MINUTES
Change in Employee Compensation Committee
Friday, January 10, 2014

DATE: January 10, 2014

TIME: 1:30 p.m.

PLACE: Lincoln Auditorium

MEMBERS: Co-Chairman Senator Tippets, Co-Chairman Representative Neil Anderson, Senators Patrick, Cameron, Goedde, Guthrie, Martin, Lakey, Schmidt, and Ward-Engelking; Representatives Hartgen, Anderst, Holtzclaw, Mendive, Romrell, King and Woodings.

ABSENT/ EXCUSED: Representative Loertscher

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: The meeting was called to order by **Co-Chairman Tippets** at 1:30 p.m.

Co-Chairman Tippets welcomed all and went over the agenda.

PRESENTATION: **Review of the Office of Performance Evaluation (OPE), Brian Welch**, Principal Performance Evaluator, Office of Performance Evaluation, spoke before the Committee explaining that his office was a non-partisan independent office of the Legislature that evaluates state government programs and agencies to make sure they operate effectively and are achieving intended results.

He indicated the report he was about to present was originally released during the Legislative Session at the request of four members of the Joint Finance-Appropriations Committee (JFAC). He said they had heard from agency directors about challenges associated with compensation and turnover in skilled positions. Some of the other concerns expressed were that employees were leaving skilled jobs within state government and going to different agencies that had more flexibility in their compensation structure, while others were leaving state government altogether.

Mr. Welch said for the purpose of the study, his office looked at state classified employees. Classified employees represent about half, or a little over 12,000, that are subject to the State's merit compensation recruiting processes found in the Idaho Code. He referred to the Highlight Report Summary in his PowerPoint® presentation (see attachments 1 and 1A) and indicated that the full report was on the website www.legislature.idaho.gov/ope. (A copy of the PowerPoint® presentation is attached to the minutes and is available in the office of Senator John Tippets with his secretary). He said the intent of the one-page summary was to give the Committee an overview of the major findings and the message of that report. He said the Idaho Code outlines a framework for the state's compensation philosophy for classified employees and the goal of the compensation system. He said that as outlined in the Idaho Code, the legislative intent for the State's total compensation system was 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 intent of the Legislature, a compensation schedule was established whereby job classifications were assigned a range of pay. Policy pay rates were intended to reflect external markets. The pay schedule, when followed, was designed to help meet this Legislative intent. What his staff found in practice was that there was a discrepancy that existed as to what was articulated in the State compensation policies and the actual compensation.

Mr. Welch said 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.

He said he would explain a few charts in his PowerPoint® presentation. After analyzing the pay rates of state employees in 2012, they 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 to 32 percent less than their policy rate. Several factors have contributed to this, such as the recent economic recession and lack of consistency. Pay in relationship to policy pay rates has changed very little over the past five years. On average, classified employees earn 85 percent of their policy pay rate.

If we look at employees earning at or above policy pay rates, **Mr. Welch** explained, which is about 10 percent of classified employees, they have on average worked at their current agency for 19 years. For those employees earning less than policy pay rate, they have averaged nine years at their current agency. State employee pay has less purchasing power in 2012 than it did 10 years ago due to inflation.

There is a strong link between compensation and turnover, he said. When his staff interviewed over 17,000 state employees and met with Division of Human Resources (DHR) staff and dozens of different state agencies, they found different changes. One of the concerns was they were losing those employees that had a unique skill set. Often, these employees were in a special job classification that has recruitment challenges. When they looked at data statewide, they found those job classifications that had the highest turnover rates were a relatively small proportion of the overall employee population. They also found that consistent changes in employee compensation were identified as perhaps one of the most effective ways to reduce turnover and retain employees DHR staff articulated that even nominal increases when consistent, helped to maintain and boost morale.

Mr. Welch explained that his staff went over the turnover rates that were affected by the economic downturn. He said they found that as the economy turned downward turnover rates actually decreased. Fewer employers were hiring and employees were less likely to leave their jobs without good prospects of actually finding a new one. To some degree, turnover rates have increased over the last couple of years, which is a good sign the economy is recovering.

Senator Schmidt and **Mr. Welch** had a discussion about comparing rates of turnover and the difference from 2005-2006 compared to the higher rates now. **Mr. Welch** referred to 2009 and said the gap was starting to close because in 2010 when there were no increases, the State fell further behind. Recent changes in the collection and separation codes shifted from why employees left to where they found other jobs. The data was sporadic and not kept statewide. His staff decided to collect data on their own, which is part of the employee survey. When asked about this shift, DHR reported they were interested in learning where the employees were finding new jobs, in identifying trends and in identifying what made new employers more appealing.

