EXHIBIT 13
DATE 02/07/13
HB 2

Legislative Finance Committee

June 11, 2012

Broadband Pay in Montana's Executive Branch

Presented by the State Human Resources Division

Paula Stoll, Administrator

444-3789

Part 1:
Background & Mechanics of the Broadband Pay Plan

Pay Categories within the Executive Branch

- Broadband pay plan covers 10,850 employees
- Blue collar pay plan covers 650 employees
- Exempt employees
  - Employees of Montana university system
  - Employees of the Montana State Fund
  - Elected officials and their appointed staff
  - Others specifically identified under Section 2-18-103 and 104, MCA

History and Purpose

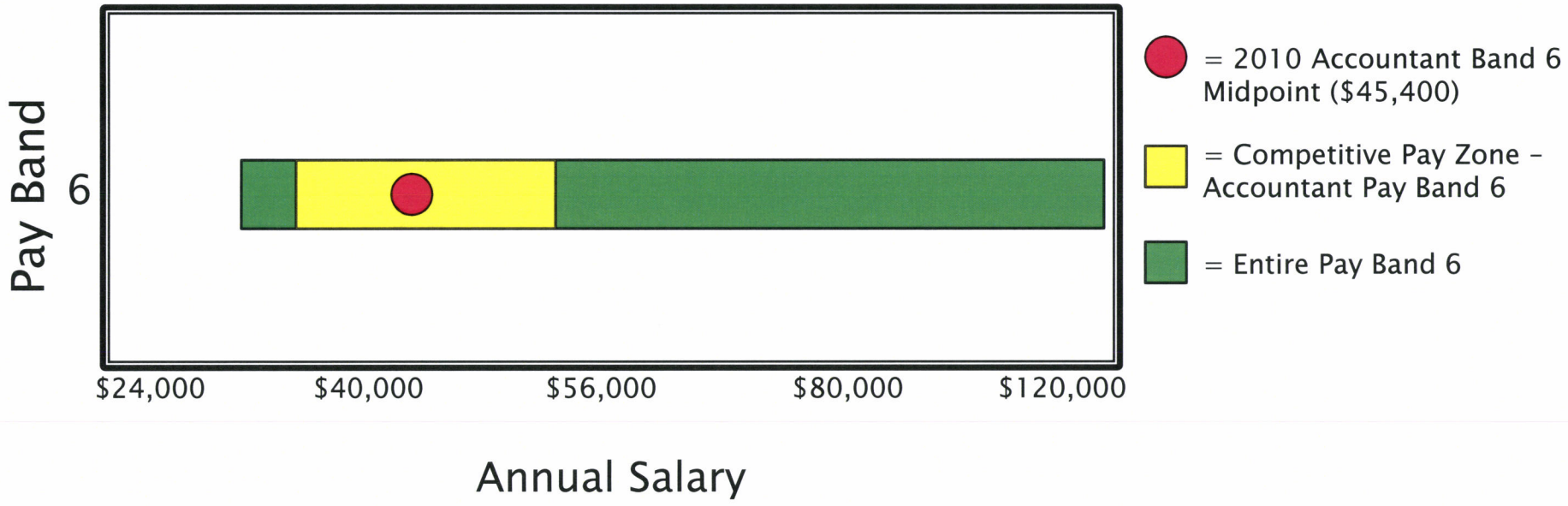
- Formerly known as *The Alternative Pay Plan* or *Pay Plan 020*
- First implemented in 1997 as an alternative to the 1975 classification and pay plan
- Implemented as the executive branch's primary pay plan in 2007
- Designed to give executive branch agencies more flexibility in designing their own plans – or "agency pay plan rules"
- Not a "market based" pay plan

Broadband Pay Schedule

Allows state agencies the flexibility to develop their pay plan rules using any combination of pay strategies within broad statutory and policy provisions.

