

State Employee Compensation

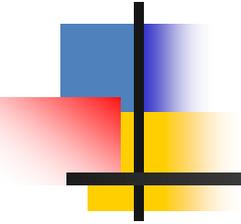


Virginia Department of
Human Resource Management

Virginia Governmental Employees' Association
Annual Meeting

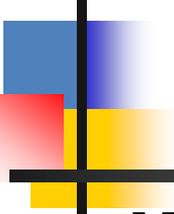
DoubleTree by Hilton, Richmond, Virginia

September 13, 2014



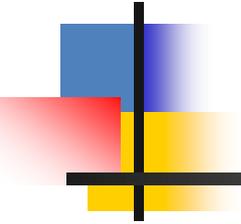
Compensation Goal

- Pay employees fairly and consistently for jobs they perform
- Sufficient to attract, retain, and motivate the Commonwealth workforce



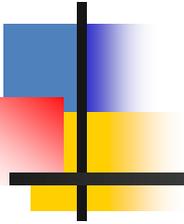
Compensation Policy

- **Market Rate** – established in 2000 by General Assembly as compensation policy
- **Pay for Performance** – formula driven increase based on individual/team performance
- **Pay Practices** – practices available to address agency issues
 - **Base Pay** – continues over time
 - **Non-Base Pay** – lump sum payment, leave or non-monetary item
 - **Exceptional Recruitment & Retention Incentive Options** - used for significant recruitment and retention problems critical for agency mission
- **Pay Factors** – uses 13 pay factors when setting pay
 - Agency Business Need
 - Internal Salary Alignment
 - Duties & Responsibilities
 - Market Availability
 - Long Term Impact
 - Performance
 - Current Salary
 - Work Experience & Education
 - Total Compensation
 - Knowledge, Skills, Abilities & Competencies
 - Budget Implications
 - Training, Certification, & License
 - Salary Reference Data



Compensation Pay Bands

BANDS	RANGE			EMPLOYEES	
	Minimum	SW Maximum	NOVA Maximum	Number	Percent
1	\$ 15,678	\$ 35,706	\$ 46,418	2559	3.75%
2	\$ 20,484	\$ 46,049	\$ 59,864	9130	13.37%
3	\$ 24,479	\$ 54,653	\$ 71,049	22687	33.22%
4	\$ 31,979	\$ 70,801	\$ 92,042	17563	25.71%
5	\$ 41,778	\$ 91,896	\$ 119,465	12039	17.63%
6	\$ 54,580	\$ 119,455	\$ 155,292	3667	5.37%
7	\$ 71,305	\$ 155,463	\$ 186,555	442	0.65%
8	\$ 93,150	\$ 202,500	\$ 243,000	202	0.30%
9	\$ 121,694	MARKET	MARKET	14	0.02%



