



Legislative Services Office

Idaho State Legislature

Serving Idaho's Citizen Legislature

Jeff Youtz
Director

March 26, 2008

Judie Wright, Administrator
Division of Human Resources
700 W. State Street
Boise, Idaho 83720

Dear Ms. Wright,

House Concurrent Resolution 49 passed both bodies of the Legislature on March 18, 2008. The resolution outlines the direction that the Legislature approved regarding the state workforce pay increases for FY 2009, and it has come to our attention that there are some concerns with implementation. We would like to clarify the Legislature's understanding of what would be accomplished with the passage of HCR 49.

Pay Structure Goal: The CEC Committee did not receive a formal recommendation from the Division of Human Resources regarding implementation and funding for a new or adjusted statewide pay structure as required by Idaho Code §67-5309(C). Consequently, the Committee could not adequately consider any funding recommendations for payline adjustments or pay structure changes. The language in HCR 49 (subsection 2 on page 1, lines 20-21) that outlines an unchanged pay system was included because the Legislature wanted the 3% CEC to be distributed across all current state employees, and not disproportionately to those who would benefit from a pay structure change.

3% CEC Distribution Goals: On January 5, 2008, the Department of Administration presented information to the CEC Committee that the average annual classified and non-classified state employee salary was \$43,729. Therefore, an average 1% pay increase would equal \$437.29. The Department of Administration also stated that the average medical premium increase could be approximately \$400. We included the 1% initial distribution in the resolution to assist with the increased costs of medical premiums that were to be shifted to the employees as proposed by the Governor. Legislators understand that each employee's circumstances are different, and no statewide policy can address all of their individual needs. In that light, we formulated our recommendations based upon what we believed was best for the average employee. The first section of HCR 49 distributes 1% to all performing state employees. It was our intent that the remaining 2% be distributed to employees who are performing above minimum standards to help the state retain our higher performers.

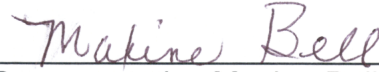
Benefit Appropriation Goal: It was the Legislature's goal that over the next interim the Department of Administration, the Division of Financial Management, and the Office of the State Controller work with state agencies, the Judicial Branch, and the Legislative Services Office to review our current procedures for funding employee benefits and develop a systematic process to maximize the collection of such benefit funding. It was not our intent to

have any of the 3% CEC be utilized towards this benefits collection process. Nor do we want to create any unintended negative consequences on state agency personnel budgets because of this provision. Our goal is to have those agencies that have oversight and management of this process work together to create a better method for tracking, approving, and collecting appropriations for health benefits and to have the improved method available for incorporation into the next budget development cycle.

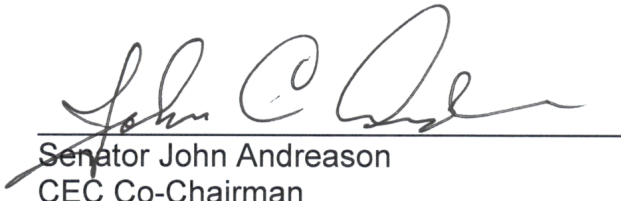
Respectfully



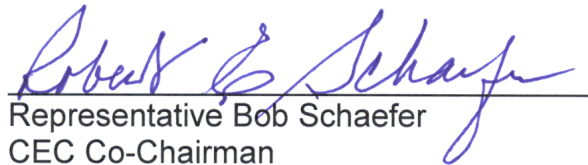
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JFAC Co-Chairman



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JFAC Co-Chairman



Senator John Andreason
CEC Co-Chairman



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