	Hourly		Annual	
Pay Band	Minimum Base Salary	Maximum Base Salary	Minimum Base Salary	Maximum Base Salary
01	$7.88	$13.44	$16,400	$27,945
02	$7.60	$18.73	$15,797	$38,949
03	$9.40	$23.56	$19,536	$49,003
04	$11.40	$31.01	$23,710	$64,495
05	$11.52	$38.27	$23,948	$79,582
06	$13.10	$58.02	$27,240	$120,665
07	$18.88	$58.08	$39,269	$120,803
08	$27.77	$70.39	$57,750	$146,391
09	$37.63	$137.72	$78,260	$286,454

Example: Accountant Band 6



Authorized Pay Components or "Pay Strategies"

Competency

Market

Performance

Results

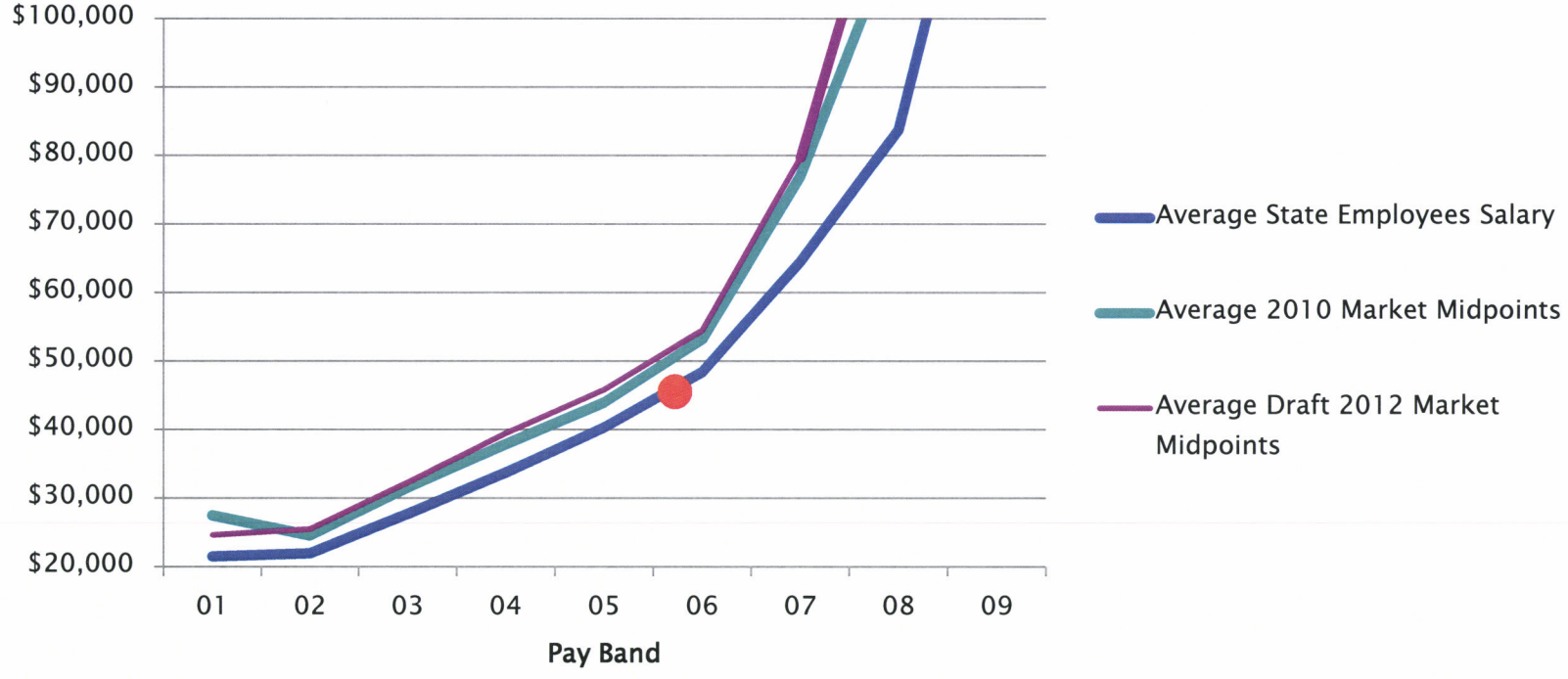
Situational

Strategic

Part 2:
Recruitment and Retention Challenges in 2012

Challenge: Montana state government continues to lose overall competitiveness.

