



COMMONWEALTH of VIRGINIA

Department of Human Resource Management

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October 27, 2004

MEMORANDUM

TO: Virginia Information Technologies Investment Board
Governor
Chairman, House Appropriations Committee
Chairman, Senate Finance Committee
Joint Legislative Audit and Review Commission

FROM: Sara Redding Wilson

SUBJECT: VITA Conformity to Pay Action Policy

Provision F.2. of Item 463 in the 2004 Appropriation Act instructs the Department of Human Resource Management (DHRM) to issue a report each November on any material deviations from policy by the Virginia Information Technologies Agency (VITA) regarding compensation actions.

The attached report follows that instruction.

VITA conformed to DHRM policy requirements during the period of the report.

C: Secretary of Administration
Chief Information Officer

Commonwealth of Virginia
Department of Human Resource Management

**Pay Actions in the Virginia Information Technologies Agency
First Quarter, Fiscal Year 2004 – 2005**

Background

Item 463 at F.2. in the 2004 Appropriation Act states:

No later than November 1 of each year the Department [of Human Resource Management] shall report its findings of any material deviations from [its compensation] policies or procedures [by the Virginia Information Technologies Agency] and the corrective actions that have been taken to the Virginia Information Technologies Investment Board, the Governor, the Chairmen of the House Appropriations and Senate Finance Committees, and the Joint Legislative Audit and Review Commission.

This report fulfills that obligation.

Findings

The Department of Human Resource Management (DHRM) considered any pay action that exceeded the caps set by its compensation policy to be a “material deviation.” Where caps were inapplicable, it considered whether the amount of change in compensation was reasonable, based on its experience with similar transactions by other agencies.

DHRM reviewed all pay transactions entered by the Virginia Information Technologies Agency (VITA) into the Personnel Management Information System (PMIS) during the first quarter of fiscal year 2005 (i.e. July, August, and September 2004). During this period VITA entered 49 transactions, summarized in the attachment.

All, but one, conformed to policy. The single exception involved an original appointment. Important aspects of the case presented by VITA were:

- The subject had been performing the needed services through a contractor.
- The subject was the best qualified among the candidates.
- The subject refused employment unless his stated salary demand of \$50,000 was met.
- The salary demand was 20% (vs. 15%) above the current rate (\$41,600).
- All other candidates had higher salary requirements.
- The contracted rate was considerably above the salary demand. [The contracted rate is the amount paid to the contractor, not to the employee.]
- The demand was consistent with the amounts paid to others at VITA for similar work.

VITA sought DHRM review before making an exception to policy. When it conducted its review, DHRM also considered salary data from external sources. These sources indicated that the subject's salary demand was consistent with rates paid by others in the relevant market area for the work that was to be performed. DHRM, therefore, concurred in the exception.

Though the action was an exception to DHRM policy, it is one for which procedures exist and which is allowed to all agencies.

Conclusion

During the study period all of VITA's actions either were consistent with DHRM policies or were implemented after consultation with DHRM and were consistent with allowances for exceptional actions.

Attachment

Summary of VITA Pay Actions First Quarter FY 2005

Transaction Type	Cap	Note	Counts			Total
			July	August	September	
Original Appointment	15%	1	2	2	6	10
Rehire	15%	1	0	0	2	2
Voluntary Transfer – Competitive	15%		4	4	2	10
Voluntary Transfer – Noncompetitive	10%		2	0	0	2
Promotion	15%	1	4	1	2	7
Voluntary Demotion	Not set	2	1	0	0	1
In-Band Adjustment – Change of Duties	10%	3	1	0	0	1
In-Band Adjustment – Internal Alignment	10%	3	0	3	1	4
In-Band Adjustment – Increased Knowledge, etc.	10%	3	0	0	1	1
Role Change – Upward	10%		0	1	2	3
Role Change – Lateral	10%		1	0	1	2
Temporary Pay	10%	4	2	0	3	5
Special Rate	Not set	2	1	0	0	1
Total			18	11	20	49

Notes:

- General – All actions must maintain salaries within their respective bands, except special rates.
- 1 – These actions may exceed 15% if there is agency head authorization and notice to DHRM.
- 2 – When caps are not set, the amount must be negotiated by considering the 13 pay factors and documenting the determination.
- 3 – In-Band Adjustments are cumulative within a fiscal year. The cap applies to the entire year.
- 4 – The 10% cap applies to noncompetitive actions. Competitive actions have a cap of 15%.