



# COMMONWEALTH of VIRGINIA

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*Department of Human Resource Management*

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June 15, 2010

## MEMORANDUM

TO: Agency Human Resource Directors

FROM: Rue Collins White  
Director, Agency Human Resource Services

SUBJECT: Fiscal Year 2011 Authorizations and Compensation Activities

Please be advised of the following information concerning compensation activities for fiscal year 2011 (July 1, 2010 through June 30, 2011):

1) 2010 Employee Bonuses

A uniform bonus payment of up to three percent is authorized for all salaried employees in the Executive Branch (except elected officials) if general fund dollars are available to support the general fund portion of these payments. Any discretionary general fund dollars available from fiscal year 2010 appropriations that are unspent and are recommended by the Governor for reversion, as well as any revenues in excess of the official fiscal year 2010 revenue estimate will be used for this purpose.

If funds permit, the bonus payment will be made December 1, 2010, to employees who are employed on June 30, 2010 and who remain employed on December 1, 2010. Additional information will be provided when the availability of funds has been determined. The Department of Accounts will provide instructions for processing the bonus payments.

- Employee Performance:

There is no performance requirement for eligibility for the bonus payment effective December 1, 2010.

- Salary Basis for Bonuses:

Bonus payments will be based on each employee's base salary in effect on December 1, 2010. For this purpose, base salary is that part of the employee's annual compensation that is creditable for contributions to the Virginia Retirement System. Please be aware that any salary adjustments that are effective between November 25, 2010 and December 1, 2010, inclusive, may require manual payroll adjustments to the calculated bonus amounts.

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- Employees on Leave:

A classified employee who is on paid or unpaid leave on December 1, 2010 may have his or her award affected as indicated in the chart below:

LEAVE TYPE	EFFECT ON BONUS
<u>Paid Leave:</u> Annual, Sick, Overtime, Compensatory, Family and Personal, Community Service, Military, Bone Marrow or Organ Donation, Recognition, Administrative, Workers' Compensation, VSDP Short-Term Disability	Paid on 12/1/2010 based on VRS-creditable 12/1/10 PMIS salary.
Educational Leave-paid	Bonus applied to current PMIS earnings; balance paid on return to work based on pre-leave (12/1/10) VRS- creditable PMIS salary.
Educational Leave-unpaid	Paid when employee returns to work, based on pre-leave (12/1/10) VRS-creditable PMIS salary.
VSDP Long-Term Disability, non-working	Employee is not eligible for a bonus payment.
VSDP Long-Term Disability, working	Paid on 12/1/10, based on VRS-creditable 12/1/10 PMIS salary.
Leave Without Pay-Layoff	Paid only upon recall or placement in original agency (based on former salary) if no later than 6/9/11.
Temporary Workforce Reduction- non-working	Paid based on VRS-creditable 12/1/10 PMIS salary when employees is reinstated from leave.
Temporary Workforce Reduction- reduced hours	Paid on 12/1/10 based on ( <u>unreduced</u> ) VRS-creditable 12/1/10 PMIS salary.
Leave Without Pay-Military	Paid when employee returns to work, based on VRS-creditable 12/1/10 PMIS salary.
Leave Without Pay-Other	Paid when employee returns to work, based on VRS-creditable 12/1/10 PMIS salary, if return is prior to 6/10/11.
Non-Working 9-11-month (Full-time) Classified Employees	Bonus is granted when employee returns to work, based on VRS-creditable 12/1/10 PMIS salary.

NOTE: The rules outlined above are based on policies that apply to classified employees. Agencies with non-classified employees should follow their agency leave policies and procedures.

- Effect of Bonus on Overtime Payments:

Whether bonuses will be paid and the bonus amounts will be determined by the Governor at or near the time when they are to be paid. Therefore, the payments are considered discretionary and agencies will not be required to count them as part of regular hourly rates when computing overtime payments to employees who are covered (non-exempt) by the Fair Labor Standards Act (FLSA).

- Wage Employees:

Bonus payments are not authorized for wage employees and may not be provided effective December 1, 2010.

2) 2010 Salary Increases

As in 2008 and 2009, due to budgetary constraints, the General Assembly did not approve funding for base salary increases effective November 25, 2010. Therefore, agencies may not provide salary increases based on performance during the October 25, 2009 to October 24, 2010 performance cycle.

- Wage Employees:

The base rates of pay for wage employees may not be increased effective November 25, 2010 as a result of employees' performance.

3) Classified Salary Structure

The salary bands in the classified salary structure that became effective November 25, 2007, remain in effect for fiscal year 2011.

