

# Montana State Library

## Alternative Pay Plan Proposal

November 2004

### **Introduction:**

The Montana State Library (MSL) proposes to develop and implement an alternative compensation program for its employees. Specifically, the agency proposes implementation of an alternative system that provides market-based compensation and that integrates competencies into the management of human resources.

### **Business need and project objectives:**

Following are the major objectives of, and business reasons for, this initiative:

- To address high turnover within the agency (e.g. nearly ¼ of our positions are currently vacant) which has adversely affected the Library's ability to provide critical services. Many of these positions are vacant due to low salary levels at the MSL and greater opportunities in agencies that have moved to Alternative Pay systems and models. The cost of developing the Alternative Pay Plan will pale in comparison to the improvements we plan to achieve through this proposal (e.g. recruitment costs on one round of vacancies cost us \$4,038, and we did not get a qualified applicant pool). The library is unable to match higher salary levels offered by other state agencies or private entities, and recent applicant pools indicate that our salaries are insufficient to attract qualified individuals to fill vacant positions. A move to Alternative Pay would provide us with options in retaining current employees and attracting qualified applicants.
- To address the difficulty in attracting applicants for positions requiring highly specialized combinations of information technology and librarian skills, knowledge and education. The MSL faces on-going recruitment and retention issues that require greater flexibility for managers in determining compensation than the traditional pay plan allows. Recruiting employees under a broadband pay plan will help us to attract qualified and capable workers and offer a wage that is more competitive.
- To retain the unique knowledge, skills, and abilities in current staff that are critical to MSL operations. The agency recognizes the value of cumulative knowledge and skills acquired by employees and the benefits of competency development and improvement to organizational success and effectiveness. The broadband and market-based pay structure will allow us to reward and retain our top employees through use of competency-based human resource management.
- To compensate employees for expanding their roles and responsibilities within the MSL. As the agency must be responsive to continually changing information dissemination and technology developments, employees are expected to acquire new skills. Movement to a market-based pay plan and broader pay ranges will allow us to compensate employees for responding to constantly changing customer needs and expectations, additional duties and assignments, as well as agency demands for competency growth. The broadband pay plan is cited by many state agencies as a potential solution to classification and pay issues associated with the less flexible, narrow pay ranges found in the current classification and pay plan.
- To implement a performance management and compensation system that rewards exceptional employee performance, and recognizes and supports the attainment of agency goals, professionalism, and excellence in customer service demonstrated by employees. We will ensure that communication regarding performance is ongoing, and that performance feedback is timely, meaningful and supports employee success.

**Project overview and approach:**

This project will be divided into two phases. Phase 1 will include transition to broadbands and market based pay ranges (this fiscal year), and Phase 2 will involve the design and implementation of competency-based performance management and pay (next fiscal year). The alternative competency-based performance and pay system will be implemented for all MSL employees currently classified under Pay Plan 60 & 068. Transition to the broadband structure would place positions in bands that correspond to their current complexity levels. Positions in the agency include:

<b>GRADE</b>	<b>POSITION</b>	<b>Job Code</b>	<b>Class Title/Working Title</b>	<b>Incumbent</b>
18	51500040	111201	Operations Mgr, State Digital Library Director	Hill
20	51500001	111203	CEA, State Librarian	Staffeldt
17	51500005	113203	Computer System Info Mgr, Client Serv. Sup	Orr
17	51500041	113203	Computer System Info Mgr, GIS & Info System Dev. Prog Mgr	VACANT
18	51500006	119308	Education Program Admin, Statewide Library Resources Director	VACANT
12	51500035	131901	Admin. Specialist, Vol Prg Coord,	Gunderson
16	51500029	132906	Financial Specialist, Central Services Manager	Schmitz
15	51500037	151205	Computer Programmer, Info Syst Spt	VACANT
15	51500045	151205	Computer Programmer, GIS Programmer/Analyst	VACANT
15	51500048	151205	Computer Programmer, GIS Programmer/Analyst	Abbenhaus
15	51500057	151205	Computer Programmer, GIS Programmer/Analyst	Donnafield
16	51500038	151206	Computer Programmer, GIS Programmer/Analyst	Daumiller
16	51500046	151206	Computer Programmer, GIS Programmer/Analyst	Lund
15	51500013	151504	Computer Systems Analyst, Statewide Technology Librarian	Cooper
15	51530552	151504	Computer Systems Analyst, Statewide Technology Librarian	Cook
15	51530553	151504	Computer Systems Analyst, Statewide Technology Librarian	Reymer
15	51530555	151603	Database Analyst, MT Library Network Info Spec.	Price
15	51500020 & 39	151705	Network Administrator, Network Manager	VACANT
15	51500044	151805	Network Systems Analyst, Web Manager	VACANT
16	51530554	151806	Network Systems Analyst, MT Library Network Director	Newell
12	51500009	254202	Librarian, Govt Info Ser Asst	Hermon
14	51500004	254204	Librarian, Federal Grants/Cont Educ Consultant	Jackson
14	51500031	254204	Librarian, Govt Info Spec	VACANT
14	51500032	254204	Librarian, St Pub Cent Coord	Kammerer
15	51500010	254205	Librarian, MT Shared Catalog Manager	McHugh
15	51500015	254205	Librarian, Supv TBL	Briggs
9	51500008	254301	Library Technician, Client Srv. Asst	Smith
10	51500016	254302	Library Technician, Readers Advisor	Christopher
10	51500017	254302	Library Technician, Readers Advisor	Madison
10	51500019	254302	Library Technician, Tech Serv Assist	Madison

