

**OFFICE OF THE GOVERNOR**  
**BUDGET AND PROGRAM PLANNING**  
STATE OF MONTANA

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**TO:** Senator Llew Jones, Chair – Legislative Finance Committee  
Members of Legislative Finance Committee  
Amy Carlson, Legislative Fiscal Analyst

**From:** Amy Sassano, Deputy Budget Director  
Office of Budget and Program Planning

**Date:** December 6, 2013

**Subject:** HB 13 Required Report

Section 5 of HB 13, passed by the 2013 Legislature, required each agency to submit a report regarding the implementation of pay increases under 2-18-303, MCA, and to report on the impacts of the pay increases on the lower pay bands. This report includes the information for agencies in the Executive Branch except for the Montana University System.

Pay increases implemented reflect a 3% pay increase for all employees effective for the pay period including July 1, 2013. This increase occurred for all employees except those in the Blue Collar Pay Plan. It was effective for both employees who are covered by collective bargaining agreements and those who are not. As of the date of this report, there are still approximately 700 employees in 5 collective bargaining units who have not ratified their contracts and therefore have not yet received a pay increase.

For employees in the Broadband Pay Plan, the first table that follows reflects the average percentage of market midpoint for employees by agency before the 3% was applied and after. The market midpoint represents the middle of the 2012 market survey where half of survey respondents in each job code were paid more than the market midpoint and half were paid less. Data is shown for employees in permanently authorized positions funded by HB 2, non-appropriated proprietary funds, and statutory appropriations.

Executive Branch Market Ratios by Agency		
	Avg Market Ratio Before 3% Pay Increase	Avg Market Ratio After 3% Pay Increase
Administration	86.95%	89.61%
Agriculture	86.05%	90.41%
Board of Crime Control	83.55%	86.06%
Board of Public Education	99.59%	102.58%
Commerce	90.29%	93.36%
Department of Corrections	89.31%	92.38%
Environmental Quality	84.39%	87.46%
Fish, Wildlife, & Parks	88.37%	91.91%
Governor's Office	94.36%	97.19%
Justice	80.75%	84.95%
Labor & Industry	91.22%	94.41%
Livestock	77.87%	80.20%
Military Affairs	83.26%	85.45%
Montana Arts Council	95.79%	98.66%
Montana Historical Society	82.80%	85.35%
Montana State Library	81.64%	89.83%
Natural Resources & Conserv	87.55%	90.45%
Office of Public Instruction	84.25%	86.72%
Office of the Public Defender	64.58%	68.94%
Political Practices	97.31%	100.23%
Public Health & Human Services	87.28%	90.79%
Public Service Commission	85.99%	88.92%
Revenue	81.47%	84.18%
School for Deaf & Blind	95.28%	102.45%
Secretary of State	86.21%	91.03%
State Auditor	88.56%	91.21%
Transportation	88.62%	91.47%
<b>Grand Total</b>	<b>86.57%</b>	<b>89.81%</b>

HB 13 specifically requested this report to include information on the impacts of the pay increase on lower pay bands. The following table shows the effect of the 3% pay increase by broadband pay band within the Executive Branch.

Executive Branch Market Ratios by Pay Band		
	Average of Market Before 3% Pay Increase	Average of Market After 3% Pay Increase
01	95.93%	98.81%
02	87.47%	91.70%
03	86.99%	90.62%
04	84.17%	87.25%
05	87.34%	90.40%
06	89.90%	93.21%
07	81.76%	84.65%
08	66.89%	68.91%
09	89.24%	91.92%
<b>Grand Total</b>	<b>86.57%</b>	<b>89.81%</b>

For employees covered by the Blue Collar Pay Plan, they received a 92 cents-per-hour pay increase effective for the pay period including July 1, 2013. On average, this represented a 5% increase for employees in this pay plan.

Section 5 of HB 13 requires a second report be submitted to the Legislative Finance Committee and the Legislative Fiscal Analyst. That report will include the effects of a 5% pay increase that will be effective for the pay period including November 15, 2014 and will be submitted on or before December 31, 2014 as required by the bill.

If there are questions regarding this report, please feel free to contact me.