

**Montana State Library  
Broadband Pay Plan  
April 2008**

**I. Purpose and Scope**

**A. Purpose**

The purpose of this policy is to implement the state broadband pay plan at the Montana State Library in accordance with 2-18-301 and 2-18-303 MCA and MOM 3-05-1, the State's Broadband Pay Policy.

**B. Scope**

The Montana State Library (MSL) designed, implemented and will administer this written pay plan within the parameters established in MOM 3-05-1, the State's Broadband Pay Policy. This plan is fiscally responsible, actively managed, and consistent with the MSL and State Library Commission's mission and objectives. This pay plan provides procedures for implementing the aspects of pay addressed in MOM 3-05-1.

The MSL recognizes that available funding and legislative allocations for pay increases are to an extent outside of the agency's control. In order to ensure that this pay plan is fiscally responsible, the MSL has developed and incorporated pay adjustment alternatives into this pay plan to ensure pay increases can be provided to employees in a fiscally responsible manner. For example, the MSL may provide lump-sum adjustments for employees when there is not enough funding to provide meaningful performance or competency-based base pay adjustments.

**II. Definitions**

Reference MOM 3-05-1, the State's Broadband Pay Policy for a list of definitions relevant to this policy. MSL-specific definitions are listed below:

- Management Team – MSL managers consisting of the State Librarian, Centralized Services Manager, Director of Statewide Library Resources, and the Montana State Digital Library Administrator. This group will be responsible for making pay decisions based on performance/competency information annually in group manager meetings to provide consistency, fiscal responsibility, and quality control. The Management Team is also responsible for evaluating employee-initiated Pay Adjustment Reconsiderations and providing a recommendation to the State Librarian regarding the appropriate pay adjustment.
  
- Maximum Rate – The maximum rate for an occupational pay range is 120% of the MSL market rate for the occupation.

### III. Establishing Wage Rates

#### A. New Hire

An employee's base salary may not be less than the pay band entry salary for the employee's assigned occupation, except as provided for under training assignments.

#### B. Seasonal

The MSL has two options in establishing the wage rates for seasonal employees:

1. Treat a seasonal employee as a continuing employee who is on authorized leave without pay between seasons or work periods. The employee will be eligible for the statutory wage adjustment, as if the employee had been employed during the off-season. There is no break in service. All time will count towards longevity.
2. Terminate a seasonal employee at the end of a season or work period. The employee may be rehired and the wage set using one of the following procedures:
  - a. at the same base salary, plus any statutory wage adjustments as if there were no break in service, or
  - b. within the occupational pay range according to the agency pay plan (section III, A, New Hire) based on the classification of the position and qualifications of the individual.

#### C. Training Assignments

Training assignments will be administered consistent with MOM 03-05-1 Section IV. C., "Training Assignments" At the completion of a training assignment, the employee's base salary will be set at a rate between the minimum of the occupational pay range to which they are assigned up to a rate that maintains their current percent of market in the training assignment. Managers **must** compare the employee's competency, performance, and tenure to other MSL employees in the higher classification level when determining where to set the employee's pay to ensure appropriate internal pay relationships and equity.

#### D. Supervisory Pay

The MSL will provide a percentage increase to the occupational pay range for employees with supervisory responsibilities according to the following parameters:

Lead worker Supervision:	5% increase
Line Supervision:	10% increase

The MSL will increase the entry and market rate of the occupational pay range for positions classified in non-supervisory or non-managerial titles by the above percentages to compensate employees for additional supervisory responsibilities.

The MSL will not increase the entry and market rate of the occupational wage range for positions classified in supervisory or managerial titles as these responsibilities were already considered in setting the pay ranges.

If an employee is classified in a non-managerial or supervisory title and assumes supervisory responsibilities, the agency will either reclassify the position or may provide additional pay for the additional supervisory duties within available funding.

#### **IV. Wage Adjustment Types**

The Montana State Library Pay Plan includes the following pay adjustment components:

##### **A. Statutory Rates – Market Progression**

Statutory Legislative pay increases (e.g., the 3% base salary increases effective October 1, 2007 & 2008) are similar to cost-of-living increases, and will be used to adjust individual salaries and to progress employees through the pay range established for their position.

