IDAHO DEPARTMENT OF
HEALTH & WELFARE

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Change in Employee Compensation (CEC) Committee
Idaho State Legislature
Submitted via E-mail: ceccommittee@lso.idaho.gov

Dear Committee Members:

Thank you for once again inviting testimony related to state employee compensation. 2023 begins my fifth year as Director of the Department of Health and Welfare. One may think that Idaho's revenue surplus makes your job easier. I know that is not the case. The needs are countless, the reasons compelling, and the future uncertain. Thank you for your careful consideration of how compensation impacts our state workforce and the services we provide.

The Department of Health and Welfare exists to strengthen the health, safety, and independence of Idahoans. More than a third of Idahoans receive critical and necessary services from DHW. Whether it is helping working parents have a safe place for their children while they are at work, providing support to people in physical or mental health crisis, keeping those we serve on the path to self-reliance, or engaging in preventative work to make a positive lifelong impact, I know one thing: our employees are the key to our success. They do the real work; my job is to support them so they can make a difference to Idahoans.

Connecting with employees is one way I support employees. In previous years, I have visited offices and held townhalls with employees and learned about their challenging, high-workload, and stressful jobs. This year, I added job shadowing to my leadership toolkit to meet employees, get to know them, and learn more about our work and our customers. Job shadowing dozens of employees this past year reinforced the admiration I have for our employees. I was impressed by their competence, commitment, and compassion.

Job shadowing was a humbling experience. I accompanied employees to clinics and client homes, saw first-hand the overwhelming caseloads, and experienced heartfelt day-to-day interactions. Some were joyful celebrations of a client's success like a new job; others were emotional recollections of a client's darkest moments. Yet in all situations, DHW employees were there providing support. We have our employees to thank for the positive impacts in the lives of these Idahoans.

During the past year, the department worked hard to fill vacant positions and retain existing workers in order to reduce voluntary turnover; we hoped that doing so would also reduce the stress and burnout on our workforce. While we did successfully reduce voluntary turnover from 21.7 percent in State Fiscal Year 2021 (SFY2021) to 18.7 percent in State Fiscal Year 2022 (SFY2022), turnover remains too high and well above our goal of 14 percent. High turnover negatively impacts our employees and can negatively impact services to Idahoans. As one departing employee noted, "There was never a day when we were fully staffed. I felt pulled to focus on the fire burning the brightest while letting the rest of the fires burn."

Flexibility was the common contributor to our slightly improved turnover. You allowed us enough salary flexibility that we could issue retention bonuses in critical areas, such as among healthcare workers at our hospitals, clinicians in the Division of Behavioral Health, and social workers in Child Welfare. Flexibility was also a leadership tool. DHW management supported employees, where appropriate for the work and the employee, through flexible work options such as telework. About half of the department's employees telework, and employees have overwhelmingly voiced their appreciation for telework.

Despite our focused efforts, turnover in some key positions remains too high year-to-year. Once again, as has been the case for the last five years, registered nurses and child welfare social workers were ranked among our job classes with particularly high turnover. And previous increases in turnover among clerical support workers were highlighted by the shocking 59 percent voluntary turnover in the customer service representative 2 job classification. Turnover this high diminishes productivity, negatively impacts services, and is costly. In State Fiscal Year 2022, the following five job classes saw particularly high turnover:

- Customer Service Representative 2: up from 51% in SFY2021 to 59% in SFY2022
- Child Welfare Supervisor: up from 23% in SFY2021 to 35% in SFY2022
- Child Welfare Social Worker 2: down from 36% in SFY2021 to 29% in SFY2022
- Registered Nurse: down from 51% in SFY2021 to 26% in SFY2022
- Clinician: up from 20% in SFY2021 to 22% in SFY2022

While a couple of those turnover rates decreased since the previous year, they are still far too high. All five of these job classes have proven to be very difficult to fill; four of them require degrees and/or licensure, making turnover and recruitment even more problematic.

Of the 56 percent of DHW employees who reported leaving us for another job, 62 percent received a pay increase at their new jobs. The average pay increase was 26.5 percent. This reinforces the conclusions reached by the Idaho Division of Human Resources: compensation for State of Idaho employees lags both public and private sector markets by too much. Among our healthcare workers, too many of our trained personnel accepted positions at other healthcare organizations in Idaho. Meanwhile, our applicant pipelines have dried up; for some jobs, including healthcare jobs such as nursing, there are few to no applicants even after months of recruitment. This is particularly troubling. When we are unable to fill our positions at our four state institutions, we must operate with few beds filled and delay admissions. This puts additional strain on community hospitals and jails, is more expensive to the state, and is not the best treatment for patients.

Another recent alarming trend has been the increased numbers of employees who leave DHW without having another job. This number peaked in State Fiscal Year 2021 at 33 percent and decreased slightly to 29 percent in State Fiscal Year 2022. Given that stress/workload have been among the top reasons for leaving, this is no surprise. Our hope is that keeping positions filled with experienced workers by reducing turnover will ease the stress on all.

