



State Employee Workforce & Compensation

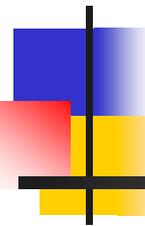
Virginia Department of Human Resource Management

Senate Finance

General Government and Technology Subcommittee

General Assembly Building, Richmond, Virginia

January 29, 2013



Workforce

Virginia Population and State Employment Levels

Virginia Population

Census	Population	% Change
1980	5,346,818	15.0%
1990	6,187,358	15.7%
2000	7,078,515	14.4%
2010	8,001,024	13.0%

- 24% fewer employees per citizen in 2010 than in 1980

Virginia State Employment

Year on Jan 31 st	Full-Time Equivalents	% Change
1980	96,567.00	n/a
1990	104,899.98	8.6%
2000	113,751.46	8.4%
2010	117,766.58	3.5%

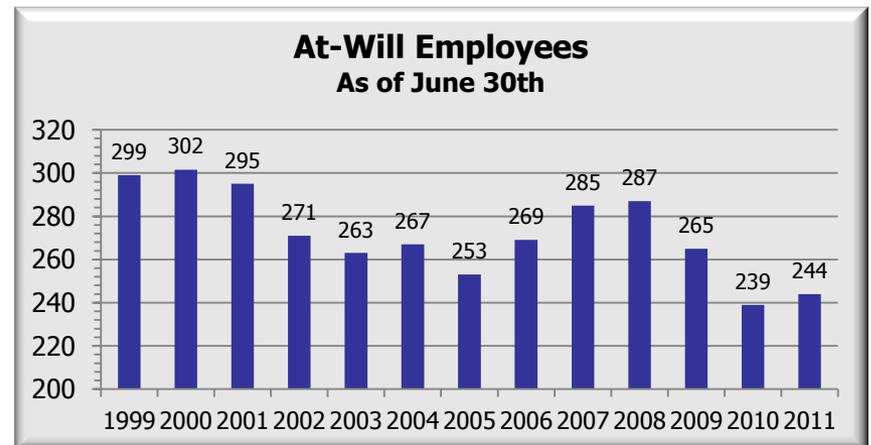
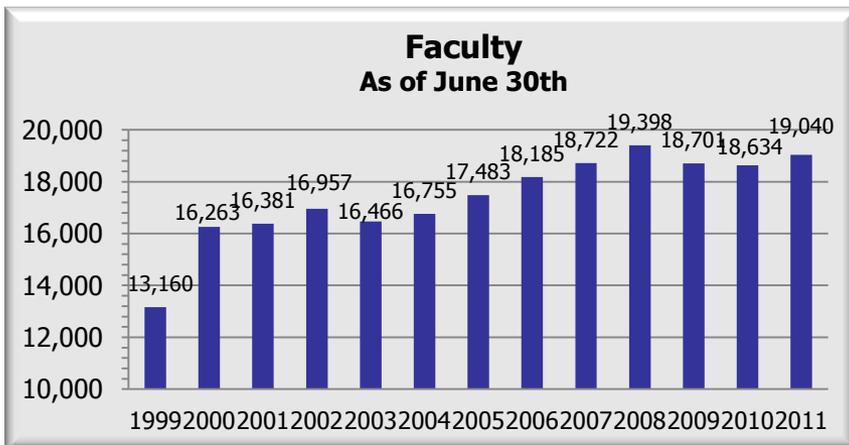
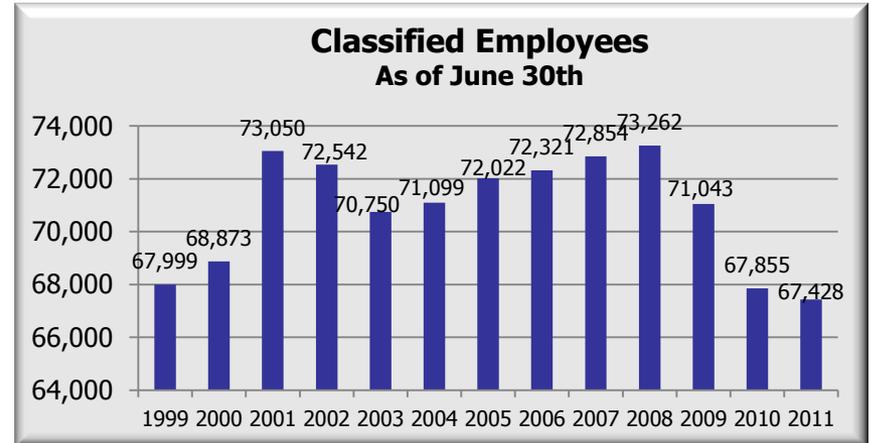
State Employees per Citizen