(As of May 30, 2012, the average state worker earns 14.9% less than their private and public sector counterparts.)



*0.35% of state employees earn $100,000 or more

Average Employee Salary is $43,680

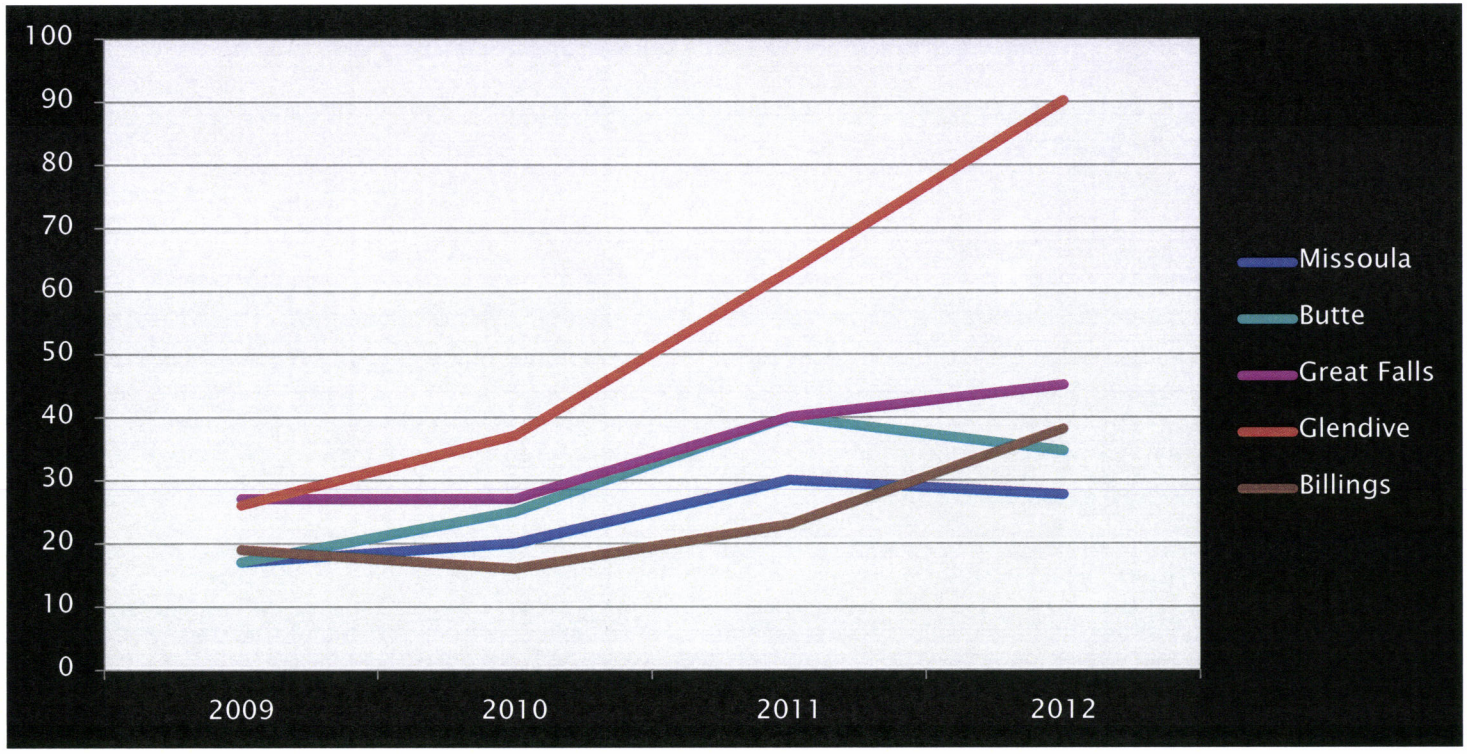
Challenge: Employee turnover continues to rise.

