



## ADMINISTRATIVE PROCEDURE

### HRS-5

## ANNUAL EXPERIENCE INCREMENT (AEI)

Number: HRS-5	Name: Annual Experience Increment (AEI)
Purpose: The purpose of this policy and procedure is to ensure a uniform and equitable process for compensating eligible employees of Marshall University (hereinafter University) for the annual experience increment (hereinafter AEI) payment provided for in West Virginia Code § 5-5-2.	
Responsible Unit: Human Resource Services	
Approved by: <i>Bruce Felder</i> , Chief Talent and Culture Officer	Approval Date: 08/01/2006

### Definitions:

A.) **Eligible Employee:** Any regular-status full-time employee of the University who is eligible for membership in any retirement plan provided for employees of the University. Note that the term full-time as used above is consistent with the definition for full-time status reflected in HEPC Series 8 which means working at 20 hours per week (0.53 full-time equivalent (FTE)). Eligibility for participation in a retirement plan is based on regular-status employment appointment at a minimum of 20 hours per week/0.53 full-time equivalent (FTE).

B.) **Years of Service:** Full years of totaled service as an employee of the State of West Virginia.

- Employees who work less than 20 hours per week (0.53 FTE) shall not receive years of service credit for such employment.
- Eligible (0.53 – 1.00 FTE) service in part-time status shall be calculated on a pro-rata basis according to percentage FTE.
- Years of service excludes any period in which an employee is in a no-pay status such as unauthorized leave, personal leave of absence, medical leave of absence, parental leave of absence, leave of absence under the provisions of the Family and Medical Leave Act (FMLA), or suspension without pay. Periods of military service while employed by the State of West Virginia and leave without pay while receiving workers' compensation temporary total disability (TTD) benefits, shall be counted as time toward the years-of-service measure.
- For full-time faculty, each nine or more months of contracted employment during a fiscal year equals one full year of service.

### Policy:

Revision Date: 01/01/2009

A.) Every eligible employee with three or more full years of service shall receive an annual increment payment equal to \$60 times the employee's years of service, without limit.

1. In each fiscal year and on the first day of July, each eligible employee shall become eligible for an annual increment increase of \$60 for that fiscal year. Every employee becoming newly eligible, as a result of meeting the three years of service minimum requirement on the first day of July in any fiscal year, is entitled to the annual increment increase equal to \$60 times the employee's full years of service, where he or she has not in a previous fiscal year received the benefit of an increment computation; and shall receive a single annual increment increase thereafter of \$60 for each subsequent fiscal year.
2. AEI payments shall be in addition to any across-the-board, cost-of-living, or percentage salary increases which may be granted in any fiscal year by the Legislature. This shall not be construed to prohibit other pay increases based on merit, seniority, promotion, or other reason, if funds are available for the other pay increases.
3. The President of the University shall first grant the AEI payment to all eligible employees prior to the consideration of any increases based on merit, seniority, promotion, or other reason.
4. Schedule of Payment: During the month of July, the State Auditor's Office shall make such payment for the AEI in a lump-sum payment. Eligible employees on leave of absence without pay at the time payment is made shall receive their annual increment payment concurrently with all other employees.
5. FTE <1.0 Employees: Eligible employment of at least 20 hours per week (0.53 FTE) or more is cumulative and shall be included when computing full years of service credit. Years of employment service is calculated by multiplying each period of service by its respective FTE and then totaling all service.

**EXAMPLE 1:**

- 02 years 04 months of service at 0.53 FTE = 01 year 02 months
- 04 years 08 months of service at 0.60 FTE = 02 years 10 months
- 03 years 03 months of service at 0.80 FTE = 02 years 07 months
- TOTAL SERVICE 06 years 07 months
- TOTAL FULL YEARS OF SERVICE = 6 years
- 6 years x \$60 per year = \$360 Increment Payment (gross)

**EXAMPLE 2:**

- 04 years 10 months of service at 1.0 FTE = 04 years 10 months
- 00 years 08 months of service at 0.5 FTE = 00 years 04 months
- 02 years 02 months of service at 1.0 FTE = 02 years 02 months
- 01 year 06 months of service at 0.8 FTE = 01 year 02 months
- TOTAL SERVICE 08 years 06 months
- TOTAL FULL YEARS OF SERVICE = 8 years
- 8 years x \$60 per year = \$480 Increment Payment (gross)

6. Employees in a Non-Pay Status: An employee who has been in non-pay status for a portion of the fiscal year for which payment is being made shall receive an AEI payment based on the employee's totaled full years of service credit as of close of business on June 30, provided that such employee is in eligible status for the AEI payment as of

June 30 of the fiscal year preceding payment of the AEI. The employee shall be eligible to receive the pro rata share of the AEI payment to which he/she is entitled; however, the employee shall not be credited with holidays or accrue increment pay, annual leave, sick leave, or tenure for the period for which severance pay is received.

