

1 HOUSE BILL NO. 13

2 INTRODUCED BY K. SWANSON

3 BY REQUEST OF THE DEPARTMENT OF ADMINISTRATION AND THE OFFICE OF BUDGET AND
4 PROGRAM PLANNING5
6 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING LAWS GOVERNING STATE EMPLOYEE
7 COMPENSATION; CLARIFYING BENEFITS FOR LAID-OFF EMPLOYEES; APPROPRIATING FUNDS TO
8 IMPLEMENT PAY REVISIONS; AND FOR PERSONAL SERVICES CONTINGENCIES, ~~AND FOR A~~
9 ~~LABOR-MANAGEMENT TRAINING INITIATIVE; REQUIRING REPORTING ON THE IMPLEMENTATION OF~~
10 PAY INCREASES; AMENDING SECTIONS 2-18-301, 2-18-303, AND 2-18-703, MCA; AND PROVIDING AN
11 EFFECTIVE DATE."12
13 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:14
15 **SECTION 1. SECTION 2-18-301, MCA, IS AMENDED TO READ:**16 **"2-18-301. Intent of part -- rules.** (1) It is the intent of the legislature that compensation plans for state
17 employees, excluding those employees excepted under 2-18-103 or 2-18-104, be based, ~~in part,~~ on an analysis
18 and comparison of the municipal and state government labor market markets in North Dakota, South Dakota,
19 Idaho, and Wyoming as provided by the department in a biennial salary survey from the national compensation
20 association of state governments salary survey and other information relative to the state government salaries
21 and compensation in those states. The salary survey must be submitted For the biennium beginning July 1, 2013,
22 the department shall determine this information before pay raises are implemented. For legislative sessions
23 following the biennium beginning July 1, 2013, the department shall submit to the office of budget and program
24 planning as a part of the information required by 17-7-111-;25 (a) an analysis of how Montana government employee salaries and other compensation compare to the
26 municipal and state government salaries in North Dakota, South Dakota, Idaho, and Wyoming; and27 (b) an analysis of the labor market as determined by the department in a biennial salary survey.28 (2) Pay adjustments, if any, provided for in 2-18-303 supersede any other plan or systems established
29 through collective bargaining after the adjournment of the legislature.

30 (3) Total funds required to implement the pay increases, if any, provided for in 2-18-303 for any

1 employee group or bargaining unit may not be increased through collective bargaining over the amount
2 appropriated by the legislature.

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

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

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

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

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

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

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

17 (8) Nothing in this part prohibits the board of regents from engaging in negotiations with the collective
18 bargaining units representing the classified staff of the university system."
19

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

21 **"2-18-303. Procedures for administering broadband pay plan.** (1) On the first day of the first
22 complete pay period in fiscal year ~~2010~~ 2014, each employee is entitled to the amount of the employee's base
23 salary as it was on June 30, ~~2009~~ 2013.

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

26 (3) ~~All full-time employees whose base pay is \$45,000 or less annually will receive a one-time lump-sum~~
27 ~~payment of \$450 for the first full pay period after July 1, 2009. All part-time employees who are regularly~~
28 ~~scheduled to work 20 hours or more per week and whose base pay is \$21.635 per hour or less will receive a~~
29 ~~one-time lump-sum payment of \$225 for the first full pay period after July 1, 2009. Effective on the first day of the~~
30 ~~first complete pay period in July 2013, the base salary of each employee must be increased by 5%. Effective on~~

1 ~~the first day of the first complete pay period in July 2014, the base salary of each employee must be increased~~
2 ~~by 5%. FUNDS APPROPRIATED UNDER [SECTION 3(1)] MUST BE USED TO INCREASE THE BASE PAY FOR EACH EMPLOYEE.~~
3 ~~THE BASE PAY OF EMPLOYEES MUST BE INCREASED AS DETERMINED BY THE EXECUTIVE BRANCH, INCLUDING THOSE~~
4 ~~SUBJECT TO THE PROVISIONS OF TITLE 39, CHAPTER 31, WITH PARTICULAR ATTENTION TO THE LOWER PAY BANDS AND~~
5 ~~THOSE WHO DID NOT RECEIVE A BASE PAY INCREASE DURING THE BIENNIUM BEGINNING JULY 1, 2011.~~

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

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

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

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

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

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

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

30

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

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

4 (2) For employees defined in 2-18-701 and for members of the legislature, the employer contribution for
5 group benefits is ~~\$626~~ \$733 a month from January ~~2009~~ 2011 through December ~~2009~~ 2013, ~~\$679~~ \$806 a month
6 from January ~~2010~~ 2014 through December ~~2010~~ 2014, and ~~\$733~~ \$887 for January ~~2011~~ 2015 and for each
7 succeeding month. For employees of the Montana university system, the employer contribution for group benefits
8 is ~~\$626~~ \$806 a month from July ~~2008~~ 2013 through June ~~2009~~ 2014, ~~\$679~~ \$887 a month from July ~~2009~~
9 2014 through June ~~2010~~, and ~~\$733~~ for July ~~2010~~ and for each succeeding month. If a state employee is
10 terminated to achieve a reduction in force, the continuation of contributions for group benefits beyond the
11 termination date is subject to negotiation under 39-31-305 and to the protections of 2-18-1205. Permanent
12 part-time, seasonal part-time, and temporary part-time employees who are regularly scheduled to work less than
13 20 hours a week are not eligible for the group benefit contribution. An employee who elects not to be covered by
14 a state-sponsored group benefit plan may not receive the state contribution. A portion of the employer contribution
15 for group benefits may be applied to an employee's costs for participation in Part B of medicare under Title XVIII
16 of the Social Security Act, as amended, if the state group benefit plan is the secondary payer and medicare the
17 primary payer.

