



HUMAN RESOURCE MANAGEMENT MANUAL

This manual has been designed to provide agencies the basic tools and resources needed to administer their agency's human resource program under Compensation Reform. The content of this manual should not be construed as policy; rather it should be used in conjunction with the human resource policies developed by the Department of Human Resource Management (DHRM).

Compensation Reform is an evolving system, and, therefore policies, procedures, practices and processes will emerge throughout the Commonwealth and within the various agencies. As agencies develop their Agency Salary Administration Plans, agency-specific components of Compensation Reform will unfold.

This manual represents the program characteristics of Compensation Reform as they have been developed. DHRM is committed to updating this manual as policies, procedures, laws, federal regulations and trends in compensation management change and to provide consultation and technical assistance to agencies in the administration of this and related publications.



HUMAN RESOURCE MANAGEMENT MANUAL

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CHAPTER 1

COMPENSATION REFORM OVERVIEW

COMMONWEALTH OF VIRGINIA'S COMPENSATION MANAGEMENT SYSTEM

INTRODUCTION

In 1998, the Commission on Reform of the State Compensation Plan was formed to recommend modification to the Commonwealth's classified compensation plan. The need to reform the State's compensation and classification system was formally recognized by the 1994 Workforce Commission. The 1998 Commission adopted and refined the objectives of the 1994 Workforce Commission and developed a new compensation plan for the Commonwealth. The new system reflects contemporary human resources practices used by many public and private employers and is designed to meet the on-going needs of the agencies in effectively fulfilling their missions and delivering services to the citizens of the Commonwealth.

The Commission's findings and recommendations are presented in the January 14, 2000, report entitled Report: Reform of the Classified Compensation Plan (see Appendix B). The Governor and the 2000 session of the Virginia General Assembly approved the Commission's recommendation to develop a new Compensation Management System for employees covered by the Virginia Personnel Act.

Covered employees include the majority of individuals employed by the Commonwealth's Executive Branch. Employees not covered by the Virginia Personnel Act include Judiciary Branch employees, faculty employed in the Commonwealth's colleges and universities, employees of independent agencies, employees of the Virginia Commonwealth University Health System Authority and the University of Virginia Medical Center. These employees are excluded from the new Compensation Management System. The Virginia Personnel Act does not cover **hourly** employees (formerly referred to as **wage** employees), but their pay generally is determined in accordance with the Compensation Management System for classified employees.

The change from the former system to the new Compensation Management System is a major one. Most components of the former system have been changed. The new system introduces new pay practices as well as the concept of career growth. While the former system emphasized the **classification** or evaluation of positions, the new system emphasizes **compensation** of the employee. In other words, the system has shifted from assigned job duties and responsibilities to recognizing the employee's contribution to the organization (from position-based to person-based). Additionally, the new Compensation Management System shifts the responsibility and accountability for administering compensation policies and practices from the Department of Human Resource Management (DHRM) to agency management.

The following sections identify the major components of the new Compensation Management System and contrast the features with the former classified compensation plan.

PAY PHILOSOPHY

Previously, the Commonwealth's stated philosophy or goal was to pay salaries comparable to employers in the private sector in the Commonwealth. A new pay philosophy has been developed. In the new system, salaries are compared to both private and public sector organizations using local, regional, and national information. **Total compensation**, which includes both salary and benefits, continues to be used when analyzing the labor market information.

In the new system, salary increases are based on performance. Entitlements such as across-the-board increases have been eliminated.

JOB ORGANIZATION STRUCTURE

The former Classification Plan consisted of approximately 1,650 individual job classifications, which were functionally organized into 580 class series within 8 broad occupational groups. Included were a number of agency specific and central agency job classes.

In contrast, the Compensation Management System has consolidated the job organizational structure into approximately 300 broad **Roles**, approximately 60 **Career Groups** and 7 **Occupational Families**. All agency

and central agency specific job classifications have been consolidated into the new job organization structure.

Each new **Occupational Family** includes a number of **Career Groups**. Each **Career Group** identifies progressively higher **Roles** within a recognized occupational field. The concept of **Role** is central to the new job structure. **Roles** describe a broad array of similar positions reflective of different levels of work within an occupational field. The consolidation of the former job classes into the new broader **Roles** helps provide greater consistency in salaries assigned to the same or similar work across the Commonwealth.

CONSOLIDATION OF JOB STRUCTURE

Item	Former	New
#Occupational Groups/ Occupational Families	8	7
# Class Series/ Career Groups	580	approximately 60
# Job Classes/ Roles	1,650	approximately 300
Agency Specific Classes	Numerous	None

SALARY STRUCTURE

The former State Compensation Plan was a **graded salary plan** consisting of 23 pay grades with a 56% range spread between the minimum and maximum of each grade. Within each pay grade were 21 fixed pay steps that increased in a uniform percentage of 2.25%. Each of the 1,650 job classifications was assigned to specific pay grade.

Pay Bands

The new Salary Structure in the Compensation Management System consists of 9 pay bands. The first eight bands have a range spread of approximately 105% between the minimum and maximum salaries. There is a 30.6% difference between the minimum salary in each pay band except between pay band 2 and 3. The pay bands are “stepless”; that is there are no incremental steps within the band. The 9th pay band specifically addresses Mental Health physicians that serve as either Facility Directors or Medical Directors. The maximum salary of the 9th pay band is based on the market for these positions.

The transition from a **graded salary plan** to the **pay band structure** is the result of a comprehensive analysis of the class specifications and a review of best practices adopted by other public and private organizations with similar pay banding structures and alternative pay practices. The review included an in-depth analysis and grouping of the classifications that had similar duties and responsibilities, as well as knowledge, skills, abilities and qualifications.

Based on this review, the most logical grouping across various occupational areas resulted in the consolidation of 3 former pay grades into each pay band with the exception of pay band 2 that only grouped 2 former pay grades (4 and 5). An additional 10% (with the exception of pay band 2 which was increased by 20%) was added to the maximum salary of each pay grade resulting in approximately 105% range spread for each new pay bands. The Salary Structure Conversion Table is shown below.

**SALARY STRUCTURE CONVERSION TABLE
OF PAY GRADE TO PAY BAND
(Salaries as of 11-25-99)**

GRADES	CURRENT		BANDS	NEW	
	RANGE			RANGE	
	MINIMUM	MAXIMUM		MINIMUM	MAXIMUM
1	\$ 12,689	\$ 19,811	1	\$ 12,689	\$ 26,042
2	\$ 13,871	\$ 21,657			
3	\$ 15,164	\$ 23,675			
4	\$ 16,577	\$ 25,881	2	\$ 16,577	\$ 34,021
5	\$ 18,122	\$ 28,292			
6	\$ 19,811	\$ 30,929	3	\$ 19,811	\$ 40,659
7	\$ 21,657	\$ 33,811			
8	\$ 23,675	\$ 36,962			
9	\$ 25,881	\$ 40,406	4	\$ 25,881	\$ 53,116
10	\$ 28,292	\$ 44,171			
11	\$ 30,929	\$ 48,287			
12	\$ 33,811	\$ 52,787	5	\$ 33,811	\$ 69,391
13	\$ 36,962	\$ 57,706			
14	\$ 40,406	\$ 63,083			
15	\$ 44,171	\$ 68,961	6	\$ 44,171	\$ 90,653
16	\$ 48,287	\$ 75,387			
17	\$ 52,787	\$ 82,412			
18	\$ 57,706	\$ 90,092	7	\$ 57,706	\$ 118,432
19	\$ 63,083	\$ 98,487			
20	\$ 68,961	\$ 107,665			
21	\$ 75,387	\$ 117,697	8	\$ 75,387	\$ 154,719
22	\$ 82,412	\$ 128,665			
23	\$ 90,092	\$ 140,654			
OVER 23	NO CURRENT RANGE		9	\$ 98,486	MARKET

Competitive Differentials

A **Competitive Differential** is an extension to the maximum salary in an existing pay band and is used for select jobs based on local market conditions. **Competitive Differentials** allow agencies to pay higher salaries where justified. The Department of Human Resource Management (DHRM) must approve **Competitive Differentials**. **Competitive Differentials** may apply to specific positions, **Roles, Standard Occupational Classifications (SOC Codes)**, locations, and/or pay areas within any agency.

- **Northern Virginia Differentials**

Northern Virginia Differentials vary from 9% to 30% based on market data. They are applied in much the same way as **Competitive Differentials**. However, they are not agency specific. Rather, they are available to all agencies with positions in northern Virginia. For this reason, separate pay band ranges are maintained on PMIS for the northern Virginia (FP) pay area.

Sub-Bands

A **Sub-Band** is an identified segment of an existing pay band with a specified minimum and maximum salary within that pay band. In some situations agencies may establish **Sub-Bands** to manage employees' salaries within their pay bands. **Sub-Bands** are not intended for application to most employees. Law enforcement ranks are an example of where using **Sub-Bands** may be appropriate.

JOB EVALUATION METHODOLOGY

The Compensation Management System will retain the position classification method, or whole job approach, of job evaluation to allocate positions into **Roles**. Previously, job evaluation was based on seven compensable factors which were complexity of work, supervision exercised, supervision received, scope, impact of action, personal contact; and knowledge, skills and abilities. The new Compensation Management System uses three compensable factors, **complexity of work, results** and **accountability**, for job evaluation purposes.

The position classification method will determine the internal value of a job (or **Role**) by comparing the job to the newly developed **Career Group Descriptions** and to other jobs or **Roles** within the organization. By assigning jobs to a broader **Role**, job evaluation should be more understandable to employees and managers and less cumbersome to administer. Additionally, external salary data will be available to help insure the jobs are properly aligned with the market.

The broader **Roles** also allow agencies to develop additional job evaluation dimensions to support their agencies' unique needs. Alternative approaches to determine job worth may include skill- or competency-based systems, rank structures, and occupational requirements such as professional licensing or certification.

PERFORMANCE MANAGEMENT

The performance management program used in the Compensation Management System retains selected features of the original Employee Incentive Pay Program (EIPP) but expands the concept of linking employee performance to pay. The performance management program has been designed to insure that increases approved by the Governor and the General Assembly can be appropriately distributed based on the employee's performance rating. The **pay band structure** allows for performance increases without having to change the band structure.

The expanded features of the performance management system include fewer performance rating levels, an extended probationary period for new employees, employee self-assessment and employee feedback on supervisor's performance. The performance program is flexible and allows agencies to design optional features to effectively meet their agencies' needs. Options may include group or team performance evaluations, the use of numeric weighting systems, and the use of performance measures based on organizational objectives.

COMPARISON OF CHANGES TO THE PERFORMANCE MANAGEMENT PROGRAM

Item	Former	New
Rating levels	5 levels: <ul style="list-style-type: none"> • Exceptional • Exceeds Expectations • Meets Expectations • Fair But Needs Improvement • Does Not Meet Expectations 	3 levels: <ul style="list-style-type: none"> • Extraordinary Contributor • Contributor • Below Contributor
Appraisal of employee	Supervisor only	Supervisor & Employee Self-Assessment
Employee feedback on supervisor's performance	None	Upward feedback for developmental purposes provided to rater
Appraisal instrument	Qualitative	Qualitative or Quantitative
Appraisal of team/group	None	<ul style="list-style-type: none"> • Team/Group • Organization objectives
Probationary Period	6 months	<ul style="list-style-type: none"> • 12 months (standard) • Management option to extend up to 18 months for performance reasons

PAY PRACTICES

The objective of the Compensation Management System is to implement contemporary compensation practices that reflect best practices used in both the public and private sectors. These pay practices will provide managers a mechanism to financially reward employees for their organizational contributions without having to solely rely on the traditional practices of promotion and position reallocation.

The pay practices available to the agencies consist of a combination of current practices that have been revised and a new practice. Revised pay practices include starting pay, promotion, reallocation (role change), lateral transfer and demotion. The new pay practice is in-band adjustments. The in-band adjustment allows agencies the flexibility to provide pay increases to address such issues as internal alignment, retention, change in duties and professional development.

The focus is on variable pay increases rather than the fixed prescribed pay increases of the past. Supplemental pay such as shift differentials, on-call

and call-back will be delegated to each respective agency to manage. **Differentials** will continue to be incorporated into the system.

SURVEY METHODOLOGY

In the past, the Department of Human Resource Management (DHRM) annually surveyed benchmark positions and provided information to the Governor and General Assembly for the purpose of determining annual increases and structure adjustments. In the new Compensation Management System, accurate and reliable salary data will be fundamental to managing the compensation component of the system.

Salary Reference Data on benchmark positions within each **Role** will be provided to the agencies for use in starting pay decisions and other salary determinations. Agencies may continue to provide DHRM with local salary information to support their respective needs. Salary data in combination with other factors such as agency need, budget and internal alignments will provide Human Resource staff and agency managers the appropriate information for managing pay decisions.

CAREER GROWTH

In the past, little emphasis has been placed on career growth and professional development. Career growth opportunities were limited to moving to the next highest job class in a class series or accepting a job in a supervisory capacity.

The new Compensation Management System will promote growth and professional development through the identification of career paths within each **Role** as well as career progression to different **Roles**. In the next phase of development, **Role** descriptions will identify the skills and abilities required to move from one **Role** to another and/or to a different **Career Group**. Expert workers will have the opportunity to advance professionally and financially without having to move to supervisory or management positions. The **banded salary structure** allows for a dual track where supervisory and non-supervisory employees can progress through the same pay band to advance their careers.

With the concept of broad **Roles** and expanded pay bands, employees have opportunities for career growth without having to change positions. This

structure allows employees to become more knowledgeable and proactive in their own self-development and permits agencies to retain key talent.

MANAGEMENT ACCOUNTABILITY

The Compensation Management System is designed to support managers in achieving their agencies' organizational mission and objectives. The pay structure and practices incorporated into the Compensation Management System provide management increased flexibility in salary administration within their agencies.

The accountability for pay decisions shifts to agency's management. Managers will play a more active role in salary decisions. This shift in accountability will result in managers having to justify pay decisions to senior management, explain them to employees and stay within existing budgets. The success of the pay program will depend initially on the training provided to managers and employees; ultimately it will be measured by the decisions made by managers.



CHAPTER 2

AUTHORITY AND RESPONSIBILITIES

INTRODUCTION

The Compensation Management System is designed to permit managers a more active role in administering employee compensation to support their agencies' mission and objectives. There is a deliberate shift in accountability from the Department of Human Resource Management (DHRM) to agencies' management. This shift in accountability will require agencies to account for and justify the fiscal impact of payroll expenditure to senior managers, explain pay decisions to employees and stay within existing budgets. Decisions made because of Compensation Reform will have both long term and recurring financial impact on agencies. Additionally, since agencies will have available a number of different pay practice options, they will be required to monitor and validate salary transactions to ensure compliance with the Commonwealth's pay practices.

The Compensation Management System relies on a sound infrastructure to ensure effective program compliance and performance. This infrastructure includes policies, pay practices, training and communications, business transactions, information technology support systems, trends analysis, and program evaluation at the state and agency levels. A process of defining roles and authority, and conducting program evaluation provides the critical components needed to support continued improvement of the Compensation Management System.

Managing employee pay and the systems that support it is critical to the success and effectiveness of the Compensation Management System. The administration of compensation transforms the roles of DHRM, state agencies, and agency managers, to one of partnership requiring a balanced investment of support from each partner.

The purpose of this Chapter is to provide guidance related to the administrative and operational management of the Commonwealth's

Compensation Management System, and the authority and responsibilities inherent in an expanded partnership.

AUTHORITY AND RESPONSIBILITIES

- **Governor and General Assembly**

The Virginia Personnel Act (Title 2, Chapter 10, Section 2.1-113) designates the Governor as ***Chief Personnel Officer of the Commonwealth***. The Governor is responsible for establishing and administering a compensation plan. Additionally, the Governor and the General Assembly approve funding for annual performance increases that may be granted to eligible classified employees and adjustments to the pay structure.

- **Director of the Department of Human Resource Management**

The Director of the Department of Human Resource Management is responsible for making recommendations regarding the establishment and maintenance of the Commonwealth's Compensation Management System. In accordance with authority delegated by the Code of Virginia, DHRM promulgates policies and procedures that govern the administration of compensation for all classified employees of the Commonwealth. DHRM provides the Governor and the General Assembly with salary survey results projecting market movement in salaries and pay structure.

The Office of Compensation and Policy (OCP) is responsible for the following functions:

- establishing and maintaining the policies and procedures of the Compensation Management System;
- recommending to the Director of DHRM solutions to compensation and policy issues;
- providing consultation and technical assistance to agencies regarding compensation management and general policy matters;
- conducting legislative studies;
- obtaining ***Salary Reference Data*** and providing agency management with access to this information;
- monitoring and evaluating agencies' usage of pay practices and effectiveness of the entire compensation system;

- reviewing and responding to agency appeals;
- establishing and changing the pay band assignments of **Roles (re-banding)**;
- establishing new **Career Groups** and **Roles**;
- establishing or changing pay differentials;
- reviewing **Agency Salary Administration Plans** (see Appendix A, Agency Salary Administration Plan Guidelines and Agency Implementation Readiness Checklist)
- conducting program evaluation reviews;
- approving exceptions to state policy;
- approving innovative compensation programs;
- establishing categories of pay supplements to base pay

- **Agency Heads**

The Virginia Personnel Act specifies that the heads of all state agencies shall be the **appointing authorities** of their respective agencies and shall establish methods of personnel administration within their agencies. Agency heads, or their designees, are responsible for all personnel and compensation actions affecting their agencies and may assign specific compensation responsibilities to employees in leadership roles. All executive branch agencies have the authority to take the following actions that affect the compensation of employees:

- developing, implementing and evaluating the appropriateness and effectiveness of the **Agency Salary Administration Plan** and modifying when necessary;
- determining and documenting salaries in conjunction with the **Agency Salary Administration Plan**;
- hiring (see Appendix C, Employment Statuses);
- approving dual incumbency of positions;
- establishing and abolishing positions;
- assigning duties to employees;
- transferring positions to and from locations;
- administering the Compensation Management System pay practices;
- conducting salary surveys and analyzing data in accordance with DHRM guidelines;
- documenting and requesting differentials, rebanding or **Career Group** revisions;
- approving salary supplements;

- developing innovative compensation practices for DHRM approval;
- documenting and maintaining records of all personnel actions;
- appealing compensation decisions to DHRM (see Appendix D, Appeals);
- awarding or denying compensatory leave;
- establishing alternative approaches to employee performance review (e.g. team performance)
- determining the performance rating for all employees; and
- training agency management and employees on the Compensation Management System and any prospective actions that affect employees' compensation

- **Agency Human Resource Officers**

Agency Heads typically assign the responsibility for implementing the human resource program to their human resource officer, consistent with state and agency policy. Agencies have the authority to effect most compensation decisions within the guidelines of state personnel policies, rules, and procedures. The agency human resource officer is responsible for planning, developing, implementing, and evaluating human resource programs that support the agency's mission and objectives, and for providing programs that train agency managers at all levels to assume their roles in compensation management. Human resource professionals are responsible for making consistent and sound recommendations to their agency heads and agency management. Additionally, agency human resource officers have the authority to initiate compensation studies and implement related decisions based on the unique business needs of the agency.

- **Agency Management**

Managing and administering employee compensation at the agency level, as prescribed by the Agency Head, is a critical component of the Commonwealth's Compensation Management System. Agency managers and supervisors, at all levels, must have a working knowledge and understanding of the principles and procedures of the Commonwealth's Compensation Management System to effectively manage their employees and their compensation.

- **Employees**

Employees should initially discuss any concerns they may have about compensation, including the assignment of their position to a **Role**, with their supervisor and reviewer. If additional information is needed, employees may go to their agency human resources officer or higher-level agency officials. As a classified employee of the Commonwealth, each employee has the responsibility to become knowledgeable of the Commonwealth's Compensation Management System and the pay practices.

Employees may contribute to the compensation process by identifying their respective job tasks or assisting in this process. Employees may also participate on task forces, study teams, and oversight committees to develop new **Roles**, competency models, skill inventories, and other tools to assist in compensation decisions. Additionally, employees evaluate their own performance through self-assessments and have greater opportunities to participate in salary negotiations.



CHAPTER 3

PROGRAM EVALUATION

Periodic program evaluation is required at the state and agency levels. The purpose of program evaluation is to promote sound human resource practices that comply with state policy and encourage continuous improvement in the design of the Commonwealth's Human Resource System.

DHRM PROGRAM EVALUATION

DHRM's program of conducting post-audit reviews of human resource actions approved by agencies has been broadened. Increased agency authority, greater flexibility in pay practices, and the movement from traditional to contemporary organizational structures requires DHRM to ensure that ***Agency Salary Administration Plans*** are consistent with the Commonwealth's human resource policies and that pay practices are administered in a fair and equitable manner.

Therefore, the program evaluation focus shifts from a system that reviews individual position actions to one that evaluates pay practices and trends to ensure policy compliance and to assist agencies in managing employee compensation and related matters. DHRM's program evaluation encourages the continuous improvement and success of agency compensation and related human resource programs.

Evaluation Objectives

- To strengthen the partnership between DHRM and agencies.
- To insure compliance with state and agency policy and practices.
- To more effectively address mutual work force priorities.
- To introduce methods that encourage continuous improvement.
- To establish and encourage a continuous learning environment.
- To evaluate the impact and results of HR programs.

AGENCY PROGRAM EVALUATION

Human resource professionals and agency managers are accountable for the consistent and accurate application of pay practices. As a component of their ***Agency Salary Administration Plans***, agencies should establish methods for evaluating the application of pay practices across organizational lines of the agency. In addition to helping ensure compliance with policy, agency evaluation programs can identify the need for refinements to the compensation system or ***Agency Salary Administration Plans***, the affect of pay practices and incentives on work force productivity, and can identify training needs for managers, supervisors, and human resource professionals. This approach encourages the continuous improvement and success of agency compensation and related employee pay programs.

INTER-AGENCY EVALUATION TEAMS

Agencies within a secretariat may elect to establish inter-agency Peer Review and/or Best Practices Teams to ensure consistency with agency plans, promote improvements in pay administration, and to identify common agency initiatives, needs, and work force issues. Such teams may consist of human resource professionals who have both the expertise and professional reputation needed to successfully function in this capacity. This cooperative approach, in which peers are accountable to each other, can be used to help agencies objectively evaluate their strengths and weaknesses and ensure that human resource programs are operationally sound.

EVALUATION CRITERIA

Program evaluation performed by DHRM, the agency, or inter-agency teams should include the review and assessment of a variety of documents, including plans, policies, and procedures. The ***Agency's Salary Administration Plan***, Training Plan, Operating Budget, data supplied to DHRM, and the agency's strategic plans can serve as primary sources for identifying the human resource related activities that should be monitored and evaluated. Generally, an evaluation program should include the following elements:

- **Compliance**

- Identification and assessment of compliance indicators that are confirmed through sample case reviews
- Assessment of agency policies and practices and their impact on policy compliance

- **HR Organizational Assessment**

- Assessment of organizational structure
- Assessment of communication/operational strengths and gaps
- Identification and acknowledgment of policies or practices that strengthen the program
- Recommendations for quality improvement

- **Employee Relations**

- Sample employee interviews to obtain feedback on agency pay practices
- Assessment of employees' understanding of compensation practices/services
- Information that provides insight into employee or supervisory training needs

- **Results**

- Assessment of turnover trends (external) and internal activity data (transfers, promotions, etc.)
- Assessment of costs of pay actions (base adjustments and rewards)
- Assessment of other agency indicators as needed (e.g., manager training participation rates)

- **Records Management**

- Assessment of adequacy of appropriate records of all agency pay actions.



CHAPTER 4

COMPENSATION PHILOSOPHY

The Commonwealth's compensation philosophy is to pay employees in a manner sufficient to support and develop a high performance workforce that provides quality services in a fiscally responsible manner to the citizens of Virginia.

The compensation philosophy was developed based on the following underlying principles:

- To provide more flexible base pay systems that tie employee performance to agency or unit performance.
- To link accomplishments of agency or unit missions, objectives and operating efficiencies to the funds available for employee salary increases.
- To focus on the value of total compensation, which includes salary and non-salary benefits such as healthcare, retirement, life insurance; disability insurance, annual and sick leave.
- To establish base pay that is competitive with the labor market (public and private).
- To encourage employees to make a performance difference either individually or through teams where results/outcomes are more important than entitlements (i.e., seniority, hierarchy or expectation of additional pay for changing responsibilities).
- To provide salary increases that focus on employees gaining demonstrable skills and competencies that are critical to the accomplishment of agency or unit missions.

Based on this philosophy, the Compensation Management System must recognize, accommodate and support agency differences in organizational structures and missions; assure that comparable jobs are valued with similar methodology and assigned to the same Role; promote employee focus on agency

missions and outcomes; be market responsive and affordable; be administratively efficient and responsive; and be easily understood and communicated. The following goals have been identified in order to support and operationalize the Commonwealth's compensation philosophy.

- To attract qualified employees.
- To retain qualified employees.
- To motivate employees by rewarding sustained performance.
- To support management in the realization of organization objectives.



CHAPTER 5

JOB ORGANIZATION AND SALARY STRUCTURE

INTRODUCTION

The Compensation Management System increases organizational flexibility, emphasizes career development, fosters a flatter organizational structure and supports changes in job and work design. Conversely, the former salary structure was hierarchical, placed emphasis on job duties and responsibility differences and offered limited recognition of professional development and career growth opportunities for employees.

The Compensation Management System includes a consolidated job organization structure and a banded salary structure. The job organization and **pay band salary structure** incorporates the wide variety of work performed by the Commonwealth's classified employees.

The method in which jobs are organized changes from a classification system consisting of 1,650 job classes to a consolidated one of approximately 300 broad job **Roles**. The job organization structure consists of 7 **Occupational Families**, approximately 60 **Career Groups** and approximately 300 **Roles**. Each **Role** describes the broad array of similar positions that are reflective of different levels of work within a **Career Group** or occupational field and are assigned to one of the pay bands. The approximate 300 **Roles** cover the array of jobs of the Commonwealth's classified workforce. All agency unique and central agency specific job classifications have been consolidated into this job organization structure.

The **pay band salary structure** consists of 9 broad pay bands that replace the former **graded pay plan** of 23 salary grades. The transition from a **graded pay plan** to the **pay band salary structure** was a result of a comprehensive analysis of the class specifications and a review of "best practices" adopted by public and private organizations with similar pay banding structures and alternative pay practices. The review included an in-depth analysis and grouping of the classifications that had similar duties and responsibilities and comparable knowledge, skills, abilities and qualifications.

Different combinations of the former salary grades were studied to determine the most logical grouping to achieve the objective of broader salary ranges. Several different models featuring 5 to 10 pay bands were reviewed. Dividing the former plan's 23 salary grades by 3 thus creating 8 pay bands appeared to be the most logical model. The final determination of the number of pay bands was based on the analysis and grouping of similar job classifications. The 9th pay band (beyond grade 23) was added to specifically address Mental Health physicians that serve as either Facility Directors or Medical Directors at facilities.

JOB ORGANIZATION STRUCTURE

The job organization structure is arranged into ***Occupational Families, Career Groups*** and ***Roles***. ***Career Groups*** and ***Roles*** are described in ***Career Group Descriptions***.

Occupational Family

An ***Occupational Family*** is a broad grouping that includes jobs that share similar vocational characteristics. The primary criterion for designation to a particular ***Occupational Family*** relates to the nature and type of work performed. The 7 ***Occupational Families*** include:

- Administrative Services
- Engineering and Technology
- Natural Resources and Applied Sciences
- Health and Human Services
- Educational and Media Services
- Trades and Operations
- Public Safety

Career Group

A ***Career Group*** is a major subgroup of the ***Occupational Family*** that identifies a specific occupational field common to the labor market (e.g. Procurement, Forensic Science, Equipment Repair, Financial Services, Information Technology, Dentistry, Architecture and Capital Outlay, etc.).

Role

A **Role** describes an array of similar positions that are a reflection of different levels of work or career progression within a **Career Group**. **Roles** are intended to be very broad with a single **Role** encompassing several former job classifications. For example, the Accountant (grade 9), Budget Analyst (grade 10), Auditor-Internal (grade 11) and Auditor-External (grade 11) in the former classification system are consolidated into one **Role**. Each **Role** is assigned to a specific pay band within the salary structure.

The number of **Roles** in a **Career Group** varies from one **Career Group** to another. Additionally, some **Career Groups** have dual tracks for career advancement. For example, a **Career Group** may have a non-management track with entry, senior, and expert **Roles** and a management track with manager and director **Roles**. The manager's **Role** may be parallel to and within the same pay band as the staff expert **Role**.

Career Group Description

A **Career Group Description** specifies the nature and type of work associated with a particular occupational field and identifies the progression of **Roles** within a **Career Group**. The Department of Human Resource Management maintains the master file of **Career Group Descriptions** (see Chapter 7 – Career Group Studies).

Position

A **Position** defines the specific core responsibilities, duties and any special assignments assigned to an employee. Through an analysis of the core responsibilities and special assignments (job evaluation process), a **Position** is assigned to a **Role**. Each position is assigned the following titles:

- **Role Title**

The **Role Title** is the formal State title that the employee's position has been assigned. The **Role Title** should be used for State reporting purposes.

- **Salary Reference Title**

The **Salary Reference Title** is a descriptive title commonly understood and widely recognized in the labor market. The **Salary Reference Title** will be used for market surveying purposes and may be linked to the federal **Standard Occupational Classification System (SOC)**. (For transitional purposes, the class title in the former system will be retained until the SOC system is adopted.)

- **Work Title**

A **Work Title** is an agency-specific, or functional title, that is descriptive of the overall purpose of a position. Agencies may use **Work Titles** in conjunction with the employee’s formal **Role Title** to help facilitate the recruitment process. **Work Titles** and **Salary Reference Titles** may be the same.

Employee Work Profiles

The **Employee Work Profile** is the official state form that lists the core responsibilities, duties and any special assignments assigned to a specific **Position** and incorporates the employee performance plan. Agencies may continue to use the Position Description and Performance Evaluation forms or develop their own forms as long as they include all the data elements and information contained in the **Employee Work Profile**. The **Employee Work Profile** is the principle source document for evaluating and allocating the position to the appropriate **Role** (see Appendix E, Employee Work Profile).

JOB ORGANIZATION STRUCTURE TERMINOLOGY

Former	New
Occupational Group	Occupational Family
Class Series	Career Group
Job Class	Role
Position	Position
Class Title	Role Title
Benchmark	Salary Reference Title
Working Title	Work Title
Class Specification	Career Group Description
Position Description	Employee Work Profile

SALARY STRUCTURE

Pay Bands

Effective September 25, 2000, the Commonwealth implemented a salary structure consisting of 9 pay bands with open ranges (no steps). The first eight bands have an expanded range spread of approximately 105% between the minimum and maximum salaries. These pay bands have established minimum and maximum salaries. The ninth pay band that is exclusively established for Mental Health physicians that serve as either Facility Directors or Medical Directors does not include a specified maximum salary but is set to market.

STATE SALARY STRUCTURE (Salaries based on 11-25-99 structure)

Pay Band	Minimum Salary	Maximum Salary
Pay Band 1	\$12,689	\$ 26,042
Pay Band 2	\$16,577	\$ 34,021
Pay Band 3	\$19,811	\$40,659
Pay Band 4	\$25,881	\$53,116
Pay Band 5	\$33,811	\$ 69,391
Pay Band 6	\$44,171	\$ 90,653
Pay Band 7	\$57,706	\$118,432
Pay Band 8	\$75,387	\$154,719
Pay Band 9 (only Mental Health Physicians functioning as Medical Facility Directors or Medical Directors)	\$98,486	MARKET

The Department of Human Resource Management (DHRM) provides a guide that includes all formulas and rounding guidelines for calculating an employee's compensation which is outlined below and also available on DHRM's website.

Hourly and daily rates are used in preparing payroll and related documents. For leave balance payments, base hourly rates, and overtime rates:

- Monthly Rate = Annual Rate divided by 12
- Pay Period Rate = Monthly Rate divided by 2
- Weekly Rate = Annual Rate divided by 52
- Hourly Rate = Weekly Rate divided by 40
- Daily Rate = Hourly Rate multiplied by 8

When an employee begins or ends service other than on the first day of a pay period or is on leave without pay for part of a pay period, he/she receives for days worked a daily amount that is proportionate to the number of days he/she was scheduled to work during the pay period. In such instances:

Daily Rate = Pay Period (or Semi-monthly) Rate divided by the number of workdays scheduled in the pay period.
Partial Days Rate = Daily Rate is divided by 8 and the result multiplied by the number of hours worked.

All amounts are rounded to the nearest penny.

