



# Commonwealth of Virginia Compensation and Benefits

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**Department of Human Resource Management**

Senate Finance Committee  
General Government Subcommittee

General Assembly Building, Richmond, VA

January 29, 2008



# Employment Level

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|                               |            |
|-------------------------------|------------|
| ■ Authorized Employment Level | 110,509.66 |
| ■ Salaried Employees          | 102,654.62 |
| ■ Wage Employees              | 16,280.26  |
| ■ Contractors                 | 1,421.00   |
| ■ General Fund Employees      | 44%        |
| ■ Non-General Fund Employees  | 56%        |



## Classified Employees

# Employee Demographics

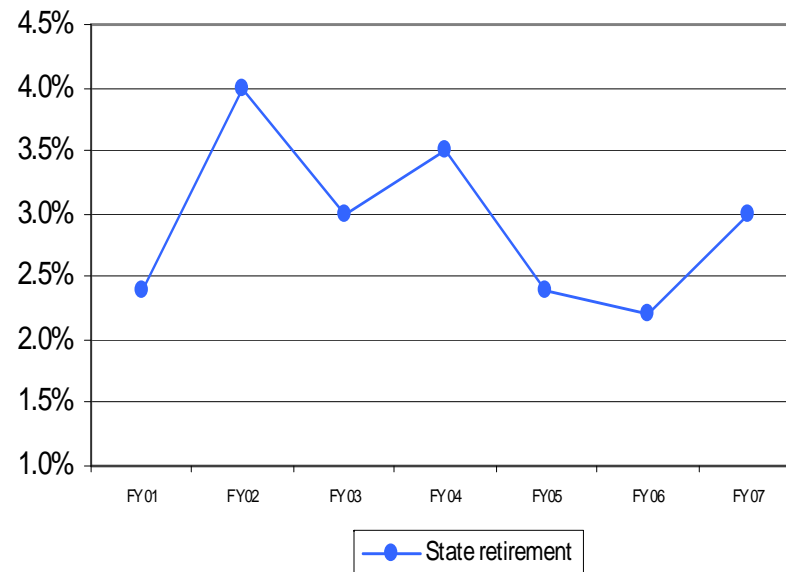
|   |                          |          |
|---|--------------------------|----------|
| ■ | Average Age              | 46 yrs   |
| ■ | Average Years of Service | 11.0 yrs |
| ■ | Gender Male              | 45.8%    |
|   | Female                   | 54.2%    |
| ■ | Race Minority            | 34.0%    |
|   | Non-Minority             | 66.0%    |
| ■ | Veteran Veteran          | 9.9%     |
|   | Non-Veteran              | 90.1%    |



# Classified Employees Retirement Eligibility

- Currently Eligible 9.5%
- Eligible  $\leq$  5 yrs 22.7%
- Retirement Rate 3.0%

Retirement Trends

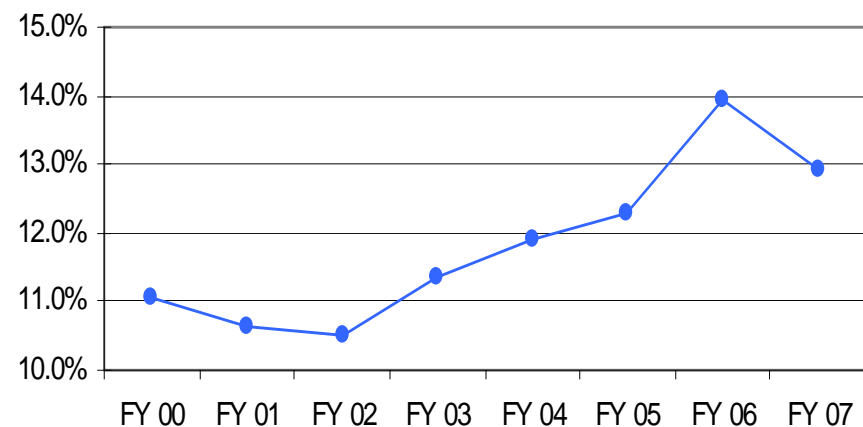




# Classified Employees Turnover Trends

- Turnover increased 0.75% each year from FY 03 to FY 06
- No Salary Increases in FY 02 or FY 03

