

A photograph of the Lincoln Auditorium interior, featuring a grand, ornate architectural design. The space is characterized by large, fluted marble columns supporting a high, vaulted ceiling with a skylight. In the foreground, a decorative balustrade with dark, turned balusters is visible. The lighting is warm and golden, highlighting the intricate details of the architecture.

Joint CEC Committee

January 7, 2014

Lincoln Auditorium

Change in Employee Compensation (CEC)

Twenty-Year Historical Comparison

Fiscal Year	Gen Fund Orig Appropriation	% Chg	DHR Rec CEC*	CPI % Change	Agency CEC Funded
1995	\$ 1,264,200,400	16.6%	8.5%	3.0%	5.4%
1996	1,348,767,800	6.7%	6.0%	2.8%	5.0%
1997	1,412,652,700	4.7%	4.6%	2.3%	3.0%
1998	1,438,904,600	1.9%	5.2%	1.7%	0.0%
1999	1,610,815,500	11.9%	7.7%	2.0%	5.0%
2000	1,674,713,100	4.0%	14.0%	3.7%	3.0%
2001	1,804,038,100	7.7%	0.0%	3.3%	3.5%
2002	2,044,295,100	13.3%	0.0%	1.1%	4.5%
2003	1,967,895,400	-3.7%	0.0%	2.1%	0.0%
2004	2,004,053,000	1.8%	1.0%	3.3%	0.0%
2005	2,082,138,300	3.9%	6.8%	2.5%	3.0%
2006	2,180,928,300	4.7%	6.7%	4.3%	1.0%
2007	2,593,723,500	18.9%	5.8%	2.7%	3.0%
2008	2,820,674,400	8.8%	5.8%	5.0%	5.0%
2009	2,959,283,400	4.9%	5.0%	-1.4%	3.0%
2010	2,506,580,100	-15.3%	5.0%	1.1%	-5.0%
2011	2,383,836,000	-4.9%	3.0%	3.6%	0.0%
2012	2,528,960,600	6.1%	3.0%	1.7%	0.0%
2013	2,702,105,700	6.8%	3.0%	1.8%	2.0%
2014	2,781,023,800	2.9%	0.0%	NA	0.0%
Avg Chg		5.09%	4.56%	2.44%	2.07%

Compensation Philosophy

67-5309A. State employee compensation philosophy. (1) It is hereby declared to be the intent of the legislature of the state of Idaho that the goal of a total compensation system for state employees shall be to fund a competitive employee compensation 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.

(2) The foundation for this philosophy recognizes that state government is a service enterprise in which the state work force provides the most critical role for Idaho citizens. Maintaining a competitive compensation system is an integral, necessary and expected cost of providing the delivery of state services and is based on the following compensation standards:

Compensation Philosophy

- (a) The state's overall compensation system, which includes both a salary and a benefit component, when taken as a whole shall be competitive with relevant labor market averages.
- (b) Advancement in pay shall be based on job performance and market changes.
- (c) Pay for performance shall provide faster salary advancement for higher performers based on a merit increase matrix developed by the division of human resources.
- (d) All employees below the state's midpoint market average in a salary range who are meeting expectations in the performance of their jobs shall move through the pay range toward the midpoint market average.

Compensation Philosophy

(3) It is hereby declared to be legislative intent that regardless of specific budgetary conditions from year to year, it is vital to fund necessary compensation adjustments each year to maintain market competitiveness in the compensation system. In order to provide this funding commitment in difficult fiscal conditions, it may be necessary to increase revenues, or to prioritize and eliminate certain functions or programs in state government, or to reduce the overall number of state employees in a given year, or any combination of such methods.

Surveys, Reports and Recommendations

67-5309C. Annual surveys, reports and recommendations. (1) The administrator of the division of human resources shall conduct or approve annual salary and benefit surveys within relevant labor markets to determine salary ranges and benefit packages that represent competitive labor market average rates and benefits provided by private industry and other governmental units.

