

 Montana Operations Manual <i>Policy</i>	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 pay policy applies to the State's broadband employees. It does not apply to employees in the blue-collar plan or any other position specifically excluded under sections §§ [2-18-103](#) and [-104](#), MCA. This plan is not a contract or an offer to contract between the State and its employees.

The State reviews its pay policy at least biennially by October 1 in odd-numbered years following the legislative session. All references to pay rates and pay schedules throughout this document refer to base pay. State contributions to group benefits provided in §[2-18-703](#), MCA, overtime, fringe benefits as defined in §[39-2-903](#), MCA, and longevity allowance provided in §[2-18-304](#), MCA are excluded.

Pay rates for union employees are mandatory subjects of collective bargaining. Collective bargaining contracts are posted on the State's website. Where this policy conflicts with a collective bargaining contract, the contract takes precedence to the extent applicable.

III. Mission and Pay Philosophy

Montana state government strives to recruit, retain, and reward employees with the competencies, knowledge, skills, abilities, and

dedication to serve the citizens of the State of Montana.

Our employees are essential to successfully achieving our agencies' missions. The State is committed to providing a competitive total compensation package of direct and indirect pay, including base pay, benefits, incentives, and retirement programs while remaining fair, consistent, and fiscally responsible.

This pay policy helps us achieve our agencies' missions through the following pay objectives:

1. Monitor and remain externally competitive by benchmarking pay levels on a regional and national basis using data that reflects similar public and private sector organizations;
2. Promote fair and consistent pay practices by adhering to relevant policies, procedures, and regulations;
3. Manage pay rates and ranges to support recruitment and retention strategies;
4. Reward employees for their performance and contributions to the organization through career mobility and advancement, performance pay, and employee incentive awards; and
5. Support a respectful, diverse workplace where we consistently apply equitable pay practices.

The State's primary labor market includes both public and private sector employers in Montana with which it competes for the recruitment and retention of employees.

The relevant labor market is defined by peer states where Montana compares salary data. The State Human Resources Division leverages peer-state data except when it determines an alternate labor market is justified.

The State seeks to establish its targeted pay position by requiring agencies set pay within the occupational wage range within an agency's fiscal ability, unless the employee is excepted as described in Section VII. - Pay Exceptions. Pay rates reflect level of experience, job mastery, and skills that vary per employee. While the midpoint represents the market median for each job, not everyone will be paid at the midpoint. Given the variance in qualifications, experience, and performance of employees, some will be compensated lower in the pay range, some at the midpoint, and some above the midpoint.

The State Human Resources Division is responsible for the oversight and maintenance of the State's compensation program. The State administers its compensation program in a transparent manner by clearly communicating and employing its compensation philosophy, policy, and programs in a consistent and impartial way.

IV. Establishing Base Pay

A. General – Every odd-numbered year, the State Human Resources Division establishes statewide pay ranges that includes an occupational wage range. Agencies set pay within the range using the strategies contained in this section, except as provided in Section VII. - Pay Exceptions. Pay ranges may be adjusted during the annual review period established by section VIII Annual Review Process.

B. Minimum Salary – An employee's pay rate may be no less than the minimum of the occupational wage range for the employee's assigned position unless an exception process follows for one or more of the following reasons:

- i. Employee is receiving a required certification or credential or participating in a documented training assignment, as outlined in Section IV, E. Training Assignment; or
- ii. Reasons approved by the State Human Resources Division.

Practices within other agencies that allow for pay below minimum salary must be addressed through communication and direct action by the Department of Administration (DOA) to increase pay within a mutually agreed-upon timeframe.

Any pay adjustment resulting in pay below the minimum of the occupational wage range set by the State Human Resources Division must be reviewed and approved by the State Human Resources Division before adjusting pay below the minimum.

C. Pay Above Maximum – An employee's base pay may be no more than the maximum of the occupational wage range unless the agency obtains an exception.

Pay above maximum salary must be processed by State Human Resources Division and approved by the Office of Budget and Program Planning (OBPP). An employee whose pay exceeds the maximum of the occupational wage range must be frozen from further discretionary increases until the employee's pay rate falls below the maximum of the employee's assigned pay range. Employees with pay rates above the maximum of the pay range must receive all statutorily required pay increases.

