

A circular photograph of the Idaho State Capitol building, a grand neoclassical structure with a prominent dome and columns, set against a clear blue sky with a few white clouds. The building is surrounded by a paved area and some greenery.

FISCAL YEAR 2024 CHANGE IN EMPLOYEE COMPENSATION REPORT

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IDAHO DIVISION OF HUMAN RESOURCES

JANUARY 2023

The logo for the Idaho Division of Human Resources (DHR). It features a blue square containing a white outline of the state of Idaho, followed by the letters "DHR" in a bold, black, sans-serif font.

Idaho Division of
Human Resources
Executive Office of the Governor

OVERVIEW

Purpose:

Review CEC Recommendations for FY24

Supporting Information:

- Overview of State of Idaho workforce
- Review current workforce conditions
- Review results from the Compensation Study



STATE EMPLOYEE COMPENSATION STATUTE

Idaho Code 67-5309A

*“It is hereby declared to be the intent of the Legislature of the State of Idaho that the goal of the total compensation system for state employees shall be to fund a **competitive employee compensation and benefit package** that will attract qualified applications to the workforce; retain employees who have a commitment to public service excellence; motivate employees to maintain high standards for productivity; and reward employees for outstanding performance.”*

PRIORITIES FOR DETERMINING RECOMMENDATION



Recruit and retain the best and brightest for state employment – *we need them!*



Investment from Legislature last year to conduct a compensation study to review Idaho's current model



Results from the compensation study were used to inform the recommendation



Recommendations provide a two-year plan to fully implement

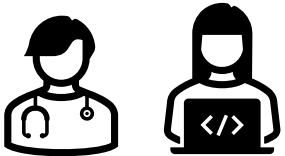
2 -YEAR RECOMMENDATION



8.5% increase for state employees on core structure



10% increase for law enforcement positions



14% increase for IT/Engineering and
Nursing/healthcare positions

FY 2024 CEC RECOMMENDATION



4% merit increase for all state employees



Additional 6% salary adjustment for law enforcement positions



Pay structure shift to improve competitiveness with the current labor market

FY 2024 CEC RECOMMENDATION

Pay-line Exception Component:

- DHR recommends continuing with job classifications currently on a pay-line exception
- Only one classification was added to pay-line exception: custodian

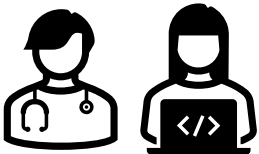
Employee Benefit Package:

- The benefit package continues to be a key component of the State's total compensation
- DHR recommends maintaining a competitive benefits package and plan design for employee benefits

FY 2025 CEC RECOMMENDATION



4.5% merit increase for all state employees



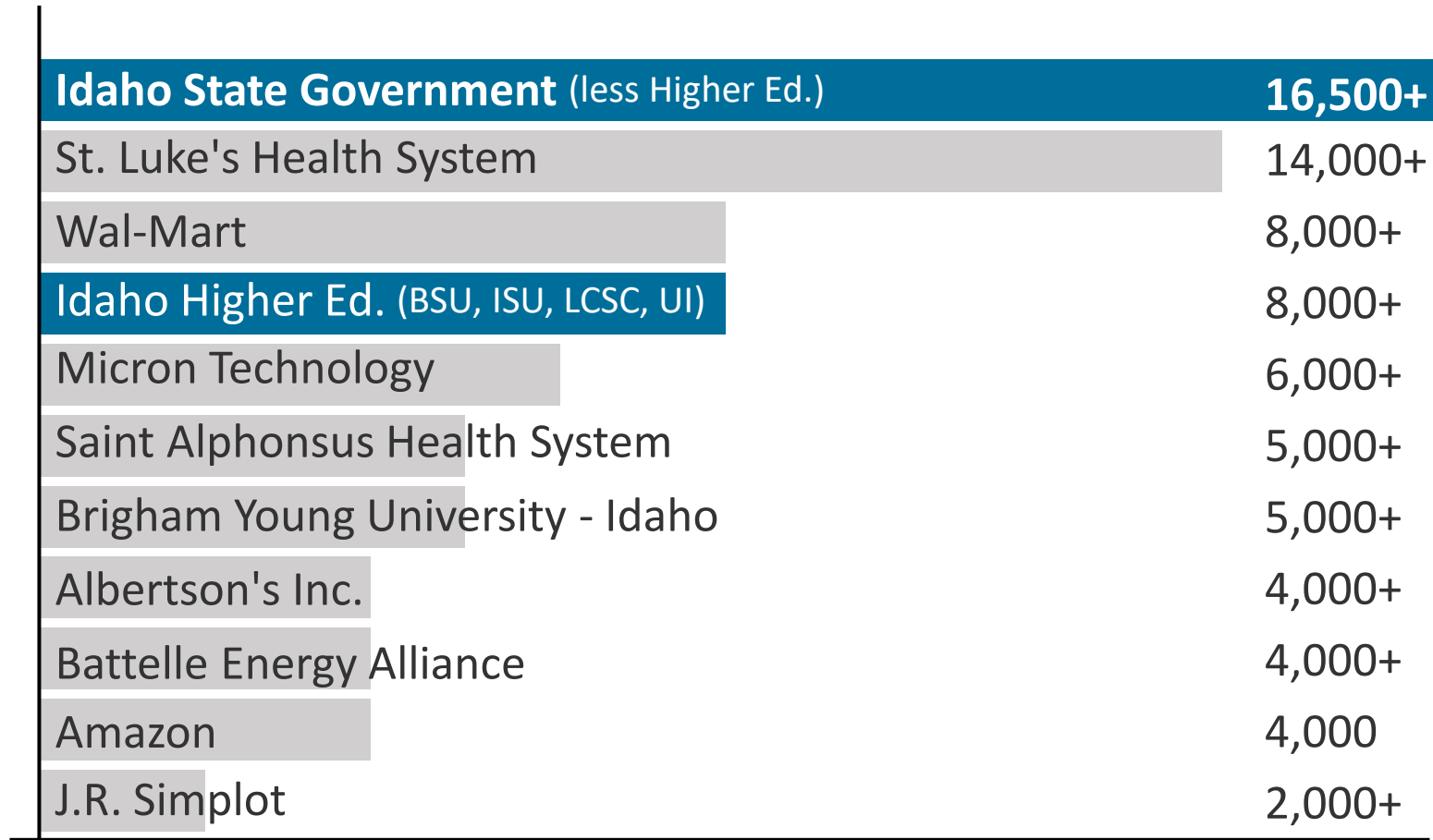
Additional 5.5% salary adjustment for Nursing, IT, and Engineering positions



