

SENATE BILL 36

Introduced by Akelstad

12/04	Introduced
12/04	Referred to Finance & Claims
12/04	First Reading
12/04	Fiscal Note Requested
12/08	Fiscal Note Received
12/08	Fiscal Note Printed
12/08	Hearing
12/08	Tabled in Committee

1 Senate BILL NO. 36
2 INTRODUCED BY AKLESTAD
3
4 A BILL FOR AN ACT ENTITLED: "AN ACT ELIMINATING THE JANUARY
5 1995 PAY INCREASE FOR STATE EMPLOYEES; AMENDING SECTIONS
6 2-18-303, 2-18-313, 2-18-314, AND 2-18-315, MCA, AND SECTION
7 11, CHAPTER 640, LAWS OF 1993; AND PROVIDING AN IMMEDIATE
8 EFFECTIVE DATE."

9
10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

11 **Section 1.** Section 2-18-303, MCA, is amended to read:

12 "2-18-303. Procedures for utilizing pay schedules. (1)
13 The pay schedules provided in 2-18-312 must be implemented
14 as follows:

15 (a) The pay schedules provided in 2-18-312 indicate the
16 entry salary and market salary for the fiscal years ending
17 June 30, 1994, and June 30, 1995, for each grade for
18 positions classified under the provisions of part 2 of this
19 chapter.

20 (b) Each employee newly hired by the state of Montana
21 must be hired at the entry rate, except as provided in
22 subsections (6) and (7).

23 (c) Except as provided in subsection ~~(1)(e)~~ (1)(d), on
24 the first day of the first complete pay period in fiscal
25 year 1994, each employee hired before July 1, 1993, is

1 entitled to the amount of the employee's base salary as it
2 was on June 30, 1993.

3 ~~(d) Except as provided in subsection (1)(e), on the~~
4 ~~first day of the first complete pay period in January 1995,~~
5 ~~each employee hired before January 17, 1995, is entitled to~~
6 ~~the amount of the employee's base salary as it was on~~
7 ~~December 31, 1994, plus 1.5%.~~

8 ~~(e)~~ An employee's base salary may be no less than the
9 entry salary for the employee's assigned grade.

10 ~~(f)(e)~~ An employee's base salary may not exceed the
11 maximum salary for the employee's grade. The salary of an
12 employee may not be reduced because of this provision.

13 ~~(g)(f)~~ The maximum salary for each grade is determined
14 by subtracting the entry salary from the market salary and
15 adding that amount to the market salary.

16 (2) The pay schedules provided in 2-18-312 and the
17 provisions of subsection (1) do not apply to those teachers,
18 liquor store occupations, or blue-collar occupations
19 compensated under the pay schedules provided in 2-18-313
20 through 2-18-315.

21 (3) The pay schedules provided in 2-18-313 through
22 2-18-315 must be implemented as follows:

23 (a) (i) The pay schedules provided for in 2-18-313
24 indicate the annual compensation for the contracted school
25 term for teachers employed under the authority of the

department of corrections and human services or the department of family services for fiscal years 1994 and 1995.

(ii) The compensation of each teacher on the first day of the first pay period in July 1993 is determined by the teacher's level of academic achievement and years of experience.

(iii) On the first day of the first complete pay period of each fiscal year, each teacher shall advance one step on the appropriate pay schedule adopted in 2-18-313.

(iv) On the first day of the first complete pay period of each fiscal year, each teacher employed by the Montana school for the deaf and blind shall advance one step on the teacher pay matrix used by the school.

(b) (i) The pay schedules provided in 2-18-314 indicate the maximum hourly compensation for fiscal years ending June 30, 1994, and June 30, 1995, for those employees in liquor store occupations who have collectively bargained separate classification and pay plans.

(ii) The compensation of each employee on the first day of the first pay period in fiscal year 1994 or 1995 is that amount corresponding to the grade occupied on the last day of the preceding fiscal year.

(c) (i) The pay schedules provided in 2-18-315 indicate the maximum hourly compensation for fiscal years ending June

30, 1994, and June 30, 1995, for employees in apprentice trades and crafts and other blue-collar occupations recognized in the state blue-collar classification plan who are members of units that have collectively bargained separate classification and pay plans.

(ii) The compensation of each employee on the first day of the first pay period in fiscal year 1994 or 1995 is that amount corresponding to the grade occupied on the last day of the preceding fiscal year.