Competitive Differentials

A **Competitive Differential** is an extension to the maximum salary in an existing pay band and is used for select jobs based on local market conditions. **Competitive Differentials** are approved by the Department of Human Resource Management (DHRM) and entered into PMIS. **Competitive Differentials** may apply to specific positions, **Roles**, **Standard Occupational Classifications (SOC Codes)**, locations, and/or pay areas within any agency.

Competitive Differentials allow agencies to pay higher salaries where justified by local market conditions. They are typically applied as a percentage increase to the pay band minimum and maximum. For example, if a 10% differential were applied to selected positions in Band 4, the **Competitive Differential** for those positions would be from (\$25,881 * 1.1 =) \$28,469 to (\$53,116 * 1.1 =) \$58,428. Employees receive the differential in their base pay as long as they meet eligibility criteria to receive it.

- **Northern Virginia Differentials**

Northern Virginia Differentials vary from 9% to 30% based on market data. They are applied in much the same way as **Competitive Differentials**. However, they are not agency specific. Rather, they are available to all agencies with positions in northern Virginia. For this reason, separate pay band ranges are maintained on PMIS for the northern Virginia (FP) pay area.

Sub-Bands

A ***Sub-Band*** is an identified segment of an existing pay band with a specified minimum and maximum salary within that pay band. In some situations agencies may want to establish ***Sub-Bands*** to manage employees' salaries within their pay bands. ***Sub-Bands*** are not intended for application to most employees. Law enforcement ranks are an example of where using ***Sub-Bands*** may be appropriate. ***Sub-Bands*** are entered into PMIS as a ***Competitive Differential*** by the agency using them. They may be of any width so long as they fall within the limits of the assigned pay band.

STATE PAY PLAN

The State Pay Plan is an annual DHRM publication that includes the following items:

- a current State Salary Structure;
- a schematic list of ***Career Groups*** and ***Roles*** by ***Occupational Family***, and
- an alphabetical list of ***Career Groups*** and ***Roles***

Schematic List

The schematic list displays the ***Occupational Families***, ***Career Groups*** and ***Roles*** numerically by a five-digit identification code. The first two digits identify the ***Occupational Family***; the first four digits identify the ***Career Group***; and the entire five-digit number identifies the specific ***Role***.

Alphabetical List

The alphabetical list displays all ***Career Groups*** and their respective ***Roles*** and includes the pay bands, NOVA differentials, EEO Categories and overtime status. This document is an easy reference tool when researching ***Role*** information.



CHAPTER 6

JOB EVALUATION

INTRODUCTION

The Commonwealth has changed from a traditional hierarchical classification system with a graded salary plan to a compensation-based system with broad **Roles** and expanded pay bands. In contrast to the former system where positions were assigned to narrowly defined classes, the Compensation Management System assigns positions to broad **Roles** within a defined **Career Group**. To illustrate the difference, a **Role** may encompass several former job classes that were assigned to a number of different pay grades in the classification system. Because **Roles** encompass a wider scope and levels of duties and responsibilities, the process of evaluating jobs should be clearer and less complex.

Broader **Roles** also significantly reduce reliance on the reallocation process. The former reallocation process will not be the major means of providing salary increases to employees. In the Compensation Management System, an employee may progress through the broadly defined **Role** based on assigned duties and responsibilities, the acquisition of new skills and abilities and performance. New pay practices will allow employees to be financially recognized for assuming additional duties and responsibilities and applying new skills and abilities.

Job Evaluation is the process by which jobs within an organization are compared with one another to determine their relative value. There are several methods of job evaluation. The most prevalent methods include whole job ranking, position classification, market pricing, factor comparison and point factor analysis. All of these evaluation methodologies are based on one or a combination of the following two approaches: (1) an analysis of the job as a whole or (2) an analysis of the job's individual components.

Most evaluation methods compare jobs in the organization to one another and a few compare jobs against a set scale. After a review of the various job evaluation methodologies, the Compensation Management System will retain a modified version of the **position classification method** or **whole**

job evaluation approach. This non-quantitative whole job approach determines the relative value of positions by comparing them with **Career Group Descriptions** as well as with other positions.

COMPENSABLE FACTORS

Human resource professionals or line managers should be able to assign positions to the appropriate **Career Groups** by comparing the overall duties and responsibilities listed in the **Employee Work Profile** to the **Concept of Work** outlined in the **Career Group Description**. The compensable factors will be used primarily to determine the appropriate **Role** to which a position should be allocated within a **Career Group**. Definitions of the three compensable factors are as follows:

1. Complexity of Work

This factor describes the nature of work in terms of resources (e.g., machines, manuals, guidelines and forms) used or encountered and the processes applied. This factor takes into account the number and variety of variables considered, the depth and breath of activity and the originality exercised.

- **Difficulty** - the relative character of the work process and the corresponding, thinking, analysis and judgment required of the employee while doing the work.
- **Scope and Range of Assignments** – the breadth and variety of the employee’s assignments.
- **Knowledge, Skills and Abilities** – the level of information, experience and qualifications needed by the employee in order to perform the assigned duties.
- **Nature of Contacts** – the extent of the employee’s human interactions within and/or outside the organization in terms of both frequency and the depth of information exchanged.

2. Results

This factor describes the work outcomes and the range and impact of effects, such as the benefit or harm to citizens, the gain or loss of resources and the goodwill created.

- **Impact** – the range of people, things, and organizations directly affected by the employee.
- **Effect of Services** – the extent to which decisions and work products made by the employee affect the level of service, quality of work, welfare of constituents, the organization’s image and cost of operations.
- **Consequence of Error** – the potential costs of the employee’s mistakes in terms of financial and human costs, efficiency, morale, physical maintenance and image.

3. Accountability

This factor describes the employee’s responsibility or authority exercised in terms of guidance given to fellow workers, independence and autonomy of functioning and finality of decisions made.

- **Leadership** – the level of control the employee has over resources such as people, functions, facilities and budget.
- **Judgment and Decision-making** – the types and kinds of decisions made by the employee and the finality of these decisions and actions taken.
- **Independence of Action** – latitude or freedom of action exercised by the employee.

JOB EVALUATION

Job evaluation is the process of determining the appropriate **Career Group** and **Role** to which a position is assigned. The job evaluation process has four steps:

1. **Selecting the Occupational Family:** The first step is to determine the appropriate **Occupational Family** by reviewing the vocational characteristics (the nature and type of work performed) outlined in the **Employee Work Profile**.
2. **Comparing and Selecting the Career Group:** The second step is to compare the **Concept of Work** capsule that describes the array of work performed in the various **Career Group Descriptions** to the **Employee Work Profile** in order to determine the appropriate **Career Group**.

3. **Comparing and Selecting a Role within a Career Group:** The third step is to evaluate and compare the ***Work Description*** (position objective; purpose of position; knowledge, skills, abilities and competencies; education, experience, certification and licensure; core responsibilities and special assignments) outlined in the ***Employee Work Profile*** to the various ***Role Descriptions*** and the ***factor matrices*** to determine the appropriate ***Role***.
4. **Comparing to other positions within a Role to ensure consistency:** The final step is to confirm the assignment of the position to the ***Role*** by checking to make sure that it is consistent with other positions assigned to the same ***Role***.

ALTERNATIVE JOB EVALUATION MODELS

The Compensation Management System allows agencies to develop a variety of other job and employee-based evaluation alternatives within the context of the broader job structure (***Career Groups*** and ***Roles***) that may more effectively meet their organizational needs and assist in providing criteria for movement within a ***Role*** and pay band. Examples of job evaluation alternatives may include skill or competency based systems or rank structures. All alternative evaluation methods must be reviewed and approved by DHRM prior to implementation (see Appendices F and G, Competency-Based and Skill-Based Systems).



CHAPTER 8

PAY PRACTICES

INTRODUCTION

A major change in the Commonwealth's Compensation Management System is the adoption of pay practices related to base and non-base (see ***In-Band Adjustment and In-Band Bonus***) pay that reflect the "best practices" employed by innovative public and private organizations. For discussion of other non-base pay awards, see Chapter 12 – Rewards and Recognition and Exceptional Recruitment and Incentive Options outlined in Appendix I.

The intent of these pay practices is to emphasize performance rather than entitlements, such as across-the-board increases. The pay practices have been designed to meet the following objectives:

- To establish modern compensation practices.
- To provide management with the capability to reward and recognize performers.
- To encourage employee growth and career development.
- To reduce reliance on job reallocations.
- To support performance-based salary increases rather than across-the-board increases.
- To require management accountability.

Previously, there were four predominant methods of providing salary increases to the Commonwealth's workforce. These methods included across-the-board increases, performance increases, promotions and position reallocations. In all cases, the amount of the salary increases were prescribed and fixed. With performance and across-the-board increases, the amount was determined and approved by the Governor and the General Assembly. Flat percentage increases based on a prescribed number of pay steps were presented in the promotion and position reallocation policies. Variable increases were not a significant part of the former compensation system because of the constraints inherent in a graded pay plan with fixed pay steps.

The Compensation Management System pay practices are designed to provide agency management with additional alternatives to reward and recognize the Commonwealth's workforce (see also Chapter 12, Employee Recognition). If used effectively, the pay practices support agencies' efforts in achieving their missions and organizational goals. In addition, the responsibility for effectively administering employee compensation shifts to the management of the individual agencies. This shift in responsibility will require agencies to develop an **Agency Salary Administration Plan** that outlines their implementation strategies for the Compensation Management System (see Appendix A, Agency Salary Administration Plan Guidelines and Agency Compensation Reform Transition Planning Checklist). Agencies may develop, and document in their Agency Salary Administration plan, additional compensation policies to guide salary administration processes and decisions within the agency.

The pay practices outlined in this Chapter provide agency management greater flexibility as well as a higher degree of accountability for justifying their salary decisions. The expectation is that managers will be accountable for their compensation decisions based on their agency and organizational needs, their budgets, compliance with Equal Employment Opportunity regulations and an overall understanding and demonstration of stewardship in the expenditure of public funds.

PAY FACTORS

The pay practices outlined in this section are designed to allow **variable** salary adjustments. In order for the pay practices to be implemented effectively, it is important to emphasize that **the range of percentage increases** is to be used rather than the highest percentage when making salary determinations. There are situations where the negotiated salary is less than the candidate's current or most recent salary. Agencies must proportion and allocate their salary dollars in meaningful ways based on agency missions and business necessity. In determining salaries, agency management must take the following **pay factors** into consideration. These factors will be the basis for determining all pay decisions.

Job Based Factors

- **AGENCY BUSINESS NEED:** The specific activities and organizational, financial, and human resource requirements that are directly derived from

the agency's mission. For example, changes in an employee's duties, abilities, etc. should be relevant to agency business need in order to be compensable.

- **DUTIES AND RESPONSIBILITIES:** The primary and essential work functions performed by an employee or group of employees. Variation in these duties and responsibilities help distinguish one employee from another for comparison purposes.

Employee Based Factors

- **PERFORMANCE:** The candidate's or incumbent's previous and/or current work accomplishments or outcomes and behavioral interactions that are typically assessed in written, verbal or observational forms. NOTE: All management-initiated salary increases are based on employees meeting an acceptable performance level (rated as "contributor" or higher).
- **WORK EXPERIENCE AND EDUCATION:** The candidate or incumbent's relevant employment history and academic qualifications. Work experience is the employment history of an individual, and typically includes the titles of jobs held and a corresponding description of the duties, responsibilities and tasks performed. Education is academic credentials obtained and is usually listed as high school diploma, associate degree, bachelor's degree or specific advanced degree.
- **KNOWLEDGE, SKILLS, ABILITIES AND COMPETENCIES:** Elements commonly listed for job requirements, hiring qualifications or employee credentials. Knowledge refers to acquired principles and practices related to a particular job (e.g. principles of nuclear physics or accounting). Skills refer to acquired psychomotor behaviors (e.g. operations of forklift or personal computer). Abilities are the talents, observable behaviors or acquired dexterity (e.g. capacity to lift 200 pounds). Competencies are the knowledge, skills and underlying behaviors that correlate with successful job performance (see Appendices F and G, Competency Based and Skill Based Systems).
- **TRAINING, CERTIFICATION AND LICENSE:** Job requirements or employee qualifications that are relevant or highly desirable for a particular job. Training refers to a specialized course of instruction outside the realm of recognized academic degree programs (e.g. in-service training, etc.).

Certification refers to a specialized course of study resulting in a certificate upon successful completion (e.g. Cardiopulmonary Resuscitation, Certified Professional Accountant, Emergency Medical Technician, etc.). A license is a credential that is required by law to practice one's occupation (e.g. Registered Nurse, Pharmacist, Physician, etc.).

- **INTERNAL SALARY ALIGNMENT:** A fairness criterion that takes into consideration the proximity of one employee's salary to the salaries of others who have comparable levels of training and experience; similar duties and responsibilities; each employee's performance; and similar knowledge, skills, abilities and competencies. Internal salary alignment is determined by the examination of an employee's salary in relation to comparable co-workers.
- **CURRENT SALARY:** The candidate's or incumbent's present base pay compensation, which may be reported as an hourly wage, weekly, semi-monthly, monthly or annual salary. Does not include shift differentials, benefits, overtime, incentive premiums, bonuses, commissions or other similar non-base-pay compensation.

Market Factors

- **MARKET AVAILABILITY:** The relative availability of suitable, qualified employees in the general labor market, which is subject to the effects of supply and demand. Consideration should be given to the agency's tolerance for variation in the applicant pool and its willingness to accept applicants with fewer qualifications in times of high market demand.
- **SALARY REFERENCE DATA:** A composite of relevant salary information (e.g. average salary range, median salary, weighted average salary, etc.) extracted from available surveys that indicate market pricing for various jobs in the Commonwealth.
- **TOTAL COMPENSATION:** This includes all forms of cash compensation (e.g. base pay, shift differentials, overtime, on-call pay, bonuses, commissions, etc.) and the dollar value of the employer-sponsored benefit package (e.g. health and dental insurance, long and short term disability, paid leave, retirement, life insurance). NOTE: The greatest impact of total compensation will be on starting pay and competitive offers.

Financial Factors

- **BUDGET IMPLICATIONS:** The short and long term financial consequences of pay decisions and how salary dollars are managed by an agency.
- **LONG TERM IMPACT:** The strategic and financial effect of anticipated future salary costs, staffing changes, salary alignment among employees, career growth and salary reference data changes.

TYPES OF PAY PRACTICES

The pay practices (with the exception of Starting Pay) in the Compensation Management System can be broken down into two broad categories – employee-initiated or management-initiated.

Starting Pay

The objective of establishing a flexible ***Starting Pay*** practice is to attract highly skilled and competent job candidates to the Commonwealth's workforce. ***Starting Pay*** decisions remain the responsibility of the individual agencies and affect new employees and employees who are rehired by the Commonwealth.

The ***Starting Pay*** practice is competitive, negotiable, and the candidate may be offered a salary ranging from the minimum of the pay band or alternate band to an increase ranging from 0% to 15% above their current salary. There are situations where the negotiated salary is less than the candidate's current or most recent salary (e.g. geographic salary differences, different competencies for the new position, internal alignment, etc.). Salary offers must be at or above the minimum of the pay band and can not exceed the maximum of the pay band. Offers may exceed 15% of the candidate's current salary; however, the agency must document that the appropriate ***pay factors*** were considered, and that negotiations with the candidate transpired to ensure the minimum sufficient salary was offered in order to secure job acceptance. Agency heads, or their designees, have the authority to approve ***Starting Pay*** above 15%.

In determining ***Starting Pay*** for candidates, it is important to emphasize that agencies should use the range of salary options flexibly, rather than relying

on a flat percentage for all or the majority of **Starting Pay** determinations. When making Starting Pay determinations, the agency should consider all of the appropriate pay factors.

Employee-Initiated Pay Practices

The pay practices included in this section are a result of an employee applying for a vacant higher, lower or equal position through a competitive process or moving into a lower or equal position through a voluntary non-competitive selection process. Salaries are negotiated between the employee and hiring manager. For discussion of Recruitment Guidelines, see Chapter 11

○ **Promotion**

A **Promotion** involves a competitive selection process, and results in the employee's movement to a different Role in a higher pay band. Promotional salary adjustments are negotiable. The salary normally may not provide more than a 15% salary increase except when necessary to bring an employee's salary to the minimum of the band, alternate band, or hiring range.

Agencies may authorize an increase up to the hiring range minimum by entering it into PMIS. If the agency wishes to advertise the position without a salary range or to advertise an approximate hiring range, the hiring range minimum may be entered into PMIS at the time the promotion is processed. The hiring range minimum does not need to be entered into PMIS for promotions resulting in salary increases of 15% or less.

The negotiated salary must not be lower than the Pay Band minimum or Alternate Band minimum, if an Alternate Band (within the Pay Band) is established for the new position. The new salary on promotion may also not exceed the maximum of the Alternate Band, which may be lower than the Pay Band maximum. If necessary, the agency may choose to adjust the Alternate Band minimum or maximum for a position at any time. For example, an agency may wish to hire an applicant who is not fully qualified for the position as a trainee and reduce the Alternate Band accordingly.

Agencies may approve exceptions to the promotion policy within the Pay Band or Alternate Band assigned to the position. Agencies must provide documentation of the basis for any such exceptions to DHRM.

○ **Voluntary Transfer**

A ***Voluntary Transfer*** occurs when an employee moves to a different position that is either: within the same Role; or in a different Role with the same pay band. ***Voluntary Transfers*** can be achieved through a competitive recruitment process or through a voluntary non-competitive process.

With a competitive ***Voluntary Transfer***, employees may negotiate a salary offer from the minimum of the Pay Band or alternate band up to 15% above their current salaries. The salary normally may not provide more than a 15% salary increase except when necessary to bring an employee's salary to the minimum of the hiring range.

Agencies may authorize an increase up to the hiring range minimum by entering it into PMIS. If the agency wishes to advertise the position without a salary range or with an approximate hiring range, the Hiring Range minimum may be entered into PMIS at the time the competitive voluntary transfer is processed. The hiring range minimum does not need to be entered into PMIS for competitive ***Voluntary Transfers*** resulting in salary increases of 15% or less.

There may be circumstances where the negotiated salary for a competitive ***Voluntary Transfer*** is less than the employee's current salary.

The non-competitive ***Voluntary Transfer*** allows the employee to negotiate a salary offer from the minimum of the pay band to 10% above the employee's current salary. However, there may be circumstances where the negotiated salary is less than the employee's current salary. The salary offer can not exceed the maximum of the pay band or alternate band.

Note that management-initiated, noncompetitive ***Reassignment within the Pay Band*** results in no change in the employee's salary (see ***Reassignment within the Pay Band*** on page 14).

○ **Voluntary Demotion**

A ***Voluntary Demotion*** occurs when an employee requests to move to a different Role in a lower pay band. A ***Voluntary Demotion*** can be achieved through a competitive or non-competitive selection process. The employee's

salary is negotiable from the minimum of the lower pay band up to the employee's current salary. Additionally, if the employee's current salary exceeds the maximum of the lower Pay Band or Alternate Band, the agency has the option of freezing the employee's salary for up to six months. After 6 months, the employee's salary must be reduced at least to the new Pay Band or Alternate Band maximum. The agency must explain the timing and amount of the salary reduction before the employee accepts the demotion.

Management-Initiated Pay Practices:

These pay practices are specifically designed to provide agency management the flexibility to manage employee compensation based on their agency's unique needs. Through the use of these pay practices, managers will have more influence over the agency's ability to attract, retain and reward employees that have a performance rating of "contributor" or higher. Pay practices initiated by agency management are non-competitive in nature and allow management to make pay determinations that directly impact an employee's compensation.

In addition to the management-initiated pay practices, a number of ***Exceptional Recruitment and Retention Incentive Options*** are available to assist with the recruitment and retention of employees that are critical to the agency mission and on-going operations of the agency and for which significant recruitment and retention problems exist. These ***Incentive Options*** typically follow labor market practices used by other industries where the Commonwealth competes for employees (see Appendix I, Exceptional Recruitment and Retention Incentive Options).

The following pay practices are all management-initiated pay practices available in the Compensation Management System:

- **Temporary Pay**

Temporary Pay is based on an agency's need for an employee to assume different responsibilities on an interim basis or granted for additional assignments associated with a special time-limited project. It is a management-initiated pay practice that is typically non-competitive and may be granted to an employee for assuming new duties in the same or different Role on a time-limited basis. Typically, special project assignments will be within the scope of the employee's Role or a different Role in the same pay band.

Temporary Pay is reflected as a “special rate” and is discontinued when the employee no longer performs in the interim Role or upon completion of the special project. It is important to note that **Temporary Pay** does not automatically occur whenever an employee is given special assignments or assumes additional duties. This practice is reserved for situations where the new or additional duties or assignments are organizationally critical to on-going operation.

There are two situations where **Temporary Pay** may be considered by agency management. First, the agency needs an employee to assume a different Role in a higher pay band for a period of time. In these situations, agency management can grant 0% to 15% above the employee’s current salary. **Temporary Pay** offers can not exceed the maximum of the higher pay band.

The second situation where **Temporary Pay** can be used is when the agency needs an employee to assume new duties in the same or different Role in the employee’s same pay band on an interim basis or handle and complete a special time-limited project(s). In these situations, agency management can grant a 0% to 10% increase not to exceed the pay band maximum.

○ **Role Change**

A **Role Change** is a non-competitive change where a position is changed to a different Role in a higher, lower or same pay band - **Upward Role Change, Downward Role Change** or **Lateral Role Change** respectively. (**Role Change** was formerly referred to as **position reallocation**.) The agency’s Human Resource Department is responsible for approving and monitoring **Role Changes**, and may delegate this authority to management within the agency.

An **Upward Role Change** is a change in **Role** that is assigned to a higher pay band. With an **Upward Role Change**, agency management may grant a 0% to 10% salary increase but cannot exceed the maximum of the higher pay band and the salary must be increased at least to the minimum of the higher pay band.

A **Downward Role Change** is a change in Role that is assigned to a lower pay band. The employee’s salary is unchanged, unless it exceeds the maximum of the lower pay band. In this case, the employee's salary is

maintained for a six-month period, and then is reduced to the maximum of the pay band.

A **Lateral Role Change** is a change in Role within the same pay band. With a **Lateral Role Change**, agency management has the discretion to grant a 0% to 10% increase to the employee as long as the salary does not exceed the maximum of the pay band. A salary increase due to a **Lateral Role Change** is considered an in-band adjustment and counts toward the 10% fiscal year maximum outlined for **In-Band Adjustment** (below).

o **In-Band Adjustment and In-Band Bonus**

In-Band Adjustment and Bonus is a multi-faceted non-competitive pay practice. The In-Band Adjustment allows agency management the flexibility to provide potential salary growth and supports employee career progression within a pay band. The In-Band Bonus allows additional flexibility to give non-base adjustments when a bonus is more appropriate than a base pay adjustment or when management requires additional time to address budget constraints. The range of increases for an **In-Band Adjustment and Bonus** is 0% to 10%, and the employee's base salary can not exceed the maximum of the assigned pay band (or **sub-band**). **In-Band Adjustments** are administered as base pay compensation. **In-Band Bonuses** are administered as non-base pay compensation.

One reason for using an **In-Band Bonus** in lieu of **an In-Band Adjustment** is when budget constraints require time to develop funding to support a base-pay salary adjustment. In this case, agencies are encouraged to develop a plan to make the salary change a permanent adjustment. The Commonwealth's preference, however, is to grant base pay adjustments whenever appropriate and financially feasible. For the most part, non-base pay compensation (bonuses) should be a consideration only when budget constraints limit the agency's ability to financially fund a base pay increase. Criteria for **In-Band Bonuses** are included Section 5, In-Band Bonuses.

The total base and/or non-base pay increase an employee can receive for **In-Band Adjustments, In-Band Bonus and Lateral Role Change** can not exceed 10% within a fiscal year.

Employees at the maximum salary of their assigned pay band are not eligible for **In-Band Adjustments** or **In-Band Bonuses**. However, agencies

using **sub-bands** may grant **In-Band Bonuses** to employees whose salaries are at the maximum of the **sub-band** unless the maximum of the **sub-band** is the maximum of the pay band. In such cases, **In-Band Adjustments** or **In-Band Bonuses** may not be granted to employees.

In-Band Adjustments are determined by the agencies and can be granted for the following reasons:

- Change in duties
- Professional/Skill Development - application of newly acquired job-related knowledge and skills obtained through education, certification or licensure
- Retention
- Internal alignment

1. **In-Band Adjustment - Change in Duties**

It is not uncommon for agencies to redesign and reconfigure work assignments and job responsibilities based on changes in organizational goals, technology, staffing, etc. Oftentimes, agencies are required to assign essential work to existing staff and these additional responsibilities do not warrant movement to a new Role with a higher pay band assignment.

The ***In-Band Adjustment for a Change in Duties*** allows agency management to grant salary increases ranging from 0% to 10% to employees at any level of the organization who assume new higher level duties and responsibilities that are critical to the operations of the agency. If a salary adjustment is appropriate for a temporary change in duties, the Temporary Pay practice should be used.

In considering salary adjustments, agencies should consider the extent of the change in duties and responsibilities in comparison with former duties, and also should compare the employee's salary and the duties and responsibilities to other employees in the agency or unit. This pay practice allows management the flexibility to financially reward employees for assuming significant additional duties that would otherwise go uncompensated unless an ***Upward Role Change*** occurred.

2. **In-Band Adjustment - Professional/Skill Development**

An important part of the Compensation Management System is to encourage and provide career growth and career progression opportunities for the Commonwealth's workforce. Therefore, this pay practice encourages and rewards employees for application of the knowledge and skills acquired through training, education, certification and/or licensure that benefit the agency.

The ***In-Band Adjustment for Professional/Skill Development*** is a non-competitive pay practice that allows agency management to grant salary increases to employees who acquire and apply new knowledge and skills in their jobs that they have gained through professional development activities. The range of the salary increase is 0% to 10% not to exceed the maximum of the assigned pay band.

3. **In-Band Adjustment - Retention**

The ***In-Band Adjustment for Retention*** is a non-competitive pay practice. This practice is designed to prevent employees from seeking employment outside the agency in occupations that have high visibility in the labor market when the employees' salaries may not be as competitive with the marketplace. Depending on the particular set of circumstances, agencies may grant an ***In-Band Adjustment*** in order to retain an employee or group of employees.

An in-band adjustment for retention may be granted to all employees in a particular functional area, or for individual employees, and serves as a mechanism available to management to avoid job turnover due to outside competition. Agency management may grant a range of 0% to 10% salary increases to employees to retain them as part of the Commonwealth's workforce. In no case can the ***In-Band Adjustment for Retention*** exceed the maximum of the pay band.

4. **In-Band Adjustment - Internal Alignment**

The term ***Internal Alignment*** refers to the proximity of one employee's salary to other employees' salaries in the same agency who have comparable levels of training and experience; similar duties and responsibilities; similar performance; and similar levels of expertise,

competencies and/or knowledge and skills. An ***Internal Alignment Adjustment*** is a non-competitive pay practice and is utilized when an employee is underpaid relative to the salaries of co-workers who have the same or similar features listed above.

An ***In-Band Adjustment for Internal Alignment*** is a management tool that can be used to achieve a more consistent alignment of salaries within their organization. Agencies can grant a salary increase in the range of 0% to 10% to align an employee's salary more closely to that of comparable co-workers.

5. **In-Band Bonuses**

The ***In-Band Bonus*** allows additional flexibility to give non-base adjustments when a bonus is more appropriate than a base pay adjustment or when management requires additional time to address budget constraints but is able to fund a non-base adjustment in the current fiscal year. Unlike the ***Exceptional Recruitment and Retention Incentives, In-Band Bonuses*** are not restricted solely to specific positions, ***Roles***, and/or ***Career Groups*** that have significant recruitment and retention problems and are critical to the agency's mission and on-going operations (See Appendix I – ***Exceptional Recruitment and Retention Incentive Options***).

- ***Change in Duties:*** Although changes in duties should normally be compensated through a base adjustment, an ***In-Band Bonus*** may be appropriate while management develops a longer-term budget plan. It may also be appropriate to provide additional compensation in the form of a bonus to address projects or additional assignments at the same level. If a salary adjustment is appropriate for a temporary change in duties (additional assignment of higher level responsibilities in the same or higher pay band) the ***Temporary Pay*** practice should be used.
- ***Professional/Skill Development:*** An ***In-Band Bonus*** could also be granted for the acquisition and application of a degree, certification or license. Management must assess the impact and significance of the additional KSAs acquired through professional/skill development when determining whether a base adjustment would be more appropriate than a bonus.

- **Retention:** Agency management may grant a bonus of 0% to 10% to employees to retain them as part of the Commonwealth's workforce. This would typically be used when the retention issue is projected to have a short-term duration.
- **Internal Alignment:** An **In-Band Bonus** in lieu of an **In-Band Adjustment** for internal alignment may be used only when budget constraints require time to develop funding to support a base-pay salary adjustment. In this case, there should be plans in place to make the salary change a permanent adjustment.

- **Disciplinary or Performance-related Salary Action**

Agency management may initiate a **Disciplinary or Performance-related Salary Action** for employee discipline or performance reasons. In these situations, an employee can be assigned to a Role in a lower pay band or remain in the same pay band with less responsibilities. If the employee is moved to a Role in a lower pay band, then the employee's salary must be reduced to at least the maximum salary of the pay band and may be any rate within the band as long as the employee receives a minimum of a 5% reduction in pay. If the employee remains in the same pay band, then the employee's salary may be reduced to any rate within that band as long as the employee receives a minimum of a 5% reduction in pay. In no case, would an employee maintain his or her current salary or receive an increase in salary. The agency must redefine the duties of the employee to reflect a decrease in level of responsibilities.

- **Competitive Salary Offer**

Agency management may approve **Competitive Salary Offers** to employees who are deemed critical to the agency's mission and on-going operations when the employee receives a higher salary offer. The employment offer should be in writing and can be from another State agency (**internal competitive salary offer**) or an organization external to the Commonwealth (**external competitive salary offer**). For internal competitive salary offers, the other state agency may not make a second offer in response to the employing agency's counter-offer.

- **Internal Competitive Salary Offer**

In the case of a written employment offer from another State agency, there can only be one counter offer made by the employee's current agency for a job with a higher salary within the same or higher pay band. The amount of the competitive offer may not exceed the amount of the job offer from the other agency or the maximum salary of the pay band.

- **External Competitive Salary Offer**

In the case of a written employment offer from an organization external (private, not-for-profit, public non-State agency, or State non-classified) to the Commonwealth, the agency may make a counter offer to the employee. The amount of the competitive offer may not exceed the amount of the job offer from the external organization or the maximum of the pay band.

It is important to emphasize that **Competitive Salary Offers** are a way to retain employees who are pivotal to the successful operation of an agency and who have received external job offers. For extremely difficult recruitment and retention situations, the Compensation Management System has additional **Exceptional Recruitment and Retention Incentive Options** that may be used by agencies for employees critical to the agency mission and on-going operations of the agency, and for which significant recruitment and retention problems exist. (see Appendix I, Exceptional Recruitment and Retention Incentive Options).

- **Reassignment within the Pay Band**

Reassignment within the Pay Band is a management-initiated action to move an employee from one position to a different position within the same or different Role in the same Pay Band. **Reassignments** normally are based on agency staffing needs or operational needs.

When management **reassigns** an employee to another position within the same band, the first consideration is whether the old and/or new position has a northern Virginia or competitive differential assigned to it. If so, the employee's salary is adjusted accordingly. If there is no northern Virginia or competitive differential involved, the employee's base salary does not change.

After any adjustment for differentials, the employee's salary must be within the Pay Band or Alternate Band of the new position. If the employee's salary is not within the pay range assigned to the new position, the **Reassignment within the Pay Band** transaction is not appropriate and may not be used. Agencies should contact their assigned DHRM compensation consultants for assistance in determining alternative approaches if this occurs.

Both **Reassignment within the Pay Band** and **Voluntary Transfer** involves (1) a move to a different position; (2) within the same or different Role; and (3) in the same pay band. However, management initiates **Reassignment within the Pay Band** and **Voluntary Transfers (competitive and non-competitive)** are initiated by the employee (see **Voluntary Transfer** page 6).



CHAPTER 9

DIFFERENTIALS AND SUPPLEMENTS¹

INTRODUCTION

In addition to base salary, the Compensation Management System provides other monetary payments to employees categorized as **differentials** and **supplements**.

Generally, **differentials** are base pay adjustments to make salaries more competitive with the market. **Differentials** may be applied to **Roles, Salary Reference** (or **SOC**) **Titles, Work Titles, Pay Areas**, or individual positions in an agency and/or geographic location. **Differentials** are entered into the employee's record on PMIS.

