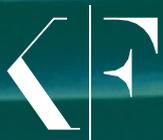


STATE OF IDAHO

Employee Reward Survey Results

October 2018



KORN FERRY®

Total Rewards Preferences Survey

- To understand employee needs and preferences for total rewards, KF conducted a survey of the State of Idaho employee population on behalf of the State:
 - The survey was undertaken by the Governor’s Office in response to the Legislative Interim Committee’s review of employee benefits to ensure employees had the opportunity to share their feedback about the State’s total compensation
 - The survey design followed well-researched and validated survey methodology that requires people to actively make prioritization choices so that the resulting data are actionable by management
- 18,954 employees were invited to participate in the survey. 12,354 employees responded (65%)
- This survey solicited employee input on topics such as:
 - Understanding of reward programs
 - Perception of fairness and competitiveness of reward programs
 - Views on tradeoffs or changes in weighting of the reward elements
 - Relative importance of individual benefits and non-financial reward offerings
 - Views on specific health care issues including plan design, provider network, and premium costs
- Highlights and key findings of the survey are provided on the following pages
- All content provided in this summary represents the organization in aggregate
 - Additional “cuts” of data by grade level, tenure, coverage tier (single or family) and other demographics are included in the results package provided to the Idaho DHR team



Total Rewards Preferences Survey – Participation

- 12,354 participated in the survey, as noted previously
- The survey, in aggregate, had a 65% response rate
- This rate of participation is quite strong for an organization the size of the State
- The table below provide participation rates among key demographics

Employee group	completed
Executive	66%
Legislative	39%
Judicial	49%
0 - 3 years	58%
4 - 5 years	66%
6 - 10 years	68%
11 - 15 years	70%
16 - 20 years	69%
21+ years	69%
Employee	62%
Emp + Spouse	68%
Emp + Children	69%
Emp + Spouse + Children	69%
Declined	50%



Fair and Competitive Rewards – Pay

- The majority of employees responded favorably that they understand pay policies and practices that impact them (75%)
- Only 33% of respondents consider themselves to be paid fairly for the work they do
- We see the response drop to 27% when asked how individuals perceive their pay stacks up against other organizations in the market

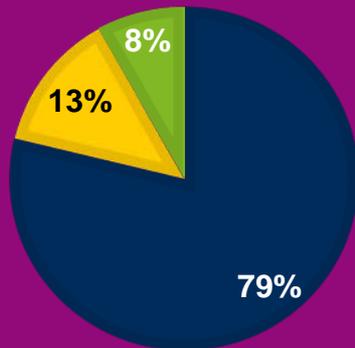


■ Agree/Favorable ■ Neutral ■ Disagree/Unfavorable

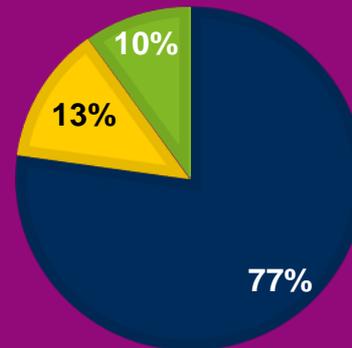
Fair and Competitive Rewards – Benefits

- Similar to our findings for compensation, benefits programs are reported to be well understood by employees (79%)
- Similarly, most employees (77%) report that the organization’s benefits meet their needs
- There is a slight dip in the favorable response on perceptions of competitiveness of those benefits (66%), but demonstrates that employees understand the value delivered by the State relative to other organizations

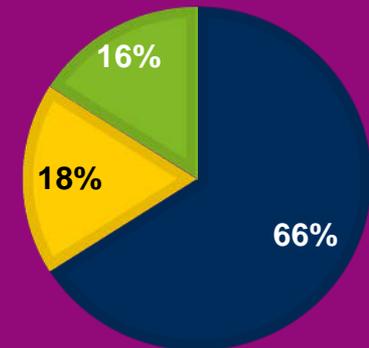
Q: I have a good understanding of our benefit programs



Q: The organization provides benefits that meet my needs



Q: I believe benefits provided by the organization are competitive



■ Agree/Favorable

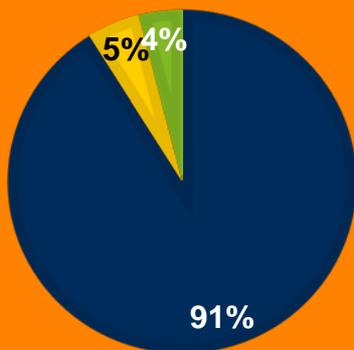
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■ Disagree/Unfavorable

