

## HOUSE BILL NO. 13

INTRODUCED BY D. LEWIS

BY REQUEST OF THE DEPARTMENT OF ADMINISTRATION AND THE OFFICE OF BUDGET AND  
PROGRAM PLANNING

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR PAY AND BENEFITS FOR STATE EMPLOYEES IN THE STATEWIDE, TEACHERS', AND BLUE-COLLAR PAY PLANS; INCREASING THE EMPLOYER CONTRIBUTION TO THE EMPLOYEE GROUP BENEFITS PROGRAMS; APPROPRIATING FUNDS FOR THE INCREASE IN THE EMPLOYER CONTRIBUTION TO THE EMPLOYEE GROUP BENEFITS PROGRAMS AND FOR A PERSONAL SERVICES CONTINGENCY POOL; AMENDING SECTIONS 2-18-301, 2-18-303, 2-18-312, 2-18-313, 2-18-315, 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. Purpose and intent of part -- rules.** (1) The purpose of this part is to provide the market-based compensation necessary to attract and retain competent and qualified employees in order to perform the services that the state is required to provide to its citizens.

(2) 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 and excluding employees compensated under 2-18-313 and 2-18-315, be based on an analysis of the labor market as provided by the department in a 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.

(3) Except as provided in 2-18-110, ~~pay adjustments and~~ pay schedules provided for in 2-18-303 and in 2-18-312, 2-18-313, and 2-18-315 supersede any other plan or systems established through collective bargaining after the adjournment of the ~~57th~~ 58th legislature.

(4) Pay levels provided for in 2-18-312, 2-18-313, and 2-18-315 may not be increased through collective bargaining after adjournment of the ~~57th~~ 58th legislature.

(5) Total funds required to implement the pay schedules provided for in 2-18-312, 2-18-313, and 2-18-315 for any employee group or bargaining unit may not be increased through collective bargaining over the amount appropriated by the ~~57th~~ 58th legislature.

(6) The department shall administer the pay program established by the legislature on the basis of merit, internal equity, and competitiveness to external labor markets when fiscally able.

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

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

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

**"2-18-303. Procedures for using pay schedules.** (1) The pay ~~schedules~~ schedule provided in 2-18-312 must be implemented as follows:

(a) The pay ~~schedules~~ schedule provided in 2-18-312 ~~indicate~~ indicates the entry salary and market salary for each grade for positions classified under the provisions of part 2 of this chapter.

(b) Each employee newly hired by the state of Montana must be hired at the entry rate, except as provided in subsections (6) through (9).

(c) On the first day of the first complete pay period in fiscal year ~~2002~~ 2004, each employee is entitled to the amount of the employee's base salary as it was on June 30, ~~2001~~ 2003.

~~——(d) Effective on the first day of the pay period that includes an employee's anniversary date during the fiscal years ending June 30, 2002, and June 30, 2003, the employee's base salary must be increased by 4% or by a lesser amount so that the employee's base salary after the increase does not exceed the maximum salary of the pay grade as provided in subsection (1)(f). An employee's base salary increases resulting from subsection (1)(e) and this subsection may not exceed a maximum of 4% in each fiscal year. For employees hired on or before September 30, 1994, the anniversary date is October 1.~~

~~(e)~~(d) An employee's base salary may be no less than the entry salary for the employee's assigned grade.

~~(f)~~(e) The maximum salary for each grade is determined by subtracting the entry salary from the market salary and adding that amount to the market salary.

(2) The pay ~~schedules~~ schedule provided in 2-18-312 and the provisions of subsection (1) of this section do not apply to those teachers or blue-collar occupations compensated under the pay schedules provided in 2-18-313 and 2-18-315.

(3) The pay schedules provided in 2-18-313 and 2-18-315 must be implemented as follows:

(a) (i) The pay ~~schedules~~ schedule provided for in 2-18-313 ~~indicate~~ indicates the annual compensation

for teachers employed under the authority of the department of corrections or the department of public health and human services for fiscal years ~~2002~~ 2004 and ~~2003~~ 2005.

(ii) The compensation of each teacher on July 1, ~~2004~~ 2003, is the same as it was on June 30, ~~2004~~ 2003.

~~———(iii) On the first day of the first pay period that includes October 1 of each fiscal year, a teacher employed under the authority of the department of public health and human services or the department of corrections before October 1, 1994, shall advance one step on the appropriate pay schedule adopted in 2-18-313. A teacher hired after October 1, 1994, shall advance on the teacher's actual anniversary date.~~

(b) The pay ~~schedules~~ schedule provided in 2-18-315 ~~indicate~~ indicates the maximum hourly compensation for fiscal years ending June 30, ~~2002~~ 2004, and June 30, ~~2003~~ 2005, for employees in apprentice trades and crafts and other blue-collar occupations recognized in the state blue-collar classification plan who are members of units that have collectively bargained separate classification and pay plans.