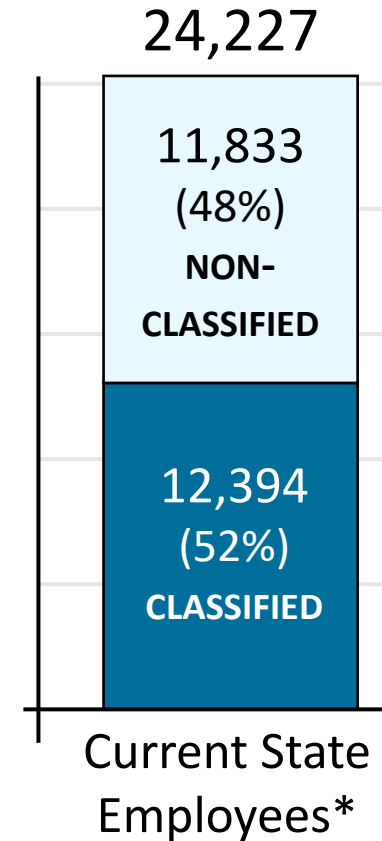
Pay structure shift to improve competitiveness with the current labor market

IDAHO'S STATE WORKFORCE:

We are Idaho's largest employer!



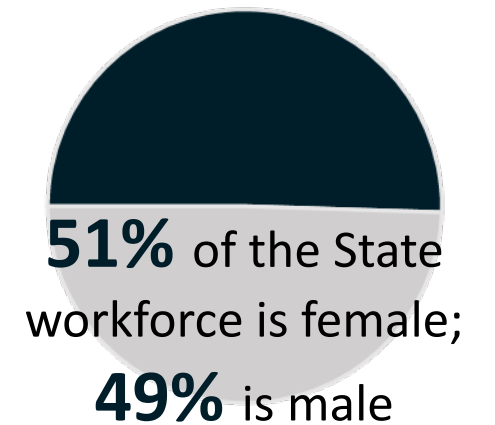
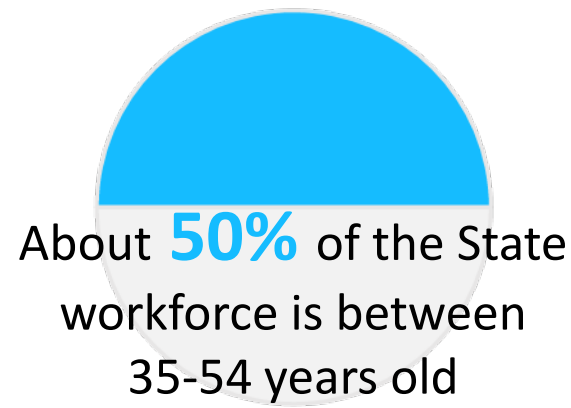
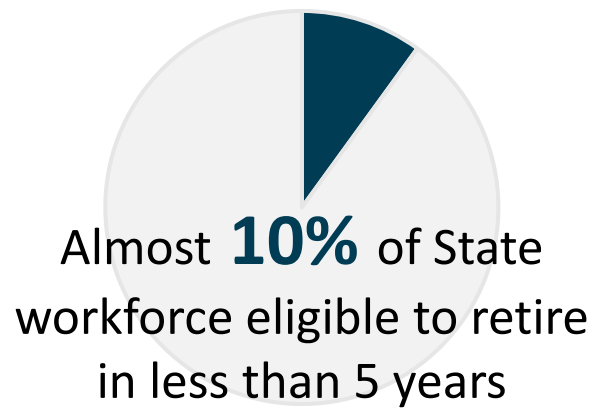
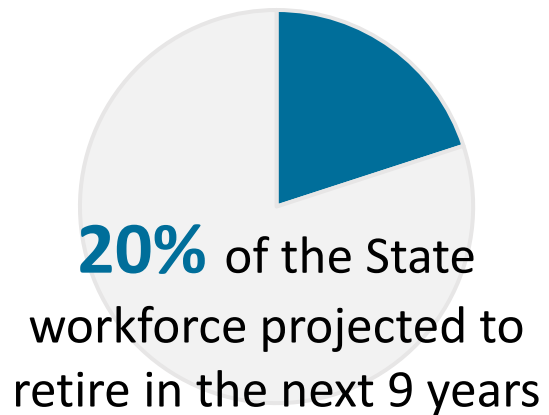
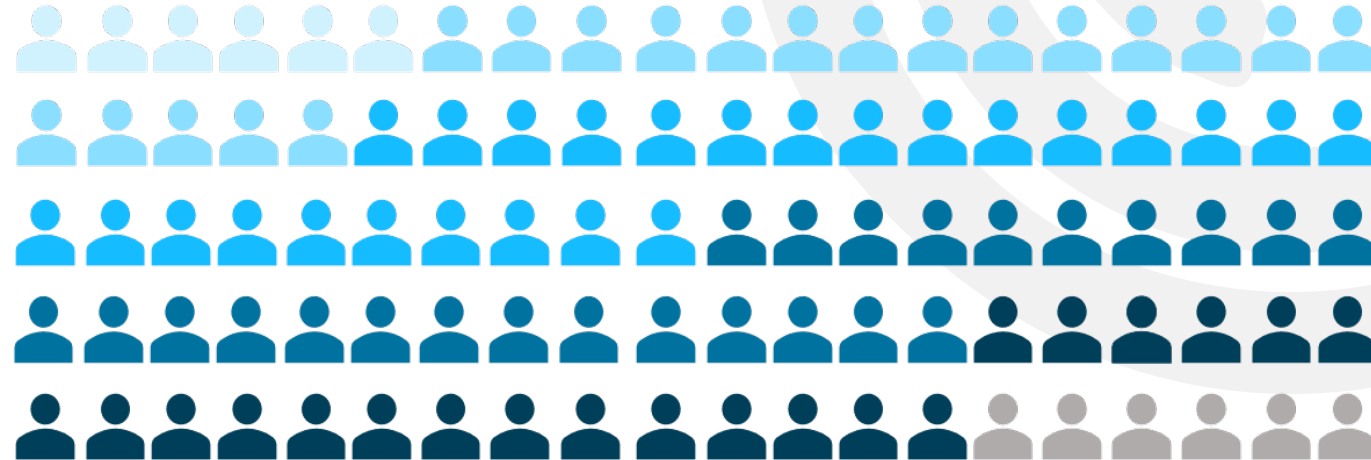
Idaho's Largest Employers