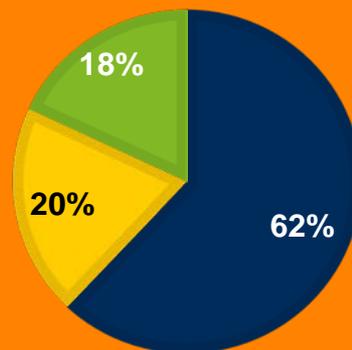
Rewards and Performance

- Employees report feeling clear on what is expected in their role (91% agreement)
 - This high response rate is actually slightly above the market norm
- Employees responded favorably (62%) on receiving feedback on (1.) performance, (2.) recognition and (3.) coaching. The State is below external norms on recognition and coaching, but above norms on performance feedback
 - Data below provides a representative average of these three questions, which yielded very similar results
- The linkage between those job requirements/performance and compensation is noticeably less clear, however, dropping to 35% (below external norms)

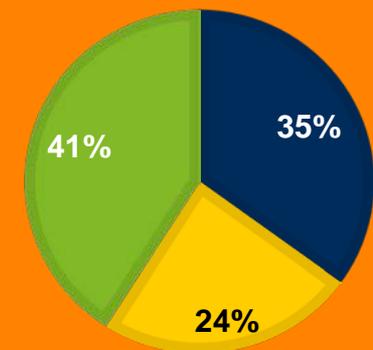
Q: I understand results expected of me in my job



Q: I receive regular feedback/recognition/coaching



Q: There is a clear link between my performance and my compensation



■ Agree/Favorable

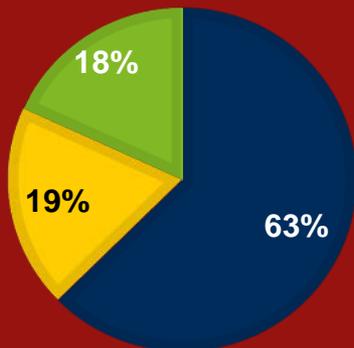
■ Neutral

■ Disagree/Unfavorable

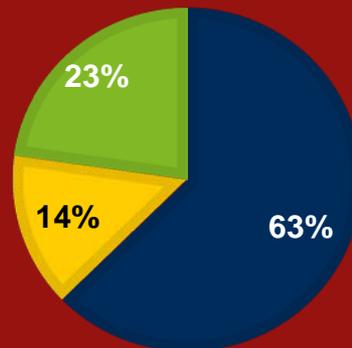
Non-Financial Rewards

- Learning and development opportunity is viewed favorably by employees in the aggregate (63%, similar to market norms)
- More than half of the organization felt the State effectively helped them maintain work-life balance
- State employees overwhelmingly responded that they would recommend the organization as an employer (71% favorable, aligned with market norm)

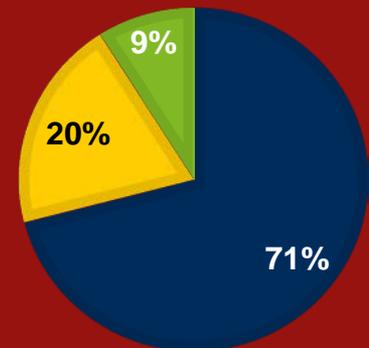
Q: I have good opportunities for learning and development



