least August 24, 2021.

- Employees in the Executive Department subject to the Virginia Personnel Act that are full time salaried employees shall receive the bonus payment authorized in this paragraph only if they have attained an equivalent rating of at least "Contributor" on their performance evaluation and have no active written notices under the Standards of Conduct within the preceding twelve-month period.
- The governing authorities of the state institutions of higher education may provide the bonus for full time salaried faculty and university staff based on performance and other employment-related factors, as long as the bonuses do not exceed what the average would have been based on the general methodology authorized in this paragraph.

B) September 1, 2021 Adjunct Faculty Bonus

Item 477, paragraph KK authorizes a \$750 one-time bonus to adjunct faculty of Virginia two-year and four-year public colleges and higher education institutions on September 1, 2021.

C) Additional Information

Additional information including FAQs and detailed process instructions regarding compensation activities will be provided in 2021.

- Employee Performance:

Item 477 directs that employees must have received a rating of at least "Contributor" on their latest performance evaluation in order to be eligible for certain components of the fiscal year 2022 compensation actions. The eligibility of most employees will be determined by performance

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evaluations that will be conducted in the fall of 2020 for the current performance cycle (October 25, 2019 through October 24, 2020). Agencies are responsible for tracking the performance evaluation ratings of employees and determining the employee's eligibility for fiscal year 2022 pay actions. PMIS IPP functions will not be available to centrally record and track 2020 performance evaluation ratings. Employees who were rated the equivalent of "Contributor" or "Extraordinary Contributor" are eligible, while those rated "Below Contributor" are not.

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 the awards are performing at levels at least comparable to other eligible employees.

- Wage Employees:

The cost of any compensation actions for wage employees shall be borne by existing funds appropriated to each agency, except where indicated in Item 2 above.

- Elected Officials:

Elected officials are not covered by the compensation actions effective September 1, 2021.

D) Classified Salary Structure

The Department of Human Resource Management shall not adjust the Commonwealth's Classified Compensation Plan as a result of the aforementioned compensation actions.

4) Differential Authorizations

Differentials are payments in the form of base pay adjustments to make salaries more competitive with the market. Differentials may be applied to Roles, Standard Occupational Classification (SOC) Titles, Work Titles, or Pay Areas or be based on geographic locations. Examples may include agency specific geographic differentials or differentials applied to highly specialized, hard to hire or retain positions within an agency.

Please continue to use the P-14 form to report such differentials. If your agency is a member of a parent agency (e.g., Department of Corrections), to support compensation practices that are consistent in all facilities or sub-agencies under the parent, you may choose to send in a single P-14 form rather than a separate form for each sub-agency. However, the agency codes for all sub-agencies covered by the authorization should be listed on the form. Individual P-14 forms will still be required for practices that are unique to single sub-agencies.

5) Supplements

Supplements, decentralized to agencies in 2000, are payments that are made only when employees meet the criteria for earning them. The decentralized supplements that have been identified include: On-Call Pay, Call-Back Pay, Camp Supplement, Charge Duty, Medication

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Supplement, Shift Pay, and Working Conditions Supplement. Effective July 1, 2010, overtime payment decisions made in accordance with the Overtime Pay Guidance document, issued June 15, 2010, have also been decentralized to agencies. Agencies that may need to pay a supplement that has not been previously identified should submit a P-14 request to the [compensation group](#) at DHRM for approval. If appropriate, any approved new supplements will be available for use by all agencies.

6) Wage Authorizations (WE-14)

The employment records of all existing and new wage employees must be recorded and maintained in the Wage 3 sub-system of PMIS. Form WE-14 for wage employment is not required for hourly employees hired into any existing Role. Contact the [compensation group](#) at DHRM if you need to establish an additional Role solely for the purpose of wage employment. DHRM will continue to monitor use of the pre-approved Roles for wage employees.

7) Demonstration Projects

Agencies may consider compensation demonstration projects. Demonstration projects must have clearly defined objectives and specified time frames. They are limited to two years' duration. Any requests for projects should be discussed with the [compensation group](#) at DHRM before being submitted for approval.

8) Alternate Bands and Sub-bands

Where appropriate, the alternate band fields on PMIS may be used by agencies to establish sub-bands within pay bands. Sub-bands are intended for situations where a clear distinction must be maintained within roles, such as for rank structures in law enforcement agencies.

Please note: current issues with PMIS require that any changes or additions to alternate/sub bands must be programmed directly by DHRM's ITECH group. Please submit requests for alternate/sub band changes or additions to the [compensation group](#) at DHRM who will review and schedule updates with ITECH.

9) Language Pursuant to Workforce Transition Act Retirement

The Appropriation Act, Item 477, paragraph M.1, requires enhanced retirement actions be pre-certified by DPB and DHRM to be fully funded by the VRS:

Notwithstanding the provisions of § 2.2-3205(A), Code of Virginia, the terminating agency shall not be required to pay the Virginia Retirement System the costs of enhanced retirement benefits provided for in § 2.2-3204(A), Code of Virginia for employees who are involuntarily separated from employment with the Commonwealth if the Director of the Department of Planning and Budget certifies that such action results from 1. budget reductions enacted in the Appropriation Act, 2. budget reductions executed in response to the withholding of appropriations by the Governor pursuant to §4-1.02 of the Act, 3. reorganization or reform actions taken by state agencies to increase efficiency of operations or improve service delivery provided such actions have been previously approved by the Governor, or 4.

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downsizing actions taken by state agencies as the result of the loss of federal or other grants, private donations, or other non-general fund revenue, and if the Director of the Department of Human Resource Management certifies that the action comports with personnel policy. Under these conditions, the entire cost of such benefits for involuntarily separated employees shall be factored into the employer contribution rates paid to the Virginia Retirement System.

If you have questions about the certification process, please contact the [compensation group](#) at DHRM.

10) 2020 Performance Evaluations

Performance evaluations for the current performance cycle need to be completed for classified employees as required by [Policy 1.40](#). *Agencies are responsible* for tracking and keeping records of 2020 performance cycle evaluation ratings for all employees that may be needed to manage pay and compensation activities. *PMIS will no longer be available to provide IPP system functions or to centrally record and track performance evaluation ratings for employees.* The [compensation group](#) at DHRM is coordinating with the Cardinal HCM project to implement access to performance ratings to support pay actions in the new Cardinal HCM system.

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