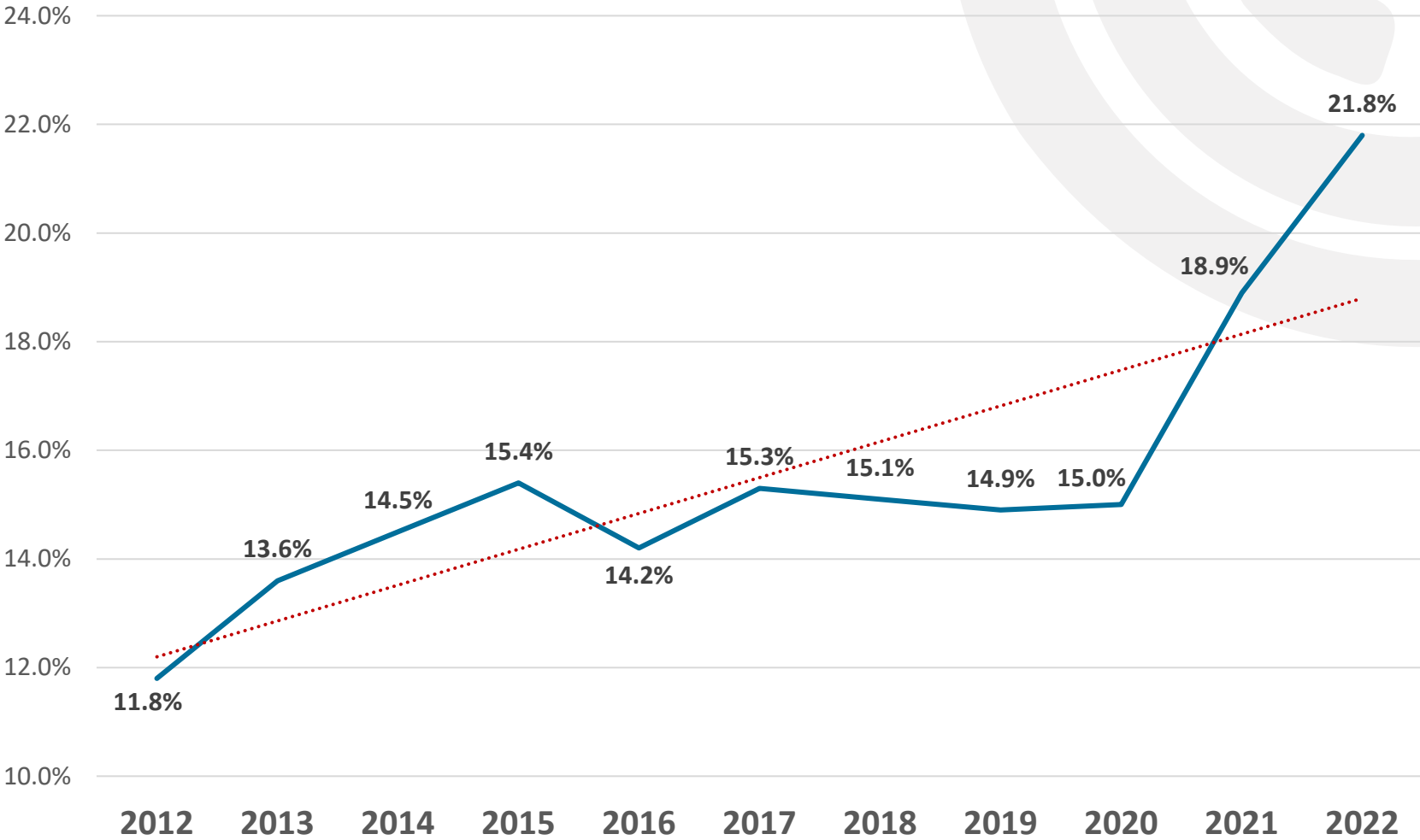
*FTE counts vary from these employee counts; includes temporary and Luma temporary employees

