

	Montana Operations Manual Policy	Category	Human Resources/ Employee Benefits
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Issuing Authority	Department of Administration State Human Resources Division		
Broadband Pay Policy			

I. Purpose

This policy provides requirements for administering pay in the broadband system, and outlines pay responsibilities, as required by §§ [2-18-102](#) and [2-18-301 through 2-18-304](#), Montana Code Annotated (MCA).

II. Scope

This policy covers all employees in Montana's executive branch except the Montana University System, the Montana State Fund, elected officials, personal staff of elected officials, and any other position specifically excluded under §§ [2-18-103](#) and [-104](#), MCA.

For employees in a collective bargaining unit, broadband pay is a mandatory subject of collective bargaining. To the extent that a collective bargaining agreement differs from an agency's pay policy, the provisions of the contract apply to employees within the bargaining unit.

III. Broadband Pay Administration

The Department of Administration (department) has oversight authority and responsibility to administer broadband pay. Broadband pay decisions will be administered within each agency's ability to pay considering the following criteria:

1. an employee's job-related qualifications and performance;

2. competitiveness to the external labor market;
3. existing pay relationships within the agency and work unit;
4. pay progression; and
5. nondiscriminatory factors.

A. Department Pay Responsibilities

The department shall perform its administrative responsibilities by:

1. establishing and updating its policies, procedures, timetables, and guides for carrying out the provisions in statute and rule.
2. conducting a biennial salary survey submitted to the Office of Budget and Program Planning by July 1 of even-numbered years.
3. establishing occupational wage ranges based on the biennial salary survey. The occupational wage ranges are effective on July 1 of odd-numbered years for two years.
4. reviewing and approving agency pay policy to ensure the pay policy meets the requirements of this policy.
5. reviewing and approving the classification of an occupation and its job-related factors.
6. assisting agency human resources and managers to implement, communicate, train, and measure the success of agency pay policies.
7. conducting an audit of discretionary pay increases for broadband employees, and providing a report to the legislative finance committee.
8. establishing and reporting statewide metrics for broadband pay.
9. investigating broadband wage appeals at Step II, according to the rules established by Board of Personnel Appeals, Department of Labor and Industry.

B. Agency Pay Responsibilities

An agency shall set or adjust pay for its employees as provided in the agency's pay policy by:

1. creating, implementing, updating, and submitting agency pay policy for approval at least once every two years (see agency pay policy section).
2. creating and maintaining agency pay schedules included with its pay policy (see pay schedule section).
3. providing the pay policy and information about the agency's pay strategy to their managers upon hire and at least once a year, and providing additional information or training about the agency's pay objectives and practices as their pay policy is updated biennially.
4. establishing procedures for setting and adjusting pay within its agency pay policy.
5. establishing internal review, approval, and documentation procedures (see documentation section) to justify pay decisions.
6. participating during pay audits and providing information about pay upon request.
7. measuring the success of its agency pay policy and making changes to policy, approaches, or practices based on those findings.

IV. Agency Pay Policy

The broadband pay system's flexibility allows the department to delegate pay decisions to agencies through department-approved agency pay-plan policies. The agency shall consider aspects related to pay, including budget, collective-bargaining agreements, diversity goals, and other strategic initiatives during the planning process.

An agency's pay policy governs its pay decisions. An agency may incorporate its collective-bargaining agreements into its pay policies by reference, as attachments, or addendums. Differences between the collective-bargaining agreement and the agency pay policy applies only to those employees within the collective-bargaining unit. For those

provisions in the agency pay policy where the collective-bargaining agreement is silent, the agency's pay policy applies.

