

legislation related to GABA adjustments provide a long-term solution that positions the pension systems to reasonably manage investment risks moving forward – so that the systems can maintain better financial footing by reducing the likelihood of insolvency reoccurring.

Future legislatures, along with interim SAVA and LFC, will have the task of continuing to monitor the financial health of all eight state pension systems and continue to verify and improve upon the work done by the 2013 Legislature.

## HB 13 – STATE EMPLOYEE PAY PLAN

The legislature appropriated \$59.1 million general fund (\$115.5 million total funds) in the 2015 biennium for a state employee pay plan. The plan consists of three parts:

- 1) An increase in the base pay of each state employee;
- 2) An increased insurance contribution; and
- 3) Contingency funds for both the executive and legislative branches to be used when an agency cannot meet its vacancy savings requirement.

The following shows the total biennial appropriations by component of the pay plan.

| HB 13 by Component<br>2015 Biennium |                     |                     |                     |                    |                      |
|-------------------------------------|---------------------|---------------------|---------------------|--------------------|----------------------|
| Component                           | General Fund        | State Special       | Federal Special     | Proprietary        | Total Funds          |
| Pay Increase                        | \$42,001,497        | \$19,867,804        | \$15,990,445        | \$7,150,943        | \$85,010,689         |
| Benefits Contribution Increase      | 15,998,503          | 7,554,708           | 4,953,297           | 172,847            | 28,679,355           |
| Contingency Funds                   | <u>1,100,000</u>    | <u>600,000</u>      | <u>125,000</u>      | <u>25,000</u>      | <u>1,850,000</u>     |
| Total                               | <u>\$59,100,000</u> | <u>\$28,022,512</u> | <u>\$21,068,742</u> | <u>\$7,348,790</u> | <u>\$115,540,044</u> |

Instead of prescribing a set percentage of salary increase as proposed in the Governor’s budget, HB 13 provided the executive, judicial, and legislative branches the authority to determine the amount of each employee’s increase with “particular attention to the lower pay bands and those who did not receive a base pay increase” since July 1, 2011. In addition, the legislature increased the state’s monthly contribution for employee health insurance premiums from \$733 to \$806 starting in July 2013 for university system employees and January 2014 for other state employees, and \$887 for the following year.

The following shows appropriations by funding source and recipient.

| HB 13 by Funding Type and Entity<br>2015 Biennium |                            |                            |                            |                           |                             |
|---|----------------------------|----------------------------|----------------------------|---------------------------|-----------------------------|
| Entity  | ---2015 Biennium---        |                            |                            |                           |                             |
|   | General Fund               | State Special              | Federal                    | Proprietary               | Total                       |
| Legislative Branch                                | \$1,206,510                | \$195,320                  | \$0                        | \$0                       | \$1,401,830                 |
| Consumer Counsel                                  | 0                          | 70,215                     | 0                          | 0                         | 70,215                      |
| Judicial Branch                                   | 3,220,459                  | 187,881                    | 6,829                      | 0                         | 3,415,169                   |
| Executive Branch                                  | 30,000,442                 | 26,955,020                 | 20,338,046                 | 7,314,638                 | 84,608,146                  |
| University System                                 | <u>23,572,589</u>          | <u>14,076</u>              | <u>598,867</u>             | <u>9,152</u>              | <u>24,194,684</u>           |
| Appropriations for Pay and Insurance              | \$58,000,000               | \$27,422,512               | \$20,943,742               | \$7,323,789               | \$113,690,044               |
| Contingency Funds                                 | \$1,100,000                | \$600,000                  | \$125,000                  | \$25,000                  | \$1,850,000                 |
| <b>Total</b>                                      | <b><u>\$59,100,000</u></b> | <b><u>\$28,022,512</u></b> | <b><u>\$21,068,742</u></b> | <b><u>\$7,348,789</u></b> | <b><u>\$115,540,043</u></b> |

The legislation also requires that future compensation plans for state employees be based on an analysis and comparison of the municipal and state government labor markets in North Dakota, South Dakota, Idaho and Wyoming and mandates the Department of Administration to conduct the market comparison and to provide its analysis to the Office of Budget and Program Planning as a part of preparing the state budget.

The following link includes a table that shows the appropriation by year, by recipient:

[www.leg.mt.gov/content/Publications/fiscal/FR-2015/Additional-Data-Tables/HB13-Costs.pdf](http://www.leg.mt.gov/content/Publications/fiscal/FR-2015/Additional-Data-Tables/HB13-Costs.pdf)

## WILDFIRE COSTS

Montana had a severe 2012-2013 fire season. As a result, a large supplemental was appropriated to pay the fire suppression costs determined to be the responsibility of the state. The following figure shows the total current and projected fire suppression costs to the end of FY 2013, and how those costs were funded. As shown, the total is \$60.3 million, of which all but \$10.0 million is the responsibility of the state.

| Fire Suppression Costs and Sources of Funding<br>FY 2013   |                     |
|--|---------------------|
| Total Actual and Projected Fire Costs  | FY 2013             |
| Other Parties Responsibility   | \$10,006,875        |
| State Responsibility   | <u>50,251,567</u>   |
| Total  | \$60,258,442        |
| Method of Funding State Responsibility   |                     |
| Fire Suppression Fund*   | 4,100,000           |
| Governor's Emergency Fund  | 10,368,145          |
| Supplemental Appropriation**   | <u>35,783,422</u>   |
| Total  | <u>\$50,251,567</u> |
| *Total amount available in FY 2013 prior to replenishment by HB 354.   |                     |
| **Total appropriation in HB 3 was \$50 million, with the additional funds transferred to the fire suppression fund in FY 2014. |                     |