

**CEC Testimony**  
**Joint Change in Employee Compensation Committee**  
**January 15, 2018**

Mr. Chairman, co-chairman, and members of the joint committee, my name is Russ Barron and I've been the Director of the Department of Health and Welfare since July 2017. I've been with the department for over 19 years. Thank you for all your work in researching state employee compensation, and for the opportunity to come before you today and provide information from a department perspective as well as a leadership and management perspective on the pay for state employees.

I first want to say how much I appreciate the Governor's leadership and the Legislature's action with compensation increases over the past few years. However, despite pay increases over the past four years and the department's focus on compensation, pay continues to be a significant challenge. At 87.7%, the department's average compa-ratio is just over 1% **lower** than the statewide average noted in the Idaho Department of Human Resource's CEC report. So, even with our department's efforts to advance employee pay as funding allows, we still lag behind.

We all know that money isn't everything, but I can tell you that changes in compensation are extremely important in our attempts to recognize, reward, and retain our valued employees. It plays a major role in our ability to efficiently and effectively manage operations.

Pay rates also impact our ability to recruit new employees as well as retain our trained, talented workforce.

**On the recruitment end**, pay rates literally prevent us from filling positions.

- Applicants turn down department job offers or never even apply, without regard to location or occupational category. We've had applicants in support services, health care fields, administrative positions, and professional careers decline jobs offered to them because the salary was

unacceptably less than what they were receiving at their current employer or offered by another prospective new employer.

- In trying to fill several Child Welfare vacancies in the northern part of the state, we contacted 1300 licensed social workers in Idaho and surrounding states. While we were finally able to hire several individuals, it took a while and the feedback received was that salaries (roughly \$45K/year) were far too low to even consider applying. In another example, conversations with possible candidates for our Medical Director and Psychiatrist positions at our hospitals repeatedly get stalled when discussing compensation.
- Idaho's low unemployment rate is a good thing, but sometimes it causes employers in the private sector to step-up efforts to keep their talented workers. Just last week, a candidate accepted a job with our department only to subsequently withdraw when her current employer offered a \$5000 bonus to stay.

**For our existing employees,** salaries continue to be an area of concern.

- Many of our employees have second jobs, and several have two or more outside jobs. Employees with outside jobs in addition to their state positions aren't limited to lower-paying roles...it happens everywhere, from Self-Reliance Specialists working in retail or restaurant positions to Clinicians and Social Workers taking secondary social services/health care roles. In the last two years, department executives received over 200 requests from staff to work an additional job. Some employees have indicated that, without the second job, they would have to quit their state job altogether to accept higher-paying positions in the private sector. One of the risks with these second jobs is that many times the other employer ends up recruiting our employees away permanently.
- Existing employee feedback continues to note pay as an area of dissatisfaction.
  - A single mom with one child earning \$13.99/hour said, "My salary at DHW just isn't enough to live on." She ended up leaving for a 51% pay increase.

- Managers and supervisors share concerns about low pay leading to quality staff leaving, difficulty in hiring, and the burnout and increased workloads which result for remaining workers.
- I hear and appreciate the frustration expressed by existing employees that their pay rates lag behind the market and, as a result of that, coupled with our need to fill positions, we end up hiring new employees at rates near or equal to our longer-term, experienced employees.
- Turnover, regardless of reason, shifts the work burden to the remaining employees. When we experience delays in filling positions due to pay, the duration of that work burden extends, contributing to overwork and burnout. In addition, we can experience real financial costs. This can be in the form of required overtime. For example, nurses at State Hospital North worked over 2,400 hours of overtime during CY 2017. In another example, failure to fill physician vacancies at our state hospitals results in expensive contracted physicians and, at times, lowering the patient census until adequate staffing is available.

In addition, vacancies and turnover hamper our ability to effectively and efficiently meet citizens' needs and negatively impact the prudent use of government's limited resources. For example, when we reduce client census at SHN and SHS because of the lack of physicians or nurses, the waiting time to be admitted to state hospitals increases, and clients committed to state custody remain in community hospital beds at the state's expense. It is also frustrating to courts, and at least one judge threatened to hold the department in contempt.

In Child Welfare, pay continues to contribute to employees' decisions to leave the department because with their Social Work Degree they can be paid more elsewhere in a less stressful job. Industry research indicates turnover delays permanency for children, which has significant emotional impacts to them, and significant cost to taxpayers.

DHW experienced an increase in employee turnover from 12% in SFY 2016 to 12.9% in SFY 2017. Last year, of the in-person exit interviews completed by employees who voluntarily separated from the department, 43% cited pay as either the primary reason for leaving, or a contributing factor to their decision to

leave; this is up from 37% from the prior year. The pay increases with their new employers are significant: the average pay increase was 39%, but 17 employees received pay increases of 40% or more.

Employees leaving the department because of pay aren't limited to one occupational category, we see it across the spectrum of classifications.

Each year, the department produces a Separations Report which analyzes our turnover in great detail. The FY17 report is complete. A copy was provided to LSO, and we can provide copies to you if you are interested.

Ultimately, continuing to advance employee pay by providing increased funding is essential in managing the work of the Department. The Department's mission of promoting and protecting the health and safety of Idaho citizens consists of some of the most stressful and difficult jobs required in the state. We strive to hire and retain excellent employees to fulfill this mission. CEC helps us do that. I appreciate the department's outstanding employees and I want to keep them employed in the Department.

Thank you for your time and for your consideration of the Governor's 3% CEC recommendation for our outstanding state employees. I stand for any questions.