



HR Highlights January 2023

Governor's Budget Proposes Salary Adjustments

Governor Youngkin's [proposed amendments](#) to the Commonwealth's current budget include both one-time and performance-based bonuses for state employees. The proposed language reflects the following:

- Full-time and classified state employees, except elected officials, who were employed on or before August 10, 2023, and remain employed shall receive **a one-time bonus payment of \$1,500 on December 1, 2023**. Eligibility includes the attainment of a rating of "Contributor" or higher on the employee's latest performance evaluation and having no active written notices under the Standards of Conduct within the preceding twelve-month period.
- Up to \$100,000,000 year from the general fund shall be used **to provide a one-time bonus payment up to 10.0 percent of base pay on December 1, 2023** to classified employees of the Executive Branch and other full-time employees of the Commonwealth, except elected officials, who were employed on or before August 10, 2023, remained employed until at least November 10, 2023, and have attained an equivalent rating of at least "Extraordinary Contributor" on their performance evaluation and have no active written notices under the Standards of Conduct within the preceding twelve-month period. Any amount in this paragraph that remains unspent at the end of the fiscal year shall be re-appropriated in the next fiscal year to fund future employee bonus payments.

If the performance bonus is approved, **agencies will need to advise DHRM of the number of qualifying employees by October 10, 2023**. The bonus payment percentage may be adjusted based on available funding. DHRM will partner with the Department of Planning and Budget to provide guidance on this process.

As a reminder, item 483 S. Chapter 2 of the 2022 Virginia Acts of Assembly, Special Session I authorized compensation changes to be effective June 10, 2023. These changes were included in the [FY23 Authorizations and Compensation Activities memo](#) distributed June 27, 2022.

- A five percent salary increase effective June 10, 2023 for eligible full- and part time classified and other salaried state employees, including appointed, at-will, and faculty employees. Employees covered by the Virginia Personnel Act must also have achieved a performance rating of Contributor or higher on the latest performance evaluation to be eligible. Salary increases for state employees not subject to the Virginia Personnel Act shall be consistent with the performance eligibility provisions as determined by the appointing or governing authority.

- The base rates of pay for wage employees may be increased by up to five percent effective no earlier than June 10, 2023. The cost of such increases for wage employees shall be borne by existing funds appropriated to each agency.
- Adjunct Faculty employees at two- and four-year colleges and universities are also eligible for the five percent salary increase.
- DHRM will increase the minimums and maximums of the state classified salary plans (Statewide and NOVA) by five percent on June 10, 2023.

Please remember that it is early in the legislative budget process. DHRM will continue to monitor the proposals that impact state employees and provide updates. Additional guidance regarding the approved FY23 compensation changes will be provided in the spring.