D. Hires – The pay rate for an internally or externally hired employee is set by agency management within the state-wide occupational wage ranges. The rate must be equal to or above the salary range minimum, unless an exception is approved. When setting the rate,

authorities must also consider:

- i. The employee's relevant qualifications (experience, competencies, etc.) compared to the minimum qualifications of the position;
- ii. The agency's ability to pay;
- iii. Pay rates of existing employees in similar jobs with similar skill sets;
- iv. External competitiveness with the primary labor market; and
- v. Business-critical roles.

E. Training Assignment – An employee new to a job may be placed in a temporary training assignment, not to exceed one year, if the employee does not meet the position's minimum qualifications. If an employee meets minimum qualifications, the employee cannot be placed in a training assignment. Pay for an employee in a training assignment may be set below the occupational wage range. The training assignment will:

- i. Be documented;
- ii. Be signed by the employee, manager, and human resources staff;
- iii. Include the base-pay rate at the beginning of the training assignment, any pay increases allowed during the training assignment, and the base-pay rate at the end of the training assignment;
- iv. Provide the length of the training assignment (not to exceed one year);
- v. Describe the training, experience, and development goals that will be provided for successful completion of the assignment; and
- vi. Include performance-review requirements.

Training programs are not testing or probationary in nature and are used to develop and upskill employees.

F. Supervisory Pay – An employee not classified as a supervisor may be eligible for additional pay when regularly performing supervisory or lead-worker duties, as defined in Section X, as a permanent expectation of the employee's work. This supervisory pay includes:

- i. An employee occupying a position in a non-supervisory occupation performing supervisory or lead worker duties; or
- ii. An employee who is performing supervisory or lead duties and is classified in the same job code as the employee's subordinates.

Employees temporarily assuming managerial or supervisory duties during a planned absence of less than 30 days do not receive supervisory pay. Employees who temporarily perform supervisory or lead work for 30 days or longer may be paid as described by Section V. F. Temporary Duties Assignment.

When determining this additional pay, the agency must document the number of employees led or supervised, levels of supervisory duties performed, and internal pay fairness and consistency. The employee's pay rate may be adjusted by up to:

- i. Five percent additional pay for lead worker duties; or
- ii. Ten percent additional pay for supervisory duties.

If supervisory or lead worker duties end, the employee's base pay shall be reduced back to its previous level, considering any pay adjustments that would have occurred absent the supervisory or lead-worker assignment.

G. Demotion – A demoted employee, as defined in Section X, must receive a salary decrease and be within the occupational wage range for the new job code considering:

- i. The employee's job-related qualifications and competencies related to the new position, and
- ii. The comparison to employees in similar jobs who have similar qualifications and competencies.

Demotions may occur for reasons including, but not limited to, inability to perform the duties of a position, voluntarily assuming a lower-level position, or as the result of disciplinary action. An involuntarily demoted employee's pay may be protected no longer than 90 days, unless the agency obtains an exception through Section VII Pay Exceptions. Voluntarily demoted employees are not eligible for pay protection. At the end of the pay protection, the demoted employee's pay is established within the pay range for the new job code. Demoted employees receive statutorily required pay increases.

H. Reclassification – Classification, as defined in Section X, is an assignment of a position to a job code. A position may be reclassified, or assigned to a different job code, if one of the following conditions is met:

- i. The work changes and the position is reclassified;
- ii. A new standard or level is created;
- iii. A classification procedure changes; or
- iv. A classification is corrected by the State Human Resources

Division.

Pay for employees reclassified into a new occupation and level is set within the occupational wage range for the newly established job code, effective the first day of the pay period in which the reclassification request was received in the agency's Human Resources Office and considering the pay of similarly situated employees in similar jobs.

- I. Seasonal Employees – Pay for seasonal employees who return to the same position for consecutive seasons will continue at the same rate as if no break in service occurred. Seasonal employees will receive statutorily required raises. Returning seasonal employees may be eligible for pay adjustments as provided in Section V. Pay Adjustments.