In the survey conducted by the OPE, an overwhelming majority of the DHR officials within state agencies said they believed knowing why employees left their jobs was more important than knowing where they went.

Mr. Welch said his agency found that "leave intention" data was helpful in determining actual turnover numbers. Fifty percent of state employees said they were going to stay with their agency or even retire from their current agencies. Twenty-five percent of state employees responded to an OPE survey and said they planned to leave their current job within the next two years.

Co-Chairman Tippets and **Mr. Welch** talked about the workforce members and the fairly high percentage of private sector employees who were looking for another job. They discussed how 25 percent of state employees were planning to leave their positions in comparison to the private sector. In a New York study, **Mr. Welch** pointed out that the private sector had higher turnover intentions.

Mr. Welch said of the 25 percent that were asked questions on the survey, compensation was found to be the number one reason for turnover intentions and for actual turnover. He said not enough opportunity for advancement within the agency was another factor. In general, he said, state employees responded that they are satisfied with their jobs.

To address discrepancies between the intent of compensation policies and their implementation, the OPE offers the following 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

Mr. Welch said the OPE would like 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?

He said the fact that 90 percent were earning less than the policy pay rate left some interesting questions.

The OPE recommended to the DHR that they focus on two areas:

- Updating the compensation schedule
- Improving efforts for collecting statewide turnover data

PRESENTATION: Review of the 2013 HayGroup® Total Compensation Study was presented by **David Fulkerson**, Interim Director of Human Resources. A copy of the PowerPoint® presentation is attached to the minutes and is available in the office of Senator John Tippets with his secretary (see attachment 2) A copy of the entire HayGroup ® Study

Benefits Analysis and Total Compensation Review, dated January 2013, can be found on-line at www.dhr.idaho.gov. **Mr. Fulkerson** said the study was conducted because the State of Idaho requested a comprehensive benefits market analysis and a review of the State's total compensation market position. Specifically, the State asked the HayGroup® to:

- Provide a detailed benefits analysis including a review of the competitive position in health care, retirement, death benefits, disability, paid time off (sick leave, vacation and holidays) and other benefits relative to general market organizations in Idaho, as well as Nevada, Oregon, Utah and Washington, and public sector organizations in the West, excluding California.
- Conduct a high level review of the State's total compensation market position, including benefits and salary, based on salary market data provided by the State.
- Prepare a report and present key findings on the overall competitiveness of the State's compensation and benefits program to the Legislature.

The findings of the analysis provided the basis for the State to determine:

- What is the best combination of a salary/benefit mix? How should the State balance being fiscally responsible with maintaining competitiveness in order to attract and retain a quality workforce?
- Where is the State not competitive with the market and what immediate and long-term options should it consider in reorganizing its total compensation mix, in order to position itself as competitive but also fiscally responsible?

Interim Director Fulkerson said a discrepancy existed between the legislative intent of state compensation policies and their actual implementation according to data gathered on calendar year 2012. He pointed out the discrepancy on the charts on page 2 of his PowerPoint® presentation (see attachment 1B), which showed that 90 percent of classified employees were paid less than the policy rate and there was an average of 10 percent of classified employees at or above policy. He said that, on average, classified employees earned 85 percent of their policy pay rate. In addition, Change in Employee Compensation (CEC) increases have not kept pace with inflation. He referred to the slide on page 7, indicating the analysis showed that benefits are at or above the market average of both markets for all employees driven by strong retirement and health care programs. He said the state's total compensation program is below market average when compared to both the private sector and public sector markets. Key findings regarding specific aspects of the state's compensation program were:

- Cash compensation for state employees lags the private sector by an average of 29 percent. The State generally trails its counterparts in other states by an average of 10 percent.
- Benefits are at or above the market average of both markets for all employees driven by strong retirement and health care programs.
- Total compensation is below the market average in the private and public sector markets, as the higher benefits program value does not offset the low cash compensation.
- Pay mix for state employees varies against the market depending on salary.
- Note: Only those components of pay provided by the State are included in total compensation. It is common in the private sector to pay annual incentives, which

if included, would make the State less competitive relative to the private sector market.

