

1 HOUSE BILL NO. 13

2 INTRODUCED BY WISEMAN

3 BY REQUEST OF THE GOVERNOR

4
5 A BILL FOR AN ACT ENTITLED: "AN ACT DIRECTING THE DEPARTMENT OF ADMINISTRATION TO
6 DEVELOP AN ALTERNATIVE COMPENSATION SYSTEM FOR STATE EMPLOYEES TO BE PRESENTED TO
7 THE 56TH LEGISLATURE; CLARIFYING STATUTES GOVERNING CERTAIN SALARY AND EXPENSE
8 PAYMENTS FOR ELECTED OFFICIALS; PROVIDING PAY ADJUSTMENTS FOR STATE EMPLOYEES IN THE
9 STATEWIDE, TEACHERS, AND BLUE-COLLAR PAY PLANS; INCREASING THE STATE CONTRIBUTION TO
10 THE EMPLOYEE GROUP BENEFIT PROGRAM; EXTENDING AND REVISING THE STATE EMPLOYEE
11 INCENTIVE AWARDS PROGRAM; PROVIDING AN APPROPRIATION TO FUND PAY AND BENEFIT
12 ADJUSTMENTS; AMENDING SECTIONS 2-16-405, 2-18-301, 2-18-303, 2-18-304, 2-18-312, 2-18-313,
13 2-18-315, 2-18-703, 2-18-1102, 2-18-1103, 2-18-1105, 2-18-1106, AND 5-2-301, MCA, AND SECTION
14 13, CHAPTER 23, SPECIAL LAWS OF NOVEMBER 1993; REPEALING SECTION 2-18-314, MCA; AND
15 PROVIDING AN EFFECTIVE DATE."

16
17 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

18
19 **NEW SECTION. Section 1. Competency-based personnel systems.** The department shall develop
20 an alternative classification and pay system that is consistent with the market-based approach to pay
21 administration but that emphasizes individual skills, competencies, and contributions in addition to the
22 criteria provided in 2-18-202. The compensation system must provide for the means of identifying the
23 requisite skills and competencies necessary for the state and its separate departments and agencies to
24 provide service excellence to Montana's citizens. Employee recruitment, selection, evaluation, and
25 compensation must be based, at least in part, on the demonstration of these necessary skills and
26 competencies. The department shall test the effectiveness of the program through the implementation of
27 pilot projects. Insofar as a pilot project applies to employees of a collective bargaining unit, its
28 implementation is a negotiable subject under 39-31-305. The department shall present a proposal for an
29 alternative system to the 56th legislature.
30

1 **Section 2.** Section 2-16-405, MCA, is amended to read:

2 **"2-16-405. Salaries of certain elected state officials.** (1) Subject to subsection (2), the salaries paid
3 to certain elected officials of the state of Montana are:

4 (a) Governor[±];

5 ~~(i) \$55,502;~~

6 ~~(ii) \$57,084 beginning July 1, 1995;~~

7 ~~(iii) \$59,310 beginning January 1, 1996.~~

8 (b) Lieutenant governor[±];

9 ~~(i) \$40,466;~~

10 ~~(ii) \$41,619 beginning July 1, 1995;~~

11 ~~(iii) \$43,242 beginning January 1, 1996.~~

12 (c) Attorney general[±];

13 ~~(i) \$50,841;~~

14 ~~(ii) \$52,290 beginning July 1, 1995;~~

15 ~~(iii) \$54,329 beginning January 1, 1996.~~

16 (d) State auditor[±];

17 ~~(i) \$37,526;~~

18 ~~(ii) \$38,595 beginning July 1, 1995;~~

19 ~~(iii) \$40,101 beginning January 1, 1996.~~

20 (e) Superintendent of public instruction[±];

21 ~~(i) \$44,177;~~

22 ~~(ii) \$45,436 beginning July 1, 1995;~~

23 ~~(iii) \$47,208 beginning January 1, 1996.~~

24 (f) Public service commission presiding officer[±];

25 ~~(i) \$41,750;~~

26 ~~(ii) \$42,940 beginning July 1, 1995;~~

27 ~~(iii) \$44,615 beginning January 1, 1996.~~

28 (g) Public service commissioners, other than presiding officer[±];

29 ~~(i) \$40,466;~~

30 ~~(ii) \$41,619 beginning July 1, 1995;~~

1 ~~(iii) \$43,242 beginning January 1, 1996.~~

2 (h) Secretary of state;

3 ~~(i) \$37,526;~~

4 ~~(ii) \$38,596 beginning July 1, 1996;~~

5 ~~(iii) \$40,101 beginning January 1, 1996.~~

6 (i) Clerk of the supreme court;

7 ~~(i) \$36,537;~~

8 ~~(ii) \$37,578 beginning July 1, 1996;~~

9 ~~(iii) \$39,044 beginning January 1, 1996.~~

10 (2) ~~Prior to June 30, 1996, and prior to~~ Before June 30 of each even-numbered year thereafter,
11 the department of administration shall conduct a salary survey of executive branch officials with similar
12 titles to the Montana officials listed in subsection (1) for the states of North Dakota, South Dakota,
13 Wyoming, and Idaho. The department shall include the salary for the Montana official in determining the
14 average salary for the ~~similar position~~ officials with similar titles. If the average salary is greater than the
15 salary for the ~~similar position official~~ official in Montana, then beginning July 1, ~~1997, the average is the new~~
16 ~~salary for that position. In~~ in each year following the year in which a survey is conducted, the average
17 salary is the new salary for the ~~position~~ official."

18

19 **Section 3.** Section 2-18-301, MCA, is amended to read:

20 **"2-18-301. Purpose and intent of part -- rules.** (1) The purpose of this part is to provide the
21 market-based compensation necessary to attract and retain competent and qualified employees in order to
22 perform the services that the state is required to provide to its citizens.

23 (2) It is the intent of the legislature that compensation plans for state employees, excluding those
24 employees excepted under 2-18-103 or 2-18-104 and excluding employees compensated under 2-18-313
25 ~~through and~~ and 2-18-315, be based on an analysis of the labor market as provided by the department in a
26 salary survey. The salary survey must be submitted to the office of budget and program planning as a part
27 of the information required by 17-7-111.

28 (3) Except as provided in 2-18-110, pay adjustments and pay schedules provided for in 2-18-303
29 and in 2-18-312, ~~2-18-313, through and~~ and 2-18-315 supersede any other plan or systems established through
30 collective bargaining after the adjournment of the ~~54th~~ 55th legislature.

1 (4) Pay levels provided for in 2-18-312 ~~through~~ and 2-18-315 may not be increased through
2 collective bargaining after adjournment of the ~~54th~~ 55th legislature.

3 (5) Total funds required to implement the pay schedules provided for in 2-18-312 ~~through~~ and
4 2-18-315 for any employee group or bargaining unit may not be increased through collective bargaining
5 over the amount appropriated by the ~~54th~~ 55th legislature.

6 (6) The department shall administer the pay program established by the legislature on the basis of
7 merit, internal equity, and competitiveness to external labor markets when fiscally able.

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

10
11 **Section 4.** Section 2-18-303, MCA, is amended to read:

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

14 (a) The pay schedules provided in 2-18-312 indicate the entry salary and market salary for each
15 grade for positions classified under the provisions of part 2 of this chapter.

16 (b) Each employee newly hired by the state of Montana must be hired at the entry rate, except as
17 provided in subsections (7) and (8).

18 (c) On the first day of the first complete pay period in fiscal year ~~1996~~ 1998, each employee hired
19 ~~before July 1, 1995~~, is entitled to the amount of the employee's base salary as it was on June 30, ~~1995~~
20 1997, ~~plus, on the employee's anniversary date that occurs on or after September 30, 1995, the increases~~
21 ~~provided in subsection (1)(d), if applicable.~~

22 (d) (i) Effective on the first day of the pay period that includes an employee's anniversary date
23 during the fiscal years ending June 30, ~~1996~~ 1998, and June 30, ~~1997~~ 1999, an employee's market ratio
24 must be compared to the target market ratio in the matrix ~~in subsection (1)(d)(iii)~~ that corresponds to the
25 employee's grade level and completed years of uninterrupted state service. For employees hired on or
26 before September 30, 1994, the anniversary date is October 1.

27 (ii) ~~As provided in subsection (1)(d)(i), the following matrix must be used to compare an employee's~~
28 ~~market ratio to the target market ratio that corresponds to the employee's grade level and completed years~~
29 ~~of uninterrupted state service:~~ The matrix for the target market ratios is as follows:

30 TARGET MARKET RATIOS

1	Grade	Years										
		0	1	2	3	4	5	6	7	8	9	10
3	4	0.844	0.874	0.904	0.935	0.967	0.999	1.000	1.000	1.000	1.000	1.000
4	5	0.842	0.871	0.900	0.930	0.961	0.992	1.000	1.000	1.000	1.000	1.000
5	6	0.840	0.868	0.896	0.925	0.955	0.985	1.000	1.000	1.000	1.000	1.000
6	7	0.838	0.865	0.892	0.920	0.949	0.978	1.000	1.000	1.000	1.000	1.000
7	8	0.836	0.862	0.889	0.916	0.944	0.972	1.000	1.000	1.000	1.000	1.000
8	9	0.834	0.859	0.885	0.911	0.938	0.965	0.993	1.000	1.000	1.000	1.000
9	10	0.832	0.857	0.882	0.908	0.934	0.961	0.988	1.000	1.000	1.000	1.000
10	11	0.830	0.854	0.878	0.903	0.928	0.954	0.980	1.000	1.000	1.000	1.000
11	12	0.828	0.851	0.875	0.899	0.924	0.949	0.975	1.000	1.000	1.000	1.000
12	13	0.826	0.849	0.872	0.896	0.920	0.945	0.970	0.996	1.000	1.000	1.000
13	14	0.824	0.846	0.869	0.892	0.915	0.939	0.963	0.988	1.000	1.000	1.000
14	15	0.822	0.844	0.866	0.888	0.911	0.934	0.958	0.982	1.000	1.000	1.000
15	16	0.820	0.841	0.863	0.885	0.907	0.930	0.953	0.977	1.000	1.000	1.000
16	17	0.818	0.839	0.860	0.882	0.904	0.926	0.949	0.972	0.996	1.000	1.000
17	18	0.816	0.836	0.857	0.878	0.899	0.921	0.943	0.966	0.989	1.000	1.000
18	19	0.814	0.834	0.854	0.875	0.896	0.917	0.939	0.961	0.984	1.000	1.000
19	20	0.812	0.831	0.851	0.871	0.892	0.913	0.935	0.957	0.979	1.000	1.000
20	21	0.810	0.829	0.849	0.869	0.889	0.910	0.931	0.953	0.975	0.997	1.000
21	22	0.808	0.827	0.846	0.866	0.886	0.906	0.927	0.948	0.970	0.992	1.000
22	23	0.806	0.825	0.844	0.863	0.883	0.903	0.923	0.944	0.965	0.987	1.000
23	24	0.804	0.822	0.841	0.860	0.879	0.899	0.919	0.940	0.961	0.982	1.000
24	25	0.802	0.820	0.838	0.857	0.876	0.895	0.915	0.935	0.956	0.977	0.999

25 ~~(iii) If, on (ii) On~~ the first day of the pay period that includes an employee's anniversary date during
 26 the fiscal year ~~years~~ ending June 30, ~~1996~~ 1998, and June 30, 1999, the employee's market ratio is less
 27 than the target market ratio that corresponds to the employee's grade level and completed years of
 28 ~~uninterrupted state service~~, the employee's base salary must be increased to the ~~lesser~~ greater of:

29 (A) the market salary for the employee's grade multiplied by the target ratio that corresponds to
 30 the employee's grade level and completed years of uninterrupted state service not to exceed 4%; or

1 (B) the employee's base salary as it was on the last day of the pay period immediately preceding
2 the pay period that includes ~~October 1, 1995~~ the employee's anniversary date, plus ~~5%~~ 1%.

3 ~~(iv) If, on the first day of the pay period that includes an employee's anniversary date during the~~
4 ~~fiscal year ending June 30, 1997, the employee's market ratio is less than the target market ratio that~~
5 ~~corresponds to the employee's grade level and completed years of uninterrupted state service, the~~
6 ~~employee's base salary must be increased to the lesser of:~~

7 ~~(A) the market salary for the employee's grade multiplied by the target ratio that corresponds to~~
8 ~~the employee's grade level and completed years of uninterrupted state service; or~~

9 ~~(B) the employee's base salary as it was on the last day of the pay period immediately preceding~~
10 ~~the pay period that includes October 1, 1996, plus 6%.~~

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

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

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

17 ~~(h) An employee's market ratio, as it was on the last day of the pay period immediately preceding~~
18 ~~the pay period that includes October 1, 1996, may not be reduced as a result of the adjustment of the pay~~
19 ~~ranges provided in 2-18-312(2).~~

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

23 (3) The pay schedules provided in 2-18-313 ~~through~~ and 2-18-315 must be implemented as
24 follows:

25 (a) (i) The pay schedules provided for in 2-18-313 indicate the annual compensation for teachers
26 employed under the authority of the department of corrections or the department of public health and
27 human services for fiscal years ~~1996 and 1997~~ 1998 and 1999.

28 (ii) The compensation of each teacher on July 1, ~~1996~~ 1997, is the same as it was on June 30,
29 ~~1995~~ 1997.

30 (iii) On the first day of the first pay period that includes October 1 of each fiscal year, a teacher

1 employed under the authority of the department of public health and human services or the department of
 2 corrections prior to before October 1, 1994, shall advance one step on the appropriate pay schedule
 3 adopted in 2-18-313. A teacher hired after October 1, 1994, shall advance on the teacher's actual
 4 anniversary date.

5 ~~(iv) On the first day of the first full pay period during the month that includes the teacher's~~
 6 ~~anniversary date, a teacher employed under the authority of the department of corrections shall advance~~
 7 ~~one step on the appropriate pay schedule adopted in 2-18-313.~~

8 ~~(v) On the first day of the first pay period that includes October 1 of each fiscal year, a teacher~~
 9 ~~employed by the Montana school for the deaf and blind shall advance one step on the teacher pay matrix~~
 10 ~~used by the school.~~

11 ~~(b) (i) The pay schedules provided in 2-18-314 indicate the maximum hourly compensation for~~
 12 ~~fiscal years ending June 30, 1996, and June 30, 1997, for those employees in liquor store occupations~~
 13 ~~who have collectively bargained separate classification and pay plans.~~

14 ~~(ii) The compensation of each employee on the first day of the first pay period in fiscal year 1996~~
 15 ~~or 1997 is that amount corresponding to the grade occupied on the last day of the preceding fiscal year.~~

16 ~~(b) (i)~~ (i) The pay schedules provided in 2-18-315 indicate the maximum hourly compensation for
 17 fiscal years ending June 30, ~~1996~~ 1998, and June 30, ~~1997~~ 1999, for employees in apprentice trades and
 18 crafts and other blue-collar occupations recognized in the state blue-collar classification plan who are
 19 members of units that have collectively bargained separate classification and pay plans.

20 (ii) The compensation of each employee on the first day of the first pay period in each fiscal year
 21 ~~1996 or 1997~~ is that amount corresponding to the grade occupied on the last day of the preceding fiscal
 22 year.

23 (4) (a) (i) A member of a bargaining unit may not receive a pay increase until the employer's
 24 collective bargaining representative receives written notice that the employee's bargaining unit has ratified
 25 a completely integrated collective bargaining agreement covering the biennium ending June 30, ~~1997~~ 1999.

26 (ii) If ratification of a completely integrated collective bargaining agreement, as required by
 27 subsection (4)(a)(i), is not completed by July 1, ~~1996~~ 1997, retroactivity to that date may be negotiated.

28 (iii) If ratification of a completely integrated collective bargaining agreement, as required by
 29 subsection (4)(a)(i), is not completed by July 1, ~~1996~~ 1997, members of the bargaining unit must continue
 30 to receive the compensation that they were receiving as of June 30, ~~1996~~ 1997, until an agreement is

1 ratified.

2 (b) Methods of administration not inconsistent with the purpose of this part and necessary to
3 properly implement the pay schedules and adjustments provided in 2-18-312, ~~through~~ 2-18-315, and this
4 section may be provided for in collective bargaining agreements.

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

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

10 (7) The department may develop programs that enable the department to mitigate problems
11 associated with difficult recruitment, retention, transfer, or other exceptional circumstances. Insofar as the
12 program may apply to employees within a collective bargaining unit, it is a negotiable subject under
13 39-31-305.

14 (8) The department shall review the competitiveness of the compensation provided to all
15 occupations under this part. If the department finds that substantial problems exist with recruitment and
16 retention because of inadequate salaries when compared to competing employers, the department may
17 establish criteria allowing an adjustment in pay or classification to mitigate the problems. Insofar as these
18 adjustments may apply to employees within a collective bargaining unit, the implementation of these
19 adjustments is a negotiable subject under 39-31-305."

20

21 **Section 5.** Section 2-18-304, MCA, is amended to read:

22 **"2-18-304. Longevity allowance.** (1) (a) ~~(i) Effective July 1, 1995, through the last day of the pay~~
23 ~~period immediately preceding the pay period that includes October 1, 1995, in addition to the compensation~~
24 ~~provided for in 2-18-303, 2-18-312, 2-18-313, 2-18-314, or 2-18-315, each employee who has completed~~
25 ~~5 years of uninterrupted state service must receive 9/10 of 1% of the employee's base salary multiplied~~
26 ~~by the number of completed, contiguous 5-year periods of uninterrupted state service.~~

27 ~~(ii) Effective on the first day of the pay period that includes October 1, 1995, in~~ In addition to the
28 compensation provided for in 2-18-303, 2-18-312, 2-18-313, ~~2-18-314,~~ or 2-18-315, each employee who
29 has completed 5 years of uninterrupted state service must receive 1.5% of the employee's base salary
30 multiplied by the number of completed, contiguous 5-year periods of uninterrupted state service.

1 (b) Service to the state is not interrupted by authorized leaves of absence.

2 (2) (a) For the purpose of determining years of service under this section, an employee must be
3 credited with 1 year of service for each period of:

4 (i) 2,080 hours of service following the employee's date of employment; an employee must be
5 credited with 80 hours of service for each biweekly pay period in which the employee is in a pay status or
6 on an authorized leave of absence without pay, regardless of the number of hours of service in the pay
7 period; or

8 (ii) 12 uninterrupted calendar months following the employee's date of employment in which the
9 employee was in a pay status or on an authorized leave of absence without pay, regardless of the number
10 of hours of service in any month. An employee of a school at a state institution or the university system
11 must be credited with 1 year of service if the employee is employed for an entire academic year.

12 (b) State agencies, other than the university system and a school at a state institution, shall use
13 the method provided in subsection (2)(a)(i) to calculate years of service under this section."
14

15 **Section 6.** Section 2-18-312, MCA, is amended to read:

16 **"2-18-312. Statewide pay schedules for fiscal years ~~1996~~ 1998 and ~~1997~~ 1999.** (1) The
17 statewide classification pay schedule for the period ~~from July 1, 1995, until~~ beginning on the first day of
18 the first full pay period that includes October 1, 1996 in fiscal year 1998, is as follows:

19 Annual Hours -- 2080

Note: Does Not Include Insurance

20 Pay Matrix -- State

Matrix Type -- Annual

21 Pay Range: Entry Salary to Market Salary

22	GRADE	ENTRY SALARY	MARKET SALARY
23	1	8,679	10,210
24	2	9,349	11,026
25	3	10,070	11,903
26	4	10,852	12,858
27	5	11,727	13,927
28	6	12,672	15,086
29	7	13,688	16,334
30	8	14,836	17,747

1	9	16,064	19,262
2	10	17,424	20,942
3	11	18,904	22,775
4	12	20,545	24,812
5	13	22,325	27,027
6	14	24,295	29,485
7	15	26,465	32,196
8	16	28,885	35,226
9	17	31,585	38,613
10	18	34,562	42,355
11	19	37,897	46,557
12	20	41,618	51,254
13	21	45,754	56,487
14	22	50,373	62,343
15	23	55,584	68,963
16	24	61,434	76,410
17	25	67,907	84,673
18	<u>1</u>	<u>8,986</u>	<u>10,571</u>
19	<u>2</u>	<u>9,679</u>	<u>11,413</u>
20	<u>3</u>	<u>10,424</u>	<u>12,323</u>
21	<u>4</u>	<u>11,234</u>	<u>13,312</u>
22	<u>5</u>	<u>12,140</u>	<u>14,419</u>
23	<u>6</u>	<u>13,118</u>	<u>15,618</u>
24	<u>7</u>	<u>14,171</u>	<u>16,910</u>
25	<u>8</u>	<u>15,360</u>	<u>18,372</u>
26	<u>9</u>	<u>16,630</u>	<u>19,941</u>
27	<u>10</u>	<u>18,039</u>	<u>21,680</u>
28	<u>11</u>	<u>19,570</u>	<u>23,578</u>
29	<u>12</u>	<u>21,269</u>	<u>25,687</u>
30	<u>13</u>	<u>23,112</u>	<u>27,980</u>

1	<u>14</u>	<u>25,151</u>	<u>30,523</u>
2	<u>15</u>	<u>27,399</u>	<u>33,331</u>
3	<u>16</u>	<u>29,903</u>	<u>36,469</u>
4	<u>17</u>	<u>32,698</u>	<u>39,974</u>
5	<u>18</u>	<u>35,779</u>	<u>43,848</u>
6	<u>19</u>	<u>39,233</u>	<u>48,198</u>
7	<u>20</u>	<u>43,086</u>	<u>53,060</u>
8	<u>21</u>	<u>47,367</u>	<u>58,478</u>
9	<u>22</u>	<u>52,149</u>	<u>64,541</u>
10	<u>23</u>	<u>57,543</u>	<u>71,393</u>
11	<u>24</u>	<u>63,601</u>	<u>79,104</u>
12	<u>25</u>	<u>70,302</u>	<u>87,657</u>

13 (2) Effective on the first day of the first full pay period that includes October 1, 1996 in fiscal year
 14 1999, the statewide classification pay schedule is as follows:

15 Annual Hours -- 2080

Note: Does Not Include Insurance

16 Pay Matrix -- State

Matrix Type -- Annual

17 Pay Range: Entry Salary to Market Salary

18	GRADE	ENTRY SALARY	MARKET SALARY
19	1	8,897	10,466
20	2	9,583	11,300
21	3	10,321	12,201
22	4	11,123	13,180
23	5	12,020	14,276
24	6	12,988	15,463
25	7	14,031	16,743
26	8	15,208	18,190
27	9	16,465	19,744
28	10	17,860	21,465
29	11	19,376	23,345
30	12	21,058	25,433

1	13	22,883	27,703
2	14	24,902	30,224
3	15	27,128	33,004
4	16	29,607	36,108
5	17	32,374	39,578
6	18	35,425	43,414
7	19	38,845	47,724
8	20	42,659	52,535
9	21	46,898	57,899
10	22	51,633	63,902
11	23	56,973	70,686
12	24	62,971	78,324
13	25	69,606	86,789
14	<u>1</u>	<u>9,076</u>	<u>10,677</u>
15	<u>2</u>	<u>9,776</u>	<u>11,527</u>
16	<u>3</u>	<u>10,528</u>	<u>12,446</u>
17	<u>4</u>	<u>11,346</u>	<u>13,445</u>
18	<u>5</u>	<u>12,261</u>	<u>14,563</u>
19	<u>6</u>	<u>13,249</u>	<u>15,774</u>
20	<u>7</u>	<u>14,313</u>	<u>17,079</u>
21	<u>8</u>	<u>15,514</u>	<u>18,556</u>
22	<u>9</u>	<u>16,796</u>	<u>20,140</u>
23	<u>10</u>	<u>18,219</u>	<u>21,897</u>
24	<u>11</u>	<u>19,766</u>	<u>23,814</u>
25	<u>12</u>	<u>21,482</u>	<u>25,944</u>
26	<u>13</u>	<u>23,343</u>	<u>28,260</u>
27	<u>14</u>	<u>25,403</u>	<u>30,828</u>
28	<u>15</u>	<u>27,673</u>	<u>33,664</u>
29	<u>16</u>	<u>30,202</u>	<u>36,834</u>
30	<u>17</u>	<u>33,025</u>	<u>40,374</u>

1	<u>18</u>	<u>36,137</u>	<u>44,286</u>
2	<u>19</u>	<u>39,625</u>	<u>48,680</u>
3	<u>20</u>	<u>43,517</u>	<u>53,591</u>
4	<u>21</u>	<u>47,841</u>	<u>59,063</u>
5	<u>22</u>	<u>52,670</u>	<u>65,186</u>
6	<u>23</u>	<u>58,118</u>	<u>72,107</u>
7	<u>24</u>	<u>64,237</u>	<u>79,895</u>
8	<u>25</u>	<u>71,005</u>	<u>88,534"</u>

9

10 **Section 7.** Section 2-18-313, MCA, is amended to read:

11 **"2-18-313. Teachers' pay schedules.** (1) The pay schedule for teachers for the period that includes
 12 October 1, ~~1995~~ 1997, until the first day of the pay period that includes October 1, ~~1996~~ 1998, is as
 13 follows:

14 Annual Hours -- 2080

Note: Does Not Include Insurance

15 Term -- Twelve Months

Matrix Type -- Annual

		Education Level					
STEP	BA	BA + 1	BA + 2	BA + 3	MA	MA + 1	
18	1	23,150	23,763	24,393	25,040	25,703	26,384
19	2	23,752	24,381	25,027	25,691	26,371	27,070
20	3	24,369	25,015	25,678	26,359	27,057	27,774
21	4	25,003	25,666	26,346	27,044	27,761	28,496
22	5	25,653	26,333	27,031	27,747	28,482	29,237
23	6	26,320	27,018	27,734	28,469	29,223	29,997
24	7	27,004	27,720	28,455	29,209	29,983	30,777
25	8	27,707	28,441	29,194	29,968	30,762	31,577
26	9	28,427	29,180	29,954	30,747	31,562	32,398
27	10	29,166	29,939	30,732	31,547	32,383	33,241
28	11	29,924	30,717	31,531	32,367	33,225	34,105
29	12	30,702	31,516	32,351	33,208	34,088	34,992
30	<u>1</u>	<u>23,642</u>	<u>24,351</u>	<u>25,082</u>	<u>25,834</u>	<u>26,609</u>	<u>27,407</u>

1	<u>2</u>	<u>24,351</u>	<u>25,082</u>	<u>25,834</u>	<u>26,609</u>	<u>27,407</u>	<u>28,230</u>
2	<u>3</u>	<u>25,082</u>	<u>25,834</u>	<u>26,609</u>	<u>27,407</u>	<u>28,230</u>	<u>29,077</u>
3	<u>4</u>	<u>25,834</u>	<u>26,609</u>	<u>27,407</u>	<u>28,230</u>	<u>29,077</u>	<u>29,949</u>
4	<u>5</u>	<u>26,609</u>	<u>27,407</u>	<u>28,230</u>	<u>29,077</u>	<u>29,949</u>	<u>30,847</u>
5	<u>6</u>	<u>27,407</u>	<u>28,230</u>	<u>29,077</u>	<u>29,949</u>	<u>30,847</u>	<u>31,773</u>
6	<u>7</u>	<u>28,230</u>	<u>29,077</u>	<u>29,949</u>	<u>30,847</u>	<u>31,773</u>	<u>32,726</u>
7	<u>8</u>	<u>29,077</u>	<u>29,949</u>	<u>30,847</u>	<u>31,773</u>	<u>32,726</u>	<u>33,708</u>
8	<u>9</u>	<u>29,949</u>	<u>30,847</u>	<u>31,773</u>	<u>32,726</u>	<u>33,708</u>	<u>34,719</u>
9	<u>10</u>	<u>30,847</u>	<u>31,773</u>	<u>32,726</u>	<u>33,708</u>	<u>34,719</u>	<u>35,761</u>
10	<u>11</u>	<u>31,773</u>	<u>32,726</u>	<u>33,708</u>	<u>34,719</u>	<u>35,761</u>	<u>36,833</u>
11	<u>12</u>	<u>32,726</u>	<u>33,708</u>	<u>34,719</u>	<u>35,761</u>	<u>36,833</u>	<u>37,938</u>

12 (2) Effective on the first day of the pay period that includes October 1, ~~1996~~ 1998, the pay
 13 schedule for teachers is as follows:

14 Annual Hours -- 2080 Note: Does Not Include Insurance
 15 Term -- Twelve Months Matrix Type -- Annual

		Education Level					
STEP	BA	BA + 1	BA + 2	BA + 3	MA	MA + 1	
18	1	23,642	24,351	25,082	25,834	26,609	27,407
19	2	24,351	25,082	25,834	26,609	27,407	28,230
20	3	25,082	25,834	26,609	27,407	28,230	29,077
21	4	25,834	26,609	27,407	28,230	29,077	29,949
22	5	26,609	27,407	28,230	29,077	29,949	30,847
23	6	27,407	28,230	29,077	29,949	30,847	31,773
24	7	28,230	29,077	29,949	30,847	31,773	32,726
25	8	29,077	29,949	30,847	31,773	32,726	33,708
26	9	29,949	30,847	31,773	32,726	33,708	34,719
27	10	30,847	31,773	32,726	33,708	34,719	35,761
28	11	31,773	32,726	33,708	34,719	35,761	36,833
29	12	32,726	33,708	34,719	35,761	36,833	37,938"

30

1 **Section 8.** Section 2-18-315, MCA, is amended to read:

2 **"2-18-315. Blue-collar pay schedules.** (1) The pay schedule for blue-collar workers for the period
 3 from July 1, ~~1995~~ 1997, through ~~September 29, 1995~~ until the first day of the pay period that includes
 4 October 1997, is as follows:

5 Annual Hours -- 2080

Note: Does Not Include Insurance

6 Pay Matrix -- Blue-Collar

Matrix Type -- Hourly

7	Grade	\$/Hour
8	B1	9.266
9	B2	9.666
10	B3	10.066
11	B4	10.466
12	B5	10.866
13	B6	11.266
14	B7	11.666
15	B8	12.066
16	B9	12.466
17	B10	12.866
18	B11	13.266
19	B12	13.666
20	B00	14.066
21	<u>B1</u>	<u>9.995</u>
22	<u>B2</u>	<u>10.395</u>
23	<u>B3</u>	<u>10.795</u>
24	<u>B4</u>	<u>11.195</u>
25	<u>B5</u>	<u>11.595</u>
26	<u>B6</u>	<u>11.995</u>
27	<u>B7</u>	<u>12.395</u>
28	<u>B8</u>	<u>12.795</u>
29	<u>B9</u>	<u>13.195</u>
30	<u>B10</u>	<u>13.595</u>

1 B11 13.995

2 B12 14.395

3 B00 14.795

4 (2) Effective ~~September 30, 1995~~, on the first day of the pay period that includes October 1, 1997,
5 until the first day of the pay period that includes October ~~1996~~ 1998, the pay schedule for blue-collar
6 workers is as follows:

7 Annual Hours -- 2080

Note: Does Not Include Insurance

8 Pay Matrix -- Blue-Collar

Matrix Type -- Hourly

9	Grade	\$/Hour
10	B1	9.561
11	B2	9.961
12	B3	10.361
13	B4	10.761
14	B5	11.161
15	B6	11.561
16	B7	11.961
17	B8	12.361
18	B9	12.761
19	B10	13.161
20	B11	13.561
21	B12	13.961
22	B00	14.361
23	<u>B1</u>	<u>9.995</u>
24	<u>B2</u>	<u>10.395</u>
25	<u>B3</u>	<u>10.795</u>
26	<u>B4</u>	<u>11.195</u>
27	<u>B5</u>	<u>11.595</u>
28	<u>B6</u>	<u>11.995</u>
29	<u>B7</u>	<u>12.395</u>
30	<u>B8</u>	<u>12.795</u>

1	<u>B9</u>	<u>13.195</u>
2	<u>B10</u>	<u>13.595</u>
3	<u>B11</u>	<u>13.995</u>
4	<u>B12</u>	<u>14.395</u>
5	<u>B00</u>	<u>14.795</u>

6 (3) Effective on the first day of the pay period that includes October 1, ~~1996~~ 1998, the pay
7 schedule for blue-collar workers is as follows:

8	Annual Hours -- 2080		Note: Does Not Include Insurance
9	Pay Matrix -- Blue-Collar		Matrix Type -- Hourly
10	Grade	\$/Hour	
11	B1	9.995	
12	B2	10.395	
13	B3	10.795	
14	B4	11.195	
15	B5	11.595	
16	B6	11.995	
17	B7	12.395	
18	B8	12.795	
19	B9	13.195	
20	B10	13.595	
21	B11	13.995	
22	B12	14.395	
23	B00	14.795"	

24

25 **Section 9.** Section 2-18-703, MCA, is amended to read:

26 **"2-18-703. Contributions.** (1) Each agency, as defined in 2-18-601, shall contribute the amount
27 specified in this section towards the group benefits cost.