OVERVIEW OF STATE EMPLOYEES

Ages 15-24	6%
Ages 25-34	19%
Ages 35-44	25%
Ages 45-54	24%
Ages 55-64	20%
Ages 65+	6%



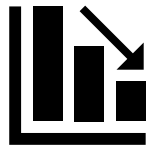
STATEWIDE TURNOVER (2012-2022)



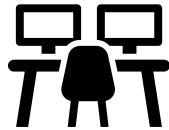
TURNOVER BY OCCUPATION

Occupational Group	Turnover Rate	Average Years of Service	Average Age
Nurses	30%	6	44
Labor Trades and Crafts	28%	6	44
Administrative	28%	7	46
Health Care-Services	27%	7	41
Para-Professional Subgroup	23%	7	43
Protective Services	21%	7	35
Finance and Accounting	20%	11	47
Information Technology	19%	11	49
Engineering	17%	10	46
Professional Services	17%	9	46
Management Subgroup	14%	22	58
Science/Environmental	13%	9	41

MARKET CHALLENGES



Idaho unemployment
is still under 3%



At least 2 job openings
for every job seeker



Inflation trending
around 8%



Short-term projection of
34,000 jobs added in
2023 (2% growth rate)

RECRUITMENT AND RETENTION



State vacancy rate trending at 12%
2,500 unfilled positions



Average 57 days to fill a job



**Most difficult positions to
recruit for include:**

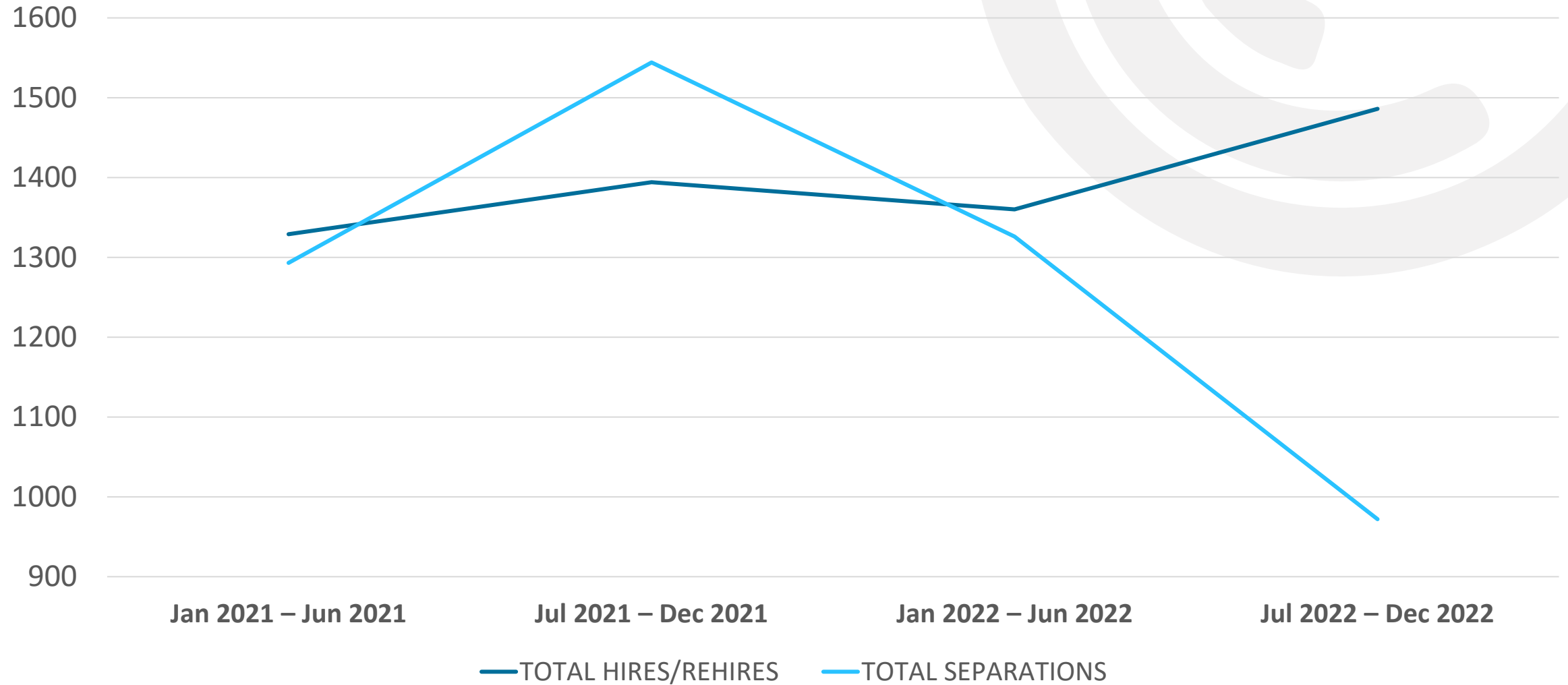
Transportation Tech
Liquor Store Clerk
Psychiatric Technician (State Hospitals and SWITC)
Custodian
Program Manager
Nurse

WHAT IS THE STATE OF IDAHO DOING TO RECRUIT?

