

STATE OF OKLAHOMA

1st Session of the 46th Legislature (1997)

CONFERENCE COMMITTEE SUBSTITUTE

FOR ENGROSSED

HOUSE BILL NO. 1224

By: Steidley and Toure of the
House

and

Monson of the Senate

CONFERENCE COMMITTEE SUBSTITUTE

An Act relating to public employees; amending 74 O.S. 1991, Sections 840.1, as renumbered by Section 54, Chapter 242, O.S.L. 1994, 840.3, as renumbered by Section 54, Chapter 242, O.S.L. 1994, and as last amended by Section 1, Chapter 320, O.S.L. 1996, 805.2, as renumbered by Section 54, Chapter 242, O.S.L. 1994, and as last amended by Section 2, Chapter 269, O.S.L. 1995, and 841.14, as last amended by Section 8, Chapter 263, O.S.L. 1995, and as last renumbered by Section 10, Chapter 263, O.S.L. 1995 (74 O.S. Supp. 1996, Sections 840-1.1, 840-1.3, 840-2.18 and 840-2.27), which relate to the Oklahoma Personnel Act; clarifying content of the Oklahoma Personnel Act; updating scope of definitions; adding exception to certain longevity payment prohibitions; enacting the State Government Reduction-in-Force and Severance Benefits Act; providing short title; defining terms; modifying requirements for reduction-in-force plans; requiring approval of the Administrator of the Office of Personnel Management of certain reduction-in-force plans; requiring the Director of the Office of State Finance to review and under certain circumstances reject reduction-in-force plans; requiring posting of approved reduction-in-force plans; modifying required contents of reduction-in-force plans; modifying method of imposing displacement limits; adding procedures for displacement of employees; specifying those affected employees who do not receive severance benefits; modifying procedures and requirements for priority reemployment consideration; deleting certain options; requiring the University Hospitals Authority to conduct a reduction-in-force under certain circumstances; requiring agencies to provide severance benefits to employees under certain circumstances; stating elements of the severance benefits; providing options for severance benefit packages and in lieu of severance benefits; providing for separation agreements; stating content of separation agreements; creating certain revolving funds for the Office of Personnel Management, the Office of State Finance, and the Oklahoma State Employees Benefits Council; stating purpose of the revolving funds; providing procedures for the revolving funds; authorizing agencies to provide voluntary out benefits to certain employees who have voluntarily separated from state service; defining term; stating elements of voluntary out

benefits; providing options for voluntary out benefits packages and in lieu of voluntary out benefits; prohibiting application for certain agencies; requiring the Director of the Office of State Finance to review certain agencies' plans providing voluntary out benefits; prohibiting future voluntary out benefits under certain circumstances; requiring certain agreements; making voluntary out benefits not apply to certain agencies; allowing certain members of the Oklahoma Law Enforcement Retirement System, the Teachers' Retirement System of Oklahoma, and the Oklahoma Public Employees Retirement System to purchase retirement service credit under certain circumstances; providing procedures for the purchase and use of such retirement service credit; amending Section 21, Chapter 330, O.S.L. 1993, as amended by Section 5, Chapter 326, O.S.L. 1996 (63 O.S. Supp. 1996, Section 3221), which relates to the University Hospitals Authority Disbursing Fund; modifying date during which monies may be used for certain purpose; amending Section 7, Chapter 326, O.S.L. 1996 (63 O.S. Supp. 1996, Section 3227.1), which relates to transfer of monies from the University Hospitals Authority to the University Hospitals Trust Revolving Fund; removing requirement for University Hospitals Trust to pay costs related to severance of certain employees; amending Section 39, Chapter 264, O.S.L. 1996, which relates to transfer of monies; clarifying amount of money to be transferred from the University Hospitals Authority Disbursing Fund to the University Hospitals Trust Revolving Fund; repealing Section 7, Chapter 263, O.S.L. 1995 (63 O.S. Supp. 1996, Section 3213.1), which relates to University Hospitals Authority reduction-in-force; providing for recodification; providing for codification; 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 840.1, as renumbered by Section 54, Chapter 242, O.S.L. 1994 (74 O.S. Supp. 1996, Section 840-1.1), is amended to read as follows:

Section 840-1.1 ~~This act~~ A. Sections 840-1.1 through 840-6.9 of this title shall be known and may be cited as the "Oklahoma Personnel Act".

B. All statutes hereinafter enacted and codified within Sections 840-1.1 through 840-6.9 of this title shall be part of the Oklahoma Personnel Act.

