

MINUTES
CHANGE IN EMPLOYEE COMPENSATION COMMITTEE

DATE: Wednesday, January 20, 2021

TIME: 3:00 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 3:07 pm.

Co-chairman Patrick turned the gavel over to **Co-chairman Holtzclaw**.

**ORIGINAL
MOTION:**

Co-chairman Patrick made a motion to approve the Governor's four change in employee compensation (CEC) recommendations: 1. Shift the compensation schedule upwards by 2% at the minimum, policy, and maximum pay rates in all pay grades, with the exception of pay grade D where the minimum shall stay at \$7.25 per hour, for FY 22, and that the Legislature fully fund that shift. 2. Maintain the job classifications that currently have a payline exception to address specific recruitment or retention issues. 3. Provide an ongoing 2% increase in funding for FY 22 for a merit-based salary increase for state employees, with flexibility allowed for agency heads and institution presidents to distribute those funds as they see fit and 4. Maintain the overall design of the benefits package and percentage contributions for employee benefits. **Sen. Ward-Engelking** seconded the motion.

The estimated fiscal impact for the first recommendation is \$324,200 to bring employees up to the new minimum of the salary ranges. Of the total, \$134,400 is from the General Fund, \$39,000 is from dedicated funds, and \$150,800 is from federal funds. There is no additional cost for the second recommendation because the classifications are already covered in the personnel cost appropriation in each agency budget. The estimated fiscal impact of the third recommendation is \$29,218,500 from all funds, of which \$14,277,600 is from the General Fund, \$10,385,800 is from dedicated funds, and \$4,555,100 is from federal funds. For the fourth recommendation, maintaining the current employee group insurance package would keep the current year appropriation of \$11,650 per FTP for health insurance. It would maintain current PERSI benefits with the same employer and employee contribution rates, but include a one-year holiday for employers that contribute to the PERSI-managed sick leave plan. This recommendation would draw the health insurance reserve account down by approximately \$1,206 per FTP or \$43,520,000 total, leaving a projected reserve balance of \$43,770,000 by the end of FY 22.

Sen. Guthrie spoke **in opposition** to the original motion, stating he was not comfortable granting a merit-based salary increase until the state and country transition out of the current health and economic situation. He noted there is a great deal of uncertainty, including a new presidential administration and a growing national debt. He argued that if working for the state was truly so negative there would be a much higher turnover rate and noted **Governor Little** has recommended agencies reinstate the 5% holdback, so agencies will be able to make FY 21 salaries whole.

SUBSTITUTE MOTION:

Sen. Guthrie made a substitute motion to approve the Governor's CEC recommendations with the exception of the 2% merit-based salary increase, which would be rejected. There would not be a merit-based salary increase for state employees for FY 22. **Sen. Souza** seconded the motion.

Co-chairman Patrick noted Idaho revenues are strong and overall the state has a low unemployment rate. He noted current economic conditions vary between areas of the state and stated he does not look at the national standards as much as at Idaho specifically. He expressed his desire to reward the state's good employees.

Sen. Ward-Engelking spoke **in support** of the original motion, noting state employees often take cuts when others do not. Idaho has experienced a 12% revenue increase, has a surplus and is considering a tax cut, so she argued this is the time to reward hardworking employees. She noted state employees spend money in their communities, so a raise for them helps the overall economy.

Sen. Agenbroad agreed that parts of the state's economy are doing very well, but there are also many people who are struggling. He noted private industry is maintaining stability and giving modest raises.

Co-chairman Holtzclaw turned the gavel over to **Co-chairman Patrick**.

Rep. Gannon spoke **in support** of the original motion, noting the issue is not whether the state can afford a 2% merit-based increase, because the money is available. He felt small businesses are suffering from competition with internet sales and all employers will be pressured to keep up with rising starting wages. He stated those who are concerned about providing a raise to state employees should also be wary of a tax cut, due to economic uncertainty.

Sen. Souza spoke **in support** of the substitute motion, saying while many businesses are struggling, state employees are in a protected bubble. She echoed that the reinstatement of the 5% holdback will give agencies the option to give raises to employees who did not get one in FY 21. She explained this would only take one year off from providing merit-based raises and shows recognition of the struggles in Idaho communities.

Sen. Guthrie spoke **in support** of the substitute motion and agreed it would provide a one year time-out. He expressed his appreciation for state employees and noted if revenues do come through, the committee will have the opportunity to address pay next year. He noted federal revenues impact state revenue, so national problems should be considered,

Sen. Ward-Engelking stated she served on the committee during the Great Recession and had promised to help state employees when times are good. She noted the cost of living has increased, so not giving state employees a raise actually moves them down. The state has the money to do the right thing this year and if the situation changes next year, then the committee can back off.

Rep. Syme explained JFAC will have to take action to reinstate the holdback funds which will not happen until July, so state employees will go a whole year without merit-based raises. If the committee does not recommend a merit-based raise for FY 22, he felt it would be unlikely many employees will get one.

**ROLL CALL
VOTE ON
SUBSTITUTE
MOTION:**

Motion failed by a vote of 5 AYE and 5 NAY. Voting in favor of the motion: Sens. Agenbroad, Guthrie and Souza, Reps. Kingsley and von Ehlinger. Voting in opposition to the motion: Co-chairman Patrick, Co-chairman Holtzclaw, Sen. Ward-Engelking, Reps. Syme and Gannon.

**ROLL CALL
VOTE ON
ORIGINAL
MOTION:**

Motion carried by a vote of 6 AYE and 4 NAY. Voting in favor of the motion: Co-chairman Patrick, Co-chairman Holtzclaw, Sens. Agenbroad and Ward-Engelking, Reps. Syme and Gannon. Voting in opposition to the motion: Sens. Guthrie and Souza, Reps. Kingsley and von Ehlinger.

MOTION:

Rep. Gannon made a motion to approve the minutes of the January 6, 2021 and January 13, 2021 meetings. **Sen. Ward-Engelking** seconded the motion. **Motion carried by voice vote.**

ADJOURN:

There being no further business to come before the committee, the meeting adjourned at 3:50 pm.

Co-chair

Erica McGinnis
Secretary

Co-chair