V. Pay Adjustments

When fiscally able, an agency may award pay adjustments to its employees. Pay increases are not guaranteed. These pay adjustments may be made outside of the biennial salary review process. Before adjusting pay, the agency and the State Human Resources Division shall analyze pay in the existing workforce considering fairness and consistency for similarly situated employees. Additional pay increases may be awarded to prevent pay inequity between similarly high-performing and competent employees in comparable positions.

Pay adjustment requests must be signed by the agency human resources manager and the director, deputy director, or designee. Discretionary pay adjustments are effective on the first day of the pay period in which the adjustment is approved by OBPP or a State Human Resources designee. Retroactive adjustments resulting from a regulatory reason or binding agreement are effective on the first day of the pay period required by the agreement. Retroactive effective dates must be requested by the agency human resources manager or designee and approved by OBPP or a State Human Resources designee before awarding retroactive pay.

Adjustments for employees in an agency headed by an elected official are exempted from approval by OBPP or State Human Resources division. The elected official or designee must approve the adjustment if the employee works in an agency headed by an elected official. The effective dates for adjustments apply as described above.

The following pay adjustments may be provided contingent on review and approval by the manager, agency human resources, and the State Human Resources Division.

- A. Market Adjustment – Employees may receive a pay increase to

allow the State to remain competitive with the external labor market. Specifically, market adjustments may be made in the following scenarios:

- i. Market fluctuations result in a need for an adjusted range; or
- ii. A market adjustment is necessary for an occupation to address competitiveness across the State.

- B. Career Ladder** – Career-ladder adjustments are based on a series of pre-established, progressive steps within a specific occupational title (for example, IT Systems Analyst, Professional Engineer, Financial Examiner, etc.). Each step within the ladder must define the organizational requirements for achieving the pay adjustment, starting with the employee's entry of the career ladder. A career ladder must clearly define the route for legitimate career growth for the occupational title.

Employees state-wide may be eligible for state-established career-ladder adjustments within their occupational standard. Adjustments are based on an employee achieving the minimum requirements to perform higher-level work, authorization by the manager for the employee to begin their new job at the higher-level of work, agency human resources approval, and approval by State Human Resources Division. Minimum requirements for movement to higher-level work in the career ladder may include:

- i. Years of experience;
- ii. Growth in responsibilities;
- iii. Demonstrated competencies;
- iv. Performance results; and
- v. Licensing and certification.

All career ladders are found on the State's website.

- C. Performance** – Pay increases for job performance may be awarded to an employee exceeding well-defined annual performance standards, targets, and measurements. Performance measurements may include, but are not limited to, competency, productivity, quality, or effectiveness levels. Agencies may work with the State Human Resources Division to put a performance pay evaluation in place. Performance base-pay adjustments must not exceed the maximum of an occupational wage range.

An employee eligible for a performance adjustment whose base pay exceeds the maximum of the occupational wage range may not receive a base pay adjustment but may be eligible for a lump-sum performance payment.

- D. Lateral Moves/Transfers** – Pay adjustments for lateral moves/transfers, as

defined in Section X, shall be used sparingly and do not result in a change in base pay unless an exception process follows for one or more of the following reasons:

- i. A reclassification, as defined in Section IV. H. Reclassification, is needed resulting in a new job code;
 - ii. A change in base pay is needed to prevent pay inequity between similarly performing and competent employees in comparable positions; or
 - iii. The exception is reviewed and approved by State Human Resources Division.
- E. Retention** – The State may award a pay increase up to ten percent of the employee's base salary, not to exceed the maximum of the occupational wage range, to retain business-critical employees, as defined in Section X, who are considering external employment. A retention pay increase must consider documented work performance, competency to perform business-critical functions, and the State's ability to pay. Employees moving from one state agency to another are not eligible for retention pay increases resulting from the transfer, unless documented and approved by the State Human Resources Division through the exception process.
- F. Temporary Duties Assignment** – An employee's base pay may be adjusted to a different pay rate or range due to a temporary assignment. Temporary assignments must be for a period of at least 30 days but can be no longer than two years. Upon returning to the employee's regular assignment, the employee's pay is set as if the employee was not temporarily reassigned considering any pay adjustments that would have occurred absent the temporary assignment.

