

IDAHO DIVISION OF HUMAN RESOURCES:  
**CLASSIFICATION AND  
COMPENSATION  
STUDY REVIEW**



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## STATE EMPLOYEE COMPENSATION STATUTE

**Idaho Code 67-5309A**

*“It is hereby declared to be the intent of the Legislature of the State of Idaho that the goal of the total compensation system for state employees shall be to fund a **competitive employee compensation and benefit package** that will attract qualified applications to the workforce; retain employees who have a commitment to public service excellence; motivate employees to maintain high standards for productivity; and reward employees for outstanding performance.”*



## OVERVIEW OF STATE SALARY STRUCTURE

The state's overall compensation system, which includes both a salary and a benefit component, when taken as a whole, shall be **competitive with relevant labor market averages**.

Advancement in pay shall be based on **job performance and market changes**.

**Pay for performance** shall provide faster salary advancement for higher performers based on a merit increase matrix developed by the Division of Human Resources.

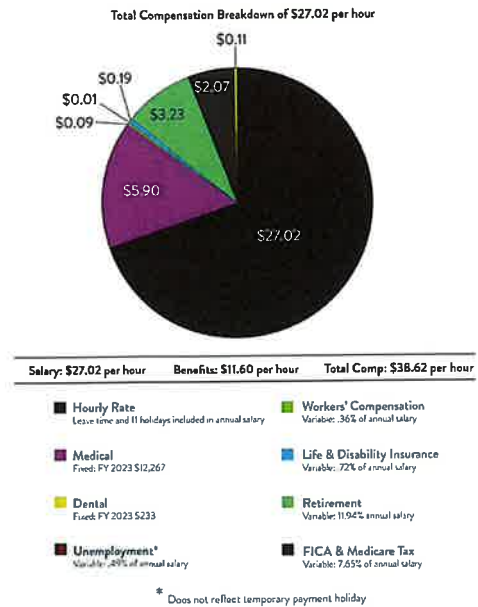
**All** employees below the state's market average in a salary range who are meeting expectations in the performance of their jobs shall move through the pay range toward the market average



# STATE EMPLOYEE TOTAL COMPENSATION

**Total Compensation = Base Salary + Benefits**

- Benefits make up about 40% of an employee’s annual salary
- Includes medical benefits, paid time off, retirement, social security, life insurance, workers’ compensation insurance, and unemployment insurance



## CLASSIFICATION AND COMPENSATION STUDY

### Overview of Study

- DHR contracted with Korn Ferry in July to conduct a full review of the State’s classification and compensation framework
- Analysis from Compensation was provided to Division of Human Resources in October. Results were used to develop more functional salary structures across different disciplines.
- Details from the Classification portion of the study are still ongoing. High points will be shared today.
- CEC recommendation is structured to implement these changes over the next two years.

### What do we hope to accomplish?

- ✓ Receive data-driven recommendations for making improvements to compensation
- ✓ Have study provide realistic recommendations that will bring state closer to 25%(tile) of labor market norms
- ✓ Recommendations focused on both short- and long-term strategies



## CLASSIFICATION ANALYSIS

### State of Idaho Classification System

- State has used Hay methodology for many years to evaluate and place classifications into grade levels
- Idaho partnered with Korn Ferry to conduct a quality audit of over 900 classifications
- Focus groups were conducted with recommended changes to grade levels, titles and classifications
- As part of the contract, Idaho has access to KF Digital Platform where jobs can be uploaded and maintained for future analysis and use across all agencies; this tool provides an easier more streamlined method for evaluating jobs and provides tools for recruitment of applicants



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## CLASSIFICATION ANALYSIS

### Results

- 23 job classifications were eliminated due to redundancy and 26 job classifications were assigned to new pay grades;

### Next Steps

- DHR is in the process of reviewing the recommendations from the Focus Groups to identify new job families and missing jobs in their respective career paths;
- DHR and KF will conduct training to the state's HR team on job classification and the KF Digital Tool;
- Once complete, the classification study will result in overall transformation of the state's job classification framework to include appropriately evaluated jobs (i.e., pay grades), comprehensive job families and career paths, and an updated salary structure.



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## COMPENSATION STUDY HIGHPOINTS

Idaho currently uses a single salary structure for all job families (ranges from D – V).

The salary structure is between the 10<sup>th</sup> and 25<sup>th</sup> percentile for the labor market for most pay grades.

Compression exists between pay grades, reducing incentives for employees to promote or stay.

Idaho’s single structure approach does not accommodate premium-priced jobs and results in an uncompetitive position for the state when hiring for or retaining certain professional positions.