Thanks to the work of this committee and the support of the legislature, 2688 employees received pay increases in accordance with last year's CEC appropriation; the average pay increase was 9.35 percent. I appreciate DHR's work to examine compensation, and particularly their proposed increases for the state's information technology and healthcare workers during State Fiscal Year 2025. I urge you to carefully consider the Governor's recommendation to increase agency budgets by four percent to provide pay increases to state employees. Your efforts and support will help us attract new talent and retain our experienced, quality workforce during the coming year.

Those workers make an undisputed, inspiring differences to the lives of Idahoans, such as this testimonial from a 988 call from a mother who had a gut feeling that something was wrong with her teenager. She asked him if he was feeling suicidal and he said yes. She called 988 to reach the Idaho Crisis and Suicide Hotline and they told her what to do. She and her son shared, "If you or someone you know needs help in a mental crisis, call 988. Their assistance was beyond helpful, even in the middle of the night. It saved my son's life to intervene that night no matter how much he hated me for it at the time. Remember 988."

Never underestimate the importance of your work. The decisions you make feed Idaho's hungry families, provides quality healthcare to Idaho's vulnerable populations, implements programs to improve and lengthen Idahoans lives, and literally save lives.

Sincerely,

Dave Jeppesen
Director

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Sixty-seventh Idaho Legislature
JOINT CHANGE IN EMPLOYEE COMPENSATION COMMITTEE

CHANGE IN EMPLOYEE COMPENSATION
Written Testimony

January 11, 2023

The Idaho Industrial Commission administers the workers' compensation law and the Crime Victims Compensation Program for the state of Idaho. The Commission has 133 full time employees. With its main office located at the Chinden Campus in Boise, the Commission also and has 10 field offices throughout the state (Boise-Rehab Services, Burley, Caldwell, Coeur d'Alene, Idaho Falls, Lewiston, Payette, Pocatello, Sandpoint, and Twin Falls).

The Commission has experienced significant difficulties in retaining and recruiting personnel over the past 2 years. We repeatedly lose good employees to higher paying jobs in the private and public sector. In fiscal year 2022 the Commission had a turnover rate of 20% and thus far in fiscal year 2023 it is 11%. Of those people leaving the Commission in fiscal year 2022, 38% reported leaving for higher pay, and halfway through fiscal year 2023 that number has increased to 45%. On average the Commission is actively recruiting for 13-14 positions across the state at any given time, which is approximately 10% of our workforce. This means we are continually challenged to meet our mission and serve the public, absent 10% of our personnel resources. We have also experienced multiple occasions (10 occasions) where we have successfully filled a vacant position, only to have that person decline our position days before their scheduled start date or resign shortly after starting, for a higher paying job elsewhere. In these situations, we are forced to begin the recruitment process all over again.

As a result of the great resignation and record low unemployment rates, recruiting qualified applicants for vacant position has been difficult. These recruiting difficulties are amplified for our regional offices located in rural communities of the state. Currently, the median time to recruit a qualified candidate is approximately 6 months, and for some positions it has taken as long as 13 months. During this time, we have asked that other employees take on additional work and set aside some tasks until we had sufficient personnel to complete them. We have experienced multiple instances (29 occurrences) where we did not receive any applications for our posted job vacancies, or the applicants that were received were grossly unqualified for the position they applied for. This resulted in having to extend or repost the job opening, further delaying the recruiting process, and impacting our ability to get our work done. Despite these difficulties we have been successful in recruiting qualified staff to fill our vacant positions. However, in most of these instances we had to increase starting salaries in order to attract qualified applicants, starting new employees at salaries near to employees who have been performing the job duties for up to a year. In deciding to increase starting salaries, we have done what we can to minimize pay inequities and salary compression.

However, we will eventually have to deal with the impact of higher starting salaries on our pay distribution, salary compression, and our ability to retain long team employees.

The Division of Human Resources recently released the Change in Employee Compensation and Benefits Report, which states that state employee pay (based on policy rates) are 8.1% below other public sector employers and 24.6% below private sector employers. For a state employee earning $40,000 per year the equivalent pay in other public sector positions is approximately $43,240. The equivalent pay in a private sector position is approximately $49,840. That is approximately $270 to $820 per month more, that can be used for rent, gas, groceries, and other expenses impacted by inflation. This real-life difference in pay is hard to overcome when competing for employees in a tight labor market. The Commission's current pay structure is consistent with the Department of Human Resources pay comparisons with the public and private sectors.

The Commission has taken several steps towards managing the difficulties we have experienced with turnover and recruiting. We understand that turnover is costly in state dollars, efficiency in serving the public, and the morale and wellbeing of our employees. It is estimated that turnover and the subsequent training of new employees costs the Commission approximately $8,000 to $10,000 per occurrence. To address these impacts, we have increased pay where the budget and equity supports it. We have focused our past CEC distributions on inequities in pay, salary compression, and hard to fill positions. We have rewritten our job announcements to be more attractive to job seekers and utilized non-traditional recruiting sources, such as social media and other online job seeking sites. While these actions have helped us achieve some success in filling our vacant positions, turnover and recruiting difficulties persist. We have capitalized on salary savings from turnover to compensate our staff who have gone the extra mile and picked up additional work. We have implemented telecommuting and casual dress for employees, to help maintain employee morale. Unfortunately, these efforts did not wholly resolve our employee retention or recruiting difficulties. From our discussions with our departing staff and job applicants, all things appear to point to inadequate pay in comparison to other employment opportunities available to individuals.