Statewide Actual Salary

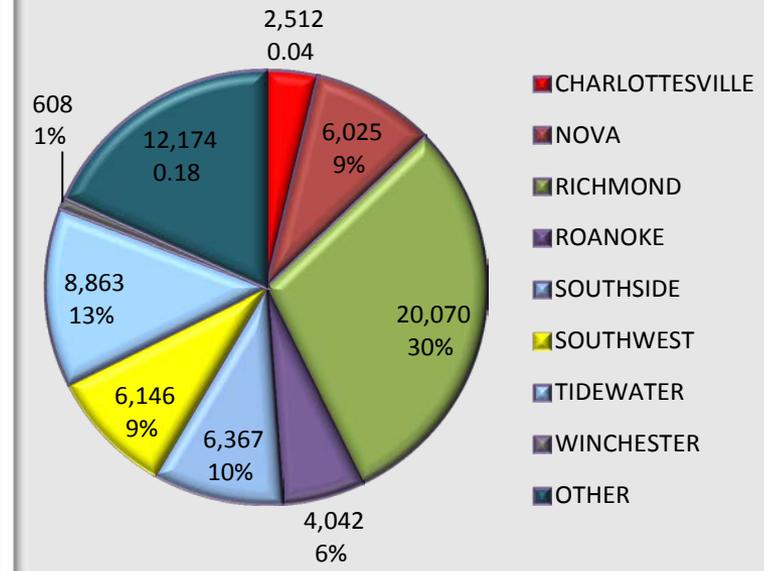
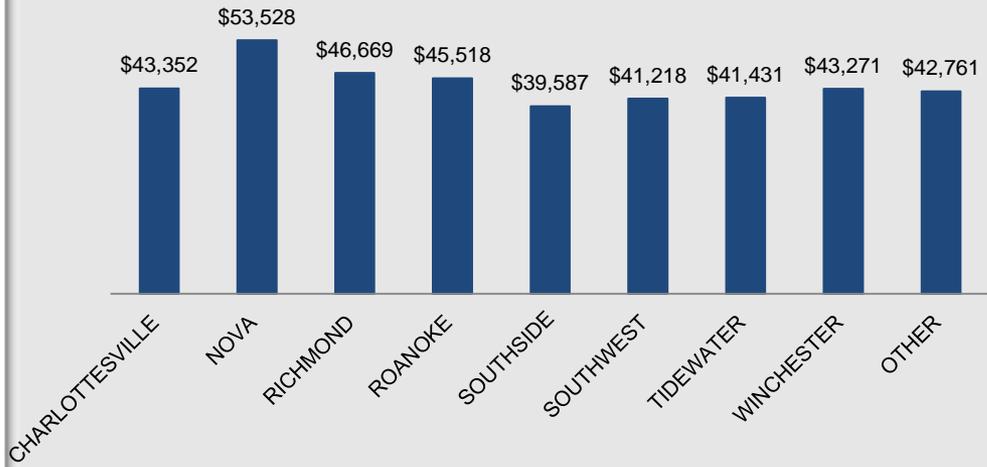
- Classified employees salary

REGION As of 12/31/13	MEAN	MEDIAN	1ST QUARTILE	3RD QUARTILE	LOWEST	HIGHEST	COUNT
Statewide	\$45,927	\$40,873	\$32,706	\$54,070	\$10,242	\$253,498	66,807
NOVA	\$53,139	\$49,014	\$39,563	\$61,200	\$12,546	\$253,498	6,103
Statewide (excluding NOVA)	\$45,202	\$40,053	\$32,449	\$53,040	\$10,242	\$248,837	60,704

Employee Salary by Region

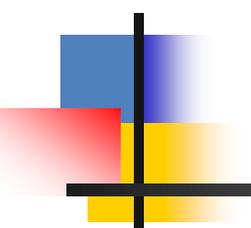
- Highest average salary is in Northern Virginia at \$53,528
 - 16.55% higher than the statewide average
- Lowest average salary is in Southside Virginia at \$39,587
 - 13.8% lower than the statewide average

Average Salaries



Compensation History

Year	Performance Base Increase	General Base Salary Increase	Bonus	Performance Bonus	Salary Structure Adjustment	Notes
2013	2%	0%	0%	0%	7% + \$19.50 maximum, 2% minimum	A 2% salary adjustment effective on July 25, 2013 for eligible salaried state employees; a salary compression adjustment of \$65 (\$70 for sworn employees of the Department of State Police) per full year of service for eligible classified and other salaried employees (excluding faculty) with at least five years of continuous salaried service; Must have received at least "Contributor" rating for the performance cycle October 25, 2011 through October 24, 2012; Pay bands adjusted by 2% at the minimum and 7% plus \$1,950 at the maximum; 2% increase in payroll tax on January 1, 2013
2012	0%	0%	0%	3%	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	0%	5%*	0%	0%	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%	0%	3%	0%	0%	Eligible salaried employees received 3% bonus effective December 1st. (Not performance related.)
2009	0%	0%	0%	0%	0%	
2008	0%	0%	0%	0%	0%	
2007	4%	0%	0%	0%	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%	0%	0%	0%	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



Compensation Options

- Strategies
 - Market
 - Performance
 - Targeted for acquisition and retention
- Issues
 - Funding

Compensation Market

■ Average Performance Increase

- FY13 Market movement 2.70%
- FY14 Forecast 2.97%
- FY14 Projected State Deviation -21.45%

