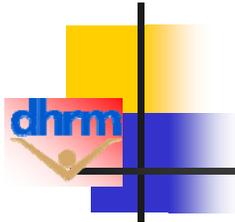


Commonwealth of Virginia Compensation and Benefits

Department of Human Resource Management

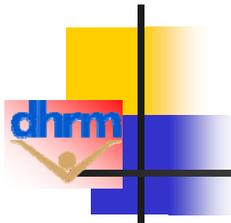
House Appropriations Committee
Compensation and Retirement Subcommittee
General Assembly Building, Richmond, VA
January 24, 2008



Employment Level

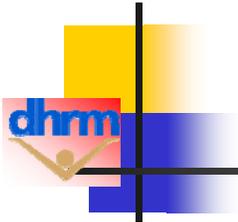
■ Authorized Employment Level	110,509.66
■ Salaried Employees	102,654.62
■ Wage Employees	16,280.26
■ Contractors	1,421.00
■ General Fund Employees	44%
■ Non-General Fund Employees	56%

Classified Employees



Employee Demographics

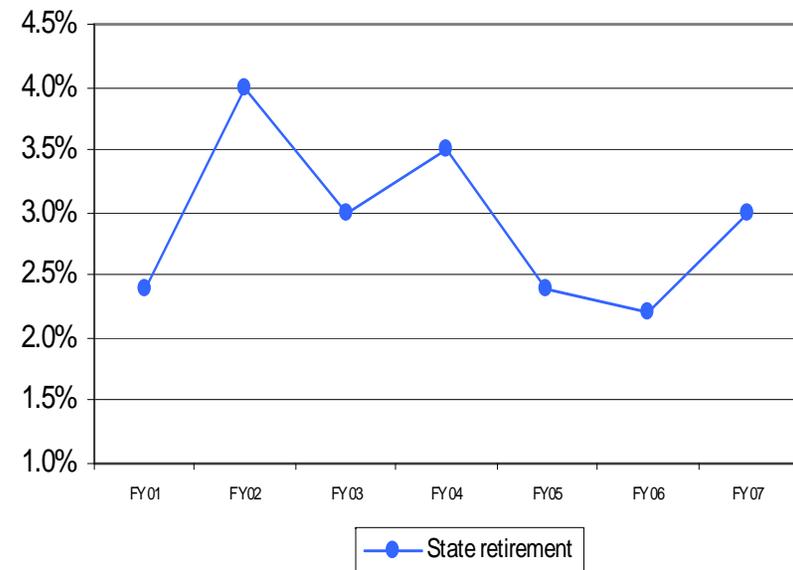
■ Average Age	46 yrs
■ Average Years of Service	11.0 yrs
■ Gender Male	45.8%
Female	54.2%
■ Race Minority	34.0%
Non-Minority	66.0%
■ Veteran Veteran	9.9%
Non-Veteran	90.1%



Classified Employees Retirement Eligibility

- Currently Eligible 9.5%
- Eligible \leq 5 yrs 22.7%
- Retirement Rate 3.0%

Retirement Trends





Classified Employees Agencies with Highest Turnover Rate

- 22 agencies exceed the 11.3% average state turnover rate

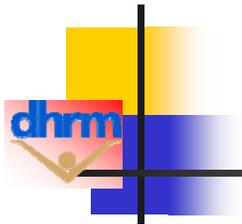
Top 10 Agencies with 50+ classified employees Highest Turnover Rates			
Agency Code	Agency	Position Level	Turn-over
912	Dept of Veterans Services	193	38.3%
720	Dept Mental Health & Mental Retardation	8,766	17.8%
140	Dept of Criminal Justice Services	122	17.3%
777	Dept of Juvenile Justice	2,251	16.8%
247	George Mason University	1,335	15.8%
217	Radford University	577	15.1%
236	Virginia Commonwealth University	2,490	14.7%
425	Jamestown-Yorktown Foundation	157	14.1%
701	Dept of Corrections	11,892	13.9%
215	University of Mary Washington	291	12.7%



Classified Employees Roles with Highest Turnover Rate

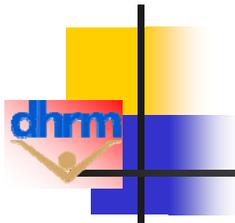
- 41 of 146 Roles exceed the 11.3% average state turnover rate

Top 10 Roles with 50+ classified employees Highest Turnover Rate			
Role	Pay Band	# in Role	Turn-over
Direct Service Associate II	2	3598	23.7%
Emergency Coordinator I	3	106	23.6%
Lab & Research Spec I	3	324.5	23.1%
Licensed Practical Nurse	3	649.5	21.9%
Trades Technician II	2	81	19.8%
Security Officer III	3	7207	19.7%
Law Enforcement Officer I	3	224	19.6%
Food Service Technician I	1	469.5	18.5%
Registered Nurse I	4	658.5	18.2%
Food Service Technician II	2	162	17.3%



Classified Employees Salaries

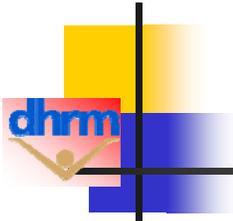
- Average salary \$42,142
- Median Salary \$37,466
- Lowest Salary \$14,780
- Highest Salary \$260,000



Classified Employees Pay Bands

- Pay Band 3 has the most employees

BANDS	RANGE		EMPLOYEES	
	Minimum	Maximum	Number	Percent
1	\$ 15,371	\$ 31,548	2,401	3.4%
2	\$ 20,082	\$ 41,214	10,515	15.0%
3	\$ 23,999	\$ 49,255	23,744	33.9%
4	\$ 31,352	\$ 64,347	17,573	25.1%
5	\$ 40,959	\$ 84,062	11,642	16.6%
6	\$ 53,510	\$ 109,818	3,491	5.0%
7	\$ 69,907	\$ 143,470	414	0.6%
8	\$ 91,324	\$ 187,430	209	0.3%
9	\$ 119,308	MARKET	18	0.0%

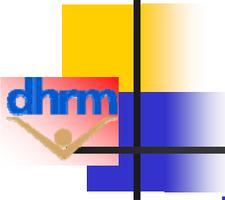


Classified Employees Pay Actions Taken

- Total pay actions taken 36,638
- Total pay adjustments 26,238
- Average pay adjustment 2.23%

