

ADMINISTRATIVE ORDER NO. 130

***An Administrative Order Amending Administrative Order #89.***

Pursuant to Billings, Montana City Code (BMCC) Section 2-311, Administrative Order #89, regarding Human Resources Policies concerning COMPENSATION AND BENEFITS issues, is hereby amended or added as follows:

- The section entitled "Longevity Pay" is amended as included in Attachment A.
- A new section entitled "Health Insurance Contributions for Purposes of Calculating an Employee's Gross Pay" also known as "Health to Retirement" applies only to non-bargaining employees and has been added as included in Attachment B.

All other sections of Administrative Order #89 not previously amended remain in full force and effect.

Dated this 13<sup>th</sup> day of January, 2017.

  
\_\_\_\_\_  
Christina F. Volek  
City Administrator

# **LONGEVITY PAY**

Revised effective 12/05/2016

*This policy supersedes all previous policies and/or handbooks published by the City of Billings. Negotiated labor contracts that conflict with this policy will take precedence to the applicable extent.*

## **Purpose**

The City of Billings believes that longevity pay is a way to recognize non-bargaining employees for continued service to the City.

## **Policy**

Longevity pay is based on the number of years of completed service, per the table below. A completed year means continuous employment for a period of three hundred sixty-five (365) days. The years of completed service are based on the date of hire, as of December 31 of each year.

Longevity pay will be made in bi-weekly paychecks. This policy applies solely to non-bargaining employees in benefited positions, and excludes Temporary and Short-Term Workers.

Employees that work twenty (20+) hours are eligible for the longevity benefit, on a prorated basis.

Employees shall receive longevity pay for each regular hour (2,080\* hours per year). Longevity is not added to the base rate of pay, unless there is overtime, in which case longevity will be calculated into the overtime rate in accordance with the Fair Labor Standards Act.

Longevity pay shall be calculated by taking the longevity pay for each regular hour, multiplying it by the number of hours per year (2,080), then dividing that amount by the number of pay periods per year, and paying that amount equally for each pay period. For example, an employee with seven (7) completed years of service:

$$\$0.63 \times 2,080 \text{ hrs.} = \$1,310.40 / 26 \text{ pay periods} = \$50.40 / \text{pay period}$$

*\*2080 hours is equivalent to 40 hours per week.*

Bargaining unit employees will receive longevity pay in accordance with the appropriate union contracts.

# Pay Schedule

Longevity pay is paid according to the following schedules:

Employees hired on or before 12/31/2012, will receive:

- $\$0.09 \times$  years of competed service from the beginning his/her 4<sup>th</sup> year of service to completion of his/her 15<sup>th</sup> year.
- $\$0.10 \times$  years of completed service from the beginning of his/her 16<sup>th</sup> year of service and ending at separation of service.

Employees hired on or after 1/1/2013, will receive:

- $\$0.09 \times$  years of completed service from the beginning of his/her 7<sup>th</sup> year of service to completion of his/her 15<sup>th</sup> year.
- $\$0.10 \times$  years of completed service from the beginning of his/her 16<sup>th</sup> year of service and ending at separation of service.

## Table for Each Regular Hour

Start of Year	Hire Before 12/31/12	Hire After 1/1/13
1	\$0.00	\$0.00
2	\$0.00	\$0.00
3	\$0.00	\$0.00
4	\$0.27	\$0.00
5	\$0.36	\$0.00
6	\$0.45	\$0.00
7	\$0.54	\$0.54
8	\$0.63	\$0.63
9	\$0.72	\$0.72
10	\$0.81	\$0.81
11	\$0.90	\$0.90
12	\$0.99	\$0.99
13	\$1.08	\$1.08
14	\$1.17	\$1.17
15	\$1.26	\$1.26
16	\$1.50	\$1.50
17	\$1.60	\$1.60
18	\$1.70	\$1.70
19	\$1.80	\$1.80
20	\$1.90	\$1.90
21	\$2.00	\$2.00

