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IDAHO PERSONNEL COMMISSION

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September 27, 1996

SALARY SURVEY RESULTS AND RECOMMENDED PAY POLICY FISCAL YEAR 1998

Introduction

Section 67-5309B(d), Idaho Code, requires the Personnel Commission to submit a report of the results of salary surveys and recommendations for changes in salaries, together with their estimated costs of implementation based on the competitive labor market average rate of each pay grade, to the Office of the Governor not later than the first day of October of each year.

Methodology

In 1994, pay policy for State employees was established in line with the markets in which we compete for employees. It was determined that State employees fall into four pay policy categories, each category described by the size of the job in Hay point terms and the identified marketplace. The categories, current pay policy and competitive marketplace for each are:

<u>Pay Policy Group</u>	<u>Current Pay Policy</u>	<u>Marketplace</u>
0 to 270 Points	\$.04621/Point + \$2.07	Small to medium size Idaho employers and large Idaho employers.
271 to 550 Points	\$.02845/Point + \$6.862	Amalgam of Idaho employers and 9 western region state governments.
551 to 1050 Points	\$.01936/Point + \$11.41	9 western region state governments.
1051 + Points	\$.01327/Point + \$17.81	9 western region state governments.

EQUAL OPPORTUNITY EMPLOYER

Working together to attract and retain a quality workforce for Idaho State Government.

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Page Two

This year, we collected salary survey data from two main sources, analyzed that data and compared our current pay policies with those of employers in our identified markets, using HayXpert software from the Hay Group.

Based on these detailed analyses we have determined:

1. Competitive pay policies for each pay policy group;
2. The estimated cost of maintaining our market position under the proposed new pay policies; and
3. The estimated cost of moving to 100% compa-ratio on the average.

Market Survey Sources

Idaho Cross - Industry Salary & Benefits Survey

Prepared by Western Management Group

23 large private sector employers

2 large public sector employers

Covers policy groups 0 to 270 points and 271 to 550 points.

Central States Compensation Survey

Prepared by Central States Compensation Association

19 state governments participate

7 of the 9 western region state governments: Arizona, Colorado, Montana, Nevada, New Mexico, Utah and Wyoming

Covers policy groups 271 to 550 points, 551 to 1050 points and 1051+ points.

Idaho Personnel Commission Survey

Other 2 western region state governments: Oregon and Washington

Covers policy groups 271 to 550 points, 551 to 1050+points.

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Findings

Chart 1 compares our current pay policies to the competitive marketplaces.

For classes between 0 and 270 Hay points, the data comes from the Western Management Group's Idaho Cross-Industry Survey. Our analysis suggests that the current pay policy is an average of approximately 3% below market at this level.

For classes between 271 and 550 Hay points, data from the Western Management and States surveys suggests a market differential of approximately 3% on the average.

For classes between 551 and 1050 Hay points and for classes above 1051 Hay points, the survey source, the States survey, indicates that our current pay policies are slightly ahead of the market.

Table 4 summarizes the compa-ratios of current pay for classified employees to:

1. Current policies;
2. The proposed pay policies for each pay policy group.

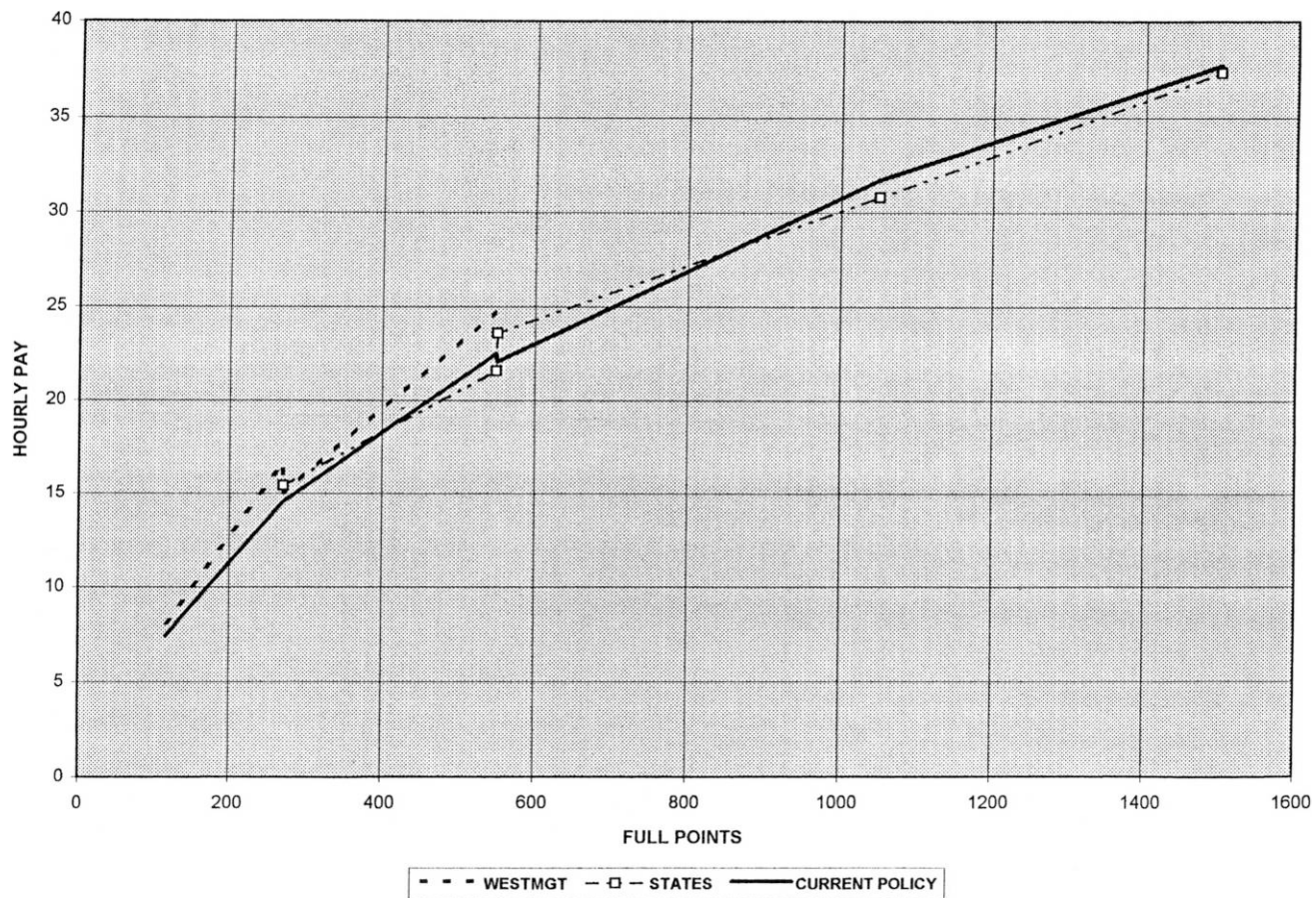
Cost Estimates

In Table 4, we have summarized the estimated costs of implementing these proposed pay policies. To maintain classified employees at their current compa-ratios would cost \$9.8 million or approximately 2.9% of payroll. The General Account cost of this recommendation for classified and non-classified employees other than public schools would be approximately \$10.2 million. To move employees to 100% compa-ratio on the average would have a General Account cost of approximately \$18.2 million or 5.2% of payroll.