- Simplifying the application process
 - *Get days to hire down to 30 days*
- Social media and online presence → → →
- Re-evaluating job requirements
- Substituting experience for education
- Flexibility in work schedules
- Public Apprenticeship Programs
- Having a retention strategy!



RECRUITMENT AND RETENTION



WHAT MATTERS MOST TO EMPLOYEES?

- Team experience and belonging
- Flexibility and opportunity to learn and develop
- Transparent and collaborative culture
- A “higher” purpose
- Innovation



WHY EMPLOYEES CHOOSE TO LEAVE THEIR JOBS...

- People feeling underpaid for the work they do
- Burnout
- Not connected to the vision of the organization
- Poor management
- Lack of work-life balance or priority to take care of children



EMPLOYEE ENGAGEMENT INDEX

○ SATISFACTION

○ ADVOCACY

○ RETENTION

○ PRIDE

EMPLOYEE ENGAGEMENT INDEX

The index is the average level of agreement for:

- ✓ *Overall, I am extremely satisfied with the State of Idaho as a place to work.*
- ✓ *I would gladly recommend this organization as a place to work to people I know and respect.*
- ✓ *I rarely think about looking for a new job with another organization.*
- ✓ *I am proud to work for the State of Idaho.*

RESULTS AT A GLANCE

Employee Engagement

65%

-7 from USA Norm

Equip Factors

69%

-5 from USA Norm

Manager Effectiveness

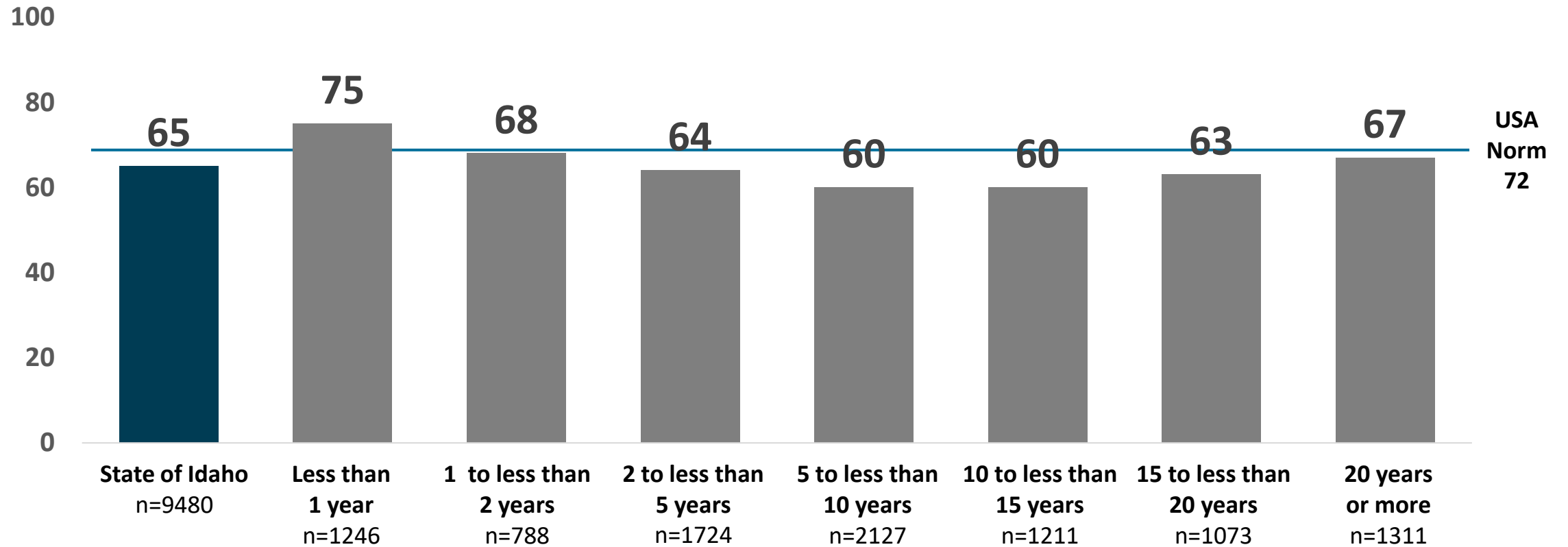
71%

-3 from USA Norm

74%
response rate

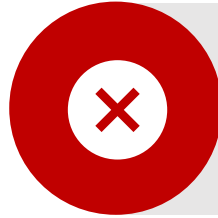
12,734 invited
9,480 responded

ENGAGEMENT BY TENURE



RESULTS FROM EMPLOYEE SURVEY

POSITIVE RESPONSES



UNFAVORABLE RESPONSES

Proud to work for the State of Idaho

Feeling they can “succeed to their full potential”

Good training to do job effectively

Trust in immediate supervisor

Customer focus

Compensation

Burnout

stress, workload, overtime, too many hours

Systems and resources to do their job effectively

Better technology, vehicles, equipment, etc.

