

**Initial Recommendations and Findings of the State
Employee Compensation Review Work-Group to the
General Assembly per Item 255.B.3., 2012-2014
Appropriation Act (Chapter 806)**

*An Interim Report: The Commonwealth's Need to Improve
Retention and Recruitment of Certain State Employee Roles,
Obtain Centralized Employee Exit Information and Access
Comparable Industry Compensation Data*

December 13, 2013



INTRODUCTION

As recommended in Governor Robert McDonnell’s Communication to the General Assembly (the Introduced Budget Bill) submitted on December 17, 2012, the General Assembly enacted Item 255.B. of the (2012-2014 “Appropriation Act”), Chapter 806 of the 2013 Virginia Acts of Assembly, to establish a work-group to conduct a comprehensive review of compensation for state employees. Item 255.B. charged the Secretaries of Finance and Administration to “convene a work-group comprised of representatives from the Senate Finance and House Appropriations Committees, the Executive Secretary of the Supreme Court, the Department of Human Resource Management, the Department of Planning and Budget and such other state employees as may seem appropriate.” The broad theme of the state employee study is intended to “address compression, recruitment, retention, hiring practices, and strategies to minimize future compensation disparities.” The language further specifies that the work-group’s priorities shall include a review of compensation for public safety related personnel and deputy clerks in the district courts. Finally, Item 255.B. requires the work-group to submit an interim report of initial recommendations and findings with the study to be completed by June 30, 2014.

The members of the work-group who participated in the study and interim report finding during the summer and fall of 2013 are as follows:

Secretary of Finance Richard D. Brown	Secretary of Administration Lisa Hicks-Thomas
Executive Secretary of the Supreme Court of Virginia Karl R. Hade	Senate Finance Committee Staff Legislative Analyst Jason Powell
House Appropriations Committee Staff Legislative Fiscal Analyst Michael R. Jay	Deputy Secretary of Finance R. Neil Miller
Department of Human Resource Management (DHRM): <ul style="list-style-type: none"> ○ Sara R. Wilson, Director ○ Rue Collins White, Director, Agency Human Resource Services ○ Pamela J. Watson, Human Resource Management Sr. Consultant ○ Carol Rauschberg, Consultant for Public Safety and Natural Resource Agencies 	Department of Planning and Budget (DPB): <ul style="list-style-type: none"> ○ Daniel S. Timberlake, Director ○ Jonathan D. Howe, Associate Director for Budget Operations ○ Brian K. Logwood, Associate Director for General Government ○ Banci E. Tewolde, Associate Director for Public Safety

This interim report of initial recommendations and findings focuses on state employee role titles with high turnover rates that experience difficulty in recruitment and retention. As part of the initial findings, the work-group identified 16 distressed state employee role titles along with three grades of District Court Deputy Clerks in need of additional state support. Further, this report identifies a number of areas in which essential statewide information is necessary to better address total state employee compensation. For example, a centralized state employee exit survey and additional analytic tools and comparative industry data for DHRM will assist with future compensation strategies. Lastly, the work-group collectively agreed that making the prior JLARC Total State Compensation Studies a regular

quinquennial review would inform legislators and the Governor on strategic and long-term compensation plans for state employees.

BACKGROUND

At the beginning of this process, the work-group understood that due to the limited data and time available to complete the interim study, it would not be able to study and address all of the areas of: compression, recruitment, retention, hiring practices, and strategies to minimize future compensation disparities by the time the initial recommendations and findings were due. Therefore, the workgroup focused solely on recruitment and retention and available information other areas such as hiring practices, strategies to limit pay disparities and compression.

The work-group held three public meetings in the Patrick Henry Building in Richmond, Virginia during 2013: August 15, 2013, September 23, 2013 and October 22, 2013. At the first meeting on August 15th, the staff of DHRM introduced and discussed the problematic high turnover rates for certain state employees and compared these employees by agency and by role title. It was clear that the state employee role titles with the most distress focused in public safety and health. At the second meeting on September 23rd, with a focus on public safety related positions and the district court deputy clerks as specified in Item 255.B.2 of Chapter 806, the work-group invited the following speakers to present to the work-group and submit a written statement: (1) Department of Behavioral Health and Developmental Services Commissioner Jim Stewart, (2) Department of Corrections Director Harold Clarke, (3) Department of Juvenile Justice Director Mark Gooch, (4) Department of Veterans Services Commissioner Paul Galanti, (5) Virginia District Court Clerks Association Director and Clerk of the Arlington Juvenile & Domestic Relations Court Amy K. Burnham, (6) Virginia Government Employees Association Executive Director Ron Jordan, (7) Virginia State Police Association Executive Director Wayne Huggins and (8) VCU Police Department, Chief of Police John Venuti. The statements of these speakers are included in **Appendices A-H** to this report. At the third and final meeting on October 22, 2013, the work-group discussed the initial findings and four recommendations included in this interim report and sought additional compensation information from the Office of the Executive Secretary of the Supreme Court regarding General District Court Deputy Clerk compensation.

RETENTION CHALLENGES IN STATE GOVERNMENT

As part of the work-group's initial meeting on August 15, 2013, a number of issues were discussed regarding the distressed or challenged job title roles from a compensation perspective. The work-group's concern focused on those state agencies and state occupations or role titles where agencies experienced exceptionally high turnover and low retention rates. Consistent with the mandate of Item 255.B. of Chapter 806, DHRM provided the work-group data related to statewide turnover as well as public safety related occupations. Specifically, the information provided highlighted that the total statewide turnover for FY2013 was 10.37%. Because turnover due to retirement is considered to be a "healthy" turnover, the turnover data analyzed excluded retirements. Additionally, the total statewide turnover excluding retirements for FY2013 was 8.07%. During the August 15, 2013 meeting, a member of the work-group requested that turnover data also exclude layoffs because it is not voluntary separations; therefore, the data excludes both retirements and layoffs. However, because layoffs constituted less than 0.5% of separations statewide, excluding them had little impact. Excluding retirements and layoffs, the total statewide turnover average for FY2013 was 7.65%.

Exhibit 1: Top 10 state agencies with highest turnover of agencies with at least 200 employees excluding retirements and layoffs

Parent Agency Name	<u>Avg # Ees</u>		
	<u>FY2013</u>	<u>Separations</u>	<u>Turnover</u>
Dept Behav Health & Develop Svcs	8190.0	1343	16.40%
Dept of Juvenile Justice	2091.5	328	15.68%
Dept of Veterans Services	564.0	87	15.43%
Radford University	482.0	55	11.41%
Christopher Newport University	389.5	44	11.30%
Virginia Commonwealth Univ	2671.5	282	10.56%
George Mason University	1689.0	168	9.95%
Dept of Corrections	11417.5	1084	9.49%
Dept of Military Affairs	275.5	23	8.35%
Dept of Education	416.5	32	7.68%

Exhibit 2: Top 10 highest population roles statewide excluding retirement and layoffs.

Role Title	<u>Avg # Ees</u>		
	<u>FY2013</u>	<u>Separations</u>	<u>Turnover</u>
Admin and Office Spec III	7210	360	4.80%
Security Officer III	6637	1053	15.17%
Direct Service Associate II	3202	728	22.36%
Admin and Office Spec II	2562.5	155	5.81%
Transportation Operator II	2495	126	3.73%
Prog Admin Specialist I	1860	144	7.58%
Hsekeep &/or Apparel Worker I	1633	166	9.92%
Prog Admin Specialist II	1344.5	80	5.50%
Info Technology Specialist II	1303	63	4.68%
Trades Technician III	1238.5	78	5.41%

Note: The highlighted roles are prevalent in the high-turnover agencies noted above.

Exhibit 3: Top 10 roles with the highest statewide turnover of roles with at least 200 employees excluding retirements and layoffs.

<u>Role Title</u>	<u>Avg # Ees FY2013</u>	<u>Separations</u>	<u>Turnover</u>
Direct Service Associate II	3202	716	22.36%
Licensed Practical Nurse	656	133	20.27%
RN II/Nurse Prct I/Phy Asst	688	132	19.19%
Trades Technician I	204	34	16.67%
Laboratory & Research Spec I	312.5	48	15.36%
Food Service Technician III	249.5	38	15.23%
Security Officer III	6637	1007	15.17%
Registered Nurse I	612	90	14.71%
Food Service Technician I	457.5	65	14.21%
Direct Service Associate III	1127	159	14.11%

Note: Most of these roles are core-mission roles in the high-turnover agencies noted above.

Exhibit 4: Top 10 roles with the highest statewide turnover of roles with fewer than 200 employees excluding retirements and layoffs.

<u>Role Title</u>	<u>Avg # Ees FY2013</u>	<u>Separations</u>	<u>Turnover</u>
Physician Manager I	33.5	6	17.91%
Psych I/Psychology Assoc I	89	15	16.85%
Food Service Manager I	42.5	7	16.47%
Therapist II	61.5	10	16.26%
Psych III/Psychology Assoc III	31	5	16.13%
Compliance/Safety Officer II	31.5	5	15.87%
Trades Technician II	114.5	18	15.72%
Emergency Coordinator I	112	15	13.39%
Psych II/Psychology Assoc II	135	18	13.33%
Physician II	126	16	12.70%

Note: Roles with a minimum of 20 employees were selected.

Public Safety Occupational Family

Since the study mandate identifies “public safety related personnel” as a priority, turnover within the Public Safety Occupational Family was analyzed separately. The Commonwealth’s Job Structure is composed of seven Occupational Families. An Occupational Family is a broad grouping of kindred jobs. Jobs are further assigned to more specific Occupational Career Groups. The Public Safety job family includes six Career Groups and 15,468 state jobs:

- Emergency Services
- Forensic Science
- Law Enforcement
- Probation and Parole
- Public Safety Compliance
- Security Services

Total FY2013 turnover for public safety related personnel was 12.38%. Excluding retirements and layoffs, total FY 2013 turnover for positions in the public safety occupational family was 9.63%.

Exhibit 5: Top 10 highest-turnover roles in the Public Safety Occupational Family

<u>Role Title</u>	<u>Avg # Ees</u> <u>FY2013</u>	<u>Separations</u>	<u>Turnover</u>
Compliance/Safety Officer II	31.5	5	15.87%
Security Officer III	6637	1007	15.17%
Emergency Coordinator I	112	15	13.39%
Probation Officer Assistant	81	10	12.35%
Emergency Coordinator II	134.5	16	11.90%
Law Enforcement Officer I	286.5	29	10.12%
Security Officer I	41	4	9.76%
For Sci Spec III/F Scintist II	112	9	8.04%
Probation Officer I	1208	74	6.13%
Security Officer II	74.5	4	5.37%

Department of State Police

As part of the origination of this study, it was determined that turnover within the Department of State Police should be specifically analyzed. Based on the FY2013 data, total turnover for the Department of State Police was 4.84%. Once retirements were excluded, turnover for FY2013 was determined to be 3.17%.

Exhibit 6: The top 10 highest turnover roles in the Department of State Police excluding retirements and layoffs.

