

SENATE BILL NO. 294

INTRODUCED BY S. FITZPATRICK

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4 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING LAWS RELATED TO STATE  
5 GOVERNMENT PAY PLANS; ELIMINATING PAY BANDS; REQUIRING AN EMPLOYEE'S COMPENSATION  
6 TO FALL WITHIN THE OCCUPATIONAL WAGE RANGE OF AN EMPLOYEE'S OCCUPATION; PROVIDING  
7 DEFINITIONS RELATED TO COMPENSATION; REQUIRING THE OFFICE OF BUDGET AND PROGRAM  
8 PLANNING TO REVIEW AND APPROVE CHANGES TO AN AGENCY'S CLASSIFICATION OF AN  
9 OCCUPATION OR ITS RELATED JOB EVALUATION FACTORS; ALLOWING IMPLEMENTATION OF A PAY  
10 PLAN TO BE A NEGOTIABLE TERM FOR A COLLECTIVE BARGAINING UNIT; AMENDING SECTIONS  
11 2-18-101, 2-18-102, 2-18-203, 2-18-301, 2-18-303, 2-18-1011, 2-18-1107, 2-18-1204, 13-37-106, AND 15-2-102,  
12 MCA; AND PROVIDING AN EFFECTIVE DATE."

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

15  
16 **Section 1.** Section 2-18-101, MCA, is amended to read:

17 **"2-18-101. Definitions.** As used in parts 1 through 3 and part 10 of this chapter, the following definitions  
18 apply:

19 (1) "Agency" means a department, board, commission, office, bureau, institution, or unit of state  
20 government recognized in the state budget.

21 (2) "Base salary" means the amount of compensation paid to an employee, excluding:

22 (a) state contributions to group benefits provided in 2-18-703;

23 (b) overtime;

24 (c) fringe benefits as defined in 39-2-903; and

25 (d) the longevity allowance provided in 2-18-304.

26 (3) "Benchmark" means a representative position in a specific occupation that is used to illustrate the  
27 application of the job evaluation factor used to ~~determine the pay band for an~~ classify the occupation.

28 (4) "Blue collar pay plan" means a strictly negotiated classification and pay plan consisting of unskilled  
29 or skilled labor, trades, and crafts occupations.

30 ~~(4)~~(5) "Board" means the board of personnel appeals established in 2-15-1705.

1           ~~(5)(6)~~ "Broadband classification plan" means a job evaluation method that measures the difficulty of the  
2 work and the knowledge or skills required to perform the work.

3           ~~(6)(7)~~ "Broadband pay plan" means a pay plan using a pay hierarchy of ~~broad pay bands~~ based on the  
4 ~~broadband~~ a classification plan, including market midpoint and occupational wage ranges.

5           ~~(7)(8)~~ "Compensation" means the annual or hourly wage or salary and includes the state contribution  
6 to group benefits under the provisions of 2-18-703.

7           ~~(8)(9)~~ "Competencies" means sets of measurable and observable knowledge, skills, and behaviors that  
8 contribute to success in a position.

9           ~~(9)~~ "Competitive pay zone" means that portion of the pay range for a band level of an occupation that  
10 is most consistent with the pay being offered by competing employers for fully competent employees within that  
11 occupation.

12           (10) "Department" means the department of administration created in 2-15-1001.

13           (11) (a) Except in 2-18-306, "employee" means any state employee other than an employee excepted  
14 under 2-18-103 or 2-18-104.

15           (b) The term does not include a student intern.

16           ~~(12)~~ "Entry salary" means a salary that is at least the occupational wage range minimum base salary for  
17 each occupation. The term does not include compensation for training assignments of less than 1 year.

18           ~~(12)(13)~~ "Job evaluation factor" means a measure of the complexities of the predominant duties of a  
19 position.

20           ~~(13)(14)~~ "Job sharing" means the sharing by two or more persons of a position.

21           ~~(14)(15)~~ "Market salary" "Market midpoint" means the median base salary that other employers pay to  
22 employees in comparable occupations as determined by the department's salary survey of the relevant labor  
23 market.

24           ~~(15)(16)~~ "Occupation" means a generalized family of positions having substantially similar duties and  
25 requiring similar qualifications, education, and experience.

