

1 HOUSE BILL NO. 569

2 INTRODUCED BY W. STAHL

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4 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR STATE EMPLOYEE SALARIES TO BE REDUCED
5 TO THE LEVEL THAT EXISTED ON OCTOBER 1, 2005; REQUIRING THE DEPARTMENT OF
6 ADMINISTRATION TO MAKE THE CALCULATION AND REPORT IT TO EACH AGENCY; PROVIDING FOR
7 GROUP BENEFIT CONTRIBUTIONS; AMENDING SECTION 2-18-703, MCA; AND PROVIDING AN
8 IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE."

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10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

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12 **NEW SECTION. Section 1. State employee pay reduction.** (1) The department of administration shall
13 calculate each state employee's base salary that existed on October 1, 2005, and report that amount to each
14 agency. Except as provided in subsection (3), each agency shall reduce each employee's base salary to that
15 level beginning October 1, 2011.

16 (2) For any new position or promotion created, or for a new hire in an existing position, since October
17 1, 2005, the agency shall calculate a base salary that is equitable and comparable to others in the same or a
18 similar occupation in a pay band.

19 (3) Upon expiration, any collective bargaining contract must be renegotiated according to this section.

20 (4) This section does not apply to the Montana university system.

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22 **Section 2.** Section 2-18-703, MCA, is amended to read:

23 **"2-18-703. Contributions.** (1) Each agency, as defined in 2-18-601, and the state compensation
24 insurance fund shall contribute the amount specified in this section toward the group benefits cost.

25 (2) For employees defined in 2-18-701 and for members of the legislature, the employer contribution for
26 group benefits is ~~\$626 a month from January 2009 through December 2009, \$679 a month from January 2010~~
27 ~~through December 2010, and \$733 for January 2011 and for each succeeding month.~~ For employees of the
28 Montana university system, the employer contribution for group benefits is ~~\$626 a month from July 2008 through~~
29 ~~June 2009, \$679 a month from July 2009 through June 2010, and \$733 for July 2010 and for each succeeding~~
30 month. If a state employee is terminated to achieve a reduction in force, the continuation of contributions for group

1 benefits beyond the termination date is subject to negotiation under 39-31-305. Permanent part-time, seasonal
2 part-time, and temporary part-time employees who are regularly scheduled to work less than 20 hours a week
3 are not eligible for the group benefit contribution. An employee who elects not to be covered by a state-sponsored
4 group benefit plan may not receive the state contribution. A portion of the employer contribution for group benefits
5 may be applied to an employee's costs for participation in Part B of medicare under Title XVIII of the Social
6 Security Act, as amended, if the state group benefit plan is the secondary payer and medicare the primary payer.

7 (3) For employees of elementary and high school districts, the employer's contributions may exceed but
8 may not be less than \$10 a month.

9 (4) (a) For employees of political subdivisions, as defined in 2-9-101, except school districts, the
10 employer's contributions may exceed but may not be less than \$10 a month.

11 (b) Subject to the public hearing requirement provided in 2-9-212(2)(b), the amount in excess of the base
12 contribution of a local government's property tax levy for contributions for group benefits as determined in
13 subsection (4)(c) is not subject to the mill levy calculation limitation provided for in 15-10-420.

14 (c) (i) Subject to subsections (4)(c)(ii) and (4)(c)(iii), the base contribution is determined by multiplying
15 the average annual contribution for each employee on July 1, 1999, times the number of employees for whom
16 the employer makes contributions for group benefits under 2-9-212 on July 1 of each fiscal year.

17 (ii) If a political subdivision did not make contributions for group benefits on or before July 1, 1999, and
18 subsequently does so, the base contribution is determined by multiplying the average annual contribution for each
19 employee in the first year the political subdivision provides contributions for group benefits times the number of
20 employees for whom the employer makes contributions for group benefits under 2-9-212 on July 1 of each fiscal
21 year.

22 (iii) If a political subdivision has made contributions for group benefits but has not previously levied for
23 contributions in excess of the base contribution, the political subdivision's base is determined by multiplying the
24 average annual contribution for each employee at the beginning of the fiscal year immediately preceding the year
25 in which the levy will first be levied times the number of employees for whom the employer made contributions
26 for group benefits under 2-9-212 in that fiscal year.

27 (5) Unused employer contributions for any state employee must be transferred to an account established
28 for this purpose by the department of administration and upon transfer may be used to offset losses occurring
29 to the group of which the employee is eligible to be a member.

30 (6) Unused employer contributions for any government employee may be transferred to an account

1 established for this purpose by a self-insured government and upon transfer may be used to offset losses
2 occurring to the group of which the employee is eligible to be a member or to increase the reserves of the group.

3 (7) The laws prohibiting discrimination on the basis of marital status in Title 49 do not prohibit bona fide
4 group insurance plans from providing greater or additional contributions for insurance benefits to employees with
5 dependents than to employees without dependents or with fewer dependents."

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7 NEW SECTION. **Section 3. Codification instruction.** [Section 1] is intended to be codified as an
8 integral part of Title 2, chapter 18, part 3, and the provisions of Title 2, chapter 18, part 3, apply to [section 1].

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10 NEW SECTION. **Section 4. Saving clause.** [This act] does not affect rights and duties that matured,
11 penalties that were incurred, or proceedings that were begun before [the effective date of this act].

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13 NEW SECTION. **Section 5. Effective date.** [This act] is effective on passage and approval.

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15 NEW SECTION. **Section 6. Applicability.** [This act] applies to state employee salaries beginning July
16 1, 2011.

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