



Idaho Division of  
Human Resources  
*Executive Office of the Governor*

# FY 2014 State Employee Compensation

## Commerce & Human Resources Committees

Vicki Tokita, Administrator  
Division of Human Resources

# STATUTORY DIRECTIVE

- ▶ Idaho Code 67-5309C requires the Division of Human Resources to provide a report of the results of the annual salary and benefit surveys and recommendations for changes to meet the requirement of section 67-5309A, Idaho Code, together with their estimated costs of implementation, to be submitted to the Governor and the legislature.



# SALARY ANALYSIS

- ▶ DHR's analysis of salary survey results indicate classified employees'<sup>1</sup> salaries for 212 jobs combined are, on average, **18.9% below the market.**
- ▶ **The market** includes public and private sector employers in the west.

<sup>1</sup>Classified employee: Any person appointed to or holding a position in any department of the State of Idaho and subject to the provisions of the merit examination, selection, retention, promotion and dismissal requirements of Idaho Code, Title 67, Chapter 53.

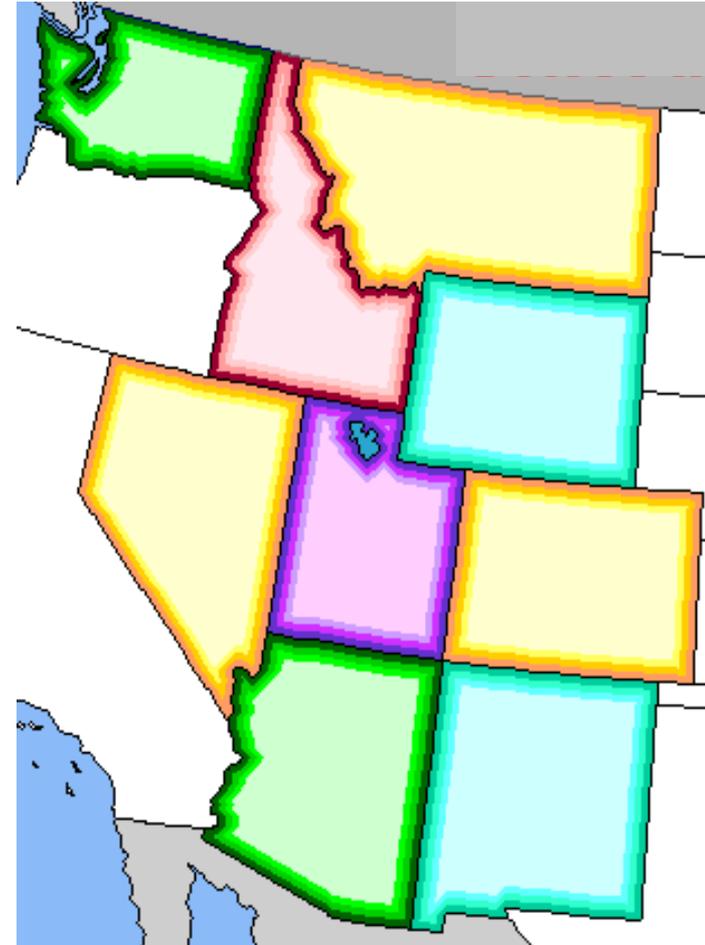
For further information on the 2012 salary survey wage analysis, see the FY 2014 State Employee Compensation Report- Appendix G.



# SALARY ANALYSIS

(continued)

- ▶ When comparing to eight surrounding state governments, 127 of the 212 jobs were matched.
- ▶ Idaho classified employees' salaries are, on average, **10.7% below** these states.



