

Department of Human Resource Management

COMMONWEALTH WORKFORCE UPDATE

SENATE FINANCE AND APPROPRIATIONS
COMMITTEE



January 21, 2025

AGENDA

- DHRM Overview
- Workforce Statistics and Trends
- Compensation Update
- DMV Compensation Project
- Health Benefits – HIF and Procurement
- Key Messages

DHRM OVERVIEW



DHRM OVERVIEW

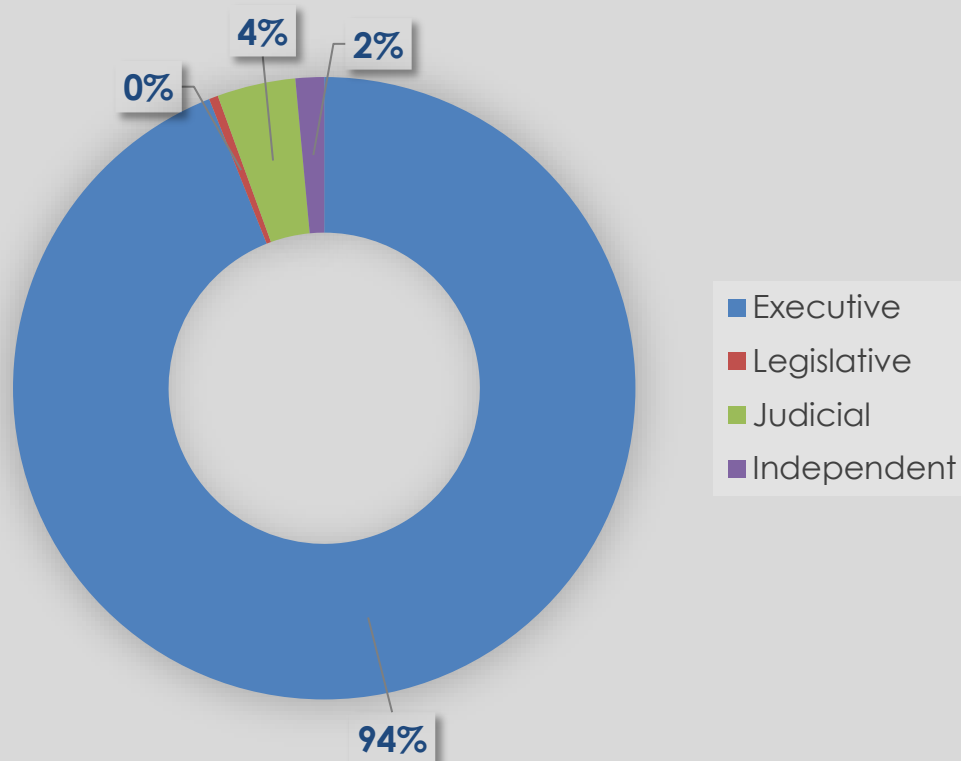
The Commonwealth's Central Human Resource Agency

- State personnel policies
- Base and non-base compensation programs
- Employee-management relations programs, to include alternative dispute resolutions and coaching
- Performance management programs
- Talent acquisition and retention programs and systems
- Employee training and management development
- Job classification plan
- Variety of health benefit programs covering:
 - Current and retired state employees
 - Some local government/political subdivision employees
 - LODA recipients
- Grievance Procedure and a statewide mediation program
- Workers' Compensation for all state employees
- EEO training and compliance



WORKFORCE

STATE WORKFORCE EMPLOYMENT LEVEL



Salaried & Wage (FTE's) as of June 30, 2024

Executive	128,701.61
Ed./Faculty	20,156.49
Legislative	646.78
Judicial	5,575.18
Independent	2,031.55
Total	136,955.12

Total Classified Employees:
56,917

Source: DHRM EPR Reports 6/30/2024

STATE WORKFORCE EMPLOYMENT LEVEL

Employee Resource Levels (all position types)

STATEWIDE FTEs as of 06/30/2024		
SALARIED EMPLOYEES		
Executive	101,949.12	74.4%
Legislative	536.80	0.4%
Judicial	3,785.51	2.8%
Independent	1,919.78	1.4%
Total Salaried	108,191.21	79.0%
WAGE EMPLOYEES		
Executive	26,752.49	19.5%
Legislative	109.98	0.1%
Judicial	1,789.67	1.3%
Independent	111.77	0.1%
Total Temporary	28,763.91	21.0%
TOTAL EMPLOYEES	136,955.12	100%