SECTION 2. AMENDATORY 74 O.S. 1991, Section 840.3, as renumbered by Section 54, Chapter 242, O.S.L. 1994, and as last

amended by Section 1, Chapter 320, O.S.L. 1996 (74 O.S. Supp. 1996, Section 840-1.3), is amended to read as follows:

Section 840-1.3 As used in ~~this act~~ the Oklahoma Personnel Act, unless otherwise provided by law:

1. "Agency" means any office, department, board, commission or institution of the executive branch of state government;

2. "Employee" or "state employee" means an elected or appointed officer or employee of an agency unless otherwise indicated;

3. "Appointing authority" means the chief administrative officer of an agency;

4. "Class" or "class of positions" means positions that are sufficiently similar in duties, levels of responsibility, and requirements of the work to warrant similar treatment as to title, pay grade, and minimum qualifications;

5. "Class specification" means a written document that describes a class;

6. "Classification plan" means the orderly arrangement of positions within an agency into separate and distinct classes so that each class will contain those positions which involve similar or comparable skills, duties and responsibilities;

7. "Classified service" means state employees and positions under the jurisdiction of the Oklahoma Merit System of Personnel Administration;

8. "Entrance examination" means any employment test used by the Office of Personnel Management to rank the names of applicants who possess the minimum requirements of education, experience, or licensure for a class on a register of eligibles established by the Office of Personnel Management;

9. "Promotional examination" means any employment test designated by the Office of Personnel Management to determine further the qualifications of a permanent classified employee of a state agency for employment in a different class for which the employee possesses the minimum qualifications of education, experience, or licensure within that agency;

10. "Interagency transfer" means an action in which an employee leaves employment with one agency and enters employment with another agency while continuously employed with the state;

11. "Intra-agency transfer" means moving an employee from one position to another position with the same agency either with or without reclassification;

12. "Job-related organization" means a membership association which collects annual dues, conducts annual meetings and provides job-related education for its members and which includes state employees, including any association for which payroll deductions for membership dues are authorized pursuant to paragraph 5 of subsection B of Section 7.10 of Title 62 of the Oklahoma Statutes;

13. "Lateral transfer" means reclassification of an employee to another class with the same salary grade;

14. "Merit Rules" or "Merit Rules for Employment" or "Merit System of Personnel Administration Rules" means rules adopted by the Administrator of the Office of Personnel Management or the Oklahoma Merit Protection Commission pursuant to the Oklahoma Personnel Act;

15. "Noncompetitive appointment" means the appointment of a person to a noncompetitive class;

16. "Noncompetitive class" means a class of positions of unskilled or semiskilled labor or a similar class designated by the Office of Personnel Management as noncompetitive;

17. "Permanent classified employee" means a classified service employee who has acquired permanent status in accordance with the Oklahoma Personnel Act, and rules adopted pursuant thereto, and who has the right to appeal involuntary demotion, suspension without pay, and discharge to the Commission;

18. "Presiding official" means a person serving the Oklahoma Merit Protection Commission in the capacity of administrative hearing officer, mediator, or other alternative dispute resolution arbitrator or facilitator;

19. "Progressive discipline" means a system designed to ensure the consistency, impartiality and predictability of

discipline and the flexibility to vary penalties if justified by aggravating or mitigating conditions;

20. "Regular and consistent" means, in connection with the work assignments of an employee, the usual and normal work assignments of the employee, excluding incidental, casual, or occasional tasks and activities the employee assumes without direction to do so. Temporary work assignments of less than sixty (60) days in any twelve (12) consecutive months period shall not be considered regular and consistent;

21. "Regular unclassified service employee" means an unclassified service employee who is not on a temporary or other time-limited appointment;

22. "Unclassified service" or "exempt service" means employees and positions excluded from coverage of the Oklahoma Merit System of Personnel Administration;

23. "Merit System" means the Oklahoma Merit System of Personnel Administration;

24. "Administrator" means the appointing authority of the Office of Personnel Management;

25. "Executive Director" means the appointing authority of the Oklahoma Merit Protection Commission;

26. "Office" means the Office of Personnel Management;

27. "Commission" means the Oklahoma Merit Protection Commission; ~~and~~

28. "Veteran" means a person who has been honorably discharged from the Armed Forces of the United States and has been a resident of Oklahoma for at least one (1) year prior to the date of the examination; and

29. "Voluntary out" means the voluntary separation of employees from the state service in exchange for benefits offered by an agency in order to reduce or eliminate the adverse impact of an imminent reduction-in-force.

SECTION 3. AMENDATORY 74 O.S. 1991, Section 805.2, as renumbered by Section 54, Chapter 242, O.S.L. 1994, and as last amended by Section 2, Chapter 269, O.S.L. 1995 (74 O.S. Supp. 1996, Section 840-2.18), is amended to read as follows:

Section 840-2.18 A. A longevity pay plan is hereby adopted. This plan applies to all state classified, unclassified, and exempt employees, excluding members of boards and commissions, institutions under the administrative authority of the State Regents for Higher Education, employees of public school districts, and elected officials. The plan shall also apply to those employees of the Oklahoma School for the Blind and the Oklahoma School for the Deaf who qualify for longevity pay in accordance with subsection D of Section 1419 of Title 10 of the Oklahoma Statutes.

B. The Oklahoma Conservation Commission is hereby authorized to establish a longevity pay program for employees of the conservation districts employed under Section ~~1501-419~~ 3-3-103 of Title ~~82~~ 27A of the Oklahoma Statutes. Such longevity pay program shall be consistent with the longevity pay program for state employees authorized under this title and payments shall be made in a manner consistent with procedures for reimbursement to conservation districts.

