

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 52nd LEGISLATURE - REGULAR SESSION

COMMITTEE ON STATE ADMINISTRATION

Call to Order: By CHAIR JAN BROWN, on February 1, 1991, at 5:00 p.m.

ROLL CALL

Members Present:

Jan Brown, Chair (D)
Vicki Cocchiarella, Vice-Chair (D)
Beverly Barnhart (D)
Gary Beck (D)
Ernest Bergsagel (R)
Fred "Fritz" Daily (D)
Ervin Davis (D)
Jane DeBruycker (D)
Roger DeBruycker (R)
Gary Feland (R)
Gary Forrester (D)
Patrick Galvin (D)
Harriet Hayne (R)
Betty Lou Kasten (R)
John Phillips (R)
Richard Simpkins (R)
Jim Southworth (D)
Wilbur Spring (R)
Carolyn Squires (D)

Staff Present: Sheri Heffelfinger, Legislative Council
Judy Burggraff, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Announcements:

The bills heard today will be put into a subcommittee. The members of the subcommittee are: Rep. Gary Forrester, Chairperson; Rep. Vicki Cocchiarella, Rep. Gary Beck, Rep. John Phillips and Rep. Wilbur Spring. The members will have an opportunity to ask for information from any resource person.

CHAIR BROWN said the State Employee's Pay Plan Bills had been scheduled earlier in the session because "we, as Legislators, want them to know that we are not putting them off until the end of the session this time. We want to give them consideration early." There are six bills to hear. The opponents and a back up person or two will introduce the bills before public testimony

is heard. The opening of the bills will be limited to 20 minutes each. Neither proponents nor opponents will be called, but testimony may be given as an proponent or opponent on any of the bills. This will be followed by questions from the Committee.

REP. JOHN PHILLIPS said it is obvious that 99.4 percent of the people attending the session "are looking for a pay raise." He requested the public not to clap as it is not allowed in Committee hearings.

HEARING ON HB 259

Presentation and Opening Statement by Sponsor:

REP. VICKI COCCHIARELLA, House District 59, Missoula, presented HB 259 to reinstate pay steps and provide salary adjustments for classified state employees. HB 259 would increase the amount of state contribution toward group benefits and provide shift differential pay. The bill comes from the last bargaining session with the governor and represents all employees in the state. "I am overwhelmed to see all the people." We are the ones that created this situation for state employees. In 1975, the current pay plan was created with all of its internal parts and went down the road just fine. Since then the structure of the plan has been destroyed by taking the steps from the employees for the last six years, along with no pay increases. Everyone has been hurt. Rep. Cocchiarella distributed information on HB 259. EXHIBIT 1

Mr. Jim Adams, Associate Director, Montana Public Employees Association, said they spent four to five months in earnest negotiation with the administration. We made four to five proposals to the administration. We got further behind. The current pay plan has a few problems. Those problems will not magically disappear. The problem with pay is that it is too low and everybody has suffered. There has been no money allocated for state employees. As a result, state employees are holding down two jobs and some are on welfare. State employees were promised step increases. The state needs to make good on their promises.

HEARING ON HB 509

Presentation and Opening Statement by Sponsor:

REP. CHARLES SWYSGOOD, House District 73, Dillon, presented HB 509 to generally revise the laws relating to state employee compensation to reflect a market-based philosophy. HB 509 would return employees of the State Mutual Fund to the pay plan and provide pay adjustments for the other pay plans. It would provide group benefit adjustments and an appropriation of \$18,500,204 in fiscal year 1992 and \$37,056,347 in fiscal year 1993. It would articulate a market-based pay philosophy.

Informational Testimony:

Steve Johnson, Chief, State Labor Relations Bureau and Chief Negotiator for Executive Branch, State Government, Collective Bargaining, presented written informational testimony. EXHIBIT 1A

Laurie Ekanger, Administrator, State Personnel Division, presented written informational testimony. EXHIBIT 2

HEARING ON HB 502 & HB 514Presentation and Opening Statement by Sponsor:

REP. WILLIAM T. MENAHAN, House District 67, Anaconda, presented HB 502 which would provide an additional salary increase for certain state employees and HB 514 to freeze the statewide salary schedules for state employees; provide an across-the-board pay increase to employees on the statewide pay plan for each year of the biennium; provide for shift differential pay and hazardous duty pay for state employees and to repeal the statewide classification system and mandating all position classifications be negotiated; to provide that agencies may negotiate separate pay plans; to provide increases in employer contributions to group benefits; to repeal the teachers' pay schedules and provide that the Department of Institutions and the Department of Family Services adopt pay schedules for their teachers that are equal to the pay schedules of teachers in local school districts; and to provide an appropriation.

Informational Testimony:

Jim McGarvey, Montana Federation of State Employees, said the most important part of the bill is that state employees are underpaid. The bill provides for a \$3,000 base increase for fiscal year (FY) '92 and FY '93 for all 14 thousand state employees. The state will contribute an additional \$30 per month for a state sponsored benefit plan. The amount would be increased to \$50 the second year of the biennium. Shift differential: There will be \$1 per hour for each hour worked on the second shift; an additional \$2 per hour on third shift; the differential will be added to and regularly compensated and provided for in the law. Hazardous duty pay negotiation: State employee unions shall negotiate with state departments as to whether certain employees are entitled to hazardous duty pay of up to \$2 per hour added to the regular compensation provided by state law. There are no provisions for this now or for other important working conditions of state employees. A separate state pay plan within each state agency may be negotiated with state employee unions in order to address special job responsibilities within the agency such as working conditions, career progression for specialized job classes and hazardous duty pay. Institutional: Department of Family Service teachers shall be compensated at the same level as the pay schedules of the

school districts nearest the department-operated school. Teachers will be placed on an adopted pay schedule according to his or her educational training upon development of the system. Negotiations: They will be mandated for grades classifications. The most important thing that has happened since 1975. "The classification system is a fundamental contradiction to collective bargaining." The faculties at the University Systems negotiate for just the faculty; the Highway Department Craft Council negotiates for just their employees. The law should never have been changed in 1975 to take away the right to negotiate grade and classification. One classification system for 13 thousand employees does not work. Reconciliation of Problems: Departments can reconcile problems with retention and recruitment of some state positions. Separate pay matrices will be available for some positions.

HEARING ON HB 430 and HB 504

Presentation and Opening Statement by Sponsor:

REP. JERRY DRISCOLL, House District 92, Billings, presented HB 430 to repeal the state employee classification and pay plan and HB 504 to require that negotiations relating to Public Employee Collective Bargaining must commence at least one year prior to submission of the budget by the governor to the Legislature in contract negotiations. He said the bills are collective bargaining bills. He has bargained many collective bargaining bills, contracts and union negotiations. This is the first time he has bargained with a committee of the Legislature and with a gallery full of people. There is no collective bargaining in Montana. The previous bills "were not bargained with anybody; they were drafted by Legislators on behalf of state employees; there was no bargaining with the Executive branch." If the state employees accept the other bills, they will be bargaining with the Committee. The present law says, "There shall be collective bargaining prior to the budget being submitted. It didn't happen." An appointed committee went through the present pay schedule of the employees, they met, they took testimony and made a recommendation. The second bill repeals the state-wide classification and pay plan and puts it back into bargaining. If the second bill were to pass, there will be amendments submitted to the main appropriation bill for \$40 million from the General Fund and \$40 million in Special Revenues. Those people represented by the union settle what the pay plan will be; the rest of the employees of state government get the same raise. "It never varies one cent. . . . The state-wide-classification pay plan is a joke, it has outlived its usefulness. The Legislature repealed the ability to bargain a classification since the state was losing because they could not classify people. (The Legislature) passed a law that you couldn't bargain for it. When money got tight, they decided you could no longer get a step." There are few secretaries left in the state as they are all administrative assistants as it pays better. There are four kinds of custodians in the classification booklet.

Custodian one and Custodial Worker one have almost the same job description but there is a different grade assigned to each one. This was done to give those in the institutions more money. They said they were in a "different environment," but they do the same work. Games are being played with the classification plan. Too much money is being spent in contracted services. State employees cannot be hired for wages assigned to certain job descriptions as the wages are too low. The administrator of the division is then forced to contract the service to private business. If state employees could be hired at "what they are worth in the private sector," the state could save about 50 percent. Some state job classifications that pay as low as \$18 thousand a year are being paid \$32 thousand in the private sector. The pay plan is inflexible. "I have carried a pay plan every session since 1983 -- bargaining with the State Administration Committee." "You are the bargaining committee. If you want to put it back where it belongs, get rid of the pay plan . . . and you will have happy employees." Mr. McGarvey had said this is the largest negotiating committee he has ever been on in "his whole entire life. . . . I don't think this is any way to conduct business . . . as a union representative or as a taxpayer."

Testimony:

Tom Schneider, Montana Public Employees Association, said he is a member of the Governor's committee which studied pay over the last two years. He started working for state government in 1956 and has seen "every type of pay system that the state has had." None have worked very well. In 1981 the Legislature had a negotiated agreement with Governor Judge that approved a pay increase that ranged between 26 and 29 percent to deal with the inflation of the '70s. In 1991, a 29 percent salary increase is again needed to deal with the lack of salary increases of the '80s. The Pay Plan Committee (PPC) found the state was 18 percent behind as of June, '90. If you add 18 percent to the 6 percent inflation figure for '90 and 5 percent for '91, this equals 29 percent. This is more money than any bill presented tonight. Facts show pay is behind. Turnover costs the state 30 percent of personal services which is \$120 million. The state is spending this to replace people that are leaving because they cannot afford to work for the state anymore. If this was stopped, the salary increases could be paid. The PPC found that a grade 8 salary position in Montana was \$5,000 per person lower than what is paid in private industry; a grade 12 salary in Montana is \$5,500 per employee lower. These figures were established by a consultant not by a state employee. The Governor's Market Plan is not talking about comparable salaries. We are talking "midpoint." This plan will pay someone -- the average of the market -- five to seven years in the future. The Legislature must stand behind a pay system to make it work.

Philip B. Johnson, President, Helena Area Chamber of Commerce, presented written testimony. EXHIBIT 3

Julia Robinson, Director, Social & Rehabilitative Services, presented written testimony. EXHIBIT 4

Jim McGarvey, President, Montana Federation of State Employees, AFT, AFL-CIO, presented written testimony. EXHIBITS 5, 6 and 7

Joe Beausoleil, Supervisor, Technical Services Section, Information Services Division, Department of Administration, presented written testimony for HB 509. EXHIBIT 8

Patricia J. Gunderson, President, Montana Public Employees Association, presented written testimony. EXHIBIT 9

Norma Tatarka, Business Office, Montana State University, presented written testimony. EXHIBIT 10

Terry Kramer, Manager, Data Network Design Technical Services, Information Services Division, Department of Administration, presented written testimony. EXHIBIT 11

Janice Midyett, staff member, University of Montana, presented written testimony. EXHIBIT 12

Bea Steen, Department of Highways, Chair, Highway Employees Negotiation and Bargaining Council, member, MPEA State-Wide Negotiating Bargaining Team, MPEA Board of Directors - Region 3 Direction, presented written testimony. EXHIBIT 13

Charlene Tate, read and presented testimony on behalf of Wanda Hislop, employee, Montana College of Mineral Science and Technology, member, Board of Directors, MPEA. EXHIBIT 14

Dr. Lawrence Nordahl, Economist, Department of Natural Resources, presented written testimony. EXHIBIT 15

Sandra Rowan, Great Falls, Cottage Attendant, School for Deaf and Blind, presented written testimony. EXHIBIT 16

Beck Hubbel, Montana Nurses' Association, read and presented written testimony for Wilbur W. Rehmann, Labor Relations Director, Montana Nurses' Association. EXHIBIT 17

Jerry Guthrie, President, Montana Federation State Prison Employees related some attitudes and feeling of those he works with by saying: People charged with overseeing the administration have shown only concern with finding and keeping top-rated administrators. They seem to have forgotten those behind the appointed directors that make them successful. These people are clerks, accountants, laborers, secretaries, the correctional officers and others that are part of the intricate state system upon which state government exists. The system cannot and will not function without them. Wages in the past have been based on a percentage. The format works well for those in the higher grade levels. In the lower grades, it fails to

keep things in perspective. As the cost of living for a person making \$30 thousand a year increases, the person making \$16 thousand a year realizes the same increases at the same dollar value. When a percentage rate increase is proposed, it is an insult to the lower paid employees unless it is a high number, which the budget cannot handle. Percentage rates only accomplish a separation of a further degree between the higher paid salaries and the lower paid salaries. This destroys morale and productivity.

Mykel Joh Wills, Clinton, Mechanic -- Missoula Shop, presented written testimony. EXHIBIT 18

Gladys Hardin, President, Local 4447, Federation of Social and Rehabilitative Services, spoke in favor of HB 514 and HB 502, read testimony from a Havre member, Ray Bergh, and presented written testimony. EXHIBIT 19

Barbara Charlton, Personnel Office, Department of Commerce, presented written testimony. EXHIBIT 20

James Robinson, Department of Labor & Industry, presented written testimony. EXHIBIT 21

Jane R. Benson, Personnel/EEO Officer, Department of Natural Resources, spoke in favor of an adequately funded HB 509 and presented written testimony. EXHIBIT 22

John Manzer, Business Representative, Great Falls, Teamsters Local #2, President, Public Employees Craft Council, representing approximately 300 Highway Maintenance Workers, spoke in favor of HB 259 as amended to cover blue-collar workers. It is not tied to the state pay plan, it is a separate pay plan for highway maintenance people. It would be one of the plans that would not have to be renegotiated if the Committee would consider HB 430. "We believe it is the best plan in the state, . . . the easiest to administer and negotiate." With the HB 259 amendment, the bill falls "in line percentage wise." We have broken HB 259 down so all people in the blue-collar plan would receive the same amount of money on their raise without a percentage raise. EXHIBIT 23

Steve Johnson, Chief, Labor Relations Bureau, Chief Negotiator in Collective Bargaining, Executive Branch, presented written testimony. EXHIBIT 24

Andy Powell, Missoula, Equipment Operator, Highway Department presented written testimony. EXHIBIT 25

Dennis Underwood, State Employee, Labor Department, said he was speaking for "really nobody, about 14 thousand of us." Most bills are carrying a "lot of excess baggage." He requested the Committee to take the bills and put them all together with "something realistic" for the state employees. He compared the

state employees to Iraqi soldiers. "We are a common people with a common cause, they have a common cause. We have a common belief. We believe in our state, and we want to be here. We have a common purpose, which is to serve (the) state. As with the Iraqi people, the authority within the state has slapped us in the face. The biggest slap we received is the stopping of the step increases for the state employees. . . . Most of us are basically scared for our jobs. Like the Iraqi forces on the front line, . . . we are cannon fodder to privatization. We have no choice. If you tell us to go, we go We are willing to give up our livelihood. We, as state employees, are not united, but we could be. We could go out on strike."

Vicky Day, LPN, Warm Springs State Hospital, presented written testimony. EXHIBIT 26

Sue Reisenauer, LPN, Montana State Hospital spoke in favor of HB 502 and HB 514 and presented written testimony. EXHIBIT 27

Marc Racicot, Attorney General, Department of Justice, said he has been a bureaucrat and government worker for 18 years and works with 1,600 people within the Department. These people reach down to give "all of us" more than they should be expected to give. The people in state government have a very high calibre of quality. Although raises have not been denied in the past, there is more to the phrase "on the backs of employees" than it happens to convey. It is broader than just failing to give them appropriate raises. By cutting back the tools they work with on a daily basis, you compound the problem significantly. We have seen the number of full-time employees cut back. We see operating budgets cut back. We see a failure to increase within budgets and inflationary increases. This is compressed upon fewer employees, who are paid less and have less to work with and under an extraordinary amount of pressure. Do not set out to determine how much money you have before you determine the appropriate method of allocating raises to state employees. You should first determine the method of what is fair, then talk about those sources of revenue that are going to be necessary to fund it. Don't dispatch the notion of market factor adjustments. It will provide a lasting vehicle for us to address these kinds of problems. I do not agree with the amount of revenue that has been allocated to meet the needs of state employees, . . . I think it is inadequate."

Dennis Delay, representing Highway Patrolmen, spoke in support of HB 259. He addressed Section 5, the pay differential increases, saying the most obvious reason there should be a pay differential increase is due to the evening hours worked. During the evening hours the vision is decreased and any contact made during this time is more dangerous. There is also an increased chance of coming into contact with intoxicated drivers. Family and social life is affected by night shifts as follows: They miss seeing their children, must sleep more during the day, and miss their children's school activities. The interruptions of being called

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out in the middle of the night wake the family members and interrupts the families' sleep. Highway patrolmen may be called out late at night only to be called early the following morning by attorneys who need information on an accident. Stress is also caused by: being called to perform inspections -- the public does not understand that they may have been working late at night; and shift work -- it is difficult to get into a physical fitness program.

Those Who Left Written Testimony But Didn't Speak:

Sandra Guedes, Chief Administrator, Tourism, Montana Department of Commerce EXHIBIT 28

Russell J. Ritter, Mayor, City of Helena, on HB 259. EXHIBIT 29

Marie I. Wolff, Employee, University of Montana, on HB 259. EXHIBIT 30

Dan Burke, Counselor, Billings, Social and Rehabilitation Service on HB 514. EXHIBIT 31

JoAnne Blake, Staff, University of Montana, on HB 259. EXHIBIT 32

F. M. Leitch, Staff, University of Montana, on HB 259. EXHIBIT 33

Cheri Parker, MPEA, representing Co-workers Missoula Assessor's Office, on HB 509. EXHIBIT 34

Sandy Ritchie, Montana Federation of Teachers, School for Deaf & Blind Local #4027, on HB 514 and HB 502. EXHIBIT 35

Ann Danzer, State Employee, on HB 509. EXHIBIT 36

Ken Toole, Personnel Officer, Office of Public Instruction (OPI), at the request of Nancy Keenan, Superintendent, OPI, EXHIBIT 37

Sixteen Employees from the Employees Professional & Occupational Licensing Bureau Department of Commerce, on HB 259 and HB 170. EXHIBIT 38

Questions From Committee Members: None

Closing by Sponsors:

REP. DRISCOLL closed on HB 430 and HB 504 and said, " You have just witnessed your first collective bargaining session. It was only three hours. It takes a lot longer to bargain a collective bargaining agreement or renegotiate an agreement than three hours. What is in most negotiations? When negotiations start there is a big committee. Ideas get traded back and forth. What was heard tonight were great inequities in the pay plan. The pay

plan started in 1974 or 1975 and it is fifteen years old. It is outdated. It (doesn't) work." He was appointed in 1982 by the governor to a study committee on employees pay and policies for Montana state employees. At that committee he heard the following, which he has always kept in mind: "The difference between government and private enterprise is that private enterprise advertises they need a position filled and they know what they want that person to do and then they negotiate with that person (for their salary). In government whenever you put in a pay plan, you go around and ask an employee, 'Just what is it you do?' They write it down and the experts say, we don't have enough money so you're going to be something else. . . . This session is a session of change. Things need to change and they need to change drastically. If you want to be on the negotiating committee for the 13 thousand state employees every session, then buy one of these other bills. If you want to put the pay bill back where it belongs -- in the executive branch -- then pass my bills. Every session there are bills to exempt people from the pay plan. Because the plan is completely inflexible and they cannot hire people for what the classification pay plan says, they ask the Legislature to exempt them. The pay plan is so inflexible that the guards at the prison are out selling raffle tickets to buy eight bullet-proof vests for the SWAT team or control team in case of a riot. They cannot go into bargaining and trade anything to obtain the bullet-proof vests." The unions will not be in control if HB 430 and HB 504 come out of Committee with a DO PASS. For managers that know what they are doing, there will be no union; those employees, who have managers who are completely inflexible like many in the present system, will have their employees joining a union. He suggested the subcommittee should: 1) change the effective dates of his bill to the first year of the biennium; 2) pass Rep. Menahan's bill, but only for one year. 3) put the money into the big bill for the second year and make bargaining start. The Blue Collar Plan and the Classification Plan were bargained. There have only been ten appeals since 1975. The Classification Plan was written by management with no input by employees. "Do you want to go through this every session or do you want to put it back where it belongs?" The Governor could bargain with employees and support and fund the plan that was negotiated. It would then be up to the Legislature to pass the compromised negotiation.

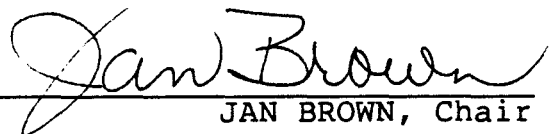
REP. MENAHAN closed on HB 502 and HB 514 by saying that his bills include hazardous duty and shift differential pay. He has been facing a problem with the Personnel Department for some time. In a previous administration, he introduced a bill to abolish the Personnel Department and was not successful as he did not believe they "were going in the right direction. What we have today, proves that I hope I can work with the members of the subcommittee to come up with a plan for our state employees that will solve the problems . . . for more than just the immediate future"

REP. SWYSGOOD closed on HB 509 saying that the bill starts to address the inadequacies of our current pay plan system and brings forth a new approach of funding the State Employees' Pay Plan. It implements a market-based open-range philosophy; one that was unanimously supported by the Select Committee on Employees Compensation. This approach allows the state to recruit and retain competent and qualified public employees. It is a fully funded bill. "It might not contain all of the money everyone wants, but it is funded. It contains approximately \$47.5 million for state employee salaries. It also contains \$7.9 million for insurance. A total package of approximately \$55.5 million. . . . The most popular bill here tonight is the bill that contains the most money for whatever particular situation you happen to be in. I understand this, and I sympathize. We, as Legislators, are asked not only to address the needs of our state employees but also the needs of all Montanans. HB 509 takes this into account. The pay plan is fair and based upon our ability to pay with our economic conditions"

REP. COCCHIARELLA said she had a chance to think about the "fancy red paint job we are being sold." She read a poem she composed: "To market, to market to buy a new plan. Home again, home again, nothing in the pan." The bill provides nothing. What we need to do is put our made in Montana, made in the U.S.A. back together and make people whole by putting them back into the appropriate relationship and give them a long overdue raise.

ADJOURNMENT

Adjournment: 8:10 p.m.


