

State Administration and Veterans Affairs Committee

October 29, 2009

Employee Pay in Montana's Executive Branch

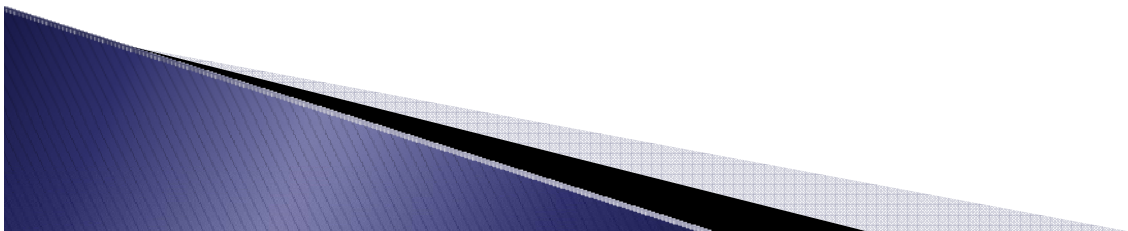
Presented by the State Human Resources Division

Paula Stoll, Administrator

444-3789

Presentation Outline

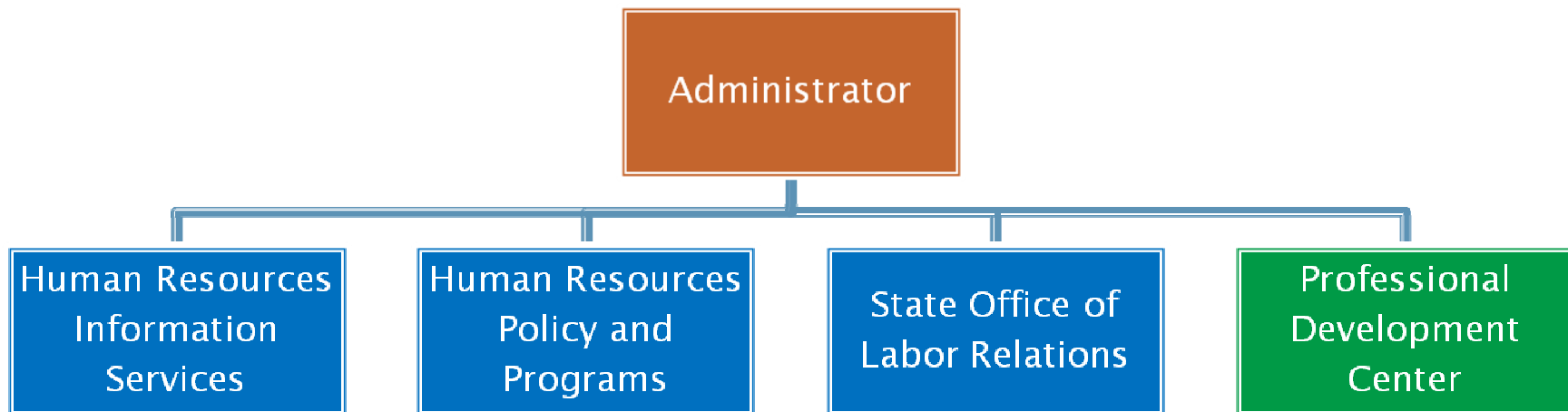
1. Roles, functions and authority of State Human Resources Division
2. State Employee Profile
3. Pay categories within the executive branch
4. The broadband pay plan



Part One:

Roles, function and authority of State Human Resources Division

State Human Resources Division Organizational Chart



Human Resources Information Systems Bureau

Processes, distributes, reports and accounts payroll, benefits and associated withholdings and deductions for over 13,000 state employees in the executive, legislative, and judicial branches.

- ▶ Payroll
- ▶ Benefits eligibility processing
- ▶ Reports on employee pay, employee demographics, leaves, balances and accruals, longevity, union status, etc.

Randy Morris, Chief
444-3894

State Employees Paid Through SABHRS

Branch of Government	Approximate Number of Employees
Executive*	
Broadband Pay Plan	10,600
Blue Collar Pay Plan	900
Not Covered Under Title 2	500
Legislative	100
Judicial	400

*Excludes employees of the Montana University System

Pay Analysis Contacts

Executive Branch	
Peggy Davis (Title 2)	444-3879
Kevin McRae (Montana University System)	444-0327
Rick Duane (Montana State Fund)	444-6511
Legislative Branch	
Kelly DaSilva	444-3230
Judicial Branch	
Beth McLaughlin	841-2966

