

EXECUTIVE BRANCH AGENCY POLICY
SECTION 1: COMPENSATION

Direction: During these challenging economic times, agencies are directed to remove language from their policies granting automatic increases or a defined percentage increase. Rather, the policies should reflect that any increases are based on available funding.

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1A. Permanent Merit Increases

A permanent merit increase is a raise in an employee's base pay rate. To qualify for permanent merit pay increases, an employee's service must be meritorious. This must be documented in a performance evaluation rated "Achieves Performance Standards" or better and completed within the twelve (12) months prior to the effective date of the increase.

1B. Temporary Merit Increases

A temporary merit increase is a short-term, non-permanent increase to an employee's base pay. The Appointing Authority may grant a temporary merit increase to recognize and compensate an employee for short-term work assignments, specific accomplishments, or extraordinary performance over and above expected performance levels.

1B1. Parameters. The following conditions apply to all temporary merit increases:

- Employees receiving a temporary merit must acknowledge in writing that the increase is temporary and their salary will be returned to the previous

rate of pay at the completion of the temporary merit increase period.

- A temporary salary increase is generally no more than six (6) months or thirteen (13) pay periods in duration.
- Temporary merit increases cannot be made retroactively
- Accumulated leave payoff (unused vacation, comp-time, etc.) and sick leave conversion to insurance at retirement while receiving a temporary merit increase is calculated at the permanent rate.

1B2. Effect of Separation. Employees who terminate employment while a temporary merit increase is in effect will be paid at the temporary rate through their last day of work.

1C. Performance Bonuses

A performance bonus is a one-time lump sum payment to an employee to recognize exemplary service.

1C1. Eligibility. To qualify for performance bonuses, the following criteria must be met:

- The employee's service must be exemplary;
- The employee must have a performance evaluation rated "Achieves Performance Standards" or better and completed within the past twelve (12) months; and
- The agency must document, in writing, justification for the performance bonus and retain said justification in the employee's personnel file.

1C2. Approval Authority. Appointing Authorities may approve performance bonuses within the following parameters:

- An Appointing Authority may authorize up to 20% of employees (based on FTP authority) a performance bonus. Any bonuses to employees beyond 20% require prior approval from the Division of Financial Management and Division of Human Resources; and
- An Appointing Authority may authorize none, one, or multiple performance bonuses to the same employee during the course of a fiscal year. However, regardless of the number of performance bonuses granted, the maximum total amount any one employee may receive is two thousand dollars (\$2,000) per fiscal year, unless approved by the Board of Examiners.

1C3. Exclusions. Other types of bonuses, such as Bonuses for Employee Suggestion Program, Retention Awards, and Recruitment Awards are not considered performance bonuses.

1D. Bonuses for Employee Suggestion Program

An Appointing Authority may award the employee(s) who submit ideas, products, etc. that have significant cost savings to the State with a bonus of up to 25% of the cost savings not to exceed \$2,000, unless approved by the Board of Examiners.

1E. Retention Award Pay

Retention awards are lump sum bonuses paid in order to retain highly qualified employees.

1E1. Eligibility. To be considered eligible for a Retention Bonus, an employee must have successfully completed at least six (6) months of employment with the agency.

1E2. Approval Authority. An Appointing Authority may approve retention awards within the following parameters:

- Retention awards are limited to one per employee per fiscal year;
- The maximum amount of any retention award is \$5,000. DFM approval is required prior to granting retention awards in excess of \$5,000.

1E3. Supplemental Requirements. All retention awards require the following documentation:

- The agency must document, in writing, justification for the retention award. Such documentation must be provided to DFM for review, prior to granting the award, and maintained in the employee's personnel file.
- Employees receiving a retention award must sign a Memorandum of Agreement outlining the terms of the agreement.

1F. Recruitment Award Pay

To effectively recruit qualified employees, particularly to positions designated as critical, it may be necessary to offer additional recruitment compensation. Such compensation is paid in the form of a one-time lump sum bonus after six months of satisfactory performance.

1F1. Qualifying Criteria. The following criteria must be met for a recruitment bonus to be paid:

- Details of the recruitment bonus must be negotiated with and agreed upon with the job applicant prior to that individual beginning work; and

- The job applicant must sign a Recruitment Bonus Memorandum of Agreement prior to their first day of work; and
- The applicant/new hire must be a new appointment to the State (transfers, demotions, promotions, reinstatements, and rehires are ineligible).