Source: DHRM EPR Reports 06/30/2024

Majority of executive branch employees are in Education

Executive Branch	FTEs	%
Education	54,037.97	53.0%
Public Safety & Homeland Security	16,911.14	16.6%
Health and Human Resources	12,763.37	12.5%
Transportation	9,749.31	9.6%
Natural Resources	2,071.96	2.0%
Commerce & Trade	416.15	0.4%
Finance	1,130.85	1.1%
Administration	1,141.15	1.1%
Veterans and Defense Affairs	1,174.81	1.2%
Agriculture & Forestry	779.10	0.8%
Executive Offices	665.87	0.7%
Labor	1,107.44	1.1%
TOTAL	101,949.12	100%

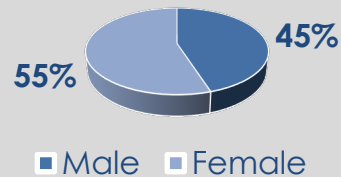
Source: DHRM EPR Reports 06/30/2024

CLASSIFIED STATE WORKFORCE DEMOGRAPHICS

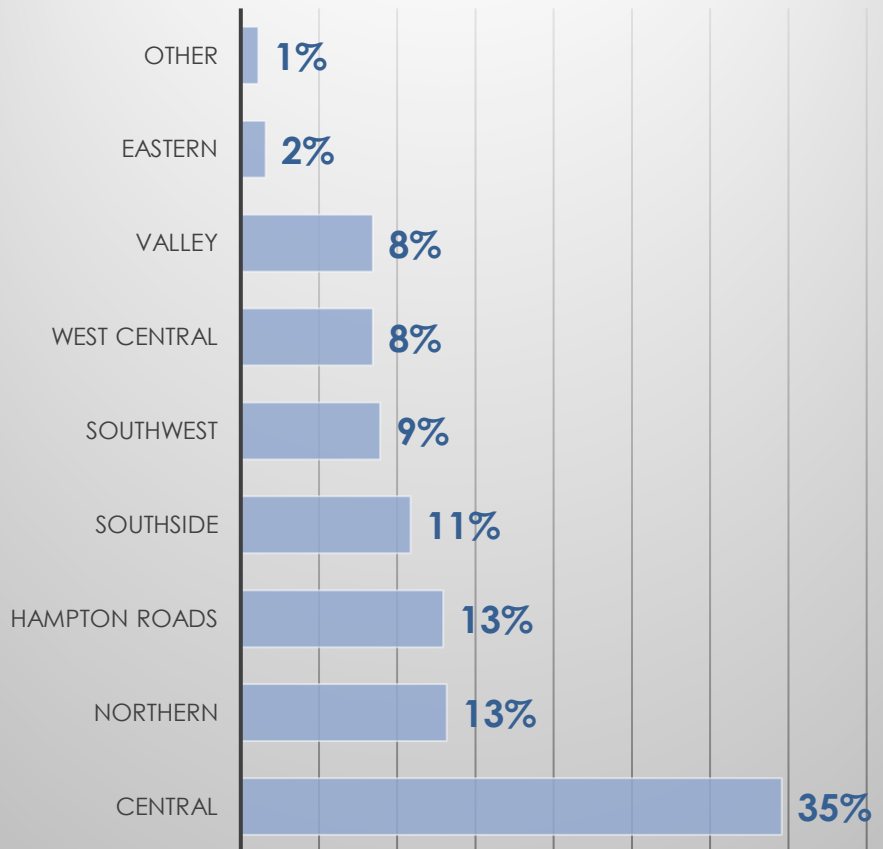
**Average
Age**

46.7 years

Gender



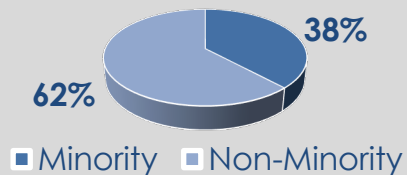
Classified Employees by Area



**Average
Years of
Service**

10.3 years

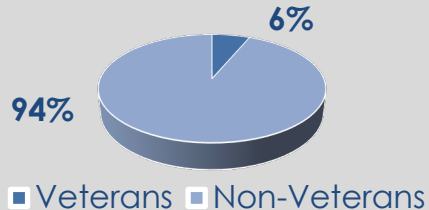
Diversity



**Average
Age of
New Hires**

37.7 years

Veterans



STATE WORKFORCE TOP TEN AGENCIES & JOB ROLES

2/3 of classified workforce in ten agencies

Agency	# Employees
1. Department of Corrections	10,293
2. Department of Transportation	7,290
3. Department of Behavioral Health & Development Services	5,535
4. Virginia Department of Health	3,101
5. Virginia State Police	2,677
6. George Mason University	2,039
7. Department of Motor Vehicles	1,942
8. Department of Social Services	1,579
9. James Madison University	1,463
10. Department of Juvenile Justice	1,330

38% of classified workforce in 10 roles

Job Role	# Employees
1. Admin and Office Spec III	5,260
2. Security Officer III	4,471
3. Transportation Operator II	2,142
4. Direct Service Associate III	2,037
5. Prog Admin Specialist II	1,825
6. Prog Admin Specialist I	1,693
7. Probation Officer I	1,226
8. Admin and Office Spec II	1,199
9. Info Technology Specialist II	1,153
10. Financial Services Spec I	1,152

CLASSIFIED STATE WORKFORCE RECRUITMENT & RETENTION

FY24 Recruitment	
Vacancy Rate	22.4%
Average Time to Hire*	78 days
Total Recruitments	16,088
Promotions	13.8%
Demotions	1.4%
Transfers	20.9%
New Hires/Rehires	64.0%
Average Age of New Hires/Rehires	37.7 years