JAN BROWN, Chair


JUDY BURGGRAFF, Secretary

JB/jb

ASSUMPTIONS:

1. The FTE levels for the Executive Branch Pay Plan 60 are based on actual filled positions as of 01-07-91 (8,612.56).
2. Costs for classified employees of the University System are based on actual filled FTE's (2,002.93 FTE).
3. No salary is included for any other than Pay Plan 60 employees (10,615.49 FTEs).
4. Personal services funding splits provided by LFA are used to allocate the cost of the proposal among the various state fund types.
5. Salary increases and retroactive steps are granted only to the FTE levels as per 1 & 2 above.
6. The proposed shift differential of \$1.00 per hour will cost \$1,500,000 per year based on research prepared for the Governor's Council on State Employees Pay.
7. The new longevity increase of \$0.40 per hour is estimated to cost \$2,500,000 for current employees based on analysis of MPEA seniority lists.
8. Benefit rates (insurance) is calculated as an increase of \$15.00 per month in FY 92 and \$20.00 per month in FY 93. The insurance amounts include all employees in the State and University System.

FISCAL IMPACT
(see next page)

- ¹ Department of Administration P/P/P system report LN018.
- ² Information supplied by Units of University System.

EXHIBIT _____
DATE 2/1/91
LB 259

FISCAL IMPACT AS PER HB 259

Executive Branch

Expenditures: (8,612.56 FTE)

FY 92

FY 93

68 plus up to 3 steps

\$20,435,831

68 plus up to 4 steps

\$23,839,072

New Longevity, all Pay Plan 60 FTE

2,500,000

New Longevity

2,500,000

Insurance, All Pay Plan 60 employees

1,900,980

Insurance

2,534,640

Shift Differential, all state employees

1,500,000

Shift Differential

1,500,000

TOTAL

\$26,336,811

TOTAL

\$32,440,726

Executive Branch

Funding:

General Fund

\$10,798,093 (41%)

\$13,300,698

State Special

8,954,516 (34%)

11,029,847

Federal

4,213,890 (16%)

5,190,516

Proprietary

2,370,312 (.09%)

2,919,665

TOTAL

\$26,336,811

TOTAL

\$32,440,726

University System

Expenditures: (2,002.83 FTE)

68 plus up to 3 steps

\$3,943,805

68 plus up to 4 steps

\$4,992,135

Insurance

599,004

Insurance

998,672

TOTAL

\$4,542,809

TOTAL

\$5,790,807

University System

Funding:

General Fund

\$2,240,922 (49%)

\$2,837,495

Other (6 mill levy, student fees, grant fund, 2,301,887 (51%))

2,953,312

FY 91-92

Executive Branch

\$26,336,811

FY 92-93

Executive Branch

\$32,440,726

University System

4,542,809

University System

5,790,807

Total

30,879,620

Total

\$38,231,533

General Fund Total

13,039,015

General Fund Total

16,138,193

EXHIBIT 1DATE 2/1/91

EXECUTIVE BRANCH PAY PLAN 60 FY 90-91 [1-7-91]	CURRENT FTE	CURRENT COSTS	HB 3-59 MPEA PROPOSAL FY 91-92 6% Plus up to 3 Steps	MPEA PROPOSAL FY 92-93 6% Plus up to 4 steps
Grade 5	90.69	\$ 1,117,141.14	\$ 121,860.00	\$ 178,211.00
Grade 6	263.18	\$ 3,516,491.63	\$ 373,640.00	\$ 536,313.00
Grade 7	642.55	\$ 9,266,635.63	\$1,003,730.00	\$1,358,522.00
Grade 8	1051.00	\$16,158,776.00	\$1,765,492.00	\$2,356,767.00
Grade 9	712.18	\$11,681,971.53	\$1,289,694.00	\$1,726,540.00
Grade 10	747.32	\$13,307,976.51	\$1,489,952.00	\$1,870,849.00
Grade 11	690.00	\$13,403,567.35	\$1,516,812.00	\$1,801,938.00
Grade 12	833.32	\$17,181,204.98	\$1,976,659.00	\$2,229,196.00
Grade 13	952.90	\$21,284,675.56	\$2,447,083.00	\$2,868,810.00
Grade 14	964.37	\$23,914,564.62	\$2,685,080.00	\$3,047,079.00
Grade 15	645.81	\$17,708,446.44	\$2,008,027.00	\$2,120,314.00
Grade 16	482.10	\$14,625,709.51	\$1,604,174.00	\$1,668,521.00
Grade 17	260.07	\$ 8,729,650.32	\$ 911,566.00	\$ 917,383.00
Grade 18	142.94	\$ 5,180,225.93	\$ 518,562.00	\$ 581,678.00
Grade 19	71.89	\$ 2,812,061.83	\$ 334,963.00	\$ 318,456.00
Grade 20	27.00	\$ 1,164,271.00	\$ 145,918.00	\$ 135,037.00
Grade 21	18.24	\$ 846,904.72	\$ 114,890.00	\$ 92,981.00
Grade 22	14.00	\$ 683,039.00	\$ 95,649.00	\$ 85,744.00
Grade 23	1.00	\$ 55,681.00	\$ 10,956.00	\$ 3,938.00
Grade 24	2.00	\$ 107,782.00	\$ 11,212.00	\$ 17,684.00
FY90-91 TOTALS FTE	8612.56		MPEA PROPOSAL FY91-92 COSTS 6% = \$10,964,806.60 3 Steps = \$ 9,471,025.00 TOTAL COSTS \$20,435,831.00	MPEA PROPOSAL FY92-93 COSTS 6% = \$12,190,956.00 4 Steps = \$11,648,116.00 TOTAL COSTS \$23,839,072.00
COSTS		\$182,746,776.79		

UNIVERSITY SYSTEM PAY PLAN 60 FY 90-91 [1-7-91]	CURRENT FTE	CURRENT COSTS	MPEA PROPOSAL FY 91-92 6% Plus up to 3 Steps	MPEA PROPOSAL FY 92-93 6% Plus up to 4 steps
Grade 5	72.65	\$ 916,373.00	\$ 97,570.00	\$ 135,193.00
Grade 6	80.32	\$ 1,069,146.00	\$ 113,074.00	\$ 161,291.00
Grade 7	327.84	\$ 4,685,302.00	\$ 524,980.00	\$ 793,364.00
Grade 8	261.15	\$ 3,767,652.00	\$ 385,585.00	\$ 553,448.00
Grade 9	182.49	\$ 3,037,051.00	\$ 346,904.00	\$ 441,192.00
Grade 10	163.36	\$ 3,008,181.00	\$ 325,678.00	\$ 408,297.00
Grade 11	107.03	\$ 2,049,059.00	\$ 237,152.00	\$ 293,979.00
Grade 12	95.25	\$ 1,956,703.00	\$ 225,997.00	\$ 280,056.00
Grade 13	95.44	\$ 2,115,004.00	\$ 323,060.00	\$ 315,466.00
Grade 14	91.62	\$ 2,276,844.00	\$ 261,665.00	\$ 276,842.00
Grade 15	53.55	\$ 1,430,333.00	\$ 160,458.00	\$ 181,488.00
Grade 16	25.00	\$ 771,401.00	\$ 75,640.00	\$ 87,836.00
Grade 17	8.00	\$ 271,703.00	\$ 31,280.00	\$ 28,178.00
Grade 18	3.00	\$ 106,586.00	\$ 10,139.00	\$ 21,106.00
Grade 19	1.00	\$ 37,543.00	\$ 4,781.00	\$ 7,301.00
Grade 20	2.00	\$ 87,167.00	\$ 12,092.00	\$ 9,031.00
Grade 21	0.00	\$ 0.00	\$ 0.00	\$ 0.00
Grade 22	6.50	\$ 323,908.00	\$ 49,171.00	\$ 37,908.00
FY90-91 TOTALS FTE	2002.93	(\$27,909,963.00 x 0.23814 =)	MPEA PROPOSAL FY91-92 COSTS 6% = \$2,073,389.00	MPEA PROPOSAL FY92-93 COSTS 6% = \$2,310,018.00
COSTS		\$ 34,556,497.00	3 Steps = \$1,870,416.00	4 Steps = \$2,682,117.00
			TOTAL COSTS \$ 3,943,805.00	TOTAL COSTS \$ 4,992,135.00

Cost calculations based on 1617.69 FTE at MSU and UM with known grade and step levels, and 385.24 FTE elsewhere in the University System with grade and step levels assumed similar to those at MSU and UM. Costs and FTE levels were increased proportionally.

EXHIBIT 1A
DATE 2/1/91
509

PAY PROPOSAL BY STATE EMPLOYEE COMPENSATION COMMITTEE

Committee Findings

The 1989 Legislature set up a State Employee Compensation Committee to study state employee pay issues. This was because of the ineffectiveness of the current 13 "step" pay plan and dissatisfaction with employee pay levels. The step plan has been frozen all but one year since 1985. What the Committee did was to:

- survey other employers about their benefits & salary levels;
- survey state employees, union representatives, and management to learn about their concerns;
- hire a consulting firm, The Waters Consulting Group, to audit state pay practices;
- hold public hearings; and
- research alternatives.

The Committee found that state salaries are generally well below what other employers pay. This is causing severe recruitment and retention problems particularly in technical and professional occupations. State pay practices over the last 10 years have compressed the pay plan and created major salary inequities among employees doing the same work.

The state has no clear pay philosophy and no pay system since the step system in law has been discontinued.

Pay System Recommended

The Committee is recommending a new pay plan that has two parts: a philosophy and a new structure.

1. Market Philosophy - The Committee unanimously believes that in order to attract and keep competent employees, the state must pay salaries that are similar to what other employers in our area pay their employees who do the same kind of work.

2. Open Range Structure - An "open range" is a range for salaries in each grade that doesn't have steps. It has an entry salary, a mid-point salary and an upper limit. Instead of steps, there is a prescribed formula for how people's salaries get adjusted in the range.

The Committee decided that a "step" plan won't work for state government any more. Steps are too rigid. They get frozen when times are hard. They make it difficult to put the state on a market philosophy.

How the Proposed Pay System Works

How the Market is Determined

Salary and Benefits Survey - To pay state workers about what other employers pay, first we have to find out what other employers pay. So every two years the state does a salary and benefits survey of other employers in our region.

We pick those employers who are likely to compete with the state for workers. Depending on the job, employers who are picked for the survey include other Montana public and private employers, and five other state governments (South Dakota, North Dakota, Wyoming, Idaho, and Washington). The salaries they pay give us an average salary for each of the state's 25 pay grades.

How the Open Ranges Work

An Open Range is shown below. It has an Entry Salary for new employees and a Market Salary. The Market Salary is the average salary that other employers pay.

In theory, a new employee would move in a few years from the Entry Salary to the Market Salary, which would be the going rate for state jobs. The Market Salary is the midpoint of the total range for each grade. The upper half of the range could be used for certain occupations where a higher salary is needed to recruit anyone. It could also be used in the future to reward outstanding performance or longevity.

In reality, about half of the state's employees are currently being paid around the entry salary. This creates a huge funding problem to get current employees to the Market Salary. The Committee's recommendations for funding this problem are described in a section below.

OPEN RANGE

Grade	FY 92		FY 93	
	Entry	Market	Entry	Market
1	8,508	10,009	8,848	10,409
2	9,165	10,808	9,532	11,240
3	9,872	11,669	10,267	12,136
4	10,638	12,605	11,064	13,109
5	11,496	13,653	11,956	14,199
6	12,423	14,789	12,919	15,380
7	13,418	16,012	13,955	16,652
8	14,544	17,397	15,126	18,093
9	15,748	18,882	16,378	19,638
10	17,081	20,530	17,764	21,351
11	18,531	22,327	19,272	23,220
12	20,140	24,324	20,945	25,296
13	21,885	26,495	22,760	27,555
14	23,817	28,904	24,769	30,060
15	25,944	31,562	26,982	32,824
16	28,316	34,532	29,449	35,913
17	30,963	37,852	32,201	39,366
18	33,881	41,521	35,236	43,182
19	37,150	45,639	38,636	47,465
20	40,799	50,244	42,430	52,254
21	44,853	55,374	46,647	57,589
22	49,381	61,115	51,356	63,559
23	54,489	67,604	56,669	70,308
24	60,224	74,905	62,633	77,901
25	66,570	83,004	69,232	86,325

How Raises Are Determined

1. Market Adjustment - Everyone will get at least a market adjustment. Every year, other employers' salaries change. To keep paying about the same as other employers, the state needs to change salaries by this much too.
2. Progression Raise - Employees would progress through the range according to how much their base pay falls short of the adjusted market salary. The Progression Raise works much like the steps in the old pay plan to move people from the entry salary. It differs from steps in that the amount of the progression raise may vary depending on available funding. For each full percent an employee's base salary is below the Market Salary the state would add an increase of part of a percent until they are caught up.

Initially, most state employee would get this raise too. This is because most state employees are now being paid closer to entry salaries than to Market Salaries (see the In reality section above).

3. Longevity - The longevity reward is essentially the same amount that employees get now. But instead of being based on the difference between steps, it is an added .9% of salary for every 5 years of service.

Example

This example uses the Committee's funding recommendation described in another section: 4% for the market and .25% for progression. The example assumes a grade 10 step 3 base salary.

STEP 1: Figure your Market Increase by taking your current base salary by 4%.

Your Base Salary	\$17,083
Market Adjustment	X .04

Your Market Increase \$ 683

STEP 2: Figure how far your base salary is below the market salary for your grade. An employee divides his current base salary by the amount in the "Market Salary" column for his grade.

$$\begin{array}{rcl} \text{Your Base Salary} & \$17,083 & = .832 \text{ (83.2\%)} \\ \text{Market Salary} & \$20,530 & \end{array}$$

Your base salary is 83.2% of the Market Salary or 16 full percentage points below the Market salary.

$$(1.00 - .832 = .168)$$

*Governor's
Proposal
is 3%*

STEP 3: Calculate your progression raise. An employee gets 1/4 of one percent (.25%) for each full percent his salary is below the Market Salary for his grade. In this example that's 16 full percentage points.

$$16 \times .0025 = .04 \text{ (4\%)}$$

*Governor's
Proposal
is 1/8 of 1%*

Multiply this percent times your base salary to figure your Progression Raise.

$$.04 \times \$17,083 = \$683$$

STEP 4: Figure your new base salary.

$$\begin{array}{rcl} \$17,083 & \text{Your Current Base Salary} & \\ + & 683 & \text{Your Market Increase} \\ + & 683 & \text{Your Progression Increase} \\ \hline \$18,449 & \text{Your New Base Salary} & \end{array}$$

This employee's new base salary will be \$18,449. In July 1992, he will use this new number to calculate his 1993 increase and divide it by the Market Salary from the 1993 pay plan.

STEP 5: Compute any longevity at .9% for each 5 years of service. In this example, assume the employee has 7 years of service.

$$\$18,449 \times .009 = \$166$$

Committee's Funding Recommendation

The Committee's pay system can be put into place with different levels of funding. The more funding it gets, the faster salaries get to the Market Salary. The Committee was split 4 votes to 3 votes on a funding recommendation. The funding recommendation that passed is as follows for each year of the next biennium.

1. 4% Market Adjustment - This is the raise everyone gets to stay current with changes in the market. This recommendation means that the Committee thinks other employers in our labor market are going to raise the salaries they pay their workers by an average of 4% each of the next two years. This recommendation costs about \$44,000,000.

2. 1/4 of 1% Progression Raise - This is the raise that is added on to the market adjustment to bring employees from the entry salary toward the market salary (or going rate). This costs about \$33,500,000. The reason this costs so much is that many of the state's employees are down around the entry salary for their grade right now. This amount would move all employees up near the market salary in about 5 years.

3. Basis for Split vote - The Committee was not in agreement about the 4% and the .25% amounts. Together, these cost \$77,500,000 over two years. Members who voted against these amounts argued that this amount was not realistic, given the state's hard economic times. They wanted smaller amounts because they felt that would improve the plan's chances for success. There were also statistics presented to the Committee that suggested the market would be more likely to grow 3% than 4% in Montana.

4. What salaries and raises cost - The total budget for state salaries is about \$360 million per year. A 1% Market Adjustment in salaries costs about \$3.6 million for one year or \$7.2 million for the two years of the biennium. A 1% Market Adjustment in the

second year of the biennium would cost an additional \$3.636 million. This would bring the total new funding required for a 1% raise each year to \$10,836,000 for both years of the biennium. As a rough estimate, for every percent you increase the pay plan it will cost about \$10.8 million for the biennium. With current employees' salaries where they are, every .1% Progression Raise also costs another \$13,000,000.

Other Committee Recommendations

The Committee endorsed the state's plan to update the state's job classification method to use more specific factors that are weighted with points. They also supported the state's implementation plan which does not add staff or budget.

The Committee proposed that the Department of Administration study and consider performance-based (merit) pay for possible use in the future.

The Committee recommended that problems related to travel reimbursement also be studied.

The Committee recommended shift differential pay to compensate employees for a regular work schedule that differs from the customary flexible day shift. A shift differential of \$1.00 per hour was recommended to be paid to permanent state employees for any regularly scheduled work hours after 6:00 p.m. and before 7:00 a.m. on any day of the week including weekends, that is required as a part of an agency's extended service obligation.

Committee Members

Chairperson Bob Marks

Barbara Booher

Vicki Cocchiarella

Gene O'Hara

Tom Schneider

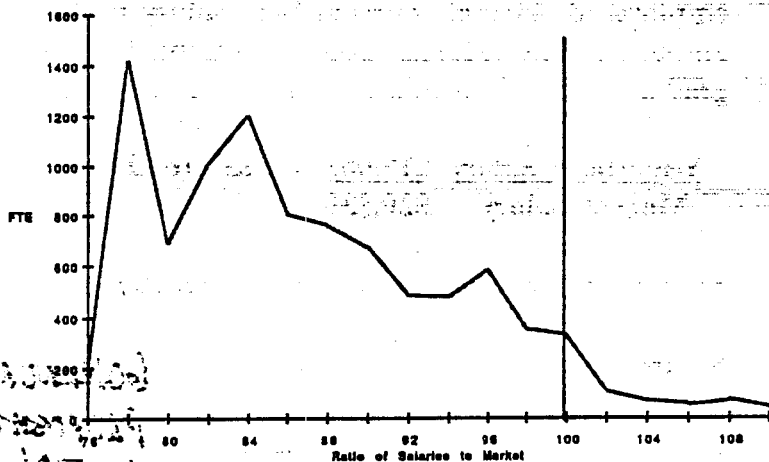
Gerry Devlin

Bob Kelly

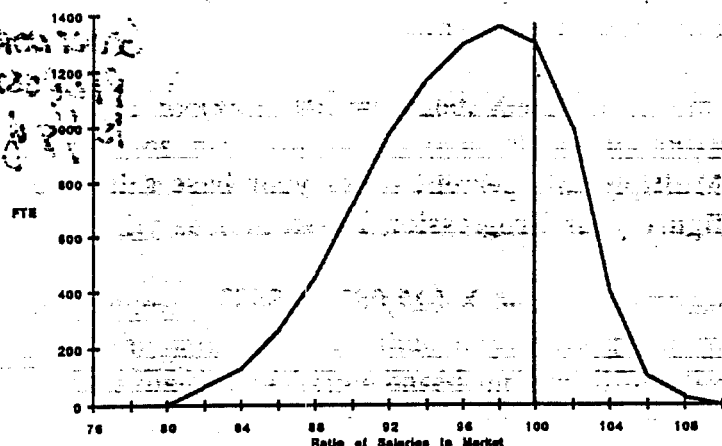
John Radeck

Ralph Anderson

Current Salaries Compared to Market

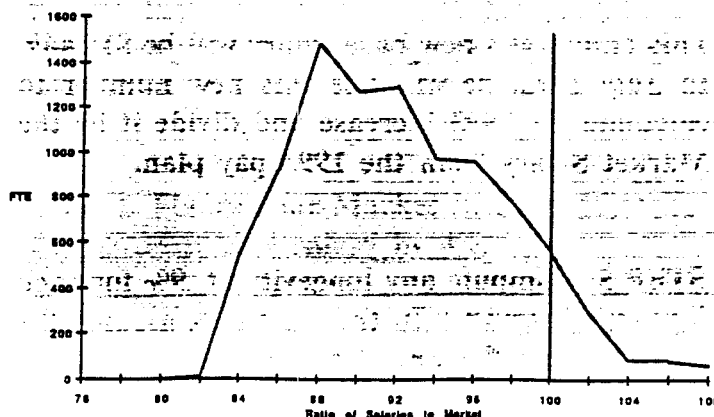


Goal for Salaries Compared to Market



**Governor's Proposal
EXCLUDES**

**1993 Salaries to Market After
Committee's Proposal is Implemented**



PROBLEMS WITH CURRENT PAY SYSTEM

1. State Government Has No Pay Philosophy

The pay system currently in law was frozen by the legislature beginning in 1985 to save money.

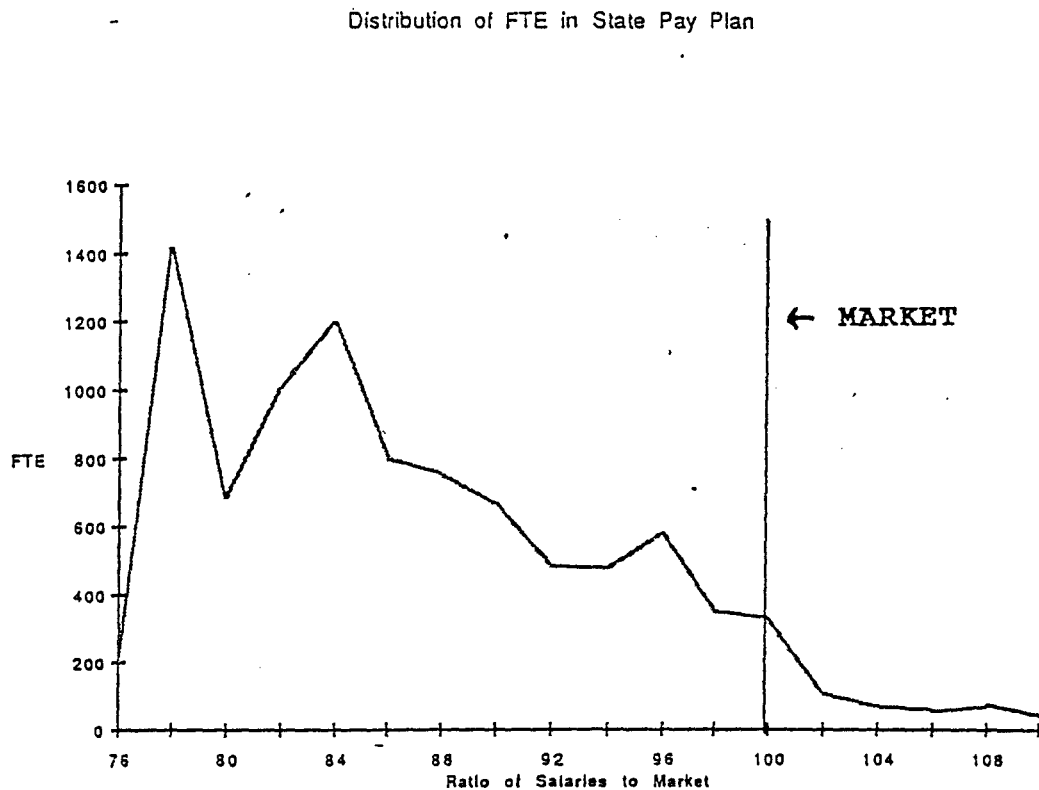
2. Market

- State salaries are well below what other employers pay.
- The state can't recruit and keep skilled workers.
- The state has a 35% annual turnover rate. Fourteen percent of state workers leave state service altogether each year.