(c) The compensation of each employee on the first day of the first pay period in each fiscal year is that amount corresponding to the grade occupied on the last day of the preceding fiscal year.

(4) (a) (i) ~~A~~ If the legislature authorizes a pay increase for state employees, a member of a bargaining unit may not receive a pay increase until the employer's collective bargaining representative receives written notice that the employee's bargaining unit has ratified a completely integrated collective bargaining agreement covering the biennium ending June 30, ~~2003~~.

(ii) If ratification of a completely integrated collective bargaining agreement, as required by subsection (4)(a)(i), is not completed by ~~July 1, 2004~~ the date on which a legislatively authorized pay increase is implemented, retroactivity to that date may be negotiated.

(iii) If ratification of a completely integrated collective bargaining agreement, as required by subsection (4)(a)(i), is not completed by ~~July 1, 2004~~ the date on which a legislatively authorized pay increase is implemented, members of the bargaining unit must continue to receive the compensation that they were receiving ~~as of June 30, 2004~~, until an agreement is ratified.

(b) Methods of administration not inconsistent with the purpose of this part and necessary to properly implement the pay schedules and adjustments provided in 2-18-312, 2-18-313, 2-18-315, and this section may be provided for in collective bargaining agreements.

(5) The current wage or salary of an employee may not be reduced by the implementation of the pay schedules provided for in 2-18-312, 2-18-313, and 2-18-315.

(6) The department may authorize a separate pay schedule for classes of medical professionals if the

rates provided in 2-18-312 are not sufficient to attract and retain fully licensed and qualified professionals.

(7) (a) The department may develop and implement an alternative pay and classification plan for certain classes, occupations, and work units. Pay for employees in the alternative pay and classification plan may be established and changed based on demonstrated competencies and accomplishments, on the labor market, and on other situations defined by the department.

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

(8) The department may develop programs that enable the department to mitigate problems associated with difficult recruitment, retention, transfer, or other exceptional circumstances. To the extent that the program applies to employees within a collective bargaining unit, it is a negotiable subject under 39-31-305.

(9) The department shall review the competitiveness of the compensation provided to all occupations under this part. If the department finds that substantial problems exist with recruitment and retention because of inadequate salaries when compared to competing employers, the department may establish criteria allowing an adjustment in pay or classification to mitigate the problems. To the extent that these adjustments apply to employees within a collective bargaining unit, the implementation of these adjustments is a negotiable subject under 39-31-305."

**Section 3.** Section 2-18-312, MCA, is amended to read:

**"2-18-312. Statewide pay schedules schedule.** (†) The statewide classification pay schedule for the period beginning on the first day of the first full pay period in fiscal year ~~2002~~ 2004; is as follows:

Annual Hours -- ~~2080~~ Note: ~~Does Not Include Insurance~~

Pay Matrix -- ~~State~~ Matrix Type -- ~~Annual~~

Pay Range: Entry Salary to Market Salary

GRADE	ENTRY SALARY	MARKET SALARY
1	9,075	10,677
2	9,776	11,527
3	10,529	12,447
4	11,346	13,445
5	12,262	14,562
6	13,316	15,854
7	14,456	17,249

8	15,748	18,834
9	17,135	20,546
10	18,676	22,447
11	20,365	24,534
12	22,241	26,859
13	24,286	29,403
14	26,560	32,230
15	29,074	35,370
16	31,884	38,888
17	35,036	42,833
18	38,339	46,983
19	42,039	51,644
20	46,170	56,885
21	50,754	62,660
22	55,877	69,154
23	61,655	76,498
24	68,147	84,760
25	75,329	93,924

(2) ~~Effective on the first day of the pay period that includes October 1, 2001, the statewide classification pay schedule is as follows:~~

Annual Hours -- 2080 Note: Does Not Include Insurance  
 Pay Matrix -- State Matrix Type -- Annual  
 Pay Range: Entry Salary to Market Salary

GRADE	ENTRY SALARY	MARKET SALARY
1	9,384	11,040
2	10,108	11,919
3	10,887	12,870
4	11,732	13,902
5	12,679	15,057
6	13,769	16,393
7	14,948	17,835

8	16,283	19,474
9	17,718	21,245
10	19,311	23,210
11	21,057	25,368
12	22,997	27,772
13	25,112	30,403
14	27,463	33,326
15	30,063	36,573
16	32,968	40,210
17	36,227	44,289
18	39,643	48,580
19	43,468	53,400
20	47,740	58,819
21	52,480	64,790
22	57,777	71,505
23	63,751	79,099
24	70,464	87,642
25	77,890	97,117

