VIRGINIA TECH.

April 4, 2024

TO: Academic Deans
           Vice Presidents

FROM: Bryan Garey, Vice President for Human Resources
           Tim Hodge, Associate Vice President for Budget and Financial Planning   Tim Hodge *Digitally signed by Tim Hodge Date: 2024.04.04 13:28:23 -04'00'*

SUBJECT: 2024-25 Staff Compensation Process

The proposed state budget process currently includes a 3.0% compensation program for all full-time salaried state employees, tentatively effective June 10, 2024. While we await final approval from the state, the university will begin the process of proposing merit adjustments based on a 3.0% program for full-time salaried university staff. If there are changes to the program, information will be communicated to campus.

The envisioned 2024-25 merit process for university staff will consist of a 3.0% pool. As a reminder, classified staff will receive a 3.0% base salary increase as these positions are governed by the state's personnel policies. Wage employees are reviewed as part of a separate process and subject to state and university minimum wage adjustment programs.

This is your opportunity as leaders to recognize your top-performing employees for their contributions to the university. While individual employee increases may vary based on performance, the merit recommendations for Senior Management Areas (SMAs) must achieve the 3.0% average for the entire SMA before submitting for university review.

For Virginia Tech staff, increases will be effective June 10 for calendar year (CY) staff and Aug. 10 for academic year (AY) staff. This program is contingent upon final approval by the state. Board of Visitors' approval of the university's program will occur in early June.

The StaffSal system will open on April 16; the last day to make entries in the system will be May 1. For additional information on how the 2024-25 staff compensation process will function, see the following process document and schedule.

Thank you in advance for your support and leadership.

Attachment: 2024-25 Staff Compensation Process and Schedule
              Meeting Report Example

cc: Timothy Sands, Cyril Clarke, Amy Sebring, Ken Miller, Fiscal Officers,
       HR Division Directors and Practitioners, HR Advisory Committee

2024-25 Staff Compensation Process

The staff compensation process is designed to reward and recognize the performance and contributions of staff members in their areas of service to the university. Performance evaluation ratings from the employee's most recent evaluation serve as a reference point to guide pay decisions.

For the 2024-25 staff process, a 3.0% merit pool will be available to use in recognizing university staff employee performance. While individual staff increases may vary based on performance, the compensation plan for SMAs must achieve the 3.0% average for the entire SMA before submitting for university review (on the Unit Summary Meeting Report in StaffSal, example on attachment 2).

Classified staff meeting the eligibility requirements below will receive an across-the-board 3.0% base salary increase as these positions are governed by the state's personnel policies.

Eligibility Criteria

- Employees in staff roles whose start date was on or prior to March 10, 2024, are eligible for salary increases.
- New Virginia Tech university staff employees whose start date was after March 10, 2024, are NOT eligible for merit increases. State transfers from other agencies are considered new Virginia Tech hires.
- Classified staff employees must have been rated "Meets" or above in their last performance evaluation to be eligible for an increase.
- University staff employees who were rated "Exceptional" or "Meets" on their last performance evaluation are eligible for a merit increase.
- Reminders:
    - Classified staff will receive a 3.0% base salary increase as these positions are governed by the state's personnel policies.
    - Staff employee increases will be effective June 10. The resulting increases will appear in the July 1 paycheck unless the date is changed by the state.
    - Wage employees are not included in this compensation process because they are reviewed separately and subject to state and university minimum wage adjustment programs.

University Staff Merit Adjustment Process

- A 3.0% merit pool will be available for the recognition of performance.
- Due to state limitations, units may NOT supplement the merit pool for university staff.
- Merit should be awarded based upon the results of the employees' most recent performance evaluation.
- Below is a recommended matrix allocating merit based on performance ratings:
    - **Exceptional performance:** 3.0% - 5.0% merit.
        - NOTE: 5% is not a "maximum" for individual merit actions.
        - An employee may be granted a merit increase higher than 5% based on their performance and contributions as documented in their most recent performance evaluation.
    - **Meets performance:** Up to 3.0% merit.
    - **Does not meet performance:** 0.0% merit