1G. State Minimum Wage

Agencies must adhere to all state and federal wage laws.

1H. Holiday Compensation

All employees who are deemed eligible for benefits are entitled to ten paid holidays.

1H1. Holiday Eligibility While on Leave. An employee must receive some paid leave, wages or salary for the pay period in which the holiday occurs to receive the holiday benefit.

1H2. Holiday Eligibility While on FMLA Leave Without Pay. To avoid inequities with regards to FMLA (Family Medical Leave Act) during holiday weeks, if an employee is recording all hours for the week as FMLA 'Leave Without Pay', no hours shall be coded on the holiday. Therefore, in both 1H1 and 1H2 the holiday will not be counted toward the 12 weeks of family medical leave.

1J. Shift Differential

Shift Differential is additional compensation which is paid to employees (including temporary or part-time employees) who work specific, designated hours.

Agencies must comply with **one** of the following two options regarding shift differential:

1. Agencies may develop agency-specific shift differential policies, provided the requirements set forth in 1J1 and 1J2 are met; **or**
2. Agencies may utilize the non agency-specific statewide shift differential policy as detailed in 1J3.

1J1. Requirements of All Shift Differential Policies. The following parameters apply to all shift differential policies (both agency-specific and the statewide policy):

- Shift differential eligibility is determined on a bi-weekly basis. Employees deemed eligible for shift differential in a particular week shall be paid that differential for all hours reported that week, including holiday pay, overtime, and leave taken.
- Executive employees are ineligible for shift differential compensation.

1J2. Agency Specific Shift Differential Plans. Each agency may develop and define its own shift differential compensation policy.

1J2a. [Requirements] Such policies must include:

1. Definition of shift(s);
2. Specification of the amount of differential, in whole number increments not to exceed 25%, applicable to each shift;
3. Eligibility criteria which must be met for employees to qualify for shift differential; and
4. Special considerations, such as to what extent an employee whose primary responsibility is to work in the absence of others, shall qualify for shift differential compensation.

1J2b. [Applicability of Shift Differential Payment] Agencies must meet the following requirement regarding shift differential:

1. In defining shifts and determining differential percentages, agencies shall consider local market practice for similar jobs.

1J3. Non Agency-Specific Shift Differential Plans. Agencies without agency-specific shift differential compensation policies shall comply with the following policy.

1J3a. [Eligibility: Regular Work Schedules] Employees who have 50% or more of their assigned hours in a workweek occurring between 6:00 p.m. and 7:00 a.m. are eligible to earn shift differential for the entire week. Leave hours taken shall be regarded as having been assigned during the same hours that the employee would normally have worked.

1J3b. [Eligibility: Irregular Work Schedules] An employee whose primary responsibility is to work in place of an absent employee and whose assigned schedule varies from nights, days, and or swing shall be eligible for shift differential compensation for all hours reported.

1J3c. [Differential Amount] Shift differential compensation shall be paid to eligible employees at a rate of 5%.

1K. Geographic Differential

Geographic differential is additional compensation paid to employees (including temporary or part-time employees) who are assigned to a position in geographical areas where the agency finds recruitment and retention particularly difficult.

When making appointments to positions in these geographical area(s), agencies may utilize the full range of the pay grade in order to recruit qualified candidates. In the event an agency cannot successfully recruit employees within the applicable pay grade's range, consultation with the Idaho Division of Human Resources is necessary.

In addition, agencies are directed to write and enact agency-specific policies regarding the following:

- Salary Upon –
 1. Initial Appointment: Classified Employee
 2. Initial Appointment: Non-classified Employee
 3. Acting Appointment
 4. Promotion
 5. Demotion
 6. Transfer (Inter-departmental and Intra-departmental)
 7. Reclassification
 8. Reallocation to a different pay grade
 9. Reinstatement. The compensation policy regarding reinstatement shall include the following:
 - Reinstatement from layoff: A reinstating employee shall be paid at the same rate the employee was receiving at the time of layoff. (Ref. IDHR Rule 072.04)
 - Reinstatement not related to layoff.