~~(3) Effective on the first day of the pay period that includes October 1, 2002, the statewide classification pay schedule is as follows:~~

Annual Hours -- 2080

Note: Does Not Include Insurance

Pay Matrix -- State

Matrix Type -- Annual

Pay Range: Entry Salary to Market Salary

GRADE	ENTRY SALARY	MARKET SALARY
1	9,703	11,415
2	10,452	12,324
3	11,257	13,308
4	12,131	14,375
5	13,110	15,569
6	14,237	16,950
7	15,456	18,442

8	16,837	20,136
9	18,320	21,967
10	19,968	23,999
11	21,773	26,231
12	23,779	28,716
13	25,966	31,436
14	28,397	34,459
15	31,085	37,816
16	34,089	41,577
17	37,459	45,795
18	40,990	50,232
19	44,946	55,215
20	49,363	60,819
21	54,264	66,993
22	59,741	73,936
23	65,919	81,788
24	72,860	90,622
25	80,538	100,419"

**Section 4.** Section 2-18-313, MCA, is amended to read:

**"2-18-313. Teachers' pay schedules schedule.** (†) The pay schedule for teachers for the period ~~that includes October 1, 2001, until beginning the first day of the first full pay period that includes October 1, 2002,~~ in fiscal year 2004 is as follows:

~~Annual Hours -- 2080~~ ~~Note: Does Not Include Insurance~~

~~Term -- Twelve Months~~ ~~Matrix Type -- Annual~~

STEP	Education Level					
	BA	BA+15	BA+30	BA+45	BA+60	BA+75
1	26,085	26,867	27,673	28,503	29,359	30,239
2	26,867	27,673	28,503	29,358	30,239	31,147
3	27,673	28,503	29,358	30,239	31,147	32,082
4	28,503	29,358	30,239	31,147	32,082	33,044

<del>5</del>	<del>29,358</del>	<del>30,239</del>	<del>31,147</del>	<del>32,082</del>	<del>33,044</del>	<del>34,035</del>
<del>6</del>	<del>30,239</del>	<del>31,147</del>	<del>32,082</del>	<del>33,044</del>	<del>34,035</del>	<del>35,056</del>
<del>7</del>	<del>31,147</del>	<del>32,082</del>	<del>33,044</del>	<del>34,035</del>	<del>35,056</del>	<del>36,108</del>
<del>8</del>	<del>32,082</del>	<del>33,044</del>	<del>34,035</del>	<del>35,056</del>	<del>36,108</del>	<del>37,191</del>
<del>9</del>	<del>33,044</del>	<del>34,035</del>	<del>35,056</del>	<del>36,108</del>	<del>37,191</del>	<del>38,307</del>
<del>10</del>	<del>34,035</del>	<del>35,056</del>	<del>36,108</del>	<del>37,191</del>	<del>38,307</del>	<del>39,457</del>
<del>11</del>	<del>35,056</del>	<del>36,108</del>	<del>37,191</del>	<del>38,307</del>	<del>39,457</del>	<del>40,640</del>
<del>12</del>	<del>36,108</del>	<del>37,191</del>	<del>38,307</del>	<del>39,457</del>	<del>40,640</del>	<del>41,858</del>
<del>13</del>	<del>37,191</del>	<del>38,307</del>	<del>39,457</del>	<del>40,640</del>	<del>41,858</del>	<del>43,114</del>

~~(2) Effective on the first day of the pay period that includes October 1, 2002, the pay schedule for teachers is as follows:~~

Annual Hours -- 2080

Note: Does Not Include Insurance

Term -- Twelve Months

Matrix Type -- Annual

STEP	Education Level					
	BA	BA+15	BA+30	BA+45	BA+60	BA+75
1	27,129	27,942	28,780	29,643	30,532	31,449
2	27,942	28,780	29,643	30,532	31,449	32,393
3	28,780	29,643	30,532	31,449	32,393	33,365
4	29,643	30,532	31,449	32,393	33,365	34,366
5	30,532	31,449	32,393	33,365	34,366	35,396
6	31,449	32,393	33,365	34,366	35,396	36,459
7	32,393	33,365	34,366	35,396	36,459	37,552
8	33,365	34,366	35,396	36,459	37,552	38,679
9	34,366	35,396	36,459	37,552	38,679	39,840
10	35,396	36,459	37,552	38,679	39,840	41,035
11	36,459	37,552	38,679	39,840	41,035	42,266
12	37,552	38,679	39,840	41,035	42,266	43,532
13	38,679	39,840	41,035	42,266	43,532	44,839"

