

COMMISSION ON EMPLOYEE RETIREMENT SECURITY  
& PENSION REFORM

COMPENSATION WORKING GROUP

SENATE ROOM A, GENERAL ASSEMBLY BUILDING  
SEPTEMBER 14, 2016

VIRGINIA WORKFORCE  
COMPENSATION

Virginia Department of Human Resource Management



# BACKGROUND

# CLASSIFIED COMPENSATION WAS LAST REFORMED IN 2000

## Reform Needed

- **Attract** qualified employees
- **Retain** qualified employees
- **Reward** sustained high performance
- **Support line management** in accomplishment of organization objectives

## Constraints Identified

- Salary **compression**
- Inflexible **Classification** and **Compensation** system
- **Performance** management system
- **Market** competitiveness
- **Career** progression

## Reform Benefits

- **Employees**
  - Rewards for better performers
  - Rewards for enhancing skills, knowledge and abilities
  - Ability for salary to move within pay band
  - Career development and career progression
- **Management**
  - More **flexibility** in managing employees and rapidly changing workforce needs
  - New compensation tools for improved **recruitment** and **retention**
  - Supports **career development**
  - Tolls to **recognize** and **reward** better performers

# COMPENSATION REFORM BEST PRACTICE RECOMMENDATIONS MADE IN 2000

1. Establish a **new pay structure** with 9 pay bands which are stepless, replacing the existing 23 pay grades with pay steps
2. Merge the existing 1,650 classifications into approximately 275 new **broader job groupings** called "roles"
3. Support **career growth** by implementing new job groups called occupational families, career groups and roles
4. Continue to use the **position classification** method in determining the minimum and maximum worth of each job in the new plan; Establish new compensable factors, such as complexity of work, results, and accountability, to replace the 7 compensation factors used to determine relative worth of each role
5. Establish a **new salary survey methodology** to ensure classified salaries are competitive with appropriate public and private sector markets
6. Establish a **new performance management program** with 3 rating levels to replace existing 5 rating levels; Incorporate optional features such as employee upward feedback on supervisor performance, employee-self-assessment, and team/individual supervisory appraisal
7. Establish **new pay practices** such as in-range pay adjustments, rewards and recognition programs; Revise existing pay practices such as starting pay, promotion, reallocation and lateral transfer to make system more flexible
8. **Training and Communication**
9. **Roles and Responsibilities**
10. **Funding** of the new plan
11. Continuation of the **Commission**

# CURRENT COMPENSATION POLICY AND PRACTICES

# COMPENSATION GOAL IS TO PAY A SUFFICIENT AMOUNT TO ATTRACT, RETAIN AND MOTIVATE THE WORKFORCE

## COMPENSATION GOAL

- Sufficient to attract, retain, and motivate the Commonwealth workforce

## COMPENSATION POLICIES

- **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

# IN 2000, GENERAL ASSEMBLY ADOPTED A COMPENSATION GOAL TO PAY MARKET RATE

CLASSIFIED STATE SALARIES	MEAN	MEDIAN	1ST QUARTILE	3RD QUARTILE	LOWEST	HIGHEST	COUNT
<b>Statewide</b>	\$48,307	\$42,806	\$34,274	\$57,000	\$15,992	\$254,919	64,032
<b>NOVA</b>	\$56,976	\$52,020	\$42,642	\$65,000	\$20,969	\$216,300	5,662
<b>Statewide (excluding NOVA)</b>	\$47,466	\$41,975	\$33,889	\$55,800	\$15,992	\$254,919	58,370

- **Lowest paid** - \$15,992
  - 27 DBHDS employees in Food Service Tech I and Housekeeping/ Apparel Service Worker 1 in Nottoway
- **Highest paid** - \$254,919
  - Physician Manager II in DBHDS
- **Mode** - Pay Band 3
- **Federal minimum wage** - \$7.25 or \$15,080 annually

Source: DHRM Reports as of May 31, 2016

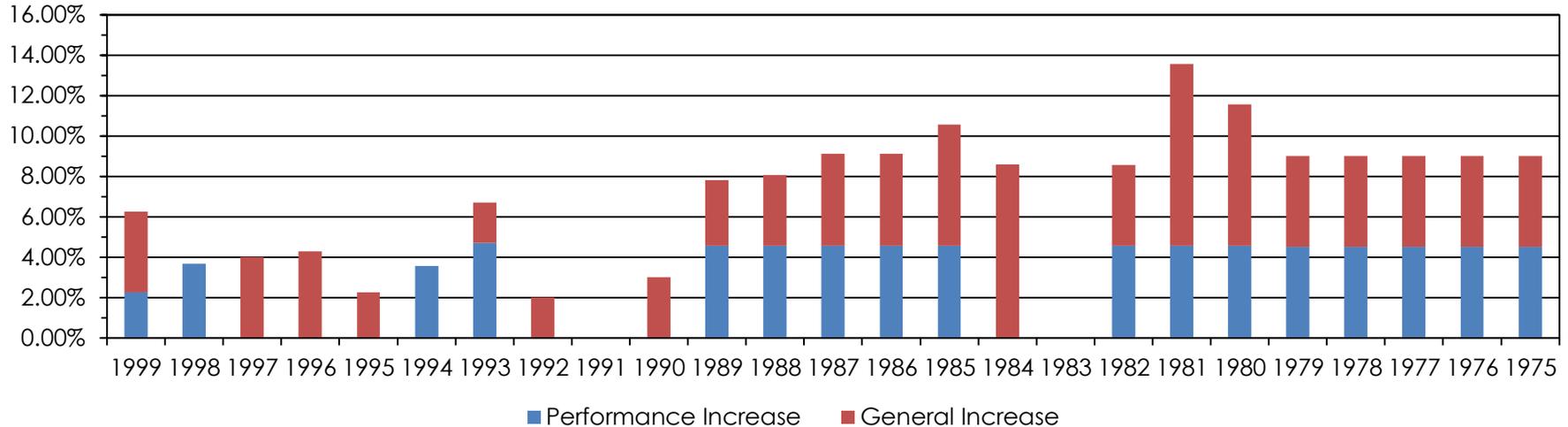
CLASSIFIED COMPENSATION IS DIVIDED INTO  
9 PAY BANDS WITH A  
SEPARATE RANGE FOR NORTHERN VIRGINIA