(2) A report of the results of the annual salary and benefit surveys and recommendations for changes to meet the requirements of section [67-5309A](#), Idaho Code, together with their estimated costs of implementation, shall be submitted to the governor and the legislature not later than the first day of December of each year. The recommendation shall include, at a minimum, four (4) components to address the compensation philosophy described in section [67-5309A](#), Idaho Code, and shall include specific funding recommendations for each component:

Surveys, Reports and Recommendations

- (a) A recommendation for market related changes necessary to address system wide structure adjustments to stay competitive with relevant labor markets. Such recommendation may include a market related payline adjustment for all eligible employees, as well as the structure, to avoid compression in the salary system.
- (b) A recommendation for market related changes necessary to address specific occupational inequities.
- (c) A recommendation for a merit increase component to recognize and reward state employees in the performance of public service to the citizens of Idaho.
- (d) A recommendation for any changes to the employee benefit package, including any adjustments to the overall design of the benefit package and/or employee contributions.

Surveys, Reports and Recommendations

(3) The governor shall submit his own recommendations on proposed changes in salaries and benefits to the legislature prior to the seventh legislative day of each session. Such recommendation shall address, at a minimum, the four (4) components and subsequent funding for each component required in this section.

(4) The legislature may, by concurrent resolution, accept, modify or reject the governor's recommendations, but any such action by the legislature, at a minimum, shall address the four (4) components and subsequent funding of each component required in this section. The failure of the legislature to accept, modify or reject the recommendations prior to adjournment sine die shall constitute approval of the governor's recommendations, and such recommendations shall be funded through appropriations provided by law. The administrator of the division of human resources shall implement necessary and authorized changes to salary and pay schedule by rule. The director of the department of administration shall implement necessary and authorized changes to benefits.

2000 Legislative Session: HCR 35 (3.5% Increase)

NOW, THEREFORE, BE IT RESOLVED by the members of the Second Regular Session of the Fifty-fifth Idaho Legislature, the House of Representatives and the Senate concurring therein, that:

1. Recommendations in the report of the Division of Human Resources and not concurred in by the Chief Executive are hereby rejected.
2. Recommendations in the report of the Chief Executive are hereby adopted
3. The Joint Finance-Appropriations Committee is requested to appropriate an amount not to exceed \$14,629,300 from the General Fund to fund these recommendations for state agencies, colleges and universities
4. For those agencies funded in total or in part from non-General Fund money, the Joint Finance-Appropriations Committee is requested to appropriate in as nearly as possible the same manner as for General Fund funded agencies
5. To the extent possible, within agencies' appropriations, directors are expected to provide salary increases consistent with the stated legislative policy above. It is further expected that particular emphasis shall be placed on employees who are below the policy rate within their assigned pay grades and who have performed in an acceptable manner in the same job class for five years or more. State agency directors are also encouraged to allocate higher percentage pay increases to lower pay grade employees who have performed in an acceptable manner.

2004 Legislative Session: HCR 47 (3.0% Increase)

NOW, THEREFORE, BE IT RESOLVED by the members of the Second Regular Session of the Fifty-seventh Idaho Legislature, the House of Representatives and the Senate concurring therein, that:

1. It is the policy of the state of Idaho to provide a total compensation system that attracts, retains and recognizes state employees for their valuable service. The foundation of this system is to pay competitive job market average salaries and to reward performance with a merit based compensation philosophy.

2. The Joint Finance-Appropriations Committee is directed to provide funding for the following specific compensation measures:

(a) Funding of \$10,923,900 from the General Fund for benefit cost increases for health insurance, Public Employee Retirement System rate changes, and various other salary based benefits as recommended in the Governor's report;

(b) Funding of \$10,002,100 from the General Fund for 2% salary increases for state employees as recommended in the Governor's report; and

(c) One-time contingency funding of \$5,001,000 in General Funds, for an additional temporary salary increase of 1%. This increase shall be contingent upon General Fund revenues exceeding the fiscal year 2004 revenue projection used by the Joint Finance-Appropriations Committee by a minimum of \$5,001,000. The Joint Finance-Appropriations Committee shall design a surplus eliminator appropriation to provide this temporary salary increase, should available funds in excess of the revenue projection become available.

