



Personal Services Analysis

LFC September 2012 Meeting



Public Policy Role

- Establishing the compensation system the state uses to attract and retain employees
- Providing for the costs related to the employment of personnel within the state's budget



Who Makes Up the State Workforce?

In FY 2011 the average worker:

- Was 48 years old
- Worked for state government for an average of 12 years
- Earned \$42,483 annually

Over half of the employees hold positions requiring a bachelor's degree or equivalent education and experience



Pay Plans

- Broadband pay plan – 11,920 employees
- Judicial pay plan – 384 employees
- Commissioner of Higher Education pay plan – 90 employees
- Exempt (non-classified) pay plan – 1,437 employees
- Blue Collar pay plan – 732 employees
- Legislative Branch pay plan – 152 employees
- Montana State Fund pay plan – 270 employees

Broadband Pay Plan – Enterprise-wide

State of Montana Broadband Pay Schedule 2013 Biennium		
Pay Band	Minimum Base Salary	Maximum Base Salary
1	\$16,400	\$27,945
2	\$15,912	\$38,949
3	\$19,536	\$49,003
4	\$23,710	\$64,495
5	\$23,948	\$79,582
6	\$27,240	\$120,665
7	\$39,269	\$120,803
8	\$57,750	\$146,391
9	\$78,260	\$286,454



Broadband Pay Plan

- Pay Band 1 – Delivery service drivers
- Pay Band 2 – Word processors, administrative clerks, cashiers, aides, cooks, food service workers, institutional attendants
- Pay Band 3 – Livestock inspectors, medical records technicians, technicians, LPN, drill instructor, drafter, computer operator, court clerk
- Pay Band 4 – Environmental science specialist, customer service specialist, heavy equipment operator, computer systems analyst, carpenter, legal secretary
- Pay Band 5 – Data control specialist, crime investigator, records management specialist, clinical lab technologist, water conservation specialist, maintenance workers, tax appraiser, FWP warden, auditor, insurance claims examiner
- Pay Band 6 – Crime analyst, occupational therapist, facility surveyor, land agent, hydrologist, registered nurse, FWP biologist, health sanitarian, recreation therapist, fire inspector, budget analyst, architect, law enforcement manager, librarian, fish culture specialist
- Pay Band 7 – Transportation planner, lawyer, business development specialist, computer security specialist, tax policy analyst, utility rate specialist, law enforcement manager, economist, nursing services manager, financial analyst, architect, medical health services manager
- Pay Band 8 - Operations manager, lawyer, program manager, education program administrator, computer systems information manager, environmental program manager, engineering manager, epidemiologist, veterinarian
- Pay Band 9 – Operations manager, medical examiner, physician primary care, psychiatrist, dentist



State Agencies Given Flexibility

State agencies determine:

- Pay plan rules
- Pay bands for the positions
- Job descriptions for the positions within the agency



State Agencies Given Flexibility

Costs of the Pay Plan

- Driven by
 - Correctly classifying positions
 - Appropriately placing positions onto the pay bands
- Determines
 - Costs of personal services
 - Competitiveness of salaries



State Agencies Given Flexibility

Division randomly reviews position descriptions and pay band placement

LFC may wish to consider requesting an audit of the classification system to ensure the positions descriptions are properly classified on the pay ranges



How State Determines Salary Comparisons

- Tier I – Collection of Salary Data
 - Standard Occupational Classification to place jobs into occupations
 - The SOC is a national job classification system developed by the federal government
 - Allows the state to compare its occupations to similar occupations in Montana and surrounding states for both the private and public sectors
 - Three different salary source for comparison
 - Central States Compensation Association
 - Occupational Employment Statistics
 - Kenexa



How State Determines Salary Comparisons

- Salary data used to determine market rate or market midpoint of 750 occupations
- Gauges market competitiveness of state pay against relevant labor market in Montana and surrounding states
- Division then determines market rate for similar jobs in other pay bands
- Uses midpoints to identify competitive pay zones – minimum and maximum salary for occupation



How State Determines Salary Comparisons

- Tier 2 – Customization of Market Analysis
 - State agencies can request customized market rates
 - Mediators and workers' compensation dispute resolution coordinators
 - Environmental science specialist
 - Tax appraisers
 - Transportation planners

2012 Market Salary Survey and Pay Tool – What It Shows

- How Salaries in Each Pay Band Compare to the 2012 Market Midpoint

State Agencies Average Hourly Base Pay Compared to 2012 Market Midpoints within Pay Bands			
Pay Band	Number of Occupations	Average Hourly Base Pay	% of 2012 Market Midpoint
1	1	\$10.30	87.27%
2	326	10.52	97.79%
3	1,857	13.29	86.05%
4	1,218	16.19	85.44%
5	2,426	19.36	88.67%
6	3,350	23.27	89.38%
7	1,415	31.05	82.18%
8	226	40.29	65.95%
9	26	68.38	81.10%
Total	10,845	\$20.99	86.71%

