

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 52nd LEGISLATURE - REGULAR SESSION

SUBCOMMITTEE ON STATE ADMINISTRATION PAY PLAN BILLS

Call to Order: By GARY FORRESTER CHAIR, on February 15, 1991, at 7:00 a.m.

ROLL CALL

Members Present:

Rep. Gary Forrester Chair (D)
Rep. Vicki Cocchiarella (D)
Rep. Gary Beck (D)
Rep. John Phillips (R)
Rep. William Spring (R)

Staff Present: Sheri Heffelfinger, Legislative Council
Lois O'Connor, Committee Secretary

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

Discussion:

Sheri Heffelfinger, Legislative Council, gave a presentation on recruitment.

REP. SPRING asked Ms. Heffelfinger what the difference was between pay plan exceptions and upgrades. Ms. Heffelfinger said a pay plan exception is granted for two years. It can be a step exception or a grade exception, but it is a pay exception. An upgrade is when duties and responsibilities change. REP. SPRING asked if the new plan addresses the exceptions being used at present. Ms. Heffelfinger said yes. REP. BECK asked what the difference is between exceptions and exemptions. Ms. Heffelfinger said employees who are exempt from the pay plan are outside of the pay plan. The agency sets the rates for that employee. Exceptions are for classified employees hired into the plan. Their salaries are provided by the pay plan, but are too low. They need exceptions to the regular policy which is to hire an employee at a higher step. REP. COCCHIARELLA stated the probationary step doesn't reflect what it should be on the chart. You apply the first step in appropriate relationship with the second step and provide a probationary step which is 95% of the first step.

Sheri Heffelfinger stated HB 259 would have to be amended. It would eliminate step 1 which has been the probationary step. Step 2 would become step 1. Step 13 is broken up to become Steps

12 and 13. It would also increase the current entry rate by 6% each year of the biennium. The cost for a 6% raise each year is approximately \$66 million. **REP. PHILLIPS** asked if the \$66 million was annual or for the biennium. **Ms. Heffelfinger** stated it was for the biennium. It included the 6% raise but not the shifts, specialized occupations, or steps. HB 509 sets the FY 92 entry rates for each grade at the average FY 91 entry rate according to the 5-state surveyed market. The bill increases the entry rates by 3% for FY 93 in anticipation of the market salary moving 3%. The 3% increase will cost approximately \$33 million. **REP. BECK** stated HB 509 is not at the market entry rate and asked if it still puts us behind. **Ms. Heffelfinger** said HB 509 automatically sets the entry rate at market. No employees will be behind the entry rate. HB 514 freezes the pay plan and gives current employees a flat dollar increase to employees. New employees will be hired at the rates provided during the FY 1990-91 biennium.

REP. BECK asked if any of the presented bills would address the level of recruitment at the higher professional levels or are we going to have to make them negotiable. What is the percentage of total employees that fall into the professional category? The professional people should be exempt from the plans so that they can be recruited. **Ms. Heffelfinger** stated the Committee on State Employee Compensation discussed the option of having two pay plans. All the people at the professional levels would be taken out of the plan and put into their own. The committee preferred to have both levels addressed in one pay plan. It does affect a significant number of employees at the upper grades. **REP. COCCHIARELLA** said according to the analysis of HB 259, there are only 49 people that are not at market entry rate. **Ms. Heffelfinger** stated that was true if your looking at the people in the plan. If your looking at people your trying to recruit, then your not talking about the FTEs that we have in the current market entry plan. The question the subcommittee must answer is if it is important that the pay plan include entry rates for all grades that match the average entry rate found in the market. If the answer is yes, then HB 259 and HB 514 must be amended or the subcommittee must request a committee bill that will have, as one of its components, entry rates set at the market average. If the answer is no, you can go to the next issue.

REP. PHILLIPS asked how much problem is the state having in the classification and recruitment. **Ms. Heffelfinger** stated that there has been a 133% increase in requests for pay plan exceptions. Some are granted some are not. **David Bohyer, Legislative Council**, stated the State Compensation Committee did a survey which found the state is experiencing a 39% turnover rate among the states total FTEs. That is almost 2 out of 4 positions turning over. Montana ranks #5 in the 12 state survey, as part of the FTEs turning over which is overlapping into the retention problem. The lower grades have a higher turnover rate. The question is hard to answer because you can't measure those

people not applying for jobs. REP. COCCHIARELLA stated that there are higher level technical jobs in state government that cannot be matched in Montana. They can only be matched outside of the state. REP. BECK stated young people graduating from college are leaving the state because the pay level is too low.

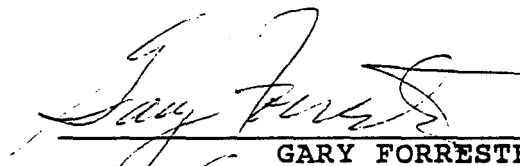
REP. FORRESTER understood that the state had no problem in recruitment up to Grade 12. How many employees are grouped in that area? Ms. Heffelfinger stated there are no recruitment problems in the lower grades because their market rates are competitive. It is from Grades 12 and up that we get into the recruitment problems. Mr. Bohyer said either you want to hire at market rate or you don't. If you do, then a pay plan needs to be constructed that addresses the entry level market rate whether it is Grade 5 or Grade 15. REP. SPRING said the answer to the problem is to be competitive. REP. FORRESTER asked if the committee could design a schedule that would do these things. Ms. Heffelfinger said that it could be accomplished by going with the three options on Page 3 of the Issues and Options Paper.

REP. PHILLIPS said the committee is going to have to look into where they are going to get the resources to pay for what we can afford. REP. FORRESTER replied that right now we are trying to develop a plan, then the committee can look at the money end of it. We are just identifying the problems now; then we can tailor the money to suit the problems.


MOTION/VOTE: REP. COCCHIARELLA MOVED TO ADOPT "YES" UNDER QUESTION #1, PAGE 3 OF THE ISSUES AND OPTIONS PAPER. Motion carried 4 to 1 with REP. SPRING voting no.

ADJOURNMENT

Adjournment: 8:00 a.m.



GARY FORRESTER, Chair



LOIS O'CONNOR, Secretary