

MINUTES  
**CHANGE IN EMPLOYEE COMPENSATION COMMITTEE**

**DATE:** Wednesday, January 19, 2022

**TIME:** 2:00 P.M.

**PLACE:** Room EW20

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

Representatives Co-chairman Holtzclaw, Syme, Kingsley, McCann, Gannon

**ABSENT/  
EXCUSED:** Senator Souza

**Co-chairman Holtzclaw** called the meeting to order at 2:00 pm.

**Co-chairman Holtzclaw** explained a significant amount of written testimony has been submitted; it is in the process of being compiled and will be available for committee members next week.

**Don Drum**, Executive Director, Public Employee Retirement System of Idaho (PERSI), gave a FY 2021 update and overview of the fund's year-end status. He noted Idaho is one of only five states that meet all three Pew tests for solvency, debt reduction and predictable costs. The Board has focused on sustainability and stabilization of rates, particularly to protect small employers; they granted a 2.5% discretionary cost-of-living adjustment (COLA) in December 2021. The Board also approved the creation of a separate membership class for teachers; legislation is required to finalize this action and would result in a general member rate reduction of 1.89%. He also noted the sick leave rate holiday has been extended to 2026 for schools and 2031 for the state.

In response to committee questions, **Mr. Drum** explained an inflation adjustment can be made every year, while an in-depth study is required every four years. There are not Idaho specific inflation statistics.

**Christine Otto**, Senior Budget and Policy Analyst, Legislative Services Office, presented data from March 2021 to December 2021 to show the impact of the FY 2022 change in employee compensation (CEC). Statewide there was a 4.5% median increase in salary and \$2.2 million was paid in bonuses. Bonuses were given to over 1,500 employees and the average amount was nearly \$1,500.

**Co-chairman Holtzclaw** called a recess of the committee at 2:44 pm.

**Co-chairman Holtzclaw** reconvened the meeting at 2:52 pm.

**Colonel Kedrick Wills**, Director, Idaho State Police (ISP), spoke **in support** of the Governor's CEC recommendations. He said an aggressive CEC is needed because ISP is struggling to recruit and retain the best employees. He discussed ISP's use of retention bonuses and the difficulty in hiring troopers when other states and Idaho jurisdictions offer significantly higher starting pay.

**Susan Buxton**, Director, Department of Parks and Recreation, stated the recommended 5% CEC would allow her department to address their unique needs. Difficulty recruiting entry-level jobs has led to understaffing and more overtime and compensatory time. She noted many of their employees also have difficulty finding housing. The department is serving more visitors with fewer staff than they had in 2010. She stated the committee's actions do send a message to state employees.

In response to committee questions about additional benefits that could be offered, **Ms. Buxton** suggested providing housing, since many parks are in remote areas, flexible schedules, pay adjustments based on commuting time, and hiring and retention bonuses.

**Jeff Anderson**, Director State Liquor Division and Idaho Lottery, explained his retail group positions have 140% turnover; they are not usually included in a CEC, but he stated they should be. He also noted both agencies operate entirely from dedicated funds, so no general fund dollars are used. He asked the committee to support his employees and the Governor's recommendation.

**Jess Byrne**, Director, Department of Environmental Quality (DEQ), spoke about how the department's turnover rate impacts morale, creates burnout and is starting to create delays for customers. FY 2021 turnover was 10-15%, but this year is on track to far exceed that percentage. DEQ particularly struggles to attract engineers and a job posting can go weeks without a single applicant. He stated it is becoming common to lose staff to other government agencies, including smaller cities. He said a significant CEC is needed not only to attract employees, but to reward existing ones. He noted benefits can be enticing, but still do not help employees put food on the table.

**Patti Perkins**, Director, Department of Finance, discussed the stiff competition for Examiners. She noted PERSI benefits are not a big attraction for young employees and said the state does not have to pay at the top end of the scale, but they must pay enough to remain in the hunt for good employees.

**Dave Jeppesen**, Director, Department of Health and Welfare, said voluntary turnout in his department has jumped from 14 to 21%. The department has identified five job classes that saw particularly high turnover, including two nursing positions and Child Welfare Social Workers. He asked the committee to provide directors the monetary flexibility to address unanticipated needs as the employment situation is very fluid.

In response to committee questions, **Mr. Jeppesen** noted the Governor's CEC recommendation provides additional funding for 13 hard-to-fill positions within the department. Regarding inflation, he felt there is a permanent shift happening in the cost of living and wages, both within Idaho and across the country.

**Co-chairman Holtzclaw** called a recess of the committee at 3:54 pm.

**Co-chairman Holtzclaw** reconvened the meeting at 4:05 pm.

**Jane Donnellan**, Administrator, Division of Vocational Rehabilitation, discussed using underfill: hiring an uncertified employee, then assisting them to gain the necessary licensing. She said there is considerable stress on current staff from high turnover and stated she needs flexibility in compensation to do things like offer meritorious bonuses above 20% or use CEC funds early.

**Mark Tschampl**, Administrator, Division of Veterans Services, echoed previous comments, especially the difficulty in hiring skilled nursing positions. A high vacancy rate in the division means they have to limit the number of Veterans Home residents in Lewiston and Boise.

In response to committee questions, **Mr. Tschampl** noted all hard-to-fill positions in the division are already on their second pay-line exception. The increased salary has helped, but the pool of skilled nursing staff is continually reducing so there is stiff competition for those individuals.

**Jeff Weak**, Administrator, Office of Information Technology Services, said his office has lost 14 personnel in the past six months, all due to compensation. IT employees can increase their salary 50-150% while working from home, because of the imbalance between cost of living and wages. He emphasized the need to get to a point where salary can be taken off the table.

**Josh Tewalt**, Director, Department of Correction (IDOC), discussed various strategies IDOC has used to recruit and retain Corrections Officers. He noted the fully funded CEC will help avoid compression issues and give directors flexibility to address new and existing staffing issues.

**Scott Stokes**, Director, Idaho Transportation Department, spoke **in support** of the Governor's recommendation and felt it will be particularly helpful in retention. He discussed three hard-to-fill positions: entry level Engineers, Maintenance Technicians and Mechanics. He noted housing is a big issue, especially when employees are relocated.

**Dean Cameron**, Director, Department of Insurance (DOI), shared that in the past 18 months his department has had a record number of resignations. Employees leave for jobs in other states, in the private sector and for city or county jobs in Idaho. He stated insurance companies will be forced to leave Idaho if the department can't retain their accreditation; during last year's accreditation process the department was called an "exporter of talent." DOI also uses underfill when there is a significant lack of candidates for vacant positions.

**Co-chairman Patrick** encouraged committee members to read the written testimony from agency directors and employees, when it is received. He noted whatever motion passes the committee next week will be presented to JFAC by the co-chairmen.

**ADJOURN:** There being no further business to come before the committee, the meeting adjourned at 4:58 pm.

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Representative Holtzclaw  
Co-chair

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Erica McGinnis  
Secretary

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Senator Patrick  
Co-chair