28 (2) For employees defined in 2-18-701 and for members of the legislature, the employer
29 contribution for group benefits is ~~\$220~~ \$245 per month for the fiscal year ending June 30, ~~1996~~ 1998,
30 and ~~\$225~~ \$270 a month for the fiscal year ending June 30, ~~1997~~ 1999, and for each succeeding fiscal

1 year ~~thereafter~~. When a state employee is terminated to achieve a reduction in force, the continuation of contributions for group benefits beyond the termination date is subject to negotiation under 39-31-305. Permanent part-time, seasonal part-time, and temporary part-time employees who are regularly scheduled to work less than 20 hours a week are not eligible for the group benefit contribution. An employee who elects not to be covered by a state-sponsored group benefit plan may not receive the state contribution. A portion of the employer contribution for group benefits may be applied to an employee's costs for participation in Part B of medicare under Title XVIII of the Social Security Act, as amended, if the state group benefit plan is the secondary payer and medicare the primary payer.

9 (3) For employees of elementary and high school districts and of local government units, the employer's premium contributions may exceed but may not be less than \$10 a month.

11 (4) Unused employer contributions for any state employee must be transferred to an account established for this purpose by the department of administration and upon transfer may be used to offset losses occurring to the group of which the employee is eligible to be a member.

14 (5) Unused employer contributions for any government employee may be transferred to an account established for this purpose by a self-insured government and upon transfer may be used to offset losses occurring to the group of which the employee is eligible to be a member or to increase the reserves of the group.

18 (6) The laws prohibiting discrimination on the basis of marital status in Title 49 do not prohibit bona fide group insurance plans from providing greater or additional contributions for insurance benefits to employees with dependents than to employees without dependents or with fewer dependents."

21

22 **Section 10.** Section 2-18-1102, MCA, is amended to read:

23 **"2-18-1102. (Temporary) Creation of program.** The department shall develop and administer a
24 statewide employee incentive award program to appropriately recognize and monetarily reward individual
25 state employees and groups or teams of employees for documented ~~achievements and outcomes~~
26 innovations that contribute to the efficiency, economy, or other improvement of state government by
27 reducing the costs or improving the effectiveness of governmental operations. (Terminates July 1,
28 1997--sec. 13, Ch. 23, Sp. L. November 1993.)

29 **2-18-1102. (Effective July 1, 1997) Creation of program.** The department shall develop and
30 administer a statewide employee incentive award program to appropriately recognize and monetarily reward

1 state employees in a timely manner for suggestions or inventions that contribute to the efficiency,
2 economy, or other improvement of state government by reducing the costs of governmental operations."

3
4 **Section 11.** Section 2-18-1103, MCA, is amended to read:

5 **"2-18-1103. (Temporary) Powers and duties of department.** The department shall:

6 (1) adopt rules to implement this part;

7 (2) ~~provide an opportunity for all employees to participate in the program~~ develop model guidelines
8 and promotional materials to assist agencies in implementing this part; and

9 ~~(3) assist agencies in making incentive awards under this part; and~~

10 ~~(4)(3)~~ prepare and submit, in the manner provided in 5-11-210, a list of incentive awards granted
11 under 2-18-1106 and the corresponding savings to the state and improvements in the effectiveness of state
12 government and shall provide a general review of and recommendations for improving the operation of this
13 part. (Terminates July 1, 1997--sec. 13, Ch. 23, Sp. L. November 1993.)

14 **2-18-1103. (Effective July 1, 1997) Powers and duties of the department.** The department shall:

15 (1) adopt rules to equitably administer the employee incentive award program;

16 (2) provide an opportunity for all employees to participate in the program;

17 (3) assist agencies in making incentive awards under the program;

18 (4) grant or deny incentive awards in consultation with the incentive awards advisory council and
19 determine the amount of each incentive award based on first-year monetary savings;

20 (5) hear appeals from employees on the operation of the program;

21 (6) prepare and submit, as a part of the information required by 17-7-111, a list of incentive awards
22 and the corresponding savings to the state resulting from each employee's suggestion or invention and
23 providing a general review of and recommendations for improving the program; and

24 (7) send a copy of all suggestions or inventions submitted under this program to the office of the
25 legislative fiscal analyst."

26
27 **Section 12.** Section 2-18-1105, MCA, is amended to read:

28 **"2-18-1105. (Temporary) Eligibility for award.** (1) Except as provided in subsection ~~(2)~~ (3), an
29 employee, a group or team of employees, or a nonemployee is eligible for an incentive award for
30 innovations that:

1 (a) ~~for efforts that~~ significantly contribute to ~~documented~~ achievements or outcomes eliminating
2 or reducing an agency's expenditures; or

3 (b) ~~for improving~~ improve the effectiveness of state government or ~~improving~~ improve services to
4 the public by permitting more work to be accomplished within an agency without increasing the cost of
5 governmental operations.

6 (2) ~~(a) An~~ To be eligible for an incentive award, an employee, a group or team of employees, or
7 a nonemployee is not eligible for an individual incentive award unless the employee's or nonemployee's
8 documented achievement or outcome was accomplished without significant contributions from others. must
9 receive approval from agency management for immediate implementation, for a short-term test of an idea
10 or innovation, or for the development and testing of a prototype that could make significant improvement
11 in the way an agency conducts business by addressing fiscal, customer service, efficiency, or safety issues.

12 ~~(b)(3)~~ A director, as defined in 2-15-102, or a legislator is not eligible for the incentive award
13 provided for under this part.

14 ~~(3)(4)~~ Suggestions relating to an agency are eligible for an award from that agency's agency head
15 even if the employee or group or team of employees, or one or more members of the group or team, do not
16 work for that agency. (Terminates July 1, 1997--sec. 13, Ch. 23, Sp. L. November 1993.)

17 **2-18-1105. (Effective July 1, 1997) Eligibility for award.** (1) Except as provided in subsection (2),
18 an employee may be eligible for an incentive award if ~~his~~ the employee's suggestion or invention results
19 in:

20 (a) eliminating or reducing an agency's expenditures; or

21 (b) improving services to the public by permitting more work to be accomplished within an agency
22 without increasing the cost of governmental operations.

23 (2) (a) An employee may not be eligible for an incentive award if ~~his~~ the employee's suggestion
24 or invention directly relates to ~~his~~ the employee's assigned duties and responsibilities unless the proposal
25 is so superior or meritorious as to warrant special recognition as determined by the department.

26 (b) Suggestions or inventions relating to the following matters may not be considered for awards:

27 (i) personnel grievances;

28 (ii) classification and pay of positions;

29 (iii) matters recommended for study or review; and

30 (iv) proposals resulting from assigned or contracted audits, studies, surveys, reviews, or research."

1 **Section 13.** Section 2-18-1106, MCA, is amended to read:

2 **"2-18-1106. (Temporary) Agency head to grant award -- amount and source of award.** (1) An
3 agency head may grant an incentive award to an employee, a group or team of employees, or a
4 nonemployee who has made a significant contribution to achievements or outcomes in the agency, as
5 enumerated in 2-18-1105. An employee or a member of a group or team of employees need not be
6 employed by the agency that benefits from the achievement or outcome and whose agency head grants
7 the award in order to be granted an award.

8 ~~(2) The incentive award for an achievement or outcome that does not result in cost savings that~~
9 ~~can be specifically determined a year after the achievement or outcome is implemented and the cost savings~~
10 ~~are actually incurred is the agency head's estimated dollar value of the achievement or outcome, up to a~~
11 ~~maximum of \$500 per employee or nonemployee or, in the discretion of the agency head, not more than~~
12 ~~40 hours of paid leave time for an employee. Larger awards may be proposed and submitted to the~~
13 ~~legislature for consideration. If agency management determines that an idea, innovation, or prototype that~~
14 ~~has been implemented will result in cost savings or improvements to agency operations, the agency head,~~
15 ~~at the agency head's discretion, may grant an incentive award of up to \$500, up to 40 hours paid leave~~
16 ~~time, or other nonmonetary recognition.~~

17 ~~(3) The amount of an award for~~ If an achievement or outcome producing produces cost savings
18 that can be measured after the savings are actually incurred realized or that can be accurately projected
19 for a period of 12 months following implementation, a larger award may be granted by the agency head.
20 The amount of the award must be determined by the agency head but may not exceed:

21 (a) 10% of the first \$100,000 of cost savings actually ~~incurred~~ realized or accurately projected
22 ~~during the 12 months following implementation of the suggestion; plus~~

23 (b) 5% of the next \$100,000 of cost savings actually ~~incurred~~ realized or accurately projected
24 ~~during that 12-month period; plus~~

25 (c) 2% of the next \$100,000 of cost savings actually ~~incurred~~ realized or accurately projected
26 ~~during that 12-month period.~~

27 (4) (a) If the award is to be divided between two or more persons, the agency head shall determine
28 the amount each person is to receive.

29 (b) Each person must be paid in one lump sum no later than 90 days after the end of the 12-month
30 period following implementation of the suggestion. However, an agency head may pay an award at any

1 time that savings can be determined. The agency head shall pay the award from the agency's budget. This
 2 award is in addition to the recipient's regular compensation or leave time.

3 ~~(5) The number of awards granted by an agency in a state government fiscal year may not exceed~~
 4 ~~the number equal to 20% of the average number of full-time equivalent employees in that agency during~~
 5 ~~that fiscal year. The office of budget and program planning may grant an agency with less than 50 full-time~~
 6 ~~equivalent employees an exemption from this limitation, but the exemption may not allow more awards than~~
 7 ~~the number equal to 50% of the average number of full-time equivalent employees in the agency during~~
 8 ~~the fiscal year.~~

9 ~~(6)(5)~~ Within 30 days after the end of each fiscal year, each agency shall submit to the department
 10 a list of the number of incentive awards granted, to whom each award was granted, the estimated value
 11 of each achievement or outcome, and the amount of each award. (Terminates July 1, 1997--sec. 13, Ch.
 12 23, Sp. L. November 1993.)

13 **2-18-1106. (Effective July 1, 1997) Agency head to grant award -- amount and source of award.**

14 (1) After an agency implements an employee's suggestion or invention and the monetary savings to the
 15 state is estimated, an agency head, upon written application to and approval from the department and the
 16 incentive awards advisory council, may grant an incentive award to an employee whose proposal meets
 17 the requirements enumerated in 2-18-1105.

18 (2) The incentive award ~~shall~~ must be 10% of the savings resulting from implementing the
 19 employee's proposal for 1 year up to a maximum of \$3,000. Larger awards may be proposed and submitted
 20 to the legislature for consideration.

21 (3) The agency head shall pay the employee from the agency's budget in a single, lump-sum
 22 award. This award is in addition to the recipient's regular compensation."
 23

24 **Section 14. Section 5-2-301, MCA, is amended to read:**

25 **"5-2-301. Compensation and expenses for members while in session.** (1) Except as provided in
 26 subsection (8), legislators are entitled to a salary commensurate to that of the daily rate of an entry grade
 27 8 classified state employee in effect when the regular session of the legislature in which they serve is
 28 convened under 5-2-103 for those days during which the legislature is in session. The president of the
 29 senate and the speaker of the house shall receive an additional \$5 a day in salary for those days during
 30 which the legislature is in session.

1 (2) Legislators may serve for no salary.

2 (3) Subject to subsection (4), legislators are entitled to \$50 a day, 7 days a week, during a
3 legislative session, as reimbursement for expenses incurred in attending a session. Expense payments must
4 stop when the legislature recesses for more than 3 days and resume when the legislature reconvenes.

5 (4) After November 15, 1996, and prior to December 15, 1996, and prior to December 15 of each
6 even-numbered year thereafter, the department of administration shall conduct a survey of the allowance
7 for daily expenses of legislators for the states of North Dakota, South Dakota, Wyoming, and Idaho. The
8 department shall include the average daily expense allowance for Montana legislators in determining the
9 average daily rate for legislators. The department shall include only states with specific daily allowances
10 in the calculation of the average. If the average daily rate is greater than the daily rate for legislators in
11 Montana, the average is the new daily rate for legislators for those days during which the legislature is in
12 session. The expense allowance is effective when the next regular session of the legislature in which the
13 legislators serve is convened under 5-2-103.

14 (5) Legislators are entitled to a mileage allowance as provided in 2-18-503 for each mile of travel
15 to the place of the holding of the session and to return to their place of residence at the conclusion of the
16 session.

17 (6) In addition to the mileage allowance provided for in subsection (5), legislators, upon submittal
18 of an appropriate claim for mileage reimbursement to the legislative services division, are entitled to:

- 19 (a) three additional round trips to their place of residence during each regular session; and
20 (b) additional round trips as authorized by the legislature during special session.

21 (7) Legislators are not entitled to any additional mileage allowance under subsection (5) for a
22 special session if it is convened within 7 days of a regular session.

23 (8) In lieu of the salary provided for in subsection (1) and the expense allowance provided for in
24 subsection (4), a legislator may receive remuneration for services performed during a legislative session.
25 A legislator choosing to receive remuneration for services performed shall file a request to receive payment
26 under this subsection with the legislative services division. A legislator exercising the option to receive
27 remuneration for services performed may not receive more remuneration than legislators paid pursuant to
28 subsections (1) and (4). Remuneration for services performed must be reduced ~~\$50~~ by an amount a day
29 equal to the daily salary rate for a legislator established under this section when the legislature recesses
30 for more than 3 days."

Section 15. Section 13, Chapter 23, Special Laws of November 1993, is amended to read:

"Section 13. **Termination.** ~~[This act]~~ **[Section 8]** terminates July 1, 1997."

NEW SECTION. **Section 16. Repealer.** Section 2-18-314, MCA, is repealed.

NEW SECTION. **Section 17. Appropriation.** The following money is appropriated for the fiscal years indicated to implement the adjustments provided for in [sections 2 through 14]:

	Fiscal Year 1998		Fiscal Year 1999	
	General	Other	General	Other
	Fund	Funds	Fund	Funds
Legislative Branch	71,771	33,124	165,275	56,429
Consumer Counsel	0	5,780	0	11,950
Judiciary	98,361	13,348	205,426	27,843
University System	1,874,008	1,338,057	3,901,345	2,790,164
Office of Budget and Program Planning for distribution to all other agencies	2,652,778	5,149,180	5,718,261	10,836,498

NEW SECTION. **Section 18. Codification instruction.** [Section 1] is intended to be codified as an integral part of Title 2, chapter 18, and the provisions of Title 2, chapter 18, apply to [section 1].

NEW SECTION. **Section 19. Effective date.** [This act] is effective July 1, 1997.

-END-

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HOUSE BILL NO. 13
INTRODUCED BY WISEMAN
BY REQUEST OF THE GOVERNOR

A BILL FOR AN ACT ENTITLED: "AN ACT DIRECTING THE DEPARTMENT OF ADMINISTRATION TO DEVELOP AN ALTERNATIVE COMPENSATION SYSTEM FOR STATE EMPLOYEES TO BE PRESENTED TO THE 56TH LEGISLATURE; CLARIFYING STATUTES GOVERNING CERTAIN SALARY AND EXPENSE PAYMENTS FOR ELECTED OFFICIALS; PROVIDING PAY ADJUSTMENTS FOR STATE EMPLOYEES IN THE STATEWIDE, TEACHERS, AND BLUE-COLLAR PAY PLANS; INCREASING THE STATE CONTRIBUTION TO THE EMPLOYEE GROUP BENEFIT PROGRAM; EXTENDING AND REVISING THE STATE EMPLOYEE INCENTIVE AWARDS PROGRAM; INCREASING THE SALARY OF THE COMMISSIONER OF POLITICAL PRACTICES; CLARIFYING THE BENEFITS TO WHICH THE COMMISSIONER OF POLITICAL PRACTICES IS ENTITLED; PROHIBITING THE REDUCTION OF THE SALARY OF THE COMMISSIONER OF POLITICAL PRACTICES DURING THE TERM TO WHICH THE COMMISSIONER IS APPOINTED; PROVIDING AN APPROPRIATION TO FUND PAY AND BENEFIT ADJUSTMENTS; AMENDING SECTIONS 2-16-405, 2-18-301, 2-18-303, 2-18-304, 2-18-312, 2-18-313, 2-18-315, 2-18-703, 2-18-1102, 2-18-1103, 2-18-1105, 2-18-1106, AND 5-2-301, AND 13-37-106, MCA, AND SECTION 13, CHAPTER 23, SPECIAL LAWS OF NOVEMBER 1993; REPEALING SECTION 2-18-314, MCA; AND PROVIDING AN EFFECTIVE DATES AND A RETROACTIVE APPLICABILITY DATE."

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

NEW SECTION. **Section 1. Competency-based personnel systems.** The department shall develop an alternative classification and pay system that is consistent with the market-based approach to pay administration but that emphasizes individual skills, competencies, and contributions in addition to the criteria provided in 2-18-202. The compensation system must provide for the means of identifying the requisite skills and competencies necessary for the state and its separate departments and agencies to provide service excellence to Montana's citizens. EACH AGENCY, WHEN POSSIBLE, SHALL IMPLEMENT THE COMPENSATION PLAN IN A MANNER THAT RESULTS IN A FLATTER MANAGEMENT STRUCTURE. Employee recruitment, selection, evaluation, and compensation must be based, at least in part, on the



1 demonstration of these necessary skills and competencies. THE DEPARTMENT SHALL DEVELOP THE
 2 ALTERNATIVE SYSTEM IN CONSULTATION WITH EMPLOYEE REPRESENTATIVES. The department shall
 3 test the effectiveness of the program through the implementation of pilot projects. Insofar as a pilot project
 4 applies to employees of a collective bargaining unit, its implementation is a negotiable subject under
 5 39-31-305. The department shall present a proposal for an alternative system to the 56th legislature.

6

7 **Section 2.** Section 2-16-405, MCA, is amended to read:

8 **"2-16-405. Salaries of certain elected state officials.** (1) Subject to subsection (2), the salaries paid
 9 to certain elected officials of the state of Montana are:

10 (a) Governor_±

11 (i) ~~\$55,502;~~

12 (ii) ~~\$57,084 beginning July 1, 1995;~~

13 (iii) ~~\$59,310 beginning January 1, 1996.~~

14 (b) Lieutenant governor_±

15 (i) ~~\$40,466;~~

16 (ii) ~~\$41,619 beginning July 1, 1995;~~

17 (iii) ~~\$43,242 beginning January 1, 1996.~~

18 (c) Attorney general_±

19 (i) ~~\$50,841;~~

20 (ii) ~~\$52,290 beginning July 1, 1995;~~

21 (iii) ~~\$54,329 beginning January 1, 1996.~~

22 (d) State auditor_±

23 (i) ~~\$37,526;~~

24 (ii) ~~\$38,595 beginning July 1, 1995;~~

25 (iii) ~~\$40,101 beginning January 1, 1996.~~

26 (e) Superintendent of public instruction_±

27 (i) ~~\$44,177;~~

28 (ii) ~~\$45,436 beginning July 1, 1995;~~

29 (iii) ~~\$47,208 beginning January 1, 1996.~~

30 (f) Public service commission presiding officer_±

- 1 (i) ~~\$41,750;~~
- 2 (ii) ~~\$42,940 beginning July 1, 1996;~~
- 3 (iii) ~~\$44,615 beginning January 1, 1996.~~
- 4 (g) Public service commissioners, other than presiding officer±,
- 5 (i) ~~\$40,466;~~
- 6 (ii) ~~\$41,619 beginning July 1, 1996;~~
- 7 (iii) ~~\$43,242 beginning January 1, 1996.~~
- 8 (h) Secretary of state±,
- 9 (i) ~~\$37,526;~~
- 10 (ii) ~~\$38,595 beginning July 1, 1996;~~
- 11 (iii) ~~\$40,101 beginning January 1, 1996.~~
- 12 (i) Clerk of the supreme court±,
- 13 (i) ~~\$36,537;~~
- 14 (ii) ~~\$37,578 beginning July 1, 1996;~~
- 15 (iii) ~~\$39,044 beginning January 1, 1996.~~
- 16 (2) ~~Prior to June 30, 1996, and prior to~~ Before June 30 of each even-numbered year thereafter,
- 17 the department of administration shall conduct a salary survey of executive branch officials with similar
- 18 titles to the Montana officials listed in subsection (1) for the states of North Dakota, South Dakota,
- 19 Wyoming, and Idaho. The department shall include the salary for the Montana official in determining the
- 20 average salary for the ~~similar position~~ officials with similar titles. If the average salary is greater than the
- 21 salary for the ~~similar position official~~ in Montana, then beginning July 1, ~~1997, the average is the new~~
- 22 ~~salary for that position. In~~ in each year following the year in which a survey is conducted, the average
- 23 salary is the new salary for the ~~position~~ official."

24

25 **Section 3.** Section 2-18-301, MCA, is amended to read:

26 **"2-18-301. Purpose and intent of part -- rules.** (1) The purpose of this part is to provide the

27 market-based compensation necessary to attract and retain competent and qualified employees in order to

28 perform the services that the state is required to provide to its citizens.

29 (2) It is the intent of the legislature that compensation plans for state employees, excluding those

30 employees excepted under 2-18-103 or 2-18-104 and excluding employees compensated under 2-18-313

1 ~~through and~~ 2-18-315, be based on an analysis of the labor market as provided by the department in a
 2 salary survey. The salary survey must be submitted to the office of budget and program planning as a part
 3 of the information required by 17-7-111.

4 (3) Except as provided in 2-18-110, pay adjustments and pay schedules provided for in 2-18-303
 5 and in 2-18-312, 2-18-313, through and 2-18-315 supersede any other plan or systems established through
 6 collective bargaining after the adjournment of the ~~54th~~ 55th legislature.

7 (4) Pay levels provided for in 2-18-312, 2-18-313, through and 2-18-315 may not be increased
 8 through collective bargaining after adjournment of the ~~54th~~ 55th legislature.

9 (5) Total funds required to implement the pay schedules provided for in 2-18-312, 2-18-313,
 10 ~~through and~~ 2-18-315 for any employee group or bargaining unit may not be increased through collective
 11 bargaining over the amount appropriated by the ~~54th~~ 55th legislature.

12 (6) The department shall administer the pay program established by the legislature on the basis of
 13 merit, internal equity, and competitiveness to external labor markets when fiscally able.

14 (7) The department may promulgate rules not inconsistent with the provisions of this part,
 15 collective bargaining statutes, or negotiated contracts to carry out the purposes of this part."
 16

17 **Section 4.** Section 2-18-303, MCA, is amended to read:

18 **"2-18-303. Procedures for using pay schedules.** (1) The pay schedules provided in 2-18-312 must
 19 be implemented as follows:

20 (a) The pay schedules provided in 2-18-312 indicate the entry salary and market salary for each
 21 grade for positions classified under the provisions of part 2 of this chapter.

22 (b) Each employee newly hired by the state of Montana must be hired at the entry rate, except as
 23 provided in subsections (7) and (8).

24 (c) On the first day of the first complete pay period in fiscal year ~~1996~~ 1998, each employee ~~hired~~
 25 ~~before July 1, 1995~~, is entitled to the amount of the employee's base salary as it was on June 30, ~~1995~~
 26 1997, plus, ~~on the employee's anniversary date that occurs on or after September 30, 1995, the increases~~
 27 ~~provided in subsection (1)(d), if applicable.~~

28 (d) (i) Effective on the first day of the pay period that includes an employee's anniversary date
 29 during the fiscal years ending June 30, ~~1996~~ 1998, and June 30, ~~1997~~ 1999, an employee's market ratio
 30 must be compared to the target market ratio in the matrix ~~in subsection (1)(d)(iii)~~ that corresponds to the

1 employee's grade level and completed years of uninterrupted state service. For employees hired on or
 2 before September 30, 1994, the anniversary date is October 1.

3 (ii) ~~As provided in subsection (1)(d)(i), the following matrix must be used to compare an employee's~~
 4 ~~market ratio to the target market ratio that corresponds to the employee's grade level and completed years~~
 5 ~~of uninterrupted state service:~~ The matrix for the target market ratios is as follows:

6 TARGET MARKET RATIOS

7	Grade	Years										
8		0	1	2	3	4	5	6	7	8	9	10
9	4	0.844	0.874	0.904	0.935	0.967	0.999	1.000	1.000	1.000	1.000	1.000
10	5	0.842	0.871	0.900	0.930	0.961	0.992	1.000	1.000	1.000	1.000	1.000
11	6	0.840	0.868	0.896	0.925	0.955	0.985	1.000	1.000	1.000	1.000	1.000
12	7	0.838	0.865	0.892	0.920	0.949	0.978	1.000	1.000	1.000	1.000	1.000
13	8	0.836	0.862	0.889	0.916	0.944	0.972	1.000	1.000	1.000	1.000	1.000
14	9	0.834	0.859	0.885	0.911	0.938	0.965	0.993	1.000	1.000	1.000	1.000
15	10	0.832	0.857	0.882	0.908	0.934	0.961	0.988	1.000	1.000	1.000	1.000
16	11	0.830	0.854	0.878	0.903	0.928	0.954	0.980	1.000	1.000	1.000	1.000
17	12	0.828	0.851	0.875	0.899	0.924	0.949	0.975	1.000	1.000	1.000	1.000
18	13	0.826	0.849	0.872	0.896	0.920	0.945	0.970	0.996	1.000	1.000	1.000
19	14	0.824	0.846	0.869	0.892	0.915	0.939	0.963	0.988	1.000	1.000	1.000
20	15	0.822	0.844	0.866	0.888	0.911	0.934	0.958	0.982	1.000	1.000	1.000
21	16	0.820	0.841	0.863	0.885	0.907	0.930	0.953	0.977	1.000	1.000	1.000
22	17	0.818	0.839	0.860	0.882	0.904	0.926	0.949	0.972	0.996	1.000	1.000
23	18	0.816	0.836	0.857	0.878	0.899	0.921	0.943	0.966	0.989	1.000	1.000
24	19	0.814	0.834	0.854	0.875	0.896	0.917	0.939	0.961	0.984	1.000	1.000
25	20	0.812	0.831	0.851	0.871	0.892	0.913	0.935	0.957	0.979	1.000	1.000
26	21	0.810	0.829	0.849	0.869	0.889	0.910	0.931	0.953	0.975	0.997	1.000
27	22	0.808	0.827	0.846	0.866	0.886	0.906	0.927	0.948	0.970	0.992	1.000
28	23	0.806	0.825	0.844	0.863	0.883	0.903	0.923	0.944	0.965	0.987	1.000
29	24	0.804	0.822	0.841	0.860	0.879	0.899	0.919	0.940	0.961	0.982	1.000
30	25	0.802	0.820	0.838	0.857	0.876	0.895	0.915	0.935	0.956	0.977	0.999

1 ~~(iii) If, on (iii)(III) On~~ the first day of the pay period that includes an employee's anniversary date
 2 during the fiscal ~~year years~~ ending June 30, ~~1996 1998~~, and June 30, 1999, the employee's market ratio
 3 is less than the target market ratio that corresponds to the employee's grade level and completed years of
 4 uninterrupted state service, the employee's base salary must be increased to the ~~lesser~~ greater of:

5 (A) the market salary for the employee's grade multiplied by the target ratio that corresponds to
 6 the employee's grade level and completed years of uninterrupted state service not to exceed 4%; or

7 (B) IF UNDER SUBSECTION (1)(D)(III)(A), PROGRESSION FROM ONE TARGET MARKET RATIO TO
 8 THE NEXT EXCEEDS 3%, THEN THE APPROPRIATE TARGET MARKET RATIO PLUS 1%; OR

9 ~~(B)(C)~~ the employee's base salary as it was on the last day of the pay period immediately preceding
 10 the pay period that includes ~~October 1, 1995~~ the employee's anniversary date, plus ~~5%~~ 1%.

11 ~~(iv) If, on the first day of the pay period that includes an employee's anniversary date during the~~
 12 ~~fiscal year ending June 30, 1997, the employee's market ratio is less than the target market ratio that~~
 13 ~~corresponds to the employee's grade level and completed years of uninterrupted state service, the~~
 14 ~~employee's base salary must be increased to the lesser of:~~

15 ~~(A) the market salary for the employee's grade multiplied by the target ratio that corresponds to~~
 16 ~~the employee's grade level and completed years of uninterrupted state service; or~~

17 ~~(B) the employee's base salary as it was on the last day of the pay period immediately preceding~~
 18 ~~the pay period that includes October 1, 1996, plus 6%.~~

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

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

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

25 ~~(h) An employee's market ratio, as it was on the last day of the pay period immediately preceding~~
 26 ~~the pay period that includes October 1, 1996, may not be reduced as a result of the adjustment of the pay~~
 27 ~~ranges provided in 2-18-312(2).~~

28 (2) The pay schedules provided in 2-18-312 and the provisions of subsection (1) of this section
 29 do not apply to those teachers, ~~liquor store occupations~~, or blue-collar occupations compensated under the
 30 pay schedules provided in 2-18-313 ~~through and~~ 2-18-315.

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

3 (a) (i) The pay schedules provided for in 2-18-313 indicate the annual compensation for teachers
4 employed under the authority of the department of corrections or the department of public health and
5 human services for fiscal years ~~1996 and 1997~~ 1998 and 1999.

6 (ii) The compensation of each teacher on July 1, ~~1995~~ 1997, is the same as it was on June 30,
7 ~~1995~~ 1997.

8 (iii) On the first day of the first pay period that includes October 1 of each fiscal year, a teacher
9 employed under the authority of the department of public health and human services or the department of
10 corrections ~~prior to~~ before October 1, 1994, shall advance one step on the appropriate pay schedule
11 adopted in 2-18-313. A teacher hired after October 1, 1994, shall advance on the teacher's actual
12 anniversary date.

13 ~~(iv) On the first day of the first full pay period during the month that includes the teacher's~~
14 ~~anniversary date, a teacher employed under the authority of the department of corrections shall advance~~
15 ~~one step on the appropriate pay schedule adopted in 2-18-313.~~

16 ~~(v) On the first day of the first pay period that includes October 1 of each fiscal year, a teacher~~
17 ~~employed by the Montana school for the deaf and blind shall advance one step on the teacher pay matrix~~
18 ~~used by the school.~~

19 ~~(b) (i) The pay schedules provided in 2-18-314 indicate the maximum hourly compensation for~~
20 ~~fiscal years ending June 30, 1996, and June 30, 1997, for those employees in liquor store occupations~~
21 ~~who have collectively bargained separate classification and pay plans.~~

22 ~~(ii) The compensation of each employee on the first day of the first pay period in fiscal year 1996~~
23 ~~or 1997 is that amount corresponding to the grade occupied on the last day of the preceding fiscal year.~~

24 ~~(e)(b)~~ (i) The pay schedules provided in 2-18-315 indicate the maximum hourly compensation for
25 fiscal years ending June 30, ~~1996~~ 1998, and June 30, ~~1997~~ 1999, for employees in apprentice trades and
26 crafts and other blue-collar occupations recognized in the state blue-collar classification plan who are
27 members of units that have collectively bargained separate classification and pay plans.

28 (ii) The compensation of each employee on the first day of the first pay period in each fiscal year
29 ~~1996 or 1997~~ is that amount corresponding to the grade occupied on the last day of the preceding fiscal
30 year.

1 (4) (a) (i) A member of a bargaining unit may not receive a pay increase until the employer's
 2 collective bargaining representative receives written notice that the employee's bargaining unit has ratified
 3 a completely integrated collective bargaining agreement covering the biennium ending June 30, ~~1997~~ 1999.

4 (ii) If ratification of a completely integrated collective bargaining agreement, as required by
 5 subsection (4)(a)(i), is not completed by July 1, ~~1995~~ 1997, retroactivity to that date may be negotiated.

6 (iii) If ratification of a completely integrated collective bargaining agreement, as required by
 7 subsection (4)(a)(i), is not completed by July 1, ~~1995~~ 1997, members of the bargaining unit must continue
 8 to receive the compensation that they were receiving as of June 30, ~~1995~~ 1997, until an agreement is
 9 ratified.

10 (b) Methods of administration not inconsistent with the purpose of this part and necessary to
 11 properly implement the pay schedules and adjustments provided in 2-18-312, ~~through~~ 2-18-313, 2-18-315,
 12 and this section may be provided for in collective bargaining agreements.

13 (5) The current wage or salary of an employee may not be reduced by the implementation of the
 14 pay schedules provided for in 2-18-312, 2-18-313, ~~through~~ and 2-18-315.

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

18 (7) The department may develop programs that enable the department to mitigate problems
 19 associated with difficult recruitment, retention, transfer, or other exceptional circumstances. Insofar as the
 20 program may apply to employees within a collective bargaining unit, it is a negotiable subject under
 21 39-31-305.

22 (8) The department shall review the competitiveness of the compensation provided to all
 23 occupations under this part. If the department finds that substantial problems exist with recruitment and
 24 retention because of inadequate salaries when compared to competing employers, the department may
 25 establish criteria allowing an adjustment in pay or classification to mitigate the problems. Insofar as these
 26 adjustments may apply to employees within a collective bargaining unit, the implementation of these
 27 adjustments is a negotiable subject under 39-31-305."

28
 29 **Section 5.** Section 2-18-304, MCA, is amended to read:

30 **"2-18-304. Longevity allowance.** (1) (a) ~~(i) Effective July 1, 1995, through the last day of the pay~~

1 ~~period immediately preceding the pay period that includes October 1, 1995, in addition to the compensation~~
 2 ~~provided for in 2-18-303, 2-18-312, 2-18-313, 2-18-314, or 2-18-315, each employee who has completed~~
 3 ~~5 years of uninterrupted state service must receive 9/10 of 1% of the employee's base salary multiplied~~
 4 ~~by the number of completed, contiguous 5-year periods of uninterrupted state service.~~

5 (iii) ~~Effective on the first day of the pay period that includes October 1, 1995, in~~ In addition to the
 6 compensation provided for in 2-18-303, 2-18-312, 2-18-313, ~~2-18-314,~~ or 2-18-315, each employee who
 7 has completed 5 years of uninterrupted state service must receive 1.5% of the employee's base salary
 8 multiplied by the number of completed, contiguous 5-year periods of uninterrupted state service.