Turnover Trends





# Classified Employees Agencies with Highest Turnover Rate

- 22 agencies exceed the 11.3% average state turnover rate

| Top 10 Agencies with 50+ classified employees<br>Highest Turnover Rates |   |                |           |
|---|---|----------------|-----------|
| Agency Code   | Agency                                  | Position Level | Turn-over |
| 912   | Dept of Veterans Services               | 327            | 22.6%     |
| 720   | Dept Mental Health & Mental Retardation | 8,766          | 17.8%     |
| 140   | Dept of Criminal Justice Services       | 122            | 17.3%     |
| 777   | Dept of Juvenile Justice                | 2,251          | 16.8%     |
| 247   | George Mason University                 | 1,335          | 15.8%     |
| 217   | Radford University                      | 577            | 15.1%     |
| 236   | Virginia Commonwealth University        | 2,490          | 14.7%     |
| 425   | Jamestown-Yorktown Foundation           | 157            | 14.1%     |
| 701   | Dept of Corrections                     | 11,892         | 13.9%     |
| 215   | University of Mary Washington           | 291            | 12.7%     |



# Classified Employees Roles with Highest Turnover Rate

- 41 of 146 Roles exceed the 11.3% average state turnover rate

| Top 10 Roles with 50+ classified employees<br>Highest Turnover Rate |          |           |           |
|---|----------|-----------|-----------|
| Role  | Pay Band | # in Role | Turn-over |
| Direct Service Associate II   | 2        | 3598      | 23.7%     |
| Emergency Coordinator I   | 3        | 106       | 23.6%     |
| Lab & Research Spec I   | 3        | 324.5     | 23.1%     |
| Licensed Practical Nurse  | 3        | 649.5     | 21.9%     |
| Trades Technician II  | 2        | 81        | 19.8%     |
| Security Officer III  | 3        | 7207      | 19.7%     |
| Law Enforcement Officer I   | 3        | 224       | 19.6%     |
| Food Service Technician I   | 1        | 469.5     | 18.5%     |
| Registered Nurse I  | 4        | 658.5     | 18.2%     |
| Food Service Technician II  | 2        | 162       | 17.3%     |



# Classified Employees Salaries

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- Average salary \$42,142
- Median Salary \$37,466
- Lowest Salary \$14,780
- Highest Salary \$260,000





# Classified Employees Pay Bands

- Pay Band 3 has the most employees

| BANDS | RANGE      |            | EMPLOYEES |         |
|-------|------------|------------|-----------|---------|
|       | Minimum    | Maximum    | Number    | Percent |
| 1     | \$ 15,371  | \$ 31,548  | 2,401     | 3.4%    |
| 2     | \$ 20,082  | \$ 41,214  | 10,515    | 15.0%   |
| 3     | \$ 23,999  | \$ 49,255  | 23,744    | 33.9%   |
| 4     | \$ 31,352  | \$ 64,347  | 17,573    | 25.1%   |
| 5     | \$ 40,959  | \$ 84,062  | 11,642    | 16.6%   |
| 6     | \$ 53,510  | \$ 109,818 | 3,491     | 5.0%    |
| 7     | \$ 69,907  | \$ 143,470 | 414       | 0.6%    |
| 8     | \$ 91,324  | \$ 187,430 | 209       | 0.3%    |
| 9     | \$ 119,308 | MARKET     | 18        | 0.0%    |



# Classified Employees Pay Actions Taken

- Total pay actions taken 36,638
- Total pay adjustments 26,238
- Average pay adjustment 2.23%