<u>Role Title</u>	<u>Avg # Ees</u> <u>FY2013</u>	<u>Separations</u>	<u>Turnover</u>
Pilot I	1	1	100.00%
Policy Planning Manager II	3	1	33.33%
Policy Planning Spec I	12	2	16.67%
Emergency Coordinator II	81	12	14.81%
Info Technology Specialist II	15	2	13.33%
Store & Warehouse Spec III	14.5	1	6.90%
Electronic Technician II	46	3	6.52%
Info Technology Specialist I	20.5	1	4.88%
Law Enforcement Officer II	824.5	37	4.49%
Admin and Office Spec III	97.5	3	3.08%
Law Enforcement Officer III	768.5	13	1.69%

Note: The roles and turnover data listed above relate solely to DSP, therefore, data shows that there is not a high turnover issue with certain of these IT and policy planning roles statewide.

Areas of Possible Concern Related to Retention

For agencies noted above as having the highest turnover rates in all of state government, the following roles have been identified as reflective of areas of concern due to their importance to the agencies' core mission and programs. The approximate turnover is listed in parentheses next to each state role title.

Department of Behavioral Health and Developmental Services

- o Registered Nurse I and II (26.61% and 26.06%)
- o Direct Service Associate I, II, and III (28.57%, 23.81%, and 15.22%)
- o Psychologists/Psychology Associate I and II (17.78% and 21.9%)
- o Licensed Practical Nurse (18.46%)
- o Physician II (16.57%)
- o Food Service Technician I (22.86%)

Department of Juvenile Justice

- o Licensed Practical Nurse (68.75%)
- o Therapist II (66.67%)
- o Psychologist/Psychology Associate III (40%)
- o Security Officer III and IV (33.06% and 18.64%)
- o Counselor II (21.48%)
- o Food Service Technician II (18.75%)

Department of Veterans Services

- o Direct Service Associate II (25.67%)
- o Licensed Practical Nurse (22.86)
- o Registered Nurse II (14.29%)
- o Program Administrative Specialist I (18.18%)

Department of Corrections

- o Licensed Practical Nurse (43.24%)
- o Registered Nurse I and II (39.16% and 21.05%)
- o Psychologist/Psychology Associate I (18.97%)
- o Security Officer III (14.1%)

Higher Education

There is some common ground in high-turnover roles among the four universities identified in the high-turnover group (Christopher Newport University, Radford University, Virginia Commonwealth University, and George Mason University)

- o Trades roles (14.08% - 40%)
- o Food Services (13.64% - 150%)
- o Housekeeping (18.18% - 35.71%)
- o Education Support and Administration (15.38% - 28.57%)
- o Computer Operations and Information Technology (11.76% - 66.67%)
- o Laboratory and Research Specialists (14.29% - 30.71%)

Regional Turnover Data

Add space—similar to above

As part of the August 15, 2013 meeting, members of the work-group also inquired about turnover by geographic region in the Commonwealth. Specifically, questions had been raised about Northern Virginia and Hampton Roads because of the higher cost of living and whether that may have increased the turnover ratios in those areas. However, after an analysis of turnover by regions of the Commonwealth, the work-group was unable to discern any specific concerns that related to specific areas of the Commonwealth.

Exhibit 7: Turnover by Region

<u>Area</u>	<u>All</u>	<u>Excl Ret</u>
Charlottesville	13.04%	10.47%
Northern Virginia	11.41%	9.69%
Richmond	10.35%	8.04%
Roanoke	12.26%	9.03%
Southside Virginia	13.09%	10.85%
Southwest Virginia	10.72%	8.42%
Tidewater	12.37%	9.86%
Other	10.59%	7.69%

Turnover in General Fund v. Non-general Fund Agencies

Turnover was also analyzed based on whether agencies’ salaries are funded primarily by general or non-general funds. Agencies and roles previously identified as of potential concern provided the basis for this analysis. Most of agencies previously identified have a mix of fund sources, with the exception of DVS, which, according to data in PMIS, has no general fund dollars allocated to employee salaries. VEC, DPOR, VEC, DGIF, and DRPT, all agencies that had some turnover in FY2013 and, based on data in PMIS, have no general fund dollars allocated to employee salaries were added for comparison. VDOT, which does have some NGF salary dollars, was also included. With the exception of DVS, the agencies selected for comparison do not tend to include the roles previously identified as of possible concern regarding turnover.

General District Court Deputy Clerks

Item 355.B.2. of Chapter 806, specifically charged the Work-group with examining the compensation for District Court Deputy Clerks. The Courts provided the data used by the Work-group.

A General District Court (GDC) hears traffic and criminal cases involving misdemeanors under state law as well as offenses that are violations of ordinances, laws, and by-laws of the county or city where it is located. The GDC also holds preliminary hearings in felony cases, that is, any offense which may be punishable by imprisonment of more than one year. At a preliminary hearing, the court determines whether there is sufficient evidence to justify holding the defendant for a grand jury hearing. The grand jury determines whether the accused will be indicted and held for trial in the circuit court. The GDC decides civil cases in which the amount in question does not exceed \$25,000. Civil cases vary from suits for damages sustained in automobile accidents to suits by creditors to receive payment on past due debts. The majority of the cases filed in Virginia are heard in our General District courts.

A Juvenile and Domestic Relations District Court (JDR) handles cases involving:

- juvenile delinquency and status offenses
- juveniles accused of traffic violations
- children in need of services or supervision
- children subjected to abuse or neglect
- children who are abandoned or without parental guardianship
- foster care and entrustment agreements
- children for whom relief of custody or termination of parental rights is requested
- adults accused of child abuse or neglect, or of offenses against family or household members
- adults involved in disputes concerning the custody, visitation or support of a child
- spousal support
- minors seeking emancipation or work permits
- court-ordered rehabilitation services
- court consent for certain medical treatments

In Virginia, a juvenile is any person under the age of 18. A juvenile is adjudicated “delinquent” when a court finds that the juvenile has committed an act, which would be a crime if committed by an adult. A “status offender” is a juvenile who has committed a certain action, which, if committed by an adult would not be considered a criminal offense - such as a curfew violation. A “child in need of supervision” is one who habitually and unjustifiably is absent from school or runs away from home. A “child in need of services” needs treatment, rehabilitation or services to keep the child or his family safe, and the intervention of the court is required. “Child abuse and neglect” cases involve the improper care or injurious treatment of juveniles. JDR courts differ from other courts in their duty to protect the confidentiality and privacy of juveniles and their families who have legal matters before the court. In addition to protecting the public and holding delinquent juveniles accountable, the court considers services needed to provide for rehabilitation.

A Combined Court is a merged GDC and JDR Court into one clerk's office. While individual judges are appointed to serve on either the GDC or JDR bench, clerks and deputy clerks are appointed to serve both courts requiring the necessary skills of both levels of courts to perform job functions.

Out of the total number of GDC, JDR and Combined Courts, 41 of them are staffed with fewer than three employees (17 of these are Combined Courts). When a court is staffed with fewer than three employees, the deputy clerk has to have the same knowledge as the Clerk because in the absence of the Clerk, this person needs to function as a Clerk. This becomes even more difficult in a Combined Court because the deputy clerk needs to know GDC and JDR laws, regulations, policies and procedures. There are 60 courts that are staffed with three-five employees (15 of these are Combined Courts). In approximately 50% of courts overall, the deputy clerks need to have more knowledge and skills than in a larger court where they can be more specialized. These larger courts also have Supervising Deputy Clerks whereas the smaller courts do not.

The Statewide turnover rate for District Court Deputy Clerks in FY2013 was 10.98%, with the lower grade positions experiencing even higher turnover rates. Turnover rates, less retirements and layoffs, for Grades 6, 7 and 8 were 30.56%, 12.83% and 12.67% respectively. Approximately 80% of district deputy clerks are in grades 6-8.

GENERAL DISTRICT COURT DEPUTY CLERK SALARY DATA

Average Salaries of District Court Deputy Clerks per grade as of 10/21/2013 were:

Exhibit 8: Average District Court Deputy Clerk Salary

<u>District Court Deputy Clerks</u>	
Grade	Average Salary
6	\$26,558
7	\$29,241
8	\$31,788
9	\$35,822
10	\$38,173
11	\$41, 736
12	\$41, 375

In summary, there were 135 vacancies out of 1010 for Deputy Clerk Grades 6-8 equating to a collective turnover rate of 13.37%, which is nearly twice the state average.

Issue and Recommendation for Action

Issue: Whether certain state employee roles, which exhibit turnover and low retention rates significantly in excess of the statewide average should be provided a supplemental salary increase to demonstrate the direction and support the Commonwealth desires to show for such high turnover state employee roles, especially in certain public safety related occupational and healthcare areas.

Recommendation: Majority of the work-group recommended a two percent increase to 16 state employee roles and three grades of district court deputy clerks, which exhibited high turnover. Based on the high turnover rates, the collective thought was that a minimum of a two percent salary increase for these state roles is warranted. This action would convey a message that the Commonwealth is

interested addressing challenges its employees and agencies are facing with recruitment and retention issues with respect to these specific occupations. The two percent increase is the first step in addressing these issues identified through the work-group. Generally, the top two state roles from each of the concerned agencies listed on page 7 is included in this list of 19 state employee roles. Moreover, the empirical basis for those roles listed below in Exhibit 9 is the fact that once retirements and layoffs are eliminated, these roles demonstrate a turnover rate substantially double the state average. Further, these 19 total roles include a significant number of personnel, in excess of 16,000, and include 200 or more employees statewide per role. The remaining data collection and study recommendations will ensure that the Commonwealth has better data going forward to ensure what the correct salary should be for such high demand and core mission roles.

Exhibit 9: 19 State Employee Roles with Turnover Double the State Average

<u>Statewide Role Titles</u>	<u>Statewide Turnover for FY2013</u>	<u>Statewide Total # Employees 10/2013</u>	<u>Agencies where all or a majority of role titles reside</u>
Law Enforcement Officer I	10.12%	246	NVCC, JMU, GMU, CWM, VSU, CNU, RU, VCU, VMFA
Security Officer I	9.76%	46	DGS, VSU, VSDB, GMU, VCU
Security Officer III	15.17%	6773	DOC, DJJ, DMA, VDOT, DBHDS
Direct Service Associate I	17.14%	17	BHDS, DVS
Direct Service Associate II	22.36%	2975	BHDS, DVS, VSDB, DARS
Direct Service Associate III	14.11%	1105	DBHDS, DARS, DJJ, DOC, DVS, VDH
Probation Officer Asst	12.35%	101	DOC, DSP
Housekeeping &/or Apparel Worker I	9.92%	1389	JMU, CWM, DBHDS, DVS, DOC, Higher Ed (generally)
Emergency Coordinator I	13.39%	105	VDEM, JMU, ODU, VCU DGIF
Emergency Coordinator II	11.90%	128	DSP, VDEM, DMA
Registered Nurse I	14.71%	603	BHDS, VDH, DOC
Registered Nurse II/CNP/PA	19.19%	652	BHDS, VDH, DVS
Licensed Practical Nurse	20.27%	614	BHDS, DOC, DJJ, DVS
Therapy Assistant/Therapist I	12.33%	113	DBHDS, DARS, DOC, DVS, DJJ
Therapist II	16.26%	57	DBHDS, DARS, DOC, DVS, DJJ
Compliance/Safety Officer II	15.87%	24	VCU, GMU, DOLI
Deputy Clerk, Grade 6	30.56%	49	General District, JD&R and Combined Courts
Deputy Clerk, Grade 7	12.83%	410	General District, JD&R and Combined Courts
Deputy Clerk, Grade 8	12.67%	616	General District, JD&R and Combined Courts
Statewide Turnover Avg. for Select Titles Listed Above for FY2013	15.31%	16023	
Statewide Turnover Avg. for FY2013	7.65%		

STATEWIDE EXIT SURVEY, ANALYTIC TOOLS AND COMPARATIVE INDUSTRY COMPENSATION DATA

Following our extensive review of high turnover state roles significantly above the statewide historical average less retirements and layoffs thanks to the impressive and timely data provided by DHRM, the Work-group wanted to seek additional information regarding other areas of why state employees voluntarily separate from state government. The Work-group understood that retention is not a one-issue fix. Retention issues in state government can arise from: (1) not being competitive with local, state, regional or national market, (2) a supply and demand issue with a particular occupation or profession, (3) work environment, (4) location, (5) work/life balance or culture. Unfortunately, although we have a basis for recruitment and retention issues and active solutions to combat such issues, we really have no centralized method for collecting such data so as to know the specific reasons statewide by agency and role. Therefore, the Work-group agreed that some sort of Centralized Exit Survey was needed in order to have a better handle on why employees voluntarily leave state government. Is it purely a salary or benefits issue? Or was a staffing standard or facility changed or not upgraded that makes the occupation difficult?