**EXAMPLE:**

- If an employee had 10 years, 4 months total eligible service as of June 30, 2000, and is suspended without pay, placed on unauthorized leave, or granted a leave of absence (except military leave or leave without pay while receiving workers' compensation temporary total disability (TTD) benefits) without pay for six months during the next fiscal year, his or her full years of service on June 30, 2001, would remain 10 years and he/she would be entitled to an annual increment payment of \$600.00 (10 years x \$60.00 increment) for that fiscal year.
7. Where the employee provided no service during the fiscal year, the employee shall receive no annual increment payment, consistent with the provisions of West Virginia State Code § 12-3-13. However, an employee on leave without pay while receiving TTD benefits or on leave without pay for military service shall receive an annual increment payment and shall accrue years of service while on such leave without pay.

B.) Separating employees shall be paid the annual increment on a pro rata basis for the portion of service rendered by the employee during the current fiscal year of employment. Such service period shall include tenure value of any terminal annual leave, regardless of the method of payment. The prorated portion an employee receives upon separation prior to June 30, shall be based on his or her totaled full years of service, and shall be computed based on the months of service rendered in the fiscal year in which the employee terminates. However, if the employee returns during the same year that he or she had been paid a pro rata annual increment payment upon termination, he or she will only be eligible for the balance between the previously paid pro rata portion and a full increment share. It may be necessary to recalculate years of service.

**EXAMPLE 1:**

- An employee has 19 years and 6 months of qualifying State service as of June 30 and receives an annual increment payment in the gross amount of \$1,140. This employee later resigns, effective December 31. At the time of his or her resignation, he or she has 20 years of service, and is eligible to receive a pro rated increment payment for the 6 months he or she worked in the current fiscal year. Although the employee's totaled eligible State service now equals 20 years, he or she worked for only 6 months of the current fiscal year and is eligible to receive an increment in the gross amount of \$600.
  - Total Full Years of State Service: 20
  - x \$60 Per Year : x \$60.
  - Annual Increment Entitlement \$1,200
  - Annual Increment Entitlement: \$1,200
  - ÷ 12 Months : ÷ 12
  - Monthly Rate of Entitlement: \$100
  - Monthly Rate of Entitlement: \$100

- x Months Worked in Fiscal Year: x 6.000
- Annual Increment Payment: \$600.00

**EXAMPLE 2:**

- An employee has 19 years and 2 months of qualifying State service as of June 30 and receives an annual increment payment in the gross amount of \$1,140. This employee resigns, effective September 30. At the time of his or her resignation, he or she is eligible to receive a pro rated increment payment for the 3 months he or she worked in the current fiscal year. The employee's full years of totaled eligible State service remains 19 years, and he or she worked for only 3 months of the current fiscal year and is eligible to receive an increment in the gross amount of \$237.50.
  - Total Full Years of State Service 19
  - x \$60 Per Year : x \$60
  - Annual Increment Entitlement: \$1,140
  - Annual Increment Entitlement: \$1,140
  - ÷ 12 Months : ÷ 12
  - Monthly Rate of Entitlement: \$95
  - Monthly Rate of Entitlement: \$95
  - x Months Worked in Fiscal Year: x 3.000
  - Annual Increment Payment: \$285.00

When there are sufficient monies in the University's budget, the AEI must be paid within the next pay period subsequent to separation. However, if sufficient funds are not available, it shall be paid from the next fiscal year's appropriations for increment payment.

Employees Transferring: Any eligible employee who transfers from one State agency to another during the course of a fiscal year shall be paid the AEI payment by the agency that employs him/her on July 1 of the fiscal year. AEI payment obligations are not prorated between State agencies. The employee is responsible for obtaining verification of qualifying service and such service must be verified from each former State employer. The verification shall specify if the service was fulltime or the portion thereof. In accordance with the U.S. Department of Labor ruling of August 26, 1985, the AEI payment shall be included when computing the rate of pay for overtime payment for employees covered by the Fair Labor Standards Act (FLSA), who work in excess of 40 hours in any workweek.