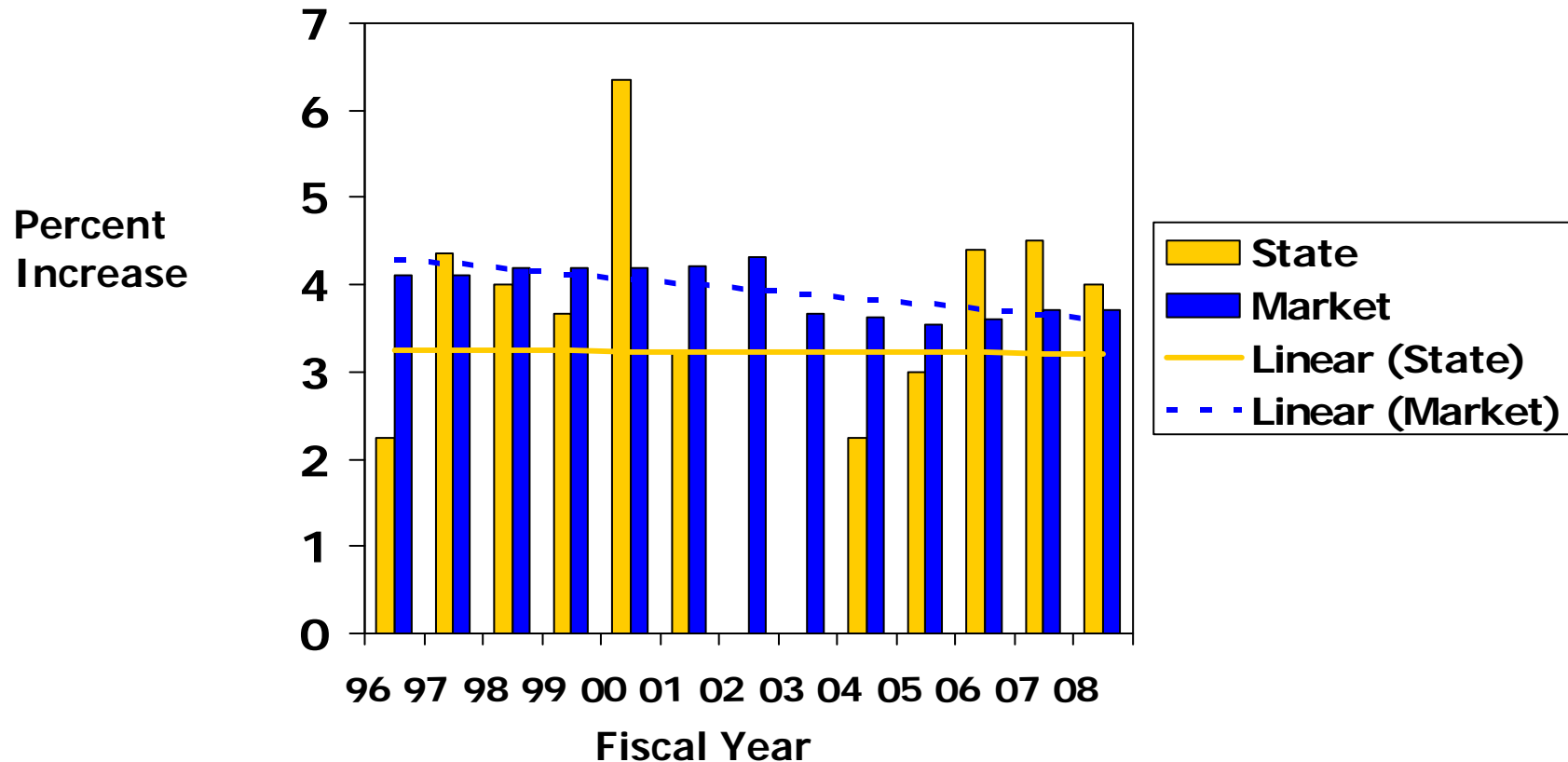
| Pay Action                      | # Actions | # Pay Adjust. | Avg. % Adjust. |
|---------------------------------|-----------|---------------|----------------|
| Promotions                      | 2003      | 1979          | 14.8%          |
| Demotion - Voluntary            | 252       | 124           | -10.6%         |
| Demotion - Performance          | 8         | 8             | -7.4%          |
| Demotion – Disciplinary         | 24        | 24            | -7.5%          |
| Disciplinary Pay Actions        | 3         | 3             | -3.3%          |
| Role Change – Upward            | 976       | 693           | 9.2%           |
| Role Change – Lateral           | 326       | 109           | 7.0%           |
| Role Change – Downward          | 67        | 8             | -4.3%          |
| Vol Transfer – Competitive      | 2824      | 1824          | 9.4%           |
| Vol. Transfer - Non-Competitive | 922       | 120           | 2.5%           |
| Temporary Pay – All Reasons     | 1097      | 1114          | 5.6%           |
| End Temporary Pay               | 771       | 796           | -8.1%          |
| Competitive Salary Offer        | 206       | 183           | 12.6%          |
| Reassignment within Band        | 346       | 0             | -              |
| Apply/Adjust Special Rate       | 1275      | 1287          | 1.0%           |
| IBA – Change in Duties Increase | 1305      | 1305          | 4.2%           |
| IBA – New KSAs/Competencies     | 1645      | 1645          | 7.7%           |