C. To be eligible for longevity pay, employees must have been continuously employed in the classified or unclassified service of the state for a minimum of two (2) years in full-time status or in part-time status working more than one thousand (1,000) hours a year.

For purposes of this section, a break in service of thirty (30) calendar days or less shall not be considered an interruption of continuous service; a break in service of more than thirty (30) calendar days shall mark an end to continuous service. The legislative session employees who have worked for two (2) years or more in part-time status and are eligible for state retirement benefits, but do not receive other longevity payments, shall be eligible and shall be considered to have been continuously employed for purposes of calculating longevity payments, notwithstanding the provisions of subsection E of this section.

D. ~~(1)~~ 1. Longevity pay for the first twenty (20) years of service shall be determined pursuant to the following schedule:

Years of Service

Annual Longevity Payment

At least 2 years but less than 4 years	\$250.00
At least 4 years but less than 6 years	\$426.00
At least 6 years but less than 8 years	\$626.00
At least 8 years but less than 10 years	\$850.00
At least 10 years but less than 12 years	\$1,062.00
At least 12 years but less than 14 years	\$1,250.00
At least 14 years but less than 16 years	\$1,500.00
At least 16 years but less than 18 years	\$1,688.00
At least 18 years but less than 20 years	\$1,900.00
At least 20 years	\$2,000.00

~~(2)~~ 2. For each additional two (2) years of service after the first twenty (20) years an additional Two Hundred Dollars (\$200.00) shall be added to the amount stated above for twenty (20) years of service.

The total amount of the annual longevity payment made to an employee by any and all state agencies in any year shall not exceed the amount shown on the table corresponding to that employee's years of service with the state, except as otherwise provided by Sections 7 and 12 of this act. Further, no employee shall receive duplicating longevity payments for the same periods of service with any and all agencies, except as otherwise provided by Sections 7 and 12 of this act.

E. To determine years of service, cumulative periods of full-time employment or part-time employment working more than one hundred fifty (150) hours per month with the state excluding service as specified in subsection A of this section are applicable. Part-time employment, working one hundred fifty (150)

hours per month or less for the state, excluding service as specified in subsection A of this section, shall be counted only if:

1. The period of employment was continuous for at least five (5) months; and
2. The person worked more than two-fifths (2/5) time.

Other employment shall not be counted as service for purposes of longevity payments. Further, no period of employment with the state, whether with one or more than one agency, shall be counted as more than full-time service.

F. Years of service under the administrative authority of the State Regents for Higher Education or the administrative authority of the Department of Vocational and Technical Education of any employee who is now employed in a job classification which is eligible for longevity pay shall be included in years of service for purposes of determining longevity pay.

G. Years of service shall be certified through the current employing agency by the appointing authority on a form approved by the Office of Personnel Management. Said form shall be filed with the Office of Personnel Management by the current employing agency within sixty (60) calendar days before an employee becomes eligible for longevity payments and thereafter whenever the employee's anniversary date is changed.

H. Eligible employees, in full-time status or in part-time status working more than one hundred fifty (150) hours per month, shall receive one (1) lump-sum annual payment, in the amount provided on the preceding schedule, during the month following the anniversary date of the employee's most recent enter-on-duty day with the state. Eligible part-time employees who work one hundred fifty (150) hours per month or less shall receive one (1) lump-sum annual payment, based on the formula in subsection L of this section, during the month following the anniversary date of the employee's most recent enter-on-duty day with the state. To receive longevity pay an employee must be in pay status on or after his or her anniversary date.

Eligible employees who would not otherwise receive annual longevity payments because their employment includes regular periods of leave without pay in excess of thirty (30) calendar days shall receive one (1) lump-sum annual payment, based on the formula in subsection L of this section, during:

1. The month of August if the employee is in pay status on July 1; or

2. During the month following the employee's first return to duty that fiscal year if the employee is not in pay status on July 1.

~~Employees~~ Except as otherwise provided by Sections 7 and 12 of this act, employees terminated as a result of a reduction-in-force or retiring from state employment shall receive upon said termination or retirement the proportionate share of any longevity payment which may have accrued as of the date of termination or retirement. Provided further that, the proportionate share of any longevity payment which may have accrued as of the date of death of an employee shall be made to the surviving spouse of the employee or if there is no surviving spouse to the estate of the employee.

I. Periods of leave without pay taken in accordance with Section ~~840-7b~~ 840-2.21 of this title shall be counted as service. Other periods of nonpaid leave status in excess of thirty (30) calendar days shall not mark a break in service; however, they shall:

1. Not be used in calculating total months of service for longevity pay purposes; and

2. Extend the anniversary date for longevity pay by the total period of time on nonpaid leave status except as provided in subsection H of this section for employees whose conditions of employment include regular periods of leave without pay.

J. Employees currently receiving longevity pay who work for the judicial branch of state government or who work for the Department of Vocational and Technical Education shall not be eligible for the longevity pay plan provided for in this section.

