

Personal Services Analysis
House Appropriations Committee
Senate Finance and Claims Committee

Public Policy Role

- Establishing the compensation system the state uses to attract and retain employees
- Providing for the costs related to the employment of personnel within the state's budget

Who Makes Up the State Workforce?

In FY 2011 the average worker:

- Was 48 years old
- Worked for state government for an average of 12 years
- Earned \$42,483 annually

Over half of the employees hold positions requiring a bachelor's degree or equivalent education and experience

Pay Plans

- Broadband pay plan – 11,920 employees
- Judicial pay plan – 384 employees
- Commissioner of Higher Education pay plan – 90 employees
- Exempt (non-classified) pay plan – 1,437 employees
- Blue Collar pay plan – 732 employees
- Legislative Branch pay plan – 152 employees
- Montana State Fund pay plan – 270 employees

Broadband Pay Plan – Enterprise-wide

State of Montana Broadband Pay Schedule 2013 Biennium		
	Minimum	Maximum
Pay Band 1	\$14,400	\$17,200
2	\$18,912	\$22,646
3	\$24,238	\$29,201
4	\$30,765	\$36,495
5	\$38,493	\$45,592
6	\$47,240	\$55,253
7	\$57,049	\$66,587
8	\$67,950	\$78,691
9	\$79,985	\$91,561

Broadband Pay Plan

- Pay Band 1 – Delivery service drivers
- Pay Band 2 – Word processors, administrative clerks, cashiers, aides, cooks, food service workers, institutional attendants
- Pay Band 3 – Livestock inspectors, medical records technicians, technicians, LPN, drill instructor, drafter, computer operator, court clerk
- Pay Band 4 – Environmental science specialist, customer service specialist, heavy equipment operator, computer systems analyst, carpenter, legal secretary
- Pay Band 5 – Data control specialist, crime investigator, records management specialist, clinical lab technologist, water conservation specialist, maintenance workers, tax appraiser, FWP warden, auditor, insurance claims examiner
- Pay Band 6 – Crime analyst, occupational therapist, facility surveyor, land agent, hydrologist, registered nurse, FWP biologist, health sanitarian, recreation therapist, fire inspector, budget analyst, architect, law enforcement manager, librarian, fish culture specialist
- Pay Band 7 – Transportation planner, lawyer, business development specialist, computer security specialist, tax policy analyst, utility rate specialist, law enforcement manager, economist, nursing services manager, financial analyst, architect, medical health services manager
- Pay Band 8 – Operations manager, lawyer, program manager, education program administrator, computer systems information manager, environmental program manager, engineering manager, epidemiologist, veterinarian
- Pay Band 9 – Operations manager, medical examiner, physician primary care, psychiatrist, dentist



State Agencies Given Flexibility

State agencies determine:

- Pay plan rules
- Pay bands for the positions
- Job descriptions for the positions within the agency



State Agencies Given Flexibility

Costs of the Pay Plan

- Driven by
 - Correctly classifying positions
 - Appropriately placing positions onto the pay bands
- Determines
 - Costs of personal services
 - Competitiveness of salaries



How State Determines Salary Comparisons

- Tier I – Collection of Salary Data
 - Standard Occupational Classification to place jobs into occupations
 - The SOC is a national job classification system developed by the federal government
 - Allows the state to compare its occupations to similar occupations in Montana and surrounding states for both the private and public sectors
 - Three different salary source for comparison
 - Central States Compensation Association
 - Occupational Employment Statistics
 - Kenexa

How State Determines Salary Comparisons

- Salary data used to determine market rate or market midpoint of 750 occupations
- Gauges market competitiveness of state pay against relevant labor market in Montana and surrounding states
- Division then determines market rate for similar jobs in other pay bands
- Uses midpoints to identify competitive pay zones – minimum and maximum salary for occupation

