



# COMMONWEALTH of VIRGINIA

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*Department of Human Resource Management*

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June 29, 2009

## MEMORANDUM

TO: Agency Human Resource Directors

FROM: Rue Collins White  
Director, Agency Human Resource Services

SUBJECT: Fiscal Year 2010 Authorizations and Compensation Activities

Please be advised of the following information concerning compensation activities for fiscal year 2010 (July 1, 2009 through June 30, 2010):

1) 2009 Salary Increases

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

Also, funding for the 2.0 percent salary increase for classified and other salaried employees effective November 25, 2008, was not provided by the 2009 Session of the General Assembly except for judges and justices in the Judicial Department.

- Wage Employees:

The base rates of pay for wage employees may not be increased effective November 25, 2009.

2) Classified Salary Structure

The salary bands in the classified salary structure that became effective November 25, 2007, remain in effect for fiscal year 2010.

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### 3) Increases in the Federal Minimum Wage

On May 25, 2007, then President Bush signed a spending bill that, among other things, amended the Fair Labor Standards Act (FLSA) to increase the federal minimum wage in three steps: to \$5.85 per hour effective July 24, 2007; to \$6.55 per hour effective July 24, 2008; and to \$7.25 per hour effective July 24, 2009. Agencies are responsible for ensuring that employees who are covered by the minimum wage provisions are paid no less than \$7.25 per hour beginning July 24, 2009. Agencies with employees who qualify for a sub-minimum wage must ensure that payments beginning July 24, 2009 continue to comply with FLSA requirements (e.g., 85% of the minimum wage).

Please remember that agencies with employees subject to the Act's minimum wage provisions must post and keep posted notices, as prescribed by the Wage and Hour Division of the U.S. Department of Labor, explaining the Act. Notices must be in conspicuous places in every establishment where such employees are employed, so as to permit them to readily observe a copy. Posters and other compliance assistance materials are available on the Wage and Hour Division website ([www.wagehour.dol.gov](http://www.wagehour.dol.gov)).

### 4) 2009 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. See DHRM's ITech office instructions on entering the ratings. We recommend that agencies also enter ratings into PMIS for salaried non-classified employees (those in Roles 90000 and above).

Performance evaluations must be completed for classified employees who are hired or re-hired between October 25, 2008 and July 24, 2009. Agencies may choose to complete performance evaluations for employees who are hired or re-hired between July 25, 2009 and October 24, 2009.

### 5) Overtime Pay and Differential Authorizations

P-14 authorizations for overtime pay and differentials that are scheduled to end on June 30, 2009 are extended through June 30, 2010. (Note: there are a few exceptions where agencies have been advised that authorizations will not be extended and a note to that effect is written on the P-14 form.) New P-14 forms are not required at this time. If your agency needs approval for an overtime payment or differential that has not been approved previously, you will need to submit a P-14 form.

The P-14 form is on the DHRM website, <http://www.dhrm.virginia.gov/forms.html>. A Word version of the form can be filled in and E-mailed to your assigned human resource management consultant using the *File/Send to/mail recipient* menu selections; you can also make internal distribution of the form using the *CC:* feature. The AHRS human resource management consultant will make any necessary changes to the form and forward it to DOA with an indication that it has been approved. A copy of the approval will be returned to you for your records. If your agency does not use Word, you will be able to fill in a PDF version of the form, print it, and then mail or FAX it to your assigned human resource management consultant for processing.

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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.

### 6) 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.

### 7) 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.

### 8) Demonstration Projects

Agencies may consider compensation demonstration projects. Demonstration projects must have clearly defined objectives and specified time frames and 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.

### 9) 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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10) Enhanced Retirement Costs

The Appropriation Act (2009 Virginia Acts of Assembly, Chapter 781, Item 472.10, E.) 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 VRS beginning with the June 30, 2009 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