State of Montana Positions Furthest from 2012 Market Midpoint Compared to Pay as of 6/5/2012					
Position	Agency with Majority of Positions	Pay Band	Average Annual Salary	Number of Employees	% of 2012 Market Midpoint
Data Control Specialist	OPI, DEQ, Revenue, DPHHS	5	\$40,435	31	64.85%
Crime Investigator	DOJ, Public Defender	5,6,7	47,029	83	64.96%
Operations Manager	FWP, DOT, Revenue, DOA, Corrections, DPHHS	7,8,9	85,218	141	65.09%
Lawyer	DOJ, Public Defender, DEQ, DOLI, DPHHS	6,7,8	66,394	258	66.03%
Right Of Way Specialist	DOT	5,6	49,733	29	66.87%
Science Program Sup/Mgr	DEQ	6,7	65,104	33	67.51%
Administrative Clerk	DOJ, DPHHS	2	21,674	61	68.62%
Statistical Assistant	FWP	3,4	30,285	8	68.95%
Livestock Inspector	Livestock	3	23,109	14	69.14%
Livestock Crime Investigator	Livestock	5	39,042	21	69.24%
Lottery Sales Representative	DOA	5	35,984	8	70.89%
Data Control Tech	DOA, FWP	2,3,4	32,490	30	70.95%
Agricultural Program Mgr	Agriculture	7	66,622	6	72.34%
Social Community Svc Mgr	Corrections, DPHHS	6,7,8	61,194	32	72.58%
Education Program Adm	OPI	7,8	67,683	6	72.72%
Construction Manager	DOA, Military Affairs	6,7	63,627	9	73.37%
Benefits Technician	PERS	3,4	30,784	16	73.45%
Construction Trades SupMgr	DOT	5,6	47,008	118	73.50%
Drill Operator	DOT	4,5	39,229	8	74.02%
Computer Support Specialist	DOA, DOT, DPHHS	5,6	45,531	73	74.21%
Compliance Technician	Livestock, DNRC, DOLI	3,4	29,723	35	74.86%
Firefighter	Military Affairs	3,4	35,922	27	74.92%
License Examiner Specialist	SAO, DOJ	5,6	35,131	17	74.99%
Total				1,064	



2012 Market Salary Survey and Pay Tool – What It Shows

Adjustments to pay for some of the occupations made since June 5, 2012 are not included.

Examining positions that are furthest from the 2012 market midpoint can inform both the executive and legislative decision makers on the positions within state government that may have recruitment and retention issues associated due to salary constraints

State of Montana
Positions Above 2012 Market Midpoint
Compared to Pay as of 6/5/2012

Position	Agencies with the Majority of the Positions	Pay Band	Average Annual Salary	Number of Employees	% of 2012 Market Midpoint
Environmental Engineering Spc	DEQ	6,7	\$63,544	19	101.06%
Park Ranger	FWP	4,5	41,683	17	102.05%
Groundskeeper	DOA	2,3,4	28,205	10	102.06%
Food Preparation Worker	DPHHS	2	20,134	30	102.12%
Computer Supervisor	DOA, DOT, DPHHS	5,6,7	68,286	52	102.62%
Corrections&Social Svc Sup/Mgr	Corrections, DPHHS	5,6,7	45,635	107	103.06%
Health Program Representative	DPHHS	6,7	47,112	42	103.24%
Business Operations Sup	DOJ, DOT, DPHHS	5,6	48,651	17	103.49%
Medical Health Services Mgr	DPHHS, Corrections, DOLI	7,8	82,285	24	103.81%
Program Specialist	FWP, DNRC	5,6,7	46,550	57	103.91%
Highway Patrol Officer	DOJ	5	48,818	169	105.96%
Communications Technologist	DOT	5,6	53,602	12	106.58%
WC DisputeResolutionCoord	DOLI	6	57,096	6	107.94%
Rehabilitation Counselor	DPHHS	4,5,6	38,459	106	108.93%
Environmental Engineer PE	FWP	6,7	75,587	23	108.93%
Forestry Technician	DNRC	3,4	31,408	8	108.96%
Utility Engineering Spc	DOT	6,7	55,702	13	109.82%
Computer Systems Engineer	DOA	6,7	62,982	28	113.29%
Institution Attendant	MSDB	3	23,982	20	115.05%
Fish Wildlife Park Warden Cpt	FWP	6	67,891	7	115.89%
Substance Abuse Counselor	Corrections, DPHHS	5,6	41,434	<u>17</u>	<u>120.79%</u>
Total				<u>784</u>	



2012 Market Salary Survey and Pay Tool – What It Shows

Among reasons may be higher than the midpoint include years of employment, specific pay plan actions such as those developed to retain highway patrol officers, or agency specific actions to ensure they can attract and retain essential employees in specific programs

State Agencies
Average of Hourly Base Pay
As of 6/5/2012
Compared to 2012 Market Midpoints

Agency	Average of Hourly Base Pay	% of 2012 Market Midpoint
Governor's Office	\$26.31	93.11%
Secretary of State	17.59	85.64%
Commissioner of Political Practices	15.90	84.67%
State Auditor's Office	21.78	88.00%
Office of Public Instruction	22.15	82.38%
Department of Justice	21.56	86.57%
Public Service Commission	24.15	86.74%
Board of Public Education	15.87	82.87%
School for the Deaf and Blind	12.23	99.49%
Montana Arts Council	26.77	93.27%
Montana State Library	22.43	84.97%
Montana Historical Society	18.26	84.63%
Department of Fish, Wildlife, & Parks	22.15	87.79%
Department of Environmental Quality	25.89	85.67%
Department of Transportation	25.00	89.18%
Department of Livestock	17.13	77.68%
Department of Natural Resources	21.91	83.59%
Department of Revenue	19.86	81.24%
Department of Administration	24.88	84.68%
Office of the Public Defender	21.21	67.29%
Department of Agriculture	22.12	86.39%
Department of Corrections	18.16	89.39%
Department of Commerce	21.96	82.31%
Department of Labor and Industry	20.83	92.25%
Department of Military Affairs	19.33	84.49%
Department of Public Health and Human Services	<u>18.65</u>	<u>87.09%</u>
Total	<u>\$20.99</u>	<u>86.71%</u>