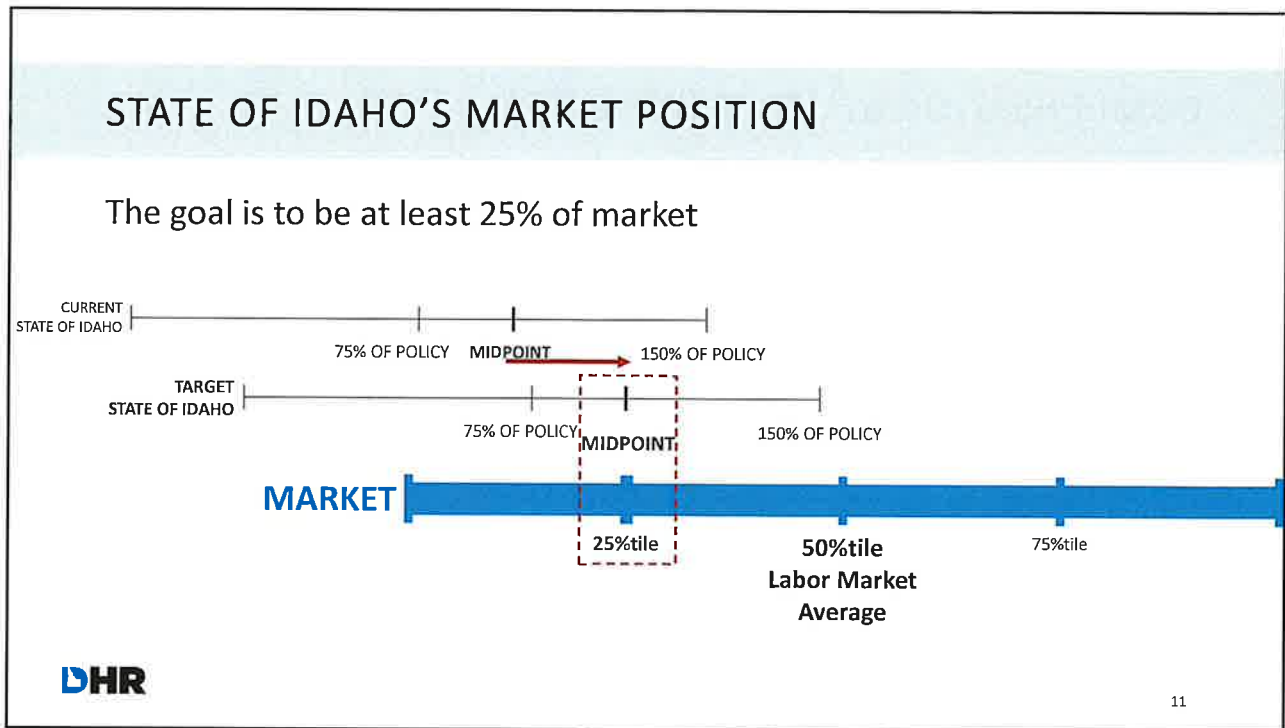


## STATE OF IDAHO’S MARKET POSITION

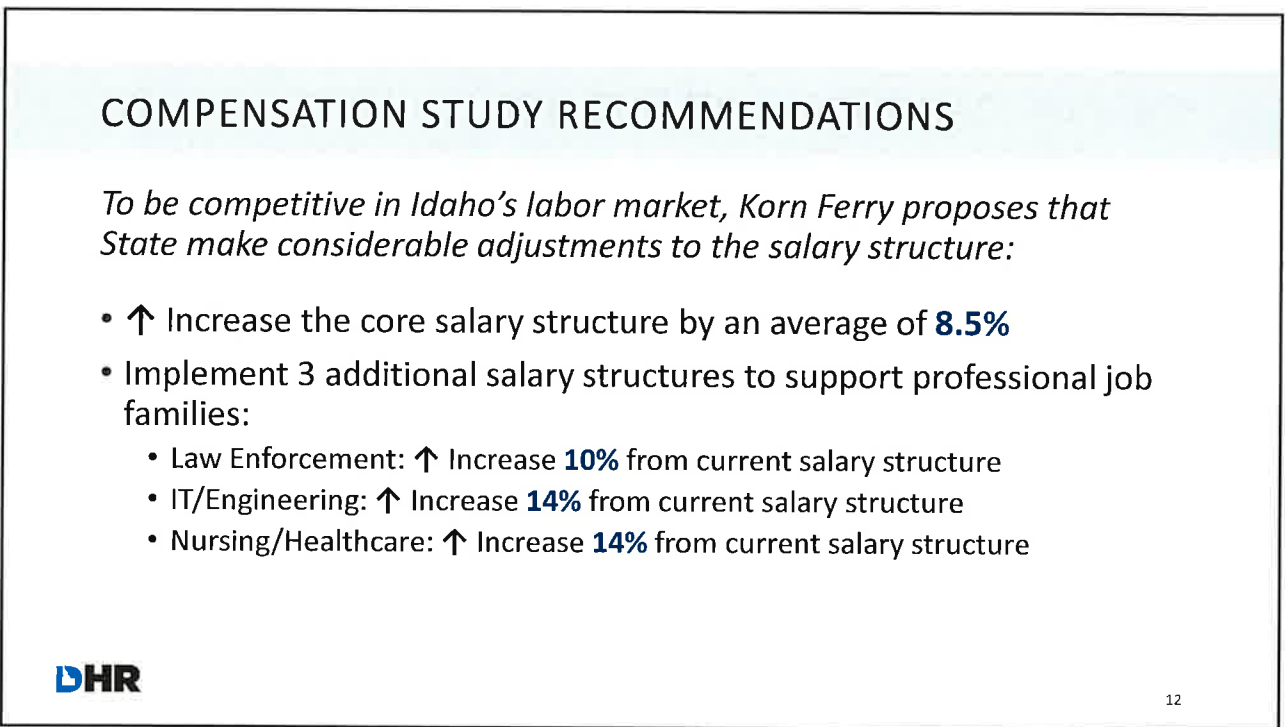
FY 2023 Compensation Schedule - Effective 6/12/2022