Requests for **differentials** are submitted with appropriate documentation to the Department of Human Resource Management (DHRM). **Differentials** under the former classification plan were automatically approved under the Compensation Management System. However, agencies should periodically review the need to continue **differentials**. DHRM also conducts such reviews

When employees are transferred, promoted, or demoted to new positions or move to a new geographic location, any **differential** is removed if it does not apply to the new position. Agencies should ensure that employees receiving a **differential** are fully informed of the applicable conditions.

Supplements are non-base pay payments that apply to specific positions under certain circumstances. These pay determinations are decentralized to agencies and do not require DHRM authorization. However, agencies must provide information on any pay **supplements** to DHRM prior to implementation to determine any potential statewide impact.

Payment of **differentials** and **supplements** may be for brief or extended periods of time, depending upon need. (**Note:** It is expected that

¹ Information on differentials and supplements is subject to change.

some **differentials** carried over from the old system may not be necessary as the new pay plan becomes fully developed.)

TYPES OF DIFFERENTIALS

1. Pay Area Differentials

The Commonwealth's pay plan recognizes two distinct pay areas (1) Statewide (SW) and (2) Northern Virginia (NOVA) (FP). Northern Virginia is an area of the state where market conditions have consistently required the payment of **differentials**.

Statewide Pay Area (SW)

The Statewide Pay Area (SW) applies to all localities in the state except those designated in northern Virginia.

Northern Virginia Pay Area (NOVA)

The northern Virginia **Differential** (NOVA) applies to employees in positions located in the area defined as northern Virginia. This pay area includes the counties of Fairfax, Arlington, Prince William and Loudon, and the cities of Alexandria, Fairfax, Falls Church, Manassas, and Manassas Park.

The amount of the **differential** varies by **Role** and is based on competitive rates for comparable jobs paid by other employers in the northern Virginia area. (Note: Some **Roles** are comprised of former classes (now **SOC** codes) with various **differentials**.) Therefore, for implementation purposes, the lowest **differential** for such classes was applied to the **Role** and the higher **differentials** were established as **Alternate Pay Bands**.)

NOVA **differentials** are based on the cost of competing for employees to perform specific kinds of work in the northern Virginia area. They are not cost-of-living allowances (COLA's) and they are subject to change. **Differentials** may be adjusted or removed if the employee's **Role** or geographic location changes. The salaries and **differentials** of NOVA employees who receive a **Role Change** or are

promoted, transferred, demoted are adjusted in accordance with the applicable pay practice and **differential** that applies to the new **Role**.

2. Competitive Differentials

Competitive differentials are based on local market conditions and are typically reflected through an **Alternate Pay Band**, which is an extension to the minimum and maximum salaries of an existing pay band. **Competitive differentials** are administered as a percentage of base pay that may be added to the pay band to address a particular position, **Work Title, Salary Reference Title (SOC)** or **Role** because of lack of competitiveness due to market conditions in a specific agency and/or geographic location. They may apply to locations in either the **SW pay area** or the **NOVA pay area**.

Competitive **differentials** are entered in employees' records on PMIS as special rates, or may be established as **Alternate Pay Bands** on position records. (Note: Statewide staffing problems are remedied through **re-banding** a particular **Role**.)

3. Out-of-State Differentials

Out-of-State Differentials are used where the Commonwealth employs individuals who work in locations outside Virginia because the market varies in different geographic regions of the United States. To attract qualified applicants to work in other states, it may be necessary to pay **differentials** that more closely match the markets in these areas.

Documentation Required for Agency Differential Request:

Agencies experiencing staffing problems due to the lack of competitiveness in the labor market may submit a request to DHRM for consideration of a **differential** for positions, **Work Titles, Salary Reference Titles**, or **Roles**. The following information should be provided by the agency:

- **Problem Statement** that gives a concise summary of the problem. This statement should show a cause-and-effect relationship between pay and an identified problem.

Example: During the past six months the agency has lost fifteen electricians to competing firms that pay an average of 20% above State salaries.

- **Agency Actions** that describe what the agency has done to improve staffing for the positions under study, such as expanding the recruitment area, providing in-band salary adjustments to incumbents, etc. The agency should include an assessment of why the staffing problems persist.
- **Turnover and Vacancy** that describe the current staffing problem: turnover rate; current number and percentage of positions that are vacant; relevant historical data; and information from exit interviews. The analysis of information should focus on employees leaving for salary-related reasons. Promotions and transfers to other positions within State government are not indications of retention problems due to salary.

Each agency is responsible for conducting exit interviews to obtain information on the reasons that employees are leaving their jobs. These interviews may reveal problems related not to salaries, but to other factors such as job satisfaction, opportunity for training and advancement, educational assistance, work environment and quality of management.

- **Recruitment** strategies that have been employed to fill vacancies. Agencies should specify the number of advertisements in a given period; media used; number of qualified applicants; salaries offered; applicants' most recent salary and the reasons applicants have declined employment offers.
- **Starting Salary** analysis that describes the agency's experience with salary offers for new employees during the last twenty-four months. This analysis should address the position in the pay band in which employees have been hired and the number of exceptional salaries (over 15% increases) that have been approved.
- **Internal Impact** that includes an analysis of the positive and negative effects that a *differential*, may have on the internal alignment with other employees in similar or related **Roles** in the agency.
- **Market Data** that may have been collected by the agency from competing firms in the local market area where the problem exists. Agencies should also assess any salary data that DHRM routinely provides. If competition is

not limited to a particular locality, the collection of market data should be coordinated with DHRM.

- **Certification of Availability of Funds** based on the type of action the agency has requested. All requests for a **differential** should be accompanied with a statement from the agency that funds are available to support any resulting salary increases. Certification to the Secretary of Finance that funds are available to support salary increases may be required.

DHRM uses national publications that report salary data for various localities throughout the United States. Additionally, where necessary salary data may be gathered from other state governments, which also compete in these marketplaces. This information is used to evaluate requests for **differentials**. This information is available to agency human resources professionals in the DHRM Resource Center.

DHRM will evaluate requests for competitive **differentials** based on the documentation provided by the agency. It may be determined that DHRM needs to conduct a survey to verify the local salary information or determine if there is a statewide pay issue with the pay band assignment of the **Role**. This may involve contacting other agencies in the area with the same or similar **Roles** to collect information and data and assess the full impact a **differential** would have on these agencies.

Discontinuation of Differentials

When a **differential** is discontinued, employees in the affected **Role** will retain their current salaries and, unless they are at the maximum of the pay band, will advance in accordance with the Commonwealth's pay practices. Employees whose salaries are at or above the pay band maximum will be frozen until the Role is **re-banded** or pay band adjustments allow for additional salary increases.

TYPES OF SUPPLEMENTS

Supplements are non-base pay payments that apply to specific position under certain circumstances. **Supplements** are designed to address unique needs of an agency and oftentimes reflect market practices used for similar jobs. **Supplements** are processed as special payments on payroll. They are

not entered in PMIS because they are not always a part of the employee's pay. The following is a listing of some **supplements** that are currently in effect:

1. **On-Call:** when the employee is required to be available to return to work when necessary. Compensation is usually provided at the rate of one (1) hour of pay or compensatory leave for each eight (8) hour shift served. For non-exempt employees, if the on-call duty is restrictive, the time is considered work time and must be paid in accordance with the Fair Labor Standards Act. Additionally, on-call pay must be included in the non-exempt employee's regular rate of pay when computing overtime liability.
2. **Call-Back:** when an employee is called back to work during non-work hours. Call-back pay is provided for a minimum number of hours even though the employee may actually work less than the minimum time.
3. **Shift supplements:** typically used in agencies that operate 24 hours per day, 7 days per week. Each agency must identify their work shifts that address their organizational needs. The information below provides general guidelines on shift hours. In addition, each agency must evaluate the workweek to include any work performed on the days traditionally considered a weekend (Saturday and Sunday). Employees working the second or third shift typically are paid the same supplemental amount. However, varying amounts may be approved depending on whether employees are assigned permanent or rotating shifts.
 - **First Shift:** Morning hours generally in the range of 8:00 a.m. to 4:00 p.m.
 - **Second Shift:** Afternoon hours generally in the range of 4:00 p.m. to midnight.
 - **Third Shift:** Night hours generally in the range of midnight to 8:00 a.m.
 - **Split Shift:** A work schedule where the employee works two or more partial shifts rather than a continuous eight (8) hour shift.

When employees are assigned to permanent second or third shifts, agencies may include the shift pay in all payments to them by setting up **alternate pay bands**, similar to the handling of **differentials**.

4. **Camp supplement:** paid to employees for days spent at summer camp supervising the activities of mentally disabled children.

5. **Medication supplement:** paid to employees who have completed the required training for dispensing medication, but whose **Roles** typically do not normally require dispensing medication. The supplement is paid for those periods when medications are dispensed.
6. **Working Condition supplement:** paid to employees who have unusual risks that exceed the normal work environment for State employees. **Alternate pay bands** may be set up where working conditions provide a continuing basis for higher pay, similar to differentials.

Documentation Required for Agency Determined Supplements:

Agencies need to document the rationale, the amount of the **supplement** and the circumstances under which the **supplement** will be paid and maintain this documentation in their files.



CHAPTER 10

SALARY SURVEYS

SALARY REFERENCE DATA

Salary information is an important tool in managing employee compensation and comparing the competitiveness of Commonwealth's salaries to the labor market. This information is used in several ways.

Pay Band Adjustments

The Department of Human Resource Management (DHRM) provides an analysis of salary information to the Governor and the General Assembly to support the decision to adjust the pay structure. The information is derived from range adjustment projections found in surveys conducted by national compensation organizations. DHRM also provides information on projected performance increase budgets to the Governor and General Assembly for use in determining funding for performance increases.

Salary Management for Roles and Employees

DHRM maintains a collection of salary surveys covering public and private firms in a wide variety of occupations and geographic locations. DHRM also conducts surveys to supplement these sources and will assist agencies in analyzing and applying the survey data.

A summary of the survey data related to each **Role** is available to the agencies on DHRM's website. The **survey summaries** will vary among the different **Roles** since a variety of data and survey sources will be used (see Appendix J, Survey Summary Data Sample). Not all survey sources will provide information for every **Role**. Agencies will use the survey data to manage employee compensation in the following ways:

- Managing Employee Salaries

The **survey summaries** provide agencies with information that will enable them to target their salary increase dollars to specific employees where labor market competitiveness is critical. The agencies may use the

survey summaries to allocate a larger percentage of their salary budgets to jobs that are critical to the operations of the agency and that are experiencing unusual salary movement in the market.

Since **Roles** combine a number of jobs within a Career Group, survey data are often not applicable to an entire **Role**. The **survey summaries** provide salary data on discrete jobs in the labor market. For example, carpenters and electricians are assigned to the Trades Technician III Role and the **survey summaries** may be different for these two jobs.

- **Adjusting Pay Ranges**

Agencies are responsible for monitoring salary data for **Roles** used and targeting salary increases based on this information. However, if the rate for a particular type of job (e.g., electrician) increases faster than the State's band structure, staffing problems may result.

When agencies experience staffing problems, they should review salary and staffing data, including turnover and vacancy information. Agencies experiencing or anticipating staffing difficulties may contact DHRM to request the establishment of **differentials**, **Career Group revisions** or **re-banding** a particular **Role**.

- **Salary and Competitive differentials** are used when a particular type of job (e.g., electrician) is not paid competitively with the geographic labor market. Typically, **differentials** are used to address staffing problems that arise due to turnover and prolonged vacancies. Agencies may contact DHRM to request consideration of a **differential**. DHRM assesses the extent of the problem and the impact a **differential** would have on other jobs and agencies. If justified, DHRM may approve a **differential**.

Additionally, DHRM monitors the **differential** plan for positions in the northern Virginia area (NOVA). **NOVA differentials** are adjusted based on market and staffing data from that geographic area. In some cases, adjustments to the differential may require a request for additional funding.

- **Career Group Revision** results from a study of jobs using salary data and the compensable factors. In these situations, specific types of jobs within a **Role** may move to a higher or lower pay band.

When a **Career Group** is revised, the **Career Group Description** must be updated to reflect the changes in the assigned **Roles**. Employees that move to a different **Role** may have their salaries adjusted according to the rules governing **Upward or Downward Role Changes** (see Chapter 8, Pay Practices).

- **Re-banding** is the change of a **Role** to a higher pay band due to extreme changes in the labor supply or market conditions. Since there is a 30.6% difference between the minimum salary in each pay band (with the exception between pay band 2 and 3 which has a 19.5% difference) **re-banding** will occur infrequently and is typically in response to extreme labor market changes. All agencies affected by **re-banding** must be able to fund any resulting salary increases provided to employees.

REQUESTS FOR DIFFERENTIALS, CAREER GROUP REVISIONS OR RE-BANDING

When an agency experiences staffing problems due to the lack of competitiveness with the labor market, the agency may submit a request to DHRM for consideration of a **differential, Career Group revisions** or the **re-banding** of a **Role**. The following information should be provided by the agency:

- **Problem Statement** that gives a concise summary of the problem. This statement should show a cause-and-effect relationship between pay and an identified problem. (*Example:* “During the past six months, the agency has lost fifteen electricians to competing firms that pay an average of 20% above State salaries.”)
- **Agency Action** that describe what the agency has done to improve staffing for the positions under study, such as expanding the recruitment area, providing in-band salary adjustments to incumbents, etc. The agency should include an assessment of why it believes the staffing problems persist.

- **Turnover and Vacancy** that describe the current staffing problem: turnover rate; current number and percentage of positions that are vacant; relevant historical data and information from exit interviews (see Appendix K, Turnover Rate Computation and Usage). The analysis of information should focus on employees leaving for salary-related reasons. Promotions and transfers to other positions within State government are not normally indications of retention problems due to salary.

Each agency is responsible for conducting exit interviews to obtain information on the reasons why employees are leaving their jobs. These interviews may reveal problems related not to salaries but to other factors such as job satisfaction, opportunity for training and advancement, educational assistance, work environment and quality of management.

- **Recruitment** strategies that have been employed to fill vacancies. Agencies should specify the number of advertisements in a given period; media used; number of qualified applicants; salaries offered; applicants' most recent salary and the reasons applicants have declined employment offers.
- **Starting Salary** analysis that describes the agency's experience with salary offers for new employees during the last twenty-four months. This analysis should address where in the pay band employees have been hired and whether any exceptional salaries have been requested.
- **Internal Impact** that includes an analysis of the position and negative effects that a **differential**, **Career Group revision** or **re-banding** may have on the internal alignment with other employees in similar or related **Roles** in the agency.
- **Market Data** that may have been collected by the agency from competing firms in the local market area where the problem exists. Agencies should also assess any salary data that DHRM routinely provides. If competition is not limited to a particular locality, the collection of market data should be coordinated with DHRM.
- **Certification of Availability of Funds** based on the type of action the agency has requested. All requests for **Career Group revision** or **differential** must be accompanied with a statement from the agency that funds are available to support any resulting salary increases. Certification to

the Secretary of Finance that funds are available to support salary increases is required for **Career Group revisions** or **re-banding a Role**.

If DHRM declines the request, agency heads or their designee(s) may appeal the decision (see Appendix D, Appeals).

CONDUCTING SALARY SURVEYS

DHRM routinely monitors salary information and identifies trends. When an agency submits a request for a **differential, Career Group revision** or the **re-banding** of a **Role**, DHRM will assess all the available information. If necessary, DHRM may conduct a salary survey to validate the State's market position or request that the agency conduct a survey.

State agencies need to be sensitive to burdening other employers with requests for salary data. Therefore, in areas outside the metropolitan Richmond area, agencies should coordinate data collection with other agencies in the local area that have the same type of positions. Also, agencies in the metropolitan Richmond area should coordinate data collection with DHRM. Agencies are asked not to contact the central personnel departments in other States without DHRM's concurrence.

The following guidelines should be used by agencies in their surveying efforts. (These are the same guidelines that DHRM follows in conducting salary surveys):.

- **Selecting the jobs to survey:** A survey may gather information relating to an entire Career Group, a **Role**, or to a specific group(s) of positions within a **Role** (e.g., electricians within the Trades Technician II Role). This decision should be based on the nature of the current or potential staffing problems that are being addressed. The range of positions used by the agency or agencies experiencing the staffing problems may also influence the breadth of the survey.
- **Defining the relevant labor market:** This step identifies other employers who compete with the Commonwealth for employees that perform similar work. The market may vary from a few local employers in a particular industry to employers in various industries nationwide. The market for jobs performing duties that are unique to government would be local, state or

federal government agencies (e.g., social service, law enforcement and regulatory jobs).

- **Private Industry** includes firms in the relevant labor market (Virginia, the Southeast or Middle-Atlantic regions, or the United States) that may be selected from the Virginia Employment Commission's employer list or from membership lists of human resource or compensation associations. Salary surveys should always take into account the salaries paid by private firms for comparable jobs.
- **Government** entities, including local, state and federal agencies, may provide the most relevant comparison to State-level jobs. For a large number of state jobs, there are no comparable positions in the private sector. Additionally, the Commonwealth often competes for the same workers as federal agencies and localities attract.
- **States in the Southeastern or Mid-Atlantic region** represent the most relevant labor market for the Commonwealth's jobs. The suggested use of data from regional states does not preclude the use of data from other states, localities, or federal agencies if there is active competition with them for employees in the job **Role** under review. Florida, Georgia, Kentucky, Maryland, North Carolina, South Carolina, Tennessee and West Virginia are considered in many compensation studies, for the following reasons:
 - using the same regional states in all studies provides consistent results;
 - salaries paid by these states are comparable to salaries paid in Virginia;
 - in national salary surveys of private industry and state governments, Virginia employers' are typically grouped with the Southeastern or Mid-Atlantic region; and
 - the characteristics of the labor force (e.g., the size of the labor force, occupational and industrial mix, salary levels, union membership) in the Southeastern states are similar to those of Virginia.
- **Identifying Competitors:** DHRM may ask agencies to assist in identifying their competitors in the relevant labor markets. Employee exit

interviews are valuable sources for identifying competing firms. Additionally, agency managers and supervisors may maintain professional contacts with private firms and participate in their professional organizations that can often provide valuable information.

- **Compensation Publications**

Survey reports by professionally recognized national compensation organizations and consulting firms are often used. DHRM participates in a number of these surveys and receives these reports routinely. A list of these survey sources is on DHRM's website.

DESIGNING A SALARY SURVEY INSTRUMENT

Survey instruments are designed to ensure that useful and accurate data are obtained, and that completing the survey is not an undue burden on respondents. Surveys may be conducted in writing, by telephone or by fax (see Appendix L, Sample Salary Survey Format).

Types



Surveys typically are in written form if the number of jobs or the number of surveyed employers is large.



Telephone surveys may be used if the number of jobs and employers is small and the study must be completed within a short timeframe. Additionally, telephone surveys are preferred in instances where the jobs are unusual or complex because two-way communication assists in ensuring appropriate job matches.



Facsimile (FAX) transmissions and electronic mail (E-mail) are especially useful when time is limited.

Format

There is no prescribed format for salary surveys. Rather each survey should be tailored to meet the specific purpose of the survey. There are several points that should be considered when designing the format of a survey:

- Assign a code to each company surveyed and assure prospective respondents that their data will be kept confidential;
- Identify each surveyed job by a ***Salary Reference Title*** that is likely to be understood in the private sector or in other public agencies;
- Do not include salaries of state jobs in the survey instrument since this may lead some respondents to match salaries rather than jobs;
- Obtain matching job title and the number of employees in the job from the respondents to assist in determining if it is an appropriate job match; and
- Obtain from the respondent the degree of job comparison by indicating whether their job is “similar in complexity”; “somewhat more” (or) “less complex”; or “considerably more” (or) “less complex”.

Capsule Job Description

The salary survey should include “capsule” descriptions of the work performed by the employees being studied (see example in Appendix L, Sample Salary Survey Format). Some important points include:

- The capsule should include the nature and level of the work.
- The organizational level of the job should be indicated, particularly for management jobs, and the reporting relationships should be clearly stated.
- The capsule should be specific enough to enable the respondent to determine a reasonable match to the job. However, it should not be so detailed that it excludes reasonable matches.

Salary Data Elements

Salary surveys typically ask respondents for the salary range and average (mean) salary paid to current employees. However, human resource professionals should understand the following salary terms and incorporate them into salary surveys as appropriate.

- **Salary Range** assigned to a job generally indicates its value to the organization. The spread (or width) between the minimum and maximum of the salary ranges may vary, depending upon the organization's salary structure.
- **Minimum Salary** is the entry level of pay for a job. It is usually the hiring rate for applicants with minimum qualifications.
- **Hiring Rate** is the pay rate used for starting salaries for applicants. The hiring rate may differ from the minimum salary if market conditions require the employer to hire minimally qualified applicants above the range minimum. The hiring rate may be used as the minimum salary for survey purposes if the employer has no salary range.
- **Maximum Salary** is the highest salary that an employee may receive in a given job. The maximum salary is the highest value the employer has attached to the job.
- **Midpoint Salary** is the halfway point between the range minimum and maximum salaries. The midpoint salary is used to compare various salary range widths and is one of the most helpful salary data elements used in surveys. Survey instruments usually do not ask for midpoint salary since it can be easily calculated by adding the minimum and maximum salaries and dividing the sum by two.
- **Longevity Pay** is a supplement paid to long-term employees, regardless of their job performance. Some organizations incorporate longevity pay into their salary structures. DHRM does not consider longevity pay in analyzing survey data. Survey instruments should request respondents to exclude longevity pay from their responses.
- **Simple Average (Mean) Salary** includes the total salaries of all employees in a particular job divided by this number of employees. The simple average (mean) salary is a good indicator of competitiveness because it relates, more than the range indicators, to the salaries that employees are actually being paid.
- **Median Salary** is a measure of central tendency that indicates the middle value in a range of salaries. The median salary has an equal number of salaries above and below it. In the case where there is an even number of

salaries, the median salary is determined by averaging the two middle salaries. The median can be used if there is a large number of employers responding to the survey. An advantage of the median salary is that it reduces the statistical effect of extremely high or low salaries.

- **Percentiles** are values on a scale of one hundred that indicate the percent of distribution. The median is equivalent to the 50th percentile. Percentiles are useful in determining the agency's relative standing in the labor market. For example, if the average electrician's salary in an agency equates to the 10th percentile of electricians' salaries in a survey, this means that 90% of the electricians in the survey are paid as much or more than the agency's electricians. This would indicate that the agency should consider ways to increase their electricians' salaries. On the other hand, it may be appropriate for a new, inexperienced employee to be paid at the 10th percentile, just as it may be reasonable for a highly skilled and experienced employee to be paid, for example, at the 80th percentile.
- **Effective Date of Salary Data** should be obtained from all respondents of the salary survey. If the salaries are not reasonably current, they should be adjusted by an estimated percentage to account for market movement. This process is often called "aging" the survey data. DHRM can provide assistance in locating and applying these estimates.
- **Benefit and Pay Supplements** such as free housing, uniform allowance and meal allowances affect total compensation for some jobs and should be considered in determining market competitiveness for such jobs. For most studies, however, agencies do not need to include requests for benefits information in their salary surveys. DHRM periodically surveys employers to compare and analyze the competitiveness of the State's benefit package.

ANALYZING SALARY DATA

Determining Salary Deviations

The simple average (mean), minimum, midpoint and maximum salaries from the survey respondents may be used to determine salary deviations. Surveys conducted by DHRM and agencies do not usually include enough employers for the median to be useful. However, published national surveys that include median and other percentile values may provide useful information.

The simple average of responding firms' data may be used to indicate the prevailing practice among employers. However, the simple average salary must be used with care. Employers with a small number of employees in a job will have a disproportionate effect on the average.

A method to offset this effect is to obtain a **weighted average salary**. A **weighted average** is obtained by adding all of the respondents' total salaries for a job and dividing the grand salary total by the total number of employees reported. The resulting figure is the **weighted average salary**. When **weighted averages** are used, large employers have more influence than smaller employers on the calculation of the market rate. A **weighted average salary** is a more appropriate measure than the simple average (mean) salary in an active market where large employers are hiring more employees in those jobs than smaller employers.

Calculating Salary Deviations

Deviations indicate the adjustment that would be necessary for the Commonwealth's salary to be equal to the competitors' average salary. An average deviation can be calculated for any salary data element that is collected in a survey, including the range minimum, range midpoint, range maximum and average salary.

The deviation is computed by subtracting the competitors' average salary from the Commonwealth's corresponding salary (minimum, midpoint, maximum, or average salary) and dividing that difference by the Commonwealth's salary. Multiplying the quotient by 100 gives the percent deviation. Survey differences are always expressed as a percentage of state salaries to the market, as illustrated below.

Example: (Comparing range midpoints)

<u>Virginia's Midpoint</u>	<u>Competitors' Avg. Midpoint</u>	<u>Difference</u>	<u>Virginia's Midpoint</u>	<u>Deviation</u>
\$15,000	\$16,000	= - \$1,000 (divided by)	\$15,000	= - 6.67%
\$26,000	\$24,000	= +\$2,000 (divided by)	\$26,000	= + 7.69%

Negative Deviation is the percentage that Virginia's range midpoint would need to be increased to equal the competitors' range midpoint (\$15,000 x .0667

= \$1,000 and $\$15,000 + \$1,000 = \$16,000$). In other words, Virginia's range midpoint is - 6.67% behind the market.

Positive Deviation indicates the percentage amount that Virginia's range midpoint would have to be reduced to equal the competitors' range midpoint ($\$26,000 \times .0769 = \$2,000$ and $\$26,000 - \$2,000 = \$24,000$). In this case, Virginia's range midpoint is + 7.69% higher than the market.



CHAPTER 12

REWARDS & RECOGNITION

INTRODUCTION

Motivating employees by rewarding sustained performance is one of the four goals identified to support and operationalize the Commonwealth's compensation philosophy. Often motivation can be achieved and enhanced through recognition. Employee rewards and recognition programs are designed to acknowledge employees' contributions to the overall objectives of the agency and the Commonwealth. These recognition programs must be designed to support the mission and goals of the specific agency and may vary in approach to include planned or impromptu types of recognition.

Agencies must develop the following recognition programs: ***Awards for Length of Service (Policy # 1.10), Employee Suggestion Program (Policy # 1.21)*** and ***Employee Recognition Program (Policy # 1.20)***. All monetary recognition awards are in the form of a bonus and are not included in base pay. For discussion of other non-base awards, see In-Band Bonus discussed in the Chapter 8 - Pay Practices and Exceptional Recruitment and Incentive Options outlined in Appendix I.

MONETARY AND NON-MONETARY AWARDS

The level of an employee's contribution to the work unit, agency, and/or the Commonwealth should be considered when determining the award to be provided to the employee. Recognition awards may be in the form of monetary and non-monetary items. Monetary awards are those paid by any negotiable instrument such as cash, check, money order, and direct deposit. This type of award also includes any item that can be readily converted to cash such as savings bonds or refundable gift certificates. Non-monetary awards include items such as non-refundable gift certificates, meals, trips, plaques, clothing, or other similar items.

TYPES OF EMPLOYEE RECOGNITION PROGRAMS

The three types of employee recognition programs support and enhance the Commonwealth's Compensation Management System. Each of these programs are independent of one another.

- **Awards for Length of Service**

The Commonwealth's ***Award for Length of Service*** program provides employees non-monetary recognition for years of service with the Commonwealth. Awards are based on length of service in five-year increments.

- **Employee Suggestion Program**

Employee Suggestion Programs give agencies a mechanism for recognizing employees for adopted ideas that improve their agencies' and the Commonwealth's operations. Awards may be monetary, non-monetary, and leave. A percentage of the savings generated for the agency and/or the Commonwealth is used to determine the amount of the monetary or leave award.

- **Employee Recognition Program**

Employee Recognition Programs are designed to encourage employees to make a performance difference either individually or through teams. These awards recognize achievements or accomplishments that contribute to the overall objectives of the agency and state government. The criteria for such awards are different from and cannot overlap with the criteria of In-Band Adjustments or In-Band Bonuses described in Chapter 8 Pay Practices.

Agencies must develop an ***Employee Recognition Program*** that provides monetary and non-monetary recognition awards for employees. The total of monetary and non-monetary awards (excluding recognition leave) shall not exceed one thousand dollars (\$1,000.00) per employee per fiscal year. In addition, recognition leave of up to five workdays may be awarded to an employee in a leave year. Recognition leave lapses within twelve months from the date it is awarded. Agencies may extend the twelve-month retention period for recognition leave if the agency has been unable to allow the employee to use the leave or may pay out the leave in accordance with the situations specified in the policy.

A handbook has been developed to assist agencies in developing an ***Employee Recognition Program***.

TAX IMPLICATIONS

All monetary awards, regardless of the amount, are considered income for the employee and taxed accordingly. Any recognition leave paid to the employee is

considered income and must also be taxed. Agencies shall be responsible for determining whether or not non-monetary awards are taxable, in accordance with Department of Accounts guidelines and Internal Revenue Service tax regulations. There will be no tax on any non-monetary award that is determined de minimus by the agency



CHAPTER 13

PERFORMANCE MANAGEMENT

INTRODUCTION

The Commonwealth's **Performance Management Program** is an integral part of the Compensation Management System. Therefore, this component shares the same overall goals, which are as follows:

- To attract qualified employees.
- To retain qualified employees.
- To motivate employees by rewarding sustained performance.
- To support management in the realization of organization objectives.

The **Performance Management Program** has been designed to encourage career development to enhance the Commonwealth's workforce and to financially reward employees' performance. The Commonwealth's annual performance cycle is October 25th to October 24th of the following year with the applicable pay out of performance increases effective November 25th. Employee performance will be a key determinant in how pay will be administered not only in the **Performance Management Program** but also with the Commonwealth's **Pay Practices** (see Chapter 8 – Pay Practices).

The Commonwealth's performance management philosophy is to reward employees for their work contributions in a fair and equitable manner. The performance management philosophy was developed based on the following underlying principles:

- To identify individual and/or team objectives and measures linked to the agency's mission and strategic objectives.
- To promote employee and career development through creating an environment of learning and quality improvement through training, coaching, counseling and mentoring.
- To provide open and honest periodic evaluations of employee's performance.

- To administer financial rewards based on distinctions in performance with the highest level of award directed to “**Extraordinary Contributor**” and a lesser amount directed to “**Contributor**”.

Key design features of the Commonwealth’s **Performance Management Program** include 3 performance rating levels; a 12-month probationary period for new employees; an opportunity for employee self-evaluation, and movement toward employee feedback on supervisors’ performance for development purposes. Additionally, the **Performance Management Program** provides flexibility and allows agencies to design optional features to effectively meet their agencies’ needs. Agencies may develop their own performance evaluation systems using the 3 performance ratings. Options may include group or team performance evaluations, numeric weighting systems and performance measures based on organizational objectives.

The **Performance Management Program** has intentionally been designed to allow agencies a great deal of flexibility in planning their performance management systems to meet their unique organizational needs. Therefore, agency management will need to make a number of decisions prior to implementing their **Performance Management Program**. The agency will need to describe the design and the implementation strategy of their **Performance Management Program** in their **Agency Salary Administration Plan** (see Appendix A, Agency Salary Administration Plan Guidelines).

Performance Ratings

It is important to emphasize that evaluation of employee’s performance should be done on a continuous basis by providing verbal and/or written feedback throughout the performance cycle. The Commonwealth’s **Performance Management Program** has 3 performance ratings that are (1) used to rate performance on individual measures; and (2) are the composite rating for an employee’s overall performance. These ratings are described below.

- **Extraordinary Contributor**: This rating recognizes work that is characterized by exemplary accomplishments throughout the performance cycle and performance that considerably and consistently surpasses the criteria of the job function. To be eligible to receive an overall rating of

Extraordinary Contributor, an employee must receive at least one documented **Acknowledgment of Extraordinary Contribution** form during the rating cycle. However, the receipt of this form does not guarantee or necessarily warrant an overall annual rating of **Extraordinary Contributor**.

- **Contributor Rating:** This rating recognizes work that is at or above the performance standards by achieving the criteria of the job function throughout the performance cycle. Employees at this level are achieving the **core responsibilities** and performance measures as outlined by the supervisor.
- **Below Contributor:** This rating recognizes job performance that fails to meet the criteria of the job function. An employee who receives at least one **Need Improvement/Substandard Performance** form may receive an overall rating of **Below Contributor** on the annual rating. An employee cannot be rated **Below Contributor** on the annual evaluation if he or she has not received at least one **Need Improvement/Substandard Performance** form during the performance cycle.

PROBATIONARY PERIOD

The Commonwealth requires a **Probationary Period** for all full-time, part-time and restricted classified employees. Employees who are employed or re-employed in classified positions must serve a 12-month **Probationary Period** beginning on the date of employment. If an agency determines at any time during the **Probationary Period** that an employee is not suited for the job, the employee may be terminated or allowed to resign.

