

**REPORT OF THE
SECRETARY OF ADMINISTRATION ON**

**Study of Whether Salary
Differentials Should
Be Instituted in the
City of Fredericksburg
and the Counties of
Stafford and Spotsylvania**

**TO THE GOVERNOR AND
THE GENERAL ASSEMBLY OF VIRGINIA**



SENATE DOCUMENT NO. 12

**COMMONWEALTH OF VIRGINIA
RICHMOND
1991**



COMMONWEALTH of VIRGINIA

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December 10, 1990

Dear Governor Wilder and Members of the General Assembly:

The 1990 General Assembly, by Senate Joint Resolution 38, requested the Secretary of Administration to study whether salary differentials should be instituted in the City of Fredericksburg and the Counties of Stafford and Spotsylvania. Also, the resolution requested the development of a plan for the implementation of any salary differentials that are recommended.

Enclosed for your review and consideration is the report that has been prepared in response to this Resolution.

Respectfully submitted,

Ruby G. Martin
Ruby G. Martin

TABLE OF CONTENTS

	<u>PAGE</u>
I. EXECUTIVE SUMMARY	1
II. METHODOLOGY	2
III. SUMMARY OF SALARY DATA	3
IV. SUMMARY OF TURNOVER DATA	4
V. SURVEY PARTICIPANTS	5
VI. COMMONWEALTH SALARY STRUCTURE	6
VII. SENATE JOINT RESOLUTION NO. 38	7

EXECUTIVE SUMMARY

Senate Joint Resolution No. 38 requested the Secretary of Administration to determine whether salary differentials should be instituted in the City of Fredericksburg and the Counties of Stafford and Spotsylvania. This report examines the salaries paid by the local governments and private firms in those areas.

Currently, salary differentials are paid to employees in the northern Virginia area, which includes the counties of Loudoun, Prince William, Arlington, and Fairfax, and the cities of Fairfax, Falls Church, Alexandria, Manassas, and Manassas Park. The northern Virginia salary differential was established during World War II, when defense efforts created a competitive disadvantage to the state that could only be met by paying higher wages. The competitive necessity for the differential has continued, to the present, as a result of various economic conditions in the area. The differential has been expanded gradually over the years to include more job classes and geographical areas, due to competitive necessity. Northern Virginia salaries are reviewed annually and the differential is adjusted to comport with changes in competitive conditions.

The salary and turnover data gathered in the study indicate that, currently, there is no justification for extending the northern Virginia salary differential area to the City of Fredericksburg and the Counties of Stafford and Spotsylvania. Some classes have a high negative salary deviation, but the majority of classes either have a positive salary deviation or a negative deviation of less than two salary steps (4.56%) on the Commonwealth salary structure. Turnover data indicates that, while certain classes are experiencing high turnover in the Fredericksburg area, overall turnover is below the statewide average.

In order for the northern Virginia salary differential area to be expanded to the Fredericksburg area, there should be compelling evidence that, for most survey classes, the Commonwealth's salaries are below salaries paid by local governments and private firms in the area. Also, the rate of turnover should be relatively high for these job classes.

For isolated job classes with high salary deviations and turnover, salary differentials specific to each such class can be established to address staffing problems without applying differentials to the salaries of all employees in the area. State agencies experiencing staffing problems with specific job classes in this area may submit requests to the Department of Personnel and Training for the establishment of salary differentials.

METHODOLOGY

A survey of 90 employers was conducted to collect salary data for 13 job classes. There are approximately 184 job classes and 732 Commonwealth employees in the survey area. However, many of the 184 job classes have few employees. Therefore, the 13 survey classes represent only 7% of the classes, but 24% of the total employees in the area.

The employers surveyed were selected from a random sample in order to obtain a representative cross-section of employers of various sizes, locations, and industrial categories in the area. Of the 90 firms contacted, 22 firms responded, for a participation rate of 24%.

Because there were too few job classes from which statistically reliable results could be drawn in each locality, the salary data was combined for Fredericksburg, Stafford County, and Spotsylvania County. This combined area is referred to as the "Fredericksburg area" in this report.