Temporary pay for supervisory, lead-worker, or management duties must be established considering the percentages and criteria in Section IV. F. Supervisory Pay.

- G. Differential** – An employee's base pay may be increased up to ten percent of the employee's base salary for unusual working conditions, not to exceed the maximum of the occupational wage range. A compensation differential may be issued in the following circumstances:
- i. Position requires extensive travel;
 - ii. Position requires unusual working hours such as weekends, holidays, nightshifts, or overtime; or
 - iii. Position is eligible for hazard-duty pay.

Differential pay adjustments must be discontinued when the employee is no longer working under the qualifying situation or

condition.

VI. Lump-Sum Payments

Lump-sum payments are one-time payments in addition to employee's base pay. All employees may be eligible for lump-sum payments. However, all lump-sum payments are contingent on funding and must be approved by the State Human Resources Division. Lump-sum payments of more than five percent of an employee's base salary will require additional justification to be approved. Additionally, the total of all lump-sum payments may not exceed \$7,500 per employee for the fiscal year. At the discretion of the director or approving authority, employees may receive lump-sum payments for the following reasons:

- A.** Employee Incentive Award – The State encourages its managers and employees to provide good ideas for improved customer service, efficiencies in operations, innovative ideas, and cost saving measures to the employee incentive award committee. Ideas implemented meeting the criteria in §2-18-part 11, MCA, may result in a monetary award or equivalent recognition.
- B.** Performance Payments – The State may provide lump-sum payments to employees who exceed predetermined performance objectives. Performance measurements may include, but are not limited to, competency, productivity, quality, or effectiveness levels. Performance payments lump-sum payments shall be described in terms of the following:
 - i. Special projects that are outside of the scope of the employee's job description;
 - ii. Completing a project ahead of time and/or under budget by an established amount;
 - iii. Exceeding production goals by an established amount;
 - iv. Achieving specified milestones established by agreement; or
 - v. Other predetermined performance objectives exceeding expectations.

Agencies must identify, explain, and document the reasons for the exceptional performance reason listed above and produce the documentation upon request.

- C.** Sign-on Bonuses – Sign-on bonuses are one-time, lump-sum payments not to exceed the amount posted on the State Human Resources Division's website. Sign-on bonuses are used to attract new permanent employees in business-critical roles, as defined in Section X. To qualify for a sign-on bonus, an employee eligible for a sign-on bonus must meet the following criteria:

- i. Retain employment in the hired position for a minimum of one year; and
- ii. Employee is a new hire;
- iii. Rehires not employed at the State within the last six months.

Lateral transfers, demotions, promotions, and rehires employed during the last six months are not eligible for a sign-on bonus.

If an employee voluntarily does not retain employment in the hired position for a minimum of one year, the employee may be responsible for repaying the sign-on bonus.

- D. Referral Bonuses** – An eligible State employee may participate in a referral bonus by directly recommending an external candidate who is hired into an eligible position. To be eligible, a State employee must be employed by the state at the time the external candidate applies and must remain employed with the state during the candidate's probationary period. Referring and referred employees must complete their probationary periods for the referring employee to be eligible for the bonus. The hiring agency is responsible for paying the bonus.

To receive the referral bonus, the candidate must submit in writing to the agency's human resources or hiring manager the name of the current, eligible State employee who referred the candidate to the position prior to hire. A candidate may only claim one current, eligible State employee as the referring individual. Referral bonus amounts are posted on the State Human Resources Division's website.

- E. Retention** – The State may provide lump-sum payments to business-critical employees, as defined in Section X, considering external employment offers. Retention payments consider documented work performance, competency to perform business-critical functions, and the State's ability to pay. Employees moving from one state agency to another are not eligible for lump-sum retention adjustments, unless documented and approved by the State Human Resources Division.