2012 Market Salary Survey and Pay Tool – What It Shows

- Office of Public Defender is furthest from market midpoint
- Criminal investigators in pay band 6 with an average annual salary of \$42,848, - 65.34% of market midpoint salary of \$65,592
- Lawyers in pay band 7 with an average annual salary of \$53,965 – 59.38% of market midpoint salary of \$90,930



2012 Market Salary Survey and Pay Tool – What It Shows

MSDB -institutional attendants that care for children that live on campus are driving the average closer to the average of the 2012 market midpoint of pay for band 3, primarily due to length of service



2012 Market Salary Survey and Pay Tool – What It Shows

Majority of positions within the broadband pay plan have a base pay below the 2012 market midpoint

46% of the 10,845 positions included in the broadband pay tool have more than 100 employees working in the occupation and have an average salary below the 2012 market midpoint

State of Montana Positions with Greater than 100 Employees At Less than the Average of the 2012 Market Midpoint for their Positions			
Occupation	Number of Employees	Pay Band	% of 2012 Market Midpoint
Public Safety			
Correctional Officer	466	3,4	90.19%
Probation Parole Officer	156	6	92.78%
Health and Human Services			
Child Family Social Worker	301	5,6	93.09%
Social Service Specialist	295	5	82.28%
Psychiatric Aide	259	2,3	82.07%
Registered Nurse	139	6,7	79.96%
Nursing Aides	112	2,3	86.84%
Human Services Specialist	105	6	94.15%
Environmental or Wildlife			
Environmental Science Specialist	206	4,5,6,7	90.05%
Highways and Construction			
Civil Engineering Technician	187	2,3,4,5	84.67%
Civil Engineering Specialist	179	5,6,7	92.69%
Engineering Supervisor/Manager	120	6,7	93.82%
Construction Trades Supervisor/Manager	118	5,6	73.50%
Revenue and Taxation			
Tax Appraiser	158	4,5,6	78.01%
Tax Technician	101	3,4	89.01%
State and Civil Rights			
Lawyer	258	6,7,8	66.03%
Unemployment			
Employment Specialist	202	5	92.45%
Program Administration			
Administrative Assistant	445	3,4	81.04%
Program Manager	247	6,7,8	82.72%
Compliance Specialist	207	5,6	79.30%
Administrative Specialist	204	5,6,7	91.57%
Computer Systems Analyst	163	4,5,6	87.66%
License Permit Technician	143	2,3,4,5	83.30%
Operations Manager	141	7,8,9	65.09%
Accounting Technican	126	3,4	77.99%
Total	5,038		



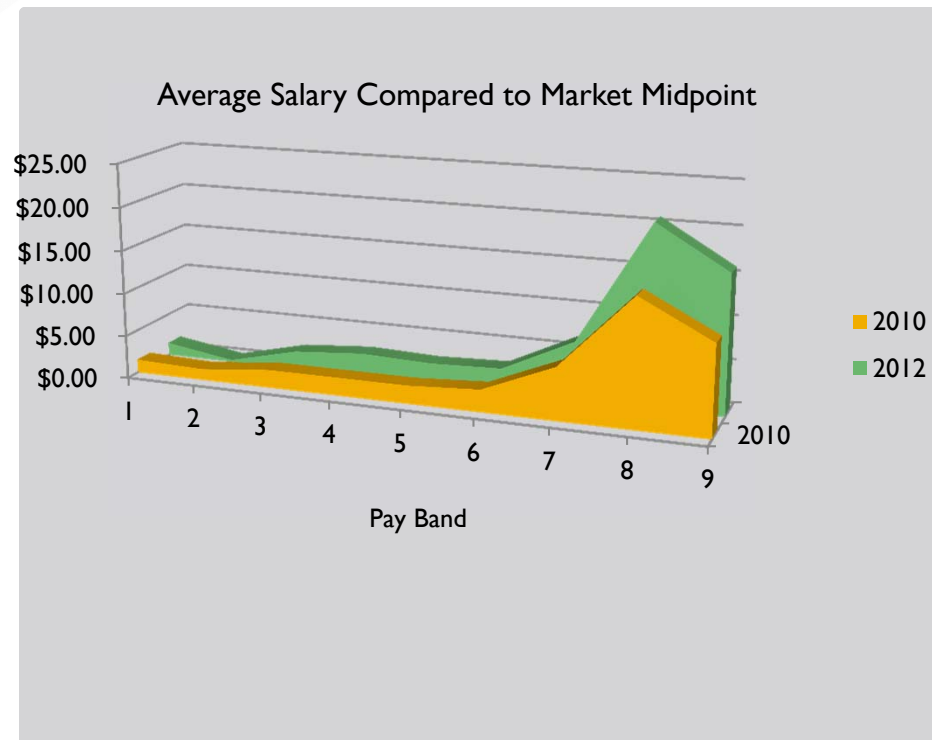
2012 Market Salary Survey and Pay Tool – What It Shows