BANDS	RANGE			EMPLOYEES	
	Minimum	SW Maximum	NOVA Maximum	Number	Percent
1	\$15,992	\$38,820	\$50,466	2,084	3.26%
2	\$20,894	\$49,370	\$64,181	7,795	12.19%
3	\$24,969	\$58,146	\$75,590	20,502	32.06%
4	\$32,619	\$74,617	\$97,002	16,980	26.55%
5	\$42,614	\$96,134	\$124,974	12,167	19.02%
6	\$55,672	\$124,244	\$161,517	3,737	5.84%
7	\$72,731	\$160,972	\$193,167	471	0.74%
8	\$95,013	\$208,950	\$250,740	201	0.31%
9	\$124,128	MARKET	MARKET	16	0.03%

Source: DHRM Reports as of May 31, 2016

# BETWEEN 1975 TO 1999, SALARY ADJUSTMENTS WERE GIVEN IN 23 OF THE 25 YEARS

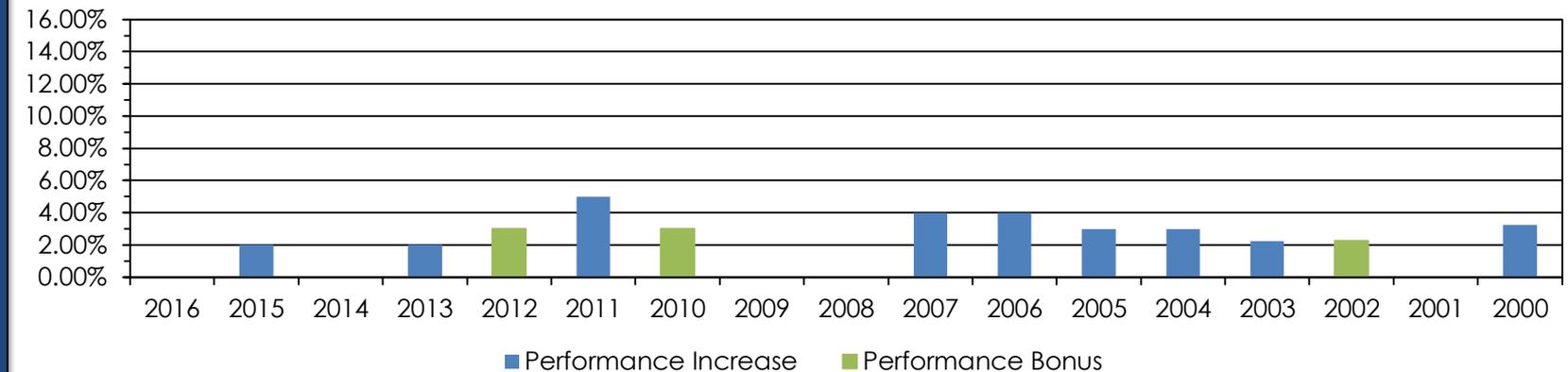
## Salary Adjustments Pre-Compensation Reform



1998 – Performance Increase range of 2.25% to 4.55% ; average shown  
 1996 – Includes a 2.25% special increase to offset lag pay  
 1993, 1994 – Performance Increase range of 2.25% to 6.90% ; average shown  
 1991 – 2% adjustment was given, and then retracted  
 1983 – 5% contribution to VRS in lieu of salary increase

# AFTER COMPENSATION REFORM IN 2000, BASE SALARY INCREASES WERE GIVEN ONLY 9 TIMES

## Salary Adjustments Post-Compensation Reform



2016 – 3% performance increase cancelled

2015 - Base salary increase to reduce salary compression for employees hired on or before 8/10/10

- \$65 per year up to 30 years of continuous service
- \$80 per year up to 30 years of continuous service for sworn officers in VSP

- \$1,000 base salary increase for employees in Security Officer I and III roles

- Additional 2% base increase for employees in 14 designated high turnover roles

2013 - Base salary increase to reduce salary compression for employees hired on or before 8/10/10

- \$65 per year up to 30 years of continuous service
- \$70 per year up to 30 years of continuous service for sworn officers in VSP

2011 – Only employees in VRS Plan 1 received 5% increase to offset required 5% VRS contribution

2010 – Bonus not performance related

2007 – Agencies allocated 0.5% of salaries to support internal pay practices

2005 - \$50 per year of service base salary increase to reduce salary compression for employees hired on or before 11/25/00

2002 – Employees could elect 2.25% bonus or 10 days of leave, or a combination of bonus and leave

# INCREASED FLEXIBILITY WITH BASE PAY PRACTICES

Base Pay Practices (Revised Effective 04-25-05)				Attachment A
Pay Practice	Application	Same Position # or to Different Position #	Competitive or Non-Competitive	Pay Guidelines
Starting Pay	<input type="checkbox"/> New employee		Competitive	Negotiable from minimum of pay band or alternate band up to 15% above current salary, not to exceed pay band maximum. (Exceptions higher than 15% may be granted as appropriate at agency discretion)
	<input type="checkbox"/> Rehire			
Promotion	<input type="checkbox"/> Movement to a different Role in a higher pay band	Different Position #	Competitive	Negotiable from minimum of new pay band or alternate band up to 15% above current salary, or up to the hiring range minimum if it is higher. (Salary may not be below the minimum of the new pay band or alternate band. Exceptions higher than 15% and the hiring range minimum may be granted by the agency with documentation of the basis for the exception provided to DHRM.
Voluntary Transfer	<input type="checkbox"/> Movement within same Role or to different Role in the same pay band	Different Position #	Competitive	Negotiable from minimum of pay band or alternate band up to 15% above current salary, or up to the hiring range minimum if it is higher, not to exceed pay band or alternate band maximum.
		Different Position #	Non-Competitive	Negotiable from minimum of pay band or alternate band up to 10% above current salary not to exceed pay band/alternate band maximum. Must be within same agency or parent agency.
Voluntary Demotion	<input type="checkbox"/> Movement to a different Role in a lower pay band	Different Position #	Competitive or Non-Competitive	Negotiable from minimum of pay band or alternate band up to current salary not to exceed pay band or alternate band maximum (Agency option to freeze salary above maximum for 6 months). Non-Competitive: Must be within same agency or parent agency.
Temporary Pay (Assuming new duties and responsibilities on a temporary basis)	<input type="checkbox"/> Different Role in a higher pay band	Same position #	Non-Competitive	0-15% above current salary not to exceed pay band maximum
	<input type="checkbox"/> Temporary pay for same or different Role in the same pay band	Same position #	Non-Competitive	0-10% increase not to exceed pay band maximum
Role Change (Formerly Reallocation)	<input type="checkbox"/> Upward: movement to a different Role in a higher pay band	Same position #	Non-Competitive	0-10% increase or to minimum of higher pay band
	<input type="checkbox"/> Downward: Movement to a different Role in a lower pay band			No change in salary unless above maximum of the lower pay band, reduce after six months
	<input type="checkbox"/> Lateral: Movement to a different Role in the same pay band			0-10% increase not to exceed pay band maximum
In-Band Adjustment (See also Non-Base Pay Options Chart)	No change in Role title	Same position #	Non-Competitive	0-10% increase not to exceed pay band maximum, maximum 10% per fiscal year for In-Band Adjustments (to include any increase for Lateral Role Change). Exceptions may be requested for cases that significantly exceed normal criteria and are supported by a pay factor analysis. Exceptions must receive prior approval from DHRM.
	<input type="checkbox"/> Change in duties			
	<input type="checkbox"/> Application of new knowledge/skills/abilities from education, certification, licensure, etc.			
	<input type="checkbox"/> Retention			
<input type="checkbox"/> Internal alignment				
Disciplinary or Performance-related Salary Action	<input type="checkbox"/> Same or lower pay band	Same or Different Position #**	Non-Competitive	Minimum 5% decrease or to lower pay band
Competitive Salary Offer	<input type="checkbox"/> Outside offer (including other state agencies)	Same position #	Non-Competitive	Match outside offer not to exceed maximum of pay band. Employee may return to former position within 30 days with agency approval at former salary or salary that agency offered during competitive offer process.
Reassignment within the Pay Band	<input type="checkbox"/> Agency staffing or operational needs; same or different Role in the same pay band	Different Position #	Non-Competitive	No change in base salary except to adjust for NOVA or Competitive differential change. After any such adjustment, employee's salary must be within the Pay Band or Alternate Band of new position.