| Pay Action                        | # Actions | # Pay Adjust. | Avg. % Adjust. |
|-----------------------------------|-----------|---------------|----------------|
| IBA – Retention                   | 1783      | 1783          | 6.1%           |
| IBA – Internal Alignment Increase | 5484      | 5484          | 6.4%           |
| Bonus – Change in Duties          | 232       | 232           | 3.0%           |
| Bonus – Internal Alignment        | 477       | 477           | 1.7%           |
| Bonus – New KSAs/Comp.            | 540       | 540           | 1.7%           |
| Bonus – Retention                 | 140       | 140           | 2.8%           |
| Bonus – Recognition, Monetary     | 5932      | 5932          | 0.8%           |
| Bonus – Recognition Non-Monetary  | 430       | 0             | -              |
| Bonus – Sign-On                   | 218       | 218           | 2.8%           |
| Bonus – Recognition Leave         | 7066      | 0             | -              |
| Bonus – Project                   | 53        | 53            | 2.4%           |
| Bonus – Referral                  | 68        | 68            | 0.8%           |
| Exceptional Retention Bonus       | 86        | 86            | 5.9%           |
| Exceptional Retention Leave       | 20        | 0             | -              |
| Sign-On Leave                     | 55        | 0             | -              |
| Suggestion Award                  | 4         | 3             | 0.5%           |



# State Employee Salary Comparison Market Increases

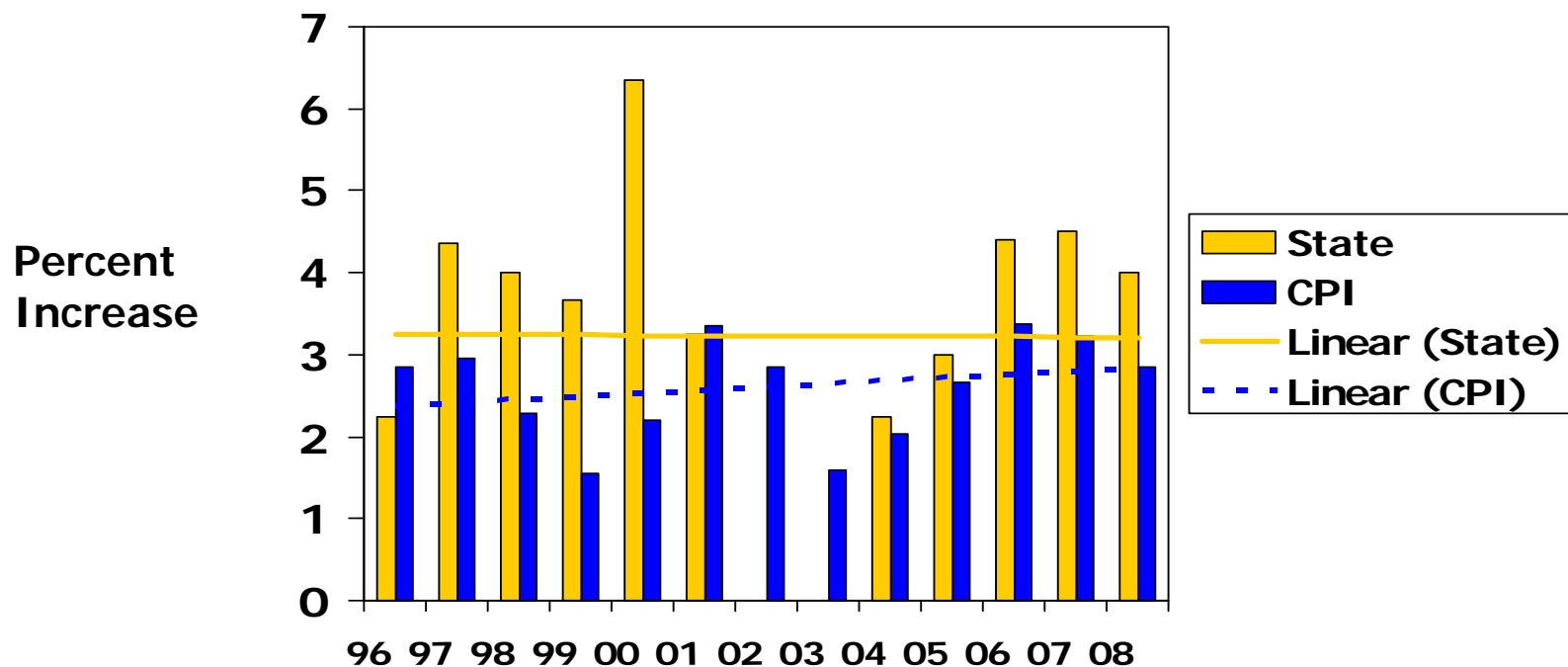
- State employee salary increases lag the market