Under the broadband pay plan, the occupational pay ranges will not be adjusted based on legislative increases, but individual salaries will be adjusted to reflect any statutory adjustments as adopted by the Legislature.

##### **B. Occupational Pay Range Adjustments – Market and Inflation**

A biennial labor market analysis will be used to establish the pay ranges for each occupation in state government. Based on this information and any other relevant information, the MSL will adjust its market rates and ranges in response to market forces and other changes in wages (e.g., inflation). Employee pay may be moved up with occupational range adjustments within available funding. Per the Statewide Broadband Pay Plan Policy (M.O.M. 3-05-1), IV. A, “An employee’s base salary may not be less than the pay band entry salary for the employee’s assigned occupation except as provided in [Training Assignments].” Employee pay will not be reduced if market data indicates the market rate should be adjusted down.

The MSL may make market-based pay adjustments at any time there is a need (i.e., not just in conjunction with the statewide biennial labor market analysis) including responding to shifts in the market, recruitment, retention, or equity issues. Changes to market rates for individual MSL positions must be approved by the State Librarian.

##### **C. Promotion – A Change to a Higher Level Job**

A "promotion" involves assigning an employee to an higher occupational pay range or a higher pay band (e.g., being moved to a higher pay band based on a change in duties or applying for and getting a job that is classified at a higher level).

The pay for promoted employees may be set within a range between the entry rate for the promoted-to pay range up to a rate that maintains the employees same percent of market in the lower-level pay range. Managers **must** compare the employee’s competency, performance, and tenure to other MSL employees in the higher

classification level when determining where to set the promoted employee's pay to ensure appropriate internal pay relationships and equity.

Any exception to this policy must be proposed to the State Librarian and the rationale documented by the employee's supervisor, with documentation maintained in the individual personnel file.

#### **D. Transfers and Demotions**

If an employee is transferred or demoted to a position with the same or lower classification or occupational wage range than their current position, the employee may be paid at a level not to exceed 120% of the MSL market rate assigned to the position to which the employee is transferred or demoted. Employee pay may be reduced under a demotion (movement to a position with a lower classification) or a transfer to a position with a lower occupational wage range. Within available funding, employee pay may be increased if they are transferred to a position with a higher occupational pay range.

Employee pay may be reduced under a demotion to a lower pay band. Managers **must** compare the employee's competency, performance, and tenure to other MSL employees in the lower occupational pay range when determining where to set the employee's pay to ensure appropriate internal pay relationships and equity.

Any exception to this policy must be proposed to the State Librarian and the rationale documented by the employee's supervisor, with documentation maintained in the individual personnel file.

#### **E. Reclassification**

##### **1. Reclassification to a higher pay band**

The salary for an employee whose position has been reclassified to a higher pay band or to an occupation with a higher occupational pay range may be increased to a rate between the entry rate of the higher occupational pay range up to a rate that maintains their same percent of market in the lower range.

Managers **must** compare the employee's competency, performance, and tenure to other MSL employees in the higher classification level when determining where to set the employee's pay to ensure appropriate internal pay relationships and equity.

The effective date of a reclassification that results in a higher pay band is the first day of the pay period and may not be more than 30 calendar days prior to the date of the agency head or designee's signature on the reclassification request.

## **2. Reclassification to a lower pay band**

The salary for an employee whose position has been reclassified to a lower pay band or to an occupation with a lower occupational pay range may be set at a level not to exceed the maximum level for the occupational pay range.

Employee pay may be reduced under a reclassification to a lower pay band. Managers **must** compare the employee's competency, performance, and tenure to other MSL employees in the lower occupational pay range when determining where to set the employee's pay to ensure appropriate internal pay relationships and equity.

The effective date of a reclassification that results in a lower pay band will be the first day of the pay period following the effective date of the reclassification.