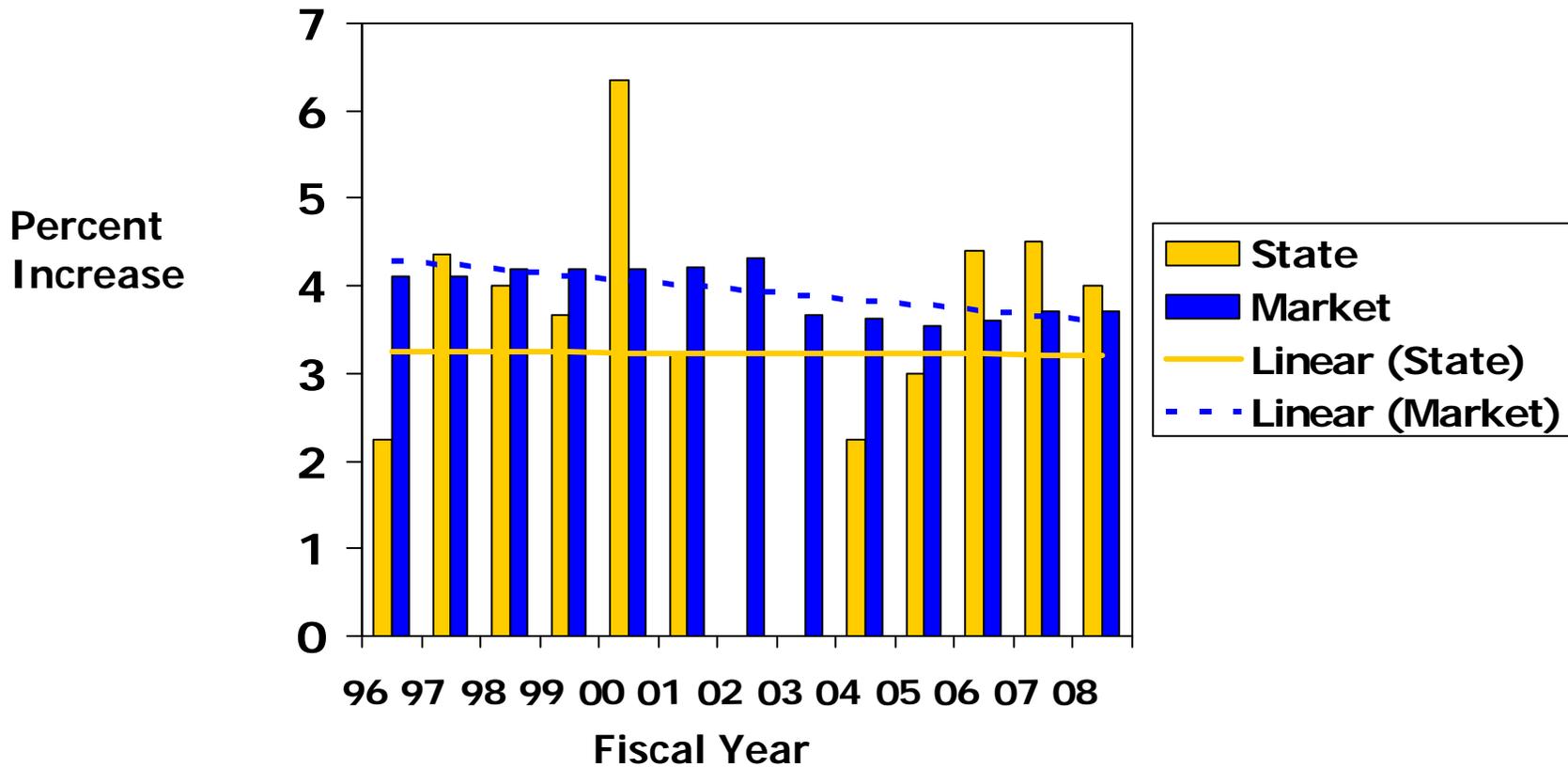
Pay Action	# Actions	# Pay Adjust.	Avg. % Adjust.
Promotions	2003	1979	14.8%
Demotion - Voluntary	252	124	-10.6%
Demotion - Performance	8	8	-7.4%
Demotion – Disciplinary	24	24	-7.5%
Disciplinary Pay Actions	3	3	-3.3%
Role Change – Upward	976	693	9.2%
Role Change – Lateral	326	109	7.0%
Role Change – Downward	67	8	-4.3%
Vol Transfer – Competitive	2824	1824	9.4%
Vol. Transfer - Non-Competitive	922	120	2.5%
Temporary Pay – All Reasons	1097	1114	5.6%
End Temporary Pay	771	796	-8.1%
Competitive Salary Offer	206	183	12.6%
Reassignment within Band	346	0	-
Apply/Adjust Special Rate	1275	1287	1.0%
IBA – Change in Duties Increase	1305	1305	4.2%
IBA – New KSAs/Competencies	1645	1645	7.7%

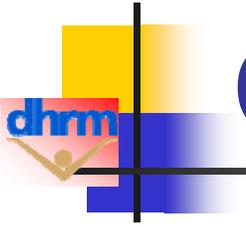
Pay Action	# Actions	# Pay Adjust.	Avg. % Adjust.
IBA – Retention	1783	1783	6.1%
IBA – Internal Alignment Increase	5484	5484	6.4%
Bonus – Change in Duties	232	232	3.0%
Bonus – Internal Alignment	477	477	1.7%
Bonus – New KSAs/Comp.	540	540	1.7%
Bonus – Retention	140	140	2.8%
Bonus – Recognition, Monetary	5932	5932	0.8%
Bonus – Recognition Non-Monetary	430	0	-
Bonus – Sign-On	218	218	2.8%
Bonus – Recognition Leave	7066	0	-
Bonus – Project	53	53	2.4%
Bonus – Referral	68	68	0.8%
Exceptional Retention Bonus	86	86	5.9%
Exceptional Retention Leave	20	0	-
Sign-On Leave	55	0	-
Suggestion Award	4	3	0.5%



