

MINUTES

SENATE COMMERCE & HUMAN RESOURCES COMMITTEE

DATE: Thursday, February 23, 2023

TIME: 1:30 P.M.

PLACE: Room WW54

MEMBERS PRESENT: Chairman Cook, Senators Lakey, Guthrie, Ricks, Foreman, Hartgen, Ward-Engelking, and Ruchti

ABSENT/ EXCUSED: Vice Chairman Lenney

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman Cook** called the meeting of the Senate Commerce and Human Resources Committee (Committee) to order at 1:39 p.m.

MINUTES APPROVAL: **Senator Ricks** moved to approve the Minutes of February 14, 2023. **Senator Foreman** seconded the motion. The motion carried by **voice vote**.

H 102

HUMAN RESOURCES - Amends existing law to provide for advancements in pay based on certain factors and to provide for retention bonuses in certain circumstances. **Michelle Peugh**, Policy Manager, Idaho Division of Human Resources (IDHR), stated the purpose of this legislation was to provide clarification and create flexibility within established compensation practices. Currently, all employee compensation increases required a satisfactory performance evaluation on file prior to granting an increase. This requirement restricted agencies from giving salary increases when necessary for internal pay equity or external market changes. Language would be added in Idaho Code §§ 67-5309B and 59-1603 to clarify that salary increases based on performance required a current evaluation to be on file and that other salary increases may be given based on internal or external market changes. This change would allow agency heads to recruit and retain State employees more effectively.

Ms. Peugh reported the legislation had no impact on the General Fund or any dedicated or federal fund because agencies granting compensation increases to eligible State employees must use existing budget appropriations to cover the cost.

DISCUSSION: **Senator Ricks** queried why this legislation was necessary. **Mr. Peugh** remarked agencies were struggling to offer a competitive wage. Due to current restrictions, agencies were not allowed to give a salary increase for internal pay equity. Under the current legislation, those on probation could not receive a pay increase to be current with the new hires. **Senator Ricks** asked if there was any situation where the bill made evaluations less ideal. **Ms. Peugh** indicated currently, pay increases were completely merit-based on performance. This bill only affected a small amount of individuals. A performance evaluation was required for every employee.

Senator Lakey and Ms. Peugh discussed whether this legislation affected the whole scope of employees, that it impacted only one class of employees, and how this bill brought those individuals on probation equal to starting pay with new employees.

Senator Lakey asked about internal equity and stated merit-based pay was not a factor. **Ms. Peugh** stated changing the language to internal equity was requested by the House and not for other purposes. This legislation gave the option for those

on probation who were performing at an achievable level. **Senator Lakey** queried if the Change in Employee Compensation Committee (CECC) and the Legislature approved raises across-the-board or merit raises, did this legislation affect those raises. **Ms. Peugh** stated every agency had to provide the IDHR and the Idaho Division of Financial Management (IDFM) with a plan of action. **Senator Lakey** asked if there was an anticipated plan to catch up with a backlog for those now on probation. **Ms. Peugh** noted this bill would already be in budget and moving forward.

Chairman Cook asked if someone worked at an agency for two years, could they automatically get paid as much as a newly-hired employee. **Ms. Peugh** noted that was already happening, but they would not be on probation and would qualify for a merit-based raise.

MOTION: **Senator Ward-Engelking** moved to send **H 102** to the floor with a **do pass** recommendation. **Senator Guthrie** seconded the motion. The motion carried by **voice vote**.

ADJOURNED: There being no further business at this time, **Chairman Cook** adjourned the meeting at 1:54 p.m.

Senator Cook
Chair

Linda Kambeitz
Secretary