K. A break in service with the state in excess of thirty (30) days but which does not exceed two (2) years which was caused by a reduction-in-force shall be treated as if it were a period of nonpaid leave status as provided for in subsection I of this section for the purpose of calculating total months of service for longevity pay. This subsection shall only apply to state employees laid off after June 30, 1982.

L. Eligible part-time employees working less than one hundred fifty (150) hours per month and other eligible employees with regular annual periods of leave without pay of more than thirty (30) calendar days will receive a prorated share of the "Annual Longevity Payment" authorized in subsection D of this section. The prorated amount of payment will be based on actual hours worked in the immediately preceding twelve (12) months.

M. An employee shall not be entitled to retroactive longevity payments as a result of amendments to this section unless specifically authorized by law.

N. The Administrator of the Office of Personnel Management is authorized to promulgate such Longevity Pay Plan Rules as he or she finds necessary to carry out the provisions of this section.

O. The University Hospitals Authority Model Personnel System shall be exempt from the provisions of this section, except as provided by Section 7 of this act.

SECTION 4. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 840-2.27A of Title 74, unless there is created a duplication in numbering, reads as follows:

Sections 4 through 11 of this act shall be known and may be cited as the "State Government Reduction-in-Force and Severance Benefits Act".

SECTION 5. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 840-2.27B of Title 74, unless there is created a duplication in numbering, reads as follows:

As used in Sections 5 through 11 of this act:

1. "Affected classes" means classes containing affected positions;

2. "Affected employees" means classified and unclassified employees in affected positions;
3. "Affected positions" means positions being abolished or positions which are subject to displacement action;
4. "Agency" means any office, department, board, commission, or institution of all branches of state government, except for institutions within The Oklahoma State System of Higher Education;
5. "Displacement" or "displace" means the process of an employee accepting an offer of employment to an occupied or funded vacant position;
6. "Displacement limit" means any area within an agency in which displacement may not occur. These areas may include, but are not limited to, job classes, units, and geographic areas within an agency;
7. "Displacement opportunity" means the circumstances under which an occupied or funded vacant position is subject to displacement by an affected employee;
8. "Displacement privilege" means the privilege an affected employee has to utilize a displacement opportunity;
9. "Educational institution" means an institution within The Oklahoma State System of Higher Education, a facility under the management or control of the Oklahoma State Department of Vocational and Technical Education, or a licensed private educational institution in the State of Oklahoma;
10. "Limited-term unclassified employee" means an unclassified affected employee in an employment status in the state service whose employment status is temporary or time-limited and does not make an employee eligible for participation in a state retirement system;
11. "Personnel transaction" means the record of the separation as a result of a reduction-in-force of a classified affected employee from an agency, or the record of the transfer or demotion of a classified affected employee;
12. "Reduction-in-force" means abolition of positions in an agency or part of an agency and the corresponding nondisciplinary removal of affected employees from such positions through

separation from employment or through displacement to other positions. Reduction-in-force may also include reorganizations;

13. "Severance benefits" means employee benefits provided by the State Government Reduction-in-Force and Severance Benefits Act to affected employees separated through a reduction-in-force; and

14. "Years of service" means current and prior service which is creditable for the Longevity Pay Plan. An affected employee shall not be required to have been continuously employed for two (2) years to be given credit for either current or prior service pursuant to the State Government Reduction-in-Force and Severance Benefits Act.

SECTION 6. AMENDATORY 74 O.S. 1991, Section 841.14, as last amended by Section 8, Chapter 263, O.S.L. 1995, and as last renumbered by Section 10, Chapter 263, O.S.L. 1995 (74 O.S. Supp. 1996, Section 840-2.27), is amended to read as follows:

Section 840-2.27 A. ~~Whenever the number of positions and employees in any state agency is reduced a reduction-in-force occurs,~~ the appointing authority shall, ~~subject to the approval of the Administrator of the Office of Personnel Management,~~ provide a plan for such reduction-in-force ~~within the agency.~~ Such at least sixty (60) days before the scheduled beginning of reduction-in-force separations or as otherwise provided by law. A reduction-in-force shall not be used as a disciplinary action. The reduction-in-force plan of an agency, except for the fiscal components of the plan as provided by paragraph 1 of this subsection, in the executive branch of state government is subject to the approval of the Administrator of the Office of Personnel Management who shall reject any plan that is not in substantial compliance with this section and the rules promulgated hereunder.

1. The Director of the Office of State Finance shall review the fiscal components of the plan and reject any plan that does not:

- a. demonstrate that funds are available to cover projected costs,
- b. contain an estimate of the number of affected employees likely to participate in the education

voucher program established in Section 7 of this act, and

c. contain an estimate of the cost savings or reduced expenditures likely to be achieved by the agency.

2. If the reduction-in-force is conducted pursuant to a reorganization, the fiscal components of the reduction-in-force plan shall contain reasons for the reorganization, which may include, but not be limited to, increased efficiency, improved service delivery, or enhanced quality of service.