State Employee Salary Comparison Market Increases

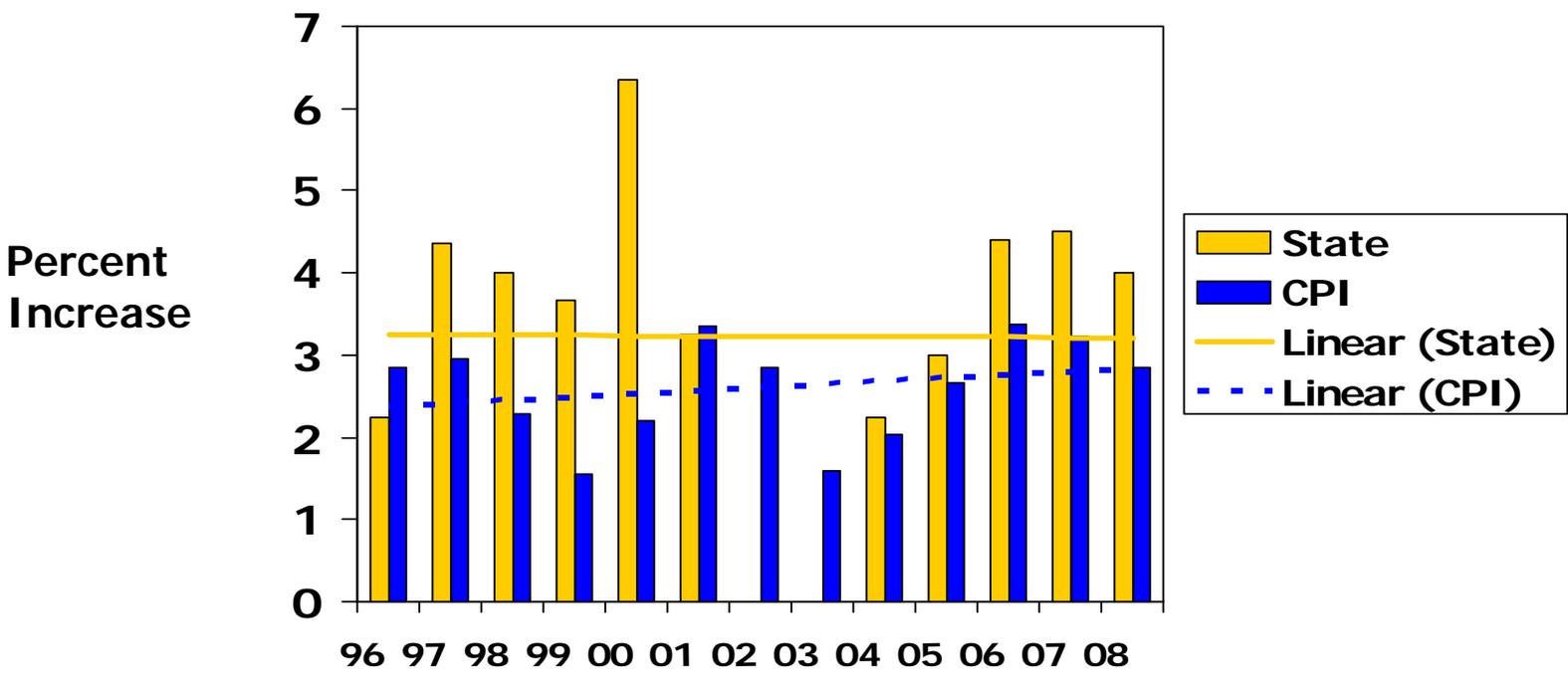
- State employee salary increases lag the market





State Employee Salary Comparison CPI Increases

- Consumer Price Index increases are approaching State employee salary increases



Source: Appropriation Acts, Bureau of Labor Statistics

State Employee Salary Comparison Private Sector Salary



- On average, State salaries for selected occupations are 15.2% below Private Industry
- State more competitive when benefits considered

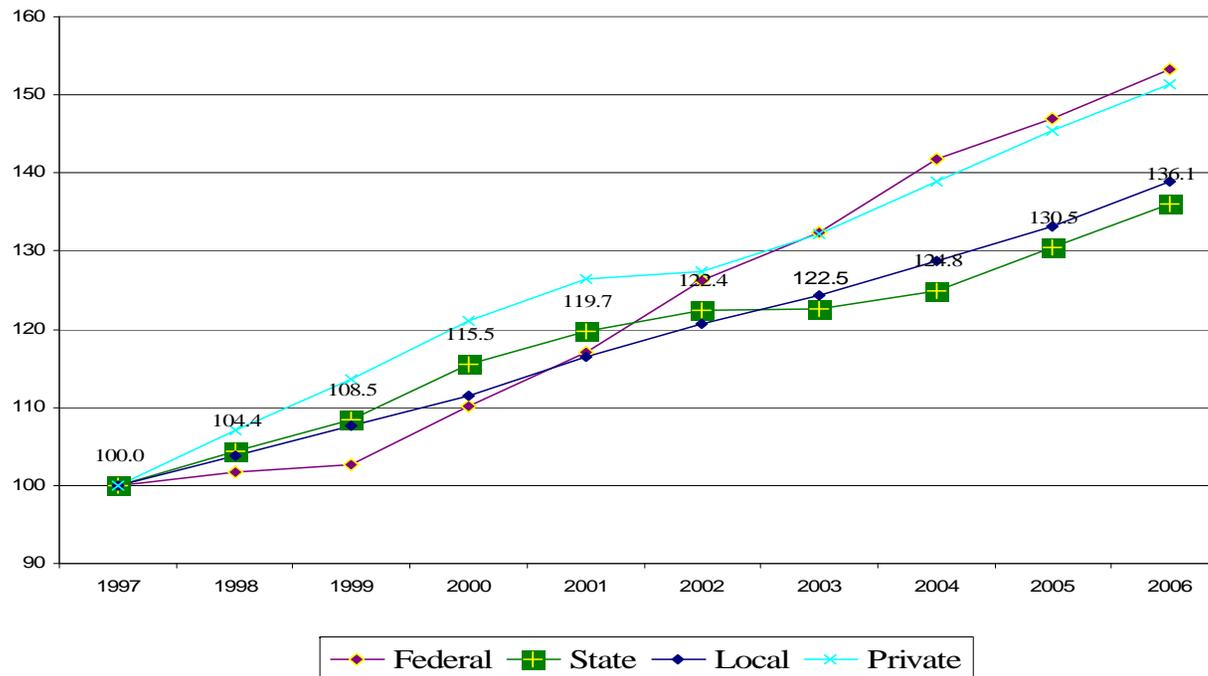
Occupation	Private Industry	State	Deviation
Truck Driver, Light	\$23,400	\$20,068	-16.60%
Cook	\$26,800	\$24,482	-9.50%
Security Guard, Unarmed	\$27,700	\$24,651	-12.40%
Laboratory Aide	\$25,900	\$25,004	-3.60%
Mail Clerk	\$26,300	\$25,139	-4.60%
Cashier	\$23,700	\$28,419	16.60%
Secretary	\$34,300	\$29,230	-17.30%
Yard Laborer/Janitorial Supv.	\$37,600	\$31,440	-19.60%
Maintenance Electrician	\$44,500	\$36,082	-23.30%
Marketing Specialist	\$50,600	\$39,324	-28.70%
Medical lab Tech	\$39,300	\$40,430	2.80%
Accountant	\$48,200	\$42,283	-14.00%
Social Worker (MSW)	\$49,500	\$43,578	-13.60%
Employee Training Specialist	\$52,400	\$44,140	-18.70%
Staff RN	\$56,900	\$45,728	-24.40%
Attorney	\$96,500	\$49,858	-93.50%
Internal Auditor	\$65,800	\$52,136	-26.20%
Chemist	\$63,800	\$52,943	-20.50%
HR Admin Supv.	\$76,400	\$56,528	-35.20%
Environmental Engineer	\$53,800	\$58,055	7.30%
Architect	\$55,100	\$61,865	10.90%
Physical Therapist	\$65,600	\$66,793	1.80%
Systems Analysis Supv.	\$80,700	\$75,016	-7.60%
Data Base Administrator	\$87,000	\$79,271	-9.80%
Generic Engineer Supv.	\$101,200	\$84,590	-19.60%