# State Employee Salary Comparison CPI Increases

- Consumer Price Index increases are approaching State employee salary increases



Source: Appropriation Acts, Bureau of Labor Statistics



# State Employee Salary Comparison Private Sector Salary

- On average, State salaries for selected occupations are 15.2% below Private Industry
- State more competitive when benefits considered

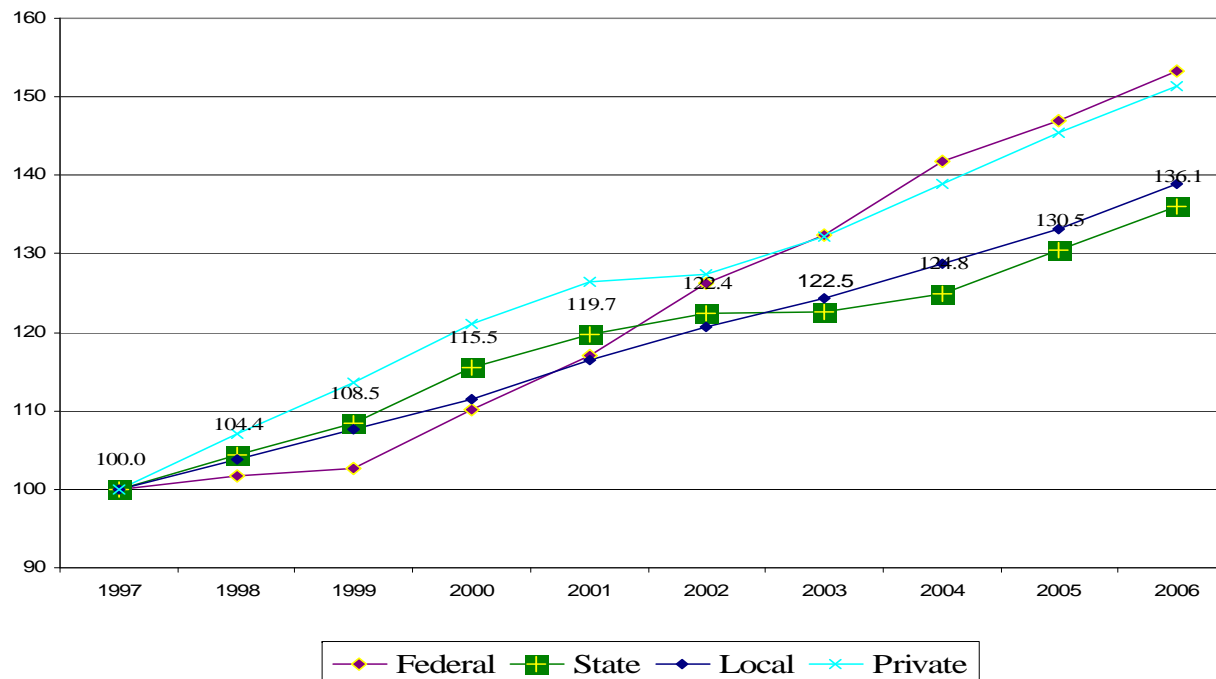
| Occupation                    | Private Industry | State    | Deviation |
|-------------------------------|------------------|----------|-----------|
| Truck Driver, Light           | \$23,400         | \$20,068 | -16.60%   |
| Cook                          | \$26,800         | \$24,482 | -9.50%    |
| Security Guard, Unarmed       | \$27,700         | \$24,651 | -12.40%   |
| Laboratory Aide               | \$25,900         | \$25,004 | -3.60%    |
| Mail Clerk                    | \$26,300         | \$25,139 | -4.60%    |
| Cashier                       | \$23,700         | \$28,419 | 16.60%    |
| Secretary                     | \$34,300         | \$29,230 | -17.30%   |
| Yard Laborer/Janitorial Supv. | \$37,600         | \$31,440 | -19.60%   |
| Maintenance Electrician       | \$44,500         | \$36,082 | -23.30%   |
| Marketing Specialist          | \$50,600         | \$39,324 | -28.70%   |
| Medical lab Tech              | \$39,300         | \$40,430 | 2.80%     |
| Accountant                    | \$48,200         | \$42,283 | -14.00%   |
| Social Worker (MSW)           | \$49,500         | \$43,578 | -13.60%   |
| Employee Training Specialist  | \$52,400         | \$44,140 | -18.70%   |
| Staff RN                      | \$56,900         | \$45,728 | -24.40%   |
| Attorney                      | \$96,500         | \$49,858 | -93.50%   |
| Internal Auditor              | \$65,800         | \$52,136 | -26.20%   |
| Chemist                       | \$63,800         | \$52,943 | -20.50%   |
| HR Admin Supv.                | \$76,400         | \$56,528 | -35.20%   |
| Environmental Engineer        | \$53,800         | \$58,055 | 7.30%     |
| Architect                     | \$55,100         | \$61,865 | 10.90%    |
| Physical Therapist            | \$65,600         | \$66,793 | 1.80%     |
| Systems Analysis Supv.        | \$80,700         | \$75,016 | -7.60%    |
| Data Base Administrator       | \$87,000         | \$79,271 | -9.80%    |
| Generic Engineer Supv.        | \$101,200        | \$84,590 | -19.60%   |

