

**Introductory Statement of  
Philip A. Leone  
Review of State Employee Total Compensation  
Joint Legislative Audit and Review Commission  
Tuesday, October 14, 2008**

Mr. Chairman, this morning we will present to you our staff findings, recommendations, and options concerning State employee total compensation, which includes salaries and health insurance, retirement, and leave benefits.

As you recall, in November 2006, the Commission approved a resolution directing the staff to assess the State's current compensation system and opportunities to promote recruitment and retention of a qualified workforce, maximize employee productivity, address long-term growth of costs for retirement and other benefits, maximize benefit flexibility and choice for employees, enhance employee job satisfaction, and minimize administrative workload and costs for State employees. The staff was directed to complete its work and submit a report of its findings and recommendations to the Commission by October 30, 2008.

JLARC staff competitively procured analytical and consulting support from PricewaterhouseCoopers (PwC) and Mercer to assist with this study. These two companies independently compared the State's salaries and benefits to what other public and private employers provide and conducted an assessment and made recommendations to enhance Virginia's approach. Ms. Kim Nicholl, PwC, Ms. Jeanie Adkins, Mercer, and Mr. Bill Howard, Mercer, are here this morning to respond to any questions you may have concerning their analysis and recommendations.

In addition to the consultants, we had the full cooperation and assistance of the VRS Board of Trustees and the VRS Director, Mr. Robert Schultze and his staff, and the Director of the Department of Human Resource Management, Ms. Sara Redding Wilson and her staff. Also, I want to express our appreciation for the assistance provided by the House Appropriations and Senate Finance staffs in evaluating and procuring the consultant proposals.

I would be remiss if we did not recognize the efforts of hundreds of agency human resource personnel whom we surveyed or interviewed. They helped us gain a more complete understanding of the extent to which the salaries and benefits were achieving their intended purposes. In addition, we want to thank the 22,000 employees who responded to our online survey seeking their views about the salaries and benefits they receive. As you may recall, Mr. Chairman, results from these surveys were briefed to you at JLARC meetings earlier this year.

Today's briefing will be divided into two parts. The first part will be concerned with an assessment of State employee total compensation. Part two will present illustrative options for adjusting total compensation for State employees.

Now, Mr. Chairman, I would like to introduce Mr. Justin Brown who will present our staff findings.