

Exploring Employee Choice for Receiving Total Compensation



VCU

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Group Presentation

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Employee Choice: Best in Class

Virginia is proud to
employ over
150,000 state
workers

- Government employees are the greatest asset to the Commonwealth of Virginia
- Commonwealth of Virginia agencies struggle to compete with the private sector to hire and retain talented employees.
- The Commonwealth has adopted the concept of “total compensation” as a way to get applicants to see the true value of the government position as compared to jobs in the private sector.
- Often, benefits go unused, resulting in an inefficient use of funds dedicated to employee compensation.

Proposal: Enable employees to decide, within limits, how they can receive their total compensation:

- 1) Enable employees to opt out of health insurance benefits and add the cash equivalent to their salaries (special pay), use it to purchase additional annual leave or boost their deferred compensation.
- 2) Enable employees to adjust the amount of leave they receive and reroute the savings.
- 3) Allow employees in eligible positions to elect Quasi-Full Time “Q” status.

Generations of Virginia Employees

Baby
Boomers

Generation X

Millennials

Generation Z

Proposed Changes

Employee Choice Equals Employee Satisfaction

Employee Choice Model: Helen

- Registered Nurse with DVS – 30 years of service
- 62 years old, widowed with children and grandchildren living nearby
- Hopes to retire in 5 years
- Robust annual leave balance
- Values spending time with her family



Employee Choice:

- Reduce annual leave accrual rate from 9 to 4 hours per pay period
- Reroute the leave balance to deferred compensation to help boost retirement profile
- Will use extra money to build up her nest egg and support her retirement

Employee Choice Model: Randy

- Correctional Officer – Hired in 2023
- 45 years old, married with 3 children
- Retired from the US Marine Corps after 20 years
- Uses health insurance from the Veterans Administration
- Hopes to create a life of stability in Virginia with his family.



Employee Choice:

- Opt out of Health Insurance, increasing take home pay by an additional \$650/ month
- Will use extra money to buy back military service towards retirement.

Employee Choice Model: Lisa

- Accountant with VDACS
- 5 years of service
- 30 years old, new mother
- Values health insurance and enough leave balances to cover the needs of her family



Employee Choice:

- She elects to adopt Q status
- Adjusting to a 32h week schedule
- Full health insurance, 80% of other benefits.

Employee Choice Model: Steve

- Graduated from Virginia Tech with a degree in Engineering in 2022.
- 23 years old, not married, and no children
- Hired in 2022 by VDOT
- On his parents' health insurance plan
- Values spending time with his friends and being on his phone.



Employee Choice:

- Opt out of Health Insurance, increasing take home pay by an additional \$650/ month
- Reroute some of the additional funds to purchase more annual leave
- Will use extra leave balances to travel with his friends.

Summary

- Increase competitiveness with the private sector
- Giving employee choice is a “Best in Class” feature
- Flexibility in benefits enhances recruitment
- Actively engaged workforce increases retention
- Meeting employees where they are at in their careers and in their lives

Questions & Comments

"If you want something to happen, you have to make people able and you have to make them want to."

- *Dr. Steve Kerr*

Former Chief Learning Officer of General Electric (GE) and Goldman Sachs