

# Use of Salary Savings to Fund Employee Compensation

## Report Highlights

January 2015

### By the numbers

For agencies in the evaluation sample and in fiscal years 2006–2014:

**11%** Average salary savings of total personnel appropriation



**46%** Used for personnel expenditures



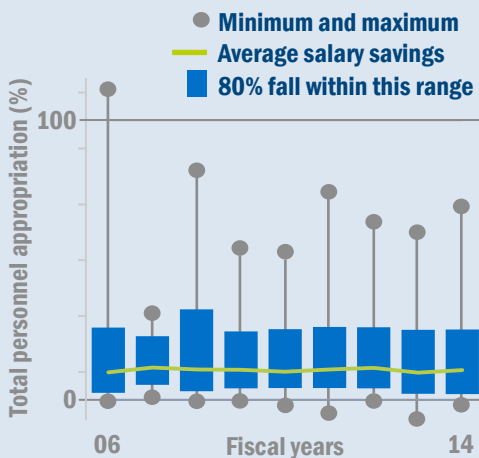
**41%** Reverted



**13%** Transferred to another expenditure category

The majority of agencies' estimated salary savings

**3-25%**



### Evaluation findings

- ▶ Agencies have discretion to award targeted increases to employees.
- ▶ Distribution of salary savings is inequitable based on variable turnover rates and the lack of uniformity in the way agencies budget for personnel costs.
- ▶ Agencies that adhere to their budgets have little or no salary savings.
- ▶ Agencies cannot rely on salary savings for long-term planning.

On average, salary savings provides pay increases for a small percentage of employees.



**11%** Employees who received an ongoing salary increase **without** a CEC appropriation



**62%** Employees who received an ongoing salary increase **with** a CEC appropriation

Salary savings and a Change in Employee Compensation (CEC) together have not substantially improved overall employee pay.



**Gap** between the **average** pay rate of a classified employee and the **policy** rate



### Policy considerations

- ▶ Should statewide data systems be integrated to precisely monitor and manage salary savings?
- ▶ Should paid overtime and leave balance payouts be uniformly incorporated into agency personnel budgets?
- ▶ Does legislative intent in Idaho Code align with today's legislative priorities?
- ▶ What other tools can be used to address unmet employee compensation needs?

**Policymakers should consider other compensation tools to help meet the Legislature's statutory obligations and provide the type of career progression and market competitiveness that a CEC and salary savings cannot address.**