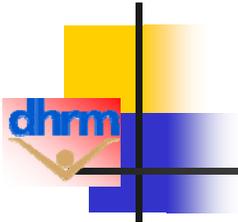
Source: PMIS, Watson-Wyatt, Spring 2007

State Employee Salary Comparison

Average Weekly Wage

- Indexed to 1997 weekly wage
- State wages below all sectors

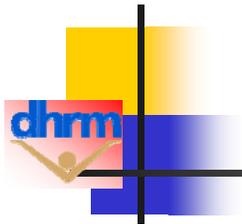




State Employee Salary Comparison Selected Localities

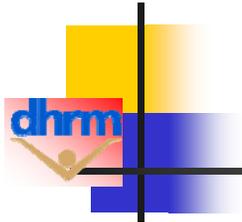
- State dropped below the locality average in FY 08

BASE SALARY INCREASES					
Locality	FY-04	FY-05	FY-06	FY-07	FY-08
Richmond City	3.00%	3.00%	3.00%	3.00%	3.00%
Charlottesville	3.50%	3.00%	4.00%	4.00%	4.00%
Montgomery County	2.50%	5.50%	4.80%	2.50%	6.77%
Fairfax County	4.00%	4.32%	4.37%	4.40%	4.98%
Chesterfield County	2.50%	4.00%	3.00%	4.00%	5.25%
Norfolk	4.00%	4.00%	4.00%	4.50%	4.50%
Chesapeake	3.00%	3.00%	4.00%	4.00%	4.50%
Augusta County	4.00%	4.00%	4.00%	3.83%	3.06%
Locality Average	3.31%	3.85%	3.90%	3.78%	4.51%
State Employees	2.25%	3.00%	4.40%	4.50%	4.00%



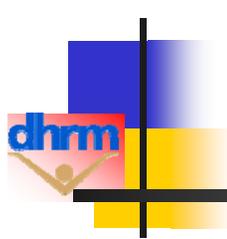
State Employee Salary Comparison National Market

- 2008 National trends
 - 3.74% average salary increase
 - Similar to 3.73% in 2007
 - 2.90% salary range adjustment



State Employee Salary Budget Proposal

- 2008 - 2010 State Budget – SB30
 - No increase in FY09
 - 3.0% proposed increase on July 1, 2009
 - No salary range adjustment in FY09
 - 3.0% range adjustment on July 1, 2009



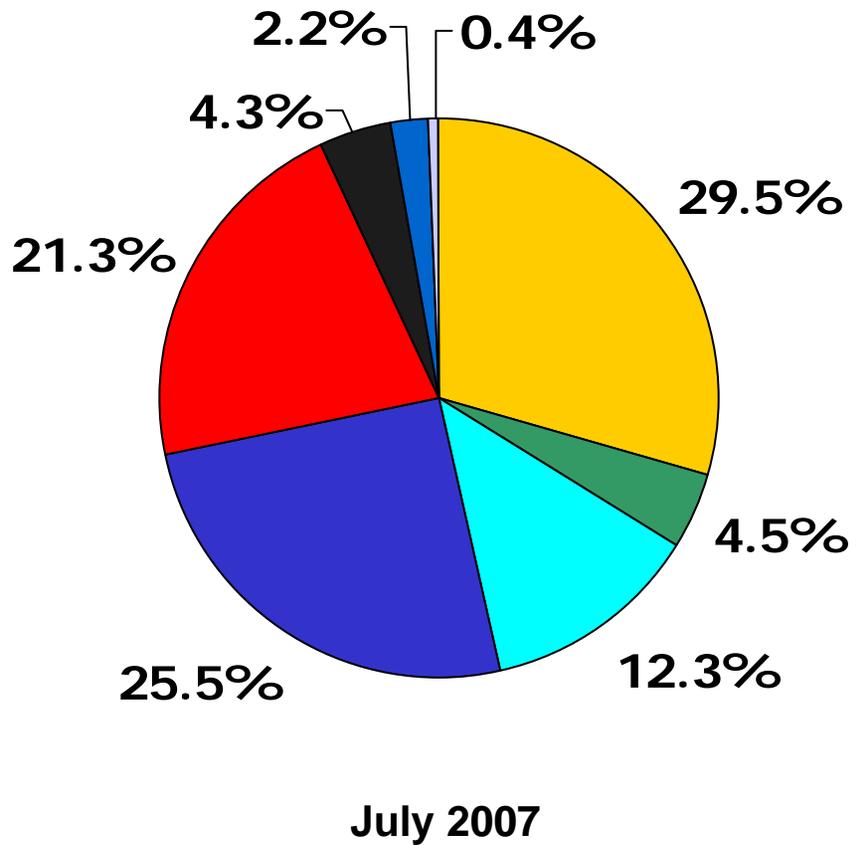
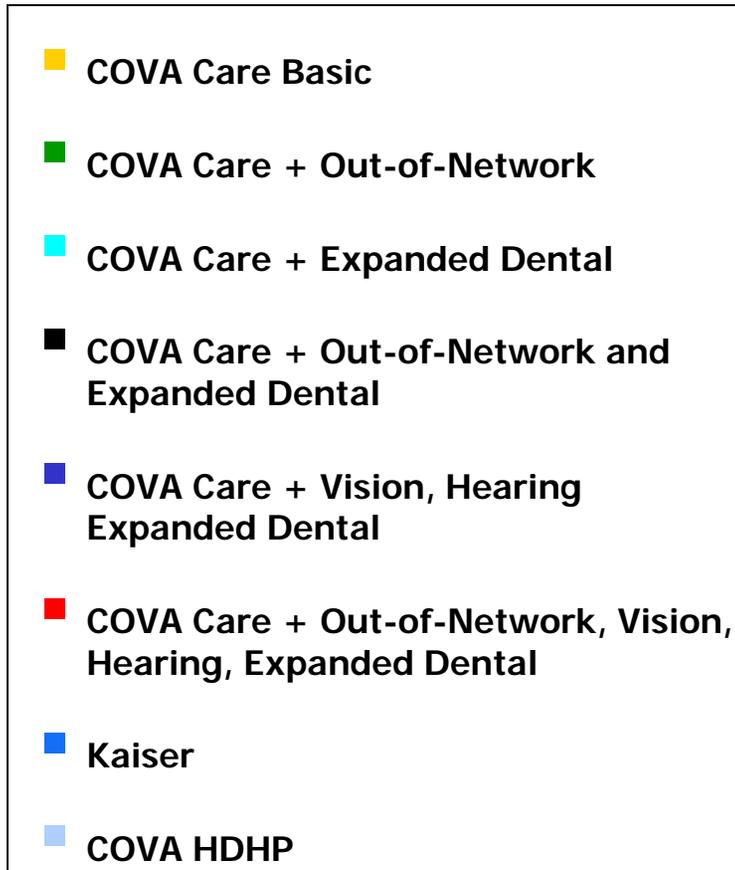
State Health Benefits



