

MINUTES
CHANGE IN EMPLOYEE COMPENSATION COMMITTEE

DATE: Tuesday, February 01, 2022
TIME: 3:00 P.M.
PLACE: Room EW05
MEMBERS PRESENT: Senators Co-chairman Patrick, Agenbroad, Guthrie, Souza, Ward-Engelking
Representatives Co-chairman Holtzclaw, Syme, Kingsley, McCann, Gannon
ABSENT/ EXCUSED: None

Co-chairman Patrick called the meeting to order at 3:00 pm.

MOTION: **Rep. McCann** made a motion to approve the minutes of the January 19, 2022, and January 26, 2022, meetings. **Sen. Agenbroad** seconded the motion. **Motion carried by voice vote.**

Co-chairman Patrick reiterated his desire to treat state employees well and show them as much appreciation as possible, while following the state employee compensation philosophy found in Idaho Code.

ORIGINAL MOTION: **Rep. Syme** made a motion to first, shift the compensation schedule upwards by 3% at all 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 2023 and that the Legislature fully fund that shift. The estimated fiscal impact is \$43,839,900 to bring all employees up by 3%. Of the total, \$21,644,700 is from the General Fund, \$15,369,900 is from dedicated funds, and \$6,825,300 is from federal funds.

Second, maintain all job classifications with a current pay line exception to address specific recruitment or retention issues as recommended in the FY 2023 Change in Employee Compensation & Benefits Report from the Division of Human Resources. There is no additional cost for this recommendation because the pay line exceptions are already covered in the personnel cost appropriation in each agency budget.

Third, for FY 2023 an increase of up to \$1.25 per hour per permanent employee for a merit-based salary increase and to give agency heads and institution presidents the flexibility to distribute any unused funds as they see fit for retention and recruitment purposes. The estimated fiscal impact is \$61,198,000 from all funds, of which \$31,163,400 is from the General Fund, \$20,174,100 is from dedicated funds, and \$9,860,600 is from federal funds.

Fourth, maintain the current employee benefit package for FY 2023 with an increase to appropriation for the employer share of health benefits. This will maintain the current employee group insurance package with an increase to the current year appropriation from \$11,650 to \$12,500 for an increase of \$850 per full-time position (FTP) for health insurance. Additionally, this motion would maintain current Public Employee Retirement System of Idaho (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. **Co-chairman Holtzclaw** seconded the motion.

Christine Otto, Senior Budget and Policy Analyst, Legislative Services Office, clarified the estimated fiscal impact of the Governor's FY 2023 Change in Employee Compensation (CEC) recommendation is approximately \$75 million, compared to approximately \$105 million for the current motion. She noted these numbers are estimates that will be sorted out by JFAC; the committee's role is to make a policy decision.

Rep. Gannon expressed concern with inflation and rising rents. He spoke **in support** of the motion and said it does not truly provide a raise, but helps protect state employees' salaries from inflation.

SUBSTITUTE MOTION:

Sen. Guthrie made a substitute motion to accept the Governor's FY 2023 CEC recommendations, except for the fourth component; and to maintain the current employee benefit package for FY 2023 with an increase to appropriation for the employer share of health benefits from \$11,650 to \$12,495 for an increase of \$845 per FTP for health insurance. **Rep. Kingsley** seconded the motion.

Sen. Agenbroad expressed concern about creating compression issues by using a fixed dollar amount for a merit-based salary increase, rather than a percentage. He explained a comprehensive study of all pay grades will be available next session and stated his **support** for the substitute motion.

Rep. McCann expressed her thanks to **Ms. Otto**. She spoke **in support** of the original motion and said she previously voted against the Governor's recommendation due to a desire to provide a larger increase to state employees.

Sen. Guthrie stated his county commissioners said they lose employees to the state, not the other way around. He noted the Governor's CEC recommendation is part of a holistic strategy to manage the budget surplus. He warned against chasing inflation because the committee's recommendation cannot be adjusted downward.

Sen. Ward-Engelking noted the Legislature recently passed the largest-ever tax cut and said if they can do that, the committee can give state employees a raise that is closer to matching inflation. She stated many county employees are receiving 8-9% raises and also enjoy unique benefits packages that rival the state's.

Sen. Souza said as a small business owner she knows salaries can be increased but not decreased; the state should be careful not to get in a position where they need to claw back salaries.

Sen. Patrick expressed concern about a fixed dollar amount merit-based salary increase not addressing recruitment and retention needs at the middle and top levels, which can be the hardest to hire for.

Rep. Syme stated compression will be an issue regardless of the type of merit-based raise used. He argued the original motion does help lower wage workers, but also gives agency directors discretion to use the funds for upper range, or hard-to-hire positions.

ROLL CALL VOTE ON SUBSTITUTE MOTION:

Roll call vote was requested. **Motion failed by a tie vote of 5 AYE and 5 NAY.** **Voting in favor** of the motion: **Co-chairman Patrick, Sens. Agenbroad, Guthrie and Souza, and Rep. Kingsley.** **Voting in opposition** to the motion: **Co-chairman Holtzclaw, Sen. Ward-Engelking, and Reps. Syme, McCann and Gannon.**

ROLL CALL VOTE ON ORIGINAL MOTION:

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

ADJOURN: There being no further business to come before the committee, the meeting adjourned at 3:37 pm.

Senator Patrick
Co-chair

Erica McGinnis
Secretary

Representative Holtzclaw
Co-chair