Challenge: Record numbers of state employees are retiring.

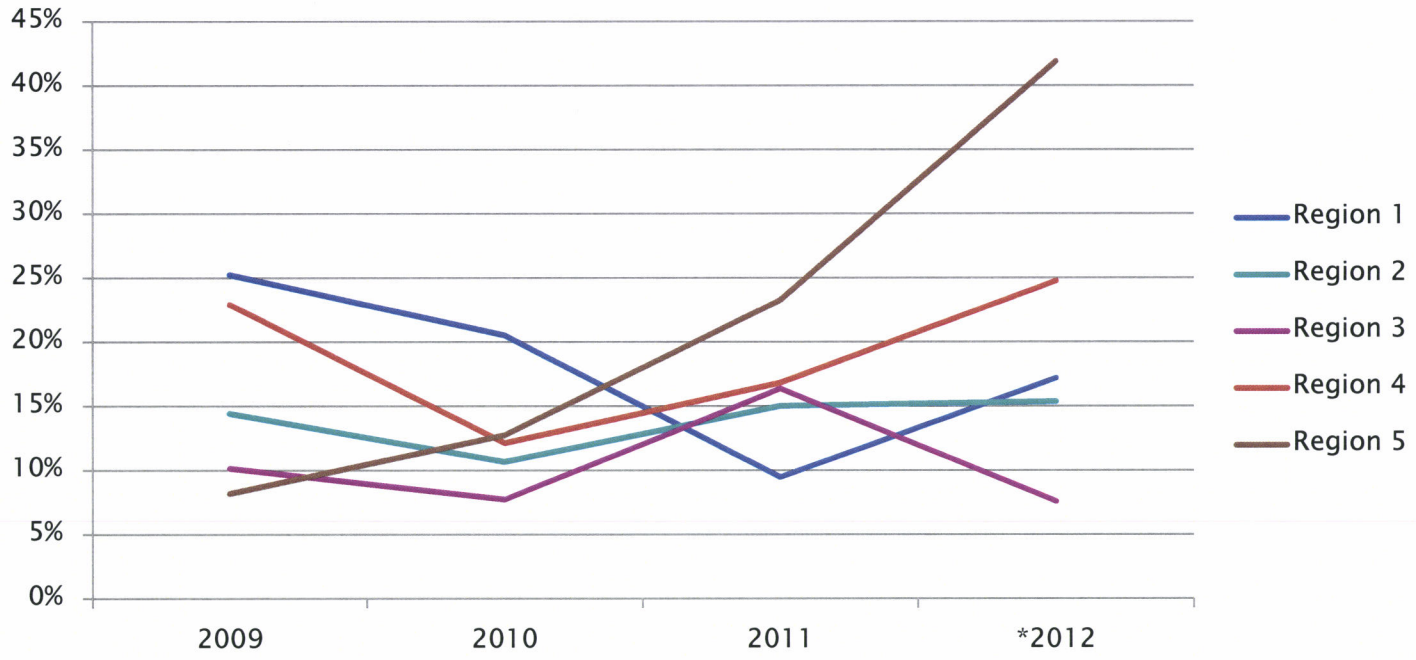
Year	Retirees	Percent Change from Previous Year
2009 (November)	295	-6.1%
2010 (November)	365	23.7%
2011 (November)	433	18.6%
2012 (through May)	230	--

Challenge: Montana state government cannot compete in eastern Montana.

