

HOUSE BILL NO. 175

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A BILL FOR AN ACT ENTITLED: "AN ACT APPROPRIATING FUNDS TO IMPLEMENT PAY REVISIONS AND
PER DIEM ADJUSTMENTS; REVISING STATE EMPLOYEE PER DIEM RATES; EXTENDING EMPLOYER
GROUP BENEFIT CONTRIBUTIONS FOR STATE EMPLOYEES; AMENDING SECTIONS 2-18-303, 2-18-501,
AND 2-18-703, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

Section 1. Section 2-18-303, MCA, is amended to read:

"2-18-303. Procedures for administering broadband pay plan. (1) On the first day of the first
complete pay period in fiscal year ~~2018~~ 2020, each employee is entitled to the amount of the employee's base
salary as it was on June 30, ~~2017~~ 2019.

(2) 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.

(3) Effective on the first day of the first complete pay period that includes ~~February 15, 2018~~ January 1,
2020, the base salary of each employee must be increased by ~~4%~~ 50 cents an hour. Effective on the first day of
the first complete pay period that includes ~~February 15, 2019~~ January 1, 2021, the base salary of each employee
must be increased by ~~4%~~ 50 cents an hour.

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

(ii) If ratification of a collective bargaining agreement, as required by subsection (4)(a)(i), is not completed
by 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 until an agreement is ratified.

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

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

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

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

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

16

17 **Section 2.** Section 2-18-501, MCA, is amended to read:

18 **"2-18-501. Meals, lodging, and transportation of persons in state service.** All elected state officials,
19 appointed members of boards, commissions, or councils, department directors, and all other state employees
20 must be reimbursed for meals and lodging while away from the person's designated headquarters and engaged
21 in official state business in accordance with the following provisions:

22 (1) Except as provided under subsection (3), for travel within the state of Montana, lodging must be
23 authorized at the actual cost of lodging, ~~not exceeding \$35 per day~~, and taxes on the allowable cost of lodging,
24 except as provided in subsection (3), plus ~~\$5~~ \$7.50 for the morning meal, ~~\$6~~ \$8.50 for the midday meal, and ~~\$12~~
25 \$14.50 for the evening meal except as provided in subsection (10). All claims for lodging expense reimbursement
26 allowed under this section must be documented by an appropriate receipt.

27 (2) Except as provided in subsection (3), for travel outside the state of Montana and within the United
28 States, the following provisions apply:

29 (a) Lodging must be reimbursed at actual cost, not to exceed the prescribed maximum standard federal
30 rate per day for the location involved plus taxes on the allowable cost.

1 (b) Meal reimbursement may not exceed the prescribed maximum standard federal rate per meal.

2 (3) Except as provided in subsection (10), the department of administration shall designate the locations
3 and circumstances under which the governor, other elected state officials, appointed members of boards,
4 commissions, or councils, department directors, and all other state employees may be authorized the actual cost
5 of the following:

6 (a) meals, not including alcoholic beverages, when the actual cost exceeds the maximum established
7 in subsection (4)(a); and

8 (b) lodging when the actual cost exceeds the maximum established in subsection ~~(1)~~; (2)(a); or (4)(a).

9 (4) Except as provided in subsection (3), for travel to a foreign country, the following provisions apply:

10 (a) All elected state officials, all appointed members of boards, commissions, and councils, all
11 department directors, and all other state employees must be reimbursed as follows:

12 (i) \$7 for the morning meal, \$11 for the midday meal, and \$18 for the evening meal; and

13 (ii) \$155 per night for lodging.

14 (b) All claims for meal and lodging reimbursement allowed under this subsection (4) must be
15 documented by an appropriate receipt.

16 (5) When other than commercial, nonreceiptable lodging facilities are used by a state official or employee
17 while conducting official state business in a travel status, the amount of \$12 is authorized for lodging expenses
18 for each day in which travel involves an overnight stay in lieu of the amount authorized in subsection (1) or (2)(a).
19 However, when overnight accommodations are provided at the expense of a government entity, reimbursement
20 may not be claimed for lodging.

21 (6) The actual cost of reasonable transportation expenses and other necessary business expenses
22 incurred by a state official or employee while in an official travel status is subject to reimbursement.

23 (7) The provisions of this section may not be construed as affecting the validity of 5-2-301.

24 (8) The department of administration shall establish policies necessary to effectively administer this
25 section for state government.

26 (9) All commercial air travel must be by the least expensive class service available.

27 (10) When the actual cost of meals exceeds the maximum standard allowed pursuant to subsection (1),
28 the department of administration may authorize the actual cost of meals for firefighters.

