



COMMONWEALTH of VIRGINIA

*Joint Legislative Audit and Review Commission
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A Resolution of the Joint Legislative Audit and Review Commission directing staff to study total compensation to employees of the Commonwealth.

Authorized by the Commission on January 13, 2017

WHEREAS, the Commonwealth has funded statewide base pay increases only three times since 2007; and

WHEREAS, the three percent performance increase scheduled for 2016 was canceled due to revenue shortfall; and

WHEREAS, state salaries are lower than salaries for comparable positions in the private sector by an average of 21.20 percent; and

WHEREAS, state employee wages have been lower than all other sectors since 2003; and

WHEREAS, in 2015 the Commonwealth ranked 32nd among all states in pay to state employees; and

WHEREAS, the workforce of the Commonwealth has experienced turnover rates of 11.1 percent, 13.15 percent, and 14.1 percent in fiscal years 2014, 2015, and 2016, respectively; and

WHEREAS, employees of the Commonwealth receive a variety of forms of noncash compensation, including retirement contributions, health insurance premiums, group life insurance, disability benefits, and paid leave; and

WHEREAS, noncash compensation for employees of the Commonwealth has constituted, as a percentage of total compensation, 48.4 percent, 44.5 percent, and 44.0 percent for fiscal years 2014, 2015, and 2016, respectively; and

WHEREAS, the Joint Legislative Audit and Review Commission (JLARC) reviewed state employee salaries and benefits in 2008 and 2011, but issues related to total compensation, such as the adoption of the hybrid retirement plan, have continued to evolve; now, therefore be it

RESOLVED by the Joint Legislative Audit and Review Commission that staff be directed to study total compensation to employees of the Commonwealth. In conducting its study, staff shall determine the total value of all forms of compensation provided to state employees, including cash compensation and the value of health care, retirement, leave, and other flexible benefits. Staff shall also (i) compare

the total compensation provided by state agencies with the compensation provided by other large employers that seek to recruit and retain employees with the same skills and competencies; (ii) research how best to recruit, retain, motivate, and facilitate the work/life balance of state employees; (iii) identify cost-effective approaches that could be used to ensure that state agencies are able to employ an effective workforce; and (iv) research any other issues and make recommendations as appropriate.

The staff shall hire consultants or experts it considers necessary for the completion of the study. The costs of consultants or experts for analysis shall be paid for from additional general fund appropriations to the Commission for that purpose.

Technical assistance shall be provided to JLARC by the Department of Human Resource Management. All agencies of the Commonwealth shall provide assistance to JLARC for this study, upon request.

The Joint Legislative Audit and Review Commission shall complete its meetings by November 15, 2017, and the chairman shall submit to the chairman of the Commission on Employee Retirement Security and Pension Reform an executive summary of its findings and recommendations no later than November 30, 2017. The executive summary and report shall be submitted as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents and reports and shall be posted on the General Assembly's website.