Human Resource Policies Related to Probationary Employees

Probationary employees are not covered or subject to provisions under a number of the Commonwealth's Human Resource policies. The following is a listing of these policies:

- **Standards of Conduct:** Supervisors may not apply the Standard of Conduct Policy to probationary employees. Notices of termination should be issued in the form of a memorandum and not by a Written Notice Form under the Standards of Conduct. The memorandum should state that the employee is being terminated due to unsatisfactory performance or has elected to resign during the probationary period.

- **Grievance Procedure:** Probationary employees do not have access to the Commonwealth's Grievance Procedure.

Extension of Probationary Period

The **Probationary Period** may be extended for up to 6 additional months beyond the initial 12 months for performance reasons or due to periods of leave with or without pay. However, the total **Probationary Period** may not exceed 18 months, excluding periods of leave with or without pay. **Probationary Periods** must be extended when employees are on leave with or without pay, including short-term disability (Virginia Sickness and Disability Program-VSDP), Military Leave and Leave Without Pay-Layoff. Employees must be notified in writing if their probationary period will be extended for performance reasons or due to leave.

The extension of the **Probationary Period** must be documented on a **Probationary Progress Review Form** (see Appendix E, Form #1) or a similar agency-developed form and must be approved by the supervisor of the evaluator. The **Probationary Progress Review Form** must provide information to the employee about the performance deficiencies, expected level of performance and the amount of time the **Probationary Period** is extended. A copy of the completed **Probationary Progress Review Form** must be given to the employee.

When a probationary employee is placed in a different position during the first 6 months of probation, the remainder of the 12-month probationary requirement must be completed. Additionally, the supervisor may elect to extend the **Probationary Period** not to exceed a total of 18 months. If an employee moves or is placed in a new position during the last 6 months of his or her probationary period, the employee's must complete the remainder of the 12-month probationary requirement or the **Probationary Period** may be extended no more than 18 months. In both cases, the employee must be notified in writing if the **Probationary Period** is to be extended.

Probationary Progress Reviews/Documentation

Within the first 30 days of employment, the supervisor should establish performance expectations for the new employee. Supervisors are encouraged to use this as an opportunity to discuss with the incumbent the position's responsibilities, expected job performance and clarify any aspects of the job.

It is recommended that the supervisor evaluate and provide structured feedback periodically to the new employee during the **Probationary Period**. An interim **Probationary Progress Review Form** or similar form may be completed at any time during the **Probationary Period** to document the employee's progress and to provide feedback to the employee about their performance.

It is recommended that supervisors meet with the probationary employee at 6 months to advise them of their progress toward meeting established performance expectations. However, the supervisor should meet with the probationary employee prior to the completion of the **Probationary Period** and provide the employee a written assessment using the **Probationary Progress Review Form**. A decline in performance or unsatisfactory performance following the completion of an interim review during the **Probationary Period** may be the basis for termination.

The supervisor should notify the employee in writing when the 12-month **Probationary Period** has been satisfactorily completed. If a probationary employee is not notified of satisfactory completion or extension of the **Probationary Period** at the end of 12 months, it is understood that the employee successfully completed the probationary requirement.

Performance Increases for Probationary Employees

Probationary employees are not eligible for an increase that recognizes the completion of their probationary period. However, agencies have the option to give a pro-rated November 25th performance increase to probationary employees that are hired after the beginning of the annual performance cycle (October 25th through October 24th of the following year).

If granted by the agency, performance increases for probationary employees will be based on the employee's hire date and overall performance rating of at least "**Contributor**" on their most recent **Probationary Progress Review**. Employees rated "**Below Contributor**" will not be eligible for a performance increase. All performance increases are effective on November 25th.

The following outlines the requirements and options agencies have in evaluating and granting pro-rated performance increases to employees who have not completed a full performance cycle (hired or rehired after October 25th).

- Agencies are **required** to evaluate employees hired/rehired between the beginning of the performance cycle (October 25th) and January 24th (1st quarter of the performance year). If these employees are rated **Contributor** or **Extraordinary Contributor**, they will be eligible to receive a performance increase on November 25th of 100% of the established rate for the appropriate rating.
- Agencies are **required** to evaluate employees hired/rehired between January 25th and July 24th (2nd and 3rd quarter of the performance year). The highest performance rating an employee can receive if hired during this period is **Contributor**. It is **optional** whether an agency gives pro-rated performance increases to employees hired between these dates. If the agency determines that a pro-rated performance increase will be awarded, the increase will be 75% of the established rate for employees hired during the 2nd quarter of the performance year (January 25th through April 24th) and 50% of the established rate if hired during the 3rd quarter of the performance year (April 25th through July 24th).
- It is **optional** whether agencies evaluate and/or grant pro-rated performance increases to employees hired during the 4th quarter of the performance year (July 25th and October 24th). The highest rating an employee hired during this period of time can receive is **Contributor**. If a pro-rated performance increase were granted, it would be 25% of the established rate for the **Contributor** rating.

The following chart depicts the range of hire dates, evaluation and pro-rated increase requirements/options and the percentage increase options for probationary employees that have not completed an entire performance cycle.

Hire/Rehire Date	Probationary Progress Review	Pro-rated Performance Increase	Options for Percentage Increase Based on Established Rate
October 25 th –January 24 th	Required	Required	100% rate for “Contributor” or “Extraordinary Contributor”
January 25 th –April 24 th	Required	Optional	0% or 75% of rate for “Contributor”
April 25 th –July 24 th	Required	Optional	0% or 50% of rate for “Contributor”
July 25 th –October 24 th	Optional	Optional	0% or 25% of rate for “Contributor”

PREFORMANCE MANAGEMENT PROCESS

I. Development of Employee Work Profile/Performance Plan

The Commonwealth's ***Performance Management Program*** is designed to be flexible and allow agencies to design optional features that more appropriately address their specific organizational needs. It is recommended that agencies use a combination form similar to the sample Employee Work Profile (see Appendix E). However, agencies may design and use form(s) that meet their unique needs as long as each employee has a work description with the required position identification information and a performance plan (see Appendix E – Guide for Designing an Employee Work Profile). The work description must be sufficient enough to assign a position to the proper Role, determine the Fair Labor Standards Act (FLSA) status and provide the basis for the performance evaluation.

Additionally, agencies have the flexibility to design their own performance evaluation system. However, agencies must be able to convert their performance rating scheme back to the Commonwealth's 3 designated ratings (e.g. ***Extraordinary Contributor, Contributor, Below Contributor***). Options may include group or team performance evaluations, numeric weighting systems and performance measures based on organizational objectives.

II. Performance Planning Meeting

Generally, a supervisor should schedule a ***Performance Planning Meeting*** with the employee within 30 days from the beginning of each performance cycle. At this meeting, the employee and supervisor should review the ***core responsibilities*** and ***special assignments*** from the previous cycle and update them for the new cycle. If the employee is new, the position changes or had significant changes to the ***core responsibilities***, the supervisor and employee should meet to discuss these changes within 30 days of the employee's begin date or date of the job changes.

III. Information Gathering for the Performance Evaluation

In order for performance evaluations to be effective and reflect the actual performance of the employee, it is imperative to collect and document

information on a continuous basis. Supervisors should use a variety of sources when gathering evaluation information.

Sources may include direct observation of employee behaviors and work products by the supervisor and information solicited from peers, customers, subordinates, and other supervisors who interact and work with the employee. The information is most relevant and valuable when these additional sources possess a clear understanding of the employee's **core responsibilities**. Employees should be informed that potential sources may be used in the evaluation process at the beginning of the performance cycle.

Additionally, a valuable source of information for performance evaluations can be obtained from the employee themselves. The Commonwealth's **Performance Management Program** encourages employees to actively participate in the performance evaluation process. Therefore, each employee must be afforded the opportunity to provide their supervisor with a self-assessment (employee self-evaluation) of their performance for the rating period. The supervisor must review and consider the self-assessment when completing the employee's performance evaluation.

Another source of information that is particularly valuable for a management development purpose is employee feedback on their supervisor's performance commonly referred to as **upward feedback**. Initially, employees feedback will be used for development purposes to assist supervisors in improving their supervisory and management skills. As agencies gain experience in the use of **upward feedback**, the results may be used for evaluative purposes.

IV. Feedback During the Performance Evaluation Cycle

Supervisors should mentor, coach and reinforce progress toward expected results and outcomes and address areas of concern as they arise. Effective management of performance involves providing continuous formal (written documentation) and/or informal (verbal) feedback to employees throughout the entire performance cycle. Formal feedback may be accomplished through **Interim Performance Evaluations** or written notification for exemplary accomplishments or substandard performance.

- **Interim Performance Evaluations**

An **Interim Performance Evaluation** provides an opportunity to give structured feedback to employees on their progress toward meeting performance expectations as well as identify any personal developmental needs during the evaluation cycle. **Interim Performance Evaluations** may be conducted at any time during the performance cycle to advise an employee of their progress towards meeting performance measures or to document performance problems. However, it is recommended that all non-probationary employees receive an **Interim Performance Evaluation** near the middle of the performance cycle.

Agencies may use the **Interim Performance Evaluation** form (see Appendix E, Form #4), the **Employee Work Profile** or a similar agency-developed form for this purpose. The completed **Interim Performance Evaluation** should be maintained in the supervisor's file. If the **Employee Work Profile** is used, it should be clearly marked "Interim".

If the employee's supervisor leaves during the performance cycle, he/she should complete an **Interim Performance Evaluation** at that juncture. This is helpful to the incoming supervisor to assist in the evaluation of the employee at the end of the performance cycle. The new supervisor should review the performance expectations, make any necessary modifications and incorporate the former supervisor's assessment in the overall evaluation at the end of the performance cycle.

An **Interim Performance Evaluation** should be completed if, after 6 months into the performance cycle, an employee transfers, promotes or demotes into a new position with a different supervisor within an agency or between state agencies in the Executive Branch. The supervisor prior to the employee's departure from the position should complete the **Interim Performance Evaluation**. The employee's new supervisor should consider this information in assessing the employee's performance at the end of the performance cycle.

- **Acknowledgment of Extraordinary Contribution/Substandard Performance**

Acknowledging an employee's performance in a timely manner will either reinforce exceptional behaviors or clarify specifically for the employee

that their performance is not acceptable and needs improvement. All performance, whether extraordinary, acceptable, or unacceptable should be acknowledged and recognized periodically during the performance cycle. However, for performance extremes (exemplary or substandard displays of performance) and employee should receive formal, written recognition immediately.

Supervisors are encouraged to formally recognize exemplary performance during the rating cycle by documenting the incident(s) on an **Acknowledgment of Extraordinary Contribution** form (see Appendix E, Form # 5) or similar form developed by the agency. **Reviewers** must sign these forms. It is important to differentiate between performance that is expected of the employee and performance that far exceeds supervisory expectations.

Employees must receive at least one documented **Acknowledgment of Extraordinary Contribution** form during the rating cycle to be eligible for this level rating on their annual evaluation. However, the receipt of an **Acknowledgment of Extraordinary Contribution** does not guarantee or necessarily warrant an overall annual rating of **Extraordinary Contributor**.

Supervisor should immediately identify poor, substandard or unacceptable performance. Substandard performance on any **core responsibility** or **special assignment** may result in a **Need Improvement/Substandard Performance** form or similar form developed by the agency (see Appendix E, Form # 6). **Reviewers** must approve and sign these forms. An employee must receive at least one **Need Improvement/Substandard Performance** form to be eligible for an overall annual rating of **Below Contributor**.

Issuing this form requires that the supervisor develop an improvement plan, with specific timelines, addressing the area(s) that require immediate attention. Input should be solicited from the employee in developing the improvement plan. A timeline for improvement must be established and must be at least 30 days and no more than 180 days. Based on the timeline established, the supervisor must re-assess the employee based on the performance improvement plan.

In addition to the **Performance Management Program**, the Commonwealth's **Standards of Conduct** are also available to address employee performance and conduct. The concept of "progressive

discipline” can assist supervisors in working with employee in improving their performance. Supervisors would normally address first time minor or marginal performance issues through performance counseling and coaching. However, repeated and more serious performance or conduct issues may result in further disciplinary actions.

V. Completing the Performance Evaluation

- **Timelines for Performance Evaluations**

The supervisor must have performance evaluations finalized for employees that have completed a full 12-month performance cycle (October 25th through the next October 24th) by October 24th, but not before August 10th. In completing the performance evaluation and arriving at an overall performance rating, the supervisor should take into consideration how successful the employee was in meeting the criteria established by the performance measures and the length of time the employee performed in their job.

If an employee was absent from work for a significant portion of the performance year, the percentage increase may be impacted. Employee absences due to compensatory time, overtime leave, workers’ compensation, military, Family and Medical Leave and Short Term Disability should not influence the employee’s overall performance rating. However, the amount of time an employee is out of work may alter the percentage of increase they are eligible to receive as outlined below.

Portion of Performance Cycle Worked	Percentage Increase Based on Established Rate
Less than full but at least 9 months	100% of rate for Contributor or Extraordinary Contributor
At least 6 months but less than 9 months	75% of rate for Contributor
At least 3 months but less than 6 months	50% of rate for Contributor
Less than 3 months	25% of rate for Contributor

- **Reviewer Approval of the Performance Evaluation**

The **reviewer’s** role is key in the performance evaluation process. The **reviewer** is responsible for reviewing the performance plan and evaluation before it is presented to the employee and providing the supervisor with appropriate feedback.

If the **reviewer** does not agree with the performance plan and/or the evaluation, the **reviewer** should discuss the areas of concern with the supervisor. **Reviewers** have the authority to change any part of the performance plan and/or evaluation based on their judgment about the employee's performance or the supervisory approach to the performance evaluation. Additionally, agencies may determine if higher levels of management may change the employee's evaluation.

- **Conducting the Evaluation (The Evaluation Meeting)**

The purpose of the **evaluation meeting** is to provide the supervisor and employee an opportunity to discuss job performance during the previous performance cycle and to plan for future performance objectives. The **evaluation meeting** requires careful planning and preparation on part of both the supervisor and employee. The supervisor should be prepared to discuss what input/feedback was considered in the employee's evaluation; the rationale for each of the individual and overall performance ratings; future performance expectations and employee development results.

If an employee disagrees with their performance evaluation, they should be given ample opportunity to explain their rationale. The supervisor may change any ratings that are warranted based on the information provided by the employee. If the supervisor decides to change a rating, the **reviewer** must be consulted before the change is made and must initial the change.

At the end of the **evaluation meeting** the employee should review the performance evaluation, write any comments and sign the form indicating that the results have been discussed. If the employee refuses to sign the evaluation, the supervisor should indicate this on the performance evaluation.

- **Re-evaluation Corrective Action Plan – Below Contributor Rating**

An employee who receives an overall performance rating of **Below Contributor** must have an action plan developed outlining the minimum performance expectations and be re-evaluated in 3 months. The action plan is developed by the supervisor, approved by the **reviewer** and

discussed with the employee within 10 workdays of the **evaluation meeting**.

The agency may also access the Standards of Conduct Policy to address employee performance or utilize the **Needs Improvement/Substandard Performance** forms to document specific performance incidents or issues. At the conclusion of the re-evaluation period, if the employee's rating continues to be **Below Contributor**, the supervisor has several options including demotion, reassignment, reduced duties or termination.

If the agency identifies another position within the 3-month period that is more suitable for the employee's level of performance, then the employee may be reassigned or demoted which will conclude the re-evaluation period. If this occurs, then the employee will not be eligible for a performance increase. With a demotion, the agency must reduce the employee's salary at least 5% since this constitutes a **Disciplinary or Performance Salary Action** (see Chapter 8 – Pay Practices).

As an alternative to reassignment or demotion, the agency may elect to maintain the employee in their position and eliminate the duties that the employee was unable to successfully fulfill. This reduction in duties must be accompanied by a concurrent salary reduction of at least 5% as outlined in the **Disciplinary or Performance Salary Action** (see Chapter 8 – Pay Practices).

If the agency determines that termination is the proper action based on the re-evaluation, then the employee will be terminated at the conclusion of the 3-month re-evaluation period.

VI. Appeals

When an employee disagrees with the evaluation and cannot resolve the disagreement with the supervisor, the employee may appeal to the **reviewer** for reconsideration. The employee must make this appeal in writing within 10 workdays of the initial **evaluation meeting**. The **reviewer** should discuss the appeal with the supervisor and the employee.

After discussion of the appeal, the **reviewer** should provide the employee with a written response within 5 workdays of receipt. The response should indicate the **reviewer's** conclusion of the performance evaluation. In

addition, agencies may develop their own appeals process for the reconsideration of employee performance evaluations. The appeals process should be outlined in the **Agency Salary Administration Plan** (see Appendix A).

VII. Performance Evaluation Formula

The General Assembly and the Governor annually determine the statewide average performance increase for the Commonwealth's workforce. Agencies may not supplement the funding provided by the General Assembly and Governor for employee performance increases.

The agency may elect to distribute the performance increase based on the agency as a whole or proportion the increase based on designated **sub-agencies**. A **sub-agency** is a designation an agency may use to sub-divide into smaller organizational units to fairly and equitably distribute performance increases based on available funding. This designation would normally occur at a level where the responsible manager exercises full authority over both personnel and budget management.

For employees that receive an overall performance rating of **Contributor**, they must receive at least 80% of the statewide average increase. The actual increase may vary from one agency or sub-agency to another based on the formula used within these limits and the number of employees in the agency or sub-agency that are rated as **Contributor**. Employees that are rated as **Extraordinary Contributor** must receive no more than 250% of the statewide average increase.

The actual increase may vary from one agency or sub-agency to another based on the formula used within these limits and the number of employees in the agency or sub-agency that are rated as **Contributor**. All agencies or sub-agencies (within an agency) do not have to give the same percentage increase to employees rated as **Contributors** or **Extraordinary Contributors**. However, employees that receive the same rating within the agency or sub-agency must receive the same performance increase amount.



APPENDIX A

AGENCY SALARY ADMINISTRATION PLAN GUIDELINES

- I. Effective Date
- II. Agency Salary Administration Philosophy and Policies
- III. Responsibilities
- IV. Recruitment & Selection Process
- V. Performance Management Process*
- VI. Pay Practices Process
- VII. Recognition Awards
- VIII. Hourly Employees
- IX. Program Evaluation
- X. Appeal Process
- XI. EEO Statement
- XII. Communication Plan
- XIII. Authorization and Signature

*** Revised 12/18/00**



AGENCY SALARY ADMINISTRATION PLAN GUIDELINES

The ***Agency Salary Administration Plan Guidelines*** are intended to help state agencies prepare for implementation of the State's Compensation Management System and serve as a continuous framework for updating ***Agency Salary Administration Plans***, as agency business needs change. Additionally, these guidelines will provide agencies a framework in which to formulate their internal job evaluation processes and salary administration policies to support their agency's mission and organizational needs. These guidelines contains ideas, alternatives and options for agencies to consider as they design their own approach to implementing the new compensation components outlined in the Compensation Management System. These guidelines should serve as a resource to agencies and should not be perceived as a comprehensive listing of all options available to agencies in implementing the Compensation Management System.

During the transition to the State's Compensation Management System that will begin September 25, 2000, agencies will not have to develop an ***Agency Salary Administration Plan***. This transition period is a time when agency management becomes familiar with the new job evaluation and compensation components and begins to formulate and operationalize their ***Agency Salary Administration Plan*** based on their organizational needs. A ***Transition Planning Checklist*** has been developed for agencies to use during this transitional period that includes items that should be considered for implementation. This checklist will serve as the precursor for the ***Agency Salary Administration Plan***.

The ***Agency Salary Administration Plan*** is the document that outlines how agencies will implement the Compensation Management System. It will address specifically how the agency intends to implement the compensation and performance management components. This document will become the foundation for ensuring consistent application of pay administration decisions.

The ***Agency Salary Administration Plan*** is the basis for agency policy. Agencies will be held accountable for actions taken in accordance with their plan. It will be submitted to the State Department of Human Resources Management (DHRM) for review. Approval will not be required; however, DHRM will conduct post audits to ensure that ***Agency Salary Administration Plans*** are in compliance with EEO requirements and state policy. Additionally, DHRM will serve as a resource to agencies to assist with plan development.

The framework outlined in this guide is designed to address the components an agency should typically include in their **Agency Salary Administration Plan**. Each of the plan's components outlines issues to be considered as agencies develop their internal salary administration policies, and potential options regarding the agency's internal approval process. Each agency should decide the level of approval needed for various salary administration decisions.

All agencies are required to develop an **Agency Salary Administration Plan** that addresses their salary administration policies for the new pay practices outlined in the Compensation Management System.

I. EFFECTIVE DATE

An **Effective Date** should be clearly designated in the agency's **Salary Administration Plan**. The **Effective Date** for initial implementation will be September 25, 2000, and thereafter would reflect the date the plan is changed or modified.

Once an **Agency Salary Administration Plan** has been developed, there should be an on-going review of its continued applicability to the agency's mission and organizational needs. The **Agency Salary Administration Plan** will need to be revised when legislation approved by the General Assembly impacts parts of the plan. The following are several review options available to agencies:

- The **Agency Salary Administration Plan** may be effective until the agency decides to make a change/revision based on changing organizational needs.
- The **Agency Salary Administration Plan** may be reviewed and revised on a scheduled basis (i.e., fiscal year review, reviewed in conjunction with the agency's strategic plan, etc.)
- The **Agency Salary Administration Plan** may be revised to conform with any legislation approved by the General Assembly that may impact parts of the plan.

II. AGENCY SALARY ADMINISTRATION PHILOSOPHY AND POLICIES

The Commonwealth's **Compensation Philosophy** is to pay employees in a manner sufficient to support and develop a high performance workforce that provides quality service in a fiscally responsible manner to the citizens of Virginia. The Commonwealth's **Compensation Philosophy** should be the foundation used by agencies in the development of their individual **Salary Administration Philosophy**.

A **Salary Administration Philosophy** is a formal statement of the basic goals and values that will guide the design, implementation and administration of the agency's compensation program. The **Salary Administration Philosophy** ensures that all compensation decisions are consistent with the agency's mission, goals, business objectives and culture. Therefore, it is important that agencies take into consideration

their unique organizational needs when developing their **Salary Administration Philosophy**:

1. Identify recruitment markets and level of market competitiveness:

Where possible agencies should determine the applicable recruitment markets (e.g. local, regional, and national) for all jobs. DHRM can assist with this process. Identification of different recruitment markets will assist in determining market competitiveness for agency jobs. To determine their desired level of competitiveness of their compensation program, agencies may want to identify certain segments of their workforce that have the most significant impact on the agency's mission and services. Some options and considerations in identifying recruitment markets and level of market competitiveness are listed below:

- Identify different groupings of similar jobs (e.g. senior administrative staff, department directors, licensed professionals, clerical, etc.).
- Define the typical recruitment markets for each of these job groupings.
- Determine the agency's market position relative to each of these defined recruitment markets.
- Designate the general approach of how the agency will position itself in relation to the market.
- Identify specific high impact jobs (operationally critical) where salary dollars should be targeted.
- Emphasize **total compensation** (base pay and benefits) rather than strictly base pay.

2. Internal Considerations:

Agencies should consider a number of internal factors that demonstrate the range of flexibility they have in developing their **Salary Administration Philosophy**:

- **Duties and responsibilities:**
 - compensating the employee based on the predominant or usual duties or
 - paying the employee for the highest level of skills and abilities or
 - determining internal salary rates using performance, behavioral competencies and technical expertise
- **Agency Distribution of Increases:**
 - granting the highest pay increases to those who contribute most to meeting agency goals or
 - ensuring that employees at all levels of the organization participate equitably
- **Bonus Payment Decisions:**
 - administered centrally or

- delegated to individual agency managers
- **Pay Administration:**
 - using established rules and controls with little management discretion in pay determinations or
 - providing management with tools that will allow for flexibility in making pay decisions
- **Human Resource Responsibility:**
 - control or
 - consulting or
 - shared ownership
- **Administrative Responsibility:**
 - centralized human resources oversight (equity balance) or
 - decentralized management accountability for pay decisions

3. Funding Considerations:

Agencies should review Section 4-6.01 k of the 2000 Appropriation Act dealing with funding of salary increases including promotions, reallocations and In-Band Adjustments.

k. 1. Except as otherwise provided for in this subdivision, increases in the level of compensation for any job role contained in the compensation and classification plans approved by the Governor shall be effective beginning with the first pay period, defined as the pay period from June 25 through July 9, of the fiscal year if: (1) the agency certifies to the Secretary of Finance that funds are available within the agency's appropriation to cover the cost of the increase for the remainder of the current biennium and presents a plan for covering the costs next biennium and the Secretary concurs, or (2) such funds are appropriated by the General Assembly. If at any time the Secretary of Administration shall certify that such change in the level of compensation for a job role is of an emergency nature and the Secretary of Finance shall certify that funds are available to cover the cost of the increase for the remainder of the biennium within the agency's appropriation, such change in compensation may be effective on a date agreed upon by these two Secretaries. The Secretary of Administration shall provide a monthly report of all such emergency changes in accordance with § 4-8.00, Reporting Requirements.

2. Salary adjustments for any employee through a promotion, reallocation, or in-range adjustment shall occur only if: (1) the agency has sufficient funds within its appropriation to cover the cost of the salary adjustment for the remainder of the current biennium or (2) such funds are appropriated by the General Assembly.

4. Other Agency Policies:

Additionally, agencies should review all of their existing policies, practices and information systems requirements to determine if revisions and adjustments need to be made in order to conform to the new provisions of the Compensation Management System.

III. RESPONSIBILITIES

The agency needs to outline the types of actions each level in the organization is responsible/accountable for in order to implement the Compensation Management System. It is suggested that responsibilities be identified for the following:

- Administration (the Agency Head's executive management team)
- Fiscal/Budget
- Managers
- First-line Supervisors
- Employees
- Human Resources

The agency may also want to establish a **Compensation Committee** composed of key executives/decision-makers in the organization. The role of the **Compensation Committee** may be to establish agency compensation policy and provide for evaluation of the Compensation Management System. Committee members may include Human Resources staff, Budget staff, and agency program managers.

The chart below outlines some suggested options for identifying responsibilities within the organization and should not be perceived to be an exhaustive listing of all possibilities.

Responsibility (Examples)	ADMINISTRATION	FISCAL/BUDGET	COMPENSATION COMMITTEE	MANAGER	FIRST-LINE SUPERVISOR	EMPLOYEE	HUMAN RESOURCES
Establish agency Salary Administration Philosophy							
Establish agency salary administration policies							
Provide employees information on new compensation plan							
Provide training to managers and employees							
Develop a list of compensation priorities for the agency							

Responsibility (Examples)	ADMINISTRATION	FISCAL/BUDGET	COMPENSATION COMMITTEE	MANAGER	FIRST-LINE SUPERVISOR	EMPLOYEE	HUMAN RESOURCES
Assess salary priorities and departmental needs in developing and acting on pay practices							
Establish and allocate positions into proper Role							
Determine responsibility for assigning Work Titles							
Information gathering/support for increase <ul style="list-style-type: none"> • Percentage increase requested • Source of funding • Total percent of previous increases during current fiscal year • Address any internal alignment issues in department? • Justification for percentage increase requested addressing: <ul style="list-style-type: none"> – Agency Business Need – Duties and Responsibilities – Performance – Work Experience and Education – Knowledge, Skills, Abilities and Competencies – Training, Certification and License – Internal Salary Alignment – Market Availability – Salary Reference Data – Total Compensation – Budget Implications – Long Term Impact – Current Salary 							
Recommend pay actions							
Approve pay actions							
Negotiate salaries with applicants and employees							
Negotiate within employee initiated pay practices							
Review use of pay practices							
Establish readiness criteria for decentralization within the agency							
Identify what functions and pay decisions will be decentralized							
Provide feedback to employee on Performance Evaluation							
Employee's current performance rating							
Encourage and coach employee career development							
Seek career development opportunities							

Responsibility (Examples)	ADMINISTRATION	FISCAL/BUDGET	COMPENSATION COMMITTEE	MANAGER	FIRST-LINE SUPERVISOR	EMPLOYEE	HUMAN RESOURCES
Self development and application of new skills, competencies							
Respond to employee appeals							
Provide for program evaluation							
Collect data and provide reports							
Reviewing and following up on reports							
Review EEO impact of salary decisions, Role allocations, and other decisions impacting pay or potential pay							
Stay informed about compensation program							

IV. RECRUITMENT AND SELECTION PROCESS

The agency needs to determine the level of flexibility or control they wish to allow in employment practices. Some potential considerations are outlined below:

- **Advertising Jobs:**
 - use of Work Titles or Role Titles
 - use of a hiring range (e.g. use the entire pay band, use a segment of the pay band based on pay determination factors, etc.)

- **Recruitment:**
 - information to potential candidates about career development opportunities
 - information to potential candidates about possible opportunities to progress through the pay bands

- **Selection:**
 - starting pay determinations (e.g. centralized in the Human Resources Department, decentralized to hiring manager; or a combination approach)

- **Documentation (Tools and Forms):**
 - Employee Work Profile
 - Pay Action Worksheet
 - agency developed forms containing all required information

V. PERFORMANCE MANAGEMENT PROCESS

The agency should address the following decision points in implementing the Performance Management process:

Probationary Period

- What forms does the agency intend to use for probationary reviews?
- Will the agency require progress reviews for probationary employees? At 3 months? At 9 months?
- What positions require certification following completion of a prescribed training program and therefore require notification and completion of a new probationary period? (NOTE: Agencies may have positions that require a specific certification or completion of a prescribed training program but do not require a new or extended probationary period to be served.)
- What agency processes are required for extension of probationary period from 12 to 18 months?
- Will there be an agency-wide or a supervisor-based decision on:
 - completing a performance review for probationary employees hired after the performance cycle begins and
 - their eligibility for an increase?

Performance Plans

- Will the agency have a prescribed time period for the development and review of performance plans (generally within 30 days of the beginning of the performance cycle)?
- Will the agency have a prescribed time period for the modification/revision and review of performance plans due to an employee transfer to a new or different position (generally within 30 days of the employee's begin date)?

Documentation during the Performance Cycle

- Will the agency *require* an interim evaluation for non-probationary employees? If so, what form will be used for evaluation purposes and will the reviewer's signature be required?
- What form will the agency use to document "Acknowledgement of Extraordinary Contribution" or "Notice of Improvement Needed/Substandard Performance"?

Conducting Performance Evaluations

- Will the agency/subunits use the EWP or an agency designed form? Is this an agency mandate or an option for the subunits? Are optional pages of the EWP required by the agency? How will the agency transition from use of old PD and Performance Evaluation forms to new EWP or other agency unique forms?
- What document and/or process (e.g., completion of a designated form, e-mail, etc.) will be used for employees who elect to complete a self-assessment?
- At what level will the agency define organizational objectives (agency-wide, division, college, subunits)?

- Will the agency use other sources (e.g., peers, customers, other supervisors, etc.) to gather employee performance information? If so, what process will be used to inform employees of the potential sources used to gather performance information?
- Will the agency use group/team-based performance assessments? If so, how will the planning and evaluation process be administered?
- How will the agency provide employees the opportunity to provide upward feedback to reviewers regarding their supervisors' performance? What documents will be used for providing employee feedback? How will confidentiality of employee feedback be maintained?
- Will the agency allow higher levels of management (beyond the reviewer) the latitude to modify an employee's performance evaluation? Identify the level of management in the agency that will be authorized to modify employee evaluations.

Performance Increases

- Will the agency identify separate sub-units within the organization to administer performance increases? If so, how will they be defined?
- What will be the decision making process the agency uses to determine the distribution of increases for "Contributors" and "Extraordinary Contributors" within the policy guidelines ("Contributors" must receive at least 80% of the statewide average increase and "Extraordinary Contributors" must receive no more than 250% of the statewide average increase)?

Other Issues

- Will the agency use the appeals process for reconsideration of employee evaluations outlined in the Performance Planning and Evaluation Policy or develop an agency specific appeals process?
- Will absences from work (excluding overtime leave, compensatory leave, workers' compensation, military leave, Family and Medical Leave, and Short Term Disability under the VSDP program) impact employees' overall performance rating and the percentage of increase? If so, explain.

VI. PAY PRACTICE PROCESS

In determining salaries, agency management must take the following pay determination factors into consideration:

- Agency Business Need
- Duties and Responsibilities
- Performance
- Work Experience and Education
- Knowledge, Skills, Abilities and Competencies
- Training, Certification and License
- Internal Salary Alignment
- Market Availability
- Salary Reference Data

- Total Compensation
- Budget Implications
- Long Term Impact
- Current Salary

Agencies need to determine the level of flexibility or control they will allow in the administration of pay practices. The form on the next page may be help at identifying where authority for individual pay practices falls within the agency.

