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:

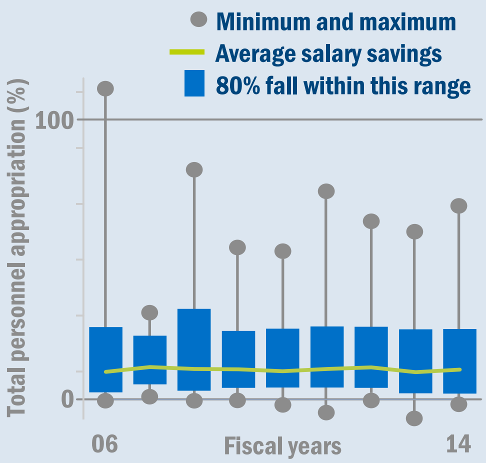
11% Average salary savings of total personnel appropriation

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.

FY 2012 **15%**

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

FY 2014 **15%**

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.