



## COMMONWEALTH of VIRGINIA

*Joint Legislative Audit and Review Commission  
Suite 1100, General Assembly Building, Capitol Square  
Richmond, Virginia 23219*

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

WHEREAS, the Joint Legislative Audit and Review Commission is charged by §30-58.1 of the *Code of Virginia* to evaluate the effectiveness and efficiency of State agencies and operations and by §30-80 of the *Code of Virginia* to provide continuing oversight of the Virginia Retirement System; and

WHEREAS, compensation for employees of the Commonwealth consists of salaries and benefits including retirement, health insurance, group life insurance, leaves of absence, long-term disability, a cash match for deferred compensation, and other indirect benefits such as flexible work schedules and telecommuting, career development, and wellness programs; and

WHEREAS, salary and benefit costs for State employees account for approximately 22 percent of the Commonwealth's annual total expenditures and approximately 65 percent of operating expenditures; and

WHEREAS benefits are an increasingly significant portion of the overall costs of compensation; and

WHEREAS, the 2000 General Assembly passed legislation that replaced the State's 40-year-old compensation system with a performance-based compensation plan which contained new pay practices, greater opportunities for career growth within State government, greater management flexibility and accountability, and new ways to recognize and reward exceptional employee performance and acquired skills; and

WHEREAS, significant changes in the provision of retirement, health, and other benefits by both public and private organizations have been implemented in recent years; and

WHEREAS, in a 2005 study, *Impact of an Aging State Workforce*, the staff found that the Commonwealth is presented with a variety of challenges and opportunities by an aging workforce; and

WHEREAS, the State needs to maintain competitive salaries and benefits in order to recruit and retain qualified employees, but a comprehensive review of both salaries and benefits for State employees has not been completed for many years; now, therefore, be it

RESOLVED by the Joint Legislative Audit and Review Commission that staff are directed to study compensation for employees of the Commonwealth. In conducting its study, the staff are directed to (i) review the adequacy of salaries and benefits for State employees, (ii) determine the appropriate mix of salaries and benefits in total compensation, (iii) identify alternative benefits that could be provided to employees, (iv) assess the advantages, disadvantages, and costs of defined benefit, defined contribution, and hybrid retirement plans for public employees; (v) assess the appropriateness of the provisions and requirements of each of the retirement systems administered by the Virginia Retirement System; and (vi) compare current salaries and benefits for State employees to those provided by other public and private employers. The staff shall make recommendations for the compensation of employees of the Commonwealth that promote the recruitment and retention of a qualified workforce, maximize employee productivity and work performance, address the long-term growth of retirement and other benefit costs, maximize benefit flexibility and choices for employees, enhance employee job satisfaction, and minimize administrative workload and costs for State agencies.

The staff may hire consultants or experts it considers necessary for the completion of the study. The costs of consultants or experts for analysis of retirement benefits shall be paid for from funds of the Virginia Retirement System pursuant to §30-84 of the *Code of Virginia*. The costs of consultants for any other analysis or advice shall be paid for from additional general fund appropriations to the Commission for that purpose.

In completing the study, the staff shall consider information from employees, agencies, persons knowledgeable about compensation and benefits, and other interested individuals or organizations. The staff shall determine the manner in which it shall solicit and use such information. The staff shall consult with the staffs of the Senate Finance Committee and the House Appropriations Committee and periodically inform the Commission and the committees on the progress of the study. The staff shall consult with the Department of Human Resource Management and the Virginia Retirement System. All agencies of the Commonwealth are requested to provide assistance to the staff in the completion of this study. In addition, all local government agencies and other local entities participating in the Virginia Retirement System are requested to assist the staff.

The staff shall complete its work and submit a report of its findings and recommendations to the Commission by October 30, 2008.