26           ~~(16)~~ "Pay band" means ~~a wide salary range covering a number of different occupations.~~

27           (17) "Occupational wage range" means a range of pay, including a minimum, market midpoint, and  
28 maximum salary, for a specific occupation that is most consistent with the pay being offered by competing  
29 employers for fully competent employees within that occupation.

30           (18) "Pay progression" means a process by which an employee's compensation may be increased, based

1 on improved competency, to bring the employee's compensation to a higher rate within the occupational wage  
 2 range of the employee.

3 ~~(17)~~(19) "Permanent employee" means an employee who is designated by an agency as permanent and  
 4 who has attained or is eligible to attain permanent status.

5 ~~(18)~~(20) "Permanent status" means the state an employee attains after satisfactorily completing an  
 6 appropriate probationary period.

7 ~~(19)~~(21) "Personal staff" means those positions occupied by employees appointed by the elected officials  
 8 enumerated in Article VI, section 1, of the Montana constitution or by the public service commission as a whole.

9 ~~(20)~~(22) "Position" means a collection of duties and responsibilities currently assigned or delegated by  
 10 competent authority, requiring the full-time, part-time, or intermittent employment of one person.

11 ~~(24)~~(23) "Program" means a combination of planned efforts to provide a service.

12 ~~(22)~~(24) "Seasonal employee" means a permanent employee who is designated by an agency as  
 13 seasonal, who performs duties interrupted by the seasons, and who may be recalled without the loss of rights  
 14 or benefits accrued during the preceding season.

15 ~~(23)~~(25) "Short-term worker" means a person who:

- 16 (a) is hired by an agency for an hourly wage established by the agency;
- 17 (b) may not work for the agency for more than 90 days in a continuous 12-month period;
- 18 (c) is not eligible for permanent status;
- 19 (d) may not be hired into another position by the agency without a competitive selection process; and
- 20 (e) is not eligible to earn the leave and holiday benefits provided in part 6 of this chapter or the group  
 21 insurance benefits provided in part 7 of this chapter.

22 ~~(24)~~(26) "Student intern" means a person who:

- 23 (a) has been accepted in or is currently enrolled in an accredited school, college, or university and is  
 24 hired directly by an agency in a student intern position;
- 25 (b) is not eligible for permanent status;
- 26 (c) is not eligible to become a permanent employee without a competitive selection process;
- 27 (d) must be covered by the hiring agency's workers' compensation insurance;
- 28 (e) is not eligible to earn the leave and holiday benefits provided for in part 6 of this chapter or the group  
 29 insurance benefits provided in part 7 of this chapter; and
- 30 (f) may be discharged without cause.

1           ~~(25)~~(27) "Telework" means a flexible work arrangement where a designated employee may work from  
 2 home within the state of Montana or an alternative worksite within the state of Montana 1 or more days a week  
 3 instead of physically traveling to a central workplace.

4           ~~(26)~~(28) "Temporary employee" means an employee who:

5           (a) is designated as temporary by an agency for a definite period of time not to exceed 12 months;

6           (b) performs temporary duties or permanent duties on a temporary basis;

7           (c) is not eligible for permanent status;

8           (d) is terminated at the end of the employment period; and

9           (e) is not eligible to become a permanent employee without a competitive selection process."

10

11           **Section 2.** Section 2-18-102, MCA, is amended to read:

12           **"2-18-102. Personnel administration -- general policy setting -- and oversight.** (1) Except as  
 13 otherwise provided by law or collective bargaining agreement, the department shall:

14           (a) ~~encourage and~~ exercise leadership in the development of effective personnel administration within  
 15 the several agencies in the state and make available the facilities of the department to this end;

16           (b) foster and develop programs for recruitment and selection of capable persons for employment and  
 17 for the improvement of employee effectiveness, including training, ethical conduct, safety, health, counseling,  
 18 welfare, discipline, grievances, and evaluation for productivity and retention in permanent status;

19           (c) foster, develop, and promote job sharing in agencies;

20           (d) investigate from time to time the operation and effect of parts 1 and 2 of this chapter and the policies  
 21 made under those parts and report the findings and recommendations to the governor;

22           (e) establish policies, procedures, and forms for the maintenance of records of all employees in the state  
 23 service;

24           (f) apply and carry out parts 1 and 2 and the policies under those parts and perform any other lawful acts  
 25 that may be necessary or desirable to carry out the purposes and provisions of parts 1 and 2.