How State Determines Salary Comparisons

- Tier 2 – Customization of Market Analysis
 - State agencies can request customized market rates
 - Mediators and workers' compensation dispute resolution coordinators
 - Environmental science specialist
 - Tax appraisers
 - Transportation planners

2012 Market Salary Survey and Pay Tool – What It Shows

- How Salaries in Each Pay Band Compare to the 2012 Market Midpoint

Pay Band	Occupation	Average Hourly Base Pay	Market Midpoint
1	1	116.50	117.00
2	134	16.02	17.00
3	1,837	13.29	14.00
4	1,238	16.13	17.00
5	2,676	19.16	19.00
6	1,930	23.77	23.00
7	1,412	31.02	31.00
8	226	40.29	41.00
9	24	69.53	69.00
Total	13,436	17.67	18.00

2012 Market Salary Survey and Pay Tool – What It Shows

Among reasons may be higher than the midpoint include years of employment, specific pay plan actions such as those developed to retain highway patrol officers, or agency specific actions to ensure they can attract and retain essential employees in specific programs

State Agencies		
Average of Hourly Base Pay		
As of 6/30/2012		
Compared to 2012 Market Midpoint		
Agency	Average of Hourly Base Pay	% of 2012 Market Midpoint
General Office	\$2,311	64.23%
Secretary of State	1,789	49.96%
Commissioner of Public Safety	1,500	41.7%
State Auditor's Office	2,178	60.0%
Office of Public Instruction	2,265	62.5%
Department of Justice	2,195	60.5%
Public Safety Commission	2,415	66.7%
Board of Public Education	1,513	41.9%
Commissioner of Tax and Finance	2,113	58.4%
Natural Area Council	2,177	60.2%
Maritime Skills Center	2,049	56.9%
Wisconsin Department of Corrections	2,000	55.4%
Department of Public Safety & Police	2,115	58.7%
Department of Environmental Quality	2,000	55.4%
Department of Transportation	2,000	55.4%
Department of Education	1,712	47.5%
Department of Natural Resources	2,101	58.2%
Department of Revenue	2,040	56.5%
Department of Administration	2,401	66.5%
Office of the Public Defender	2,121	58.7%
Department of Agriculture	2,211	60.9%
Department of Corrections	1,815	50.5%
Department of Commerce	2,100	58.2%
Department of Labor and Industry	2,100	58.2%
Department of Military Affairs	1,815	50.5%
Department of Parks, Recreation and Historic Services	1,815	50.5%
Total	\$2,000	55.4%

2012 Market Salary Survey and Pay Tool – What It Shows

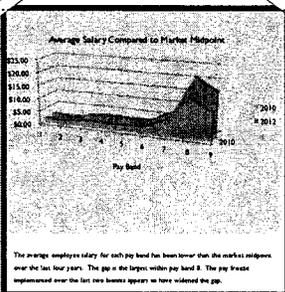
- Office of Public Defender is furthest from market midpoint
- Criminal investigators in pay band 6 with an average annual salary of \$42,848, - 65.34% of market midpoint salary of \$65,592
- Lawyers in pay band 7 with an average annual salary of \$53,965 – 59.38% of market midpoint salary of \$90,930

2012 Market Salary Survey and Pay Tool –What It Shows

Examining jobs in this manner can assist the legislature with development of targeted resources to address the state's vulnerabilities with the workforce that is responsible for ensuring the health and safety of Montanans, the rights of both the citizens and the state, or the health of its wildlife

2012 Market Salary Survey and Pay Tool –What It Shows

- Other factors not addressed
 - Cost of living in different areas of the state
 - Retaining state workers in the Bakken oil fields due to competition in higher salaries and availability of housing
- Further research and discussion of these impacts could be addressed in the budget process



Positions in pay band 8 include operations managers, lawyers, program managers, education program administrators, computer systems information managers, environmental program managers, engineering managers, epidemiologists, and veterinarians

What is Not Reflected in the Salary Survey

- Pay Plans Not Included in the Market Survey – 20.5% of state employees working as of August 27, 2012 are not in the broadband pay plan and thus not in the market survey salary information
- Increases for 483 employees awarded since June 5, 2012 including:
 - Five of 20 bargaining units within DPHHS
 - Non-union DPHHS employees, including management
 - Other increase in other agencies

Additional Compensation

- Longevity – for each five year increment of continuous employment employees receive a longevity increase added to base pay
- Average employee has worked the state for 12 years and would be granted an additional 3.5% in salary above their base pay.