■ Average Structure Adjustments

- FY13 Actual 1.86%
- FY14 Forecast 2.15%

Occupation	Private Industry Avg. Employee Salary	Avg. Va. Employee Salary	2013 Deviation
Attorney	\$ 119,498	\$ 61,287	-94.98%
Internal Auditor	\$ 76,312	\$ 51,841	-47.21%
Staff RN	\$ 65,498	\$ 48,932	-33.85%
Yard Laborer/Janitorial Supv	\$ 46,550	\$ 35,414	-31.45%
Truck Driver, Light	\$ 29,770	\$ 22,726	-31.00%
Architect	\$ 86,064	\$ 66,563	-29.30%
Secretary	\$ 40,488	\$ 32,135	-25.99%
Maintenance Electrician	\$ 50,664	\$ 40,797	-24.19%
Social Worker (MSW)	\$ 56,715	\$ 46,291	-22.52%
Chemist	\$ 71,124	\$ 58,336	-21.92%
Cook	\$ 31,286	\$ 25,701	-21.73%
Marketing Specialist	\$ 53,790	\$ 44,264	-21.52%
Employee Training Specialist	\$ 57,836	\$ 47,683	-21.29%
Mail Clerk	\$ 33,884	\$ 28,223	-20.06%
Accountant	\$ 54,884	\$ 47,167	-16.36%
Security Guard, Unarmed	\$ 29,662	\$ 25,551	-16.09%
HR Admin Supv	\$ 73,723	\$ 63,567	-15.98%
Generic Engineer Supv	\$ 112,478	\$ 98,272	-14.46%
Systems Analysis Supv	\$ 89,528	\$ 82,821	-8.10%
Data Base Administrator	\$ 96,565	\$ 89,499	-7.89%
Environmental Engineer	\$ 68,743	\$ 64,943	-5.85%
Cashier	\$ 33,018	\$ 31,517	-4.76%
Laboratory Aide	\$ 29,416	\$ 29,634	0.74%
Medical Lab Tech	\$ 43,595	\$ 46,011	5.25%
Physical Therapist	\$ 75,867	\$ 83,091	8.69%
Average			-20.87%

State Employee Salary Comparison

Selected Localities

Locality	BASE SALARY INCREASES									
	FY-04	FY-05	FY-06	FY-07	FY-08	FY-09	FY-10	FY-11	FY-12	FY-13
Richmond City	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	0.00%	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%	2.00%
Montgomery County	2.50%	5.50%	4.80%	2.50%	6.77%	5.50%	N/A	0.00%	3.00%	2.00%
Fairfax County	4.00%	4.32%	4.37%	4.40%	4.98%	4.98%	N/A	0.00%	2.00%	4.70%
Chesterfield County	2.50%	4.00%	3.00%	4.00%	5.25%	4.00%	0.00%	0.00%	2.00%	1.00%
Norfolk	4.00%	4.00%	4.00%	4.50%	4.50%	3.50%	0.00%	0.00%	0.00%	2.00%
Chesapeake	3.00%	3.00%	4.00%	4.00%	4.50%	3.00%	0.00%	1.50%	1.50%	0.00%
Virginia Beach	6.00%	5.00%	6.50%	4.50%	3.50%	2.50%	0.00%	0.00%	2.50%	1.00%
Albemarle County	3.19%	4.40%	3.95%	4.00%	3.35%	0.00%	0.00%	0.00%	0.00%	1.00%
Augusta County	4.00%	4.00%	4.00%	3.83%	3.06%	3.06%	N/A	0.00%	0.00%	0.00%
Locality Average	3.31%	3.85%	3.90%	3.78%	4.40%	3.35%	0.00%	0.35%	1.10%	1.37%
State Employees	2.25%	3.00%	4.40%	4.50%	4.00%	0.00%	0.00%	5.00%	0.00%	0.00%