All salary actions require the consideration of the following pay factors:

- Agency Business Need	- Work Experience & Education	- Internal Salary Alignment	- Total Compensation
- Duties & Responsibilities	- Knowledge, Skills, Abilities, & Competencies	- Market Availability	- Budget Implications
- Performance	- Training, Certification, License, etc.	- Salary Reference Data	- Long Term Impact
			- Current Salary

\*\* Note: Agency must reduce the duties of the employee in order to reduce the pay.

# ADDITIONAL FLEXIBILITY PROVIDED WITH NON-BASE PAY OPTIONS

Attachment B

**Non-Base Pay Options**  
(Excludes the Exceptional Recruitment and Retention Incentive Options)  
7/01/05

Program / Practices	Guidelines	Type of Reward	Relation to Pay Practices
<b>Employee Recognition</b>	Lump sum payment up to \$2,000 per fiscal year and up to 5 days leave per leave year for: <ul style="list-style-type: none"> <li>Achievements or accomplishments that contribute to the overall objectives of the agency and state government.</li> </ul>	Monetary, Non-Monetary and Leave	Independent of and in addition to other pay practices. Covered by DHRM Policy # 1.20
<b>Service Recognition Award</b>	Rewards given to recognize an employee for length of state service in 5-year increments.	Non-Monetary	Independent of and in addition to other pay practices. Covered by DHRM Policy #1.10
<b>Employee Suggestions</b>	Lump sum payment calculated as a percentage of savings generated, or paid leave. See Policy 1.21 for details.	Monetary and Leave	Independent of and in addition to other pay practices. Covered by DHRM Policy #1.21
<b>In-Band Bonuses</b>	Lump sum payment up to 10% of base salary per fiscal year <u>in lieu of base pay adjustment</u> for: <ul style="list-style-type: none"> <li>Change in duties*</li> <li>Application of new knowledge/skills/abilities from education, certification, or licensure</li> <li>Retention</li> <li>Internal Alignment (bonus with required planning for permanent base pay adjustment)*</li> </ul> <p>*Where there are current budget constraints, this option allows for transition when agency needs time to develop funding to support base-pay salary adjustment. No In-Band Bonuses allowed for employees at the top of the pay band.</p>	Monetary (Bonus amount applied towards 10% In-Band Adjustment cap per fiscal year) Exceptions to 10% cap may be requested from DHRM for cases that significantly exceed normal criteria as shown by the pay factors. Prior DHRM approval is required.	Substitutes for In-Band Adjustments (base pay changes) Covered by DHRM Policy #3.05.

All salary actions require the consideration of the following pay factors:

- |                             |  |                             |                       |
|-----------------------------|--|-----------------------------|-----------------------|
| - Agency Business Need      | - Work Experience & Education                  | - Internal Salary Alignment | - Total Compensation  |
| - Duties & Responsibilities | - Knowledge, Skills, Abilities, & Competencies | - Market Availability       | - Budget Implications |
| - Performance               | - Training, Certification, & Licence           | - Salary Reference Data     | - Long Term Impact    |
|                             |  |                             | - Current Salary      |

# EXCEPTIONAL RECRUITMENT AND RETENTION INCENTIVE OPTIONS ARE AVAILABLE WHEN NEEDED

Attachment C

## Exceptional Recruitment and Retention Incentive Options for positions critical to the agency mission with significant recruitment and retention problems Revised 4/25/05