Pay Practice	Pay Guidelines	Authorization
Starting Pay New employee Rehires	Negotiable from minimum of pay band up to 15% above current salary not to exceed pay band maximum (Exceptions higher than 15% may be granted as appropriate at agency discretion)	<input type="checkbox"/> Centralized (approved by HR) <input type="checkbox"/> Decentralized to management <input type="checkbox"/> Shared accountability <input type="checkbox"/> Other
Promotion Movement to a different Role in a higher pay band	Negotiable from minimum of new pay band up to 15% above current salary. (Salary may not be below the minimum of the new pay band.)	<input type="checkbox"/> Centralized (approved by HR) <input type="checkbox"/> Decentralized to management <input type="checkbox"/> Shared accountability <input type="checkbox"/> Other
Voluntary Transfer – Competitive Movement within same Role or to different Role in the same pay band	Negotiable from minimum of pay band up to 15% above current salary not to exceed pay band maximum	<input type="checkbox"/> Centralized (approved by HR) <input type="checkbox"/> Decentralized to management <input type="checkbox"/> Shared accountability <input type="checkbox"/> Other
Voluntary Transfer – Non-Competitive Movement within same Role or to different Role in the same pay band	Negotiable from minimum of pay band up to 10% above current salary not to exceed pay band maximum	<input type="checkbox"/> Centralized (approved by HR) <input type="checkbox"/> Decentralized to management <input type="checkbox"/> Shared accountability <input type="checkbox"/> Other
Voluntary Demotion Movement to a different Role in a lower pay band	Negotiable from minimum of pay band up to current salary not to exceed pay band maximum (Agency option to freeze salary above maximum for 6 months)	<input type="checkbox"/> Centralized (approved by HR) <input type="checkbox"/> Decentralized to management <input type="checkbox"/> Shared accountability <input type="checkbox"/> Other
Temporary Pay Assuming new duties and responsibilities on a temporary basis	For Higher Pay Band 0-15% above current salary not to exceed pay band maximum	<input type="checkbox"/> Centralized (approved by HR) <input type="checkbox"/> Decentralized to management <input type="checkbox"/> Shared accountability <input type="checkbox"/> Other
	For Same Pay Band 0-10% increase not to exceed pay band maximum	
Role Change (Formerly Reallocation)	Upward: 0-10% increase or to minimum of higher pay band	<input type="checkbox"/> Centralized (approved by HR) <input type="checkbox"/> Decentralized to management <input type="checkbox"/> Shared accountability <input type="checkbox"/> Other
	Downward: No change in salary unless above maximum of the lower pay band, reduce after six months	
	Lateral: 0-10% increase not to exceed pay band maximum	
In-Band Adjustment <ul style="list-style-type: none"> – Change in duties – Application of new KSA's, competencies – Retention – Internal alignment 	0-10% increase not to exceed pay band maximum, maximum 10% per fiscal year for In-Band Adjustments (to include any increase for Lateral Role Change)	<input type="checkbox"/> Centralized (approved by HR) <input type="checkbox"/> Decentralized to management <input type="checkbox"/> Shared accountability <input type="checkbox"/> Other
Disciplinary or Performance-related Salary Action	Minimum 5% decrease or to lower pay band	<input type="checkbox"/> Centralized (approved by HR) <input type="checkbox"/> Decentralized to management <input type="checkbox"/> Shared accountability <input type="checkbox"/> Other
Competitive Salary Offer	Match outside offer not to exceed maximum of pay band	<input type="checkbox"/> Centralized (approved by HR) <input type="checkbox"/> Decentralized to management <input type="checkbox"/> Shared accountability <input type="checkbox"/> Other

Listed below are some ***potential*** options and considerations for the administration of pay practices. However, this is not intended to be an exhaustive listing of all options available in implementing the new pay practices.

1. Starting Pay:

- use the same percentage of increase for all new hires
- use variable increases (minimum of pay band to 15% above current salary) based on recruitment difficulty, criticality of job or other pay factor determinations
- exceptions to starting pay approved by top administrator or designee

2. Promotion:

- assign set percentage (minimum of pay band to 15% maximum) for all agency promotions (e.g. all incumbents would receive 3%, 5%, 8%, etc.)
- allow for variable increases determined by management based on pay determination factors
- ___% without Human Resource approval and ___% to 15% with Human Resources approval

3. Voluntary Transfers (Competitive – same or different Role in same pay band):

- assign set percentage (minimum of pay band to 15% maximum) for all competitive voluntary transfers (e.g., all incumbents would receive 3%, 5%, 8%, etc.)
- allow for variable increases determined by management based on pay determination factors
- ___% without Human Resource approval and ___% to 15% with Human Resource approval
- establish guidelines for not giving salary increase
- establish guidelines for reducing incumbent's current salary

4. Voluntary Transfers (Non-Competitive – same or different Role in same pay band):

- assign set percentage (minimum of pay band to 10% maximum) for all non-competitive voluntary transfers (e.g. all incumbents would receive 3%, 5%, 8%, etc.)
- allow for variable increases determined by management based on pay determination factors
- ___% without Human Resource approval and ___% to 10% with Human Resource approval
- establish guidelines for not giving salary increase

- establish guidelines for reducing incumbent's current salary

5. Voluntary Demotions:

- assign set percentage of decrease for all voluntary demotions
- reduce all incumbents' salaries to pay band minimum
- allow for variable decreases determined by management based on pay determination factors
- no change in salary for voluntary demotions
- determine agency option of freezing salary above maximum for 6 months

6. Temporary Pay (different Role in higher pay band):

- assign set percentage (0% to 15% maximum) for all temporary pay situations (e.g. incumbents would receive 3%, 5%, 8%, etc.)
- allow for variable increases determined by management based on pay determination factors
- ___% without Human Resource approval and ___% to 15% with Human Resource approval
- establish time period for receiving temporary pay
- determine how extension request will be handled and approved

7. Temporary Pay (different Role in same pay band):

- assign set percentage (0% to 10% maximum) for all temporary pay situations (e.g. incumbents would receive 3%, 5%, 8%, etc.)
- allow for variable increases determined by management based on pay determination factors
- ___% without Human Resource approval and ___% to 10% with Human Resource approval
- establish time period for receiving temporary pay
- determine how extension request will be handled and approved

8. Role Change (Upward or Lateral):

- assign set percentage (0% to 10% maximum) for all Upward or Lateral Role Changes (e.g. incumbents would receive 3%, 5%, 8%, etc.)
- allow for variable increases determined by management based on pay determination factors
- ___% without Human Resource approval and ___% to 10% with Human Resource approval
- no change in pay for Lateral Role changes

9. In-Band Adjustments:

- Percentage of increase determination:

- make all in-band applications a set percentage (e.g. 3%, 5%, 8%, etc.)
 - assign different percentage to different applications (e.g. change in duties=3%; retention=5%, etc.)
 - allow management flexibility to determine in-band salary amount (0% to 10%) based on pay determination factors
- Limits:
- ___% without Human Resource approval and ___% to 10% with Human Resource approval
 - no limits can offer 0% to 10%
- Timing:
- grant in-band adjustments on established dates (e.g. beginning of fiscal year, quarterly, at time of performance evaluation time, etc.)
 - allow in-band adjustments any time during the fiscal year
- Frequency:
- grant entire increase at one time
 - grant staggered increases (e.g. 2.5% now and 2.5% in 6 months)

10. Disciplinary or Performance Related Salary Action:

- mandatory 5% minimum salary reduction (note: if in same pay band, salary cannot be below minimum and if in lower pay band cannot exceed new maximum salary)
- allow for variable decreases greater than 5% determined by management based on pay determination factors

11. Competitive Salary Offer:

Once the critical need to make a competitive offer has been determined:

- match outside salary offer not to exceed maximum of pay band
- ___% without Human Resources approval and ___% up to outside offer with Human Resource approval

VII. RECOGNITION AWARD PROCESS

Agencies need to determine the level of flexibility or control they will allow in the administration of recognition awards. Listed below are some *potential* options and considerations for the administration of recognition awards. However, this is not intended to be an exhaustive listing of all options available to agencies.

- limit amount of award to \$____ or any other amount up to \$1,000 per fiscal year

- limit when awards are given (beginning of fiscal year, semi-annually, at performance evaluation time, etc.)
- \$___ without Human Resources approval and \$___ to \$1,000 with Human Resource approval
- develop written procedures for giving recognition awards to ensure that all employees are aware of award requirements
- agencies usage of recognition awards (individual, group/team awards, “on-the-spot” or established awards)

VIII. HOURLY EMPLOYEES

Agencies need to consider how hourly employees are treated under the Pay Practices, the Performance Management program and Employee Recognition programs.

IX. PROGRAM EVALUATION

Agencies need to develop a method of evaluating the implementation of the Compensation Management System. It is important to note that the individuals involved in making pay determination decisions should not be responsible for evaluating the effectiveness of the Compensation Management Program. The following is a list of evaluation options agencies may consider in developing their evaluation program.

Monitor

- adherence to policy
- patterns of salary actions
- compliance with the law (ex. FLSA)

Schedule of Review

Conduct periodic reviews of pay practice activity, including demographic (race, gender, Role, Pay Band) distribution of salary actions.

- quarterly
- semi-annually
- annually

Selection of Individual Pay Actions for Evaluation

- select ___% sample (to be determined by the agency) of pay actions to review
- select 100% of all pay actions for review
- review and evaluation should include:
 - types of actions used
 - percentages given
 - EEO impact

Review of Trends: Monitor distribution of salary actions by Role Title and pay band and the fiscal impact of the program

- evaluate trends within departments
- evaluate trends across the agency
- use tools such as scattergrams to identify trends
- communicate findings back to departments
- consider opportunities for decentralization

Other Evaluation Issues

- comparison of budgeted amount to payroll amount - determine how much money is being spent
- develop a process to track budget issues
- assign responsibility for tracking budget issues and dealing with overspending

Evaluation of the Compensation Program's Effectiveness

- impact of compensation management on accomplishing the agency's mission
- impact on employee relations and morale in the agency
- impact on staffing
- impact on employee and management development

Identification of Action Plan

- identify areas of concern and department managers/supervisors that need additional training and communications

X. APPEAL PROCESS

- Rely on the state grievance process
- Supplement with an agency-specific internal appeals process to handle employee or manager inquiries

XI. EEO STATEMENT

All agency plans must include an EEO statement. A suggestion is included below:

All salary adjustments must be based on legitimate reasons as detailed in the pay determination factors and must be unrelated to race, gender, national origin, age, religion, political affiliation, or disability.

XII. COMMUNICATIONS PLAN

The agency needs to develop a **Communication Plan** that addresses how information on the new Compensation Management System will be delivered to all levels of agency staff and how training will occur. A suggested **Communication Plan** structure may include:

1. identification of the various agency audiences (e.g. senior management, middle management, employee, etc.);
2. description of the content of the training materials and the level of information shared for each of the audience groups (training outline and content);
3. outline of the methods in which information will be communicated to each audience group (e.g. management briefings, presentation at division staff meetings, employee meetings, brochures, newsletter articles, video-tapes, distance learning technology, website, etc.); and
4. timeframes for each of these communication strategies.

Additionally, communication of the Compensation Management Plan should be perceived as on-going. As new employees enter the agency and other phases are implemented (e.g. Performance Management), the **Communication Plan** should address how this information will be disseminated. Some areas to consider when developing the **Communication Plan** include the following:

- new employee orientation
- communication to applicants
- new Compensation Management System refinements/developments

XIII. AUTHORIZATION AND SIGNATURE

All Agency Salary Administration Plans must be approved, signed and dated by the Agency Head and the Human Resources Director, and submitted to the Department of Human Resources Management.



APPENDIX C

EMPLOYMENT STATUSES

This Appendix includes definitions of the various employment statuses and related compensation information for classified and non-classified employees, agency heads, hourly employees, “at will” employees, contractors and temporary workers from employment agencies.

CLASSIFIED EMPLOYEES

Classified employees are individuals covered by the Virginia Personnel Act (Chapter 10, Personnel Administration § 2.1-110. of the Code of Virginia) and include the majority of salaried individuals employed by the Commonwealth’s Executive Branch. The Commonwealth’s compensation policies and other human resource policies apply to classified employees. Classified employees are also covered by the Commonwealth’s Grievance Procedure after completing a probationary period.

Restricted Classified Employees

Employees whose positions receive 10 percent or more of required funding from non-continuous or non-recurring funding sources, such as grants, donations, contracts, capital outlay projects, or higher education auxiliary enterprise revenues.

Full-time Classified

Employees scheduled to work a minimum of 40 hours per week for at least nine months per calendar year.

Part-time Classified

Employees scheduled to work a minimum of 20 hours per week, but less than 40 hours per week, for at least nine months per calendar year.

NON-CLASSIFIED EMPLOYEES

Non-classified employees are individuals not covered by the Virginia Personnel Act, as specified in § 2.1-116 of the Code of Virginia. Examples of non-classified employees include hourly (wage) employees, Judiciary and Legislative Branch employees, faculty employed in the Commonwealth's colleges and universities, employees of independent agencies, employees of the Virginia Correctional Enterprises and the University of Virginia Medical Center, and chief deputies and confidential assistants for policy and administration. Other examples of non-classified employees include employees of Virginia Commonwealth University Health Systems Authority.

Employing agencies may choose to apply the compensation policy and other human resource policies to non-classified employees, or they may develop separate policies for them. Only those non-classified employees specified in the Code of Virginia are eligible to use the Grievance Procedure.

Agency Heads

All executive agency heads (excluding presidents of colleges and universities) are assigned to one of five pay levels. These pay levels are similar to the classified salary structure only to the extent that each is assigned a salary range. The Appropriation Act (Budget Bill) prescribes these levels and the salary administration rules governing agency head salaries.

The Governor, upon recommendation of the appropriate Cabinet Secretary, is responsible for assigning agency heads to the various pay levels. The following factors may be considered in the pay level assignment: the size of the agency's budget; number and complexity of the agency's programs; and the degree of impact on the government or citizenry of the state.

▪ **Starting Salary**

The starting salary of a newly appointed agency head normally will not exceed the midpoint of the salary range for the level assigned. In cases where the appointee's last salary was near or above the midpoint, a starting

salary up to 10% above his or her most recent salary may be approved, so long as it does not exceed the range maximum for the level assigned.

- **Salary Progression**

Agency heads normally receive annual salary adjustments consistent with those authorized by the General Assembly for classified state employees. Annual performance bonuses of 0-5% may also be granted based on performance appraisals by their respective appointing authority. Also, the Governor may increase or decrease the annual salary for Agency Heads in accordance with an assessment of performance and service.

- **Processing Guidelines**

DHRM, in coordination with the Department of Planning and Budget, will process salary changes for executive branch agency heads, including college and university presidents that are authorized by the Appropriation Act. The Virginia Community College System processes adjustments for community college presidents.

For other salary changes, agencies, colleges and universities are responsible for submitting a Form P-3 to the Department of Human Resource Management (DHRM) to effect any salary or supplement change for an agency head or college or university president. The P-3 must be signed by the appointing authority or a designated representative.

When an agency head is appointed or when an agency head's salary differs from the amount printed in the Appropriation Act, the agency or institution must submit a Form P-3 and a copy of the Governor's appointment letter or written authorization for the new salary. The Department of Human Resource Management will not effect any change in an agency head's salary that differs from the amount printed in the Appropriation Act without written authorization from the Governor.

- **Salary Supplements**

When a salary supplement (or special rate) is included in the salary of a college or university president, or another executive branch agency head, a memorandum from the Governor or appointing authority is required and should accompany the P-3.

Hourly Employees

Hourly employees (wage) are seasonal or temporary employees who are paid by the hour and limited to 1500 hours of work per agency in a consecutive 365-day period beginning on the anniversary of their hire date. They are paid only for hours actually worked.

- **Compensation Policies**

Compensation Policy 3.05 and the *Agency Salary Administration Plan* determine the compensation of hourly employees. Hourly employees typically work with classified employees and may be hired into classified positions after a period of hourly employment. Therefore, agencies need to consider how they want to use pay practices for hourly employees and include this topic in their *Agency Salary Administration Plan*. The *pay factors* should be used to determine rates paid to hourly employees.

- **Performance Increases**

Agencies should consider whether hourly employees will be eligible for performance increases. Statewide guidance may be provided in the Appropriation Act (Budget Bill) approved by the Governor and the General Assembly. If guidance is not provided in the Appropriation Act, agencies may develop a process for providing performance increases to hourly employees. Determinations about performance increases for hourly employees should be addressed in the *Agency Salary Administration Plan*. Agencies electing to grant performance increases to hourly employees should develop the appropriate mechanisms to evaluate hourly employees.

- **Workers' Compensation, Fair Labor Standards Act , and Unemployment Compensation**

All hourly employees are covered by the Workers' Compensation Act, and the minimum wage and overtime provisions of the FLSA, i.e., they are considered non-exempt. Hourly employees may be eligible for Unemployment Compensation when they are terminated, depending upon their individual circumstances.

- **Grievance**

Hourly employees are not authorized access to the Commonwealth's Grievance Procedure.

"At Will" Employees

The term "at-will" is used broadly to describe employees who are appointed by the Governor, such as employees in the Office of the Governor or employees in the Offices of Cabinet Secretaries.

However, this category also is often used to describe an "...employee who has accepted serving in the capacity of chief deputy, or equivalent, and the employee who has accepted serving in the capacity of a confidential assistant for policy or administration. Employees serving in either one of these two positions serve on an employment-at-will basis. Agencies may not exceed two employees who serve in this exempt capacity." These employees are typically appointed by the Governor. Salaries are set by the Governor's office and communicated by the Chief of Staff or designee.

The Office of the Chief of Staff or the Secretary of the Commonwealth typically establishes policies for at-will employees.

Contractors

Occasionally, state agencies require services that cannot be provided by either classified or hourly employees, or circumstances demonstrate that contractual services could be more efficient, cost effective, and in the best interest of the Commonwealth. In such cases, agencies have the authority to enter into contracts with individuals or firms to provide services. Such private contractors are not employees of the agency. They perform services under the provisions of the state's procurement policies. No taxes are withheld from payment, and no benefits are provided to the contractor.

Contractors act without direct agency supervision as to when and how the work is performed. They also provide their own equipment. If the contracting agency assumes the role of supervisor and supplier of resources, it may be considered the employer under provisions of the Fair Labor Standards Act and other laws and regulations. Agencies should address questions or

concerns about contract employees to DHRM, Department of General Services, or the Office of the Attorney General.

Temporary Workers from Employment Agencies

Employment agencies may be used to secure temporary workers in cases where hiring hourly employees is not practicable. The requirement to obtain workers through those employment agencies may arise when a large number of employees are required or when there is a limited amount of time for recruitment. These workers are not state employees. They are hired and compensated by the temporary employment agency that assigned them to state agencies. They are similar to contract employees.



APPENDIX D

AGENCY COMPENSATION APPEALS

Compensation decisions are made on the basis of policy interpretation. The Director of the Department of Human Resource Management (DHRM) has the final authority to establish and interpret The Commonwealth's human resources policies and procedures (section § 2.1-114.5.13, Code of Virginia). However, all agencies participate in policy interpretation through the daily management of employee compensation, by virtue of their authority to effect compensation actions, and their exchange of information with DHRM.

Only agency heads or their designee(s) (appointing authority) are authorized to present appeals to the appropriate DHRM authority asking that compensation decisions be reconsidered as a means of resolving disagreement. The following are actions subject to appeal:

- assignment of ***Roles*** to pay bands
- establishing new ***Roles*** or ***Career Groups***
- pay differentials and supplements
- exceptions to policy

APPEAL PROCEDURE

The following describes the process to be used when an agency appeals a compensation decision to the appropriate authority in DHRM. Hereinafter, "Director" shall mean the Director of DHRM. An appointing authority may withdraw an appeal at any time.

Process for Requesting Reconsideration

1. When an agency does not agree with a compensation decision made by DHRM, the human resources professional should discuss the decision with the DHRM consultant who first reviewed and acted on the related request. This discussion may involve meetings and the exchange of written information, in which the affected agency has the opportunity to bring new information to light or to present arguments supporting the agency's position. The DHRM consultant may change the initial action or

recommendation on the basis of such discussions, or may adhere to the initial conclusion.

2. If the affected agency is not satisfied with this outcome, then the appointing authority or the human resource professional of that agency may address a written request for reconsideration to the State Compensation Director. The request must contain specific factual information to support the agency's contention, including reference to applicable policies and procedures.

The State Compensation Director will review the request with the staff involved in DHRM's decision. The affected agency will be given an opportunity to present or explain any materials relevant to the request. Upon consideration of all relevant information, the State Compensation Director will address a written decision to the agency.

3. The appointing authority of an agency may submit a written appeal to the Director in the event that the decision following reconsideration is not satisfactory. The appeal must cite factual and specific information supporting the action requested by the appointing authority. The Director, in addition to reviewing the appeal with the State Compensation Director, may invite the appointing authority and his/her representatives to meet and discuss the issues involved. The Director will provide written notification of his or her decision to the agency.

Instructions for Completing Employee Work Profile (EWP)

Introduction

The Employee Work Profile is a combination of the employee work description, performance plan, and evaluation assessment. Sections I, II, III and IV are written or reviewed by the supervisor and the employee at the **beginning of the evaluation cycle** to determine work plans and development needs. Sections V, VI, VII, VIII and IX then are completed by the supervisor and reviewed with the employee at the **end of the cycle**. Agencies may develop their own forms, as long as the required features are included. A combined form, including both the position responsibilities and the performance plan and evaluation may be used, or separate forms may be developed. These forms should be formatted in a way to allow them to be shared under the Freedom of Information Act (FOIA) or with other agencies; therefore, it is recommended that position information be separate from employees' personal information, which may not be subject to disclosure.

Part I – Position Identification Information

1. **Position Number:** Enter assigned position number. (required field)
2. **Agency Name & Agency Code; Division/Department:** Enter agency name and agency code; division or department name as appropriate. (required field)
3. **Work Location Code:** Enter the position's location code. (required field)
4. **Occupational Family & Career Group:** Enter the assigned occupational family and career group. (required field)
5. **Role Title & Code:** Enter the position's Role title and code. (required field)
6. **Pay Band:** Enter the pay band to which this role is assigned. (required field)
7. **Work Title:** Enter the employee's work title if used. (optional field)
8. **SOC Title & Code:** Enter the assigned SOC title and code. (required field)
9. **Level Indicator & Employees Supervised:** Check the appropriate box for employee, supervisor, or manager. Additionally, indicate if employee supervises two or more employees (FTEs). (required field)
10. **FLSA Status:** Check the appropriate box to designate the position as exempt or non-exempt under the Fair Labor Standards Act. (required field) If the position is exempt or partially exempt, the qualifying exemption test should be noted. Examples are Professional (exempt) or Law Enforcement (partially exempt). (This field is required if the information is not retained elsewhere.)
11. **Supervisor's Position Number:** Enter the supervisor's assigned position number. (required field)
12. **Supervisor's Role Title & Code:** Enter the supervisor's role title and code. (required field)
13. **EEO Code:** Enter the appropriate EEO code. (required field)
14. **Effective Date:** Enter the date the Employee Work Profile is effective (normally the date the position is established or changes are made to the work assignments). (required field)

Part II – Work Description & Performance Plan (required as part of the Work Description, but agencies may define the components.)

15. **Organizational Objective:** A brief statement describing how the position links to the work unit, division or agency's objective(s). This statement helps the supervisor and employee align the position's work assignments and priorities to agency-desired outcomes and results.
16. **Purpose of Position:** A brief description of the reason the position exists. This statement should link to the organizational objective and capture the most important service or product expected from the employee in the position. This statement gives the reader a good idea of the purpose of the position without going into detail.
17. **KSA's and/or Competencies:** A description of the expertise required to successfully perform the work assigned to the employee. It may be used in hiring new employees or to describe the competency or skill level of the incumbent.

18. **Education, Experience, Licensure, Certification:** Enter the educational background that would be required for entry into position. Also, list any occupational certifications or licenses that the employee must hold.
19. **Core Responsibilities (A – F):** Core responsibilities are defined as primary and essential to the work performed and are written as broad sets of major duties or functions. The core responsibilities must provide sufficient information to assign the position to the proper Role, determine FLSA exemption status, and provide a basis for performance evaluation. List up to five core job responsibilities in order of their importance to the whole job. Statements should be brief and do not have to include every detail of the position's activities. Performance management is preprinted and a required core responsibility for all supervisory employees.
20. **Measures for Core Responsibilities (A – F):** Identify the qualitative and/or quantitative measures against which each responsibility will be assessed.
21. **Special Assignments (G – H):** Special assignments are considered brief in nature and typically are not extended beyond the performance period. Statements should be brief and do not have to include every detail of the assignment.
22. **Measures for Special Assignments (G – H):** Identify the qualitative and/or quantitative measures against which each assignment will be assessed.
23. **Agency/Departmental Objectives (I – L):** Objectives are defined as strategic business objectives to achieve goals set by the agency or division/department. They also may include behavioral competencies that are critical to the employee's success. Identifying objectives and/or competencies on the work plan helps to support organizational values and goals and reinforces each employee's role in meeting those goals.
24. **Measures for Agency/Departmental Objectives (I – L):** Identify the qualitative and/or quantitative measures against which each objective will be assessed.

ADDENDUM – An **Organizational Chart** must be included with the Work Description/Performance Plan. (required)

Part III – Employee Development Plan (required as part of the performance plan but agencies may define the components)

25. **Personal Learning Goals:** List any learning goals identified by the employee and/or the supervisor.
26. **Learning Steps/Resource Needs:** Indicate specific steps that need to be taken and by whom to accomplish the learning goals. This may include training, coaching, or other learning methods.

Part IV – Review of Work Description/Performance Plan (required)

27. **Employee's Comments, Signature, Print Name & Date**
28. **Supervisor's Comments, Signature, Print Name & Date**
29. **Reviewer's Comments, Signature, Print Name & Date**

Part V – Employee/Position Identification Information (required for Development Plan and Performance Evaluation)

30. **Position Number:** Enter assigned position number. (required)
31. **Agency Name & Agency Code; Division/Department:** Enter agency name and agency code; division and department name as appropriate. (required)
32. **Employee Name:** Enter employee's full name. (required)
33. **Employee ID Number:** Enter unique ID number to identify employee. (required)

Part VI – Performance Evaluation (required but agencies may define the components)

34. **Core Responsibilities – Rating Earned (A – F):** Check the appropriate rating earned by the employee during the performance cycle.

35. **Core Responsibilities – Comments on Results Achieved (A – F):** Describe the employee's performance including documentation to support the earned rating.
36. **Special Assignments – Rating Earned (G – H):** Check the appropriate rating earned by the employee.
37. **Special Assignments – Comments on Results Achieved (G – H):** Describe the employee's performance including documentation to support the earned rating.
38. **Agency/Department Objectives – Rating Earned (I – L):** Check the appropriate rating earned by the employee. (optional)
39. **Agency/Department Objectives – Comments on Results Achieved (I – L):** Describe the employee's performance including documentation to support the earned rating.
40. **Other Significant Results for the Performance Cycle:** Record any significant aspects of the employee's job performance that are not addressed elsewhere in the evaluation. Only include comments that are related to the employee's job performance.

Part VII – Employee Development Results (required but agencies may define the components)

41. **Year-end Learning Accomplishments:** Summarize accomplishments related to the personal learning goals that were set at the beginning of the cycle.

Part VIII – Overall Results Assessment and Rating Earned

42. **Overall Rating Earned:** Check the appropriate overall rating earned by the employee during the performance cycle. (required)

Part IX – Review of Performance Evaluation (required)

43. **Supervisor's Signature, Print Name & Date**
44. **Reviewer's Comments, Signature, Print Name & Date**
45. **Employee's Comments, Signature, Print Name & Date**

Optional Sections

Confidentiality Statement – allows an agency to identify confidentiality as a critical organizational value and to establish clear consequences if confidentiality is violated. This section should be used only in circumstances where information is protected and does not apply to information that is released according to agency procedures. **Annual Requirements** – provides a method to easily gather and track certain agency-specific information on an annual basis.

Physical/Cognitive Requirements – documents essential and marginal job functions of the position for use when responding to requests for modification or accommodation. This information should be maintained as part of the position information. Any medical information used to make job modifications or accommodations must be maintained separately from the employees' personnel files.

Guide for Designing an Employee Work Profile (EWP)

It is recommended that agencies use a combination form similar to the sample Employee Work Profile (EWP). This combines elements of the current Position Description form (PD) and Performance Planning and Evaluation form. Agencies may, however, have separate forms as long as the required features are included.

The EWP should be designed to have a page-break just before Part III – Review of Work Description/Performance Plan. This allows Parts I and II (Position Identification Information and Work Description & Performance Plan) to be easily copied and shared with other agencies and DHRM, without sharing personal development planning or performance evaluation information. This page-break might also facilitate agency file organization.

It is recognized that some agencies may want to adopt other formats and may want to keep the PD and Performance Management forms totally separate. Whatever format is used, the following elements are required:

All elements (except #7) in Part I – Position Identification Information

1. Position Number
2. Agency Code & Name; Division/Department Name
3. Work Location Code
4. Occupational Family & Career Group
5. Role Title & Code
6. Pay Band
7. Work Title (optional)
8. SOC Title and Code
9. Level Indicator & Employees Supervised
10. FLSA Status (for exempt/partially exempt positions, include Exemption Test used, if not retained elsewhere)
11. Supervisor's Position Number
12. Supervisor's Role Title & Code
13. EEO Code
14. Effective Date

Part II – A Work Description & Performance Plan is required, however the structure and elements as listed in the prototype are not required. Information in this section must be sufficient to assign the position to the proper Role, determine FLSA status, and provide a basis for performance evaluation.

Addendum – An **Organizational Chart** is required.

Part III – An Employee Development Plan is required, however the structure and elements as listed in the prototype are not required. The development plan relates

specifically to an employee, and as such is considered a confidential personnel document.

Part IV – Signatures designating Review of Work Description/Performance Plan are required of Employee, Supervisor, and Reviewer. The signature section should be on a separate page so to facilitate filing and protection of employee privacy should the position description be shared.

Part V – Employee/Position Identification Information - The following information is required as part of the Performance Evaluation sections.

1. Position Number
2. Agency Name & Code; Division/Department
3. Employee Name
4. Employee ID Number

Part VI – A Performance Evaluation is required, however the structure and elements as listed in the prototype are not required. This is a confidential section.

Part VII – A section addressing Employee Development Results is required, however the structure and elements as listed in the prototype is not required. This is a confidential section.

Part VIII – Overall Results Assessment and Rating Earned - is required as listed in the prototype. This is a confidential section.

Part IX – Signatures designating Review of Performance Evaluation are required of Employee, Supervisor, and Reviewer. This is a confidential section.

Performance Management – Notice of Improvement Needed/Substandard Performance Form - All of the elements listed are required, however the format can differ by agency. This is a confidential form.

Performance Management – Acknowledgment of Extraordinary Contribution Form - All of the elements listed are required, however the format can differ by agency. This is a confidential section.

EMPLOYEE WORK PROFILE

WORK DESCRIPTION/PERFORMANCE PLAN

Parts I, II, III, and IV are written or reviewed by the supervisor and discussed with the employee at the beginning of the evaluation cycle.

PART I – Position Identification Information

1. Position Number:	2. Agency Name & Code; Division/Department:
3. Work Location Code:	4. Occupational Family & Career Group:
5. Role Title & Code:	6. Pay Band:
7. Work Title:	8. SOC Title & Code:
9. Level Indicator: <input type="checkbox"/> Employee <input type="checkbox"/> Supervisor <input type="checkbox"/> Manager Employees Supervised: Does employee supervise 2 or more employees (FTEs)? <input type="checkbox"/> Yes <input type="checkbox"/> No	10. FLSA Status: <input type="checkbox"/> Exempt <input type="checkbox"/> Non-Exempt Exemption/Partial Exemption Test (if applicable):
11. Supervisor's Position Number:	12. Supervisor's Role Title & Code:
13. EEO Code:	14. Effective Date:

PART II – Work Description & Performance Plan

15. Organizational Objective:
16. Purpose of Position:
17. KSA's and or Competencies required to successfully perform the work (attach Competency Model, if applicable):
18. Education, Experience, Licensure, Certification required for entry into position:

<p>% Time</p>	<p>19. Core Responsibilities</p>	<p>20. Measures for Core Responsibilities</p>
<p>%</p>	<p>A. Performance Management (for employees who supervise others)</p>	<p>Examples of Measures for Performance Management:</p> <ul style="list-style-type: none"> • Expectations are clear, well communicated, and relate to the goals and objectives of the department or unit; • Staff receive frequent, constructive feedback, including interim evaluations as appropriate; • Staff have the necessary knowledge, skills, and abilities to accomplish goals; • The requirements of the performance planning and evaluation system are met and evaluations are completed by established deadlines with proper documentation; • Performance issues are addressed and documented as they occur. • Safety issues are reviewed and communicated to assure a safe and healthy workplace.
<p>%</p>	<p>B.</p>	
<p>%</p>	<p>C.</p>	
<p>%</p>	<p>D.</p>	
<p>%</p>	<p>E.</p>	
<p>%</p>	<p>F.</p>	

100%

21. Special Assignments	22. Measures for Special Assignments
G.	
H.	

Optional

23. Agency/Departmental Objectives	24. Measures for Agency/Departmental Objectives
I.	
J.	
K.	
L.	

ADDENDUM – ORGANIZATIONAL CHART

This page is printed separate from the remainder of the Work Description/Performance Plan because it contains confidential employee information.