9 (b) Service to the state is not interrupted by authorized leaves of absence.

10 (2) (a) For the purpose of determining years of service under this section, an employee must be
 11 credited with 1 year of service for each period of:

12 (i) 2,080 hours of service following the employee's date of employment; an employee must be
 13 credited with 80 hours of service for each biweekly pay period in which the employee is in a pay status or
 14 on an authorized leave of absence without pay, regardless of the number of hours of service in the pay
 15 period; or

16 (ii) 12 uninterrupted calendar months following the employee's date of employment in which the
 17 employee was in a pay status or on an authorized leave of absence without pay, regardless of the number
 18 of hours of service in any month. An employee of a school at a state institution or the university system
 19 must be credited with 1 year of service if the employee is employed for an entire academic year.

20 (b) State agencies, other than the university system and a school at a state institution, shall use
 21 the method provided in subsection (2)(a)(i) to calculate years of service under this section."

22

23 **Section 6.** Section 2-18-312, MCA, is amended to read:

24 **"2-18-312. Statewide pay schedules for fiscal years ~~1996 1998~~ and ~~1997 1999~~.** (1) The
 25 statewide classification pay schedule for the period ~~from July 1, 1995, until~~ beginning on the first day of
 26 the first full pay period ~~that includes October 1, 1996~~ in fiscal year 1998, is as follows:

27 Annual Hours -- 2080 Note: Does Not Include Insurance

28 Pay Matrix -- State Matrix Type -- Annual

29 Pay Range: Entry Salary to Market Salary

30 GRADE ENTRY SALARY MARKET SALARY

1	1	8,679	10,210
2	2	9,349	11,026
3	3	10,070	11,903
4	4	10,852	12,858
5	5	11,727	13,927
6	6	12,672	15,086
7	7	13,688	16,334
8	8	14,836	17,747
9	9	16,064	19,262
10	10	17,424	20,942
11	11	18,904	22,776
12	12	20,546	24,812
13	13	22,326	27,027
14	14	24,296	29,486
15	15	26,466	32,196
16	16	28,886	35,226
17	17	31,586	38,613
18	18	34,562	42,356
19	19	37,897	46,567
20	20	41,618	51,264
21	21	45,754	56,487
22	22	50,373	62,343
23	23	55,584	68,963
24	24	61,434	76,410
25	25	67,907	84,673
26	<u>1</u>	<u>8,986</u>	<u>10,571</u>
27	<u>2</u>	<u>9,679</u>	<u>11,413</u>
28	<u>3</u>	<u>10,424</u>	<u>12,323</u>
29	<u>4</u>	<u>11,234</u>	<u>13,312</u>
30	<u>5</u>	<u>12,140</u>	<u>14,419</u>

1	<u>6</u>	<u>13,118</u>	<u>15,618</u>
2	<u>7</u>	<u>14,171</u>	<u>16,910</u>
3	<u>8</u>	<u>15,360</u>	<u>18,372</u>
4	<u>9</u>	<u>16,630</u>	<u>19,941</u>
5	<u>10</u>	<u>18,039</u>	<u>21,680</u>
6	<u>11</u>	<u>19,570</u>	<u>23,578</u>
7	<u>12</u>	<u>21,269</u>	<u>25,687</u>
8	<u>13</u>	<u>23,112</u>	<u>27,980</u>
9	<u>14</u>	<u>25,151</u>	<u>30,523</u>
10	<u>15</u>	<u>27,399</u>	<u>33,331</u>
11	<u>16</u>	<u>29,903</u>	<u>36,469</u>
12	<u>17</u>	<u>32,698</u>	<u>39,974</u>
13	<u>18</u>	<u>35,779</u>	<u>43,848</u>
14	<u>19</u>	<u>39,233</u>	<u>48,198</u>
15	<u>20</u>	<u>43,086</u>	<u>53,060</u>
16	<u>21</u>	<u>47,367</u>	<u>58,478</u>
17	<u>22</u>	<u>52,149</u>	<u>64,541</u>
18	<u>23</u>	<u>57,543</u>	<u>71,393</u>
19	<u>24</u>	<u>63,601</u>	<u>79,104</u>
20	<u>25</u>	<u>70,302</u>	<u>87,657</u>

21 (2) Effective on the first day of the first full pay period that includes October 1, 1996 in fiscal year
 22 1999, the statewide classification pay schedule is as follows:

23 Annual Hours -- 2080 Note: Does Not Include Insurance
 24 Pay Matrix -- State Matrix Type -- Annual
 25 Pay Range: Entry Salary to Market Salary

26	GRADE	ENTRY SALARY	MARKET SALARY
27	<u>1</u>	<u>8,897</u>	<u>10,466</u>
28	<u>2</u>	<u>9,583</u>	<u>11,300</u>
29	<u>3</u>	<u>10,321</u>	<u>12,201</u>
30	<u>4</u>	<u>11,123</u>	<u>13,180</u>

1	5	12,020	14,276
2	6	12,988	15,463
3	7	14,031	16,743
4	8	15,208	18,190
5	9	16,465	19,744
6	10	17,860	21,466
7	11	19,376	23,345
8	12	21,058	25,433
9	13	22,883	27,703
10	14	24,902	30,221
11	15	27,128	33,001
12	16	29,607	36,108
13	17	32,374	39,578
14	18	35,425	43,414
15	19	38,845	47,721
16	20	42,659	52,535
17	21	46,898	57,899
18	22	51,633	63,902
19	23	56,973	70,686
20	24	62,971	78,321
21	25	69,606	86,789
22	<u>1</u>	<u>9,076</u>	<u>10,677</u>
23	<u>2</u>	<u>9,776</u>	<u>11,527</u>
24	<u>3</u>	<u>10,528</u>	<u>12,446</u>
25	<u>4</u>	<u>11,346</u>	<u>13,445</u>
26	<u>5</u>	<u>12,261</u>	<u>14,563</u>
27	<u>6</u>	<u>13,249</u>	<u>15,774</u>
28	<u>7</u>	<u>14,313</u>	<u>17,079</u>
29	<u>8</u>	<u>15,514</u>	<u>18,556</u>
30	<u>9</u>	<u>16,796</u>	<u>20,140</u>

1	<u>10</u>	<u>18,219</u>	<u>21,897</u>
2	<u>11</u>	<u>19,766</u>	<u>23,814</u>
3	<u>12</u>	<u>21,482</u>	<u>25,944</u>
4	<u>13</u>	<u>23,343</u>	<u>28,260</u>
5	<u>14</u>	<u>25,403</u>	<u>30,828</u>
6	<u>15</u>	<u>27,673</u>	<u>33,664</u>
7	<u>16</u>	<u>30,202</u>	<u>36,834</u>
8	<u>17</u>	<u>33,025</u>	<u>40,374</u>
9	<u>18</u>	<u>36,137</u>	<u>44,286</u>
10	<u>19</u>	<u>39,625</u>	<u>48,680</u>
11	<u>20</u>	<u>43,517</u>	<u>53,591</u>
12	<u>21</u>	<u>47,841</u>	<u>59,063</u>
13	<u>22</u>	<u>52,670</u>	<u>65,186</u>
14	<u>23</u>	<u>58,118</u>	<u>72,107</u>
15	<u>24</u>	<u>64,237</u>	<u>79,895</u>
16	<u>25</u>	<u>71,005</u>	<u>88,534"</u>

17

18 **Section 7.** Section 2-18-313, MCA, is amended to read:

19 **"2-18-313. Teachers' pay schedules.** (1) The pay schedule for teachers for the period that includes
 20 October 1, ~~1995~~ 1997, until the first day of the pay period that includes October 1, ~~1996~~ 1998, is as
 21 follows:

22 Annual Hours -- 2080 Note: Does Not Include Insurance
 23 Term -- Twelve Months Matrix Type -- Annual

	Education Level						
25	STEP	BA	BA + 1	BA + 2	BA + 3	MA	MA + 1
26	1	23,150	23,763	24,393	25,040	25,703	26,384
27	2	23,762	24,381	25,027	25,691	26,371	27,070
28	3	24,369	25,015	25,678	26,359	27,067	27,774
29	4	25,003	25,666	26,346	27,044	27,761	28,496
30	5	25,653	26,333	27,031	27,747	28,482	29,237

1	6	26,320	27,018	27,734	28,469	29,223	29,997
2	7	27,004	27,720	28,455	29,209	29,983	30,777
3	8	27,707	28,441	29,194	29,968	30,762	31,577
4	9	28,427	29,180	29,954	30,747	31,562	32,398
5	10	29,166	29,939	30,732	31,547	32,383	33,241
6	11	29,924	30,717	31,531	32,367	33,225	34,105
7	12	30,702	31,516	32,351	33,208	34,088	34,992
8	<u>1</u>	<u>23,642</u>	<u>24,351</u>	<u>25,082</u>	<u>25,834</u>	<u>26,609</u>	<u>27,407</u>
9	<u>2</u>	<u>24,351</u>	<u>25,082</u>	<u>25,834</u>	<u>26,609</u>	<u>27,407</u>	<u>28,230</u>
10	<u>3</u>	<u>25,082</u>	<u>25,834</u>	<u>26,609</u>	<u>27,407</u>	<u>28,230</u>	<u>29,077</u>
11	<u>4</u>	<u>25,834</u>	<u>26,609</u>	<u>27,407</u>	<u>28,230</u>	<u>29,077</u>	<u>29,949</u>
12	<u>5</u>	<u>26,609</u>	<u>27,407</u>	<u>28,230</u>	<u>29,077</u>	<u>29,949</u>	<u>30,847</u>
13	<u>6</u>	<u>27,407</u>	<u>28,230</u>	<u>29,077</u>	<u>29,949</u>	<u>30,847</u>	<u>31,773</u>
14	<u>7</u>	<u>28,230</u>	<u>29,077</u>	<u>29,949</u>	<u>30,847</u>	<u>31,773</u>	<u>32,726</u>
15	<u>8</u>	<u>29,077</u>	<u>29,949</u>	<u>30,847</u>	<u>31,773</u>	<u>32,726</u>	<u>33,708</u>
16	<u>9</u>	<u>29,949</u>	<u>30,847</u>	<u>31,773</u>	<u>32,726</u>	<u>33,708</u>	<u>34,719</u>
17	<u>10</u>	<u>30,847</u>	<u>31,773</u>	<u>32,726</u>	<u>33,708</u>	<u>34,719</u>	<u>35,761</u>
18	<u>11</u>	<u>31,773</u>	<u>32,726</u>	<u>33,708</u>	<u>34,719</u>	<u>35,761</u>	<u>36,833</u>
19	<u>12</u>	<u>32,726</u>	<u>33,708</u>	<u>34,719</u>	<u>35,761</u>	<u>36,833</u>	<u>37,938</u>

20 (2) Effective on the first day of the pay period that includes October 1, ~~1996~~ 1998, the pay
 21 schedule for teachers is as follows:

22 Annual Hours -- 2080

Note: Does Not Include Insurance

23 Term -- Twelve Months

Matrix Type -- Annual

24		Education Level					
25	STEP	BA	BA + 1	BA + 2	BA + 3	MA	MA + 1
26	1	23,642	24,351	25,082	25,834	26,609	27,407
27	2	24,351	25,082	25,834	26,609	27,407	28,230
28	3	25,082	25,834	26,609	27,407	28,230	29,077
29	4	25,834	26,609	27,407	28,230	29,077	29,949
30	5	26,609	27,407	28,230	29,077	29,949	30,847

1	6	27,407	28,230	29,077	29,949	30,847	31,773
2	7	28,230	29,077	29,949	30,847	31,773	32,726
3	8	29,077	29,949	30,847	31,773	32,726	33,708
4	9	29,949	30,847	31,773	32,726	33,708	34,719
5	10	30,847	31,773	32,726	33,708	34,719	35,761
6	11	31,773	32,726	33,708	34,719	35,761	36,833
7	12	32,726	33,708	34,719	35,761	36,833	37,938
8	<u>13</u>	<u>33,708</u>	<u>34,719</u>	<u>35,761</u>	<u>36,833</u>	<u>37,938</u>	<u>39,077"</u>

9

10 **Section 8.** Section 2-18-315, MCA, is amended to read:

11 **"2-18-315. Blue-collar pay schedules.** (1) The pay schedule for blue-collar workers for the period
 12 from July 1, ~~1995~~ 1997, ~~through September 29, 1995~~ until the first day of the pay period that includes
 13 October 1997, is as follows:

14 Annual Hours -- 2080

Note: Does Not Include Insurance

15 Pay Matrix -- Blue-Collar

Matrix Type -- Hourly

16	Grade	\$/Hour
17	B1	9.266
18	B2	9.666
19	B3	10.066
20	B4	10.466
21	B5	10.866
22	B6	11.266
23	B7	11.666
24	B8	12.066
25	B9	12.466
26	B10	12.866
27	B11	13.266
28	B12	13.666
29	B00	14.066
30	<u>B1</u>	<u>9.995</u>

1	<u>B2</u>	<u>10.395</u>
2	<u>B3</u>	<u>10.795</u>
3	<u>B4</u>	<u>11.195</u>
4	<u>B5</u>	<u>11.595</u>
5	<u>B6</u>	<u>11.995</u>
6	<u>B7</u>	<u>12.395</u>
7	<u>B8</u>	<u>12.795</u>
8	<u>B9</u>	<u>13.195</u>
9	<u>B10</u>	<u>13.595</u>
10	<u>B11</u>	<u>13.995</u>
11	<u>B12</u>	<u>14.395</u>
12	<u>B00</u>	<u>14.795</u>

13 (2) Effective ~~September 30, 1996~~, on the first day of the pay period that includes October 1, 1997,
 14 until the first day of the pay period that includes October ~~1996~~ 1998, the pay schedule for blue-collar
 15 workers is as follows:

16 Annual Hours -- 2080 Note: Does Not Include Insurance
 17 Pay Matrix -- Blue-Collar Matrix Type -- Hourly

18	Grade	\$/Hour
19	B1	9.561
20	B2	9.961
21	B3	10.361
22	B4	10.761
23	B5	11.161
24	B6	11.561
25	B7	11.961
26	B8	12.361
27	B9	12.761
28	B10	13.161
29	B11	13.561
30	B12	13.961

1	B00	14.361
2	<u>B1</u>	<u>9.995 10.245</u>
3	<u>B2</u>	<u>10.395 10.645</u>
4	<u>B3</u>	<u>10.795 11.045</u>
5	<u>B4</u>	<u>11.195 11.445</u>
6	<u>B5</u>	<u>11.595 11.845</u>
7	<u>B6</u>	<u>11.995 12.245</u>
8	<u>B7</u>	<u>12.395 12.645</u>
9	<u>B8</u>	<u>12.795 13.045</u>
10	<u>B9</u>	<u>13.195 13.445</u>
11	<u>B10</u>	<u>13.595 13.845</u>
12	<u>B11</u>	<u>13.995 14.245</u>
13	<u>B12</u>	<u>14.395 14.645</u>
14	<u>B00</u>	<u>14.795 15.045</u>

15 (3) Effective on the first day of the pay period that includes October 1, ~~1996~~ 1998, the pay
 16 schedule for blue-collar workers is as follows:

17 Annual Hours -- 2080 Note: Does Not Include Insurance
 18 Pay Matrix -- Blue-Collar Matrix Type -- Hourly

19	Grade	\$/Hour
20	B1	9.995 <u>10.515</u>
21	B2	10.395 <u>10.915</u>
22	B3	10.795 <u>11.315</u>
23	B4	11.195 <u>11.715</u>
24	B5	11.595 <u>12.115</u>
25	B6	11.995 <u>12.515</u>
26	B7	12.395 <u>12.915</u>
27	B8	12.795 <u>13.315</u>
28	B9	13.195 <u>13.715</u>
29	B10	13.595 <u>14.115</u>
30	B11	13.995 <u>14.515</u>

1 B12

~~14.395~~ 14.915

2 B00

~~14.795~~ 15.315"

3

4 **Section 9.** Section 2-18-703, MCA, is amended to read:

5 **"2-18-703. Contributions.** (1) Each agency, as defined in 2-18-601, shall contribute the amount
6 specified in this section towards the group benefits cost.

7 (2) For employees defined in 2-18-701 and for members of the legislature, the employer
8 contribution for group benefits is ~~\$220~~ \$245 per month for the fiscal year ending June 30, ~~1996~~ 1998,
9 and ~~\$225~~ \$270 a month for the fiscal year ending June 30, ~~1997~~ 1999, and for each succeeding fiscal
10 year ~~thereafter~~. When a state employee is terminated to achieve a reduction in force, the continuation of
11 contributions for group benefits beyond the termination date is subject to negotiation under 39-31-305.
12 Permanent part-time, seasonal part-time, and temporary part-time employees who are regularly scheduled
13 to work less than 20 hours a week are not eligible for the group benefit contribution. An employee who
14 elects not to be covered by a state-sponsored group benefit plan may not receive the state contribution.
15 A portion of the employer contribution for group benefits may be applied to an employee's costs for
16 participation in Part B of medicare under Title XVIII of the Social Security Act, as amended, if the state
17 group benefit plan is the secondary payer and medicare the primary payer.

18 (3) For employees of elementary and high school districts and of local government units, the
19 employer's premium contributions may exceed but may not be less than \$10 a month.

20 (4) Unused employer contributions for any state employee must be transferred to an account
21 established for this purpose by the department of administration and upon transfer may be used to offset
22 losses occurring to the group of which the employee is eligible to be a member.

23 (5) Unused employer contributions for any government employee may be transferred to an account
24 established for this purpose by a self-insured government and upon transfer may be used to offset losses
25 occurring to the group of which the employee is eligible to be a member or to increase the reserves of the
26 group.

27 (6) The laws prohibiting discrimination on the basis of marital status in Title 49 do not prohibit bona
28 fide group insurance plans from providing greater or additional contributions for insurance benefits to
29 employees with dependents than to employees without dependents or with fewer dependents."

30

1 **Section 10.** Section 2-18-1102, MCA, is amended to read:

2 **"2-18-1102. (Temporary) Creation of program.** The department shall develop ~~and administer~~ a
3 statewide employee incentive award program to appropriately recognize and monetarily reward individual
4 state employees and groups or teams of employees for documented ~~achievements and outcomes~~
5 innovations that contribute to the efficiency, economy, or other improvement of state government by
6 reducing the costs or improving the effectiveness of governmental operations. (Terminates July 1,
7 1997--sec. 13, Ch. 23, Sp. L. November 1993.)

8 **2-18-1102. (Effective July 1, 1997) Creation of program.** The department shall develop and
9 administer a statewide employee incentive award program to appropriately recognize and monetarily reward
10 state employees in a timely manner for suggestions or inventions that contribute to the efficiency,
11 economy, or other improvement of state government by reducing the costs of governmental operations."
12

13 **Section 11.** Section 2-18-1103, MCA, is amended to read:

14 **"2-18-1103. (Temporary) Powers and duties of department.** The department shall:

15 (1) adopt rules to implement this part;

16 (2) ~~provide an opportunity for all employees to participate in the program~~ develop model guidelines
17 and promotional materials to assist agencies in implementing this part; and

18 ~~(3) assist agencies in making incentive awards under this part; and~~

19 ~~(4)~~(3) prepare and submit, in the manner provided in 5-11-210, a list of ~~incentive~~ awards granted
20 under 2-18-1106 and the corresponding savings to the state and improvements in the effectiveness of state
21 government ~~and shall provide a general review of and recommendations for improving the operation of this~~
22 ~~part.~~ (Terminates July 1, 1997--sec. 13, Ch. 23, Sp. L. November 1993.)

23 **2-18-1103. (Effective July 1, 1997) Powers and duties of the department.** The department shall:

24 (1) adopt rules to equitably administer the employee incentive award program;

25 (2) provide an opportunity for all employees to participate in the program;

26 (3) assist agencies in making incentive awards under the program;

27 (4) grant or deny incentive awards in consultation with the incentive awards advisory council and
28 determine the amount of each incentive award based on first-year monetary savings;

29 (5) hear appeals from employees on the operation of the program;

30 (6) prepare and submit, as a part of the information required by 17-7-111, a list of incentive awards

1 and the corresponding savings to the state resulting from each employee's suggestion or invention and
 2 providing a general review of and recommendations for improving the program; and

3 (7) send a copy of all suggestions or inventions submitted under this program to the office of the
 4 legislative fiscal analyst."

5

6 **Section 12.** Section 2-18-1105, MCA, is amended to read:

7 **"2-18-1105. (Temporary) Eligibility for award.** (1) Except as provided in subsection ~~(2)~~ (3), an
 8 employee, a group or team of employees, or a nonemployee is eligible for an incentive award for
 9 innovations that:

10 (a) ~~for efforts that~~ significantly contribute to ~~documented~~ achievements or outcomes eliminating
 11 or reducing an agency's expenditures; or

12 (b) ~~for improving~~ improve the effectiveness of state government or ~~improving~~ improve services to
 13 the public by permitting more work to be accomplished within an agency without increasing the cost of
 14 governmental operations.

15 (2) ~~(a) An~~ To be eligible for an incentive award, an employee, a group or team of employees, or
 16 a nonemployee is not eligible for an individual incentive award unless the employee's or nonemployee's
 17 documented achievement or outcome was accomplished without significant contributions from others. must
 18 receive approval from agency management for immediate implementation, for a short-term test of an idea
 19 or innovation, or for the development and testing of a prototype that could make significant improvement
 20 in the way an agency conducts business by addressing fiscal, customer service, efficiency, or safety issues.

21 ~~(b)(3)~~ A director, as defined in 2-15-102, or a legislator is not eligible for the incentive award
 22 provided for under this part.

23 ~~(3)(4)~~ Suggestions relating to an agency are eligible for an award from that agency's agency head
 24 even if the employee or group or team of employees, or one or more members of the group or team, do not
 25 work for that agency. (Terminates July 1, 1997--sec. 13, Ch. 23, Sp. L. November 1993.)

26 **2-18-1105. (Effective July 1, 1997) Eligibility for award.** (1) Except as provided in subsection (2),
 27 an employee may be eligible for an incentive award if ~~his~~ the employee's suggestion or invention results
 28 in:

29 (a) eliminating or reducing an agency's expenditures; or

30 (b) improving services to the public by permitting more work to be accomplished within an agency

1 without increasing the cost of governmental operations.

2 (2) (a) An employee may not be eligible for an incentive award if ~~his~~ the employee's suggestion
3 or invention directly relates to ~~his~~ the employee's assigned duties and responsibilities unless the proposal
4 is so superior or meritorious as to warrant special recognition as determined by the department.

5 (b) Suggestions or inventions relating to the following matters may not be considered for awards:

6 (i) personnel grievances;

7 (ii) classification and pay of positions;

8 (iii) matters recommended for study or review; and

9 (iv) proposals resulting from assigned or contracted audits, studies, surveys, reviews, or research."
10

11 **Section 13.** Section 2-18-1106, MCA, is amended to read:

12 **"2-18-1106. (Temporary) Agency head to grant award -- amount and source of award.** (1) An
13 agency head may grant an incentive award to an employee, a group or team of employees, or a
14 nonemployee who has made a significant contribution to achievements or outcomes in the agency, as
15 enumerated in 2-18-1105. An employee or a member of a group or team of employees need not be
16 employed by the agency that benefits from the achievement or outcome and whose agency head grants
17 the award in order to be granted an award.

18 (2) ~~The incentive award for an achievement or outcome that does not result in cost savings that~~
19 ~~can be specifically determined a year after the achievement or outcome is implemented and the cost savings~~
20 ~~are actually incurred is the agency head's estimated dollar value of the achievement or outcome, up to a~~
21 ~~maximum of \$500 per employee or nonemployee or, in the discretion of the agency head, not more than~~
22 ~~40 hours of paid leave time for an employee. Larger awards may be proposed and submitted to the~~
23 ~~legislature for consideration. If agency management determines that an idea, innovation, or prototype that~~
24 ~~has been implemented will result in cost savings or improvements to agency operations, the agency head,~~
25 ~~at the agency head's discretion, may grant an incentive award of up to \$500, up to 40 hours paid leave~~
26 ~~time, or other nonmonetary recognition.~~

27 (3) ~~The amount of an award for~~ If an achievement or outcome producing produces cost savings
28 that can be measured after the savings are actually incurred realized or that can be accurately projected
29 for a period of 12 months following implementation, a larger award may be granted by the agency head.
30 The amount of the award must be determined by the agency head but may not exceed:

1 (a) 10% of the first \$100,000 of cost savings actually ~~incurred~~ realized or accurately projected
 2 ~~during the 12 months following implementation of the suggestion~~; plus

3 (b) 5% of the next \$100,000 of cost savings actually ~~incurred~~ realized or accurately projected
 4 ~~during that 12-month period~~; plus

5 (c) 2% of the next \$100,000 of cost savings actually ~~incurred~~ realized or accurately projected
 6 ~~during that 12-month period~~.

7 (4) (a) If the award is to be divided between two or more persons, the agency head shall determine
 8 the amount each person is to receive.

9 (b) Each person must be paid in one lump sum no later than 90 days after the end of the 12-month
 10 period following implementation of the suggestion. However, an agency head may pay an award at any
 11 time that savings can be determined. The agency head shall pay the award from the agency's budget. This
 12 award is in addition to the recipient's regular compensation or leave time.

13 ~~(5) The number of awards granted by an agency in a state government fiscal year may not exceed~~
 14 ~~the number equal to 20% of the average number of full-time equivalent employees in that agency during~~
 15 ~~that fiscal year. The office of budget and program planning may grant an agency with less than 50 full-time~~
 16 ~~equivalent employees an exemption from this limitation, but the exemption may not allow more awards than~~
 17 ~~the number equal to 50% of the average number of full-time equivalent employees in the agency during~~
 18 ~~the fiscal year.~~

19 ~~(6)(5)~~ Within 30 days after the end of each fiscal year, each agency shall submit to the department
 20 a list of the number of incentive awards granted, to whom each award was granted, the estimated value
 21 of each achievement or outcome, and the amount of each award. (Terminates July 1, 1997--sec. 13, Ch.
 22 23, Sp. L. November 1993.)

23 **2-18-1106. (Effective July 1, 1997) Agency head to grant award -- amount and source of award.**

24 (1) After an agency implements an employee's suggestion or invention and the monetary savings to the
 25 state is estimated, an agency head, upon written application to and approval from the department and the
 26 incentive awards advisory council, may grant an incentive award to an employee whose proposal meets
 27 the requirements enumerated in 2-18-1105.

28 (2) The incentive award ~~shall~~ must be 10% of the savings resulting from implementing the
 29 employee's proposal for 1 year up to a maximum of \$3,000. Larger awards may be proposed and submitted
 30 to the legislature for consideration.

1 (3) The agency head shall pay the employee from the agency's budget in a single, lump-sum
2 award. This award is in addition to the recipient's regular compensation."
3

4 **Section 14. Section 5-2-301, MCA, is amended to read:**

5 **"5-2-301. Compensation and expenses for members while in session.** (1) Except as provided in
6 subsection (8), legislators are entitled to a salary commensurate to that of the daily rate of an entry grade
7 8 classified state employee in effect when the regular session of the legislature in which they serve is
8 convened under 5-2-103 for those days during which the legislature is in session. The president of the
9 senate and the speaker of the house shall receive an additional \$5 a day in salary for those days during
10 which the legislature is in session.

11 (2) Legislators may serve for no salary.

12 (3) Subject to subsection (4), legislators are entitled to \$50 a day, 7 days a week, during a
13 legislative session, as reimbursement for expenses incurred in attending a session. Expense payments must
14 stop when the legislature recesses for more than 3 days and resume when the legislature reconvenes.

15 (4) After November 15, 1996, and prior to December 15, 1996, and prior to December 15 of each
16 even-numbered year thereafter, the department of administration shall conduct a survey of the allowance
17 for daily expenses of legislators for the states of North Dakota, South Dakota, Wyoming, and Idaho. The
18 department shall include the average daily expense allowance for Montana legislators in determining the
19 average daily rate for legislators. The department shall include only states with specific daily allowances
20 in the calculation of the average. If the average daily rate is greater than the daily rate for legislators in
21 Montana, the average is the new daily rate for legislators for those days during which the legislature is in
22 session. The expense allowance is effective when the next regular session of the legislature in which the
23 legislators serve is convened under 5-2-103.

24 (5) Legislators are entitled to a mileage allowance as provided in 2-18-503 for each mile of travel
25 to the place of the holding of the session and to return to their place of residence at the conclusion of the
26 session.

27 (6) In addition to the mileage allowance provided for in subsection (5), legislators, upon submittal
28 of an appropriate claim for mileage reimbursement to the legislative services division, are entitled to:

- 29 (a) three additional round trips to their place of residence during each regular session; and
30 (b) additional round trips as authorized by the legislature during special session.

(7) Legislators are not entitled to any additional mileage allowance under subsection (5) for a special session if it is convened within 7 days of a regular session.

(8) In lieu of the salary provided for in subsection (1) and the expense allowance provided for in subsection (4), a legislator may receive remuneration for services performed during a legislative session. A legislator choosing to receive remuneration for services performed shall file a request to receive payment under this subsection with the legislative services division. A legislator exercising the option to receive remuneration for services performed may not receive more remuneration than legislators paid pursuant to subsections (1) and (4). Remuneration for services performed must be reduced ~~\$50~~ by an amount a day equal to the daily salary rate for a legislator established under this section when the legislature recesses for more than 3 days."

SECTION 15. SECTION 13-37-106, MCA, IS AMENDED TO READ:

"13-37-106. Salary. (1) The commissioner of political practices is entitled to receive a salary of ~~\$30,303 in fiscal year 1992 and \$31,551 in fiscal year 1993 and thereafter~~ equal to the market salary of a grade 17 classified employee as provided in 2-18-312.

(2) The commissioner is also entitled to longevity, expense reimbursement, leave, insurance, and other benefits provided to classified state employees under Title 2, chapter 18.

(3) The salary of the commissioner may not be reduced during the term for which the commissioner is appointed."

Section 16. Section 13, Chapter 23, Special Laws of November 1993, is amended to read:

"Section 13. **Termination.** ~~{This act}~~ [Section 8] terminates July 1, 1997."

NEW SECTION. Section 17. Repealer. Section 2-18-314, MCA, is repealed.

NEW SECTION. Section 18. Appropriation. The following money is appropriated for the fiscal years indicated to implement the adjustments provided for in [sections 2 through 14]:

Fiscal Year 1998		Fiscal Year 1999	
General	Other	General	Other
Fund	Funds	Fund	Funds

1	Legislative Branch	71,771	33,124	165,275	56,429
2	Consumer Counsel	0	5,780	0	11,950
3	Judiciary	98,361	13,348	205,426	27,843
4	University System	1,874,008	1,338,057	3,901,345	2,790,164
5	Office of Budget and				
6	Program Planning for				
7	distribution to all				
8	other agencies	2,652,778	5,149,180	5,718,261	10,836,498

9

10 NEW SECTION. Section 19. Codification instruction. [Section 1] is intended to be codified as an
 11 integral part of Title 2, chapter 18, and the provisions of Title 2, chapter 18, apply to [section 1].

12

13 NEW SECTION. SECTION 20. RETROACTIVE APPLICABILITY. [SECTION 15] APPLIES
 14 RETROACTIVELY WITHIN THE MEANING OF 1-2-109, TO JANUARY 1, 1997.

15

16 NEW SECTION. Section 21. Effective date. DATES. EXCEPT AS PROVIDED IN SUBSECTION (2).
 17 [This THIS act] is effective July 1, 1997.

18

(2) [SECTIONS 15 AND 20] ARE EFFECTIVE ON PASSAGE AND APPROVAL.

19

-END-

1

HOUSE BILL NO. 13

2

INTRODUCED BY WISEMAN

3

BY REQUEST OF THE GOVERNOR

4

5 A BILL FOR AN ACT ENTITLED: "AN ACT DIRECTING THE DEPARTMENT OF ADMINISTRATION TO
6 DEVELOP AN ALTERNATIVE COMPENSATION SYSTEM FOR STATE EMPLOYEES TO BE PRESENTED TO
7 THE 56TH LEGISLATURE; CLARIFYING STATUTES GOVERNING CERTAIN SALARY AND EXPENSE
8 PAYMENTS FOR ELECTED OFFICIALS; PROVIDING PAY ADJUSTMENTS FOR STATE EMPLOYEES IN THE
9 STATEWIDE, TEACHERS, AND BLUE-COLLAR PAY PLANS; INCREASING THE STATE CONTRIBUTION TO
10 THE EMPLOYEE GROUP BENEFIT PROGRAM; EXTENDING AND REVISING THE STATE EMPLOYEE
11 INCENTIVE AWARDS PROGRAM; INCREASING THE SALARY OF THE COMMISSIONER OF POLITICAL
12 PRACTICES; CLARIFYING THE BENEFITS TO WHICH THE COMMISSIONER OF POLITICAL PRACTICES IS
13 ENTITLED; PROHIBITING THE REDUCTION OF THE SALARY OF THE COMMISSIONER OF POLITICAL
14 PRACTICES DURING THE TERM TO WHICH THE COMMISSIONER IS APPOINTED; PROVIDING AN
15 APPROPRIATION TO FUND PAY AND BENEFIT ADJUSTMENTS; AMENDING SECTIONS 2-16-405,
16 2-18-301, 2-18-303, 2-18-304, 2-18-312, 2-18-313, 2-18-315, 2-18-703, 2-18-1102, 2-18-1103,
17 2-18-1105, 2-18-1106, AND 5-2-301, AND 13-37-106, MCA, AND SECTION 13, CHAPTER 23, SPECIAL
18 LAWS OF NOVEMBER 1993; REPEALING SECTION 2-18-314, MCA; AND PROVIDING AN EFFECTIVE
19 DATES AND A RETROACTIVE APPLICABILITY DATE."