Salary deviations were calculated to determine the percentage amount by which the Commonwealth's salaries for each job class deviated from the salaries of the local governments and private firms. The deviations were calculated by comparing the Commonwealth's salary range midpoint with the average salary range midpoint of the survey participants.

The salary range midpoint is the measure half-way between the salary range minimum and salary range maximum. Using the midpoint for comparison provides a single reference figure which standardizes the various salary ranges among survey participants. In most employers' salary plans, the midpoint represents the salary of a fully qualified employee with acceptable performance.

A negative deviation indicates the percentage by which the Virginia salary range would have to be increased to equal the survey average. A positive deviation indicates the percentage by which Virginia's salary range would have to be reduced to equal the survey average.

Turnover data was summarized for each class and compared with the statewide turnover rate for all classes. Turnover rates provide an indication of the ability of the Commonwealth to retain employees in a given class. While some degree of turnover may be normal for an organization, excessive turnover may be an indicator of a potential problem with salary.

SALARY DATA

The following summary displays the deviations between the Commonwealth's salaries and those of the survey participants. There is a wide variation among the midpoint salary deviations of the job classes. Five of the classes have a positive salary deviation, while eight of the classes have a negative salary deviation.

FREDERICKSBURG AREA MIDPOINT AVERAGES BY CLASS (In Order Of Deviation)

<u>CLASS TITLE</u>	<u>VIRGINIA MIDPOINT</u>	<u>SURVEY MIDPOINT</u>	<u>MIDPOINT DEVIATION</u>
STORE CLERK	\$ 18648	\$ 14820.0	+20.53 %
ACCOUNTANT	26632	23175.4	+12.98
COMPUTER OPERATOR	20386	18738.3	+8.08
PROGRAMMER	29114	28392.5	+2.48
TRANSPORTATION CREW LEADER	22286	21864.0	+1.89
OFFICE SERVICES ASSISTANT	17059	17140.6	-0.48
FISCAL ASSISTANT	18648	19233.5	-3.14
EXECUTIVE SECRETARY	20386	21784.1	-6.86
LIGHT DUTY EQUIPMENT OPERATOR	17059	18233.8	-6.89
CORRECTIONAL OFFICER	22286	24942.0	-11.92
MAINTENANCE CARPENTER	20386	23941.7	-17.44
OFFICE SUPERVISOR	20386	25007.4	-22.67
HIGHWAY CONSTRUCTION INSPECTOR	22286	28380.5	-27.35

TURNOVER DATA

The following table displays the turnover rates for each job class surveyed in the Fredericksburg area, the combined turnover rate for these classes in the Fredericksburg area, the turnover rate for all job classes (i.e., surveyed and not surveyed) in the Fredericksburg area, and the statewide turnover rate for all classes. (A 1% turnover rate means that 1% of the employees in the class in the Fredericksburg area left state service during fiscal year 1989/90).

FREDERICKSBURG AREA TURNOVER RATES BY CLASS (Fiscal Year 1989-90)

SURVEY CLASSES

<u>CLASS TITLE</u>	<u>TURNOVER RATE</u>
STORE CLERK	0%
ACCOUNTANT	0%
COMPUTER OPERATOR	0%
PROGRAMMER	0%
TRANSPORTATION CREW LEADER	4.8%
OFFICE SERVICES ASSISTANT	12.9%
FISCAL ASSISTANT	0%
EXECUTIVE SECRETARY	0%
LIGHT DUTY EQUIPMENT OPERATOR	7.8%
CORRECTIONAL OFFICER	28.0%
MAINTENANCE CARPENTER	0%
OFFICE SUPERVISOR	0%
HIGHWAY CONSTRUCTION INSPECTOR	0%
TURNOVER RATE FOR SURVEY CLASSES	9.5%
TURNOVER RATE FOR ALL CLASSES IN FREDERICKSBURG AREA	7.5%
STATEWIDE TURNOVER RATE	11.3%