10	51500023	254302	Library Technician, Readers Advisor	Hunter
11	51500018	254303	Library Technician, Publications	Gebhardt
15	51500049	273305	Public Relations Spec, Communications/Marketing Coord	.Groves
10	51500002 & 30702	433304	Accounting Tech	Churchill
10	51500011	436103	Administrative Assistant	Shinnick
11	51500003	436104	Administrative Assistant	Duke
9	51500026	436404	Secretary, Circulation Clerk	Meier

The agency is interested in implementing several human resource applications typically associated with integrated competency systems. These applications include Compensation, Performance Management, and Recruitment and Selection. The MSL has contracted with Communication and Management Services, LLC (CMS), a local consulting firm, to assist in the design and implementation of this system and to ensure that the plan is in line with the guidelines developed for alternative classification and pay systems by the Department of Administration.

***Compensation***

The MSL alternative classification and pay system includes multiple components of pay:

- Market-based pay
- Competency-based pay
- Results/Performance-based pay

**Market adjustments** are an important component in this proposal. Market salary data will be collected on all positions in the organization using a combination of available salary survey resources including Watson Wyatt, Central States Compensation Association, and state and national Occupational Employment Statistics (OES). In addition, the MSL may gather salary information that is specific to the agency by surveying similar agencies in other states. This data would augment the larger surveys covering a broad range of occupations to provide comparisons of how other similar organizations compensate employees in similar jobs. The MSL will work with CMS consultants to establish appropriate market ranges.

Market salary information is necessary to establish salary ranges and will be used to adjust pay once a market pay rate and range is established for each position early on in this project. Market adjustments will be made to base salary (Phase 1). Transition to the new pay structure will initially be based on existing objective criteria until performance and other competency-based tools are in place and well established within the organization.

**Competency pay** is also a component of the proposed plan (Phase 2). Competency-based pay will be awarded to MSL employees based on an assessment of demonstrated job-related competencies that contribute to success in the position. The MSL will use both behavioral and technical competencies to determine appropriate pay adjustments. Competency assessment will be tested during a trial period before full implementation.

**Results-based adjustments** include pay awarded to employees based on work accomplishments (i.e. attainment of agency objectives such as completing special projects and implementing new methods and procedures). This pay component will give the MSL a means to reward employees for outcomes or outputs. Performance standards and criteria used to award results will be set at the beginning of each assessment period.

***Performance management***

Employees and managers will participate in the development of work unit competency models. This data will be used to develop job-related performance measures and results-based objectives in the form of a competency-based performance appraisal. A trial period will be used to test the performance management tool and refine knowledge, behavioral and results-based measures. CMS consultants and the State Librarian will provide direction and oversight of the project to ensure employees and supervisors are trained and the system is administered appropriately.

### ***Recruitment and Selection***

CMS staff will work with the State Librarian to incorporate the competency models and related information and criteria into the agency's recruitment and selection processes. This project component will be customized to meet the unique needs of the MSL during Phase 2 of this project.

### **Resources**

The agency plans to fund this project through a variety of available funding resources within existing budgets (e.g. vacancy savings), however Montana State Library may explore other options and sources if needed.

### **Collective Bargaining**

The MSL employees are not unionized.

### **Quality Control/Assurance**

An important element in successful implementation of an alternative compensation program is employee and management support to ensure that the system is trusted as being objective and impartial. The MSL will address this issue by incorporating several different quality control components into the plan to ensure consistency and compliance in the application of a competency-based performance management and compensation system. The proposed system will comply with state and federal employment and civil rights laws and according to the requirements of Montana Operations Manual 3-0115, the state performance management and evaluation policy.

### ***Valid Competency development process***

Competencies associated with successful performance in MSL positions will be identified through valid means recommended by the Department of Administration. Menuing sessions will be conducted early on in system design to involve employees and supervisors in the competency identification process and to establish the connection between competencies and the larger organizational context. Valid, job-related competencies and relevant behavioral indicators are important components of competency models and will provide the foundation for development of performance appraisal tools.

### ***Review Process***

A tiered performance appraisal review process will help to ensure consistency and objectivity in the application of performance management tools. The State Librarian (or designee) will review employee performance appraisals completed by internal supervisors to ensure objectivity and consistency.

### ***Training***

The MSL is committed to providing training and technical assistance to employees and supervisors in the administration and implementation of the competency-based performance management and compensation system. Supervisor training and assistance will be provided during the implementation phase of this plan by consultants at CMS, LLC and on an as-needed basis.

### **Approval:**

**Signature below indicates approval of this proposal.**

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Darlene Staffeldt  
State Librarian

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Date

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Randy Morris  
Administrator, State Personnel Division  
Department of Administration

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Date