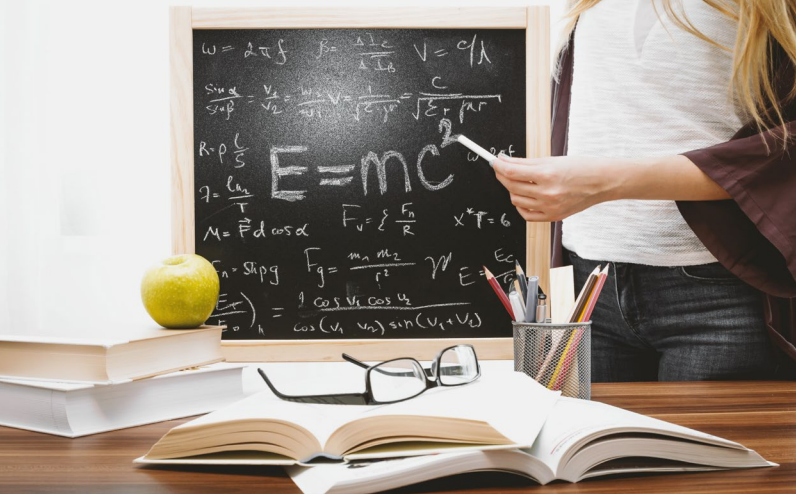


# Change in Employee Compensation and Benefits Report

FY 2025

# BENEFITS OF PUBLIC SERVICE



# COMPENSATION PHILOSOPHY



Welcome to  
IDAHO

## 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.”*

# PROGRESS TOWARD MARKET COMPETITIVENESS

## NEW TARGET

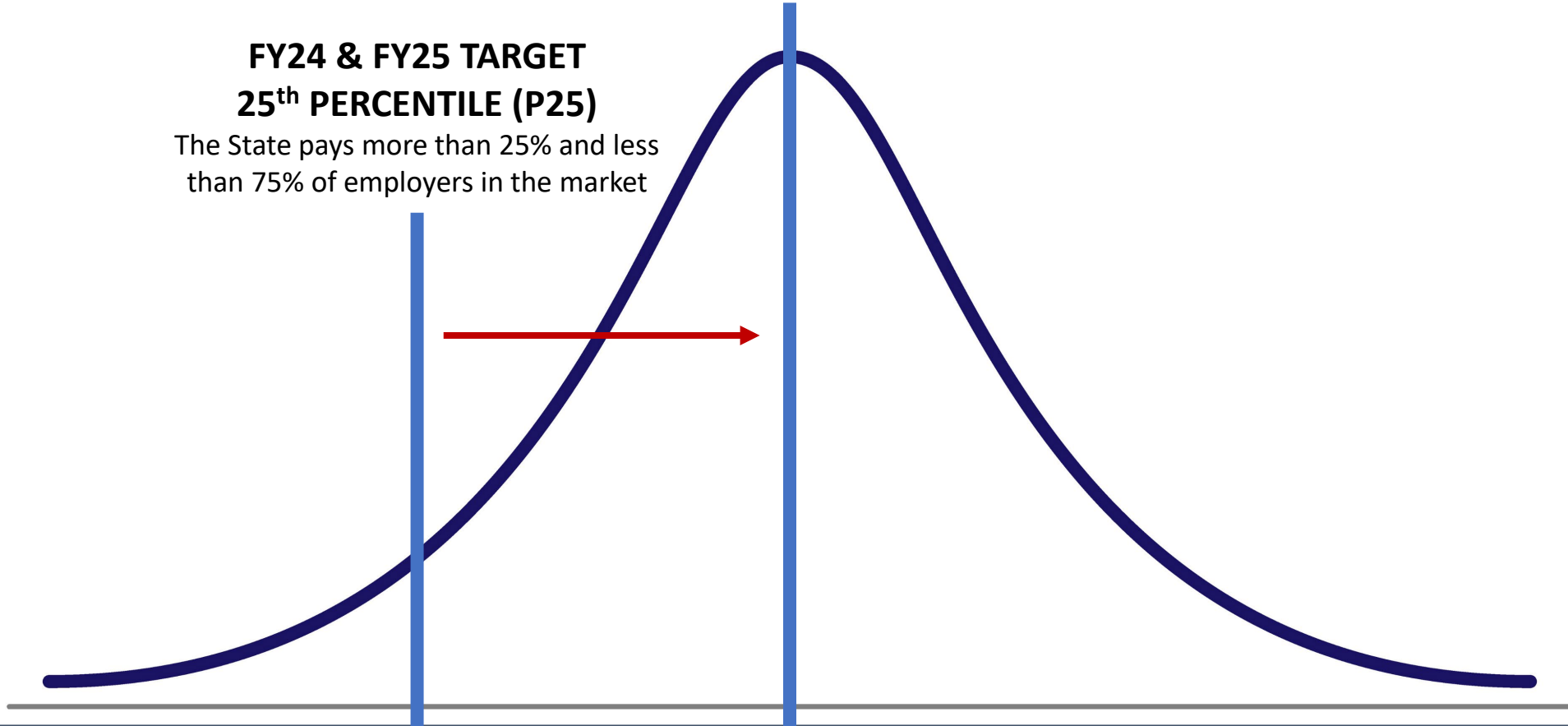
### 50<sup>th</sup> PERCENTILE (P50)