Year	Ratio FTEs to Citizens	% Change
1980	1 to 55	n/a
1990	1 to 59	7.3%
2000	1 to 62	5.1%
2010	1 to 68	9.7%

Executive Branch Full-Time Equivalent Salaried Employees

Change in salaried employees from 1999 to 2011:

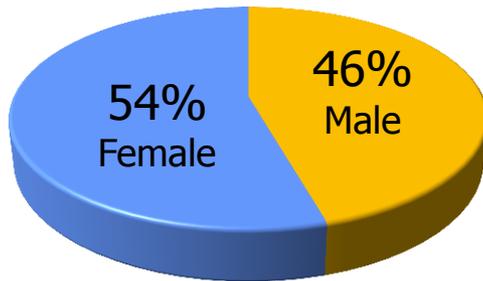
- 44.7% increase in Faculty
- 1.0% decrease in Classified
- 18.4% decrease in At-Wills



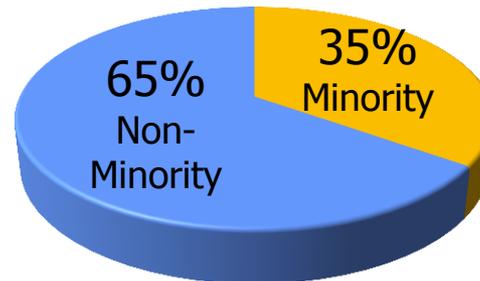
Classified Employees

Demographics

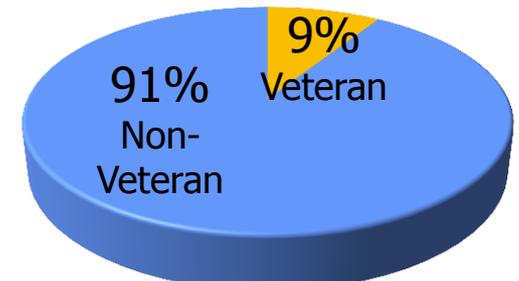
Gender



Race



Veteran



Age

- Average 47 years
- Youngest 18 years
- Oldest 88 years

Service

- Average 12.1 yrs
- Longest 55.9 yrs