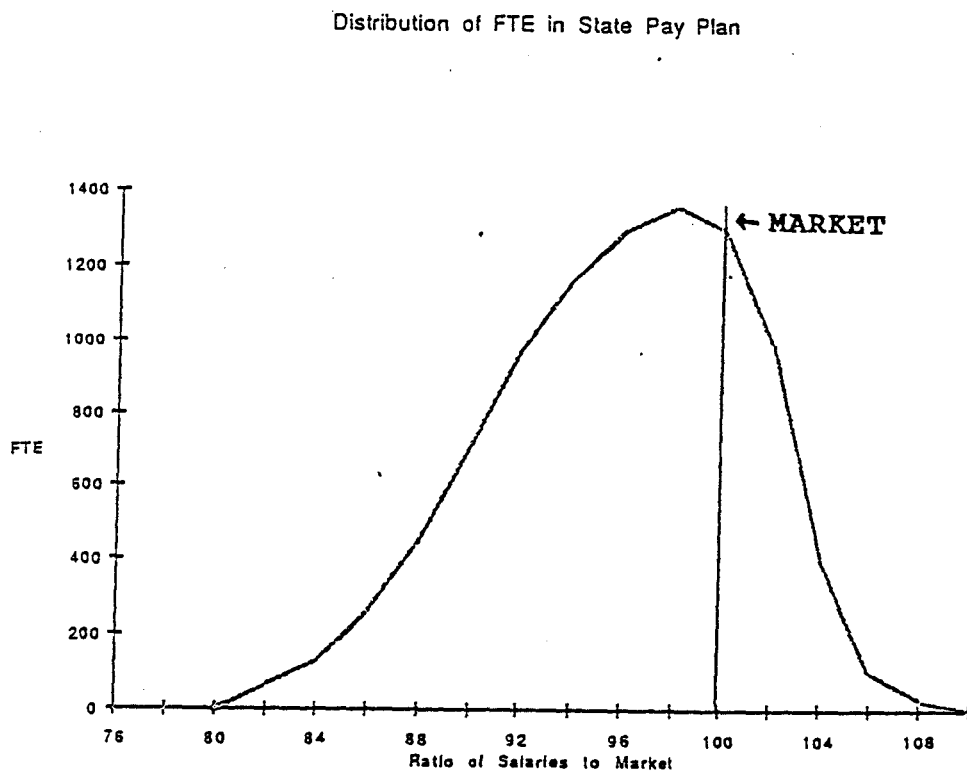
3. Unequal Pay

- Fifty percent of employees are clustered down near the entry salary. The rest are spread through the 13 pay rates (steps) in the current statute.

CURRENT SALARIES



GOAL



TOTAL

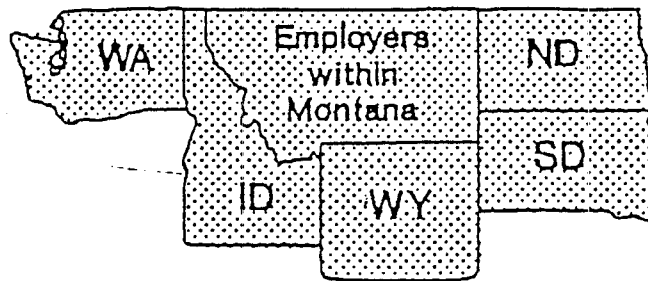
EXHIBIT 1
DATE 2/01/74
HB 509

AVERAGE

SALARY

COMPARISON

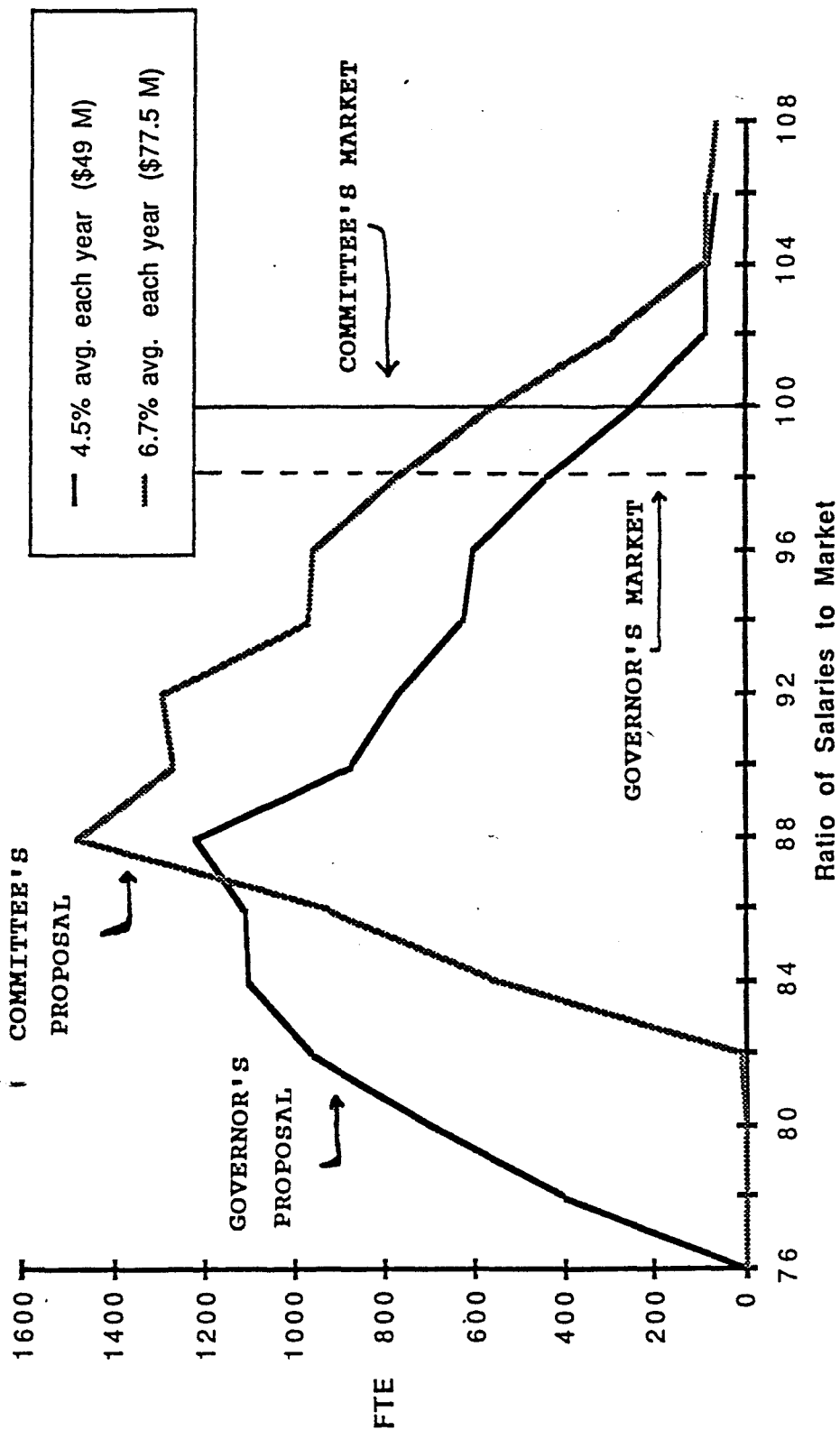
RATIO OF STATE EMPLOYEE PAY TO



87.3%

(Montana State Government pays 87.3% of the average salary paid by other employers located within Montana and these state governments for similar jobs.)

Distribution of FTE in State Pay Plan



BIENNIUM GOAL

HB509
TESTIMONY DESCRIBING THE GOVERNOR'S PAY PROPOSAL

Madam Chair, members of the committee, my name is Laurie Ekanger. I am administrator of the state personnel division. Our Division, together with the Legislative Council, staffed the Committee on State Employee Compensation that was created by the last legislature.

The Committee studied employee pay issues for over a year and I want to draw your attention to a wealth of information compiled by the committee.

-Preliminary background report by Lois Menzies, extremely descriptive of history.

-Final report by Sheri Heffelfinger with committee findings and recommendations including a list of the other reports, surveys, etc, prepared for the committee.

We learned one thing for certain: pay systems are complicated. There are walls of textbooks on pay systems. There are no two alike. There are no two people who want exactly the same one. The Committee targeted the state's most severe problems and recommended a new pay system to fix them.

HB 509, the Governor's pay bill, includes several pay plans for different groups of employees. The major change is in the one called the Statewide Pay Matrix described in Sections 4 and 7 on pages 7 and 15 of the bill. This pay plan (called plan 60) covers about 12,000 employees, the vast majority (80%) of state employees. This is the pay plan that the pay committee studied and proposes replacing.

I am handing out a pink flier that summarizes the Committee's pay proposal. The governor's pay bill incorporates all of the recommendations in this flier except two: shift differential and the amount of funding. We've marked those differences on the fliers you are receiving.

I mentioned that the Committee targetted the most severe problem. What problems did the committee find?

The number 1 problem the committee identified is that the state does not pay what other employers pay. Our salary survey showed that state pay ranges are below other employers, on average, anywhere from 5% to 20% below. For some technical and professional jobs, we are as much as 30% below the market. As a result, the state can't keep people and can't replace them when they leave. 35% of the state's jobs are turning over every year. Again, this is especially true in the technical and professional occupations. The employees who remain are burdened with the extra work of the vacancies, and productive time that should be used to provide services to the public is being used to try to recruit employees.

Page 2 of your handout shows where state employee salaries are now compared to the market (what other employers pay). As you can

see, everyone is clustered well below. These charts are also on the back of the pink flier.

This market problem is no surprise and no secret. We do a salary survey every two years. Over the last decade, past legislatures have deliberately frozen and compressed the state's salary schedules as part of their struggle to reduce costs and balance budgets. The Pay Committee was established by the last legislature to look at the problems these pay practices have caused and to recommend solutions.

What is the committee's recommendation?

1. Market philosophy: In a nutshell, the committee recommends that the state's pay ranges should reflect the market. In other words, we should try to pay what other employers pay. The chart on the right of page 2 illustrates what state salaries should look like compared to the market.

2. And what is the market? 5 State Market: The Committee concluded that the appropriate market includes Montana employers and the five states shown on page 3 of your handout. The Committee's salary survey included these employers. On average, our salaries are 13% below this market.

3. Open Range: The committee proposes that the state get rid of the current structure and replace it with a pay system that is more flexible. Flexible enough to make the state's salary ranges competitive and keep them that way. Flexible enough to start fixing the enormous problem of getting current employees salaries back in line. And flexible enough to function within available funding amounts. How the system works is described starting on front of pink flier. The system includes a general raise for everyone each year, based on how much the market is expected to move (not the CPI), and an additional raise for employees below the market to catch them up to it (almost everyone: 2750 positions below market entry; 670 at or above the market).

The governors bill adopts all these committee recommendations. The Governor's bill differs from the committee's proposal regarding:

4. Funding: The Committee recommends higher raises than the Governor's proposal. The cost of the Committee's proposal is 77,500,000 over the biennium for an average raise of 6.7%. The Governors proposal funds 48,000,000 for an average raise of 4.5%. Page 4 of your handout shows the difference between the Committee's proposal and the Governor's proposal in reaching the goal (on page 2). The governor's bill includes another 7,900,000 to offset increases in state health insurance which the committee did not address. This brings the total appropriation to about 55,500,000 or an average 5.25% per employee.

Obviously the more money put into this plan, the sooner the goal of the market philosophy is reached.

TESTIMONY BY
PHILLIP B. JOHNSON
PRESIDENT
HELENA AREA CHAMBER OF COMMERCE
HOUSE ADMINISTRATION COMMITTEE
FEBRUARY 1, 1991

Chairman Brown, members of the committee,

I am Phil Johnson, President of the Helena Area Chamber of Commerce. This evening I am here to convey ~~to you~~ the Chamber's enthusiastic support for a pay increase for the employees of state government.

~~It is~~ ^{is} natural ~~that~~ that the Chamber would support such measures, because of the obvious impact that state government has on our local economy. Beyond that impact, however, is an understanding which transcends self-interest.

Because we live ~~in~~ in the state capitol, those of us in the Helena business community have a unique vantage point on state government and its employees. They are our neighbors, our customers, members of our churches and civic associations. We have ~~witnessed~~ ^{witnessed} the impacts of wage freezes on state employees, the inability to keep up with the grind of inflation, the stress and sometimes the loss to the state of years of experience as jobs in other states or in the private sector lure away valuable employees. Those losses occur at all levels, but especially critical to the state is the problem of attracting and retaining employees in technical and professional positions.

As an organization, the Chamber has reviewed the various pay proposals. We know the state budget has limits, but urge you to do as much as is possible to provide adequate and just compensation. The Chamber hopes that after all the time, effort and dollars ~~which~~ were expended to reach the recommendations of the State Employee Compensation Committee, some consideration would be made of these ~~of these~~ ~~recommendations~~ recommendations, including the funding of these recommendations at no less than the recommended levels.

Thank You!

EXHIBIT 4
DATE 2/1/91
HB Pay Plan Belts

**SPEECH TO THE HOUSE STATE
ADMINISTRATION COMMITTEE
Old Supreme Court Chamber, Feb. 1, 1991**

Presented *Julia Robinson, Director, SRS*

I WANT TO THANK YOU FOR THE OPPORTUNITY TO MAKE COMMENTS TO THE COMMITTEE ON WHAT I BELIEVE IS A VERY IMPORTANT ISSUE.

I DON'T BELIEVE AND MOST OF THE EMPLOYEES AT SRS DON'T BELIEVE THAT WE PRESENTLY HAVE THE RIGHT SOLUTION TO STATE EMPLOYEE PAY. PAY AND STEP FREEZES, AND SMALL ACROSS THE BOARD SALARY INCREASES HAVE BEEN ENACTED TO SAVE PRECIOUS GENERAL FUND DOLLARS. THESE ACTIONS MAY APPEAR TO BE COST EFFECTIVE ON THE SURFACE. HOWEVER, FROM MY EXPERIENCE IN MONTANA GOVERNMENT THE COST OF THESE ACTIONS ON PERFORMANCE, MORALE, LOSS OF GOOD EMPLOYEES TO THE SYSTEM, AND DIFFICULTIES IN RECRUITMENT HAVE HAD A LONG TERM FINANCIAL IMPACT ON THE SYSTEM WHICH WHILE DIFFICULT TO CALCULATE CERTAINLY HAS A COST TO TAX PAYERS IN TERMS OF THE QUALITY OF GOVERNMENT SERVICES.

THE RESULT OF PAST APPROACHES TO THE PAY PLAN IS THAT WE NOW HAVE A PAY SYSTEM WHICH IS UNDERFUNDED FOR MOST PROFESSIONAL AND MANAGEMENT POSITIONS AS WELL MANY OTHER POSITIONS.

I AM SURE YOU HAVE HEARD NUMEROUS STORIES OF THE PROBLEMS OF KEEPING COMPUTER SPECIALISTS AND OTHER TECHNICAL EXPERTS. A REVIEW OF SALARIES IN OTHER STATES AND THE PRIVATE SECTOR INDICATED THAT MANAGERS IN MONTANA GOVERNMENT WITH SIMILAR BACKGROUND AND SIMILAR LINES OF AUTHORITY WERE RECEIVING MUCH LESS THAN THEIR COUNTERPARTS IN THE PRIVATE SECTOR AND EVEN OTHER PUBLIC SECTORS IN MONTANA,

SUCH AS PUBLIC SCHOOLS. IN THE RECENT PAST, THE MONTANA HIGH SCHOOL ASSOCIATION RAISED THEIR EXECUTIVE DIRECTOR SALARY FROM \$53,000 TO \$59,000. THIS ORGANIZATION HAS A TOTAL BUDGET OF \$495,000 AND 7 EMPLOYEES. THE DEPARTMENT OF SRS WILL HAVE A TOTAL BUDGET OF 770 MILLION DOLLARS FOR THE NEXT BIENNIUM; IT EMPLOYS 925 PEOPLE; IT PROVIDES 76 DIFFERENT PROGRAMS THROUGH 71 FIELD OFFICES; AND IT SERVES NEARLY 70,000 MONTANANS ON A REGULAR BASIS. THE TOP SALARY IN SRS IS CURRENTLY \$53,057.

WHAT WE SHOULD LEARN FROM THESE FIGURES IS NOT THAT MONTANA EDUCATION IS PAYING TOO MUCH BUT THAT MONTANA GOVERNMENT NEEDS TO PAY MORE. ANOTHER EXAMPLE IS THAT OF A NONPROFIT CORPORATION IN FLATHEAD WITH A STARTING SALARY OF \$30,000. I RECENTLY ADVERTISED FOR THE POSITION OF COUNTY DIRECTOR IN CASCADE COUNTY. THIS COUNTY OFFICE IS THE SECOND LARGEST COUNTY OFFICE WITHIN SRS. THE STARTING SALARY WAS \$24,000. BOTH JOBS REQUIRED SIMILAR SUPERVISORY SKILLS, COLLEGE BACKGROUND, AND BOTH POSITIONS SUPERVISE PROGRAMS OF SIMILAR SIZE. THERE IS A \$6,000 PAY DIFFERENTIAL BETWEEN THE NONPROFIT SECTOR IN MONTANA AND THE PUBLIC SECTOR. WHAT IS REALLY STRIKING IS THAT THIS NONPROFIT ORGANIZATION RECEIVES A MAJORITY OF ITS FUNDING FROM SRS.

ONCE AGAIN THE ISSUE IS NOT THAT THE NONPROFITS ARE PAYING TOO MUCH. IN FACT, I BELIEVE BOTH THE NONPROFITS AND MONTANA'S EDUCATIONAL SYSTEM WOULD ARGUE THEY ARE PAYING TOO LITTLE. THE ISSUE IS THAT MONTANA GOVERNMENT IS PAYING EVEN LESS FOR COMPARABLE

POSITIONS THAN THE MONTANA NONPROFIT SECTOR OR THE MONTANA EDUCATIONAL SYSTEM. WHEN MONTANA SALARIES ARE COMPARED TO SIMILAR STATE GOVERNMENT JOBS IN THE SURROUNDING STATES, THE SALARY DISPARITY FOR CERTAIN POSITIONS BECOMES EVEN GREATER. MY MEDICAID SERVICES ADMINISTRATOR OVERSEES ONE OF THE LARGEST BUDGETS IN STATE GOVERNMENT. HER SALARY IS IN THE MID TO HIGH THIRTIES. SIMILAR EXECUTIVE ASSIGNMENTS IN THE WESTERN STATES AVERAGE BETWEEN \$48,000 TO \$58,000 PER YEAR. FOR ALMOST TWO YEARS, I HAVE HAD THREE POSITIONS WITHIN THE VISUAL SERVICES DIVISION VACANT. THESE THREE POSITIONS (ORIENTATION AND MOBILITY SPECIALIST AND REHAB TEACHERS FOR THE VISUALLY IMPAIRED) REQUIRE AN EXTENSIVE EDUCATIONAL BACKGROUND, TO INCLUDE A MASTERS DEGREE. WE HAVE NOT BEEN ABLE TO FILL THESE POSITIONS BECAUSE OF A LOW STARTING SALARY OF \$19,204. BEGINNING SALARIES IN SURROUNDING STATES RANGE FROM \$22,380 TO \$25,964.

THE RESULTS OF THE 1990 STATE SALARY SURVEY CONDUCTED BY THE DEPARTMENT OF ADMINISTRATION REINFORCE MY EARLIER STATEMENTS. MONTANA STATE SALARIES HAVE FALLEN FURTHER BEHIND OTHER EMPLOYERS OVER THE LAST TEN YEARS. THIS MAKES IT VERY VERY DIFFICULT TO COMPETE IN THE JOB MARKET PARTICULARLY FOR PROFESSIONAL AND HIGHLY TECHNICAL JOBS. AVERAGE STATE SALARIES WERE 7 PERCENT BEHIND THOSE OF OTHER IN-STATE EMPLOYERS AND 11.5 PERCENT BEHIND THOSE OF SURROUNDING STATES IN 1980. THAT WAS BAD, BUT IT IS MUCH WORSE NOW. AVERAGE STATE SALARIES ARE 9.3 PERCENT BEHIND IN-STATE EMPLOYERS AND 20.6 PERCENT BEHIND OUR SURROUNDING STATES. IN FACT,

CURRENT AVERAGE STATE SALARIES ARE 13 PERCENT BELOW THE MARKET RECOMMENDED BY THE COMMITTEE ON STATE EMPLOYEE COMPENSATION.

THE PROBLEM OF INADEQUATE SALARIES NOT ONLY INHIBITS HIRING OF QUALIFIED AND COMPETENT PEOPLE, IT ALSO CAUSES TURNOVER. HIGH TURNOVER IS A SERIOUS CONCERN BECAUSE OF THE ASSOCIATED COSTS OF RECRUITMENT AND TRAINING AND THE REDUCTION OF PRODUCTIVITY DURING THE TRAIN UP PERIOD. ADDITIONALLY, WE ARE EXPERIENCING A "BRAIN DRAIN" CAUSED BY EMPLOYEES LEAVING STATE SERVICE. STATE GOVERNMENTS OVERALL TURNOVER RATE FOR FISCAL YEAR 1990 AVERAGED 34.58 PERCENT FOR ALL GRADES. ALMOST 14 PERCENT OF CURRENT FULL-TIME EMPLOYEES LEFT STATE SERVICE LAST YEAR. THESE FIGURES ARE IMPORTANT AND REALLY BRING HOME THE PROBLEM IN LIGHT OF THE INFORMATION PROVIDED TO THE STATE EMPLOYEE COMPENSATION COMMITTEE BY ITS COMPENSATION CONSULTANT. MR. ROLLIE WATERS OF THE WATERS CONSULTING GROUP, INC. STATED THAT TURNOVER HIDDEN COSTS ARE APPROXIMATELY \$1,200 PER SEMI-SKILLED JOB, AND RANGE FROM \$5,000 TO \$10,000 FOR EACH FULLY TRAINED MANAGEMENT POSITION.