PART III – Employee Development Plan	
25. Personal Learning Goals	
26. Learning Steps/Resource Needs	

Part IV - Review of Work Description/Performance Plan		
27. Employee's Comments:	Signature: Print Name:	Date:
28. Supervisor's Comments:	Signature: Print Name:	Date:
29. Reviewer's Comments:	Signature: Print Name:	Date:

EMPLOYEE WORK PROFILE

PERFORMANCE EVALUATION

Parts V, VI, VII, VIII, and IX are written or reviewed by the supervisor and discussed with the employee at the end of the evaluation cycle.

The following pages are printed separate from the remainder of the EWP because they contain confidential employee information.

PART V – Employee/Position Identification Information	
30. Position Number:	31. Agency Name & Code; Division/Department:
32. Employee Name:	33. Employee ID Number:

PART VI – Performance Evaluation	
34. Core Responsibilities - Rating Earned	35. Core Responsibilities - Comments on Results Achieved
A. <input type="checkbox"/> Extraordinary Contributor <input type="checkbox"/> Contributor <input type="checkbox"/> Below Contributor	
B. <input type="checkbox"/> Extraordinary Contributor <input type="checkbox"/> Contributor <input type="checkbox"/> Below Contributor	
C. <input type="checkbox"/> Extraordinary Contributor <input type="checkbox"/> Contributor <input type="checkbox"/> Below Contributor	
D. <input type="checkbox"/> Extraordinary Contributor <input type="checkbox"/> Contributor <input type="checkbox"/> Below Contributor	
E. <input type="checkbox"/> Extraordinary Contributor <input type="checkbox"/> Contributor <input type="checkbox"/> Below Contributor	
F. <input type="checkbox"/> Extraordinary Contributor <input type="checkbox"/> Contributor <input type="checkbox"/> Below Contributor	
36. Special Assignments - Rating Earned	37. Special Assignments - Comments on Results Achieved
G. <input type="checkbox"/> Extraordinary Contributor <input type="checkbox"/> Contributor <input type="checkbox"/> Below Contributor	

H. <input type="checkbox"/> Extraordinary Contributor <input type="checkbox"/> Contributor <input type="checkbox"/> Below Contributor	
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38. Agency/Department Objectives - Rating Earned	39. Agency/Department Objectives - Comments on Results Achieved
I. <input type="checkbox"/> Extraordinary Contributor <input type="checkbox"/> Contributor <input type="checkbox"/> Below Contributor	
J. <input type="checkbox"/> Extraordinary Contributor <input type="checkbox"/> Contributor <input type="checkbox"/> Below Contributor	
K. <input type="checkbox"/> Extraordinary Contributor <input type="checkbox"/> Contributor <input type="checkbox"/> Below Contributor	
L. <input type="checkbox"/> Extraordinary Contributor <input type="checkbox"/> Contributor <input type="checkbox"/> Below Contributor	

40. Other significant results for the performance cycle:	
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Part VII - Employee Development Results**41. Year-end Learning Accomplishments:****Part VIII - Overall Results Assessment and Rating Earned**

An employee receiving an overall rating of "Below Contributor" must have received at least one Notice of Improvement Needed/Substandard Performance form during the performance cycle.

An employee who earns an overall rating of "Below Contributor" must be reviewed again within three months.

An employee receiving an overall rating of "Extraordinary Contributor" must have received at least one Acknowledgment of Extraordinary Contribution form during the performance cycle. However, the receipt of an Acknowledgment of Extraordinary Contribution form does not guarantee an overall performance rating of "Extraordinary Contributor" for that performance cycle.

42. Overall Rating Earned

- Extraordinary Contributor
- Contributor
- Below Contributor

Part IX - Review of Performance Evaluation

43. Supervisor's Comments:	Signature: Print Name:	Date:
44. Reviewer's Comments:	Signature: Print Name:	Date:
45. Employee's Comments:	Signature: Print Name:	Date:

EMPLOYEE WORK PROFILE

AGENCY OPTIONAL SECTIONS

Confidentiality Statement:

I acknowledge and understand that I may have access to confidential information regarding [employees, students, patients, inmates, the public]. In addition, I acknowledge and understand that I may have access to proprietary or other confidential information business information belonging to [Agency]. Therefore, except as required by law, I agree that I will not:

- Access data that is unrelated to my job duties at [Agency];
- Disclose to any other person, or allow any other person access to, any information related to [Agency] that is proprietary or confidential and/or pertains to [employees, students, patients, inmates, the public]. Disclosure of information includes, but is not limited to, verbal discussions, FAX transmissions, electronic mail messages, voice mail communication, written documentation, "loaning" computer access codes, and/or another transmission or sharing of data.

I understand that [Agency] and its [employees, students, patients, inmates, public], staff or others may suffer irreparable harm by disclosure of proprietary or confidential information and that [Agency] may seek legal remedies available to it should such disclosure occur. Further, I understand that violations of this agreement may result in disciplinary action, up to and including, my termination of employment.

Employee Signature

Date

Annual Requirements:

Activity	Current? If so, date completed?		
Required In-Service or other training	<input type="checkbox"/> Yes _____ Date	<input type="checkbox"/> No	<input type="checkbox"/> N/A
Valid Licensure/Certification/Registration	<input type="checkbox"/> Yes _____ Date	<input type="checkbox"/> No	<input type="checkbox"/> N/A
Employee Health Update	<input type="checkbox"/> Yes _____ Date	<input type="checkbox"/> No	<input type="checkbox"/> N/A

Essential Job Requirements (Indicate by each E = Essential, M = marginal, or N/A)

Physical Demands and Activities:

<input type="checkbox"/> Light lifting <20 lbs.	<input type="checkbox"/> Standing _____	<input type="checkbox"/> Sitting _____	<input type="checkbox"/> Bending _____
<input type="checkbox"/> Moderate lifting 20-50 lbs.	<input type="checkbox"/> Lifting _____	<input type="checkbox"/> Walking _____	<input type="checkbox"/> Climbing _____
<input type="checkbox"/> Heavy lifting >50 lbs.	<input type="checkbox"/> Reaching _____	<input type="checkbox"/> Repetitive motion _____	
<input type="checkbox"/> Pushing/pulling	<input type="checkbox"/> Other _____		

Emotional Demands:

<input type="checkbox"/> Fast pace _____ Avg. pace
<input type="checkbox"/> Multiple priorities
<input type="checkbox"/> Intense customer interaction
<input type="checkbox"/> Multiple stimuli
<input type="checkbox"/> Frequent change

Mental/Sensory Demands:

<input type="checkbox"/> Memory _____	<input type="checkbox"/> Reasoning _____	<input type="checkbox"/> Hearing _____
<input type="checkbox"/> Reading _____	<input type="checkbox"/> Analyzing _____	<input type="checkbox"/> Logic _____
	<input type="checkbox"/> Verbal communication _____	
	<input type="checkbox"/> Written communication _____	
<input type="checkbox"/> Other _____		



APPENDIX F

GUIDELINES FOR DEVELOPING COMPETENCY-BASED SYSTEMS

INTRODUCTION

The Commonwealth's Compensation Management System focuses on the employee's contribution to the organization rather than relying solely on the assignment of job duties and responsibilities. Therefore, **Competency Models** compliment this philosophical premise by placing emphasis on behaviors, knowledge and skills that allow employees and the organization to be successful. Agencies wishing to consider establishing a **Competency-based System** are encouraged to use these guidelines; staff from DHRM should also be consulted.

For the past fifty years, the concept of "jobs" has been the focus of all human resource practices that affected recruitment, selection, performance planning, performance evaluation, pay systems, training and career development. Organizations have hired employees, evaluated performance, paid salaries, developed skills, and planned careers based on jobs.

In the 1990s, a new idea gained acceptance in a number of organizations that more closely aligned human resource practices with organizational strategies, missions and cultures. A number of organizations' switched from a traditional job-based structure to a competency-based structure that emphasized the development and attainment of behaviors, knowledge and skills compatible with and aligned to the organization's mission and business strategies.

The focus of **competencies** is centered on characteristics of the employee, including behaviors, skills and knowledge that can be demonstrated and positively affect the organization. **Competencies** emphasize the attributes and activities that are required for an organization to be successful. Therefore, human resource practices using **Competency Models** tap into the employee capabilities that are aligned to the organization mission and business need.

This appendix provides an introduction to **Competency Models** that when implemented in totality can impact all of the agency's human resource

practices including recruitment, selection, compensation decisions, performance planning, performance evaluation and career development. Additionally, this appendix is intended to provide agencies with broad guidelines for **Competency-based Systems**. Each agency using this approach must design its own system to meet its needs.

Like other alternative pay and job evaluation systems, a **Competency-based System** is fairly labor intensive and requires the agency's commitment to designate the necessary staff resources during the development stages. Agencies will also want to consider the financial and human resources required to administer such a system. Additionally, **Competency-based Systems** should not be perceived as a "one size fits all" approach. It would be highly unlikely, given the Commonwealth's workforce, that an agency would implement a **Competency-based System** agency-wide for the entire employee population. It is important that an agency identify the specific work unit(s) where competencies may be identified that directly and positively impact the success of employees and the agency.

What are Competencies?

Competencies are identified behaviors, knowledge, and skills that directly and positively impact the success of employees and the organization. Competencies can be objectively measured, enhanced and improved through coaching and learning opportunities. There are two types of competencies, **Behavioral** and **Technical**. Depending on the purpose of the **Competency Model**, one or a combination of these competency types may be used.

Behavioral Competencies are a set of behaviors, described in observable and measurable terms, that make employees particularly effective in their work when applied in appropriate situations. **Behavioral Competency Models** may be designed to describe common or "core" behaviors that are applicable to employees throughout an agency, or may be more narrowly defined to reflect behaviors unique to an **Occupational Family** or **Career Group**.

An example of a **Behavioral Competency** follows:

Customer Focus – responds to other’s needs appropriately and with a sense of urgency.

- Follows up with customers
- Makes self available to customers
- Responds quickly to the needs of customers
- Refers customers to the appropriate experts or resources
- Suggest ways of improving systems or processes to meet customer needs.
- Presents self as a credible, flexible and value-added business partner to all customers.
- Identifies situations in which consistency of services is appropriate as well as when flexibility is warranted.

Technical Competencies are underlying knowledge and skills, described in observable and measurable terms that are necessary in order for employees to perform a particular type or level of work activity. **Technical Competencies** typically reflect a career-long experience in an agency. An example of a **Technical Competency** for an expert level professional follows:

Technical Expertise – demonstrates depth of knowledge in technical and specialized areas.

- Works to become an expert in a technical and specialized area.
- Makes self available to help others solve complex technical problems.
- Uses a wide range and depth of technical and specialized knowledge.
- Is sought out as an expert by others.

The following are the different ways in which these descriptive statements may be formatted:

- **Single Stage Format** – competencies are defined more extensively in behavioral terms that illustrate the exact competency when it is performed proficiently. This type of format is compatible with a progressive rating scale. The following is an example of a single stage **Behavioral Competency**.

Teamwork

The collaboration and cooperation of a group of employees to combine their talents to get the job done; this includes the wisdom to know when to ask for information or assistance, a positive attitude toward team members and customers, a sense of common goals, taking action which demonstrates consideration for the feelings and needs of others, and being aware of the effects of one’s behaviors on others.

- **Multi-Stage Format** – competencies are defined in great detail over several stages. For **Technical Competencies**, the stages may range from a beginning level; through a fully proficient performance level; to the highest level of expertise. For **Behavioral Competencies** the stages may describe an increase in the strength and impacts of behaviors. The following is an example of a multi-stage **Technical Competency**.

Compensation Expertise		
STAGE 1	STAGE 2	STAGE 3
<p>Learns the basic principles, practices, and techniques of compensation and job evaluation</p> <ul style="list-style-type: none"> • Demonstrates basic understanding of how to write/update a position description • Demonstrates basic understanding of purpose & use of Career Group Descriptions in allocation of positions • Demonstrates basic knowledge of practices and policies that relate to compensation actions by responding to routine compensation questions 	<p>Fully & independently demonstrates knowledge of principles, practices and techniques of compensation and job evaluation</p> <ul style="list-style-type: none"> • Demonstrates & applies understanding of evaluating position descriptions for allocation purposes • Evaluates job descriptions for compliance with FLSA • Applies compensation & related practices and policies to situations; participates in the design & provision of communications in agency • Recognizes and designs alternative strategies to meet the organization’s needs • Demonstrates full understanding of exception issues & resolves policy questions • Seeks to improve possession of compensation expertise in others 	<p>Leads & influences compensation and job evaluation strategies to meet the agency’s needs</p> <ul style="list-style-type: none"> • Mentors & serves as a role model in compensation consulting to other professions • Consults & facilitates with others internal & external to the organization to gain acceptance of compensation proposals • Consults with customers & others beyond assigned customers to resolve unusual, sensitive, & exceptional compensation situations & appeals • Actively keeps informed & informs others of changes in laws, regulations, legislation, industry, governmental, budgetary and policy issues, trends and impacts on the agency compensation program

What is a Competency Model?

A **Competency Model** is a listing of **Competencies** that apply to a particular type of work. **Competency Models** can include **Behavioral**

Competencies only, **Technical Competencies** only, or both. An example of a **Competency Model** for Human Resource Professional follows:

Human Resource Professional
Behavioral Competencies
<ul style="list-style-type: none">● Agency Mission Focus● Customer Focus● Teamwork● Consultation● Achievement Orientation
Technical Competencies
<ul style="list-style-type: none">● Compensation Expertise● Recruitment/Selection Expertise● Employee Relations Expertise● Employee Benefits Expertise● Training and Development Expertise

How are Competency Models used?

Competency models can serve as a way to integrate human resource practices under the Compensation Management System. Agencies that elect to use **Competency Models** need to consider exactly how they will be used to support the agency's mission and desired strategic outcomes, and determine the extent to which **Competency Models** will impact and affect the agency's human resource practices. The following is a list of human resource practices that should be taken into consideration when determining the purpose and intent of an agency's rationale for using **Competency Models**:

- **Training and Development** – connection to agency business need is a major focus of **Competency Models**. These models can serve as a tool to assess employees' current behaviors, knowledge and skills; identify learning areas for development and improvement and be used for career planning purposes.
- **Recruitment and Selection** – models can be developed to identify criteria for recruiting and assessing applicants for agency positions.
- **Performance Management** – models can be used to support the assessment of employee performance.

- **Compensation Decisions** – models can be developed to determine internal alignment and how pay will be administered based on defined competencies (e.g. starting pay, promotions, in-band adjustments, etc.).

What are the steps for developing Behavioral Competencies?

The following is a suggested approach, however agencies need to tailor the process to meet their business needs and objectives.

1. **Identify the group of employees to be covered:** The agency will need to determine if the **Behavioral Competencies** will apply to the entire agency, a specific **Occupational Family**, or a **Career Group**. The determination of the employee population to be covered should be based on similar work characteristics and shared common work behaviors.
2. **Gather data:** The agency will need to select a method or a combination of methods to collect behavioral information. Five approaches follow:
 - Behavioral Event Interviews (BEI) are individual interviews conducted with top performers throughout an agency or within an **Occupational Family** or **Career Group**. A sufficient number of interviews should be conducted with the selected population to gather ample data to identify common behavioral themes and trends. During a BEI, the interviewee is asked to relate information about what he/she said, thought, and did in response to different work-related situations and issues.
 - Focus Groups are small group sessions with top performers and key managers in which data concerning work challenges and the necessary behaviors to address them are identified by the group and captured by a facilitator.
 - Benchmark Data from Outside Sources includes **Behavioral Competencies** from other organizations/agencies to determine the applicability to the employee population under consideration.
 - Commercially Developed Behavioral Competency Development Kits and/or Dictionaries developed by a number of vendors include competency toolkits that identify a variety of technical and

Behavioral Competencies defined in observable and measurable terms. Many of these vendors have included exercises that can be used to develop a **Competency Model** from pre-determined menus of competencies.

- Employee Surveys conducted with current agency employees to gather information about successful behaviors used by high level performers. The surveys can include employees throughout the entire agency or focus on a particular **Occupational Family** or **Career Group**.

Data should be gathered using the method(s) deemed appropriate for the agency.

3. **Analyze data:** This is the most critical step in identifying **Behavioral Competencies**. The focus should be on identifying recurring concepts and themes from the data collected, such as specific behaviors or words; thought patterns; ways of approaching situations; and underlying concerns/issues that contribute to the successful outcome or demonstration of a high level of performance. The key is to identify common themes or **competencies** (e.g. building consensus, fostering commitment, focus on customer service, etc.) and describe the behaviors that demonstrate possession of the particular **competencies** in observable terms.
4. **Review preliminary concepts:** All data should be reviewed in order to ensure that the themes and **competencies** are relevant to the identified employee population and indicative of a high level of performance. Validation can occur through focus groups comprised of employees in the study population or subject matter experts familiar with the work performed. Additional validation can occur through the administration of a survey of incumbents and/or key managers designed to identify the behaviors in the **Competency Model** that are most often observed and critical to success.
5. **Develop behavioral indicators:** Based on the themes and **competencies** identified in the data collection and analysis steps, write specific action statements that describe the behaviors in terms that would be observable to a rater. Behavioral indicators may be written in progressive stages (entry to expert) to identify the different levels of employee competency.

6. **Complete final draft of Behavioral Competencies:** Document the full set of **Behavioral Competencies** in a presentation format for validation meetings with managers, supervisors and employees associated with the function

What are the steps for developing Technical Competencies?

The following is a suggested approach, however, agencies need to tailor the process to meet their needs.

1. **Identify the group of employees to be covered:** The agency will need to determine if the **Technical Competency Model** will apply to a **Career Group, Role**, or group of positions performing the same functions. The determination of the employee population to be covered should be based on similar work characteristics and shared common work behaviors.
2. **Establish job expert panel:** Identify four to five individuals that have backgrounds in the work area and are considered highly proficient in their line of work. Qualifications to consider are:
 - Strong performers
 - Individuals who have worked in a range of progressive career levels within a work function or occupational field
 - “First line” supervisors who have “come up through the ranks”
 - Include individuals who are knowledgeable about various specialized work areas
3. **Research background materials:** Identify resources that will be used in the development of the **Technical Competencies**. Resources may include:
 - Employee Work Profiles
 - Career Group Descriptions
 - Work process descriptions/flow charts
 - Project assignments and goal statements from the functional area
 - Data generated by previous work analyses/skill assessments
4. **Identify key competencies:** Using a brainstorming process, identify the major knowledge and skill requirements necessary to meet the stated

work challenges and accomplish the required agency outcomes. These **Technical Competencies** typically appear initially as minimum hiring requirements, and develop in depth, breadth and complexity as an employee progresses to higher levels of work and expertise in the **Role** or **Career Group**.

5. **Develop technical indicators:** For each **Technical Competency**, develop the knowledge and skill indicators that are expressed in observable terms.
6. **Complete final draft of Technical Competencies:** Document the full set of **Technical Competencies** in a presentation format for validation meetings with managers, supervisors and employees associated with the function.

How are Competency Models validated?

After a **Competency Model** has been drafted, each behavior and technical component should be validated. There are multiple approaches to validation requiring input from employees, supervisors, managers or agency leaders. While key agency leaders may want to validate the behavioral components of the **Competency Models**, it is critical to have functional supervisors and managers validate the technical components. Functional supervisors have a detailed knowledge of the work and its relationship to business needs.

Generally, the following questions are important in the validation of a **Competency Model**.

- Does each competency describe the behaviors, knowledge and skills needed to perform the work?
- Are there any indicators written as task or activity statements that do not identify technical and/or behavioral requirements?
- If indicators are staged, do the higher level indicators represent clear advancement in behaviors, knowledge and skills?
- Are there any behavior, knowledge or skill requirements that have not been adequately captured in the Competency Model? Are there any redundancies?
- Are all indicators free from wording that reflects age, gender, race or cultural bias?

- Does each competency use clear and concise statements, terms and wording common and understandable to employees working in this capacity?

How are Competency Models linked to pay?

In the Commonwealth's Compensation Management System, employee compensation is based on an evaluation of the following **pay factors** (see Chapter 8 – Pay Practices):.

- Agency business need;
- Duties and responsibilities;
- Performance;
- Work experience and education;
- Knowledge, skills, abilities and competencies;
- Training, certification and license;
- Internal salary alignment;
- Market availability;
- Salary reference data;
- Total compensation;
- Budget implications;
- Long term impact; and
- Current salary

Competency Models can be used to help evaluate performance or to determine internal salary alignment and starting pay. Various formats may be used to determine actual employee pay rates. Formats can range from comprehensive inventories of individual competency ratings (see Human Resource Generalist Competency Model on DHRM's website) to pay matrices that reference a general evaluation of competencies and expertise. Comprehensive inventories provide detailed information that can be used for development purposes and simpler pay matrices can save time in determining pay.

With a comprehensive inventory including staged competency rating, an assessment form (or automated format) may be used. The feedback provider checks off indicator levels for each competency. This data results in a competency rating summarized into a total rating score, which is then mapped to a pay band (see Human Resource Generalist Competency Assessment material on DHRM's website).

A pay matrix is a point system in which points are accumulated based on educational level, work experience, and other value added compensable factors such as licensure, certification and specialized coursework that lead to a competency level. These pay matrices serve as a guide for determining pay for new hires and pay adjustments for current employees. Total pay matrix points are converted to a range of pay on the pay band. The total matrix points help identify internal alignment considerations and are used with the other **pay factors** to arrive at appropriate pay.

How are Competency Models linked to performance planning and evaluation?

Competency Models provide the supervisor and employee with a clear understanding of performance expectations, and address training and development activities necessary for successful performance. Models that include specific performance criteria ensure that supervisors and employees share the same understanding of performance expectations.

Most **Competency Models** require an employee self-assessment of their performance that provides input to the supervisor in their appraisal of the employee. Additionally, some may elicit performance feedback from other internal and external peers, direct reports and customers.

How are Competency-based System evaluated?

The final step in the development of a **Competency Model** is the design and implementation of an on-going evaluation plan to measure the effectiveness of the model's content and usage. **Competency Models** must be reviewed and modified periodically to reflect changes in desired behaviors and technical knowledge and skills that result from an evolving work environment. The evaluation plan, at the minimum, should include the individual(s) responsible for evaluating the **Competency Model**, evaluation timelines and may follow the same process used to develop the original **Competency Model**.



APPENDIX G

GUIDELINES FOR DEVELOPING SKILL-BASED SYSTEMS

INTRODUCTION

The Commonwealth's Compensation Management System has been designed to provide a direct link between organizational performance and employee contribution and pay. ***Skill-based Systems*** are one method of achieving this linkage. Agencies wishing to consider establishing a skill-based system are encouraged to use these guidelines; staff from DHRM should also be consulted.

Skill-based Systems reward employees for the range, depth and type of skills they possess that are key to the organization's work functions and operations. Additionally, ***Skill-based Systems*** may be used to directly link an employee's compensation to work-related skills learned and used on the job. As the needs of the organization change, compensable skills can be added or eliminated to encourage employee development to meet the changing business needs. ***Skill-based Systems*** represent a person-based rewards system, as opposed to a job-based reward system.

Agencies interested in developing a ***Skill-based System*** must identify what goal(s) they are seeking to achieve. Questions to consider are "what outcomes or results will be expected from implementing a ***Skill-based System***?" and "what skill sets are valued?". Some potential answers may be increased productivity, multi-skilled workforce, acquisition of new skills needed for a changing work environment, increased employee morale, or to solve a specific problem, issue or need.

In a ***Skill-based System***, the focus is on skill acquisition that can be observed and objectively measured. Therefore, this type of system is most commonly found in trades or labor settings. ***Skill-based Systems*** can be designed from two perspectives:

- horizontal or breadth of skills where cross training is emphasized (e.g. a multi-skilled trades worker possess electrical, plumbing, HVAC, and carpentry skills); and
- vertical or depth of skills where specialization and expertise is valued (e.g. an electronic technician possesses the entire range of electrical and electronic skills).

Skill blocks are identified sets of skills, knowledge and tasks that are required based on the work to be performed. **Skill blocks** focused on breadth of skills or the versatility of the individual tend to have an array of different categories of skills. **Skill blocks** that focus on the depth of skills or expertise in a particular area tend to have a more narrowly defined, specialized set of skills. Determining whether the **Skill-based System** will be based on breadth, depth or a combination is a key design decision.

Like other alternative pay and job evaluation systems, a **Skill-based System** is fairly labor intensive and requires the agency's commitment to designate the necessary staff resources during the development stages. Additionally, **Skill-based Systems** should not be perceived as a "one size fits all" approach. It would be highly unlikely, given the Commonwealth's workforce, that an agency would implement a **Skill-based System** agency-wide for the entire employee population. It is important that an agency identify the specific work unit(s) where observable and measurable skills may be identified and would contribute to the overall success of the work unit(s) and agency.

While there are many benefits to implementing a **Skill-based System** under the right circumstances, it is not totally free from potential risks. Poorly designed **Skill-based Systems** can lead to paying for skills that are not used or not relevant to the business needs of the agency. Employees may reach their maximum pay rates with the attainment of the entire set of identified skills which limits opportunity for further salary increase but allows for a fully skilled workforce. Paying employees based on skills attained and used makes it more difficult to make pay comparisons with the labor market that focuses on job-based rather than individual skill-based comparisons. Agencies will need to convert **skill blocks** into benchmark descriptions in order to continuously review and match **salary reference data**.

What are skills and skill blocks?

Skills are the basic components of a ***Skill-based System***. These skills typically are grouped into ***skill blocks*** that include predefined set of skills, knowledge and tasks. When performed by employees, these ***skill blocks*** will add value to the work process and increase the likelihood of the work unit's success. Skills and ***skill blocks*** should be directly related to the business needs of the agency. Based on business needs, agencies should encourage employees in a ***Skill-based System*** to achieve the highest potential skill level required. As more ***skill blocks*** are acquired and are used, the potential value of the employee increases.

An example of a skill block follows:

DUMP TRUCK – SINGLE AXLE

A. Spreading Material

- Stone – Determine where stone is needed and spread in a manner that does not require additional work and equipment to level. Uses chain settings effectively to ensure proper application of stone.
- Asphalt – Spread material uniformly and ensure proper placement.

B. Hauling and Dumping Material - Determines appropriate dumping locations, hauls (with cover) and dumps in areas without damage to equipment.

C. Snow Removal – Load spreader and plow on truck. Install chains, if required. Set appropriate settings on spreader. Pushes snow and operate spreader according to instructions.

D. Towing Equipment – Hook, unhook and pulls and maneuvers light duty equipment.

E. Preventive Maintenance – Perform daily operator's checklist and rectify all minor problems determined while performing the checklist. Change oil, grease, change filters, keep all fluids at proper levels.

How are Skill-based Systems used?

Skill-based Systems can serve as a way to integrate human resource practices under the Compensation Management System. Agencies that elect to use ***Skill-based Systems*** need to consider exactly how they will be used to support the agency's mission and desired strategic outcomes. Furthermore, agencies will need to determine the extent to which this type of system will impact and affect the agency's human resource practices. The following is a list that should be taken into consideration when determining the purpose and intent of an agency's rationale for using ***Skill-based Systems***.

- **Training and Development** – connection to agency business need is the cornerstone to ***Skill-based Systems***. The agency's commitment to learning is vital to the success of the system. Employees must be given the

opportunity to acquire the knowledge and/or skills required for the progression through the **skill blocks**. The skills identified within a **skill block** may serve as curriculum for training. Training plans should be well documented, include specific training objectives and communicated to employees.

- **Recruitment and Selection** - systems can be developed to identify knowledge and skills for recruiting and assessing applicants for agency positions.
- **Performance Management** - systems can be used to support the assessment of employee performance.
- **Compensation Decisions** – systems will determine how pay will be administered based on defined **skill blocks** and guide other pay decisions (e.g. starting pay, promotions, in-band adjustments, etc.).

What are the steps for developing Skill-based Systems?

The following is a suggested approach, but agencies need to tailor the process to meet business needs and objectives.

1. **Identify the group of employees to be covered:** This step consists of linking the business goals with the **Career Group** or agency work unit(s) that are most appropriate for a **Skill-based System**. Typically, **skill blocks** are created to reflect the skills needed for employees in **Career Group(s)**, **Role(s)** or functions within a **Role**. **Skill-based Systems** compliment job and pay structures that have broad **Roles** and extended pay bands.
2. **Gather data:** Identify knowledge and skills that are important to the work unit(s) and can be objectively measured. The use of **Focus Group(s)** comprised of **Subject Matter Experts** (managers and employees) is the desired method to be used to identify skills and **skill blocks**. It may be helpful to initially have the **Focus Group(s)** identify the tasks performed in the work unit(s) and then identify the skills needed to perform these work tasks. The “essential” tasks or skills should be explicitly identified, organized into **skill blocks** and rank ordered by degree of difficulty or complexity. Each skill must be clearly articulated to the point that verifiable measures or standards of performance can be established.

3. **Develop skill and skill inventories:** Based on the information identified in the data collection step, **skill inventories** are developed that list the discrete knowledge and skills needed to complete the required tasks. The **skill inventories** are helpful to both supervisors and employees for career development purposes and outline clearly how performance will be measured and assessed.

How are Skill-based Systems validated?

After the **skill blocks** and/or **skill inventories** have been developed, each skill should be validated. Functional supervisors that have a detailed understanding of the work and its relationship to business need should be asked to validate the accuracy of the identified **skill blocks** and/or **skill inventories**. As business needs or skill requirements change, functional supervisors should provide input to modify the **skill blocks** and/or **skill inventories**.

How are Skill-based Systems linked to pay?

In the Commonwealth's Compensation Management System, employee compensation is based on an evaluation of the following **pay factors** (see Chapter 8 – Pay Practices):

- Agency business need;
- Duties and responsibilities;
- Performance;
- Work experience and education;
- Knowledge, skills, abilities and competencies;
- Training, certification and license;
- Internal salary alignment
- Market availability;
- Salary reference data;
- Total compensation;
- Budget implications
- Long term impact; and
- Current salary

Using the **skill blocks**, agencies determine which skills are compensable. Market data can be obtained to identify a sub-band or pay band to support a **Skill-based System**. Once the sub-band or pay band has been established, the **skill blocks** can then be assigned to the continuum. Thus, the **skill blocks** become the unit measurement for pay increases within a sub-band or pay band.

There are a number of design options that should be taken into consideration when administering pay in a **Skill-based System**. Progression through a **skill block** can be compensated by a variety of methods including constant dollar amount, increasing dollar amount, fixed percentage or increasing percentage amount. The timing of pay increases should also be considered. Oftentimes an agency will want to establish some limitations on the pay increase process in order to control cost. For example, a control measure may be to require the employee to remain at a skill level for a fixed period of time or another option would be for the agency to establish a policy that sets the maximum increase an employee may receive during a specific time period.

The timing of pay increases and any cost control measure has a significant impact on both employee morale and cost escalation. Consideration should be given to any other type of direct compensation awards the employee may be eligible for such as recognition awards, retention and market-based adjustments. Other compensation actions should support the goals and intent of the **Skill-based System**.

Procedures must be developed for establishing starting pay for new hires and/or employees transitioning from a traditional pay and job evaluation system to a **Skill-based System**. A key issue during the transition is how current employees will be moved to the **Skill-based System**. Key implementation decisions such as how current employees will be paid initially under the system need to be determined (e.g. placed at the entry level or obtain an initial or baseline assessment certifying the employee's current skill level). Lastly, consideration must be given to how the agency will handle employees whose skills diminish (e.g. freeze employee's pay or reduce pay).

How is a Skill-based System linked to performance planning and evaluation?

Skill-based Systems provide the supervisor and the employee with a clear understanding of the performance expectations and clearly address the

learning activities that are necessary for successful performance. Additionally, this type of system helps supervisors and employees to share the same understanding of expected performance.

Agencies must determine the overall method for determining the employee's skill level. The process developed will serve as a way to certify that the employee has met all performance standards established for a **skill block**. Evaluation methods to consider include checklists, skill demonstration or testing. Consideration must be given to the timing of the performance measure. Questions to be answered include: Will performance be measured at a designed time (annually, semi-annually, quarterly)? Will the employee be assessed on skills only one time or will the continued mastery of the skill be required?