- ≥ 30 yrs service 8%

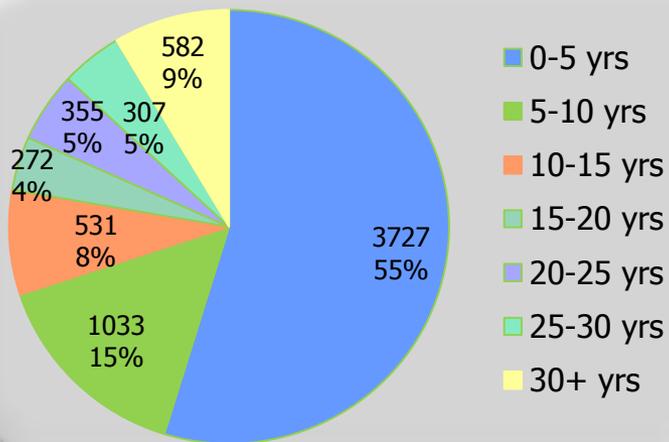
Classified Employees

Turnover

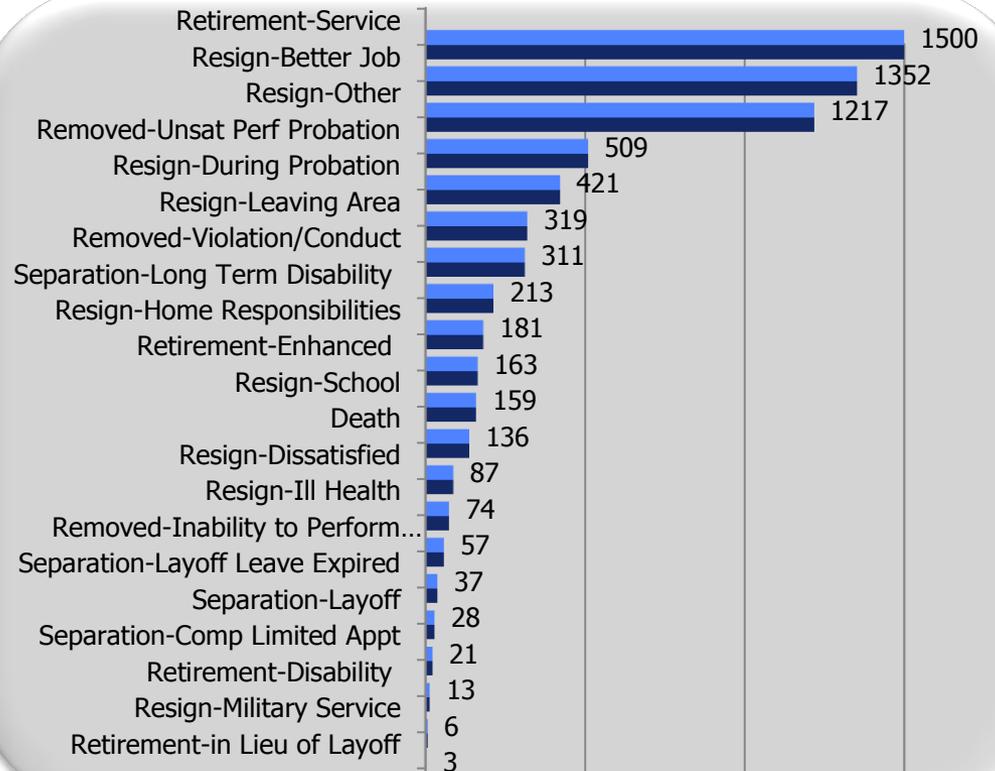
Turnover

- 10.8% turnover rate
- 6807 employees

Turnover by Years of Service



Turnover Reason

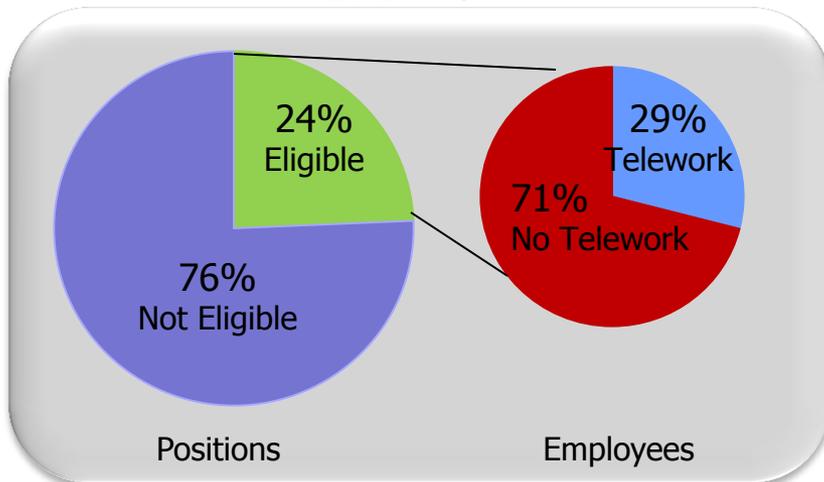


Classified Employees

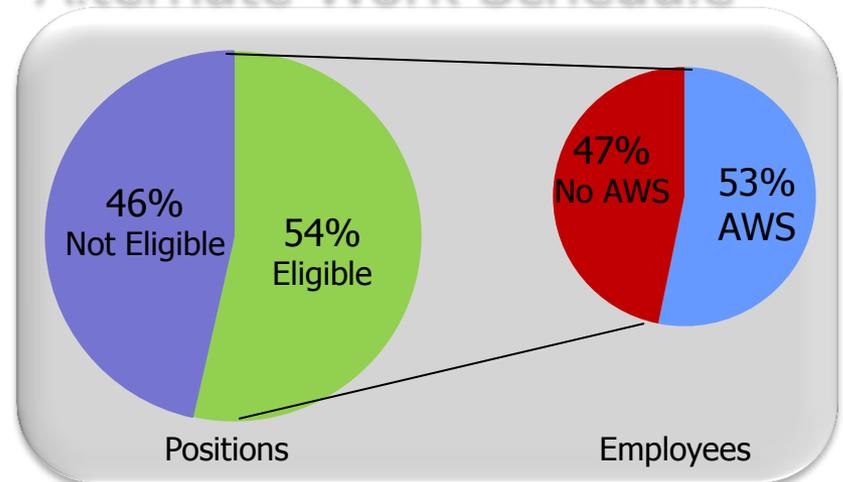
Work/Life Balance

- 24% of positions are eligible to telework, and 29% of eligible employees telework at least one day per week
- 54% of positions are eligible for an alternate work schedule, and 53% of eligible employees have an alternate work schedule

