ENGROSSED SENATE AMENDMENT
TO
ENGROSSED HOUSE BILL NO. 1450 BY: WEBB of the HOUSE

and

SNYDER of the SENATE

AN ACT RELATING TO STATE GOVERNMENT; AMENDING 74 O.S. 1991, SECTIONS 4115, 4118 AND 4119, WHICH RELATE TO THE INCENTIVE AWARDS FOR STATE EMPLOYEES ACT; RESTRICTING CERTAIN USE OF COST CURTAILMENTS; CLARIFYING WHO IS ELIGIBLE FOR CERTAIN INCENTIVE PAY; EXPANDING QUALIFICATIONS FOR AWARDS; INCREASING CERTAIN PERCENTAGES OF FUNDS FOR AWARD PURPOSES; PROVIDING AN EFFECTIVE DATE; AND DECLARING AN EMERGENCY.

AUTHOR: Add the following Senate Coauthor: DOUGLASS

AMENDMENT NO. 1. Strike the title, enacting clause and entire bill and insert

"AN ACT RELATING TO STATE GOVERNMENT; AMENDING 74 O.S. 1991, SECTIONS 4118 AND 4119, WHICH RELATE TO THE INCENTIVE AWARDS FOR STATE EMPLOYEES ACT; CLARIFYING WHO IS ELIGIBLE FOR CERTAIN INCENTIVE PAY; EXPANDING QUALIFICATIONS FOR AWARDS; INCREASING CERTAIN PERCENTAGES OF FUNDS FOR AWARD PURPOSES; PROVIDING AN EFFECTIVE DATE; AND DECLARING AN EMERGENCY.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. AMENDATORY 74 O.S. 1991, Section 4118, is amended to read as follows:

Section 4118. The Committee, in addition to individual incentive awards and individual incentive compensation, may award unit incentive pay in accordance with the provisions of this section.

A. To qualify for the award of unit incentive pay to its employees, an agency, department, commission, or office shall demonstrate to the satisfaction of the Committee that said agency, department, commission, ~~or~~ office, work unit or work team identified by the respective agency, department, commission or office has met both of the following two criteria in its operations during the fiscal year, after adjustment for inflation or deflation:

1. Operated at a lower unit cost. "Unit cost" shall be defined as expenditures in dollars to complete a measurable unit of work.

   a. For first-time participants the unit cost for the participating year shall be compared to either the unit cost for the immediately preceding fiscal year or a standard unit cost approved by the Committee, or

   b. For participants with one or more years in the program, the unit cost for the participating year shall be compared to either the average unit cost of prior successful participating years in the program or a standard unit cost approved by the Committee; and

2. Operated at no greater total dollar expenditures, except:

   a. in a case where unit costs are reduced but total expenditures increased due to the agency or office maintaining its level of service; or

   b. in a case where the Legislature or department head specifically mandates an increase in the workload.

B. The Committee shall satisfy itself that the claimed unit dollar cost of operation is real and not merely apparent, and that it is not, in whole or in part, the result of any of the following:

1. A lowering of the level or quality of the service rendered; or

2. Reduced pass-through on transfer expenditures; or

3. Receipts realized in excess of amounts budgeted; or

4. Nonrecurrence of expenditures which were single outlay, or one-time expenditures, in the preceding fiscal year; or

5. Failure to reward deserving employees through promotions, reclassification, award of merit salary increments, or salary increases authorized by salary range revisions; or

6. Postponement of normal purchases and repairs to a future fiscal year; or

7. Stockpiling inventories in the immediately preceding fiscal year so as to reduce requirements in the eligible fiscal year; or

8. Substitution of federal funds or any funds which are not state funds for state appropriations; or

9. Unreasonable postponement of payments of accounts payable until the fiscal year immediately following the eligible fiscal year; or

10. Shifting of expenses to another agency, department, commission, or office of government; or

11. Any other practice, event, or device which the Committee decides has caused a distortion which misrepresents that a savings or increase in level of services has occurred.

C. The Committee may consider but is not limited to considering as legitimate savings those reductions in expenditures made possible by such items as the following:

1. Reductions in overtime; or

2. Elimination of consultant fees; or

3. Less temporary help; or

4. Elimination of budgeted positions; or

5. Improved methods of communication; or

6. Improved systems and procedures; or

7. Better development and utilization of manpower; or

8. Elimination of unnecessary travel; or

9. Elimination of unnecessary printing and mailing; or

10. Elimination of unnecessary payments for advertising, memberships, dues, and subscriptions; or

11. Elimination of waste, duplication, and operations of doubtful value; or

12. Improved space utilization; or

13. Proven cost-reduction techniques; or

14. Any other items considered by the Committee as representing true savings.

SECTION 2. AMENDATORY 74 O.S. 1991, Section 4119, is amended to read as follows:

Section 4119. At the conclusion of the eligible fiscal year, subject to the rules and regulations promulgated by the Committee, the Committee shall compare the unit dollar expenditures for that year of each agency, department, commission, ~~or~~ office, or defined work unit or work teams against the base year data and, after making such adjustments as in the judgment of the Committee are required to eliminate distortions, shall determine the amount, if any, that the agency, department, commission, ~~or~~ office, or defined work unit or work teams has reduced its unit dollar cost of operations or increased its level of services in the eligible fiscal year. Adjustments to eliminate distortions may include any legislative increases in employee compensation and inflationary increases in the cost of services, materials, or supplies. If the Committee shall determine an agency, department, commission, or office qualifies for award, it may award, after consultation with the Office of State Finance, to the employees of that agency, department, commission, ~~or~~ office, defined work unit or work teams a sum not in excess of twenty-five percent (25%) of the amount determined to be the total unit dollar savings to the state for the level of services rendered.

Incentive pay awards provided pursuant to the provisions of the Incentive Awards for State Employees Act shall be exempt from retirement contributions and shall not be included for the purpose of computing a retirement allowance pursuant to any public retirement system of this state. The amount awarded shall be divided and distributed in equal shares to the employees of the agency, department, commission, ~~or~~ office, defined work unit or work teams except that employees who have worked for the agency, department, commission, ~~or~~ office, defined work unit or work teams less than the full twelve (12) months of the fiscal year shall receive only a pro rata share based on the fraction of the year said employees have worked for that agency, department, commission, ~~or~~ office, defined work unit or work teams. Employees voluntarily leaving the employment of state government or employees dismissed for cause shall forfeit their share. Funds for this incentive pay shall be drawn from the operating expenses of the agency, department, commission, or office for the eligible fiscal year. No nominations for a unit incentive compensation award shall be made until the nominating agency, department, commission, or office assures that funds for said award are available. Funds for the payment of unit incentive compensation awards shall be considered encumbered to the extent said awards are approved by the Committee.

SECTION 3. This act shall become effective July 1, 1992.

SECTION 4. It being immediately necessary for the preservation of the public peace, health and safety, an emergency is hereby declared to exist, by reason whereof this act shall take effect and be in full force from and after its passage and approval."

Passed the Senate the 7th day of April, 1992.

President of the Senate

Passed the House of Representatives the ____ day of _____, 1992.

Speaker of the House of Representatives