

HOUSE BILL NO. 13

INTRODUCED BY K. SWANSON

BY REQUEST OF THE OFFICE OF BUDGET AND PROGRAM PLANNING

A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING LAWS GOVERNING STATE EMPLOYEE COMPENSATION; APPROPRIATING FUNDS TO IMPLEMENT PAY REVISIONS, FOR PERSONAL SERVICES CONTINGENCIES, AND FOR A LABOR-MANAGEMENT TRAINING INITIATIVE; AMENDING SECTIONS 2-18-301, 2-18-303, AND 2-18-703, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

**Section 1.** Section 2-18-301, MCA, is amended to read:

**"2-18-301. Intent of part -- rules.** (1) It is the intent of the legislature that compensation plans for state employees, excluding those employees excepted under 2-18-103 or 2-18-104, be based, in part, on an analysis and comparison of the municipal and state government labor markets in North Dakota, South Dakota, Idaho, and Wyoming of the labor markets as provided by the department from the national compensation association of state governments salary survey and other information relative to the state government salaries and compensation in those states. For the biennium beginning July 1, 2013, the department shall determine this information before pay raises are implemented. For legislative sessions following the biennium beginning July 1, 2013, the department shall submit to the office of budget and program planning as a part of the information required by 17-7-114 in a biennial salary survey. The salary survey must be submitted to the office of budget and program planning as a part of the information required by 17-7-111.

~~———— (a) an analysis of how Montana government employee salaries and other compensation compare to the municipal and state government salaries in North Dakota, South Dakota, Idaho, and Wyoming; and~~

~~———— (b) an analysis of the labor market as determined by the department in a biennial salary survey.~~

(2) Pay adjustments, if any, provided for in 2-18-303 supersede any other plan or systems established through collective bargaining after the adjournment of the legislature.

(3) Total funds required to implement the pay increases, if any, provided for in 2-18-303 for any employee group or bargaining unit may not be increased through collective bargaining over the amount appropriated by the legislature.



1 (4) The department shall administer the pay program established by the legislature on the basis of  
 2 competency, internal equity, and competitiveness to ~~the municipal and state government labor markets in North~~  
 3 ~~Dakota, South Dakota, Idaho, and Wyoming. The intent is to bring all pay bands to the same relationship~~  
 4 ~~percentage of the market rate midpoint salary comparison~~ the external labor market when fiscally able.

5 (5) The broadband pay plan must consist of nine pay bands. Each pay band must contain a salary range  
 6 with a minimum salary and a maximum salary.

7 (6) Based on the biennial salary survey, the department shall:

8 (a) identify current market rates for all occupations;

9 (b) establish salary ranges for each pay band; and

10 (c) recommend competitive pay zones ~~with the municipal and state government labor markets in North~~  
 11 ~~Dakota, South Dakota, Idaho, and Wyoming using the national compensation association of state governments~~  
 12 ~~salary survey and other relevant information for those states.~~

13 (7) The department may promulgate rules not inconsistent with the provisions of this part, collective  
 14 bargaining statutes, or negotiated contracts to carry out the purposes of this part.

15 (8) Nothing in this part prohibits the board of regents from engaging in negotiations with the collective  
 16 bargaining units representing the classified staff of the university system."

17

18 **Section 2.** Section 2-18-303, MCA, is amended to read:

19 **"2-18-303. Procedures for administering broadband pay plan.** (1) On the first day of the first  
 20 complete pay period in fiscal year ~~2014~~ 2016, each employee is entitled to the amount of the employee's base  
 21 salary as it was on June 30, ~~2013~~ 2015.

22 (2) An employee's base salary may be no less than the minimum salary of the pay band to which the  
 23 employee's position is allocated.