4) 2010 Performance Evaluations

Performance evaluations for classified employees must be conducted as required by Policy 1.40. Agencies should monitor employees' evaluations to ensure their consistency and reliability. Classified employees hired or re-hired between October 25, 2009 and July 24, 2010 must be evaluated. Agencies may choose to evaluate employees hired or re-hired between July 25, 2010 and October 24, 2010.

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This year, in order to reduce keying time, agencies may advise their assigned HR consultant at DHRM by November 3, 2010 if they want DHRM to enter a "C" rating for all unrated employees. Agencies choosing this option should enter "X," "B," and "L" ratings by November 12, 2010, prior to the mass update. Otherwise, agencies will need to keep track of which employees' ratings need to be updated. Ratings of "L" should be entered for employees who will not be rated as well as for employees unavailable for rating due to leave. See DHRM's ITech office instructions on entering the ratings.

### 5) Overtime Pay Authorizations

Effective July 1, 2010, all overtime payments are pre-approved and decisions as to when to pay overtime are decentralized to agencies. Guidelines are attached describing when overtime payments are appropriate. This office will monitor overtime payments to ensure that agency practices are consistent with the guidelines. It is hoped that decentralization will reduce administrative effort and facilitate payroll processing using the PMIS/CIPPS update.

The Role-based Overtime Eligibility Code will be changed to "Y" for all positions effective July 1, 2010. The position-based override code which was recently set up to capture P-14 overtime authorizations is no longer needed for authorization purposes. However, agencies are encouraged to use this position-based Overtime Eligibility Code to manage their overtime payment decisions. Initially, the former Role-based Overtime Eligibility Codes will be retained in the position-based field. Agencies may update the position values using the PSP160 transaction or you may contact your assigned human resource consultant in DHRM if you wish to make a large number of changes by batch update. Keep in mind that overtime payments that have been authorized in the past by P-14 will not be reflected initially in the position-based Overtime Eligibility Code in PMIS.

Whether agencies use the position-based Overtime Eligibility Code or not, for audit purposes and to avoid overpayments, each agency must ensure that internal agency procedures are in place to document the human resource office's approval of overtime payments. Agencies may choose to continue using the P-14 form to document approvals internally. Agency human resource staff should monitor the accuracy of overtime payments using the Department of Accounts (DOA) monthly UO50 report, which is available on the DOA Reportline website, at:

[http://www.doa.virginia.gov/Admin\\_Services/Reportline/Reportline\\_Main.cfm](http://www.doa.virginia.gov/Admin_Services/Reportline/Reportline_Main.cfm).

### 6) Differential Authorizations

P-14 authorizations for differentials that are scheduled to end on June 30, 2010 are extended through June 30, 2011. You should continue to use the P-14 form to authorize any new differential payments. The form is on the DHRM website, <http://www.dhrm.virginia.gov/forms.html>. If your agency is a parent agency (e.g., Department of Corrections), for 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 separate forms 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.

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### 7) 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 Supplement, Shift Pay, and Working Conditions Supplement. Agencies that want to pay a supplement that has not been previously identified should submit a P-14 request to DHRM for approval. If appropriate, new supplements will be available for use by all agencies.

### 8) Wage Authorizations (WE-14)

Forms WE-14 for wage employment are not required for hourly employees hired into any existing Role. Contact your assigned human resource management consultant if you need to establish an additional Role solely for the purpose of wage employment. We will continue to monitor use of the pre-approved Roles for wage employees.

### 9) 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 your assigned human resource management consultant before being submitted for approval.

### 10) Sub-Bands

Where appropriate, the Alternate Band fields on PMIS may be used by agencies to establish Sub-Bands within Pay Bands. Sub-Bands should not be used routinely, but are intended for situations where a clear distinction must be maintained within Roles, such as for rank structures in law enforcement agencies. Agencies wishing to establish or adjust Sub-Bands should notify their assigned human resource management consultant for assistance.

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11) Enhanced Retirement Costs

The 2010 Appropriation Act (2010 Virginia Acts of Assembly, Chapter 874, Item 469, N.) states:

Notwithstanding the provisions of § 2.2-3205(A), Code of Virginia, the terminating agency shall not be required to pay the Virginia Retirement System (VRS) the costs of enhanced retirement benefits provided for in § 2.2-3204(A), Code of Virginia. Instead, the entire cost of such benefits for involuntarily separated employees shall be factored into the employer contribution rates paid to the Virginia Retirement System beginning with the June 30, 2011 actuarial valuation.

[Note: Code of Virginia §§ 2.2-3200 through 2.2-3206 comprise Title 2.2, Chapter 32, the Workforce Transition Act of 1995.]

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 human resource management consultant assigned to your agency.

Attachments

cc: Sara Redding Wilson  
David A. Von Moll, State Comptroller  
Daniel S. Timberlake, Director of Planning and Budget