Q: Idaho supports me in achieving reasonable work-life balance



Q: I would recommend the company as a good place to work



■ Agree/Favorable

■ Neutral

■ Disagree/Unfavorable

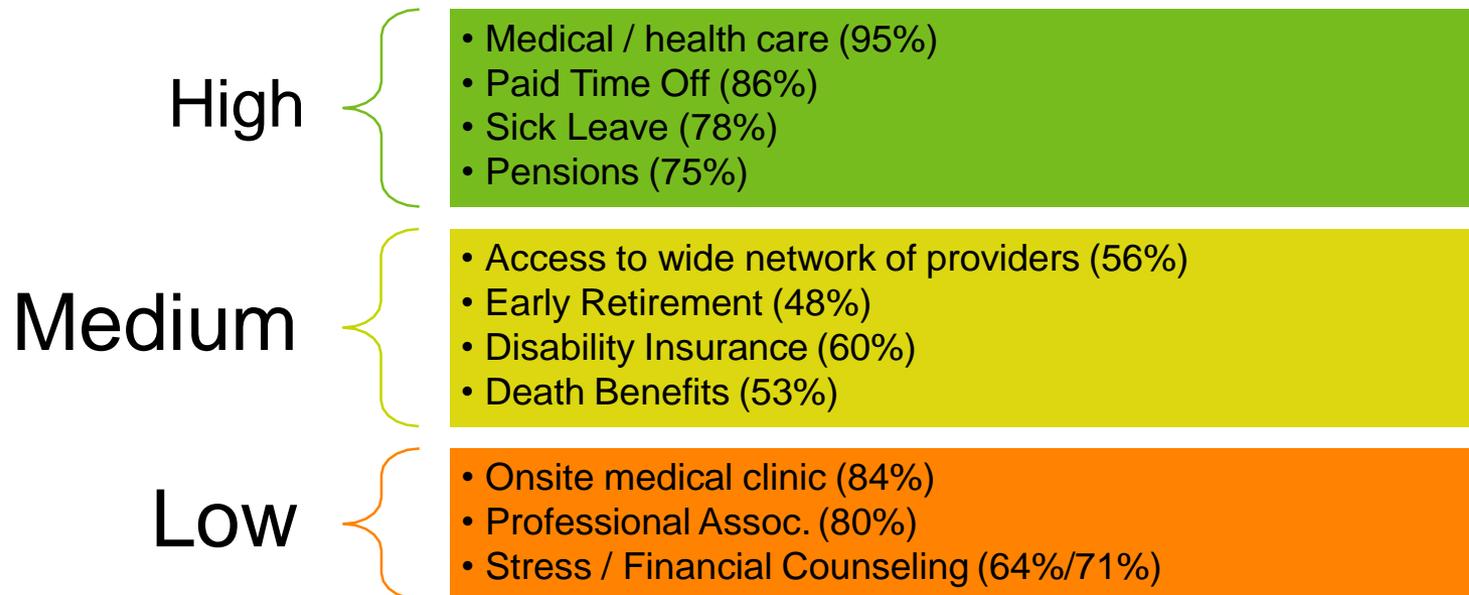
Reward Preferences – Mix of Elements

- Generally, there does not appear to be a trend or desire among employees to change the mix of rewards or the relative weighting of elements within the portfolio (base salary, variable pay, benefits)
- Employees were not interested in greater base salary at the expense of benefits (10% in favor, 76% against)
- Generally, any scenario that shifted weight away from base salary towards other comp elements was viewed with particular disfavor
- The concept of reducing Paid Time Off (PTO), even in exchange for base pay, was viewed quite negatively by employees (19% in favor)