Telework



Alternate Work Schedule





Compensation

Classified Compensation

Philosophy

- Compensation strategy
 - To attract qualified employees
 - To retain qualified employees
 - To motivate employees by rewarding sustained performance
 - To support management in the realization of organization objectives
- Approved by the General Assembly in 2000
- Implemented September 25, 2000
- Never funded

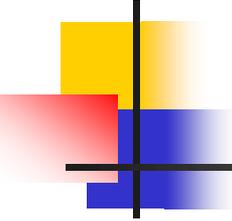
Underlying Principles

- To provide more flexible base pay systems that tie employee **performance** to agency or unit
- To **link accomplishments** of agency or unit missions, objectives and operating efficiencies to the funds available for employee salary increases
- To establish base pay that is **competitive** with the public and private labor market

Classified Compensation

Strategy

- Variable performance increases
 - Language in the Appropriations Act prescribes how salary increases are to be given
- Skill- and competency-based systems
 - Guidelines developed
 - Funding never appropriated for broad program development



Compensation Options

- Across the board increase
- Average increase
- Tiered increase based on years of service
- Occupational increase based on data
- Pay practice funding
- Performance used as a factor for all options

Classified Employees Salary History

- Classified employees received base pay increases in 7 out of the last 13 years
- Not all increases are performance based

Year	Base Increase	Performance Based	Bonus	Performance Bonus	Structure Adjustment	Notes
2012	0%	N/A	3%	Yes	0%	Structure not adjusted; Only employees rated as Contributor or higher <i>and</i> had no disciplinary notices issued during the year received the 3% bonus.
2011	5%	No	0%	N/A	0%	Structure not adjusted; Only employees in VRS Plan 1 receive 5% salary increase to offset July 1 st requirement to contribute 5% to VRS fund.
2010	0%	N/A	3%	No	0%	Eligible salaried employees received 3% bonus effective December 1st. Not performance related.
2009	0%	N/A	0%	N/A	0%	
2008	0%	N/A	0%	N/A	0%	
2007	4% + 0.5% to agency for pay practices	Yes	0%	N/A	4%	Structure adjusted, but no general increase was awarded; Only employees rated as Contributor or higher received the 4% increase; Variable increases not approved by GA; Agencies allocated additional funding (.5% of salaries) to support internal pay practices.
2006	4%	Yes	0%	N/A	4%	Structure adjusted, but no general increase was awarded; Only employees rated as Contributor or higher received the 4% increase; Variable increases not approved by GA
2005	3% + \$50 per yr service	Yes No	0%	N/A	0%	In addition to 3% performance increase, employees hired on or before 11/25/2000 received a base increase of \$50 for each year of continuous salaried service to reduce salary compression.
2004	3%	Yes	0%	N/A	0%	Variable increases not approved by GA
2003	2.25%	Yes	0%	N/A	0%	Variable increases not approved by GA
2002	0%	N/A	2.25%	Yes	0%	Employees rated as Contributor or higher could elect for 2.25% performance bonus, 10 days of leave, or a combination of bonus and leave
2001	0%	N/A	0%	N/A	0%	
2000	3.25%	Yes	0%	N/A	0%	Compensation Reform and new job and salary structures adopted in September



State Employee Salary Comparison

Pay Compression

- Salary compression
 - New employees demand market rate
 - State salaries on average are well below market
 - New hires potentially paid more than experienced employees
 - Lack of funding to address the issue
 - Impacts all agencies
- Salary inequities

Classified Employees

Salary & Pay Bands

- Average Salary \$44,149
- Median Salary \$39,307
- Lowest Salary \$15,371
- Highest Salary \$247,890