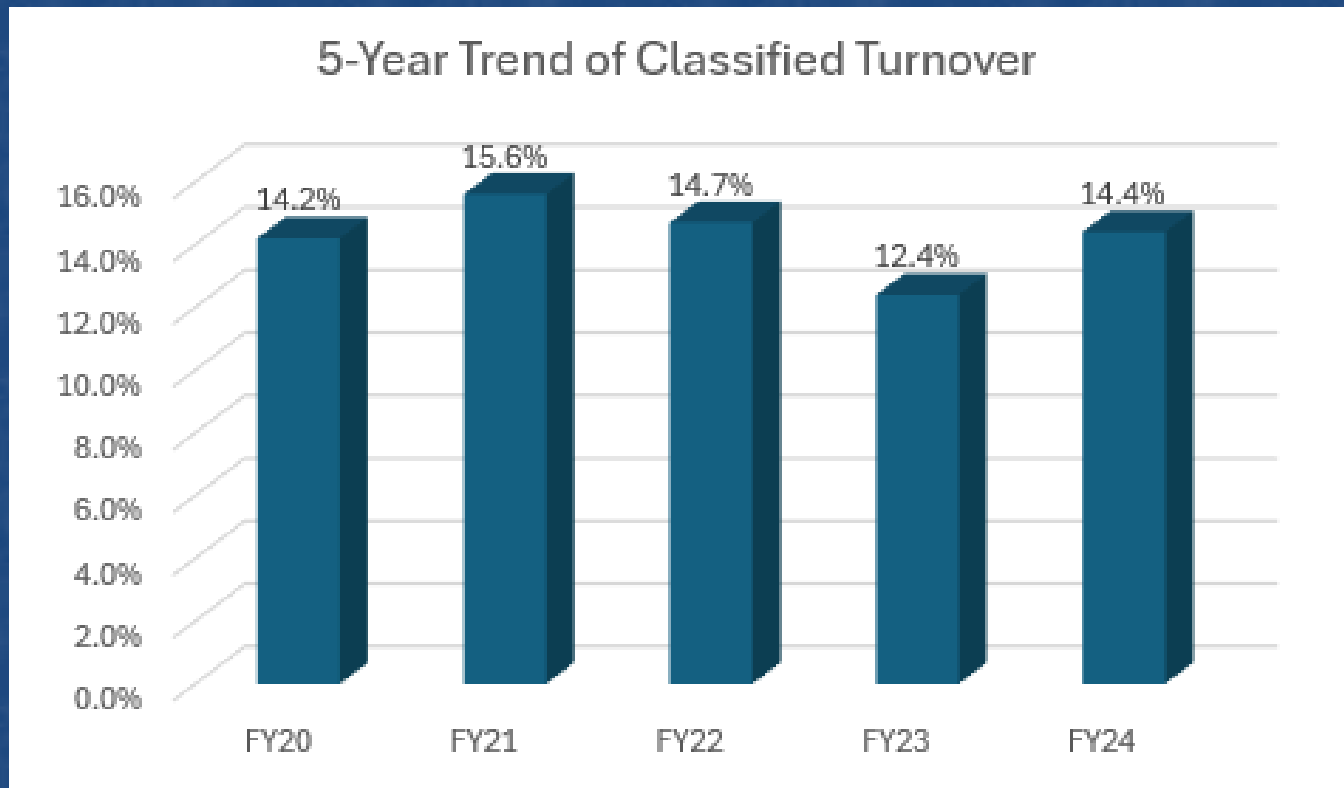
*Includes Recruitments in Pageup only

FY24 Retention	
Turnover Rate	14.4%
Turnover - Probationary	21.7%
Turnover - < 5 Years Service	6.5%*
Eligible Retirement Today	5.2%
Eligible Retirement Within 2 Years	8.5%
Retirement Rate	1.4%

Source: Based on available Cardinal data FY24

*Based on calendar year 2023 5-year survival rate

CLASSIFIED WORKFORCE DATA - TURNOVER



CLASSIFIED STATE WORKFORCE TELEWORK

	FY23 Count	FY23 Percentage	FY24 Count	FY24 Percentage
Total Executive Branch Classified Employees	57,137		57,258	
Total Executive Branch Classified Positions Eligible to Telework	24,315	43%	25,147	44%
Total Eligible Executive Branch Classified Employees Teleworking	15,206	63%	16,062	64%

COMPENSATION

CLASSIFIED COMPENSATION AS OF 6/30/24

STATEWIDE SALARIES & PAY BANDS

• **Lowest Paid**

- \$15,204 Annually
 - 1 Admin and Office Spec III
- \$18,207 Annually
 - 1 Admin and Office Spec II
- \$20,363 Annually
 - 1 Hsekeep &/or Apparel Worker I

• **Highest Paid**

- \$419,590 Annually
- Physician Manager II at DOI