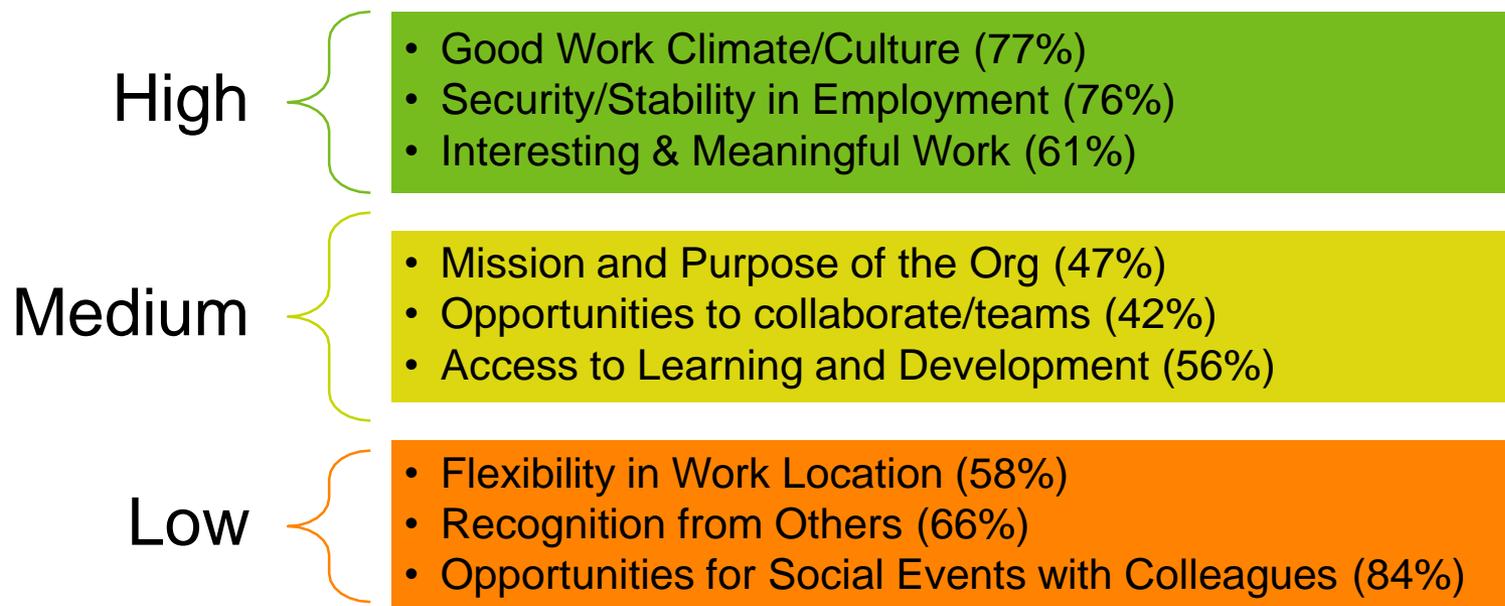
Ranking of “Priority” Benefits

- Employees were asked to rank or bucket benefit programs into high, medium and low categories
 - Parentheses in the exhibit below reflect the percentage of staff who rated the benefit within that bucket
- While there was a mix in ranking, some programs trended quite solidly at the upper or lower ends
- Regardless of tenure, pay grade, coverage tier (single or family) or branch of government, the top 4 highest priority benefits are the same with statistically insignificant differences in percentages
- As the State considers changes to the total compensation portfolio, low ranked benefits may be reviewed for utilization to determine if usage rates (and value to participants) align with the resources needed to administer the program and/or if the program could be more effectively allocated



Ranking of “Priority” Non-Financial Rewards

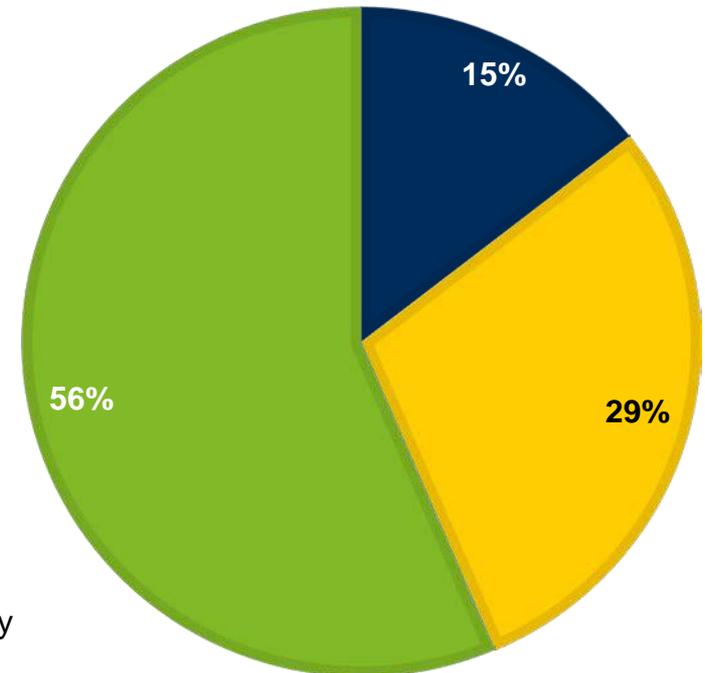
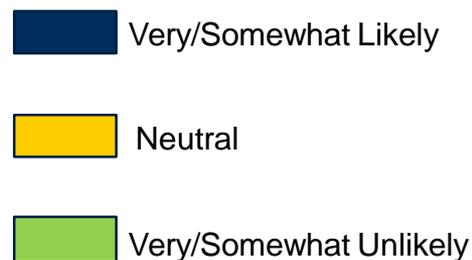
- Similarly, employees were asked to rank or bucket non-financial reward programs into high, medium and low categories
 - Parentheses in the exhibit below reflect the percentage of employees who rated the benefit within that bucket
- Culture/climate and security of work were seen as critical and impactful
- Flexibility in work location, peer recognition and group events were rated as less critical