STATE OF IDAHO FOCUS

- Compensation and recognition
- Better systems and tools
Through Luma and technological improvements
- Leadership development





COMPENSATION

OVERVIEW OF STATE SALARY STRUCTURE

The state's overall compensation system, which includes both a salary and a benefit component, when taken as a whole, shall be **competitive with relevant labor market averages**.

Advancement in pay shall be based on **job performance and market changes**.

Pay for performance shall provide faster salary advancement for higher performers based on a merit increase matrix developed by the Division of Human Resources.

All employees below the state's market average in a salary range who are meeting expectations in the performance of their jobs shall move through the pay range toward the market average

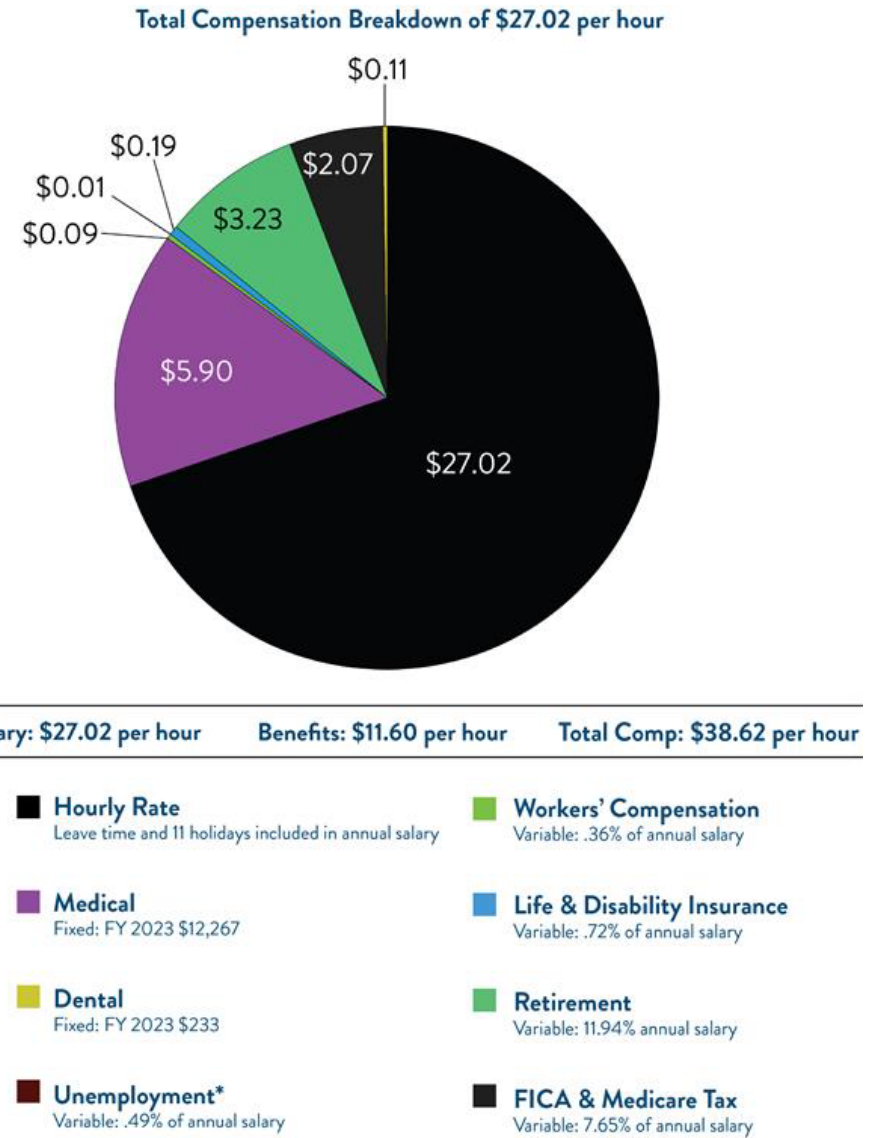
RESULTS OF FY23 CEC

BEFORE CEC	AVERAGE MERIT INCREASE	MARKET INCREASE	TOTAL CEC INCREASE
\$11.59 – \$20.00 / hr	8%	3%	11%
\$20.00 – \$29.00 / hr	6%	3%	9%
\$29.00 – \$46.00 / hr	4%	3%	7%
\$46.00 – \$63.00 / hr	3%	3%	6%
Over \$63.00 / hr	2%	3%	5%

STATE EMPLOYEE TOTAL COMPENSATION

Benefits make up about 40% of an employee's annual salary

- Includes medical benefits, paid time off, retirement, social security, life insurance, workers' compensation insurance, and unemployment insurance



* Does not reflect temporary payment holiday

ANNUAL SALARY SURVEYS

- Compare Idaho's salary structure and actual salaries with comparator markets to assess competitiveness in the relevant labor markets
- Idaho Results:

Compared to Private Sector

Idaho's base salary midpoints are 25% below private market (26% last year)

Idaho's benefits 8% above private market

Total compensation 15% below market average (12% last year)