FY 08

Enrollment by Plan

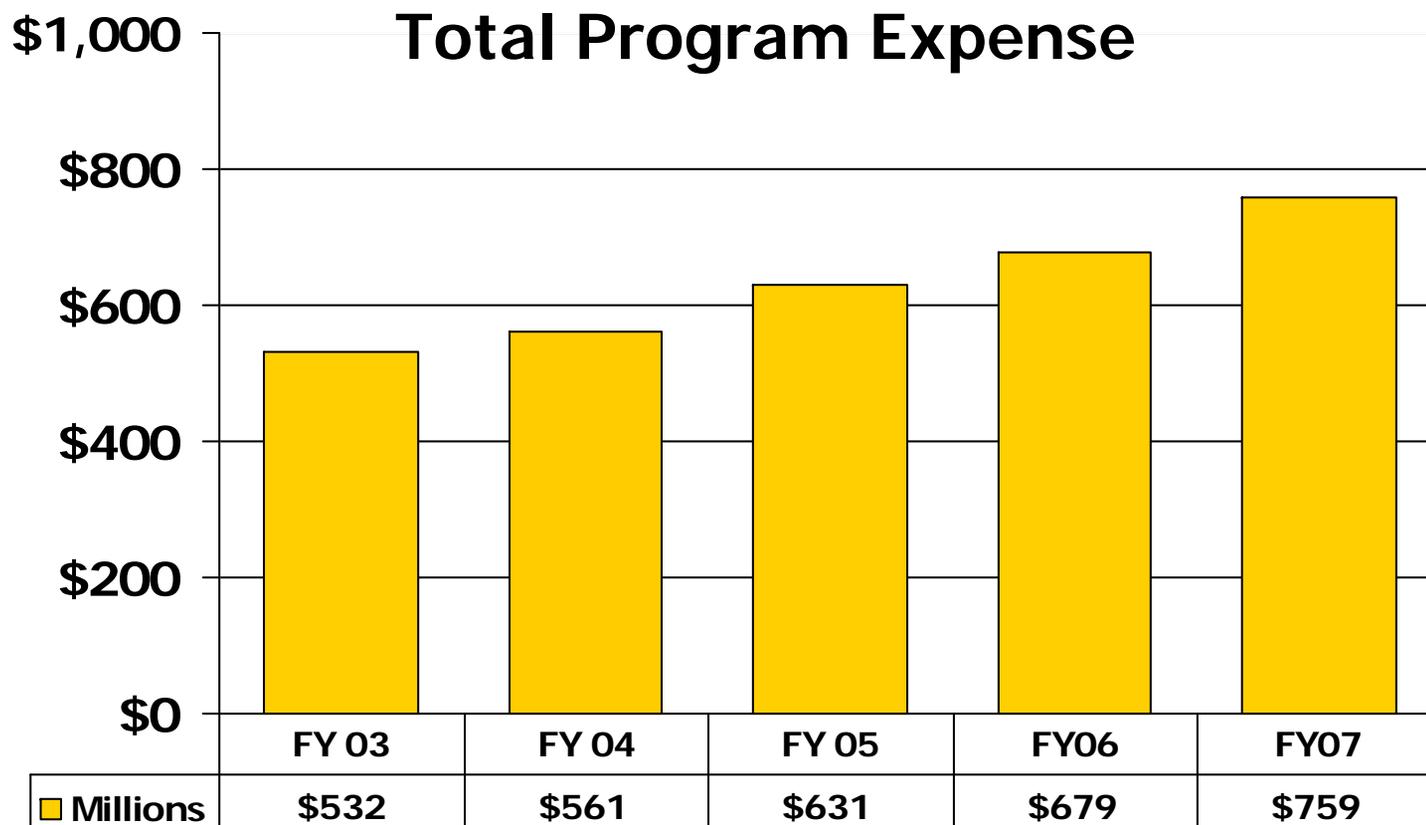
■ 94,645 enrolled in all plans

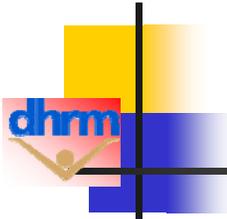




Cost Trends

- Total program expense increased 12% in FY 07

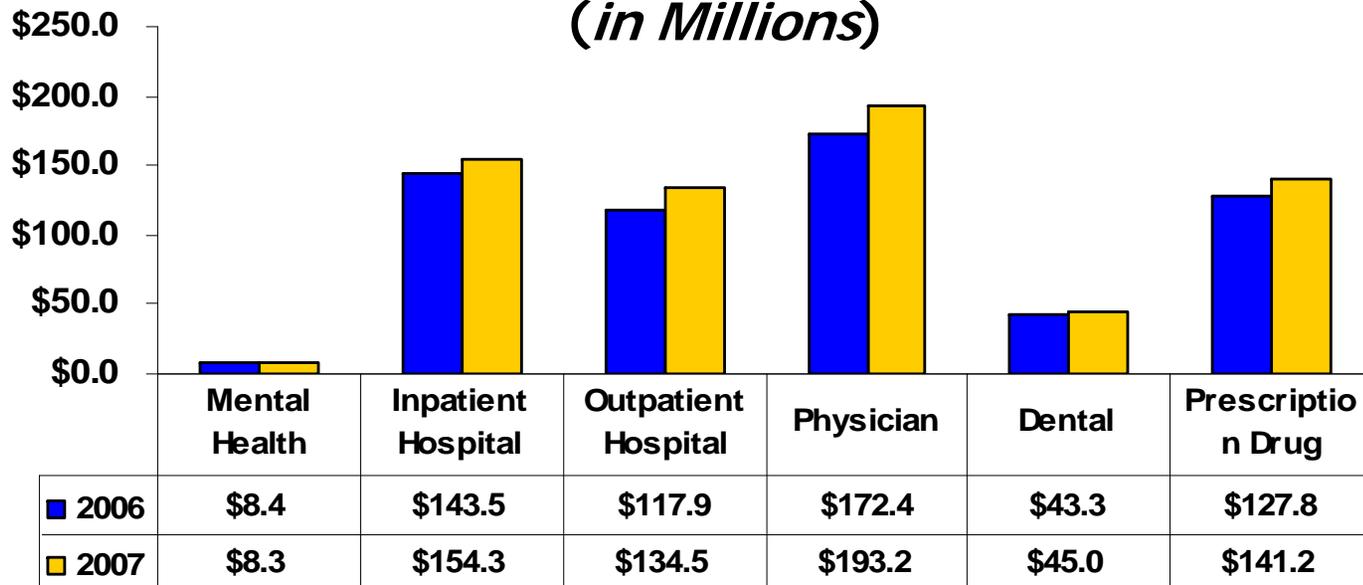


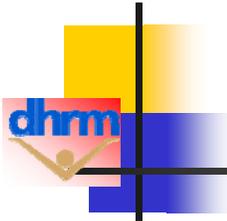


Claims Expense

- \$676.5 million total claims in FY 07
- 10.2% increase in FY 07 from prior year