(4) The current wage or salary of an employee may not be reduced by the implementation of the pay schedules provided for in 2-18-312 through 2-18-315.

(5) The department may authorize a separate pay schedule for medical doctors if the rates provided in 2-18-312 are not sufficient to attract and retain fully licensed and qualified physicians at the state institutions.

(6) The department may develop programs that enable the department to mitigate problems associated with difficult recruitment, retention, transfer, or other exceptional circumstances. Insofar as the program may apply to employees within a collective bargaining unit, it is a negotiable subject under 39-31-305.

(7) The department shall review the competitiveness of the compensation provided to all occupations under this part. If the department finds that substantial problems

1 exist with recruitment and retention because of inadequate
 2 salaries when compared to competing employers, the
 3 department may establish criteria allowing an adjustment in
 4 pay or classification to mitigate the problems. Insofar as
 5 these adjustments may apply to employees within a collective
 6 bargaining unit, the implementation of these adjustments is
 7 a negotiable subject under 39-31-305."

8 **Section 2.** Section 2-18-313, MCA, is amended to read:

9 "2-18-313. Teachers' pay schedules. (1) (a) The
 10 12-month pay schedule for teachers for fiscal year 1994 and
 11 for the-first-6-months-of fiscal year 1995 is as follows:

12	Annual Hours -- 2080				Note: Does Not		
13	Include Insurance						
14	Term -- Twelve Months				Matrix Type -- Annual		
15	Education Level						
16	STEP	BA	BA+1	BA+2	BA+3	MA	MA+1
17	1	22,412	23,071	23,713	24,034	24,357	25,016
18	2	23,167	23,883	24,600	24,959	25,322	26,065
19	3	23,922	24,713	25,495	25,909	26,323	27,138
20	4	24,678	25,556	26,421	26,878	27,334	28,208
21	5	25,438	26,421	27,353	27,848	28,346	29,280
22	6	26,226	27,297	28,288	28,822	29,358	30,352
23	7	27,016	28,166	29,217	29,793	30,367	31,420
24	8	27,810	29,039	30,153	30,767	31,381	32,490
25	9	28,603	29,910	31,085	31,737	32,394	33,561

1 10 29,396 30,786 32,016 32,709 33,403 34,633
 2 11 30,191 31,628 32,945 33,680 34,415 35,702
 3 12 30,191 31,628 32,945 33,680 34,415 35,702
 4 13 30,191 31,628 32,945 33,680 34,415 35,702
 5 (b)(2) The 9-month pay schedule for teachers for fiscal
 6 year 1994 and for the-first-6-months-of fiscal year 1995 is
 7 as follows:

8	Annual Hours -- 1560				Note: Does Not		
9					Include Insurance		
10	Term -- Nine Months				Matrix Type -- Annual		
11	Education Level						
12	STEP	BA	BA+1	BA+2	BA+3	MA	MA+1
13	1	17,924	18,432	18,953	19,207	19,462	19,983
14	2	18,521	19,087	19,654	19,937	20,222	20,788
15	3	19,117	19,742	20,355	20,670	20,982	21,594
16	4	19,716	20,401	21,056	21,400	21,743	22,400
17	5	20,311	21,056	21,757	22,130	22,504	23,207
18	6	20,909	21,715	22,461	22,862	23,265	24,013
19	7	21,503	22,368	23,160	23,593	24,025	24,817
20	8	22,101	23,026	23,864	24,325	24,788	25,622
21	9	22,698	23,681	24,565	25,056	25,549	26,443
22	10	23,295	24,339	25,266	25,786	26,321	27,292
23	11	23,892	24,974	25,968	26,537	27,119	28,135
24	12	23,892	24,974	25,968	26,537	27,119	28,135
25	13	23,892	24,974	25,968	26,537	27,119	28,135

