

MINUTES
CHANGE IN EMPLOYEE COMPENSATION COMMITTEE

DATE: Wednesday, January 06, 2021

TIME: 1:00 P.M.

PLACE: Room EW42

MEMBERS PRESENT: Senators Co-chairman Patrick, Agenbroad, Guthrie, Souza, Ward-Engelking

Representatives Co-chairman Holtzclaw, Syme, Kingsley, von Ehlinger, Gannon

ABSENT/
EXCUSED: None

Co-chairman Patrick called the meeting to order at 1:02 pm.

Co-chairman Patrick asked committee members to introduce themselves and reviewed the duties of the committee.

Co-chairman Holtzclaw welcomed the presenters and expressed his desire for the committee to fulfill its statutory requirements and ensure retention of the best state employees.

Susan Buxton, Administrator, Division of Human Resources (DHR), presented DHR's change in employee compensation (CEC) recommendations for FY 2022. She credited Idaho's fiscal conservatism in allowing DHR to ask for a CEC for state employees, even in the midst of the COVID-19 pandemic. She discussed the sections of Idaho Code regarding state employee compensation philosophy and required annual surveys, reports and recommendations. DHR recommends first, a 2% increase to the salary structure to continue toward the market average; the estimated fiscal impact is \$121,000 from the general fund and \$168,000 in other funds, totalling \$289,000. Second, continue current payline exceptions for those job classifications which target specific recruitment and retention situations; no additional appropriation is necessary. Third, increase the merit-based salary component by 2%; the estimated fiscal impact is \$19,600,400 from the general fund and \$16,454,800 in other funds, totalling \$36 million. Fourth, maintain the overall design of the benefits package and percentage contributions for employee benefits.

Ms. Buxton stated the market comparison is comparable to last year; while the market has been both very high and low this year, on average it has not changed. She discussed DHR's pandemic mitigation strategies, including telecommuting and noted there will need to be a concerted effort to ensure productivity at the level necessary for government services for those jobs deemed suitable for long-term telecommuting.

In response to committee questions, **Ms. Buxton** clarified all state agencies currently have their lobbies open to the public. Regarding the implementation of last year's CEC, she explained a 3% increase to the salary structure was implemented, but due to the governor's budget holdbacks and hiring freezes, the remaining CEC components were not fully implemented at all agencies. She noted **Alex Adams**, Administrator, Division of Financial Management, would discuss the current situation at the next committee meeting.

Co-chairman Patrick called a recess of the committee at 2:36 pm.

Co-chairman Patrick reconvened the meeting at 2:46 pm.

Jennifer Pike, Administrator, Office of Group Insurance (OGI), gave an overview of current benefits packages and future health plan changes, including implementing an E.R. copay of \$100. She noted OGI was granted up to \$10 million for direct reimbursement for COVID-19 costs for state employees and their dependents; all of these funds will be used by February. She summarized the recommendations of the State Health Plan Working Group that the state continue with the current hybrid funding model, rather than moving to a self-insured plan. She also discussed options for managing the medical and dental reserve balances.

Don Drum, Director, Public Employee Retirement System of Idaho (PERSI), explained the legislature is the plan sponsor and makes the rules, while PERSI administers the rules. He gave an overview of the fund's year-end status and the impact of market volatility on the amortization period and contribution rates. He noted the increasing difficulty of maintaining purchasing power every year through cost-of-living adjustments, while also keeping contribution rates stable. He also gave an update on the balance of the Sick Leave Fund.

Colonel Kedrick Wills, Director, Idaho State Police (ISP), thanked the committee for providing a 2% salary increase for targeted positions last year, noting how much it helped ISP fill particular jobs. He explained the competition ISP faces from other public agencies, both within Idaho and in surrounding regions, for state troopers. He noted both Idaho's state government and citizens show great appreciation and support for ISP, but noted there is a tipping point where salary concerns outweigh the importance of job satisfaction.

Christine Otto and **Maggie Smith**, Senior Budget and Policy Analysts, Budget and Policy Analysis Division, Legislative Services Office, reviewed the recent history of the committee and further explained the status of last year's CEC.

ADJOURN: There being no further business to come before the committee, the meeting adjourned at 4:33 pm.

Co-chair

Erica McGinnis

Co-chair