• **Modal Band is Pay Band 3**

• **Federal minimum wage**

- \$7.25 per hour
- \$15,080 annually

• **Virginia State minimum wage**

- \$12.00 per hour
- \$24,960 annually

Bands	Range			Employees	
	Minimum	SW Maximum	NOVA Maximum	Number	Percent
1	\$27,534	\$63,719	\$80,058	1,346	2.4%
2	\$29,622	\$78,519	\$99,299	4,341	7.7%
3	\$32,843	\$90,832	\$115,307	16,547	29.2%
4	\$42,905	\$113,942	\$145,347	15,960	28.1%
5	\$56,051	\$144,131	\$184,592	12,892	22.7%
6	\$73,226	\$183,568	\$235,864	4,594	8.1%
7	\$95,665	\$235,099	\$280,268	680	1.2%
8	\$124,972	\$302,413	\$361,044	146	0.3%
9	\$163,268	MARKET	MARKET	17	0.0%

STATE SALARIES	MEAN	MEDIAN	1ST QUARTILE	3RD QUARTILE	LOWEST	HIGHEST	COUNT
All Pay Areas	\$69,865	\$61,305	\$48,538	\$82,735	\$15,205	\$419,590	56,728
NOVA Pay Area (FP)	\$77,350	\$70,000	\$57,363	\$89,858	\$24,245	\$342,685	6,856
Statewide Pay Area (SW)	\$68,836	\$59,891	\$48,056	\$81,632	\$15,205	\$419,590	49,872

PRIVATE INDUSTRY AVERAGE PAY INCREASES

Private Industry Average 2022-2024 Salary Increase	Commonwealth Statewide 2022-2024 Salary Increase
12.3%	15.0%