## **F. Longevity Adjustments – Increases for Continuous State Service**

"Longevity" is a salary increase of 1.5% or 2.0% of the base salary for every five years of uninterrupted state service (employees receive a 1.5 percent increment at the first, fifth and additional five-year periods of uninterrupted service, and a 2 percent increment at the second, third and fourth five-year period of uninterrupted service). Total pay (base pay plus longevity) is calculated by taking the base salary, multiplying the earned longevity percentage and adding that amount to the base salary.

A longevity allowance must be added to an employee's hourly base salary on the first day of the pay period in which the eligibility occurs. Longevity is calculated after all other wage adjustments have been added to the employee's base salary.

## **G. Competency Pay – Base Pay Progression and Bonuses**

The attainment and demonstration of knowledge, skills, abilities, and behaviors that contribute to success on the job will be compensated through base pay adjustments or bonuses when funding is available. Employee competency and performance will be assessed at least on an annual basis, and appropriate competency pay adjustments will be made based on the following criteria. Competency pay may be given as a one-time bonus or as an increase to salary.

### **1. Funding Availability**

Competency-based pay adjustments will be contingent on the availability of funding. If funding is unavailable for competency-based base pay adjustments in a particular year or biennium, the agency may be forced to forgo competency base-pay adjustments, and will consider other adjustments (e.g., one-time lump-sum adjustments) within available funding.

Effective October 1, 2007 and October 1, 2008, the appropriation that represents six-tenths of 1% of the salary for each full-time equivalent position must be allocated

to each agency to distribute to its employees for reasons including but not limited to market progression, job performance, or employee competency.

Due to the limited funding that this appropriation represents for 2008, the MSL will provide one-time bonuses for its employees by dividing the available funding among department employees based on their tenure with the agency and their percent of Full-Time-Equivalent worked.

**2. Proficiency Levels and Pay Rates (within-band progression and career ladders).**

When funding becomes available, the MSL will establish and maintain proficiency levels and associated pay levels as the basis for setting individual employee pay in relation to the Market Rate. The agency will maintain definitions and criteria for each level in order to determine appropriate placement of employees based on the proficiencies required of their positions, and document these criteria. Following are MSL’s proficiency levels and associated pay levels.

*Table 1: MSL Proficiency Levels & Pay Rates*

	Proficiency/ Competency Level	Pay Progression Level (as a % of Market)
1	Entry	80 - 90%
2	Basic	90 - 100%
3	Advanced	100 - 110%
4	Expert	110 - 120%

**3. Target Market Ratio Guidelines – Base Pay Progression to Market**

The MSL will track employee “target market ratios” (the targeted percent of market based on competency assessment) for employees, and will use these target market ratios (TMRs) as guidelines for progressing employee pay to the market rate for their occupational pay range and for making employee pay adjustments within available funding. For example, if the agency does not have adequate funding to pay all employees at their TMR, the agency will adjust employee pay as close to their TMR as possible, on a prorated basis.

TMRs based on years of experience in the occupation can be used as guidelines for determining the appropriate pay negotiation range for new employees. TMRs can be used as guidelines for moving employee pay toward market. TMRs can be advanced based on years of experience in the occupation or performance and competency assessments. Depending on the employee’s overall competency and performance assessment, the manager may recommend a TMR increment increase (table 3). The agency will then progress employee pay toward this TMR within available funding.

**Table 2: Target Market Ratios Increments – Years of Experience**

Band	Entry	TMR Increments (based on years of experience in the occupation)									
		1	2	3	4	5	6	7	8	9	10
2	0.8	0.829	0.857	0.886	0.914	0.943	0.971	1.000	*	*	*
3	0.8	0.829	0.857	0.886	0.914	0.943	0.971	1.000	*	*	*
4	0.8	0.825	0.850	0.875	0.900	0.925	0.950	0.975	1.000	*	*
5	0.8	0.825	0.850	0.875	0.900	0.925	0.950	0.975	1.000	*	*
6	0.8	0.822	0.844	0.867	0.889	0.911	0.933	0.956	0.978	1.000	*
7	0.8	0.822	0.844	0.867	0.889	0.911	0.933	0.956	0.978	1.000	*
8	0.8	0.820	0.840	0.860	0.880	0.900	0.920	0.940	0.960	0.980	1.000
9	0.8	0.820	0.840	0.860	0.880	0.900	0.920	0.940	0.960	0.980	1.000

\*progression past market (1.0) will be based on the employee’s overall performance and competency assessment and their position in the range (section 4).