B. The reduction-in-force plan and subsequent personnel transactions directly related to the reduction-in-force shall be in compliance with rules adopted by the Administrator. The appointing authority shall post in each office of the agency executive branch agencies affected by the proposed reduction-in-force plan a copy of the proposed reduction-in-force plan five (5) days prior to the submission of the proposed plan to the Administrator and the Director of State Finance. Such An approved reduction-in-force plan, the description of and reasons for displacement limits and protections from displacement actions, severance benefits that will be offered pursuant to Section 7 of this act, and the implementation schedule shall be posted in each office affected by the plan within two (2) business days after approval of the plan by the Administrator for executive branch agencies or appointing authorities in the legislative and judicial departments. The plan shall provide:

1. Provide for the appointing authority to determine the specific position or positions to be abolished within specified units, divisions, facilities, agency-wide or any parts thereof. It shall also provide;

2. Provide for retention of affected employees based on classification and type of appointment. It shall require If an agency has both classified and unclassified positions in affected classes, the appointing authority shall not reduce a higher percentage of occupied classified positions than occupied unclassified positions;

3. Require the separation of probationary and other classified affected employees in affected classes, except those affected employees on probationary status after reinstatement from permanent classified status without a break in service, prior to the separation or displacement of any permanent classified affected employee in an affected class;

4. Require the separation of limited term unclassified/exempt and classified affected employees and regular unclassified affected employees with less than six (6) months continuous service in affected classes affected by a reduction-in-force prior to the separation or displacement of any permanent classified employee of regular unclassified affected employees with six (6) months or more of continuous service in an affected class. The plan shall additionally provide;

5. Provide for retention of permanent classified affected employees in affected classes affected by the reduction-in-force and those affected employees on probationary status after reinstatement from permanent classified status without a break in service based upon consideration of length of years of service. The plans for agencies having both classified and unclassified/exempt positions in affected classes shall provide that the percentage of occupied classified positions abolished as compared to the total number of occupied classified positions in the affected class shall not exceed the percentage of occupied unclassified/exempt positions abolished as compared to the total number of occupied unclassified/exempt positions in the affected class.

The Administrator of the Office of Personnel Management shall review the agency plan and shall reject any plan which is not in substantial compliance with this section and the rules promulgated hereunder;

6. Provide for exercise of displacement opportunities by permanent classified affected employees and those affected employees on probationary status after reinstatement from permanent classified status without a break in service if any displacement opportunities exist; and

7. Provide outplacement assistance and employment counseling from the Oklahoma Employment Security Commission and any other outplacement assistance and employment counseling made available by the agency to affected employees regarding the options available pursuant to this act prior to the date that a reduction-in-force is implemented.

B. C. The appointing authority may limit displacement of affected employees at the time of a reduction-in-force ~~if such~~. Displacement limits shall not be subject to the approval of the Administrator. Any limitation ~~is~~ shall be based upon reasonable, written, articulated criteria as certified by the appointing authority. If displacement is limited, the appointing authority shall take action to avoid or minimize any adverse impact on minorities or women. However, if an appointing authority does not limit displacement, the appointing authority shall explain in writing the reasons displacement was not limited.

1. The appointing authority may protect from displacement action up to twenty percent (20%) of projected post-reduction-in-force employees in affected positions within displacement limits; provided, that any fractional number resulting from the final mathematical calculation of the number of those positions shall be rounded to the next higher whole number. The appointing authority must explain why affected employees are being protected, which explanation shall not be subject to the approval of the Administrator.

2. If the affected employee has not held within the last five (5) years a position in the class in which the affected employee is otherwise eligible for a displacement opportunity, the appointing authority may determine that the affected employee does not possess the recent relevant experience for the position and deny in writing the displacement opportunity.

3. An affected permanent classified employee may exercise a displacement privilege, if one exists, if the affected employee has received an overall rating of at least "satisfactory", or its equivalent, on the most recent annual service rating. If an affected employee has not been rated in accordance with the time

limits established in Section 840-4.17 of this title, the employee shall be deemed to have received an overall rating of at least "satisfactory" on the most recent service rating. An affected employee who exercises a displacement privilege pursuant to this section shall:

- a. be required, as a condition of continued employment by the agency, to sign an agreement, in a form to be prescribed by the Administrator of the Office of Personnel Management, acknowledging that the employee had an opportunity to receive severance benefits and affirmatively elected to exercise a displacement privilege and to forego such benefits. An affected employee who signs the agreement required by this subparagraph waives any privilege which might otherwise have been available to the affected employee pursuant to the agreement for the provision of severance benefits, and
- b. not have the right to exercise any subsequent right to receive severance benefits from the agency for which the affected employee performs services on the date that the employee exercises a displacement privilege. The provisions of this section shall not prohibit any person from exercising a displacement privilege in, or accepting severance benefits from, more than one agency during employment with the State of Oklahoma or from the agency which the affected employee exercised a displacement privilege in any future reduction-in-force.

~~C.~~ D. An affected employee who does not agree pursuant to Section 8 of this act to accept severance benefits and who does not have a displacement opportunity or does not accept a displacement opportunity shall be separated by the reduction-in-force and shall not receive any severance benefits that would have otherwise been provided pursuant to Section 7 of this act.