Biennium Compensation Report - 2023

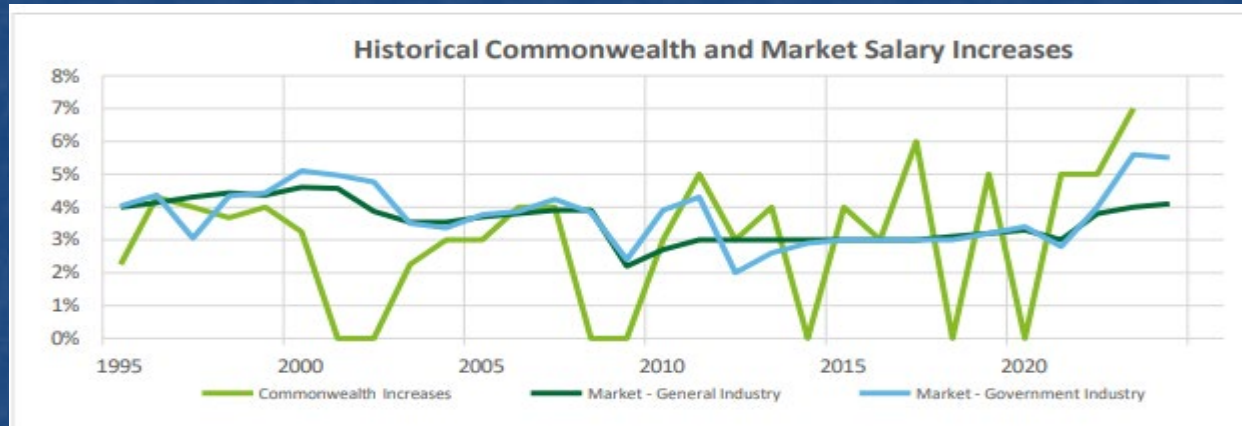
PRIVATE INDUSTRY AVERAGE PAY INCREASES

Private Industry Average Salary Increases 2001 - 2023

3.4%

Commonwealth Statewide Average Salary Increases 2001 - 2023

2.9%



Biennium Compensation Report - 2023

PROJECTED PRIVATE INDUSTRY AVERAGE PAY INCREASES IN 2025

Projected Private Industry Average
2025 Salary Increase¹

3.7%

Estimated Commonwealth Classified
Average Statewide 2025 Salary
Increase

3%

¹ [Salary budget planning report by WTW](#)

STATEWIDE SALARY STRUCTURE & JOB ARCHITECTURE

- In partnership with Deloitte, DHRM has begun work to review current state of the Commonwealth's 25-year-old salary structure and job architecture
- This effort will
 - Identify areas for the Commonwealth compensation management system to align with market best practice, and
 - Support the Commonwealth's compensation philosophy to compensate its employees at a rate comparable to the rate of compensation for employees in the private sector of the Commonwealth in similar occupations

FLSA FINAL RULE & VIRGINIA MINIMUM WAGE UPDATE

- November 15, 2024, the U.S. District Court for the Eastern District of Texas vacated the Biden administration's proposed overtime rule to increase the salary threshold for exemption from overtime pay
- Virginia Minimum Wage increased from \$12.00/hour to \$12.41/hour, effective January 1, 2025
 - Guidance provided to all agencies beginning in August 2024 to ensure staff wages are compliant

DMV COMPENSATION PROJECT

DMV PROJECT UPSHIFT

The situation:

- Monthly turnover rates averaging 35% to 46%
- Takes 12 months to fully-train and the agency had fewer than 40% employees fully-trained, with turnover impacting that number

The study:

- Notified DHRM and Transportation Secretary of the intent to conduct comprehensive market-based pay study
- Study began in late 2023 with Deloitte leading the review

The Solution - Project Upshift:

- Bring employee pay up to market minimums and develop career pathways for advancement to keep DMV competitive in attracting and retaining people
 - Phase I - rewrite all agency job descriptions and individual accountabilities and elevate minimum salaries for specific roles the study highlighted as lower than market, approximately 60% of the workforce will see increases over 5 Waves; slated for completion by the end of January 2025; salary increases back-dated to August 25
 - Phase II – focus on defining skill levels (emerging to expert) for each role and align pay based on those skills and performance/experience in role; in addition, new career paths will be outlined to encourage cross-functional growth and experience; work will begin in March 2025

HEALTH BENEFITS

HEALTH BENEFITS OVERVIEW

- Office of Health Benefits provides oversight for the state health plan that covers:
 - Just over 207,000 eligible state employees, non-Medicare retirees and their dependents
 - Five medical plans: three statewide/national plans (PPO, HDHP and CDHP) and two regional plans with basic dental
 - Optional coverage for expanded dental, vision, hearing, and out-of-network available for most plans
- The Commonwealth pays an average of 88% of the premium cost for each coverage type (Employee Only, Employee Plus One, Family) versus most employers who cover 70% for Employee Only and 50%-60% for Family coverage