20

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

**THERE ARE NO CHANGES IN THIS BILL AND IT WILL NOT BE
REPRINTED. PLEASE REFER TO SECOND READING COPY
(YELLOW) FOR COMPLETE TEXT.**

APPROVED BY COM ON
FINANCE & CLAIMS

HOUSE BILL NO. 13

INTRODUCED BY WISEMAN

BY REQUEST OF THE GOVERNOR

A BILL FOR AN ACT ENTITLED: "AN ACT DIRECTING THE DEPARTMENT OF ADMINISTRATION TO DEVELOP AN ALTERNATIVE COMPENSATION SYSTEM FOR STATE EMPLOYEES TO BE PRESENTED TO THE 56TH LEGISLATURE; CLARIFYING STATUTES GOVERNING CERTAIN SALARY AND EXPENSE PAYMENTS FOR ELECTED OFFICIALS; PROVIDING FOR IMPLEMENTATION OF THE LEGISLATIVE BRANCH PAY PLAN; PROVIDING PAY ADJUSTMENTS FOR STATE EMPLOYEES IN THE STATEWIDE, TEACHERS, AND BLUE-COLLAR PAY PLANS; INCREASING THE STATE CONTRIBUTION TO THE EMPLOYEE GROUP BENEFIT PROGRAM; EXTENDING AND REVISING THE STATE EMPLOYEE INCENTIVE AWARDS PROGRAM; INCREASING THE SALARY OF THE COMMISSIONER OF POLITICAL PRACTICES; CLARIFYING THE BENEFITS TO WHICH THE COMMISSIONER OF POLITICAL PRACTICES IS ENTITLED; PROHIBITING THE REDUCTION OF THE SALARY OF THE COMMISSIONER OF POLITICAL PRACTICES DURING THE TERM TO WHICH THE COMMISSIONER IS APPOINTED; PROVIDING AN APPROPRIATION TO FUND PAY AND BENEFIT ADJUSTMENTS; AMENDING SECTIONS 2-16-405, 2-18-103, 2-18-301, 2-18-303, 2-18-304, 2-18-312, 2-18-313, 2-18-315, 2-18-703, 2-18-1102, 2-18-1103, 2-18-1105, 2-18-1106, ~~AND~~ 5-2-301, AND 13-37-106, MCA, AND SECTION 13, CHAPTER 23, SPECIAL LAWS OF NOVEMBER 1993; REPEALING SECTION 2-18-314, MCA; AND PROVIDING AN EFFECTIVE DATES AND A RETROACTIVE APPLICABILITY DATE."

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

NEW SECTION. **Section 1. Competency-based personnel systems.** The department shall develop an alternative classification and pay system that is consistent with the market-based approach to pay administration but that emphasizes individual skills, competencies, and contributions in addition to the criteria provided in 2-18-202. The compensation system must provide for the means of identifying the requisite skills and competencies necessary for the state and its separate departments and agencies to provide service excellence to Montana's citizens. EACH AGENCY, WHEN POSSIBLE, SHALL IMPLEMENT THE COMPENSATION PLAN IN A MANNER THAT RESULTS IN A FLATTER MANAGEMENT STRUCTURE.

1 Employee recruitment, selection, evaluation, and compensation must be based, at least in part, on the
 2 demonstration of these necessary skills and competencies. THE DEPARTMENT SHALL DEVELOP THE
 3 ALTERNATIVE SYSTEM IN CONSULTATION WITH EMPLOYEE REPRESENTATIVES. The department shall
 4 test the effectiveness of the program through the implementation of pilot projects. Insofar as a pilot project
 5 applies to employees of a collective bargaining unit, its implementation is a negotiable subject under
 6 39-31-305. The department shall present a proposal for an alternative system to the 56th legislature.

7
 8 **Section 2.** Section 2-16-405, MCA, is amended to read:

9 **"2-16-405. Salaries of certain elected state officials.** (1) Subject to subsection (2), the salaries paid
 10 to certain elected officials of the state of Montana are:

11 (a) Governor[±];

12 ~~(i) \$55,502;~~

13 ~~(ii) \$57,084 beginning July 1, 1995;~~

14 ~~(iii) \$59,310 beginning January 1, 1996.~~

15 (b) Lieutenant governor[±];

16 ~~(i) \$40,466;~~

17 ~~(ii) \$41,619 beginning July 1, 1995;~~

18 ~~(iii) \$43,242 beginning January 1, 1996.~~

19 (c) Attorney general[±];

20 ~~(i) \$50,841;~~

21 ~~(ii) \$52,290 beginning July 1, 1995;~~

22 ~~(iii) \$54,329 beginning January 1, 1996.~~

23 (d) State auditor[±];

24 ~~(i) \$37,526;~~

25 ~~(ii) \$38,595 beginning July 1, 1995;~~

26 ~~(iii) \$40,101 beginning January 1, 1996.~~

27 (e) Superintendent of public instruction[±];

28 ~~(i) \$44,177;~~

29 ~~(ii) \$45,436 beginning July 1, 1995;~~

30 ~~(iii) \$47,208 beginning January 1, 1996.~~

- 1 (f) Public service commission presiding officer~~z~~
- 2 (i) ~~\$41,750;~~
- 3 (ii) ~~\$42,940 beginning July 1, 1995;~~
- 4 (iii) ~~\$44,615 beginning January 1, 1996.~~

- 5 (g) Public service commissioners, other than presiding officer~~z~~
- 6 (i) ~~\$40,466;~~
- 7 (ii) ~~\$41,619 beginning July 1, 1995;~~
- 8 (iii) ~~\$43,242 beginning January 1, 1996.~~

- 9 (h) Secretary of state~~z~~
- 10 (i) ~~\$37,526;~~
- 11 (ii) ~~\$38,595 beginning July 1, 1995;~~
- 12 (iii) ~~\$40,101 beginning January 1, 1996.~~

- 13 (i) Clerk of the supreme court~~z~~
- 14 (i) ~~\$36,537;~~
- 15 (ii) ~~\$37,578 beginning July 1, 1995;~~
- 16 (iii) ~~\$39,044 beginning January 1, 1996.~~

17 (2) ~~Prior to June 30, 1996, and prior to~~ Before June 30 of each even-numbered year thereafter,
 18 the department of administration shall conduct a salary survey of executive branch officials with similar
 19 titles to the Montana officials listed in subsection (1) for the states of North Dakota, South Dakota,
 20 Wyoming, and Idaho. The department shall include the salary for the Montana official in determining the
 21 average salary for the ~~similar position officials with similar titles~~. If the average salary is greater than the
 22 salary for the ~~similar position official~~ in Montana, then beginning July 1, ~~1997, the average is the new~~
 23 ~~salary for that position. In~~ in each year following the year in which a survey is conducted, the average
 24 salary is the new salary for the ~~position official~~."

25

26 **SECTION 3. SECTION 2-18-103, MCA, IS AMENDED TO READ:**

27 **"2-18-103. Officers and employees excepted. (1) Parts 1 and 2 through 3 and 10 do not apply to**
 28 **the following positions officers and employees in state government:**

- 29 (a) (1) elected officials;
- 30 (b) (2) county assessors and their chief deputy;

- 1 ~~(e)~~(3) employees of the office of consumer counsel;
- 2 ~~(d)~~(4) judges and employees of the judicial branch;
- 3 ~~(e)~~(5) members of boards and commissions appointed by the governor, the legislature, or other
4 elected state officials;
- 5 ~~(f)~~(6) officers or members of the militia;
- 6 ~~(g)~~(7) agency heads appointed by the governor;
- 7 ~~(h)~~(8) academic and professional administrative personnel with individual contracts under the
8 authority of the board of regents of higher education;
- 9 ~~(i)~~(9) academic and professional administrative personnel and live-in houseparents who have
10 entered into individual contracts with the state school for the deaf and blind under the authority of the state
11 board of public education;
- 12 ~~(j)~~(10) teachers under the authority of the department of corrections or the department of public
13 health and human services;
- 14 ~~(k)~~(11) investment officer, assistant investment officer, executive director, and three professional
15 staff positions of the board of investments;
- 16 ~~(l)~~(12) four professional staff positions under the board of oil and gas conservation;
- 17 ~~(m)~~(13) assistant director for security of the Montana state lottery;
- 18 ~~(n)~~(14) executive director and senior investment officer of the Montana board of science and
19 technology development;
- 20 ~~(o)~~(15) executive director and employees of the state compensation insurance fund;
- 21 ~~(p)~~(16) state racing stewards employed by the executive secretary of the Montana board of
22 horseracing;
- 23 ~~(q)~~(17) executive director of the Montana wheat and barley committee;
- 24 ~~(r)~~(18) commissioner of banking and financial institutions; ~~and~~
- 25 ~~(s)~~(19) training coordinator for county attorneys; ~~and~~
- 26 (20) employees of an entity of the legislative branch consolidated, as provided in 5-2-504.
- 27 ~~(2) Employees of an entity of the legislative branch, other than the office of consumer counsel, are~~
28 ~~exempt from the application of 2-18-1011 through 2-18-1013. With respect to entities of the legislative~~
29 ~~branch, other than the office of consumer counsel;~~
- 30 ~~(a) as used in parts 1 through 3 of this chapter, references to the "department of administration"~~

1 ~~or "department" apply to the legislative council established by 5-11-101, which may delegate administrative~~
 2 ~~duties to the legislative services division established by 5-11-111;~~

3 ~~(b) as used in 2-18-102, the term "governor" applies to the legislature; and~~

4 ~~(c) as used in 2-18-204, the term "budget director" applies to the "approving authority" as defined~~
 5 ~~in 17-7-102."~~

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

8 **"2-18-301. Purpose and intent of part -- rules.** (1) The purpose of this part is to provide the
 9 market-based compensation necessary to attract and retain competent and qualified employees in order to
 10 perform the services that the state is required to provide to its citizens.

11 (2) It is the intent of the legislature that compensation plans for state employees, excluding those
 12 employees excepted under 2-18-103 or 2-18-104 and excluding employees compensated under 2-18-313
 13 ~~through and~~ 2-18-315, be based on an analysis of the labor market as provided by the department in a
 14 salary survey. The salary survey must be submitted to the office of budget and program planning as a part
 15 of the information required by 17-7-111.

16 (3) Except as provided in 2-18-110, pay adjustments and pay schedules provided for in 2-18-303
 17 and in 2-18-312, 2-18-313, ~~through and~~ 2-18-315 supersede any other plan or systems established through
 18 collective bargaining after the adjournment of the ~~54th~~ 55th legislature.

19 (4) Pay levels provided for in 2-18-312, 2-18-313, ~~through and~~ 2-18-315 may not be increased
 20 through collective bargaining after adjournment of the ~~54th~~ 55th legislature.

21 (5) Total funds required to implement the pay schedules provided for in 2-18-312, 2-18-313,
 22 ~~through and~~ 2-18-315 for any employee group or bargaining unit may not be increased through collective
 23 bargaining over the amount appropriated by the ~~54th~~ 55th legislature.

24 (6) The department shall administer the pay program established by the legislature on the basis of
 25 merit, internal equity, and competitiveness to external labor markets when fiscally able.

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

28
 29 **Section 5.** Section 2-18-303, MCA, is amended to read:

30 **"2-18-303. Procedures for using pay schedules.** (1) The pay schedules provided in 2-18-312 must

1 be implemented as follows:

2 (a) The pay schedules provided in 2-18-312 indicate the entry salary and market salary for each
 3 grade for positions classified under the provisions of part 2 of this chapter.

4 (b) Each employee newly hired by the state of Montana must be hired at the entry rate, except as
 5 provided in subsections (7) and (8).

6 (c) On the first day of the first complete pay period in fiscal year ~~1996~~ 1998, each employee hired
 7 ~~before July 1, 1995~~, is entitled to the amount of the employee's base salary as it was on June 30, ~~1995~~
 8 1997, plus, on the employee's anniversary date that occurs on or after ~~September 30, 1995~~, the increases
 9 ~~provided in subsection (1)(d), if applicable.~~

10 (d) (i) Effective on the first day of the pay period that includes an employee's anniversary date
 11 during the fiscal years ending June 30, ~~1996~~ 1998, and June 30, ~~1997~~ 1999, an employee's market ratio
 12 must be compared to the target market ratio in the matrix ~~in subsection (1)(d)(iii)~~ that corresponds to the
 13 employee's grade level and completed years of uninterrupted state service. For employees hired on or
 14 before September 30, 1994, the anniversary date is October 1.

15 (ii) ~~As provided in subsection (1)(d)(i), the following matrix must be used to compare an employee's~~
 16 ~~market ratio to the target market ratio that corresponds to the employee's grade level and completed years~~
 17 ~~of uninterrupted state service: The matrix for the target market ratios is as follows:~~

18 TARGET MARKET RATIOS

19	Grade	Years										
20		0	1	2	3	4	5	6	7	8	9	10
21	4	0.844	0.874	0.904	0.935	0.967	0.999	1.000	1.000	1.000	1.000	1.000
22	5	0.842	0.871	0.900	0.930	0.961	0.992	1.000	1.000	1.000	1.000	1.000
23	6	0.840	0.868	0.896	0.925	0.955	0.985	1.000	1.000	1.000	1.000	1.000
24	7	0.838	0.865	0.892	0.920	0.949	0.978	1.000	1.000	1.000	1.000	1.000
25	8	0.836	0.862	0.889	0.916	0.944	0.972	1.000	1.000	1.000	1.000	1.000
26	9	0.834	0.859	0.885	0.911	0.938	0.965	0.993	1.000	1.000	1.000	1.000
27	10	0.832	0.857	0.882	0.908	0.934	0.961	0.988	1.000	1.000	1.000	1.000
28	11	0.830	0.854	0.878	0.903	0.928	0.954	0.980	1.000	1.000	1.000	1.000
29	12	0.828	0.851	0.875	0.899	0.924	0.949	0.975	1.000	1.000	1.000	1.000
30	13	0.826	0.849	0.872	0.896	0.920	0.945	0.970	0.996	1.000	1.000	1.000

1	14	0.824	0.846	0.869	0.892	0.915	0.939	0.963	0.988	1.000	1.000	1.000
2	15	0.822	0.844	0.866	0.888	0.911	0.934	0.958	0.982	1.000	1.000	1.000
3	16	0.820	0.841	0.863	0.885	0.907	0.930	0.953	0.977	1.000	1.000	1.000
4	17	0.818	0.839	0.860	0.882	0.904	0.926	0.949	0.972	0.996	1.000	1.000
5	18	0.816	0.836	0.857	0.878	0.899	0.921	0.943	0.966	0.989	1.000	1.000
6	19	0.814	0.834	0.854	0.875	0.896	0.917	0.939	0.961	0.984	1.000	1.000
7	20	0.812	0.831	0.851	0.871	0.892	0.913	0.935	0.957	0.979	1.000	1.000
8	21	0.810	0.829	0.849	0.869	0.889	0.910	0.931	0.953	0.975	0.997	1.000
9	22	0.808	0.827	0.846	0.866	0.886	0.906	0.927	0.948	0.970	0.992	1.000
10	23	0.806	0.825	0.844	0.863	0.883	0.903	0.923	0.944	0.965	0.987	1.000
11	24	0.804	0.822	0.841	0.860	0.879	0.899	0.919	0.940	0.961	0.982	1.000
12	25	0.802	0.820	0.838	0.857	0.876	0.895	0.915	0.935	0.956	0.977	0.999

13 ~~(iii) If, on (ii)(III) On~~ the first day of the pay period that includes an employee's anniversary date
 14 during the fiscal year ~~years~~ ending June 30, ~~1996~~ 1998, and June 30, 1999, the employee's market ratio
 15 is less than the target market ratio that corresponds to the employee's grade level and completed years of
 16 ~~uninterrupted state service~~, the employee's base salary must be increased to the ~~lesser~~ greater of:

17 (A) the market salary for the employee's grade multiplied by the target ratio that corresponds to
 18 the employee's grade level and completed years of uninterrupted state service not to exceed 4%; or

19 (B) IF UNDER SUBSECTION (1)(D)(III)(A), PROGRESSION FROM ONE TARGET MARKET RATIO TO
 20 THE NEXT EXCEEDS 3%, THEN THE APPROPRIATE TARGET MARKET RATIO THE EMPLOYEE'S BASE
 21 SALARY INCREASED BY THE AMOUNT OF THAT PROGRESSION PLUS 1%; OR

22 ~~(B)(C)~~ the employee's base salary as it was on the last day of the pay period immediately preceding
 23 the pay period that includes ~~October 1, 1995~~ the employee's anniversary date, plus ~~5%~~ 1%.

24 ~~(iv) If, on the first day of the pay period that includes an employee's anniversary date during the~~
 25 ~~fiscal year ending June 30, 1997, the employee's market ratio is less than the target market ratio that~~
 26 ~~corresponds to the employee's grade level and completed years of uninterrupted state service, the~~
 27 ~~employee's base salary must be increased to the lesser of:~~

28 ~~(A) the market salary for the employee's grade multiplied by the target ratio that corresponds to~~
 29 ~~the employee's grade level and completed years of uninterrupted state service; or~~

30 ~~(B) the employee's base salary as it was on the last day of the pay period immediately preceding~~

1 ~~the pay period that includes October 1, 1996, plus 6%.~~

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

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

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

8 ~~(h) An employee's market ratio, as it was on the last day of the pay period immediately preceding
9 the pay period that includes October 1, 1996, may not be reduced as a result of the adjustment of the pay
10 ranges provided in 2-18-312(2).~~

11 (2) The pay schedules provided in 2-18-312 and the provisions of subsection (1) of this section
12 do not apply to those teachers, ~~liquor store occupations,~~ or blue-collar occupations compensated under the
13 pay schedules provided in 2-18-313 ~~through and~~ and 2-18-315.

14 (3) The pay schedules provided in 2-18-313 ~~through and~~ and 2-18-315 must be implemented as
15 follows:

16 (a) (i) The pay schedules provided for in 2-18-313 indicate the annual compensation for teachers
17 employed under the authority of the department of corrections or the department of public health and
18 human services for fiscal years ~~1996 and 1997~~ 1998 and 1999.

19 (ii) The compensation of each teacher on July 1, ~~1996~~ 1997, is the same as it was on June 30,
20 ~~1996~~ 1997.

21 (iii) On the first day of the first pay period that includes October 1 of each fiscal year, a teacher
22 employed under the authority of the department of public health and human services or the department of
23 corrections ~~prior to before~~ October 1, 1994, shall advance one step on the appropriate pay schedule
24 adopted in 2-18-313. A teacher hired after October 1, 1994, shall advance on the teacher's actual
25 anniversary date.

26 ~~(iv) On the first day of the first full pay period during the month that includes the teacher's
27 anniversary date, a teacher employed under the authority of the department of corrections shall advance
28 one step on the appropriate pay schedule adopted in 2-18-313.~~

29 ~~(v) On the first day of the first pay period that includes October 1 of each fiscal year, a teacher
30 employed by the Montana school for the deaf and blind shall advance one step on the teacher pay matrix~~

1 ~~used by the school.~~

2 ~~(b) (i) The pay schedules provided in 2-18-314 indicate the maximum hourly compensation for~~
 3 ~~fiscal years ending June 30, 1996, and June 30, 1997, for those employees in liquor store occupations~~
 4 ~~who have collectively bargained separate classification and pay plans.~~

5 ~~(ii) The compensation of each employee on the first day of the first pay period in fiscal year 1996~~
 6 ~~or 1997 is that amount corresponding to the grade occupied on the last day of the preceding fiscal year.~~

7 ~~(e)(b)~~ (i) The pay schedules provided in 2-18-315 indicate the maximum hourly compensation for
 8 fiscal years ending June 30, ~~1996~~ 1998, and June 30, ~~1997~~ 1999, for employees in apprentice trades and
 9 crafts and other blue-collar occupations recognized in the state blue-collar classification plan who are
 10 members of units that have collectively bargained separate classification and pay plans.

11 (ii) The compensation of each employee on the first day of the first pay period in each fiscal year
 12 ~~1996 or 1997~~ is that amount corresponding to the grade occupied on the last day of the preceding fiscal
 13 year.

14 (4) (a) (i) A member of a bargaining unit may not receive a pay increase until the employer's
 15 collective bargaining representative receives written notice that the employee's bargaining unit has ratified
 16 a completely integrated collective bargaining agreement covering the biennium ending June 30, ~~1997~~ 1999.

17 (ii) If ratification of a completely integrated collective bargaining agreement, as required by
 18 subsection (4)(a)(i), is not completed by July 1, ~~1996~~ 1997, retroactivity to that date may be negotiated.

19 (iii) If ratification of a completely integrated collective bargaining agreement, as required by
 20 subsection (4)(a)(i), is not completed by July 1, ~~1996~~ 1997, members of the bargaining unit must continue
 21 to receive the compensation that they were receiving as of June 30, ~~1996~~ 1997, until an agreement is
 22 ratified.

23 (b) Methods of administration not inconsistent with the purpose of this part and necessary to
 24 properly implement the pay schedules and adjustments provided in 2-18-312, ~~through 2-18-313~~, 2-18-315,
 25 and this section may be provided for in collective bargaining agreements.

26 (5) The current wage or salary of an employee may not be reduced by the implementation of the
 27 pay schedules provided for in 2-18-312, 2-18-313, ~~through and~~ 2-18-315.

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

1 (7) The department may develop programs that enable the department to mitigate problems
 2 associated with difficult recruitment, retention, transfer, or other exceptional circumstances. Insofar as the
 3 program may apply to employees within a collective bargaining unit, it is a negotiable subject under
 4 39-31-305.

5 (8) The department shall review the competitiveness of the compensation provided to all
 6 occupations under this part. If the department finds that substantial problems exist with recruitment and
 7 retention because of inadequate salaries when compared to competing employers, the department may
 8 establish criteria allowing an adjustment in pay or classification to mitigate the problems. Insofar as these
 9 adjustments may apply to employees within a collective bargaining unit, the implementation of these
 10 adjustments is a negotiable subject under 39-31-305."

11

12 **Section 6.** Section 2-18-304, MCA, is amended to read:

13 **"2-18-304. Longevity allowance.** (1) (a) ~~(i) Effective July 1, 1995, through the last day of the pay~~
 14 ~~period immediately preceding the pay period that includes October 1, 1995, in addition to the compensation~~
 15 ~~provided for in 2-18-303, 2-18-312, 2-18-313, 2-18-314, or 2-18-315, each employee who has completed~~
 16 ~~5 years of uninterrupted state service must receive 9/10 of 1% of the employee's base salary multiplied~~
 17 ~~by the number of completed, contiguous 5-year periods of uninterrupted state service.~~

18 ~~(ii) Effective on the first day of the pay period that includes October 1, 1995, in~~ In addition to the
 19 compensation provided for in 2-18-303, 2-18-312, 2-18-313, ~~2-18-314,~~ or 2-18-315, each employee who
 20 has completed 5 years of uninterrupted state service must receive 1.5% of the employee's base salary
 21 multiplied by the number of completed, contiguous 5-year periods of uninterrupted state service.

22 (b) Service to the state is not interrupted by authorized leaves of absence.

23 (2) (a) For the purpose of determining years of service under this section, an employee must be
 24 credited with 1 year of service for each period of:

25 (i) 2,080 hours of service following the employee's date of employment; an employee must be
 26 credited with 80 hours of service for each biweekly pay period in which the employee is in a pay status or
 27 on an authorized leave of absence without pay, regardless of the number of hours of service in the pay
 28 period; or

29 (ii) 12 uninterrupted calendar months following the employee's date of employment in which the
 30 employee was in a pay status or on an authorized leave of absence without pay, regardless of the number

1 of hours of service in any month. An employee of a school at a state institution or the university system
 2 must be credited with 1 year of service if the employee is employed for an entire academic year.

3 (b) State agencies, other than the university system and a school at a state institution, shall use
 4 the method provided in subsection (2)(a)(i) to calculate years of service under this section."
 5

6 **Section 7.** Section 2-18-312, MCA, is amended to read:

7 **"2-18-312. Statewide pay schedules for fiscal years ~~1996~~ 1998 and ~~1997~~ 1999.** (1) The
 8 statewide classification pay schedule for the period ~~from July 1, 1995, until~~ beginning on the first day of
 9 the first full pay period that includes October 1, 1996 in fiscal year 1998, is as follows:

10 Annual Hours -- 2080 Note: Does Not Include Insurance
 11 Pay Matrix -- State Matrix Type -- Annual
 12 Pay Range: Entry Salary to Market Salary

13 GRADE	ENTRY SALARY	MARKET SALARY
14 1	8,679	10,210
15 2	9,349	11,025
16 3	10,070	11,903
17 4	10,852	12,858
18 5	11,727	13,927
19 6	12,672	15,086
20 7	13,688	16,334
21 8	14,836	17,747
22 9	16,064	19,262
23 10	17,424	20,942
24 11	18,904	22,775
25 12	20,545	24,812
26 13	22,325	27,027
27 14	24,295	29,485
28 15	26,465	32,196
29 16	28,885	35,226
30 17	31,585	38,613

1	18	34,562	42,355
2	19	37,897	46,557
3	20	41,618	51,254
4	21	45,754	56,487
5	22	50,373	62,343
6	23	55,584	68,963
7	24	61,434	76,410
8	25	67,907	84,673
9	<u>1</u>	<u>8,986</u>	<u>10,571</u>
10	<u>2</u>	<u>9,679</u>	<u>11,413</u>
11	<u>3</u>	<u>10,424</u>	<u>12,323</u>
12	<u>4</u>	<u>11,234</u>	<u>13,312</u>
13	<u>5</u>	<u>12,140</u>	<u>14,419</u>
14	<u>6</u>	<u>13,118</u>	<u>15,618</u>
15	<u>7</u>	<u>14,171</u>	<u>16,910</u>
16	<u>8</u>	<u>15,360</u>	<u>18,372</u>
17	<u>9</u>	<u>16,630</u>	<u>19,941</u>
18	<u>10</u>	<u>18,039</u>	<u>21,680</u>
19	<u>11</u>	<u>19,570</u>	<u>23,578</u>
20	<u>12</u>	<u>21,269</u>	<u>25,687</u>
21	<u>13</u>	<u>23,112</u>	<u>27,980</u>
22	<u>14</u>	<u>25,151</u>	<u>30,523</u>
23	<u>15</u>	<u>27,399</u>	<u>33,331</u>
24	<u>16</u>	<u>29,903</u>	<u>36,469</u>
25	<u>17</u>	<u>32,698</u>	<u>39,974</u>
26	<u>18</u>	<u>35,779</u>	<u>43,848</u>
27	<u>19</u>	<u>39,233</u>	<u>48,198</u>
28	<u>20</u>	<u>43,086</u>	<u>53,060</u>
29	<u>21</u>	<u>47,367</u>	<u>58,478</u>
30	<u>22</u>	<u>52,149</u>	<u>64,541</u>

1	<u>23</u>	<u>57,543</u>	<u>71,393</u>
2	<u>24</u>	<u>63,601</u>	<u>79,104</u>
3	<u>25</u>	<u>70,302</u>	<u>87,657</u>

4 (2) Effective on the first day of the first full pay period ~~that includes October 1, 1996~~ in fiscal year
 5 1999, the statewide classification pay schedule is as follows:

6 Annual Hours -- 2080 Note: Does Not Include Insurance

7 Pay Matrix -- State Matrix Type -- Annual

8 Pay Range: Entry Salary to Market Salary

9	GRADE	ENTRY SALARY	MARKET SALARY
10	1	8,897	10,466
11	2	9,583	11,300
12	3	10,321	12,201
13	4	11,123	13,180
14	5	12,020	14,276
15	6	12,988	15,463
16	7	14,031	16,743
17	8	15,208	18,190
18	9	16,465	19,744
19	10	17,860	21,465
20	11	19,376	23,345
21	12	21,058	25,433
22	13	22,883	27,703
23	14	24,902	30,221
24	15	27,128	33,001
25	16	29,607	36,108
26	17	32,374	39,578
27	18	35,425	43,414
28	19	38,845	47,721
29	20	42,659	52,535
30	21	46,898	57,899

1	22	51,633	63,902
2	23	56,973	70,686
3	24	62,971	78,321
4	25	69,606	86,789
5	<u>1</u>	<u>9,076</u>	<u>10,677</u>
6	<u>2</u>	<u>9,776</u>	<u>11,527</u>
7	<u>3</u>	<u>10,528</u>	<u>12,446</u>
8	<u>4</u>	<u>11,346</u>	<u>13,445</u>
9	<u>5</u>	<u>12,261</u>	<u>14,563</u>
10	<u>6</u>	<u>13,249</u>	<u>15,774</u>
11	<u>7</u>	<u>14,313</u>	<u>17,079</u>
12	<u>8</u>	<u>15,514</u>	<u>18,556</u>
13	<u>9</u>	<u>16,798</u>	<u>20,140</u>
14	<u>10</u>	<u>18,219</u>	<u>21,897</u>
15	<u>11</u>	<u>19,766</u>	<u>23,814</u>
16	<u>12</u>	<u>21,482</u>	<u>25,944</u>
17	<u>13</u>	<u>23,343</u>	<u>28,260</u>
18	<u>14</u>	<u>25,403</u>	<u>30,828</u>
19	<u>15</u>	<u>27,673</u>	<u>33,664</u>
20	<u>16</u>	<u>30,202</u>	<u>36,834</u>
21	<u>17</u>	<u>33,025</u>	<u>40,374</u>
22	<u>18</u>	<u>36,137</u>	<u>44,286</u>
23	<u>19</u>	<u>39,625</u>	<u>48,680</u>
24	<u>20</u>	<u>43,517</u>	<u>53,591</u>
25	<u>21</u>	<u>47,841</u>	<u>59,063</u>
26	<u>22</u>	<u>52,670</u>	<u>65,186</u>
27	<u>23</u>	<u>58,118</u>	<u>72,107</u>
28	<u>24</u>	<u>64,237</u>	<u>79,895</u>
29	<u>25</u>	<u>71,005</u>	<u>88,534"</u>
30			

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

2 **"2-18-313. Teachers' pay schedules.** (1) The pay schedule for teachers for the period that includes
3 October 1, ~~1995~~ 1997, until the first day of the pay period that includes October 1, ~~1996~~ 1998, is as
4 follows:

5 Annual Hours -- 2080

Note: Does Not Include Insurance

6 Term -- Twelve Months

Matrix Type -- Annual

	Education Level					
STEP	BA	BA + 1	BA + 2	BA + 3	MA	MA + 1
9	23,150	23,763	24,393	25,040	25,703	26,384
10	23,752	24,381	25,027	25,691	26,371	27,070
11	24,369	25,015	25,678	26,359	27,057	27,774
12	25,003	25,666	26,346	27,044	27,761	28,496
13	25,653	26,333	27,031	27,747	28,482	29,237
14	26,320	27,018	27,734	28,469	29,223	29,997
15	27,004	27,720	28,455	29,209	29,983	30,777
16	27,707	28,441	29,194	29,968	30,762	31,577
17	28,427	29,180	29,954	30,747	31,562	32,398
18	29,166	29,939	30,732	31,547	32,383	33,241
19	29,924	30,717	31,531	32,367	33,225	34,105
20	30,702	31,516	32,351	33,208	34,088	34,992
21	<u>23,642</u>	<u>24,351</u>	<u>25,082</u>	<u>25,834</u>	<u>26,609</u>	<u>27,407</u>
22	<u>24,351</u>	<u>25,082</u>	<u>25,834</u>	<u>26,609</u>	<u>27,407</u>	<u>28,230</u>
23	<u>25,082</u>	<u>25,834</u>	<u>26,609</u>	<u>27,407</u>	<u>28,230</u>	<u>29,077</u>
24	<u>25,834</u>	<u>26,609</u>	<u>27,407</u>	<u>28,230</u>	<u>29,077</u>	<u>29,949</u>
25	<u>26,609</u>	<u>27,407</u>	<u>28,230</u>	<u>29,077</u>	<u>29,949</u>	<u>30,847</u>
26	<u>27,407</u>	<u>28,230</u>	<u>29,077</u>	<u>29,949</u>	<u>30,847</u>	<u>31,773</u>
27	<u>28,230</u>	<u>29,077</u>	<u>29,949</u>	<u>30,847</u>	<u>31,773</u>	<u>32,726</u>
28	<u>29,077</u>	<u>29,949</u>	<u>30,847</u>	<u>31,773</u>	<u>32,726</u>	<u>33,708</u>
29	<u>29,949</u>	<u>30,847</u>	<u>31,773</u>	<u>32,726</u>	<u>33,708</u>	<u>34,719</u>
30	<u>30,847</u>	<u>31,773</u>	<u>32,726</u>	<u>33,708</u>	<u>34,719</u>	<u>35,761</u>