**SURVEY PARTICIPANTS
(Fredericksburg Area)**

COMPANY

BILL BRITT MAZDA
CARDINAL PRESS, INC.
CARLTON LTD.
CITY OF FREDERICKSBURG
CLAYBORNE C. BECK & SON, INC.
COLONIAL CIRCUITS, INC.
COUNTY OF STAFFORD
D & M ELECTRICAL SERVICES
FIRST NATIONS FINANCIAL PROJECTS, INC.
FREDERICKSBURG COUNTRY CLUB
FREDERICKSBURG CONSTRUCTION, INC.
HAND CONSTRUCTION COMPANY
KAESER COMPRESSORS, INC.
L. WHITE & COMPANY, INC.
MARY WASHINGTON HOSPITAL
MEDIC ONE
PETTIBONE & JOHNSON CONSTRUCTION COMPANY
RAPPAHANNOCK FORGE, INC.
RAPPAHANNOCK REHABILITATION FACILITIES
SPOTSYLVANIA COUNTY
VIRGINIA HEARTLAND BANK
WALTER GRINDERS, INC.

Commonwealth Salary Structure

GRADE	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8	Step 9	Step 10	Step 11	Step 12	Step 13	Step 14	Step 15	Step 16	Step 17	Step 18	Step 19	Step 20
1	10,335	10,568	10,806	11,049	11,298	11,553	11,813	12,079	12,351	12,629	12,914	13,204	13,502	13,806	14,117	14,435	14,760	15,092	15,432	15,780
2	11,298	11,553	11,813	12,079	12,351	12,629	12,914	13,204	13,502	13,806	14,117	14,435	14,760	15,092	15,432	15,780	16,135	16,499	16,870	17,250
3	12,351	12,629	12,914	13,204	13,502	13,806	14,117	14,435	14,760	15,092	15,432	15,780	16,135	16,499	16,870	17,250	17,639	18,036	18,442	18,858
4	13,502	13,806	14,117	14,435	14,760	15,092	15,432	15,780	16,135	16,499	16,870	17,250	17,639	18,036	18,442	18,858	19,283	19,717	20,161	20,615
5	14,760	15,092	15,432	15,780	16,135	16,499	16,870	17,250	17,639	18,036	18,442	18,858	19,283	19,717	20,161	20,615	21,079	21,554	22,040	22,536
6	16,135	16,499	16,870	17,250	17,639	18,036	18,442	18,858	19,283	19,717	20,161	20,615	21,079	21,554	22,040	22,536	23,044	23,563	24,093	24,636
7	17,639	18,036	18,442	18,858	19,283	19,717	20,161	20,615	21,079	21,554	22,040	22,536	23,044	23,563	24,093	24,636	25,191	25,758	26,339	26,932
8	19,283	19,717	20,161	20,615	21,079	21,554	22,040	22,536	23,044	23,563	24,093	24,636	25,191	25,758	26,339	26,932	27,538	28,159	28,793	29,441
9	21,079	21,554	22,040	22,536	23,044	23,563	24,093	24,636	25,191	25,758	26,339	26,932	27,538	28,159	28,793	29,441	30,105	30,783	31,476	32,185
10	23,044	23,563	24,093	24,636	25,191	25,758	26,339	26,932	27,538	28,159	28,793	29,441	30,105	30,783	31,476	32,185	32,910	33,651	34,409	35,184
11	25,191	25,758	26,339	26,932	27,538	28,159	28,793	29,441	30,105	30,783	31,476	32,185	32,910	33,651	34,409	35,184	35,977	36,787	37,615	38,463
12	27,538	28,159	28,793	29,441	30,105	30,783	31,476	32,185	32,910	33,651	34,409	35,184	35,977	36,787	37,615	38,463	39,329	40,215	41,121	42,047
13	30,105	30,783	31,476	32,185	32,910	33,651	34,409	35,184	35,977	36,787	37,615	38,463	39,329	40,215	41,121	42,047	42,994	43,962	44,952	45,965
14	32,910	33,651	34,409	35,184	35,977	36,787	37,615	38,463	39,329	40,215	41,121	42,047	42,994	43,962	44,952	45,965	47,000	48,059	49,141	50,248
15	35,977	36,787	37,615	38,463	39,329	40,215	41,121	42,047	42,994	43,962	44,952	45,965	47,000	48,059	49,141	50,248	51,380	52,537	53,721	54,930
16	39,329	40,215	41,121	42,047	42,994	43,962	44,952	45,965	47,000	48,059	49,141	50,248	51,380	52,537	53,721	54,930	56,168	57,433	58,726	60,049
17	42,994	43,962	44,952	45,965	47,000	48,059	49,141	50,248	51,380	52,537	53,721	54,930	56,168	57,433	58,726	60,049	61,402	62,785	64,199	65,645
18	47,000	48,059	49,141	50,248	51,380	52,537	53,721	54,930	56,168	57,433	58,726	60,049	61,402	62,785	64,199	65,645	67,123	68,635	70,181	71,762
19	51,380	52,537	53,721	54,930	56,168	57,433	58,726	60,049	61,402	62,785	64,199	65,645	67,123	68,635	70,181	71,762	73,378	75,031	76,721	78,449
20	56,168	57,433	58,726	60,049	61,402	62,785	64,199	65,645	67,123	68,635	70,181	71,762	73,378	75,031	76,721	78,449	80,216	82,023	83,870	85,759
21	61,402	62,785	64,199	65,645	67,123	68,635	70,181	71,762	73,378	75,031	76,721	78,449	80,216	82,023	83,870	85,759	87,691	89,666	91,686	93,751
22	67,123	68,635	70,181	71,762	73,378	75,031	76,721	78,449	80,216	82,023	83,870	85,759	87,691	89,666	91,686	93,751	95,862	98,021	100,229	102,487
23	73,378	75,031	76,721	78,449	80,216	82,023	83,870	85,759	87,691	89,666	91,686	93,751	95,862	98,021	100,229	102,487	104,795	107,156	109,569	112,037

