

**Options for Total Compensation for State Employees**  
**Philip A. Leone**  
**Joint Legislative Audit and Review Commission**  
**October 14, 2008**

Mr. Chairman, the second part of today's briefing concerns the presentation of options for total compensation for State employees. These options are based on our analytical work, public and private sector trends and best practices identified by PwC and Mercer, and the results of our surveys and discussions with VRS, DHRM, agency human resource personnel, and State employees.

As you know, the State's workforce is diverse in terms of job types, job-associated risk, demographics, and demands of work and family. The options we have developed attempt to strike a balance between the State's need to recruit and retain highly qualified and motivated employees with the short- and long-term costs associated with salaries and other benefits funded by the State.

I want to emphasize several important points.

First, our compensation and benefit analysis does not suggest the amount of funding the General Assembly ought to appropriate in support of employee compensation and benefits. That decision depends on the total compensation strategy, goals, and objectives of the General Assembly and Governor.

Second, the JLARC report presents many illustrative options for the General Assembly to consider to adjust State employee salaries and benefits. We have offered a broad range of options for salaries, health insurance, retirement, and leave benefits. In addition, we propose two total compensation options that can serve as a starting point for discussion and debate. Certainly, many other options are possible, and many may also meet the criteria Mr. Brown will describe to you later. What we are attempting to do with the options today is to provide a framework for discussion of possible approaches. This framework should enhance informed policy decisions about how best to achieve a total compensation strategy that allows the State to continue to recruit and retain a qualified and productive workforce.

In conclusion, Mr. Chairman, when the Commission approved the JLARC study of employee salaries and benefits in 2006, there was discussion of creating a joint legislative subcommittee or commission to study the findings, recommendations, and options contained in the staff report. The results of that study committee would be reported prior to the 2010 session of the General Assembly.

Mr. Brown will now present our proposed options for State employee total compensation.