1	<u>11</u>	<u>31,773</u>	<u>32,726</u>	<u>33,708</u>	<u>34,719</u>	<u>35,761</u>	<u>36,833</u>
2	<u>12</u>	<u>32,726</u>	<u>33,708</u>	<u>34,719</u>	<u>35,761</u>	<u>36,833</u>	<u>37,938</u>

3 (2) Effective on the first day of the pay period that includes October 1, ~~1996~~ 1998, the pay
 4 schedule for teachers is as follows:

5 Annual Hours -- 2080 Note: Does Not Include Insurance
 6 Term -- Twelve Months Matrix Type -- Annual

7	Education Level						
8 STEP	BA	BA + 1	BA + 2	BA + 3	MA	MA + 1	
9 1	23,642	24,351	25,082	25,834	26,609	27,407	
10 2	24,351	25,082	25,834	26,609	27,407	28,230	
11 3	25,082	25,834	26,609	27,407	28,230	29,077	
12 4	25,834	26,609	27,407	28,230	29,077	29,949	
13 5	26,609	27,407	28,230	29,077	29,949	30,847	
14 6	27,407	28,230	29,077	29,949	30,847	31,773	
15 7	28,230	29,077	29,949	30,847	31,773	32,726	
16 8	29,077	29,949	30,847	31,773	32,726	33,708	
17 9	29,949	30,847	31,773	32,726	33,708	34,719	
18 10	30,847	31,773	32,726	33,708	34,719	35,761	
19 11	31,773	32,726	33,708	34,719	35,761	36,833	
20 12	32,726	33,708	34,719	35,761	36,833	37,938	
21 <u>13</u>	<u>33,708</u>	<u>34,719</u>	<u>35,761</u>	<u>36,833</u>	<u>37,938</u>	<u>39,077"</u>	

22
 23 **Section 9.** Section 2-18-315, MCA, is amended to read:

24 **"2-18-315. Blue-collar pay schedules.** (1) The pay schedule for blue-collar workers for the period
 25 ~~from July 1, 1995 1997, through September 29, 1995~~ until the first day of the pay period that includes
 26 October 1997, is as follows:

27 Annual Hours -- 2080 Note: Does Not Include Insurance
 28 Pay Matrix -- Blue-Collar Matrix Type -- Hourly
 29 Grade \$/Hour
 30 B1 9.266

1	B2	9.666
2	B3	10.066
3	B4	10.466
4	B5	10.866
5	B6	11.266
6	B7	11.666
7	B8	12.066
8	B9	12.466
9	B10	12.866
10	B11	13.266
11	B12	13.666
12	B00	14.066
13	<u>B1</u>	<u>9.995</u>
14	<u>B2</u>	<u>10.395</u>
15	<u>B3</u>	<u>10.795</u>
16	<u>B4</u>	<u>11.195</u>
17	<u>B5</u>	<u>11.595</u>
18	<u>B6</u>	<u>11.995</u>
19	<u>B7</u>	<u>12.395</u>
20	<u>B8</u>	<u>12.795</u>
21	<u>B9</u>	<u>13.195</u>
22	<u>B10</u>	<u>13.595</u>
23	<u>B11</u>	<u>13.995</u>
24	<u>B12</u>	<u>14.395</u>
25	<u>B00</u>	<u>14.795</u>

26 (2) Effective ~~September 30, 1996~~, on the first day of the pay period that includes October 1, 1997,
 27 until the first day of the pay period that includes October ~~1996~~ 1998, the pay schedule for blue-collar
 28 workers is as follows:

29 Annual Hours -- 2080 Note: Does Not Include Insurance
 30 Pay Matrix -- Blue-Collar Matrix Type -- Hourly

1	Grade	\$/Hour
2	B1	9.561
3	B2	9.961
4	B3	10.361
5	B4	10.761
6	B5	11.161
7	B6	11.561
8	B7	11.961
9	B8	12.361
10	B9	12.761
11	B10	13.161
12	B11	13.561
13	B12	13.961
14	B00	14.361
15	<u>B1</u>	<u>9.995</u> 10.245
16	<u>B2</u>	<u>10.395</u> 10.645
17	<u>B3</u>	<u>10.795</u> 11.045
18	<u>B4</u>	<u>11.195</u> 11.445
19	<u>B5</u>	<u>11.595</u> 11.845
20	<u>B6</u>	<u>11.995</u> 12.245
21	<u>B7</u>	<u>12.395</u> 12.645
22	<u>B8</u>	<u>12.795</u> 13.045
23	<u>B9</u>	<u>13.195</u> 13.445
24	<u>B10</u>	<u>13.595</u> 13.845
25	<u>B11</u>	<u>13.995</u> 14.245
26	<u>B12</u>	<u>14.395</u> 14.645
27	<u>B00</u>	<u>14.795</u> 15.045

28 (3) Effective on the first day of the pay period that includes October 1, ~~1996~~ 1998, the pay
 29 schedule for blue-collar workers is as follows:

30 Annual Hours -- 2080

Note: Does Not Include Insurance

1 Pay Matrix -- Blue-Collar	Matrix Type -- Hourly
2 Grade	\$/Hour
3 B1	9.995 <u>10.515</u>
4 B2	10.395 <u>10.915</u>
5 B3	10.795 <u>11.315</u>
6 B4	11.195 <u>11.715</u>
7 B5	11.595 <u>12.115</u>
8 B6	11.995 <u>12.515</u>
9 B7	12.395 <u>12.915</u>
10 B8	12.795 <u>13.315</u>
11 B9	13.195 <u>13.715</u>
12 B10	13.595 <u>14.115</u>
13 B11	13.995 <u>14.515</u>
14 B12	14.395 <u>14.915</u>
15 B00	14.795 <u>15.315</u> "

16

17 **Section 10.** Section 2-18-703, MCA, is amended to read:

18 **"2-18-703. Contributions.** (1) Each agency, as defined in 2-18-601, shall contribute the amount
 19 specified in this section towards the group benefits cost.

20 (2) For employees defined in 2-18-701 and for members of the legislature, the employer
 21 contribution for group benefits is ~~\$220~~ \$245 per month for the fiscal year ending June 30, ~~1996~~ 1998,
 22 and ~~\$225~~ \$270 a month for the fiscal year ending June 30, ~~1997~~ 1999, and for each succeeding fiscal
 23 year ~~thereafter~~. When a state employee is terminated to achieve a reduction in force, the continuation of
 24 contributions for group benefits beyond the termination date is subject to negotiation under 39-31-305.
 25 Permanent part-time, seasonal part-time, and temporary part-time employees who are regularly scheduled
 26 to work less than 20 hours a week are not eligible for the group benefit contribution. An employee who
 27 elects not to be covered by a state-sponsored group benefit plan may not receive the state contribution.
 28 A portion of the employer contribution for group benefits may be applied to an employee's costs for
 29 participation in Part B of medicare under Title XVIII of the Social Security Act, as amended, if the state
 30 group benefit plan is the secondary payer and medicare the primary payer.

1 (3) For employees of elementary and high school districts and of local government units, the
2 employer's premium contributions may exceed but may not be less than \$10 a month.

3 (4) Unused employer contributions for any state employee must be transferred to an account
4 established for this purpose by the department of administration and upon transfer may be used to offset
5 losses occurring to the group of which the employee is eligible to be a member.

6 (5) Unused employer contributions for any government employee may be transferred to an account
7 established for this purpose by a self-insured government and upon transfer may be used to offset losses
8 occurring to the group of which the employee is eligible to be a member or to increase the reserves of the
9 group.

10 (6) The laws prohibiting discrimination on the basis of marital status in Title 49 do not prohibit bona
11 fide group insurance plans from providing greater or additional contributions for insurance benefits to
12 employees with dependents than to employees without dependents or with fewer dependents."

13
14 **Section 11.** Section 2-18-1102, MCA, is amended to read:

15 "**2-18-1102. (Temporary) Creation of program.** The department shall develop ~~and administer~~ a
16 statewide employee incentive award program to appropriately recognize and monetarily reward individual
17 state employees and groups or teams of employees for documented ~~achievements and outcomes~~
18 innovations that contribute to the efficiency, economy, or other improvement of state government by
19 reducing the costs or improving the effectiveness of governmental operations. (Terminates July 1,
20 1997--sec. 13, Ch. 23, Sp. L. November 1993.)

21 **2-18-1102. (Effective July 1, 1997) Creation of program.** The department shall develop and
22 administer a statewide employee incentive award program to appropriately recognize and monetarily reward
23 state employees in a timely manner for suggestions or inventions that contribute to the efficiency,
24 economy, or other improvement of state government by reducing the costs of governmental operations."

25
26 **Section 12.** Section 2-18-1103, MCA, is amended to read:

27 "**2-18-1103. (Temporary) Powers and duties of department.** The department shall:

28 (1) adopt rules to implement this part;

29 (2) ~~provide an opportunity for all employees to participate in the program~~ develop model guidelines
30 and promotional materials to assist agencies in implementing this part; and

1 ~~(3) assist agencies in making incentive awards under this part; and~~
 2 ~~(4)(3)~~ prepare and submit, in the manner provided in 5-11-210, a list of ~~incentive~~ awards granted
 3 under 2-18-1106 and the corresponding savings to the state and improvements in the effectiveness of state
 4 government ~~and shall provide a general review of and recommendations for improving the operation of this~~
 5 ~~part.~~ (Terminates July 1, 1997--sec. 13, Ch. 23, Sp. L. November 1993.)

6 **2-18-1103. (Effective July 1, 1997) Powers and duties of the department.** The department shall:

- 7 (1) adopt rules to equitably administer the employee incentive award program;
 8 (2) provide an opportunity for all employees to participate in the program;
 9 (3) assist agencies in making incentive awards under the program;
 10 (4) grant or deny incentive awards in consultation with the incentive awards advisory council and
 11 determine the amount of each incentive award based on first-year monetary savings;
 12 (5) hear appeals from employees on the operation of the program;
 13 (6) prepare and submit, as a part of the information required by 17-7-111, a list of incentive awards
 14 and the corresponding savings to the state resulting from each employee's suggestion or invention and
 15 providing a general review of and recommendations for improving the program; and
 16 (7) send a copy of all suggestions or inventions submitted under this program to the office of the
 17 legislative fiscal analyst."

18
 19 **Section 13.** Section 2-18-1105, MCA, is amended to read:

20 **"2-18-1105. (Temporary) Eligibility for award.** (1) Except as provided in subsection ~~(2)~~ (3), an
 21 employee, a group or team of employees, or a nonemployee is eligible for an incentive award for
 22 innovations that:

23 (a) ~~for efforts that~~ significantly contribute to ~~documented~~ achievements or outcomes eliminating
 24 or reducing an agency's expenditures; or

25 (b) ~~for improving~~ improve the effectiveness of state government or ~~improving~~ improve services to
 26 the public by permitting more work to be accomplished within an agency without increasing the cost of
 27 governmental operations.

28 (2) ~~(a) An~~ To be eligible for an incentive award, an employee, a group or team of employees, or
 29 a nonemployee is not eligible for an individual incentive award unless the employee's or nonemployee's
 30 documented achievement or outcome was accomplished without significant contributions from others. must

1 receive approval from agency management for immediate implementation, for a short-term test of an idea
 2 or innovation, or for the development and testing of a prototype that could make significant improvement
 3 in the way an agency conducts business by addressing fiscal, customer service, efficiency, or safety issues.

4 ~~(b)(3)~~ A director, as defined in 2-15-102, or a legislator is not eligible for the incentive award
 5 provided for under this part.

6 ~~(3)(4)~~ Suggestions relating to an agency are eligible for an award from that agency's agency head
 7 even if the employee or group or team of employees, or one or more members of the group or team, do not
 8 work for that agency. (Terminates July 1, 1997--sec. 13, Ch. 23, Sp. L. November 1993.)

9 **2-18-1105. (Effective July 1, 1997) Eligibility for award.** (1) Except as provided in subsection (2),
 10 an employee may be eligible for an incentive award if ~~his~~ the employee's suggestion or invention results
 11 in:

12 (a) eliminating or reducing an agency's expenditures; or

13 (b) improving services to the public by permitting more work to be accomplished within an agency
 14 without increasing the cost of governmental operations.

15 (2) (a) An employee may not be eligible for an incentive award if ~~his~~ the employee's suggestion
 16 or invention directly relates to ~~his~~ the employee's assigned duties and responsibilities unless the proposal
 17 is so superior or meritorious as to warrant special recognition as determined by the department.

18 (b) Suggestions or inventions relating to the following matters may not be considered for awards:

19 (i) personnel grievances;

20 (ii) classification and pay of positions;

21 (iii) matters recommended for study or review; and

22 (iv) proposals resulting from assigned or contracted audits, studies, surveys, reviews, or research."
 23

24 **Section 14.** Section 2-18-1106, MCA, is amended to read:

25 **"2-18-1106. (Temporary) Agency head to grant award -- amount and source of award.** (1) An
 26 agency head may grant an incentive award to an employee, a group or team of employees, or a
 27 nonemployee who has made a significant contribution to achievements or outcomes in the agency, as
 28 enumerated in 2-18-1105. An employee or a member of a group or team of employees need not be
 29 employed by the agency that benefits from the achievement or outcome and whose agency head grants
 30 the award in order to be granted an award.

1 ~~(2) The incentive award for an achievement or outcome that does not result in cost savings that~~
2 ~~can be specifically determined a year after the achievement or outcome is implemented and the cost savings~~
3 ~~are actually incurred is the agency head's estimated dollar value of the achievement or outcome, up to a~~
4 ~~maximum of \$500 per employee or nonemployee or, in the discretion of the agency head, not more than~~
5 ~~40 hours of paid leave time for an employee. Larger awards may be proposed and submitted to the~~
6 ~~legislature for consideration. If agency management determines that an idea, innovation, or prototype that~~
7 ~~has been implemented will result in cost savings or improvements to agency operations, the agency head,~~
8 ~~at the agency head's discretion, may grant an incentive award of up to \$500, up to 40 hours paid leave~~
9 ~~time, or other nonmonetary recognition.~~

10 ~~(3) The amount of an award for~~ If an achievement or outcome producing produces cost savings
11 that can be measured after the savings are actually incurred realized or that can be accurately projected
12 for a period of 12 months following implementation, a larger award may be granted by the agency head.
13 The amount of the award must be determined by the agency head but may not exceed:

14 (a) 10% of the first \$100,000 of cost savings actually ~~incurred~~ realized or accurately projected
15 ~~during the 12 months following implementation of the suggestion; plus~~

16 (b) 5% of the next \$100,000 of cost savings actually ~~incurred~~ realized or accurately projected
17 ~~during that 12-month period; plus~~

18 (c) 2% of the next \$100,000 of cost savings actually ~~incurred~~ realized or accurately projected
19 ~~during that 12-month period.~~

20 (4) (a) If the award is to be divided between two or more persons, the agency head shall determine
21 the amount each person is to receive.

22 (b) Each person must be paid in one lump sum no later than 90 days after the end of the 12-month
23 period following implementation of the suggestion. However, an agency head may pay an award at any
24 time that savings can be determined. The agency head shall pay the award from the agency's budget. This
25 award is in addition to the recipient's regular compensation or leave time.

26 ~~(5) The number of awards granted by an agency in a state government fiscal year may not exceed~~
27 ~~the number equal to 20% of the average number of full-time equivalent employees in that agency during~~
28 ~~that fiscal year. The office of budget and program planning may grant an agency with less than 50 full-time~~
29 ~~equivalent employees an exemption from this limitation, but the exemption may not allow more awards than~~
30 ~~the number equal to 50% of the average number of full-time equivalent employees in the agency during~~

1 ~~the fiscal year.~~

2 (6)(5) Within 30 days after the end of each fiscal year, each agency shall submit to the department
3 a list of the number of incentive awards granted, to whom each award was granted, the estimated value
4 of each achievement or outcome, and the amount of each award. (Terminates July 1, 1997--sec. 13, Ch.
5 23, Sp. L. November 1993.)

6 **2-18-1106. (Effective July 1, 1997) Agency head to grant award -- amount and source of award.**

7 (1) After an agency implements an employee's suggestion or invention and the monetary savings to the
8 state is estimated, an agency head, upon written application to and approval from the department and the
9 incentive awards advisory council, may grant an incentive award to an employee whose proposal meets
10 the requirements enumerated in 2-18-1105.

11 (2) The incentive award ~~shall~~ must be 10% of the savings resulting from implementing the
12 employee's proposal for 1 year up to a maximum of \$3,000. Larger awards may be proposed and submitted
13 to the legislature for consideration.

14 (3) The agency head shall pay the employee from the agency's budget in a single, lump-sum
15 award. This award is in addition to the recipient's regular compensation."
16

17 **Section 15. Section 5-2-301, MCA, is amended to read:**

18 **"5-2-301. Compensation and expenses for members while in session.** (1) Except as provided in
19 subsection (8), legislators are entitled to a salary commensurate to that of the daily rate of an entry grade
20 B classified state employee in effect when the regular session of the legislature in which they serve is
21 convened under 5-2-103 for those days during which the legislature is in session. The president of the
22 senate and the speaker of the house shall receive an additional \$5 a day in salary for those days during
23 which the legislature is in session.

24 (2) Legislators may serve for no salary.

25 (3) Subject to subsection (4), legislators are entitled to ~~\$50 a day~~ A DAILY ALLOWANCE, 7 days
26 a week, during a legislative session, as reimbursement for expenses incurred in attending a session.
27 Expense payments must stop when the legislature recesses for more than 3 days and resume when the
28 legislature reconvenes.

29 (4) After November 15, ~~1996, and prior to December 15, 1996~~, and prior to December 15 of each
30 even-numbered year ~~thereafter~~, the department of administration shall conduct a survey of the allowance

1 for daily expenses of legislators for the states of North Dakota, South Dakota, Wyoming, and Idaho. The
 2 department shall include the average daily expense allowance for Montana legislators in determining the
 3 average daily rate for legislators. The department shall include only states with specific daily allowances
 4 in the calculation of the average. If the average daily rate is greater than the daily rate for legislators in
 5 Montana, the average is the new daily rate for legislators for those days during which the legislature is in
 6 session. The expense allowance is effective when the next regular session of the legislature in which the
 7 legislators serve is convened under 5-2-103.

8 (5) Legislators are entitled to a mileage allowance as provided in 2-18-503 for each mile of travel
 9 to the place of the holding of the session and to return to their place of residence at the conclusion of the
 10 session.

11 (6) In addition to the mileage allowance provided for in subsection (5), legislators, upon submittal
 12 of an appropriate claim for mileage reimbursement to the legislative services division, are entitled to:

- 13 (a) three additional round trips to their place of residence during each regular session; and
- 14 (b) additional round trips as authorized by the legislature during special session.

15 (7) Legislators are not entitled to any additional mileage allowance under subsection (5) for a
 16 special session if it is convened within 7 days of a regular session.

17 (8) In lieu of the salary provided for in subsection (1) and the expense allowance provided for in
 18 subsection (4), a legislator may receive remuneration for services performed during a legislative session.
 19 A legislator choosing to receive remuneration for services performed shall file a request to receive payment
 20 under this subsection with the legislative services division. A legislator exercising the option to receive
 21 remuneration for services performed may not receive more remuneration than legislators paid pursuant to
 22 subsections (1) and (4). Remuneration for services performed must be reduced ~~\$50~~ by an amount a day
 23 equal to the daily salary rate EXPENSE ALLOWANCE for a legislator established under this section when
 24 the legislature recesses for more than 3 days."

25

26 **SECTION 16. SECTION 13-37-106, MCA, IS AMENDED TO READ:**

27 "**13-37-106. Salary.** (1) The commissioner of political practices is entitled to receive a salary of
 28 ~~\$30,303 in fiscal year 1992 and \$31,551 in fiscal year 1993 and thereafter~~ equal to the market salary of
 29 a grade 17 18 classified employee as provided in 2-18-312.

30 (2) The commissioner is also entitled to longevity, expense reimbursement, leave, insurance, and

1 other benefits provided to classified state employees under Title 2, chapter 18.

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

4
5 **Section 17.** Section 13, Chapter 23, Special Laws of November 1993, is amended to read:
6 "Section 13. **Termination.** ~~[This act]~~ [Section 8] terminates July 1, 1997."

7
8 **NEW SECTION.** **Section 18. Repealer.** Section 2-18-314, MCA, is repealed.

9
10 **NEW SECTION.** **Section 19. Appropriation.** The following money is appropriated for the fiscal
11 years indicated to implement the adjustments provided for in [sections 2 through 14]:

	Fiscal Year 1998		Fiscal Year 1999	
	General	Other	General	Other
	Fund	Funds	Fund	Funds
15 Legislative Branch	71,771	33,124	165,275	56,429
16 Consumer Counsel	0	5,780	0	11,950
17 Judiciary	98,361	13,348	205,426	27,843
18 University System	1,874,008	1,338,057	3,901,345	2,790,164
19 Office of Budget and				
20 Program Planning for				
21 distribution to all				
22 other agencies	2,652,778	5,149,180	5,718,261	10,836,498

23
24 **NEW SECTION.** **Section 20. Codification instruction.** [Section 1] is intended to be codified as an
25 integral part of Title 2, chapter 18, and the provisions of Title 2, chapter 18, apply to [section 1].

26
27 **NEW SECTION.** **SECTION 21. RETROACTIVE APPLICABILITY.** [SECTION 15 16] APPLIES
28 RETROACTIVELY WITHIN THE MEANING OF 1-2-109, TO JANUARY 1, 1997.

29
30 **NEW SECTION.** **Section 22. Effective date. DATES. EXCEPT AS PROVIDED IN SUBSECTION (2).**

1 [This THIS act] is effective July 1, 1997.

2 (2) [SECTIONS ~~15~~ 16 AND ~~20~~ 21] ARE EFFECTIVE ON PASSAGE AND APPROVAL.

3 -END-

1 HOUSE BILL NO. 13

2 INTRODUCED BY WISEMAN

3 BY REQUEST OF THE GOVERNOR

4
 5 A BILL FOR AN ACT ENTITLED: "AN ACT DIRECTING THE DEPARTMENT OF ADMINISTRATION TO
 6 DEVELOP AN ALTERNATIVE COMPENSATION SYSTEM FOR STATE EMPLOYEES TO BE PRESENTED TO
 7 THE 56TH LEGISLATURE; CLARIFYING STATUTES GOVERNING CERTAIN SALARY AND EXPENSE
 8 PAYMENTS FOR ELECTED OFFICIALS; PROVIDING FOR IMPLEMENTATION OF THE LEGISLATIVE BRANCH
 9 PAY PLAN; PROVIDING PAY ADJUSTMENTS FOR STATE EMPLOYEES IN THE STATEWIDE, TEACHERS,
 10 AND BLUE-COLLAR PAY PLANS; INCREASING THE STATE CONTRIBUTION TO THE EMPLOYEE GROUP
 11 BENEFIT PROGRAM; EXTENDING AND REVISING THE STATE EMPLOYEE INCENTIVE AWARDS PROGRAM;
 12 INCREASING THE SALARY OF THE COMMISSIONER OF POLITICAL PRACTICES; CLARIFYING THE
 13 BENEFITS TO WHICH THE COMMISSIONER OF POLITICAL PRACTICES IS ENTITLED; PROHIBITING THE
 14 REDUCTION OF THE SALARY OF THE COMMISSIONER OF POLITICAL PRACTICES DURING THE TERM
 15 TO WHICH THE COMMISSIONER IS APPOINTED; PROVIDING AN APPROPRIATION TO FUND PAY AND
 16 BENEFIT ADJUSTMENTS; AMENDING SECTIONS 2-16-405, 2-18-103, 2-18-301, 2-18-303, 2-18-304,
 17 2-18-312, 2-18-313, 2-18-315, 2-18-703, 2-18-1102, 2-18-1103, 2-18-1105, 2-18-1106, ~~AND~~ 5-2-301,
 18 AND 13-37-106, MCA, AND SECTION 13, CHAPTER 23, SPECIAL LAWS OF NOVEMBER 1993;
 19 REPEALING SECTION 2-18-314, MCA; AND PROVIDING AN EFFECTIVE DATES AND A RETROACTIVE
 20 APPLICABILITY DATE."

21
 22 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

23
 24 NEW SECTION. Section 1. Competency-based personnel systems. The department shall develop
 25 an alternative classification and pay system that is consistent with the market-based approach to pay
 26 administration but that emphasizes individual skills, competencies, and contributions in addition to the
 27 criteria provided in 2-18-202. The compensation system must provide for the means of identifying the
 28 requisite skills and competencies necessary for the state and its separate departments and agencies to
 29 provide service excellence to Montana's citizens. EACH AGENCY, WHEN POSSIBLE, SHALL IMPLEMENT
 30 THE COMPENSATION PLAN IN A MANNER THAT RESULTS IN A FLATTER MANAGEMENT STRUCTURE.

1 Employee recruitment, selection, evaluation, and compensation must be based, at least in part, on the
 2 demonstration of these necessary skills and competencies. THE DEPARTMENT SHALL DEVELOP THE
 3 ALTERNATIVE SYSTEM IN CONSULTATION WITH EMPLOYEE REPRESENTATIVES. The department shall
 4 test the effectiveness of the program through the implementation of pilot projects. Insofar as a pilot project
 5 applies to employees of a collective bargaining unit, its implementation is a negotiable subject under
 6 39-31-305. The department shall present a proposal for an alternative system to the 56th legislature.

7

8 **Section 2.** Section 2-16-405, MCA, is amended to read:

9 **"2-16-405. Salaries of certain elected state officials.** (1) Subject to subsection (2), the salaries paid
 10 to certain elected officials of the state of Montana are:

11 (a) Governor[±];

12 (i) ~~\$55,502;~~

13 (ii) ~~\$67,084 beginning July 1, 1995;~~

14 (iii) ~~\$59,310 beginning January 1, 1996.~~

15 (b) Lieutenant governor[±];

16 (i) ~~\$40,466;~~

17 (ii) ~~\$41,618 beginning July 1, 1995;~~

18 (iii) ~~\$43,242 beginning January 1, 1996.~~

19 (c) Attorney general[±];

20 (i) ~~\$50,841;~~

21 (ii) ~~\$52,290 beginning July 1, 1995;~~

22 (iii) ~~\$54,329 beginning January 1, 1996.~~

23 (d) State auditor[±];

24 (i) ~~\$37,526;~~

25 (ii) ~~\$38,595 beginning July 1, 1995;~~

26 (iii) ~~\$40,101 beginning January 1, 1996.~~

27 (e) Superintendent of public instruction[±];

28 (i) ~~\$44,177;~~

29 (ii) ~~\$45,436 beginning July 1, 1995;~~

30 (iii) ~~\$47,208 beginning January 1, 1996.~~

- 1 (f) Public service commission presiding officer~~;~~
 2 ~~(i) \$41,750;~~
 3 ~~(ii) \$42,940 beginning July 1, 1995;~~
 4 ~~(iii) \$44,615 beginning January 1, 1996.~~
- 5 (g) Public service commissioners, other than presiding officer~~;~~
 6 ~~(i) \$40,466;~~
 7 ~~(ii) \$41,619 beginning July 1, 1995;~~
 8 ~~(iii) \$43,242 beginning January 1, 1996.~~
- 9 (h) Secretary of state~~;~~
 10 ~~(i) \$37,526;~~
 11 ~~(ii) \$38,596 beginning July 1, 1995;~~
 12 ~~(iii) \$40,101 beginning January 1, 1996.~~
- 13 (i) Clerk of the supreme court~~;~~
 14 ~~(i) \$36,537;~~
 15 ~~(ii) \$37,578 beginning July 1, 1995;~~
 16 ~~(iii) \$39,044 beginning January 1, 1996.~~
- 17 (2) ~~Prior to June 30, 1996, and prior to~~ Before June 30 of each even-numbered year thereafter,
 18 the department of administration shall conduct a salary survey of executive branch officials with similar
 19 titles to the Montana officials listed in subsection (1) for the states of North Dakota, South Dakota,
 20 Wyoming, and Idaho. The department shall include the salary for the Montana official in determining the
 21 average salary for the ~~similar position~~ officials with similar titles. If the average salary is greater than the
 22 salary for the ~~similar position official~~ official in Montana, then beginning July 1, ~~1997, the average is the new~~
 23 ~~salary for that position. In~~ in each year following the year in which a survey is conducted, the average
 24 salary is the new salary for the ~~position~~ official."

25

26 **SECTION 3. SECTION 2-18-103, MCA, IS AMENDED TO READ:**

27 "2-18-103. **Officers and employees excepted.** ~~(1)~~ Parts 1 and 2 through 3 and 10 do not apply to
 28 the following ~~positions~~ officers and employees in state government:

- 29 ~~(a)~~ (1) elected officials;
 30 ~~(b)~~ (2) county assessors and their chief deputy;

- 1 ~~(e)~~(3) employees of the office of consumer counsel;
- 2 ~~(d)~~(4) judges and employees of the judicial branch;
- 3 ~~(e)~~(5) members of boards and commissions appointed by the governor, the legislature, or other
4 elected state officials;
- 5 ~~(f)~~(6) officers or members of the militia;
- 6 ~~(g)~~(7) agency heads appointed by the governor;
- 7 ~~(h)~~(8) academic and professional administrative personnel with individual contracts under the
8 authority of the board of regents of higher education;
- 9 ~~(i)~~(9) academic and professional administrative personnel and live-in houseparents who have
10 entered into individual contracts with the state school for the deaf and blind under the authority of the state
11 board of public education;
- 12 ~~(j)~~(10) teachers under the authority of the department of corrections or the department of public
13 health and human services;
- 14 ~~(k)~~(11) investment officer, assistant investment officer, executive director, and three professional
15 staff positions of the board of investments;
- 16 ~~(l)~~(12) four professional staff positions under the board of oil and gas conservation;
- 17 ~~(m)~~(13) assistant director for security of the Montana state lottery;
- 18 ~~(n)~~(14) executive director and senior investment officer of the Montana board of science and
19 technology development;
- 20 ~~(o)~~(15) executive director and employees of the state compensation insurance fund;
- 21 ~~(p)~~(16) state racing stewards employed by the executive secretary of the Montana board of
22 horseracing;
- 23 ~~(q)~~(17) executive director of the Montana wheat and barley committee;
- 24 ~~(r)~~(18) commissioner of banking and financial institutions; ~~and~~
- 25 ~~(s)~~(19) training coordinator for county attorneys; and
- 26 (20) employees of an entity of the legislative branch consolidated, as provided in 5-2-504.
- 27 ~~(2) Employees of an entity of the legislative branch, other than the office of consumer counsel, are~~
28 ~~exempt from the application of 2-18-1011 through 2-18-1013. With respect to entities of the legislative~~
29 ~~branch, other than the office of consumer counsel:~~
- 30 ~~(a) as used in parts 1 through 3 of this chapter, references to the "department of administration"~~

1 or "department" apply to the legislative council established by ~~5-11-101~~, which may delegate administrative
 2 duties to the legislative services division established by ~~5-11-111~~;

3 (b) ~~as used in 2-18-102, the term "governor" applies to the legislature; and~~

4 (c) ~~as used in 2-18-204, the term "budget director" applies to the "approving authority" as defined~~
 5 ~~in 17-7-102."~~

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

8 **"2-18-301. Purpose and intent of part -- rules.** (1) The purpose of this part is to provide the
 9 market-based compensation necessary to attract and retain competent and qualified employees in order to
 10 perform the services that the state is required to provide to its citizens.

11 (2) It is the intent of the legislature that compensation plans for state employees, excluding those
 12 employees excepted under 2-18-103 or 2-18-104 and excluding employees compensated under 2-18-313
 13 ~~through and~~ 2-18-315, be based on an analysis of the labor market as provided by the department in a
 14 salary survey. The salary survey must be submitted to the office of budget and program planning as a part
 15 of the information required by 17-7-111.

16 (3) Except as provided in 2-18-110, pay adjustments and pay schedules provided for in 2-18-303
 17 and in 2-18-312, 2-18-313, through and 2-18-315 supersede any other plan or systems established through
 18 collective bargaining after the adjournment of the ~~54th~~ 55th legislature.

19 (4) Pay levels provided for in 2-18-312, 2-18-313, through and 2-18-315 may not be increased
 20 through collective bargaining after adjournment of the ~~54th~~ 55th legislature.

21 (5) Total funds required to implement the pay schedules provided for in 2-18-312, 2-18-313,
 22 ~~through and~~ 2-18-315 for any employee group or bargaining unit may not be increased through collective
 23 bargaining over the amount appropriated by the ~~54th~~ 55th legislature.

24 (6) The department shall administer the pay program established by the legislature on the basis of
 25 merit, internal equity, and competitiveness to external labor markets when fiscally able.

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

28
 29 **Section 5.** Section 2-18-303, MCA, is amended to read:

30 **"2-18-303. Procedures for using pay schedules.** (1) The pay schedules provided in 2-18-312 must

1 be implemented as follows:

2 (a) The pay schedules provided in 2-18-312 indicate the entry salary and market salary for each
3 grade for positions classified under the provisions of part 2 of this chapter.

4 (b) Each employee newly hired by the state of Montana must be hired at the entry rate, except as
5 provided in subsections (7) and (8).

