

The Great Divide?

General Fund vs Nongeneral Fund Agencies



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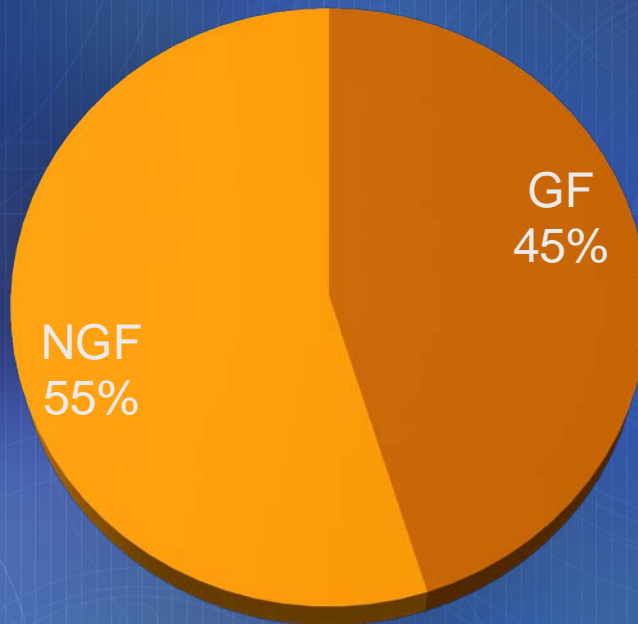
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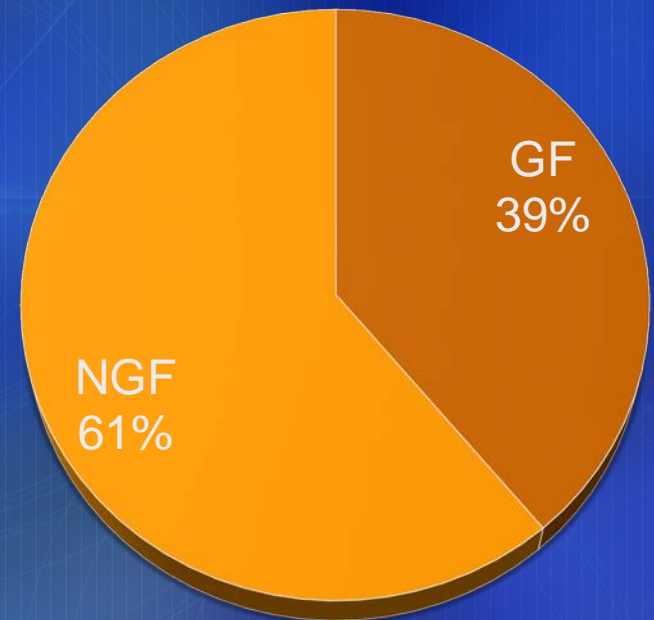


NGF is a Growing Share of Budget

2004 – 2006
Biennial Budget



2016 – 2018
Biennial Budget



Source: HB 30 Reenrolled Budget Bill, 2016 Reconvened Session and Chapter 2, 2006 Special Session I Acts of Assembly

Impact on Employee Compensation

Does funding source create inequity in how employees are compensated?

Agency Type	Average Employee Salary	Average Agency Salary
General Fund Agency ($\geq 90\%$)	\$40,970	\$62,725
Nongeneral Fund Agency ($\geq 90\%$)	\$53,075	\$61,671
Mix Funded Agencies	\$47,986	\$56,190

Source: Richmond Times-Dispatch Database of 2014 Salaries of Virginia State Employees
Note: Data excludes Legislative, Judicial Independent Agencies.