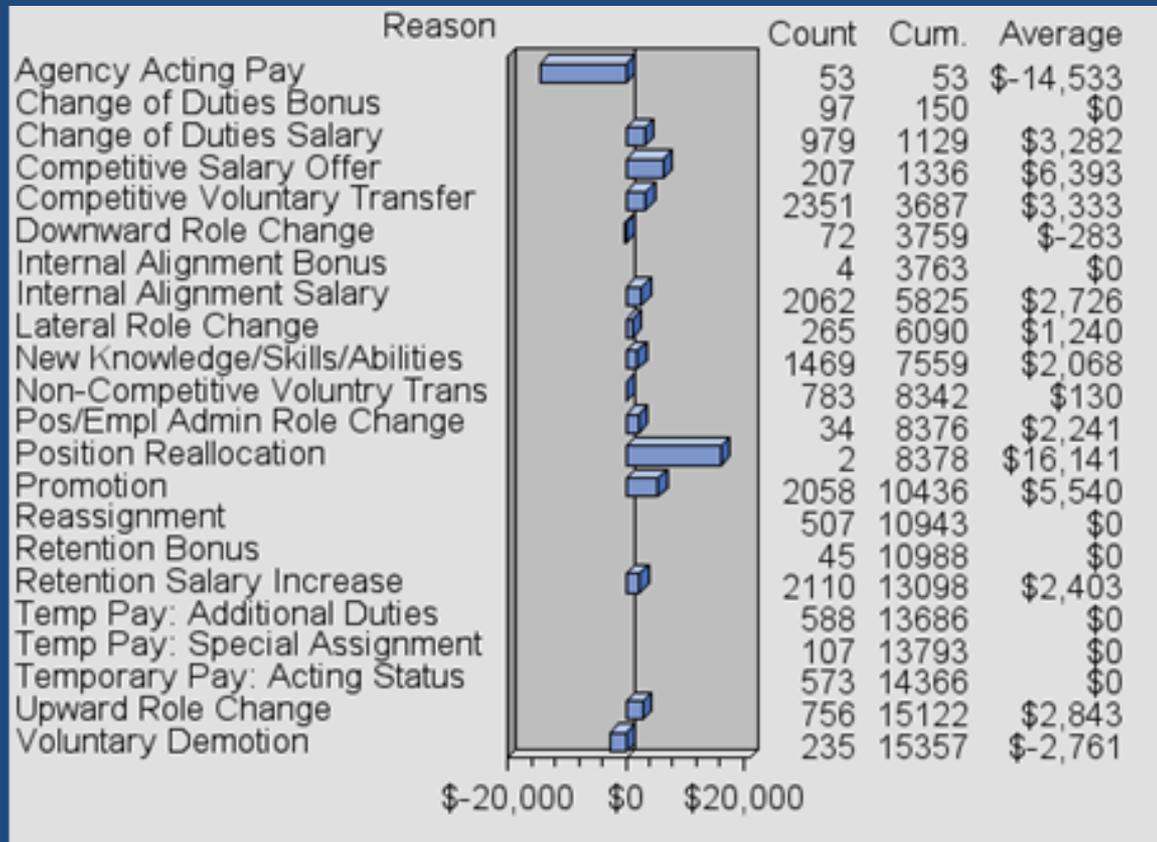
Option	Guidelines	Relation to Pay Practices
<b>Sign-On Bonus</b>	<p>Up to \$10,000 for new external employees agreeing to work for a specified period of up to one year. Payable as lump sum or scheduled payments, with final payment by the end of the agreed period. A formal agreement must be executed which includes requirements for satisfactory performance, duration of employment, and pay back if terms are not met.</p> <ul style="list-style-type: none"> <li>• Coordinate with Cabinet Secretary</li> <li>• Notice to DHRM</li> <li>• Review yearly</li> </ul>	Independent of and in addition to other pay practices and the Rewards and Recognition Policy.
<b>Retention Bonus</b>	<p>Up to \$10,000 during a fiscal year (ending 6/24) for current agency employees agreeing to work for a specified period of up to one year. Payable as lump sum or scheduled payments. A formal agreement must be executed which includes requirements for satisfactory performance, duration of employment, and pay back if terms are not met.</p> <ul style="list-style-type: none"> <li>• Coordinate with Cabinet Secretary</li> <li>• Notice to DHRM</li> <li>• Review yearly</li> </ul>	Independent of and in addition to other pay practices and the Rewards and Recognition Policy.
<b>Project-Based Incentives</b>	<p>Project completion or milestone bonuses not to exceed \$10,000 for any one project in a fiscal year (ending 6/24). Eligible projects and participants must be identified along with criteria and timing of payments.</p> <ul style="list-style-type: none"> <li>• Coordinate with Cabinet Secretary</li> <li>• Notice to DHRM</li> <li>• Review yearly</li> </ul>	Independent of and in addition to other pay practices and the Rewards and Recognition Policy.
<b>Compensatory Leave</b>	Allows agencies to extend indefinitely the time employees have to use earned compensatory leave and/or to pay off compensatory leave balances.	Covered by revised Compensatory Leave Policy.
<b>Annual Leave</b>	Agencies may grant or advance up to 30 days (240 hours) of annual leave during a leave year (ending 1/9) to new and existing employees as an incentive to accept or continue employment with the Commonwealth. The employee must agree to work for a specified period of up to one year. A formal agreement must be executed which includes requirements for satisfactory performance, duration of employment, and pay back if terms are not met. Agencies also may elect to pay off annual leave hours.	Covered by revised Annual Leave policy.
<b>Referral Program</b>	<p>Agency employees eligible to receive payment of up to \$1,500 for referral of candidates external to the Commonwealth's workforce if they are hired. Referring employees must submit written notification of referral with application/resume, then HR confirms. Referring employees must be working in a classified position at a state agency to receive payment. Agencies decide payout schedule for bonuses, with final payment within one year of the hire date. Hiring managers/supervisors and agency recruiting staff are not eligible. The Agency Salary Administration Plan will determine whether the referring employee must be employed in the agency in order to receive payment(s).</p> <ul style="list-style-type: none"> <li>• Coordinate with Cabinet Secretary</li> <li>• Notice to DHRM</li> <li>• Review yearly</li> </ul>	Independent of and in addition to other pay practices and the Rewards and Recognition Policy.

All salary actions require the consideration of the following pay factors:

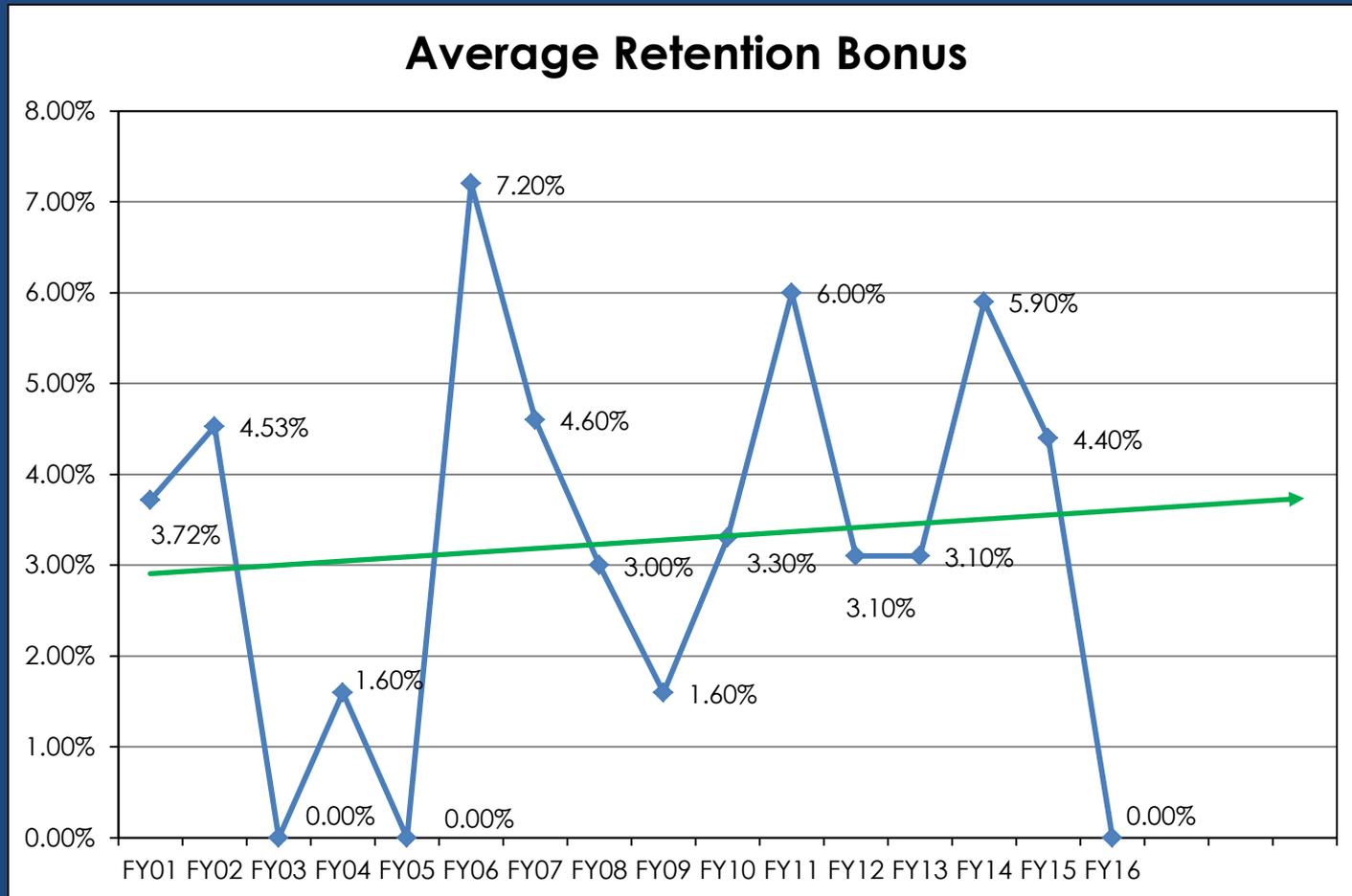
- Agency Business Need
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# IN FY 2016, THERE WERE OVER 15,000 PAY ACTIONS

