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Subject: Change in Employee Compensation (CEC) – What’s Included

### **State Employee Compensation Philosophy, Section 67-5309A(1), Idaho Code.**

It is hereby declared to be the intent of the legislature of the state of Idaho that the goal of a total compensation system for state employees shall be to fund a competitive employee compensation and benefit package that will:

- Attract qualified applicants to the workforce;
- Retain employees who have a commitment to public service excellence;
- Motivate employees to maintain high standards of productivity; and
- Reward employees for outstanding performance.

### **Idaho Compensation Plan, Section 67-5309C, Idaho Code**

- Division on Human Resources’ Compensation Report
  - Annually by December 1<sup>st</sup>
- Governor’s Budget Recommendation
  - State-of-the-State Address in January
- Legislative Action
  - Annual Appropriation to Each State Agency

### **Four Components to Employee Compensation, Section 67-5309C(2), Idaho Code**

#### 1. Salary Structure Adjustments

The salary structure is set-up by paygrade for classified state employees. Paygrade is determined by job classification in an attempt to keep similar positions pay comparable. The lowest current hourly rate on the PayScale is minimum wage at \$7.25/ hour and the highest is \$118.77/hour.

<b>Salary Structure Adjustments</b>				
FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
3%	3%	2%	3%	2%

2. Specific Occupational Inequities (Pay line Exceptions)

Pay line exceptions are granted to address specific recruitment or retention issues. There are currently 27 pay line exceptions in place for FY 2022. An example of a pay line exception is a clinical specialist that which are in a paygrade with a max of \$45.16 per hour but have approval to be paid at a higher paygrade with a max of \$59.11 per hour.

3. Merit Increase

The Legislature has funded an average of 2.60% merit increase over the last five years. In addition to the merit increase that was funded the Legislature provided funding for an ongoing increase to 20 hard-to-fill positions in FY 2021.

Fiscal Year	Orig Gen Fund	% Change		Agency
			DHR Rec	CEC
2018	\$ 3,450,575,300	5.4%	3.0%	3.0%
2019	\$ 3,652,724,800	5.9%	3.0%	3.0%
2020	\$ 3,910,354,400	7.1%	3.0%	3.0%
2021	\$ 4,062,091,300	3.9%	2.0%	2.0%
2022	\$ 4,222,572,600	4.0%	2.0%	2.0%
2023	\$ 4,556,139,200	7.9%	5.0%	TBD
Average Change		5.7%	3.0%	2.6%

\*DHR's FY 2023 recommendation includes 2% salary adjustment and 3% merit

4. Benefit Package

The benefit package includes health insurance as well as variable benefits listed below. The benefit package includes employee and employer contributions.

	FY 2022 Appropriation	FY 2023 10% Contractual Minimum	FY 2023 Governor Recommendation	FY 2024 Proj. 10% Contractual Minimum
Health Insurance (medical, dental)	\$13,754	\$14,318	\$14,318	\$15,043
Retiree Subsidy	\$98	\$132	\$132	\$130
Health Insurance Contin. Premium	\$0	\$0	\$0	\$0
Administrative Costs	\$28	\$44	\$44	\$45
Proposed Use of "Sweep" Funding	(\$1,023)	(\$1,041)	(\$1,041)	(\$1,089)
Proposed Use of Reserve Funding	(\$1,206)	(\$1,230)	(\$950)	\$0
<b>Annual Appropriation</b>	<b>\$11,650</b>	<b>\$12,220</b>	<b>\$12,500</b>	<b>\$14,130</b>
<b>New General Fund Approp</b>	<b>\$0</b>	<b>\$5,669,795</b>	<b>\$8,455,349</b>	<b>\$25,137,207</b>
<b>Total General Fund in the Base</b>	<b>\$108,170,300</b>	<b>\$113,840,095</b>	<b>\$116,625,649</b>	<b>\$133,307,507</b>

<b>FY 2023 Variable Benefits as a % of Gross Salary</b>	
FICA - Social Security (up to \$147,000)	6.20%
FICA - Medicare	1.45%
Unemployment Insurance	0.00%
Life Insurance	0.72%
Regular Retirement Rate (higher rates for police/fire)	11.94%
Unused Sick Leave Benefit	0.00%
DHR Fee (agencies with classified employees)	0.55%
Average Workers' Compensation Rate (rates vary by agency)	0.85%
<b>Total Variable Benefits</b>	<b>21.72%</b>

