STATEWIDE POLICY
SECTION 1: EMPLOYEE COMPENSATION

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1A. General Information

The State of Idaho provides a competitive merit-based compensation structure to attract qualified applicants to the state 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. This structure is an integral, necessary, and expected cost of providing state services to the citizens of Idaho which complies with applicable federal and state law; and is based on available funding and good stewardship of taxpayer dollars.

The merit-based compensation structure applies to classified state employees wherein employee pay rates are within the pay grade range for a specific position. To the extent possible, non-classified positions will be paid comparable to classified positions with similar duties and responsibilities.

When the Legislature approves compensation increases, agencies are required to work with the Division of Human Resources (DHR) and the Division of Financial Management (DFM) by submitting a Change in Employee Compensation (CEC) distribution plan. This plan must be based on the agency's compensation policy complying with federal and state laws, rules, legislative intent and the DHR Statewide Employee Compensation Policy. The CEC distribution plans are reviewed by DHR to ensure compliance and reviewed and approved by DFM to ensure adequate agency funding.

PAY INCREASES

1B. Permanent Merit Increases

1. 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 meet or exceed performance expectations. 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.

2. Merit increases are effective the beginning of the current or an upcoming pay period.

1C. Permanent Equity Adjustment Increases

1. An equity adjustment increase provides a mechanism for addressing salary inequities due to internal or external market demands, market increases and/or to correct an inequity among positions of comparable value in the agency (e.g. equivalent knowledge, skills, abilities, effort, and responsibilities).

2. An equity adjustment is not to be used to circumvent the merit system or to compensate an employee for an increase in workload, responsibilities, or solely to reward longevity.

3. In order for an employee to receive a salary equity increase, the employee must have a current performance evaluation with an overall rating of "Achieves Performance Standards" or better and may not be on entrance probation or a temporary employee.

4. In advance of implementation, an agency must submit written justification to DHR and DFM for approval. The justification will include sufficient details and salary analysis to explain the inequity and the proposed equity adjustment. The documentation should clearly identify the internal and/or external job comparisons that were used. Comparisons should be similar in size, depth, breadth and scope of work. DHR is available to assist in planning and conducting salary analysis and comparisons to ensure appropriate comparisons and alignment with state jobs. DHR may request additional information in order to make a final determination.

1D. Pay Line Moves

1. A Pay Line move is movement of the pay schedule (the minimum pay rate, policy, and/or maximum pay rate for each pay grade) by the Legislature. Any employee with a rate of pay that falls below the new minimum rate of the pay grade must receive a rate adjustment to at least the new minimum, regardless of performance rating.

1E. Temporary Merit Pay Increases

1. A temporary merit pay increase is a short-term, non-permanent increase to an employee's base pay. The Appointing Authority[1] may grant a temporary merit increase to recognize and compensate an employee for short-term work assignments.

2. A temporary merit pay increase cannot be given in lieu of a performance bonus. Using a temporary merit increase to circumvent the $2,000 or 20% performance

[1] Appointing Authority: The officer, board, commission, person or group of persons authorized by statute or lawfully delegated authority to hire, dismiss or otherwise significantly impact the employment status of individuals in any agency.

bonus maximum is prohibited.

3. The following conditions apply to all temporary merit pay increases:

    a. 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.

    b. Permanent merit increases will be calculated and applied to the employee's base rate of pay without consideration of the temporary merit increase.

    c. A temporary salary increase must be for more than one full pay period and generally no more than six (6) months or thirteen (13) pay periods in duration.

4. Temporary merit increases are effective the beginning of the current or an upcoming pay period.

5. Effect of Separation or Retirement:

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

    b. Accumulated leave payoff (unused vacation and compensatory leave, if eligible) is paid off by the system at the permanent pay rate.

    c. Sick leave conversion to insurance at retirement while receiving a temporary merit increase is calculated at the permanent pay rate.

BONUSES

1F. Recruitment/Retention Bonus

1. Recruitment/retention awards are lump sum bonuses paid in order to recruit and retain qualified employees, particularly in positions designated as critical or difficult to fill.

2. Employees who receive recruitment/retention bonuses are expected to maintain employment with the agency for a specified period of time.

    a. Such compensation is paid in the form of a one-time lump sum bonus after at least six (6) months of satisfactory performance.

3. Employees who voluntarily separate employment with the agency prematurely are required to repay all or part of the bonus.

4. An Appointing Authority may award recruitment/retention bonuses within the following parameters:

   a. A recruitment/retention bonus cannot be given in lieu of a performance bonus. Using a recruitment/retention bonus to circumvent the $2,000 or 20% performance bonus maximum is prohibited.

   b. For recruitment bonuses, the employee must be a new appointment to the State. Transfers, demotions, promotions, reinstatements, and rehires are ineligible, unless otherwise approved by the administrator.

   c. Recruitment bonuses are limited to one (1) per employee.

   d. Retention bonuses are limited to one (1) per employee per fiscal year.

   e. The maximum amount of any recruitment/retention bonus is $5,000.

   f. Prior to granting the bonus, the agency must submit written documentation justifying the recruitment/retention award and the proposed memorandum of agreement to DHR and DFM for review and approval.

