



# Joint Change in Employee Compensation Committee Idaho State Legislature

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January 10, 2025

To: Members of the 68<sup>th</sup> Idaho Legislature, First Regular Session

The Joint Change in Employee Compensation (CEC) Committee has completed its hearings and deliberations. The committee received many reports, including an overview of the statutory requirements of Idaho's compensation system and information from the Division of Human Resources, the Division of Financial Management, and the Legislative Services Office. The committee also received information from the Office of Group Insurance about the employee group healthcare plan, as well as from PERSI, Idaho's retirement system, about retirement benefits. In addition, the committee received testimony from the public and agency directors.

The CEC Committee recognizes that the goal of Idaho's total compensation system for state employees is to fund a competitive salary and benefit package that will attract qualified applicants to the workforce, retain employees who have a commitment to public service excellence, motivate employees to maintain high standards of productivity, and reward employees for outstanding performance within the means reasonably available to the state. To that end, and in accordance with Section 67-5309C(4), Idaho Code, the CEC Committee offers the following recommendations to the Legislature and Joint Finance-Appropriations Committee for FY 2026:

- 1. Salary Structure Adjustments:** Shift the primary compensation schedule upwards by an average of 3.2% as recommended by the Division of Human Resources, with the exception of Pay grade D where the minimum shall stay at \$7.25 per hour. Shift the specialized compensation schedules upwards by an average of 3.2% for public safety, 3% for IT/engineering, and 3.5% for nursing/healthcare. Funding for these shifts is not recommended unless an employee falls below the minimum.

*ESTIMATED FISCAL IMPACT: From all funds, \$80,600 to bring employees that fall below the minimum of their paygrade up to the new minimum of their paygrade.*

- 2. Specific Occupational Inequities:** Maintain the job classifications that currently have a payline exception to address specific recruitment or retention issues, as recommended in the FY 2026 Change in Employee Compensation & Benefits Report from the Division of Human Resources.

*ESTIMATED FISCAL IMPACT: There is no additional cost because the classifications are already covered in the personnel cost appropriation in each agency budget.*

- 3. Salary Increase:** Recommend the Legislature fund a salary increase for state employees of \$1.55 per hour per FTP, with flexibility allowed for agency heads and institution presidents to distribute those funds as they see fit for merit, retention, and recruitment purposes.

*ESTIMATED FISCAL IMPACT: The total estimated fiscal impact is \$95,805,100, of which \$46,943,900 is from the General Fund, \$35,512,800 is from dedicated funds, and \$13,348,400 is from federal funds. These amounts do not include public schools admin and classified staff, instructional staff, military compensation, or requested fund shifts as those will be taken up in the individual budgets.*

**4. Targeted Salary Increases:**

- a. State Troopers. Recommend that for Idaho State Police troopers in pay grade L, the Legislature fund a salary increase to meet but not exceed 8%, with flexibility allowed for the agency the distribute those funds for retention and recruitment as it sees fit.
- b. IT/Engineering. Recommend that for employees in the IT/engineering salary schedule, the Legislature fund a 4.5% salary increase, with flexibility allowed for agency heads and institution presidents to distribute those funds for retention and recruitment as they see fit.
- c. Nursing/Healthcare. Recommend that for nursing/healthcare positions, the Legislature fund the above-referenced salary increase of \$1.55 per hour per FTP or 3%, whichever is greater, with flexibility allowed for agency heads and institution presidents to distribute those funds for retention and recruitment as they see fit.

*STATE TROOPERS, ESTIMATED FISCAL IMPACT: Additional funding to achieve an 8% pay increase for state troopers is estimated to cost \$496,300 from all funds, of which \$364,900 is from the General Fund and \$131,500 is from dedicated funds.*

*IT/ENGINEERING, ESTIMATED FISCAL IMPACT: From all funds, the targeted IT/engineering market increase would cost \$628,800.*

*NURSING/HEALTHCARE, ESTIMATED FISCAL IMPACT: This adjustment reduces the cost of \$1.55 per hour per FTP for employees with hourly pay in excess of \$51.66 and adds a 3% salary increase for those employees, for an estimated net cost of \$64,200.*

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## 5. Benefits Package:

Maintain the current employee benefit package with no significant changes in plan design. Appropriation levels for FY 2026 should increase from \$13,000 to \$13,960 per FTP. The Committee did not vote on the insurance appropriation for the school districts and recommends that those amounts be addressed within that budget.

*ESTIMATED FISCAL IMPACT: Maintaining the current employee group insurance package with an increase to the current year appropriation from \$13,000 to \$13,960 for an increase of \$960 per FTP for health insurance for a total increase of \$43,083,800. Compared to the Governor's recommendation of \$14,300 per FTP and applied statewide, this would reduce \$13,600,400 in health insurance funding, which includes \$5,192,700 for state employees and \$8,407,700 for public schools. By targeting the contractual minimum health plan balance, this change would also reduce health insurance reserves by an additional \$380 per FTP versus the \$14,300 appropriation. Additionally, this motion would maintain current PERSI benefits with the PERSI board approved employer and employee contribution rates.*

If any member of the Legislature has questions about our deliberations, please contact us.

Senator Dan Foreman, Co-chair

Representative James Holtzclaw, Co-chair

Senator Jim Guthrie

Representative James Holtzclaw

Senator Van Burtenshaw

Representative Tony Wiesnieski

Senator Cook

Representative Josh Wheeler

Senator Janie Ward-Engelking

Representative John Gannon