HR Policies and Programs Bureau

Sets the minimum standards and policies for Montana's executive branch

- ▶ Recruitment and selection
- ▶ Discipline handling
- ▶ Classification and compensation
- ▶ Holiday, sick and annual leave policies

Peggy Davis, Chief
444-3879

State Office of Labor Relations

Represents the Governor's office in all collective bargaining matters

- ▶ Negotiates biennial pay and benefit increases
- ▶ Bargains individual collective bargaining agreements for state agencies
- ▶ Assists state agencies in administering collective bargaining agreements
- ▶ Represents state government in administrative proceedings and grievance arbitrations

Paula Stoll, Chief Negotiator
444-3789

House Bill 13 – “The State Employee Pay Bill”

- ▶ Revises 2-18-303 and 2-18-703 to reflect the negotiated biennial pay and benefits settlement for the 11,500 covered employees.
- ▶ Contains a like appropriation and/or spending authority for the other governmental entities not covered under 2-18-303.

Part Two: The State Employee Profile

Average Executive Branch Employee

- ▶ 47 years of age
- ▶ 49.9% women, 50.1% male
- ▶ Possesses an undergraduate degree or equivalent education and experience
- ▶ Has worked for state government for 11 years
- ▶ Earns \$42,742 annually



Part Three: Three Pay Categories in Montana's Executive Branch

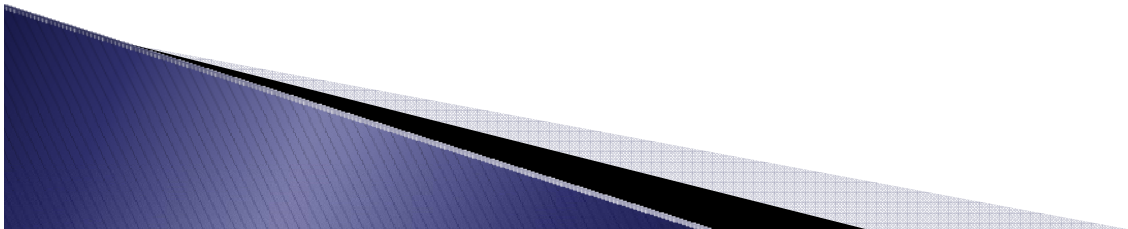
Pay Categories within the Executive Branch

- ▶ Broadband pay plan covers 10,600 employees
- ▶ Blue collar pay plan covers 900 employees
- ▶ Exempt employees
 - Employees of Montana university system
 - Employees of the Montana State Fund
 - Elected officials and their appointed staff
 - Others specifically identified under Section 2-18-103 and 104, MCA

Part Four: The Broadband Pay Plan

History and Purpose

- ▶ Formerly known as *The Alternative Pay Plan* or *Pay Plan 020*
- ▶ First implemented in 1997 as an alternative to the 1975 classification and pay plan
- ▶ Implemented as the executive branch's primary pay plan in 2007
- ▶ Designed to give executive branch agencies more flexibility in designing their own plans – or “agency pay plan rules”
- ▶ Not a “market based” pay plan



2009 House Bill 13 Changes

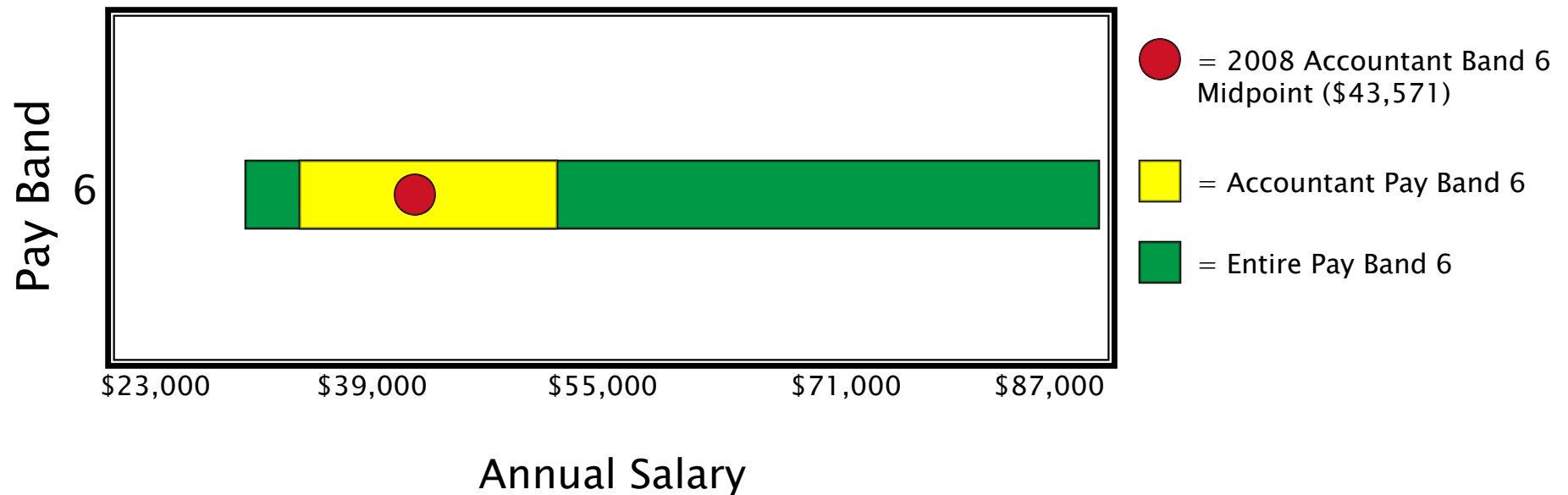
- ▶ Removed any references to a “market-based” pay plan
- ▶ Replaced “occupational pay ranges” with “competitive pay zones”
- ▶ Clarified the Montana state government’s pay plan is a *broadband pay plan* – and not a *market-based pay plan*
- ▶ Clarified the minimum pay an employee can receive is the minimum pay for their position’s pay band – not the entry pay assigned to the occupational pay range
- ▶ Eliminated obsolete, unnecessary, redundant, and inconsistent terms and provisions