1. Agency pay policies must:
 - a. be fiscally responsible, actively managed, and consistent with the agency's mission and objectives;
 - b. identify and measure success for its pay practices.
 - c. establish and document general business processes for administering, setting, and adjusting pay, which may include:
 - i. establishing new-hire pay processes;
 - ii. identifying pay-progression types and setting review requirements;
 - iii. determining discretionary pay adjustment options and criteria;
 - iv. identifying nondiscriminatory reasons for pay differences; and
 - v. establishing approval and documentation procedures when setting and adjusting employee pay.
 - d. be signed by the agency head and human resources representative.
2. Agency pay policies must be reviewed and approved by the department at least once every two years.
3. Agency pay policies expire after two years. By October 1 of odd-numbered years, the agency shall submit its new or revised pay policy to the department for review and approval.
4. The agency shall negotiate pay with collective-bargaining representatives. For employees in a bargaining unit who have not yet ratified their contract, the provisions of the previous contract apply.
5. The agency may not provide discretionary pay increases until the department approves the agency's pay policy.
6. When establishing its pay policy, the agency shall consider the following criteria:

- a. employee's job-related qualifications and performance: An agency may set or adjust an employee's pay based on the employee's job-related experience level, on-the-job training, skill level, or performance level.
- b. competitiveness to the external labor market: An agency may set or adjust an employee's pay as compared to the department's occupational wage range. Before adjusting an employee's pay based on market reasons, the agency shall review its recruitment and retention statistics to identify any issues and shall follow up to ensure the pay adjustment effectively addresses any issues. An agency may include the targeted percent of the department's occupational wage range if adjusting an employee's pay.
- c. existing pay relationships within the agency and work unit: An agency shall consider similarly situated employees within its agency and work unit when setting or adjusting pay.
- d. pay progression: This type of pay adjustment is defined in statute as "a process by which an employee's compensation may be increased, based on documented factors determined by the department, to bring the employee's compensation to a higher rate within the occupational wage range of the employee." Agencies choosing this type of pay increase shall provide objective, measurable criteria and business processes for regularly reviewing and awarding pay adjustments.
- e. If the agency chooses to discontinue pay progression adjustments, employees must be notified of the effective date of the pay change and the reasons why the pay progression was discontinued. Agencies shall provide 30-days' notice when pay progression is discontinued, or as soon as practical.
- f. nondiscriminatory factors: Agencies may set or provide pay adjustments to employees based on non-discriminatory factors. Examples of non-discriminatory factors include but are not limited to:
 - i. supervisory pay;
 - ii. special projects; and
 - iii. undesirable working conditions.

Agencies shall document and track employees receiving pay adjustments for non-discriminatory reasons. Agencies must remove the pay adjustment from the employee's base pay if the circumstances that triggered the non-discriminatory pay adjustment cease. Examples of removing pay under this section include but are not limited to:

- i. the employee no longer supervises,
- ii. the employee has finished their special project, and
- iii. the employee is no longer subject to a working condition.

A. Agency Pay Schedules

Each agency shall create pay schedules for each of its job codes based on the effective date of the department's occupational wage ranges. If the agency's pay schedule differs from the department's occupational wage range, the agency shall identify its pay schedule midpoints as a percentage of the department's occupational wage range. An agency shall document the reasons why its pay schedules differ from the department's occupational wage ranges.

An employee may be paid less than the department's occupational wage range but shall be paid within the agency's pay schedule, except as provided in the section titled, "Training Assignment."

To set an affordable, effective pay schedule, the agency shall:

1. analyze its budget and business needs before establishing or adjusting pay schedules by identifying and documenting HR metrics, such as:
 - a. turnover;
 - b. qualified applicant pool size;
 - c. new employee retention longer than two years;
 - d. performance measurements;
 - e. rejected hire offers; and
 - f. hiring costs.

2. identify pay goals and objectives for recruiting and retaining employees;
3. establish and record agency success in meeting its goals and objectives;
4. identify if it has any employees paid above the maximum of the occupational wage range in the agency's pay schedule, determine if the reasons require modifying the pay schedule.