Source: DHRM survey

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	74,857	4	48,001	24	36,930	32	41,079	36	117%	15
Alaska	73,373	7	55,054	12	44,795	16	49,587	14	111%	22
Arizona	68,141	26	51,225	19	42,198	20	45,235	20	113%	20
Arkansas	62,323	42	41,962	43	34,362	43	37,881	46	111%	23
California	73,991	6	65,685	2	55,538	3	56,295	5	117%	16
Colorado	72,170	10	52,496	15	42,205	19	50,920	12	103%	34
Connecticut	70,569	17	60,881	5	51,886	7	63,146	2	96%	45
Delaware	67,068	27	51,773	17	48,859	11	51,697	9	100%	38
Florida	69,575	20	43,596	36	44,959	15	42,447	29	103%	35
Georgia	68,930	21	40,624	47	36,908	33	46,980	17	86%	50
Hawaii	70,660	16	43,874	34	55,873	2	40,871	37	107%	28
Idaho	62,722	39	40,716	46	31,919	49	35,882	49	113%	19
Illinois	71,520	11	63,710	3	46,165	12	52,322	6	122%	8
Indiana	65,861	31	43,028	38	36,129	38	41,357	34	104%	32
Iowa	60,189	45	60,053	7	36,729	36	39,761	40	151%	1
Kansas	62,174	43	47,889	25	32,168	48	41,817	32	115%	17
Kentucky	59,456	47	42,945	39	36,829	34	40,228	38	107%	29
Louisiana	65,604	32	46,902	29	36,792	35	43,518	26	108%	27
Maine	66,888	28	40,116	49	35,381	41	38,082	45	105%	31
Maryland	91,816	1	50,418	20	50,441	9	51,910	7	97%	42
Massachusetts	72,871	8	60,173	6	52,716	6	61,467	3	98%	41
Michigan	70,036	19	57,608	8	43,688	17	46,217	19	125%	5
Minnesota	66,537	30	55,299	11	42,086	21	49,750	13	111%	21
Mississippi	63,093	37	41,870	44	32,441	46	35,264	50	119%	11
Missouri	63,268	36	38,195	50	36,575	37	43,128	27	89%	49

Source: 2012 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 & 2011
- 11th in Private Industry
 - down from 9th in 2011 & 8th in 2010
- 25th in Local Government
 - same as 2011 & down from 23rd in 2010
- 32nd in State Government
 - up from 33rd in 2011 and same as 2010
- 47th in State average as a percent of Private average
 - up from 48th in 2010 & 2011

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	61,862	44	42,478	42	35,503	40	35,987	48	118%	12
Nebraska	62,361	41	46,294	31	37,889	29	38,660	44	120%	10
Nevada	65,067	33	46,716	30	51,773	8	42,410	30	110%	26
NewHampshire	72,702	9	47,171	27	40,922	23	48,775	15	97%	43
NewJersey	74,271	5	66,232	1	58,585	1	58,089	4	114%	18
NewMexico	68,560	23	48,218	23	35,585	39	39,521	41	122%	7
NewYork	71,432	12	57,014	10	54,234	5	63,912	1	89%	48
NorthCarolina	63,010	38	45,404	33	39,462	26	43,040	28	105%	30
NorthDakota	58,346	49	46,954	28	34,239	44	46,823	18	100%	37
Ohio	70,715	15	57,477	9	42,305	18	43,601	25	132%	3
Oklahoma	63,976	34	41,726	45	34,724	42	41,863	31	100%	40
Oregon	68,921	22	43,810	35	45,020	14	43,678	24	100%	36
Pennsylvania	68,245	25	53,073	14	45,319	13	48,147	16	110%	25
Rhodelsland	77,569	3	62,198	4	54,553	4	44,633	21	139%	2
SouthCarolina	62,513	40	42,640	41	38,603	28	38,663	43	110%	24
SouthDakota	58,301	50	43,507	37	30,470	50	36,306	47	120%	9
Tennessee	70,740	14	42,723	40	37,073	31	44,261	23	97%	44
Texas	70,489	18	47,714	26	40,639	24	51,593	10	92%	46
Utah	63,542	35	48,480	22	32,209	47	41,163	35	118%	13
Vermont	66,800	29	49,587	21	37,088	30	40,206	39	123%	6
Virginia	84,636	2	45,955	32	40,499	25	51,381	11	89%	47
Washington	71,109	13	51,740	18	49,110	10	51,765	8	100%	39
WestVirginia	68,426	24	40,487	48	34,056	45	39,258	42	103%	33
Wisconsin	59,804	46	53,552	13	38,634	27	41,760	33	128%	4
Wyoming	59,122	48	51,972	16	41,270	22	44,310	22	117%	14

Source: 2012 Bureau of Labor Statistics data based on payroll records of what is actually paid out to employees as reported quarterly to employment commissions