**Table 3: TMR Increments - Performance**

<b>Outstanding</b>	Three-increment increase
<b>Exceeded Expectations</b>	Two-increment increase
<b>Met Expectations</b>	One-increment increase
<b>Needs Improvement</b>	One increment delayed until performance meets expectations.
<b>Unsatisfactory</b>	No increase

To implement performance/competency-based TMR increases, movement through the TMR increments in Table 2 can be based upon employee’s performance assessment (i.e., provide horizontal movement along the pay range based on performance and competency assessments).

**4. Employee Position Within Occupational Pay Range – Pay Progression Past Market.**

Per the Statewide Broadband Pay Policy (MOM 3-05-1), V. B. Market Pay, “An employee’s wage may be adjusted above the market rate using one or more of the other wage adjustment types.” The MSL will provide pay adjustments above the market rate based on the employee’s performance/competency assessment, proficiency levels required, and on the employee’s position in the pay range before the end of the appraisal cycle (Table 4)

Employee base pay increase recommendations cannot exceed 120% of the MSL occupational market rate unless an exception is approved by the State Librarian. Employees who are paid above market and receive ratings of Exceeded Expectations or Outstanding are eligible for discretionary lump-sum awards in addition to/in lieu of base pay adjustments. If the employee is close to the maximum of the range, the manager will consider a lump-sum award so that the employee can be compensated for their competency/performance without their pay exceeding the occupational pay range maximum.

**Table 4 – Discretionary Base Pay Increases Based on Competency/Performance Assessment AND Position in Pay Range**

The following chart provides guidelines for managers in recommending competency-based base pay increases for employees who are at or above market.

Overall Performance and Competency Rating	100% - 110% of market	110%+ of market
Outstanding	4 – 6%	3 -5% ( & lump sum eligible)
Exceeded Expectations	2 – 4%	1 – 3% ( & lump sum eligible)
Met Expectations	0 – 2%	0 - 1% ( & lump sum eligible)
Needs Improvement	0%	0%
Unsatisfactory	0%	0%

\*increase delayed until performance/competency meets expectations

**H. Results Pay –Lump Sum Distribution for Individuals and Teams.**

The MSL will establish and maintain criteria for results-based pay distributions (e.g., one-time bonuses) including pay awarded to employees (individuals and teams) 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 (e.g., successful project completion, significant cost savings, value-added engineering, etc.). Performance standards and criteria used to award results will be set at the beginning of each assessment period (i.e., the “Objectives”).

Individual and/or team performance will be assessed at the completion of projects or at least on an annual basis, and appropriate performance pay recommendations will be made based on the following criteria. Performance pay distributions will typically be awarded as a one-time bonus.

**1. Funding Availability**

Competency-based pay distributions or adjustments are contingent on the availability of funding. If funding is unavailable for competency-based base pay adjustments in a particular year or biennium, the agency may be forced to forgo competency base-pay adjustments, and will consider other adjustments (e.g., one-time lump-sum adjustments) within available funding.

Effective October 1, 2007 and October 1, 2008, the appropriation that represents six-tenths of 1% of the salary for each full-time equivalent position must be allocated to each agency to distribute to its employees for reasons including but not limited to market progression, job performance, or employee competency.

Due to the limited funding that this appropriation represents for 2008, the MSL will provide one-time lump-sum distributions for its employees by dividing the available funding among department employees based on their tenure with the agency and their percent of Full-Time-Equivalent worked.

**2. Individual performance (lump-sum adjustment)**

Employees who have at least six months of service with the MSL on or before the end of the evaluation period are eligible for a 0 - 4% lump sum increase based on individual performance. Individual performance is measured and documented using the performance appraisal form.