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

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

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

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

28 (ii) If a political subdivision did not make contributions for group benefits on or before July 1, 1999, and
29 subsequently does so, the base contribution is determined by multiplying the average annual contribution for each
30 employee in the first year the political subdivision provides contributions for group benefits times the number of

1 employees for whom the employer makes contributions for group benefits under 2-9-212 on July 1 of each fiscal
 2 year.

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

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

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

14 (7) The laws prohibiting discrimination on the basis of marital status in Title 49 do not prohibit bona fide
 15 group insurance plans from providing greater or additional contributions for insurance benefits to employees with
 16 dependents than to employees without dependents or with fewer dependents."
 17

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

20 Fiscal Year 2014

	General Fund	State Special	Federal Special	Proprietary
21				
22	Legislative Branch			
23	\$531,539			
24	<u>\$397,735</u>	<u>\$52,500</u>		
25	Consumer Counsel			
26		\$29,719		
27		<u>\$18,922</u>		
28	Judicial Branch			
29	\$1,493,543	\$92,934	\$2,634	
30	<u>\$859,838</u>	<u>\$50,113</u>	<u>\$1,821</u>	

1	Executive Branch				
2		\$14,031,586	\$12,883,090	\$7,967,684	\$277,418
3		<u>\$9,060,825</u>	<u>\$7,918,525</u>	<u>\$5,737,675</u>	<u>\$2,049,016</u>
4	MUS				
5		\$7,979,703	\$4,487	\$192,532	\$3,042
6		<u>\$6,665,150</u>	<u>\$3,703</u>	<u>\$157,792</u>	<u>\$2,437</u>
7	Total				
8		\$24,036,374	\$13,010,230	\$8,162,850	\$280,460
9		<u>\$16,983,548</u>	<u>\$8,043,763</u>	<u>\$5,897,289</u>	<u>\$2,051,453</u>
10	Fiscal Year 2015				
11	General Fund		State Special	Federal Special	Proprietary
12	Legislative Branch				
13		\$1,148,138			
14		<u>\$808,775</u>	<u>\$142,820</u>		
15	Consumer Counsel				
16			\$63,703		
17			<u>\$51,293</u>		
18	Judicial Branch				
19		\$3,263,710	\$203,469	\$5,768	
20		<u>\$2,360,621</u>	<u>\$137,768</u>	<u>\$5,008</u>	
21	Executive Branch				
22		\$31,125,256	\$28,365,742	\$17,584,374	\$613,371
23		<u>\$20,939,617</u>	<u>\$19,036,495</u>	<u>\$14,600,371</u>	<u>\$5,265,622</u>
24	MUS				
25		\$16,469,103	\$10,107	\$429,468	\$6,513
26		<u>\$16,907,439</u>	<u>\$10,373</u>	<u>\$441,075</u>	<u>\$6,715</u>
27	Total				
28		\$52,006,207	\$28,643,021	\$18,019,610	\$619,884
29		<u>\$41,016,452</u>	<u>\$19,378,749</u>	<u>\$15,046,453</u>	<u>\$5,272,336</u>

30 (2) The following money is appropriated for the biennium to the office of budget and program planning,

1 from the designated state fund, to be distributed to agencies when personnel vacancies do not occur, retirement
 2 costs exceed agency resources, or other contingencies arise:

	General Fund	State Special	Federal Special	Proprietary
3				
4	\$4,000,000	\$2,400,000	\$500,000	\$100,000
5	<u>\$1,000,000</u>	<u>\$600,000</u>	<u>\$125,000</u>	<u>\$25,000</u>

6 ~~(3) The following money is appropriated for the biennium to the department of administration for a~~
 7 ~~labor-management training initiative:~~

8	Fiscal Year 2014	General Fund
9	Labor-Management Training Initiative	\$75,000

10 (3) BY JUNE 30, 2015, ANY FUNDS NOT EXPENDED FOR THE PURPOSE OF INCREASING EMPLOYEE PAY PURSUANT
 11 TO 2-18-303 MUST REVERT TO THE FUND FROM WHICH IT WAS APPROPRIATED.

12 (4) THE FOLLOWING MONEY IS APPROPRIATED FOR THE BIENNIUM BEGINNING JULY 1, 2013, TO THE LEGISLATIVE
 13 SERVICES DIVISION TO BE USED WHEN RETIREMENT COSTS EXCEED AGENCY RESOURCES OR OTHER CONTINGENCIES
 14 ARISE:

15	<u>GENERAL FUND</u>
16	<u>\$100,000</u>

17
 18 NEW SECTION. SECTION 5. REPORTING OF IMPLEMENTATION OF PAY INCREASE. BY DECEMBER 31, 2013,
 19 AND DECEMBER 31, 2014, EACH AGENCY SHALL SUBMIT TO THE LEGISLATIVE FINANCE COMMITTEE AND THE LEGISLATIVE
 20 FISCAL ANALYST A REPORT IN AN ELECTRONIC FORMAT ON THE IMPLEMENTATION OF PAY INCREASES UNDER 2-18-303
 21 AND THE IMPACTS OF THEM ON THE LOWER PAY BANDS.

22
 23 NEW SECTION. Section 6. Effective date. [This act] is effective July 1, 2013.

24 - END -