Health Care Questions

- Trade offs in health care costs were viewed unfavorably by employees, while feedback on reduced provider access was mixed
- More than half of the organization indicated they would be unlikely to select a HDHP if the State made a contribution to an HSA
- Additional comments (4,187) on this question bolster the “unlikely” responses indicating the financial trade off does not make sense / is not fair or that an HDHP would not work for their situation (financially or due to medical conditions)

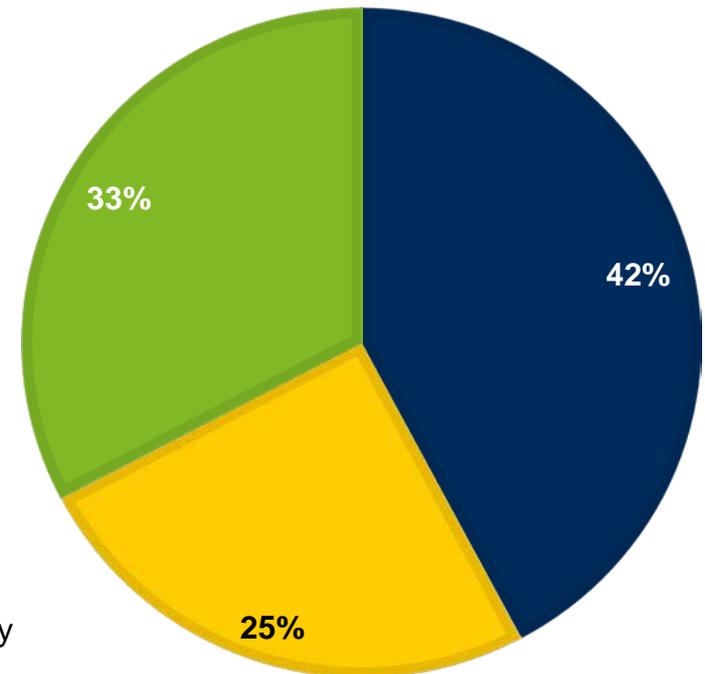
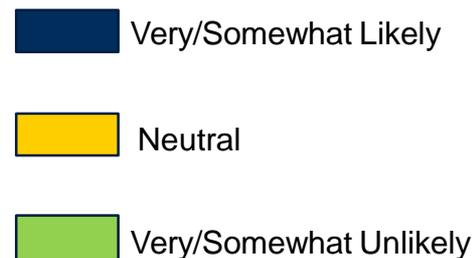
Q: How likely would you be to select a High Deductible Health Plan (HDHP) with a Health Savings Account (HSA) if the State made an annual contribution to your account of \$500 for single coverage (\$2,000 deductible) and \$1,000 for family coverage (\$4,000 deductible)?



Health Care Questions

- Employees were a bit more receptive to a narrower provider network if it meant lower monthly premiums; however, the distribution of responses was evenly split
 - Less than half (42%) indicated they would be likely to opt for a narrower network
 - One third were not likely to make a network change for lower premiums
- Additional comments (4,255) on this question reflected the wide distribution of responses and showed both receptivity as well as skepticism. For employees that may be open to the concept, more information would be required before making any change

Q: How likely would you be to select a regional health plan with a narrow network of providers and hospitals (for example, a single health system such as St. Luke's, St. Alphonsus, Eastern Idaho Regional Medical Center, Kootenai Health, Portneuf Medical Center, etc.) for a lower monthly premium?



Additional Questions – Common Themes

- Employees were encouraged to make comments on two additional questions:
 1. ***How would your view of your total compensation be impacted if your individual or family health insurance premiums for your current health plan increased substantially?***
 - Comments (10,600 in total) overwhelmingly indicated that employees would have a negative view if family health insurance premiums increased substantially
 - Employees used terms like financial burden or stress, hardship, detrimental and difficult to describe the impact
 - Employees indicated they would look for other employment (> 1,000) if such a change were implemented, as benefits is a big part of why they work for the State
 2. ***Please provide any additional thoughts you have, that may not have been covered in the questions in this survey, about the Total Compensation package provided to you by the State.***
 - The comments for the final question (5,408) reinforced earlier survey responses that employees are not interested in tradeoffs that alter the current mix of pay and benefits
 - Comments demonstrate that lower pay is generally accepted because of the better benefits