## Statewide Pay Practices for Classified Employees Average Salary Change - FY 2016

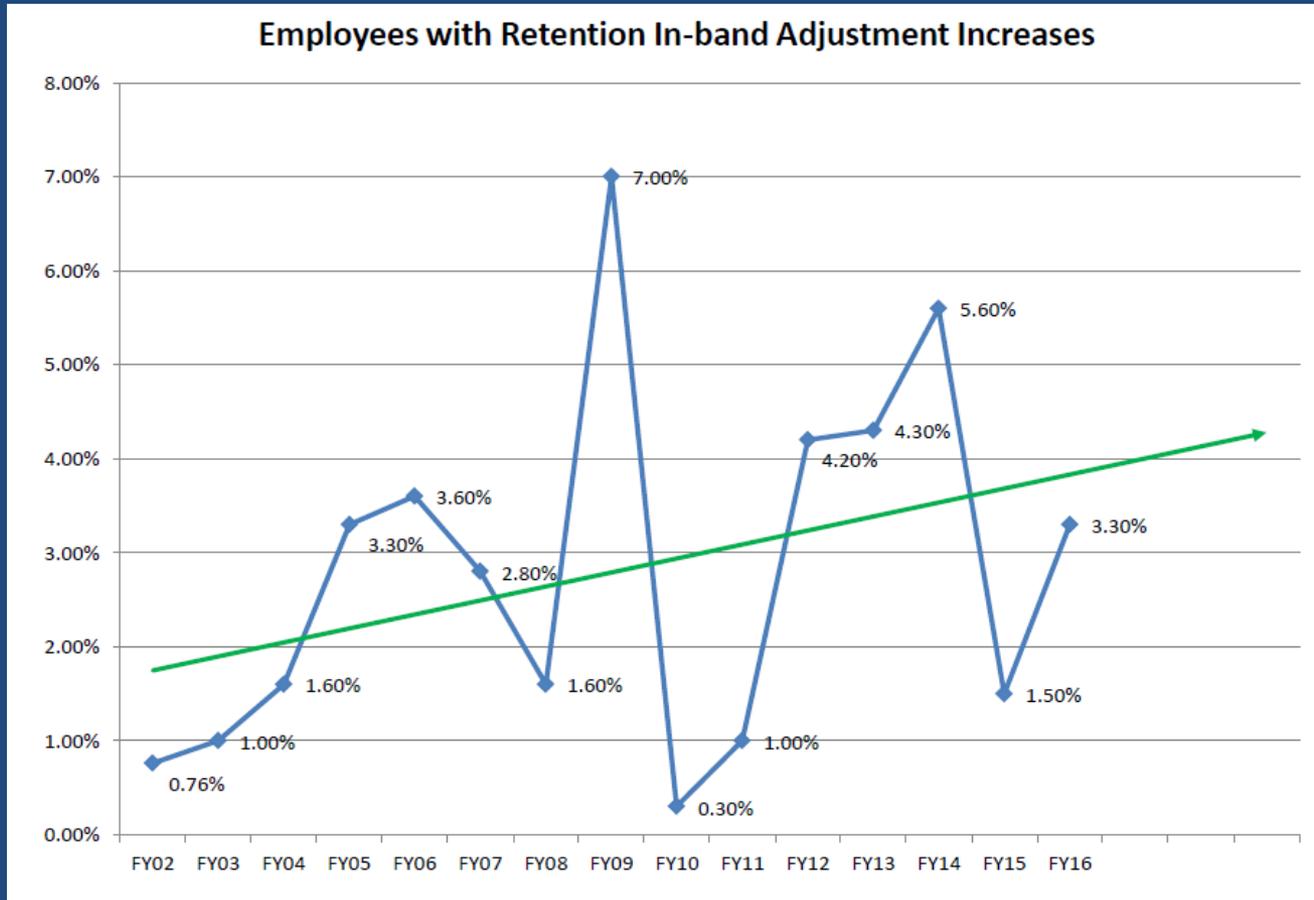


# PAY PRACTICE UTILIZATION VARIES YEAR TO YEAR



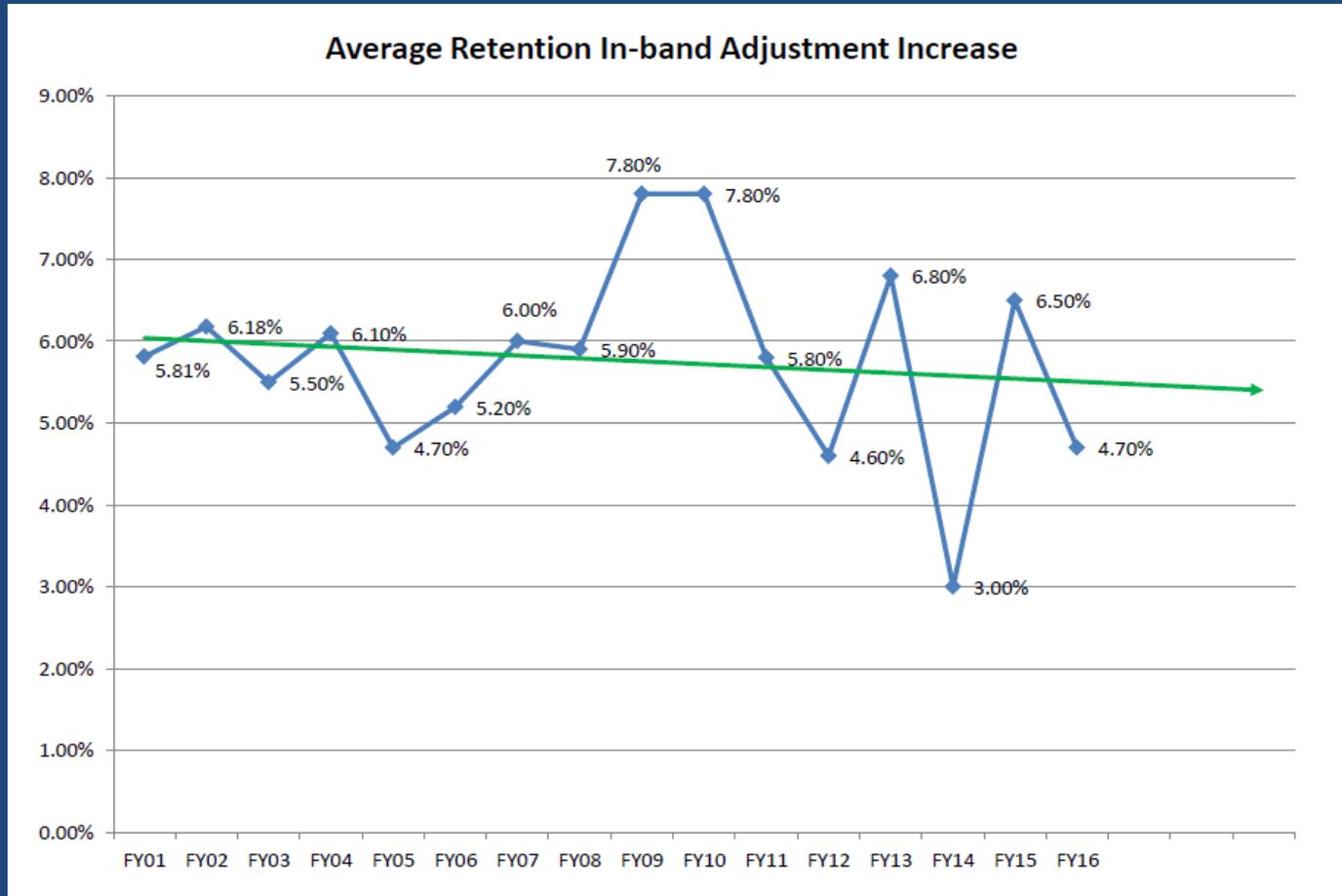
Source: DHRM fiscal year workforce reports

# THE NUMBER OF RETENTION IN-BAND ADJUSTMENTS IS TRENDING UP



Source: DHRM fiscal year workforce reports

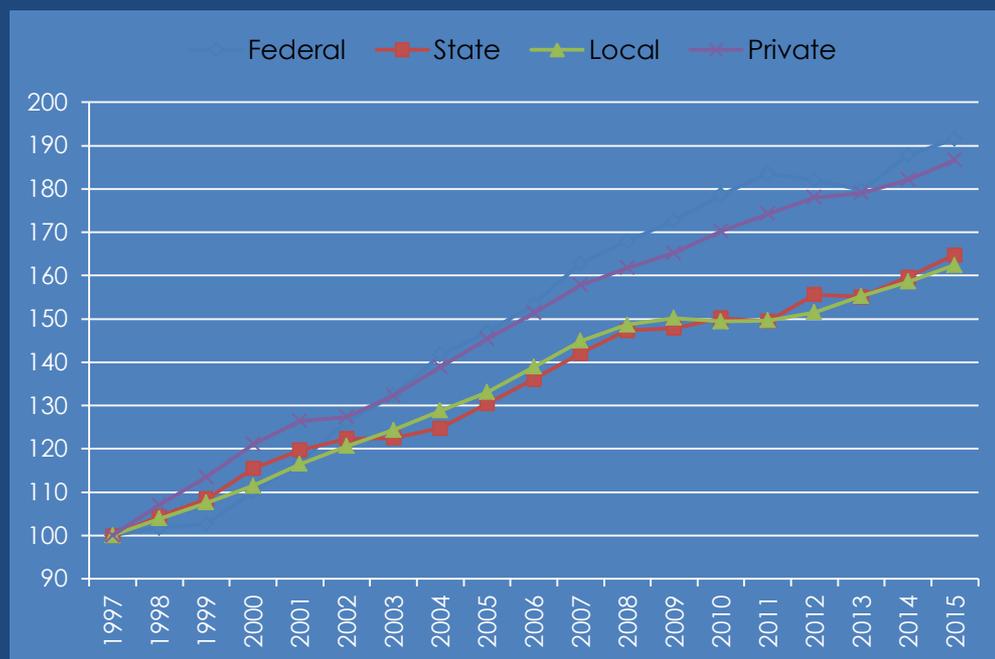
# THE PERCENTAGE INCREASE OF RETENTION IN-BAND ADJUSTMENTS IS TRENDING DOWN



# STATE CLASSIFIED EMPLOYEE COMPENSATION IS ESTIMATED TO BE 23.38% BELOW MARKET

- Take home pay increased 8/10/15 for the first time since 2007
  - 2011 increase of 5% was offset by the 5% employee contribution to VRS
  - 2013 increase of 2.73% was offset by the payroll tax
- 3% conditional raise was budgeted for November 2016, but has been deferred
- Buying power has decreased since 2000