The agency may revise its pay schedule at any time after considering the agency's mission and strategic compensation practices, agency-specific recruitment needs, retention issues, ability to pay, or other non-discriminatory reasons, using its established HR metrics. Revised pay schedules must be submitted to the department for review and approval. An agency may not make any discretionary changes to employees' pay until the department approves the pay schedule and policy.

B. Establishing Base Pay

The agency's strategic mission and pay policy should drive base-pay decisions. Agency pay policy and the agency's pay schedule determine starting pay rates. Pay must be fiscally responsible using the guidelines described below:

1. **Minimum Salary:** An employee's base pay may be no less than the minimum wage of the agency's pay schedule for the employee's assigned classification, except as provided in the section titled "Training Assignment."
2. **Pay Above Maximum:** Employee pay may exceed the maximum of the range or rate in the agency's pay schedule for reasons including, but not limited to:
 - a. the employee performs a hybrid job;
 - b. the employee receives a statutorily required pay adjustment;
 - c. pay protection as the result of a demotion;
 - d. the agency lowers its pay schedule based on budget shortfalls; or
 - e. for the agency's internal, documented, strategic reasons.

Reasons for setting an employee's starting pay rate above the maximum of the range or rate in the agency's pay schedule must be included and allowable in the agency's pay policy, justified using HR metrics or other business factors, and documented in a report or in the employee's file. This documentation must be provided upon request to auditors.

Employees whose pay exceeds the maximum of the range or rate in the agency's pay schedule may have their pay frozen from further discretionary increases until the employee's pay rate is again within the agency's pay schedule.

Employees with pay rates above the maximum of the pay range or rate in the agency's pay schedule must receive all statutorily required pay increases.

ny pay increase resulting in pay above the maximum of the occupational wage range must be reviewed and approved by the Office of Budget and Program Planning before the pay increase becomes effective, except for employees in agencies headed by elected officials other than the governor.

The Office of Budget and Program Planning reports all instances of employee base pay above the maximum of the occupational pay range to the Legislative Finance Committee.

3. **Seasonal Employment:** An agency may establish base pay for a seasonal employee who is not a temporary or short-term employee by continuing employment as authorized leave without pay between seasons or work periods. The employee is eligible for statutory base-pay adjustments, as if the employee had been employed during the off-season. Time between seasons or work periods is not a break in service. All time in a pay status counts toward longevity.
4. **Training Assignment:** Employees in training assignments may be paid below the base pay established by the agency pay schedule if the employee does not meet the minimum qualifications of the job. An agency may use a training assignment to address recruitment, reorganization, or promotion interests. Training assignments may not last more than one year, unless:

- a. otherwise specified in an agency's collective bargaining agreement, or
- b. b. extended if the employee has not satisfactorily completed the training assignment, at agency discretion.

Conditions of the training assignment must be stated in writing and signed by the employee, supervisor, and agency head or designee. A copy of the written training assignment must be filed in the employee's permanent personnel record and must include:

- a. the base pay rate at the beginning of the training assignment, any increases allowed during the training assignment, and the base rate at the end of the training assignment as determined by the agency's pay schedule and policy;
- b. the duration of the training assignment;
- c. the knowledge, skills, behaviors, training, and experience the employee shall acquire during the training assignment; and
- d. the measures of the employee's performance in areas where the employee shall acquire identified knowledge, skills, behaviors, training, and experience.

Pay adjustments after completion of the training assignment are subject to the agency's pay schedule and policy.

If the employee does not satisfactorily complete the training assignment, the agency may:

- a. return the employee to the position held before the training assignment;
- b. assign the employee to another position for which the employee is qualified;
- c. extend the training assignment up to one additional year; or
- d. discharge the employee in compliance with the Discipline Handling Policy, ARM [2.21.6505](#) et seq., or Probation Requirements Policy - <https://hr.mt.gov/Public/Policies>.

- 5. **Promotions:** An employee promotion may occur based on advancement to a higher-level job. Promotional advancement is

based on workforce planning and the organization's needs. Promotions shall be reviewed and approved by the manager, the human resource office and the agency head or designee.