The Work-group also discussed being able to provide DHRM with the tools to be able to quickly and completely analyze state employee compensation data or at least chart the course for improvement in this area. DHRM must be positioned to meet central government's increasing data demands for "what if scenarios" and other reliable forecasting and predictive modeling queries and simulation experiments. Providing this data quickly and accurately to administration and legislative officials for decision-making processes, such as this work-group, that impact the management of the Commonwealth's workforce and budget is a core personnel and management expectation. Agencies also must have the ability to customize analytics to forecast how budgetary, policy, and process actions being considered by agency leadership or those implemented by administration officials can impact workforce management strategies as well as individual employees in all or part of the agency.

The architecture and infrastructure of DHRM's existing data warehouse and SAS query tools do not enable the predictive and descriptive modeling or the forecasting and simulation experiments that are required in order to apply workforce trend data to strategic workforce management. Best practices increasingly demand that the possible or expected impacts of past trends on future business needs be illustrated by robust and flexible data analytics tools that support strategic business planning. Therefore, the Work-group recommended that DHRM be provided the analytic tools and third-part industry data needed to be able to provide a more complete set of data in this area.

The Work-group also agreed that one of the best ways to obtain total compensation data would be to update the previous Joint Legislative Audit and Review Commission (JLARC) total compensation studies and seek that such an update be done on a quinquennial basis.

Lastly, the Work-group did not study the issue of compression. The lack of structure adjustments has been a major contributing factor to the current state of compression in state government. Items such as whether the salary structure (pay band ranges) should be adjusted annually should be reviewed in 2014 or as part of the JLARC update. This further review is necessary to reflect market movement even if

state employees are not approved for statewide adjustments. Review of such a change would likely ease existing and on-going compression. The data from the proposed centralized exit survey, JLARC update and encouragement among state employees to use the tools available will also assist the Governor and General Assembly in addressing strategies to minimize future compression disparities.

SUMMARY OF RECOMMENDATIONS

Estimated costs for the four recommendations by the State Employee Work-group.

I. Targeted 2 percent salary increase to begin to address distressed/high turnover state employee role titles. This targeted salary increase would look to begin to address the 16 most distressed role titles in the areas of public safety and health and also include an increase for three grades of District Court deputy clerks. This increase would be included in both FY2015 and FY2016. The cost estimate for a 2 percent salary increase for the state employee role titles listed on page 8 is approximately \$9,000,000 GF for FY2015 and \$10,300,000 GF for FY2016.

II. Acquire and Utilize Centralized Exit Survey for All State Agencies – contract with 3rd party to administer 5,000-10,000 exit surveys per year reporting back to DHRM with meaningful data in priority rank as to why employees are leaving state government and where they are going. Nothing like this currently exists on a centralized and useful basis. The cost estimate \$75,000 GF for each year FY2015 and FY2016.

III. Subscribe to Occupationally Based Data Services and Acquire Analytic Tools focused on total compensation and evaluation of peer employers. These tools will allow DHRM to analyze and compare State compensation data. The cost estimate is \$150,000 GF for FY2015 and \$100,000 GF for FY2016.

IV. Update 2008 and 2011 JLARC Total Compensation Study. Assign update to JLARC and cover costs to utilize third party to assist and JLARC staff costs. In addition, we would like to have JLARC evaluate the impact of the 2014 compression adjustment and the impact of 2 percent salary increase. We would also like to commence updating study on a quinquennial basis. The cost estimate for the update is \$800,000 GF FY2016. **See Appendix I.**

The 2014-2016 introduced budget as communicated by Governor Robert McDonnell to the General Assembly on December 16, 2013 will reflect full funding for all four recommendations resulting from this interim report.

**Appendix A: Statement of Commissioner Jim Stewart,
Department of Behavioral Health and Developmental Services**

Presentation to the Comprehensive Review Workgroup

On State Employee Compensation

September 23, 2013 at 11:00 AM

Department of Behavioral Health and Developmental Services (DBHDS)

Why DBHDS is different and requires additional compensation and tools to alleviate concerns relating to compression, recruitment, and retention (turnover):

- DBHDS has 16 mental health and Intellectual disability facilities operating 365 days per year, **24/7** days per week that are geographically dispersed throughout Virginia. Approx. 8,000 employees.
- DBHDS' employees perform under stressful conditions and the nature of the work is a significant contributing factor. Many of the citizens who we serve in our state hospitals present a threat to others or themselves and all have been committed to treatment from the legal or law enforcement sectors. Many of those we serve in our hospitals experience psychosis; 33% have an extensive forensic history, and some are sexual predators. The forensic population have all been court ordered into the state mental health hospitals for forensic evaluation and/or treatment by psychiatrists or psychologists with training and experience required by the Code of Virginia. The remainder of the mental health state hospital population is involuntarily committed through the special justice civil commitment process. Those with developmental and intellectual disabilities who are served in our training centers have a combination of complex medical, behavioral, and physical health conditions. The services that we provide cannot wait and must be provided in a timely manner. Essential medications are administered, many of those we serve must be fed with care, due to the propensity for choking, many have feeding tubes, and many have to be bathed and kept clean because they are unable to do these things for themselves. When psychotic episodes occur or recur or when threatening behaviors begin to escalate, staff must act quickly & use their specialized knowledge & skill to deescalate individuals served, or others may be injured. These services are very personal, labor intensive, and many times must be administered in a moment's notice. Therefore, the more highly skilled and experienced employees gravitate to private and federal hospital systems where the nature of the work is not as complex and hazardous, the working conditions are better and pay typically is higher.
- Commonwealth's total FY 13 turnover rate was **10.37%** while DBHDS' turnover was **19.71%**¹, almost twice the standard rate. This was not an anomaly, it is typical.

¹ DHRM Q3235 Report on Turnover (2013)

- DHRM has identified ten (10) roles in state government with the highest turnover. Sixty-one percent (**61%**) of DBHDS' staff are allocated to those 10 high turnover roles.
- DBHDS has a high percentage **68.5%** staffed in direct care and direct support roles. The salaries of many of these employees are set at a point that qualifies them for assistance from the Department of Social Services. As you can see these low salaries for our direct care roles are a significant factor contributing to the high DBHDS turnover rate.
- For FY13, DBHDS' direct care turnover for nurses, LPNs, and Direct Service Associates (DSA) was 1,168 separations; a **24.5%** turnover rate. Of that turnover 882 were DSAs. Using the modest projection of \$2,500² per turnover, the cost of DSA turnover at DBHDS in FY13 was approximately **\$2,205,000**. This demonstrates the significant expense associated with our difficulty recruiting and training replacements. Such costs take away from funding that otherwise would go to service provision. Additionally, when we can't provide the staff coverage we need to maintain eligibility for third party insurance payments, we must, in many instances, rely on more expensive contract workers. This staffing necessity is more expensive because of the overhead we have to pay to the contractual company, and this staffing complement typically doesn't serve our population as well as a stable classified workforce. We serve a population whose therapy and treatment are benefited by continuity, familiarity with their service providers, and stability in their therapeutic environment.
- With increased technology and treatment options and the aging baby-boomer population, direct care (healthcare) occupations will continue to be in high demand, have high turnover, and offer employees in those occupations more opportunities to choose their employer. To further illustrate the difficulties associated with recruitment and retention at DBHDS approximately 50% of DSA applicants are screened out and deemed ineligible due to barrier crimes and drug test results.
- Occupational Outlook Handbook (Government's premier source for career guidance) projects that psychiatrists, nurses and nurse aides will have higher than average job growth (demand for the limited supply of labor) over the decade.
- Prime health care competitors, such as private hospitals and federal Veterans Administration hospitals, generally offer higher salaries and benefits in each of our labor markets in Virginia.

² \$2,500 represents costs associated with turnover, e.g. exit interviews, retirement or administrative/legal fees, overtime, temporary and/or contractual costs, advertising, screening, interviewing, and selecting candidates, physical exams, TB tests, Hepatitis B vaccinations, leave payouts, etc. Robert Wood Johnson Foundation & the Institute for the Future of Aging Services (October 2004) "The Cost Of Frontline Turnover In Long Term Care-Better Jobs, Better Care, Building A Strong Workforce." p. 11

- The nature of the work demonstrates that direct care staff incur considerable injury rates. Workers Compensation premiums for FY12 was \$13.9 million, in spite of the fact that direct care employees are provided 4 – 6 weeks of training before they are left alone with individuals that we serve. Safety is a high priority at DBHDS. **In DBHDS, the largest category of employee injury is “struck by patient”. The 2nd category is musculoskeletal disorders. According to the US Dept. of Labor, Occupational Safety & Health Administration, “In 2010, nursing aides and attendants had the highest rates of these injuries.** There were 27,020 cases, which equates to an incidence rate of 249 per 10,000 workers, **more than seven times the average for all industries. The rate for construction laborers was still far lower than that of nursing aides.**³ At DBHDS we have 3,370 nursing aides, and they perform mission critical functions.
- “The consequences of work-related musculoskeletal injuries among nurses are substantial. Along with higher employer costs due to medical expenses, disability compensation, and litigation, nurse injuries also are costly in terms of chronic pain and functional disability, absenteeism, and turnover. As many as 20% of nurses who leave direct patient care positions do so because of risks associated with the work. Direct and indirect costs associated with only back injuries in the healthcare industry are estimated to be \$20 billion annually. In addition, healthcare employees, who experience pain and fatigue, are often less productive, less attentive, more susceptible to further injury, and may be more likely to affect the health and safety of others.⁴
- Work/life balance is challenging for many DBHDS employees who are commonly required to work weekends, 12 hour shifts, holidays and/or overtime hours while the average State employee works a straight 40 hour week, 8:30 to 5:00 pm five days per week M-F.
- DBHDS is in jeopardy of being unable to field a qualified workforce. While we have a variety of compensation tools that we use to address recruitment, retention and compression issues, funding constraints limit our ability to use these tools and workforce programs effectively. For example, we are therefore only able to make modest compensation adjustments which are too often insufficient. DBHDS’ high turnover roles have large number of employees and therefore the cost of resolving this problem is not insignificant. Additional funding tied to clear mission critical criteria, high turnover and the compensation factors would, in a meaningful way, help us to address these costly workforce problems.
- With salary ranges remaining static for the past 6 years due to the major financial recession there is a need to ensure going forward that ranges remain competitive.