24 (3) ~~Funds appropriated under section 4, Chapter 385, Laws of 2013, must be used to increase the base~~  
 25 ~~pay for each employee. The base pay of employees must be increased as determined by the executive branch,~~  
 26 ~~including those subject to the provisions of Title 39, chapter 31, with particular attention to the lower pay bands~~  
 27 ~~and those who did not receive a base pay increase during the biennium beginning July 1, 2011. Effective on the~~  
 28 ~~first day of the first complete pay period that includes October 1, 2015, the base salary of each employee must~~  
 29 ~~be increased by 50 cents an hour. Effective on the first day of the first complete pay period that includes October~~  
 30 ~~1, 2016, the base salary of each employee must be increased by 50 cents an hour.~~

1 (4) (a) (i) A member of a bargaining unit may not receive the pay adjustment provided for in subsection  
 2 (3) until the employer's collective bargaining representative receives written notice that the employee's collective  
 3 bargaining unit has ratified a collective bargaining agreement.

4 (ii) If ratification of a collective bargaining agreement, as required by subsection (4)(a)(i), is not completed  
 5 by the date on which a legislatively authorized pay increase is implemented, members of the bargaining unit must  
 6 continue to receive the compensation that they were receiving until an agreement is ratified.

7 (b) Methods of administration consistent with the purpose of this part and necessary to properly  
 8 implement the pay adjustments provided for in this section may be provided for in collective bargaining  
 9 agreements.

10 (5) (a) Montana highway patrol officer base salaries must be established through the broadband pay  
 11 plan. Before January 1 of each odd-numbered year, the department shall, after seeking the advice of the Montana  
 12 highway patrol, conduct a salary survey to be used in establishing the base salary for existing and entry-level  
 13 highway patrol officer positions. The county sheriff's offices in the following consolidated governments and  
 14 counties are the labor market for purposes of the survey: Butte-Silver Bow, Cascade, Yellowstone, Missoula,  
 15 Lewis and Clark, Gallatin, Flathead, and Dawson. The base salary for existing and entry-level highway patrol  
 16 officer positions must then be determined by the department of justice, using the results of the salary survey and  
 17 the department of justice pay plan guidelines. Base or biennial salary increases under this subsection are  
 18 exclusive of and not in addition to any increases otherwise awarded to other state employees after July 1, 2006.

19 (b) To the extent that the plan applies to employees within a collective bargaining unit, the  
 20 implementation of the plan is a negotiable subject under 39-31-305.

21 (c) The department of justice shall submit the salary survey to the office of budget and program planning  
 22 as a part of the information required by 17-7-111.

23 (d) The salary survey and plan must be completed at least 6 months before the start of each regular  
 24 legislative session."

25

26 **Section 3.** Section 2-18-703, MCA, is amended to read:

27 **"2-18-703. Contributions.** (1) Each agency, as defined in 2-18-601, and the state compensation  
 28 insurance fund shall contribute the amount specified in this section toward the group benefits cost.

29 (2) (a) For employees defined in 2-18-701 and for members of the legislature, the employer contribution  
 30 for group benefits is ~~\$733~~ \$887 a month from January ~~2014~~ 2015 through December ~~2013~~ 2015, ~~\$806~~ \$976 a

1 month from January ~~2014~~ 2016 through December ~~2014~~ 2016, and ~~\$887~~ \$1,054 ~~for from~~ January ~~2015~~ 2017 and  
 2 ~~for each succeeding month~~ through December 2017.

3 (b) For employees defined in 2-18-701 and for members of the legislature, beginning January 2018 and  
 4 for each succeeding month, the cost of group benefits, including both the employer and employee contributions  
 5 for group benefits and health flexible spending accounts, may not exceed the monthly amount for self-only  
 6 coverage and coverage other than self-only that will trigger the excise tax under 26 U.S.C. 4980I, including any  
 7 cost-of-living adjustments under 26 U.S.C. 4980I. This section limits contributions for group benefits only to the  
 8 extent needed to avoid triggering the excise tax under 26 U.S.C. 4980I.

9 (c) For employees of the Montana university system, the employer contribution for group benefits is ~~\$806~~  
 10 ~~\$887~~ a month from July ~~2013~~ 2014 through June ~~2014~~ 2016 and ~~\$887~~ \$1,054 a month from July ~~2014~~ 2016 and  
 11 for each succeeding month through the earlier of:

12 (i) June 2018; or

13 (ii) the month before the first month in which the excise tax under 26 U.S.C. 4980I applies.