AS YOU KNOW, THE PAY PROPOSAL BY THE STATE EMPLOYEE COMPENSATION COMMITTEE RECOMMENDED A PAY PLAN WHICH HAS TWO PARTS: A MARKET PHILOSOPHY AND AN OPEN RANGE PAY STRUCTURE. THE MARKET PHILOSOPHY RECOGNIZES THAT IN ORDER FOR THE STATE TO COMPETE WITH OTHER EMPLOYERS AND TO ATTRACT AND KEEP COMPETENT EMPLOYEES, WE MUST PAY OUR EMPLOYEES COMPARABLE PAY TO THAT OF OTHER EMPLOYERS. THE OPEN RANGE PAY STRUCTURE ENHANCES THE WORKABILITY OF THE MARKET

PHILOSOPHY AND ELIMINATES STEPS WHICH NEVER WORKED.

GOVERNOR STEPHENS' PAY PROPOSAL EMBRACES BOTH THE MARKET PHILOSOPHY AND THE OPEN RANGE PAY STRUCTURE. WITH INSURANCE, THE GOVERNOR'S PROPOSAL GIVES STATE EMPLOYEES AN AVERAGE OF 5.2% INCREASE EACH YEAR FOR THE NEXT TWO YEARS. THIS WILL GREATLY ENHANCE THE STATE'S CAPABILITY TO HIRE AND KEEP COMPETENT EMPLOYEES, THEREBY SAVING MONEY CAUSED BY TURNOVER AND RETRAINING COSTS AND IMPROVING SERVICE TO ALL MONTANANS.

AGAIN, THANK YOU FOR THE OPPORTUNITY TO ADDRESS THIS VERY IMPORTANT AND CRITICAL ISSUE.

WHAT: SPEECH TO THE HOUSE STATE ADMINISTRATION COMMITTEE

WHEN: FEB. 1, 1991, 5:00 PM

WHERE: OLD SUPREME COURT CHAMBER

MEMBERS OF COMMITTEE: JAN BROWN, CHAIRPERSON
VICKI COCCHIARELLA **
BEVERLY BARNHART
GARY BECK
ERNEST BERGSAGEL
FRITZ DAILY
ERVIN DAVIS
GARY FORRESTER
PATRICK GALVIN
HARRIET HAYNE
BETTY LOU KASTEN
JOHN PHILLIPS
RICHARD SIMPKINS
JIM SOUTHWORTH
WILBUR SPRING
CAROLYN SQUIRES

** Was member of State Employee
Compensation Committee



MONTANA FEDERATION OF STATE EMPLOYEES

P.O. Box 1246

AFT, AFL-CIO

Helena, Montana 59624

 AIRCRAFT, BUTTE

DATE 2/1/91

HB 502

(406) 442-2123

JIM MCGARVEY
President



Testimony of Jim McGarvey
February 1, 1991
HB 502

Madame Chairwoman, members of the committee, my name is Jim McGarvey, and I am president of the Montana Federation of State Employees, MFT, AFT, AFL-CIO.

I am here today in support of Rep. Menahan's bill providing \$1000 in retroactive pay to Montana State Employees. We are all aware of the state revenue surplus this year, but the MFSE disagrees with the state as to where it came from. The state attributes the surplus to increased income tax collection resulting from federal tax reform, modes growth in personal and corporate income and higher oil prices. The Montana Federation of State Employees and all its affiliate local know differently. That surplus came straight out of state employee paychecks. Those employees whose loyalty to state service remains staunch after years of service have endured much to bring the state to this position. I'm sure you are used to hearing me point out that state employees were asked to put up with wage freezes while the cost of living increased, insurance costs increased, insurance coverage decreased and inflation has steadily risen.

That surplus came out of state employee pockets. It should go right back into those pockets as retroactive pay. I urge this committee to give a do-pass recommendation on Rep. Menahan's retroactive pay bill. It is a small token to repay a decade of sacrifice.

**MENAHAN PAY PLAN FACT SHEET
FEBRUARY 1, 1991**

HOUSE BILL 514

- * *State employees will add to their present base salary \$3,000 in FY 92 and another \$3,000 in FY 93.*
- * *The state shall contribute an additional \$30 per month to the state-sponsored group benefit plan in FY 92 and another \$50 in FY 93.*
- * *A shift differential of \$1 per hour for each hour work on the second shift, and ~~\$2~~ 1.50 for each hour worked on the third shift. This differential is added to the regular compensation provided by state law.*
- * *State employee unions shall negotiate with state departments as to whether certain employees are entitled to hazardous duty pay. Hazardous duty pay of up to \$2 per hour will be added to the regular compensation provided by state law.*
- * *Separate pay plans within each state agency may be negotiated with state employee unions in order to address special job responsibilities within the agency; such as career progression for specialized job classes, working conditions like evening shifts or hazardous duty, etc.*
- * *Institutional and DFS teachers shall compensated at the same level as the pay schedules in the school district nearest the department operated school. Teachers will be placed on the adopted pay schedule according to his/her educational training and experience.*
- * *Mandates the negotiation of all state classifications between the state and state employee unions.*
- * *Authorizes departments to reconcile problems of retention and recruitment of some state positions. Enables departments to authorize separate pay matrices for medical doctors if recruitment and retention are a significant problem. Retention and recruitment of nurses and other occupations may be addressed by pay or classification adjustments.*
- * *The mechanics of bargaining, agreement ratification by bargaining units and administration of collective bargaining agreements are set forth.*

MONTANA FEDERATION OF STATE EMPLOYEES FACT SHEET – FEB. 1, 1991

BILLS BEING HEARD: HOUSE STATE ADMINISTRATION COMMITTEE

HB 514 (Menahan) Across the board pay increases for state employees

- \$3000 per state employee each year of the biennium
- \$30 ('92) and an additional \$50 ('93) increase in insurance contributions
- Shift differential (\$1 per hour 2nd shift, \$1.50 3rd shift)
- Negotiations over hazardous duty pay, classification, separate pay matrices, recruitment problems
- Equity pay for state teachers

HB 259 (Cocchiarella) Reinstate step system and percentage pay increase

- 6% pay increase each year of the biennium
- A step increase each year of the biennium
- Make-up step increases, improvement in longevity increases
- \$1 shift differential for hours worked between 6 pm and 7 am
- \$15 ('92) and an additional \$20 ('93) increase in insurance contributions

HB 502 (Menahan) \$1000 pay adjustment for every state employee

- \$1000 lump sum pay adjustment for each state employee
- Appropriated out of budget surplus
- Paid on passage and approval
- Not in lieu of pay increases for '92 and '93

HB 504 (Driscoll) Negotiations to begin at least one year prior to Governor's submission of budget to legislature

- Requires administration to negotiate in timely manner so Governor will have negotiated agreement to bring to the legislature

HB 430 (Driscoll) Repeal state employee classification and pay plan

- Abolishes antiquated, meaningless pay matrix
- Requires bargaining over employee classifications

HB 509 (Swysgood) Market based pay system with 3% pay increase each year with market (average increase - 4.5% per year)

(over)



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(406) 442-2123

JIM MCGARVEY
President



TESTIMONY OF JIM MCGARVEY FEBRUARY 1, 1991 HB 514 & HB 430

Madame Chairwoman, members of the committee, my name is Jim McGarvey and I am the president of the Montana Federation of State Employees.

I am here in support of HB 430 which repeal the state pay matrix and its partner, the pay plan bill set forth in HB 514. Each is complimentary to the other in solving identified problems with Montana's state pay system.

Over a year ago, the state of Montana requested the assistance of the Waters Consulting Group in addressing the inefficiency of the state employee pay system. The Waters recommendations to the State Employee Compensation Committee were based on two facts, of which state employees were already painfully aware.

- 1) the present system of pay is antiquated and inefficient.

- 2) Montana state employees are 23% behind in buying power, as a result of wage freezes and inadequate pay increases.

Now it seems to me that simply consulting rank-and-file state employees would have given us this information without us having to go to Texas.

I am here in support of these bills primarily because there is no administrative bill proposed as a result of collective bargaining with state employee unions, nor is there any other bill which addresses the problems identified by the Waters findings. In my estimation, Representative Menahan's bill, in concert with HB 430, are also the only bills that afford consideration to the collective bargaining process, a process on which state employees depend.

To consider a pay proposal based on the State Employee Compensation Committee recommendations is to consider a top-heavy proposal which ignores longevity and the need for a collectively bargained pay system. Labor organizations rejected the plan

when they saw what started out as a positive attempt at reconciling the state employee pay problem desecrate into a watered-down proposal benefitting primarily those above grade 15.

Also, consideration of a proposal based on the current state pay system renders Montana with exactly the same problems we have had historically with an all-consuming pay matrix. A single state pay matrix cannot adequately address the 1300 classifications of employees within the state of Montana. Every state agency has different needs for their employees and every state agency should be able to address those unique needs through the formulation of a separate pay matrix. House Bill 430 will rescind the antiquated state pay matrix to which the state is currently tied and enable the state to successfully address the 1300 classifications in separate pay matrices.

Somehow, most state employees were arbitrarily shoved into a pay system that is absolutely insensitive to the dissimilarities of its agencies. Not only is this difficult situation for state employees, but it is a managerial nightmare. Higher Education faculty and the Highways Department crafts council are two of the few groups that are not included in the massive state pay matrix. Neither the faculty, nor the crafts council have to consider the salary and benefit needs of all state employees because they are not tied to the all-consuming state pay matrix. Shouldn't other university employees and other Highways employees have the same rights as those they work with?

An additional problem with continuing to use the state pay matrix is the impossibility of rejuvenating the step system without unfair advantage to those frozen in the lower steps. The Montana Federation will not support a measure which encourages co-workers to step all over each other in order to gain an increase that is deserved by each and every one of them. These employees have been frozen equally for an equal number of years. Allowing some to recover lost steps and others to recover only a fraction of their lost steps is unfair.

What I do support is reform of the state pay system and a redoubled commitment to the principles of the Collective Bargaining Act and passing Rep. Menahan's bill is a sure step in the right direction. The flat dollar amount increase of \$3,000 each year of

the biennium compensates for the 23% state employee buying power lag, and doesn't give an unfair advantage to those in the higher grades - and, it costs Montana less than the proposed percentage increases.

The absolutely crucial aspects of Rep. Menahan's bill are the provisions regarding negotiable matrices for the agencies. The mechanics for negotiations of separate matrices are currently in place, but the administration needs encouragement to adopt this method of establishing pay levels. While we have met with those whose job it is to negotiate with state employees, not one of those negotiators who sat across the table from us had any authority or intention to bargain until agreement was reached.

HB 514 also addresses the necessity of shift differentials and hazardous duty pay for state employees who, as yet, remain uncompensated for enduring more hardship and danger than other employees with normal schedules or relatively safe working conditions. These two issues are recognized in a majority of states throughout the country, and it is crucial to address them sooner, rather than later.

The stipulation for negotiating classification within HB 514 stems from the dysfunctional system of classification we are currently under. There is no means for appealing grade assigned to classification under the current system and because of that, many state employees are assigned to the pay system based on a classification that is outdated or unfairly placed on the matrix.

Until Rep. Menahan's bill is passed, administration after administration will continue to shirk its duty to negotiate, as mandated by the Collective Bargaining Act. Until Rep. Menahan's bill is passed, you, as legislators, will be forced to determine which of these many bills is the right bill to endorse. No one benefits by this chaotic method of addressing state employee pay, except maybe those in the administration who prefer wiggling out of the responsibility of negotiations over hammering out a good solid agreement with state employee unions.

Believe me, I would have loved to stand before you today and endorse the bill sponsored at the request of Governor Stephens. Unfortunately, that proposal is a unilateral dictation of state employee compensation with absolutely no consideration of the tenets of the Collective Bargaining Act.

EXHIBIT 6
DATE 2 / 1 / 91
HB 514 + HB 430

I urge you to give House Bills 514 and 430 do-pass recommendations, so that one day the Governor, his (or her) administration, state employee unions and Montana's workers may stand before this committee and testify in favor of the same bill governing state pay.



MONTANA FEDERATION OF STATE EMPLOYEES

P.O. Box 1246

AFT, AFL-CIO

Helena, Montana 59624

ARTCRAFT, BUTTE

EXHIBIT 7

DATE 2/1/91

HB 504

(406) 442-2123

JIM MCGARVEY
President



Testimony of Jim McGarvey, President
HB 504
February 1, 1991

Madame Chairwoman, members of the committee, my name is Jim McGarvey and I am president of the Montana Federation of State Employees.

I rise in support of HB 504 which mandates collective bargaining meetings between the state and state employee unions one year before submission of the executive budget.

Our Federation began requesting negotiations over 14 months ago and were denied meetings with the state until after the budget was set. The state cited the State Employee Compensation Committee and its work as the reason why negotiations were inappropriate. Now, the committee's work is done and its proposals have been rejected by unions and state workers. Though this administration is not the first to evade its responsibility to bargain, we hope to make it the last with this bill.

Good faith negotiating is the only solution to the problems resulting from years of wage freezes and insulting wage increases. Negotiators of this administration, and past administrations have come to the table without any authority to even discuss separate matrices for different agencies, or the authority to present counter proposals beyond what is set forth in the administrative budgets. This bill is one step to ensuring that the Collective Bargaining Act and all of its tenets are enforced and respected.

We are here, in great numbers, because each of us supports one or another bill, not because we have a common interest in one negotiated agreement between the state and the unions. This lack of a negotiated agreement is unfair to state employees, and it is unfair to expect you, as legislators to take on an administrative responsibility in this manner. That wasn't the intent of those who enacted the Collective Bargaining Act. House Bill 504 will encourage the administration to abide by the principles within the Act and will enable us to rally behind one bill in future pay plan hearings.

EXHIBIT 8
DATE 2/1/91
HB 509

TESTIMONY
BEFORE THE
STATE ADMINISTRATION COMMITTEE

TENTATIVE SUPPORT OF HOUSE BILL 509
GOVERNOR'S PAY PLAN FOR STATE EMPLOYEES

02/01/91

By:

Joe Beausoleil
2506 Gold Rush Ave.
Helena, MT 59601

Home: 443-2256

Work: 444-2879

INTRODUCTION

Representative Brown and members of the committee...

My name is Joe Beausoleil and I am speaking on behalf of myself. I am speaking in tentative support of House Bill 509, the governor's pay plan for state employees.

I am the supervisor of the Technical Services Section of the Information Services Division (ISD) under the Department of Administration. My section is responsible for the installation and performance of the software and hardware on the two large IBM mainframe computers used by all state agencies. My staff consists of highly technical professional specialists that are in great demand throughout the data processing industry. I have worked in the data processing area within state government for 22 years now and I can speak directly to several of the problems this bill purports to address. The personnel I supervise are classified as mainframe software specialists. Throughout this testimony, I will be using them as an example of an occupational category that is experiencing severe problems with retention and recruitment.

I am speaking in tentative support of House Bill 509 because I see it as a possible first step in correcting the pay, recruitment, and retention problems of State employees. I support this plan because it recognizes that market forces in which we compete for employees must be considered in establishing salaries in order to retain and attract competent employees. However, there are two substantial problems with the bill that must be corrected in order for the plan to truly address retention and recruitment problems:

1. The plan does not address specific occupational categories. This masks the market influences associated with the occupations having the most difficulty with retention and recruitment.
2. The plan addresses the recruitment problem at the expense of the retention of our skilled employees.

PROBLEM OF NOT ADDRESSING OCCUPATIONAL CATEGORIES

The first problem with the plan is that the pay matrix arrived at does not directly address problem occupations. The matrix was constructed from the current pay grades rather than occupational categories. Benchmark positions that represent a mix of occupations in a grade were selected, a salary survey was conducted using these positions, and the results compiled into a single grouping or categorization. To correctly address market forces then, you must assume that all the occupations selected for a grade have the same demand and availability in the market place. This is simply not true. Thus, the plan does not address the market influences affecting our problem occupations.

In order to address market influence correctly, individual occupational categories must be considered. The proposed pay matrix, derived by grouping several diverse occupations together, masks the

market influences. This is not going to solve the states pay problems.

EXAMPLES OF PROBLEM AREAS

The Software Specialists I supervise are grade 16s and 17s. Most of them are at step 13. The target market salary for a grade 16 under the proposed pay matrix is 21% below the results of the salary survey of similarly skilled software specialists. Obviously, several non-related occupations were included in the grade 16 category which hides the value the market has placed on a mainframe software specialist.

Not paying our trained and experienced software specialists on a competitive basis with the private sector has led to a severe retention problem. Until recently there was no local competition for mainframe software specialists. Yet we still lost three of them to the Seattle area. They all left because of the low salaries they were receiving at the state.

Recently Blue Cross / Blue Shield, which is headquartered in downtown Helena, opened an IBM mainframe computer center providing direct competition with the state for software specialists. In fact the situation is worse than simple competition. The state has become a source of very highly trained and skilled software specialists for Blue Cross / Blue Shield. We have since lost three of these individuals to them, all for higher salaries, not because they were dissatisfied with their jobs.

Every one of these individuals was trained and educated at state expense. The last one to leave was hired by us as a trainee to fill the position vacated by his predecessor - who also quit to work for Blue Cross. The state spent \$9800 the first year to educate him, promoted him to a grade 16 on his anniversary date, provided more formal education and OJT the second year until he was becoming a competent and fully qualified software specialist. At the completion of his first major assignment, he turned in his resignation stating he was going to work for Blue Cross / Blue Shield for a substantially higher salary.

Consider the cost to the state in training a mainframe software specialist. The formal education required is not available locally and is expensive. The software specialist must be sent out of state to a technical education center in a large metropolitan area. The typical cost of providing this formal education over a two year period (five classes) exceeds \$13,500. If the employees salary while he is attending the training is included, the cost exceeds \$17,000. The state cannot continue to loose the investment it builds in these professionals. It is a waste of the taxpayers dollars.

The proposed pay plan, as it currently stands, can not resolve this retention problem because it has grouped the mainframe software specialists with jobs which are not experiencing this level of competition in the market place. The problems we have retaining these

highly skilled professionals is thereby hidden.

LEGISLATIVE INTENT

In the 1989 Session you passed HB 786. It directed the Department of Administration to

" . . . review the competitiveness of the compensation provided to registered nurses and other occupations . . . [for] problems [that] exist with recruitment and retention because of inadequate salaries when compared to competing employees . . . " (HB 786)

The Department was charged with adjusting the pay of such occupations to mitigate these problems. Notice that the bill calls for specific problem area occupations to be addressed. In fact the bill actually mentions registered nurses.

House Bill 509, as introduced, is not in keeping with the direction set by the previous legislature because it is masking market influence by considering several occupations together, some of which have no recruitment or retention problems. To be in line with past legislation on this issue, to be a market based pay plan, it must address specific occupational categories just like the real market does.

PROBLEM WITH RETENTION OF SKILLED PROFESSIONALS

The second problem I see with HB 509 is that it does nothing for the skilled professionals currently employed by the state. It seems to address the lower steps quite well with large percentage increases. But the higher steps receive very little. Yet it is at these higher steps that our skilled professionals are situated. This has come about either because they have been employed for several years and have moved up through the steps (when that was possible), or pay exceptions were obtained to hire them at one of the upper steps.

Let me illustrate this grouping at the higher steps. Of the software specialist in the Network and Technical Services sections, all are at or above step 10. More than half of them are at step 13. Now look at how poorly the proposed pay matrix 'rewards' these employees. The target market salary proposed for a grade 16 is only \$52 more per year than what the step 13 employees are currently making. This is 20 cents a day - it won't even buy them a cup of coffee. This is a slap in the face of the employees the state most needs to retain - those skilled and trained professionals this bill is supposedly trying to retain. \$52 a year just isn't going to do it.

If, however, the emphasis is placed on the retention problem by providing meaningful salary increases for the skilled personnel currently employed, the recruitment problem will take care of itself.

EXHIBIT 8
DATE 2/11/91
HB 509

Newly hired employees will see that they can have a career in state government that will adequately compensate them as their knowledge and skills increase.

SUMMARY

The problems I have pointed out are serious concerns of the employees with whom I work. The majority of these people within my division have attend presentations this week on this pay bill. They recognize the problems I have presented here this evening. And most of them are throwing up their arms in desperation feeling that these issues will never be resolved. If they aren't, the retention problems will become much, much worse. What will they have to look forward to?

Retaining the current grade and step pay structure as some of the other bills would have you do, even with the increases proposed, is no solution as past attempts at this have demonstrated. Granting an across-the-board increase only continues to compress the pay matrix. It is not a long term solution. Reinstating lost steps does not help our professionals either. Most of them are already at step 13. These bills are attempts to put band-aids on an already dead patient.

But HB 509, if it can be amended to correct the problems stated above has great potential. Putting forth a pay plan that is truly based on market influences and over time is on a par salary wise with the marketplace, will resolve the pay, retention, and recruitment problems the state currently faces. But the bill must be amended so that specific occupational problem areas are addressed properly and so that the retention of our skilled professionals is not overlooked. Such amendments will continue the direction set forth last session by HB 786 in realistically looking at market influences affecting the retention and hiring of state employees. Furthermore, it provides a solid foundation for the future.

If these amendments to the bill can be made, I can whole heartedly support it. But without such changes, I must strongly oppose it - for it is a sham to consider this a market based bill when it masks and hides the market factors it purportedly addresses.

Thank You for you time and attention.

Madam

~~Mr.~~ Chairman...
Members of the Committee,

February 1, 1991

I am Patty Gunderson, from Belgrade, Montana and I am the President of the Montana Public Employees Association. I work within the Montana University System at Montana State University.

Last spring members of the Montana Public Employee Association met throughout the state of Montana and selected representatives to attend a meeting in Butte, Montana, to develop a viable and fair pay plan. The members of this meeting decided on a pay plan that the entire membership of the Montana Public Employee Association could embrace. This large body of people chose one member from each work area to be a representative on the MPEA Bargaining Council. Highway Patrol officers have a representative, the University System has a representative, the Highway Department has a representative, etc. The prevailing theme of the meeting was, "We need more pay!". The promulgation of the interaction between these bodies of members is House Bill 259.

The bargaining council attempted to negotiate with the Governor's people on the issue of salary from July through November. A mediator found in late November that no middle ground existed. There is no way the membership of MPEA can accept the Governor's pay plan. We have spent too many sessions with minimum increases to placate the executive's desires. To force the Governor's pay plan on us this biennium would simply be intolerable.

Therefore, the MPEA Pay Plan Council has endorsed House Bill 259. We realize that the simplest, most palatable pay plan is the one we already have with all steps restored.