After identifying a method for assessing the employee's skills, the next step is to identify who will assess the performance. Evaluators can be managers, technical and functional experts, peers or an assessment team with optional rotating membership. The evaluation of skills can be accomplished either by a paper or automated process.

How are Skill-based Systems evaluated?

The **skill block(s)** and pay mechanism that is established must make sense in terms of the goal the agency is seeking to accomplish and must be understandable to employees. An evaluation plan should be established and implemented to ensure that the **Skill-based System** is effectively meeting the agency needs and reflects the desired knowledge and skills needed by the agency.



APPENDIX H

DEVELOPMENT OF CAREER GROUP DESCRIPTIONS

Drafting Career Group Descriptions

The **Career Group Team** may order the sequence of drafting the **Career Group Descriptions** in the way deemed most appropriate. One approach is to begin with the description of the entry or most fundamental **Role** and progress upward to higher level **Roles**. An advantage to this approach is that the entry level **Role** will provide the foundation for developing the higher level **Roles**. Some job evaluation texts recommend writing the entry level first, then the highest level, and then the levels in between. The content of a **Career Group Description** is listed below (see the *Example of Career Group Description* at the end of this Appendix).

- **Concept of Work**

This is a one paragraph general description of the type and kind of work typically performed by employees in the **Career Group**. However, it is specific enough to distinguish one **Career Group** from another **Career Group**. This concept summarizes the common elements and the range of **Roles** assigned to this **Career Group**.

Concept of work:

This Career Group consists of employees who provide support to program administration by creating or reproducing printed images of text and graphics. Applies knowledge of the necessary technologies in this area. Positions range from trainee and entry level to management level.

- **Matrix of Role Titles, Codes and Pay Bands**

The **Career Group Description** includes a matrix listing the pay band assignment, **Role Titles** and **Role Codes** for both practitioner and management **Roles**. It is possible for some practitioner and management

Roles to be assigned to the same pay band. This matrix illustrates the potential career progression within a given **Career Group**.

PAY BAND	PRACTITIONER ROLES	ROLE CODE	MANAGEMENT ROLES	ROLE CODE
1	Printing Technician I	xxxxx		
2	Printing Technician II	xxxxx		
3	Printing Technician III	xxxxx		
4	Printing Technician IV	xxxxx	Printing Manager I	xxxxx
5			Printing Manager II	xxxxx

- **Role Descriptions**

Within a **Career Group Description**, the **Role Descriptions** describe the range of work (from lowest to highest). These descriptions are the basis for allocating positions (using the **Employee Work Profile** or Position Description) to the appropriate **Role**. The **Role Descriptions** are brief and provide capsule information as to the intended use of the **Role**. The capsule description defines the range of work that might be performed within a **Role**.

Since **Roles** are designed to describe a broad array of positions, there are **Roles** that combine staff level work with first-line supervisory work. Other **Roles** describe a range of positions that have entry to senior level work; and still other **Roles** describe positions with only one level of work. The following is an example of a **Role Description**:

Printing Technician III
 This Role is for fully skilled printing technicians whose duties range from operating various types of printing or copying equipment to being a first line supervisor of staff performing duties related to duplicating and producing printed documents. Duties may include Photolithography, Phototypesetting, as well as offset and xerographic printing.

- **Compensable Factor Matrix**

A **Compensable Factor Matrix** for each **Role** assigned to a **Career Group** is used to supplement the description of work. These matrices distinguish one **Role** from another based on the three compensable factors (**complexity of work, results** and **accountability**). For each compensable factor, a description of the range and level of the work assignments/activities performed by positions assigned to a particular **Role** are listed. A few **Career Group Descriptions** include multiple matrices where there are different

functional tracks within the same **Role**. A sample of a **Compensable Factor Matrix** is illustrated below.

Printing Technician III		
COMPLEXITY	RESULTS	ACCOUNTABILITY
<ul style="list-style-type: none"> • Knowledge of lithographic printing and xeroxing techniques and equipment. • Has contacts with customers to discuss job orders. • Assignments range from preparing a single document for reproduction to producing complex reports, brochures and multi-colored documents to supervising those reproducing the documents. 	<ul style="list-style-type: none"> • The materials (e.g., brochures, books, and reports) are reproduced according to job order. 	<ul style="list-style-type: none"> • Independently resolves daily printing issues. Refers unusual issues to others. • May supervise the work of printers or technicians.

- **Standard Occupational Classification (SOC) System**

This section lists the relevant **Standard Occupational Classifications (SOC)** for some positions that are included in a particular **Career Group**. The SOC System will be used for federal statistical reporting purposes. NOTE: SOC codes will be used at a later date after initial implementation. For additional information BLS and SOC web sites are:

http://stats.bls.gov/soc/soc_home.htm - general information

http://stats.bls.gov/search/soc_s.asp - detailed definitions: key work search

http://stats.bls.gov/soc/soc_majo.htm - detailed definitions: structure search

- **Career Group History**

The **Career Group History** is a concise statement that traces the development of the **Career Group**, identifies the study that led to the publication of the **Career Group Description** and states the purpose of establishing or revising the **Career Group**. It is important to include a chart that outlines the former class titles and pay grade assignments that are included in each **Role**.

History

Previous Class Titles

Printing Technician I

CLASS CODE	CLASS TITLE	GRADE
61174	Printing/Bindery Worker	3

Printing Technician II

CLASS CODE	CLASS TITLE	GRADE
12043	Photocopy Technician	4
61156	Printing Press Operator A	5

Printing Technician III

CLASS CODE	CLASS TITLE	GRADE
12044	Photocopy Supervisor	6
61171	Bindery Foreman	6
61167	Photolithographic Stripper	6
61162	Phototypesetting Specialist	6
61157	Printing Press Operator B	6
61168	Photolithographer	7
61158	Printing Press Operator C	7
61184	Printing Services Supervisor A	7
61166	Phototypesetting Supervisor	8
61154	Press Foreman	8
61185	Printing Services Supervisor B	8

Printing Technician IV

CLASS CODE	CLASS TITLE	GRADE
61183	Printing Customer Services Specialist	9

Printing Services Manager I

CLASS CODE	CLASS TITLE	GRADE
61186	Printing Services Specialist C	10
61187	Printing Services Administrator A	11

Printing Services Manager II

CLASS CODE	CLASS TITLE	GRADE
61188	Printing Services Administrator B	13

Agency Review of Career Group Descriptions

When ***Career Group Descriptions*** are newly developed or revised, copies are distributed to agency Human Resource Directors for review and comment. All agencies that use the ***Career Group*** review the description to ensure that it accurately reflects and covers the type and level of work performed by their positions. This review allows agencies the opportunity to comment prior to the description being finalized. As part of their review, agencies should compare the concepts of the ***Roles*** to their positions to determine applicability and relevance.

A **Career Group Description** is valid when it represents the general nature of the work performed by a particular **Career Group**. The Commonwealth's methodology for developing **Career Group Descriptions** uses current **Role** information derived from logical and authoritative sources (**Employee Work Profiles**/Position Descriptions, job specifications, job advertisements, Performance Plan, Subject Matter Experts, etc.). External sources may further confirm that **Career Group Descriptions** are consistent with standard occupational definitions (**Standard Occupational Classification System**, professional organizations, compensation organizations, government agencies, and accrediting agencies).

The **Career Group Teams** also validate **Career Group Descriptions** through identifying salary reference comparisons assigned to each **Role**. This validation ensures that **Roles** are assigned to the appropriate pay band based on market information.

Reliability of the **Career Group Description** is measured in two ways, first through an agency's review of the accuracy of the description and then through the consistent allocation of positions to the same **Career Group** and **Role** over time. A **Career Group Description** is reliable when it presents a clear concept of the nature of work associated with a particular career or occupational field. Reliability is first tested during the drafting process when agencies are asked to check the allocation process using the draft **Career Group Description**. The most accurate test of reliability is demonstrated when over time, different user agencies are able to consistently allocate similar positions to the same **Career Group** and **Roles**.

Publication

The Department of Human Resource Management is responsible for publishing **Career Group Descriptions**.

EXAMPLE OF CAREER GROUP DESCRIPTION

CAREER GROUP DESCRIPTION

Career Group Title: Printing Operations
 Career Group Code: xxxxx
 Occupational Family: Trades and Operations
 Pay Bands: 1 – 5

Concept of work:

This **Career Group** consists of employees who provide support to program administration by creating or reproducing printed images of text and graphics. Applies knowledge of the necessary technologies in this area, range from trainee and entry level to management level.

Role Descriptions

PAY BAND	PRACTITIONER ROLES	ROLE CODE	MANAGEMENT ROLES	ROLE CODE
1	Printing Technician I	xxxxx		
2	Printing Technician II	xxxxx		
3	Printing Technician III	xxxxx		
4	Printing Technician IV	xxxxx	Printing Manager I	xxxxx
5			Printing Manager II	xxxxx

Printing Technician I

- This **Role** is for employees responsible for completing basic physical tasks that support reproduction services or document finishing services such as cutting, binding, and folding.

Printing Technician I

COMPLEXITY	RESULTS	ACCOUNTABILITY
<ul style="list-style-type: none"> Knowledge on how to operate folding, binding, collating and other finishing equipment. On occasion talks to customer about job order. Tasks have some variation and difficulty. Applies existing procedures and guidelines in completing the runs or services. 	<ul style="list-style-type: none"> Finished documents are prepared according to job orders. 	<ul style="list-style-type: none"> For self-learning and development. Refers questions and problems to higher levels.

Printing Technician II

This **Role** is for employees who are responsible for completing basic printing duties necessary to generate production runs of productions. This includes operating and performing routine maintenance on the machinery, as well as record keeping.

Printing Technician II

COMPLEXITY	RESULTS	ACCOUNTABILITY
<ul style="list-style-type: none"> Knowledge of basic offset printing or photocopy equipment. Has frequent contacts with customers to discuss job orders. Assignments range from producing printed materials having routine technical requirements to copying a variety of materials and cleaning and maintenance of equipment. 	<ul style="list-style-type: none"> Produces printed material according to job requirements and application of existing procedures and guidelines. 	<ul style="list-style-type: none"> Running printing independently. Refers questions to higher level.

Printing Technician III

This **Role** is for fully skilled printing technicians whose duties range from operating various types of printing or copying equipment to being a first line supervisor of staff performing duties related to duplicating and producing printed documents. Duties may include Photolithography, Phototypesetting, as well as offset and xerographic printing.

Printing Technician III

COMPLEXITY	RESULTS	ACCOUNTABILITY
<ul style="list-style-type: none"> ● Knowledge of lithographic printing and Xeroxing techniques and equipment. ● Has contacts with customers to discuss job orders. ● Assignments range from preparing a single document for reproduction to producing complex reports, brochures and multi-colored documents to supervising those reproducing the documents. 	<ul style="list-style-type: none"> ● The materials (e.g., brochures, books, and reports) are reproduced according to job order. 	<ul style="list-style-type: none"> ● Independently resolves daily printing issues. Refers unusual issues to other. ● May supervise the work of printers or technicians.

Printing Technician IV

This **Role** is for employees using the highest technical knowledge of printing in conferring with and assessing customer' needs, making recommendations, and writing job specifications to have the work produced within or outside the agency.

Printing Technician IV

COMPLEXITY	RESULTS	ACCOUNTABILITY
<ul style="list-style-type: none"> ● Knowledge of technical resources of full range of printing services. ● Knowledge of printing equipment, techniques, and materials. ● Frequently consults with customers on problems that require technical and administrative skills. ● Assignments range from assessing customers needs to advising on technical matter, (e.g. materials to use, format) and presentation to developing job specifications. ● Tasks range from varied and moderately complex to substantial complexity. 	<ul style="list-style-type: none"> ● Customer is satisfied with the finished product, resolution of the problem, and the advice and support provide. 	<ul style="list-style-type: none"> ● Independently handles customers' problems and technical questions on printing services. ● May orient and train others.

Printing Manager I

This **Role** is for employees who manage others in the performance of a wide variety of printing tasks. These responsibilities may be accomplished through subordinate supervisors and employees, or through contractors. May function as the charge printing position with financial and staffing responsibilities in an agency's complex printing operation, or as an assistant-manager in the largest most complex printing operations.

Printing Manager I

COMPLEXITY	RESULTS	ACCOUNTABILITY
<ul style="list-style-type: none"> ● Knowledge of the principles of management. ● Knowledge of printing production standards. ● Frequently consults with other managers and staff on production or job quality 	<ul style="list-style-type: none"> ● Printing unit is delivering services to customers' satisfaction. ● Job and unit costs are appropriate and unit's resources are within budget. 	<ul style="list-style-type: none"> ● Independently handles unit, customer, and employee problems. ● Management and supervisory responsibility. ● Trains and directs others.

<p>problems, and vendors on costing issues.</p> <ul style="list-style-type: none"> ● Assignments range from heading a full service-printing unit to preparing financial analysis and reports, job costing, to developing shop procedures. ● Tasks range from varied and moderately complex to substantial complexity. ● Presented with problems that do not have easy solutions. 		<ul style="list-style-type: none"> ● Financial and quality control responsibilities ● Expected to solve problems ● Serves as resource to others in resolving complex problems
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Printing Manager II

This **Role** is for employees who manage others in the performance of a wide variety of printing tasks as the charge position in the largest and most complex settings. This will involve the management supervision of subordinate supervisors as well as technical employees and will include the normal range of managerial duties such as planning, budgeting, staffing, and evaluation.

Printing Manager II

COMPLEXITY	RESULTS	ACCOUNTABILITY
<ul style="list-style-type: none"> ● Manages administrative and technical printing services. ● Knowledge of management principles and program administration. ● Frequently consults with major customers on complex job orders, outside printing contractors on cost and problem resolution, and management on policies and procedure development. ● Assignments range from management of a full service printing operation to planning for new technologies. ● Tasks range from varied and moderately complex to substantial complexity. 	<ul style="list-style-type: none"> ● Printing program and staff ensure services according to job orders. ● The program goals are met and the printing services operate within budget. ● Substantial impact. 	<ul style="list-style-type: none"> ● Oversee staff and administrative functions. ● Lead functional responsibility. ● Orients and trains others. ● Discretion and judgement in resolving program and staff problems. ● Serves as resource to others in resolving complex problems.

Statistical Reporting

Positions in this **Career Group** include, but are not limited to, those in the following Standard Occupational Classifications:

History

Previous Class Titles

Printing Technician I

CLASS CODE	CLASS TITLE	GRADE
61174	Printing/Bindery Worker	3

Printing Technician II

CLASS CODE	CLASS TITLE	GRADE
12043	Photocopy Technician	4
61156	Printing Press Operator A	5

Printing Technician III

CLASS CODE	CLASS TITLE	GRADE
12044	Photocopy Supervisor	6
61171	Bindery Foreman	6
61167	Photolithographic Stripper	6
61162	Phototypesetting Specialist	6
61157	Printing Press Operator B	6
61168	Photolithographer	7
61158	Printing Press Operator C	7
61184	Printing Services Supervisor A	7
61166	Phototypesetting Supervisor	8
61154	Press Foreman	8
61185	Printing Services Supervisor B	8

Printing Technician IV

CLASS CODE	CLASS TITLE	GRADE
61183	Printing Customer Services Specialist	9

Printing Services Manager I

CLASS CODE	CLASS TITLE	GRADE
61186	Printing Services Specialist C	10
61187	Printing Services Administrator A	11

Printing Services Manager II

CLASS CODE	CLASS TITLE	GRADE
61188	Printing Services Administrator B	13



APPENDIX I

EXCEPTIONAL RECRUITMENT AND RETENTION INCENTIVE OPTIONS

INTRODUCTION

The Commonwealth's Compensation Management System has adopted a number of ***Exceptional Incentive Options*** that may be implemented for specific positions, ***Roles*** and/or ***Career Groups*** that have significant recruitment and retention problems and are critical to the agency's mission and on-going operations. Recruitment and retention situations that require more extensive ***Incentive Options*** typically follow labor market practices in other industries where the Commonwealth competes for employees. It is important to recognize that when supply for specific types of employees is extremely low and demand is very high, these ***Incentive Options*** will place the agency in a more favorable position to recruit and retain qualified employees in critical positions.

The ***Incentive Options*** outlined in this Appendix are reserved exclusively for situations where employees are extremely difficult to recruit and retain and are intended to address staffing problems associated with employees entering or leaving state employment. Thus, they are not to be used in those situations involving recruiting and retaining employees from one state agency to another. Agencies may use these options individually or select a number of options to use in combination with each other. All salary actions require the consideration of the 13 ***Pay Factors***.

These ***Incentive Options*** may be used in conjunction with the Commonwealth's pay practices when appropriate, however, they extend above and beyond the pay practices outlined in Chapter 8. Additionally, agencies should take into consideration the ***Pay Factors*** when using ***Incentive Options***.

Agencies determine whether positions, ***Roles*** and/or ***Career Groups*** are to be provided these ***Incentive Options***. This determination is based on criticality to agency mission, significant recruitment and retention difficulties, and similarity to incentives used in the related labor market. Agencies choosing to use these ***Incentive Options*** must coordinate with their Cabinet Secretary

and notify the Department of Human Resource Management (DHRM). Agencies should decide on an internal approval process to access these **Incentive Options**. It is imperative that agencies review and reevaluate the need to continue these **Incentive Options** at least annually based on market availability and the type of competition that exists in the labor market.

SIGN ON BONUS

Agencies may offer a **Sign On Bonus** of up to \$10,000 to new employees who accept employment in positions, **Roles** and/or **Career Groups** where applicants are extremely difficult to recruit and retain and their functions are deemed critical to the agency's operation and mission. The new employee must agree to work for the Commonwealth and remain with the employing agency for a specified period of up to one year. Agencies must identify the positions eligible for the **Sign On Bonus** and establish a schedule of payment, either one lump sum payable at hiring or divided into two or more payments with final payment by the end of the agreed period. A formal written agreement, which includes requirements for satisfactory performance and duration of employment, must be executed with each employee outlining pay back terms if the agreement is not met.

RETENTION BONUS

Agencies may offer a **Retention Bonus** of up to \$10,000 during a fiscal year (ending 6/24) to current employees in positions, **Roles** and/or **Career Groups** where applicants are extremely difficult to recruit and retain and their functions are deemed critical to the agency's operation and mission. These employees must agree to work for the Commonwealth and remain with the employing agency for a specified period of up to one year. The **Retention Bonus** may be paid as a lump sum or in scheduled payments. A formal written agreement, which includes requirements for satisfactory performance and duration of employment, must be executed with each employee outlining pay back terms if the agreement is not met.

PROJECT-BASED INCENTIVES

Agencies may offer project completion bonuses or milestone completion bonuses to employees occupying positions, **Roles**, and/or **Career Groups** that present extremely difficult recruitment and retention problems for the agency and whose functions are deemed critical to the agency's operation and mission

and/or employees that work on and complete essential projects for the agency. Sustaining the projects must be critical to the agency's operation or mission. Payments for any one project or combination of project milestones shall not exceed \$10,000 in a fiscal year (ending 6/24). Agencies must determine valid projects, identify participants eligible for the bonus, and develop project plan/milestones to identify the timing of payments.

COMPENSATORY LEAVE

Under the Compensatory Leave policy, agencies are authorized to provide **Compensatory Leave** under certain circumstances to employees who work extra hours. Agencies may extend indefinitely the time period for **Compensatory Leave** to be used by employees that occupy positions, **Roles** and/or **Career Groups** that are extremely difficult to recruit and retain and are critical to the agency's operation and mission. Agencies must document any extensions authorized and retain information in the agency files.

Additionally, agencies may pay off **Compensatory Leave** balances to this group of employees.

ANNUAL LEAVE

Agencies should negotiate the exact amount of **Annual Leave** that will be provided to the new employee at the start of employment and enter this amount into the leave system. A formal written agreement, which includes requirements for satisfactory performance and continued employment, must be executed with each employee outlining pay back terms if the agreement is not met. The employee must agree to work for the Commonwealth and remain with the employing agency for a specified period of up to one year.

Granting Leave

Agencies may provide up to 30 days (240 hours) of **Annual Leave** (per leave year – ending 1/9) to new and existing employees as an incentive to accept employment or retain employees in positions, **Roles** and/or **Career Groups** that are extremely difficult to recruit and retain and are deemed critical to the agency's operation and mission.

Advancing Leave

Agencies also have the option to advance some amount of **Annual Leave**, up to 30 days, rather than granting an additional amount of **Annual Leave**. For example, an agency may give a new employee two weeks (10 days) of **Annual Leave** at time of hire and the repayment of this leave would be outlined in the pre-employment agreement.

Paying Leave

Agencies have additional options for handling **Annual Leave** for employees who are granted or advanced the **Exceptional Recruitment and Retention Leave**. Agencies may elect to pay off any accrued **Annual Leave** hours, negotiating with the employee the amount of leave balances to be paid. Agencies should encourage employees to retain an **Annual Leave** balance to cover unforeseen situations that may arise in which the employee may need to use this leave time.

REFERRAL PROGRAM

Agencies may implement a **Referral Program** in which agency employees working in a classified position are eligible to receive a payment of up to \$1,500 for referrals which result in hiring external job applicants in difficult to recruit positions, **Roles** and/or **Career Groups** that are deemed critical to the agency's operation and mission. Eligible positions are those designated critical by the agency management that have not generated an acceptable applicant pools.

External job applicants are those who are not employed by any agency in any branch of Virginia state government. Referred applicants must not have an active job application on file with the agency.

Agencies have the option of expanding their **Referral Program** to include State employees both inside and outside of the agency or only making the program available to current agency employees. Additionally, agencies can decide if referring employees must be employed and working in the specific agency at the time in which the referral payments are due or be working for another State agency. All features of the **Referral Program** must be outlined in the **Agency Salary Administration Plan**.

Agencies may determine the payment schedule, whether paid as a lump sum or several payments, for referral bonuses with final payment within one year of the hire date. For example, one half of the referral payment may be

paid once the applicant has been hired and begins work, with the remainder paid once the applicant completes the probationary period.

Under this incentive, hiring managers/supervisors and agency recruiting staff are not eligible to participate in the ***Referral Program***.

The following procedures shall be followed when implementing the ***Referral Program***.

1. The external job applicant must submit written notification of referral with application or resume.
2. The Human Resource office confirms referral in writing.
3. Once an applicant is hired and begins work, the Human Resource office obtains authorization for first referral payment and forwards to payroll.
4. When the employee (applicant) completes probation, or according to the established payment schedule, the Human Resource office authorizes subsequent referral payments and forwards to payroll.
5. If the referring employee is employed by another state agency, the funds for the referral payment(s), along with supporting information, must be forwarded to the employee's agency fiscal office. The referring employee's agency will make the payment(s) from these funds.

Exceptional Recruitment and Retention Incentive Options
 for positions critical to the agency mission with significant recruitment and retention problems
 03/01/01

Option	Guidelines	Relation to Pay Practices
Sign On Bonus	Up to \$10,000 for new external employees agreeing to work for a specified period of up to one year. Payable as lump sum or scheduled payments , with final payment by the end of the agreed period. A formal agreement must be executed which includes requirements for satisfactory performance, duration of employment, and pay back if terms are not met. <ul style="list-style-type: none"> • Coordinate with Cabinet Secretary • Notice to DHRM • Review yearly 	Independent of and in addition to other pay practices and the Rewards and Recognition Policy.
Retention Bonus	Up to \$10,000 during a fiscal year (ending 6/24) for current agency employees agreeing to work for a specified period of up to one year. Payable as lump sum or scheduled payments. A formal agreement must be executed which includes requirements for satisfactory performance, duration of employment, and pay back if terms are not met. <ul style="list-style-type: none"> • Coordinate with Cabinet Secretary • Notice to DHRM • Review yearly 	Independent of and in addition to other pay practices and the Rewards and Recognition Policy.
Project-Based Incentives	Project completion or milestone bonuses not to exceed \$10,000 for any one project in a fiscal year (ending 6/24). Eligible projects and participants must be identified along with criteria and timing of payments. <ul style="list-style-type: none"> • Coordinate with Cabinet Secretary • Notice to DHRM • Review yearly 	Independent of and in addition to other pay practices and the Rewards and Recognition Policy.
Compensatory Leave	Allows agencies to extend indefinitely the time employees have to use earned compensatory leave and/or to pay off compensatory leave balances .	Covered by revised Compensatory Leave Policy
Annual Leave	Agencies may grant or advance up to 30 days (240 hours) of annual leave during a leave year (ending 1/9) to new and existing employees as an incentive to accept or continue employment with the Commonwealth. The employee must agree to work for a specified period of up to one year. A formal agreement must be executed which includes requirements for satisfactory performance, duration of employment, and pay back if terms are not met. Agencies also may elect to pay off annual leave hours.	Covered by revised Annual Leave policy.
Referral Program	Agency employees eligible to receive payment of up to \$1,500 for referral of candidates external to the Commonwealth's workforce if they are hired. Referring employees must submit written notification of referral with application/resume, then HR confirms. Referring employees must be working in a classified position at a state agency to receive payment. Agencies decide payout schedule for bonuses , with final payment within one year of the hire date. Hiring managers/supervisors and agency recruiting staff are not eligible. The Agency Salary Administration Plan will determine whether the referring employee must be employed in the agency in order to receive payment(s). <ul style="list-style-type: none"> • Coordinate with Cabinet Secretary • Notice to DHRM • Review yearly 	Independent of and in addition to other pay practices and the Rewards and Recognition Policy.

All salary actions require the consideration of the following pay factors:

- | | | | |
|-----------------------------|--|-----------------------------|-----------------------|
| - Agency Business Need | - Work Experience & Education | - Internal Salary Alignment | - Total Compensation |
| - Duties & Responsibilities | - Knowledge, Skills, Abilities, & Competencies | - Market Availability | - Budget Implications |
| - Performance | - Training, Certification, & License | - Salary Reference Data | - Long Term Impact |
| | | | - Current Salary |

Non-Base Pay Options

(Excludes the Exceptional Recruitment and Retention Incentive Options)

03-01-01

Program / Practices	Guidelines	Type of Reward	Relation to Pay Practices
Employee Recognition	Lump sum payment up to \$1,000 per fiscal year and up to 5 days leave per leave year for: <ul style="list-style-type: none"> Achievements or accomplishments that contribute to the overall objectives of the agency and state government. 	Monetary , Non-Monetary and Leave	Independent of and in addition to other pay practices. Covered by DHRM Policy # 1.20
Service Award	Rewards given to recognize an employee for length of state service in 5-year increments.	Non-Monetary	Independent of and in addition to other pay practices. Covered by DHRM Policy #1.10
Employee Suggestions	Lump sum payment or leave capped by the percentage savings generated.	Monetary and Leave	Independent of and in addition to other pay practices. Covered by DHRM Policy #1.21
In-Band Bonuses	Lump sum payment up to 10% of base salary per fiscal year <u>in lieu of base pay adjustment</u> for: <ul style="list-style-type: none"> Change in duties* Application of new knowledge/skills/abilities from education, certification, or licensure Retention Internal Alignment (bonus with required planning for permanent base pay adjustment)* <p>*Where there are current budget constraints, this option allows for transition when agency needs time to develop funding to support base-pay salary adjustment. No In-Band Bonuses allowed for employees at the top of the pay band.</p>	Monetary (Bonus amount applied towards 10% In-Band Adjustment cap per fiscal year)	Substitutes for In-Band Adjustments (base pay changes) Covered by DHRM Policy #3.05.

All salary actions require the consideration of the following pay factors:

- Agency Business Need
- Duties & Responsibilities
- Performance
- Work Experience & Education
- Knowledge, Skills, Abilities, & Competencies
- Training, Certification, & Licence
- Internal Salary Alignment
- Market Availability
- Salary Reference Data
- Total Compensation
- Budget Implications
- Long Term Impact
- Current Salary



APPENDIX N – GLOSSARY

Accountability	This is one of three Compensable Factors (Accountability, Complexity of Work and Results) used for evaluating jobs in order to determine the appropriate Role to which a position should be allocated within a Career Group Description. Accountability describes the responsibility or authority exercised in terms of guidance, independence and autonomy of functioning and finality of decisions made. This Compensable Factor takes into account leadership, judgment and decision making and independence of action.
Agency Business Need	This is one of thirteen Pay Factors used for pay determination purposes. Agency Business Need describes the specific activities and organizational, financial, and human resource requirements that are derived from the agency’s mission.
Agency Compensation Reform Transition Planning Checklist	This document is designed to assist agencies in the transition to the Compensation Management System on September 25, 2000. The Compensation Reform Transition Planning Checklist outlines issues that agency management should consider for the initial conversion and includes salary administration philosophy and policies; recruitment and selection process; performance process; pay practice implementation; program evaluation; internal appeals process; EEO considerations and agency communication plan. The checklist serves as a precursor for the development of the Agency Salary Administration Plan.
Agency Salary Administration Plan	This document outlines how agencies will implement the Compensation Management System and is the foundation for ensuring consistent application of pay decisions. The Agency Salary Administration Plan addresses the agency’s internal compensation philosophy and policies; responsibilities and approval processes; recruitment and selection process; performance management; administration of pay practices; program evaluation; appeal process; EEO considerations and the communication plan. Agencies should review the plan periodically to ensure it’s continued applicability to the agency’s mission and organizational needs.
At Will Employees	This category of employees is broadly used to describe employees who are appointed by the Governor (employees in the Office of the Governor or Offices of Cabinet Secretaries). At the agency level, this term is used to describe employees who serve in the capacity of agency head, chief deputy or equivalent, or confidential assistant for policy or administration. These employees are typically appointed by the Governor, and agencies may not have more than three employees in the “at will” capacity including the agency head.