Co-Chairman Anderson stated that the State cash compensation trails other states by 10 percent. He said he thought our policy rate was at or slightly above the policy rate of neighboring states. He asked if this would be an indication that other states are closer to policy rates and we are further away. He asked if this explained the discrepancy. **Interim Director Fulkerson** explained that the State's policy rate, as stated on the date when they did the study, was 2 percent ahead of the same policy rate in the surrounding states. That gap has shrunk to a half percent, but actual pay for the employees was actually behind by the 10 percent mark.

Interim Director Fulkerson referred to graphs on pages 8 through 13 on his PowerPoint® presentation and said they showed base pay for Idaho private and public employees and that the private sector was stepping ahead. He referred to page 14, which compared pay level increments for total compensation for public and private employees. Based on the market data sources used for the analysis, the findings were:

- Average actual pay for state employees (not weighted by incumbent) is approximately 29 percent below the private sector market average.
- The State's policy rate is 20 percent below the private sector market average.
- Average actual pay for state employees is approximately 10 percent below the public sector market average.
- The State's policy rate is 2 percent above the public sector market average.
- These results are based on the HayGroup's® analysis of external survey data provided and compiled by the State of Idaho.

Interim Director Fulkerson said that at all salary levels, the State's benefit program is at or above the 75th percentile of the general market. He said holiday and vacation is excluded from benefit values so time off is not double-counted as a benefit and as part of salary. He said the State is aligned with the market median of the public sector. He explained the market median position was due to the fact that the State's retirement formula and health care program cost sharing were similar to the market.

He said Ada County and the City of Boise both participate in the Public Employee Retirement System of Idaho (PERSI), so the retirement benefit is the same; however, the County also makes a 3 percent matching contribution to a 457 plan, which enhances its total retirement plan value relative to the State. (A 457 plan is a type of non-qualified tax advantaged deferred compensation retirement plan that is available for governmental and certain non-government employers in the U.S.) He pointed out that the State compared a little more favorably with both the County and City for health care, due to the contributions the State makes on behalf of the employee.

The State was slightly more competitive than the County or the City for disability coverage. For the death benefit and the life insurance benefit, the City provides a flat dollar amount of $10,000 and the County provides the one-time dollar benefit of salary up to $50,000, which is aligned with the State.

Co-Chairman Anderson asked for a clarification regarding the chart on page 18 marked as P-50. He said that on line 7, total compensation is below the market average in the private and public sectors as the higher benefits program does not offset the low cash compensation. He wanted to know how we can be below average but in the top half. **Interim Director Fulkerson** explained that the chart measures the market median in the public sector and where we fall in comparison to the public sector. **Co-Chairman Anderson** clarified that the average and the median were two different numbers and were significant enough to alter the outcome of the report.

Chairman Hartgen referred to page 22, the last paragraph, which states there are "no significant changes to the benefits programs that are suggested at this time", and that "the Department of Administration (Group Insurance) and PERSI are well managed, cost efficient programs that provide competitive benefits to employees". He asked if it became necessary for the State to look at these three pieces holistically. Was there an analysis done as to where some competitive savings might be made in the other two programs in order to shift assets to the salary base side of the issue? **Interim Director Fulkerson** said he was not aware of that analysis being done, nor was it provided.

Interim Director Fulkerson said the key findings were:

- Although the analysis shows the State's aggregate salary market position is 29 percent behind the private sector market, the State does not need to increase salary on this scale to improve the market competitiveness of its total compensation.

  - The State should consider strategic salary increases of approximately 3 percent to improve competitiveness and help attract and retain employees in key jobs.

  -Additionally, adjustments to the salary structure that increase the minimum, midpoint and maximum, will improve competitiveness and the State will be better positioned to attract employees in the future.

  -When viewed in the context of total compensation, the strength of the State's benefits program offsets some of the impact of the below-market salary position, but not all. As a result, salary adjustments will have the greatest impact on improving the State's total compensation market position.

- No significant changes to benefits programs are suggested at this time. The Department of Administration (Group Insurance) and PERSI are well managed, cost efficient programs that provide competitive benefits to employees.

He urged the members to look at the full report, which can be found on the website for the HayGroup® at www.dhr.idaho.gov.