Compensation Performance

- Private Industry uses variable pay for performance increases

Private Industry Pay Increase as a Function of Performance		
WorldatWork Survey	Percentage of Workforce	2013 Average Increase Paid
High Performers	25.0%	4.1%
Middle Performers	68.0%	2.7%
Low Performers	7.0%	0.6%

- 14% of state classified employees were rated as Extraordinary Contributors in FY 2013
- Same state employee performance increase was given to high and middle performers

STATE PERFORMANCE RATINGS	FY 13	FY 12	FY 11
Extraordinary Contributor	14.0%	13.5%	13.2%
Contributor	85.7%	86.2%	86.6%
Below Contributor	0.3%	0.3%	0.2%

Compensation

Targeted

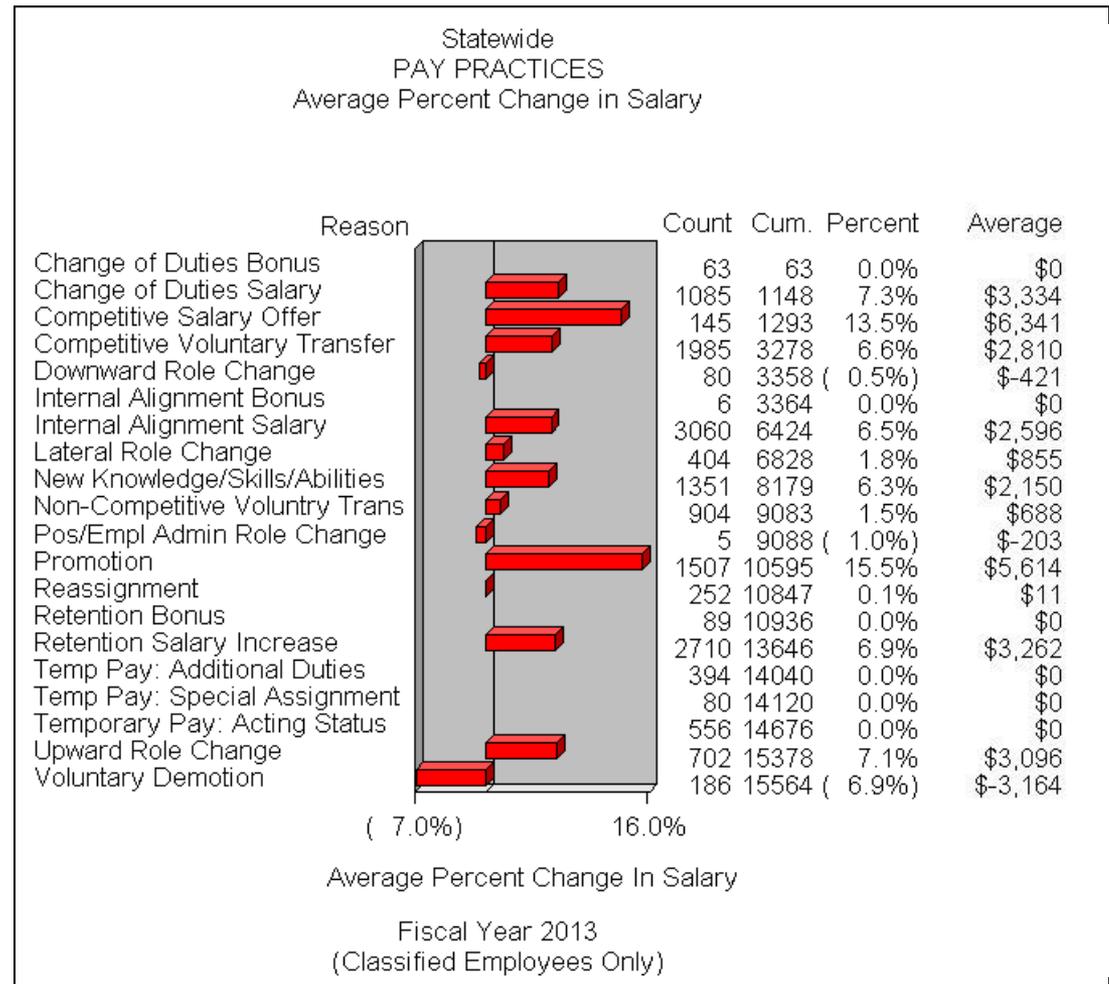
- Compensation tools used by agencies today for acquisition and retention purposes