# CLASSIFIED EMPLOYEE TURNOVER

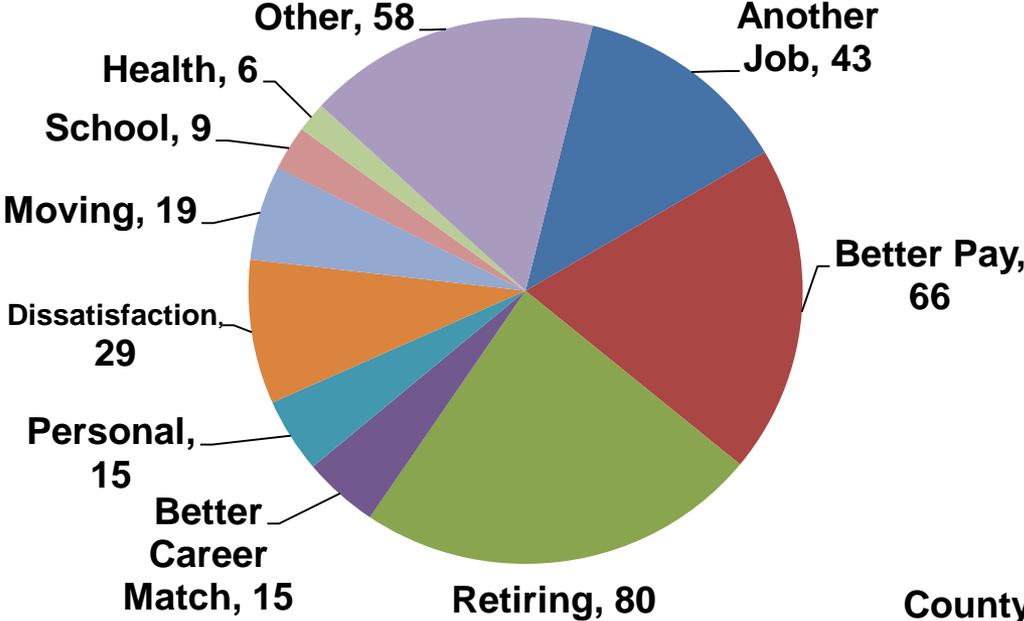
	FY 2011	FY 2012
<b>All Separations</b> (voluntary, involuntary, layoff, retirement, transfer)	12.1%	12.9%
<b>Length of Service</b>	9.8 years	9.5 years
<b>Voluntary Separations</b> (personal, transfer to other agency, city, county, federal government, private sector, school district, other State excluding Idaho)	4.7%	5.8%
<b>Length of Service</b>	5 years	6.2 years



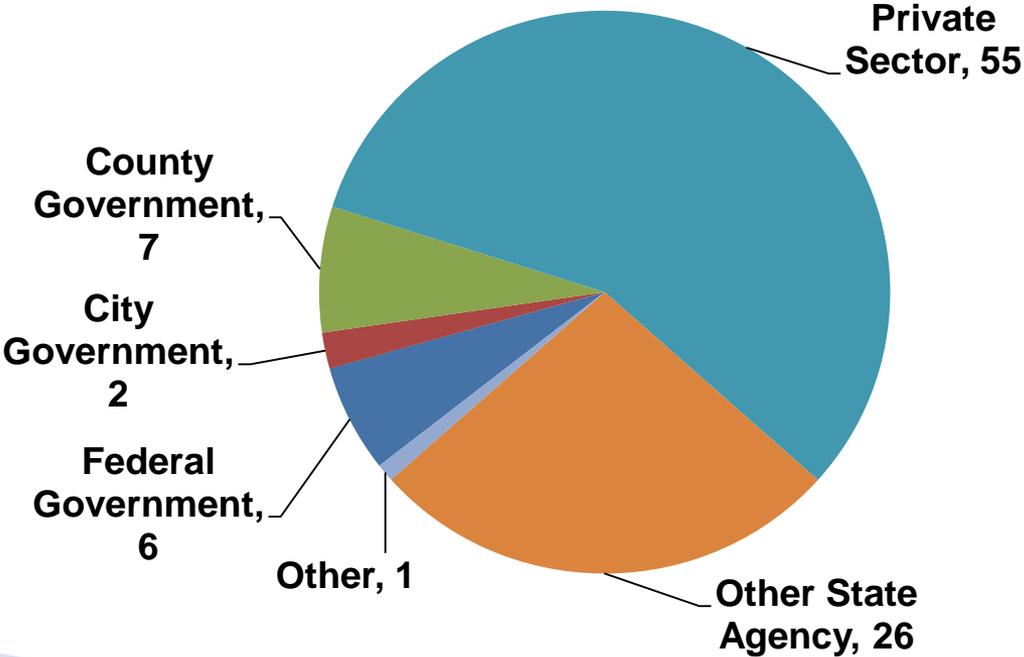
# EXIT SURVEY DATA

## Reasons for Leaving

(Some citing more than one reason)



## New Employer



See Appendix H of the FY 2014 State Employee Compensation Report for additional exit survey data.

