



## FAQs

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### **FY24 Compensation Changes Authorized by Chapter 2, 2022 Acts of Assembly**

#### **Summary**

The following compensation changes authorized in Chapter 2, 2022 Acts of Assembly to become effective on June 10, 2023 (See the Fiscal Year 2024 Authorizations and Compensation Activities memo for specific citations):

- June 10, 2023 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.

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, 2023 base salary adjustment?**

*All classified and other salaried employees, except elected officials, who were employed in salaried positions as of March 10, 2023, 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 effective June 10, 2023.*

##### **2. Who is NOT subject to the June 10, 2023 base salary adjustment?**

*Employees who were hired or rehired after March 10, 2023 and employees who received a rating of “Below Contributor” on their last performance evaluation or more recent interim evaluation.*

**3. Why was March 10, 2023 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, 2023 to June 10, 2023, provides a reasonable period for an agency to assess the probationary progress of a new employee.*

**4. Will employee performance ratings affect eligibility for the June 10, 2023 salary adjustments?**

*Yes. The June 10, 2023 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.*

**5. Can written notices under the Standards of Conduct policy be used to deny a June 10, 2023 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, 2023 salary adjustment are performing at the contributor level or above.***

**6. How should agencies treat employees whose performance has changed significantly since their 2022 evaluation so that their eligibility for the June 10, 2023 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 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.*

**7. Are employees whose positions are funded entirely by federal grants or other special funding sources subject to the June 10, 2023 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.*

**8. 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, 2023. The cost of such increases for wage employees shall be borne by existing funds appropriated to each agency.*

*Agencies using Cardinal HCM should either enter these increases online using an Action of Pay Rate Change (PAY) and a Reason of FY24 Statewide Increase (SLI), or may provide a Job Data Mass Upload File. Refer to the [Performing a Mass Upload Job Aid](#) for additional guidance. Cardinal HCM interfacing agencies may make salary adjustments in their system and include on the HR003 Employee Data Upload Interface file.*

**9. Will the Minimums and Maximums of the Statewide and Expanded NOVA Pay Band Ranges be adjusted on June 10, 2023?**

*Yes. Effective June 10, 2023 DHRM will increase the minimums and maximums of the state classified salary plans (Statewide and NOVA) by five percent. No salary increase shall be granted to any employee as a result of this action.*

**10. Will employees whose salaries are at or near the maximum of their pay bands receive the June 10, 2023 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.*

**11. Will employees whose salaries are frozen above the maximum of their current pay bands receive the June 10, 2023 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.*

**12. For employees separating effective June 10, 2023 will the June 10, 2023 salary adjustments apply to their leave payments or other benefits?**

*No. The last day worked for an employee separating effective June 10, 2023, is June 9, 2023, therefore, the employee is not employed on June 10, 2023, and is not eligible for the salary increases.*

**Effect on Employees' Compensation**

**13. 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.*

**14. When will employees see the changes in their paychecks?**

*For salaried employees, the June 10, 2023, salary adjustments will first appear in the July 3, 2023, paycheck.*

**15. Can all or part of the June 10, 2023 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](http://www.varetire.org) for instructions.*

**16. How will the June 10, 2023 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 with September 2023 that are included in an employee's Average Final Compensation (AFC) will increase the employee's retirement benefit accordingly.*

**17. Will the June 10, 2023 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**

### **18. How will the employee's new salary be calculated?**

*If Cardinal HCM indicates that an employee is employed 100% (40 hours per week for 12 months) Cardinal HCM 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 Cardinal HCM.*

### **19. Are the general base salary adjustments calculated on base pay or total state pay?**

*Cardinal HCM records for affected employees will automatically reflect the appropriate salary adjustment to base state salary effective June 10, 2023.*

### **20. Do special rates count toward the calculation of the salary adjustments?**

*No. Special rate differentials, which are entered into Cardinal HCM 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 Cardinal HCM as annual salary amounts, must be adjusted by employees' agencies if appropriate.*

*Agencies using Cardinal HCM should either enter these increases online using an Action of Pay Rate Change (PAY) and a Reason of FY24 Statewide Increase (SLI), or may provide a Job Data Mass Upload File. Refer to the [Performing a Mass Upload Job Aid](#) for additional guidance. Cardinal HCM interfacing agencies may make salary adjustments in their system and include on the HR003 Employee Data Upload Interface file.*

*Agencies are to wait until after salary adjustments are made to the State Rates before manually adjusting non-state and special rates in Cardinal HCM.*

### **21. 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, 2023. Affected state agencies will need to process any adjustments to non-state supplements individually.