Examining jobs in this manner can assist the legislature with development of targeted resources to address the state's vulnerabilities with the workforce that is responsible for ensuring the health and safety of Montanans, the rights of both the citizens and the state, or the health of its wildlife



2012 Market Salary Survey and Pay Tool – What It Shows

- Other factors not addressed
 - Cost of living in different areas of the state
 - Retaining state workers in the Bakken oil fields due to competition in higher salaries and availability of housing
- Further research and discussion of these impacts could be addressed in the budget process



The average employee salary for each pay band has been lower than the market midpoint over the last four years. The gap is the largest within pay band 8. The pay freeze implemented over the last two biennia appears to have widened the gap.

Positions in pay band 8 include operations managers, lawyers, program managers, education program administrators, computer systems information managers, environmental program managers, engineering managers, epidemiologists, and veterinarians



What is Not Reflected in the Salary Survey

- Pay Plans Not Included in the Market Survey
 - 20.5% of state employees working as of August 27, 2012 are not in the broadband pay plan and thus not in the market survey salary information
- Increases for 483 employees awarded since June 5, 2012 including:
 - Five of 20 bargaining units within DPHHS
 - Non-union DPHHS employees, including management
 - Other increase in other agencies



What is Not Reflected in the Salary Survey

One of the uses of the salary market survey is to provide accurate information to the legislature on the competitiveness of employee salaries for consideration during budget deliberations.

The LFC may wish to request the Department of Administration ensure that the pay tool used to establish the percentage of the market of each position, band, and agency uses salary data as of the payroll snapshot rather than early June. This would ensure all adjustments that will go into the next biennium are captured.



Additional Compensation

- Longevity – for each five year increment of continuous employment employees receive a longevity increase added to base pay
- Average employee has worked the state for 12 years and would be granted an additional 3.5% in salary above their base pay.

Retirement and Health Insurance Percentage of Employers Providing Access March 2012		
Nationally	Retirement	Medical Care
Private Employers	74%	86%
State and Local Government	99%	99%
Mountain Region	Retirement	Medical Care
Private Employers	63%	68%
State and Local Government	88%	87%

Lower rate of access in the mountain region, but it may change somewhat if only full-time employees were included as is done on the national data

Benefits – U.S. Bureau of Labor Statistics produce comparative reports on a national basis for percentage of employers providing employee benefits. This figure shows the percentage of full-time employees that had access to retirement and health insurance nationally in both public and private employment. Also shows the mountain region, including full-time and part-time employees.



Additional Compensation

- National data suggest that the public sector offers better benefits than the private sector which helps equalize the a portion of the wage disparity between the public and private sectors
- Research also suggests that total compensation is greater in the private sector for jobs requiring an advanced degree, while the public sector offers better total compensation for lower education and training levels



Additional Compensation

According to September 2011 article from the Center for Retirement Research at Boston College

“The results (of the study) suggest that state and local workers in the aggregate have a wage penalty of 9.5%. The third section (of the report) explores the extent to which benefits for state and local workers offset the wage penalty. With appropriate modifications for pension contributions and the addition of retiree health insurance, annual public sector compensation – including both wages and benefits – is about 4% less than that in the private sector.”



Additional Compensation

- Kaiser Foundation found nationally the 2012 average annual health premium was \$15,745 with \$4,316 or 27% paid by the employee and the remaining \$11,429 or 73% paid by the employer
- Montana pays \$733 per month per employee or \$8,366 per year as a contribution for benefits including medical, dental, and life insurance



Recruitment and Retention

- Pay one factor that may result in employee turnover
- Other factors include workplace environment comprising:
 - Management
 - Supervision
 - High Workloads
 - Other employees that are difficult to work with



Recruitment and Retention

- Employee exit interviews are not centrally available for other to examine including the State Human Resource Division or the legislature
- Benefit of comprehensive information on reasons employees leave state employment – allows insight into which factors are impacting employees decision
- LFC may wish to request DOA collect data from exit interviews on why employees are leaving state government employment

State of Montana
Broadband Pay Plan Turnover Rate
By Agency

Agency	FY 2008	FY 2009	FY 2010	FY 2011
Governor's Office	15%	6%	23%	16%
Secretary of State	10%	15%	17%	9%
Commissioner of Political Practices	0%	17%	50%	25%
State Auditor's Office	16%	6%	12%	9%
Office of Public Instruction	10%	9%	12%	17%
Department of Justice	8%	7%	10%	11%
Public Service Commission	3%	3%	12%	13%
Board of Public Education	0%	0%	0%	200%
School for the Deaf and Blind	18%	16%	19%	13%
Montana Arts Council	0%	0%	20%	22%
Montana State Library	7%	7%	19%	10%
Montana Historical Society	13%	5%	20%	22%
Department of Fish, Wildlife, & Parks	6%	5%	7%	11%
Department of Environmental Quality	9%	7%	7%	12%
Department of Transportation	7%	6%	5%	8%
Department of Livestock	12%	7%	10%	8%
Department of Natural Resources	10%	7%	6%	7%
Department of Revenue	8%	7%	11%	12%
Department of Administration	14%	9%	11%	13%
Office of the Public Defender	28%	17%	11%	15%
Department of Agriculture	14%	16%	14%	12%
Department of Corrections	15%	12%	14%	18%
Department of Commerce	13%	10%	13%	16%
Department of Labor and Industry	12%	9%	9%	13%
Department of Military Affairs	13%	8%	22%	24%
Department of Public Health and Human Services	15%	12%	15%	18%