The major advantage of the steps is they provide a future. Restoring the steps would be a great boost to employee morale. Employees would know what to expect and when to expect it. Each year they will receive a step increase. It is a clear, concise plan based on certainty. House Bill 259 restores steps by instituting three steps the first year and four steps the second year. The bill also includes a provision for longevity and shift differential.

We are patient workers...dependable workers...reliable workers. We have given the state 100% of our work abilities. It is time the state reciprocate with a fair and equitable wage. House Bill 259 provides that wage.

On behalf of the Montana Public Employees Association I wish to extend a thank you to the committee for listening to our concerns. I hope you will join us in supporting House Bill 259.

Respectfully submitted,
Patricia J. Gunderson, President MPEA

Patricia J. Gunderson

Madam Chairman
~~Chairman~~

Distinguished members of the committee
Guests.

For the record, my name is Norma Tatarka

I have come before this committee to urge you to abandon the guidelines given to you by Governor Stephens for the classified employees pay plan and ask you to support the pay plan proposed by the MPEA, HB 259. ~~I realize your committee will not hear this bill, but~~ I would like you to be aware of what it is like to be a classified employee in the University system.

I work in the Business Office at Montana State University. The function of this office is to handle centralized billing, accounts receivable, accounts payable, student fee assessment, student loan maintenance and collection, and many other services necessary to keep the largest University in the state functioning smoothly. This office employs twelve full time classified employees ranging in grade from grade 7 to 11. My job is the maintenance and collection of student loans. I keep the records on loan collections and do all the "dirty work" relative to the job, such as receiving threatening and abusive phone calls, and getting called some "special" names. This is not to imply that all of my phone calls are threatening or abusive. Most of my students and former students are courteous and I enjoy talking with them and I have learned in my job how to handle the others. I also counsel students on budgeting so they are able to make their payments. Believe me, I have become an expert in the art of "robbing Peter to pay Paul" by virtue of my own income and outgo.

I would like to give you a few statistics that I have gathered from the employees in my office. I think this represents a fair cross section of most offices in the state.

example #1

grade 7 -- 24 year employee
monthly take home pay \$1040.74--including 3 longevity increments!

example #2

grade 8 -- employee supporting two teenage children and husband who is a full time student. Monthly take home pay \$862.16.
Monthly basic bills \$1177.00.

example #3

grade 9 -- employee supporting self and husband who is full time student. Take home pay \$928.18. Monthly basic bills \$1200.00. He works as a seasonal employee--summers. They are trying to complete his education without financial aid. So far it has been a real struggle.

example #4

grade 9 -- employee supporting self and two children. Husband is employed, but negative economic conditions in Montana have forced him to take several concessions that have resulted in reduced pay. Take home pay \$913.00. Basic monthly bills amount to bare minimum of \$1300.00.

Compare this with a median sample of basic monthly bills gathered from my colleagues:

House payment or rent-----	\$400.00	to	\$600.00
Food-----	400.00	to	500.00
Gas and electric-----	85.00	to	150.00
Water-----	38.00	to	45.00
Car payment-----	225.00	to	350.00
Car insurance-----	125.00	to	140.00
Phone-----	45.00	to	60.00
Newspaper and TV-----	35.00	to	40.00
Gas for car-----	<u>20.00</u>	to	<u>40.00</u>
	total \$1,473.00		\$1,925.00

As you can see, I am not dealing with thousands of dollars to distribute among thousands of employees, as you do. I am trying to present you with the reality of our plight. It is clear by these statistics that the income does not nearly meet the outgo. It makes no difference if we have a spouse that contributes to our monthly income. When we were hired, our pay was not contingent on what our "other half" makes. It is also noteworthy that very often these are single parent situations and each one of us could find ourselves in that predicament at some point in time. There is always the possibility of divorce, or disability or death of our spouse. The downturn of the economy in Montana has resulted in reduced income in many households because of layoff--temporary or permanent. We must also consider inflation. Have you been to the grocery store lately? Everything we need to live has taken a jump in price. For example, the cost of a postage stamp when I was hired in 1977 was 13 cents!

Please notice that the aforementioned list of basic monthly bills does not include "extras", such as; doctor bills, prescription drugs, clothing, or child care. The monthly bills I have seen for child care are \$250.00 to \$275.00. The list of expenses also does

not allow for the costs of educating our children, or unforeseen expenses, such as car repair, new tires, or replacing worn out appliances. None of the above mentioned employees is able to put money in a savings account. Heaven forbid that we should ever be faced with a family emergency. At Thanksgiving, our daughter was informed by her Commanding Officer that her planned Christmas leave had been canceled and she was being sent to Saudi Arabia on short notice. We were hard pressed to come up with enough money to buy two airline tickets to fly to Oklahoma City to see her before she left. We not only borrowed money, which adds another bill to our monthly list; but we also used the money we had set aside to buy Christmas gifts for our other seven children and grandchildren. Needless to say, our Christmas was very slim this year as far as gifts were concerned.

One of the benefits of our employment is health insurance. However, unless we are single and have no dependents, we are charged \$78.00 per month as our part of the insurance premium. We then must meet a \$500.00 deductible each year before we can expect any benefits. Because of this out of pocket expense, most of us hesitate to go to the doctor. We simply cannot afford the deductible.

Governor Stephens has not only ignored the reality of this, but his initial plan further insulted us by offering us less than 100% of what is paid in the "private sector". Would that mean we would pay less than 100% of our bills or state and federal taxes? NO. The pay plan that is being offered also does not include a fair longevity clause. This, coupled with the fact that salaries have been frozen at times and our steps were permanently frozen four or five years ago, just adds to the inadequacies. Please refer to example #1, this employee has been at MSU 24 years, her steps are frozen and she takes home a mere \$1040.71 per month. We have two employees who are in accounting. One has been at MSU nine and one half years, the other is one grade higher and has been at MSU eleven months. The difference in their gross pay is \$27.67. I do not consider this "fair" pay.

My question to you is--could YOU live and support a family on these wages?

It seems to be the consensus of the general public in Montana that anyone who works for the state has a "plush" job and that there is a surplus of employees. When I was hired in 1977, I considered it a privilege to be a state employee. However, we have been knocked down repeatedly by the failure of our legislators to recognize that number one--our jobs are vital to the continued smooth running of the state and, secondly-- our years of experience would be hard to replace. We have also been hampered because positions were not filled when vacated, due to retirement, hiring freezes, etc. This means we have taken on more and more duties. It is doubly frustrating to be underpaid and then to go home every day knowing that you will probably never be "caught up" enough to get to jobs that you have set aside for a less stressful and less busy time.

We have heard a few members of the budget committee expound on the fact that the State does not have the funds to meet HB 259. We do our jobs and do them well for less than a living wage--It is the job of this legislature to find the money to fund this plan. The money has been there before, but it was always used to balance the budget. Please don't let that happen again. Don't let the right of an employee to have a living wage be the tool that is used to balance the budget. It is time to again make us proud to be state employees. Lets insist that the legislators DO their job this time. We deserve better treatment than we have had in the past. WE ARE WORTH IT!

EXHIBIT 11
DATE 2/1/91
HB 509

TESTIMONY
BEFORE THE
STATE ADMINISTRATION COMMITTEE

OPPONENT OF HOUSE BILL 509

GOVERNOR'S PAY PLAN FOR STATE EMPLOYEES

February 1, 1991

BY:
Terry Kramer
Box 100 BSH
Clancy, MT 59634

HM=> 933-8658
WK=> 444-2556

Representative Brown and members of the committee..

My name is Terry Kramer and I am speaking on behalf of myself. I wish to make known my opposition to House Bill 509.

I currently am the manager of Data Network Design Technical Services within the Information Services Division of the Department of Administration. I came to state government two years ago from Denver Colorado after responding to a employment advertisement in the Denver Post newspaper. I was hired at a grade 18 step 13, after some tough negotiations and several step exceptions on the part of the state of Montana. Even after coming in at the highest step in my grade, I took a \$18,000 annual cut in salary from my previous employer were my position had me supervising fewer individuals and carried much less responsibility than my position with the state. Under Bill 509's proposed pay matrix I am very close to the targeted market salary. My testimony is based on 15 years experience in data processing prior to the state, all within the private sector.

In my two years of employment with the state, I have seen turnover in the technical and professional data processing ranks, and extremely low moral unlike anything I have ever seen in my private sector experience.

In its current form, House Bill 509 should have one small positive influence on the current brain drain within state government. By helping the individuals in the lower range of salaries of each

grade level, it may help retain junior technical and professional personnel in state government for a somewhat longer time period, possibly 3-4 years versus 2-3. Since it does very little if anything for the individuals in the higher current step system, these individuals are being encouraged to leave state government.

Another step in the right direction is the use of the term "MARKET". But the Pay Commissions attempt to define, and subsequently survey the market to determine Market salaries, ignores the real market that employers compete in. The Pay Commission has lumped together many different professions by using the current pay plan's grades and averaging their market salaries to come to a target market salary for all. This is a flawed approach.

In the private sector, individuals compete for jobs with other individuals with similar skills and experience in their chosen professions. Not individuals from other occupations! Data processing professionals compete with other data procession professionals for data processing jobs, not geologist, nurses, accountants, and civil engineers. Salaries are determined by the free enterprise method, supply and demand. When demand is high, supply is usually low and salaries rise. When demand is low, supply is usually high and salaries fall. Grouping different occupations together and then determining a salary that is applied to all, is not something one expects of a Capitalist society. This approach didn't work for state government when applied to the

nursing profession, and it hasn't worked in other high demand professions like data processing.

I suggest that the legislature take what is good from House Bill 509, the word "MARKET". Then modify it to take into consideration that there are Occupational markets, and that is the real meaning of "MARKET". The next step is to make a effort to actually evaluate the salaries of those markets in the geographical locations that the state is competing in. Recognizing that in some professions the geographical market includes cities and states outside of the Pay Commissions recognized area.

For example, when recruiting for talent and experience with large IBM mainframe computer background, does it make sense to base salaries on Montana, North Dakota, South Dakota, Wyoming, and Idaho, where total of large IBM mainframe installations is less than 20. Or does it make sense to recruit from Seattle, Denver, Minneapolis, and Portland, where there are hundreds of large IBM mainframe installations similar to the State of Montana's environment.

I realize that if and when a true market approach is taken, the issue of funding will be high on everyone's minds. You must resist the approaches of past pay plans, that back into conclusions based on funding premises. Pay plan and funding are different issues! It is far better to produce a realistic pay plan based on the true market and then look the state worker straight in the eye and say

Sorry, we know what you are worth but we just can't pay you that much, than it is to hide the truth and continue with the deception. By being truthful and factual, you will gain respect, credibility, and understanding, something that the state personnel division, and the Pay Commission does not have.

In summary, I oppose Bill 509 as it currently is written, however I could support it if it were modified to;

1. take into consideration occupational markets,
2. take into consideration realistic geographical markets that certain occupation are found in,
3. and dump the Pay Commissions proposed pay matrix and replace it with one based on the real market.

Thank you.

EXHIBIT 12
DATE 2/1/91
HB 259

WITNESS STATEMENT

To be completed by a person testifying or a person who wants their testimony entered into the record.

Dated this 1 day of February, 1991.

Name: Janice Midyett

Address: 130 Wapukya
Missoula

Telephone Number: 251-5910

Representing whom?

myself as a public employee

Appearing on which proposal?

HB 259

Do you: Support? ☒ Amend? ☐ Oppose? ☐

Comments:

comments on separate sheet

February 1, 1991

Testimony before the House Administration Committee on House Bill 259

Madam Chairman & members of the Committee

My name is Janice Midyett, I am a staff member at the University of Montana. Tuesday night I watched President Bush's state of the union address on TV. As he was stating the accomplishments of his administration, one statement caught my attention--He said "and we gave money back to families and we did this not by giving the money to bureaucrats but by giving money directly to needy families." Since bureaucrat is another name for government worker or public employee, this statement set me to wondering exactly how did President Bush distribute the money to these families--did the people line up at the White House door for he and Barbara to hand them the money personally? How did he accomplish this task without government workers?

President Bush, in his talk, illustrated a belief that has become all too common and that is that public employees are some undesirable class of people that we should keep money away from whenever we can. Somehow, the thought is out there that essential public services can be carried out without public employees or if they cannot, certainly public employees should not be paid much.

The state of Montana has spent precious little on their public employees over the past 10 years. Yet, we as public employees are the ones that carry out the policies, laws and mandates that you as legislators set. We are the secretaries, the administrative officers, the clerks, the accountants, the computer programmers and custodians who staff the universities and colleges and state, city and county government offices.

We work hard, almost all of us work in offices that are understaffed. We contribute to the quality of life in Montana and we contribute to the economy of the state. We also pay taxes. House Bill 259 with a 6% increase in base salary and restoration of lost steps is not an unreasonable pay bill. It does not make up for wages we have lost. It is a step in the right direction and it is long overdue. I urge the members of this committee to support this bill.

Thank you for this opportunity to testify.

February 1, 1991

T E S T I M O N Y

Chairman Jan Brown, Vice Chairman Vicki Coccharella and members of the committee.

My name is Bea Steen, I work for Dept. of Highways, am chairman of the Highway Employees Negotiation and Bargaining Council, a member of the MPEA State-wide Negotiation Bargaining Team and serve on the MPEA Board of Directors as Region 3 Director.

[* * * * *]

I have brought to you a box of letters from fellow highway employees who are asking for your support, but before I present them to you let me say that:

You know we have had our steps frozen for the past several years;

You know that our salaries are below what our counterparts are paid in the private sector;

You know that recruitment and retention is a major problem;

You know that the present longevity formula is not adequate to retain qualified employees in State Government; and

You know that a Bill has been introduced to solve some of these problems, by MPEA

Well we as State employees also know that we need to have steps returned;

We know that we need to have a salary increase that will bring us to where we should have been had not the steps been frozen, plus a cost of living adjustment,

We know that we need a meaningful longevity formula;

We know that HB 259 will provide State employees SOME of what we deserve

Finally I say WE KNOW WE'RE WORTH IT - YOU SHOW US WE'RE WORTH IT.

I ask you to Vote YES for MPEA'S Pay Bill, HB 259, AS WRITTEN

EXHIBIT 14
DATE 2/1/91
HB 259

WITNESS STATEMENT

To be completed by a person testifying or a person who wants their testimony entered into the record.

Dated this 1 day of February, 1991.

Name: Charlene Tate

Address: 929 California
Bulte

Telephone Number: 782-2836

Representing whom?

Wanda Kidop - Mt Tech - MPSEA - state employee

Appearing on which proposal?

HB 259

Do you: Support? X Amend? Oppose?

Comments:

Attached

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY

My name is Charlene Tate and I am reading this testimony on behalf of Wanda Hislop, who could not be here tonight due to a death in the family.

Madam Chairman, Ladies & Gentlemen of the Committee:

My name is Wanda Hislop and I am employed at the Montana College of Mineral Science and Technology. I am also a member of the Board of Director's of MPEA. I ^{am}~~came~~ here today to ask you to support HB 259.

The state employees of Montana have balanced the budget on their backs for the past 6 years and we cannot and WILL NOT do it again. We all have broken backs and many of us are wearing braces, braces like 2nd and 3rd jobs and welfare. When state employees of Montana have to be on welfare to make ends meet there is something wrong with the system.

When I was hired in 1984, I was shown a table that showed what I would receive every year for a step increase. I was promised these steps and I have never received them. Like many others in this state, I am still at a step 3 after 7 years of service. The steps that are being proposed in HB 259 are ours. We have earned them and we deserve them. If they had been given to the State employees the way they were promised, we wouldn't be in the mess we are now. They would have gone a long way toward making ends meet for State Employees. But, giving us our steps back is not enough since we are so far behind. We must also have

EXHIBIT 1
DATE 2/1/91
HB 259

some meaningful cost of living increase, our longevity program must be looked at and shift differential is becoming a major need of State employees. All of this is covered very effectively in HB 259.

HB 259 is a fair bill and one that will not cost the State a fortune. It is one that is affordable, especially if you use the \$27 million of the surplus that is rightfully ours. This money was originally budgeted for wages and was never used for that purpose. It is only right that this money be used for its original purpose -- State employee wages.

The State Employees of Montana have reached their limits. They CANNOT and WILL NOT tolerate balancing the budget for the State again. This biennium is our turn. Please consider HB 259 and support it.

Remember, WE ARE WORTH IT! Prove it to us and make us feel that we are respected and needed by you, the members of this STATE. Don't let this injustice continue.

I want to thank you for your time and attention. I know this is a hard decision, but it is a decision that cannot be put aside any longer. The public employees of Montana no longer have backs strong enough to balance the entire budget of the State. Let the other areas of government have the backaches for awhile.

Governor's Pay Plan HB 509 ? Larry Nordell
2751 Grizzly Gulch
Helena
4434817

EXHIBIT 15
DATE 2/1/91
HB 509

My name is Larry Nordell. I am an economist with the DNRC. I am here on my own time, testifying on my own behalf.

The pay plan problem was understated by the Pay Plan Commission, because the PPC study averaged the pay for skills and professions within a grade, and it averaged the pay in surrounding states. In fact people leave because of the best opportunities open to them, to their skills and professions. The people who leave are not average grade 14s or 16s, they are biologists or hydrologists or economists, and they don't move to the average surrounding state, they move to where the opportunities are best. My experience is that for energy specialists in grades 14 through 16 we are 50 percent under market. That is approximately the raises people have been getting when they leave and move to Washington State. For energy economists the range is 60 to 100 percent, based on the jobs I have seen or been asked to apply for.

Having recognized a problem, the next step is to find a solution. The Governor's pay plan is not a solution. It is not even the beginning of a solution. The catchup raises in the Governor's plan not only do not catch up, they don't even keep up with this year's inflation. Total raises around 4% will increase the market disparity. Washington state got 6% raises this year. If we are 60% under market this year, a 4% raise will leave us 63% under market next year.

Here is my personal experience: In the 14 years I have worked for the state, inflation has been 230 percent. In that time, with two promotions and 10 step increases, my real salary has declined by \$600.

I love this state. I love living and working here. I have raised a family here; my two kids are native Montanans. My parents are children of immigrants who worked hard to put

themselves, ^{through college} and to ^{help} ~~put~~ my sisters and brothers and me through college and grad school. I look ahead six years and I don't see how I'm going to be able to send my kids to college. I don't know how much longer I can afford the luxury of working for the state of Montana.

We have a problem. People are leaving, and it has been difficult to replace them. More people will leave, and it will be harder to replace them. In my 7 person bureau, 2 people have left in the last 2 months, and the rest of us have either been recruited or are looking. We are frequently told that the state should act more like a private business. If a private business were to act like the state, and refuse to pay market salaries, it would fold. I don't believe the people of Montana want the state to fold. I don't believe the people of Montana want mediocrity in their government, in their dealings with other states and with the federal government. The legislature cannot simply say that we can't afford to fix the problem, because the problem will not go away. You can fix it in two ways: cut some services and adequately fund the others so that you can retain and hire the best people, or raise taxes. ^{You do need to redo the classification system. But the main thing is,} ~~I think~~ you will have to stop thinking about tax increases as a forbidden concept. You cannot continue to balance the budget at the expense of state employees. To fail to fix the problem is to accept the likelihood that Montana will fold its hand. Montana will end up as the Eastern Airlines among the states.

WITNESS STATEMENT

To be completed by a person testifying or a person who wants their testimony entered into the record.

Dated this 1 day of February, 1991.

Name: Sandra Bowman

Address: 1124 Lincoln Drive

Great Falls MT 59405

Telephone Number: 453-0641

Representing whom?

School for Deaf and Blind (Cottage Attendants)

Appearing on which proposal?

House Bill 514

Do you: Support? ☒ Amend? ☐ Oppose? ☐

Comments:

This is my 3rd school year at (MSDB) my pay increases have not totaled \$1.00 since I have been at the school.

I am currently holding down a second job to help support my family.

many employees of the cottage program have a second job also.

I like my job, it is rewarding and fulfilling. I feel in the future I might have to terminate my position to find a more financially secure job.

I have less time with my family because of two jobs. I have no pay during the summer months, travel weekends and long holidays during the school year.

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY



Montana Nurses' Association

P.O. Box 5718 • Helena, Montana 59604 • 442-6710

February 1, 1991

TESTIMONY BEFORE STATE ADMINISTRATION COMMITTEE ON PAY PLANS

Chair Jan Brown:

Good evening Madam Chair, members of the Committee, my name is Wilbur W. Reumann, Labor Relations Director for the Montana Nurses' Association (MNA). I am speaking on behalf of the many Registered Nurses who work for the State of Montana -- in the Department of Institutions at Warm Springs, Galen and Columbia Falls, the Department of Health and Environmental Sciences in Helena, and the University System at the MSU Student Health Department.

Two years ago the Legislature listened to the pleas of Nurses and passed an amendment to the pay plan bill which allowed the MNA to negotiate above the existing pay plan in order to recruit and retain Nurses. Well, we did that and in some cases were able to become more competitive with the private sector. Unfortunately, the University System said that they didn't have to follow the pay plan exceptions and therefore would not negotiate above the plan.

We believe that some of the items in Rep. Cocchiarella's bill do speak to the needs of Nurses but we have not had time to review all of the various pay plan bills at this time. Much to our dismay, the Governor has not yet responded to MNA proposals and so we have been left in the dark. In fact, we proposed meeting last September and the Administration wasn't ready. Then we followed up with a request to meet in December and the Administration gave us a date in January. At our January meeting I asked the Administration representatives to tell us how the Governor's plan would affect Registered Nurses in State Government and they couldn't do it. They have agreed to tell us at our next meeting in February.

Any pay plan that you adopt must include the following items in order to recruit and retain Registered Nurses who work for the State:

- Shift Differential competitive with the private sector. \$1.50 evening (3-11)
\$2.00 night (11-7)
- Weekend Differential of \$2.00/hour for all hours worked on the weekend.

Page Two
Montana Nurses' Association
Pay Plan Testimony

- Overtime - Registered Nurses in state government are classified as Professionals and therefore are exempt from overtime provisions. The state institutions are the only healthcare institutions in the state that do not pay overtime to Registered Nurses. We need to "fix" this problem.
- Competitive wages with the private sector to recruit retain qualified professionals in state government.
(see attached comparison chart)

Members of the Committee, Registered Nurses do not believe that their request to be competitive with the private sector is unreasonable -- we need to keep qualified professionals in state government! Please adopt a pay plan which will allow us to give the kind of nursing care that Montana's citizens deserve.

Respectfully submitted,

Wilbur W. Rehmann
Labor Relations Director

WITNESS STATEMENT

To be completed by a person testifying or a person who wants their testimony entered into the record.