Senator Guthrie asked Interim Director Fulkerson, to clarify the first sub-item on page 22 (as referred to in the minutes above). He asked if the State would consider the 3 percent salary increase strategically. He said he assumed the State was picking and choosing who would get the 3 percent to address specific needs, and he wanted to know if his assumption was correct. **Senator Guthrie** said Interim Director Fulkerson reported that salary adjustments would have the greatest impact, which sounded more general in nature. He wanted to know if he was reading the statement incorrectly, was Interim Director Fulkerson being specific with positions or was he indicating an overall pay increase. He referred to the top of the slide where it says "the State does not need to increase salary on this scale", so he understood it to mean the State was going to move the bar. He saw some contradiction and asked Interim Director Fulkerson to clarify. **Interim Director Fulkerson** said the State did not need to move the bar 29 percent, even though we are that much below the market. He said given that we have a merit-based pay system, the strategic investment was to take care of some of those specific instances where we know we have employees behind and we know it's hard to retain and attract those employees. We also want to move the population ahead based on merit. **Senator Guthrie** asked Interim Director Fulkerson if there was any effort, when comparing to the private sector or any other government entities, to make an adjustment in the Cost of Living Adjustment (COLA) in comparison to other states. Interim Director Fulkerson said he would find out.

TESTIMONY: The following written testimony in support of a raise for employees was received from Cheryl Flinn; Idaho State Tax Commissioners Richard Jackson, Tom Katsilometes, David Langhorst and Ken Roberts; and Bruce Krosch, Director of Southwest District Health (see testimony 1-3).

PRESENTATION: **State Controller Brandon Woolf** made a PowerPoint® presentation to the CEC Committee regarding pay rates. A copy of the PowerPoint® presentation (see attachment 3) and all handouts are attached to the minutes and are available in the office of Senator John Tippets with his secretary. He said that as of last night there were 24,631 state employees. **Co-Chairman Tippets** asked Mr. Woolf if he knew how many full-time equivalent employees the State has. He thought that this figure must include part-time employees. **Mr. Woolf** said the figure did include approximately 4,000 part-time employees and approximately 18,000-19,000 full-time employees.

State Controller Woolf said the State Controller's Office (SCO) runs three payroll cycles, which include a regular biweekly, university biweekly and a judicial monthly. He said that from a budget standpoint, the State has to have the position available through the Division of Financial Management (DFM), and then the employee would be hired to fit into the position by the DHR. The payroll is run by the SCO.

A few years ago, the Idaho Business Intelligence Solution (IBIS) was connected to our data warehouse. This included financial, human resources and payroll data. This system is used by the Legislative Service Office (LSO) and over 600 other users at state agencies. IBIS is a tool used to create the Legislative Handbook (Rainbow Report), the Professional Experience B-6 report, Wage and Salary, and other vital reports. LSO and DFM budget staff use the report to gain an understanding of the position control and payroll dollars. IBIS is a valuable tool for the review and analysis of historic data. He said a report can be ordered for legislators and state agencies to use.

The SCO was asked by Chairman Hartgen to prepare reports that looked at the pay rates at two historical snapshots in time. State Controller Woolf said the Same Class Code Report criteria No. 1 consisted of the following criteria:

- Employee had to be active on 12/31/2008 and on 12/31/2013.
- Employed at the same agency on both dates.
- Includes employees who were in the same class code (job duty) at the beginning and ending of the snapshot dates.
- Includes merit increases and rate decreases.
- Does not include one-time payments (i.e., bonuses and temporary merit increases).

He went over the figures for Report #1 for the same class code on page 4 of his presentation.

Senator Schmidt asked for clarification and wondered if the average dollar change per hour was also over five years. **State Controller Woolf** said that was correct. For the state agencies, he explained, there were 28 employees whose salary rate went down and there were close to 300 employees who remained at the same rate. Looking into that a little further, they could have been part-time employees, eight-month temps, or seasonal, but, they did not know what the performance evaluation was due to time constraints for this report. There were 1,827 employees who had a 2 percent increase, which was the recommendation given to agencies for FY 2013.

Senator Cameron asked if the report also included the 3 percent merit increase that was given in 2009. The Legislature had authorized a total of a 5 percent increase over those same five years. Anyone with less than a 5 percent increase actually would have received less than what the Legislature authorized. **State Controller Woolf** said that was correct. There was a 3 percent raise given in FY 2009, and in FY 2013, there was a 2 percent increase.

State Controller Woolf said in the second Regardless of Class Code Report, the criterion for an employee was similar:

- Active on 12/31/2008 and on 12/31/2013.
- Employed at the same agency on both dates.
- Shows pay rates for employees regardless of class code (job duty).
- Includes merit increases, promotions, reclasses, rate increases.
- Does not include one-time payments (i.e., bonuses and temporary merit increases).

