University of Idaho

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Staff Compensation Committee

To: President Scott Green
From: University of Idaho Staff Compensation Committee
Date: December 12, 2024
Re: FY26 Staff CEC Allocation Recommendations

Dear President Green,

In accordance with FSH 1640.81, the University of Idaho Staff Compensation Committee submits the following recommendations for the distribution of the FY2026 Change in Employee Compensation (CEC) allocation to our general education base budget.

Throughout the Fall 2024 semester, the committee has conducted meetings to discuss issues related to staff compensation and to determine a set of priorities for allocating the FY2026 CEC. These recommendations were presented to Staff Council on December 11, 2024. Staff Council voted in support of the committee's recommendations (16 in favor and 2 opposed).

The committee's priorities are focused on ensuring equity, transparency, and consistency in compensation. Our paramount objective remains the attainment of calculated target salaries for all employees - a foundational principle of our market-based compensation system. This system determines equitable target annual pay by combining local and national market rates with individual factors including years of service, education, and years in position.

Based on a majority of the committee and contingent upon state legislature approval of FY2026 CEC funds, we recommend the following CEC distribution:

Step 1

80% of Target Pay
The committee recommends bringing employees up to 80% of target pay. The committee's highest priority is ensuring all positions reach at least 80% of their calculated target annual pay. This recommendation aligns with the University of Idaho's established market-based compensation system, which originally set 80% as an interim standard seven years ago due to funding constraints, with the intention of progressive increases toward 100% of target pay.

While current budget limitations may preclude advancing the minimum threshold beyond 80% in FY26, the committee emphasizes the importance of progress to 100% of target pay as a fundamental goal for future compensation planning. The committee would like to recognize and thank the leadership for implementing the requirement of hiring into vacant positions at least 80% of target pay but feels that further investment must be made to retain employees. By putting this policy in place, we anticipate the need for less CEC funding to bring employees up to 80% of target in the future and we are optimistic that the university will be able to make progress towards 100% of target pay in future fiscal years.

The committee recognizes the need to fund faculty promotion increases. While the committee understands the need for these increases, we maintain they should ideally be funded by a source other than CEC. Since recent state legislature sessions have not provided separate promotion funding, the committee acknowledges the necessity of using CEC funds for this purpose. To promote equity between faculty and staff the committee recommends that the CEC allocation for faculty promotions be matched with equivalent CEC funding to assist in bringing staff up to 80% of target pay.

Step 2

Once the 80% target pay priority is met, the committee recommends disbursing the remaining CEC funding: 75% to fund across-the-board increases and 25% to fund a strategic/merit pool of funding.

Across-the-Board Pay

The committee recommends that 75% of the remaining funding after employees are brought up to 80% of target pay, be allocated to across-the-board (ATB) increases. We recommend a hybrid ATB increase as a minimum percentage increase or a minimum dollar increase (calculated on a $75,000 annual salary), whichever is greater, for each eligible employee.

The structure of how this should be put into practice is as follows:

1. Utilize 75% of the remaining CEC funding after bringing employees up to 80% of target pay.
2. The ATB increase may be used to assist in bringing employees up to 80% of their target pay.
3. Set the minimum percentage increase and then calculate the minimum dollar amount using this formula: minimum percentage X $75,000 = minimum dollar amount.
4. The examples below illustrate a few possibilities but do not represent an exhaustive list of options.
   A. 1% minimum increase or a $750 minimum increase, whichever is greater.
   B. 1.5% minimum increase or a $1,125 minimum increase, whichever is greater.
   C. 2% minimum increase or a $1,500 minimum increase, whichever is greater.

This recommendation is informed by two key factors:

1. The Consumer Price Index increased 2.6% for the 12 months ending October 2024, 3.4% in 2023, 6.5% in 2022, and 7% in 2021. The cumulative impact of several years of high inflationary rates affects employees' purchasing power overall. By setting a minimum percentage increase it would maintain purchasing power for those above a $75,000 annual salary.
2. Lower-compensated employees have been disproportionately impacted by increased living costs. Setting a minimum salary increase would provide meaningful support to our most financially vulnerable employees below a $75,000 annual salary.

Strategic/Merit Pay

The committee recommends that 25% of the remaining CEC funding, after bringing employees up to 80%

of target pay, be allocated to strategic/merit pay. The committee recommends distributing these funds so units may address a variety of strategic needs that exist within their specific unit. The funds should be used to make progress toward one or more of the following unit objectives:

- Address salary inequities
- Mitigate salary compression or inversion
- Make further progress toward target pay ranges
- Recognize outstanding performers

The committee also recommends the University of Idaho develop specific guidelines around outstanding performance-based pay. This would include having open conversations with employees regarding measurable goals. In practice, if an employee's goals are attained, then the employee would be considered for a performance-based pay increase.

The committee recognizes that over the last several years, the CEC allocation to our general education base budget has not provided sufficient funding to keep up with inflation, thus making it difficult to advance employee target annual pay. This has resulted in a struggle to recruit and retain staff and has created a hardship for the entire University. As charged in FSH 1640.81, the committee would like to advocate for salary increases in staff pay beyond what the CEC allocated funding provides to retain valuable employees. The latest data from the Bureau of Labor Statistics indicates that the labor market will continue to decline for many demographic groups. This makes it imperative to address the issue and the committee urges leadership to adopt staff retention as a university-wide priority.

We want to reiterate the intentions of the University of Idaho Staff Compensation Committee, which is to be the voice of staff when discussing matters relevant to compensation. It serves to increase morale, lessen turnover and attrition, and retain those highly skilled staff who are instrumental in the operations of the University of Idaho. We kindly ask that you consider the proposal outlined above and welcome you to ask questions should any arise.

Sincerely,

Staff Compensation Committee Voting Members:
Michele Mattoon, Chair
Eric Anderson
Lindsey Brown
Cretia Bunney
Amy Huck
Kimberly Osborne
Elana Salzman –committee withdrawal, 10/31/24
Tammy St. John-Tesky
Heather Taff