HEALTH BENEFITS OVERVIEW

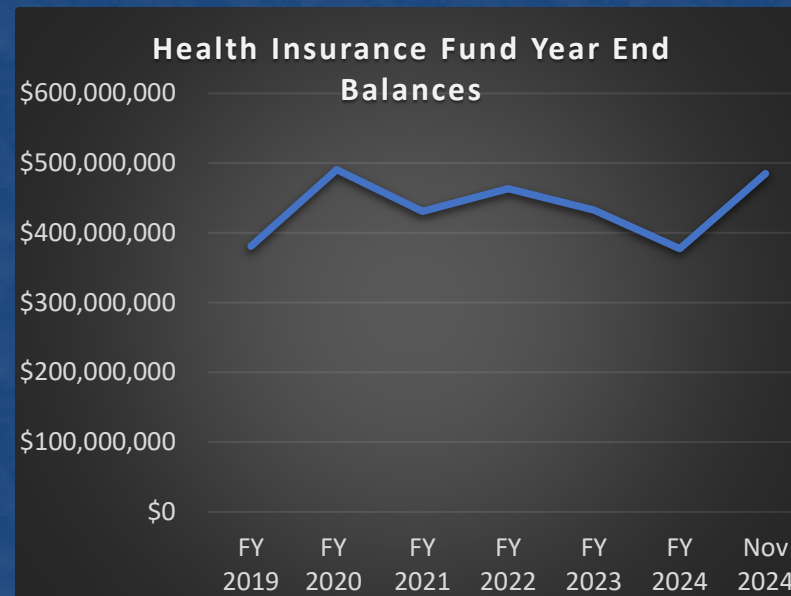
- Office of Health Benefits also manages:
 - The Local Choice - A local government/political subdivision health plan that covers 85,000 participants (employees and dependents); four plans available (two statewide/national and two regional)
 - A Medicare retiree health plan that covers over 43,000 members
 - The Line of Duty Act (LODA) health program with 3,600 members
- In aggregate, these plans have a total claims and administrative cost of approximately \$2 Billion a year

HEALTH BENEFITS

HEALTH INSURANCE FUND

Active & Early Retiree Plan Year End and Current Balances

- FY 2019 - \$380.9 million
- FY 2020 - \$490.7 million
- FY 2021 - \$430.7 million
- FY 2022 - \$463.3 million
- FY 2023 - \$432.5 million
- FY 2024 - \$377.4 million
- As of Nov 2024 - \$485 million



HEALTH BENEFITS PROCUREMENT UPDATE

- Ensure market competitiveness
 - Current contract term deemed too long (10 years)
 - Shorten term and include specific deliverables
- Incorporate Definitive Expectations
- Consider new, innovative solutions, such as values-based models

Scope

- Plan administration for the three self-insured health plans (two fully-insured plans are excluded) and our Pharmacy Benefit Manager

HEALTH BENEFITS PROCUREMENT UPDATE

COMPLETED

- Solicitation for the three current self-insured health plans and the pharmacy benefit manager closed in October (four components)
 - COVA Care
 - COVA HDHP
 - COVA HealthAware
 - Pharmacy Benefit Management
- Proposals reviewed and scored
- Interviews and Finalist meetings held with all qualified offerors

NEXT STEPS

- High Risk Procurement under review by OAG and DGS
- Notice of Intent to Award will be issued upon conclusion of review

KEY MESSAGES

KEY MESSAGES

- Workforce

- Attracting and retaining talent is critical, ongoing focus
 - Service retirements continue to be above average
 - Mid-level to higher level professionals and managers
 - Turnover slightly increased, and voluntary resignations in first 5 years remain significant
 - Workforce planning and knowledge transfer critical

- Compensation

- Statewide 3% salary adjustments brought classified salaries closer, but still lag behind market
- Minimum wage increased January 2025 to \$12.41/hr (3.4% increase) with minimal impact to statewide classified workforce
- FLSA Exempt and Highly Compensated Employee Salary Threshold increases have been vacated and are pending legislation
- Review of 25-year-old statewide classified salary structure and job architecture in process
- Biennial Compensation Review will begin later this Spring

QUESTIONS