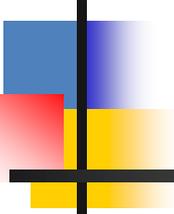
Basis for Recruitment and Retention Issues	Compensation Solutions Regularly Applied by Agencies as Funding Permits
Market competitiveness- local, state, regional, or national	<ul style="list-style-type: none"> • Alternate Pay Bands (Deviation from State Salary Structure) • Geographic Differentials • Shift Differentials • Supplements • Parity Pay for Teachers • Student loan repayment assistance for health care personnel • Sign-on/Retention Bonuses Up to \$10K • Discretionary Pay Increases (4 Categories) • Competitive Counter-Offers • Exceptional Paid Time Off Awards of up to 30 days • Monetary Recognition up to \$2K per year • Educational Assistance • Employee Referral Program to \$1.5k per hire
Supply and Demand Issue with Occupation/Profession	<ul style="list-style-type: none"> • Exceptional Starting Pay • Differentials/Supplements • Exceptional Sign-on/Retention Bonuses up to \$10K • Competency or Skill Based Pay Systems • Educational Assistance • Discretionary Pay Increases (4 Categories) • Exceptional Payment of Leave Time
Location	<ul style="list-style-type: none"> • Geographic Differentials • Remote Work • Mobile Work • Mass Transit and Parking Subsidies • Relocation Reimbursement
Work Environment	<ul style="list-style-type: none"> • Hazardous Duty Pay Differentials/Supplements • Shift Differentials • On-Call Pay • Ongoing Meal Reimbursement
Work/Life Balance	<ul style="list-style-type: none"> • Alternate Work Schedule • Telework • Q Status
Culture	<ul style="list-style-type: none"> • Health and Retirement Benefits • Paid Time Off • Combination of above noted tools

Classified Compensation FY 2013

Pay Practices Utilization

- 99% were base pay increases
- 1% were non-base pay increases





Total Compensation

- **Total Compensation Statements** are available online in *EmployeeDirect* for employees in the Personnel Management Information System
- Information
 - **Cash Compensation**
 - State Salary + Non-State Salary + Special Rate + Temporary Pay
 - **Funded Benefits**
 - Retirement + Health Insurance + Social Security Tax + Medical Health Insurance Tax + Group Life Insurance + Virginia Sickness & Disability Program + Retiree Health Insurance Credit
 - **Paid Leave**
 - Annual Leave + Sick Leave + Family Personal Leave + School Assistance & Volunteer Service Leave + Holidays

Salaried State Employees Receiving Federal Assistance

- **Number of employees receiving assistance**

- 2013 2,287 employees
- 2011 892 employees
- 2007 < 12 employees*

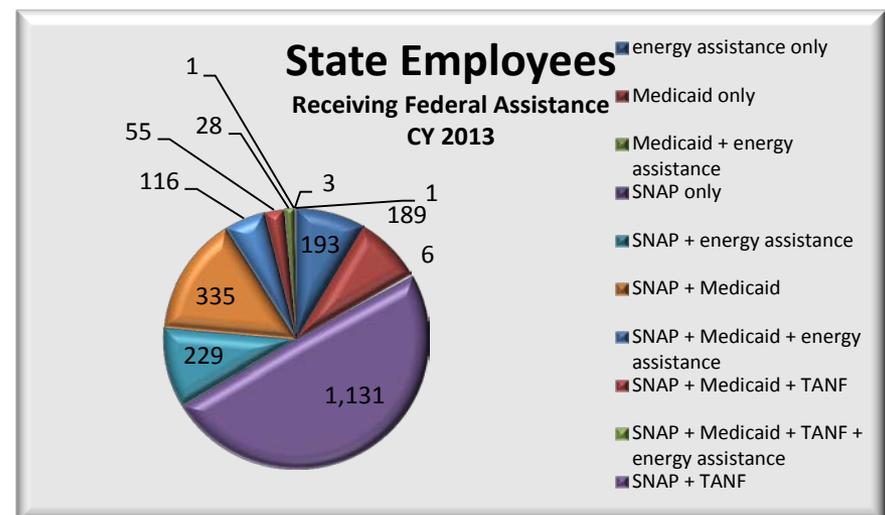
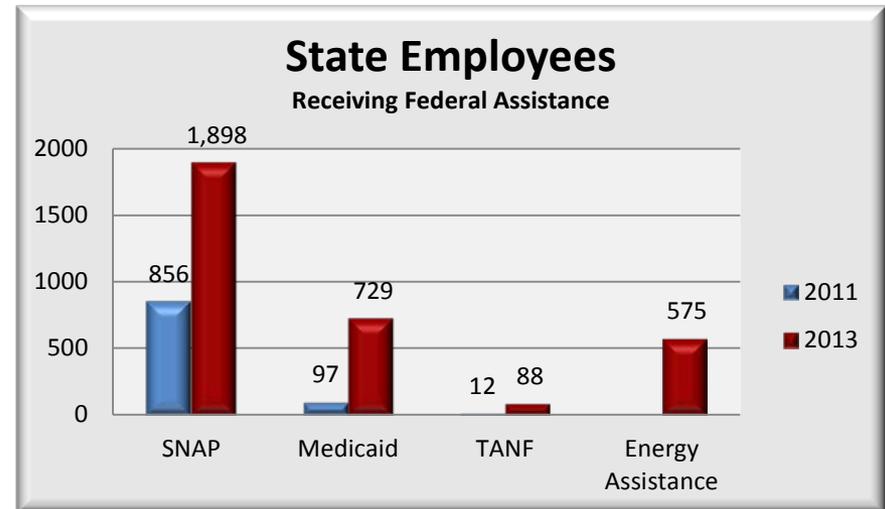
- **Number of employees receiving food stamps**