26           (2) The department may delegate authority granted to it under parts 1 and 2 to agencies in the state  
 27 service that effectively demonstrate the ability to carry out the provisions of parts 1 and 2, provided that the  
 28 agencies remain in compliance with policies, procedures, timetables, and standards established by the  
 29 department.

30           (3) The department shall develop and issue personnel policies for the state and shall adopt policies or

1 rules to implement this part, except 2-18-111. Adequate public notice must be given to all interested parties of  
 2 proposed changes or additions to the personnel policies before the date on which they are to take effect. If  
 3 requested by any of the affected parties, the department shall schedule a public hearing on proposed changes  
 4 or additions to the personnel policies before the date on which they are to take effect.

5 (4) The department shall develop model rules of conduct for all state employees based upon the  
 6 provisions of Title 2, chapter 2. The department shall provide employees with a pamphlet summarizing the  
 7 provisions of Title 2, chapter 2. Each state agency shall adopt the model rules of conduct and additional rules  
 8 appropriate to the specific circumstances of the agency.

9 (5) Except as otherwise provided by law, the office of budget and program planning shall:

10 (a) review and approve any proposed changes to the classification of an occupation or its related job  
 11 evaluation factors;

12 (b) ensure each agency compensates its employees within the parameters of the occupational wage  
 13 range for each occupation; and

14 (c) provide a report in an electronic format to the legislative finance committee identifying any agency  
 15 that provides a base salary for an employee outside of the parameters of the occupational wage range for the  
 16 employee's occupation and the reasons for the differences.

17 (6) An agency may not change the classification of an occupation or its related job evaluation factors until  
 18 the agency submits the proposed changes to and receives approval from the office of budget and program  
 19 planning."

20

21 **Section 3.** Section 2-18-203, MCA, is amended to read:

22 **"2-18-203. Review of positions -- ~~change in pay band allocation.~~** (1) The department shall review  
 23 the job evaluation factor of positions on a regular basis and may adjust the occupations for the positions to reflect  
 24 significant changes in duties and responsibilities. If adjustments are to be made to benchmarks or criteria used  
 25 for ~~allocating~~ classifying positions to ~~pay bands~~ affecting employees within a bargaining unit, the department shall  
 26 consult with the representative of the bargaining unit prior to implementation of the adjustments, except for  
 27 positions factored in the blue-collar pay plan, which must remain a mandatory negotiable item under Title 39,  
 28 chapter 31.

29 (2) Employees and employee organizations must be given the opportunity to appeal ~~the allocation or~~  
 30 ~~reallocation of a position to a pay band.~~ The pay band assigned to an occupation and benchmarks a position

1 classification. Classification standards are not appealable subjects under 2-18-1011 through 2-18-1013.

2 (3) The period of time for which retroactive pay for a ~~pay band allocation~~ compensation or classification  
3 appeal may be awarded under 2-18-1011 through 2-18-1013 or under parts 1 through 3 of this chapter may not  
4 extend beyond 30 days prior to the date on which the appeal was filed."

5

6 **Section 4.** Section 2-18-301, MCA, is amended to read:

7 **"2-18-301. Intent of part -- rules.** (1) It is the intent of the legislature that compensation plans for state  
8 employees, excluding those employees excepted under 2-18-103 or 2-18-104, be based, in part, on an analysis  
9 of the labor markets as provided by the department in a biennial salary survey. The salary survey must be  
10 submitted to the office of budget and program planning as a part of the information required by 17-7-111.

11 (2) Pay adjustments, if any, provided for in 2-18-303 supersede any other plan or systems established  
12 through collective bargaining after the adjournment of the legislature.

13 (3) Total funds required to implement the pay increases, if any, provided for in 2-18-303 for any  
14 employee group or bargaining unit may not be increased through collective bargaining over the amount  
15 appropriated by the legislature.