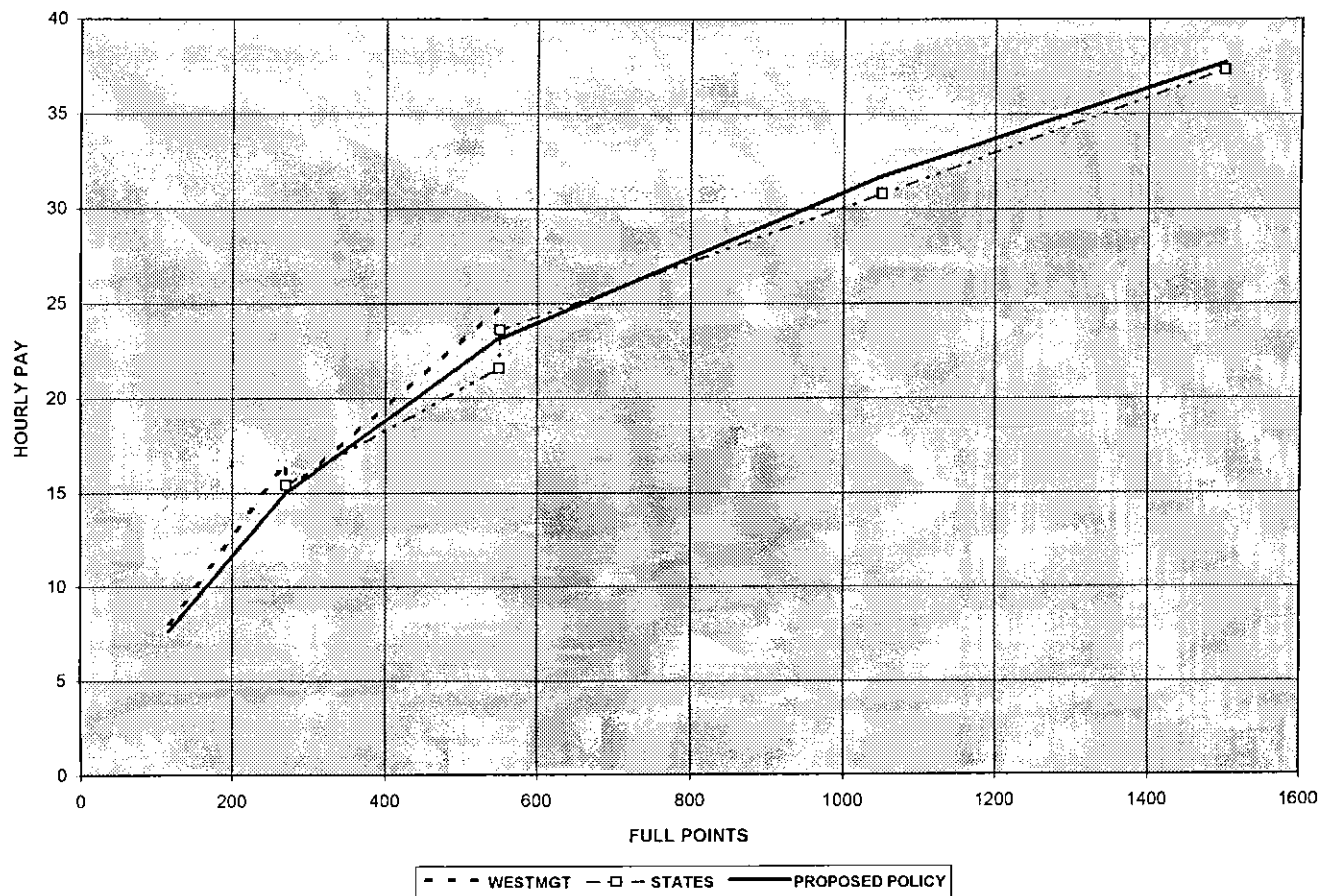
Recommendations

Based on our analyses, we recommend a conservative approach to pay policy adjustment which would increase current policies as illustrated in Chart 2 and as expressed as pay range midpoint increases in Table 3. We recommend this proposal be funded at 5.2% which would bring state employees to 100% compa-ratio on the average. However, we believe that as salary increase levels for state employees get smaller, more emphasis should be placed on pay for performance than on structure movement. This gives agencies more flexibility to implement their merit increase programs. Therefore, if funding for salary increases falls below 3%, we recommend that there be no adjustment of the current pay policies. All funds would then be available for merit increases.

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STATE OF IDAHO
PERSONNEL COMMISSION
SURVEY DATA SUMMARY

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STATE OF IDAHO
PERSONNEL COMMISSION
SURVEY DATA SUMMARY
FORMULAE
FY 1998

TABLE 1

PAY POLICY GROUPS

0-270PTS		271-550PTS		551-1050PTS		1050+PTS	
SLOPE	INTERCEPT	SLOPE	INTERCEPT	SLOPE	INTERCEPT	SLOPE	INTERCEPT
0.06059	0.96355	0.04805	1.73815				
0.05641	1.42541	0.03482	5.61226				
0.06363	-0.79152	0.03340	4.71548				
0.06348	0.39321	0.04744	1.58623				
0.06269	1.61262	0.06462	-2.01359				
		0.02213	9.41048	0.01446	15.61780	0.01446	15.61780
CURRENT POLICY	0.04621 2.07	0.02845 6.862	0.01936 11.41	0.01327	17.81		
PROPOSED POLICY	0.047596 2.1321	0.029304 7.06786	0.01724 13.655	0.01327	17.81		

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STATE OF IDAHO
PERSONNEL COMMISSION
SURVEY DATA SUMMARY
FY 1998

TABLE 2

CURRENT POLICY COMPARED TO SURVEY DATA								
Policy Group	0-270		271-550		551-1050		1051+	
Points	50	270	271	550	551	1050	1051	1500
Percent Difference								
Western Management	3%	-14.50%	-3.30%	-10%				
Central States			-6%	4.10%	-6.80%	3%	3%	1.10%

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STATE OF IDAHO
PERSONNEL COMMISSION
TENTATIVE PAY POLICY ILLUSTRATION
FY 1998

TABLE 3

POINTS	CURRENT POLICY	PROPOSED POLICY	DIFFERENCE
85	\$6.00	\$6.18	3.00%
270	\$14.55	\$14.98	3.00%
271	\$14.57	\$15.01	3.00%
550	\$22.51	\$23.19	3.00%
551	\$22.08	\$23.15	4.88%
1050	\$31.74	\$31.76	0.06%
1051	\$31.76	\$31.76	0.00%
1200	\$33.73	\$33.73	0.00%

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STATE OF IDAHO
PERSONNEL COMMISSION
COMPA-RATIO SUMMARY
FY 1998

TABLE 4

AVERAGE COMPA-RATIO OF CURRENT PAY TO:

CURRENT POLICY:

PROPOSED POLICY:

POPULATION: 11383
PAYROLL: \$340,898,132

POLICY GROUPS			
0-270PTS	271-550PTS	551-1050PTS	1051+PTS
95.15%	98.55%	103.82%	111.74%
92.36%	95.68%	100.46%	111.74%
5802	4977	598	6
\$130,296,127	\$178,447,516	\$31,686,339	\$468,150

COST:

MAINTAIN CURRENT CR

TO 100% CR

TOTAL				
\$9,821,367	\$3,635,262	\$5,121,444	\$1,064,661	\$0
2.88%	2.79%	2.87%	3.36%	0.00%
\$17,663,557	\$9,954,624	\$7,708,933		
5.18%	7.64%	4.32%		

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