Performance Rating	Percent Lump Sum Distribution*
Outstanding	4% (example)
Exceeded Expectations	3% (example)
Meets Expectations	2% (example)
Needs Improvement	1% (example)
Unsatisfactory	0% (example)

\*these percentages and amounts are examples only and do not represent a promise or obligation to provide the distribution. Actual adjustments will be determined based on available funding and other factors (e.g., the scope and impact of individual performance objectives, individual contributions to team results, degree of success in attaining goals, etc.).

**3. Team performance (lump-sum bonus distributions)**

Potential teamwork lump-sum bonuses range from 0 - 4% of employee's base pay as of *June 30 each fiscal year*. This adjustment is based on overall team performance and accomplishment of specific organizational goals or projects (objectives). This variable lump-sum bonus distribution is calculated on an annual basis before any individual base-pay adjustment. For employees with less than a full year's service, lump-sum bonus distributions are prorated based on the number of months completed during the fiscal year.

Team Performance Rating	Example 1* - Lump Sum Distribution: % of salary	Example 2* - Lump Sum Distribution: Fixed \$ amount
Outstanding	4% (example)	\$500 (example)
Exceeded Expectations	3%(example)	\$300 (example)
Meets Expectations	2%(example)	\$200 (example)
Needs Improvement	0-1%(example)	\$0 – 50 (example)
Unsatisfactory	0%(example)	\$0 (example)

\*these percentages and amounts are examples only and do not represent a promise or obligation to provide the distribution. Actual adjustments will be determined based on available funding and other factors (e.g., the scope and impact

of projects, individual contributions to team results, degree of success in attaining goals, etc.).

## **V. Quality Control and Assurance**

All salary levels and adjustments with respect to an individual employee must be approved by the State Librarian or Designee.

An important element in successful implementation or expansion of a 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 quality control components into the plan to ensure consistency and compliance in the application of a competency-based performance management and compensation system.

- Individual offices/job units will help to develop their own in-band progression criteria and base the periodic review schedule on their business cycle and demands.
- Staff will participate in developing shared definitions for ratings and staff will actively maintain a portfolio of information regarding their performance (relevant items should also be defined by the position description and business requirements).
- Supervisors will be held accountable for completing appropriate and objective performance and competency evaluations throughout the performance review process.
- A tiered performance appraisal review process will help to ensure consistency and objectivity in the application of performance/competency management tools. Each employee's immediate supervisor will complete an initial performance evaluation. The next level manager and/or the Centralized Services Manager will periodically review employee performance appraisals completed by supervisors to ensure objectivity and consistency.
- Pay decisions will be made with the performance/competency information annually in group manager meetings to provide consistency, fiscal responsibility, and quality control.

## **VI. Internal Review and Reconsideration Processes**

The MSL will provide several avenues to ensure pay recommendations are properly implemented, including providing review of pay recommendations before implementation, allowing employees to comment on pay recommendations, and providing an internal process for the resolution of disagreements regarding pay adjustments.

#### A. Pay Recommendations

Any recommendation for salary change for an individual other than a change based upon a statutory formula must be written by an appropriate supervisor and reviewed by the individual. The recommendation must state a specific base pay salary, lump-sum, or bonus recommendation and the basis for the recommendation. The affected employee may prepare written comments for submission with the recommendation. The recommendation is subject to final approval by the State Librarian.

#### B. Pay Adjustment Reconsiderations

The Pay Adjustment Reconsideration Process is an employee-initiated process for review or reconsideration of a pay adjustment decision for existing employees. If an employee does not agree with a pay decision, they may request reconsideration. The employee will submit a memo to the Centralized Services Manager outlining the reasons for the reconsideration request. The request must:

- Explain why they feel the pay adjustment is wrong, and what they feel is the right level and why
- Provide examples or detailed explanation of the disagreement with the decision.

Reconsideration requests will be evaluated by the management team who will provide a recommendation to the State Librarian regarding the appropriate pay adjustment.