An agency may set pay for promoted employees following established criteria in its agency pay policy. Starting pay for promoted employees must be compared and set considering the pay for similarly situated employees within the agency's pay schedule.

Starting pay for a promoted employee exceeding the maximum of the occupational pay range must be reviewed and approved by the Office of Budget and Program Planning, except for employees in agencies headed by elected officials other than the governor. Promotional advancement maybe attained through a competitive selection process or through a non-competitive process such as an established career ladder policy.

- 6. Demotions:** Agency pay policy must identify procedures for establishing base-pay changes for employees who are demoted. If an agency chooses to provide limited pay protection for demoted employees, the agency pay policy must identify the duration of the pay protection.

If the pay protection results in pay that is above the maximum of the employee's new occupational wage range, the Office of Budget and Program Planning shall review and approve the pay rate and length of the pay protection, except for pay rates of employees in agencies with elected officials other than the governor. At the end of the duration of the pay protection, demoted employees shall be paid within the agency's pay schedule for the employee's classification.

Demoted employees who are above the maximum of range in the agency's pay schedule are not eligible for discretionary pay adjustments. The employee's pay may be frozen until pay falls below the maximum of the pay range for the employee's occupation in the pay schedule. Demoted employees must receive all statutorily required adjustments.

- 7. Temporary Assignment:** A permanent employee may be temporarily assigned to another job for a period not to exceed two years. The employee shall be notified in writing at the start of the temporary assignment as to the reason for the assignment and its

expected duration. The agency may either adjust the base pay of the temporarily assigned employee, or provide lump-sum payments. The agency shall establish the employee's temporary base pay considering the pay of similarly situated employees.

At the end of the temporary assignment, the employee's temporarily-adjusted base pay reverts to the pay rate in the agency's pay schedule for the employee's permanent position. An employee returning to his or her permanent job is entitled to any statutory pay increases that occurred during the temporary assignment.

8. **Reclassification:** The base pay rate for an employee whose position has been reclassified to a different occupational wage range must be set according to the agency pay policy and pay schedules.

The effective date for a pay change resulting from an approved reclassification initiated by management and not the employee is the first day of a pay period in which the request for reclassification was signed.

Agencies with employees who are reclassified using a newly created classification standard shall revise their pay schedule in their agency pay policy to include a pay range based on the new determination. Agencies revising their pay schedule shall submit the new pay schedule to the department before providing a pay change to the reclassified employee. The effective date of the pay change is the first day of a pay period in which the request for reclassification was received in the human resources office.

When a classification appeal is filed by an employee under the rules of the Board of Personnel Appeals, ARM 24.26.501 et seq., and results in the reclassification of a position, the base pay must be set no lower than the minimum salary of the agency's pay schedule for the position's new classification, according to § 2-18-203(3).

9. **Career Ladders:** Career-ladder levels must be objective, documented, and reflect differing work at each level. Employees hired into a career ladder may be eligible for differing pay rates based on the differing work performed by the employee. The agency shall document employee progress along the career ladder before establishing or awarding base-pay adjustments.

Agencies shall review employee placement and pay within a career ladder at least once every two years.

The agency shall consider its ability to pay before establishing a career ladder or awarding career-ladder adjustments. An agency may revise or suspend established career ladders. An agency suspending or revising an established career ladder shall document the reasons for it and provide 30-days' notice to all affected employees, or as soon as practical.

10. Pay-Adjustments

- a. The department shall establish procedures for monitoring, reporting, and identifying effectiveness for all base-pay adjustments. The department may adjust the procedures based on broadband or agency needs. The department shall provide notice when pay procedures are revised, and agencies shall revise their pay policies or pay schedules appropriately if the procedures impact components within their policy.
- b. Any pay adjustment above the maximum of the department's occupational wage range must be reviewed and approved by the Office of Budget and Program Planning, except for employees in agencies headed by elected officials other than the governor. All pay above the maximum of the wage range will be reported by the Office of Budget and Program Planning to the Legislative Finance Committee.