Behavioral Competencies	These are common or core behaviors described in observable and measurable terms that make Employees more effective in their work when applied in appropriate situations. Behavioral Competency Model may be applicable to Employees throughout an agency or more narrowly defined to reflect behaviors unique to an Occupational Family or Career Group.
Below Contributor	This is the lowest of three levels of ratings in the Performance Management Program. This rating level is described as “work that fails to meet the criteria of the job function”. (See also Contributor and Extraordinary Contributor.)
Budget Implications	This is one of thirteen Pay Factors used for pay determination purposes. Budget Implications considers the short and long-term financial consequences of pay decisions and how salary dollars are managed by an agency.
Capsule Job Description	This brief description captures the work performed by Employees being studied when conducting a salary survey and includes the nature and level of work and the organizational level of the job. The Capsule Job Description should be specific enough to enable the respondent to determine a reasonable match to the job. (See Salary Survey.)
Career Group	This subgroup of the Occupational Family identifies a career path within a specific occupational field.
Career Group Description	This document specifies the nature, type and range of work associated with a particular Career Group; identifies the progression of Roles within a Career Group; and provides sufficient information to distinguish one Career Group from another. This description includes the Concept of Work; Matrix of Role Titles; Codes and Pay Bands; Role Descriptions; Compensable Factor Matrices; Statistical Reporting (Standard Occupational Classification (SOC) System); and Career Group History. Career Group Descriptions replace Class Specifications.
Career Group History	This section of the Career Group Description traces the development of the Career Group, states the purpose of establishing or revising the Career Group, and identifies the study that led to publication. For implementation purposes, the Career Group History identifies the transitional Crosswalk of the former job classifications to Roles.
Career Group Revision	This involves a study of jobs using salary data and the Compensable Factors and may result in jobs within a Role moving to a higher or lower Pay Band. With a Career Group Revision, the Career Group Description must be updated to reflect the changes in the assigned Roles and Employees in these Roles may have their salaries adjusted based on the rules governing Upward or Downward Role Changes.
Career Group Study	This process is for the purpose of periodically reviewing and identifying distinct Roles within a Career Group among a given

	population of Employees by collecting and analyzing data, developing Career Group Descriptions, and allocating positions.
Career Path	These paths are incorporated into the Career Group Descriptions, identify career progression and describe the skills and abilities required to move within a Role, to another Role and/or to a different Career Group or Occupational Family.
Classified Employee	Employees that are covered by the Virginia Personnel Act and include the majority of salaried individuals employed by the Commonwealth's Executive Branch. The Commonwealth's compensation policies and other human resource policies apply to Classified Employees.
Commonwealth's Compensation Philosophy	This is the formal statement of the basic goals and values of the Commonwealth's compensation program. The Commonwealth's Compensation Philosophy is to pay Employees in a manner sufficient to support and develop a high performance workforce that provides quality service in a fiscally responsible manner to the citizens of Virginia.
Compensable Factor Matrix	These matrices within the Career Group Description describe the level(s) of work performed in each Role in the Career Group and distinguish one Role from another based on the Compensable Factors.
Compensable Factors	This component of the Career Group Description is used to allocate a position to a Role in a Career Group based on these factors: Complexity of Work, Results, and Accountability. Replaces and consolidates the seven former factors: Complexity of Work, Supervision Given, Supervision Received, Scope, Impact of Actions, Personal Contacts, and Knowledge, Skills and Abilities.
Compensation Management System	This comprehensive system is developed for Classified Employees covered by the Virginia Personnel Act for implementation on September 25, 2000. The system shifts the emphasis from a position-based system to one that recognizes the Employee's contribution to the agency. The Compensation Management System includes a broad array of pay practices and emphasizes career growth.
Competencies	These are identified behaviors, knowledge, and skills that directly and positively impact the success of Employees and the organization. Competencies are used to determine internal alignment and how pay will be administered in Competency-Based Systems (see Behavioral and Technical Competencies).
Competency Model	This is a listing of Competencies that apply to a particular type of work. Competency models can include Behavioral Competencies only, Technical Competencies only, or a combination of both.
Competitive Process	This process includes recruitment for a vacant position and a competitive selection of an applicant or Employee.
Competitive Differential	These Differentials are administered as a percentage of base pay that may be added to the Pay Band to address a particular position,

	Work Title, Salary Reference Title or Role to address lack of competitiveness due to market conditions. (See Differentials.)
Competitive Salary Offer	This Pay Practice allows agency management to counter offer a higher salary offered by another state agency (internal) or an organization outside the Commonwealth (external), to Employees deemed critical to the agency's mission and operations. The Competitive Salary Offer may not exceed the job offer or the Pay Band maximum.
Competitive Salary Offer- External	This Pay Practice allows agency management to counter a higher salary offered by an organization outside the Commonwealth to an Employee deemed critical to the agency. The Competitive Salary Offer may not exceed the job offer or the Pay Band maximum.
Competitive Salary Offer – Internal	This Pay Practice allows agency management to make one counter offer to a higher salary offered by another state agency to an Employee deemed critical to the agency's mission and operations. The Competitive Salary Offer may not exceed the job offer or the Pay Band maximum. No further salary negotiations are allowed by either agency after this step.
Complexity of Work	This is one of three Compensable Factors (Accountability, Complexity of Work and Results) used for evaluating jobs to determine the appropriate Role to which a position should be allocated within a Career Group Description. Complexity of Work describes the nature of work in terms of resources used or encountered and the processes applied. This Compensable Factor takes into account the difficulty of work, scope and range of assignments, KSA's, and nature of contacts.
Concept of Work	This section of the Career Group Description provides a general description of the type and kind of work typically performed by Employees in the Career Group. The purpose of the Concept of Work is to distinguish one Career Group from another.
Consequence of Error	This is a job evaluation consideration for the Compensable Factor, Result. Consequence of Error addresses the potential costs of an Employee's mistakes in terms of financial and human costs, efficiency, morale, physical maintenance and image.
Contractors	Outside individuals or firms that are hired by the Commonwealth to provide services under the provisions of the Commonwealth's procurement policies. Contractors are not Employees of the Commonwealth.
Contributor	This is the second of three levels of ratings in the Performance Management Program. This rating is described as "work that is at or above the performance standards and meets the criteria of the job function throughout the rating period". (See also Below Contributor and Extraordinary Contributor.)
Crosswalk	The mapping document listing the conversion of job classes to Roles in the transition to the Compensation Management System.
Current Salary	This is one of thirteen Pay Factors used for pay determination

	purposes. Current Salary is the candidate's or incumbent's present base pay compensation, which may be reported as an hourly wage, weekly, semi-monthly, monthly or annual salary. It does not include shift differentials, benefits, overtime, incentive premiums, bonuses, commissions or other similar non-base pay compensation.
Demotion	This personnel action occurs when an Employee moves to a different position in a lower pay band. (See Voluntary Demotion and Disciplinary or Performance-related Salary Action.)
Demotion - Voluntary	This personnel action occurs when an Employee requests to move to a different Role in a lower Pay Band. A Voluntary Demotion can be achieved through a competitive or a non-competitive selection process. The Pay Practice for a Voluntary Demotion provides for the salary to be negotiated from the minimum of the lower pay band up to the Employee's current salary. If the current salary exceeds the new pay band maximum, the agency has the option to freeze the current salary for up to six months before reducing it to the new salary not to exceed the pay band maximum.
Deviation	This mathematical calculation is used in salary surveys to indicate the average relative distance between the market or competitor's salary data and the Commonwealth's salary data (minimum, midpoint, maximum, average salary, etc.). These calculations indicate the adjustment that would be necessary for the Commonwealth's salary data to be equal to the market.
Deviation – Negative	This calculation indicates the percentage that the Commonwealth's salary data (minimum, midpoint, maximum, average salary, etc.) is below the market data.
Deviation – Positive	This calculation indicates the percentage that the Commonwealth's salary data (minimum, midpoint, maximum, average salary, etc.) exceeds the market data.
Differentials	These are base pay adjustments to make salaries more competitive with the market and may be applied to Roles, Salary Reference Titles, Work Titles, and Pay Areas. (See Pay Areas, Competitive, and Out-of-State Employees Differentials.)
Differentials – Competitive	See Competitive Differential.
Differentials - Out-of-State Employees	These Differentials are applied to a specific state Employee, Work Titles, Salary Reference Titles, or Roles where pay rates are higher in different geographic regions of the United States and other countries.
Differentials – Pay Area (Northern Virginia /NOVA)	These Differentials are assigned to these localities in northern Virginia: Fairfax, Arlington, Prince William and Loudon Counties, and Alexandria, Fairfax, Falls Church, Manassas, and Manassas Park cities. These variable differentials are based on the cost-of-competing in the northern Virginia area and are not cost-of-living allowances.
Difficulty	This is a job evaluation consideration for the Compensable Factor,

	Complexity of Work. Difficulty is the relative character of the work process and the corresponding, thinking, analysis and judgment required while performing the work.
Disciplinary or Performance-Related Salary Action	This Pay Practice is initiated by agency management for disciplinary or performance reasons. An Employee may be assigned to the same or different position in the same or lower Pay Band with less job responsibilities. The Employee's salary is reduced at least 5% salary and in no case can exceed the maximum of the assigned Pay Band.
Dual Track	This concept provides career growth and professional development to Employees by providing multiple career paths within a Role. Dual tracks allow supervisory and non-supervisory Employees to progress through the same Pay Band.
Duties and Responsibilities	This is one of thirteen Pay Factors used for pay determination purposes. Duties and Responsibilities describe the primary and essential work functions performed by an Employee or group of Employees. Variations in duties and responsibilities help distinguish one Employee from another for comparison purposes.
Effect of Services	This is a job evaluation consideration for the Compensable Factor, Results. Effect of Service considers the extent to which decisions and work products affect the level of service, quality of work, welfare of constituents, the organization's image, and cost of operations.
Employee	An individual employed by the Commonwealth. The term "Employee" (along with Supervisor, Manager and Faculty) is one of the four Level Definition Codes, and indicates an individual who has neither supervisory nor management responsibilities (Also see Supervisor, Manager and Faculty)
Employee Development Plan	This component of the Employee Work Profile describes personal learning goals, learning steps/resource needs, and year-end learning accomplishments.
Employee Initiated Pay Practices	These Pay Practices may involve salary negotiations between the Employee and hiring Manager and result from an Employee applying for a vacant position through a voluntary Competitive or Non-competitive selection process. (See Promotion, Voluntary Transfer and Voluntary Demotion.)
Employee Self Assessment	This tool allows an Employee to provide a self-evaluation to the Supervisor during the rating period.
Employee Work Profile	This document serves a dual purpose and includes the Employee's core responsibilities and special assignments and serves as the Employee performance plan. The Employee Work Profile is also the principle source document for allocating the position to the appropriate Occupational Family, Career Group and Role; used for individual development planning and for pay practice decisions. Each agency may develop it's own form that describes the position and the performance expectation, and includes certain required

	information. A prototype "Employee Work Profile" is provided.
Exceptional Recruitment and Retention Incentive Options	These options may be applied when there are significant problems with recruitment and retention of Employees critical to the agency mission and on-going operations of the agency and include: Sign On/Retention Bonus, Project-Based Incentives, Compensatory Leave extensions, additional Annual Leave, and Referral Program.
Extraordinary Contributor	This is the third and highest level rating in the Performance Management Program, and is described as "work that is characterized by exemplary accomplishments throughout the rating period and performance that is considerably and consistently well above the criteria of the job function". (See also Contributor and Below Contributor)
Faculty	Teaching and Research, and Administrative and Professional staff as defined in the Consolidated Salary Authorization who are employed in state higher educational institutions. This group of employees is not covered by the Virginia Personnel Act. The term "Faculty" (along with Employee, Supervisor and Manager) also functions as one of the four Level Definition Codes. (Also see Employee, Supervisor, and Manager)
Full Time Classified Employee	Classified Employees who are scheduled to work a minimum of 40 hours per week for at least nine months per calendar year. (See Classified Employee)
Grievance Procedure	A formal process for the resolution of employment disputes between state agencies and those Employees with access to the procedure. Through the grievance procedure, an Employee may bring work-related complaints to successively higher levels of agency management. If not resolved at the management level, grievances that qualify may be brought before an independent administrative hearing officer for resolution. A grievance must be written on a specific form and strict rules apply. The Department of Employment Dispute Resolution administers the grievance procedure for the Commonwealth's Executive Branch.
Hourly Employee	Employees who are seasonal or temporary and are paid by the hour and limited to 1500 hours of work per agency in a consecutive 365-day period beginning on the anniversary of their hire date. They are paid only for hours actually worked. Replaces the former term Wage Employees.
Impact	This is a job evaluation consideration for the Compensable Factor, Results. Impact describes the range of people, things, and organizations directly affected by the Employee.
In-Band Adjustment	This multi-faceted Pay Practice allows agency management the flexibility to provide Employees potential salary growth and recognizes career progression. An In-Band Adjustment allows for movement within a Pay Band for a Change in Duties, Professional/Skill Development, Retention and Internal Alignment. Increases granted cannot exceed 10% in a fiscal year for one or

	more of the reasons listed above and Employees' salaries cannot exceed the maximum of the Pay Band. A Lateral Role Change is also included in the 10% fiscal year maximum.
In-Band Adjustment – Change in Duties	This type of In-Band Adjustment may be granted to Employees for assuming new and significantly higher level duties and responsibilities that are critical to agency operations.
In-Band Adjustment – Internal Alignment	This type of In-Band Adjustment may be granted to adjust and align Employees' salaries proportionally based on the same or similar levels of training and experience; duties and responsibilities; performance rating; and levels of expertise, competencies and/or knowledge, skills and abilities.
In-Band Adjustment – Professional/Skill Development	This type of In-Band Adjustment may be granted when an Employee acquires and utilizes additional job-related training, education, certification and/or licensure that directly impacts and benefits the agency.
In-Band-Adjustment - Retention	This type of In-Band Adjustment may be granted to prevent Employees from seeking employment outside the agency in occupations that have high visibility in the labor market and where salaries may not be competitive with the market.
Independence of Action	This is a job evaluation consideration for the Compensable Factor, Accountability. Independence of Action describes the degree of latitude or freedom of action exercised by the Employee.
Internal Salary Alignment	This is one of thirteen Pay Factors used for pay determination purposes. Internal Salary Alignment is a fairness criterion that takes into consideration the proximity of one Employee's salary to the salaries of others who have comparable levels of training and experience; duties and responsibilities; performance; and knowledge, skills, abilities and competencies. (See also In-Band Adjustment – Internal Salary Alignment)
Job Analysis	A systematic, data-gathering study of the duties and responsibilities that comprise a job. The Job Analysis process seeks to obtain important and relevant information about the nature and level of work performed and the qualifications required by using the Employee Work Profile or position description, conducting interviews and reviewing other relevant information.
Job Evaluation Methodology	This is the process of taking information and data gathered in job analysis phase and comparing it to Career Group Descriptions and/or other jobs internal or external to the organization to determine the job's relative worth.
Job Evaluation Tools	A variety of job evaluation and employee-based tools may be used within the job organization structure (Career Groups and Roles) to assist agencies in meeting their organizational needs and determining movement within a Role and Pay Band. Job evaluation tools may include rank structures, factor comparison, point factor analysis, etc. and/or employee-based alternatives such as Skill and Competency Based Systems.

Job Organization Structure	The hierarchical arrangement of jobs based on the similar nature and type of work performed. The Compensation Management System's Job Organization Structure is organized at the highest level in Occupational Families, then Career Groups and most specifically into Roles.
Judgement and Decision Making	This is a job evaluation consideration for the Compensable Factor, Accountability. Judgement and Decision Making describes the types and kinds of decisions made by the Employee and the finality of such decisions and actions.
Knowledge, Skills and Abilities (KSA's)	This is one of thirteen Pay Factors used for pay determination purposes. Knowledge refers to acquired principles and practices related to a particular job; Skills refer to acquired psychomotor behaviors; and Abilities are the talents, observable behaviors or acquired dexterity. Together KSA's are the elements listed for job requirements, hiring qualifications or Employee credentials. Additionally, KSA's are a job evaluation consideration for the Compensable Factor, Complexity of Work and the application of acquired KSA's are essential to the In-Band Adjustment (Professional and Skill Development) pay practice.
Leadership	This is a job evaluation consideration for the Compensable Factor, Accountability. Leadership describes the level of control the Employee has over resources such as people, functions, facilities and budget.
Level Definition Code	The code used in the automated personnel system to describe the level of work assigned to a particular position. The four Level Definition Codes are Employee, Supervisor, Manager and Faculty.
Long Term Impact	This is one of thirteen Pay Factors used for pay determination purposes. Long Term Impact considers the strategic and financial effect of anticipated future salary costs, staffing changes, salary alignment among Employees, career growth and salary reference data changes.
Management Accountability	This concept describes the Manager's role in making salary decisions and includes justifying pay increases to senior management, explaining pay decisions to Employees and managing salaries within existing budgets.
Management Initiated Pay Practices	These Non-competitive Pay Practices allow agency management flexibility in making pay determinations that directly impact an Employee's compensation. (See Temporary Pay, Role Change, In-Band Adjustment, Disciplinary or Performance-Related Salary Action, and Competitive Salary Offer)
Manager	An Employee who is responsible for managing programs, resources (financial, organization, staff) and is accountable for the full range of employee related actions including hiring, pay determinations, performance and other work related issues. The term "Manager" (along with Employee, Supervisor and Faculty) is one of the four Level Definition Codes. This category of Employee can be

	identified by the assignment of a Management Role Title in the appropriate Career Group Description. (Also see Employee, Supervisor and Faculty)
Market Availability	This is one of thirteen Pay Factors used for pay determination purposes. Market Availability is the relative availability of suitable, qualified candidates in the general labor market that is subject to the changes in supply and demand.
Nature of Contacts	This is a job evaluation consideration for the Compensable Factor, Complexity of Work. Nature of Contacts describes work-related interactions within and/or outside the organization in terms of both frequency and the depth of information exchanged.
Non-Classified Employee	Employees not covered by the Virginia Personnel Act, as specified in Section 2.1-116 of the <u>Code of Virginia</u> . Non-classified employees include hourly, Judiciary and Legislative Branch employees, faculty employed in the Commonwealth's colleges and universities, employees of independent agencies and employees of the Virginia Commonwealth University Health System Authority and the University of Virginia Medical Center, and chief deputies and confidential assistants for policy or administration.
Non-Competitive Process	This process does not involve recruitment and selection and may be employee or management-initiated.
Northern Virginia Pay Area (NOVA)	This pay area is for designated localities in northern Virginia and includes Fairfax, Arlington, Prince William and Loudon Counties, and Alexandria, Fairfax, Falls Church, Manassas, and Manassas Park cities.
Northern Virginia Differential	This is a variable differential based on the cost-of-competing in the northern Virginia area and not cost-of-living.
Occupational Family	This is a broad grouping of jobs that share similar vocational characteristics and the nature and type of work performed is the primary criterion for designation to a particular family. The Occupational Families include Administrative Services, Engineering and Technology, Applied Sciences and Natural Resources, Health and Human Services, Educational and Media Services, Trades and Operations, and Public Safety. Replaces the term Occupational Group.
Organizational Chart	Is a graphic representation of the structure of an agency or one or more of its work units, and portrays relationships among organizational units and the reporting structure of positions.
Part Time Classified Employees	Classified Employees who are scheduled to work a minimum of 20 hours per week, but less than 40 hours per week, for at least nine months pr calendar year.
Pay Action Worksheet	This form provides a means for Supervisors and Managers to document the justification and rationale for pay actions. Additionally, the Pay Action Worksheet may serve as a transactions document. Optional use – may be modified by the agencies.
Pay Band	See Pay Structure.

Pay Factors	These factors are considered by Managers for determining and justifying pay actions and include Agency Business Need; Duties and Responsibilities; Performance; Work Experience and Education; KSA's and Competencies; Training, Certification and Licensure; Internal Salary Alignment; Market Availability, Salary Reference Data; Total Compensation, Budget Implications; Long Term Impact; and Current Salary.
Pay Matrix	A tool to help Managers determine Starting Pay and evaluate Internal Salary Alignment. A Pay Matrix may be used to evaluate relevant education, length of relevant work experience, value added compensable factors such as certifications and quality factors when determining the salary offer to applicants or evaluating internal alignment of Employees.
Pay Practices	These practices provide the rules for setting and changing base pay compensation and include Starting Pay, Promotion, Voluntary Transfer, Voluntary Demotion, Temporary Pay, Role Change, In-Band Adjustment, Disciplinary or Performance-Related Salary Action, and Competitive Offer.
Pay Structure	The structure of Pay Bands established by the Commonwealth. This structure consists of 9 Pay Bands that are "stepless". Bands 1 – 8 have a range spread of approximately 105% between the minimum and maximum salaries. There is a 30.6% difference between the minimum salary in each Pay Band with the exception of the difference between Pay Bands 2 and 3. Pay Band 9 is for physicians that serve as facility or medical directors in Mental Health, and the band maximum is based on the market for these positions. (This structure replaces the former graded pay plan with salary grades and steps.)
Performance	This is one of thirteen Pay Factors used for pay determination purposes. Performance considers the Employee's previous and/or current work accomplishments or outcomes and behavioral interactions that are assessed as part of the Performance Management Program.
Performance Management Program	This program is designed to insure that increases approved by the Governor and the General Assembly can be appropriately distributed based on Employees' performance ratings. Features include 3 performance ratings, a 12-month probationary period for new Employees (extended up to 18 months under certain conditions), Employee self-assessment, and Employee feedback on Supervisor's performance. Additionally, options may include group or team performance evaluations, use of numeric weighting systems, and performance measures based on organizational objectives.
Placement under Layoff Policy	The assignment of an Employee to a position within the agency that is in the same or different Role in the same or different Pay Band, rather than placing the Employee on leave without pay-layoff or

	separated-layoff.
Position	Identifies a set of duties and responsibilities assigned to an Employee. A Position is assigned a specific number that is unique to a given agency. Additionally, a Position may be identified by 3 different titles (Role Title, Salary Reference Title and/or Work Title)
Position Allocation Interview	This procedure is used by the human resource professionals for the purpose of information gathering and includes interviewing the incumbent of a position and the Employee's Supervisor to clarify job content and relationship to other positions. Replaces the term Job Audit.
Position Allocation Report	This document provides the findings and recommendations of a Position Allocation Review. Replaces the term Audit Report.
Position Classification Method	A non-quantitative whole job evaluation approach that determines the relative value of positions by comparing them to other internal positions. The Commonwealth has adopted a modified version of the Position Classification Method.
Practitioner	An Employee who possesses specialized knowledge and is assigned to a Role that is predominately technical or supervisory in nature rather than a Management Role.
Promotion	This Pay Practice allows the advancement of an Employee to a different position in a higher Pay Band through a Competitive Selection Process. The salary negotiations for a Promotion may range from the minimum of the Pay Band up to 15% above the Employee's current salary.
Rating Levels	These three levels of performance in the Performance Management Program (Extraordinary Contributor, Contributor, and Below Contributor). (See also Performance Management Program, Extraordinary Contributor, Contributor, and Below Contributor)
Reassignment within the pay band	Action of agency management to move an Employee from one position to a different position within the same Role or Pay Band (formerly Lateral Transfer). Reassignments normally are based on agency staffing or operational needs. When an Employee is reassigned to another position within the same band, there is no change in base salary. If salary adjustments are needed, they may be addressed under the In-Band Adjustment pay practice. (See Placement Under Layoff Policy and Demotion and Voluntary Demotion)
Re-banding	This action involves the movement of a Role to a higher Pay Band due to extreme changes in the labor supply or market conditions. Such actions will occur infrequently because of the Pay Band structure.
Relevant Labor Market	A geographic location(s) that an agency competes with for specific groups of Employees (e.g. local, statewide, regional, national).
Reliability of Position	This test is measured in two ways: through the review of the

Allocations	accuracy of the Career Group Description, and through consistent allocation of positions to the appropriate Role. The true test of reliability is demonstrated when different user agencies over time consistently allocate similar positions to the same Career Group and Roles.
Restricted Classified Employees	Classified Employees whose positions receive 10 percent or more of funding from non-continuous or non-recurring funding sources (e.g. grants, donations, contracts, capital outlay projects, or higher education auxiliary enterprise revenues). (See Classified Employees)
Results	This is one of three Compensable Factors (Accountability, Complexity of Work and Results) used for evaluating jobs in order to determine the appropriate Role to which a position should be allocated within a Career Group Description. Result describes work outcomes; range and impact of effects; benefit or harm to citizens; gain or loss of resources and goodwill created. This Compensable Factor takes into account impact, effect of services and consequence of error.
Role	This is an array of similar jobs that are attributable to different levels of work or career progression through a Career Group. Roles are intended to be very broad with a single Role encompassing several former job classes. A Role is assigned to a specific Pay Band within the Pay Structure. Replaces the former term Class.
Role Change	This Pay Practice allows agency management to change a position to a different Role in a higher, lower or same Pay Band. Role Change replaces the term position reallocation. (See Upward Role Change, Downward Role Change and Lateral Role Change)
Role Change – Downward	This type of Role Change occurs when a position is changed to a different Role in a lower Pay Band. An Employee's salary remains the same. An agency may freeze an Employee's salary that is above the new Pay Band maximum for 6 months then reduce the pay to the Pay Band maximum.
Role Change – Lateral	This type of Role Change occurs when a position is changed to a different Role in the same Pay Band. The Manager may grant a pay increase from 0% to 10% as long as the salary is not above the Pay Band maximum. A salary increase due to a Lateral Role Change is counted towards the 10% fiscal year maximum for In-Band Adjustments.
Role Change - Upward	This type of Role Change occurs when a position is changed to a different Role in a higher Pay Band. The Manager may grant a pay increase from 0% to 10% as long as the salary is not above the Pay Band maximum.
Role Code	A unique number assigned to each Role for tracking purposes. Similar to the former term Class Code.
Role Description	This brief description identifies the range of work (from lowest to highest) within the Role in the Career Group, and is used for

	comparison purposes with the Employee Work Profile or position description to allocate a position to the appropriate Role.
Role Title	This is the formal State title assigned to the Employee's position, and should be used for State reporting purposes. The Role Title is one of three titles assigned to a position. (See also Salary Reference Title and Work Title)
Salary Administration Philosophy	The formal statement of the basic goals and values that guide the design, implementation and administration of the agency's compensation program. The Salary Administration Philosophy ensures that all compensation decisions are consistent with the agency's mission, goals, business objectives and culture.
Salary Reference Data	This is one of thirteen Pay Factors used for pay determination purposes. Salary Reference Data is a composite of relevant salary information (e.g. average salary range, median salary, weighted average salary, etc.) extracted from available surveys that indicate market pricing for various jobs in the Commonwealth.
Salary Reference Title	This is a descriptive title commonly used for salary surveying; and may be linked to the Standard Occupational Classification (SOC) System or a similar grouping. (See also Role Title and Work Title)
Salary Survey	This instrument is utilized to survey and assess available information on salaries for specific positions, Roles, Salary Reference Titles, and Work Titles.
Salary Survey – Capsule Job Description	See Capsule Job Description.
Salary Survey – Data Elements	These elements include Hiring Rate, Longevity Pay, Maximum Salary, Median Salary, Midpoint Salary, Minimum Salary, Salary Range, Simple Average (Mean), and Percentiles.
Salary Survey – Hiring Rate	This Data Element is the starting salary rate for applicants and may differ from the Minimum Salary if market conditions require employers to hire minimally qualified applicants above the range minimum.
Salary Survey – Longevity Pay	This Data Element is a supplement employers may pay to long-term employees, regardless of their job performance and usually is not considered in analyzing data in the Commonwealth.
Salary Survey - Maximum Salary	This Data Element describes the highest salary that an employee may receive in a job and is the highest value the employer has attached to the job.
Salary Survey – Median Salary	This Data Element describes a measure of the central tendency that indicates the middle value of a range of salaries and has an equal number of salaries above and below it.
Salary Survey – Midpoint Salary	This Data Element is the halfway point between the Minimum and Maximum salaries, and is used to compare various salary range widths.
Salary Survey – Minimum Salary	This Data Element describes the entry level of pay for a job and usually is the Hiring Rate for applicants with minimum

	qualifications.
Salary Survey – Salary Range	This Data Element is assigned to a job and usually indicates its value to the organization and describes the spread (or width) between the Minimum and Maximum salaries.
Salary Survey – Simple Average (Mean)	This Data Element is the total average salaries paid by all employers divided by the number of employers responding to the survey.
Salary Survey – Percentiles	This Data Element describes the values on a scale of one hundred that indicates the percent of distribution, e.g., 25 th percentile, 50 th percentile (Median), and 75 th percentile.
Salary Survey – Weighted Average	The Data Element indicates the total salaries of all employees in a particular job, divided by the number of employees. It is a good indicator of competitiveness because it relates to the salaries that employees are actually being paid.
Scope and Range of Assignments	This is a job evaluation consideration for the Compensable Factor, Complexity of Work. Scope and Range of Assignments describes the breadth and variety of an Employee's assignments.
Skill-Based Systems	These systems may be used to directly link an Employee's compensation to work-related skills learned and used on the job. It is a person-based system as opposed to a job-based system.
Skill Blocks	These are predefined sets of skills, knowledge and tasks performed in a Skill-Based System. Once learned and demonstrated, they add value to the work process, increase the likelihood of the work unit's success, and may be the basis for a pay adjustment.
Skill Inventories	This list describes discrete knowledge and skills needed to complete the required tasks. Their identification is helpful for career development purposes and outlines how performance will be measured and assessed.
Standard Occupational Classification (SOC) System	The Federal government uses this system for statistical reporting purposes and for purposes of current and accurate occupational information, replacing the Dictionary of Occupational Titles (DOT).
Starting Pay	This Pay Practice is used to set the salaries of job candidates (new hire or rehire) to the Commonwealth's workforce. Agencies may offer a salary ranging from the minimum of the Pay Band up to 15% above the applicant's current salary. Salary offers may not exceed the Pay Band maximum and may be less than the applicant's current salary. Agency Heads may approve Starting Pay offers above 15%.
State Pay Plan	This DHRM publication is published annually and includes: the State Salary Structure; a schematic list of Career Groups and Roles by Occupational Family; and an alphabetical list of Career Groups and Roles. Replaces the former Compensation Plan.
Statewide Pay Area (SW)	This pay area is for all localities in the state except those designated in northern Virginia (Fairfax, Arlington, Prince William and Loudon counties, and Alexandria, Fairfax, Falls Church, Manassas, and

	Manassas park cities).
Statistical Reporting	A section of the Career Group Description that lists the relevant Standard Occupational Classifications (SOC).
Sub-Bands	Portions of an existing Pay Band that have a defined minimum and maximum salary within that Pay Band. A Sub-Band is a tool used to manage Employees' salaries within Pay Bands based on agency need.
Subject Matter Experts (SME's)	Individuals with expertise in a given occupational area who provide assistance in developing Career Group Descriptions or identifying competencies and skill blocks for Competency or Skill-Based Systems.
Supervisor	An Employee who affects, recommends or authorizes personnel actions; completes performance evaluations and assigns and reviews subordinates' work. The term "Supervisor" (along with Employee, Manager and Faculty) also functions as one of the four Level Definition Codes. This category of Employee is assigned to one of the Practitioner Role Titles in the appropriate Career Group Description. (Also see Employee, Manager and Faculty)
Supplements	Supplements are non-base pay payments that apply to specific positions designed to address unique needs of an agency. (See On-Call, Call Back, Shift Supplements, Camp Supplement, Medication Supplement, and Working Condition Supplement.)
Supplements – Call Back	This pay Supplement applies when the Employee is called back to work during non-work hours, and is paid a guaranteed minimum number of hours even though the Employee may work less than this minimum time.
Supplements – Camp	This pay Supplement applies to Employees for days spent at summer camp supervising the activities of mentally disabled children.
Supplement – Medication	This pay Supplement applies to Employees who have completed the required training for dispensing medication, but whose Roles typically do not require dispensing medication.
Supplements – On-Call	This pay Supplement applies when the Employee is required to be available to return to or perform work after normal work hours. On-Call typically is provided at a rate of one hour of pay or compensatory leave for an 8-hour shift. Non-exempt Employees are paid in accordance with the Fair Labor Standards Act if the on-call duty is deemed restrictive.
Supplements – Shift	This pay Supplement used by agencies that have 24 hours per day, 7 days per week operations. Shift Supplements are used to address the various work shifts (e.g. first, second, third, weekend) Employees may be assigned on a permanent or rotating basis.
Supplements – Working Conditions	This pay Supplement applies to Employees who have unusual risks that exceed the normal work environment for state Employees.
Survey Summaries	These summaries provide salary data on discrete jobs in the labor market and provide agencies with information that will enable them

	to target their salary increase dollars to specific Employees or groups of Employees.
Technical Competencies	These are underlying knowledge and skills described in observable and measurable terms that are necessary for performing a particular type or level of work activities. (See also Behavioral Competencies and Competencies)
Temporary Pay	This Pay Practice occurs when an agency assigns an Employee to perform different key (essential) duties on an interim basis. Additionally, Temporary Pay may be used for critical assignments associated with a special time-limited project. Employee's pay is adjusted from 0% to 15% when they are assigned different duties in a higher Pay Band. The Employee receives 0% to 10% above their current salary to assume additional duties in the same or different Role in the same Pay Band.
Total Compensation	This is one of thirteen Pay Factors used for pay determination purposes. Total Compensation includes all forms of cash compensation (e.g. base pay, shift differentials, overtime, on-call pay, bonuses, commission, etc.) and the dollar value of the employer-sponsored benefit package (e.g. health and dental insurance, long and short term disability, paid leave, retirement, life insurance, etc.).
Training, Certification and Licensure	This is one of thirteen Pay Factors used for pay determination purposes. Training refers to a specialized course of instruction outside the realm of recognized academic degree programs. Certification refers to a specialized course of study resulting in a certificate upon successful completion. Licensure refers to a licensing credential required by law to practice one's occupation.
Validity of Position Allocation	The test of validity of a Career Group Description is based on: (1) how accurately the description represents the work performed in a particular Career Group and (2) that current Role information is derived from logical and authoritative sources.
Variable Salary Increases	Varying salary increments (percentages or flat dollar amounts) that may be granted by Managers as specified in each of the Pay Practices.
Voluntary Demotion	This Pay Practice allows an Employee to voluntarily move to a different position in a Role in a lower Pay Band. The salary for a Voluntary Demotion is negotiable from the minimum of the lower Pay Band up to the Employee's current salary. If the Employee's current salary exceeds the maximum of the lower Pay Band, the agency has the option of freezing the Employee's salary for up to six months.
Voluntary Transfer	This Pay Practice applies when an Employee requests a move to a different position within the same Role or a different Role within the same Pay Band. Voluntary Transfers may be accomplished through a Competitive or Non-competitive Process.
Voluntary Transfer	This Pay Practice applies when an Employee moves to a different

<p>(Competitive)</p>	<p>position through a Competitive Process within the same Role or a different Role within the same Pay Band. Salaries may be negotiated from the Pay Band minimum up to 15% above their current salary as long as the offer is not above the Pay Band maximum. In some situations the offer may be less than the Employee's current salary.</p>
<p>Voluntary Transfer (Non-Competitive)</p>	<p>This Pay Practice applies when an Employee moves to a different position through a Non-competitive Process within the same Role or a different Role within the same band. Salaries may be negotiated from the Pay Band minimum to 10% above the current salary as long as the offer is not above the Pay Band maximum. In some situations the offer may be less than the current salary.</p>
<p>Work Experience and Education</p>	<p>This is one of thirteen Pay Factors used for pay determination purposes. Work Experience and Education is the primary indicator of relevant employment history and academic qualifications of the Employee or applicant.</p>
<p>Work Title</p>	<p>This is an optional agency-specific or functional title that is descriptive of the overall purpose of a position. It is one of three titles assigned to a position. (See also Role Title and Salary Reference Title)</p>