6 (c) On the first day of the first complete pay period in fiscal year ~~1996~~ 1998, each employee hired
7 ~~before July 1, 1995~~, is entitled to the amount of the employee's base salary as it was on June 30, ~~1995~~
8 1997, ~~plus, on the employee's anniversary date that occurs on or after September 30, 1995, the increases~~
9 ~~provided in subsection (1)(d), if applicable.~~

10 (d) (i) Effective on the first day of the pay period that includes an employee's anniversary date
11 during the fiscal years ending June 30, ~~1996~~ 1998, and June 30, ~~1997~~ 1999, an employee's market ratio
12 must be compared to the target market ratio in the matrix ~~in subsection (1)(d)(ii)~~ that corresponds to the
13 employee's grade level and completed years of uninterrupted state service. For employees hired on or
14 before September 30, 1994, the anniversary date is October 1.

15 (ii) ~~As provided in subsection (1)(d)(i), the following matrix must be used to compare an employee's~~
16 ~~market ratio to the target market ratio that corresponds to the employee's grade level and completed years~~
17 ~~of uninterrupted state service; The matrix for the target market ratios is as follows:~~

TARGET MARKET RATIOS

Grade	Years											
	0	1	2	3	4	5	6	7	8	9	10	
4	0.844	0.874	0.904	0.935	0.967	0.999	1.000	1.000	1.000	1.000	1.000	1.000
5	0.842	0.871	0.900	0.930	0.961	0.992	1.000	1.000	1.000	1.000	1.000	1.000
6	0.840	0.868	0.896	0.925	0.955	0.985	1.000	1.000	1.000	1.000	1.000	1.000
7	0.838	0.865	0.892	0.920	0.949	0.978	1.000	1.000	1.000	1.000	1.000	1.000
8	0.836	0.862	0.889	0.916	0.944	0.972	1.000	1.000	1.000	1.000	1.000	1.000
9	0.834	0.859	0.885	0.911	0.938	0.965	0.993	1.000	1.000	1.000	1.000	1.000
10	0.832	0.857	0.882	0.908	0.934	0.961	0.988	1.000	1.000	1.000	1.000	1.000
11	0.830	0.854	0.878	0.903	0.928	0.954	0.980	1.000	1.000	1.000	1.000	1.000
12	0.828	0.851	0.875	0.899	0.924	0.949	0.975	1.000	1.000	1.000	1.000	1.000
13	0.826	0.849	0.872	0.896	0.920	0.945	0.970	0.996	1.000	1.000	1.000	1.000

1	14	0.824	0.846	0.869	0.892	0.915	0.939	0.963	0.988	1.000	1.000	1.000
2	15	0.822	0.844	0.866	0.888	0.911	0.934	0.958	0.982	1.000	1.000	1.000
3	16	0.820	0.841	0.863	0.885	0.907	0.930	0.953	0.977	1.000	1.000	1.000
4	17	0.818	0.839	0.860	0.882	0.904	0.926	0.949	0.972	0.996	1.000	1.000
5	18	0.816	0.836	0.857	0.878	0.899	0.921	0.943	0.966	0.989	1.000	1.000
6	19	0.814	0.834	0.854	0.875	0.896	0.917	0.939	0.961	0.984	1.000	1.000
7	20	0.812	0.831	0.851	0.871	0.892	0.913	0.935	0.957	0.979	1.000	1.000
8	21	0.810	0.829	0.849	0.869	0.889	0.910	0.931	0.953	0.975	0.997	1.000
9	22	0.808	0.827	0.846	0.866	0.886	0.906	0.927	0.948	0.970	0.992	1.000
10	23	0.806	0.825	0.844	0.863	0.883	0.903	0.923	0.944	0.965	0.987	1.000
11	24	0.804	0.822	0.841	0.860	0.879	0.899	0.919	0.940	0.961	0.982	1.000
12	25	0.802	0.820	0.838	0.857	0.876	0.895	0.915	0.935	0.956	0.977	0.999

13 ~~(iii) If, on (iii)(III) On the first day of the pay period that includes an employee's anniversary date~~
 14 ~~during the fiscal year years ending June 30, 1996 1998, and June 30, 1999, the employee's market ratio~~
 15 ~~is less than the target market ratio that corresponds to the employee's grade level and completed years of~~
 16 ~~uninterrupted state service, the employee's base salary must be increased to the lesser greater of:~~

17 (A) the market salary for the employee's grade multiplied by the target ratio that corresponds to
 18 the employee's grade level and completed years of uninterrupted state service not to exceed 4%; ~~or~~

19 (B) IF UNDER SUBSECTION (1)(D)(III)(A), PROGRESSION FROM ONE TARGET MARKET RATIO TO
 20 THE NEXT EXCEEDS 3%, THEN THE APPROPRIATE TARGET MARKET RATIO THE EMPLOYEE'S BASE
 21 SALARY INCREASED BY THE AMOUNT OF THAT PROGRESSION PLUS 1%; OR

22 ~~(B)(C) the employee's base salary as it was on the last day of the pay period immediately preceding~~
 23 ~~the pay period that includes October 1, 1995 the employee's anniversary date, plus 5% 1%.~~

24 ~~(iv) If, on the first day of the pay period that includes an employee's anniversary date during the~~
 25 ~~fiscal year ending June 30, 1997, the employee's market ratio is less than the target market ratio that~~
 26 ~~corresponds to the employee's grade level and completed years of uninterrupted state service, the~~
 27 ~~employee's base salary must be increased to the lesser of:~~

28 ~~(A) the market salary for the employee's grade multiplied by the target ratio that corresponds to~~
 29 ~~the employee's grade level and completed years of uninterrupted state service; or~~

30 ~~(B) the employee's base salary as it was on the last day of the pay period immediately preceding~~

1 ~~the pay period that includes October 1, 1996, plus 6%.~~

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

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

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

8 ~~(h) An employee's market ratio, as it was on the last day of the pay period immediately preceding
9 the pay period that includes October 1, 1996, may not be reduced as a result of the adjustment of the pay
10 ranges provided in 2-18-312(2).~~

11 (2) The pay schedules provided in 2-18-312 and the provisions of subsection (1) of this section
12 do not apply to those teachers, ~~liquor store occupations,~~ or blue-collar occupations compensated under the
13 pay schedules provided in 2-18-313 ~~through and~~ and 2-18-315.

14 (3) The pay schedules provided in 2-18-313 ~~through and~~ and 2-18-315 must be implemented as
15 follows:

16 (a) (i) The pay schedules provided for in 2-18-313 indicate the annual compensation for teachers
17 employed under the authority of the department of corrections or the department of public health and
18 human services for fiscal years ~~1996 and 1997~~ 1998 and 1999.

19 (ii) The compensation of each teacher on July 1, ~~1995~~ 1997, is the same as it was on June 30,
20 ~~1995~~ 1997.

21 (iii) On the first day of the first pay period that includes October 1 of each fiscal year, a teacher
22 employed under the authority of the department of public health and human services or the department of
23 corrections ~~prior to before~~ October 1, 1994, shall advance one step on the appropriate pay schedule
24 adopted in 2-18-313. A teacher hired after October 1, 1994, shall advance on the teacher's actual
25 anniversary date.

26 ~~(iv) On the first day of the first full pay period during the month that includes the teacher's
27 anniversary date, a teacher employed under the authority of the department of corrections shall advance
28 one step on the appropriate pay schedule adopted in 2-18-313.~~

29 ~~(v) On the first day of the first pay period that includes October 1 of each fiscal year, a teacher
30 employed by the Montana school for the deaf and blind shall advance one step on the teacher pay matrix~~

1 ~~used by the school.~~

2 ~~(b) (i) The pay schedules provided in 2-18-314 indicate the maximum hourly compensation for~~
 3 ~~fiscal years ending June 30, 1996, and June 30, 1997, for those employees in liquor store occupations~~
 4 ~~who have collectively bargained separate classification and pay plans.~~

5 ~~(ii) The compensation of each employee on the first day of the first pay period in fiscal year 1996~~
 6 ~~or 1997 is that amount corresponding to the grade occupied on the last day of the preceding fiscal year.~~

7 ~~(c)(b)~~ (i) The pay schedules provided in 2-18-315 indicate the maximum hourly compensation for
 8 fiscal years ending June 30, ~~1996~~ 1998, and June 30, ~~1997~~ 1999, for employees in apprentice trades and
 9 crafts and other blue-collar occupations recognized in the state blue-collar classification plan who are
 10 members of units that have collectively bargained separate classification and pay plans.

11 (ii) The compensation of each employee on the first day of the first pay period in each fiscal year
 12 ~~1996 or 1997~~ is that amount corresponding to the grade occupied on the last day of the preceding fiscal
 13 year.

14 (4) (a) (i) A member of a bargaining unit may not receive a pay increase until the employer's
 15 collective bargaining representative receives written notice that the employee's bargaining unit has ratified
 16 a completely integrated collective bargaining agreement covering the biennium ending June 30, ~~1997~~ 1999.

17 (ii) If ratification of a completely integrated collective bargaining agreement, as required by
 18 subsection (4)(a)(i), is not completed by July 1, ~~1995~~ 1997, retroactivity to that date may be negotiated.

19 (iii) If ratification of a completely integrated collective bargaining agreement, as required by
 20 subsection (4)(a)(i), is not completed by July 1, ~~1995~~ 1997, members of the bargaining unit must continue
 21 to receive the compensation that they were receiving as of June 30, ~~1995~~ 1997, until an agreement is
 22 ratified.

23 (b) Methods of administration not inconsistent with the purpose of this part and necessary to
 24 properly implement the pay schedules and adjustments provided in 2-18-312, ~~through 2-18-313,~~ 2-18-315,
 25 and this section may be provided for in collective bargaining agreements.

26 (5) The current wage or salary of an employee may not be reduced by the implementation of the
 27 pay schedules provided for in 2-18-312, 2-18-313, ~~through~~ and 2-18-315.

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

1 (7) The department may develop programs that enable the department to mitigate problems
 2 associated with difficult recruitment, retention, transfer, or other exceptional circumstances. Insofar as the
 3 program may apply to employees within a collective bargaining unit, it is a negotiable subject under
 4 39-31-305.

5 (8) The department shall review the competitiveness of the compensation provided to all
 6 occupations under this part. If the department finds that substantial problems exist with recruitment and
 7 retention because of inadequate salaries when compared to competing employers, the department may
 8 establish criteria allowing an adjustment in pay or classification to mitigate the problems. Insofar as these
 9 adjustments may apply to employees within a collective bargaining unit, the implementation of these
 10 adjustments is a negotiable subject under 39-31-305."

11

12 **Section 6.** Section 2-18-304, MCA, is amended to read:

13 **"2-18-304. Longevity allowance.** (1) (a) ~~(i) Effective July 1, 1995, through the last day of the pay~~
 14 ~~period immediately preceding the pay period that includes October 1, 1995, in addition to the compensation~~
 15 ~~provided for in 2-18-303, 2-18-312, 2-18-313, 2-18-314, or 2-18-315, each employee who has completed~~
 16 ~~5 years of uninterrupted state service must receive 9/10 of 1% of the employee's base salary multiplied~~
 17 ~~by the number of completed, contiguous 5-year periods of uninterrupted state service.~~

18 ~~(ii) Effective on the first day of the pay period that includes October 1, 1995, in~~ In addition to the
 19 compensation provided for in 2-18-303, 2-18-312, 2-18-313, ~~2-18-314,~~ or 2-18-315, each employee who
 20 has completed 5 years of uninterrupted state service must receive 1.5% of the employee's base salary
 21 multiplied by the number of completed, contiguous 5-year periods of uninterrupted state service.

22 (b) Service to the state is not interrupted by authorized leaves of absence.

23 (2) (a) For the purpose of determining years of service under this section, an employee must be
 24 credited with 1 year of service for each period of:

25 (i) 2,080 hours of service following the employee's date of employment; an employee must be
 26 credited with 80 hours of service for each biweekly pay period in which the employee is in a pay status or
 27 on an authorized leave of absence without pay, regardless of the number of hours of service in the pay
 28 period; or

29 (ii) 12 uninterrupted calendar months following the employee's date of employment in which the
 30 employee was in a pay status or on an authorized leave of absence without pay, regardless of the number

1 of hours of service in any month. An employee of a school at a state institution or the university system
 2 must be credited with 1 year of service if the employee is employed for an entire academic year.

3 (b) State agencies, other than the university system and a school at a state institution, shall use
 4 the method provided in subsection (2)(a)(i) to calculate years of service under this section."
 5

6 **Section 7.** Section 2-18-312, MCA, is amended to read:

7 **"2-18-312. Statewide pay schedules for fiscal years ~~1996~~ 1998 and ~~1997~~ 1999.** (1) The
 8 statewide classification pay schedule for the period ~~from July 1, 1995, until~~ beginning on the first day of
 9 the first full pay period ~~that includes October 1, 1996 in fiscal year 1998,~~ is as follows:

10 Annual Hours -- 2080

Note: Does Not Include Insurance

11 Pay Matrix -- State

Matrix Type -- Annual

12 Pay Range: Entry Salary to Market Salary

13 GRADE	ENTRY SALARY	MARKET SALARY
14 1	8,679	10,210
15 2	9,349	11,026
16 3	10,070	11,903
17 4	10,852	12,858
18 5	11,727	13,927
19 6	12,672	15,086
20 7	13,688	16,334
21 8	14,836	17,747
22 9	16,064	19,262
23 10	17,424	20,942
24 11	18,904	22,776
25 12	20,545	24,812
26 13	22,325	27,027
27 14	24,295	29,485
28 15	26,465	32,196
29 16	28,885	35,226
30 17	31,585	38,613

1	18	34,562	42,355
2	19	37,897	46,557
3	20	41,618	51,264
4	21	45,754	56,487
5	22	50,373	62,343
6	23	55,584	68,963
7	24	61,434	76,410
8	25	67,907	84,673
9	<u>1</u>	<u>8,986</u>	<u>10,571</u>
10	<u>2</u>	<u>9,679</u>	<u>11,413</u>
11	<u>3</u>	<u>10,424</u>	<u>12,323</u>
12	<u>4</u>	<u>11,234</u>	<u>13,312</u>
13	<u>5</u>	<u>12,140</u>	<u>14,419</u>
14	<u>6</u>	<u>13,118</u>	<u>15,618</u>
15	<u>7</u>	<u>14,171</u>	<u>16,910</u>
16	<u>8</u>	<u>15,360</u>	<u>18,372</u>
17	<u>9</u>	<u>16,630</u>	<u>19,941</u>
18	<u>10</u>	<u>18,039</u>	<u>21,680</u>
19	<u>11</u>	<u>19,570</u>	<u>23,578</u>
20	<u>12</u>	<u>21,269</u>	<u>25,687</u>
21	<u>13</u>	<u>23,112</u>	<u>27,980</u>
22	<u>14</u>	<u>25,151</u>	<u>30,523</u>
23	<u>15</u>	<u>27,399</u>	<u>33,331</u>
24	<u>16</u>	<u>29,903</u>	<u>36,469</u>
25	<u>17</u>	<u>32,698</u>	<u>39,974</u>
26	<u>18</u>	<u>35,779</u>	<u>43,848</u>
27	<u>19</u>	<u>39,233</u>	<u>48,198</u>
28	<u>20</u>	<u>43,086</u>	<u>53,060</u>
29	<u>21</u>	<u>47,367</u>	<u>58,478</u>
30	<u>22</u>	<u>52,149</u>	<u>64,541</u>

1	<u>23</u>	<u>57,543</u>	<u>71,393</u>
2	<u>24</u>	<u>63,601</u>	<u>79,104</u>
3	<u>25</u>	<u>70,302</u>	<u>87,657</u>

4 (2) Effective on the first day of the first full pay period that includes October 1, 1996 in fiscal year
 5 1999, the statewide classification pay schedule is as follows:

6 Annual Hours -- 2080 Note: Does Not Include Insurance

7 Pay Matrix -- State Matrix Type -- Annual

8 Pay Range: Entry Salary to Market Salary

9	GRADE	ENTRY SALARY	MARKET SALARY
10	1	8,897	10,466
11	2	9,583	11,300
12	3	10,321	12,201
13	4	11,123	13,180
14	5	12,020	14,276
15	6	12,988	15,463
16	7	14,031	16,743
17	8	15,208	18,190
18	9	16,465	19,744
19	10	17,860	21,466
20	11	19,376	23,345
21	12	21,058	25,433
22	13	22,883	27,703
23	14	24,902	30,221
24	15	27,128	33,001
25	16	29,607	36,108
26	17	32,374	39,578
27	18	35,425	43,414
28	19	38,845	47,721
29	20	42,659	52,535
30	21	46,898	57,899

1	22	51,633	63,902
2	23	56,973	70,686
3	24	62,971	78,321
4	25	69,606	86,789
5	<u>1</u>	<u>9,076</u>	<u>10,677</u>
6	<u>2</u>	<u>9,776</u>	<u>11,527</u>
7	<u>3</u>	<u>10,528</u>	<u>12,446</u>
8	<u>4</u>	<u>11,346</u>	<u>13,445</u>
9	<u>5</u>	<u>12,261</u>	<u>14,563</u>
10	<u>6</u>	<u>13,249</u>	<u>15,774</u>
11	<u>7</u>	<u>14,313</u>	<u>17,079</u>
12	<u>8</u>	<u>15,514</u>	<u>18,556</u>
13	<u>9</u>	<u>16,796</u>	<u>20,140</u>
14	<u>10</u>	<u>18,219</u>	<u>21,897</u>
15	<u>11</u>	<u>19,766</u>	<u>23,814</u>
16	<u>12</u>	<u>21,482</u>	<u>25,944</u>
17	<u>13</u>	<u>23,343</u>	<u>28,260</u>
18	<u>14</u>	<u>25,403</u>	<u>30,828</u>
19	<u>15</u>	<u>27,673</u>	<u>33,664</u>
20	<u>16</u>	<u>30,202</u>	<u>36,834</u>
21	<u>17</u>	<u>33,025</u>	<u>40,374</u>
22	<u>18</u>	<u>36,137</u>	<u>44,286</u>
23	<u>19</u>	<u>39,625</u>	<u>48,680</u>
24	<u>20</u>	<u>43,517</u>	<u>53,591</u>
25	<u>21</u>	<u>47,841</u>	<u>59,063</u>
26	<u>22</u>	<u>52,670</u>	<u>65,186</u>
27	<u>23</u>	<u>58,118</u>	<u>72,107</u>
28	<u>24</u>	<u>64,237</u>	<u>79,895</u>
29	<u>25</u>	<u>71,005</u>	<u>88,534"</u>
30			

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

2 "2-18-313. Teachers' pay schedules. (1) The pay schedule for teachers for the period that includes
3 October 1, ~~1996~~ 1997, until the first day of the pay period that includes October 1, ~~1996~~ 1998, is as
4 follows:

5 Annual Hours -- 2080 Note: Does Not Include Insurance

6 Term -- Twelve Months Matrix Type -- Annual

		Education Level					
STEP	BA	BA + 1	BA + 2	BA + 3	MA	MA + 1	
1	23,150	23,763	24,393	25,040	25,703	26,384	
2	23,752	24,381	25,027	25,681	26,371	27,070	
3	24,369	25,015	25,678	26,359	27,057	27,774	
4	25,003	25,666	26,346	27,044	27,761	28,496	
5	25,653	26,333	27,031	27,747	28,482	29,237	
6	26,320	27,018	27,734	28,469	29,223	29,997	
7	27,004	27,720	28,455	29,209	29,983	30,777	
8	27,707	28,441	29,194	29,968	30,762	31,677	
9	28,427	29,180	29,954	30,747	31,562	32,398	
10	29,166	29,939	30,732	31,547	32,383	33,241	
11	29,924	30,717	31,531	32,367	33,225	34,105	
12	30,702	31,516	32,351	33,208	34,088	34,992	
<u>1</u>	<u>23,642</u>	<u>24,351</u>	<u>25,082</u>	<u>25,834</u>	<u>26,609</u>	<u>27,407</u>	
<u>2</u>	<u>24,351</u>	<u>25,082</u>	<u>25,834</u>	<u>26,609</u>	<u>27,407</u>	<u>28,230</u>	
<u>3</u>	<u>25,082</u>	<u>25,834</u>	<u>26,609</u>	<u>27,407</u>	<u>28,230</u>	<u>29,077</u>	
<u>4</u>	<u>25,834</u>	<u>26,609</u>	<u>27,407</u>	<u>28,230</u>	<u>29,077</u>	<u>29,949</u>	
<u>5</u>	<u>26,609</u>	<u>27,407</u>	<u>28,230</u>	<u>29,077</u>	<u>29,949</u>	<u>30,847</u>	
<u>6</u>	<u>27,407</u>	<u>28,230</u>	<u>29,077</u>	<u>29,949</u>	<u>30,847</u>	<u>31,773</u>	
<u>7</u>	<u>28,230</u>	<u>29,077</u>	<u>29,949</u>	<u>30,847</u>	<u>31,773</u>	<u>32,726</u>	
<u>8</u>	<u>29,077</u>	<u>29,949</u>	<u>30,847</u>	<u>31,773</u>	<u>32,726</u>	<u>33,708</u>	
<u>9</u>	<u>29,949</u>	<u>30,847</u>	<u>31,773</u>	<u>32,726</u>	<u>33,708</u>	<u>34,719</u>	
<u>10</u>	<u>30,847</u>	<u>31,773</u>	<u>32,726</u>	<u>33,708</u>	<u>34,719</u>	<u>35,761</u>	

1 11 31,773 32,726 33,708 34,719 35,761 36,833

2 12 32,726 33,708 34,719 35,761 36,833 37,938

3 (2) Effective on the first day of the pay period that includes October 1, ~~1996~~ 1998, the pay
 4 schedule for teachers is as follows:

5 Annual Hours -- 2080 Note: Does Not Include Insurance
 6 Term -- Twelve Months Matrix Type -- Annual

	Education Level						
STEP	BA	BA + 1	BA + 2	BA + 3	MA	MA + 1	
8	1	23,642	24,351	25,082	25,834	26,609	27,407
9	2	24,351	25,082	25,834	26,609	27,407	28,230
10	3	25,082	25,834	26,609	27,407	28,230	29,077
11	4	25,834	26,609	27,407	28,230	29,077	29,949
12	5	26,609	27,407	28,230	29,077	29,949	30,847
13	6	27,407	28,230	29,077	29,949	30,847	31,773
14	7	28,230	29,077	29,949	30,847	31,773	32,726
15	8	29,077	29,949	30,847	31,773	32,726	33,708
16	9	29,949	30,847	31,773	32,726	33,708	34,719
17	10	30,847	31,773	32,726	33,708	34,719	35,761
18	11	31,773	32,726	33,708	34,719	35,761	36,833
19	12	32,726	33,708	34,719	35,761	36,833	37,938
20	<u>13</u>	<u>33,708</u>	<u>34,719</u>	<u>35,761</u>	<u>36,833</u>	<u>37,938</u>	<u>39,077"</u>

22

23 **Section 9.** Section 2-18-315, MCA, is amended to read:

24 **"2-18-315. Blue-collar pay schedules.** (1) The pay schedule for blue-collar workers for the period
 25 from July 1, ~~1996~~ 1997, ~~through September 29, 1995~~ until the first day of the pay period that includes
 26 October 1997, is as follows:

27 Annual Hours -- 2080 Note: Does Not Include Insurance

28 Pay Matrix -- Blue-Collar Matrix Type -- Hourly

Grade	\$/Hour
30 <u>B1</u>	<u>9.266</u>

1	B2	9.666
2	B3	10.066
3	B4	10.466
4	B5	10.866
5	B6	11.266
6	B7	11.666
7	B8	12.066
8	B9	12.466
9	B10	12.866
10	B11	13.266
11	B12	13.666
12	B00	14.066
13	<u>B1</u>	<u>9.995</u>
14	<u>B2</u>	<u>10.395</u>
15	<u>B3</u>	<u>10.795</u>
16	<u>B4</u>	<u>11.195</u>
17	<u>B5</u>	<u>11.595</u>
18	<u>B6</u>	<u>11.995</u>
19	<u>B7</u>	<u>12.395</u>
20	<u>B8</u>	<u>12.795</u>
21	<u>B9</u>	<u>13.195</u>
22	<u>B10</u>	<u>13.595</u>
23	<u>B11</u>	<u>13.995</u>
24	<u>B12</u>	<u>14.395</u>
25	<u>B00</u>	<u>14.795</u>

26 (2) Effective ~~September 30, 1996~~, on the first day of the pay period that includes October 1, 1997,
 27 until the first day of the pay period that includes October ~~1996~~ 1998, the pay schedule for blue-collar
 28 workers is as follows:

29 Annual Hours -- 2080

Note: Does Not Include Insurance

30 Pay Matrix -- Blue-Collar

Matrix Type -- Hourly

1	Grade		\$/Hour
2	B1	9.561	9.561
3	B2	9.961	9.961
4	B3	10.361	10.361
5	B4	10.761	10.761
6	B5	11.161	11.161
7	B6	11.561	11.561
8	B7	11.961	11.961
9	B8	12.361	12.361
10	B9	12.761	12.761
11	B10	13.161	13.161
12	B11	13.561	13.561
13	B12	13.961	13.961
14	B00	14.361	14.361
15	<u>B1</u>	<u>9.995</u>	<u>10.245</u>
16	<u>B2</u>	<u>10.395</u>	<u>10.645</u>
17	<u>B3</u>	<u>10.795</u>	<u>11.045</u>
18	<u>B4</u>	<u>11.195</u>	<u>11.445</u>
19	<u>B5</u>	<u>11.595</u>	<u>11.845</u>
20	<u>B6</u>	<u>11.995</u>	<u>12.245</u>
21	<u>B7</u>	<u>12.395</u>	<u>12.645</u>
22	<u>B8</u>	<u>12.795</u>	<u>13.045</u>
23	<u>B9</u>	<u>13.195</u>	<u>13.445</u>
24	<u>B10</u>	<u>13.595</u>	<u>13.845</u>
25	<u>B11</u>	<u>13.995</u>	<u>14.245</u>
26	<u>B12</u>	<u>14.395</u>	<u>14.645</u>
27	<u>B00</u>	<u>14.795</u>	<u>15.045</u>

28 (3) Effective on the first day of the pay period that includes October 1, ~~1996~~ 1998, the pay
 29 schedule for blue-collar workers is as follows:

30 Annual Hours -- 2080

Note: Does Not Include Insurance

1 Pay Matrix -- Blue-Collar	Matrix Type -- Hourly
2 Grade	\$/Hour
3 B1	9.995 <u>10.515</u>
4 B2	10.395 <u>10.915</u>
5 B3	10.795 <u>11.315</u>
6 B4	11.195 <u>11.715</u>
7 B5	11.595 <u>12.115</u>
8 B6	11.995 <u>12.515</u>
9 B7	12.395 <u>12.915</u>
10 B8	12.795 <u>13.315</u>
11 B9	13.195 <u>13.715</u>
12 B10	13.595 <u>14.115</u>
13 B11	13.995 <u>14.515</u>
14 B12	14.395 <u>14.915</u>
15 B00	14.795 <u>15.315</u> "

16

17 **Section 10.** Section 2-18-703, MCA, is amended to read:

18 **"2-18-703. Contributions.** (1) Each agency, as defined in 2-18-601, shall contribute the amount
 19 specified in this section towards the group benefits cost.

20 (2) For employees defined in 2-18-701 and for members of the legislature, the employer
 21 contribution for group benefits is ~~\$220~~ \$245 per month for the fiscal year ending June 30, ~~1996~~ 1998,
 22 and ~~\$225~~ \$270 a month for the fiscal year ending June 30, ~~1997~~ 1999, and for each succeeding fiscal
 23 year ~~thereafter~~. When a state employee is terminated to achieve a reduction in force, the continuation of
 24 contributions for group benefits beyond the termination date is subject to negotiation under 39-31-305.
 25 Permanent part-time, seasonal part-time, and temporary part-time employees who are regularly scheduled
 26 to work less than 20 hours a week are not eligible for the group benefit contribution. An employee who
 27 elects not to be covered by a state-sponsored group benefit plan may not receive the state contribution.
 28 A portion of the employer contribution for group benefits may be applied to an employee's costs for
 29 participation in Part B of medicare under Title XVIII of the Social Security Act, as amended, if the state
 30 group benefit plan is the secondary payer and medicare the primary payer.

1 (3) For employees of elementary and high school districts and of local government units, the
2 employer's premium contributions may exceed but may not be less than \$10 a month.

3 (4) Unused employer contributions for any state employee must be transferred to an account
4 established for this purpose by the department of administration and upon transfer may be used to offset
5 losses occurring to the group of which the employee is eligible to be a member.

6 (5) Unused employer contributions for any government employee may be transferred to an account
7 established for this purpose by a self-insured government and upon transfer may be used to offset losses
8 occurring to the group of which the employee is eligible to be a member or to increase the reserves of the
9 group.

10 (6) The laws prohibiting discrimination on the basis of marital status in Title 49 do not prohibit bona
11 fide group insurance plans from providing greater or additional contributions for insurance benefits to
12 employees with dependents than to employees without dependents or with fewer dependents."

13

14 **Section 11.** Section 2-18-1102, MCA, is amended to read:

15 **"2-18-1102. (Temporary) Creation of program.** The department shall develop and administer a
16 statewide employee incentive award program to appropriately recognize and monetarily reward individual
17 state employees and groups or teams of employees for documented ~~achievements and outcomes~~
18 innovations that contribute to the efficiency, economy, or other improvement of state government by
19 reducing the costs or improving the effectiveness of governmental operations. (Terminates July 1,
20 1997--sec. 13, Ch. 23, Sp. L. November 1993.)

21 **2-18-1102. (Effective July 1, 1997) Creation of program.** The department shall develop and
22 administer a statewide employee incentive award program to appropriately recognize and monetarily reward
23 state employees in a timely manner for suggestions or inventions that contribute to the efficiency,
24 economy, or other improvement of state government by reducing the costs of governmental operations."

25

26 **Section 12.** Section 2-18-1103, MCA, is amended to read:

27 **"2-18-1103. (Temporary) Powers and duties of department.** The department shall:

28 (1) adopt rules to implement this part;

29 (2) ~~provide an opportunity for all employees to participate in the program~~ develop model guidelines
30 and promotional materials to assist agencies in implementing this part; and

1 ~~(3) assist agencies in making incentive awards under this part; and~~
 2 ~~(4)(3) prepare and submit, in the manner provided in 5-11-210, a list of incentive awards granted~~
 3 ~~under 2-18-1106 and the corresponding savings to the state and improvements in the effectiveness of state~~
 4 ~~government and shall provide a general review of and recommendations for improving the operation of this~~
 5 ~~part. (Terminates July 1, 1997--sec. 13, Ch. 23, Sp. L. November 1993.)~~

6 **2-18-1103. (Effective July 1, 1997) Powers and duties of the department.** The department shall:
 7 (1) adopt rules to equitably administer the employee incentive award program;
 8 (2) provide an opportunity for all employees to participate in the program;
 9 (3) assist agencies in making incentive awards under the program;
 10 (4) grant or deny incentive awards in consultation with the incentive awards advisory council and
 11 determine the amount of each incentive award based on first-year monetary savings;
 12 (5) hear appeals from employees on the operation of the program;
 13 (6) prepare and submit, as a part of the information required by 17-7-111, a list of incentive awards
 14 and the corresponding savings to the state resulting from each employee's suggestion or invention and
 15 providing a general review of and recommendations for improving the program; and
 16 (7) send a copy of all suggestions or inventions submitted under this program to the office of the
 17 legislative fiscal analyst."

18
 19 **Section 13.** Section 2-18-1105, MCA, is amended to read:

20 **"2-18-1105. (Temporary) Eligibility for award.** (1) Except as provided in subsection ~~(2)~~ (3), an
 21 employee, a group or team of employees, or a nonemployee is eligible for an incentive award for
 22 innovations that:

23 (a) ~~for efforts that~~ significantly contribute to ~~documented~~ achievements or outcomes eliminating
 24 or reducing an agency's expenditures; or

25 (b) ~~for improving~~ improve the effectiveness of state government or ~~improving~~ improve services to
 26 the public by permitting more work to be accomplished within an agency without increasing the cost of
 27 governmental operations.

28 (2) ~~(a) An~~ To be eligible for an incentive award, an employee, a group or team of employees, or
 29 a nonemployee is not eligible for an individual incentive award unless the employee's or nonemployee's
 30 ~~documented achievement or outcome was accomplished without significant contributions from others. must~~

1 receive approval from agency management for immediate implementation, for a short-term test of an idea
 2 or innovation, or for the development and testing of a prototype that could make significant improvement
 3 in the way an agency conducts business by addressing fiscal, customer service, efficiency, or safety issues.

4 ~~(b)(3)~~ A director, as defined in 2-15-102, or a legislator is not eligible for the incentive award
 5 provided for under this part.

6 ~~(3)(4)~~ Suggestions relating to an agency are eligible for an award from that agency's agency head
 7 even if the employee or group or team of employees, or one or more members of the group or team, do not
 8 work for that agency. (Terminates July 1, 1997--sec. 13, Ch. 23, Sp. L. November 1993.)