The State pays more than 50% and less than 50% of employers in the market

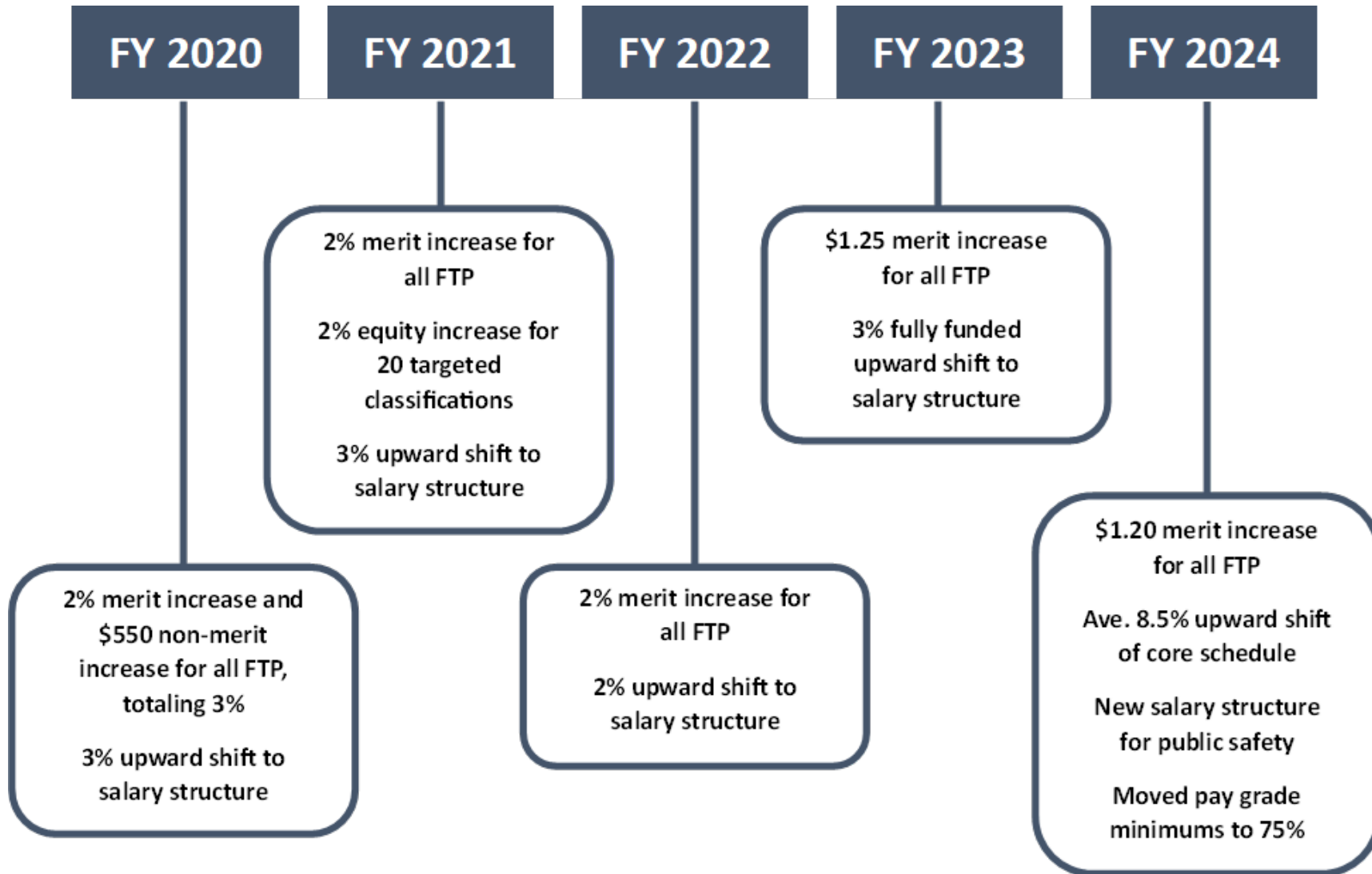
## FY24 & FY25 TARGET

### 25<sup>th</sup> PERCENTILE (P25)

The State pays more than 25% and less than 75% of employers in the market



# 5-YEAR HISTORY OF CEC



## PROGRESS MADE IN FY2024

**\$1.20 merit  
increase per hour**  
[to target lower  
pay grade  
employees]

**Primary Structure  
midpoints moved  
upward on  
average by 8.5%**  
[to 25<sup>th</sup> percentile]

**Implemented a  
new salary  
structure for  
Public Safety  
Employees**

**Increased pay  
grade minimums  
to 75% of policy**  
[midpoint]

# PROGRESS MADE IN FY2024

PUBLIC SAFETY EMPLOYEES		
BEFORE CEC	PRIMARY STRUCTURE CEC INCREASE	PUBLIC SAFETY STRUCTURE INCREASE [CEC + 6%]
<b>\$11.59 - \$19.99 / HOUR</b>	8%	14%
<b>\$20.00 - \$28.99 / HOUR</b>	5%	11%
<b>\$29.00 - \$45.99 / HOUR</b>	3%	9%
<b>\$46.00 - \$63.00 / HOUR</b>	2%	8%
<b>Over \$63.00 / HOUR</b>	2%	8%

