

**REPORT ON  
SALARY SURVEY  
TO  
THE GOVERNOR  
AND  
THE GENERAL ASSEMBLY OF VIRGINIA**



**House Document No. 17**

**COMMONWEALTH OF VIRGINIA  
Richmond, Virginia  
1980**



# COMMONWEALTH of VIRGINIA

*Department of Personnel and Training*

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KENNETH B. YANCEY  
DIRECTOR

October 24, 1979

TO: The Honorable John N. Dalton, Governor of Virginia  
and  
Members of the General Assembly of Virginia

Consistent with the public policy of Virginia as set forth in Section 2.1-114.6 of the Code of Virginia (1950) as amended, and in keeping with the President's Wage Stabilization Program (Wage-Price Guidelines) this report shall constitute the Department's recommendation for adjustments in the compensation of State employees.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Kenneth B. Yancey".

Kenneth B. Yancey, Director  
Department of Personnel & Training

VIRGINIA PERSONNEL ACT  
Code of Virginia

Sec. 2.1-114.6 Employee Compensation; annual review--It is a goal of the Commonwealth that its employees be compensated at a rate comparable to the rate of compensation for employees in the private sector of the Commonwealth in similiar occupations. In determining comparability, consideration shall be given to the economic value of fringe benefits in addition to direct compensation. An annual review shall be conducted by the Director of Personnel and Training to determine where discrepancies in compensation exist as between the public and private sectors of the Commonwealth; the results of such review to be reported each year to the Governor and the General Assembly, by the fifteenth day of December. (1976, c.761)

## Background

In October 1978 the national wage stabilization program was implemented. The objective of the program was to restrain wage increases during the first program year (October 1, 1978-October 1, 1979) to no more than 7%.

In November 1978 the Department of Personnel and Training completed its annual compensation review and subsequently recommended to the Governor and the 1979 General Assembly that a one-step (avg. 4.5%) increase be granted to all State employees. This action was recommended to insure that the state pay plan would provide a sufficiently competitive wage base to attract and retain the qualified personnel needed to conduct the operations of state government.

In July 1979 the Governor and General Assembly, having approved the recommendation, the one-step increase was implemented.

In view of the national wage guidelines now in effect and the public policy of the Commonwealth to comply with such guidelines, the remainder of this report and resulting recommendations will be based on the needs and opportunities for wage adjustments with respect to the guidelines.

### Wage Guidelines/Program Year 1 (10/1/78-10/1/79)

The first year guideline was 7%. National wage patterns during the period exceeded the guideline by about 1% - 1½%.

The Commonwealth's experience during the program year for classified employees was as follows:

4.5% Average Across the Board Increase  
7/1/79

1.2% Impact on State Average resulting  
from promotional increases, class  
regrades and miscellaneous reallocations

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5.7%\* Average Increase/Guidelines

\*This figure excludes performance increases received annually by employees who are not yet at the maximum of their pay range. Increases of this nature are not covered by the guidelines, and are also not generally a factor in the competitiveness of the State's compensation plan with the private sector.

Wage Guidelines/Program Year 2  
(10/1/79-10/1/80)

Guidelines for Program Year 2 provide:

- A. That the amount the Commonwealth was under the guideline in Program Year 1 may be carried over to Program Year 2.

7.0% Program Year 1 Guideline  
5.7% Program Year Actual

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1.3% Carryover

- B. That employers such as the Commonwealth who were in compliance with the guidelines in Program Year 1 are entitled to an additional 1% catch-up during Program Year 2.
- C. That 7% is the guideline for Program Year 2.
- D. That the combination of items A, B, and C above constitutes the Commonwealth's wage guideline as an employer for Program Year 2.

1.3% Carryover  
1.0% Catch-up  
7.0% Program Year Guideline

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9.3% Commonwealth's Limit for  
Program Year 2

1979 Annual Compensation Review

Pursuant to Section 2.1-114.6 of the Code of Virginia (1950) as amended, the Office of Compensation Management, within the Department of Personnel and Training, conducted its annual compensation survey in August 1979. The survey revealed that the average of maximum pay rates for state occupations was 6% less than the average of maximum pay rates for comparable positions in the competitive labor market.

This 1979 deviation of -6.0% compares with -6.2% found in the 1977 compensation review, and -5.9% in the 1978 compensation review.

In view of the existing pattern of wage increases of 8% and wage guidelines allowing for 7%+ in wage increases, it is estimated that the average maximum pay rate for State occupations will be 13% less than the comparable figure for private sector occupations in Virginia by July 1980.

Annual Compensation Review  
Average Maximum Pay Rate Deviations  
Virginia Private Sector vs. State Classified Service

Survey Date	11/77	11/78	8/79	7/80
State Deviation	-6.2%	-5.9%	-6.0%	-13.0% (Est.)

Although the annual compensation review indicates a continuing need to strengthen our relative position in the competitive labor market, in view of the existing wage guidelines, the following compensation adjustment for classified employees is recommended for fiscal year 1980-1981.

Recommendation

The Department of Personnel and Training recommends a 7.0% across-the-board increase for all employees to be effective not later than 7/1/80.

Allocation of State Guideline

In view of other compensation actions planned by the Department and subject to the Governor's approval, the implementation of the above recommendation will insure the Commonwealth's compliance with the current guidelines as follows:

9.3% - Commonwealth's Limit as an Employer  
for Program Year 2

2.3% Will be required in Program Year 2 to cover promotional increases, class regrades, miscellaneous reallocations, and adjustments to the Graded Salary Structure.

7.0% Recommended across-the-board increase for all employees to be effective not later than 7/1/80.

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9.3% Allocation of Commonwealth's Limit  
for Program Year 2

Cost

The General Fund Impact pursuant to the 7% compensation adjustment for the 1980-1982 biennium will be \$72.8 million.

GENERAL FUND COST IMPACT  
1980-1982 Biennium  
Classified Employees Only