Source: PMIS, Watson-Wyatt, Spring 2007



# State Employee Salary Comparison Average Weekly Wage

- Indexed to 1997 weekly wage
- State wages below all sectors





# State Employee Salary Comparison Selected Localities

- State dropped below the locality average in FY 08

| BASE SALARY INCREASES   |              |              |              |              |              |
|-------------------------|--------------|--------------|--------------|--------------|--------------|
| Locality                | FY-04        | FY-05        | FY-06        | FY-07        | FY-08        |
| Richmond City           | 3.00%        | 3.00%        | 3.00%        | 3.00%        | 3.00%        |
| Charlottesville         | 3.50%        | 3.00%        | 4.00%        | 4.00%        | 4.00%        |
| Montgomery County       | 2.50%        | 5.50%        | 4.80%        | 2.50%        | 6.77%        |
| Fairfax County          | 4.00%        | 4.32%        | 4.37%        | 4.40%        | 4.98%        |
| Chesterfield County     | 2.50%        | 4.00%        | 3.00%        | 4.00%        | 5.25%        |
| Norfolk                 | 4.00%        | 4.00%        | 4.00%        | 4.50%        | 4.50%        |
| Chesapeake              | 3.00%        | 3.00%        | 4.00%        | 4.00%        | 4.50%        |
| Augusta County          | 4.00%        | 4.00%        | 4.00%        | 3.83%        | 3.06%        |
| <b>Locality Average</b> | <b>3.31%</b> | <b>3.85%</b> | <b>3.90%</b> | <b>3.78%</b> | <b>4.51%</b> |
| <b>State Employees</b>  | <b>2.25%</b> | <b>3.00%</b> | <b>4.40%</b> | <b>4.50%</b> | <b>4.00%</b> |



# State Employee Salary Comparison National Market

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- 2008 National trends
  - 3.74% average salary increase
  - Similar to 3.73% in 2007
  - 2.90% salary range adjustment





# State Employee Salary Budget Proposal

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- 2008 - 2010 State Budget – SB30
  - No increase in FY09
  - 3.0% proposed increase on July 1, 2009
  - No salary range adjustment in FY09
  - 3.0% range adjustment on July 1, 2009



# Compensation & Performance Management Philosophy

- Established by the General Assembly in 2001 based on best practices
  - Attract qualified employees
  - Retain qualified employees
  - Motivate employees by rewarding sustained performance
  - Support management in the realization of organization objectives
- Provided multiple ways to manage employee compensation
  - Variable performance pay
  - Across the board structure adjustment
  - Pay practices



# Budget Impact

- Impact of not funding salary increases including variable, across-the-board, or pay practice salary increases
  - Defeats the Commonwealth's business and workforce objectives
  - Deflates employee morale
  - Decreases employee job satisfaction
  - Drives employee retirement or exit to another employer
  - Discourages prospective qualified candidates
  - Diminishes the reputation and brand of the Commonwealth