## 2-YEAR STRATEGY

**FY2024  
Recommendation  
for FY2025**

**Implement  
an IT/Engineering  
Pay Structure**

**Implement  
a Nursing/  
Healthcare  
Pay Structure**

**Fund  
5.5% Market  
Based Increase  
to positions in  
these new  
structures  
[in addition to  
merit increase]**



# 5-YEAR HISTORY OF TURNOVER

FY	TOTAL SEPARATIONS	TOTAL TURNOVER RATE	YEAR-OVER-YEAR CHANGE
2023	2,335	18.9%	-2.9%
2022	2,731	21.8%	2.9%
2021	2,456	18.9%	3.9%
2020	1,953	15.0%	0.1%
2019	1,929	14.9%	-2.0%

# FY2023 JOBS WITH HIGHEST TURNOVER

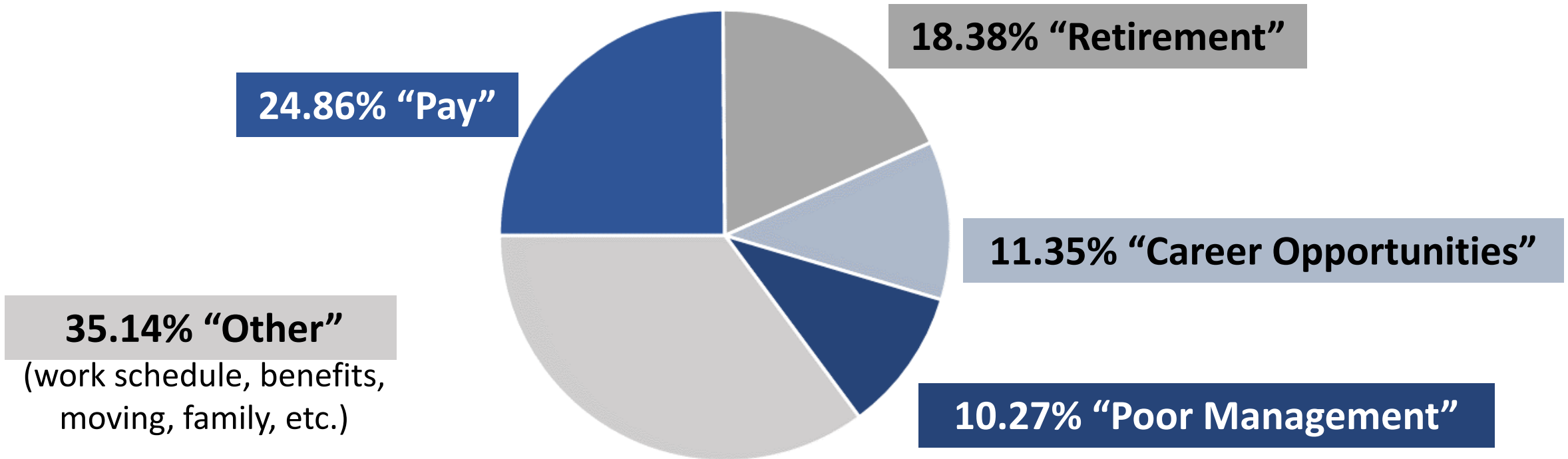
CLASS TITLE	PAY GRADE	NUMBER OF SEPARATIONS	TURNOVER RATE
SECURITY OFFICER, SR	G	14	49.12%
LIQUOR STORE CLK	F	49	40.66%
COOK, SENIOR	H	15	37.50%
NURSING ASST, CERTIFIED	H	24	36.64%
CUSTODIAN	F	64	34.97%
HUMAN RESOURCE SPEC, SR (transferred to DHR)	M	18	34.95%
FINANCIAL TECHNICIAN	H	39	34.51%
HUMAN RESOURCE SPEC (transferred to DHR)	K	14	34.15%
CUSTODIAN LEADWORKER	F	12	33.80%
TRANSP TECH APPRENTICE	G	22	32.84%
DIETARY AIDE, SR	G	11	32.35%
FINANCIAL TECHNICIAN SENIOR	I	10	32.26%
PSYCHIATRIC TECH	I	39	29.66%
CORR OFFICER	J	183	27.79%

## FY2023 JOBS WITH HIGHEST VACANCY RATES

CLASS TITLE	PAY GRADE	COMBINED REGULAR FTP	VACANCY RATE
NURSING ASST CERT	H	69.8	44%
DISABILITY CLMS AJCTR	K	32	41%
CLINICIAN	L	133	40%
IT OPS & SUPPORT ANALYST II	L	14	39%
HUMAN RESOURCE ASSOCIATE	I	10	38%
HEALTH FAC SURVEYOR	L	25	36%
ENGINEER, STAFF	M	21	34%
RECREATION ASST	G	10	33%
IT OPS & SUPPORT TECHNICIAN	I	12	32%
EPIDEMIOLOGIST, STAFF	L	11	31%