Salary Information for Selected Roles

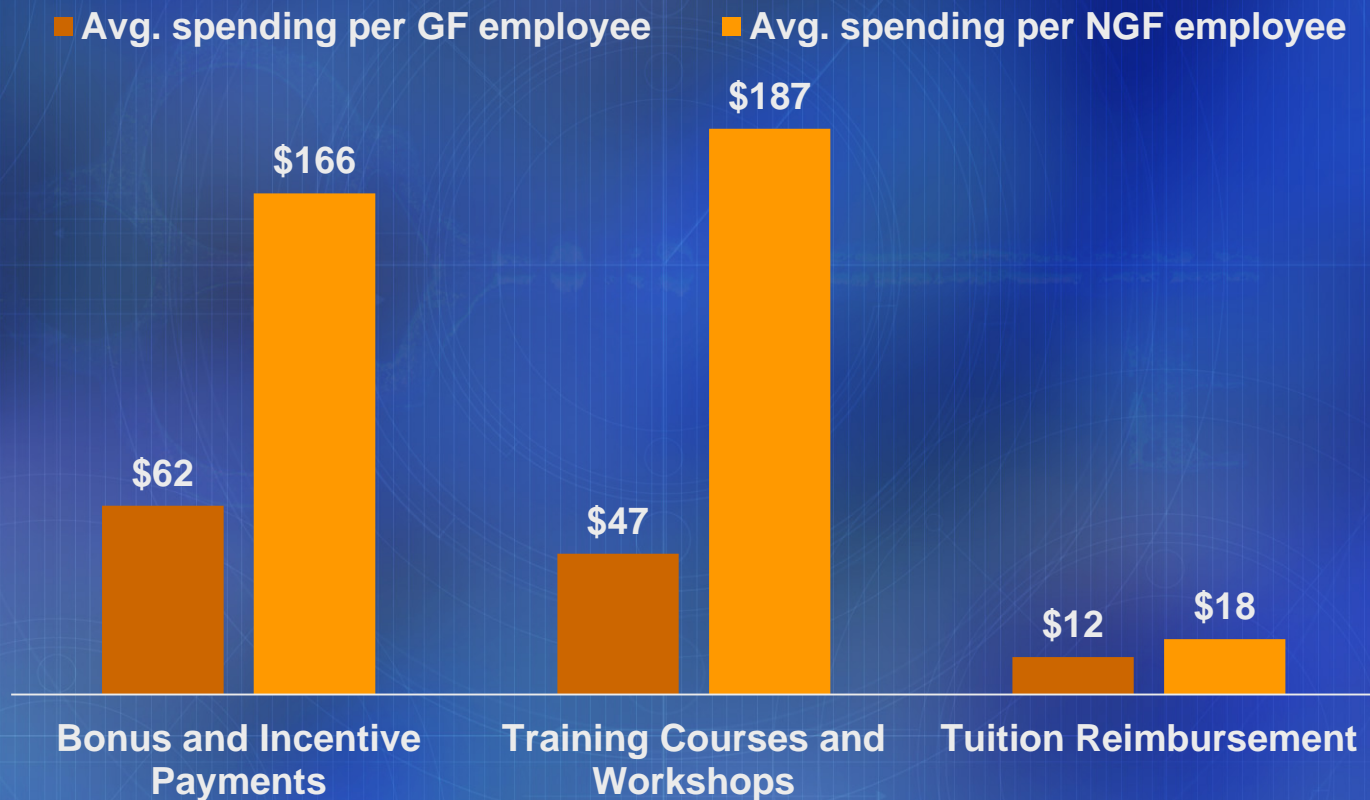
Role Title	Avg. Salary	GF Avg. Salary	NGF Avg. Salary
Admin and Office Specialist II	\$26,788	\$27,332	\$25,771
Admin and Office Specialist III	\$37,491	\$37,624	\$37,431
Program Admin Specialist I	\$44,475	\$44,780	\$44,409
Info Technology Specialist II	\$63,590	\$65,676	\$62,921
Info Technology Specialist III	\$87,397	\$87,808	\$87,151
Financial Services Spec I	\$47,535	\$44,743	\$49,528

Source: PMIS Data from DPB Performance Budgeting System; extracted May 6.

Note: Data excludes Legislative, Judicial Independent Agencies.

Employee Incentives

On average, NGF agencies spend more per employee in categories which benefit or reward employees



Source: FY2015 Expenditure Data from DPB Performance Budgeting System.
Note: Data excludes Legislative, Judicial Independent Agencies.

GF vs Non-GF Implications

GF Agencies	NGF Agencies
Funded by general tax revenue resulting in greater scrutiny in the state budget process	Generate revenue resulting in less scrutiny in the state budget process
Receive funding for GA approved salary and fringe benefit increases	Must use existing NGF revenue to cover salary and fringe benefit increases
GF revenue shortfall directly impacts budget	GF revenue shortfall indirectly impacts budget (economic factors have greater impact on agency budgets)
Funding expires at yearend	Cash at yearend carries over to next fiscal year
Must request any funding increase through the budget process	May have ability to increase NGF revenues; however, would need appropriation (authorization to spend) from DPB or GA

State Compensation Plan

Overview:

- Implemented September 2000
- Broad-band, performance-based system
- Designed to offer greater management flexibility