Plan Design

Allows state agencies the flexibility to develop their pay plan rules using any combination of pay strategies within broad statutory and policy provisions.

	Hourly		Annual	
Pay Band	Minimum Base Salary	Maximum Base Salary	Minimum Base Salary	Minimum Base Salary
01	\$7.88	\$14.76	\$16,400	\$30,709
02	\$7.54	\$18.27	\$15,702	\$38,057
03	\$9.40	\$21.12	\$19,552	\$43,935
04	\$11.23	\$24.85	\$23,359	\$51,693
05	\$12.25	\$34.86	\$25,480	\$72,502
06	\$14.70	\$41.86	\$30,576	\$87,073
07	\$18.78	\$54.75	\$39,057	\$113,870
08	\$24.49	\$66.23	\$50,939	\$137,766
09	\$40.11	\$111.02	\$83,421	\$230,977

Example: Accountant Band 6



Authorized Pay Components or “Pay Strategies”

Competency

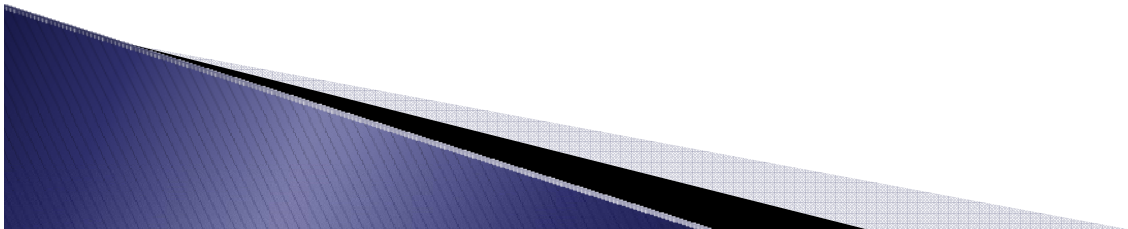
Market

Performance

Results

Situational

Strategic



Main Features of the State's Biennial Salary Survey

- ▶ Conducted biennially by the State Human Resources Division
- ▶ Mandated by law under MCA, 2-18-301
- ▶ A measuring stick for determining Montana state government's overall competitiveness
- ▶ Intended as an external reference tool – not a control point
- ▶ Identifies a median base pay for every occupation covered by the broadband pay plan
- ▶ Significantly revised in 2008 as a result of recommendations from the State Pay Task Force and Legislative Audit Division

2008 Revisions to the Biennial Salary Survey

- ▶ Involve agency representatives
- ▶ Use a two-tiered approach to determine the relevant labor market
- ▶ Use regional salary information for the standard market analysis
- ▶ Replace the purchased survey from Watson Wyatt Worldwide with Salary.com
- ▶ Use the median instead of the average or the mean
- ▶ Age older survey data

2008 Salary Survey Results

- ▶ Executive branch employees median base pay lagged 8 percent behind their counterparts in the external labor market
- ▶ Using the previous survey approach (the average and not the median), state government would fall behind the external market by 5.5 percent
- ▶ When comparing total compensation (pay and benefits), we can expect to be 4 to 5 percent behind the labor market.