- Managers are responsible for applying merit increases fairly and consistently based on their evaluation of employee performance.
- The fund source(s) used for the merit increase should be the same fund sources(s) from which the employee is normally paid.
  - E&G and Auxiliary budget allocations are incorporated into the 2024-25 Authorized Budget Document.
- The entire merit increase will be applied to the base salary.
  - Administrative stipends and Cost-of-Living adjustments will not be changed by the merit process and should be included in the total base salary upon which the merit increase is calculated.
  - Employees who receive temporary pay or shift differential supplements will be awarded merit pay on the base salary only.
- The StaffSal database will contain salaries that are effective in Banner on April 12, 2024.

Staff on Leave and Other Appointments

- University staff on leave without pay (LWOP) should be in your pool and should be considered for a merit increase, although they would not receive the increase until they return. Like other employees, merit decisions for university staff on LWOP must be based upon performance.
- University staff on leave with pay should also be included.
- University staff on 10, 11, or 12-month appointments should appear at their 10, 11, or 12-month salary with the raise proportional to the current salary.
- University staff members on restricted appointments are included in the SMA merit action listing. Those whose appointments are expected to continue after June 10 should be included in the merit process. If they are not eligible for an adjustment because of a short-term appointment, then use the low merit comment to remove them from the process.

Additional Considerations

- **To process merit increases, there will be an Employee Administration blackout on all other salary actions for full-time faculty and staff from May 26 – June 10, 2024. Other compensation actions with these effective dates will not be processed during this time.**
- Where the new salary exceeds an employee's pay band maximum, the amount exceeding the maximum will be paid as a one-time, lump-sum payment.
- University staff will be listed in their home SMA. If their salary is paid by multiple SMAs, these areas should work together to reach consensus on the salary recommendation and to determine who will be responsible for informing the staff member.

Merit Comments

- Comments are required in StaffSal to explain especially high merit increases (greater than 5.0%) and especially low merit increases (less than 1.0%).
  - These thresholds require that comments be added to explain actions to senior leadership and guide their review of the merit process.
  - 5% should not be considered a "ceiling" for merit actions and 1.0% should not be considered a "floor" for merit actions.
  - In StaffSal:
    - Select the High Merit comment for merit increases of greater than 5.0%.

- Select the Low Merit comment for increases of less than 1.0%. For example, Poor Performance may be selected in the StaffSal footnotes.
  - A brief explanation of both High and Low Merit increases is required in the additional comment field.
- A Low Merit comment is required for any staff member rated as Strong or Model who receives a merit adjustment of less than 1.0%. Use one of the following footnotes in StaffSal:
  1. **Insufficient sponsored or other funds for increase; recommended delayed raise:** Occasionally, grant funds are not sufficient or not yet available to provide a merit adjustment effective June 10. If the individual is being recommended for a merit adjustment to be delayed until funds are available, then indicate 0 (or amount now available) on the main screen and provide the percentage increase in the comment space, along with any appropriate explanation or justification.
     - It will be necessary to prepare a P3A to affect the approved adjustment when funds do become available; however, inclusion of the proposed raise in StaffSal will establish prior approval for the percentage increase for the employee.
  2. **Not eligible for increase, hired after March 10, 2024:** Use this footnote to indicate any employee not eligible for an adjustment. For example, a staff member on a restricted appointment of limited term duration with no expectation of renewal. You may also use this footnote if an employee accepted a new job and that adjustment preempted the June raise, or the employee left the university.
  3. **Other:** Use this footnote and the comment space to indicate any other changes or explanations appropriate for the individual case.

Compensation Process Review

- Human Resources and the Office of Budget and Financial Planning will review the outcome to ensure that the general expectations of this merit process were met.
  - This will include adherence to the expectation that merit was distributed based upon performance and that differentiation was used to reward high performers. This could result in follow-up discussions to enhance final recommendations.
  - As a reminder, the compensation plan for the entire SMA should equal the 3.0% average.
- The results of the merit program will be reviewed by the university's executive leadership. This could result in follow-up discussion to enhance final recommendations.
- Human Resources will notify SMAs once merit increases are approved by the administration and BOV.

