



FAQs

FY22 Compensation Changes Authorized by Chapter 552, 2021 Acts of Assembly

Summary

The following compensation changes authorized in Chapter 552, 2021 Acts of Assembly to become effective on June 10, 2021 (See the Fiscal Year 2022 Authorizations and Compensation Activities memo for specific citations):

- June 10, 2021 Changes:
 - A 5% base salary adjustment for eligible full- and part-time classified and other salaried state employees including appointed, at-will, and faculty employees unless otherwise specified in this memorandum. Adjunct Faculty employees at two and four-year colleges and universities are also eligible for the 5% salary increase.
 - An 8% salary increase for sworn employees of the Department of State Police effective June 10, 2021.
 - In addition, sworn employees of the Department of State Police who have three or more years of continuous state service as of June 10, 2021 will receive a salary compression compensation adjustment of \$100 for each full year of continuous service, up to a maximum of thirty years, also effective June 10, 2021. The Act specifies that the compression adjustment be added to employees' salaries *after* the 8% salary increase is applied.

Frequently asked questions and related instructions on how to apply the salary adjustments are provided throughout this document.

Employee Eligibility

1. Who is subject to the June 10, 2021 base salary adjustment?

All classified and other salaried employees, except elected officials, who were employed in salaried positions as of March 10, 2021, 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 5% base salary adjustment (or 8% base salary adjustment for Sworn employees of the Department of State Police) effective June 10, 2021.

2. Who is NOT subject to the June 10, 2021 base salary adjustment?

Employees who were hired or rehired after March 10, 2021 and employees who received a rating of “Below Contributor” on their last performance evaluation or more recent interim evaluation.

3. Why was March 10, 2021 selected as the cutoff employment date for the increases defined above?

These base salary adjustments are performance-driven increases. The three-month period from March 10, 2021 to June 10, 2021, provides a reasonable period for an agency to assess the probationary progress of a new employee.

4. Who is eligible for the additional State Police compression adjustment on June 10, 2021?

*Sworn employees of the Department of State Police who have three or more years of continuous state service as of June 10, 2021 will receive a salary compression compensation adjustment of \$100 for each full year of continuous service, up to a maximum of thirty years, also effective June 10, 2021. The Act specifies that the compression adjustment be added to employees’ salaries **after** their 8% salary increase is applied effective June 10, 2020.*

5. Will employee performance ratings affect eligibility for the June 10, 2021 salary adjustments?

Yes. The June 10, 2021 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.

6. Can written notices under the Standards of Conduct policy be used to deny a June 10, 2021 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). Interim evaluations may be completed at any time before the file upload deadlines. **Agency management is responsible for assuring that all agency employees who receive the June 10, 2021 salary adjustment are performing at the contributor level or above.***

7. How should agencies treat employees whose performance has changed significantly since their 2020 evaluation so that their eligibility for the June 10, 2021 salary increases cannot reasonably be based on that evaluation?

Please refer to <http://web1.dhrm.virginia.gov/itech/> and the Portal Message dated April 26th, 2021 for comprehensive instructions for notifying DHRM of employees for whom increases should be blocked or unblocked based on significant changes in performance. Agencies are responsible for ensuring that sufficient documentation exists to support satisfactory performance for any employees who are unblocked or unsatisfactory performance for employees who are blocked. 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.

8. Are employees whose positions are funded entirely by federal grants or other special funding sources subject to the June 10, 2021 salary changes?

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

9. Are wage employees eligible for the salary adjustment?

Yes. The base rates of pay for wage employees may be adjusted by up to 5% no earlier than June 10, 2021. The cost of such increases for wage employees shall be borne by existing funds appropriated to each agency.

Please be aware that batch processing for wage employee increases is not currently available and make plans to key these transactions manually. Please note that wage salary increase transactions cannot be keyed in advance and must be keyed on or after June 10, 2021. Contact [iHelp](#) for further information on possible keying support for updating wage employee salaries.

10. Will the Minimums and Maximums of the Statewide and Expanded NOVA Pay Band Ranges be adjusted on June 10, 2021?

Yes. Effective June 10, 2021 the minimums and maximums of the state classified salary plan shall be adjusted as follows:

Pay Band 1 will be adjusted by 14.2% at the minimum, to account for the new minimum wage, and by 12% at the maximum.

Pay Bands 2 – 8 will be adjusted by 5% at the minimum and by 12% at the maximum.

Pay Band 9 will be adjusted by 5% at the minimum. The maximum shall continue to reflect “Market”.

No salary increase shall be granted to any employee as a result of this action.

11. Will employees whose salaries are at or near the maximum of their pay bands receive the June 10, 2021 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.

12. Will employees whose salaries are frozen above the maximum of their current pay bands receive the June 10, 2021 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.

13. For employees separating effective June 10, 2021 will the June 10, 2021 salary adjustments apply to their leave payments or other benefits?

No. The last day worked for an employee separating effective June 10, 2021, is June 9, 2021, therefore, the employee is not employed on June 10, 2021, and is not eligible for the salary increases.