³ U.S. Department of Labor-Occupational Safety and Health Administration (2012) Quick Takes Newsletter, “Safe Patient Handling”, p. 1 of 2

⁴ U.S. Department of Labor-Occupational Safety and Health Administration (2012) Quick Takes Newsletter, “Safe Patient Handling”, p. 1 of 2

- DBHDS' current Compensation Tool Box:
 - Sign-on Bonuses
 - Retention Bonuses
 - Annual Leave Bonuses – 30 days for difficult to recruit/retain roles
 - Referral Bonuses
 - Compensatory Time
 - Shift Premium Pay
 - On-call Pay & MOD pay (active and passive)
 - Emergency Call back pay
 - Student Loan Repayment Program (Psychiatrists' student loans)
 - Alternate Pay Bands – (for selected occupations – i.e., Pharmacists, O.T. Assistants)
 - Recognition Pay and Awards
 - Pay Supplements – i.e. , mentor pay or VCBR food service pay for added responsibility.
 - Workforce Development programs (DSP Career Pathway)
 - In-band – Job Duties Change
 - In-band – Retention (proactive retention pay action)
 - In-band – Salary Alignment
 - In-band – New Education, Certifications or Licenses
 - Competitive Salary Offer – (one time match for retention)

- The above practices are used individually and often used in combination. Available funding for employee compensation has been targeted and strategic. Frequently, due to funding constraints, there is a greater reliance on bonuses because DBHDS cannot sustain funding for base pay adjustments. Literature shows that bonuses are motivating and effective until they are spent; base pay adjustments enable lifestyle changes.

- Market Data Comparison – Registered Nurse (Psychiatric Nurse), Psychiatric Technicians (DSAs) and Psychiatrists⁵

Psychiatric Nurse (Registered Nurse II)

RN Staff (Psychiatric Nurse)	Market	DBHDS (RN II) (Mental Health)	
Roanoke	62,825		
Richmond	67,486		
Norfolk	63,095		
Statewide Market Average	64,469	54,358	-15.68%

Northern Virginia Market

Reston, Arlington	73,228	62,861	-14.16%
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Market data source: Salary.com

Psychiatric Technician (DSAs II & III)

	Market	DBHDS	Differential
Statewide Average	26,880	24,479	-9.80%

Psychiatrist (Physician II)

	Market	DBHDS	Differential
Statewide Average	187,210	184,298	-1.56%
Northern Virginia Average	215,157	191,290	-11.09%

⁵ Psychiatric Technician market salary effective May 2010, DBHDS salary effective September 2013. Sources: Occupational Outlook Handbook (DSAs) and Salary.com (Psychiatrists and Staff Psychiatric Nurses)

**Appendix B: Statement of Director Harold Clarke,
Department of Corrections**

Department of Corrections

Staff Compensation Study

The Department proposes enhanced compensation for position classes impacting public safety. The issues facing the Department of Corrections are recruitment and retention, as well as salary compression.

While the Department is able to identify funding to address some salary adjustments for staff on a minimal basis, adjustments for Security and Probation and Parole Officer classes cannot be addressed internally due to the sheer magnitude of numbers of staff impacted.

Internal Funding Challenges:

The Department of Corrections began fiscal year 2014 with a shortfall that exceeded \$29.9M and which has grown to \$32.5M with some technical budget adjustments.

To address the shortfall, turnover and vacancy rates must be applied throughout the Agency. The turnover and vacancy rate for all areas outside of the education program totals 3.3%. The education program requires a turnover and vacancy rate of 9.78% to stay within available funding transferred to DOC after the merger of DCE with the Department of Corrections.

The Department of Corrections has already incurred a wide range of reductions that put increased strain on remaining staff, having closed ten (10) prison facilities in as many years and reduced staff positions by 1446. Any substantial diversion of funding would directly impact security of our facilities and supervision of offenders.

The enhanced contributions made by Virginia Department of Corrections (VADOC) front line staff in recent years have had a direct impact on public safety in the Commonwealth by achieving a record recidivism rate of 23.4%, the second lowest in the Country. The Department has become a national leader in evidence-based practices; interacting with offenders based upon the science of corrections, implementing programs and employing skills which have been demonstrated effective in working with offenders.

In an effort to continue advancing effective re-entry programming and plans for offenders, including reducing the number of crimes, reducing the number of victims, reducing costs for taxpayers and improving the outcomes for offenders returning to their communities; it is essential for the Commonwealth and the Department of Corrections to make efforts to retain and sustain the workforce which has been a key contributor to these recent achievements. Current staff has developed skills that are required and utilized in implementing evidence based practices, utilizing effective communication, and participating in action learning teams. The skills which have been developed by individual employees are valued and critical to the Department's continued success. Corrections has made great investments in its current workforce to ensure front line employees have the necessary training and skills to support re-entry efforts; therefore, it is critical to take steps to continue developing, sustaining, and retaining this qualified workforce. Currently salaries of Corrections employees are compressed and retention would be enhanced by recognizing a greater difference in compensation for qualified long term and short term employees.

It is crucial for Corrections to attract and select job applicants who possess the skill sets needed to make positive contributions relative to offender reentry and public safety. Historically, Corrections Officer applicants were selected based on minimum qualifications. However, the qualifications needed today to be a contributing Corrections Officer have evolved to include the need for individuals who possess strong communication skills, computer skills, leadership skills, and the ability to understand, implement, and model evidence based practices. Offering below industry average salaries makes it difficult to attract applicants who possess the needed qualifications and attributes.

Again, current budget allocations do not afford the opportunity to address the challenges outlined below due to the sheer number of staff impacted:

Corrections Officers

- Starting salary for Corrections Officers is 13.1% below the average starting salary for Officers in regional jails across the Commonwealth (Recruitment and retention).
- Turnover rate for Corrections Officers is 15.57% compared to the statewide turnover rate of 10.9% (Retention).
- 25% of Corrections Officers have been in the Corrections Officer role two years or less; 50% have been in the role six years or less (Retention).
- Average time in role for Corrections Officers is six years (Retention).

- Only \$3,000 separates the 25th and 75th percentiles of Corrections Officers' salaries – salary quartiles are 1: \$32,244; 2: \$32,448; 3: \$35,330 (Compression).

Probations Officers

- Average salary for VADOC Probation Officers is 18.2% below comparable jobs within the Commonwealth (Recruitment and retention).
- 25% of VADOC Probation Officers have been in the Probation Officer role one year or less; 50% have been in the role five years or less (Retention).
- Average time in role for Probation Officers is five years (Retention).
- Less than \$3,000 separates the 25th and 75th percentiles of VADOC Probation Officers' salaries – salary quartiles are 1: \$34,960 2: \$36,359; 3: \$37,757 (Compression).

With the additional compensation, the Commonwealth and the Department of Corrections may achieve the following:

- More competitive salaries for targeted public safety career groups, enhancing recruitment and retention.
- Decreased turnover for targeted career groups, resulting in a more knowledgeable, seasoned workforce and substantially lower training costs.
- Improvement in the economy will not portend the exodus of qualified staff.
- Pay ranges within the Corrections Officer and Probation Officer roles will be expanded, addressing salary compression.
- Employees within targeted career groups will be recognized and have an incentive to continue contributing to re-entry efforts.
- VADOC will be staffed with a committed, skilled workforce that will continue positively impacting effective re-entry by improving long term public safety, resulting in fewer crimes, fewer victims, and lower costs for taxpayers.

Additional compensation affords Corrections the opportunity to maintain the skill based pay approaches and to develop career ladders to address recruitment, retention, and compression challenges across other career groups on a case by case basis.

Implementation of the Virginia Reentry Initiative (VARI), an enhanced mission and vision focused on improved long term public safety, and positive cultural changes within the Department of Corrections have increased training demands and transformed the expectations of Department of Corrections' employees.

The most notable changes and some of the highest expectations have been placed on front line staff - Corrections Officers and Probation Officers, the largest portion of the VADOC workforce and the key staff charged with carrying out VADOC mission specific initiatives.

Implementation of VARI has transformed the way Department of Corrections staff approach their work. Historically, front line Corrections staff has been expected to provide supervision to offenders who were incarcerated and those under community supervision. While this expectation remains, Corrections Officers are now required to complete training in cognitive thinking and dialogue.

Probation Officers experience these same training requirements in addition to expectations of establishing and maintaining relationships/partnerships with external agencies to ensure offenders receive the resources and services they need to be successful citizens. Corrections Officers and Probation Officers must utilize their learned skill sets to promote and support effective communication with offenders that lead to successful reentry, all the while, ensuring efficient and effective safety and security.

Sergeants, Lieutenants, Captains, and Majors support the Corrections Officer role in providing services to incarcerated offenders, while Probation Officers Senior support Probation Officers in their efforts through serving as team leaders and carrying specialized caseloads. Successful reentry begins the first day of an offender's incarceration in the VADOC. A seamless delivery of reentry services continues from incarceration to the offenders' release to community supervision where they receive support and supervision from Probation Officers and Probation Officers Sr.

All Department employees are expected to contribute to the organization's success in achieving the Agency's mission. Corrections Officers comprise the largest number of employees in a single work title within the Department and the Commonwealth. Probation Officers make up the largest number of employees in a single work title in the Department who are working within the Commonwealth's communities. These employees experience the most interaction with offenders under supervision, and therefore, have the most influence on these individuals the Department is responsible for supervising. These employees have the greatest potential for impacting long term public safety as well as the immediate safety and security of correctional facilities and the Commonwealth's communities.

The Department is in the midst of a purposeful culture change. It is creating an environment that fosters positive growth and changes for staff and offenders.

This approach defines the way staff work together and treat each other, encouraging all to use their initiative to make positive, progressive changes to improve lives. It is safe, respectful, and ethical - where people are both supported and challenged to be accountable for their actions. This environment is also one that is safe and secure and, in fact, can only be realized based on our history and commitment to safety and security for the public, staff and offenders. The expectations for communication between staff and offenders and among staff become the basis for positive changes in behavior and thinking. The Department's front line staff is the key to this change becoming a reality.

The Department's, and indeed the Commonwealth's, increased expectations of Corrections Security Staff and Probation and Parole staff must be matched monetarily in order to maintain this workforce that has become trained, skilled, and successful. The Department's mission and vision, cultural change, and long term improved public safety are sustained through employment of the appropriate staff. Appropriate compensation is imperative to recognize the unique skills needed to fulfill these roles while enhancing recruitment, retention and employee development, and addressing salary compression.