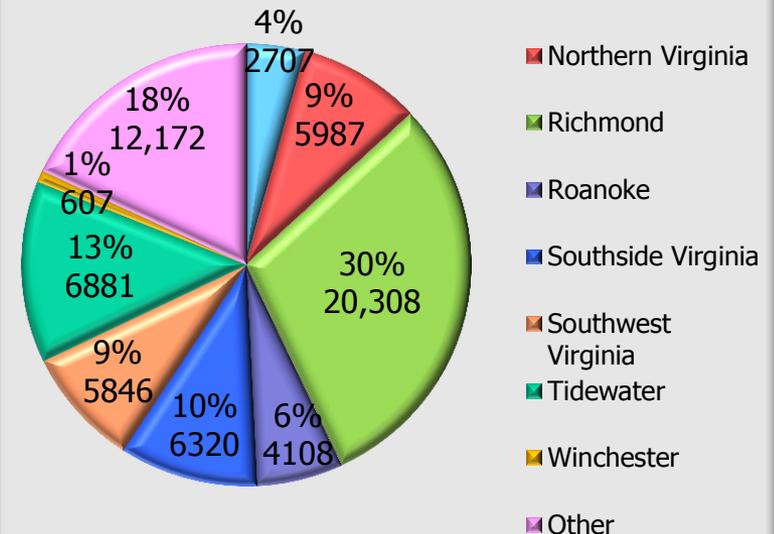
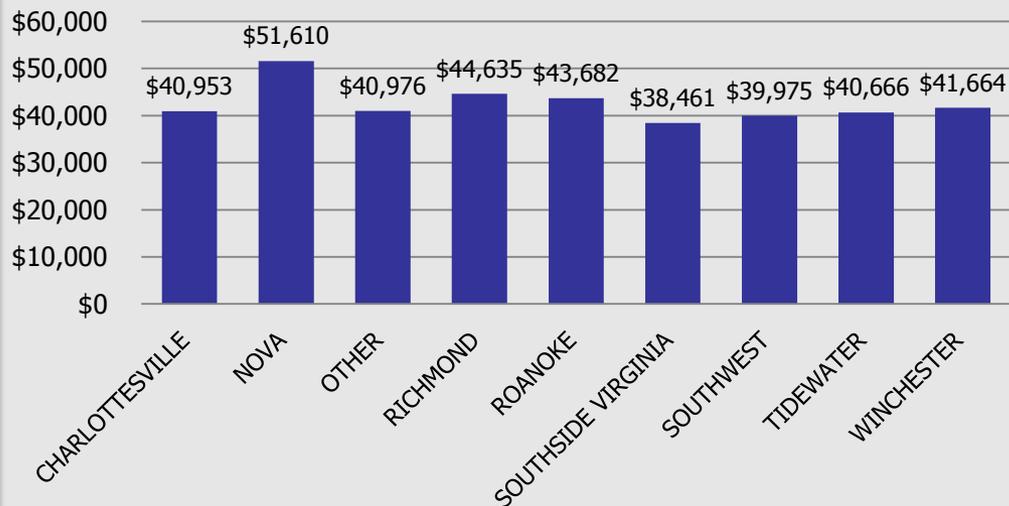
BANDS	RANGE		EMPLOYEES	
	Minimum	Maximum	Number	Percent
1	\$ 15,371	\$ 31,548	2,628	3.84%
2	\$ 20,082	\$ 41,214	9,541	13.93%
3	\$ 23,999	\$ 49,255	22,953	33.52%
4	\$ 31,352	\$ 64,347	17,313	25.28%
5	\$ 40,959	\$ 84,062	11,785	17.21%
6	\$ 53,510	\$ 109,818	3,635	5.31%
7	\$ 69,907	\$ 143,470	413	0.60%
8	\$ 91,324	\$ 187,430	194	0.28%
9	\$ 119,308	MARKET	16	0.02%

Classified Employees

Employee Salary by Region

- Highest average salary is in Northern Virginia at \$51,610
 - 16.9% higher than the statewide average
- Lowest average salary is in Southside Virginia at \$38,461
 - 12.9% lower than the statewide average