Dated this 1 day of Feb., 1991.

Name: Mykel Jon Wills

Address: 15725 E. Mullan Rd
Clinton, MT. 59825

Telephone Number: 825-3161

Representing whom?

Mechanics in Missoula Shop.

Appearing on which proposal?

HB-259 w/ Blue Collar amend.

Do you: Support? X Amend? Oppose?

Comments:

It is now a need not just a want.

Mike Wills - Mechanic

Montana State Highway Dept.
Missoula, MT

Home Address: 15725 East Mullan Road
Clinton, MT 59825

Married - 3 children
(Wife does not work.)

Gross Pay (bi-monthly) \$ 860.24

Fed. Tax	36.01
State Tax	18.00
FICA Tax	62.64
PERS	54.20
Union Dues	12.05
Health Insurance -	<u>41.91</u>
Total:	635.43

Total Net Pay Per Month 1270.86

House Payment (Per Month)	\$ 418.00
Utilities (Per Month)	<u>120.00</u>
Total:	<u>(\$538.00)</u>

Balance: \$732.86

After the normal deduction out of my paycheck and after paying the house payment and utilities which are the principle bills which I have to pay, my family and I have to live on approximately \$730.00 a month. (I live in an average size home with a value of approximately \$50,000.00)

I do not own a boat, motorcycle, snow mobile or any other luxury items. I do not own a new car nor do I have any kind of savings account. After purchasing food my wife has to stretch out the remaining \$200-\$300 on transportation costs so that I can get to and from work and the normal travel expense incurred in raising three children.

Working for the State of Montana is a rewarding job, but the biggest problem is not having enough money to maintain even a middle class standard of living.

I urge this committee and all the legislators to please support House Bill 259. I am not asking for a great deal of money; only enough to try to maintain a reasonable standard of living.

Blue Collar
Thank you. Your support will be greatly appreciated.

EXHIBIT 19
DATE 2/1/91
HB 514 + HB 502

WITNESS STATEMENT

To be completed by a person testifying or a person who wants their testimony entered into the record.

Dated this 1st day of February, 1991.

Name: Gladeys Hardin

Address: 6630 Siesta Drive

Missoula, Montana

Telephone Number: office 444-4545

Representing whom?

Local 4447 - Federation of SRS employees

Appearing on which proposal?

HB 514 and HB 502

Do you: Support? X Amend? Oppose?

Comments:

presenting letter from Mr Ray Beagle, Haare, Mt.

HB 514

STATE PAY PLAN TESTIMONY

LADIES AND GENTLEMEN OF THE COMMITTEE:

FOR THE RECORD, MY NAME IS GLADYS HARDIN. I AM PRESIDENT OF THE FEDERATION OF SOCIAL AND REHABILITATION SERVICES EMPLOYEES, LOCAL 4447. I HAVE HEARD PEOPLE SAY THAT THE PAY SCALE IN HELENA AND IN LARGER CITIES AROUND THE STATE IS TOO LOW, BUT THAT IN OTHER PLACES IN THE STATE, THE PAY SCALE IS ADEQUATE OR BETTER. I WOULD LIKE TO READ A LETTER FROM ONE OF OUR MEMBERS IN HAVRE, MR. RAY BERGH, WHICH INDICATES THAT IS NOT THE CASE. *In the interest of time, I am not going to read word for word.*

I AM, AS A STATE EMPLOYEE, REQUESTING THAT THIS COMMITTEE GRANT A SIZEABLE PAY INCREASE TO STATE WORKERS FOR A VARIETY OF REASONS. I HAVE FIVE MAIN AREAS OF CONCERN;

1. THERE IS A HIGH TURNOVER AMONG STATE EMPLOYEES IN PROFESSIONAL POSITIONS THAT IS DIRECTLY RELATED TO LOW PAY. I HAVE BEEN INVITED TO ACCEPT OF OFFERED BY OTHER STATES A SIMILIAR POSITION TO THE ONE I HAVE NOW, WITH APPROXIMATELY A \$12,000 A YEAR PAY INCREASE. THE OFFICIALS OF THE OTHER STATES WERE SOMEWAHT UNBELIEVING WHEN THEY LEARNED THE SALARY I RECEIVE FROM THE STATE OF MONTANA. I HAVE SEEN MANY PROFESSIONALS IN MY SERVICE AREA QUIT THEIR JOBS WITH THE STATE AS A DIRECT RESULT OF THE PAY, WHEN COMPARED TO THE EDUCATIONAL REQUIREMENT OF THE POSITION. *(3% each year, when inflation is over 6% will not help.)*
2. I HAVE ALSO SEEN, IN MY OWN AGENCY, A PROBLEM IN RECRUITING NEW EMPLOYEES. SOME POSITIONS HAVE BEEN VACANT IN EXCESS OF THREE MONTHS BECAUSE NO APPLICATIONS WERE RECEIVED FOR THE JOB. I HAVE BEEN CONTACTED BY INDIVIDUALS FROM OTHER STATES REQUESTING INFORMATION RELATIVE TO EMPLOYMENT. WHEN SALARY, AS OUTLINED BY THE MONTANA PAY PLAN COMES UP, THE INDIVIDUALS SIMPLY SAY 'FORGET IT' AND HANG UP.
3. THERE IS A DISTURBING ATTITUDE AMONG SOME NEW STATE EMPLOYEES I KNOW IN AGENCIES OTHER THAN MINE. THEY HAVE STATED THEY TOOK THE STATE JOB BECAUSE IT WAS 'ANY PORT IN A STORM' AND IT WAS STORMING. THEY FURTHER ELABORATE THAT THEY WILL STICK WITH THE JOB ONLY UNTIL SOMETHING BETTER COMES ALONG. / SOME NEW STATE EMPLOYEES I HAVE ENCOUNTERED ~~STATE~~ HAVE SAID THEY WILL PROVIDE ONLY MINIMAL WORK EFFORT AS THAT IS ALL THEY ARE PAID FOR.
4. STATE EMPLOYEES, ~~INCLUDING MYSELF~~, ARE PROVIDING SERVICES OR BENEFITS TO INDIVIDUALS WHO HAVE BEEN DETERMINED TO BE LOW INCOME. SOME OF THESE CLIENTS ARE RECEIVING MORE IN UNTAXED BENEFITS THAN SOME STATE EMPLOYEES ARE RECEIVING IN WAGES. THIS LEADS TO A HIGH FRUSTRATION AMONG STATE EMPLOYEES AND CAUSES PROBLEMS IN DEALING WITH OUR CLIENTS.
5. IT IS DIFFICULT TO CONCENTRATE ON JOB DUTIES WHEN UNDER FINANCIAL PRESSURE TO MEET EVERY DAY LIVING EXPENSES. EVERYTHING WE MUST BUY GOES UP, SO OUR FROZEN SALARIES BUY LESS AND LESS.

EXHIBIT 19
DATE 2/1/91
HB 514 + HB 502

609 Montana Avenue
Havre, Montana 59501
January 30, 1991

Dan Evans
Montana Federation of State Employees
AFT, AFL-CIO
P.O. Box 1246
Helena, Montana 59624

RE: STATE PAY PLAN, TESTIMONY FOR HEARING OF
FEBRUARY 1, 1991, 5:00 P.M.

Dear Mr. Evans:

I am requesting that you or a delegated representative of the bargaining unit read the following letter to the members of the State Employee Compensation Committee in the Legislature at the above hearing. My testimony via letter and through the Union is submitted in lieu of my traveling to Helena at either great expense to myself or the bargaining unit.

I am, as a State employee, requesting that the Committee grant a sizeable pay increase to the State workers' for a variety of reasons. I have five main areas of concern which I wish to voice:

1. There is a high turnover among State employee's in the professional positions directly related to low pay. I, ~~myself~~, have been invited ^{to accept} or offered by other state's to take a similar position or job to the one I have now, with approximately a \$12,000 per year pay increase. The officials of the other state were somewhat unbelieving when they learned of the salary that I was receiving from the State of Montana. I have seen many professional's in my service area quit their jobs with the State directly as a result of the pay when compared to the educational requirements to get the job.
2. Directly related to number one above, I have seen within my own agency a problem in recruiting new employee's for vacant positions. Some have gone empty in excess of three months before any applications for the job were received. I have had individuals from other states contact my office requesting information relative to employment in a position similar to mine. When salary is mentioned to them, as outlined by Montana pay plan, the individual's simply say "forget it" and hang up.
3. I have detected an attitude among some new State employee's with whom I have been in contact in agencies other than mine. They have stated that they took the State job because it was sort of "any port in a storm," and it was storming. They have further elaborated that they will stick with the job until something better comes along. Perhaps, a sub-part of

this attitude would be that low pay is better than no pay until a decent paying job is found. Many of the new State employee's I have encountered have stated that they will provide minimal work effort as they feel that the pay is low. This, again, compounds the job due to poor work attitude.

4. I have noticed among many State employee's that they, including myself, are providing cost services or benefits to individual's who have been determined to be low income as defined by various programs. Many of these client's receiving dollar services from State agencies are receiving more in untaxed benefits than some of the State employee's are receiving in wages. This leads to a high frustration among State employee's, causing problems in dealing with their clients, both internally and with attitude towards clients. This attitude of resentment, etc., by some of the State employee's is picked up by the client that they are working with, which causes complaints concerning the program and the particular State employee as an individual.
5. It is difficult to concentrate on job duties when under financial pressure to meet every day living expenses.

I strongly support the pay plan proposal put forth by the Montana Federation. I do feel that the Legislature made a commitment in the previous session, that they were asking the State employee's to balance the State budget by taking a token pay raise indicative of recognition of good work; however, at this time, I do feel that the Legislature should follow through with the commitment made in the last session, provide a decent pay increase to State employee's to assist them in overcoming the inflation deficits created by the lack of pay increases or adequate pay to even keep up with inflation which has occurred over the past ten years.

Thank you, gentlemen, for hearing my opinion.

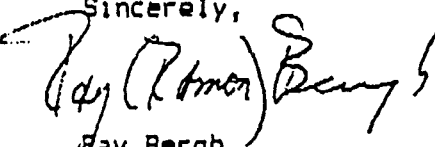
Sincerely,

Ray Bergh

EXHIBIT 20
DATE 2-1-91
HB Pay Plan Bills

WITNESS STATEMENT

To be completed by a person testifying or a person who wants their testimony entered into the record.

Dated this 1 day of February, 1991.

Name: BARBARA CHARLTON

Address: 1424 9TH AVE

Telephone Number: 444-4304

Representing whom?

STATE DEPT OF COMMERCE

Appearing on which proposal?

PAY BILLS

Do you: Support? X Amend? Oppose?

Comments:

DEPT OF COMMERCE SUPPORTS AN
APPROPRIATE PAY RAISE FOR ALL STATE
WORKERS BASED ON A MARKET BASED
SYSTEM.

Testimony by Barbara Charlton
Representing State Department of Commerce
Director: Chuck Brooke

Mr. Chairman, Members of the Committee, for the record my name is Barbara Charlton. I am the Personnel Officer for the State Department of Commerce and I am here today representing Chuck Brooke, Director, Department of Commerce.

Thank you for the opportunity to share some thoughts on the subject of state employee's compensation.

The State Department of Commerce supports an appropriate pay raise for all state workers. Because state employees have not received an adequate pay increase for the past several years, state salaries are generally well below what other employers pay for similar work.

This has resulted in some significant recruitment and retention problems within the Department of Commerce; particularly in professional occupations.

The Department of Commerce believes the following examples demonstrate some of the problems we have had with the current state pay system and why we believe the state should seriously consider a market based pay system.

1. Financial Division - Bank Examiner Positions.

The Financial Division is charged with supervising and examining financial institutions in Montana.

The Division currently has 15 examiners, and approximately 150 institutions it is required by law to examine. Turnover is a significant problem for this Division. It takes 3-5 years of on-the-job training to get new examiners to the point where they are able to supervise relatively easy examinations. The average cost for basic examiner training is \$11,000 to \$12,000 per employee. These positions also require a full-time travel status. Since salary ranges for experienced Montana examiners are considerably lower than other states and grossly lower than federal agencies, the division is losing examiners as soon as they are trained. If this compensation issue is not addressed, we may lose our even more experienced, trained examiners and will no longer be able to train new staff. Compensation levels compounded by the full-time travel requirement have also made it harder to attract qualified applicants to fill a vacancy and the overall quality of applicants is much lower than it was a few years ago.

2. Local Government Audit - Municipal Auditor Positions.

The Local Government Audit Program is charged by statute with auditing the affairs of local government entities. In excess of 400 local government entities require audits.

The Audit Program must be able to keep entry level auditors (grade 12) for about 4 years before those positions become productive enough to benefit the audit program. Because of salary levels and a full-time travel requirement this program is experiencing a 29% turnover rate in a 12-month period.

We are experiencing increased difficulty attracting qualified applicants for entry level positions. We find it impossible to attract any qualified applicants for positions that become vacant above the entry level. Because the current State Pay System is not competitive with local governments, school districts or private sector equivalents; the department again is losing auditors as soon as they are trained and our capability to train new auditors is diminishing.

3. Other Program Areas

The Department has experienced high turnover rates, reduced applicant pools, and a lower quality of applicants in several other program areas in the Department of Commerce because of inadequate compensation levels: Security Analyst and Investment Officer Positions; Programmer Analyst Positions, and other specialized professional positions throughout the Department.

In closing, I appreciate the opportunity to bring these situations to your attention. The Department of Commerce encourages you to pass an appropriate pay raise for all state workers and to provide a state government pay system that sets salary levels based on the market.

Attached to my testimony are several letters written by Department Division Administrators describing specific recruitment and retention problems their divisions have experienced.

EXHIBIT 20DATE 2-1-91HB **COMMISSIONER OF FINANCIAL INSTITUTIONS**

1520 E. Sixth Ave., Lee Metcalf Bldg. - Rm. 50, Helena, MT 59620-0542

406-444-2091

January 31, 1991

Committee Chair
Appropriations Subcommittee
State Capitol
Helena, Montana 59620

Dear Committee members:

The Financial Division of the Department of Commerce is charged with the responsibility of maintaining the safety and soundness of the banks, credit unions, consumer loan companies and sundry other financial institutions under our supervision. We are funded only by the fees and assessments paid by the businesses we license and supervise. The Division's responsibility is fulfilled primarily through an on-site examination program.

We have approximately 150 institutions which we are required by law to examine. We have 15 examiner positions, but currently employ only 13 examiners. Two of our examiners have less than one year of experience and two others have less than two years of experience. Only five of our examiners have the experience and ability necessary to supervise what has become a large number of difficult or complicated examinations. One of those is expected to retire within a couple of months of 1990. It will be at least two years before any of our most capable junior-level examiners will be qualified to advance to this level of responsibility. A few of our examiners have not demonstrated the ability to advance to that level.

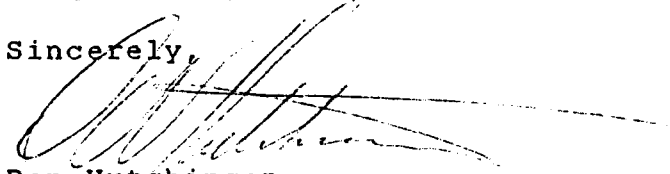
Turnover has frequently been a problem for the Division, as the first three attached sheets show. Banking has become substantially more complicated in the last 10 years, increasing the time needed to train examiners, and making experienced examiners more difficult to replace. Examining is a collection of very specialized skills, many of which can be learned only while working as an examiner or banker. It is acknowledged by most financial institution supervisors that it takes 3-5 years of on-the-job experience to train a new examiner to the point where he or she is able to supervise relatively easy examinations. In addition, examiners attend classes during their training period. Attendance at the three basic two-week examiner schools costs an average of \$11,000 to \$12,000 per employee (including salaries and benefits) and can go much higher when specialized training is provided. This is time and money poorly spent when:

1. qualified and capable examiners move to higher paying jobs shortly after we have trained them, and
2. our salary potential is so far below that of the market in which we compete for recruits that the number and qualifications of job applicants have decreased significantly in recent years. In other words, good people are harder to replace than they used to be.

It is critical that we be able to protect our investment in capable employees by paying them competitive salaries. The fourth attached sheet compares salaries for Montana state bank examiners with those of examiners in neighboring states and those of examiners employed in Montana by the federal bank regulatory agencies. Salary ranges for experienced Montana examiners are considerably lower than those offered by the other states and are grossly lower than those of federal agencies. Compensation by the other regulators generally increases at accelerating rates as examiners prove their abilities. Montana's salaries tend to increase at a straight line rate as our examiners move from a Grade 12 position to a Grade 16 position. The fifth sheet notes salaries paid for common banking positions. Banks typically offer cash bonuses, profit sharing plans and/or other incentives and salary enhancements in addition to the stated salary.

The market in which we operate has made it very difficult to attract and retain quality employees. Existing compensation levels have made it much harder to attract qualified applicants to fill a vacancy, and the overall quality of those applicants is much lower than it was a few years ago. Retention of trained, capable employees is increasingly unusual. These problems, along with the complicated changes in the banking business, have combined to drastically reduce the number of examinations we can perform in a year. (See the sixth attached sheet.) Without positive action resulting in the flexibility to pay competitive, performance-based salaries to talented employees, the Division will not be able to adequately perform its duties.

Sincerely,



Don Hutchinson
Commissioner of Financial Institutions
Financial Division,
Department of Commerce

1977	10	1+ yr	hack	Sales	Not known					
	11	2 yrs	hack	?	Not known					
	12	2 yrs	loans	Bank	X	X				
	13	1 yr	hack	Student Corp.						X
	14	2+ yrs	hack	Acctg.	X		X			
	15	6 mos.	hack	Bank	X		X		X	
	16	1 yr	hack	Mtn. Bell	X	X				
	17	6+ yrs	EIC	Bank	X		X			
	18	2 yrs	hack	Bank	X	X	X			
1978	19	2 yrs	hack	Bank	X	X	X			
	20	3+ yrs	EIC	Bank	X	X	X			
	21	3 yrs	hack	Bank		X	X		X	
	22	7 yrs	EIC	Bank	X	X	X		X	
1979	23	6 yrs	EIC	Bank		X	X			
	24	4 mos	EIC	Bank		X	X			
	25									
1980	26									
	27									
	28									
	29									
	30									
	31									
	32									
	33									
	34									

EXHIBIT 20
 DATE 2-1-91
 YEAR 1981 NAME (omitted) TIME HERE PRMRY USE NEW JOB TRAVEL PAY REASON QUIT (if known) OFFITY PERSONAL OTHER
 1982 25 3 yrs hack ? X
 1983 None
 1984 26 4 yrs EIC Bank X X X X
 1985 27 8+ yrs EIC Bank X X X X
 28 8 yrs EIC S&L X X X X
 29 5 yrs loans Bank X X X X
 1986 30 5+ yrs loans SBA X X X X
 1987 31 3 yrs loans Lottery X X X X
 1988 32 2 yrs hack OLA X X X X
 33 2+ yrs hack Highway Dept. X X X X
 34 3 yrs loans Corp. Acctg. X X X X
 35 5 mos loans FHLB exmt. X X X X
 1989 36 9 mos hack CU BHC auditor X X X X
 37 3 yrs hack X X X X

<u>YEAR</u>	<u>NAME</u> (omitted)	<u>TIME</u> <u>HERE</u>	<u>PRMRY</u> <u>USE</u>	<u>NEW JOB</u>	<u>TRAVEL</u>	<u>PAY</u>	<u>REASON</u> <u>QUIT</u>	<u>(if known)</u> <u>PERSONAL</u>	<u>OTHER</u>
1990	38	4+ yrs	EIC	FRB exmr.		X	X	X	
	39	1 year	hack	BHC		X	X		
	40	3 weeks	hack	auditor	X	X		X	
	41	2.5 yrs	loans	NCUA exmr.		X	X		
1991	42	2 years	loans	BHC		X	X		
				auditor					

KEY TO WORDS AND ABBREVIATIONS

Prmry Use - Primary use.

Oppity - Better opportunity elsewhere.

Hack - New examiners typically start in the operations area, rather than the lending area of banking. The portion of the examination not related to lending is referred to as the "hack".

Loans - After becoming proficient in hack work, examiners move into loan analysis.

EIC - Examiner in Charge. These examiners are capable of competently analyzing the condition of the bank as a whole. They are in charge of an examination and supervise its completion.

Corp. Acctg. - Accountant for a private corporation or business.

SBA - Small Business Administration.

OLA - Office of the Legislative Auditor.

FHLB exmr. - Examiner for the federal regulator of savings and loans.

CU - Credit Union.

BHC auditor - Auditor for a multi-bank holding company.

FRB exmr. - Bank examiner for the Federal Reserve Bank of Minneapolis.

NCUA exmr. - Examiner for the National Credit Union Administration.

SALARY INFORMATION - BANK REGULATORS

STATE/ AGENCY	COMMISSIONER OR EQUIVALENT	DEPUTY	SUPERVISING EXAMINER	EXPERIENCED EIC	LESS EXPER- IENCED EIC	OPERATIONS EXAMINER	TRAINEE
MONTANA (FY91)	29,346- 40,530	26,883- 37,172	24,654- 34,135	22,625- 31,325	20,880- 28,826	19,204- 26,426	17,868- 24,515
WYOMING (1990)	44,160- 57,036	28,596- 32,442	26,736- 33,828	23,760- 29,862	21,564- 26,964	*	*
EXHIBIT DATE	HB						
IDAHO (1990)	43,971- 58,947	40,872- 53,456	31,242- 41,870	26,269- 36,172	23,296- 31,242	*	*
N. DAKOTA (1990)	49,800	42,840	31,764- 48,264	28,824- 43,860	20,496- 37,992	*	*
S. DAKOTA (1990)	59,738	32,000	25,900- 38,900	23,200- 34,800	18,500- 27,700	*	*
WASHINGTON (1990)	47,400- 60,684	36,132- 52,332	34,380- 44,016	31,152- 41,892	26,880- 34,380	*	*
FRB (1990)	N/A	N/A	48,000- 57,000	42,000- 48,000	33,000	*	*
FDIC (1990)	N/A	N/A	46,861- 60,923	32,800- 39,400	27,175- 28,081	*	*
(salaries to increase 4% 1-1-91)							
OCC (1990)	N/A	N/A	42,700- 61,800	42,700- 55,400	25,200- 32,700	*	*
NCUA (1990)	N/A	N/A	40,000- 45,000	40,000- 45,000	25,000- 35,000	*	*

* Montana is relatively competitive in these positions; no data provided.