**22. 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, 2023.*

*Cardinal HCM agencies may enter these changes online or may use the Additional Pay Mass Upload to make adjustments to temporary pay. Refer to the [Performing a Mass Upload Job Aid](#) for additional guidance. Cardinal HCM interfacing agencies may use the HR003 Employee Data Upload file to interface Temporary Pay changes.*

**Processing the Increases**

**23. My agency has multiple HR Administrators. Will we all have access to the new [Cardinal HCM Legislative Salary Increase tool](#)?**

*Yes, all HR Administrators will all have access to the tool, however, Cardinal PPS strongly encourages agencies to select one HR Administrator to be responsible for the reviews, data updates, and final verification.*

**24. My agency will be interfacing our increases to Cardinal HCM via the HR003 interface. Do we need to take any action in the new tool?**

*Yes. If your agency would prefer to send the increases to Cardinal HCM via the HR003 interface, a Job Data Mass Upload template, or manually keying into Cardinal HCM, you should navigate to Legislated Salary Inc Review (Navigator > Workforce Administration > Job Information > Legislative Salary Increases > Legislative Salary Inc Review), search for your business unit, and check the “Opt Out” checkbox, and Save. Opting Out will EXCLUDE the entire business unit from the centralized processing. Once an agency opts out, HR Administrator’s work on this page is complete. No additional review or verification is required. If you support multiple business units that would like to opt out, you need to opt out for each one.*

**25. My agency plans to enter some agency-specific pay increases for the last pay period of FY23. When should we take this action?**

*If you plan to enter pay increases for the pay period of May 25 - June 9, 2023, you are strongly encouraged to have those entered into Cardinal by close of business on May 30, 2023. This will allow the pay increase to be populated to the paysheet created for that pay period. Any pay rate change entered into Cardinal after 7pm on May 31, 2023 will cause the centrally processed statewide increase to error out and will result in the agency having to manually key those increases or submit a Job Data Mass Upload for those increases.*

**26. What sequence will be followed if there are other employee status changes effective June 10, 2023?**

*Actions such as promotions that are keyed into Cardinal HCM prior to June 10, 2023 to become effective on that date will be processed **before** any salary adjustments are applied. Such actions should be keyed by the close of business on May 30, 2023. Any pay rate change entered into Cardinal after 7pm on May 31, 2023 will cause the centrally processed statewide increase to error out and will result in the agency having to manually key those increases or submit a Job Data Mass Upload for those increases.*

***Promotions or other actions that change employees' salaries after June 10, 2023 should not be keyed into Cardinal until after the salary adjustments have been applied. Future Dated Job Data transactions (effective dated after June 10, 2023) will cause the centrally processed statewide increase to error out.***

**27. 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, 2023.*
- 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 or expected return date in Cardinal HCM as of June 10. Agencies should review and update these employees' records on an individual basis and process their salary increases when their expected return dates have been extended or Return-to-Work transactions have been entered.*

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

**28. What Cardinal 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, 2023 in order to grant the salary adjustments when they return to work?**

*Agencies using Cardinal HCM should either enter these increases online using an Action of Pay Rate Change (PAY) and a Reason of FY24 Statewide Increase (SLI), or may provide a Job Data Mass Upload File **after the employee returns to work**. Refer to the [Performing a Mass Upload Job Aid](#) for additional guidance. Cardinal HCM interfacing agencies may make salary adjustments in their system and include on the HR003 Employee Data Upload Interface file.*

**29. How will the June 10, 2023 salary adjustment be processed for classified employees who are indicated in Cardinal HCM as working less than 12 months each year?**

*The salaries of employees in this group will not be processed automatically effective June 10, 2023 because Cardinal HCM will not know whether the employees are in an active employment period on that date.*

*In Cardinal HCM, agencies who have employees participating in these types of 9, 10, and 11-month contracts may make adjustments. Agencies using Cardinal HCM should either enter these increases online using an Action of Pay Rate Change (PAY) and a Reason of FY24 Statewide Increase (SLI), or may provide a Job Data Mass Upload File. Refer to the [Performing a Mass Upload Job Aid](#) for additional guidance. Cardinal HCM interfacing agencies may make salary adjustments in their system and include on the HR003 Employee Data Upload Interface file.*

**30. 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?**

*Agencies using Cardinal HCM should either enter these increases online using an Action of Pay Rate Change (PAY) and a Reason of FY24 Statewide Increase (SLI), or may provide a Job Data Mass Upload File. Refer to the [Performing a Mass Upload Job Aid](#) for additional guidance. Cardinal HCM interfacing agencies may make salary adjustments in their system and include on the HR003 Employee Data Upload Interface file.*

**31. Will DHRM provide data review files to Cardinal HCM agencies as were provided for previous salary adjustments?**



The “files” are now online in Cardinal HCM. Detailed instructions can be found in the new Job Aid, “Using the [Legislative Salary Increase Tool \(FY24\)](#)”. There will no longer be files shared or returned to DHRM as in past years.

**Other**

**32. What happens to employees who were hired after March 10, 2023 at salaries that will be below the new pay band minimums on June 10, 2023?**

*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.*

**33. What happens to employees whose salaries will fall below the new pay band minimums on June 10, 2023 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 2022 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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