

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 595

BY COMMERCE AND HUMAN RESOURCES COMMITTEE

AN ACT

1 RELATING TO NONCLASSIFIED STATE OFFICERS AND EMPLOYEES; AMENDING SEC-  
2 TION 59-1603, IDAHO CODE, TO REVISE PROVISIONS REGARDING COMPENSATION  
3 INCREASES AND TO PROVIDE FOR RETENTION BONUSES; AMENDING SECTION  
4 67-5309B, IDAHO CODE, TO PROVIDE FOR COMPENSATION ADJUSTMENTS BASED ON  
5 INTERNAL EQUITY, EXTERNAL FACTORS, AND PERFORMANCE AND TO MAKE TECH-  
6 NICAL CORRECTIONS; AMENDING SECTION 67-5309D, IDAHO CODE, TO PROVIDE  
7 FOR COMPENSATION ADJUSTMENTS, RETENTION BONUSES, AND NONPERFORMANCE  
8 PAY AND TO MAKE TECHNICAL CORRECTIONS; AND DECLARING AN EMERGENCY AND  
9 PROVIDING AN EFFECTIVE DATE.  
10

11 Be It Enacted by the Legislature of the State of Idaho:

12 SECTION 1. That Section 59-1603, Idaho Code, be, and the same is hereby  
13 amended to read as follows:

14 59-1603. CONFORMITY WITH CLASSIFIED POSITIONS. (1) To the extent pos-  
15 sible, each nonclassified position in the executive department will be paid  
16 a salary or wage comparable to classified positions with similar duties, re-  
17 sponsibilities, training, experience and other qualifications in consulta-  
18 tion with the division of human resources. Temporary employees and agricul-  
19 tural inspectors referred to in subsections (n) and (p) of section 67-5303,  
20 Idaho Code, shall not be entitled to sick leave accruals provided in section  
21 59-1605, Idaho Code, vacation leave provided in section 59-1606, Idaho Code,  
22 nor holiday pay defined in subsection (15) of section 67-5302, Idaho Code,  
23 unless contributions are being made to the public employee retirement system  
24 in accordance with chapter 13, title 59, Idaho Code, and rules promulgated by  
25 the retirement board. Vacation and sick leave accruals, but not holiday pay,  
26 shall be awarded retroactively, if necessary, to the date such employees be-  
27 come eligible for retirement system membership.

28 (2) To the extent possible, each nonclassified position in the legisla-  
29 tive department will be paid a salary or wage comparable to classified posi-  
30 tions with similar duties, responsibilities, training, experience and other  
31 qualifications.

32 (3) The supreme court shall determine the schedules of salary and com-  
33 pensation for all officers and employees of the judicial department that are  
34 not otherwise fixed by law. To the extent possible, the supreme court shall  
35 adopt schedules compatible with the state's accounting system. The judicial  
36 department may also maintain personnel records and files under such system  
37 as is ordered by the supreme court.

38 (4) The state board of education shall determine the schedules of  
39 salary and compensation, and prescribe policies for overtime and compen-  
40 satory time off from duty, for all officers and employees of the state board  
41 of education who are not subject to the provisions of chapter 53, title 67,  
42 Idaho Code, and which are not otherwise fixed by law. To the extent possible,

1 the state board of education shall adopt schedules and policies compatible  
2 with the state's accounting system. The state board of education may also  
3 maintain personnel records and files under a system of its own, if approved  
4 by the state controller.

5 (5) Members of the legislature, the lieutenant governor, other offi-  
6 cers whose salaries are fixed by law, and members of part-time boards, com-  
7 missions and committees shall be paid according to law.

8 (6) Any schedule of salary and compensation must be approved by the ap-  
9 pointing authority and be communicated to the state controller in writing at  
10 least thirty (30) days in advance of the effective date of the schedule.

11 (7) In addition to salary increases provided by any compensation sched-  
12 ule adopted pursuant to subsection (6) of this section, nonclassified offi-  
13 cers and employees, except those who are elected officials or whose salaries  
14 are fixed by law, may be granted an award not to exceed ~~two~~ five thousand  
15 dollars (\$25,000) in any given fiscal year based upon an affirmative certi-  
16 fication of meritorious service. Exceptions to the ~~two~~ five thousand dol-  
17 lar (\$25,000) limit provided in this section may be granted under extraor-  
18 dinary circumstances if approved in advance by the state board of examiners.  
19 Appointing authorities shall submit a report to the division of financial  
20 management and the legislative services office by October 1 on all awards  
21 granted in the preceding fiscal year.