Findings

As the economy continues to improve, concerns about recruitment and retention of core staff are increasing. Both external salary rates for similar jobs in Virginia and high turnover rates indicate the need to address salaries of critical front line staff.

Security Staff:

- Average salary for Corrections Officers is \$33,370.
- Average salary for comparable law enforcement officers throughout Virginia is \$36,186; this indicates Corrections Officer salaries are 8.4% below the statewide industry average (salary data obtained through O-Net, a national job analysis database sponsored by the Employment & Training Administration within the US Department of Labor, the nation's primary source of occupational information).
- Entry level salary for Corrections Officers is currently \$28,035.
- Average entry level salary for Regional Jail Officers throughout Virginia is \$31,086 (salary data obtained via the Virginia Association of Regional Jails); this indicates Corrections Officer starting salaries are 10.9% below the average starting salary for equivalent positions within Regional Jails.

- Minimum salary for new hire Corrections Officers at federal prisons in Virginia is \$38,619 (information obtained through www.USAJOBS.gov); this represents a 37.8% difference in starting salaries of Corrections Officers and federal Corrections Officers employed in Virginia.
- Turnover rate for Corrections Officers in Fiscal Year 2012 was 15.57%; the turnover rate for all positions within state government for the same time period was 10.9%; this indicates the challenge in retaining employees in this critical public service role.
- The improving Virginia economy will provide more employment opportunities for staff outside of the Department. The Department must provide salaries that reflect appropriate compensation for the needed qualifications. (The Department of Corrections' cultural change will enhance employee engagement but there must also be fair compensation for the more complex responsibilities of these front line employees.)
- 25% of Corrections Officers have been in the Corrections Officer role two years or less; 50% have been in the role six years or less; the average time in role for Corrections Officers is six years; this supports the critical need to focus on Corrections Officer retention, as attracting Corrections Officers with the enhanced skill set outlined previously is challenging due to salary.
- 25% of all Corrections Officer have a salary of \$32,244 or less; 50% have a salary of \$32,448 or less and 75% have a salary of \$35,334 or less; with only \$200 separating the 25th and 50th percentile and only \$3,000 separating the 25th and 75th percentile, salary compression issues exist. These narrow ranges reflect the lack of employee salary movement during their employment as Corrections Officers.
- Seasoned Corrections Officers are serving as resources and role models to other staff without special designations or additional compensation; this supports the need for a Master Corrections Officer designation; this designation will be reserved for those Corrections Officers who possess and demonstrate the highest level of skills needed for Corrections Officers to support reentry efforts. It also provides a path for advancement without moving into supervision for those highly skilled officers who find fulfillment in their frontline position and want to remain in that role.
- Corrections Officers have the opportunity to seek promotion through the security ranks (Sergeant, Lieutenant, Captain, Major); however, their salary as a Corrections Officer is the basis for calculating all future salary adjustments.

- Each position within the security ranks has direct contact with offenders and a direct impact on the daily operations that support reentry and ensure safety and security. For these reasons, all positions in the security ranks must be adjusted.

Community Corrections Staff:

- Average salary for Probation Officers is \$36,110.
- Average salary for comparable positions throughout Virginia is \$41,833; which indicates Probation Officers salaries are 15.8% below the statewide industry average (salary data obtained through O-Net, a job analysis website sponsored by the Employment & Training Administration within the US Department of Labor).
- 25% of Probation Officers have been in the Probation Officer role one year or less; 50% have been in the role five years or less; the average time in role for Probation Officers is five years; this indicates a need to focus on Probation Officer retention.
- 25% of all Probation Officers have a salary of \$34,960 or less; 50% have a salary of \$36,359 or less; and 75% have a salary of \$37,757 or less. Less than \$3,000 separates the 25th and 75th percentiles, revealing a salary compression issue.
- Probation Officers have the opportunity to seek advancement into Probation Officer Senior roles; however, their salary as a Probation Officer is the basis for calculating their salary as Probation Officer Senior.
- Probation Officers Senior also have direct contact with offenders and fill critical business needs by leading teams of Probation Officers who are responsible for supervision of specialized high risk/high needs offenders such as recognized gang members, violent offenders, offenders with severe mental health issues, and registered sex offenders. For these reasons, Probation Officers Senior must be adjusted.

Security and Probation Officer Recommendations

Based on the conclusions outlined above, there is a significant need to address the compensation related challenges that exist within these two critical career groups. Below are recommendations for how to address these issues.

Security Staff:

For Corrections to successfully recruit and retain qualified applicants who possess or will develop the skills needed to be effective Corrections Officers, it is necessary to increase the current hiring range.

An increase in the hiring range will allow the Department to enhance its Recruitment efforts by offering more competitive salaries when hiring new employees. An increase in starting salaries cannot occur without addressing the salaries of current staff in order to improve retention and recognize the contributions and skills required of security staff in the facilities. Therefore, all security staff (Corrections Officers, Corrections Officers Sr., Lieutenants, Captains, and Majors) should receive a salary increase. Graduated increases may be necessary to address the compression issues.

The second proposal for Corrections Officers is to establish a Master Corrections Officer level to recognize the advanced skill set and contributions of the highest contributing staff. In an effort to enhance employee retention, VADOC partnered with the Southside Virginia Community College and utilized WorkKeys, a nationwide standard for developing workplace skills, to develop a Master Corrections Officer concept. This concept will afford senior level officers who exhibit expertise in core job duties and skills to serve as leaders and a resource to other staff. Designation as a Master Corrections Officer will result in a salary increase for these staff. The designation of Master Corrections Officer, the additional expectations of this designation, and the coinciding salary increase are expected to engage these employees and improve employee retention.

Community Corrections Staff:

With Probation Officer salaries significantly below the industry average, it is imperative to increase the starting salary range. An increase in the hiring range will allow VADOC to be more competitive in attracting applicants who possess the skill set needed to be successful as a Probation Officer.

VADOC Human Resources staff collaborated with Community Corrections leaders to develop a skill based pay system that allows Probation Officers to progress through their role from a level I Officer to a level IV or Master Probation Officer. Each level of this skill based progression includes a target salary level. Providing Probation Officers the opportunity to grow within their role will enhance their contributions to VADOC and to the Commonwealth's public safety efforts while advancing employee retention efforts.

To ensure salary compression issues do not occur between the Probation Officer and Probation Officer Sr. role, it is also necessary to adjust the target salary for the Probation Officer Sr. role. Graduated salary increases will decrease salary compression issues.

Additional Finding and Recommendations

The Department of Corrections is experiencing significant recruitment and retention issues in other classes as well, but the smaller numbers in these classes and roles do not rise to the cost impact of the Corrections Officers and Probation Officer classes.

Consistent with the general population, Corrections is also experiencing the aging of the offender population. As a result of lifestyles and a general lack of preventive medical care, the offender population tends to “age” at a much greater rate than the general population. Studies have shown the age difference to be as great as ten to fifteen years. Due to the lack of past medical care and generally unhealthy lifestyles, the number of offenders with chronic medical issues also continues to increase. Medical and mental health providers are currently difficult to recruit and all indications are these shortages will be more dramatic in the future as local communities are already experiencing shortages in these areas as well.

Additionally, recruitment and retention of dentists and dental hygienists are problem areas. A general lack of dental hygiene coupled with abuse of some illegal substances result in significant dental issues among the incarcerated offender population. All indications are the need in this area will continue to increase.

Medical/Dental staff salaries and benefits should also be reviewed.

Human Resource Manager positions, though limited in number, present a significant challenge. Salaries of Human Resources Managers in the private sector are so significantly greater than Commonwealth salaries that those who apply rarely accept position offers as they would result in a pay reduction.

The responsibilities of the Department of Corrections encompass all corners of the Commonwealth; and recruitment efforts are impacted by geographic area. For example, in the western region of the state it is more difficult to attract and retain maintenance staff; while in the northern region, counselors and social workers are more difficult to attract and retain. Consideration for substantial pay differentials should be entertained based upon regional shortages, cost of living for specific localities and applicant availability.

**Appendix C: Statement of Director Mark Gooch,
Department of Juvenile Justice**

VIRGINIA DEPARTMENT OF JUVENILE JUSTICE

WRITTEN STATEMENT

COMPREHENSIVE REVIEW WORKGROUP ON

STATE EMPLOYEE COMPENSATION

9-23-13

INTRODUCTION

The Department of Juvenile Justice's compensation philosophy is to develop and implement compensation practices that will attract and retain a high performing workforce.

In 2011 the Department of Juvenile Justice (DJJ) completed an agency wide compensation study to determine the most critical salary inequities. The study focused on internal alignment, one of the 13 pay factors used to determine if employees are properly compensated based on their comparable training and experience. As a result of this study the occupations with the most egregious salary inequities were identified and in 2012 salaries were adjusted based on the availability of agency funds and DHRM policies.

In addition to the salary inequities the majority of the agency's vacancies were in these same occupations. Salary and high turnover have contributed to other issues in the workplace such as; excessive over-time, higher workers' compensation claims, continuous recruitment and low morale among employees.

Due to funding and policy limitations these salary alignments did not eliminate all of the inequities that were discovered. For example; if the percentage of increase needed to correct a salary was 16%, DHRM policy allows only a 10% increase each fiscal year for an in-band adjustment. In this example to make this employee whole an additional 6% would need to be added in the next fiscal year pending availability of funds.

CURRENT STATUS

DJJ continues to experience recruitment and retention issues in many of our mission critical positions. During FY13 examples of high turnover included the following roles: Licensed Practical Nurse (75%), Registered Nurse (60%), Security Officer III (39.42%), and Psychologist/Psychology Associate III (40%). Listed below are the work units affected by the high turnover based on 6-30-13 data:

Behavioral Services Unit (BSU)

43 treatment related positions, 13 employees separated, 15 vacancies

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Medical

48 nursing positions, 16 employees separated, 15 vacancies

Court Services Units

417 Probation Officers, 40 employees separated, 52 vacancies

Beaumont Juvenile Correctional Center

272 security positions, 70 employees separated, 38 vacancies

BonAir Juvenile Correctional Center

232 security positions, 53 employees separated, 36 vacancies

Culpeper Juvenile Correctional Center

138 security positions, 42 employees separated, 28 vacancies

Recruitment/Retention Practices/Strategies

DJJ has developed strategies to address recruitment/retention issues such as; implementing a sign-on bonus program (leave and monetary) for difficult to fill positions and paying registered nurses (exempt from the FLSA) like a non-exempt employee at a rate of time and a half for every hour worked over 40 in one 7-day period. Employees receiving a sign-on bonus are required to complete an employment agreement and to remain with the agency for a specified period of time. We are studying the possibility of offering a retention bonus and the cost associated with implementing this program. We believe that absent a significant increase in pay or a combination of a pay increase and bonus that we will continue to experience retention issues.