Recruitment and Retention

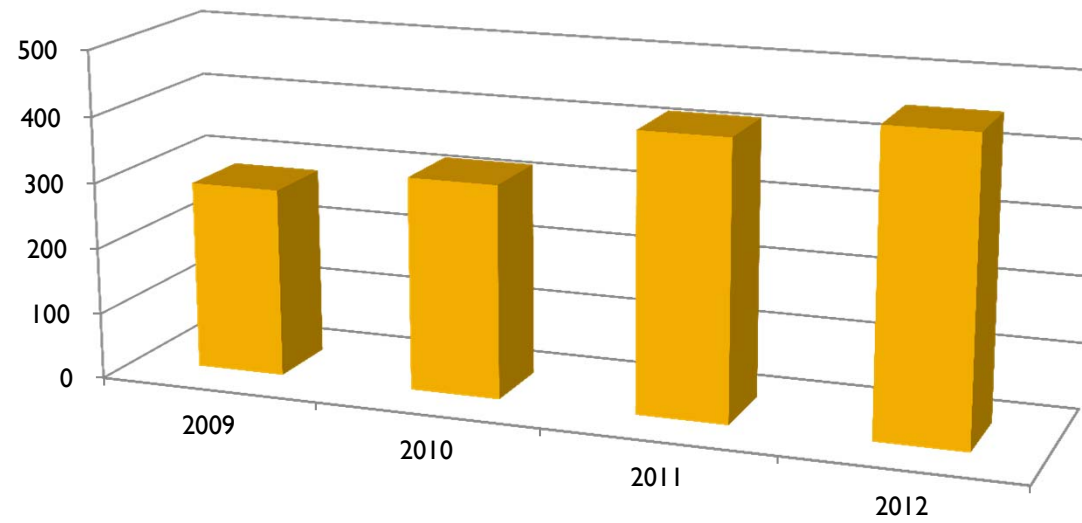
- Turnover rate dropped in FY 2009 and climbed from there.
- Pay not the only factor driving decisions to leave state employment or transfer to another state agency



Recruitment and Retention

- State does not have a centralized method of collecting and correlating information gathered during exit interviews to gain insight into other factors impacting an employee's decision to leave state employment
- The LFC may wish to consider requesting DOA develop a centralized method of collecting data from exit interviews

Executive Branch Retirements



State of Montana			
Employees Eligible for Early Retirement or Full Retirement			
Agency	Retirement System	Eligible to Retire	% of Workforce
Legislative Branch	PERS	60	32.62%
Consumer Council	PERS	2	36.10%
Judicial Branch	PERS	160	37.84%
Governor's Office	PERS	23	38.53%
Secretary of State	PERS	27	45.26%
State Auditor's Office	PERS	31	34.50%
Office of Public Instruction	PERS	62	28.06%
Board of Crime Control	PERS	6	34.29%
Department of Justice	PERS	177	N/A
DOJ - Highway Patrol	SRS	165	N/A
DOJ - Sheriffs	SRS	24	N/A
Public Service Commission	PERS	19	N/A
Commissioner of Higher Education	PERS	23	22.62%
School for the Deaf and Blind	PERS	25	28.10%
Montana Arts Council	PERS	6	71.68%
Montana State Library	PERS	21	45.38%
Montana Historical Society	PERS	28	41.22%
Department of Fish, Wildlife and Parks	PERS	236	N/A
Department of Fish, Wildlife and Parks	GWPORS	18	N/A
Department of Environmental Quality	PERS	174	36.12%
Department of Transportation	PERS	840	N/A
Department of Transportation	GWPORS	15	N/A
Department of Livestock	PERS	49	N/A
Department of Livestock	GWPORS	7	N/A
Department of Natural Resources and Conservation	PERS	250	42.72%
Department of Revenue	PERS	237	35.15%
Department of Administration	PERS	199	36.22%
Montana State Fund	PERS	108	37.66%
Public Employee Retirement System	PERS	13	27.08%
Teachers' Retirement System	PERS	7	38.89%
Office of the Public Defender	PERS	48	21.27%
Department of Agriculture	PERS	37	27.67%
Department of Corrections	PERS	231	N/A
Department of Corrections	GWPORS	68	N/A
Department of Commerce	PERS	72	N/A
Department of Labor and Industry	PERS	359	39.26%
Department of Military Affairs	PERS	61	29.46%
Department of Public Health and Human Services	PERS	1,093	36.60%
Total		<u>4,981</u>	