Compared to Public Sector

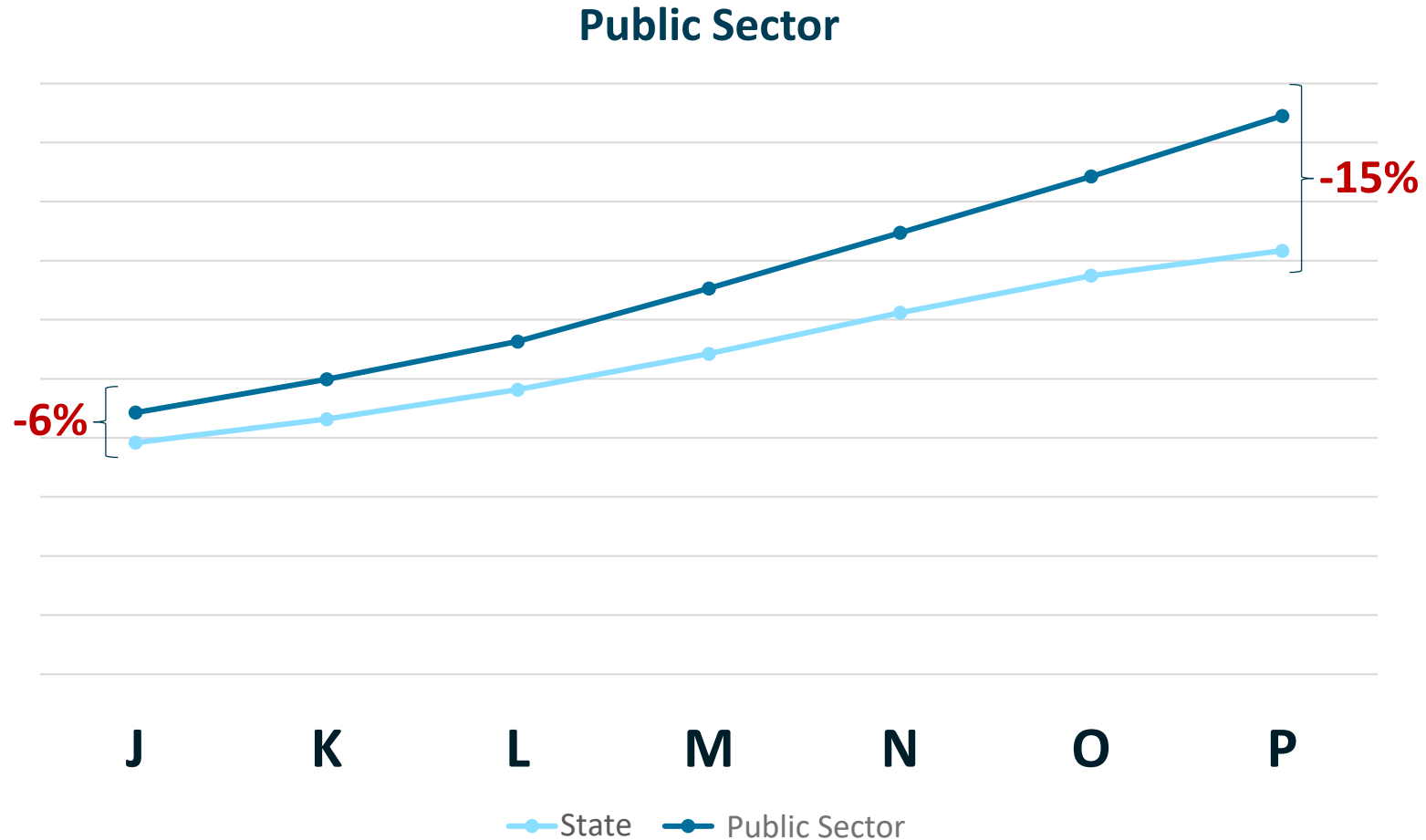
Idaho's base salary midpoints are 8% below public market (7.6% last year)

Idaho's benefits 6% below public market

Total compensation 9% below public market (7% last year)

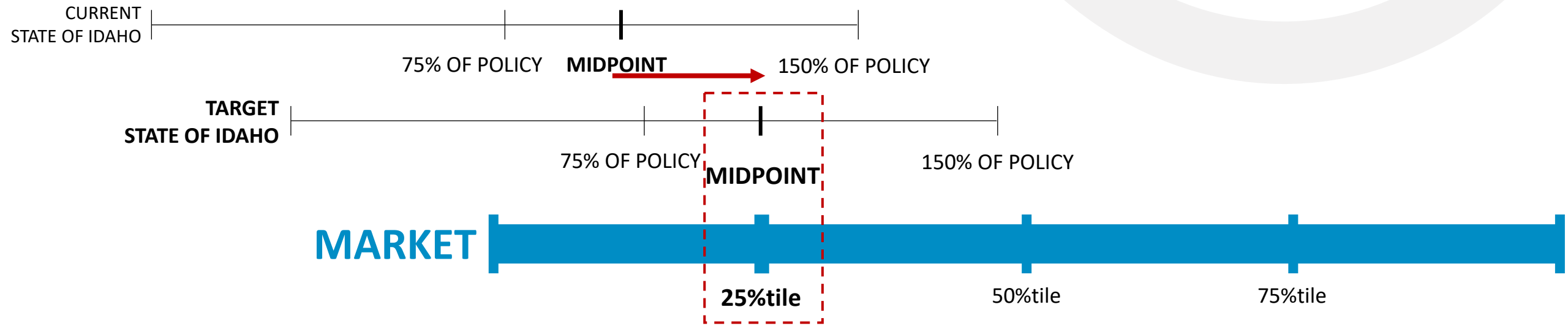
SURVEY RESULTS:

