

# State Employee Compensation and Turnover

## Highlights of Report 13-03

January 30, 2013

### Legislative Intent Is to Fund a Competitive Compensation Package

As outlined in Idaho Code, legislative intent for the state's total compensation system is to competitively attract qualified employees with a commitment to public service excellence as well as motivate existing employees to maintain high standards of productivity and reward them for outstanding performance. To implement, the Legislature established policy pay rates.

Policy pay rates, also referred to as the market average, are used in the compensation schedule for classified employees. The rates used in the current compensation schedule, established in 2009, were set 4 percent below relevant external market comparisons. Since 2009, the policy pay rates have fallen further behind.

### 90 Percent of Classified Employees Are Paid Less Than Their Policy Pay Rates

After analyzing the pay rates of state employees in 2012, we found that of the 12,604 classified employees, 90 percent were paid less than their assigned policy pay rate. Of this 90 percent, approximately 45 percent were paid 20–32 percent less than their policy rate.

### 25 Percent of Respondents Said They Intend to Find New Employment

We surveyed more than 17,000 state employees; of the 11,000 who responded, 25 percent indicated they were likely to leave their current job within the next two years. When asked what factors contribute to their leave intention, respondents most frequently identified poor compensation and lack of career advancement opportunities.

### Considerations for Policymakers

To address discrepancies between the intent of compensation policies and their implementation, we offer considerations for policymakers:

Evaluate state compensation policies

Bring employee pay rates closer to current policy pay rates

Evaluate the relevance and practicality of setting the compensation schedule at 4 percent below the market comparisons

Appoint a task force to formulate a coordinated plan for moving forward

We also ask policymakers to consider two key questions about employee compensation:

What would be an acceptable number of classified employees who earn less than their policy pay rate?

How evenly should these employees be distributed below their policy pay rate?

### Recommendations for the Division of Human Resources

We provide the Division of Human Resources with recommendations that focus on two areas:

Updating the compensation schedule

Improving efforts for collecting statewide turnover data

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