## EXIT INTERVIEW DATA

**“We want to understand the reasons our employees choose to leave State of Idaho employment. Please rate, based on order of importance, what three areas led you to seek other employment.”**



# FY25 CHANGE IN EMPLOYEE COMPENSATION & BENEFITS OVERVIEW



## Change in Employee Compensation and Benefits Report

FY 2025

Submitted by: Janelle White, DHR Interim Administrator

## Idaho Code §67-5309C requires that DHR report annually on:

- Statewide Salary Structures
- Specific Occupational Inequities
- Merit Salary Increases
- Employee Benefit Packages
- Salary Savings

## METHODOLOGY & DATA SOURCES

### Korn Ferry



Analyzes data from regional private and public sectors

### Milliman



Deploys a custom salary survey using benchmark State jobs

# LABOR MARKETS UTILIZED



Regional Private Sector Market



Regional Public Sector Market<sup>2</sup>

# FY 2025 CEC STUDY OVERVIEW

COMPONENT	VARIANCE BETWEEN 50 <sup>TH</sup> %TILE OF PUBLIC SECTOR	VARIANCE BETWEEN 50 <sup>TH</sup> %TILE OF PRIVATE SECTOR	AVERAGE VARIANCE COMPARED TO THE 50 <sup>TH</sup> %TILE OF THE COMBINED MARKET
<b>Average Total Compensation</b>	<b>-18.3%</b>	<b>-14.6%</b>	<b>-16.5%</b>
Average Base Salary	-22.7%	-27%	-24.9%
Primary Salary Structure	-19.2%	-23.8%	-21.6%
Public Safety Salary Structure	-1.0%	n/a	n/a
IT/Engineering Salary Structure (FY25 recommendation)	-18.4%	-22.9%	-20.7%
Nursing/Healthcare (FY25 recommendation)	-1.0%	-9.6%	-5.3%
Health Care Benefits	-4.0%	+22%	n/a
Retirement Benefits	-2.0%	+161%	n/a



# AVERAGE TOTAL COMPENSATION

**-16.5%**  
 COMPARED TO  
 THE MARKET

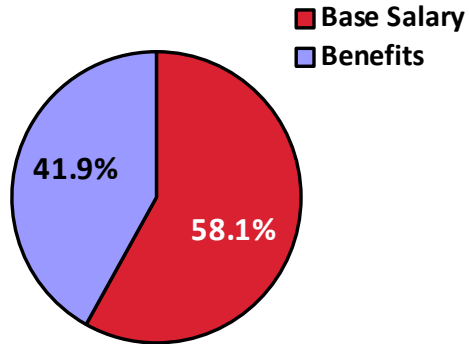
	PAY GRADE I		PAY GRADE L		PAY GRADE 0	
	P25	P50	P25	P50	P25	P50
PRIVATE SECTOR	8.9%	-9.2%	-0.4%	-16.6%	-2.7%	-18.9%
PUBLIC SECTOR	0.7%	-15.0%	-6.0%	-20.6%	-5.3%	-20.7%