**Section 5.** Section 2-18-315, MCA, is amended to read:

**"2-18-315. Blue-collar pay schedules schedule.** (4) The pay schedule for blue-collar workers for the



period from July 1, 2001, until beginning the first day of the first full pay period that includes October 2001 in fiscal year 2004 is as follows:

Annual Hours -- 2080 Note: Does Not Include Insurance

Pay Matrix -- Blue-Collar Matrix Type -- Hourly

Grade	\$/Hour
B1	11.275
B2	11.675
B3	12.075
B4	12.475
B5	12.875
B6	13.275
B7	13.675
B8	14.075
B9	14.475
B10	14.875
B11	15.275
B12	15.675
B13	16.075
B14	16.475

(2) Effective on the first day of the pay period that includes October 1, 2001, until the first day of the pay period that includes October 2002, the pay schedule for blue-collar workers is as follows:

Annual Hours -- 2080 Note: Does Not Include Insurance

Pay Matrix -- Blue-Collar Matrix Type -- Hourly

Grade	\$/Hour
B1	11.835
B2	12.235
B3	12.635
B4	13.035
B5	13.435
B6	13.835
B7	14.235

B8	14.635
B9	15.035
B10	15.435
B11	15.835
B12	16.235
B13	16.635
B14	17.035

~~(3) Effective on the first day of the pay period that includes October 1, 2002, the pay schedule for blue-collar workers is as follows:~~

Annual Hours -- 2080

Note: Does Not Include Insurance

Pay Matrix -- Blue-Collar

Matrix Type -- Hourly

Grade	\$/Hour
B1	12.395
B2	12.795
B3	13.195
B4	13.595
B5	13.995
B6	14.395
B7	14.795
B8	15.195
B9	15.595
B10	15.995
B11	16.395
B12	16.795
B13	17.195
B14	17.595"

**Section 6.** Section 2-18-703, MCA, is amended to read:

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

(2) For employees defined in 2-18-701 and for members of the legislature, the employer contribution for

group benefits is ~~\$295~~ \$366 a month for the period from July ~~2004~~ 2003 through December ~~2004~~ 2003, ~~\$325~~ \$410 a month for the period from January ~~2002~~ 2004 through December ~~2002~~ 2004, and ~~\$366~~ \$460 a month for January ~~2003~~ 2005 and for each succeeding month. For employees of the Montana university system, the employer contribution for group benefits is ~~\$325~~ \$410 a month for the period from July ~~2004~~ 2003 through June ~~2002~~ 2004 and ~~\$366~~ \$460 a month for the period from July ~~2002~~ 2004 through June ~~2003~~ 2005 and for each succeeding month. ~~When~~ If a state employee is terminated to achieve a reduction in force, the continuation of contributions for group benefits beyond the termination date is subject to negotiation under 39-31-305. Permanent part-time, seasonal part-time, and temporary part-time employees who are regularly scheduled to work less than 20 hours a week are not eligible for the group benefit contribution. An employee who elects not to be covered by a state-sponsored group benefit plan may not receive the state contribution. A portion of the employer contribution for group benefits may be applied to an employee's costs for participation in Part B of medicare under Title XVIII of the Social Security Act, as amended, if the state group benefit plan is the secondary payer and medicare the primary payer.

(3) For employees of elementary and high school districts and of local government units, the employer's premium contributions may exceed but may not be less than \$10 a month. Subject to the public hearing requirement provided in 2-9-212(2)(b), the increase in a local government's property tax levy for premium contributions for group benefits beyond the amount of contributions in effect on July 1, 1999, is not subject to the mill levy calculation limitation provided for in 15-10-420.

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

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

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

**NEW SECTION. Section 7. Appropriation.** (1) The following money for the indicated fiscal years is appropriated to the listed agencies to implement the adjustments provided for in [section 6]:

Fiscal Year 2004

Fiscal Year 2005

	General Fund	Other Funds	General Fund	Other Funds
Legislative Branch	24,969	6,399	81,583	20,908
Consumer Counsel		1,277		4,006
Judicial Branch	85,726	12,247	268,867	38,410
Executive Branch	1,042,381	1,926,519	3,263,472	6,015,663
University System	1,087,384	1,182,729	2,323,048	2,526,739

(2) The following money is appropriated for the biennium to the office of budget and program planning to be distributed to agencies when personnel vacancies do not occur, retirement costs exceed agency resources, or other contingencies arise:

	Fiscal Year 2004	
	General Fund	Other Funds
Personal Services Contingency	1,500,000	3,000,000

NEW SECTION. **Section 8. Effective date.** [This act] is effective July 1, 2003.

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