11. **Lump-sum Payments** - An employee may receive a non-base-building payment for reasons established in an agency's pay policy, including an employee incentive award, housing allowances from the Natural Resources Energy Development policy, temporary assignment pay, or a performance award for completing pre-set conditions on a project. These payments are not considered base-pay adjustments.
12. **Regulatory Base-Pay Adjustments** - Employees may receive pay adjustments for reasons outside of their agency's pay policy. These pay reasons may be established in Montana statute, rule, or law. Examples of statutory pay adjustments include general pay adjustments appropriated by the legislature, found at [2-18-303 et seq.](#), MCA; minimum wage adjustments; and longevity.

The department shall notify agencies when statewide pay adjustments or pay changes apply to employee pay.

13. **Discretionary Base-Pay Adjustments** – An agency may adjust employee pay using discretionary adjustment reasons identified in its pay policy. Before providing a discretionary adjustment, the agency head or designee shall review and approve the proposed pay adjustment to ensure:
- a. the agency has the ability to pay for a discretionary increase;
 - b. adjusted pay rates adhere to the agency’s pay policy;
 - c. similarly situated employees are similarly compensated; and
 - d. the pay increase aligns with the agency’s pay schedule.

When providing discretionary base-pay adjustments, human resources staff must identify similarly situated employees within their agency and work units and analyze the impact of the discretionary pay adjustment by considering the following job and employee criteria:

- a. job content
- b. an employee’s relevant competencies and skill level;
- c. employee performance levels;
- d. bona fide seniority systems;
- e. working conditions;
- f. responsibility levels; or
- g. other non-discriminatory reasons.

The agency is responsible for justifying differences in pay for its employees following its agency pay policy. This requirement does not prohibit an agency from adjusting a pay schedule based upon recruitment or retention needs.

An agency may choose more than one discretionary adjustment type. Agencies shall document its business processes for administering pay for each chosen pay-adjustment type.

C. Record Keeping

1. Employee pay is public information. All pay decisions must be documented and maintained in a paper or electronic record within each agency. Agencies shall maintain a copy of a new employee's starting pay offer letter with the employee's recruitment or personnel file. Discretionary pay adjustments must be reviewed and approved by the agency head or designee, using an approval form or other method detailed in the agency's pay policy. Documented considerations made and reasons for pay adjustments must be provided to auditors and the department upon request.
2. An employee may request and be provided with a copy of the reasons for his or her pay rate and any pay adjustments.

V. Resources and References Code

[Action Reason Catalog](#)

[Action Reason Code Process Document](#)

[Broadband Pay Approval Form Template](#)

[Broadband Classification Policy](#)

[Natural Resource Energy Development Impact Policy](#)

VI. Definitions

All definitions under [2-18-101](#), MCA, apply to this policy. For the purposes of this policy, the definitions described below also apply.

Career Ladder: The predetermined progression from an entry-level position to higher-level work based on increasing skills, competencies, or responsibility within a specified career field.

Classification: A process of evaluating the work performed in a given job to determine the appropriate occupation and band level.

Demotion: The assignment of an employee to a lower occupational wage range.

Discretionary Pay Adjustment: Pay change provided to employees as prescribed by an agency's pay policy and within the parameters of the state's broadband pay policy.

6. **Pay Schedule:** Agency-established pay ranges, based on recruitment and retention needs, agency ability to pay, and the department's most-recent market analysis for each job code. Agency pay schedules may have different pay ranges from the department's occupational wage ranges if documented, reasonable business needs exist.

Promotion: The career advancement of an employee to a higher occupational wage range.

Working Conditions: The environment in which an employee may perform their job. Examples include indoor/outdoor location, noise levels, hazardous duties or materials, differing shifts or hours, frequent travel, physical demands, stress, and on-call or call-out conditions.