State of Montana
State Job Listings

Agency	As of 7/3/2012	As of 8/13/2012	As of 9/24/2012
Administration	5	7	6
Agriculture	0	3	1
Board of Public Education	0	1	0
Commerce	3	3	3
Commissioner of Higher Education	1	3	2
Consumer Counsel	1	1	0
Corrections	14	8	9
Environmental Quality	1	2	2
Fish, Wildlife, and Parks	1	3	1
Governor's Office	0	1	0
Judicial Branch	3	2	5
Justice	6	8	4
Labor and Industry	4	4	2
Legislative Branch	0	2	3
Livestock	2	2	1
Military Affairs	1	0	2
Montana State Fund	5	3	6
Montana State Library	0	1	0
Natural Resources and Conservation	5	2	2
Office of Public Defender	4	4	2
Office of Public Instrucion	5	0	1
Public Health and Human Services	30	35	35
Revenue	4	6	5
School for the Deaf and Blind	3	5	3
State Auditor's Office	3	0	2
Secretary of State	0	1	0
Transportation	<u>18</u>	<u>17</u>	<u>20</u>
Total	<u>119</u>	<u>124</u>	<u>117</u>



Vacancies and Recruitment

- 7/3/12 119 jobs listed 12.52% of vacant positions
- 8/13/12 124 jobs listed 13.50% of vacant positions
- 9/24/12 117 jobs listed 12.77% of vacant positions
- Appears state agencies only recruit a small percentage of their vacant positions at any given time. Vacancy rates for HB 2 approved positions were 6.63%, 6.42%, and 6.38% respectively
- Major reasons – legislatively required vacancy savings of 4% for most agencies applied in 2013 biennium. Some agencies indicated they left positions open longer to fund retirement payouts of their employees.

**Vacancy and
Recruitment –
statistics for
positions recruited
over the last three
and half fiscal years**

Job Listings and Applicants for Positions			
	Job Listings	Job Applicants	Applicants Per Job
December 2008 - June 2009	711	16,858	23.7
FY 2010	1,433	38,403	26.8
FY 2011	1,690	39,962	23.6
FY 2012	<u>2,053</u>	<u>43,204</u>	<u>21.0</u>
Total	<u>5,887</u>	<u>138,427</u>	<u>23.5</u>

Job Listings by Position	
Positions with 20 or more Listings	
For the Period December 2008 through June 2012	
Position Title	Job Listings Permanent
Accountant	76
Accounting Technician	87
Administrative Assistant	164
Administrative Clerk	19
Administrative Specialist	58
Administrative Support	100
Attorney/Lawyer	64
Auditor	27
Budget Analyst	26
Business Development Specialist	20
Certified Nurse Assistant	25
Child Protection Specialist	92
Civil Engineering Specialist	33
Civil Engineering Technician	25
Community Social Worker	21
Compliance Technician	23
Computer Programmer	24
Computer Systems Analyst	36
Construction Trades Worker Supervisor	48
Correctional Officer	76
Custodian	17
Drill Instructors	35
Eligibility Assistant	51
Employment Specialist	79
Environmental Science Specialist	72
Financial Specialist	30
Human Resource Assistant	13
Law Clerk	25
License Permit Technician	37
Maintenance Technician	48
Maintenance Worker	18
Mechanic Machinist	26
Network Administrator	22
Occupational and Safety Health Specialist	22
Office Assistant	79
Probation and Parole Office	60
Registered Nurse	25
Rehabilitation Counselor	24
Residential Appraiser	31
Residential Agricultural Appraiser	20
Social Service Specialist	120
Veterans' Service Officer	22
Total	1,921



Vacancies and Recruitment

Strong correlation with jobs listed multiple times with the positions that are below the 2012 market midpoint

Legislators may wish to discuss this type of recruitment information with agencies during budget deliberations, as well as solutions the affected agency will be using in the future to address recruiting and retaining staff in these positions



Vacancies and Recruitment

Human resource specialists indicated:

- Shrinking pool of qualified applicants
- Targeted market adjustments for difficult to fill positions resulted in increased qualified applicant pools
- Recruiting employees with specific technical knowledge and experience increasingly difficult, positions re-advertised
- Work conditions – long hours, increased workloads due to open positions factor in employees leaving positions
- Inability to retain employees once gained experience and training in their fields



Current Actions and the Budget Analysis

- Number of state agencies granted salary adjustments under broadband pay plan
- LFD examined salary changes made in FY 2012 by agency for all pay plans, for a variety of reasons including statutorily required increases such as longevity

Salary Changes for State Agencies FY 2012		
Agency	Authorized* FTE	FY 2013 Annual Cost
Legislative Branch	183.93	\$190,760
Consumer Council	5.54	\$1,538
Judicial Branch	422.82	\$616,182
Governor's Office	59.70	\$257,532
Secretary of State	59.65	\$47,988
Commissioner of Political Practices	6.00	\$3,490
State Auditor's Office	89.85	\$119,540
Office of Public Instruction	220.99	\$165,121
Board of Crime Control	17.50	\$34,943
Department of Justice	822.28	\$979,418
Public Service Commission	43.50	\$169,474
Board of Public Education	4.00	\$1,357
Commissioner of Higher Education	101.66	\$120,778
School for the Deaf and Blind	88.98	\$134,435
Montana Arts Council	8.37	\$19,791
Montana State Library	46.28	\$62,916
Montana Historical Society	67.93	\$31,182
Department of Fish, Wildlife, & Parks	821.99	\$100,226
Department of Environmental Quality	481.68	\$422,607
Department of Transportation	2,248.01	\$2,489,647
Department of Livestock	146.08	\$64,535
Department of Natural Resources	585.25	\$1,187,636
Department of Revenue	674.28	\$1,118,458
Department of Administration	549.49	\$827,706
Montana State Fund	286.75	\$518,340
Public Employees' Retirement	48.00	\$104,465
Teachers' Retirement	18.00	\$12,535
Office of the Public Defender	225.65	\$371,061
Department of Agriculture	133.70	\$307,029
Department of Corrections	1,351.82	\$1,260,256
Department of Commerce	221.90	\$1,203,066
Department of Labor and Industry	914.48	\$1,961,445
Department of Military Affairs	207.06	\$476,267
Department of Public Health and Human Services	<u>2,986.54</u>	<u>\$8,305,625</u>
Total Increase	<u>14,149.66</u>	<u>\$23,687,349</u>