Pay Grade	Minimum Points	Grade Points	Maximum Points	Hourly			Annual		
				Minimum	Policy	Maximum	Minimum	Policy	Maximum
D	Below 110 Points			\$7.25	\$12.00	\$18.00	\$15,080	\$24,960	\$37,440
E	110	119	130	\$9.40	\$13.42	\$20.13	\$19,552	\$27,914	\$41,870
F	131	142	154	\$10.59	\$15.11	\$22.67	\$22,027	\$31,429	\$47,154
G	155	169	184	\$12.00	\$17.17	\$25.76	\$24,960	\$35,714	\$53,581
H	185	201	219	\$13.82	\$19.77	\$29.66	\$28,746	\$41,122	\$61,693
I	220	240	262	\$16.15	\$23.08	\$34.62	\$33,592	\$48,006	\$72,010
J	263	286	312	\$18.23	\$26.03	\$39.05	\$37,918	\$54,142	\$81,224
K	313	341	372	\$20.41	\$29.14	\$43.71	\$42,453	\$60,611	\$90,917
L	373	406	443	\$23.03	\$32.91	\$49.37	\$47,902	\$68,453	\$102,690
M	444	485	528	\$26.04	\$37.19	\$55.79	\$54,163	\$77,355	\$116,043
N	529	578	630	\$28.77	\$41.10	\$61.65	\$59,842	\$85,488	\$128,232
O	631	688	750	\$31.17	\$44.54	\$66.81	\$64,834	\$92,643	\$138,965
P	751	828	904	\$34.09	\$48.71	\$73.07	\$70,907	\$101,317	\$151,986
Q	905	998	1090	\$37.52	\$53.61	\$80.42	\$78,042	\$111,509	\$167,274
R	1091	1176	1292	\$41.63	\$59.47	\$89.21	\$86,590	\$123,698	\$185,557
S	1293	1399	1531	\$46.69	\$66.71	\$100.07	\$97,115	\$138,757	\$208,146
T	1532	1665	1822	\$52.74	\$75.34	\$113.01	\$109,699	\$156,707	\$235,061
U	1823	1980	2166	\$59.94	\$85.61	\$128.42	\$124,675	\$178,069	\$267,114
V	2167	2354	2575	\$68.51	\$97.86	\$146.79	\$142,501	\$203,549	\$305,323