9 **2-18-1105. (Effective July 1, 1997) Eligibility for award.** (1) Except as provided in subsection (2),
 10 an employee may be eligible for an incentive award if ~~his~~ the employee's suggestion or invention results
 11 in:

12 (a) eliminating or reducing an agency's expenditures; or

13 (b) improving services to the public by permitting more work to be accomplished within an agency
 14 without increasing the cost of governmental operations.

15 (2) (a) An employee may not be eligible for an incentive award if ~~his~~ the employee's suggestion
 16 or invention directly relates to ~~his~~ the employee's assigned duties and responsibilities unless the proposal
 17 is so superior or meritorious as to warrant special recognition as determined by the department.

18 (b) Suggestions or inventions relating to the following matters may not be considered for awards:

19 (i) personnel grievances;

20 (ii) classification and pay of positions;

21 (iii) matters recommended for study or review; and

22 (iv) proposals resulting from assigned or contracted audits, studies, surveys, reviews, or research."
 23

24 **Section 14.** Section 2-18-1106, MCA, is amended to read:

25 **"2-18-1106. (Temporary) Agency head to grant award -- amount and source of award.** (1) An
 26 agency head may grant an incentive award to an employee, a group or team of employees, or a
 27 nonemployee who has made a significant contribution to achievements or outcomes in the agency, as
 28 enumerated in 2-18-1105. An employee or a member of a group or team of employees need not be
 29 employed by the agency that benefits from the achievement or outcome and whose agency head grants
 30 the award in order to be granted an award.

1 ~~(2) The incentive award for an achievement or outcome that does not result in cost savings that~~
2 ~~can be specifically determined a year after the achievement or outcome is implemented and the cost savings~~
3 ~~are actually incurred is the agency head's estimated dollar value of the achievement or outcome, up to a~~
4 ~~maximum of \$500 per employee or nonemployee or, in the discretion of the agency head, not more than~~
5 ~~40 hours of paid leave time for an employee. Larger awards may be proposed and submitted to the~~
6 ~~legislature for consideration. If agency management determines that an idea, innovation, or prototype that~~
7 ~~has been implemented will result in cost savings or improvements to agency operations, the agency head,~~
8 ~~at the agency head's discretion, may grant an incentive award of up to \$500, up to 40 hours paid leave~~
9 ~~time, or other nonmonetary recognition.~~

10 ~~(3) The amount of an award for~~ If an achievement or outcome producing produces cost savings
11 that can be measured after the savings are actually incurred realized or that can be accurately projected
12 for a period of 12 months following implementation, a larger award may be granted by the agency head.
13 The amount of the award must be determined by the agency head but may not exceed:

14 (a) 10% of the first \$100,000 of cost savings actually ~~incurred~~ realized or accurately projected
15 ~~during the 12 months following implementation of the suggestion; plus~~

16 (b) 5% of the next \$100,000 of cost savings actually ~~incurred~~ realized or accurately projected
17 ~~during that 12-month period; plus~~

18 (c) 2% of the next \$100,000 of cost savings actually ~~incurred~~ realized or accurately projected
19 ~~during that 12-month period.~~

20 (4) (a) If the award is to be divided between two or more persons, the agency head shall determine
21 the amount each person is to receive.

22 (b) Each person must be paid in one lump sum no later than 90 days after the end of the 12-month
23 period following implementation of the suggestion. However, an agency head may pay an award at any
24 time that savings can be determined. The agency head shall pay the award from the agency's budget. This
25 award is in addition to the recipient's regular compensation or leave time.

26 ~~(5) The number of awards granted by an agency in a state government fiscal year may not exceed~~
27 ~~the number equal to 20% of the average number of full-time equivalent employees in that agency during~~
28 ~~that fiscal year. The office of budget and program planning may grant an agency with less than 50 full-time~~
29 ~~equivalent employees an exemption from this limitation, but the exemption may not allow more awards than~~
30 ~~the number equal to 50% of the average number of full-time equivalent employees in the agency during~~

1 ~~the fiscal year.~~

2 ~~(6)~~(5) Within 30 days after the end of each fiscal year, each agency shall submit to the department
3 a list of the number of incentive awards granted, to whom each award was granted, the estimated value
4 of each achievement or outcome, and the amount of each award. (Terminates July 1, 1997--sec. 13, Ch.
5 23, Sp. L. November 1993.)

6 **2-18-1106. (Effective July 1, 1997) Agency head to grant award -- amount and source of award.**

7 (1) After an agency implements an employee's suggestion or invention and the monetary savings to the
8 state is estimated, an agency head, upon written application to and approval from the department and the
9 incentive awards advisory council, may grant an incentive award to an employee whose proposal meets
10 the requirements enumerated in 2-18-1105.

11 (2) The incentive award ~~shall~~ must be 10% of the savings resulting from implementing the
12 employee's proposal for 1 year up to a maximum of \$3,000. Larger awards may be proposed and submitted
13 to the legislature for consideration.

14 (3) The agency head shall pay the employee from the agency's budget in a single, lump-sum
15 award. This award is in addition to the recipient's regular compensation."
16

17 **Section 15. Section 5-2-301, MCA, is amended to read:**

18 **"5-2-301. Compensation and expenses for members while in session.** (1) Except as provided in
19 subsection (8), legislators are entitled to a salary commensurate to that of the daily rate of an entry grade
20 8 classified state employee in effect when the regular session of the legislature in which they serve is
21 convened under 5-2-103 for those days during which the legislature is in session. The president of the
22 senate and the speaker of the house shall receive an additional \$5 a day in salary for those days during
23 which the legislature is in session.

24 (2) Legislators may serve for no salary.

25 (3) Subject to subsection (4), legislators are entitled to ~~\$50 a day~~ A DAILY ALLOWANCE, 7 days
26 a week, during a legislative session, as reimbursement for expenses incurred in attending a session.
27 Expense payments must stop when the legislature recesses for more than 3 days and resume when the
28 legislature reconvenes.

29 (4) After November 15, ~~1996~~, and prior to December 15, ~~1996~~, and prior to December 15 of each
30 even-numbered year ~~thereafter~~, the department of administration shall conduct a survey of the allowance

1 for daily expenses of legislators for the states of North Dakota, South Dakota, Wyoming, and Idaho. The
 2 department shall include the average daily expense allowance for Montana legislators in determining the
 3 average daily rate for legislators. The department shall include only states with specific daily allowances
 4 in the calculation of the average. If the average daily rate is greater than the daily rate for legislators in
 5 Montana, the average is the new daily rate for legislators for those days during which the legislature is in
 6 session. The expense allowance is effective when the next regular session of the legislature in which the
 7 legislators serve is convened under 5-2-103.

8 (5) Legislators are entitled to a mileage allowance as provided in 2-18-503 for each mile of travel
 9 to the place of the holding of the session and to return to their place of residence at the conclusion of the
 10 session.

11 (6) In addition to the mileage allowance provided for in subsection (5), legislators, upon submittal
 12 of an appropriate claim for mileage reimbursement to the legislative services division, are entitled to:

13 (a) three additional round trips to their place of residence during each regular session; and

14 (b) additional round trips as authorized by the legislature during special session.

15 (7) Legislators are not entitled to any additional mileage allowance under subsection (5) for a
 16 special session if it is convened within 7 days of a regular session.

17 (8) In lieu of the salary provided for in subsection (1) and the expense allowance provided for in
 18 subsection (4), a legislator may receive remuneration for services performed during a legislative session.
 19 A legislator choosing to receive remuneration for services performed shall file a request to receive payment
 20 under this subsection with the legislative services division. A legislator exercising the option to receive
 21 remuneration for services performed may not receive more remuneration than legislators paid pursuant to
 22 subsections (1) and (4). Remuneration for services performed must be reduced \$50 by an amount a day
 23 equal to the daily salary rate EXPENSE ALLOWANCE for a legislator established under this section when
 24 the legislature recesses for more than 3 days."

25
 26 **SECTION 16. SECTION 13-37-106, MCA, IS AMENDED TO READ:**

27 **"13-37-106. Salary. (1) The commissioner of political practices is entitled to receive a salary of**
 28 **\$30,303 in fiscal year 1992 and \$31,551 in fiscal year 1993 and thereafter equal to the market salary of**
 29 **a grade 17 18 classified employee as provided in 2-18-312.**

30 **(2) The commissioner is also entitled to longevity, expense reimbursement, leave, insurance, and**

1 other benefits provided to classified state employees under Title 2, chapter 18.

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

4

5 **Section 17.** Section 13, Chapter 23, Special Laws of November 1993, is amended to read:

6 "Section 13. **Termination.** ~~[This act]~~ [Section 8] terminates July 1, 1997."

7

8 **NEW SECTION.** **Section 18. Repealer.** Section 2-18-314, MCA, is repealed.

9

10 **NEW SECTION.** **Section 19. Appropriation.** The following money is appropriated for the fiscal
 11 years indicated to implement the adjustments provided for in [sections 2 through 14]:

	Fiscal Year 1998		Fiscal Year 1999	
	General	Other	General	Other
	Fund	Funds	Fund	Funds
15 Legislative Branch	71,771	33,124	165,275	56,429
16 Consumer Counsel	0	5,780	0	11,950
17 Judiciary	98,361	13,348	205,426	27,843
18 University System	1,874,008	1,338,057	3,901,345	2,790,164
19 Office of Budget and				
20 Program Planning for				
21 distribution to all				
22 other agencies	2,652,778	5,149,180	5,718,261	10,836,498

23

24 **NEW SECTION.** **Section 20. Codification instruction.** [Section 1] is intended to be codified as an
 25 integral part of Title 2, chapter 18, and the provisions of Title 2, chapter 18, apply to [section 1].

26

27 **NEW SECTION.** **SECTION 21. RETROACTIVE APPLICABILITY.** [SECTION 16] APPLIES
 28 RETROACTIVELY WITHIN THE MEANING OF 1-2-109, TO JANUARY 1, 1997.

29

30 **NEW SECTION.** **Section 22. Effective date.** **DATES, EXCEPT AS PROVIDED IN SUBSECTION (2).**

1 ~~[This~~ THIS act] is effective July 1, 1997.

2 (2) [SECTIONS ~~16~~ 16 AND ~~20~~ 21] ARE EFFECTIVE ON PASSAGE AND APPROVAL.

3 -END-



FREE CONFERENCE COMMITTEE

on House Bill 13
Report No. 1, April 19, 1997

Page 1 of 2

Mr. Speaker and Mr. President:

We, your Free Conference Committee met and considered **House Bill 13** (reference copy -- salmon) and recommend that **House Bill 13** be amended as follows:

1. Title, line 19.

Following: "~~AN~~"

Insert: "AN"

2. Title, lines 19 and 20.

Following: "EFFECTIVE" on line 19

Strike: the remainder of line 19 through "APPLICABILITY" on line
20

3. Page 25, line 28.

Following: "~~thereafter~~"

Insert: "of \$31,551 and beginning October 1, 1997, is entitled to receive a salary"

4. Page 26, lines 27 and 28.

Strike: lines 27 and 28 in their entirety.

Renumber: subsequent section

5. Page 26, line 30.

Following: "~~date.~~"

Strike: the remainder of line 30

Insert: "date."

6. Page 27, line 1.

Following: "~~This~~"

Strike: "THIS"

Insert: "This"

7. Page 27, line 2.

Strike: line 2 in its entirety

ADOPT

REJECT

FCCR#1
HB 13
AC HB 13-1

840918CC.Hgd

And this FREE Conference Committee report be adopted.

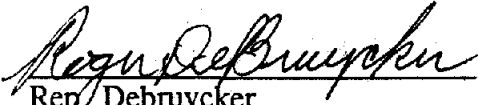
For the House:

For the Senate:


Rep. Wiseman, Chair



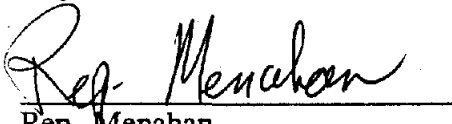
Senator Miller, Chair



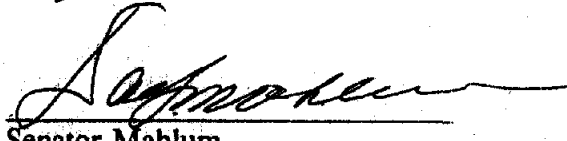
Rep. Debruycker



Senator Waterman



Rep. Menahan



Senator Mahlum

1 HOUSE BILL NO. 13

2 INTRODUCED BY WISEMAN

3 BY REQUEST OF THE GOVERNOR

4
 5 A BILL FOR AN ACT ENTITLED: "AN ACT DIRECTING THE DEPARTMENT OF ADMINISTRATION TO
 6 DEVELOP AN ALTERNATIVE COMPENSATION SYSTEM FOR STATE EMPLOYEES TO BE PRESENTED TO
 7 THE 56TH LEGISLATURE; CLARIFYING STATUTES GOVERNING CERTAIN SALARY AND EXPENSE
 8 PAYMENTS FOR ELECTED OFFICIALS; PROVIDING FOR IMPLEMENTATION OF THE LEGISLATIVE BRANCH
 9 PAY PLAN; PROVIDING PAY ADJUSTMENTS FOR STATE EMPLOYEES IN THE STATEWIDE, TEACHERS,
 10 AND BLUE-COLLAR PAY PLANS; INCREASING THE STATE CONTRIBUTION TO THE EMPLOYEE GROUP
 11 BENEFIT PROGRAM; EXTENDING AND REVISING THE STATE EMPLOYEE INCENTIVE AWARDS PROGRAM;
 12 INCREASING THE SALARY OF THE COMMISSIONER OF POLITICAL PRACTICES; CLARIFYING THE
 13 BENEFITS TO WHICH THE COMMISSIONER OF POLITICAL PRACTICES IS ENTITLED; PROHIBITING THE
 14 REDUCTION OF THE SALARY OF THE COMMISSIONER OF POLITICAL PRACTICES DURING THE TERM
 15 TO WHICH THE COMMISSIONER IS APPOINTED; PROVIDING AN APPROPRIATION TO FUND PAY AND
 16 BENEFIT ADJUSTMENTS; AMENDING SECTIONS 2-16-405, 2-18-103, 2-18-301, 2-18-303, 2-18-304,
 17 2-18-312, 2-18-313, 2-18-315, 2-18-703, 2-18-1102, 2-18-1103, 2-18-1105, 2-18-1106, ~~AND~~ 5-2-301,
 18 AND 13-37-106, MCA, AND SECTION 13, CHAPTER 23, SPECIAL LAWS OF NOVEMBER 1993;
 19 REPEALING SECTION 2-18-314, MCA; AND PROVIDING ~~AN AN~~ AN EFFECTIVE DATES AND A RETROACTIVE
 20 APPLICABILITY DATE."

21
 22 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

23
 24 NEW SECTION. Section 1. Competency-based personnel systems. The department shall develop
 25 an alternative classification and pay system that is consistent with the market-based approach to pay
 26 administration but that emphasizes individual skills, competencies, and contributions in addition to the
 27 criteria provided in 2-18-202. The compensation system must provide for the means of identifying the
 28 requisite skills and competencies necessary for the state and its separate departments and agencies to
 29 provide service excellence to Montana's citizens. EACH AGENCY, WHEN POSSIBLE, SHALL IMPLEMENT
 30 THE COMPENSATION PLAN IN A MANNER THAT RESULTS IN A FLATTER MANAGEMENT STRUCTURE.

1 Employee recruitment, selection, evaluation, and compensation must be based, at least in part, on the
 2 demonstration of these necessary skills and competencies. THE DEPARTMENT SHALL DEVELOP THE
 3 ALTERNATIVE SYSTEM IN CONSULTATION WITH EMPLOYEE REPRESENTATIVES. The department shall
 4 test the effectiveness of the program through the implementation of pilot projects. Insofar as a pilot project
 5 applies to employees of a collective bargaining unit, its implementation is a negotiable subject under
 6 39-31-305. The department shall present a proposal for an alternative system to the 56th legislature.

7

8 **Section 2.** Section 2-16-405, MCA, is amended to read:

9 **"2-16-405. Salaries of certain elected state officials.** (1) Subject to subsection (2), the salaries paid
 10 to certain elected officials of the state of Montana are:

11 (a) Governor[±],

12 (i) ~~\$55,502;~~

13 (ii) ~~\$57,084 beginning July 1, 1995;~~

14 (iii) ~~\$59,310 beginning January 1, 1996.~~

15 (b) Lieutenant governor[±],

16 (i) ~~\$40,466;~~

17 (ii) ~~\$41,619 beginning July 1, 1995;~~

18 (iii) ~~\$43,242 beginning January 1, 1996.~~

19 (c) Attorney general[±],

20 (i) ~~\$50,841;~~

21 (ii) ~~\$52,290 beginning July 1, 1995;~~

22 (iii) ~~\$54,329 beginning January 1, 1996.~~

23 (d) State auditor[±],

24 (i) ~~\$37,526;~~

25 (ii) ~~\$38,595 beginning July 1, 1995;~~

26 (iii) ~~\$40,101 beginning January 1, 1996.~~

27 (e) Superintendent of public instruction[±],

28 (i) ~~\$44,177;~~

29 (ii) ~~\$45,436 beginning July 1, 1995;~~

30 (iii) ~~\$47,208 beginning January 1, 1996.~~

1 (f) Public service commission presiding officer;_

2 ~~(i) \$41,750;~~

3 ~~(ii) \$42,940 beginning July 1, 1995;~~

4 ~~(iii) \$44,615 beginning January 1, 1996.~~

5 (g) Public service commissioners, other than presiding officer;_

6 ~~(i) \$40,466;~~

7 ~~(ii) \$41,619 beginning July 1, 1995;~~

8 ~~(iii) \$43,242 beginning January 1, 1996.~~

9 (h) Secretary of state;_

10 ~~(i) \$37,526;~~

11 ~~(ii) \$38,595 beginning July 1, 1995;~~

12 ~~(iii) \$40,101 beginning January 1, 1996.~~

13 (i) Clerk of the supreme court;_

14 ~~(i) \$36,537;~~

15 ~~(ii) \$37,578 beginning July 1, 1995;~~

16 ~~(iii) \$39,044 beginning January 1, 1996.~~

17 (2) ~~Prior to June 30, 1996, and prior to~~ Before June 30 of each even-numbered year thereafter,
18 the department of administration shall conduct a salary survey of executive branch officials with similar
19 titles to the Montana officials listed in subsection (1) for the states of North Dakota, South Dakota,
20 Wyoming, and Idaho. The department shall include the salary for the Montana official in determining the
21 average salary for the ~~similar position~~ officials with similar titles. If the average salary is greater than the
22 salary for the ~~similar position~~ official in Montana, then beginning July 1, ~~1997, the average is the new~~
23 ~~salary for that position. In~~ in each year following the year in which a survey is conducted, the average
24 salary is the new salary for the ~~position~~ official."

25

26 **SECTION 3. SECTION 2-18-103, MCA, IS AMENDED TO READ:**

27 **"2-18-103. Officers and employees excepted.** ~~(1)~~ Parts 1 and 2 through 3 and 10 do not apply to
28 the following ~~positions~~ officers and employees in state government:

29 ~~(a)~~ (1) elected officials;

30 ~~(b)~~ (2) county assessors and their chief deputy;

- 1 ~~(c)~~(3) employees of the office of consumer counsel;
- 2 ~~(d)~~(4) judges and employees of the judicial branch;
- 3 ~~(e)~~(5) members of boards and commissions appointed by the governor, the legislature, or other
4 elected state officials;
- 5 ~~(f)~~(6) officers or members of the militia;
- 6 ~~(g)~~(7) agency heads appointed by the governor;
- 7 ~~(h)~~(8) academic and professional administrative personnel with individual contracts under the
8 authority of the board of regents of higher education;
- 9 ~~(i)~~(9) academic and professional administrative personnel and live-in houseparents who have
10 entered into individual contracts with the state school for the deaf and blind under the authority of the state
11 board of public education;
- 12 ~~(j)~~(10) teachers under the authority of the department of corrections or the department of public
13 health and human services;
- 14 ~~(k)~~(11) investment officer, assistant investment officer, executive director, and three professional
15 staff positions of the board of investments;
- 16 ~~(l)~~(12) four professional staff positions under the board of oil and gas conservation;
- 17 ~~(m)~~(13) assistant director for security of the Montana state lottery;
- 18 ~~(n)~~(14) executive director and senior investment officer of the Montana board of science and
19 technology development;
- 20 ~~(o)~~(15) executive director and employees of the state compensation insurance fund;
- 21 ~~(p)~~(16) state racing stewards employed by the executive secretary of the Montana board of
22 horseracing;
- 23 ~~(q)~~(17) executive director of the Montana wheat and barley committee;
- 24 ~~(r)~~(18) commissioner of banking and financial institutions; ~~and~~
- 25 ~~(s)~~(19) training coordinator for county attorneys; and
- 26 (20) employees of an entity of the legislative branch consolidated, as provided in 5-2-504.
- 27 ~~(2) Employees of an entity of the legislative branch, other than the office of consumer counsel, are~~
28 ~~exempt from the application of 2-18-1011 through 2-18-1013. With respect to entities of the legislative~~
29 ~~branch, other than the office of consumer counsel;~~
- 30 ~~(a) as used in parts 1 through 3 of this chapter, references to the "department of administration"~~

1 ~~or "department" apply to the legislative council established by 5-11-101, which may delegate administrative~~
 2 ~~duties to the legislative services division established by 5-11-111;~~

3 ~~(b) as used in 2-18-102, the term "governor" applies to the legislature; and~~

4 ~~(c) as used in 2-18-204, the term "budget director" applies to the "approving authority" as defined~~
 5 ~~in 17-7-102."~~

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

8 **"2-18-301. Purpose and intent of part -- rules.** (1) The purpose of this part is to provide the
 9 market-based compensation necessary to attract and retain competent and qualified employees in order to
 10 perform the services that the state is required to provide to its citizens.

11 (2) It is the intent of the legislature that compensation plans for state employees, excluding those
 12 employees excepted under 2-18-103 or 2-18-104 and excluding employees compensated under 2-18-313
 13 ~~through~~ and 2-18-315, be based on an analysis of the labor market as provided by the department in a
 14 salary survey. The salary survey must be submitted to the office of budget and program planning as a part
 15 of the information required by 17-7-111.

16 (3) Except as provided in 2-18-110, pay adjustments and pay schedules provided for in 2-18-303
 17 and in 2-18-312, ~~2-18-313,~~ through and 2-18-315 supersede any other plan or systems established through
 18 collective bargaining after the adjournment of the ~~54th~~ 55th legislature.

19 (4) Pay levels provided for in 2-18-312, ~~2-18-313,~~ through and 2-18-315 may not be increased
 20 through collective bargaining after adjournment of the ~~54th~~ 55th legislature.

21 (5) Total funds required to implement the pay schedules provided for in 2-18-312, ~~2-18-313,~~
 22 ~~through~~ and 2-18-315 for any employee group or bargaining unit may not be increased through collective
 23 bargaining over the amount appropriated by the ~~54th~~ 55th legislature.

24 (6) The department shall administer the pay program established by the legislature on the basis of
 25 merit, internal equity, and competitiveness to external labor markets when fiscally able.

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

28
 29 **Section 5.** Section 2-18-303, MCA, is amended to read:

30 **"2-18-303. Procedures for using pay schedules.** (1) The pay schedules provided in 2-18-312 must

1 be implemented as follows:

2 (a) The pay schedules provided in 2-18-312 indicate the entry salary and market salary for each
3 grade for positions classified under the provisions of part 2 of this chapter.

4 (b) Each employee newly hired by the state of Montana must be hired at the entry rate, except as
5 provided in subsections (7) and (8).

6 (c) On the first day of the first complete pay period in fiscal year ~~1996~~ 1998, each employee hired
7 ~~before July 1, 1995~~, is entitled to the amount of the employee's base salary as it was on June 30, ~~1995~~
8 1997, plus, on the employee's anniversary date that occurs on or after ~~September 30, 1995~~, the increases
9 provided in subsection (1)(d), if applicable.

10 (d) (i) Effective on the first day of the pay period that includes an employee's anniversary date
11 during the fiscal years ending June 30, ~~1996~~ 1998, and June 30, ~~1997~~ 1999, an employee's market ratio
12 must be compared to the target market ratio in the matrix in ~~subsection (1)(d)(ii)~~ that corresponds to the
13 employee's grade level and completed years of uninterrupted state service. For employees hired on or
14 before September 30, 1994, the anniversary date is October 1.

15 (ii) ~~As provided in subsection (1)(d)(i), the following matrix must be used to compare an employee's~~
16 ~~market ratio to the target market ratio that corresponds to the employee's grade level and completed years~~
17 ~~of uninterrupted state service:~~ The matrix for the target market ratios is as follows:

18 TARGET MARKET RATIOS

19 Grade	20 Years											
	0	1	2	3	4	5	6	7	8	9	10	
21 4	0.844	0.874	0.904	0.935	0.967	0.999	1.000	1.000	1.000	1.000	1.000	1.000
22 5	0.842	0.871	0.900	0.930	0.961	0.992	1.000	1.000	1.000	1.000	1.000	1.000
23 6	0.840	0.868	0.896	0.925	0.955	0.985	1.000	1.000	1.000	1.000	1.000	1.000
24 7	0.838	0.865	0.892	0.920	0.949	0.978	1.000	1.000	1.000	1.000	1.000	1.000
25 8	0.836	0.862	0.889	0.916	0.944	0.972	1.000	1.000	1.000	1.000	1.000	1.000
26 9	0.834	0.859	0.885	0.911	0.938	0.965	0.993	1.000	1.000	1.000	1.000	1.000
27 10	0.832	0.857	0.882	0.908	0.934	0.961	0.988	1.000	1.000	1.000	1.000	1.000
28 11	0.830	0.854	0.878	0.903	0.928	0.954	0.980	1.000	1.000	1.000	1.000	1.000
29 12	0.828	0.851	0.875	0.899	0.924	0.949	0.975	1.000	1.000	1.000	1.000	1.000
30 13	0.826	0.849	0.872	0.896	0.920	0.945	0.970	0.996	1.000	1.000	1.000	1.000

1	14	0.824	0.846	0.869	0.892	0.915	0.939	0.963	0.988	1.000	1.000	1.000
2	15	0.822	0.844	0.866	0.888	0.911	0.934	0.958	0.982	1.000	1.000	1.000
3	16	0.820	0.841	0.863	0.885	0.907	0.930	0.953	0.977	1.000	1.000	1.000
4	17	0.818	0.839	0.860	0.882	0.904	0.926	0.949	0.972	0.996	1.000	1.000
5	18	0.816	0.836	0.857	0.878	0.899	0.921	0.943	0.966	0.989	1.000	1.000
6	19	0.814	0.834	0.854	0.875	0.896	0.917	0.939	0.961	0.984	1.000	1.000
7	20	0.812	0.831	0.851	0.871	0.892	0.913	0.935	0.957	0.979	1.000	1.000
8	21	0.810	0.829	0.849	0.869	0.889	0.910	0.931	0.953	0.975	0.997	1.000
9	22	0.808	0.827	0.846	0.866	0.886	0.906	0.927	0.948	0.970	0.992	1.000
10	23	0.806	0.825	0.844	0.863	0.883	0.903	0.923	0.944	0.965	0.987	1.000
11	24	0.804	0.822	0.841	0.860	0.879	0.899	0.919	0.940	0.961	0.982	1.000
12	25	0.802	0.820	0.838	0.857	0.876	0.895	0.915	0.935	0.956	0.977	0.999

13 ~~(iii) If, on (iii)(III) On~~ the first day of the pay period that includes an employee's anniversary date
 14 during the fiscal ~~year~~ years ending June 30, ~~1996~~ 1998, and June 30, 1999, the ~~employee's market ratio~~
 15 ~~is less than the target market ratio that corresponds to the employee's grade level and completed years of~~
 16 ~~uninterrupted state service~~, the employee's base salary must be increased to the ~~lesser~~ greater of:

17 (A) the market salary for the employee's grade multiplied by the target ratio that corresponds to
 18 the employee's grade level and completed years of uninterrupted state service not to exceed 4%; ~~or~~

19 (B) IF UNDER SUBSECTION (1)(D)(III)(A), PROGRESSION FROM ONE TARGET MARKET RATIO TO
 20 THE NEXT EXCEEDS 3%, THEN THE APPROPRIATE TARGET MARKET RATIO THE EMPLOYEE'S BASE
 21 SALARY INCREASED BY THE AMOUNT OF THAT PROGRESSION PLUS 1%; OR

22 ~~(B)(C)~~ the employee's base salary as it was on the last day of the pay period immediately preceding
 23 the pay period that includes ~~October 1, 1995~~ the employee's anniversary date, plus ~~5%~~ 1%.

24 ~~(iv) If, on the first day of the pay period that includes an employee's anniversary date during the~~
 25 ~~fiscal year ending June 30, 1997, the employee's market ratio is less than the target market ratio that~~
 26 ~~corresponds to the employee's grade level and completed years of uninterrupted state service, the~~
 27 ~~employee's base salary must be increased to the lesser of:~~

28 ~~(A) the market salary for the employee's grade multiplied by the target ratio that corresponds to~~
 29 ~~the employee's grade level and completed years of uninterrupted state service; or~~

30 ~~(B) the employee's base salary as it was on the last day of the pay period immediately preceding~~

1 ~~the pay period that includes October 1, 1996, plus 6%.~~

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

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

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

8 ~~(h) An employee's market ratio, as it was on the last day of the pay period immediately preceding
9 the pay period that includes October 1, 1996, may not be reduced as a result of the adjustment of the pay
10 ranges provided in 2-18-312(2).~~

11 (2) The pay schedules provided in 2-18-312 and the provisions of subsection (1) of this section
12 do not apply to those teachers, ~~liquor store occupations,~~ or blue-collar occupations compensated under the
13 pay schedules provided in 2-18-313 ~~through and~~ and 2-18-315.

14 (3) The pay schedules provided in 2-18-313 ~~through and~~ and 2-18-315 must be implemented as
15 follows:

16 (a) (i) The pay schedules provided for in 2-18-313 indicate the annual compensation for teachers
17 employed under the authority of the department of corrections or the department of public health and
18 human services for fiscal years ~~1996 and 1997~~ 1998 and 1999.

19 (ii) The compensation of each teacher on July 1, ~~1996~~ 1997, is the same as it was on June 30,
20 ~~1996~~ 1997.

21 (iii) On the first day of the first pay period that includes October 1 of each fiscal year, a teacher
22 employed under the authority of the department of public health and human services or the department of
23 corrections ~~prior to before~~ October 1, 1994, shall advance one step on the appropriate pay schedule
24 adopted in 2-18-313. A teacher hired after October 1, 1994, shall advance on the teacher's actual
25 anniversary date.

26 ~~(iv) On the first day of the first full pay period during the month that includes the teacher's
27 anniversary date, a teacher employed under the authority of the department of corrections shall advance
28 one step on the appropriate pay schedule adopted in 2-18-313.~~

29 ~~(v) On the first day of the first pay period that includes October 1 of each fiscal year, a teacher
30 employed by the Montana school for the deaf and blind shall advance one step on the teacher pay matrix~~

1 ~~used by the school.~~

2 ~~(b) (i) The pay schedules provided in 2-18-314 indicate the maximum hourly compensation for~~
 3 ~~fiscal years ending June 30, 1996, and June 30, 1997, for those employees in liquor store occupations~~
 4 ~~who have collectively bargained separate classification and pay plans.~~

5 ~~(ii) The compensation of each employee on the first day of the first pay period in fiscal year 1996~~
 6 ~~or 1997 is that amount corresponding to the grade occupied on the last day of the preceding fiscal year.~~

7 ~~(e)(b)~~ (i) The pay schedules provided in 2-18-315 indicate the maximum hourly compensation for
 8 fiscal years ending June 30, ~~1996~~ 1998, and June 30, ~~1997~~ 1999, for employees in apprentice trades and
 9 crafts and other blue-collar occupations recognized in the state blue-collar classification plan who are
 10 members of units that have collectively bargained separate classification and pay plans.

11 (ii) The compensation of each employee on the first day of the first pay period in each fiscal year
 12 ~~1996 or 1997~~ is that amount corresponding to the grade occupied on the last day of the preceding fiscal
 13 year.

14 (4) (a) (i) A member of a bargaining unit may not receive a pay increase until the employer's
 15 collective bargaining representative receives written notice that the employee's bargaining unit has ratified
 16 a completely integrated collective bargaining agreement covering the biennium ending June 30, ~~1997~~ 1999.

17 (ii) If ratification of a completely integrated collective bargaining agreement, as required by
 18 subsection (4)(a)(i), is not completed by July 1, ~~1995~~ 1997, retroactivity to that date may be negotiated.

19 (iii) If ratification of a completely integrated collective bargaining agreement, as required by
 20 subsection (4)(a)(i), is not completed by July 1, ~~1995~~ 1997, members of the bargaining unit must continue
 21 to receive the compensation that they were receiving as of June 30, ~~1995~~ 1997, until an agreement is
 22 ratified.

23 (b) Methods of administration not inconsistent with the purpose of this part and necessary to
 24 properly implement the pay schedules and adjustments provided in 2-18-312, ~~through~~ 2-18-313, 2-18-315,
 25 and this section may be provided for in collective bargaining agreements.

26 (5) The current wage or salary of an employee may not be reduced by the implementation of the
 27 pay schedules provided for in 2-18-312, 2-18-313, ~~through~~ and 2-18-315.