Effect on Employees’ Compensation

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

Each employee’s situation is somewhat unique, depending on their salary and the deductions that are taken from their 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.

15. When will employees see the changes in their paychecks?

The June 10, 2021, salary adjustments will first appear in the July 1, 2021, paycheck.

16. Can all or part of the June 10, 2021 salary adjustment 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.

17. How will the June 10, 2021 salary adjustment affect an employee's 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 August 2021 that are included in an employee's Average Final Compensation (AFC) will increase the employee's retirement benefit accordingly.

18. Will the June 10, 2021 salary adjustment affect 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 their individual situation. It will also affect the rate used in calculating payments for accrued leave hours and will increase state life insurance benefits which are based on gross salary.

Calculating the Salary Adjustments

19. How will the employee's new salary be calculated?

If PMIS indicates that an employee is employed 100% (40 hours per week for 12 months), PMIS 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 PMIS.

20. Are the general base salary adjustments calculated on base pay or total state pay?

PMIS records for affected employees will automatically reflect the appropriate salary adjustment to base state salary effective June 10, 2021.

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

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

Special rate differentials and non-state salary supplements, which are entered into PMIS as annual salary amounts, must be adjusted by employees' agencies if appropriate. Please be aware that batch processing to adjust salaries for special rate differentials and non-state salary supplements is not currently available and plan accordingly. Follow these steps to adjust agency special rates in PMIS: psmenu → Employee → Change Compensation – No Change in Role / Position → Agency Special Rate.

22. 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, 2021. Affected state agencies will need to process any adjustments to non-state supplements individually.

23. 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, 2021.

Temporary pay must be adjusted by employees' agencies if appropriate. Please be aware that batch processing to adjust salaries for temporary pay and non-state salary supplements is not currently available and plan accordingly. Follow these steps to adjust temporary pay in PMIS: psmenu → Employee → Change Compensation – No Change in Role / Position → Agency Temporary Pay.

Processing the Increases

24. What sequence will be followed if there are other employee status changes effective June 10, 2021?

*Actions such as promotions that are keyed into PMIS prior to June 10, 2021 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 9, 2021. **Promotions or other actions that change employees' salaries after June 10, 2021 should not be keyed into PMIS until after the salary adjustments have been applied.***

25. 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 June 10, 2021.*
- 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. 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.*

26. What PMIS transaction should agencies use to update the salaries of employees on leave without pay or, for less than 12-month employees who are not actively working on June 10, 2021 in order to grant the salary adjustments when they return to work?

The transaction PSE215 should be used to implement the increases for these employees on the appropriate effective date. A transaction to return the employees from leave should be entered before the PSE215 is entered. Please see question 28 for more details on situations where 50 or more employees need to be updated.

27. How will the June 10, 2021 salary adjustment be processed for classified employees who are indicated in PMIS as working less than 12 months each year?

The salaries of employees in this group will not be processed automatically effective June 10, 2021 because PMIS will not know whether the employees are in an active employment period on that date.

- a) For employees who are actively employed on June 10, 2021 agencies should process the increase effective on that date using the PSE215 transaction.*
- b) If there are employees in the above category (working less than 12 months and working on June 10, 2021 who will be paid part of their annual salary after their work period has been completed (e.g., work 10 months but paid over 12 months), agencies should apply the June 10, 2021 salary adjustment to their pay for the work performed beginning June 10, 2021 and to the additional pay due after their work periods have been completed. DOA will provide separate communication to agencies with employees in this category.*

28. What process should agencies use to update the salaries of classified employees on leave without pay or, for less than 12-month employees who are not actively working on the increase date to receive the salary adjustments when they return to work?

The transaction PSE215 should be used to effect the increases for these employees on the appropriate effective date. A transaction to return the employees from leave should be entered before the PSE215 is entered.

In situations where there are over 50 employees to be entered, agencies may use the secure file upload utility in HurMan to send a file for batch processing rather than keying in the PSE215 transactions. Agencies may send one batch file for all of these employees or separate files for different effective dates where there are over 50 employees per file. Name your file INCREASE-UPLOAD. The batch file(s) can be either in Excel or a text file, but all fields must be text data type, retaining any leading zeros. Files should contain agency-number, position, employee-id, and effective-date (YYYYMMDD, e.g., 20170825) to fully identify the employee in PMIS. The salary adjustment will be calculated using the current base salary in PMIS on the effective date.

29. Will DHRM provide data review files to PMIS agencies as were provided for previous salary adjustments?

Yes - review files will be provided and are an integral part to providing accurate salary adjustments. Please refer to <http://web1.dhrm.virginia.gov/itech/> and the Portal Message dated April 26th, 2021 for comprehensive instructions.

Other

30. What happens to employees who were hired after March 10, 2021 at salaries that will be below the new pay band minimums on June 10, 2021?

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.

31. What happens to employees whose salaries will fall below the new pay band minimums on June 10, 2021 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 2021 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.

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