Example: Comparative recruitment data for MDT districts



Challenge: Montana state government cannot compete in eastern Montana. *Example: Comparative recruitment data for DLI regions.*



Part 3: Broadband Pay Adjustments in FY 2012

Governor's 2013 Biennium Broadband Pay Directives

If agencies can afford to do so, they should:

1. *Correct their worst pay problems, and*
2. *Provide for modest adjustments to rank-and-file employees.*

General Parameters for 2012 Broadband Pay Adjustments

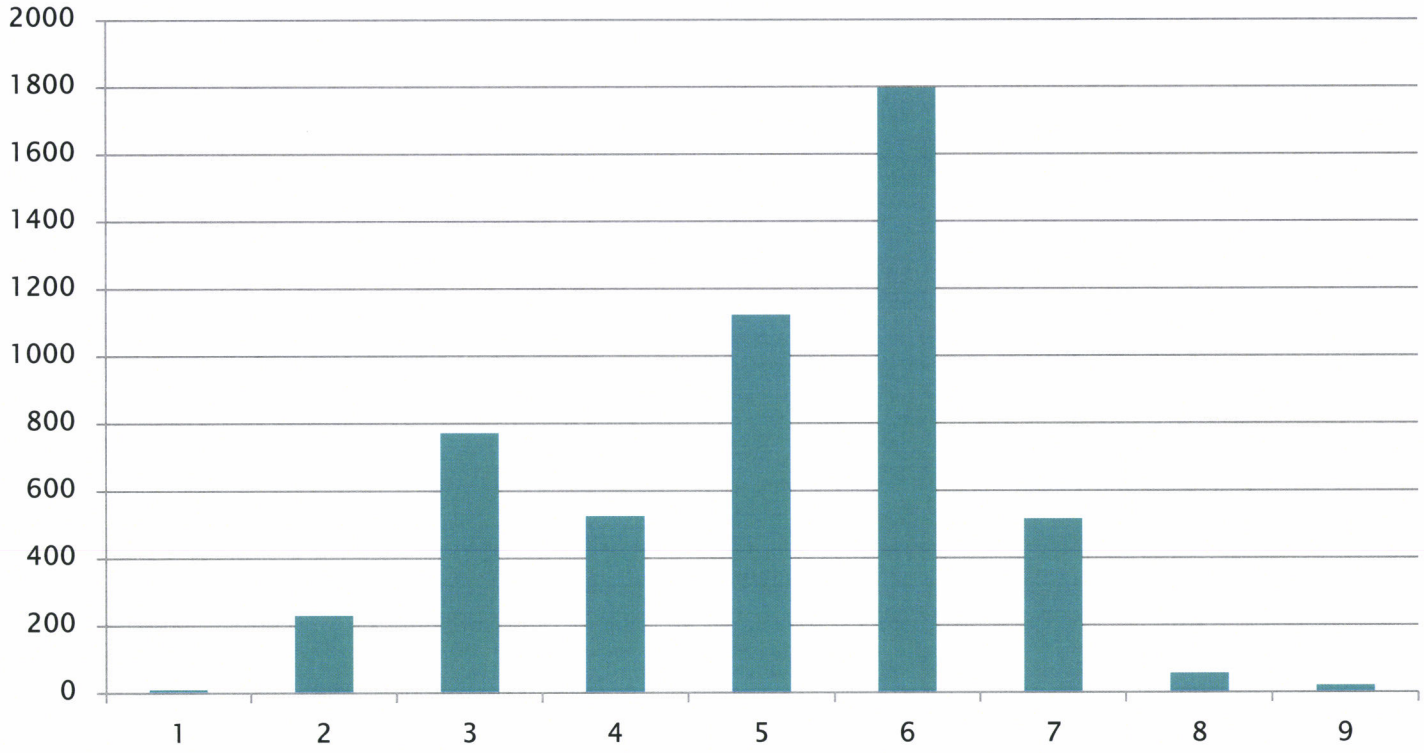
1. Adjustments must conform to agencies' pay plan rules.
2. Agencies are required by law to negotiate pay adjustments with employees' exclusive representatives.
3. Agencies cannot exceed their budgetary appropriations as a result of these pay adjustments.