E. Permanent classified affected employees and those affected employees on probationary status after reinstatement from

permanent classified status without a break in service removed from a class by an agency under the provisions of this section taking a position in another class through displacement or separated after foregoing severance benefits shall be recalled by the agency to the class from which removed in inverse order of removal before the agency may appoint other persons to the class, from the employment register, by internal action or from Priority Reemployment Consideration Rosters as provided ~~in subsection D of~~ by this section. Upon declination of an offer of reappointment to the class from which removed or eighteen (18) months after the date of removal from the class, whichever is first, this right to be recalled shall expire.

~~D. F.~~ F. The names of ~~probationary and permanent classified~~ affected employees, those affected employees on probationary status after reinstatement from permanent classified status without a break in service and regular exempt and unclassified full-time affected employees with ever six (6) months or more continuous service who have been separated as a result of an officially conducted reduction-in-force or the abolition of a state agency, board or commission or any part thereof pursuant to the State Government Reduction-in-Force and Severance Benefits Act, who apply and meet all requirements for state jobs in the classified service shall be placed on Priority Reemployment Consideration Rosters in accordance with their individual final earned ratings for a maximum of eighteen (18) months after the date of separation. Before any vacant position is filled by any ~~person~~ individual eligible for initial appointment from the employment register, ~~persons~~ individuals on the Priority Reemployment Consideration Rosters shall be given priority consideration for reemployment by any state agency within eighteen (18) months after the date of the reduction-in-force. Upon declination of an offer of reemployment to a class having the same or higher grade than that class from which removed, or eighteen (18) months after the date of separation, whichever is first, this priority consideration for reemployment shall expire. If an agency, including but not limited to the University Hospitals

Authority, has posted a reduction-in-force plan and implementation schedule, all affected employees in positions covered by the plan and any within the displacement limits established by the appointing authority of the agency who have been separated shall be eligible for priority reemployment consideration.

~~E. G.~~ If an ~~institution, facility, or agency of this state or any part thereof~~ is scheduled to be closed or abolished as a result of legislation or a court order, the affected employees ~~of the institution, facility, or agency,~~ who would be eligible for Priority Reemployment Consideration after their separation in accordance with subsection ~~D~~ F of this section, may apply and, if qualified and eligible, shall be accorded Priority Reemployment Consideration not to exceed twelve (12) months before the scheduled date of separation. If an agency, including but not limited to the University Hospitals Authority, has posted a reduction-in-force plan and implementation schedule, all affected employees in positions covered by the plan and any within the displacement limits established by the appointing authority of the agency shall be eligible for Priority Reemployment Consideration beginning with the date the schedule is posted, not to exceed twelve (12) months before the scheduled date of separation.

~~F. H.~~ When the Legislature is not in session, the Contingency Review Board may, upon the request of the Governor, direct agencies, boards and commissions to reduce the number of employees working for said agency, board or commission whenever it is deemed necessary and proper. Such reduction shall be made pursuant to reduction-in-force plans as provided in this section.

~~G. State employees separated as a result of a reduction-in-force or as a consequence of the abolition of a state agency, board or commission or any part thereof shall be given the option of being placed on leave without pay status and may retain their membership in the State Employees Group Health, Dental and Life Insurance program for a period of time consistent with applicable rules and regulations. Each affected employee electing to retain his or her insurance membership shall be responsible for payment of all premiums on the insurance.~~

~~H.~~ I. 1. When the Legislature is not in session, the Contingency Review Board may, upon the request of the Governor, direct and require mandatory furloughs for all state employees whenever it is deemed necessary and proper. The Contingency Review Board shall specify the effective dates for furloughs and shall note any exceptions to state employees affected by same. All classified, unclassified, exempt or nonmerit employees, including those employees of agencies or offices established by statute or the Constitution, shall be affected by such actions.

2. Mandatory furlough means the involuntary temporary reduction of work hours or the placement of an employee on involuntary leave without pay. Rules governing leave regulations, longevity pay and participation in the State Employees Group Health, Dental, Disability, and Life Insurance program shall not be affected by mandatory furloughs. Furlough, as provided for in this section or by rules adopted by the Administrator of the Office of Personnel Management, shall not be appealable under the provisions of the Oklahoma Personnel Act.

3. Notwithstanding existing laws or provisions to the contrary, members of state boards and commissions shall not receive per diem expenses during periods of mandatory furlough. The Contingency Review Board shall additionally call upon elected officials, members of the judiciary, and other public officers whose salary or emoluments cannot be altered during current terms of office, to voluntarily donate to the General Revenue Fund any portion of their salary which would otherwise have been affected by a mandatory furlough.

~~H.~~ J. All agencies, ~~boards and commissions~~ directed by the Contingency Review Board to terminate or furlough employees, shall report the cumulative cost savings achieved by the reductions-in-force or furloughs to the Governor, President Pro Tempore of the Senate and Speaker of the House of Representatives on a quarterly basis for one (1) year following the effective date of the action.