16 (4) ~~The~~ When fiscally able, the department shall administer the pay program established by the  
17 legislature on the basis of competency, ~~internal equity, and competitiveness to the external labor market when~~  
18 fiscally able, pay progression, and other nondiscriminatory factors, while considering pay relationships within an  
19 agency or pay unit.

20 (5) The broadband pay plan must consist of ~~nine pay bands~~ occupational wage ranges based on an  
21 occupation and its job evaluation factor. Each ~~pay band~~ occupational wage range must contain a salary range  
22 with a minimum, ~~salary market midpoint,~~ and a maximum salary.

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

24 (a) identify current market ~~rates~~ midpoints for all occupations; and

25 (b) establish ~~salary ranges for each pay band~~ the occupational wage range for each occupation; ~~and~~

26 ~~— (c) recommend competitive pay zones.~~

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

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

1

2           **Section 5.** Section 2-18-303, MCA, is amended to read:

3           **"2-18-303. Procedures for administering broadband pay plan.** (1) On the first day of the first  
4 complete pay period in fiscal year ~~2016~~ 2018, each employee is entitled to the amount of the employee's base  
5 salary as it was on June 30, ~~2015~~ 2017.

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

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

10           (3) Effective on the first day of the first complete pay period that includes January 15, 2016, the base  
11 salary of each employee must be increased by 50 cents an hour. Effective on the first day of the first complete  
12 pay period that includes January 15, 2017, the base salary of each employee must be increased by 50 cents an  
13 hour.

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

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

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

23           (5) (a) Montana highway patrol officer base salaries must be established through the broadband pay  
24 plan. Before January 1 of each odd-numbered year, the department shall, after seeking the advice of the Montana  
25 highway patrol, conduct a salary survey to be used in establishing the base salary for existing and entry-level  
26 highway patrol officer positions. The county sheriff's offices in the following consolidated governments and  
27 counties are the labor market for purposes of the survey: Butte-Silver Bow, Cascade, Yellowstone, Missoula,  
28 Lewis and Clark, Gallatin, Flathead, and Dawson. The base salary for existing and entry-level highway patrol  
29 officer positions must then be determined by the department of justice, using the results of the salary survey and  
30 the department of justice pay plan guidelines. Base or biennial salary increases under this subsection are

1 exclusive of and not in addition to any increases otherwise awarded to other state employees after July 1, 2006.

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

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

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

8

9 **Section 6.** Section 2-18-1011, MCA, is amended to read:

10 **"2-18-1011. ~~Pay band allocation~~ Classification or compensation grievance -- retaliation -- hearing**  
11 **on complaint.** (1) An employee or the employee's representative affected by the implementation of parts 1  
12 through 3 of this chapter is entitled to file a complaint with the board of personnel appeals provided for in  
13 2-15-1705 and to be heard under the provisions of a grievance procedure to be prescribed by the board.

14 (2) Direct or indirect interference, restraint, coercion, or retaliation by an employee's supervisor or the  
15 agency for which the employee works or by any other agency of state government against an employee because  
16 the employee has filed or attempted to file a complaint with the board is also a basis for a complaint and entitles  
17 the employee to file a complaint with the board and to be heard under the provisions of the grievance procedure  
18 prescribed by the board.

19 (3) An action that attempts to revise the determination of ~~a pay band~~ an employee's classification and  
20 that involves an employee exercising a right conferred by 2-18-1011 through 2-18-1013 in a way that would  
21 adversely affect the employee prior to final resolution or entry of a final order with respect to the action is  
22 presumed to be interference, restraint, coercion, or retaliation prohibited by subsection (2) unless the review was  
23 commenced or scheduled prior to filing of the appeal and was not prompted by the grievance appealed from. The  
24 presumption is rebuttable."

25

26 **Section 7.** Section 2-18-1107, MCA, is amended to read:

27 **"2-18-1107. Salary increase based on elimination of position.** An agency head, as defined in  
28 2-18-1101, may, with the approval of the approving authority, as defined in 17-7-102, increase the salary for one  
29 or more positions in the agency by the amount of the salary for a position that was permanently eliminated by the  
30 agency within the last 30 days. However, an increased salary may not exceed the market ~~salary~~ midpoint for that



1 position determined under Title 2, chapter 18, part 3. If an eliminated position's salary is redistributed under this  
 2 section, the agency may not be given an increased appropriation in regard to the eliminated position under  
 3 2-15-112(2)(e). An increase for an employee who is in a collective bargaining unit is a negotiable subject under  
 4 39-31-305."

