



Montana Operations Manual *Policy*

Category

**Human
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Employee
Benefits**

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**Department of Administration
State Human Resources Division**

Natural Resource Energy Development Impact Policy

I. Purpose

This policy provides guidelines and requirements for agencies implementing additions to compensation for hard-to-fill and/or -retain positions located within areas of the state impacted by natural resource energy development activities.

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.

Agencies must follow the provisions of this policy unless they conflict with collective bargaining agreements, which will take precedence to the extent applicable.

III. General Requirements

A. Procedures

Each agency implementing this policy must design, implement, and administer written procedures regarding additions to compensation for areas impacted by natural resource energy development within the parameters of this policy. The agency's strategic mission, specific workforce challenges, desired outcome, and agency pay procedures should drive decisions regarding additional compensation.

Agency pay procedures must:

1. be fiscally responsible, actively managed, and consistently applied with the agency's mission and objectives;
2. identify procedures for implementing the various types of additional compensation needed by an agency as addressed in this policy; and
3. be filed with the Department of Administration.

Agency management must review the effectiveness of the agency's pay procedures under this policy at least annually.

B. Additional Compensation Considerations

1. Additions to compensation may be available to State of Montana employees who are employed in mission-essential, hard-to-fill job positions located within areas of the state affected by natural resource energy development activities.
2. Additional compensation considerations are intended to help offset the competitive pressure and higher costs of living within areas of the state affected by natural resource energy development activities and to improve an agency's ability to attract and retain employees. The additional compensation considerations are not designed to enhance an employee's current standard of living.
3. Consideration for additional compensation will be determined on a case-by-case basis.
4. The agency head or designee must approve all additions to compensation under this policy. Agency management shall properly document the type and reason for the additional compensation in the employee's personnel record. An employee's compensation may be modified through the lump-sum adjustment types described below:
 - a. Housing Allowance (for rental or home ownership)
 - b. Travel Subsidy
 - c. Signing Incentive
 - d. Retention Incentive
5. Special contingencies may be used if approved by agency management.

6. Agency management shall properly document the type of additional compensation in the employee's HRIS record using SABHRS coding.
7. All additions to compensation are taxable and are to be included in the computation of overtime rates as required by IRS regulations.

C. Agency Implementation and Continuation Requirements

1. Agency management will establish internal procedures to administer additional compensation authorized by this policy. Agency management will review the effectiveness of its internal procedures at least annually and determine if the agency continues, revises, or discontinues its procedure.
2. Employees can request reconsideration if significant changes occur before their next annual revalidation. If agency management determines an employee or group of employees is no longer impacted, agency management can discontinue additional compensation authorized under this policy.
3. Continuation of additional compensation depends upon the availability of funding. Additional compensation amounts can change and/or be eliminated at any time without notice. It is recommended that a 30-day notice be provided if possible to an employee when an additional compensation agreement is changed or eliminated.

D. Additional Compensation Types and Administration Procedures

Agency management may provide additional compensation through the adjustment types described below:

1. **Housing-allowance payments** are intended to help offset the competitive pressure and higher cost of rental and purchased housing within areas of the state affected by natural resource economic development activities and to improve an Agency's ability to attract and retain employees.
 - a. The employee population includes new and current employees.
 - b. Agency management should use a process where an employee provides to the agency documentation proving the inability to acquire and/or maintain affordable housing.
 - c. Agency management must document the method used to determine the housing-allowance amount. Housing-allowance

compensation is paid as a flat-dollar, lump-sum amount, not added to an employee's base pay rate.

2. **Travel subsidies** help to offset the cost of travel for employees who cannot find adequate, affordable housing within 50 one-way miles of the employee's assigned work location due to a shortage of available housing caused by the natural resource energy development activities.
 - a. Employees who are unable to find adequate, affordable housing within 50 miles (one way) of their assigned workplace incur additional travel expenses, such as fuel, vehicle maintenance, etc. Travel subsidies provide a defined monthly lump-sum adjustment to eligible employees to assist with the additional transportation costs incurred.
 - b. Agency management should use a process where an employee provides to the agency documentation proving the lack of adequate, affordable housing within 50 one-way miles of the employee's assigned workplace.
 - c. Based on the distance traveled, agency management can determine a specific monthly travel subsidy to provide to an employee.
 - d. At any point when an employee's travel status changes, the employee must notify agency management. Travel-subsidy payments can be modified or discontinued based on a travel-status change or at any time.
3. **Signing incentives** are a lump-sum payment option intended to entice an applicant to accept an employment offer in a competitive job market.
 - a. The signing incentive is useful when an agency wants to recruit a candidate when other employers may be competing for the same potential employee. A signing incentive is also useful to bridge the gap between the salary a candidate wants and the offer that is being made. The advantage of a signing incentive for the employer is that it is a one-time payment and not a recurring annual expense.
 - b. Agency procedures should require documentation indicating the benefit of recruiting the candidate when seeking approval for a signing incentive.

- c. Signing incentives can be paid over a period of time, e.g., an initial amount paid at hire, another amount paid at six months, and a third amount paid at the completion of one year of employment. This process provides additional incentive for the employee to remain with the agency.
4. **Retention incentives** are lump-sum payments outside of an employee's regular salary offered as an incentive to keep an employee, particularly during a crucial business need.
 - a. Customarily, retention incentives encourage employees to remain in a job for a defined period of time. Retention incentives are usually focused toward key employees whose lost knowledge and abilities may negatively impact the work environment.
 - b. Agency procedures must require documentation indicating the benefit of retaining the employee when seeking approval for a retention incentive from agency management.
 - c. Retention incentives can be a one-time amount or a series of payments made over a period of time, e.g., an initial amount paid immediately, another amount paid at a period of months later, and subsequent interval payments at defined time periods. Extension of payments encourages an employee to remain in the job.
5. **Special contingencies** may be considered as part of an agency's procedure if approved by agency management. Agency management is responsible for documenting and reporting any special contingencies implemented and providing the details of the contingencies to the Department of Administration. The agency shall properly document the type and rationale in the employee's personnel record.

IV. Definitions

All definitions under [2-18-101](#), MCA, apply to this policy. The following definitions also apply.

Lump Sum: Payment of a specific amount for a particular purpose that is not paid at an hourly rate and is not included as a portion of base pay. The lump-sum payment can be a single, one-time payment or multiple, specific payment amounts scheduled to be paid at specific time intervals.

V. References

1. Broadband Pay Policy
2. SABHRS Coding will be included as it becomes available.