Year	CPI % Change	Cumulative CPI% Change	Salary Increase % Change	Cumulative Salary Increase % Change
2000	3.4	3.4	3.25	3.25
2001	2.8	6.2	0.00	3.25
2002	1.6	7.8	0.00	3.25
2003	2.3	10.1	2.25	5.50
2004	2.7	12.8	3.00	8.50
2005	3.4	16.2	4.40	12.90
2006	3.2	19.4	4.00	16.90
2007	2.8	22.2	4.00	20.90
2008	3.8	26.0	0.00	20.90
2009	-0.4	25.6	0.00	20.90
2010	1.6	27.2	0.00	20.90
2011	3.2	30.4	5.00	25.90
2012	2.1	32.5	0.00	25.90
2013	1.5	34.0	2.73	28.63
2014	1.6	35.6	0.00	28.63
2015	0.1	35.7	3.86	32.49



# STATE SALARIES FOR CERTAIN POSITIONS DEVIATE FROM THE PRIVATE SECTOR ON AVERAGE BY -21.2%

## • Average Performance Increase

- FY14 Market movement 2.88%
- FY15 Forecast 2.98%
- FY15 Projected State Deviation -24.82%

## • Average Structure Adjustments

- FY14 Actual 1.93%
- FY15 Forecast 1.94%

Occupation	Private Industry Average Salary	Average Virginia Employee Salary	Deviation
Attorney	145,224	80,138	-81.20%
Environmental Engineer	108,012	67,748	-59.40%
Marketing Specialist	84,355	54,018	-56.20%
Generic Engineer Supv	160,631	110,279	-45.70%
Accountant	83,604	60,405	-38.40%
Internal Auditor	83,604	60,405	-38.40%
Systems Analysis Supv	104,677	78,061	-34.10%
Chemist	89,957	67,145	-34.00%
Employee Training Specialist	74,073	58,297	-27.10%
Truck Driver, Light	29,449	23,639	-24.60%
HR Admin Supv	133,300	107,287	-24.20%
Laboratory Aide	52,810	43,330	-21.90%
Data Base Administrator	96,713	83,431	-15.90%
Security Guard, Unarmed	33,823	29,725	-13.80%
Maintenance Electrician	50,575	46,155	-9.60%
Yard Laborer/Janitorial Supv	32,758	30,519	-7.30%
Staff RN	67,698	64,009	-5.80%
Cook	26,865	25,581	-5.00%
Physical Therapist	90,254	88,323	-2.20%
Architect	87,924	86,412	-1.80%
Medical Lab Tech	58,824	58,037	-1.40%
Mail Clerk	28,761	28,582	-0.60%
Secretary	36,417	37,171	2.00%
Social Worker (MSW)	47,716	52,221	8.60%
Cashier	26,304	28,821	8.70%
<b>Average</b>			<b>-21.20%</b>

# STATE EMPLOYEES ON AVERAGE RECEIVE LESS BASE SALARY INCREASES THAN CERTAIN LOCALITIES

BASE SALARY INCREASES											
Locality	FY-04	FY-05	FY-06	FY-07	FY-08	FY-09	FY-10	FY-11	FY-12	FY-13	FY-14
Richmond City	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	0.00%	0.00%	0.00%	0.00%	2.00%
Charlottesville	3.50%	3.00%	4.00%	4.00%	4.00%	4.00%	0.00%	2.00%	0.00%	2.00%	2.00%
Montgomery County	2.50%	5.50%	4.80%	2.50%	6.77%	5.50%		0.00%	3.00%	2.00%	1.00%
Fairfax County	4.00%	4.32%	4.37%	4.40%	4.98%	4.98%		0.00%	2.00%	4.70%	0.00%
Chesterfield County	2.50%	4.00%	3.00%	4.00%	5.25%	4.00%	0.00%	0.00%	2.00%	1.00%	1.00%
Norfolk	4.00%	4.00%	4.00%	4.50%	4.50%	3.50%	0.00%	0.00%	0.00%	2.00%	2.00%
Chesapeake	3.00%	3.00%	4.00%	4.00%	4.50%	3.00%	0.00%	1.50%	1.50%	0.00%	1.60%
Virginia Beach	6.00%	5.00%	6.50%	4.50%	3.50%	2.50%	0.00%	0.00%	2.50%	1.00%	3.00%
Albemarle County	3.19%	4.40%	3.95%	4.00%	3.35%	0.00%	0.00%	0.00%	0.00%	1.00%	2.00%
Augusta County	4.00%	4.00%	4.00%	3.83%	3.06%	3.06%		0.00%	0.00%	0.00%	4.00%
<b>Locality Average</b>	<b>3.31%</b>	<b>3.85%</b>	<b>3.90%</b>	<b>3.78%</b>	<b>4.40%</b>	<b>3.35%</b>	<b>0.00%</b>	<b>0.35%</b>	<b>1.10%</b>	<b>1.37%</b>	<b>1.86%</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>	<b>0.00%</b>	<b>0.00%</b>	<b>5.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>2.00%</b>

State 5% increase in FY 11 was offset by 5% contribution to VRS

# IN A NATIONAL PAY RANKING OF STATES, VIRGINIA RANKS 2<sup>ND</sup> IN FEDERAL PAY

State	Federal Government		State Gov		Local Gov		Private Industry					
	Agv Annual Pay	State Ranking	Agv Annual Pay	State Ranking	Agv Annual Pay	State Ranking	Agv Annual Pay	State Ranking	Fed Avg as % of Private Avg	State Ranking	State Avg as % of Private Avg	State Ranking
Alabama	79,206	4	50,499	29	39,198	33	43,370	38	182.63%	1	116%	15
Alaska	77,245	9	57,786	15	48,931	14	54,033	11	142.96%	35	107%	29
Arizona	72,821	22	55,102	19	44,692	20	47,497	22	153.32%	22	116%	17
Arkansas	65,801	40	43,606	47	36,975	45	40,607	46	162.04%	15	107%	27
California	78,872	5	71,395	1	59,961	3	61,276	5	128.72%	45	117%	14
Colorado	75,821	12	58,504	13	45,097	19	54,512	10	139.09%	38	107%	28
Connecticut	74,122	19	68,408	3	55,902	7	66,282	3	111.83%	49	103%	35
Delaware	69,633	30	53,337	22	51,106	11	54,006	12	128.94%	44	99%	45
Florida	73,955	20	46,794	40	47,680	16	45,554	29	162.35%	14	103%	38
Georgia	73,232	21	44,298	45	39,489	32	50,218	18	145.83%	29	88%	50
Hawaii	74,798	16	48,113	34	62,482	1	44,402	34	168.46%	7	108%	26
Idaho	65,034	44	44,189	46	33,798	47	38,658	49	168.23%	8	114%	19
Illinois	75,468	13	66,765	6	48,521	15	56,327	7	133.98%	41	119%	10
Indiana	69,830	29	46,920	39	37,284	43	44,113	36	158.30%	18	106%	31
Iowa	62,349	48	65,193	7	40,342	30	43,534	37	143.22%	34	150%	1
Kansas	65,183	43	52,025	25	33,765	48	44,731	31	145.72%	30	116%	16
Kentucky	63,042	46	47,042	37	38,778	37	43,189	40	145.97%	28	109%	25
Louisiana	68,991	32	49,310	31	38,353	38	46,287	26	149.05%	26	107%	30
Maine	71,696	26	43,268	48	38,119	39	41,289	43	173.64%	6	105%	32
Maryland	97,122	1	57,229	17	54,105	8	54,785	9	177.28%	3	104%	33
Massachusetts	78,316	7	67,150	5	57,417	5	67,337	2	116.30%	48	100%	44
Michigan	74,831	15	59,077	11	45,489	18	49,781	19	150.32%	25	119%	9
Minnesota	69,569	31	60,354	10	45,830	17	53,938	13	128.98%	43	112%	23
Mississippi	66,477	39	45,230	44	34,160	46	36,903	50	180.14%	2	123%	7
Missouri	66,727	37	41,549	50	38,942	36	46,000	27	145.06%	31	90%	48

