



COMMONWEALTH of VIRGINIA

Department of Human Resource Management

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May 23, 2011

MEMORANDUM

TO: Agency Human Resource Directors

FROM: Rue Collins White
Director, Agency Human Resource Services

SUBJECT: Fiscal Year 2012 Authorizations and Compensation Activities

Please be advised of the following information concerning compensation activities for fiscal year 2012 (July 1, 2011 through June 30, 2012). Although performance evaluation implementation guidance is normally distributed concurrently, this year it will be issued at a later date.

1) June 25, 2011 Salary Increase

State employees who are in the Virginia Retirement System's VRS Plan 1 defined benefit program, the State Police Officers' Retirement System (SPORS) Plan 1, or the Virginia Law Officers Retirement System (VaLORS) Plan 1 will receive a 5% salary increase effective June 25, 2011. This increase is due to the requirement that these employees begin paying the 5% member contribution on a pre-tax salary reduction basis effective June 25, 2011 (July 16, 2011 paycheck). Employees in VRS Plan 2, SPORS Plan 2, or VaLORS Plan 2 already pay the 5% member contribution and will not receive the 5% increase. Judicial Retirement System (JRS) employees also will not receive the 5% increase.

The attached FAQ document, also posted to our website at <http://www.dhrm.virginia.gov/compensation/communication/FiscalYear2012CompensationChangesFAQs.pdf>, provides additional information. Key points are noted below.

- Employee Performance:

There is no performance requirement for eligibility for the salary increase effective June 25, 2011.

- Retirement Codes in PMIS and CIPPS

MEMORANDUM

Agency Human Resource Directors

May 23, 2011

Page 2 of 5

We will rely on retirement codes entered in PMIS and CIPPS when the June 25, 2011 salary increases and retirement deductions are transacted. Retirement codes in PMIS and CIPPS must agree. Please work with your payroll office to ensure that retirement codes are appropriately recorded in both databases.

- Wage Employees:

The 5% increase is not authorized for wage employees and may not be provided effective June 25, 2011.

- Elected Officials:

Elected officials are not covered by the 5% salary increase or the 5% member retirement contribution effective June 25, 2011.

- Less than 12-month Employees:

DHRM will not automatically process increases for faculty or other employees designated as less than 12 months in PMIS. Agencies will need to key salary increases into PMIS for these excluded employees or to provide files for batch-loading the increases as they become effective on and/or after June 25, 2011. If an employee in this group is working on June 25, 2011, then the salary increase and member retirement contribution should begin effective June 25, 2011. More information will be provided by DOA to CIPPS agencies that have employees in this category. If the employee is not working, but continues to be paid for the work period that has been completed, the salary increase and member contributions should be effective when the employee returns to work and/or a new contract period for the employee begins.

DOA will automatically convert CIPPS payroll records for all Plan 1 VRS, Plan 1 SPORS, and Plan 1 VALORS participants, including these employees who work less than 12 months, to an employee-paid member contribution effective June 25, 2011. **Therefore, human resource staff must provide agency payroll staff with a list of Plan 1 employees who do not receive the 5% salary increase on June 25, 2011.** The Payroll office will then change the CIPPS master file to continue the employer-paid member contribution until the salary increases are effective.

2) 2011 Performance Increases

The General Assembly did not approve funding for performance increases effective November 25, 2011. Therefore, agencies may not provide salary increases based on performance during the October 25, 2010 to October 24, 2011 performance cycle.

- Wage Employees:

The base rates of pay for wage employees may not be increased effective November 25, 2011 as a result of employees' performance.

MEMORANDUM

Agency Human Resource Directors

May 23, 2011

Page 3 of 5

3) Classified Salary Structure

The salary bands in the classified salary structure that became effective November 25, 2007, remain in effect for fiscal year 2012.

4) 2011 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, 2010 and July 24, 2011 must be evaluated. Agencies may choose to evaluate employees hired or re-hired between July 25, 2011 and October 24, 2011. Evaluation instructions will be sent to agencies in July 2011.

5) 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.

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. 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 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.

MEMORANDUM

Agency Human Resource Directors

May 23, 2011

Page 4 of 5

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 are intended for situations where a clear distinction must be maintained within Roles, such as for rank structures in law enforcement agencies. Beginning July 1, 2011, agencies will be able to enter a new transaction, PSP111, to manage sub-bands for individual positions or groups of positions. Sub-bands established using this new transaction will update automatically if and when any future adjustments to the pay band structure are approved. Agencies are encouraged to use the new transaction in order to improve documentation and consistency in their salary administration.

11) Enhanced Retirement Costs

The 2011 Appropriation Act (2011 Virginia Acts of Assembly, Chapter 890, 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 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.]

The intent is that agencies will not pay directly for the cost of enhanced retirements in fiscal years 2011 or 2012. The reference to the actuarial valuation being June 30, 2011 means that these costs will be factored into the valuation for rates for the next biennium (the June 30, 2011 valuation will set the rates for the 2012-14 biennium). The language indicates that these costs will be factored into the valuations "beginning" with the June 30, 2011 valuation. Any additional WTA retirement costs experienced after June 30, 2011 will be picked up in future valuations.

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.

MEMORANDUM

Agency Human Resource Directors

May 23, 2011

Page 5 of 5

Attachments

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