29 (11) For the purposes of implementing subsection (10), the following definitions apply:

30 (a) "Firefighter" means a firefighter who is employed by the department of natural resources and

1 conservation and who is directly involved in the suppression of a wildfire in Montana.

2 (b) "Wildfire" means an unplanned, unwanted fire burning uncontrolled and consuming vegetative fuels."

3

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

5 **"2-18-703. (Temporary) Contributions.** (1) Except as provided in subsection (2)(b), each agency, as
6 defined in 2-18-601, and the state compensation insurance fund shall contribute the amount specified in this
7 section toward the group benefits cost.

8 (2) (a) Except as provided in ~~subsection~~ subsections (2)(b) and (2)(d), for employees defined in 2-18-701
9 and for members of the legislature, the employer contribution for group benefits is \$1,054 a month ~~from January~~
10 ~~2017 through December 2019~~.

11 (b) The approving authority, as defined in 17-7-102, may direct a state agency to suspend the employer
12 contribution for state employee group benefits described in subsections (1) and (2)(a) for a period of up to 2
13 months.

14 (c) (i) Except as provided in subsection (2)(c)(ii), for the purposes of this subsection (2), "state agency"
15 means a state entity that pays the employer contribution for state employee group benefits.

16 (ii) The term does not include the Montana university system.

17 (d) For employees defined in 2-18-701 and for members of the legislature, beginning January 2020 and
18 for each succeeding month, the cost of group benefits, including both the employer and employee contributions
19 for group benefits and health flexible spending accounts, may not exceed the monthly amount for self-only
20 coverage and coverage other than self-only that will trigger the excise tax under 26 U.S.C. 4980I, including any
21 cost-of-living adjustments under 26 U.S.C. 4980I. This section limits contributions for group benefits only to the
22 extent needed to avoid triggering the excise tax under 26 U.S.C. 4980I.

23 (e) ~~For~~ Except as provided in subsection (2)(f), for employees of the Montana university system, the
24 employer contribution for group benefits is \$1,054 a month ~~from July 2016 through the earlier of:~~

25 ~~— (i) June 2020; or~~

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

27 (f) For employees of the Montana university system, beginning the earlier of July 2020 or the first month
28 in 2020 in which the excise tax under 26 U.S.C. 4980I applies, and for each succeeding month, the cost of group
29 benefits, including both the employer and employee contributions for group benefits and health flexible spending
30 accounts, may not exceed the monthly amount for self-only coverage and coverage other than self-only that will

1 trigger the excise tax under 26 U.S.C. 4980I, including any cost-of-living adjustments under 26 U.S.C. 4980I. This
2 section limits contributions for group benefits only to the extent needed to avoid triggering the excise tax under
3 26 U.S.C. 4980I.

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

12 (ii) Payments required under this subsection (2)(g) may be suspended if a state agency is directed to
13 suspend the employer contribution for the state employee group benefit plan pursuant to subsection (2)(b).

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

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

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

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

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

29 (iii) If a political subdivision has made contributions for group benefits but has not previously levied for
30 contributions in excess of the base contribution, the political subdivision's base is determined by multiplying the

1 average annual contribution for each employee at the beginning of the fiscal year immediately preceding the year
 2 in which the levy will first be levied times the number of employees for whom the employer made contributions
 3 for group benefits under 2-9-212 in that fiscal year.

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

7 (6) Except as provided in subsection (2)(b), unused employer contributions for any government
 8 employee may be transferred to an account established for this purpose by a self-insured government and upon
 9 transfer may be used to offset losses occurring to the group of which the employee is eligible to be a member
 10 or to increase the reserves of the group.

11 (7) The laws prohibiting discrimination on the basis of marital status in Title 49 do not prohibit bona fide
 12 group insurance plans from providing greater or additional contributions for insurance benefits to employees with
 13 dependents than to employees without dependents or with fewer dependents. (Terminates June 30, 2019--sec.
 14 5, Ch. 3, Sp. L. November 2017.)

15 **2-18-703. (Effective July 1, 2019) Contributions.** (1) Each agency, as defined in 2-18-601, and the
 16 state compensation insurance fund shall contribute the amount specified in this section toward the group benefits
 17 cost.