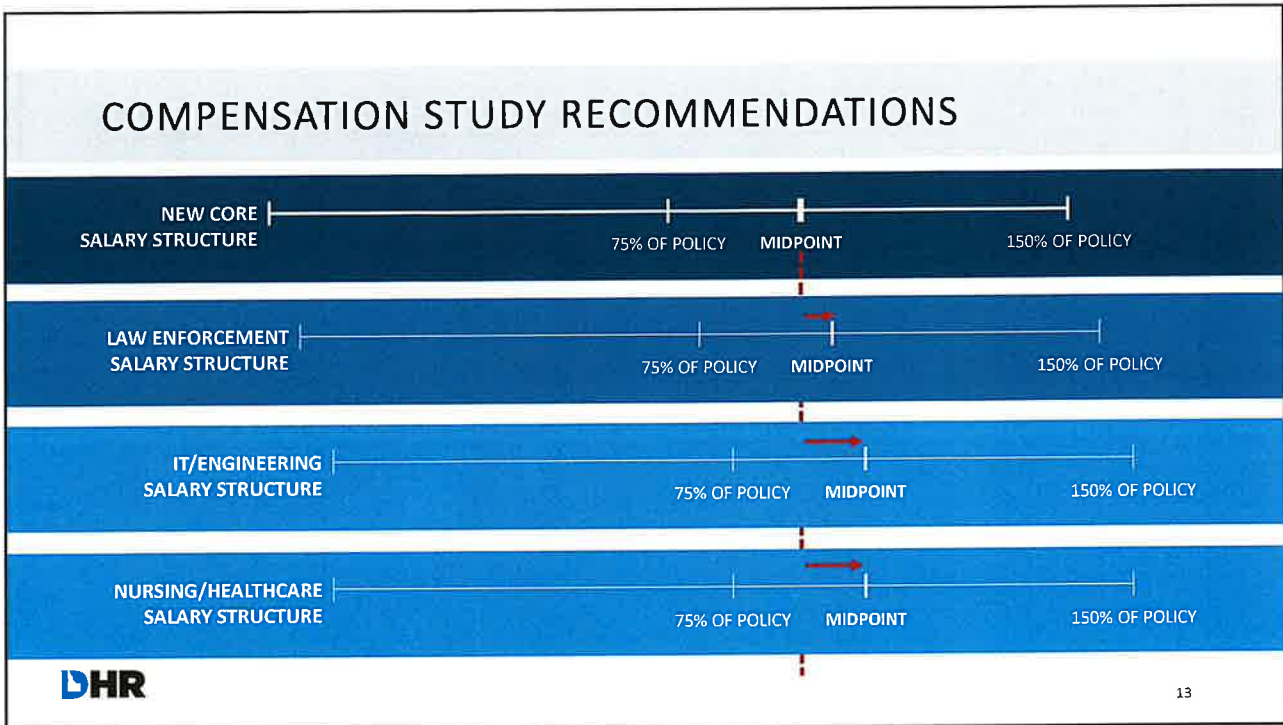




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## 2-YEAR CEC STRATEGY

<p><b>FY 2024</b></p> <ul style="list-style-type: none"> <li>• 4% merit for all state employees</li> <li>• Additional 6% salary adjustment for law enforcement positions</li> <li>• Adjust the core salary structure up by 8.5% and Implement recommended law enforcement salary structure</li> </ul>	<p><b>FY 2025</b></p> <ul style="list-style-type: none"> <li>• 4.5% merit for all state employees</li> <li>• Additional 5.5% salary adjustment for IT/Engineering and Nursing/Healthcare</li> <li>• Implement recommended IT/Engineering and Nursing/Healthcare salary structure</li> </ul>
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QUESTIONS?



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## ANNUAL SALARY SURVEYS

Compare Idaho's salary structure and actual salaries with comparator markets to assess competitiveness in the relevant labor markets

- Idaho Results:

Compared to Private Sector	Compared to Public Sector
Idaho's base salary midpoints are 25% below private market (26% last year)	Idaho's base salary midpoints are 8% below public market (7.6% last year)
Idaho's benefits 8% above private market	Idaho's benefits 6% below public market
<b>Total compensation 15% below market average (12% last year)</b>	<b>Total compensation 9% below public market (7% last year)</b>

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## EXAMPLE CEC MATRIX

- All agencies are required to submit a CEC Distribution matrix.
- Matrix must show CEC distribution based on both performance and compa-ratios.
- Matrix must have a meaningful distinction between ratings.
- Matrix is approved by DHR and DFM

Current Performance Rating (Compa Ratio)	Does Not Achieve Performance (increase)	Achieves Performance (Increase)	Solid/Sustained Performance (Increase)	Exemplary Performance (Increase)
90% to 119%	0%	\$0.90	\$1.15	\$1.40
80% to 89%	0%	\$1.00	\$1.25	\$1.50
70% to 79%	0%	\$1.10	\$1.35	\$1.60



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## RESULTS OF FY23 CEC

BEFORE CEC	AVERAGE MERIT INCREASE	MARKET INCREASE	TOTAL CEC INCREASE
\$11.59 – \$20.00 / hr	8%	3%	11%
\$20.00 – \$29.00 / hr	6%	3%	9%
\$29.00 – \$46.00 / hr	4%	3%	7%
\$46.00 – \$63.00 / hr	3%	3%	6%
Over \$63.00 / hr	2%	3%	5%



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