- 11.2 % national trend increase in FY 07

Total Claims Paid (in Millions)

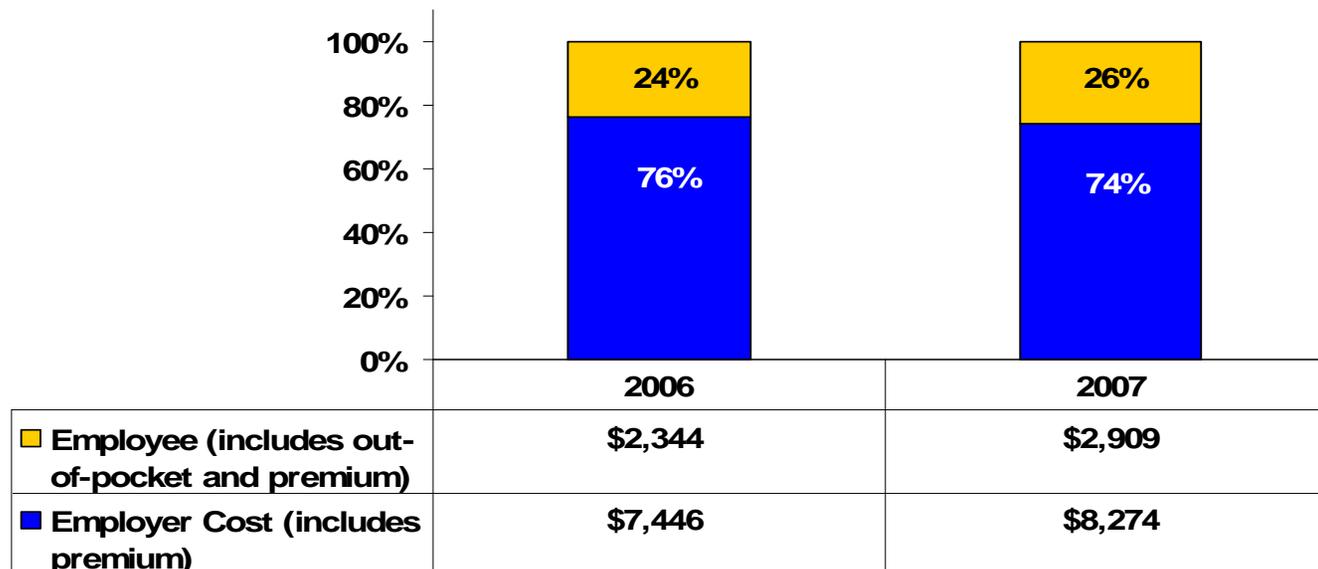




Claims Expense

- \$11,183 total claims cost per employee in FY 07

Total State Health Benefits Cost Per Employee



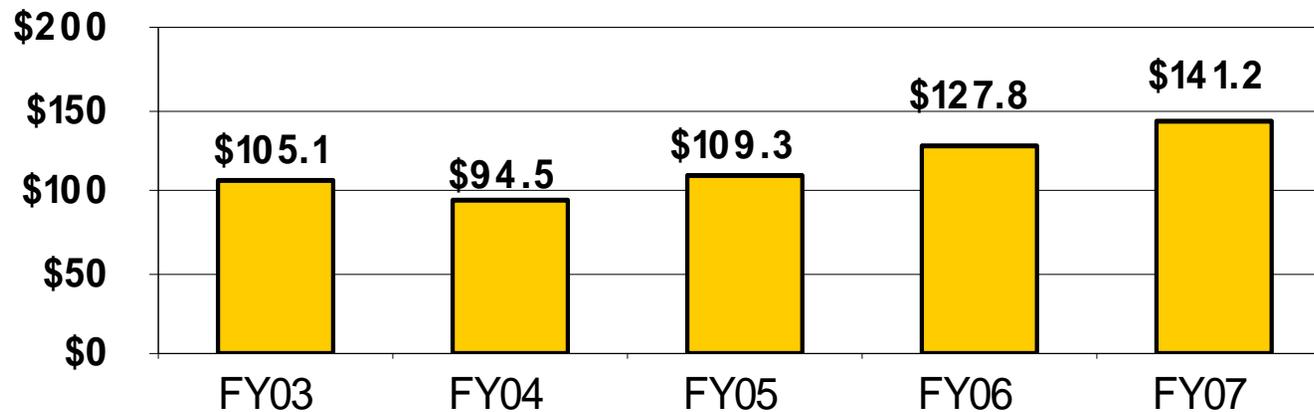
*Employee contribution to premium varies by dependent coverage, In general, premium represents 12 percent of total employee cost.