18 (2) (a) ~~For~~ Except as provided in subsection (2)(b), for employees defined in 2-18-701 and for members
 19 of the legislature, the employer contribution for group benefits is \$1,054 a month ~~from January 2017 through~~
 20 ~~December 2019.~~

21 (b) For employees defined in 2-18-701 and for members of the legislature, beginning January 2020 and
 22 for each succeeding month, the cost of group benefits, including both the employer and employee contributions
 23 for group benefits and health flexible spending accounts, may not exceed the monthly amount for self-only
 24 coverage and coverage other than self-only that will trigger the excise tax under 26 U.S.C. 4980I, including any
 25 cost-of-living adjustments under 26 U.S.C. 4980I. This section limits contributions for group benefits only to the
 26 extent needed to avoid triggering the excise tax under 26 U.S.C. 4980I.

27 (c) ~~For~~ Except as provided in subsection (2)(d) employees of the Montana university system, the
 28 employer contribution for group benefits is \$1,054 a month ~~from July 2016 through the earlier of:~~

29 ~~— (i) June 2020; or~~

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

1 (d) For employees of the Montana university system, beginning the earlier of July 2020 or the first month
2 in 2020 in which the excise tax under 26 U.S.C. 4980I applies, and for each succeeding month, the cost of group
3 benefits, including both the employer and employee contributions for group benefits and health flexible spending
4 accounts, may not exceed the monthly amount for self-only coverage and coverage other than self-only that will
5 trigger the excise tax under 26 U.S.C. 4980I, including any cost-of-living adjustments under 26 U.S.C. 4980I. This
6 section limits contributions for group benefits only to the extent needed to avoid triggering the excise tax under
7 26 U.S.C. 4980I.

8 (e) If a state employee is terminated to achieve a reduction in force, the continuation of contributions for
9 group benefits beyond the termination date is subject to negotiation under 39-31-305 and to the protections of
10 2-18-1205. Permanent part-time, seasonal part-time, and temporary part-time employees who are regularly
11 scheduled to work less than 20 hours a week are not eligible for the group benefit contribution. An employee who
12 elects not to be covered by a state-sponsored group benefit plan may not receive the state contribution. A portion
13 of the employer contribution for group benefits may be applied to an employee's costs for participation in Part B
14 of medicare under Title XVIII of the Social Security Act, as amended, if the state group benefit plan is the
15 secondary payer and medicare the primary payer.

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

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

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

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

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

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

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

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

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

15
 16 **NEW SECTION. Section 4. Appropriations.** (1) The following money for the indicated fiscal years is
 17 appropriated to the listed agencies to implement the adjustments provided in 2-18-303:

18 Fiscal Year 2020

	General	State	Federal	Proprietary
	Fund	Special	Special	
19 Legislative	\$72,641	\$14,980		
20 Consumer Counsel		\$3,518		
21 Judicial	\$240,799	\$7,278	\$238	
22 Executive	\$3,000,033	\$2,274,690	\$1,640,312	\$55,267
23 University	\$1,520,866		\$39,446	
24 Total	\$4,834,338	\$2,300,465	\$1,679,997	\$55,267

25 Fiscal Year 2021

	General	State	Federal	Proprietary
	Fund	Special	Special	
26 Legislative	\$217,091	\$44,768		

1	Consumer Counsel		\$10,512		
2	Judicial	\$719,639	\$21,751	\$711	
3	Executive	\$8,965,747	\$6,798,023	\$4,902,155	\$165,169
4	University	\$4,545,183		\$117,887	
5	Total	\$14,447,660	\$6,875,054	\$5,020,753	\$165,169

6 (2) The appropriations in subsection (1) to the Montana university system are intended solely for the
 7 purpose of increasing employee pay consistent with the provisions in 2-18-303.

8 (3) The following money for the indicated fiscal years is appropriated for fiscal year 2020 and fiscal year
 9 2021 to the listed agencies to implement the adjustments provided in 2-18-501:

10		General	State	Federal	Proprietary
11		Fund	Special	Special	
12	Legislative	\$5,981	\$406		
13	Consumer Counsel		\$135		
14	Judicial	\$8,085	\$718		
15	Executive	\$116,149	\$336,066	\$210,866	\$3,920
16	University	\$26,074		\$859	
17	Total	\$156,289	\$337,325	\$211,725	\$3,920

18 (4) The following money is appropriated for the biennium beginning July 1, 2019, to the office of budget
 19 and program planning from the designated state fund, to be distributed to agencies when personnel vacancies
 20 do not occur, retirement costs exceed agency resources, or other contingencies arise:

21	General Fund	\$2,000,000
22	State Special Revenue	\$700,000
23	Federal Special Revenue	\$250,000
24	Proprietary Funds	\$50,000

25 (5) For the biennium beginning July 1, 2019, there is appropriated \$75,000 from the general fund to the
 26 department of administration for a labor-management training initiative.

27

28 **NEW SECTION. Section 5. Effective date.** [This act] is effective July 1, 2019.

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