Summary

DJJ has experienced difficulty competing with other private and public sector organizations, particularly when hiring for medical and security officer positions. Market data indicates that state employees' salaries are significantly lower than comparable positions in other sectors. Turnover rates in the cited roles provide evidence that DJJ is losing valuable employees at an alarming rate to other organizations that are able to offer competitive salaries. There has been some improvement in recruitment due to the implementation of various strategies to attract new hires. We anticipate that with appropriate funding and implementation of retention strategies the agency will be able to significantly lower the turnover rate. In addition conducting a market

DJJ Written Statement

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study would determine if the salary ranges for the roles experiencing the highest turnover rate would need to be adjusted to align closer with market salaries.

**Appendix D: Statement of Commissioner Paul Galanti,
Department of Veterans Services**

State Compensation Work Group Sept. 23, 2013 – 11:00am

Virginia Department of Veterans Services (DVS)

Outline for Presentation

A. Overview of turnover issues for DVS staffing

1. Unique agency with diverse Role Titles throughout the Commonwealth
2. Direct Services Associate II, Licensed Practical Nurse, Registered Nurse I and II, Program Administrative Specialist I – highest turnover per information provided
3. Overall equality for employees not just these select Roles

B. Program Administrative Specialist I

1. Turnover tracking provided by Benefits Director – Attachment 1
2. Benefits Salary Structure Proposal – Attachment 2
3. Benefits information for Board of Veterans Services Committee – Attachment 3
4. Primary area of concern for DVS

C. Direct Service Associate II, Licensed Practical Nurse, Registered Nurse I and II

1. Turnover tracking for each of our Care Centers - Attachments 4 and 5
2. Primary area of concern for Care Centers – Licensed Practical Nurse salary structure.

**Appendix E: Statement of Director Amy K. Burnham,
Virginia District Court Clerks Association and Clerk of the
Arlington Juvenile & Domestic Relations Court**

Amy Burnham, President Association of Clerks of the District Courts of Virginia

September 23, 2013 Statement to the State Employee Compensation Work-Group

What do district court clerks do?

District Court clerks are the frontline staff for the General, Juvenile and Domestic Relations and Combined District Courts. Each court has one Clerk of Court who is the chief administrator. Depending on the size of the court, the court may have supervising or managerial clerks. The largest number of employees for each court are the deputy clerks.

Clerks provide customer service to the public, attorneys, law enforcement, state and local agencies including the Department of Motor Vehicles, State Police, Department of Juvenile Justice, Division of Child Support Enforcement, Department of the Treasury, and Department of Social Services. Clerks are responsible for maintaining the courts case and financial records. A deputy clerk has the ability to have a person arrested, held in jail, have their driver's license suspended or reinstated, intercept their tax refund or lottery winnings, summon and subpoena people to court, and to assess fines and costs. There are many complexities of a clerk's job. We require these clerks to deal with extremely sensitive, confidential and important issues. They are dealing with people's liberty, finances, and family issues. One incorrect box checked on a form or an order not completed, could result in a person's erroneous arrest. It takes at least six months to train a deputy clerk in the basic skills. It probably takes at least a year for that deputy clerk to be proficient.

Upon receiving the invitation to speak to your work group, I contacted District Clerks across the Commonwealth to see what concerns they have over compensation, pay compression, recruitment and retention/turnover rates.

Compensation

It has been reported that the average state employee earns about \$44,000 per year, but the average district court clerk earns only \$32,000. A Richmond Times-Dispatch article from December 2011 stated that judicial district staff are one of the lowest-paid state departments. The average entry level deputy clerk is classified as a Grade 7 or 8 with starting salaries of \$26,024 and \$27,333. Clerks only have the authority to hire an employee at the entry level unless they seek an extremely rare exception from the Supreme Court's Human Resources Department.

To give you an example of the salary discrepancies, let's compare a Support Enforcement Specialist for the Division of Child Support Enforcement to a Grade 7 Deputy Clerk in a Juvenile and Domestic Relations District Court who primarily works in the courtroom. Both of these employees work in the same courts. The specialist assists an Assistant Attorney General in court and the clerk assists a judge. The specialist handles child support cases whereas the clerk handles child support, spousal support, paternity, custody, visitation, juvenile delinquency, adult criminal, and child dependency cases, just to name a few. The specialist is required to use a handful of forms whereas a clerk is required to use nearly 100 forms. The specialist starts at \$31,979 and the deputy clerk starts at only \$26,024.

A majority of Courts report that some of their current employees must work a part-time job in addition to their full-time position with the court. In Virginia Beach General District Court, almost 15% of the

deputy clerks have or recently have had part-time employment. In Arlington General District Court and Norfolk Juvenile Court, this number is 20% and in Alexandria Juvenile Court it is as high as 45%.

I have also received reports of employees who receive public assistance either in the form of food stamps or housing vouchers. A Grade 7 Deputy Clerk with two children who earns the entry level salary of \$26,024 qualifies for not only food stamps, but also meets the eligibility for a court-appointed attorney in our courts.

We believe there are discrepancies within the district court system. There are deputy clerks who perform the same duties with same years of service, but are at different grades earning different salaries. We need consistency, not only within the district courts, but across all departments and branches of the Commonwealth.

Recruitment

Clerks across the Commonwealth have informed me of their difficulty in hiring qualified candidates to fill their deputy clerk vacancies. When Clerks make offers of employment to their top candidates, they are finding that people decline the position because of the low pay.

Norfolk Juvenile Court reports that seven out of the last ten recruitments, their first candidate choice (and in some cases, their second choice) turned down the position because of pay.

Richmond Juvenile Court said that one of their candidates took a position with the detention home where she would make more money hourly as their cook than as a deputy clerk in the court.

Nelson County Juvenile Court said that they had applicants who turned down the job for university positions at UVA and Liberty University for \$3000 and \$4000 more than the deputy clerk's position.

In the last three years, Greenville/Emporia Combined Court had two candidates turn down offers who thought that the salary was negotiable like many other state agencies. This is a common practice for the state prison which is one of the largest employers in their area.

Retention/Turnover

The District Courts are experiencing an enormous issue with retention and turnover. Because of the low salaries, deputy clerks are constantly looking for higher paying jobs. We are losing employees to Circuit Courts, the federal government, Public Defender's Offices, Commonwealth Attorney's Offices, Division of Child Support Enforcement, local government agencies, and the private sector. The most common reason employees give for resigning is the low pay.

The District Courts are constantly in a revolving door pattern. We hire a deputy clerk, train them for a minimum of six months, then another deputy clerk gives their notice, then we begin the recruitment and hiring process which takes about two months, and start the training process all over again. We are providing valuable training to staff to be recruited right out of our office.

Over the last year, my Court has experienced a 50% turnover rate. I lost employees to the Public Defender's Office, Commonwealth Attorney's Office, and to the private sector.

In Virginia Beach General District Court, the previous Clerk left for a position with the Federal Court system that was less work and a pay raise of over \$15,000. Another manager in this court also went to the Federal Court system accepting an "entry level" position with a \$2000 pay raise with substantially less work and responsibility. Years later, this person is earning more money than any of the Court's Division Managers.

Arlington General District Court reported similar losses to the federal government losing employees with more than 10 years of experience earning an additional \$15,000 to \$18,000 per year.

In the last few years, Prince William Juvenile Court has lost seven deputy clerks. One of the clerks that went to work for a Circuit Court had over 25 years of service with their court.

Frederick/Winchester Juvenile Court cited a clerk who went to work for the Victim-Witness program making an excess of \$56,000 as the coordinator. The Court's Supervising Deputy Clerk who has more education, the same amount of time in the system, and whose duties and responsibilities outweigh the coordinator's makes \$20,000 less.

Campbell Juvenile Court, received notice just last week from a deputy clerk that she is leaving to take a position with the Public Defender's Office.

Pay Compression

Before the 2013 2% salary adjustment and salary compression adjustment, district court clerks had not received a pay adjustment since 2007. This means that there were many deputy clerks with five years of service being paid at the same level as new hires. There is not a merit or step increase system in the District Courts. We have no way to reward employees for their performance.

Tazewell General District Court has five deputy clerks and none of these employees makes over \$30,000. One of these employees has been with the court system for 12 years and has even had her position reclassified.

In smaller courts such as Nelson General District Court, experienced deputy clerks are asked to take on Clerks responsibilities in their absence. These deputy clerks may only earn a couple of dollars more an hour than a wage employee who files and answers the telephone.

In Greenville/Emporia Combined Court, the Clerk earns \$25,000 less in salary than the previous Clerk who was employed during the days of step increases. The current Clerk will probably never come close to reaching her salary even with the same number of years.

Many Clerks compared the salary adjustments to inflation stressing that we are dramatically falling behind. One Clerk calculated that if an employee was earning \$40,000 in 1999, adding in only the Social Security Administration's cost-of-living adjustment, that employee would be earning \$58,152 in 2013. This employee is only earning \$52,458 under our current compensation plan.

In Arlington, we compared the District Court employees with Circuit Court employees. We found that the District Court employees salaries are lagging between 15 and 22% behind their Circuit Court counterparts. We also found that the salary discrepancies not only existed at the recruitment level, but increased the longer the employee stayed with the District Court.

Conclusion

Every time we hire a new deputy clerk, the Clerk and staff are spending at a minimum of six months of initial training with additional training throughout their employment. The training takes us away from our other duties and responsibilities. Training a deputy clerk is tedious and time consuming. A deputy clerk's job is not a repetitious one. It is constantly changing and they must be trained for numerous procedures and situations.

We continue to hire and train staff and they continue to leave for higher pay and less workload. A few Clerks told me that they are finding that employees, especially the younger staff, are going anywhere they can make more money. They are not interested in more benefits.

Even though the Supreme Court encourages employees to further their education, we have found that in general, Deputy Clerks are not interested. Within the court system, the difference in the level of responsibility and the compensation for taking on these demanding jobs, is simply not worth it. The managerial positions in the district court system usually mean additional hours with no additional compensation or reward of any sort. We should be retaining clerks with longevity and experience to fill positions at the supervisory and Clerk of Court levels. In order to do this, we should have competitive salaries and reward those who further their education.

Having a higher entrance salary will attract a more qualified, loyal and appreciative applicant pool. Rewarding employees with merit increases will increase their willingness to stay with the court system and provide a high level of productivity. If we reward employees who continue to build on their knowledge base by earning certifications and attend relevant training programs, then the court system and public will benefit.

A better trained, qualified and experienced staff provides better customer service, processes cases at a higher rate keeping cases moving through the court system, decreases backlogs, and solidifies defendants, victims, attorneys, and law enforcements expectations of the court system. The bottom line – a satisfied and compensated employee will provide effective, efficient and productive work results.

We understand that this work group has been directed to study deputy clerks compensation, but we would ask that you look at the District Courts as a whole and include the Clerks of Courts.

On behalf of the District Court clerks, thank you for this opportunity to express our observations and thoughts about our compensation. It is an extremely important and significant issue to us.

**Appendix F: Statement of Executive Director Ron Jordan,
Virginia Government Employees Association**

**Remarks of R. Ronald Jordan
representing the
Virginia Governmental Employees Association**

Panel Members,

Thank you for inviting us to share a few brief thoughts with you this morning. Since our time is short, I will get right to it. Section 2.2-1202 of the Code of Virginia makes explicit that the goal of the State is to provide a total compensation package that is comparable to the private sector and the State's peers.