Start of Year	Hire Before 12/31/12	Hire After 1/1/13
22	\$2.10	\$2.10
23	\$2.20	\$2.20
24	\$2.30	\$2.30
25	\$2.40	\$2.40
26	\$2.50	\$2.50
27	\$2.60	\$2.60
28	\$2.70	\$2.70
29	\$2.80	\$2.80
30	\$2.90	\$2.90
31	\$3.00	\$3.00
32	\$3.10	\$3.10
33	\$3.20	\$3.20
34	\$3.30	\$3.30
35	\$3.40	\$3.40
36	\$3.50	\$3.50
37	\$3.60	\$3.60
38	\$3.70	\$3.70
39	\$3.80	\$3.80
40	\$3.90	\$3.90

## Procedure

Human Resources determines employee eligibility.

# **HEALTH INSURANCE CONTRIBUTIONS FOR PURPOSES OF CALCULATING AN EMPLOYEE'S GROSS PAY**

Effective 01/01/2017

*This policy supersedes all previous policies and/or handbooks published by the City of Billings. Negotiated labor contracts that conflict with this policy will take precedence to the applicable extent.*

## **Purpose**

Adding the City's portion of the health insurance contribution amount to gross pay is solely to increase the employee's earnings for calculating retirement contributions by the employer, employee, and state.

This policy applies solely to non-bargaining employees in benefited positions, and excludes Temporary and Short-Term Workers.

## **Policy**

The City's portion of the monthly health insurance contribution (not including dental, vision, disability or life insurance) shall be added to the employee's gross pay subject to limits described herein. Higher gross pay and retirement contributions are expected, but are not guaranteed, to produce a retirement benefit that is greater than without this additional gross pay.

It is recognized that the added gross pay and the employee's required retirement contribution as required by Montana Law may reduce the employee's net pay and may have tax implications.

Adding the City's portion of the health insurance contribution to gross pay for retirement purposes only does not affect and shall not be included in the computation of any other pay or benefits or the calculation of any rate of pay, including, but not limited to the regular hourly rate, any cost-of-living increase, overtime, longevity, or any other identified specialty pay.

Employees are required to purchase the City's health insurance. Employees shall contribute the Employer's share of the health insurance contribution, in the dollar amount identified below, and the employee's share of the health insurance premium to the City for deposit in the health insurance fund. The contribution will be made before local, state, or federal taxes are deducted from the employee's gross pay (pre-tax contribution). However, if the employee elects, the contribution will be made after appropriate taxes are withheld from gross pay (post-tax contribution).

Regardless of tax treatment under Internal Revenue Code (IRC) Section 125, the Employer's portion of the health insurance contribution that is being added to gross pay may cause the employee to pay additional taxes, fees, or assessments as

required by federal or state law regulations. Those taxes, fees, or assessments may include but are not limited to unemployment insurance, workers compensation insurance and Medicare tax.

At the time of the annual IRC Section 125 election, each employee shall acknowledge in writing that:

- A. The employer-paid portion of the health insurance contribution is being added to gross pay solely to increase the employee's pay for calculating retirement contributions by the Employer, employee and state ("added gross pay");
- B. The employee recognizes that the added gross pay and his/her required retirement contribution may reduce net pay and may have tax implications;
- C. Adding the City's portion of the health insurance contribution to gross pay for this retirement purpose only does not affect and shall not be included in the computation of any other pay or benefits or the calculation of any rate of pay, including but not limited to the regular hourly rate, any cost-of-living increase, overtime, longevity, or any other identified specialty pay;
- D. The added gross pay may subject the employee to additional federal, state, or local taxes, fees or assessments; and
- E. The added gross pay and increased retirement contributions are expected, but are not guaranteed, to produce a retirement benefit that is greater than without this additional gross pay.

In subsequent years following the effective date of this policy, if there is an increase in the Employer-paid health insurance contribution, the City will only pay an increase of up to fifteen percent (15%) over the previous year, or the actual increase whichever is less, as applied to an employee's gross pay for retirement purposes only.

Employer and employee contributions toward retirement shall be governed by Montana law. If any change in local, state, or federal laws, regulations, determinations or rulings change the Employer's costs or invalidates the intent or application of this provision, it will immediately terminate.

## Procedure

Human Resources determines employee eligibility.