# AVERAGE TOTAL COMPENSATION BREAKDOWN: ID VS. PRIVATE

IDAHO

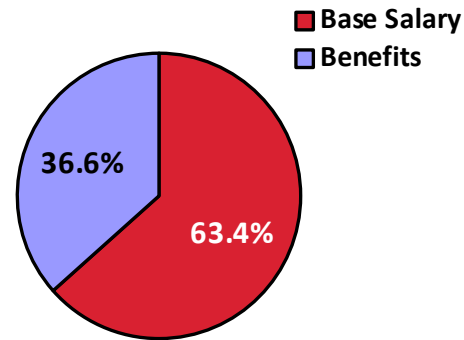
## PAY GRADE I

Idaho Actual Pay Mix



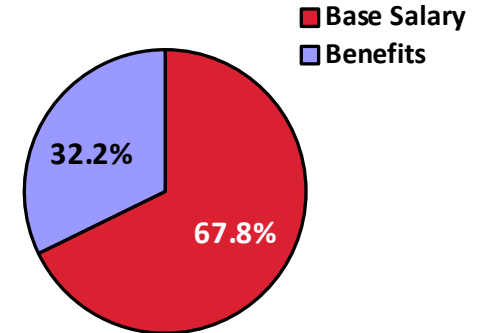
## PAY GRADE L

Idaho Actual Pay Mix



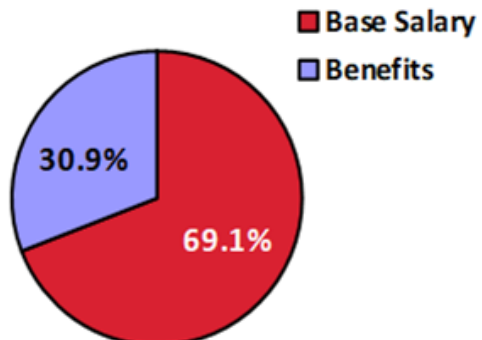
## PAY GRADE O

Idaho Actual Pay Mix

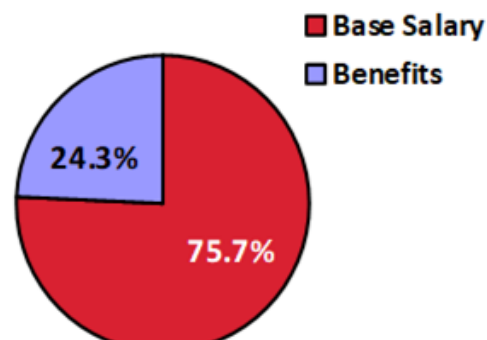


PRIVATE SECTOR

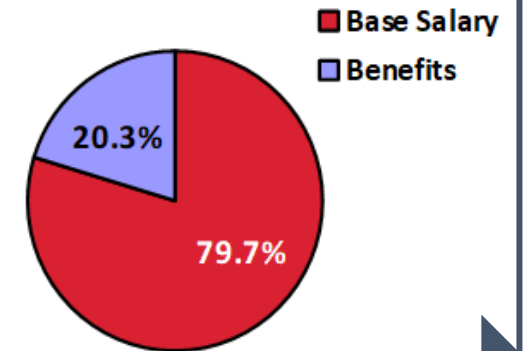
Private Sector Average Pay Mix



Private Sector Average Pay Mix



Private Sector Average Pay Mix



Private Sector employers generally focus their total compensation more heavily on base salary

# AVERAGE BASE SALARY

**-24.9%**  
 COMPARED TO  
 THE MARKET

	PAY GRADE I		PAY GRADE L		PAY GRADE 0	
	P25	P50	P25	P50	P25	P50
PRIVATE SECTOR	-7%	-24%	-16%	-30%	-16%	-31%
PUBLIC SECTOR	-2%	-20%	-12%	-27%	-11%	-27%

# PRIMARY SALARY STRUCTURE

**-21.6%**  
 COMPARED TO  
 THE MARKET

	PAY GRADE I		PAY GRADE L		PAY GRADE 0	
	P25	P50	P25	P50	P25	P50
PRIVATE SECTOR	0%	-24%	-11%	-30%	-13%	-31%
PUBLIC SECTOR	+5%	-20%	-7%	-27%	-7%	-27%

# PUBLIC SAFETY SALARY STRUCTURE

**-1.0%**  
COMPARED TO  
THE MARKET

	PAY GRADE I	PAY GRADE L	PAY GRADE 0
	P50	P50	P50
PUBLIC SECTOR	+3%	-16%	-15%

# PROPOSED SALARY STRUCTURES

	PAY GRADE I		PAY GRADE L		PAY GRADE O	
	P25	P50	P25	P50	P25	P50
NURSING/ HEALTHCARE	+47%	+31%	-8%	-22%	-1%	-21%
IT/ ENGINEERING	-13%	-29%	-19%	-33%	-18%	-32%

# MEDICAL PLANS

## All State Medical Plans Include

**100%**

coverage for  
preventative services



disease management  
programs



mail-order  
pharmacy



nicotine/tobacco  
cessation program



prenatal programs



telehealth



24/7 nurse advice line



cost transparency tools

# HEALTH CARE BENEFITS

	VARIANCE BETWEEN 50 <sup>TH</sup> PERCENTILE
PRIVATE SECTOR	22.0%
PUBLIC SECTOR	-4.0%



# PUBLIC RETIREMENT SYSTEM OF IDAHO (PERSI)



Defined Benefit (DB) plan



Fully vested after 5 years



Only 9% of employers provide a DB plan

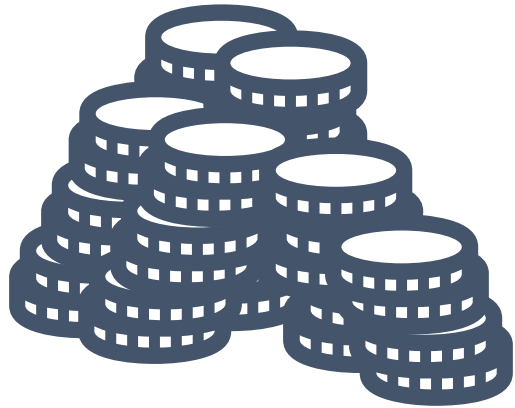
## EMPLOYEE/EMPLOYER CONTRIBUTION RATES

Effective Date	General Member		Public Safety Member		School Employee Member	
	Employee	Employer	Employee	Employer	Employee	Employer
7/1/2024	7.18%	11.96%	10.83%	14.65%	8.08%	13.48%