FY 2012 Broadband Pay Adjustments: Key Facts

- 22 of 26 executive branch agencies implemented adjustments
- 5,460 (50%) employees received adjustments for these main reasons:
  - 65% market
  - 15% performance
  - 10% competency/career ladder
- Most (88%) employees receiving adjustments occupy band 6 or lower-banded positions
- Average base salary is now $43,680, 2.2% higher than 2011

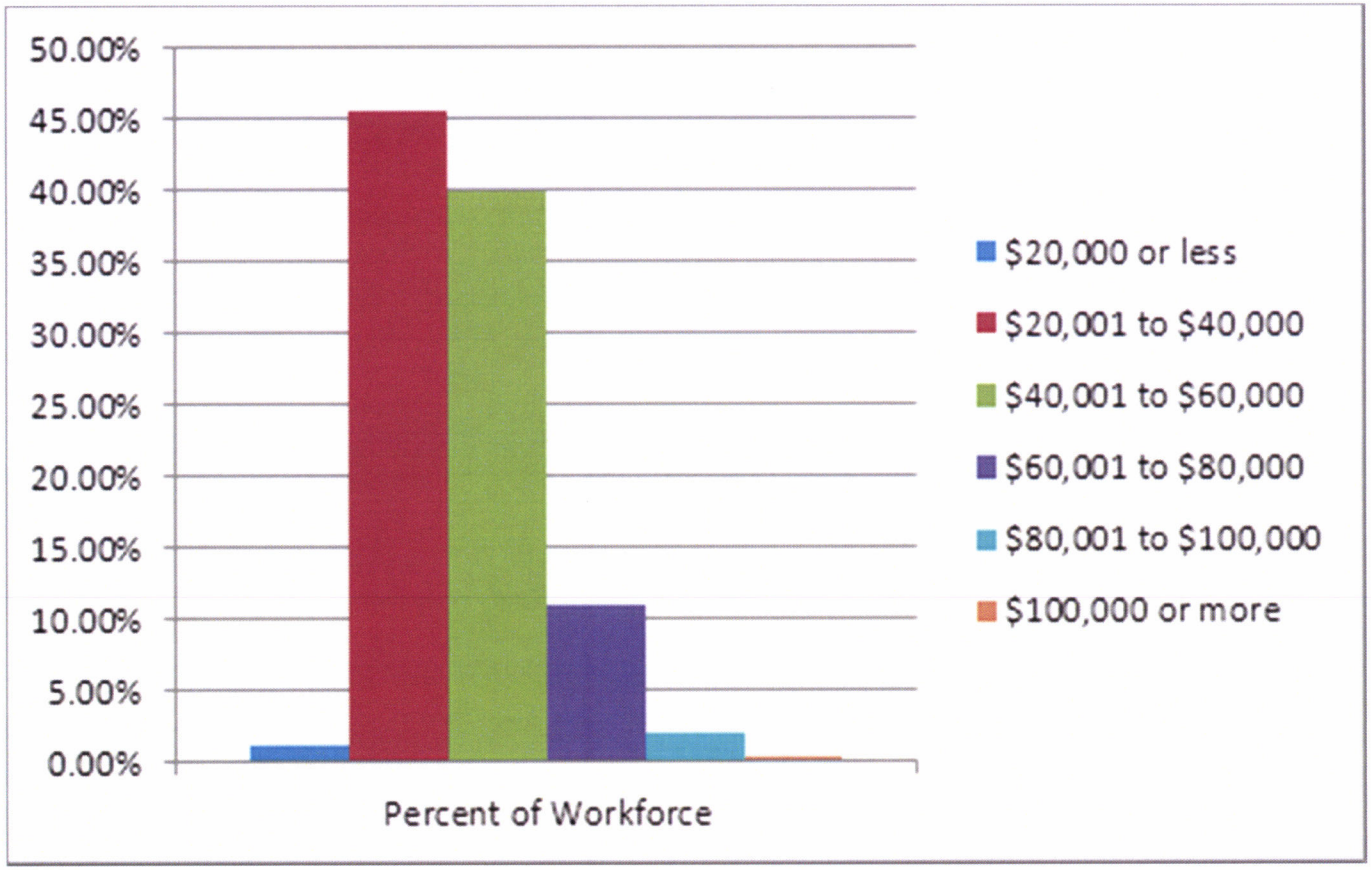
FY 2012 Broadband Pay Adjustments: Distribution by Pay Band

