

DATE: FEBRUARY 3, 2006

SUBJECT: FISCAL YEAR 2006 AND 2007 MERIT PAY POLICY

FOR SPECIAL ATTENTION OF: All Employees

The Governor recommended and the 2006 Idaho Legislature appropriated 3% (\$2.6 million) funding for change in employee compensation (CEC) for fiscal year 2006 and 2007. The Idaho Transportation Board allocated additional ongoing salary and wage funding of \$5.3 million to enhance the pay plan. In addition, one-time funding has been allocated to provide short term merit increases for the remainder of fiscal year 2006. The following pay policy has received approval by the Idaho Transportation Board on January 19, 2006 as the merit pay program effective January 29, 2005. The overall goal of the plan is to recognize performance and to retain employees.

PART ONE:

PAY FOR PERFORMANCE INCREASE:

- Employees who have a Meets Expectations performance rating will receive a 5.75% merit increase. The amount of increase may be less as dictated by the employee's current placement in their pay range.
- Employees who have an Exceeds Expectations performance rating will receive a 7% merit increase. The amount of increase may be less as dictated by the employee's current placement in their pay range.
- Employees with a Significantly Exceeds Expectations rating will receive a 9.5% merit increase. The amount of increase may be less as dictated by the employee's current placement in their pay range.
- 8-month temporary employees who are performing satisfactorily will receive a 5.75% merit increase. The amount of increase may be less as dictated by the employee's current placement in their pay range.

Eligibility

- All full-time employees who have permanent status and a current performance rating on file with at least a Meets Expectations rating as of January 29, 2006.
- 8-month temporary employees with at least 24 months continuous service and who are performing satisfactorily.
- Employees currently on entrance or voluntary probation hired on or before January 29, 2006 will receive an increase upon successful completion of probation. A performance evaluation must be completed prior to the increase becoming effective.

PART TWO:

MOVE TO POLICY (100% OF PAY RANGE) INCREASE:

- Employees with five years or more in classification and whose performance is rated at least Meets Expectations will move to 100% of their assigned pay grade. This is a one-time action and will not be awarded to employees who reach five years in classification after the cut off date of January 29, 2006.

Eligibility

- Full-time employees with five continuous years in classification as of January 28, 2006.

CONTINUED

PART THREE:

TARGETED PAY INCREASE:

- Employees in the following classifications will receive an additional increase to a maximum of 115% of the pay range to address market competition:
 - Transportation Technician
 - Engineer, Associate
 - Staff Engineer
- Amount of increase will vary depending upon an employee's placement in the pay range after part one and part two increases have been provided. The targeted pay increase will be thirty-five percent (35%) of the difference between the targeted rate of 115% of the pay range and the resulting pay rate achieved after receiving part one and two increases.

Eligibility

- All full-time employees with permanent status in the above classifications who have at least a Meets Expectations rating.
- Employees who remain below 115% of their assigned pay range after receiving part one and two increases.

PART FOUR:

FY06 SHORT TERM MERIT INCREASE: January 29, 2006 through June 16, 2006 – (ten pay periods)

- Employees earning \$15.00 per hour or less will receive a temporary rate increase of up to 11%, not to exceed the maximum of their assigned pay grade.
- Employees earning \$15.01 or more per hour will receive a temporary rate increase of up to 6%, not to exceed the maximum of their assigned pay grade.
- Employees who are near the maximum of their pay grade and therefore not able to receive the entire temporary increase will receive a lump sum payment for the difference not to exceed a \$1,000.
- Employees who are at the maximum of their pay grade will receive a one time payment equivalent to the total amount of the short term merit they would have received not to exceed \$1,000.

Eligibility

- All full-time employees with permanent status who have at least a Meets Expectations performance rating.
- 8-month benefited temporary employees with at least 24 months continuous service and who are performing satisfactorily.
- Those who have not received a one-time payment due to pay range limitations in providing a pay-for-performance increase.

Additionally, Comp time balances as of January 28, 2006 for all covered employees will be paid off. Each employee will receive a letter outlining individual pay actions.

Any exceptions to this policy will be reviewed by Human Resources and approved by the Director.

Human Resource Services will issue any guidance memos necessary to process the increases. All other provisions of the Department salary administration policy as outlined in the Human Resource Manual will remain in effect.

DAVID S. EKERN, P.E.
Director