5

6 **Section 8.** Section 2-18-1204, MCA, is amended to read:

7 **"2-18-1204. Salary and benefits protection -- employee transfer.** An employee whose position is  
 8 eliminated as a result of privatization, reorganization of an agency, closure of or a reduction in force at an agency,  
 9 or other actions by the legislature and who is subsequently transferred to a different position in a state agency  
 10 is entitled to:

11 (1) the same hourly salary as previously received if the new position is ~~in the same competitive pay zone~~  
 12 the same classification or higher as the one previously held;

13 (2) retain all accrued sick leave credits;

14 (3) retain, cash out, or use accrued vacation leave credits to extend the employee's effective layoff date;

15 and

16 (4) relocation expenses as provided in agency policy."

17

18 **Section 9.** Section 13-37-106, MCA, is amended to read:

19 **"13-37-106. Salary.** ~~(1) The commissioner of political practices is entitled to receive a salary within the~~  
 20 ~~pay band, as defined in 2-18-101, determined by the department of administration as provided in subsection (4).~~

21 ~~(2)(1)~~ (1) The commissioner of political practices is ~~also~~ entitled to longevity, expense reimbursement, leave,  
 22 insurance, and other benefits provided to classified state employees under Title 2, chapter 18.

23 ~~(3)(2)~~ (2) The salary of the commissioner may not be reduced during the term for which the commissioner  
 24 is appointed.

25 ~~(4)(3)~~ (3) The department of administration shall determine the appropriate occupation ~~and pay band~~ for  
 26 the commissioner of political practices in the same manner that it determines the occupation ~~and pay band~~ for  
 27 employees in state government pursuant to Title 2, chapter 18.

28 ~~(5)(4)~~ (4) The governor shall set the salary of the commissioner of political practices within the ~~pay band~~  
 29 occupational wage range for the occupation established by the department of administration.

30 ~~(6)(5)~~ (5) The commissioner of political practices must receive pay adjustments consistent with those

1 required by the legislature for state employees in 2-18-303 and 2-18-304."  
2

3 **Section 10.** Section 15-2-102, MCA, is amended to read:

4 **"15-2-102. Qualification and compensation.** (1) To be appointed a member of the state tax appeal  
5 board, a person shall possess knowledge of the subject of taxation and skill in matters relating to taxation. A  
6 member may not hold any other state office or any office under the government of the United States or under the  
7 government of any other state. The person shall devote the entire time to the duties of the office and may not hold  
8 any other position of trust or profit or engage in any occupation or business interfering or inconsistent with the  
9 person's duties. The state tax appeal board is attached to the department of administration for administrative  
10 purposes only as provided in 2-15-121. However, the board may hire its own personnel, and 2-15-121(2)(d) does  
11 not apply.

12 (2) State tax appeal board members must be paid a salary within the ~~pay band, defined in 2-18-101,~~  
13 determined occupational wage range for the occupation designated by the department of administration as  
14 provided in subsection (3). State tax appeal board members must receive pay and pay adjustments consistent  
15 with those required by the legislature for state employees in 2-18-303 and 2-18-304. The member designated  
16 as presiding officer as provided for in 15-2-103 must receive an additional 5% in salary. All members of the board  
17 must receive travel expenses as provided for in 2-18-501 through 2-18-503 when away from the capital on official  
18 business.

19 (3) The department of administration shall determine the appropriate occupation ~~and pay band~~ for the  
20 state tax appeal board members in the same manner that it determines the occupation ~~and pay band~~ for  
21 employees in state government pursuant to Title 2, chapter 18.

22 (4) The governor shall set the salary of the state tax appeal board members within the ~~pay band~~  
23 occupational wage range established by the department of administration."  
24

25 **NEW SECTION. Section 11. Effective date.** [This act] is effective July 1, 2017.

26

- END -