Retirement and Health Insurance		
Percentage of Employees Providing Access		
March 2012		
Nationally	Retirement	Medical/Cre.
Private Employers	74%	86%
State and Local Government	99%	99%
Mountain Region		
Private Employers	63%	68%
State and Local Government	88%	87%

Lower rate of access in the mountain region, but it may change somewhat if only full-time employees were included as is done on the national data

Benefits – U.S. Bureau of Labor Statistics produce comparative reports on a national basis for percentage of employers providing employee benefits. This figure shows the percentage of full-time employees that had access to retirement and health insurance nationally in both public and private employment. Also shows the mountain region, including full-time and part-time employees.

Additional Compensation

- National data suggest that the public sector offers better benefits than the private sector which helps equalize the a portion of the wage disparity between the public and private sectors
- Research also suggests that total compensation is greater in the private sector for jobs requiring an advanced degree, while the public sector offers better total compensation for lower education and training levels

Additional Compensation

According to September 2011 article from the Center for Retirement Research at Boston College

"The results (of the study) suggest that state and local workers in the aggregate have a wage penalty of 9.5%. The third section (of the report) explores the extent to which benefits for state and local workers offset the wage penalty. With appropriate modifications for pension contributions and the addition of retiree health insurance, annual public sector compensation – including both wages and benefits – is about 4% less than that in the private sector."

Additional Compensation

- Kaiser Foundation found nationally the 2012 average annual health premium was \$15,745 with \$4,316 or 27% paid by the employee and the remaining \$11,429 or 73% paid by the employer
- Montana pays \$733 per month per employee or \$8,366 per year as a contribution for benefits including medical, dental, and life insurance

Recruitment and Retention

- Pay one factor that may result in employee turnover
- Other factors include workplace environment comprising:
 - Management
 - Supervision
 - High Workloads
 - Other employees that are difficult to work with

State of Missouri
Broward and Day, P.A. Turnover Rate
By Agency

Agency	FY 2004	FY 2005	FY 2006	FY 2007
Comptroller's Office	10%	8%	10%	10%
Secretary of State	10%	13%	17%	6%
Commissioner of General Services	0%	17%	10%	10%
Missouri Lottery	10%	8%	12%	0%
Office of Public Information	10%	3%	10%	17%
Department of Justice	0%	7%	10%	10%
Public Service Commission	10%	10%	12%	10%
Board of Public Education	0%	0%	0%	100%
Missouri State Office of Health	10%	10%	10%	10%
Missouri State Council	0%	0%	10%	10%
Missouri State Library	7%	7%	10%	10%
Missouri Historical Society	10%	0%	10%	10%
Department of Health, Senior & Parks	0%	1%	7%	10%
Department of Environmental Quality	0%	7%	7%	10%
Department of Transportation	7%	0%	0%	0%
Department of Education	10%	7%	10%	0%
Department of State Resources	10%	7%	0%	7%
Department of Revenue	0%	7%	10%	10%
Department of Administration	10%	0%	10%	10%
Office of the Public Defender	10%	17%	10%	10%
Department of Agriculture	10%	10%	10%	10%
Department of Corrections	10%	10%	10%	10%
Department of Commerce	10%	10%	10%	10%
Department of Labor and Industry	10%	0%	0%	10%
Department of Military Affairs	10%	0%	10%	10%
Department of Public Health and Human Services	10%	10%	10%	10%