Cost Drivers Pharmacy

- Pharmacy costs up 11% in FY 07

Total Pharmacy Expense (In Millions)



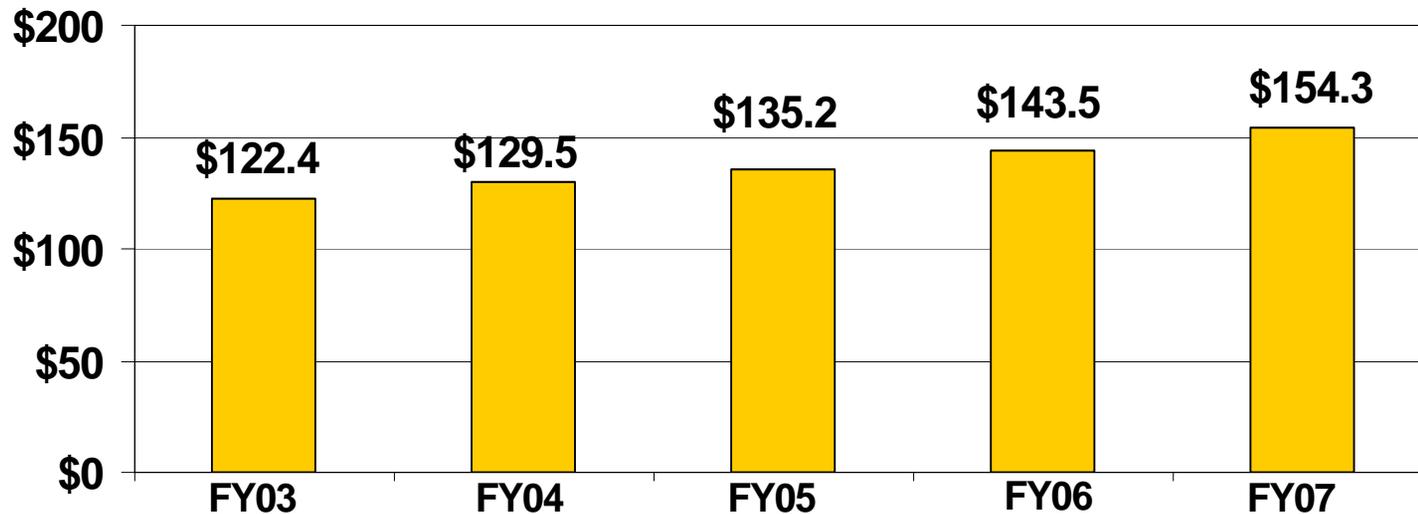


Cost Drivers

Inpatient Facilities

- Inpatient facility costs up 8% in FY 07

Total Inpatient Facility Expense
(In Millions)





Cost Drivers

Outpatient Facilities

- Outpatient facility costs up 14% in FY 07

Total Outpatient Facility Expense *(In Millions)*

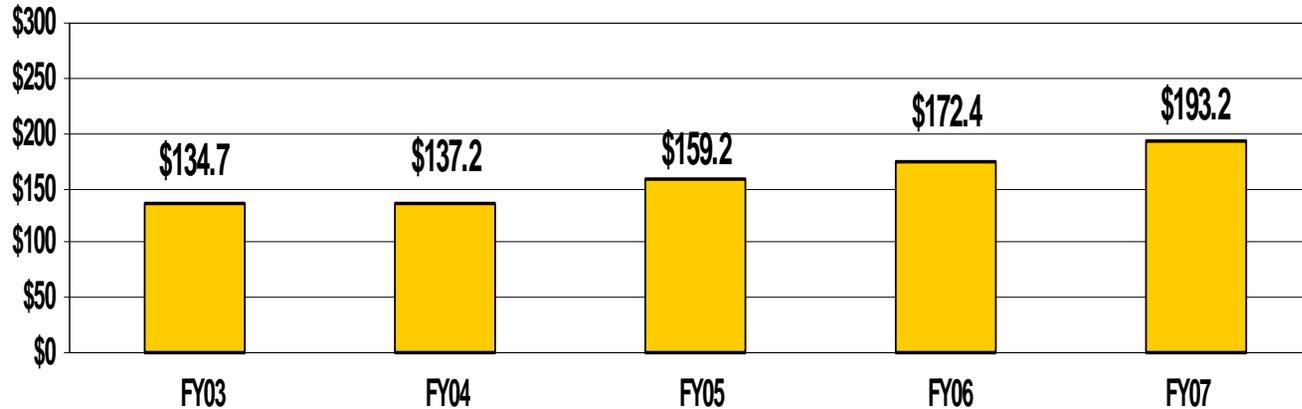




Cost Drivers Physicians

- Physician costs up 12% in FY 07

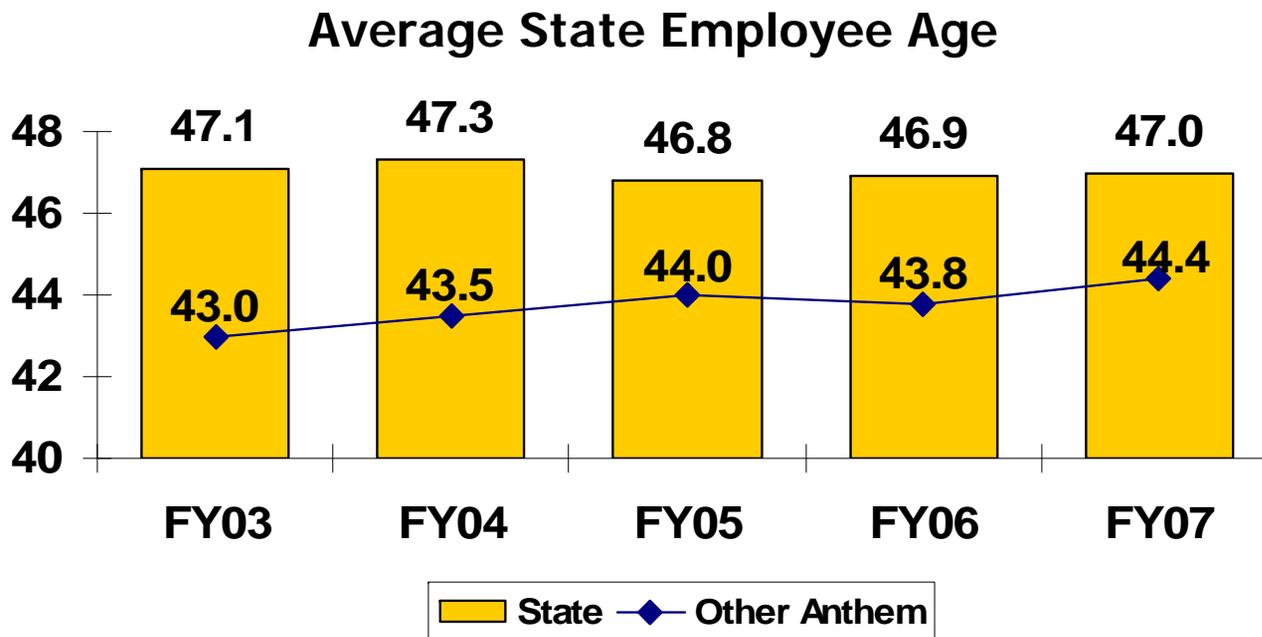
Total Physician Expense (In Millions)