1	{2}--(a)--The-12-month-pay-schedule-for-teachers-for--the							
2	last-6-months-of-fiscal-year-1995-is-as-follows:							
3	Annual-Hours----2080				Note:-Does-Not			
4	-				Include-Insurance			
5	Term----Twelve-Months				Matrix-Type----Annual			
6	Education-level							
7	STEP	BA	BA+1	BA+2	BA+3	MA	MA+1	
8	1	22,748	23,417	24,069	24,395	24,722	25,391	
9	2	23,515	24,241	24,969	25,333	25,702	26,456	
10	3	24,281	25,004	25,877	26,298	26,718	27,545	
11	4	25,048	25,939	26,817	27,281	27,744	28,631	
12	5	25,820	26,817	27,763	28,266	28,771	29,719	
13	6	26,619	27,706	28,712	29,254	29,798	30,807	
14	7	27,421	28,588	29,655	30,240	30,823	31,891	
15	8	28,227	29,475	30,605	31,229	31,852	32,977	
16	9	29,032	30,359	31,551	32,213	32,880	34,064	
17	10	29,837	31,248	32,496	33,200	33,904	35,152	
18	11	30,644	32,102	33,439	34,185	34,931	36,238	
19	12	30,644	32,102	33,439	34,185	34,931	36,238	
20	13	30,644	32,102	33,439	34,185	34,931	36,238	
21	{b}--The--9-month-pay-schedule-for-teachers-for-the-last							
22	6-months-of-fiscal-year-1995-is-as-follows:							
23	Annual-Hours----1560				Note:-Does-Not			
24	-				Include-Insurance			
25	Term----Nine-Months				Matrix-Type----Annual			

1	Education-Level						
2	STEP	BA	BA+1	BA+2	BA+3	MA	MA+1
3	1	18,193	18,708	19,237	19,495	19,754	20,283
4	2	18,799	19,373	19,949	20,236	20,525	21,100
5	3	19,404	20,038	20,660	20,980	21,297	21,918
6	4	20,012	20,707	21,372	21,721	22,069	22,736
7	5	20,616	21,372	22,083	22,462	22,842	23,555
8	6	21,223	22,041	22,798	23,205	23,614	24,373
9	7	21,826	22,704	23,507	23,947	24,385	25,189
10	8	22,433	23,371	24,192	24,690	25,168	26,006
11	9	23,038	24,036	24,933	25,432	25,932	26,840
12	10	23,644	24,704	25,645	26,173	26,716	27,701
13	11	24,250	25,349	26,358	26,935	27,526	28,557
14	12	24,250	25,349	26,358	26,935	27,526	28,557
15	13	24,250	25,349	26,358	26,935	27,526	28,557"

16 **Section 3.** Section 2-18-314, MCA, is amended to read:

17 "2-18-314. Liquor store occupations pay schedules

18 schedule. {1} The pay schedule for liquor store occupations

19 for fiscal year 1994 and for the-first-6--months--of fiscal

20 year 1995 is as follows:

21	Annual Hours -- 2080		Note: Does Not	
22			Include Insurance	
23	Pay Matrix -- Retail Clerk		Matrix Type -- Hourly	
24	Grade		\$/Hour	
25	L1		0.000	

1	L2	8.609
2	L3	9.109
3	L4	9.389
4	L5	9.679
5	L6	10.289
6	L7	10.949
7	L8	11.699
8	(2)--The--pay--schedule--for--liquor--store--occupations--for	
9	the--last--6--months--of--fiscal--year--1995--is--as--follows:	
10	Annual--Hours----2080	Note--Does--Not
11	-	include--insurance
12	Pay--Matrix----Retail--Clerk	Matrix--Type----Hourly
13	Grade	\$/Hour
14	B1	8.609
15	B2	8.754
16	B3	9.254
17	B4	9.534
18	B5	9.824
19	B6	10.434
20	B7	11.094
21	B8	11.844"

Section 4. Section 2-18-315, MCA, is amended to read:

"2-18-315. Blue-collar pay schedules schedule. (1) The pay schedule for blue-collar workers for fiscal year 1994 and for the first--6--months--of fiscal year 1995 is as

1	follows:	
2	Annual Hours -- 2080	Note: Does Not
3		Include Insurance
4	Pay Matrix -- Blue-Collar	Matrix Type -- Hourly
5	Grade	\$/Hour
6	B1	9.084
7	B2	9.484
8	B3	9.884
9	B4	10.284
10	B5	10.684
11	B6	11.084
12	B7	11.484
13	B8	11.884
14	B9	12.284
15	B10	12.684
16	B11	13.084
17	B12	13.484
18	B00	13.884
19	(2)--The--pay--schedule--for--blue--collar--workers--for--the	
20	last--6--months--of--fiscal--year--1995--is--as--follows:	
21	Annual--Hours----2080	Note--Does--Not
22	-	include--insurance
23	Pay--Matrix----Blue--Collar	Matrix--Type----Hourly
24	Grade	\$/Hour
25	B1	9.266