*Includes all sources of authorization (modified FTE, statutory, proprietary funding, etc)

Salary Changes FY 2012 By Reason	
Reason	FY 2013 Annual Cost
Blue Collar Pay Raise	\$8,559
Career Ladder	994,013
Commissioner of Higher Education Pay Changes	2,877
Competency-Based Pay	277,299
Competitive Promotion	3,246,949
Temporary Promotions	1,097,812
Correct Inaccurate Pay	(2,488,535)
Emergency Firefighters	38,901
Exempt Employee Raise	210,692
Judicial Branch Pay Changes	433,167
Longevity	1,629,971
Market Adjustment	11,242,502
Move to Entry of Pay Band	58,984
Merit Pay Changes	30,998
MHP Progression Raise	479,734
Merit - State Fund	440,700
Negotiated Pay Schedule	1,067,069
Proficiency Agreement Progression	11,642
Performance Pay End	9,581
Performance Adjustment	1,633,722
Reclassification	2,087,735
Situational Pay End	(65,407)
Situational Pay	223,385
HB 13 Statutory Pay Raise (OCHE)	78,303
Strategic Pay	461,206
Supervisory Pay End	(18,490)
Supervisory Adjustment	69,498
Training Assignment Progression	<u>460,518</u>
Total	<u>\$23,723,385</u>



Current Actions and the Budget Analysis

All agencies may not classify their salary changes in the same way. While FWP and DPHHS granted a large number of market adjustments, the LFD noted that DOT did not. However, DOT grant \$1.0 million in competitive promotions and 0.7 million in temporary promotions. Neither FWP or DPHHS granted a significant number of these types of salary increases.



Current Actions and the Budget Analysis

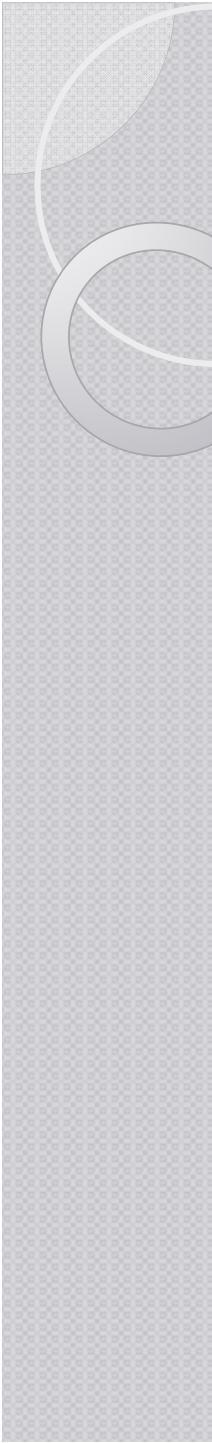
The LFC may wish to request that DOA develop rules that require agencies to be more precise on how they classify changes in salaries



Current Actions and the Budget Analysis

- The executive specified that increases were to be directed to correct the worst pay issues and to provide for modest adjustments for rank-and-file employees
- State agencies have retention and recruitment issues with employees at all levels and pay bands including rank-and-file and those in management positions

Salary Increases for Market Adjustments FY 2012	
Agency	Increase
Legislative Branch	\$21,185
Judicial Branch	0
Governor's Office	0
Secretary of State	0
Commissioner of Political Practices	0
State Auditor	0
Office of Public Instruction	52,428
Board of Crime Control	26,797
Department of Justice	11,673
Public Service Commission	40,984
Board of Public Education	0
Commissioner of Higher Education	0
Montana School for the Deaf and Blind	0
Montana Arts Council	16,040
Montana State Library	8,384
Montana Historical Society	208
Fish, Wildlife, & Parks	2,473,864
Department of Environmental Quality	0
Department of Transportation	1,158
Department of Livestock	0
Department of Natural Resources	445,235
Department of Revenue	0
Department of Administration	293,453
Montana State Fund	2,500
Public Employees' Retirement	41,052
Teachers' Retirement Program	7,930
Office of the Public Defender	64,855
Department of Agriculture	116,631
Department of Corrections	72,738
Department of Commerce	565,668
Department of Labor & Industry	0
Department of Military Affairs	302,901
Department of Public Health and Human Services	<u>6,676,817</u>
Total	<u>\$11,242,502</u>



Current Actions and the Budget Analysis

What is clear is that while the legislature did not approve a cost of living increase to all state employees, the state agencies used the flexibility granted through the various pay plans to provide salary increases for selected employees



