

Joint Change in Employee Compensation Committee Idaho State Legislature

January 10, 2014

To: Members of the 62nd Idaho Legislature, Second Regular Session

The Joint Change in Employee Compensation Committee has completed its hearings and deliberations and offers the following recommendation to the 62nd Idaho Legislature, 2nd Regular Session. The Joint CEC Committee received reports on the statutory requirements of our compensation system, reports on the group health plan and retirement system, and reports from the Division of Human Resources, the Office of Performance Evaluations, and the Hay Group, on comparative surveys done to measure and analyze Idaho's compensation system.

The Joint CEC Committee recognizes that the goal of Idaho's total compensation system for state employees is to fund a competitive salary 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. Working cooperatively with the Governor's Office, the Division of Human Resources, and the Division of Financial Management in making progress toward this goal, the Joint CEC Committee recommends the following:

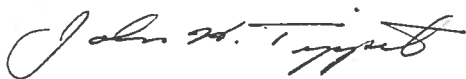
- 1) The Joint Finance-Appropriations Committee consider the following measures:
 - (a) Funding of approximately \$99,000 from the General Fund to adjust the compensation schedule upwards by one-percent (1%), as recommended in the fiscal year 2014 report from the Division of Human Resources. This will help move the salary structure towards market.
 - (b) Continue the job classifications that are currently on payline exception to address specific recruitment or retention issues, as recommended in the fiscal year 2015 report from the Division of Human Resources.
 - (c) Funding of approximately \$5,500,000 from the General Fund for an ongoing one-percent (1%) salary increase for state employees; and one-time funding of an additional \$5,500,000 from the General Fund for the equivalent of a one-percent (1%) bonus for state employees in FY 2015.

This compensation should be based on employee merit and agency directors should be allowed flexibility in distribution, as recommended by the fiscal year 2015 report from the Division of Human Resources.


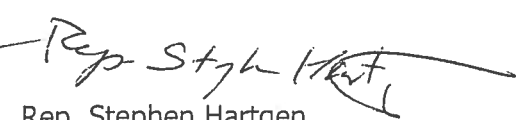
- (d) Funding of approximately \$12,700,000 from the General Fund to pay for the employer-provided share of the increased cost of health benefits, as recommended by the Governor. Additionally, maintain the current employee benefit package.

- 2) 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 agencies funded by the General Fund.
- 3) The Joint CEC Committee also finds that investing in state employee compensation should remain a high priority even in tough economic times, and therefore 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.
- 4) 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.
- 5) Appropriation measures to fund nonclassified employees should be prepared in as nearly as possible the same manner as for classified employees.
- 6) Reconvening the Joint CEC Committee during the 2015 legislative session.

Respectfully,



Senator John Tippetts

Rep. Neil Anderson

Rep. Stephen Hartgen

Senator Dean Cameron
 Senator John Goedde
 Senator Jim Guthrie
 Senator Fred Martin
 Senator Todd Lakey
 Senator Jim Patrick
 Senator Dan Schmidt
 Senator Janie Ward-Engelking

Representative Tom Loertscher
 Representative Robert Anderst
 Representative James Holtzclaw
 Representative Ron Mendive
 Representative Paul Romrell
 Representative Phylis King
 Representative Holli Woodings