# PERSI

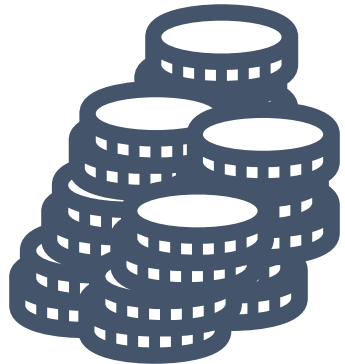
	VARIANCE BETWEEN 50 <sup>TH</sup> PERCENTILE
PRIVATE SECTOR	<b>+161.0%</b>
PUBLIC SECTOR	<b>-2.0%</b>

# SALARY SAVINGS OVERVIEW



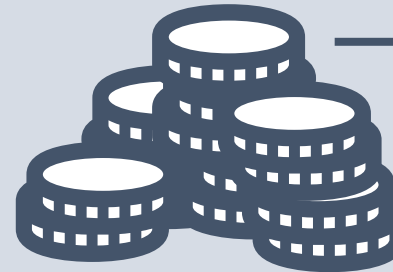
## PERSONNEL APPROPRIATION

[includes base salary and benefits at 80% of policy]



## PERSONNEL EXPENDITURES

[includes base salary and benefits]



## SALARY SAVINGS

### USED FOR:

- Vacation/overtime payouts
- Bonuses
- Temporary merit increases
- Shift differential
- On-call
- Hiring temporary employees
- Furniture/Equipment Replacements

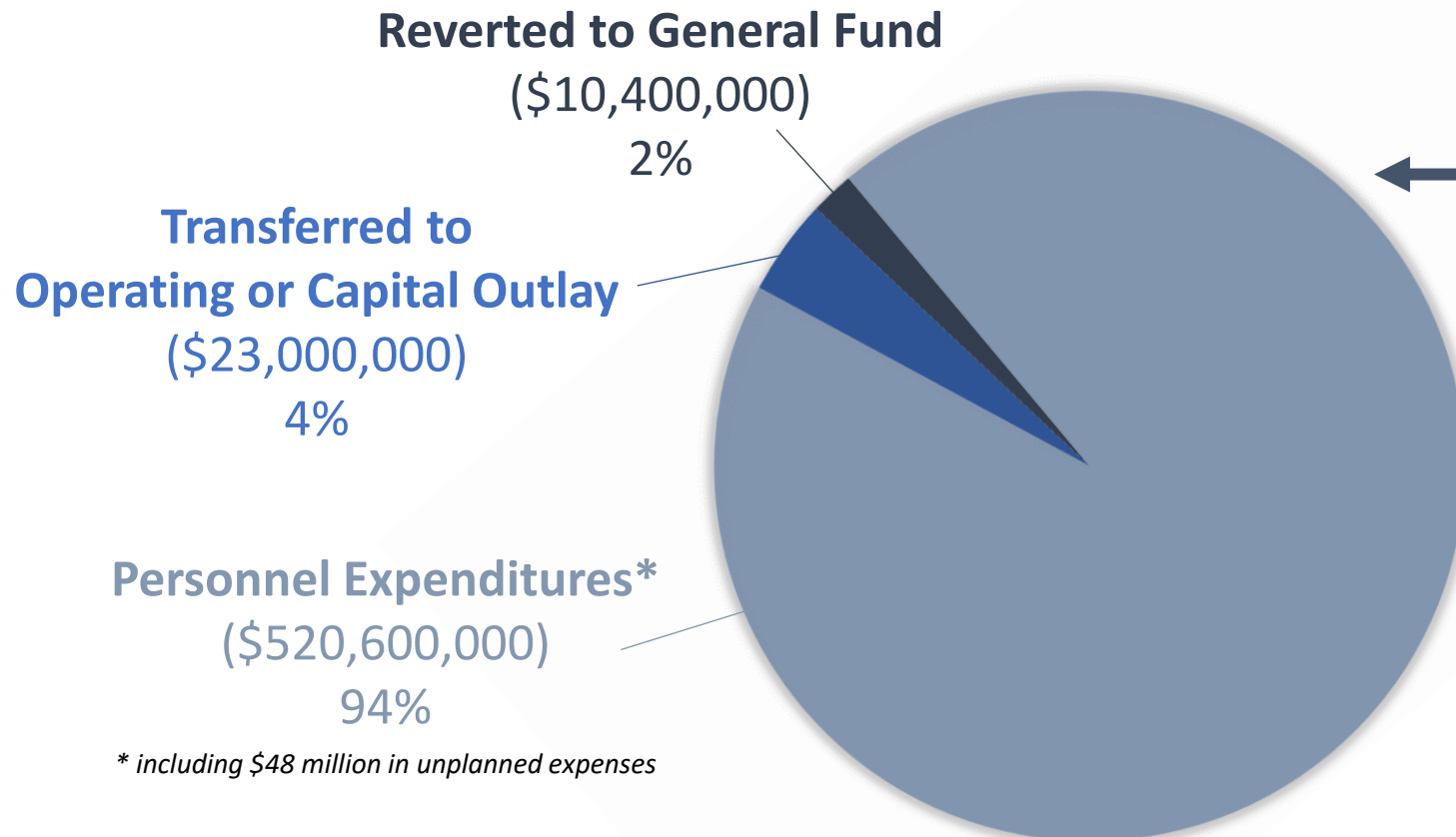
# FY2023 SALARY SAVINGS

## ALL FUND SOURCES

Personnel Costs (all funding sources)