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

1 (7) The department may develop programs that enable the department to mitigate problems
 2 associated with difficult recruitment, retention, transfer, or other exceptional circumstances. Insofar as the
 3 program may apply to employees within a collective bargaining unit, it is a negotiable subject under
 4 39-31-305.

5 (8) The department shall review the competitiveness of the compensation provided to all
 6 occupations under this part. If the department finds that substantial problems exist with recruitment and
 7 retention because of inadequate salaries when compared to competing employers, the department may
 8 establish criteria allowing an adjustment in pay or classification to mitigate the problems. Insofar as these
 9 adjustments may apply to employees within a collective bargaining unit, the implementation of these
 10 adjustments is a negotiable subject under 39-31-305."

11

12 **Section 6.** Section 2-18-304, MCA, is amended to read:

13 "**2-18-304. Longevity allowance.** (1) (a) ~~(i) Effective July 1, 1995, through the last day of the pay~~
 14 ~~period immediately preceding the pay period that includes October 1, 1995, in addition to the compensation~~
 15 ~~provided for in 2-18-303, 2-18-312, 2-18-313, 2-18-314, or 2-18-315, each employee who has completed~~
 16 ~~5 years of uninterrupted state service must receive 9/10 of 1% of the employee's base salary multiplied~~
 17 ~~by the number of completed, contiguous 5-year periods of uninterrupted state service.~~

18 ~~(ii) Effective on the first day of the pay period that includes October 1, 1995, in in addition to the~~
 19 ~~compensation provided for in 2-18-303, 2-18-312, 2-18-313, 2-18-314, or 2-18-315, each employee who~~
 20 ~~has completed 5 years of uninterrupted state service must receive 1.5% of the employee's base salary~~
 21 ~~multiplied by the number of completed, contiguous 5-year periods of uninterrupted state service.~~

22 (b) Service to the state is not interrupted by authorized leaves of absence.

23 (2) (a) For the purpose of determining years of service under this section, an employee must be
 24 credited with 1 year of service for each period of:

25 (i) 2,080 hours of service following the employee's date of employment; an employee must be
 26 credited with 80 hours of service for each biweekly pay period in which the employee is in a pay status or
 27 on an authorized leave of absence without pay, regardless of the number of hours of service in the pay
 28 period; or

29 (ii) 12 uninterrupted calendar months following the employee's date of employment in which the
 30 employee was in a pay status or on an authorized leave of absence without pay, regardless of the number

1 of hours of service in any month. An employee of a school at a state institution or the university system
 2 must be credited with 1 year of service if the employee is employed for an entire academic year.

3 (b) State agencies, other than the university system and a school at a state institution, shall use
 4 the method provided in subsection (2)(a)(i) to calculate years of service under this section."
 5

6 **Section 7.** Section 2-18-312, MCA, is amended to read:

7 **"2-18-312. Statewide pay schedules for fiscal years ~~1996~~ 1998 and ~~1997~~ 1999.** (1) The
 8 statewide classification pay schedule for the period ~~from July 1, 1996, until~~ beginning on the first day of
 9 the first full pay period that includes October 1, 1996 in fiscal year 1998, is as follows:

10 Annual Hours -- 2080 Note: Does Not Include Insurance

11 Pay Matrix -- State Matrix Type -- Annual

12 Pay Range: Entry Salary to Market Salary

13 GRADE	ENTRY SALARY	MARKET SALARY
14 1	8,679	10,210
15 2	9,349	11,026
16 3	10,070	11,903
17 4	10,852	12,858
18 5	11,727	13,927
19 6	12,672	15,086
20 7	13,688	16,334
21 8	14,836	17,747
22 9	16,064	19,262
23 10	17,424	20,942
24 11	18,904	22,775
25 12	20,545	24,812
26 13	22,325	27,027
27 14	24,295	29,485
28 15	26,465	32,196
29 16	28,885	35,226
30 17	31,585	38,613

1	18	34,562	42,355
2	19	37,897	46,557
3	20	41,618	51,254
4	21	45,754	56,487
5	22	50,373	62,343
6	23	55,584	68,963
7	24	61,434	76,410
8	25	67,907	84,673
9	<u>1</u>	<u>8,986</u>	<u>10,571</u>
10	<u>2</u>	<u>9,679</u>	<u>11,413</u>
11	<u>3</u>	<u>10,424</u>	<u>12,323</u>
12	<u>4</u>	<u>11,234</u>	<u>13,312</u>
13	<u>5</u>	<u>12,140</u>	<u>14,419</u>
14	<u>6</u>	<u>13,118</u>	<u>15,618</u>
15	<u>7</u>	<u>14,171</u>	<u>16,910</u>
16	<u>8</u>	<u>15,360</u>	<u>18,372</u>
17	<u>9</u>	<u>16,630</u>	<u>19,941</u>
18	<u>10</u>	<u>18,039</u>	<u>21,680</u>
19	<u>11</u>	<u>19,570</u>	<u>23,578</u>
20	<u>12</u>	<u>21,269</u>	<u>25,687</u>
21	<u>13</u>	<u>23,112</u>	<u>27,980</u>
22	<u>14</u>	<u>25,151</u>	<u>30,523</u>
23	<u>15</u>	<u>27,399</u>	<u>33,331</u>
24	<u>16</u>	<u>29,903</u>	<u>36,469</u>
25	<u>17</u>	<u>32,698</u>	<u>39,974</u>
26	<u>18</u>	<u>35,779</u>	<u>43,848</u>
27	<u>19</u>	<u>39,233</u>	<u>48,198</u>
28	<u>20</u>	<u>43,086</u>	<u>53,060</u>
29	<u>21</u>	<u>47,367</u>	<u>58,478</u>
30	<u>22</u>	<u>52,149</u>	<u>64,541</u>

1	<u>23</u>	<u>57,543</u>	<u>71,393</u>
2	<u>24</u>	<u>63,601</u>	<u>79,104</u>
3	<u>25</u>	<u>70,302</u>	<u>87,657</u>

4 (2) Effective on the first day of the first full pay period that includes October 1, 1996 in fiscal year
 5 1999, the statewide classification pay schedule is as follows:

6 Annual Hours -- 2080 Note: Does Not Include Insurance

7 Pay Matrix -- State Matrix Type -- Annual

8 Pay Range: Entry Salary to Market Salary

9	GRADE	ENTRY SALARY	MARKET SALARY
10	1	8,897	10,466
11	2	9,583	11,300
12	3	10,321	12,201
13	4	11,123	13,180
14	5	12,020	14,276
15	6	12,988	15,463
16	7	14,031	16,743
17	8	15,208	18,190
18	9	16,465	19,744
19	10	17,860	21,465
20	11	19,376	23,345
21	12	21,058	25,433
22	13	22,883	27,703
23	14	24,902	30,221
24	15	27,128	33,001
25	16	29,607	36,108
26	17	32,374	39,578
27	18	35,425	43,414
28	19	38,845	47,721
29	20	42,659	52,535
30	21	46,898	57,899

1	22	51,633	63,902
2	23	56,973	70,686
3	24	62,971	78,321
4	25	69,606	86,789
5	<u>1</u>	<u>9,076</u>	<u>10,677</u>
6	<u>2</u>	<u>9,776</u>	<u>11,527</u>
7	<u>3</u>	<u>10,528</u>	<u>12,446</u>
8	<u>4</u>	<u>11,346</u>	<u>13,445</u>
9	<u>5</u>	<u>12,261</u>	<u>14,563</u>
10	<u>6</u>	<u>13,249</u>	<u>15,774</u>
11	<u>7</u>	<u>14,313</u>	<u>17,079</u>
12	<u>8</u>	<u>15,514</u>	<u>18,556</u>
13	<u>9</u>	<u>16,796</u>	<u>20,140</u>
14	<u>10</u>	<u>18,219</u>	<u>21,897</u>
15	<u>11</u>	<u>19,766</u>	<u>23,814</u>
16	<u>12</u>	<u>21,482</u>	<u>25,944</u>
17	<u>13</u>	<u>23,343</u>	<u>28,260</u>
18	<u>14</u>	<u>25,403</u>	<u>30,828</u>
19	<u>15</u>	<u>27,673</u>	<u>33,664</u>
20	<u>16</u>	<u>30,202</u>	<u>36,834</u>
21	<u>17</u>	<u>33,025</u>	<u>40,374</u>
22	<u>18</u>	<u>36,137</u>	<u>44,286</u>
23	<u>19</u>	<u>39,625</u>	<u>48,680</u>
24	<u>20</u>	<u>43,517</u>	<u>53,591</u>
25	<u>21</u>	<u>47,841</u>	<u>59,063</u>
26	<u>22</u>	<u>52,670</u>	<u>65,186</u>
27	<u>23</u>	<u>58,118</u>	<u>72,107</u>
28	<u>24</u>	<u>64,237</u>	<u>79,895</u>
29	<u>25</u>	<u>71,005</u>	<u>88,534"</u>
30			

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

2 "2-18-313. Teachers' pay schedules. (1) The pay schedule for teachers for the period that includes
3 October 1, ~~1995~~ 1997, until the first day of the pay period that includes October 1, ~~1996~~ 1998, is as
4 follows:

5 Annual Hours -- 2080 Note: Does Not Include Insurance
6 Term -- Twelve Months Matrix Type -- Annual

	Education Level					
STEP	BA	BA + 1	BA + 2	BA + 3	MA	MA + 1
9	23,150	23,763	24,393	25,040	25,703	26,384
10	23,752	24,381	25,027	25,691	26,371	27,070
11	24,369	25,015	25,678	26,359	27,057	27,774
12	25,003	25,666	26,346	27,044	27,761	28,496
13	25,653	26,333	27,031	27,747	28,482	29,237
14	26,320	27,018	27,734	28,469	29,223	29,997
15	27,004	27,720	28,455	29,209	29,983	30,777
16	27,707	28,441	29,194	29,968	30,762	31,577
17	28,427	29,180	29,954	30,747	31,562	32,398
18	29,166	29,939	30,732	31,547	32,383	33,241
19	29,924	30,717	31,531	32,367	33,225	34,105
20	30,702	31,516	32,351	33,208	34,088	34,992
21	<u>23,642</u>	<u>24,351</u>	<u>25,082</u>	<u>25,834</u>	<u>26,609</u>	<u>27,407</u>
22	<u>24,351</u>	<u>25,082</u>	<u>25,834</u>	<u>26,609</u>	<u>27,407</u>	<u>28,230</u>
23	<u>25,082</u>	<u>25,834</u>	<u>26,609</u>	<u>27,407</u>	<u>28,230</u>	<u>29,077</u>
24	<u>25,834</u>	<u>26,609</u>	<u>27,407</u>	<u>28,230</u>	<u>29,077</u>	<u>29,949</u>
25	<u>26,609</u>	<u>27,407</u>	<u>28,230</u>	<u>29,077</u>	<u>29,949</u>	<u>30,847</u>
26	<u>27,407</u>	<u>28,230</u>	<u>29,077</u>	<u>29,949</u>	<u>30,847</u>	<u>31,773</u>
27	<u>28,230</u>	<u>29,077</u>	<u>29,949</u>	<u>30,847</u>	<u>31,773</u>	<u>32,726</u>
28	<u>29,077</u>	<u>29,949</u>	<u>30,847</u>	<u>31,773</u>	<u>32,726</u>	<u>33,708</u>
29	<u>29,949</u>	<u>30,847</u>	<u>31,773</u>	<u>32,726</u>	<u>33,708</u>	<u>34,719</u>
30	<u>30,847</u>	<u>31,773</u>	<u>32,726</u>	<u>33,708</u>	<u>34,719</u>	<u>35,761</u>

1	<u>11</u>	<u>31,773</u>	<u>32,726</u>	<u>33,708</u>	<u>34,719</u>	<u>35,761</u>	<u>36,833</u>
2	<u>12</u>	<u>32,726</u>	<u>33,708</u>	<u>34,719</u>	<u>35,761</u>	<u>36,833</u>	<u>37,938</u>

3 (2) Effective on the first day of the pay period that includes October 1, ~~1996~~ 1998, the pay
 4 schedule for teachers is as follows:

5 Annual Hours -- 2080 Note: Does Not Include Insurance
 6 Term -- Twelve Months Matrix Type -- Annual

7	Education Level						
8	STEP	BA	BA + 1	BA + 2	BA + 3	MA	MA + 1
9	1	23,642	24,351	25,082	25,834	26,609	27,407
10	2	24,351	25,082	25,834	26,609	27,407	28,230
11	3	25,082	25,834	26,609	27,407	28,230	29,077
12	4	25,834	26,609	27,407	28,230	29,077	29,949
13	5	26,609	27,407	28,230	29,077	29,949	30,847
14	6	27,407	28,230	29,077	29,949	30,847	31,773
15	7	28,230	29,077	29,949	30,847	31,773	32,726
16	8	29,077	29,949	30,847	31,773	32,726	33,708
17	9	29,949	30,847	31,773	32,726	33,708	34,719
18	10	30,847	31,773	32,726	33,708	34,719	35,761
19	11	31,773	32,726	33,708	34,719	35,761	36,833
20	12	32,726	33,708	34,719	35,761	36,833	37,938
21	<u>13</u>	<u>33,708</u>	<u>34,719</u>	<u>35,761</u>	<u>36,833</u>	<u>37,938</u>	<u>39,077"</u>

22
 23 **Section 9.** Section 2-18-315, MCA, is amended to read:
 24 **"2-18-315. Blue-collar pay schedules.** (1) The pay schedule for blue-collar workers for the period
 25 from July 1, ~~1996~~ 1997, ~~through September 29, 1996~~ until the first day of the pay period that includes
 26 October 1997, is as follows:

27 Annual Hours -- 2080 Note: Does Not Include Insurance
 28 Pay Matrix -- Blue-Collar Matrix Type -- Hourly
 29 Grade \$/Hour
 30 ~~B1~~ 9.266

1	B2	9.666
2	B3	10.066
3	B4	10.466
4	B5	10.866
5	B6	11.266
6	B7	11.666
7	B8	12.066
8	B9	12.466
9	B10	12.866
10	B11	13.266
11	B12	13.666
12	B00	14.066
13	<u>B1</u>	<u>9.995</u>
14	<u>B2</u>	<u>10.395</u>
15	<u>B3</u>	<u>10.795</u>
16	<u>B4</u>	<u>11.195</u>
17	<u>B5</u>	<u>11.595</u>
18	<u>B6</u>	<u>11.995</u>
19	<u>B7</u>	<u>12.395</u>
20	<u>B8</u>	<u>12.795</u>
21	<u>B9</u>	<u>13.195</u>
22	<u>B10</u>	<u>13.595</u>
23	<u>B11</u>	<u>13.995</u>
24	<u>B12</u>	<u>14.395</u>
25	<u>B00</u>	<u>14.795</u>

26 (2) ~~Effective September 30, 1995,~~ on the first day of the pay period that includes October 1, 1997,
27 until the first day of the pay period that includes October 1, 1998, the pay schedule for blue-collar
28 workers is as follows:

29 Annual Hours -- 2080

Note: Does Not Include Insurance

30 Pay Matrix -- Blue-Collar

Matrix Type -- Hourly

Grade	\$/Hour
B1	9.561
B2	9.961
B3	10.361
B4	10.761
B5	11.161
B6	11.561
B7	11.961
B8	12.361
B9	12.761
B10	13.161
B11	13.561
B12	13.961
B00	14.361
<u>B1</u>	<u>9.995</u> 10.245
<u>B2</u>	<u>10.395</u> 10.645
<u>B3</u>	<u>10.795</u> 11.045
<u>B4</u>	<u>11.195</u> 11.445
<u>B5</u>	<u>11.595</u> 11.845
<u>B6</u>	<u>11.995</u> 12.245
<u>B7</u>	<u>12.395</u> 12.645
<u>B8</u>	<u>12.795</u> 13.045
<u>B9</u>	<u>13.195</u> 13.445
<u>B10</u>	<u>13.595</u> 13.845
<u>B11</u>	<u>13.995</u> 14.245
<u>B12</u>	<u>14.395</u> 14.645
<u>B00</u>	<u>14.795</u> 15.045

(3) Effective on the first day of the pay period that includes October 1, ~~1996~~ 1998, the pay schedule for blue-collar workers is as follows:

Annual Hours -- 2080

Note: Does Not Include Insurance

1 Pay Matrix -- Blue-Collar	Matrix Type -- Hourly
2 Grade	\$/Hour
3 B1	9.995 <u>10.515</u>
4 B2	10.395 <u>10.915</u>
5 B3	10.795 <u>11.315</u>
6 B4	11.195 <u>11.715</u>
7 B5	11.595 <u>12.115</u>
8 B6	11.995 <u>12.515</u>
9 B7	12.395 <u>12.915</u>
10 B8	12.795 <u>13.315</u>
11 B9	13.195 <u>13.715</u>
12 B10	13.595 <u>14.115</u>
13 B11	13.995 <u>14.515</u>
14 B12	14.395 <u>14.915</u>
15 B00	14.795 <u>15.315"</u>

16

17 **Section 10.** Section 2-18-703, MCA, is amended to read:

18 **"2-18-703. Contributions.** (1) Each agency, as defined in 2-18-601, shall contribute the amount
 19 specified in this section towards the group benefits cost.

20 (2) For employees defined in 2-18-701 and for members of the legislature, the employer
 21 contribution for group benefits is ~~\$220~~ \$245 per month for the fiscal year ending June 30, ~~1996~~ 1998,
 22 and ~~\$225~~ \$270 a month for the fiscal year ending June 30, ~~1997~~ 1999, and for each succeeding fiscal
 23 year ~~thereafter~~. When a state employee is terminated to achieve a reduction in force, the continuation of
 24 contributions for group benefits beyond the termination date is subject to negotiation under 39-31-305.
 25 Permanent part-time, seasonal part-time, and temporary part-time employees who are regularly scheduled
 26 to work less than 20 hours a week are not eligible for the group benefit contribution. An employee who
 27 elects not to be covered by a state-sponsored group benefit plan may not receive the state contribution.
 28 A portion of the employer contribution for group benefits may be applied to an employee's costs for
 29 participation in Part B of medicare under Title XVIII of the Social Security Act, as amended, if the state
 30 group benefit plan is the secondary payer and medicare the primary payer.

1 (3) For employees of elementary and high school districts and of local government units, the
2 employer's premium contributions may exceed but may not be less than \$10 a month.

3 (4) Unused employer contributions for any state employee must be transferred to an account
4 established for this purpose by the department of administration and upon transfer may be used to offset
5 losses occurring to the group of which the employee is eligible to be a member.

6 (5) Unused employer contributions for any government employee may be transferred to an account
7 established for this purpose by a self-insured government and upon transfer may be used to offset losses
8 occurring to the group of which the employee is eligible to be a member or to increase the reserves of the
9 group.

10 (6) The laws prohibiting discrimination on the basis of marital status in Title 49 do not prohibit bona
11 fide group insurance plans from providing greater or additional contributions for insurance benefits to
12 employees with dependents than to employees without dependents or with fewer dependents."

13

14 **Section 11.** Section 2-18-1102, MCA, is amended to read:

15 **"2-18-1102. (Temporary) Creation of program.** The department shall develop ~~and administer~~ a
16 statewide employee incentive award program to appropriately recognize and monetarily reward individual
17 state employees and groups or teams of employees for documented ~~achievements and outcomes~~
18 innovations that contribute to the efficiency, economy, or other improvement of state government by
19 reducing the costs or improving the effectiveness of governmental operations. (Terminates July 1,
20 1997--sec. 13, Ch. 23, Sp. L. November 1993.)

21 **2-18-1102. (Effective July 1, 1997) Creation of program.** The department shall develop and
22 administer a statewide employee incentive award program to appropriately recognize and monetarily reward
23 state employees in a timely manner for suggestions or inventions that contribute to the efficiency,
24 economy, or other improvement of state government by reducing the costs of governmental operations."

25

26 **Section 12.** Section 2-18-1103, MCA, is amended to read:

27 **"2-18-1103. (Temporary) Powers and duties of department.** The department shall:

28 (1) adopt rules to implement this part;

29 (2) ~~provide an opportunity for all employees to participate in the program~~ develop model guidelines
30 and promotional materials to assist agencies in implementing this part; and

1 ~~(3) assist agencies in making incentive awards under this part; and~~
 2 ~~(4)(3) prepare and submit, in the manner provided in 5-11-210, a list of incentive awards granted~~
 3 under 2-18-1106 and the corresponding savings to the state and improvements in the effectiveness of state
 4 government ~~and shall provide a general review of and recommendations for improving the operation of this~~
 5 ~~part.~~ (Terminates July 1, 1997--sec. 13, Ch. 23, Sp. L. November 1993.)

6 **2-18-1103. (Effective July 1, 1997) Powers and duties of the department.** The department shall:

- 7 (1) adopt rules to equitably administer the employee incentive award program;
- 8 (2) provide an opportunity for all employees to participate in the program;
- 9 (3) assist agencies in making incentive awards under the program;
- 10 (4) grant or deny incentive awards in consultation with the incentive awards advisory council and
 11 determine the amount of each incentive award based on first-year monetary savings;
- 12 (5) hear appeals from employees on the operation of the program;
- 13 (6) prepare and submit, as a part of the information required by 17-7-111, a list of incentive awards
 14 and the corresponding savings to the state resulting from each employee's suggestion or invention and
 15 providing a general review of and recommendations for improving the program; and
- 16 (7) send a copy of all suggestions or inventions submitted under this program to the office of the
 17 legislative fiscal analyst."

18
 19 **Section 13.** Section 2-18-1105, MCA, is amended to read:

20 **"2-18-1105. (Temporary) Eligibility for award.** (1) Except as provided in subsection ~~(2)~~ (3), an
 21 employee, a group or team of employees, or a nonemployee is eligible for an incentive award for
 22 innovations that:

- 23 ~~(a) for efforts that~~ significantly contribute to ~~documented~~ achievements or outcomes eliminating
 24 or reducing an agency's expenditures; or
- 25 ~~(b) for improving~~ improve the effectiveness of state government or ~~improving~~ improve services to
 26 the public by permitting more work to be accomplished within an agency without increasing the cost of
 27 governmental operations.

28 ~~(2) (a) An~~ To be eligible for an incentive award, an employee, a group or team of employees, or
 29 a nonemployee is not eligible for an individual incentive award unless the employee's or nonemployee's
 30 documented achievement or outcome was accomplished without significant contributions from others. must

1 receive approval from agency management for immediate implementation, for a short-term test of an idea
 2 or innovation, or for the development and testing of a prototype that could make significant improvement
 3 in the way an agency conducts business by addressing fiscal, customer service, efficiency, or safety issues.

4 ~~(b)(3)~~ A director, as defined in 2-15-102, or a legislator is not eligible for the incentive award
 5 provided for under this part.

6 ~~(3)(4)~~ Suggestions relating to an agency are eligible for an award from that agency's agency head
 7 even if the employee or group or team of employees, or one or more members of the group or team, do not
 8 work for that agency. (Terminates July 1, 1997--sec. 13, Ch. 23, Sp. L. November 1993.)

9 **2-18-1105. (Effective July 1, 1997) Eligibility for award.** (1) Except as provided in subsection (2),
 10 an employee may be eligible for an incentive award if ~~his~~ the employee's suggestion or invention results
 11 in:

12 (a) eliminating or reducing an agency's expenditures; or

13 (b) improving services to the public by permitting more work to be accomplished within an agency
 14 without increasing the cost of governmental operations.

15 (2) (a) An employee may not be eligible for an incentive award if ~~his~~ the employee's suggestion
 16 or invention directly relates to ~~his~~ the employee's assigned duties and responsibilities unless the proposal
 17 is so superior or meritorious as to warrant special recognition as determined by the department.

18 (b) Suggestions or inventions relating to the following matters may not be considered for awards:

19 (i) personnel grievances;

20 (ii) classification and pay of positions;

21 (iii) matters recommended for study or review; and

22 (iv) proposals resulting from assigned or contracted audits, studies, surveys, reviews, or research."
 23

24 **Section 14.** Section 2-18-1106, MCA, is amended to read:

25 **"2-18-1106. (Temporary) Agency head to grant award -- amount and source of award.** (1) An
 26 agency head may grant an incentive award to an employee, a group or team of employees, or a
 27 nonemployee who has made a significant contribution to achievements or outcomes in the agency, as
 28 enumerated in 2-18-1105. An employee or a member of a group or team of employees need not be
 29 employed by the agency that benefits from the achievement or outcome and whose agency head grants
 30 the award in order to be granted an award.

1 ~~(2) The incentive award for an achievement or outcome that does not result in cost savings that~~
2 ~~can be specifically determined a year after the achievement or outcome is implemented and the cost savings~~
3 ~~are actually incurred is the agency head's estimated dollar value of the achievement or outcome, up to a~~
4 ~~maximum of \$500 per employee or nonemployee or, in the discretion of the agency head, not more than~~
5 ~~40 hours of paid leave time for an employee. Larger awards may be proposed and submitted to the~~
6 ~~legislature for consideration. If agency management determines that an idea, innovation, or prototype that~~
7 ~~has been implemented will result in cost savings or improvements to agency operations, the agency head,~~
8 ~~at the agency head's discretion, may grant an incentive award of up to \$500, up to 40 hours paid leave~~
9 ~~time, or other nonmonetary recognition.~~

10 ~~(3) The amount of an award for if an achievement or outcome producing produces cost savings~~
11 ~~that can be measured after the savings are actually incurred realized or that can be accurately projected~~
12 ~~for a period of 12 months following implementation, a larger award may be granted by the agency head.~~
13 ~~The amount of the award must be determined by the agency head but may not exceed:~~

14 ~~(a) 10% of the first \$100,000 of cost savings actually incurred realized or accurately projected~~
15 ~~during the 12 months following implementation of the suggestion; plus~~

16 ~~(b) 5% of the next \$100,000 of cost savings actually incurred realized or accurately projected~~
17 ~~during that 12-month period; plus~~

18 ~~(c) 2% of the next \$100,000 of cost savings actually incurred realized or accurately projected~~
19 ~~during that 12-month period.~~

20 ~~(4) (a) If the award is to be divided between two or more persons, the agency head shall determine~~
21 ~~the amount each person is to receive.~~

22 ~~(b) Each person must be paid in one lump sum no later than 90 days after the end of the 12-month~~
23 ~~period following implementation of the suggestion. However, an agency head may pay an award at any~~
24 ~~time that savings can be determined. The agency head shall pay the award from the agency's budget. This~~
25 ~~award is in addition to the recipient's regular compensation or leave time.~~

26 ~~(5) The number of awards granted by an agency in a state government fiscal year may not exceed~~
27 ~~the number equal to 20% of the average number of full-time equivalent employees in that agency during~~
28 ~~that fiscal year. The office of budget and program planning may grant an agency with less than 50 full-time~~
29 ~~equivalent employees an exemption from this limitation, but the exemption may not allow more awards than~~
30 ~~the number equal to 50% of the average number of full-time equivalent employees in the agency during~~

1 ~~the fiscal year.~~

2 ~~(6)(5)~~ Within 30 days after the end of each fiscal year, each agency shall submit to the department
3 a list of the number of incentive awards granted, to whom each award was granted, the estimated value
4 of each achievement or outcome, and the amount of each award. (Terminates July 1, 1997--sec. 13, Ch.
5 23, Sp. L. November 1993.)

6 **2-18-1106. (Effective July 1, 1997) Agency head to grant award -- amount and source of award.**

7 (1) After an agency implements an employee's suggestion or invention and the monetary savings to the
8 state is estimated, an agency head, upon written application to and approval from the department and the
9 incentive awards advisory council, may grant an incentive award to an employee whose proposal meets
10 the requirements enumerated in 2-18-1105.

11 (2) The incentive award ~~shall~~ must be 10% of the savings resulting from implementing the
12 employee's proposal for 1 year up to a maximum of \$3,000. Larger awards may be proposed and submitted
13 to the legislature for consideration.

14 (3) The agency head shall pay the employee from the agency's budget in a single, lump-sum
15 award. This award is in addition to the recipient's regular compensation."
16

17 **Section 15. Section 5-2-301, MCA, is amended to read:**

18 **"5-2-301. Compensation and expenses for members while in session.** (1) Except as provided in
19 subsection (8), legislators are entitled to a salary commensurate to that of the daily rate of an entry grade
20 8 classified state employee in effect when the regular session of the legislature in which they serve is
21 convened under 5-2-103 for those days during which the legislature is in session. The president of the
22 senate and the speaker of the house shall receive an additional \$5 a day in salary for those days during
23 which the legislature is in session.

24 (2) Legislators may serve for no salary.

25 (3) Subject to subsection (4), legislators are entitled to ~~\$50 a day~~ A DAILY ALLOWANCE, 7 days
26 a week, during a legislative session, as reimbursement for expenses incurred in attending a session.
27 Expense payments must stop when the legislature recesses for more than 3 days and resume when the
28 legislature reconvenes.

29 (4) After November 15, ~~1996~~, and prior to December 15, ~~1996~~, and prior to December 15 of each
30 even-numbered year ~~thereafter~~, the department of administration shall conduct a survey of the allowance

1 for daily expenses of legislators for the states of North Dakota, South Dakota, Wyoming, and Idaho. The
 2 department shall include the average daily expense allowance for Montana legislators in determining the
 3 average daily rate for legislators. The department shall include only states with specific daily allowances
 4 in the calculation of the average. If the average daily rate is greater than the daily rate for legislators in
 5 Montana, the average is the new daily rate for legislators for those days during which the legislature is in
 6 session. The expense allowance is effective when the next regular session of the legislature in which the
 7 legislators serve is convened under 5-2-103.

8 (5) Legislators are entitled to a mileage allowance as provided in 2-18-503 for each mile of travel
 9 to the place of the holding of the session and to return to their place of residence at the conclusion of the
 10 session.

11 (6) In addition to the mileage allowance provided for in subsection (5), legislators, upon submittal
 12 of an appropriate claim for mileage reimbursement to the legislative services division, are entitled to:

13 (a) three additional round trips to their place of residence during each regular session; and

14 (b) additional round trips as authorized by the legislature during special session.

15 (7) Legislators are not entitled to any additional mileage allowance under subsection (5) for a
 16 special session if it is convened within 7 days of a regular session.

17 (8) In lieu of the salary provided for in subsection (1) and the expense allowance provided for in
 18 subsection (4), a legislator may receive remuneration for services performed during a legislative session.
 19 A legislator choosing to receive remuneration for services performed shall file a request to receive payment
 20 under this subsection with the legislative services division. A legislator exercising the option to receive
 21 remuneration for services performed may not receive more remuneration than legislators paid pursuant to
 22 subsections (1) and (4). Remuneration for services performed must be reduced ~~\$50~~ by an amount a day
 23 equal to the daily salary rate EXPENSE ALLOWANCE for a legislator established under this section when
 24 the legislature recesses for more than 3 days."

25

26 **SECTION 16. SECTION 13-37-106, MCA, IS AMENDED TO READ:**

27 **"13-37-106. Salary. (1) The commissioner of political practices is entitled to receive a salary of**
 28 **~~\$30,303 in fiscal year 1992 and \$31,551 in fiscal year 1993 and thereafter~~ OF \$31,551 AND BEGINNING**
 29 **OCTOBER 1, 1997, IS ENTITLED TO RECEIVE A SALARY equal to the market salary of a grade 17 18**
 30 **classified employee as provided in 2-18-312.**

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

3 (3) The salary of the commissioner may not be reduced during the term for which the commissioner
 4 is appointed."

5
 6 **Section 17.** Section 13, Chapter 23, Special Laws of November 1993, is amended to read:

7 "Section 13. **Termination.** ~~[This act]~~ [Section 8] terminates July 1, 1997."

8
 9 NEW SECTION. Section 18. Repealer. Section 2-18-314, MCA, is repealed.

10
 11 NEW SECTION. Section 19. Appropriation. The following money is appropriated for the fiscal
 12 years indicated to implement the adjustments provided for in [sections 2 through 14]:

	Fiscal Year 1998		Fiscal Year 1999	
	General	Other	General	Other
	Fund	Funds	Fund	Funds
16 Legislative Branch	71,771	33,124	165,275	56,429
17 Consumer Counsel	0	5,780	0	11,950
18 Judiciary	98,361	13,348	205,426	27,843
19 University System	1,874,008	1,338,057	3,901,345	2,790,164
20 Office of Budget and				
21 Program Planning for				
22 distribution to all				
23 other agencies	2,652,778	5,149,180	5,718,261	10,836,498

24
 25 NEW SECTION. Section 20. Codification instruction. [Section 1] is intended to be codified as an
 26 integral part of Title 2, chapter 18, and the provisions of Title 2, chapter 18, apply to [section 1].

27
 28 ~~NEW SECTION. SECTION 21. RETROACTIVE APPLICABILITY, [SECTION 15 16] APPLIES~~
 29 ~~RETROACTIVELY WITHIN THE MEANING OF 1-2-109, TO JANUARY 1, 1997.~~

1 NEW SECTION. Section 21. Effective date. ~~DATES, EXCEPT AS PROVIDED IN SUBSECTION (2),~~

2 DATE. [This ~~THIS~~ THIS act] is effective July 1, 1997.

3 ~~(2) [SECTIONS 15 16 AND 20 21] ARE EFFECTIVE ON PASSAGE AND APPROVAL.~~

4 -END-