<b>FY 2023 Examples for Hourly Rates of \$15/hour, \$21/hour, and \$30/hour</b>				
	Hourly rate	\$15	\$21	\$30
Annual Salary (hourly rate x 2080 hours)		\$31,200	\$43,680	\$62,400
Health Insurance (Gov Rec)		\$12,500	\$12,500	\$12,500
Variable Benefits (21.72% x Salary)		\$6,775	\$9,485	\$13,550
<b>Benefit Costs for the Employer</b>		<b>\$19,275</b>	<b>\$21,985</b>	<b>\$26,050</b>
<b>Proportion of Benefit Costs to Salary</b>		<b>62%</b>	<b>50%</b>	<b>42%</b>

**Other Employer-Provided Benefits for State Employees**

1. **Paid Holiday:** Eleven days per year: §67-5302(13) and §59-1607(1), Idaho Code.
2. **Sick Leave:** 96 hours per 2,080 hours (approx. 12 days/year): §67-5333 and §59-1605, Idaho Code.
3. **Vacation:** Based on length of service (approx. 12 days/year for first five years, 15 days/year for next five years, 18 days/year for next five years, and 21 days/year thereafter): §67-5334 and §59-1606, Idaho Code.
4. **Life Insurance Basic Plan:** Employer-provided with no cost to the employee. Optional additional life insurance can be purchased by the employee.
5. **Short & Long Term Disability Program:** Employer-provided with no cost to the employee.

**Employee Contributions to Their Own Benefit Costs**

<b>Employee-Paid Health Insurance Premiums</b>
FY 2021: Employee-paid premiums increased by a range of \$30 to \$190 per year, depending on plan type and number of enrollees.
FY 2022: Employee-paid premiums increased by a range of \$24 to \$312 per year, depending on plan type and number of enrollees.
FY 2023 (OGI Projection): Employee paid premiums are projected to increase by a range of \$24 to \$240 per year, depending on plan type and number of enrolled dependents.

**FY 2022 Annual Plan Premiums for a Full-Time Employee (working 30 - 40 hours/week)**

Plan Type	Employee	Employee & Spouse	Employee & Child	Employee & Children	Employee, Spouse & Child	Employee, Spouse & Children
PPO	\$901	\$2,485	\$1,786	\$2,574	\$3,264	\$3,927
Traditional	\$1,081	\$2,905	\$2,122	\$3,066	\$3,840	\$4,503
High Deductible	\$421	\$1,369	\$1,006	\$1,494	\$1,848	\$2,211

**FY 2023 Variable Benefits as a % of Gross Salary:**

FICA - Social Security	6.20% (to \$147,000)
FICA - Medicare	1.45%
Regular Retirement Rate (other rates for police/fire)	7.16%
<b>Total Variable Benefits</b>	<b>14.81%</b>

**FY 2023 Examples for Hourly Rates of \$15/hour, \$21/hour, and \$30/hour**

	Hourly rate	\$15	\$21	\$30
Annual Salary (hourly rate x 2080 hours)		\$31,200	\$43,680	\$62,400
Health & Dental Insurance (Average Cost per Employee)		\$2,267	\$2,267	\$2,267
Variable Benefits (14.81% x Salary)		\$4,621	\$6,469	\$9,241
<b>Benefit Costs for the Employee</b>		<b>\$6,887</b>	<b>\$8,736</b>	<b>\$11,508</b>
<b>Proportion of Benefit Costs to Salary</b>		<b>22%</b>	<b>20%</b>	<b>18%</b>

**Optional Employee-Paid Benefits**

- 1. Flexible Spending Account:** Employees can elect to set aside pre-tax dollars to pay for qualified out-of-pocket health and dependent care expenses.
- 2. Voluntary Term Life Insurance:** Employees can elect to purchase additional life insurance for self, spouse, and dependents.
- 3. PERSI Choice Plan:** As part of the gain sharing program, whereby excess investment gains from the PERSI defined benefit fund are distributed to employees, employers, and retirees, the Choice Plan is an optional defined contribution 401(k) plan. The Choice Plan is in addition to, and separate from, the mandatory defined benefit retirement plan. No employer contribution: §59-1308, Idaho Code.
- 4. Deferred Compensation 457 Plan:** Pre-tax savings plan, administered by Nationwide Retirement Services: §59-513, Idaho Code.