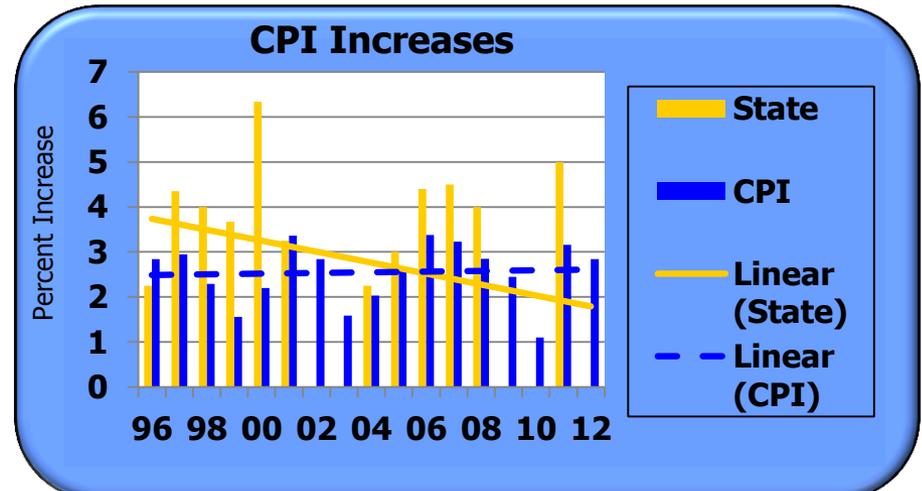
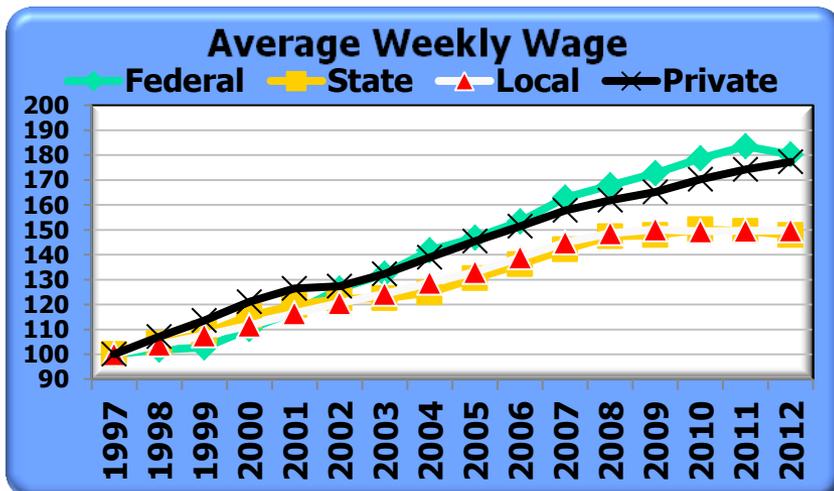
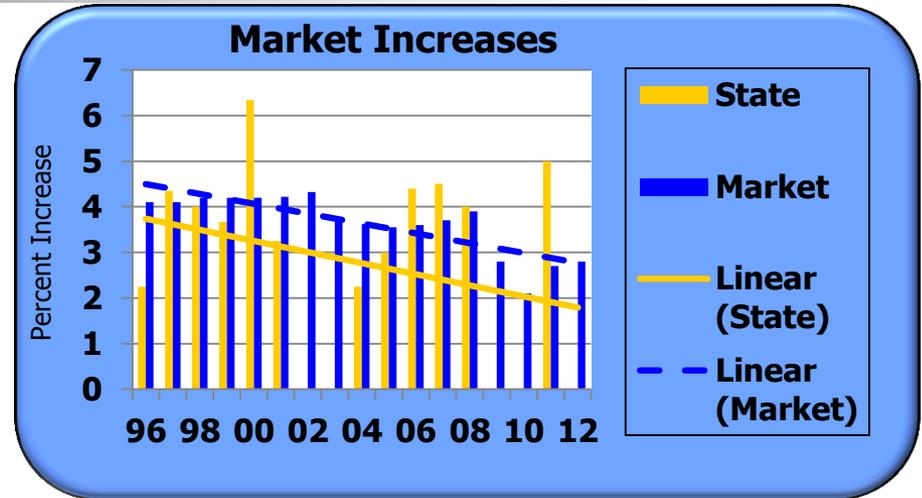
Average Salary



Source: PMIS data as of December 31, 2012

State Employee Salary Comparison

- State employee salary increases lag in all comparisons
 - Market
 - Consumer Price Index
 - Private Sector
 - Federal
 - Local



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	FY-09	FY-10	FY-11	FY-12
Richmond City	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	0.00%	0.00%	0.00%
Charlottesville	3.50%	3.00%	4.00%	4.00%	4.00%	4.00%	0.00%	2.00%	0.00%
Montgomery County	2.50%	5.50%	4.80%	2.50%	6.77%	5.50%	N/A	0.00%	3.00%
Fairfax County	4.00%	4.32%	4.37%	4.40%	4.98%	4.98%	N/A	0.00%	2.00%
Chesterfield County	2.50%	4.00%	3.00%	4.00%	5.25%	4.00%	0.00%	0.00%	2.00%
Norfolk	4.00%	4.00%	4.00%	4.50%	4.50%	3.50%	0.00%	0.00%	0.00%
Chesapeake	3.00%	3.00%	4.00%	4.00%	4.50%	4.50%	0.00%	1.50%	1.50%
Augusta County	4.00%	4.00%	4.00%	3.83%	3.06%	3.06%	N/A	0.00%	0.00%
Locality Average	3.31%	3.85%	3.90%	3.78%	4.51%	4.07%	0.00%	0.44%	1.06%
State Employees	2.25%	3.00%	4.40%	4.50%	4.00%	0.00%	0.00%	5.00%	0.00%