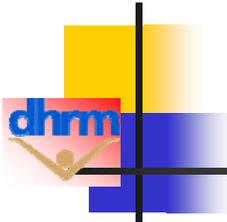


Cost Drivers

Age

- State employee age is older than other Anthem business

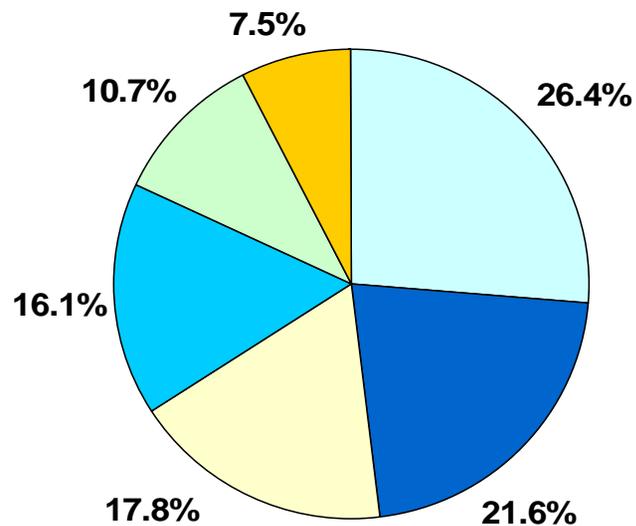




Impact of Lifestyle

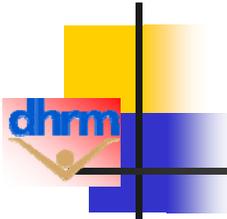
- \$141+ million in medical claims
- 22.1% of total medical expense

Lifestyle Related Claims



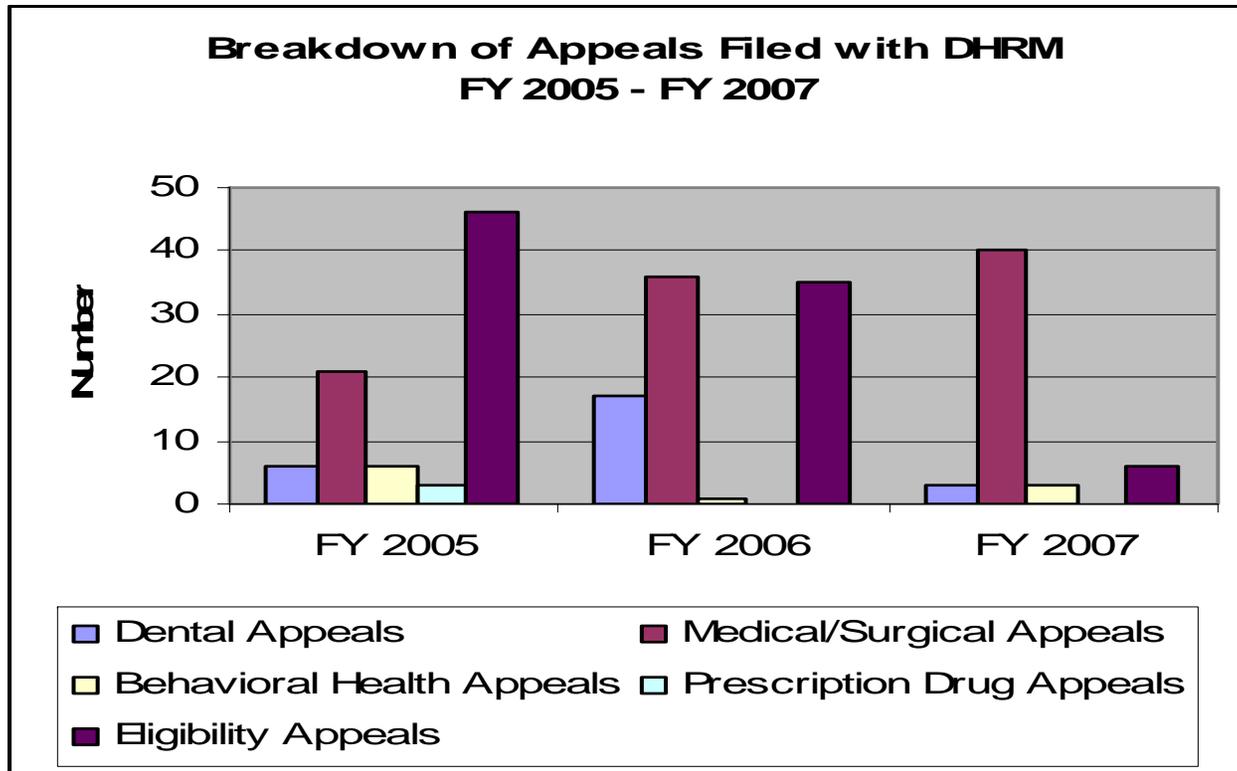
Source: Anthem incurred claims, most recent data available





Health Benefits Appeals

- Appeals decreased 40% in FY 2007 from prior year



FY 09

The logo for the Department of Health and Human Services (DHMM) is located on the left side of the slide. It features the letters 'dhmm' in a blue, lowercase, sans-serif font. To the right of the text is a stylized graphic consisting of a yellow square at the top, a blue square below it, and a white shape resembling a person's head and shoulders in profile, all set against a light blue background.

Proposed Plan Design Changes

■ Dental Plan

- Increase annual maximum benefit from \$1,200 to \$2,000
- Increase lifetime orthodontic benefit from \$1,200 to \$2,000
- Add a \$50/\$150 dental deductible
 - Does not apply to preventive services

■ Medical Plan

- Waive \$300 inpatient deductible as incentive for participation in high-risk prenatal program

FY 09

Proposed Premium Changes

- Proposed 5.28% premium increase
 - +7.97% renewal increase with proposed plan changes
 - +1.29% Other Post Employment Benefits (OPEB) phase-in
 - -3.98% of renewal increase offset by program reserves

Plan	Current Monthly Cost		Proposed Monthly Increase		Proposed Monthly Cost	
	EE	ER	EE	ER	EE	ER
Employee Only	\$42	\$395	\$2	\$21	\$44	\$416
Employee Plus One	\$103	\$706	\$5	\$37	\$108	\$743
Family	\$147	\$1,035	\$8	\$55	\$155	\$1,090