14 (d) For employees of the Montana university system, beginning the earlier of July 2018 or the first month  
 15 in 2018 in which the excise tax under 26 U.S.C. 4980I applies, and for each succeeding month, the cost of group  
 16 benefits, including both the employer and employee contributions for group benefits and health flexible spending  
 17 accounts, may not exceed the monthly amount for self-only coverage and coverage other than self-only that will  
 18 trigger the excise tax under 26 U.S.C. 4980I, including any cost-of-living adjustments under 26 U.S.C. 4980I. This  
 19 section limits contributions for group benefits only to the extent needed to avoid triggering the excise tax under  
 20 26 U.S.C. 4980I.

21 (e) If a state employee is terminated to achieve a reduction in force, the continuation of contributions for  
 22 group benefits beyond the termination date is subject to negotiation under 39-31-305 and to the protections of  
 23 2-18-1205. Permanent part-time, seasonal part-time, and temporary part-time employees who are regularly  
 24 scheduled to work less than 20 hours a week are not eligible for the group benefit contribution. An employee who  
 25 elects not to be covered by a state-sponsored group benefit plan may not receive the state contribution. A portion  
 26 of the employer contribution for group benefits may be applied to an employee's costs for participation in Part B  
 27 of medicare under Title XVIII of the Social Security Act, as amended, if the state group benefit plan is the  
 28 secondary payer and medicare the primary payer.

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

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

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

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

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

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

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

22 (6) Unused employer contributions for any government employee may be transferred to an account  
23 established for this purpose by a self-insured government and upon transfer may be used to offset losses  
24 occurring to the group of which the employee is eligible to be a member or to increase the reserves of the group.

25 (7) The laws prohibiting discrimination on the basis of marital status in Title 49 do not prohibit bona fide  
26 group insurance plans from providing greater or additional contributions for insurance benefits to employees with  
27 dependents than to employees without dependents or with fewer dependents."  
28

29 **NEW SECTION. Section 4. Appropriations.** (1) The following money for the indicated fiscal years is  
30 appropriated to the listed agencies to implement the adjustments provided in 2-18-303 and 2-18-703:

1	Fiscal Year 2016				
2		General Fund	State Special	Federal Special	Proprietary
3	Legislative Branch	\$194,563			
4	Consumer Counsel		\$8,393		
5	Judicial Branch	\$565,123	\$35,023	\$751	
6	Executive Branch	\$7,210,154	\$5,735,748	\$3,773,364	\$127,189
7	MUS	\$4,544,186	\$920	\$59,196	
8	Total	\$12,514,026	\$5,780,084	\$3,833,311	\$127,189
9	Fiscal Year 2017				
10		General Fund	State Special	Federal Special	Proprietary
11	Legislative Branch	\$490,859			
12	Consumer Counsel		\$21,277		
13	Judicial Branch	\$1,436,806	\$89,071	\$1,966	
14	Executive Branch	\$18,528,555	\$14,675,621	\$9,639,182	\$323,072
15	MUS	\$9,518,032	\$4,174	\$276,374	
16	Total	\$29,974,252	\$14,790,143	\$9,917,522	\$323,072

17 (2) The following money is appropriated for the biennium beginning July 1, 2015, to the office of budget  
 18 and program planning from the designated state fund, to be distributed to agencies when personnel vacancies  
 19 do not occur, retirement costs exceed agency resources, or other contingencies arise:

20	General Fund	State Special Revenue	Federal Special Revenue	Proprietary Funds
21	\$3,800,000	\$600,000	\$125,000	\$25,000

22 (3) The following money is appropriated for the biennium beginning July 1, 2015, to the judicial branch  
 23 to be used when personnel vacancies do not occur, retirement costs exceed agency resources, or other  
 24 contingencies arise:

25	General Fund
26	\$200,000

27 (4) The following money is appropriated for the biennium beginning July 1, 2015, to the department of  
 28 administration for a labor-management training initiative:

29	General Fund
30	\$75,000

1

2           NEW SECTION. **Section 5. Effective date.** [This act] is effective July 1, 2015.

3

- END -