State Employee Salary Comparison

Private Sector Salary

- On average, State salaries for selected occupations are 19.49% below Private Industry
- In 2008, JLARC found State salaries 12% below market
- By the end of 2013, State salaries will be 26.3% below market due to cumulative market movements

Occupation	Private Industry	State	Deviation
Attorney	\$ 114,140.29	\$ 59,485.80	-91.88%
Internal Auditor	\$ 72,891.06	\$ 49,604.20	-46.95%
Truck Driver, Light	\$ 28,435.74	\$ 20,679.74	-37.51%
Yard Laborer/Janitorial Supv	\$ 44,463.16	\$ 34,148.18	-30.21%
Staff RN	\$ 62,561.11	\$ 48,637.85	-28.63%
Secretary	\$ 38,672.61	\$ 30,668.60	-26.10%
Architect	\$ 82,205.15	\$ 65,282.79	-25.92%
Maintenance Electrician	\$ 48,392.47	\$ 39,206.66	-23.43%
Chemist	\$ 67,935.58	\$ 55,628.25	-22.12%
Employee Training Specialist	\$ 55,242.65	\$ 45,623.05	-21.08%
Cook	\$ 29,883.38	\$ 24,959.06	-19.73%
Mail Clerk	\$ 32,365.05	\$ 27,198.53	-19.00%
Marketing Specialist	\$ 51,378.80	\$ 43,195.63	-18.94%
Social Worker (MSW)	\$ 54,172.47	\$ 45,570.93	-18.88%
Accountant	\$ 52,423.08	\$ 45,443.54	-15.36%
HR Admin Supv	\$ 70,417.24	\$ 62,014.10	-13.55%
Generic Engineer Supv	\$ 107,435.41	\$ 95,450.70	-12.56%
Security Guard, Unarmed	\$ 28,332.34	\$ 25,179.18	-12.52%
Systems Analysis Supv	\$ 85,514.04	\$ 80,164.82	-6.67%
Data Base Administrator	\$ 92,235.21	\$ 86,959.21	-6.07%
Cashier	\$ 31,537.83	\$ 29,951.70	-5.30%
Environmental Engineer	\$ 65,660.72	\$ 63,187.92	-3.91%
Laboratory Aide	\$ 28,096.91	\$ 29,235.68	3.90%
Medical lab Tech	\$ 41,640.03	\$ 44,420.24	6.26%
Physical Therapist	\$ 72,465.78	\$ 79,570.91	8.93%

Pay Ranking of States

State	Federal Government		State Gov		Local Gov		Private Industry		State Avg as % of Private Avg	State Ranking
	Agv Annual Pay	State Ranking	Agv Annual Pay	State Ranking	Agv Annual Pay	State Ranking	Agv Annual Pay	State Ranking		
Alabama	74,979	4	47411	25	36611	31	40103	35	118%	14
Alaska	71,784	10	53216	11	44528	14	48199	13	110%	27
Arizona	67,791	26	50402	18	41858	19	44091	19	114%	21
Arkansas	62,231	39	41478	41	34022	42	36801	46	113%	23
California	73,068	6	63566	2	54915	3	54345	5	117%	18
Colorado	71,933	9	51868	15	41736	20	49245	12	105%	34
Connecticut	70,340	14	63259	3	51132	8	62031	2	102%	38
Delaware	63,695	34	50086	19	47480	11	50535	8	99%	41
Florida	68,518	22	43141	34	45198	12	41377	30	104%	35
Georgia	69,895	18	39948	46	36777	30	45580	17	88%	49
Hawaii	69,803	20	43064	35	55999	2	39838	37	108%	29
Idaho	62,051	40	39857	47	31161	49	35406	47	113%	24
Illinois	71,342	11	61710	4	45050	13	50921	6	121%	9
Indiana	65,010	31	42580	37	35751	38	40272	33	106%	33
Iowa	59,641	47	57921	7	36181	36	38554	42	150%	1
Kansas	61,811	42	47474	24	31783	48	40507	32	117%	17
Kentucky	59,711	45	42332	38	36343	35	39323	39	108%	31
Louisiana	65,422	30	46972	28	36346	34	42458	23	111%	26
Maine	66,408	27	40876	44	34983	40	37389	45	109%	28
Maryland	93,068	1	48610	22	50578	9	50620	7	96%	44
Massachusetts	72,999	7	58345	6	51952	6	60196	3	97%	43
Michigan	69,880	19	55342	8	43548	17	45285	18	122%	6
Minnesota	66,063	28	55325	9	41504	21	48091	14	115%	20
Mississippi	63,039	35	40835	45	32148	47	34217	50	119%	13
Missouri	62,438	38	38041	50	36165	37	41723	28	91%	47