Recruitment and Retention

- Turnover rate dropped in FY 2009 and climbed from there.
- Pay not the only factor driving decisions to leave state employment or transfer to another state agency

2012 Vacancies by Department	
Total Vacancies with 25% or More Limited	
For the Fiscal Year ending 2012 through June 30, 2012	
Department	Number of Vacancies
Administration	10
Business Services	10
Community Services	10
Construction	10
Finance	10
Health Services	10
Information Systems	10
Legal Services	10
Logistics	10
Manufacturing	10
Marketing	10
Operations	10
Public Works	10
Recruitment	10
Security	10
Support Services	10
Training	10
Utilities	10
Other	10

Vacancies and Recruitment

Strong correlation with jobs listed multiple times with the positions that are below the 2012 market midpoint

Legislators may wish to discuss this type of recruitment information with agencies during budget deliberations, as well as solutions the affected agency will be using in the future to address recruiting and retaining staff in these positions

Vacancies and Recruitment

Human resource specialists indicated:

- Shrinking pool of qualified applicants
- Targeted market adjustments for difficult to fill positions resulted in increased qualified applicant pools
- Recruiting employees with specific technical knowledge and experience increasingly difficult, positions re-advertised
- Work conditions – long hours, increased workloads due to open positions factor in employees leaving positions
- Inability to retain employees once gained experience and training in their fields

Current Actions and the Budget Analysis

All agencies may not classify their salary changes in the same way. While FWP and DPHHS granted a large number of market adjustments, the LFD noted that DOT did not. However, DOT grant \$1.0 million in competitive promotions and 0.7 million in temporary promotions. Neither FWP or DPHHS granted a significant number of these types of salary increases.

Current Actions and the Budget Analysis

- The executive specified that increases were to be directed to correct the worst pay issues and to provide for modest adjustments for rank-and-file employees
- State agencies have retention and recruitment issues with employees at all levels and pay bands including rank-and-file and those in management positions

State Increase / Reclassification Adjustments FY 2013	
Agency	Amount
Legislative Branch	121,813
Public Health	0
Governor's Office	0
Secretary of State	0
Commissioner of Public Safety	0
Public Safety	0
Office of Public Construction	25,021
Board of Child Control	22,797
Department of Justice	11,075
Public Safety Commission	40,584
State of Public Employees	0
Commissioner of Higher Education	0
Massachusetts School for the Deaf and Blind	0
Non-Profit Council	1,000
Non-Profit Library	4,584
Non-Profit Services Society	331
Trust for the Blind	2,749,884
Department of Environmental Quality	0
Department of Transportation	1,108
Department of Education	0
Department of Natural Resources	442,247
Department of Revenue	0
Department of Administration	200,442
Division of Law Enforcement	1,501
Park and Recreation Department	41,025
Teacher's Retirement Program	708
Office of the Public Defender	84,359
Department of Agriculture	118,617
Department of Commerce	287,111
Department of Corrections	140,568
Department of Labor Industries	0
Department of State Affairs	122,200
Department of Public Health and Human Services	6,724,111
Total	8,117,426



Current Actions and the Budget Analysis

What is clear is that while the legislature did not approve a cost of living increase to all state employees, the state agencies used the flexibility granted through the various pay plans to provide salary increases for selected employees



Current Actions and the Budget Analysis

- Agencies have a variety of issues related to employees with average salaries below market including recruitment and retention
- Legislature may wish to consider directing resources to those positions that are furthest from market, have the greatest vulnerability or have recruitment and retention issues as it considers recommendations on a pay plan



Budgeted FY 2013 Compared to Proposed FY 2014

- Measured as submitted by agencies as part of the budget process September 1
- Eliminates any positions that were not included in both fiscal years such as session staff for the legislative session
- Eliminates any positions that had the allocation of FTE changed such as 1.00 FTE to 0.75 FTE
- Includes all FTE budget authority – HB 2, proprietary funds and statutory appropriations