22 (8) In addition to salary increases provided by any compensation sched-  
23 ule, nonclassified officers and employees, except those who are elected of-  
24 ficials or whose salaries are fixed by law, may be granted an award not to  
25 exceed ~~two~~ five thousand dollars (\$25,000) in any given fiscal year based  
26 upon suggestions or recommendations made by the employee that resulted in  
27 taxpayer savings as a result of cost savings or greater efficiencies to the  
28 department, office or institution or to the state of Idaho in excess of the  
29 amount of the award. Exceptions to the ~~two~~ five thousand dollar (\$25,000)  
30 limit provided in this subsection may be granted in extraordinary circum-  
31 stances if approved in advance by the state board of examiners. The appoint-  
32 ing authority shall as near as practicable utilize the criteria in confor-  
33 mance with rules promulgated by the division of human resources pursuant to  
34 section 67-5309D, Idaho Code. Appointing authorities shall submit a report  
35 to the division of financial management and the legislative services office  
36 by October 1 on all employee suggestion awards granted in the preceding fis-  
37 cal year. Such report shall include any changes made as a direct result of an  
38 employee's suggestion and savings resulting therefrom.

39 (9) Each appointing authority, including the elective offices in the  
40 executive department, the legislative department, the judicial department,  
41 and the state board of education and the board of regents, shall comply with  
42 all reporting requirements necessary to produce the list of employee posi-  
43 tions prescribed by section 67-3519, Idaho Code.

44 (10) The adjutant general, with the approval of the governor, shall  
45 prescribe personnel policies for all officers and employees of the national  
46 guard that are not otherwise fixed by law. Such policies will include an  
47 employee grievance procedure with appeal to the adjutant general. The ad-  
48 jutant general shall determine schedules of salary and compensation that  
49 are, to the extent possible, comparable to the schedules used for federal  
50 civil service employees of the national guard and those employees serving

1 in military status. Schedules adopted shall be compatible with the state's  
2 accounting system to the extent possible.

3 (11) In addition to salary increases provided by any compensation  
4 schedule, nonclassified officers and employees, except those who are  
5 elected officials or whose salaries are fixed by law, may be granted award  
6 pay for recruitment or retention purposes ~~based upon~~. Retention bonuses  
7 shall require affirmative certification of meritorious service after com-  
8 pletion of at least six (6) months of service prior to issuance. Department  
9 directors and the administrator of the division of human resources are au-  
10 thorized to seek legal remedies available, including deductions from an  
11 employee's accrued vacation funds, from an employee who resigns during the  
12 designated period of time after receipt of a recruitment or retention bonus.  
13 Appointing authorities shall submit a report to the division of financial  
14 management and the legislative services office by October 1 on all such  
15 awards granted in the preceding fiscal year.

16 (12) In addition to salary increases provided by any compensation  
17 schedule, nonclassified officers and employees, except those who are  
18 elected officials or whose salaries are fixed by law, may be granted other  
19 pay as provided in this subsection. Appointing authorities shall submit a  
20 report to the division of financial management and the legislative services  
21 office by October 1 on all such awards granted in the preceding fiscal year,  
22 including:

23 (a) Shift differential pay up to twenty-five percent (25%) of hourly  
24 rates depending on local market rates in order to attract and retain  
25 qualified staff; and

26 (b) Geographic differential pay in areas of the state where recruitment  
27 and retention are difficult due to economic conditions and cost of liv-  
28 ing.

29 ~~In unusual circumstances,~~ When necessary to obtain or retain qual-  
30 ified personnel and when a distribution has been approved for classified em-  
31 ployees pursuant to section 67-5309D, Idaho Code, each appointing author-  
32 ity, including the elective offices in the executive branch, the legisla-  
33 tive branch, the judicial branch, and the state board of education and the  
34 board of regents of the university of Idaho, may grant nonclassified employ-  
35 ees nonmerit pay in the same proportion as received by classified employees  
36 in that department or institution. Appointing authorities shall submit a  
37 report to the division of financial management and the legislative services  
38 office by October 1 on all such awards granted in the preceding fiscal year.