It is the 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 similar occupations. In determining comparability, consideration shall be given to the economic value of fringe benefits in addition to direct compensation.

In its 2008 review of state employee compensation, the Joint Legislative Audit and Review Commission (JLARC) found that the State's total compensation package was competitive, lagging the market median by 4 percentage points. Total compensation was competitive primarily due to the benefits component. Cash compensation as a component of this mix was only 88 percent of the median market surveyed but was *somewhat* offset by total benefits which were 108 percent of the market median.

In its 2011 update of the 2008 review, JLARC stated that the State total compensation was now only marginally competitive, falling at the bottom of the competitiveness range. Total compensation now lagged the market by 6-10 percentage points, depending on whether the employee was in VRS plan 1 or plan 2 (employees in plan 2 are further behind due to its less generous benefit structure). JLARC's analysis shows that the cash compensation component of this mix is not competitive when compared to the market and contributes to the State's *last place ranking* in salaries. The competitiveness of the state's cash compensation had fallen from 88 to 82 percent of the market median for plan 1 employees and to 79 percent of the market median for plan 2 employees. JLARC noted in its 2011 report that the Commonwealth could fall even further behind should salaries continue to be frozen or should benefits be further reduced. Since that time, both have occurred.

JLARC stated that uncompetitive salaries not only diminish the competitiveness of the state's overall compensation package, but they also decrease the value of other aspects of total compensation, such as retirement (which is tied to compensation) and leave benefits (at payout for unused leave). It is important to note that these findings were based on a pre-hybrid retirement plan system. With the hybrid plan projected to

provide far less at retirement than either plan 1 or plan 2, any subsequent analysis of total compensation will in all likelihood find that the Commonwealth is totally uncompetitive.

The State employee compensation system is broken and the cash compensation component is the primary reason. One does not need to collect any data on turnover and vacancies or number of applicants. JLARC surveys show that those currently working in state government often feel trapped by the retirement system while we can no longer attract the best and brightest as our aging work force retires. And for those who say turnover due to retirement is a positive thing, I would caution them to look at the intellect and experience of those leaving. In far too many cases, those taking their places simply do not measure up. This is not a recipe for continued good government. The JLARC reviews in 2008 and again in 2011 tell the story. Absent any exponential change, the total compensation picture is only going to get worse as all new employees are enrolled in the hybrid plan. With this watershed change, cash compensation becomes far more important.

As you know, state employees received their first real base raise in six years with the 2% market pay increase, and for those with more than five years of continuous service, the \$65 per year in compression pay that just went into effect. Most employees viewed the 2% as keeping them even with the 2% increase in social security taxes that went into effect this past January. In contrast, the compression pay generated great excitement because it was a tidy sum of new money for employees who had had seen their take home pay chipped away in small bites over the past 6 years from things such as employee parking fees, tax and health insurance premium increases, and who had seen new employees hired at salaries comparable to or in excess of their own.

We don't need more study and analysis, the problem is well documented and it is time to do something about it. We are extremely mindful and supportive of the need to fully fund the employer share of the pension fund at the rate recommended by the Virginia Retirement System (VRS) Board of Trustees. We believe that phase in of full funding of the Board recommended rates by 2018 is a commitment that must be honored. We are also mindful of the pressures this places on State employee compensation issues. As the representative of the VGEA, I have come here this morning to offer solutions that we believe will allow the Governor and General Assembly to do both.

Let me touch on them one-by-one:

Total Compensation - The Code of Virginia already sets out the goal for total compensation - comparable to the private sector. Employees should be informed of the value of their total compensation annually and the breakdown between cash compensation and benefits as the components of total compensation. They should also be informed as to how their total compensation compares to the private sector comparability goal set in the Code. Finally, the Department of Human Resource Management's (DHRM) Annual Salary Survey should be expanded and converted to an

annual survey of total compensation and most importantly, the Commonwealth should establish a timetable for reaching private sector comparability for all employee groups.

Salary Market Lag - As you know, the DHRM Annual Salary Survey shows that cash compensation or salaries for State positions lags behind comparable private sector salaries anywhere from 5% to 46%. With employees bearing a greater share of health care costs and reduced retirement benefits embodied in plan 2 and even more so in the new hybrid retirement plan, salaries can no longer continue to be substandard. Realistically, this gap is not going to be closed in one year, five years or maybe even 10 years since private sector salaries continue to increase annually. Fixing it will require a long-term commitment to a series of regular, incremental steps over a period of many years. However the Commonwealth should also ensure that if it cannot make progress on closing the gap in a given year, then it should at least provide a salary increase sufficient to ensure that the gap does not grow even larger.

Pay-for-Performance - Mention pay-for-performance in a roomful of State employees and everyone laughs. It's a running joke because everyone knows that all you get for a good performance evaluation is a pat on the back, maybe. Money is a proven incentive to improve performance. But to be effective it must be real and consistent. It must not be tied to some one-time gimmick... and it is not a substitute for base pay increases that improve market competitiveness. The VGEA is proposing a pay-for-performance plan that can be funded in a way that requires a one-time increase in the base budget. Under our proposal, a fixed amount (for example, an amount equal to 3% of general fund salaries) would be placed in the central accounts of the budget specifically to provide pay-for-performance bonuses. This amount would remain in the central accounts base for this purpose in succeeding years. Since it is paid as a bonus, it does not increase the base salary of employees and therefore would not increase the overall budget base beyond the initial amount. The money is distributed proportionately to agencies (based on general fund employment and salaries) and the bonuses are then paid based on the annual performance evaluation using long standing DHRM guidelines (that were developed for this purpose and have only been used the one time that pay-for-performance was actually funded). Under this system, employees could see bonuses ranging from 0% to 6% depending on their performance. The amount of money available is the limiting factor on the bonus range but the goal would be to achieve a statewide average performance bonus of 3%.

Salary Compression - Salary compression is where newer employees make as much or more than the more senior employees in the same job. This occurs when the veteran employee's salary is frozen and the new employee is hired at a market competitive rate. The General Assembly began to address the salary compression issue with the actions that took effect in August. However we believe that DHRM should review the salary compression issue to determine whether or not this action fixed the problem in its entirety or whether additional actions are needed.

Health Insurance – The Commonwealth has traditionally kept the employee share of health insurance costs low to offset salaries that are lower than comparable private sector salaries. Today there has never been more uncertainty about the future of health insurance. We must not reduce health insurance benefits or increase the employee cost share without comparable offsetting increases in salary, otherwise these actions are simply a cut in total compensation.

Retiree Health Care Credit – While not directly related to the focus of your study, let me touch on one remaining item because it affects all state employees at some point. The Commonwealth does **NOT** pay for retiree health insurance. Instead it provides a credit equal to \$4 per month for every year of service. While health insurance costs have grown dramatically, the credit amount has not changed in 14 years. This inaction has severely eroded the impact of the credit. It is time to increase the retiree health insurance credit.

I thank you for your time and attention and would be happy to answer any questions.

**Appendix G: Statement of Executive Director Wayne Huggins,
Virginia State Police Association**

PRESENTATION TO THE WORK GROUP STUDYING

STATE EMPLOYEE COMPENSATION

By: Wayne Huggins
Executive Director
Virginia State Police Association
September 23, 2013

On behalf of the members of the Virginia State Police Association I want to thank the Work Group for affording us the opportunity to share our thoughts with you.

Last week when I received the invitation to appear before you I began thinking about what new information I might offer this group. It didn't take long to realize that there was little in the way of new empirical information I could offer. The information that has been developed and provided over the last few years by the Department of State Police, DHRM, JLARC, VRS and the staffs of both House Appropriations and Senate Finance Committees I believe accurately and completely provides this group with an abundance of information documenting the problems surrounding this issue. Indeed the problems associated with State Employee Compensation are well known. Each year, at the beginning of the General Assembly session, DHRM makes a report to the "money committees" outlining issues relevant to the State Employee Workforce. Earlier this year, on January 17th, DHRM made such a report to the Compensation & Retirement Subcommittee of House Appropriations. Pages 11 through 16 of this report go into great detail illustrating the status of State Employee Compensation. That report painted a pretty dismal picture related to State Employee Compensation particularly when comparing our compensation with the compensation of selected positions in the private sector as well as with selected localities in Virginia and other states. While the 2% pay increase and the action taken to address "pay compression" by the 2013 General Assembly session helped and were certainly very much appreciated it will be interesting to see what/if any improvement resulted in our standing, compared with the private sector, localities and other states. I suspect not much.

Additionally, we view the current "pay for performance" system as nothing more than an illusion. By that I mean, prospective state employees are shown a pay chart with a minimum and maximum salary for each pay band. All new State Troopers employed by the Department of State Police are hired into Pay Band 4 at a starting salary of \$36,207, and the pay range for Pay Band 4 has a maximum salary of \$70,801 – a range of almost \$35,000. The impression created by this very large pay band range suggests that if I come to work for the state, do a good job and work for 30 to 40 years I will end up somewhere near the top of this range. However, given the fact that the current system is over 20 years old and has only been funded a couple of times that initial impression of moving to the top of the range is largely an illusion. Also, since they are all hired at the same starting salary, and across the board salary increases for all state employees are rarely given, a significant problem with salary compression has been created.

I believe most state employees enjoy their jobs. In the case of State Troopers for many it's the realization of a lifelong dream, to wear the uniform of the Virginia State Police in service to our citizens. However, as the realization of the unfairness of the current system sets in, to include "pay compression", and while they still enjoy their jobs, declining morale becomes a very real and serious issue. Supervisors should not be making less than those they supervise for a prolonged period of time and a junior Trooper should not be making the same as a more veteran Trooper. Also, marginal or average performers should not receive the same compensation as an exceptional performer. Therefore, if it is not going to be funded the current system should be changed to reflect reality, lest the serious problems that exist today will only become more pronounced in the years ahead. At the very least it certainly should not be referred to as a "pay for performance" system.

Our opinion is that this group should not be trying to answer the question, "Is there a problem?", but rather "What else can be done to address the problem?" Indeed, this group wouldn't even exist if someone didn't believe there was a problem.

In the guidelines the presenters were provided we were asked to address any agency specific distinctions we believe justify additional compensation for the group we represent. Before I discuss a few of the unique features of the State Police let me hasten to mention that we are not saying these distinctions make us better. We are saying they make us different. Therefore, the "one size fits all" mentality or "everyone should be treated the same" theory is faulty. In the case of the State Police some of the distinctions are obvious: we are a paramilitary organization with a well-defined rank structure, the extremely hazardous nature of our jobs and of course, we work 24/7, including holidays and weekends. By the way many law enforcement organizations provide a pay differential for evening and midnight shifts. We do not. However there are other distinctions not quite as obvious. For example, it costs approximately \$105,000 to recruit, train and equip a new Trooper, a process that usually takes well over a year. I am not familiar with another group of state employees that requires this type of "upfront" investment of both money and time before becoming productive at the job they were hired to do. In our opinion this investment must be protected to ensure we are not re-incurring this "upfront" expense. Additionally, the Department has in place a "residency policy". This policy, well established for many, many years exists to ensure that appropriate human resources are available any place in the Commonwealth to respond en masse to any and all contingencies be they natural or man-made anytime of the day or night. We support this policy. However most other state and local employees are not required to live in a certain geographical area. Indeed, when I was the Sheriff of Fairfax County I had deputies that lived in D.C., Maryland, West Virginia and as far south as Madison and Culpeper. State and local employees whose jobs are in Chesapeake, for example, can live in North Carolina if they choose as long as they arrive to work on time. The point is, that when required to live in a certain geographic area you are captive to the economic conditions of that area. While the Troopers in the Northern Virginia area receive the competitive wage increase, the Troopers throughout the remaining parts of the State do not. Needless to say the cost of living varies greatly from Tidewater to the Valley area, to the Piedmont to far Southwest Virginia. We believe this fact should be considered, similar to the way the military utilizes its "Variable Housing Allowance" which recognizes the differences in the cost of living around the country.