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2-1-91

SALARY INFORMATION - BANKS (From the 1989 salary survey by the Montana Bankers Association)

BANK SIZE	EXHIBIT DATE	LN REVIEW OFFICER	SR COML LOAN OFFICER	COML LOAN OFFICER	SR CONS LOAN OFFICER	SR OPERATN OFFICER
16-25MM	1B 94,400		27,000- 52,600	20,000- 36,500	22,100- 24,000	22,100- 39,800
26-50MM	22,200		32,200- 53,500	21,300- 46,000	28,200- 35,700	29,000- 40,000
51-100MM	N/A		34,500- 72,000	29,000- 52,000	21,500- 39,600	27,600- 53,000

EXHIBIT 2
DATE 2-1-91

<u>YEAR</u>	<u>MAXIMUM # OF EXAMINERS</u>	<u>AVERAGE # OF EXAMINERS</u>	<u>NUMBER OF EXAMINATIONS</u>				<u>TOTAL</u>
			<u>BANK</u>	<u>CU</u>	<u>S&L</u>	<u>OTHER</u>	
1990	15	13	53	12		12	77
1989	14	13	51	12	1		63
1988	16	14.5	60	12	1	1	74
1987	15.5	15	65	13	1	1	80
1986	15.5	14.25	65	18	1	1	85
1985	N/A	13	63	20	1		84
1984	N/A	13.5	69	18	2		89
1983	15.5	15.25	76	16	2		94
1982	15.5	14.75	79	19	3		101
1981	15	15	85	18	2		105
1980	15	14	84	17	1		102
1979	15	13.75	87	19	3		109
1978	15	14.5	83	11	3		97
1977	15	13.75	84	9	3		96
1976	15	13.75	85	10	2		97
1975	15	13.5	87	11	3		101

EARLIEST COMPLETE SCHEDULE RECORD

1962	8	7.75	68	>13	10		>91
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DEPARTMENT OF COMMERCE
LOCAL GOVERNMENT ASSISTANCE DIVISION

EXHIBIT 20

DATE 2-1-91

HB _____

COGSWELL BUILDING — ROOM C 211
CAPITOL STATION

STAN STEPHENS, GOVERNOR



STATE OF MONTANA

(406) 444-3757

HELENA, MONTANA 59620-0522

January 22, 1991

MEMORANDUM

TO: Chuck Brooke, Director
Montana Department of Commerce

FR: Newell Anderson, Administrator
DOC/Local Government Assistance Division

A handwritten signature in dark ink, appearing to read "Newell Anderson", written over the "FR:" line of the memorandum.

RE: The Market Rate Proposal for a State Pay Plan

I have just reviewed the presentation by the Department of Administration concerning the Governor's Market Based Pay Plan for the '93 biennium. As you are aware, parts of my Division have had very difficult times in both employee retention and recruitment over the past several years. (Details attached) Noncompetitive pay has singularly had a very dramatic cause and effect on creating this problem. We have literally found in some professional positions that we could not get qualified people to apply. I do believe that a "Market Based" pay plan will bring a positive and significant change to that noncompetitive retention and recruitment condition which we have struggled with for the past five years.

I have discussed this issue with many of my Division staff and they believe this market rate pay philosophy will be significant to both existing and new employees. My Program Managers are also very pleased with the administration's decision to fully fund the proposed pay plan. Small programs would be unduly harmed by a vacancy savings funding proposal. The recognition, by the administration, of the importance of good employees and their fiscal worth is very important to good government.

Thank you for all your continuing positive leadership and support.

EXHIBIT 20
DATE 2-1-91
HB

NEW HIRE / STAFF RETENTION PROBLEM

CRITICAL POSITIONS: Municipal Audit Supervisor (Grade 16)
Municipal Auditor III (Grade 15)
Municipal Auditor II (Grade 14)

Program: Local Government Audit

HISTORY:

The Local Government Audit Program is missioned by statute to audit the affairs of the governmental entities (local governments) to insure constituent interests by determining that compliance with all appropriate statutes and regulations are accomplished and that the operations and financial conditions are properly conducted and reported. By 2-7-503, MCA, in excess of 400 entities are defined as requiring audits. In 1976, the statute providing for auditing by independent accountants, 2-7-506, MCA, was enacted. The 1981 Legislature dramatically reduced the state general fund support (subsidy) for local audits. The state auditing function has since leveled at approximately 50% of all local audits, with 95%+ of all costs born by the local governments.

PROBLEM:

As the salary & work environment (full time travel status) exists today, we CANNOT train and advance (keep) entry level accountant/auditors (Grade 12) for some four positive & producing years (29% turnover in 12 months) and we CANNOT recruit, from outside, middle to upper level auditing persons that even meet the minimum required hiring qualifications. The Local Government Audit Supervisors, LG Auditors-In-Charge and LG Auditing Trainers functions are: NOT entry level positions; NOT typical advanced specialities of college accounting courses; and are NOT pay competitive with either other public sector (local government / schools) or private sector equivalents.

RECOMMENDED SOLUTION:

Considering the full time travel status of these positions, the importance of in-house training and advancement (retention), the unavailability of qualified outside recruitment, as well as the documented non-competitiveness of the salary levels of these positions, it is strongly recommended that positive consideration be given to the increasing of pay scales of this professional level state staffing to competitive market rates.

Submitted by: Newell B. Anderson, Administrator
DOC/Local Government Assistance Division
January 1991

DEPARTMENT OF COMMERCE
BOARD OF INVESTMENTS

EXHIBIT 20
DATE 2-1-91
HB P. P. B.



STAN STEPHENS, GOVERNOR

CAPITOL STATION

STATE OF MONTANA

(406) 442-1970

TELEFAX (406) 448-6579

HELENA, MONTANA 59620

MEMORANDUM

TO: Barb Charlton, Personnel Office
Department of Commerce

FROM: Dave Lewis, Executive Director *Dave Lewis*

DATE: January 31, 1991

RE: Market Based Pay System

You asked that I discuss some of the concerns the Board of Investments has with the current state pay and compensation system.

Thankfully our key management positions have been exempted from the state pay plan by statute. If they had not, we would not have been able to retain the key people who are responsible for an investment program which earns the state over \$1,000,000 per work day. Other states and private head hunters are constantly calling these people and soliciting applications for positions which pay more than we currently pay. Prior to the exemptions being granted we lost several people to higher paying positions elsewhere.

We continue to be concerned about retention in our security analyst and loan officers positions. These positions are, unfortunately, still in the state system and suffer from dramatic under compensation when compared to private sector employees doing the same jobs. The only way we retain these people is by offering them the opportunity to move up a career ladder to the exempt positions. Unfortunately that is a very torturous path in that there are only a few exempt positions and the turnover has been very low since we moved those salaries closer to the market.

I realize that we are not going to get anymore exempt positions in my life time. Therefore our only hope for the classified staff is to bring the state pay plan closer to a market based system. Our fund will grow to nearly \$5 billion within two years. If we are not able to retain good staff at every level, our performance will suffer.

RE: WAGES AND BENEFITS PAID TO STATE EMPLOYEES
1991 LEGISLATIVE SESSION

With the State employee wages at the current levels it means not only the tightening-up of belts, cutting back, but also doing without. It means living with less after tax dollars, less disposable income.

Low wages in any industry will have a negative effect on the entire State's economy.

The current low wages are causing consumer spending cut backs, this in turn affects every other business within the State. The shrinking discretionary income means less groceries, less travel, less clothing, less medical treatments, less attendance of entertainment events, and less housing purchases, etc.

Special case in point. Medical treatments have finally become a "pure luxury", and/or a "last resort" necessity. The \$175 deductible is a very costly annual expense given the current wages and the medical benefit package. Then, add into one's personal budget the 25% (and higher for some areas) out of pocket costs for medical expenses. This has certainly caused a majority of persons with the insurance benefits to NOT USE IT! Many can not possibly afford to get medical checkups, get eye glasses, or to have dental work done because there is no discretionary income remaining after meeting the basic essentials. This hurts the individual's health and means treatment comes generally only after a major health problem is out of control and the expenses then are truly astronomical... bankruptcies occur and hospitals lose their valuable income. All in all there is no preventive medical treatment available due to such limited personal incomes.

A tragic reality is the way many State employees get by on their current incomes which is through the use of credit cards; hoping some day to be able to pay them off. Financial planners say this is perhaps the poorest budget control device possible.

There are two avenues when a double income is necessitated: working two jobs or getting married. Our state of Montana should not be in the position to force its employees into either situation just so as the individual may enjoy a comfortable life.

Consider the local economic effects when State employees, working full time must take part-time jobs just to make ends meet. This hurts the school age youths seeking initial work experience, the handicapped persons who can only work a limited amount of time per day, the homemakers who by choice or out of necessity enter the work force, and those retired citizens who must supplement their fixed incomes. The effects of "double job" employment damages all citizens and results in increases in the number of unemployed persons (an inflationary event), increases all areas of welfare payments, and facts being facts, poor incomes and no incomes breeds higher crime rates.

We as State employees do not have, at our tables, bonuses, commissions, or cost of living increases as many private sector employees have. And there is only an EXTREMELY POOR AND LIMITED ladder of advancement possible.

One could say, "if you (Montana State employees), don't like it then go to the private sector or to an other state". True... this is an option, but then those who replace the unhappily paid State employees become the unhappily paid State employees and the problem is not solved in the least. Will the State employees seek work in other states or go to work in private industries? Most assuredly. And those first to go most likely are those who are tops in their fields.

Consider the effects of poor wages on productivity. Poor wages will not generate high productivity. The state of Montana is extremely fortunate to be holding on to a staff of quality persons but tragically this could change if present income levels remain as a status quo. Is the State of Montana content to having a vast majority of its employment positions filled with person taking the positions as a secondary family income, or to fill vital departmental positions with under or minimally qualified persons when those most qualified could be serving the public with the highest productivity?

The raises received in the last negotiations were not even close to the rate of inflation. The raise was 2.5%. Wages had been frozen for FOUR years!... While the consumer price index increases were: 4.3 %, 3.6 %, 1.9 %, and 3.6 %. How can the State law makers justify a 13.4% inflation and only increase wages 2.5%. And this does not take into consideration the increased knowledge and skills of the State employees.

EXHIBIT 21
DATE 2-1-91
HB Bay Plan Bill

Of course the question arises as to where the money for wage increases for State employees is to come from. Surely there are areas where cut backs in staffs may result in a savings, yet there most assuredly are other areas where departmental efficiencies will only be met with increasing the current staffs. So, at that point, there appears to be a stand off.

That leaves us with taxes as the source of revenue.

Better application of current taxation revenues may be the answer. A sales tax may generate the necessary revenues (especially from non-Montanans; after all, in over 45 other states we support their state governments). And/or the State needs to attract industries that generate economic growth; and it needs these industries now; not in twenty to fifty years.

Communities fight like wildcats to keep their local industries from plant closures, facilities consolidations, and major personnel cutbacks. Well, State Government is an industry too, a major industry, and so cutbacks in services or the lowering of the standards of operations will have an adverse effect on every Montana community... on every citizen... on every voter.

What about persons in other industries you say? Ok, it's agreed other areas may need wage adjustments, but the State employees for years have been held back on earning a decent income and this is reflective of today's economic state of being... which is not one for Montanans to be proud of. Thus changes in the State's employees' income should merit your sincere devotion... to improving the total quality of life of all Montana citizens.

The wage increases should most truly be of a substantial amount. To offer less is an insult to the current employees and to all person who may consider public employment with the State of Montana. The 2.5% increase was an insult! Any increase below the inflation/cost of living rates is an insult. "You get what you pay for", is a very true statement especially within the "human resource" arena.

To under estimate any of the effects of the substandard level of wages paid to State employees is a tragic error against all Montana citizens.

James M. Robinson
P.O. Box 393
Cut Bank, Montana 59427
406-873-4575

WITNESS STATEMENT

To be completed by a person testifying or a person who wants their testimony entered into the record.

Dated this 1st day of February, 1991.

Name: Gene R. Benson

Address: 1520 E. 6th Ave.

Helena

Telephone Number: 444

Representing whom?

DNRC

Appearing on which proposal?

Re market-based pay system.

Do you: Support? Amend? Oppose?

Comments:

No specific bill supported or opposed.
Addressing the general concept of type
of system.

Copies of testimony attached for all
committee members.

February 1, 1991

TESTIMONY REGARDING STATE PAY PLAN
DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION

Ms. Chairman and Members of this Committee:

My name is Jane R. Benson. I serve as Personnel/EEO Officer for the Department of Natural Resources and Conservation--known as DNRC. I speak to you this evening representing that department and urging your support of an adequately funded market-based pay plan.

DNRC has approximately 250 employees. Our makeup includes 61 percent professionals. As you can see, DNRC has a large percentage of professional-level employees who have trained extensively to qualify for the work performed in a scientifically-oriented agency.

Ours is one of the Montana agencies most hurt by the so-called "brain drain" that has steadily occurred over the last five years, and especially the last year and a half. Since July 1989 our turnover rate is approximately 19 percent, which is significantly higher than the state's overall 14 percent rate. Some employees who left DNRC were promoted to other Montana agencies. Most, however, left Montana for private employers or government agencies in other states. The predominant reason? The employees were regarded as worth more money to other employers.

During the last two years DNRC has received pay plan exceptions for 23 professional positions--that is 9 percent of our agency's positions. More than half the 23 positions are involved in "high tech" operations that demand computerized analysis and problem-solving. Because DNRC could not compete on the market, we had to secure pay exceptions to either replace employees who had left or to prevent further resignations. The 23 exceptional pay positions are essential to serve the programs mandated to our agency by the Montana Legislature.

The situation in the Department of Natural Resources and Conservation illustrates why it is essential that the Montana Legislature adopt a market-based pay system. An across-the-board pay raise of the same percentage or same dollar amount does not address the fact that some types of positions are within 10 percent of the market, while others are grossly underpaid.

For example, included in the 23 pay-exception positions at DNRC are civil engineers that are as much as 29 percent below market and hydrologists that are 31 percent below market--both according

to the recently-published Montana Salary Survey. And, let me add, those percentages result from a comparison with only the five surrounding states, as preferred by the Governor's Study Commission. If we use survey figures from 12 western states, the percentages are much worse: hydrologists, for example, are 37 percent below the market. The other types of positions that needed our pay plan exceptions were computer professionals, a geographic information specialist, and hydroelectric power experts.

This agency believes that we must compensate all employees according to where their positions fall in the market if we expect to stop losing them to other states and private companies. We must use an open pay range rather than 13 steps to rid ourselves of the pay compression that has most hurt the professionals. We believe that the market-structured system will most benefit our agency.

This department is not expressing concern only for itself. The satisfaction of Montana citizens regarding our state's natural resources is also at issue here as we must retain our employees to complete the agency's mission.

As a representative of the Department of Natural Resources and Conservation, I appreciate the opportunity to speak with you. Thank you for carefully considering an adequately funded market-based pay plan.

EXHIBIT 23
DATE 2/1/91
HB 259

WITNESS STATEMENT

To be completed by a person testifying or a person who wants their testimony entered into the record.

Dated this 1 day of Feb, 1991.

Name: John Manzer

Address: P.O. Box 2648 G.F. MT 59403

Telephone Number: 453-1431

Representing whom?

Teamsters Union & Public Employees Craft Council

Appearing on which proposal?

H.B. 259 as amended

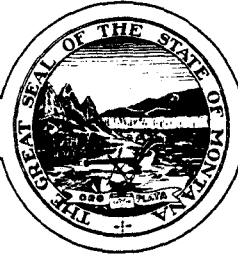
Do you: Support? ✓ Amend? Oppose?

Comments:

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY

DEPARTMENT OF ADMINISTRATION
STATE PERSONNEL DIVISION

EXHIBIT 24
DATE 2/1/91
HB 509



STAN STEPHENS, GOVERNOR

ROOM 130, MITCHELL BUILDING

STATE OF MONTANA

(406) 444-3871

HELENA, MONTANA 59620

TESTIMONY OF STEVE JOHNSON TO EXPLAIN HB 509

Madam Chair, members of the committee, my name is Steve Johnson. I am Chief of the State Labor Relations Bureau. I also serve as the chief negotiator for the executive branch of state government in collective bargaining. I appear before you today to explain the purpose and contents of HB 509, which is the Governor's proposal for state employee pay for the FY 92-93 biennium.

HB 509 differs dramatically from past pay bills. It introduces a completely new approach to state employee pay. Before I get into specifics, however, I will give you some background about the pay bill itself.

The pay bill has traditionally served two purposes. First, it establishes the pay schedules for certain executive branch employees. Second, it includes the appropriation to fund pay increases for all of state government.

This bill adopts schedules establishing salary levels for the following employees: (1) classified employees of the executive branch including the university system, (2) blue collar employees of the executive branch excluding blue collar employees of the university system, (3) employees in state liquor store occupations, and (4) teachers employed by the Departments of Institutions and Family Services.

The pay bill has also traditionally established the level of the state's contribution towards group insurance.

The pay bill does not establish salary levels for the following employees: (1) legislative employees, (2) judicial employees, (3) faculty, professional administrative and blue collar employees of the university system, (4) elected officials, (5) teachers, academic personnel, administrative staff and live-in houseparents at the Montana School for the Deaf and Blind, (6) other exempt employees 2-18-103 and 2-18-104, M.C.A. The actual increases granted to these employees have generally been left to the discretion of the employing agency.

Even though the pay bill does not establish salary levels for all state employees, it does include the appropriation necessary to fund pay increases for all state employees. The appropriation also funds insurance increases of \$180 in both FY 92 and FY 93.

HB 509 incorporates nearly all of the recommendations of the State Employee Compensation Committee. As I mentioned, these recommendations represent a significant change from past pay bills.

First, HB 509 incorporates a market-based pay philosophy. At present we have no philosophy for state employee compensation. Second, HB 509 replaces the current statewide pay matrix with an open range pay structure that is directly tied to the market. Instead of the current pay matrix, which contains 13 steps, 25 grade levels and 325 cells, the open range pay structure contains an entry rate and a market rate for each of the existing 25 grade levels. The next speaker, Laurie Ekanger, will go into a little more detail about the pay committee's recommendations.

In general, HB 509 provides that pay increases for employees covered on the statewide matrix will be based on their proximity to the market rate. The minimum increase any employee will receive is 3%. No employee will receive less than the entry rate listed for his or her grade level. Based on the current placement of budgeted FTE on the statewide matrix, pay increases for employees on the statewide plan under this bill will average approximately 4.5% for each fiscal year. In addition, the increase in group insurance contributions will average about 3/4 of a percent, for an average total increase of about 5.25%.

HB 509 provides that all other state employees covered by the pay bill will receive an increase of 3%, plus an additional \$180 each year for group insurance. The only exception would be the teachers' pay schedules, which provide for greater increases through additional educational attainment.

Section 509 appropriates funds to each agency to pay for these increases, for a total appropriation of \$55.5 million.

At this point I will not tell you why I support HB 509. I believe that time is reserved later for that purpose. I will, however, reiterate that HB 509 incorporates some fundamental changes in how the administration views state employee compensation. Here to give you some more background is Laurie Ekanger.

Thank you for your time and consideration.

EXHIBIT 25
DATE 2/1/91
HB 259

WITNESS STATEMENT

To be completed by a person testifying or a person who wants their testimony entered into the record.

Dated this 1st day of February, 1991.

Name: Andy Powell

Address: 1315 So. 5th West
Missoula, Mt. 59801

Telephone Number: 728 1866

Representing whom?

Dept of Highways, Maint Workers, Teamsters

Appearing on which proposal?

H.B. 259

Do you: Support? ✓ Amend? ✓ Oppose?

for Blue Collar Plan

Comments:

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY

ANDY POWELL - Equipment Operator-Montana State Highway Dept.
Missoula, MT

Home Address: 1315 South 5th West
Missoula, MT

Married - 2 children

Total Gross - 1990 - \$24817.75

Fed. Tax - 1990	2360.09
State Tax - 1990	920.50
FICA Tax - 1990	1898.71
PERS - 1990	1579.99
Union Dues - 1990	264.00
Health Insurance - 1990	<u>1252.52</u>

Total Withholding \$8276.21 (8276.21)

Net Pay \$16541.54

House Payment	\$4200.00
Utilities	1320.00
Property Tax	<u>975.00</u>

Other Expenses \$6495.00 (6495.00)

Balance after Withholding and Housing Expense: \$10046.54

After all the above deductions I am living on approximately \$837.00 a month. This remaining money is spent on food, clothing, transportation, medical not covered by insurance, education expenses for children and other necessities of life. I do not have enough money to afford new cars, boats or other luxuries. I am not able to save money because I usually do not have extra money to save.

My wages are higher than most State Highway Maintenance workers because I am also the relief supervisor and, therefore, I receive a higher rate of pay when I do the supervisory work. Most other State employees do not get this differential in pay. My Gross Pay also reflects quite a few hours of overtime which occurs during the winter months for snow removal.

I ask you to please support House Bill 259 as proposed.

Thank you. Your support will be greatly appreciated.

WITNESS STATEMENT

To be completed by a person testifying or a person who wants their testimony entered into the record.

Dated this 1 day of February, 1991.

Name: Vickie S Day

Address: 5210 Crackerelle Rd
Bozeman MT 59711

Telephone Number: 797-3729

Representing whom?

LPN Association Warm Springs Campus (Self)

Appearing on which proposal?

HB 514

Do you: Support? X Amend? Oppose?

Comments:

I have been an LPN for 15 yrs. I have been employed at MSH for 2 yrs. When I applied in ^{Nov} 1988 I was not called ^{for an interview} ~~in~~ though I had V.A. preference. When I called and asked why, I was told that with my experience and current salary they did not feel that I would be interested in a job at MSH. ^{As the process was main} We were moving to this area and because of the Insurance benefits I accepted the pay decrease and the job. In Sept 1990 those health insurance benefits were cut. The state no longer covers accidents at 100% and the employee must meet the deductible. The coverage went from 80%-20% to 75%-25%. This effectively wiped out the 2.5 increase given to us in July of 1990. I made \$15,000. ^{so (includes holiday pay and OT)} This is as a grade 10 LPN. 1991 Nursing Magazine Jan issue

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY

stated the Natl Average LPN salary for 1989 was 19,574. 1990 \$20,488. This bill would increase my salary to 100% of the 1989 Natl Average.

A S.D.A. special duty aide make the same pay as an
L.P.N. They requirements are 48 hours of in hospital
special training + on the job training. An LPN goes to
school for 1 yr and takes state boards and hold
a Liscence which much be renewed yearly.

I do not feel that the SDA's are even paid however I do
feel that the Licensed Nurse is grossly underpaid.