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

   h. The applicant/employee must sign a recruitment/retention bonus memorandum of agreement.

   i. The recruitment/retention bonus agreement must include the following:

      i. A provision that a recruitment bonus will be paid to the employee after at least six (6) months of successful, continued employment.
      ii. The details outlining the amount of the recruitment/retention bonus and the agreed-upon length of time that the employee will continue employment.
      iii. Verbiage outlining how the bonus will be repaid and collected should the employee voluntarily or involuntarily terminates employment before the term of the agreement. The bonus may be pro-rated over the period.
      iv. Information indicating the agency or DHR is authorized by law to seek legal remedies to recoup all or part of the recruitment/retention bonus in the event an employee resigns before the term of the agreement. Remedies include but are not limited to deducting the bonus amount from an employee's accrued vacation funds.
      v. The documentation and memorandum of agreement must be maintained in the employee's personnel file at the agency.

1G. Performance Bonus

1. A performance bonus is a lump sum award to an employee to recognize exemplary service.

2. Prior to granting the bonus, the agency must submit written documentation justifying the award to DFM for review and approval.

3. To qualify for performance bonuses, the following criteria must be met:

    a. The employee must have a performance evaluation rated "Achieves Performance Standards" or better and completed within the past twelve (12) months; **and**

    b. The agency must document, in writing, justification for the performance bonus and retain justification in the employee's personnel file.

4. Appointing Authorities may approve performance bonuses within the following parameters:

    a. An Appointing Authority may authorize performance bonuses for up to 20% of employees (based on FTP authority). Any bonuses to employees beyond 20% require prior approval from DHR and DFM.

    b. An Appointing Authority may authorize none, one, or multiple performance bonuses to the same employee during the course of a fiscal year, with the maximum total amount any one employee may receive being two thousand dollars ($2,000) per fiscal year, unless approved by the Board of Examiners.

1H. Employee Suggestion Bonus

1. An Appointing Authority may reward an employee for suggestions or recommendations which resulted in taxpayer savings as a result of cost savings or great efficiencies to the agency or to the State of Idaho. The award may be up to 25% of the cost savings, not to exceed $2,000, unless approved by the Board of Examiners.

1I. Other Pay Delivery Options

1. In unusual circumstances, with prior approval from the administrators of the Division of Human Resources and the Division of Financial Management, agencies may grant non-performance related pay to employees, which in no case may exceed five percent (5%) of an employee's base pay.

DIFFERENTIAL PAY

1J. Shift Differential

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

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

    a. Agencies may develop agency-specific shift differential policies, provided the requirements set forth in *Requirements of All Shift Differential Policies*, *Agency Specific Shift Differential Plans and Applicability of Shift Differential Payment* below are met; **or**

    b. Agencies may utilize the non-agency-specific statewide shift differential policy as detailed in *Non-Agency-Specific Shift Differential Plans* below.

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

    a. 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 payable that week, including holiday pay, overtime, and leave taken.

    b. Executive employees are ineligible for shift differential compensation.

4. Agency Specific Shift Differential Plans. Each agency may develop and define its own shift differential compensation policy. Such policies must include:

    a. Definition of shift(s);
    b. Specification of the amount of differential, in whole number increments not to exceed 25%, applicable to each shift;
    c. Eligibility criteria which must be met for employees to qualify for shift differential; **and**
    d. 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.

5. Applicability of Shift Differential Payment. Agencies must meet the following requirement regarding shift differential:

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

b. Agencies without agency-specific shift differential compensation policies shall comply with the following policy:

    i. Eligibility: Regular Work Schedule. 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.

    ii. 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 swing shall be eligible for shift differential compensation for all hours worked.

    iii. Differential Amount. Shift differential compensation shall be paid to eligible employees at a rate of 5%.

1K. Geographic Differential

1. 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.

2. 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 DHR is necessary.

1L. Pay Line Exceptions

1. Pay Line exceptions are allowed when it is necessary to obtain or retain qualified personnel in a particular classification, upon petition of the agency to the DHR Administrator outlining acceptable reasons; a higher temporary pay grade may be authorized by the Administrator. Pay Line exceptions shall be reviewed annually by DHR to determine the need for continuance. Pay Line Exceptions are included in the annual CEC report.

1M. References

Idaho Statute 67-5309A State Employee Compensation Philosophy
Idaho Statute 67-5309B Idaho Compensation Plan
Idaho Statute 67-5309C DHR Annual Survey, Reports and Recommendations
Idaho Statute 67-5309D Other Pay Delivery Options
Idaho Statute 59-1603 Nonclassified Employees – Conformity with Classified Positions

IDAPA 15.04.01.070 Compensation of Employees
IDAPA 15.04.01.071 Merit Increase Matrix
IDAPA 15.04.01.072 Operation of Compensation Plan
IDAPA 15.04.01.073 Calculation of Pay
IDAPA 15.04.01.075 Bonuses