Finally, I would like to address again the notion that State Employees should be treated the same. As mentioned earlier we believe this notion is flawed. The fact that there are several types of retirement systems including SPORS suggests others believe there are distinctions between employee groups. Also, the next time you hear on the radio or TV, "essential employees only report to work", ask yourself, if we are all the same then why during times of emergency are some of us "essential" and others then are "non-essential"? Ask yourself who are these essential employees? While there may be a number of employee groups that are "essential" depending upon the type of contingency occurring, State Troopers are always considered "essential". During times of natural disasters such as hurricanes, floods, blizzards, earthquakes or tornadoes Troopers will be working while most other employees are sent home or told to stay home. When we have man-made events such as the horrific tragedy at Virginia Tech or the Pentagon on 9/11/01, or even last week at the Washington Navy Yard, on duty Troopers almost always work extended shifts and more are either "called out" to respond or are put on "stand-by". Again, other employee groups are told to go home or stay at home. If we are all the same then why are some of us working on Thanksgiving, Christmas and the 4th of July while most others are not? Again, this does not make us better, it makes us necessarily different. We believe these differences should continue to be considered, and we thank the General Assembly for their consideration, as was evidenced last year by their actions concerning the pay compression issue and the appropriating of \$5 more for each year worked by State Police Officers.

In conclusion, we believe the current system is flawed and in need of serious modifications. Furthermore we believe a separate system should be created for para-military organizations such as the State Police. At the very least such a system should include a consideration for the varying costs of living in different areas of the State. It should also make it impossible for supervisors to make less than those they supervise for a prolonged period of time and junior employees to make the same as more senior employees. Also consideration should be given to a shift differential salary allotment. However, the bottom line is this, you can have the best pay plan ever created but if it is not funded consistently the problems that exist today, will persist tomorrow.

Let me end where I began by thanking the Work Group for allowing us to provide some of our thoughts, concerns and suggestions. Thank you!

**Appendix H: Statement of Chief of Police John Venuti,
Virginia Commonwealth University Police Department**



Comprehensive Review of Public Safety Related Personnel VCU Campus Police Department

Virginia Commonwealth University (VCU) is a public research university with approximately 30,000 students and 222 degree programs. The VCU Health System supports the university's health care education, research and patient care mission. VCU's Police Department provides police and security services for all university entities – an asset valued in excess of \$3 billion to the Commonwealth of Virginia.

VCU Police is one of the largest campus law enforcement agencies in the nation and the largest in the Commonwealth. The department employs 92 sworn officers and over 250 non-sworn security officers.

For fiscal year 2013, VCU ranked sixth in the Commonwealth with a turnover percentage of 11.04% in sworn officer positions. Several other institutions of higher education fell into the same bracket as VCU, ranking within the top 10 for statewide turnover.

The following represents the turnover by calendar year for VCU Police and reflects all sources of turnover – retirements, resignations and terminations:

- CY 2010 - 8.5%
- CY2011 - 11.0%
- CY 2012 - 7.3%
- CY 2013 to date - 9.8%

Like its many counterparts, VCU's Police Department shares three major issues with other law enforcement agencies in the region: retention, salary compression and salary competition.

Campus law enforcement is evolving daily, and the need for professional, capable and competent officers is essential. This service combines traditional law enforcement, community policing, crime prevention and education. Incumbents play the role of police officer, counselor, mentor, role model and often parent, providing services and assistance to a young and vulnerable demographic ranging in age between 18-22 years. The critical mission of a campus law enforcement officer is to keep students safe at college and educate them about safe behaviors that will help reduce the chance of becoming a crime victim during their lifetime. Our consumers of education have a high expectation that campus law enforcement will keep their children safe while attending Virginia colleges and universities. This cannot be accomplished without well trained, tenured and experienced police officers.

A high level of complexity is involved in policing a university campus located in heart of the City of Richmond. VCU police address typical campus crime issues as well as suppress and combat violent crime, which often involves the victimization of students.

VCU's Police Department is the only campus law enforcement agency in the Commonwealth with its own police training academy certified by the Department of Criminal Justice Services (DCJS). This function allows the university to train its police officers onsite rather than having them attend regional training academies.

Within the state system, sworn personnel are often categorized in the same manner as all other state employees. They undergo extensive and costly background screenings prior to being hired and require costly extensive training that is mandated by DCJS. Sworn staff also work "24/7" – holidays and weekends – and receive no additional compensation for this shift differential.

Retention

Historically, VCU's Police Department has had issues retaining sworn law enforcement officers. When regional police vacancies do not exist, candidates often take positions with VCU. After a couple of years of service, they look for vacancies with municipal police departments in the region. The retention issue means the VCU always has vacancies, which require constant hiring and training of sworn officers.

The VCU Police Department also has experienced a high staff turnover in communications dispatcher positions, which has been a historic problem.

To combat the retention issue, the department has used two-year employment agreements. In 2012, VCU began using a three-year employment agreement to combat retention. The department is exploring the feasibility of offering employees a monetary incentive to extend their employment agreements by two additional years once their initial commitment has been met. If new recruits take advantage of the monetary incentive to renew their employment agreement, the retention rate would increase to five years.

Salary Compression and Competition

Salary compression issues are a large problem. Often, the starting salary for moderately tenured employees is significantly higher than current salaries for their supervisors. VCU loses trained, state certified sworn officers to other police agencies like Richmond, Henrico, and Virginia State Police for greater compensation and benefits. Once these individuals have been trained by VCU and are certified, they can negotiate with other agencies for a starting salary that is higher than the entry level starting salary for that agency. They can do this because they have police experience, which has cost the Commonwealth of Virginia precious dollars in the form of training costs. Following are the starting salaries for police positions in the area:

- Chesterfield Starting salary \$40,000
- Henrico Starting salary \$43,032
- Hanover Starting salary \$38,656; increases to \$40,492 after academy completion
- Richmond Starting salary \$36,500; increases to \$38,000 after academy completion
- Virginia State Police Starting salary \$36,207; increases to \$39,828 after academy completion
- VCU Starting salary \$37,319

The agency cost for high turnover and not operating at approved staffing levels comes in many forms:

- Excessive mandatory overtime staffing to accomplish agency objectives often leads to low morale and employee burnout from working mandatory shifts.
- Increased overtime costs also impact operational budgets, which constantly have to supplement overtime staffing to supplement manpower shortages and vacancies.

VCU's police recruiting and hiring process is a time-intensive and expensive process:

- The hiring process involves candidate testing, physical assessment testing, in-depth background screening, interviewing, polygraph examinations and drug and health screenings.
- The agency assumes all costs associated with recruiting and hiring police personnel. Generally, large numbers of applications are received when police vacancies are posted.

In May 2013, the VCU Police academy had 275 applicants. Those who were hired represented only 6% of the applicant pool. This statistic strongly reflects the selective law enforcement officer hiring process at VCU. Due to the high number of applicants who apply for these positions, signing bonuses are not necessary nor would they be effective in addressing retention. VCU strives to hire and retain the brightest and best officers possible. During the selection and hiring process, an agency cannot take short cuts or settle for an average candidate.

When new officers are hired, they attend a 20-week police training academy (mandated by DCJS). The officers are paid their salary while attending the training. The average cost of a recruit attending basic police academy training is approximately \$35,727, which does not include the salary they are paid during training. Police agencies make significant investments in their sworn personnel, and this investment needs to be matured and protected.

Strategies

VCU's Police Department also has over hired as a strategy to project deficiencies and combat retention shortfalls. The department hires in more officer level positions than the actual number of authorized positions or vacancies. This strategy, which is not effective, can have a tremendous negative budget impact in the event that projected turnover does not occur.

VCU Police strives to be a state agency that employees want to be a part of – not one that forces employees to stay for a specified period of time. To be that agency, compensation and salary compression need to be evaluated, compared to other similar agencies and ultimately benchmarked against private sector compensation. A compensation study is needed.

VCU is open to identifying new ways to address recruiting, retention and salary compression.

**Appendix I: Letter dated November 25, 2013 from Hal E. Greer,
Director of the Joint Legislative Audit and Review Commission regarding prior
costs of the *2008 Review of State Employee Total Compensation***



COMMONWEALTH of VIRGINIA

Hal E. Greer
Director

Joint Legislative Audit and Review Commission
201 North 9th Street, General Assembly Building, Suite 1100
Richmond, VA 23219

(804) 786-1258

November 25, 2013



Secretary Richard D. Brown
Secretary of Finance
Patrick Henry Building
1111 East Broad Street
Richmond, VA 23219

Dear Secretary Brown:

Walt Smiley indicated to me that you asked for some information about JLARC's 2008 *Review of State Employee Total Compensation*. As you may know, that study was conducted over about 18 months preceding the release of the report in October 2008. The study addressed state employee salaries, as well as health insurance, retirement benefits, and leave. The report included options to change the approach to salaries and benefits, some of which were related to the retirement system and health insurance plans and have been implemented.

The report also contained five recommendations, one of which is being implemented by the Virginia Department of Human Resources Management. The recommendation is for each state employee to be provided with an individual statement of total compensation. The other four recommendations, as yet unimplemented, address policy and administrative decisions about state employee salaries and benefits. For example, the report recommended that a total compensation strategy be developed and integrated with the state's planning and budget process. Your interest in an ongoing review is thoroughly consistent with the recommendations in the 2008 report.

The 2008 JLARC study was unusual in that it relied heavily on data and analysis conducted by outside compensation experts at Mercer and PricewaterhouseCoopers. Both firms provided the following research products for the study: (1) assessments of the state's then-current approach to salaries and benefits, (2) comparisons of salaries and benefits to other public and private sector employers, and (3) options to change salaries and benefits to better achieve the state's compensation goals. Both firms also provided advice and support to JLARC staff throughout the project.

Secretary Richard D. Brown
November 25, 2013
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As you may know, actuarial analysis is an expensive service, and given the diversity of the state workforce, numerous compensation datasets were needed for adequate benchmarking. The cost of consultant services for the project was more than \$700,000. JLARC devoted the equivalent of four full-time research staff over the 18-month period to conduct interviews and additional analysis.

Please do not hesitate to contact me if you have additional questions about the 2008 study or if there is any additional information we can provide.

Sincerely,

A handwritten signature in cursive script that reads "Hal E. Greer".

Hal E. Greer
Director

HEG/jb