To ensure cost effective and efficient state government, and to retain trained staff and their institutional knowledge to better serve the public, we need your help. We respectfully ask that you take action to reduce the salary gap between other public and private sector employers and state employment. We understand that eliminating the gap all together, is a significant financial commitment. We ask that a reasonable commitment be made to lessen the gap as an investment in state employment and a means to deliver quality and timely services to Idaho taxpayers.

Respectfully,

George Gutierrez
Director

Members of the Joint Change in Employee Compensation Committee (1/2023 testimony):

Thank you for the opportunity to submit testimony on behalf of Change in Employee Compensation (CEC) considerations and the impact on Lewis-Clark State College.

Lewis-Clark State College prides itself on providing an accessible, **affordable**, high quality education opportunity. LC State proudly serves Idaho citizens, delivering a small college 'private' school experience at a public school price. Nearly 80% of LC students are Idaho citizens, the majority of which stay in Idaho to pursue jobs and careers upon graduation. LC students are overwhelmingly first-generation and nearly half are PELL eligible - meaning low income.

LC State distinguishes itself as a high-quality/high-value education option, locally, regionally and nationally. As an example, LC State's nursing program is currently ranked No. 1 in the State of Idaho. We have kept tuition affordable (flat for 3 years) while providing an outstanding education experience.

However, as inflation rises and online teaching and learning modalities make working from nearly anywhere an increasingly viable option, recruiting and retaining quality staff and faculty has become more and more difficult; and, contrary to popular myth faculty/staff do not make high salaries. In fact, **five years of actual faculty hiring data show LC's average first-year hire assistant professor pay has ranged from $50,100 to $53,820** (average K12 Teacher Salary in Idaho is $54,806). It is relevant to note that assistant professor positions require a graduate degree, which means increased education costs incurred and delayed workforce entry—both of which make low salary all the more inadequate.

At LC State, typically about 70% of the overall budget is consumed by personnel expenses. Funding/ revenue streams for a college that is teaching focused with minimal research-related dollars (i.e., LC State) come from legislative appropriations (about 55%), tuition/fees (about 36%) and other/auxiliary sources (e.g., parking passes, events revenue, etc., about 9%). Because the legislative appropriation accounts for only part of the income stream, without what is called the CEC fund shift the legislative appropriation covers only a portion (e.g., 55%) of the actual funding needed to allocate merit-based CEC across employees. Tuition increases are then needed to cover the gap.

Thank you for the opportunity to submit supportive CEC testimony for your consideration.

Sincerely,

Cynthia Pemberton, Ed.D.
President
Lewis-Clark State College

NOTES FOR 2023 CEC COMMITTEE MEMBERS --

Attracting & Retaining Staff

The Idaho Soil & Water Conservation Commission (ISWCC) is blessed with qualified and motivated staff. However, we and our sister agencies continue to struggle with filling specific skilled positions. In our case, attracting and retaining engineers and fiscal officers has been especially challenging.

In July 2022, ISWCC filled a SE Idaho engineer position that had been vacant for almost two years. Unfortunately, in December the engineer we hired in July quit to return to grad school. And our agency fiscal officer has turned over three times in the last three years as highly qualified individuals left us for higher pay elsewhere. I know our story isn't unique and am remaining optimistic that the CEC will effectively address some of these challenges.

Salary Savings

Allow me to make some observations relative to how a small agency such as the ISWCC manages salary savings. For FY 2023, ISWCC was appropriated $1.39M from the state general fund to compensate 15.60 FTPs. As with all agencies, we are required to structure staff compensation in such a way that some portion of our personnel appropriation is held back or saved. Thus, our FY 2023 Estimated Salary Projection shows we expect to end the year with $19,823 of salary savings. However, it is incorrect to assume that salary savings end up padding the total compensation packages received by staff. In reality, salary savings must be administered with great care because they are all that stands between our agency having adequate personnel funds to maintain staffing levels *and* be able to buy out vacation time accrued by staff who may be lost to attrition throughout the year.

For an example of how important salary savings can be to maintaining our work force we need look no further than our current situation. At present, we have several staff approaching retirement. If the two highest paid of these, both of whom carry large vacation time balances, were to retire, the agency would be on the hook for more than $28,000 of vacation buy-out. If these two retired at the beginning of a fiscal year we would have the opportunity to leave their positions vacant for as long as it took to bring salary "savings" from the budgeted $19,823 up to the $28,000 necessary to buy out their vacation hours. However, if both retired during the final two months of the fiscal year, we would have no choice but to initiate staff furloughs, i.e., send staff home on unpaid leave, to meet our personnel obligations. It goes without saying that furloughing staff is not a formula for retaining a qualified workforce!

Thank-you for your consideration. Please feel free to contact me at any time.

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