



# Montana State Legislative Branch

66th Legislature

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To: Leadership of the Legislative Council, Legislative Audit Committee, and Legislative Finance Committee

From: Susan B. Fox, Executive Director of the Legislative Services Division *SBF*  
Angus Maciver Legislative Auditor *Am*  
Amy Carlson Legislative Fiscal Analyst *AC*

RE: Legislative Branch Personal Services costs in the 2023 Biennium

Each of the divisions within the legislative branch are experiencing different employee pay challenges. The Fiscal Division and the Audit Division are experiencing competitive pay issues that threaten the ability of each of these divisions to provide expected levels of service to the legislature. Compression of pay between senior staff and more recently hired staff is especially challenging within the Legislative Services Division, but also a concern within the other two divisions. In addition to pay, retirement payout costs are on the horizon.

Potential full retirements in the next biennium for the branch total about \$800,000, with over half of that amount in the Services Division, with the remainder split between Audit and Fiscal Divisions. Traditionally the retirement costs are paid for through either: 1) vacancy savings by keeping positions open while you are refilling the position and by hiring at the entry salary which is typically lower than the salary of the person leaving; or 2) the retirement reserve account which currently has no funding.

Salary compression occurs across the branch. Staff that are in the same position for extended periods receive statutory pay increases and have less opportunity for market or merit increases. In some positions newly hired staff have opportunity for advancement through the career ladders, but pay typically stalls in positions without career ladders or when a person has been in the highest rung of the ladder for several years. Legislative Services especially has concerns in this area.

The competitive salary issues within the Fiscal Division (LFD) and the Audit Division (LAD) have resulted in high turnover in both divisions. The Audit Division has documented that the average employee moving from Audit to the executive branch garners an extra \$10,610 per year base salary increase. The Fiscal Division has documented the average employee moving from Fiscal to the executive branch garners an extra \$8,149 per year base salary increase. In addition, the private sector has recruited from the Audit and Fiscal Divisions, but salary comparisons are not available to the private sector jobs.

In order to address these concerns, we respectfully request:

- 1) The three administrative committees each review pay considerations within the division they oversee and make recommendations to the 2021 legislative session.
- 2) A one-time deposit to the retirement reserve of \$300,000 from the general fund for use by the three divisions for retirement costs be recommended to the 2021 session.

We understand that the current budget is uncertain and would appreciate the opportunity to advance a proposal given the long-term needs of the branch. We each have background details that describe the pay challenges that each division faces and are ready to work with the committees to develop specific pay proposals or a placeholder to be submitted to the joint subcommittee and full legislature for final determination.

We appreciate the opportunity we have in serving the legislature, and we look forward to working with you to continue to improve branch employment stability through this process.