~~H.~~ K. Except as otherwise provided, the University Hospitals Authority shall not be subject to the provisions of this section. Beginning after the effective date of this act, the provisions of

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subsection D E of this section regarding priority reemployment consideration shall apply to any employee of the University Hospitals Authority who was employed on or became employed after February 1, 1995, and who are separated from state service as a result of a reduction-in-force. The University Hospitals Authority shall conduct a reduction-in-force to terminate employees, regardless of status, whose positions are eliminated because of a contract with a private nongovernmental entity for the lease and operations of the University Hospitals pursuant to the University Hospitals Authority Act.

SECTION 7. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 840-2.27D of Title 74, unless there is created a duplication in numbering, reads as follows:

A. Agencies shall provide severance benefits to the following categories of affected employees who are separated from the state service as a result of a reduction-in-force which occurs after the effective date of this act: permanent classified affected employees, affected employees on probationary status after reinstatement from permanent classified status without a break in service, and regular unclassified affected employees with six (6) months or more continuous state service; provided, however, affected employees of the University Hospitals Authority must have been continuously employed in the state service since on or before January 1, 1995, to receive severance benefits. Affected employees who qualify for severance benefits pursuant to this section, in addition to the payment of any compensable accrued leave or other benefits an affected employee is eligible to receive upon separation from the state service, shall receive severance benefits consisting of the following elements:

1. All agency severance benefits shall provide the following:
 - a. payment of the affected employee's current health insurance premium for the affected employee only for the eighteen (18) months following separation or payment of an equivalent amount for current health insurance premiums that the affected employee would otherwise have received, pursuant to this

subsection, based on the cost of the premium at the time of the reduction-in-force. The affected employee can maintain other insurance coverages offered to state employees during the eighteen-month period, provided that the affected employee shall pay all nonhealth premiums. The affected employee shall pay premiums directly to the Oklahoma State Employees Benefits Council. Provided, however, the affected employee shall be eligible during the annual option period to change health insurance carriers and other insurance coverages for which the affected employee is paying premiums. Following the initial eighteen-month period after separation, the affected employee shall be entitled to any health and other insurance coverage pursuant to federal law. If the affected employee elects the continued health insurance coverage option in this subparagraph and the affected employee, within the coverage period, decides to cancel the coverage or the affected employee receives coverage under another employer's health benefit plan, the affected employee's rights to benefits pursuant to this subsection shall terminate. The affected employee shall receive a payment for the equivalent of the cost of the remaining months of coverage based on the premium at the time of the reduction-in-force. Agencies which are abolished shall transfer monies to the Reduction-in-Force Premium Payment Fund created by Section 11 of this act to provide premium payment if applicable for affected employees of abolished agencies. The appointing authority of the agency can ask the Director of the Office of State Finance to waive the severance benefit provision in this subparagraph or to reduce the length of coverage or subsequent severance benefit payment

upon demonstration of the agency's inability to fund the full benefit,

- b. a longevity payment, as prescribed by Section 840-2.18 of Title 74 of the Oklahoma Statutes, in the amount which would otherwise be paid to the affected employee on the affected employee's next anniversary date. For the purposes of this subparagraph, the University Hospitals Authority shall calculate longevity for affected employees who were members of the University Hospitals Authority Model Personnel System pursuant to Section 3211 of Title 63 of the Oklahoma Statutes for all state service as would otherwise be determined by Section 840-2.18 of Title 74 of the Oklahoma Statutes, and
- c. outplacement assistance and employment counseling prior to and after the reduction-in-force from the Oklahoma Employment Security Commission and other state or private entities that the entity may contract with to assist individuals who may be impacted by a reduction-in-force;

2. In addition to the severance benefits provided by paragraph 1 of this subsection, agencies may give affected employees, except as otherwise provided by paragraph 3 of this subsection, severance benefit packages based on any combination of the following options, provided that all affected employees who receive severance benefits in the reduction-in-force shall be accorded uniform treatment pursuant to the State Government Reduction-In-Force and Severance Benefits Act:

- a. up to one (1) week of pay, calculated by dividing the affected employee's current annual salary by the whole number fifty-two (52), for each year of service,
- b. a maximum lump-sum payment of Five Thousand Dollars (\$5,000.00),
- c. payment for accumulated sick leave or extended illness benefits at one-half of the affected

employee's hourly rate not otherwise used pursuant to law for conversion to credited retirement credit, and

- d. payment of health benefit premiums as provided by the Public Health Service Act, 42 U.S.C., Section 300bb-1 et seq., for a period not to exceed eighteen (18) months. The agency shall not be authorized to make a cash payment to the affected employee in lieu of the payment by the agency of the cost of continued health care coverage for the affected employee; and

3. In lieu of the severance benefits authorized by paragraphs 1 and 2 of this subsection, the affected employee may:

- a. exercise an option to have the agency make payment to the Oklahoma Law Enforcement Retirement System, the Teachers' Retirement System of Oklahoma or the Oklahoma Public Employees Retirement System of the amount, or some part of the amount, which would otherwise have resulted in a cash payment to the affected employee. The payment authorized by this subparagraph may be applied toward the cost of the purchase by the affected employee of as many additional years of service within the applicable retirement system as can be purchased with available funds. Other sources of funds may not be used to purchase retirement credit pursuant to this section. Purchases of such service shall be subject to the requirements of:

- (1) Section 13 of this act for service purchased in the Oklahoma Law Enforcement Retirement System,
- (2) Section 14 of this act for service purchased in the Teachers' Retirement System of Oklahoma, and
- (3) Section 15 of this act for service purchased in the Oklahoma Public Employees Retirement System.

