

Joint Change in Employee Compensation Committee Idaho State Legislature

January 17, 2024

To: Members of the 67th Idaho Legislature, Second Regular Session

The Joint Change in Employee Compensation (CEC) Committee has completed its hearings and deliberations. The committee received many reports, including an overview of the statutory requirements of Idaho's compensation system and information from the Division of Human Resources, the Division of Financial Management, and the Legislative Services Office. The committee also received information from the Office of Group Insurance about the employee group healthcare plan, as well as from PERSI, Idaho's retirement system, about retirement benefits. Additionally, the committee heard from the Division of Purchasing on the new insurance contract and the process behind securing that contract. In addition, the committee received testimony from the public and agency directors.

The CEC Committee recognizes that the goal of Idaho's total compensation system for state employees is to fund a competitive salary and benefit package that will attract qualified applicants to the work force, retain employees who have a commitment to public service excellence, motivate employees to maintain high standards of productivity, and reward employees for outstanding performance within the means reasonably available to the state. To that end, and in accordance with Section 67-5309C(4), Idaho Code, the CEC Committee offers the following recommendations to the Legislature and Joint Finance-Appropriations Committee for FY 2025:

- 1. Salary Structure Adjustment:** Shift the compensation schedule upwards by an average of 3.7% as recommended by the Division of Human Resources, with the exception of Pay grade D where the minimum shall stay at \$7.25 per hour, and funding for that shift is not recommended unless an employee falls below the minimum. Implement the two additional salary structures for IT/Engineering and Nursing/Healthcare as recommended by the Division of Human Resources in the FY 2025 Change in Employee Compensation and Benefits Report.

ESTIMATED FISCAL IMPACT: \$297,300 to bring employees that fall below the minimum of their paygrade. Of the total, \$128,600 is from the General Fund, \$161,800 is from dedicated funds, and \$6,900 is from federal funds.

- 2. Specific Occupational Inequities:** Maintain the job classifications that currently have a payline exception to address specific recruitment or retention issues, as recommended in the FY 2025 Change in Employee Compensation & Benefits Report from the Division of Human Resources.

ESTIMATED FISCAL IMPACT: There is no additional cost because the classifications are already covered in the personnel cost appropriation in each agency budget.

- 3. Salary Increase:** Recommend the Legislature fund a 2.0% merit-based salary increase for state employees with flexibility allowed for agency heads and institution presidents to distribute those funds as they see fit for retention and recruitment purposes. Additionally, and notwithstanding any other law to the contrary, fund an additional 1.0% across-the-board increase for all permanent employees.

ESTIMATED FISCAL IMPACT: The total estimated fiscal impact is \$52,765,800, of which \$27,366,800 is from the General Fund, \$17,445,000 is from dedicated funds, and \$7,954,000 is from federal funds. These amounts do not include public schools admin and classified staff, military compensation, or requested fund shifts as those will be taken up in the individual budgets.

4. Employee Benefit Package:


Maintain the current employee benefit package with no significant changes in plan design. Appropriation levels for FY 2024 should decrease from \$13,750 to \$13,000 per FTP. The Committee did not vote on the insurance appropriation for the school districts and recommend that those amounts be addressed within that budget.

ESTIMATED FISCAL IMPACT: Maintaining the current employee group insurance package with a decrease to the current year appropriation from \$13,750 to \$13,000 for a decrease of \$750 per FTP for health insurance for a total reduction of \$14,661,700. Additionally, this motion would maintain current PERSI benefits with the PERSI board approved employer and employee contribution rates but include a one-year holiday for employers that contribute to the PERSI-managed sick leave plan.

If any member of the Legislature has questions about our deliberations, please contact us.



Senator Kevin Cook, Co-chair



Representative Matthew Bundy, Co-chair

Senator Jim Guthrie
Senator Van Burtenshaw
Senator Cindy Carlson
Senator Janie Ward-Engelking

Representative James Holtzclaw
Representative Mike Kingsley
Representative Josh Wheeler
Representative John Gannon