# SALARY STRUCTURE

Pay Grade	Minimum Rate	Policy Rate	Maximum Rate
J	\$14.81	\$21.79	\$27.24
K	\$16.59	\$24.41	\$30.51
L	\$18.73	\$27.55	\$34.44

## Slice of Salary Structure (pay grades J-L)

See Appendix B of the FY 2014 State Employee Compensation Report for the entire structure.

- ▶ Policy Rate: salary relative to the external labor market (public and private sector) as determined by salary surveys of similar jobs.
- ▶ Policy rates are, on average, **7.4% below the market**, but on average, **2% ahead** of the eight surrounding state governments.



# CHALLENGES & CONSIDERATIONS

- ▶ Low entry salaries
- ▶ Salary compression
- ▶ Salary inequity
- ▶ Ability to retain employees



# RECOMMENDATION

A two year plan to allow agency directors to continue to address compensation issues and prepare for a proposed salary structure adjustment in FY 2015.



# FY 2014

- ▶ **Option 1:** If funding is available, it is proposed that a percentage be appropriated to agencies' personnel budgets and also allow directors to use salary savings to address their various compensation challenges.
- ▶ **Option 2:** If merit increases are not appropriated, allow agencies to use existing salary savings to address their specific compensation challenges. With legislative approval, agencies with limited salary savings may transfer funds from Operating Expenses to Personnel Costs on an on-going basis.



# OPTION 1 COSTS

The following are estimated costs for a 1%, 2%, or 3% increase to agencies' personnel budgets as of October 23, 2012:

- ▶ **1%** = \$5 million general funds and \$6.6 million all other funds; \$11.6 million total funds.
- ▶ **2%** = \$10.1 million general funds and \$13.1 million all other funds; \$23.2 million total funds.
- ▶ **3%** = \$15.2 million general funds and \$19.7 million all other funds; \$34.9 million total funds.

All salary increases would be administered in accordance with the State's merit-based pay philosophy.



# FY 2015

- ▶ It is proposed that the salary structure be adjusted towards market. If funding is available, appropriate increases to agencies' personnel budgets and allow directors to use salary savings to address continued compensation challenges.
- ▶ If agency directors are able to address compensation issues in FY 2014, the cost to adjust the salary structure may be minimal. As of September 26, 2012, an adjustment to the salary structure would result in moving employees to new minimum pay rates, costing approximately:
  - **1%** = \$80,000
  - **2%** = \$162,000
  - **3%** = \$518,000



# DEPARTMENT OF ADMINISTRATION, OFFICE OF GROUP INSURANCE

- ▶ FY 2014: Continue to offer a competitive medical and dental benefit package to employees at affordable premium rates.

## PERSI EMPLOYEE PENSION PLAN

- ▶ There is a proposed PERSI contribution rate increase of .92% for the employer and .52% for the employee.

<b>Estimated Cost of Contribution Increase</b> (does not include public schools)		
	<b>Employee</b>	<b>Employer</b>
<b>General Fund</b>	<b>\$1,300,015</b>	<b>\$2,062,093</b>
<b>Dedicated</b>	<b>\$341,274</b>	<b>\$541,331</b>
<b>Federal</b>	<b>\$1,047,477</b>	<b>\$1,661,516</b>
<b>TOTAL</b>	<b>\$2,688,766</b>	<b>\$4,264,940</b>





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**Vicki Tokita, Administrator**  
**(208) 854-3076**  
**vicki.tokita@dhr.idaho.gov**