



Joint Change in Employee Compensation Committee Idaho State Legislature

January 25, 2017

To: Members of the 64th Idaho Legislature, First Regular Session

The Joint Change in Employee Compensation (CEC) Committee has completed its hearings and deliberations. The committee received many reports, including the statutory requirements of Idaho's compensation system, and information from the Division of Human Resources, the Division of Financial Management, and the Legislative Services Office. In addition, the committee heard public testimony and received information on the group healthcare plan and retirement system.

The 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 within the means reasonably available to the state. To that end, and in accordance with §67-5309C(4), Idaho Code, the CEC Committee offers the following recommendations to the Joint Finance-Appropriations Committee:

a) Market Related Changes Necessary to Address System Wide Salary Structure

Adjustments: The compensation schedule be shifted upwards by 3% at the minimum, policy, and maximum pay rates in all pay grades from FY 2017 to FY 2018. The exception to the change should be the minimum wage that would remain at \$7.25 per hour in pay grade D.

b) Market Related Changes to Address Specific Occupational Inequities:

Recommend that the state maintain the job classifications that currently have a payline exception to address specific recruitment or retention issues, as recommended in the FY 2018 Change in Employee Compensation & Benefits Report from the Division of Human Resources.

c) Merit Increase Component: Support for an ongoing three percent (3%) increase in funding for a merit-based increase for state employees with flexibility allowed for agency heads and institution presidents in distribution.

d) Changes to the Employee Benefit Package: Fund the increased cost of health insurance premiums for FY 2018. This change equates to an appropriation increase to the state of \$860 for each of its employees. The recommendation includes a reduction to the health insurance benefit from thirty to six months for employees on disability status.

Furthermore, the CEC committee spent a great deal of time discussing and trying to understand the impact of the total compensation package for our employees (total compensation is defined as salary, health benefits, and retirement benefits), and how the compensation package, when measured as a whole, compares to other private and public sectors. The committee also had deliberations about how the state's retirement program and the employee health insurance plan are

structured. The committee has concerns about the increased cost of the health insurance appropriation and therefore also recommends that House and Senate leadership continue to convene their interim committee on State Employee Group Insurance & Benefits and report its findings to the CEC Committee in January 2018.

If any member of the Legislature has questions about our deliberations, please contact us.

Respectfully,



Senator Jim Patrick, Co-chair



Representative Neil Anderson, Co-chair

Senator Jim Guthrie
Senator Fred Martin
Senator Todd Lakey
Senator Steve Thayn
Senator Mary Souza
Senator Kelly Anthon
Senator Janie Ward-Engelking
Senator Grant Burgoyn

Representative Stephen Hartgen
Representative Fred Wood
Representative Steven Harris
Representative James Holtzclaw
Representative Kelley Packer
Representative Eric Redman
Representative Phylis King
Representative Sue Chew