2004 Legislative Session: HCR 47 (3.0% Increase)

- (3) For those agencies funded in total or in part from non-General Fund money, the Joint Finance-Appropriations Committee is directed to appropriate in as nearly as possible the same manner as agencies funded by the General Fund.
 - (4) The Legislature recognizes that no specific funding for salary increases for state agencies and institutions has been provided for the last two fiscal years. As such, state agency directors and institution executives are encouraged to allocate agency salary savings to provide for employee salary needs before other operational budget priorities are considered. One-time salary increases should be given if the salary savings are one-time in nature. Ongoing salary increases may be given if the salary savings are expected to be ongoing in nature and, where applicable, particular emphasis should be placed on those employees in occupational groups with significant market pay lag and turnover rates.
 - (5) The Division of Human Resources and the Division of Financial Management shall ensure that agency and institution compensation policies are managed consistent with the policies contained herein.
 - (6) The effective date of implementation of these salary adjustments shall be June 6, 2004.
- BE IT FURTHER RESOLVED that appropriations measures to fund nonclassified employees be prepared in as nearly as possible the same manner as for classified employees.

**2007 Legislative Session: JFAC Intent sections in
all appropriation bills (5.0% Increase)**

SECTION 3. Agencies and institutions shall distribute the funding for employee compensation based on merit as follows:

- (a) Agencies and institutions are directed to, based on merit, target funding first toward high turnover classifications and individuals below midpoint within their agency.
- (b) Agencies and institutions are directed to, based on merit, target funding second toward positions within their agency that are below ninety percent (90%) of the Compa-Ratio.
- (c) Agencies and institutions are directed to target any remaining funding based on merit using the merit matrix required by Idaho Code. Agencies and institutions shall create compensation and distribution plans to ensure that they are consistent with the policies contained herein. Agency directors and institutional presidents shall approve all compensation and distribution plans and ensure that implementation of the plans is consistent with policies contained herein. Each agency and institution shall forward, for informational purposes, approved copies of the compensation and distribution plans to the Legislative Services Office and the Division of Financial Management by June 1, 2007.

**2009 Legislative Session: JFAC Intent sections in
all appropriation bills (5.0% Decrease)**

SECTION 5. LEGISLATIVE INTENT. It is the intent of the Legislature to retain to the extent possible, our capable, quality employees who support the essential services and statutorily authorized programs that the citizens of Idaho expect. The Legislature finds these critical essential services to be those that maintain the health and safety of our citizens and the education of our children. While extending flexibility to the Governor and agency directors to manage the state workforce to the best of their ability during these difficult times, it remains the responsibility of the Legislature to identify priorities for the state workforce.

The Legislature finds that reductions in personnel funding shall first be managed through salary reductions that impact all personnel fairly; secondly, be mitigated by the use of existing salary savings; thirdly, by using savings created by keeping newly vacated positions unfilled; fourth, by the use of furloughs; and lastly, as a last resort, by reducing the workforce. It is the intent of the Legislature that these policies shall be adhered to by the executive, legislative, and judicial branches to the extent allowed by law.

**2009 Legislative Session: JFAC Intent sections in
all appropriation bills (5.0% Decrease)**

SECTION 6. SALARY REDUCTION. Inasmuch as salary reductions will save jobs; and inasmuch as a five percent (5%) reduction in personnel funding may create a reduction in force; and inasmuch as the state as a single employer of multiple departments and agencies is required by law to direct across the board salary adjustments; agencies and institutions shall reduce all salaries of classified and nonclassified employees, regardless of fund source, by three percent (3%) for fiscal year 2010, beginning on June 14, 2009, through June 12, 2010.

Agencies shall use personnel cost savings, furloughs, and a reduction in force to manage the remaining two percent (2%) in funding reductions. The Division of Human Resources shall adjust all pay schedules for the classified personnel system downward to the extent that all beginning minimum salaries are three percent (3%) less than those in effect upon the date of passage of this law.

**2013 Legislative Session: JFAC Intent sections in
all appropriation bills (No Increase in Funding)**

SECTION 3. EMPLOYEE COMPENSATION. The Legislature finds that investing in state employee compensation should remain a high priority even in tough economic times, and therefore strongly encourages agency directors, institution executives and the Division of Financial Management to approve the use of salary savings to provide either one-time or ongoing merit increases for deserving employees, and also target employees who are below policy compensation. Such salary savings could result from turnover and attrition, or be the result of innovation and reorganization efforts that create savings. Such savings should be reinvested in employees. Agencies are cautioned to use one-time funding for one-time payments and ongoing funding for permanent pay increases.