- 2013 1,898 employees
- 2011 856 employees
- 2007 0 employees

- **Change over time**

- Poor economy and lack of employee raises have taken a toll on state employees
- Although no employees received food stamps in 2007, almost 1900 state employees receive food stamps today
- 122% increase in food stamps in the last 2 yrs
- No change in benefit eligibility

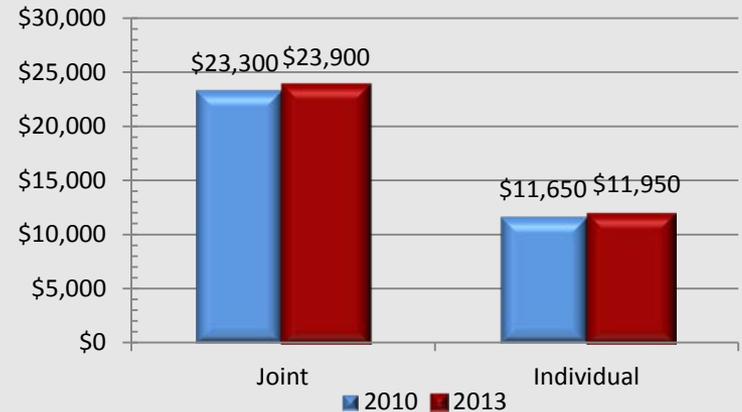
* Received temporary assistance because they had legal guardianship of grandchildren, and otherwise would not meet benefits eligibility criteria



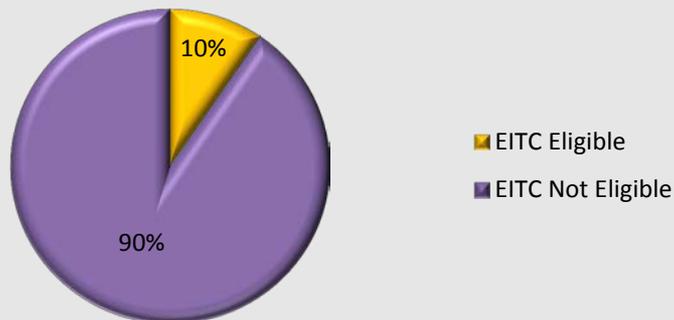
Salaried State Employees Qualifying for Earned Income Tax Credit

- **Number of employees qualifying for EITC**
 - 10% of salaried full-time state employees in 2013
- **Change over time**
 - 2.6% increase in eligibility threshold from 2010 to 2013
 - 5.4% increase in state employees qualifying for EITC from 2010 to 2013

Earned Income Tax Credit Thresholds



**2013 Salaried State Employees
Earned Income Tax Credit Eligibility**



**State Employees Qualifying for
Earned Income Tax Credits**