Total Compensation Comparison by Pay Grade



STATE OF IDAHO'S MARKET POSITION

- The goal is to be at least 25% of market



COMPRESSION IN SALARY STRUCTURES

SALARY	PAY GRADE	MINIMUM QUALIFICATIONS	LABOR MARKET (PERCENTILE)																					
			5	10	15	20	25	30	35	40	45	50	55	60	65	70	75	80	85	90	95	100		
Average FY23 CEC: 11% \$14-\$24 / hour	G	Entry-level A basic understanding gained through on-the-job training. <i>Ex: Office Specialist, Custodian</i>																						
	H																							
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	J																							
Average FY23 CEC: 8% \$25-\$35 / hour	K	2+ years experience Well-trained in a specific field of work. Can include some decision-making or supervision. <i>Ex: Supervisor, Correctional Sergeant</i>																						
	L																							
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Average FY23 CEC: 5% Over \$35 / hour	P	5+ years experience Considered an expert and trains others. Can include management of multiple areas and strategic/future planning. <i>Ex: Nurse Manager, Bureau Chief, Engineer Manager, ISP Captain</i>																						
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STATE OF IDAHO
TARGET
25%TILE

MARKET
AVERAGE
50%TILE

75%TILE

COMPENSATION STUDY

Overview of Study

- DHR contracted with Korn Ferry in July to conduct a full review of the State's classification and compensation framework
- Analysis from Compensation was provided to Division of Human Resources in October. Results were used to develop more functional salary structures across different disciplines.
- CEC recommendation is structured to implement these changes over the next two years.

What do we hope to accomplish?

- ✓ Receive data-driven recommendations for making improvements to compensation
- ✓ Goal is to move state midpoints closer to 25% of the current market
- ✓ Implement 3 additional salary structures to target premium professional positions in state government

COMPENSATION STUDY HIGHPOINTS

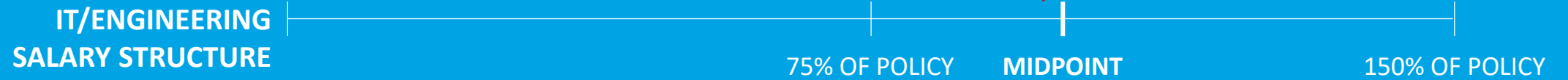
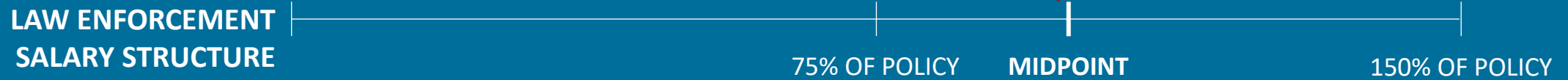
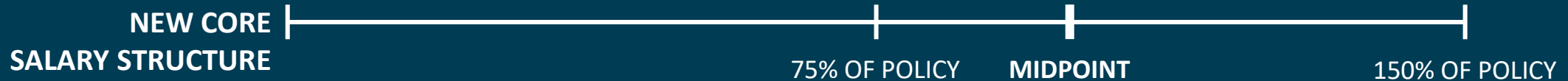
Idaho currently uses a single salary structure for all job families (ranges from D – V).

The salary structure is between the 10th and 25th percentile for the labor market for most pay grades.

Compression exists between pay grades, reducing incentives for employees to promote or stay.

Idaho's single structure approach does not accommodate premium-priced jobs and results in an uncompetitive position for the state when hiring for or retaining certain professional positions.

COMPENSATION STUDY RECOMMENDATIONS



COMPENSATION STUDY RECOMMENDATIONS

To be competitive in Idaho's labor market, Korn Ferry proposes that State make considerable adjustments to the salary structure:

- ↑ Increase the core salary structure by an average of **8.5%**
- Implement 3 additional salary structures to support professional job families:
 - Law Enforcement: ↑ Increase **10%** from current
 - IT/Engineering: ↑ Increase **14%** from current
 - Nursing/Healthcare: ↑ Increase **14%** from current

PROPOSED SALARY STRUCTURE CHANGES

[midpoint only]

Minimum moves to 75%
Max stays at 150%

Grade	Current Midpoint	Core	Law Enforcement	IT/ Engineering	Nursing/ Healthcare
D	\$24,960	\$26,000	\$30,000		
E	\$27,914	\$29,000	\$33,100		
F	\$31,429	\$32,400	\$36,400		
G	\$35,714	\$36,500	\$40,600		\$41,200
H	\$41,122	\$41,500	\$45,700		\$48,006
I	\$48,006	\$49,000	\$55,200	\$52,400	\$54,200
J	\$54,142	\$54,600	\$59,700	\$59,300	\$60,900
K	\$60,611	\$61,400	\$65,000	\$67,500	\$69,000
L	\$68,453	\$69,400	\$71,400	\$78,200	\$78,600
M	\$77,355	\$79,000	\$79,000	\$88,000	\$90,000
N	\$85,488	\$88,300	\$88,300	\$97,700	\$96,800
O	\$92,643	\$99,400	\$99,400	\$109,300	\$105,000
P	\$101,317	\$113,000	\$113,000	\$118,500	
Q	\$111,509	\$130,000	\$130,000	\$130,000	
R	\$123,698	\$150,000			
T	\$156,707	\$175,000			
V	\$203,549	\$225,000			

2-YEAR CEC STRATEGY

FY 2024

- 4% merit for all state employees
- Additional 6% salary adjustment for law enforcement positions
- Implement law enforcement salary structure

FY 2025

- 4.5% merit for all state employees
- Additional 5.5% salary adjustment for IT/Engineering and Nursing/Healthcare
- Implement IT/Engineering and Nursing/Healthcare salary structure



QUESTIONS?