39 (14) Each appointing authority shall, as nearly as practicable, utilize  
40 the criteria for reimbursement of moving expenses in conformance with sec-  
41 tion 67-5337, Idaho Code, and rules promulgated by the division of human re-  
42 sources pursuant thereto. Appointing authorities shall submit a report to  
43 the division of financial management and the legislative services office by  
44 October 1 on all moving reimbursements granted in the preceding fiscal year.

45 (15) Specific pay codes shall be established and maintained in the state  
46 controller's office to ensure accurate reporting and monitoring of all pay  
47 actions authorized in this section.

48 SECTION 2. That Section 67-5309B, Idaho Code, be, and the same is hereby  
49 amended to read as follows:

1           67-5309B. IDAHO COMPENSATION PLAN. (1) The administrator of the divi-  
2 sion of human resources shall establish benchmark job classifications and  
3 shall assign all classifications to a pay grade utilizing the Hay profile  
4 method in combination with market data. Pay grades established or revised  
5 by the administrator shall appropriately weigh Hay points and market data to  
6 ensure internal equity and market equity within the classified service.

7           (2) It shall be the responsibility of each department director to pre-  
8 pare a department salary administration plan and corresponding budget plan  
9 that supports the core mission of the department and ~~is~~ are consistent with  
10 the provisions of section 67-5309A, Idaho Code.

11           (3) Advancement in pay shall be based on performance ~~and, internal eq-~~  
12 uity, or external market changes and be provided in a variety of delivery  
13 methods, including ongoing increases, temporary or conditional increases,  
14 and market-related payline moves. Market-related payline moves may advance  
15 all eligible employees as well as the structure to avoid compression in the  
16 salary system.

17           (4) Pay for performance shall provide faster salary advancement for  
18 higher performers based on a merit increase matrix developed by the division  
19 of human resources. Such matrix shall be based upon the employee's proximity  
20 to the state midpoint market average, and the employee's relative perfor-  
21 mance. Such matrix may be adapted by each agency to meet its specific needs  
22 when approved by the division of human resources.

23           (5) No employee shall advance in a salary range based on performance  
24 without a performance evaluation on file certifying that the employee meets  
25 the performance criteria of the assigned position.

26           (6) Each employee's work performance shall be evaluated through a  
27 format and process approved by the department and the division of human re-  
28 sources. The employee shall be evaluated after one thousand forty (1,040)  
29 hours of credited state service from the date of initial appointment or pro-  
30 motion, and thereafter be evaluated after each two thousand eighty (2,080)  
31 hours of credited state service. Employees may be eligible for advance-  
32 ment in pay based on performance if certified as meeting the performance  
33 requirements of this section. However, such in-grade advancement shall not  
34 be construed as a vested right. The department director shall designate  
35 in writing whether such in-grade advancement is temporary, conditional or  
36 permanent. It shall be the specific responsibility of the employee's imme-  
37 diate supervisor to effect the evaluation process. Such evaluation shall be  
38 approved by the department director or the director's designee.

39           (7) All supervisors who evaluate state employees shall receive train-  
40 ing in the evaluation format and process to assure fairness and consistency  
41 in the evaluation process.

42           (8) Notwithstanding any other provision of Idaho Code, it is hereby  
43 declared to be the policy of the legislature of the state of Idaho that all  
44 classified employees of like classification and pay grade allocation shall  
45 be treated in a substantially similar manner with reference to personnel  
46 benefits.

47           SECTION 3. That Section 67-5309D, Idaho Code, be, and the same is hereby  
48 amended to read as follows:

1           67-5309D. OTHER PAY DELIVERY OPTIONS. (1) In addition to pay increases  
2 authorized in section 67-5309B, Idaho Code, the department director may  
3 grant a classified employee bonus pay not to exceed ~~two~~ five thousand dol-  
4 lars (\$25,000) in any given fiscal year based upon exemplary performance.  
5 Exceptions to the ~~two~~ five thousand dollar (\$25,000) limit provided in this  
6 subsection may be granted in extraordinary circumstances if approved in ad-  
7 vance by the state board of examiners. Departments shall submit a report to  
8 the division of financial management and the legislative services office by  
9 October 1 on all bonuses granted in the preceding fiscal year.