2024-25 Staff Compensation Program Schedule

See the full schedule below for this year's staff compensation programs. Here are some key dates and deadlines for this year's process:

- The university's automated StaffSal system will be used for collecting merit data. All users will benefit from attending the scheduled training session, which will be held via Zoom. A link will be distributed to identified fiscal and HR personnel.
  - Additional information and access to the StaffSal system will be available via the Budget Office website when the system goes live.
  - A summary of recommendations will be available within the submission spreadsheet.

- StaffSal will open for entries on April 16.
- Merit recommendations must be entered into StaffSal by May 1. This deadline is firm to implement increases for the June 10 pay period.
- Raises for staff will be effective June 10. The resulting increases will appear in the July 1 paycheck unless the date is changed by the General Assembly.
    - If a staff member is on an Academic Year appointment, merit actions will be effective Aug. 10 and the resulting increase will appear in the Aug. 30 paycheck unless the date is changed by the General Assembly.

NOTE: Staff members should NOT be informed of their recommended adjustments until the final amount is formally approved and communicated to units by Human Resources. Assuming approval, employee communication may begin no earlier than June 11, 2024.

Full staff compensation program schedule

Date	Action
April	StaffSal and merit process training (various dates)
April 4	Staff Compensation Process Memorandum distributed to campus.
April 12	StaffSal system data is populated with Banner salary data.
April 16	StaffSal database opens to fiscal officers and HR representatives
April 16 – May 1	Deans and VPs review merit recommendations with department heads and enter into StaffSal. **NOTE: While individual employee increases may vary based on performance, the merit recommendations for SMAs must achieve the 3.0% average for the entire SMA before submitting.**
May 1	Last day to enter proposed increases into StaffSal; SMAs affirm final data.
May 2-3	Finance produces summary reports.
May 6	HR and Office of Budget and Financial Planning review overall actions for general adherence to merit guidelines and consistency with plan; follow up to be done as needed. Human Resources and Office of Budget and Financial Planning review final recommendations with executive management.
May 6	University leadership reviews increase recommendations.
May 9	Deadline for report to Board of Visitors.
May 26 – June 10	Employee Administration blackout period; no salary actions with effective dates of May 26 – June 10 for full-time faculty and staff will be processed during this time.
May 31	HR form submittal deadline for the May 25 effective date.
June 10-11	BOV reviews merit process results.
June 10	CY Staff merit actions applied.
June 12	Notification to SMAs that merit recommendations are approved. Department heads notify staff of merit increases that will be effective June 10, 2024.
July 1	Merit increase appears in CY staff paychecks.
August 10	AY Staff merit actions applied.
August 30	Merit increases appear in AY staff paychecks.

- StaffSal forms and trainings are located here: obfp.vt.edu/budgetprocesses/staffsal
- For questions about the StaffSal system contact Kris Buhrdorf at 540-231-4563.

MEETING REPORT

Area	Emp Class	Employee	AY/CY	Pay Band	FTE	Rating	Current Salary	Base Increase	Requested Merit Increase	Requested New Salary	Merit Percent	Total Percent
Area X												
Area A Staff												
	University	Univ Staff Employee X	CY	4	1.00	Exceptional	74,970	0	2,624	77,594	3.50%	3.50%
	University	Univ Staff Employee Y	CY	4	1.00	Meets	75,539	0	1,972	75,539	2.61%	2.61%
	University Total						**150,509**	**0**	**4,596**	**153,133**	**3.05%**	**3.05%**
	Area A Staff Total						**150,509**	**0**	**4,596**	**153,133**	**3.05%**	**3.05%**
Area B Staff												
	University	Univ Staff Employee Z	CY	4	1.00	Meets	90,321	0	2,619	90,321	2.90%	2.90%
	University Total						**90,321**	**0**	**2,619**	**90,321**	**2.90%**	**2.90%**
	Area B Staff Total						**90,321**	**0**	**2,619**	**90,321**	**2.90%**	**2.90%**
Area X Totals												
	University						240,830	0	7,215	243,454	3.00%	3.00%