1990 SESSION

LD4079141

SENATE JOINT RESOLUTION NO. 38

Offered January 22, 1990

Requesting the Secretary of Administration to determine whether salary differentials should be instituted in the City of Fredericksburg and the Counties of Stafford and Spotsylvania.

Patrons--Houck and Chichester; Delegates: Orrock, Howell and Murphy

Referred to the Committee on Rules

WHEREAS, the Commonwealth of Virginia has used salary differentials for many years in order to overcome a competitive disadvantage in recruiting and retaining qualified personnel; and

WHEREAS, salary differentials have been concentrated mainly in the Northern Virginia area; and

WHEREAS, the existing Northern Virginia differential system provides considerable flexibility in meeting competitive salary levels; and

WHEREAS, since 1976 the Northern Virginia pay area has expanded southward and westward to include the counties of Prince William and Loudoun and the cities of Fairfax, Falls Church, Manassas, Manassas Park, and the town of Vienna; and

WHEREAS, the expansion of the Northern Virginia pay area has corresponded with the growth of the area; and

WHEREAS, that growth has expanded to the Fredericksburg area and it should be determined whether the Northern Virginia pay plan should be expanded to include the City of Fredericksburg and the Counties of Stafford and Spotsylvania; now, therefore, be it

RESOLVED by the Senate, the House of Delegates concurring, That the Secretary of Administration is requested to study whether salary differentials should be instituted in the City of Fredericksburg and the Counties of Stafford and Spotsylvania and to develop a plan for the implementation of any salary differentials that are recommended.

The Secretary shall report his findings and recommendations to the Governor and the 1991 Session of the General Assembly as provided in the procedures of the Division of Legislative Automated Systems for processing legislative documents.

Official Use By Clerks

Agreed to By The Senate

without amendment

with amendment

substitute

substitute w/amdt

Agreed to By

The House of Delegates

without amendment

with amendment

substitute

substitute w/amdt

Date: _____

Date: _____

Clerk of the Senate

Clerk of the House of Delegates