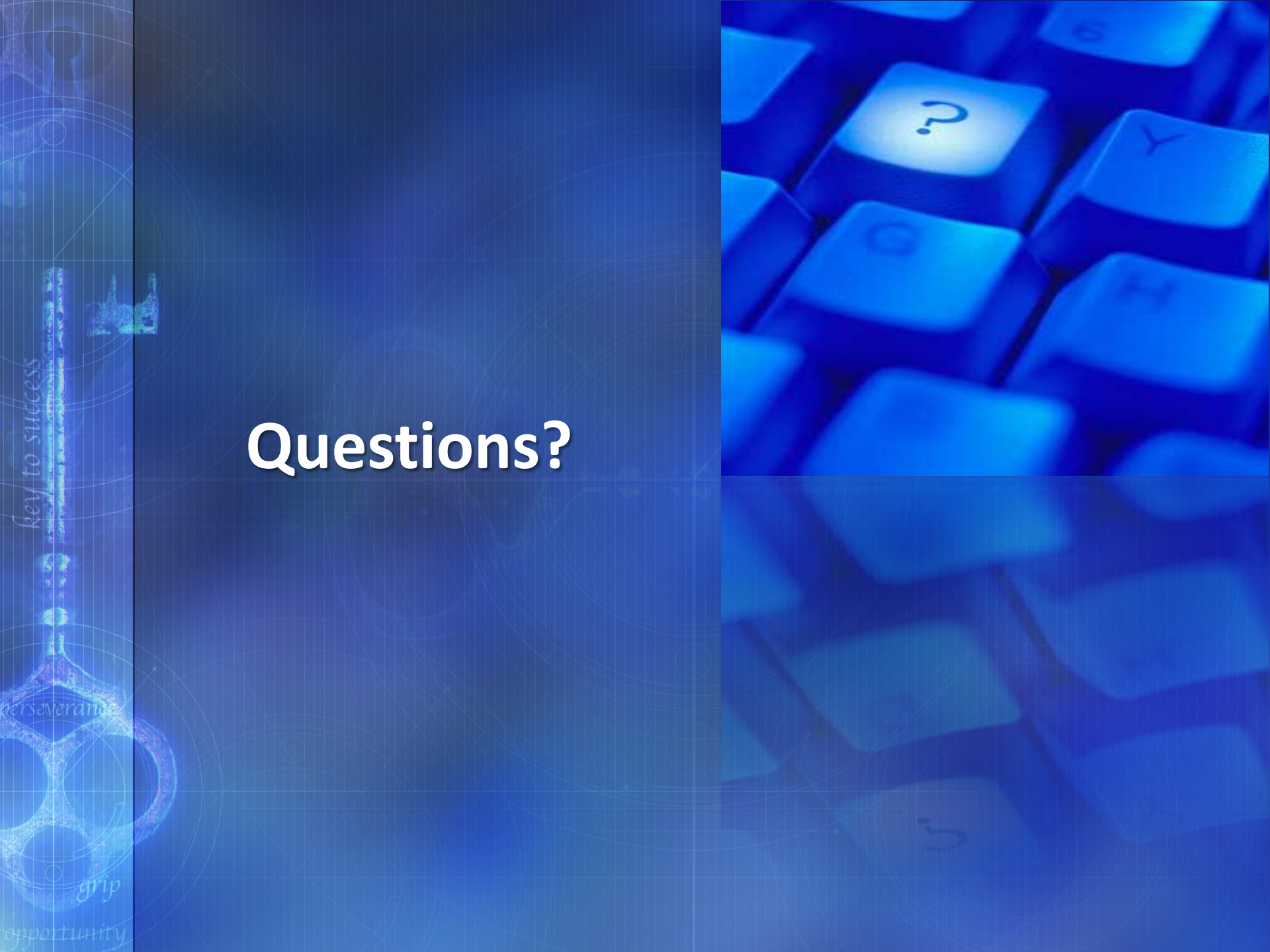
Recommendations:

- Increase oversight and accountability on a statewide basis, through DHRM, to ensure fair and equitable administration of Plan
- Revise Plan to better define roles and salary benchmarks
- Revisit Compensation Plan to diminish unfavorable pay practices

Additional Recommendations

- Provide Greater Flexibility to General Fund Agencies
 - Create a funding pool to assist agencies with special compensation actions.
 - Allow GF agencies to retain a portion of any yearend balance for bonuses, training, travel or other employee incentives in the next year.
- Conduct a statewide salary analysis and address disparities discovered regardless of agency funding source

Questions?



key to success

perseverance

grip

opportunity