Source: 2014 Bureau of Labor Statistics data based on payroll records of what is actually paid out to employees as reported quarterly to employment commissions

# BUT VIRGINIA ONLY RANKS 47TH WHEN STATE AVERAGE PAY IS COMPARED TO PRIVATE INDUSTRY AVERAGE PAY

## Virginia Pay Ranking

- 2nd in Federal Government
  - Same as 2014, 2013, 2012, 2011, & 2010
- 10<sup>th</sup> in Federal average as a percentage of Private Average
- 14<sup>th</sup> in Private Industry
  - Down from 13<sup>th</sup> in 2014, 11<sup>th</sup> in 2013 & 2012, 9<sup>th</sup> in 2011 & 8<sup>th</sup> in 2010
- 25<sup>th</sup> in Local Government
  - Same as 2014, 2012, & 2011 & down from 24<sup>th</sup> in 2013 and 23<sup>rd</sup> in 2010
- 32<sup>nd</sup> in State Government
  - Down from 34<sup>th</sup> in 2014 and 2011 and 33<sup>rd</sup> in 2013 & same as 2012 &, 2010
- 47<sup>th</sup> in State average as a percent of Private average
  - Up from 49<sup>th</sup> in 2014 and 2013 & 48<sup>th</sup> in 2010 & 2011 & same as 2012,

State	Federal Government		State Gov		Local Gov		Private Industry					
	Agv Annual Pay	State Ranking	Agv Annual Pay	State Ranking	Agv Annual Pay	State Ranking	Agv Annual Pay	State Ranking	Fed Avg as % of Private	State Ranking	State Avg as % of Private	State Ranking
Montana	65,442	42	46,349	41	37,971	40	39,013	48	167.74%	9	119%	8
Nebraska	65,522	41	50,013	30	40,827	29	42,355	41	154.70%	20	118%	12
Nevada	68,901	33	50,787	28	53,269	9	44,528	32	154.74%	19	114%	20
NewHampshire	76,864	10	51,609	26	44,018	22	53,134	15	144.66%	32	97%	46
NewJersey	78,857	6	70,274	2	60,891	2	61,965	4	127.26%	46	113%	21
NewMexico	72,307	24	52,576	24	37,475	42	41,217	44	175.43%	4	128%	5
NewYork	76,429	11	60,931	9	58,387	4	68,772	1	111.13%	50	89%	49
NorthCarolina	67,111	35	47,905	35	42,725	26	46,531	25	144.23%	33	103%	36
NorthDakota	62,904	47	53,040	23	39,032	35	51,579	17	121.96%	47	103%	37
Ohio	74,496	17	61,005	8	44,526	21	46,579	24	159.93%	17	131%	3
Oklahoma	67,789	34	45,469	43	37,284	43	44,509	33	152.30%	23	102%	39
Oregon	71,029	28	48,515	33	49,312	13	47,777	21	148.67%	27	102%	41
Pennsylvania	72,521	23	58,691	12	49,613	12	51,848	16	139.87%	37	113%	22
RhodeIsland	79,734	3	67,693	4	57,042	6	48,734	20	163.61%	13	139%	2
SouthCarolina	66,612	38	45,988	42	41,520	27	41,338	42	161.14%	16	111%	24
SouthDakota	61,944	50	47,031	38	32,911	50	40,157	47	154.25%	21	117%	13
Tennessee	77,306	8	47,152	36	39,150	34	46,956	23	164.63%	12	100%	42
Texas	75,072	14	55,207	18	43,813	24	55,190	8	136.02%	40	100%	43
Utah	66,798	36	51,256	27	33,722	49	44,359	35	150.58%	24	116%	18
Vermont	71,478	27	54,193	21	40,067	31	43,344	39	164.91%	11	125%	6
<b>Virginia</b>	<b>89,056</b>	<b>2</b>	<b>48,692</b>	<b>32</b>	<b>43,413</b>	<b>25</b>	<b>53,850</b>	<b>14</b>	<b>165.38%</b>	<b>10</b>	<b>90%</b>	<b>47</b>
Washington	74,347	18	57,698	16	53,264	10	56,563	6	131.44%	42	102%	40
WestVirginia	71,774	25	42,605	49	37,651	41	40,927	45	175.37%	5	104%	34
Wisconsin	63,364	45	58,027	14	41,119	28	45,243	30	140.05%	36	128%	4
Wyoming	62,298	49	54,194	20	43,910	23	45,785	28	136.07%	39	118%	11

# COMPETITIVE COMPENSATION IS CRITICAL FOR RECRUITMENT & RETENTION OF THE WORKFORCE

- Workforce is aging
- Early to mid-career employees are leaving at the fastest rate
- Compensation on average is well below market
  - Compensation tools have never been funded
  - Below market compensation reduces talent in hiring pools
  - New hires demand market rates, creating salary compression
  - Deferred budgeted conditional raise negatively impacts employee morale

# RESOURCES

- Compensation Policy

[http://www.dhrm.virginia.gov/docs/default-source/hrpolicy/pol3\\_05compensation.pdf?sfvrsn=2](http://www.dhrm.virginia.gov/docs/default-source/hrpolicy/pol3_05compensation.pdf?sfvrsn=2)

- Compensation Reform - Human Resource Manual

<http://www.dhrm.virginia.gov/docs/default-source/hr/manuals/hrmanual.pdf?sfvrsn=2>

- Annual Compensation Report

<http://www.dhrm.virginia.gov/docs/default-source/reports/annualsalaryreport2015.pdf?sfvrsn=0>