

DP #6010 Non-Statutory Statewide Personal Services Adjustment

	Fiscal 2008	Fiscal 2009
Program 01 Administration	\$ (192,709)	\$ (200,874)
• Commissioner Pay Raise	\$ 47,935	\$ 47,935
• Writing Proficiency Position previously charged to federal indirect costs	\$ 70,646	\$ 70,646
• Vacant Position Family Ed. Saving Plan	\$ 25,081	\$ 25,081
• Recruitment & Retention of Accounting Pos.	\$ 32,422	\$ 32,422
• Data Position filled above budgeted amount	<u>\$ 21,823</u>	<u>\$ 21,823</u>
Total	\$ 197,907	\$ 197,907
 Program 06 Talent Search	 \$ 24,514	 \$ 24,018
• Move 1 FTE from Minority Achievement to Admin	\$ (33,848)	\$ (33,858)
 Program 08 Workforce Development	 \$ (12,455)	 \$ (13,548)
• Pay raises based on increased job responsibilities	\$ 9,500	\$ 9,500
• Recruitment - New Hire	<u>\$ 5,000</u>	<u>\$ 5,000</u>
Total	\$ 14,500	\$ 14,500
 Program 12 Guaranteed Student Loan	 \$ (156,751)	 \$ (159,663)
• Vacant Positions		

Position vacancies can contribute to a disproportionate increase in the personal services adjustment against the base, as all positions identified by the personal services "snapshot" are funded as part of the adjusted base budget, but if those positions are not filled or filled at a rate significantly less than funded, then the actual expenditures will be artificially low compared to the fully funded base level.

PERSONAL SERVICES QUESTIONS – 2007 SESSION

1. Has the agency implemented a broad band pay plan, agency-wide or for selected jobs? If so, when was it implemented and what were the estimated cost increases in the year of implementation? How were these costs funded (by holding vacant positions open, appropriations for other purposes that were unexpended, etc.)?

Answer:

No. There are no positions in the Office of the Commissioner of Higher Education (OCHE) on a broad band pay plan. About 80 percent of OCHE positions are on the Montana University System (MUS) Staff Compensation Plan, which is described below in the answer to question #2. The remaining 20 percent of OCHE positions are on year-to-year employment contracts where the employees have no right to contract renewal or expectation of employment beyond the contract term.

2. At what percentage of market are new employees paid? How do employees progress to the market rate for their position? What is the agency's target percent of market? What is the agency average percent of market in FY 2006?

Answer:

For 80 percent of OCHE positions (*those on the MUS Staff Compensation Plan*), the entry-level wage is established as follows. OCHE collects data from the U.S. Department of Labor showing average wages that other Montana employers (*public and private*) pay their employees in similar positions. We then look at the average wage for the 25th percentile (*the average wage paid by the lowest-paying quarter of the employers in the survey*). We then discount the average of the 25th percentile by 10 percent, establishing the entry rate for MUS employees at 90 percent of the average of the 25th percentile of Montana employers. Other than the aforementioned market data, there is no "target market" in the MUS Staff Compensation Plan, therefore, there is no "average percent of market" to report for FY 2006.

For 20 percent of OCHE positions (*those employed under annual contracts with no right or expectation of continued employment*), salaries are negotiated with individual employees upon initial hire and thereafter adjusted by the Board of Regents in accordance with board guidelines. The Regents generally use the same market survey approach the Legislature uses for certain public officials (*MCA 2-16-403 through 2-16-406*), except the Legislature uses 100 percent of the regional average, while MUS administrative salaries average about 90 percent of the regional average.

3. Did the agency have vacant positions for a significant portion (6 months or more) of FY 2006? If yes, how many and why were these vacant? How did the vacancies impact agency operations?

Answer:

7.50 FTE in the Guaranteed Student Loan Program were vacant. All FTE in GSL are funded with federal funding. The Higher Education Reauthorization Act (HERA) of 2005 changed the federal funding formula for all guarantors. Our revenue reductions were expected to exceed \$2 million per year. When HERA happened, GSL pulled back out of several things including the filling our vacant positions. As we are self-funded and dependent upon federal revenue, it's crucial for GSL to make business decisions that allow for a positive cash flow.

0.50 FTE in the administration program for administrative support for the Family Educational Savings Program was vacant. In 2006, the administrative support funding was transferred to GSL.

4. Did the agency have authorized pay exceptions for pay plan 60 positions? If yes, why?

Answer:

No. There are no OCHE positions on pay plan 60.

5. Did the agency have authorized position upgrades or downgrades for pay plan 60 positions? If yes, why?

Answer:

No. There are no OCHE positions on pay plan 60.

6. What challenges does the agency face in recruiting and retaining staff? What actions has the agency taken to address recruitment and retention issues? Is the agency competing with other state agencies or the public sector for staff?

Answer:

For all OCHE positions on the MUS Staff Compensation Plan, our entry-level hiring rate is increasingly non-competitive. The depth and breadth of our applicant pools are not optimal. The local presence of other state government agencies and a large private sector student loan corporation create market pressure to recruit and retain OCHE employees. OCHE

salaries are even less competitive on a multi-state regional level, where certain position vacancies require national or regional recruitment. The Board of Regents has directed OCHE to assemble a recruitment and retention task force to examine economic and non-economic ways of improving our ability to hire and keep capable employees.

7. Are agency staff members represented by collective bargaining units? How many of the agency staff are impacted by collective bargaining agreements? What provisions are included in bargaining unit agreements? How often are these agreements negotiated?

Answer:

No OCHE employees are members of collective bargaining units, represented by unions, or covered by bargaining agreements.