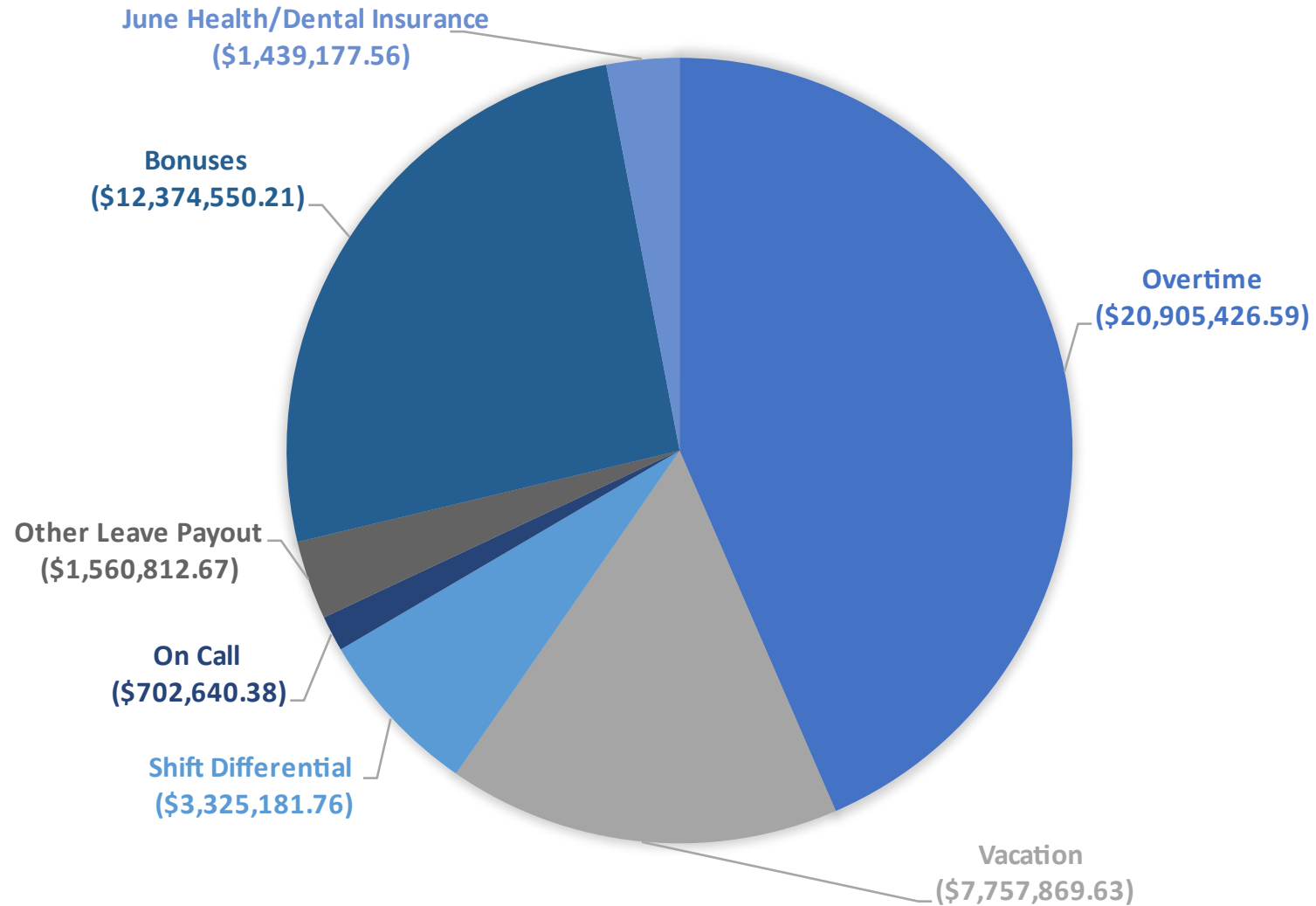
\$1.365 billion

\$554 million were in General Funds



\* including \$48 million in unplanned expenses

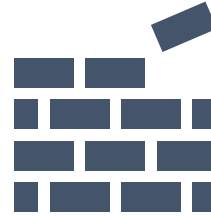
# FY2023 UNPLANNED EXPENSES



# CONCLUSION



Unemployment rate ~3% and  
1.5 jobs per job seeker



Progress towards 25<sup>th</sup> percentile  
of market



Adjust statewide target to 50<sup>th</sup>  
percentile of market



Assess benefits and pay mix for most  
competitive total compensation



Further workforce analysis to recruit  
and retain employees



State of Idaho is  
a great place to work!