10           (2) In addition to pay increases authorized in section 67-5309B, Idaho  
11 Code, the department director may grant a classified employee an award pay-  
12 ment based upon suggestions or recommendations made by the employee that re-  
13 sulted in taxpayer savings as a result of cost savings or greater efficien-  
14 cies to the department or to the state of Idaho in excess of the amount of the  
15 award, and in compliance with the rules for employee suggestion awards pro-  
16 mulgated by the division of human resources. The award may be an amount up  
17 to twenty-five percent (25%) of the amount determined to be the dollar sav-  
18 ings to the state, but not in excess of ~~two~~ five thousand dollars (\$25,000).  
19 Exceptions to the ~~two~~ five thousand dollar (\$25,000) limit provided in this  
20 subsection may be granted in extraordinary circumstances if approved in ad-  
21 vance by the state board of examiners. Departments shall submit a report to  
22 the division of financial management and the legislative services office by  
23 October 1 on all employee suggestion awards granted in the preceding fiscal  
24 year. Such report shall include any changes made as a direct result of an em-  
25 ployee's suggestion and savings resulting therefrom.

26           (3) In addition to pay increases authorized in section 67-5309B, Idaho  
27 Code, the department director may grant award pay to a classified employee  
28 for recruitment or retention purposes ~~upon~~. Retention bonuses shall require  
29 completion of at least six (6) months of achieving performance standards  
30 prior to issuance. The department director and the administrator of the  
31 division of human resources are authorized to seek legal remedies avail-  
32 able, including deductions from an employee's accrued vacation funds, from  
33 an employee who resigns during the designated period of time after receipt  
34 of a recruitment or retention bonus. Departments shall submit a report to  
35 the division of financial management and the legislative services office by  
36 October 1 on all such awards granted in the preceding fiscal year.

37           (4) In addition to pay increases authorized in section 67-5309B, Idaho  
38 Code, department directors may provide a classified employee other nonper-  
39 formance-related pay as provided in this subsection. Departments shall sub-  
40 mit a report to the division of financial management and the legislative ser-  
41 vices office by October 1 on all such awards granted in the preceding fiscal  
42 year.

43           (a) Shift differential pay up to twenty-five percent (25%) of hourly  
44 rates depending on local market rates in order to attract and retain  
45 qualified staff.

46           (b) Geographic differential pay in areas of the state where recruitment  
47 and retention of qualified staff are difficult due to economic condi-  
48 tions and cost of living.

1 (c) Employees in the same classification who are similarly situated  
2 shall be treated consistently in respect to shift differential and geo-  
3 graphic ~~pay~~ differential pay.

4 (5) When necessary to obtain or retain qualified personnel in a partic-  
5 ular classification, upon petition of the department to the administrator  
6 containing acceptable reasons therefor, a higher temporary pay grade may be  
7 authorized by the administrator that, if granted, shall be reviewed annually  
8 to determine the need for continuance.

9 ~~(6) In unusual circumstances, with prior approval from the administra-~~  
10 ~~tors of the division of human resources and the division of financial manage-~~  
11 ~~ment, agencies may grant nonperformance related pay to employees, which in~~  
12 ~~no case may exceed five percent (5%) of an employee's base pay. When neces-~~  
13 ~~sary due to market conditions and to obtain or retain qualified personnel,~~  
14 ~~agencies may grant nonperformance-related pay to employees, not to exceed~~  
15 ~~five thousand dollars (\$5,000) per fiscal year, with prior approval from the~~  
16 ~~administrators of the division of human resources and the division of finan-~~  
17 ~~cial management. Departments shall submit a report to the division of finan-~~  
18 ~~cial management and the legislative services office by October 1 on all such~~  
19 ~~awards granted in the preceding fiscal year.~~

20 (7) Specific pay codes shall be established and maintained in the state  
21 controller's office to ensure accurate reporting and monitoring of all pay  
22 actions authorized in this section.

23 SECTION 4. An emergency existing therefor, which emergency is hereby  
24 declared to exist, this act shall be in full force and effect on and after  
25 July 1, 2022.