I have considered ~~terminating~~ terminating and returning to
The private Hospital setting and hope that this
will not be necessary. I feel the pts at Warm
Springs deserve caring well qualified nurses and
should not be penalized because they suffer from a
mental illness and are confined to a state
institution.

WITNESS STATEMENT

To be completed by a person testifying or a person who wants their testimony entered into the record.

Dated this 1 day of Feb., 1991.

Name: Sue Reisenauer LPN

Address: 1010 Rickards
Opportunity Mt. 59711

Telephone Number: 797-3427

Representing whom?

LPN Assoc. Warm Springs Mont.

Appearing on which proposal?

HB 514 and HB 502

Do you: Support? Amend? Oppose?

Comments:

I support HB#514 and HB#502 because I believe according to the governors proposal with % increases once again those state employees who are in the highest grades will receive substantial wage increases but those employees (direct care personal) will again be asked to settle for nothing. By nothing I am stating not enough money to live on without second jobs or relief benefits or to make up for what was lost in past years. Mr. Mehanan dollar \$ proposal vrs % will allow these employees at the lower or lowest pay scale to benefit from pay increase along & as well as those at the highest grades.

I have been a LPN at MSH for the past 8 (eight) yrs. In that time I have seen friends & co-workers leave for better paying jobs or (fact) they could no longer afford to stay at MSH. In one case a fellow LPN w 15+ yrs. & 2 children

terminated her employment at MSH at
withdraw her retirement to catch up on
living expenses for inadequate wages then
rehire back to MSH at a lower pay grade
and loss of seniority.

Last negotiation 2.5% increase not only did
not come close to make up for wages lost previously
but also benefits; such as insurance coverage
& an increase in premium, which I
consider part of my (pay plan) salary!



28
CHARLES A. BROOKE, DIRECTOR
DATE 2/1/91
HB _____

MONTANA DEPARTMENT OF COMMERCE

1424 9TH AVENUE

HELENA, MONTANA 59620-0501
(406) 444-3494 FAX: (406) 444-2903

February 1, 1991

Representative Jan Brown, Chair
House State Administration Committee
Capitol Building
Helena, MT 59620

Madam Chair and members of the Committee:

In support of the state employee pay plan before you, I would like to describe for your consideration the situation faced by my division when recruiting new employees.

The nature of the work performed by the state tourism office requires highly skilled professionals, with expertise in areas as varied as publishing, advertising, overseas marketing, the film industry, and many others. However, given the salary constraints we face, we cannot attract individuals with the level of experience or the combination of skills required to adequately perform the duties of the position.

We are then left with two options: 1) hire someone who requires a great amount of training, therefore overburdening other staff members and losing ground in the highly competitive world of tourism promotion; 2) readvertise the position, which means a great delay in the hiring process and usually does not yield better results.

Based on our hiring experience, a pay increase accross the border will not be enough to attract and maintain the employees needed to effectively carry out programs of such critical importance as economic development, public safety, infrastructure development and many others. A market-based pay plan is necessary to ensure the state's competitiveness in all of those fields.

I thank you for the opportunity to present this information and ask for your favorable consideration of the open market pay plan before you.

Sincerely,



Sandra Guedes
Chief Administrator - Tourism



EXHIBIT 27
DATE 2/1/91
HS 259

City of Helena

OFFICE OF THE MAYOR
RUSSELL J. RITTER

January 30, 1991

Representative Jan Brown, Chairman
State Administration Committee
House of Representatives
State Capitol
Helena, MT 59620

Dear Representative Brown *Jan*

The Helena City Commission would like to go on record as supporting an adequate, equitable pay increase for State employees. House Bill 259 has received the support of many Legislators, and is scheduled for hearing before your Committee Friday, February 1. We would like to express our support for this bill.

In times of financial trouble, governmental entities have the tendency to balance the budget "on the backs" of the employees. Each of us must realize, as government officials, that it is our employees that are our most valuable asset. We must keep our salaries competitive in order to attract and retain competent employees.

Here in Helena, government is one of our base industries. As our government employees have lost purchasing power due to inadequate pay increases and rising inflation, our economy has definitely felt the impacts. An adequate pay increase package would not only benefit the State employees and their families, but the economy of the State as well.

The Helena City Commission urges you to support House Bill 259 or any other State employee pay plan increase that is equitable and adequate.

I have enclosed enough copies of this letter for distribution to the members of the Committee. Any member of the Commission or City Manager Bill Verwolf will be more than willing to answer any questions you might have.

Thank you for your consideration.

Sincerely,

Russell J. Ritter
Mayor

February 1, 1991

Madam Chairman and members of the committee:

Five years ago my husband and I moved here from Illinois. My husband is retired and I work for the University of Montana. I consider us both on a fixed income.

During these past five years I have noticed how the cost of living has increased in comparison to our earning power. There are only two things that I have found that have not gone up proportionately, bread and milk. So at least we won't starve.

Other basic items, however have gone up - way up. As examples:

rent - up 35%
electricity - up 36 %
gasoline - up 61%

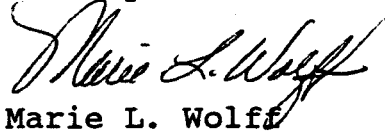
In addition, we have been told that the employees of the University will be paying an additional \$50.00 per month for insurance from their own pockets this year and most probably an additional \$30.00 next year. That would be a total of \$80.00 per month.

In light of what I have already stated, I do not know how this will be possible given our current salary. People may be forced to drop their insurance, which will leave them completely defenseless against any unforeseen illnesses. This could be especially devastating for the children.

Although House Bill 259 will not restore all of our lost income, it will go a long way towards making state employees positive, contributing members of this society. The increased income, as you all know, will be given back to the state through increased spending and this can only help everyone. And, just as importantly, it will give state employees renewed pride in their job, their community and you.

I urge you to vote in favor of H.B.259.

Thank you.



Marie L. Wolff
Star Route 252
Huson, MT 59846

EXHIBIT 51
DATE 2/1/91
HB 514

FEBRUARY 2, 1991

TO: HOUSE ADMINISTRATION COMMITTEE

FROM: DAN BURKE, 444 Lewis, Billings, MT 59101
SOCIAL AND REHABILITATION SERVICE

RE: HB 514

I am a Vocational Rehabilitation Counselor in Billings. I am a grade 13. I earned slightly more than \$20,000. last year. I am a single parent with a 5 year-old son. My lifestyle is anything but extravagant.

The Governor's proposed increase of 5.7% in the first year of the biennium means that I might get \$35.00 net in each paycheck at my current grade. Frankly, this offer is demeaning. I'm a professional with a master degree in my chosen field. The increase in my daycare costs alone this year have already wiped out that projected gain, not including increased costs at the grocery store.

State worker's deserve more than a pat on the head. In 89-90 our pathetic increases were easily offset by the unfavorable changes in our health insurance costs.

over

I support MFSE's pay proposal, both in regards to the \$3000. across-the-board increase each year as well as separate matrices for different agencies. In Rehab Services, there is no reward for experience or education after one year. As it stands now, I can't imagine doing any more than breaking even. As a state employee I would like to be able to save for a down payment on a house and to send my boy to college, I can't do it now, and I won't be able to with the Governor's plan.

MFSE's plan is a good one. In other words, with my training and experience, I know I wouldn't have to go far out of Montana to earn half-again as much and be able to provide higher quality services to far less people with disabilities than is now expected of Rehab Counselors.

EXHIBIT 32
DATE 2/1/91
HB 259

WITNESS STATEMENT

To be completed by a person testifying or a person who wants their testimony entered into the record.

Dated this 2nd day of February, 1991.

Name: To Anne Blake

Address: 1535 Howell

Missoula, MT 59802

Telephone Number: 542-1560

Representing whom?

UM staff

Appearing on which proposal?

HB 259

Do you: Support? ☒ Amend? ☐ Oppose? ☐

Comments:

It is time for the state to take action
on pay freeze - & put pay matrix
back into functioning annually + need 6%
annual cost of living.

EXHIBIT 33
DATE 2/1/91
HB 259

WITNESS STATEMENT

To be completed by a person testifying or a person who wants their testimony entered into the record.

Dated this 2-1 day of FEB, 1991.

Name: F.M. L&F&K

Address: 412 Russell Ave

Telephone Number: 449-6076

Representing whom?

TEACHERS. (Retired)

Appearing on which proposal?

Union Staff

Do you: Support? ☒ Amend? ☐ Oppose? ☐

Comments:

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY

WITNESS STATEMENT

To be completed by a person testifying or a person who wants their testimony entered into the record.

Dated this 1st day of February, 1991.

Name: Cheri PARKER

Address: 2312 43rd St

Telephone Number: 406-251-4616 (H) 721-5700 x3

Representing whom?

MPTA, myself + co-workers in MSLA Assessor's office

Appearing on which proposal?

HB 509

Do you: Support? X Amend? Oppose?

Comments:

In 1 yr at the MSLA County Assessor's
office we have had about a 50% turnover
rate. People apply + secure Appraisal jobs,
receive training + leave for higher paying
jobs in private business. This makes
for low moral + apathy because Supervisors
ARE in training as well as new employees.
Please support this bill as it is
presently. It's a fair + necessary bill.
We've paid to help the State out
with a pay freeze + the State is paying
dearly with constant Training Thank
you. Cheri Parker

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY

EXHIBIT 35DATE 2/1/91HB 514HB 502WITNESS STATEMENT

To be completed by a person testifying or a person who wants their testimony entered into the record.

Dated this 1 day of February, 1991.

Name: Sandy Ritchie

Address: 2100 8th Ave N
Great Falls, MT 59401

Telephone Number: 452-6045

Representing whom?

MT School for Deaf + Blind Local #427

Appearing on which proposal?

HB 514 + HB 502

Do you: Support? ☒ Amend? ☐ Oppose? ☐

Comments:

Madame Chairperson, members of the Committee, my name is Sandy Ritchie. I support HB 514. This pay plan would put money into the lower end of the pay scale. It's not a surprise that 4% of 11,000 amounts to less than a \$500 pay increase, while 4% of 30,000 gives a pay increase of over \$1000. The employees of the State of Montana have suffered under small percentage raises for a decade. Across-the-board increase of \$3000 for each year biennium would make some headway toward closing the gap between state employees salaries and those in the private sector. Thank you.

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY

WITNESS STATEMENT

To be completed by a person testifying or a person who wants their testimony entered into the record.

Dated this 1 day of Feb, 1991.

Name: Ann Danzer

Address: 1011 Logan
Helen INT

Telephone Number: 443-3034

Representing whom?

Self

Appearing on which proposal?

Do you: Support? Amend? Oppose?

Comments:

please refer to attached testimony

HOUSE STATE ADMINISTRATION COMMITTEE
HEARING ON STATE PAY PLAN BILLS

24. 26
2-1-91
Pay Plan Bills

Chair Jan Brown, Members of the Committee

My name is Ann Danzer. I am a state employee, however, the opinions expressed in this testimony are my personal opinion.

Since there was not adequate time to obtain or review the proposed pay plans before this committee hearing I will not speak to a specific bill. I am responsible for conducting exit interviews when employees resign and for hiring new employees. I have spent an inordinate amount of my time over the past two years doing this. Employees are leaving state government for higher paying jobs in the region. On the average our former employees were paid 37.3% more in their new positions. We lost 53 years of experience. We were forced to advertise twice for a position before finding a qualified job applicant who would accept the entry level pay offered. Based on my experience the entry level salaries are too low to attract qualified applicants and most of the staff who are leaving have 4 to 5 years of experience with the state.

I support a market based pay system that is funded at a level to move employees up to the market pay within four to five years.

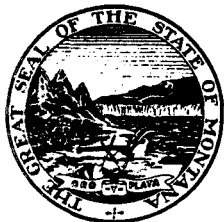


EXHIBIT 21
DATE 2-1-91
HB Pay Plan Bels

OFFICE OF PUBLIC INSTRUCTION

Nancy Keenan
Superintendent

STATE CAPITOL
HELENA, MONTANA 59620
(406) 444-3095

TESTIMONY OF THE OFFICE OF PUBLIC INSTRUCTION ON STATE EMPLOYEE PAY

Madam Chair, members of the committee, my name is Ken Toole. I am the personnel officer for the Office of Public Instruction. Superintendent, Nancy Keenan, has requested that I provide you with some information about the problems our agency faces because of the current salary structure.

The Office of Public Instruction has approximately 130 employees. 42 of our employees fall into the education program classification series. These positions are responsible for providing technical assistance to local schools on subject areas ranging from mathematics to traffic education. These individuals generally possess a back ground in education and administrative skills required to perform program management duties. In addition, many of these individuals are highly specialized with expertise in specific areas and programs operated by our agency.

The bulk of these positions (39) are classified at the grade 16 level. Generally, to be considered qualified for these positions, applicants must have a Master's degree in their field plus five years experience in education. As compared to local educational institutions, our salaries simply are not competitive. The average salary for teachers in the Helena School system is \$29,448 for nine months. Our entry level salary is \$24,654 for a full year. In addition, real earnings, or purchasing power, has declined because state employees have received minimal cost of living increases and the step system is frozen.

OPI's situation is exacerbated by another factor which is not faced by other agencies. There is a substantial local labor market for educators. There are 515 positions in the Helena School system. Add to that the positions available in schools with in easy commuting distance of Helena (ie East Helena, Townsend etc) and you can see that there is a substantial local demand. Please keep in mind that OPI generally is not recruiting for entry level teachers.

As can be expected, the above factors have had an impact on our recruitment efforts. We have consistently engaged in extraordinary recruitment efforts in this class specification. We direct mailed vacancy announcements to over 450 individuals in one instance and still ended up recruiting twice. In another instance we mailed approximately 150 announcements to individuals. Again, we ended up

recruiting twice.

Morale has also been effected by the salary structure. Our staff is in constant contact with their peers in the field. They are looked to as leaders in their respective fields and are expected to act as a resource to local educators yet, by comparison, their financial status has eroded over the years. In preparing this testimony I asked the staff if they had any comments or anecdotes I could share with the committee. I think a couple are particularly illustrative.

"I have been contacted about a position at a Community College in another state. It would be a Director of Articulation, bachelors required (not masters). The starting salary would be \$59,000 plus some hundred (sorry I do not have the exact figure here), this would be an 11 month position, and includes a very good health, dental and retirement plan."

"The mean salaries in the Mountain region of the U.S. for special librarians is \$32,558."

"I have only remained here since I like my job and OPI so well. This is the truth, but I will tell you...this may not apply to your question, but when people get hired right off the street and make the same amount of money that I do and I have been here for approximately six years, I feel GREATLY discriminated against...."

"In terms of median salaries, we're not even at the starting level and our salaries are way out of the ball-park in terms of years of experience."

"If a teaching job comes up for me, I would be paid almost \$10,000 more in 10 months than I make here. If a curriculum job came up, I would probably double my current salary. Of course I keep my eyes open for those openings. I'd be a fool if I didn't"

"This employee wouldn't be working here if it wasn't for outside income. When other offers for employment come by, they will be hard to ignore if \$15-20 thousand higher."

I do not want to leave the impression that the salary structure is not causing problems in other areas of our operations. It is. We have had to offer positions on a training assignment basis and pay for training for new staff. We have had to recruit twice on a number of positions particularly in data processing and accounting. I know that all agencies are having recruitment problems in these areas and I assume that the committee has plenty of information in this regard.

In sum, OPI's recruitment and retention problems have reached the point that we are examining whether we are able to maintain the same level of services to local education agencies. If we can not

recruiting twice.

Morale has also been effected by the salary structure. Our staff is in constant contact with their peers in the field. They are looked to as leaders in their respective fields and are expected to act as a resource to local educators yet, by comparison, their financial status has eroded over the years. In preparing this testimony I asked the staff if they had any comments or anecdotes I could share with the committee. I think a couple are particularly illustrative.

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"I have only remained here since I like my job and OPI so well. This is the truth, but I will tell you...this may not apply to your question, but when people get hired right off the street and make the same amount of money that I do and I have been here for approximately six years, I feel GREATLY discriminated against...."

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In sum, OPI's recruitment and retention problems have reached the point that we are examining whether we are able to maintain the same level of services to local education agencies. If we can not

EXHIBIT 21

DATE 2-1-91

HB Pay Plan Bill

recruit and retain highly skilled education professionals we will not be able to serve as a technical resource to educators. We believe that this would be a great detriment to education in Montana.

EXHIBIT 38

DATE 2-1-91

HB 259 + HB 170

January 23, 1991

TO: Members State Administration Committee

RE: H.B. 259 Pay Plan
H.B. 170 Increase Lodging

We request your support and vote on H.B. 259 to reinstate step increases and providing salary and insurance increases to state employees.

The provisions of H.B. 259 provide a fair compensation and benefit package for employees. State employees have felt that we were back in the "sweat shop" era. It is time for employees to be compensated adequately for the amount of work produced. Generally moral has been low in state government because of lack of any kind of pay incentives.

In discussing salary with our counterparts in other states, they are shocked over our limited salary.

In addition we request your support and vote on raising the lodging allowance from \$24.00 to \$30.00. This bureau has 30 licensing boards with 168 individual board members traveling. It has become very difficult to find adequate motel rooms for the \$24.00 a night now allowed.

It is particularly difficult to find a hotel in Helena that will grant the \$24.00 a night allowance. We ask the committee to consider that Helena is a high cost city when you are a state employee or board member from another town coming to Helena for a meeting and have to pay over the allowable rate.

EMPLOYEES PROFESSIONAL & OCCUPATIONAL
LICENSING BUREAU/DEPARTMENT OF COMMERCE

Mary Lou Garrett

Bruce A. Drenth

Joan L. Halvor

Lois Simpson

Carol Norling

Andrew French

Mae Allgan

Mary C. Hamilton

Edna Lawrence

Ellis W. Johnston

Terry L. Kner

Cheryl A. Shurt

Brenda L. Davis

Judi F. Cannon

Ann McHenry

John Dyer

STATE ADMINISTRATION COMMITTEE/HOUSE 2/1/91 HB 259, HB 430, HB 502, HB 504, HB 509 & HB 514
VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppose
Andy Powell	Highway Maint & W/PS	259	X	
Barbara Charlk	Commerce Dept	259	✓	
Paul R. Benson	DNRC	259	x	
John R. Blake	U of M Staff	259	X	
F. M. Leitch	RETIRED	259	x	
Lee Roy Hays	Highway Maint	259	X	
JERRY J Gathaire	MFSPE	514	X	
GREG Bunk	MFSPE	514	X	
Dan Barr	Dept Justice	259	X	
Donna Kay Flanagan	U of M Staff	259	x	
Cheri Parker	Public Assessment Office	259	X	
Paula Vidrine	DLI	259	X	
Don Vidrine	DLI SELF	259	X	
Bea Steen	MPEA & Highway	259	X	
Tom C. Snyder	LOCAL 231	259	X	
Scott J. Jones	THIGHWAY MSLA	259	X	
Judy Callens	DNRC	259	X	
Glasgow Hardin	SRS	514	X	
Marshall Amick	DNRC	514	X	
Kathy Amick	DNRC	514	X	
Guthrie A. Cassidy	MPEA - U of M	259	XX	
Tami Froelich	DNRC	514	X	
Anne Gehr	U of M	HB259	X	
Charles Walker	U of M	HB259	X	
EMJ rover	DNRC-Self	HB514	X	
Mary Dalton	SRS - self		X	

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppose
Phillip B Johnson	Helena Area Chamber of Commerce	HB 259	XX	
John E "Bolo" Kelly	Probation + Parole Officers	HB 259	XX	
Charlotte Denda	RI	HB 259	XX	
Greg Ames	Public employee	HB 259	XX	
TOE BEAUSOLE	SELF	HB 509	XX	
TERRY KRAHMER	SELF	HB 509		XX
EDWIN JOHNSON	SELF	HB 509	XX	
SHERRI JOHNSON	SELF	HB 509	XX	
Wickie Day	LPN Assoc WSC	HB 514	X	
Sue Renshaw	LPN MFSE	HB 514	X	
James Robinson	Dept of L. & Indust	HB 259	YES	
Charles Tate	MT Tech employees	HB 259	X	
James Midyett	U of M employees	HB 259	X	
Julie Spfield	" "	HB 259	X	
Stacey Bird	DHES	HB 259	X	
Mike Ritani	MT Tech	HB 259	X	
Sam Hale	DHES	HB 259	X	
RI Paul	MHP	HB 259	X	
Pauline H. Waffey	U of M	HB 259	XX	
Pat Bright	U of M	HB 259	X	
Robert O. Nelson	DHES	HB 259	X	
Abbie Marie Long	Self	HB 259	X	
Mike L. Graham	Self	HB 259	X	
Mike Milborne	Self	HB 259	X	
Michael Wills	Self	HB 259	X	
Charles E. Brown	Self	HB 259	X	

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppose
MARK CADWALLADER	SELF	259	✓	
Wendi Waterman	self	259	✓	
Pam Pickett	self	259	✓	
Leonard Pickett	self machinist	259	✓	
Celia Taylor	self	259	✓	
Jeri Hoff	self	259	✓	
John Mann	Teamsters Union	259	✓	
Bob Heiser	U.F.C.W. 502	502	✓	
Laverne Darrick	Montana Tech	259	✓	
Calvin Holland	Montana Tech	259	✓	
Julie Budeluy	Montana Tech	259	✓	
Marcus Woods	Montana Tech	259	✓	
Martha Schatzka	Montana Tech	259	✓	
Lorraine Berner	Montana Tech	259	✓	
Betty Baker	Montana Tech	259	✓	
Glenn Keyser	Montana Tech	259	✓	
Wayne Reardon	Mont Tech	259	✓	
Wanda Bishop	Montana Tech	259	✓	
Charlene Tate	Montana Tech	259	✓	
Patricia J. Sunderson	MSH	259	✓	
David Wolff	Unit of Mkt	259	✓	
Lee Terry	Stevensville Montana	259	✓	

**HOUSE OF REPRESENTATIVES
VISITOR'S REGISTER**

STATE ADMINISTRATION _____

COMMITTEE _____

BILL NO. 514

DATE 2/1/91

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NAME AND ADDRESS	REPRESENTING	SUPPORT	OPPOSE
Deb Gabse	MFT	✓	

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**HOUSE OF REPRESENTATIVES
VISITOR'S REGISTER**

COMMITTEE

BILL NO. HB. 430

HB 259

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**HOUSE OF REPRESENTATIVES
VISITOR'S REGISTER**

STATE ADMINISTRATION

COMMITTEE

BILL NO. HB 430

DATE 2/1/91

SPONSOR(S)

REP. DRISCOLL

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VISITOR'S REGISTER**

COMMITTEE

BILL NO.

SPONSOR (S)

REP. COOCHIARELLA

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