Controller Woolf wanted to share some final thoughts and said it was key to keep in mind:

- Funding sources (federal, dedicated and general)
- Classified and Non-Classified
- Salary Savings (One-time and Ongoing)
- Managing the "Silver Tsunami"

--Vacation and comp time payoffs, vacancies, succession planning, and knowledge transfer

Chairman Hartgen asked Controller Woolf about reports 1 and 2 that compared "same class code" with "regardless of class code". He asked if the "same class code" referred to no change in job description. There was an average change of 7.65 percent, of which 5 percent was in 2009 and again in 2012. If that was subtracted out, the change was slightly greater than 2 percent. Controller Woolf said the 2 percent was for higher education. If we look at the state agencies, the change was a little under 2 percent. He said to take 6.81 and subtract 5 percent. **Chairman Hartgen** referred to report 2, and said he noticed the number was a little bit higher, particularly in the area of higher education. He asked if that was a result of policy in the entities. How could it be explained that the higher education percentage growth was almost 3 percent higher than the state agencies? **Controller Woolf** explained that if he looked at the median rather than the average, the median was a lower number. From that standpoint one sees that data range shows a skew towards higher salaries.

Senator Guthrie referred to four employees retiring in the Controller's office. Vacation and sick leave have to be paid for these employees and can be paid out of federal, dedicated or general funds or a combination. Once the employees leave and their positions are recognized as salary savings and the Director elects to distribute those monies somewhere else, can federal or dedicated money be directed to augment the salary of someone that is strictly being funded through general funds? Can the lines be crossed on the funding to do something different than the original intent? **Controller Woolf** said that three of the employees are paid out of the General Fund and their salaries have to come from the General Fund or the same funding source for which the position is budgeted.

Co-Chairman Tippets said there would be no break as the Committee was ahead of schedule. He said now was the time to have motions.

Co-Chairman Anderson said he wanted to make a motion and passed out a copy of his motion (see motion) to all members.

Senator Martin seconded the motion.

Co-Chairman Anderson said the Joint CEC Committee may vote to add another raise in the future, depending on the economy.

A discussion ensued among **Representative King** and **Co-Chairman Anderson** regarding the bonus for one year being applied to base salary (the salary in which the retirement is calculated). **Co-Chairman Tippets** suggested that possibly Senator Cameron could answer the question, but his assumption would be that since this was a bonus, it did not impact other benefits. **Senator Cameron** said that was his assumption also, but he thought that it did count towards the highest 42 months, because it is not ongoing. **Senator Cameron** called upon Jeff Youtz, Director, Legislative Services Office, to answer the question. **Director Youtz** said it does bump up that employee's salary for that 12 months and it will be calculated for the highest 42 months.

Senator Goedde said this motion may create an expectation that educators would receive something similar and he asked if we had a number as to what that would mean. **Robyn Lockett,** Senior Budget Analyst, Legislative Services Office, said it would take approximately $9.3 million for each 1 percent appropriation for education from the General Fund. **Senator Goedde** said it appeared that it would be double from what this Committee was doing here. Senior Budget Analyst **Robyn Lockett** replied that the cost of a CEC to the General Fund was $5,344,500 and for the teachers it would be $9.3 million.

Senator Schmidt said he thought he was possibly the only Committee member who served on the Economic Outlook Committee (EOC) and JFAC. He said he had a perspective he wanted to share. He sensed that we were raising expectations and that we were climbing out of a hole. He said this motion appropriately reflects our duty as stewards for our state services, but is a tepid move. Given the fact that we have to pay our bills, he supported the motion.

Senator Guthrie commented the salary savings was an admirable way to address things, but he did not think it was equitable because some employees were leaving one agency for another since some agencies have more money. If we are going to give a 2 percent raise, he said, he thought we needed to invest in employees and make this raise ongoing. He asked what the Committee could do permanently. He said he would favor putting the CEC as a top priority. We need to figure out something different on merit or bonus that is more equitable. He said he will likely support the motion.