Current Actions and the Budget Analysis

- Agencies have a variety of issues related to employees with average salaries below market including recruitment and retention
- Legislature may wish to consider directing resources to those positions that are furthest from market, have the greatest vulnerability or have recruitment and retention issues as it considers recommendations on a pay plan



Budgeted FY 2013 Compared to Proposed FY 2014

- Measured as submitted by agencies as part of the budget process September 1
- Eliminates any positions that were not included in both fiscal years such as session staff for the legislative session
- Eliminates any positions that had the allocation of FTE changed such as 1.00 FTE to 0.75 FTE
- Includes all FTE budget authority – HB 2, proprietary funds and statutory appropriations

All Authority Budgeted FY 2013 Compared to Proposed FY 2014 as of 9/3/12					
Agency	FTE	Salary FY 2013	Salary FY 2014	Differences	
				Personal Services	Percentage Change
Legislative Branch	134.97	\$7,906,404	\$7,852,038	(\$54,366)	-0.68%
Consumer Council	5.54	440,676	458,080	17,404	3.95%
Judicial Branch	407.08	21,325,812	21,333,729	7,917	0.04%
Governor's Office	58.07	3,369,059	3,549,382	180,323	5.35%
Secretary of State	52.25	2,166,067	2,189,357	23,290	1.04%
Commissioner of Political Practices	6.00	214,607	220,724	6,117	2.85%
State Auditor's Office	84.50	3,911,514	4,157,319	245,805	6.18%
Office of Public Instruction	184.94	8,744,176	8,801,330	57,154	0.65%
Board of Crime Control	18.00	775,564	812,192	36,628	4.72%
Department of Justice	747.80	33,232,323	34,437,120	1,204,797	3.50%
Public Service Commission	39.00	2,221,262	2,265,624	44,362	1.96%
Board of Public Education	4.00	206,529	199,452	(7,077)	-3.43%
Commissioner of Higher Education	97.50	4,508,751	4,853,454	344,703	7.36%
School for the Deaf and Blind	88.61	3,975,792	3,930,434	(45,358)	-1.14%
Montana Arts Council	6.50	364,859	405,835	40,976	10.68%
Montana State Library	28.74	1,274,756	1,281,936	7,180	0.55%
Montana Historical Society	60.77	2,268,925	2,291,997	23,072	0.97%
Department of Fish, Wildlife, & Parks	575.39	25,074,672	26,566,630	1,491,958	5.07%
Department of Environmental Quality	432.64	22,880,897	23,075,410	194,513	0.84%
Department of Transportation	2,036.34	96,623,705	97,822,172	1,198,467	1.14%
Department of Livestock	126.78	4,563,569	4,636,816	73,247	1.42%
Department of Natural Resources	513.91	23,500,805	24,161,533	660,728	2.61%
Department of Revenue	644.85	25,823,899	26,813,372	989,473	3.69%
Department of Administration	516.97	26,313,631	27,026,004	712,373	2.66%
Montana State Fund	283.00	16,812,573	17,705,520	892,947	5.28%
Office of the Public Defender	189.00	9,025,660	9,115,042	89,382	0.82%
Department of Agriculture	116.64	4,807,706	5,079,530	271,824	5.32%
Department of Corrections	1,321.40	49,573,972	50,092,234	518,262	1.01%
Department of Commerce	201.00	9,535,913	10,846,287	1,310,374	13.40%
Department of Labor and Industry	810.33	33,054,012	34,799,570	1,745,558	5.17%
Department of Military Affairs	186.95	7,389,518	7,789,962	400,444	5.07%
Department of Public Health and Human Services	<u>2,832.36</u>	<u>106,510,805</u>	<u>112,121,907</u>	<u>5,611,102</u>	<u>5.16%</u>
Total	<u>12,811.83</u>	<u>\$585,144,782</u>	<u>\$614,858,923</u>	<u>\$29,714,141</u>	<u>5.08%</u>



Budget Issues for the 2013 Legislature

- Statewide present law adjustments are based upon:
 - Factors beyond the individual agency control such as changes included in a legislatively approved pay plan, statutorily required longevity increases and changes in benefits such as workers' compensation and unemployment insurance
 - Factors within the agency's control such as broadband pay adjustments



Budget Issues for the 2013 Legislature

- LFD and OBPP have agreed on personal service information to be provided by state agencies in the 2015 Budget Analysis
- While the information provides legislators with more detail it will not break out the various component of the increases
- Extremely complex interplay of factors that make up the difference between what was spent on personal services in the base year and the requested budget
- Requires considerable agency and subcommittee time with minimal benefits



Budget Issues for the 2013 Legislature

LFC may wish to have LFD staff explore options for how the information currently included in the statewide present law adjustment could be made more instructive for the subcommittee and allow for greater options for legislative consideration and action.



Summary of Legislative Considerations

- Request a performance audit of the classification system to ensure the position descriptions are properly classified on the pay ranges
- Request that DOA ensure that the data included in the pay tool used to determine market competitiveness uses the data as of the payroll snapshot rather than data of early June to ensure all adjustments that will go into the next biennium budget are captured
- Request that Department of Administration develop rules that require agencies to be more precise on how they classify changes in salaries
- Request that the Department of Administration collect data from exit interviews on why employees are leaving state government employment
- Request that LFD staff to explore options that give the appropriations subcommittees better information on personal service costs for decision making purposes and present such options to the November Legislative Finance Committee meeting