Source: 2011 Bureau of Labor Statistics data based on payroll records of what is actually paid out to employees as reported quarterly to employment commissions

Pay Ranking of States

■ Virginia Pay Ranking

- 2nd in Federal Government
 - same as 2010
- 9th in Private Industry
 - down from 8th in 2010
- 25th in Local Government
 - down from 23rd in 2010
- 33rd in State Government
 - down from 32nd in 2010
- 48th in State average as a percent of Private average
 - same as 2010

State	Federal Government		State Gov		Local Gov		Private Industry		State Avg as % of Private Avg	State Ranking
	Agv Annual Pay	State Ranking	Agv Annual Pay	State Ranking	Agv Annual Pay	State Ranking	Agv Annual Pay	State Ranking		
Montana	61,288	44	41608	40	34639	41	34518	49	121%	10
Nebraska	61,857	41	45907	30	37188	29	37567	44	122%	7
Nevada	64,835	32	49004	21	51831	7	41657	29	118%	15
New Hampshire	72,204	8	47332	26	40789	22	47642	15	99%	40
New Jersey	74,714	5	65688	1	57751	1	56885	4	115%	19
New Mexico	68,663	21	47151	27	35520	39	38674	40	122%	8
New York	70,576	12	54952	10	53571	5	63081	1	87%	50
North Carolina	63,024	36	44846	32	38978	26	41933	27	107%	32
North Dakota	58,059	50	45455	31	33217	45	42098	26	108%	30
Ohio	70,073	16	53053	12	42217	18	42244	25	126%	4
Oklahoma	64,135	33	39743	49	33932	43	40157	34	99%	42
Oregon	67,995	24	43027	36	44134	16	42421	24	101%	39
Pennsylvania	68,054	23	53028	13	44518	15	46662	16	114%	22
Rhode Island	77,023	3	61448	5	53970	4	43532	20	141%	2
South Carolina	61,803	43	42151	39	38004	28	37734	43	112%	25
South Dakota	58,753	48	41212	42	30023	50	35086	48	117%	16
Tennessee	70,325	15	40900	43	36578	33	42622	22	96%	45
Texas	69,910	17	46579	29	40295	24	49534	11	94%	46
Utah	62,541	37	47690	23	32490	46	39937	36	119%	12
Vermont	65,763	29	49010	20	36588	32	39502	38	124%	5
Virginia	85,306	2	44163	33	39980	25	50261	9	88%	48
Washington	70,441	13	51341	17	48261	10	49827	10	103%	37
West Virginia	67,910	25	39831	48	33662	44	38565	41	103%	36
Wisconsin	59,654	46	52945	14	38869	27	40627	31	130%	3
Wyoming	58,384	49	51485	16	40662	23	42911	21	120%	11

Source: 2011 Bureau of Labor Statistics data based on payroll records of what is actually paid out to employees as reported quarterly to employment commissions

National 2013

Compensation Forecast

- 98% of the 1,500 mid-sized and large employers surveyed by consulting firm Mercer plan to increase salaries in 2013
- 2.9% is average base pay raise
- Pay increases will be performance based, and not across the board

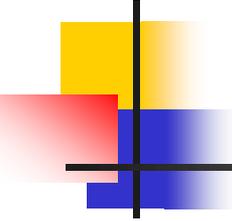
Forecaster	2013 Average Raise Forecasted
Mercer Human Resource Consulting	2.9%
WorldatWork	3.0%
Hay Group	3.0%
Towers Watson	2.9%
Aon Hewitt	3.0%

Pay Increase as a Function of Performance		
	Percentage of Workforce	2013 Average Increase Forecasted
Top performers	8.0%	4.5%
Average workers	54.0%	2.4%
Lowest-performing employees	2.0%	As little as .1%

State Employees

Salaries

- 2% increase in payroll tax on January 1, 2013
 - Reduced take home pay
- 2% base salary increase to eligible salaried state employees on July 10, 2013
 - Contingent on revenue estimates
 - Must have received at least “Contributor” rating for the performance cycle October 25, 2011 through October 24, 2012
- 2% increase to the minimum and maximum salary range on July 10, 2013
 - 5% increase for VRS 5 for 5 not accounted for in the salary structure



Resources

- Department of Human Resource Management
<http://www.dhrm.virginia.gov>
- Annual Compensation Report
<http://www.dhrm.virginia.gov/reports/AnnualSalaryReport2012.pdf>