# DHR FY 2025 CEC RECOMMENDATION

MERIT-INCREASE	SALARY STRUCTURE ADJUSTMENTS	MARKET-BASED INCREASES	BENEFIT PACKAGE	PAYLINE EXCEPTIONS
<p>Fund a 4.5% merit-based increase for all permanent positions</p>	<p>Adjust Primary Salary Structure an average increase of 3.7%*</p> <p>Adjust Public Safety Salary Structure an average of 5.8%*</p> <p>Implement two new salary structures for IT/Engineering and Nursing/Healthcare</p> <p><i>*Actual increases vary by pay grade</i></p>	<p>Fund an additional 5.5% market-based increase for positions assigned to the IT/Engineering and Nursing/Healthcare salary structures</p>	<p>Maintain the current retirement and benefits package</p>	<p>Maintain payline exceptions for the following positions:</p> <ul style="list-style-type: none"> <li>• Dietary Aide Senior</li> <li>• Nursing Assistant Certified</li> <li>• Physical/Occupational Therapy Aide</li> <li>• Nursing Assistant Certified – Senior</li> <li>• Electrician Traffic Signal</li> <li>• Nurse Licensed Practical</li> <li>• Psychologist</li> <li>• Pharmacy Services Specialist</li> <li>• Psychology Chief</li> <li>• Clinical Specialist</li> </ul>

# DHR FY 2025 CEC RECOMMENDATION

MERIT-INCREASE	SALARY STRUCTURE ADJUSTMENTS	MARKET-BASED INCREASES	BENEFIT PACKAGE	PAYLINE EXCEPTIONS
<p>Fund a 4.5% merit-based increase for all permanent positions</p>	<p>Adjust Primary Salary Structure an average increase of 3.7%*</p> <p>Adjust Public Safety Salary Structure an average of 5.8%*</p> <p>Implement two new salary structures for IT/Engineering and Nursing/Healthcare</p> <p><i>*Actual increases vary by pay grade</i></p>	<p>Fund an additional 5.5% market-based increase for positions assigned to the IT/Engineering and Nursing/Healthcare salary structures</p>	<p>Maintain the current retirement and benefits package</p>	<p>Maintain payline exceptions for the following positions:</p> <ul style="list-style-type: none"> <li>• Dietary Aide Senior</li> <li>• <del>Nursing Assistant Certified</del></li> <li>• Physical/Occupational Therapy Aide</li> <li>• Nursing Assistant Certified – Senior</li> <li>• Electrician Traffic Signal</li> <li>• <del>Nurse Licensed Practical</del></li> <li>• <del>Psychologist</del></li> <li>• Pharmacy Services Specialist</li> <li>• <del>Psychology Chief</del></li> <li>• <del>Clinical Specialist</del></li> </ul>



# FISCAL IMPACT

- 1) **Merit Increase.** The approximate cost of a 4.5% increase is \$41.3 million in General Funds and \$37.5 million in spending authority for Other funds (Dedicated/Federal), for a total of \$78.9 million. Estimated costs include variable benefits.
- 2) **Salary Structures.** The approximate cost of increasing the midpoints for the Primary and Public Safety structure and implementing the two new salary structures is \$648 thousand in General Funds and \$675 thousand in Other funds (Dedicated/Federal), for a total of \$1.3 million (this cost is to bring employees up to the minimum of their new pay grades after the 4.5% merit increase and 5.5% market-based increase, as applicable).
- 3) **Market-based Increases.** The approximate cost of a 5.5% increase for IT/Engineering and Nursing/Healthcare positions is \$2.7 million in General Funds and \$5.3 in spending authority Other funds (Dedicated/Federal), for a total of \$8.1 million. Estimated costs include variable benefits.
- 4) **Maintenance of the State's existing benefits and retirement package.** All costs related to the maintenance of the State's existing benefits and retirement package are already covered in agency budgets and no additional funds or spending authority is necessary.
- 5) **Payline Exceptions.** All costs related to the maintenance of the State's existing payline exceptions are already covered in agency budgets and no additional funds or spending authority is necessary.



# QUESTIONS & COMMENTS



**THANK**



**YOU!**



# DEFINITIONS

## **Compa-Ratio**

Measures the difference between actual pay and our policy rate

## **Employee Benefits Package**

Refers to the benefits provided to State employees by both the Office of Group Insurance and the Public Employee Retirement System of Idaho (PERSI).

## **Merit Salary Increases**

Pay increases based on performance (merit).

## **Midpoint/Policy Rate**

This rate should reflect the 50<sup>th</sup> percentile of the labor market. For the State of Idaho, it reflects the 25<sup>th</sup> percentile of the labor market.

# DEFINITIONS

## **Salary Savings**

The amount of unspent personnel an agency has at the end of the fiscal year

## **Statewide Salary Structures**

A salary structure is a compensation framework that organizes positions into a series of tiered pay grades or salary ranges. Salary structures evolve over time and require constant maintenance to ensure they align with the market.

## **Specific Occupational Inequities**

Certain positions that require a market premium that is above the maximum of their current pay grade. Historically, these have been called payline exceptions.

# DEFINITIONS

## Turnover Rate

Reflects the percentage (%) of employees who left during the fiscal year

## Vacancy Rate

Reflects the percentage (%) of unfilled positions at the end of the fiscal year