1	B2	9-666
2	B3	10-066
3	B4	10-466
4	B5	10-066
5	B6	11-266
6	B7	11-666
7	B8	12-066
8	B9	12-466
9	B10	12-066
10	B11	13-266
11	B12	13-666
12	B00	14-066"

13 **Section 5.** Section 11, Chapter 640, Laws of 1993, is
 14 amended to read:

15 "Section 11. **Appropriation.** (1) The following money for
 16 the indicated fiscal years is appropriated to the listed
 17 agencies to implement [this act]:

18	FISCAL 1994		FISCAL 1995	
19	General Fund	Other Funds	General Fund	Other Funds
20	Legislative Auditor			
21	7,113	7,705	22,301	24,200
22			14,213	15,423
23	Legislative Fiscal Analyst			
24	3,792	-0-	12,751	-0-
25			7,584	

1	Legislative Council			
2	6,593	3,247	26,374	5,631
3			16,217	3,463
4	Environmental Quality Council			
5	1,543	-0-	4,602	30
6			3,066	20
7	Consumer Counsel			
8	-0-	1,200	-0-	4,400
9				2,400
10	Judiciary			
11	19,286	2,587	70,170	7,174
12			39,689	4,057
13	Montana University System			
14	605,746	293,708	1,926,552	865,260
15			1,241,373	557,535
16	Office of Budget and Program Planning			
17	for Distribution to All Other Agencies			
18	975,226	1,581,230	2,811,663	4,755,679
19			1,899,714	3,213,198
20	(2) The appropriation to the Montana university system			
21	includes funding for university system units as defined in			
22	17-7-102(16). The legislature recognizes that the Montana			
23	university system will need to increase tuition and fees to			
24	fund the increases authorized by [this act]."			
25	<u>NEW SECTION.</u> Section 6. Saving clause. [This act] does			

LC 0138/01

1 not affect rights and duties that matured, penalties that
2 were incurred, or proceedings that were begun before [the
3 effective date of this act].

4 NEW SECTION. **Section 7.** Effective date. [This act] is
5 effective on passage and approval.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for SB0036, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act eliminating the January 1995 pay increase for state employees.

ASSUMPTIONS:

1. Among state employees, 57% are covered under collective bargaining agreements that specifically cover salary increases. It is estimated that of total salary paid, 45% is paid to organized employees.
2. Failure to provide negotiated pay increases would result in litigation for impairment of contract.
3. State agencies would not grant the January pay increase to employees who are not covered by a collective bargaining contract, but would grant the increase to employees covered by a contract.
4. Funds for pay increases granted would have to be recovered through additional vacancy savings.

FISCAL IMPACT:

1. The bill removes the entire appropriation for the six-month 1.5% increase for a total reduction of \$1,648,588 in general fund and \$1,868,453 in other funds (LFA Budget Analysis, Page R-13). Assume 45% of funds appropriated for the pay increase will have to be expended under negotiated collective bargaining agreements leaving those agencies with collective bargaining units with additional underfunding for personal services of \$741,365 of general fund and \$838,929 of other funds.

	FY '94			FY '95		
	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference
<u>Expenditures:</u>						
Salary increase	0	0	0	3,517,041	1,580,294	(1,936,747)
Additional Vacancy Savings	0	0	0	0	(1,580,294)	(1,580,294)
<u>Funding:</u>						
General Fund	0	0	0	1,648,588	0	(1,648,588)
Other Funds	0	0	0	1,868,453	0	(1,868,453)
Total	0	0	0	3,517,041	0	(3,517,041)

(Continued)

David Lewis 12-8
 DAVID LEWIS, BUDGET DIRECTOR DATE
 Office of Budget and Program Planning

Gary C. Aklestad 12-8-93
 GARY C. AKLESTAD, PRIMARY SPONSOR DATE
 Fiscal Note for SB0036, as introduced

SB 36

Net Impact:

Elimination of the appropriation for the pay increase will reduce agency budgets by \$3,511,764 in FY95. Agencies will be able to reduce expenditures by only \$1,931,470 and will have to recover the remaining \$1,580,294 from other sources including additional vacancy savings.

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

None

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

The .38% biennial pay plan provided for a small increase in employee base pay relative to the market salary. With no increase in the first 18 months of the biennium, the state employee pay plan is likely to fall considerably behind the market. Elimination of the six-month 1.5% increase will make that market problem slightly larger in future years.

The state always has maintained the policy of providing the same general pay plan increases to both organized and unorganized employees. Providing a pay increase for only one group may have long-term consequences on state employee interest in being collectively represented.