May 31, 2012



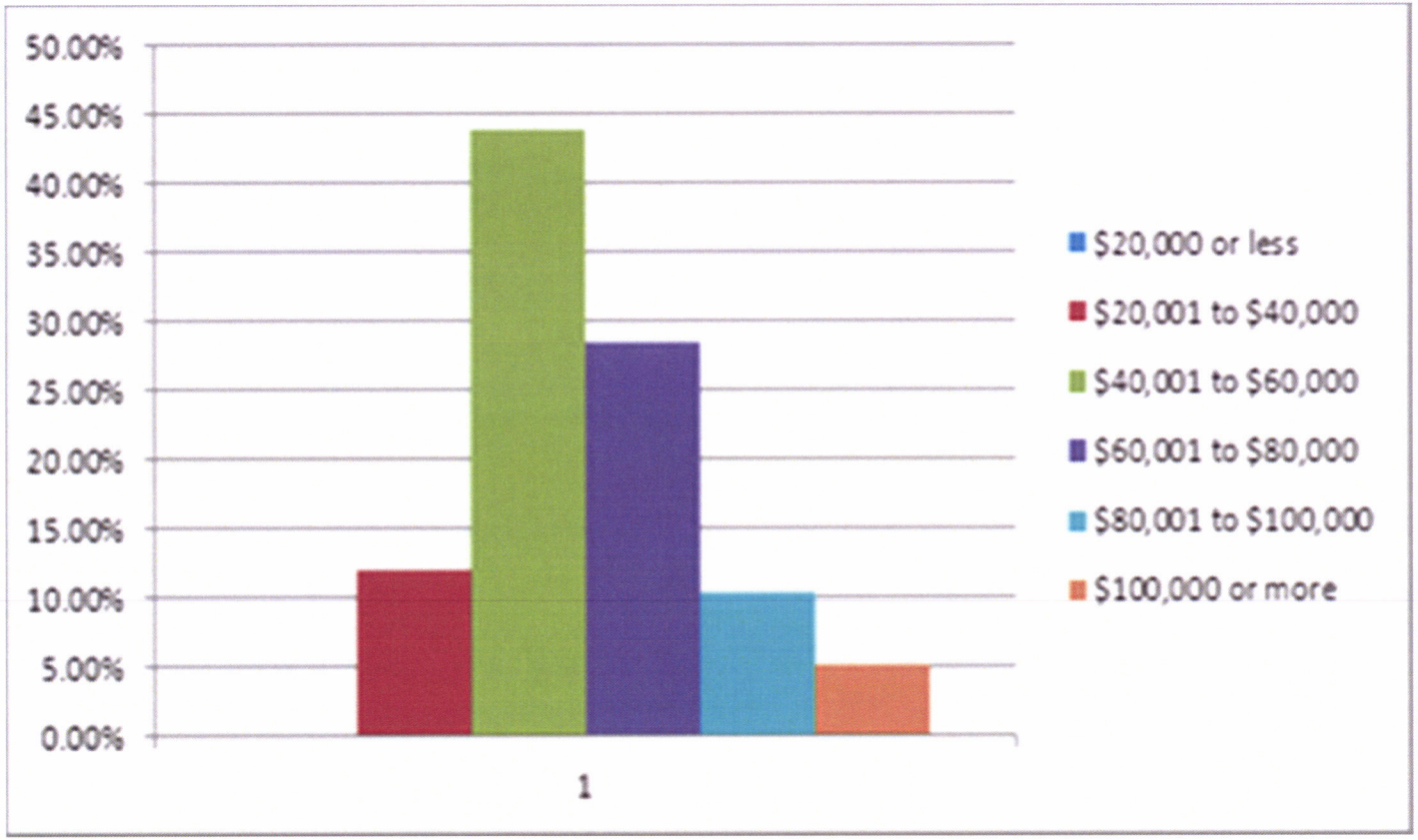
Pay Distribution in the Executive Branch

May 31, 2012



Pay Distribution in the Legislative Branch

May 31, 2012



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