VII. Pay Exceptions

An employee's pay rate may be set or adjusted differently than other employees' current rates of pay or the ranges in the State's occupational wage ranges. The State does not guarantee employees will receive different pay based on this section. Reasons an agency may set or adjust pay differently than the range include:

- i. An employee's pay is set or adjusted above the maximum of the range and the employee works for an agency headed by an elected official, as described by 2-18-102 (6), MCA.
- ii. Pay protection associated with a demotion, as described in Section IV, G – Demotions;
- iii. Statutorily required increases;
- iv. Employee is receiving a required certification or credential or participating in a documented training assignment, as outlined in Section IV, E – Training Assignment;
- v. Employee is in a position that is being reclassified;
- vi. Employee is involved in a legal settlement; or
- vii. Reasons approved by the State Human Resources Division.

To obtain an exception, agencies must follow the procedures established by the State Human Resources Division. Unless the agency is exempted by 2-18-102 (6), MCA, agencies can submit pay exceptions for one of the reasons listed in this section according to the process established by State Human Resources Division.

An employee's base pay rate may only be adjusted above the maximum of the employee's occupational wage range at the review and approval of the director's office, agency human resources, State Human Resources Division, and the Office of Budget and Program Planning (OBPP) using the procedures established by the OBPP.

VIII. Annual Review Process

The State Human Resource Division will review pay ranges annually to ensure consistency and compliance with standards and procedures outlined in the State-wide pay policy with the goal of realigning pay between comparable employees. Reviews of internal fairness and consistency between longstanding employees and new hires as well as employees in comparable positions in different agencies will occur to reduce pay compression or alleviate supervisor/subordinate pay inversions caused by job and wage changes throughout the year. Reviews will also include a thorough evaluation of position vacancies and identified recruitment gaps, turnover, and anticipated retirements throughout the State. State Human Resources division may collaborate with agencies to adjust ranges prior to implementing changes.

IX. Record Keeping

Employee pay is public information. An employee, manager, auditor, or the public may request information about an employee's pay rate and can be provided with documentation about an employee's pay adjustments. All pay documentation is maintained in a written or electronic record at the agency human resources office. The State maintains an electronic copy of a new

employee's starting pay-offer letter with the employee's personnel file.

X. Definitions

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

- A. Business-Critical Position:** An agency's strategic position or occupational group essential for fulfilling its unique function and mission in state government.
- B. Career Ladder:** The predetermined, progressive advancement from an entry-level position in an occupation to higher-level, differing work based on increasing skills, competencies, and responsibility.
- C. Classification:** A process of evaluating the work performed in each job to determine the appropriate occupation and level.
- D. Demotion:** The assignment of an employee to a lower-level position or occupational wage range. This assignment may be voluntary or involuntary.
- E. Discretionary Pay Adjustment:** Optional pay change provided to an employee by an agency within the parameters of the state's broadband pay policy.
- F. Lead Work:** Employees who perform leadership, oversight, or instruction to others; or supervisors of less than two full-time equivalent positions.
- G. Lateral Moves/Transfers:** Permanent employee movement to another position at the same occupation, level, and job code. This movement may be voluntary or involuntary.
- H. Pay Rate:** The compensation provided to an employee as defined in [2-18-101 \(8\), MCA](#).
- I. Pay Schedule:** The effective-dated market ranges established by the Department of Administration State Human Resources Division during the biennial salary survey process required by [2-18-301, MCA](#).
- J. Permanent Capacity:** Regular, ongoing work expected of the position.
- K. Promotion:** The advancement to a higher-level job code, occupation, or position number through a competitive recruitment process.
- L. State-wide Pay Range:** The pay schedule established by the Department of Administration State Human Resources Division applied across all agencies in the executive branch of state government, that incorporates a state specific occupational wage range.

M. Targeted Pay Position: The amount of compensation an employee ought to earn after considering: the employee's qualifications; job mastery; performance; pay within an agency for similarly situated employees performing similar work; an agency's ability to pay; competitive position compared to the external market; and relevant policies, procedures, and regulations.

N. Working Conditions: The environment in which an employee performs the job.

XI. Resources and References

[Action Reason Catalog](#)

[Action Reason Code Process Document](#)

[Broadband Pay Approval Form/Template](#)

[Broadband Classification Policy](#)