Senator Goedde said he questioned what the $12.7 million represented as a percentage of the total cost of the health insurance benefit. **Ms. Lockett** said the $12.7 million included in the motion was the State-provided portion of health insurance and that was a 15.9 percent increase in the State's costs per Full-Time Position (FTP) our appropriation for FY 2014. **Senator Goedde** said that what we were now calling "discretionary funds" may be called "operational funds" in the budget for public schools which was intended to partially cover health insurance costs in the local districts. He thought possibly we should create a line-item for health insurance separate from Operational funds and compute a percentage that would go to local districts because they are facing the same kind of increases we are.

Co-Chairman Tippets asked for clarification. He asked if the percentage that the State or the employer pays for insurance would remain the same if the $12.7 million was funded. He also asked if the percentage that the employee paid would be the same. If we didn't fund the $12.7 million, we would be shifting more of the employers' share of the cost on to the employee. **Senior Budget Analyst Robyn Lockett** said that every agency's budget requests included that increase and that was the direction given to agencies to compile their budgets. It becomes part of the maintenance for an agency's budget. This amount was recommended by the Governor. She clarified that the employee pays a portion of health benefits and the cost will go up approximately $500 per employee in FY 2015. **Co-Chairman Tippets** said he wanted to make it clear that both the employee and the employer costs will be going up. He stated that the $12.7 million took care of the employers' share of those costs. If we didn't do this, not only would the employees' costs increase by the amount that Ms. Lockett mentioned, but that there would be an additional shift of the employers' costs to the employee. We would be changing that percentage or that ratio of employer-covered costs and employee-covered costs. **Ms. Lockett said** we were limited as to the "grandfather" status of our group insurance program as to how much the State can shift to the employee. She said we have room for a 2 percent shift after this year. **Co-Chairman Tippets** clarified that the ratio of 88 percent paid by the State and 12 percent paid by the employee covers the cost and keeps the percentage the same.

Representative King said that employees were going to see their rates go up. There was nothing in this draft that mitigates that employees' rates were going up and their salaries were not going up as much. We need to give a pay increase equal to how much the insurance is going up.

Director Youtz said the $12.7 million is included in the Governor's recommendation. The employee portion is not covered, so the employee will have to cover that. Determining what the cost is per employee is difficult to determine because it depends on what kind of health insurance coverage an employee has, but the average was just a little over 1 percent . The 1 percent plus the 1 percent would certainly cover that percentage point, he said.

Representative King clarified that the first 1 percent would cover the increase in health insurance. The second 1 percent would be take home pay. **Director Youtz** said these percentages were going to be made based on merit . He said the 1 percent cannot be directly assigned to covering the health insurance increase. It will be a little different for every agency and every employee.

Senator Ward-Engelking asked if the 1 percent was an ongoing salary increase and would all employees receive that or would the 1 percent be ongoing only for those who get a merit increase. Director Youtz said they were talking about an equivalent dollar amount equal to 1 percent, which would be permanently added. How that was distributed to each employee would be at the discretion of the director, based on merit. **Co-Chairman Tippets** referred to item 1 (c) in the motion for clarification.

Senator Martin said he would like to see a 2 percent increase, but this was a good compromise. He said he hoped the Committee could come back next year and look at this again and evaluate whether to make it permanent or to change it as necessary.

Chairman Hartgen referred to what he thought was an important paragraph. That was item 6 on page 2, which was the recommendation that the Committee must meet again next year. He said he looked forward to the future and this was a good compromise, and we would do more if we had more resources. He further stated this helps other committees within the Legislature to get some sense of what the Committee thinks is an appropriate place to begin. He said he supported the motion.

Representative Woodings thanked the Chairmen and staff and said that she has learned a lot over the past few days. She said we need to support our state employees who work so hard.

Co-Chairman Tippets restated the motion, which was that the Committee adopts the language in the document that is titled, "Joint Change in Employee Compensation, Idaho State Legislature" as the recommendation of this Committee. He asked the secretary to call the roll.

ROLL CALL VOTE: **Co-Chairman Tippets** called for a **roll call vote** for Co-Chairman Anderson's motion. **Senators Patrick, Cameron, Goedde, Guthrie, Martin, Lakey, Schmidt, Ward-Engelking** and **Representative Hartgen, Representatives Loertscher, Anderst, Holtzcla, Mendive, Romrell, King, Woodings, Representative Anderson Co-Chairman** and **Senator Tippets Co-Chairman** voted **aye**. The motion carried.

ADJOURNED: There being no further business before the Committee, Co-Chairman Tippets adjourned the meeting at 3:10 p.m.

Senator Tippets Co-Chairman	Linda Kambeita Secretary

Representative Anderson
Co-Chairman