If the cash available for purchase of the retirement credit equals the cost of the retirement credit

purchased by the affected employee, the affected employee shall receive no further severance benefits offered pursuant to paragraphs 1 and 2 of this subsection. If the cash available for purchase of the retirement credit is greater than the cost of the retirement credit purchased by the affected employee, the affected employee shall have the right to use the balance of the payments to acquire other severance benefits,

- b. exercise an option to acquire additional insurance products offered to state employees either for the affected employee or the dependents of the affected employee, or
- c. exercise an option to receive education vouchers for use in connection with the Reduction-in-Force Education Voucher Action Fund subject to the following requirements and rules of the Administrator of the Office of Personnel Management:
 - (1) the affected employee may purchase One Dollar (\$1.00) in voucher credit for each One Dollar (\$1.00) contributed by the affected employee to the fund subject to a maximum affected employee contribution of Three Thousand Dollars (\$3,000.00) which may be matched by a maximum agency contribution of Three Thousand Dollars (\$3,000.00); provided, that the agency contribution shall not exceed the contribution of the affected employee,
 - (2) the affected employee may pay the cost for the voucher program directly, subject to the requirements of division (1) of this subparagraph, or the employing agency of the affected employee may pay the cost of the voucher from funds which would otherwise have been used to make payments to the displaced

- affected employee pursuant to an election by the affected employee to receive severance benefits,
- (3) no voucher issued pursuant to the provisions of this paragraph shall:
- (a) be redeemed by the affected employee for cash or anything of value other than the cost of tuition and fees at a public or private educational institution within the State of Oklahoma, or
- (b) be valid longer than a period of four (4) years from the date upon which the voucher is issued to the affected employee,
- (4) the Administrator of the Office of Personnel Management shall pay tuition and fees directly to the educational institution and shall receive any refunds for payment of tuition and fees from the educational institution which shall be credited to the affected employee's account, and
- (5) the Administrator of the Office of Personnel Management shall distribute to the affected employee and the agency any monies remaining in the affected employee's account after the voucher credit has expired. The distribution shall be based on the proportional share of contributions made by the affected employee and the agency.

B. Part-time affected employees shall receive benefits pursuant to this section on a prorated basis.

C. No appointing authority shall grant affected employees in a reduction-in-force severance benefits except as provided in this section.

SECTION 8. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 840-2.27E of Title 74, unless there is created a duplication in numbering, reads as follows:

Any affected employee who receives severance benefits pursuant to the State Government Reduction-in-Force and Severance Benefits

Act shall execute a separation agreement with the employing agency, on forms to be prescribed by the Administrator of the Office of Personnel Management. The forms shall comply with applicable federal laws and may include but not be limited to the following elements:

1. Agreement by the affected employee that the receipt of the benefits is in lieu of continued employment with the agency or other severance benefits related to the current reduction-in-force;

2. Agreement by the affected employee that, to the extent allowed by federal or state law, respectively, the affected employee releases the State of Oklahoma and the agency from all claims, liabilities, demands and causes of action known or unknown, fixed or contingent, equitable, legal or administrative, except unemployment insurance;

3. Agreement by the affected employee that, to the extent allowed by federal or state law, respectively, the affected employee releases the State of Oklahoma and the agency from any claim or cause of action which might arise under federal or state laws governing the employment relationship; and

4. Agreement by the affected employee that the affected employee knows and understands that the receipt of severance benefits is in exchange, to the extent allowed by federal or state law, for any rights the affected employee may have had to:

- a. continued employment with any agency, and
- b. future employment with the agency for a period of one (1) year from the date of the agreement, provided that nothing in this subparagraph shall prohibit an appointing authority of any agency from employing an affected employee who has received a severance benefit if the affected employee repays all severance benefits received pursuant to the State Government Reduction-in-Force and Severance Benefits Act on a proportional basis. The repayment amount of the severance benefits received by or paid on behalf of the affected employee shall be reduced

one-three-hundred-sixty-fifths (1/365) for each day after the separation of the affected employee, provided that any education voucher credit benefits shall not include agency contributions.

The provisions of this section shall not prohibit any affected employee from accepting severance benefits from more than one agency during employment with the State of Oklahoma.

SECTION 9. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 840-2.27F of Title 74, unless there is created a duplication in numbering, reads as follows:

A. There is hereby created in the State Treasury a revolving fund for the Office of Personnel Management to be designated the "Reduction-in-Force Education Voucher Action Fund". The fund shall be a continuing fund, not subject to fiscal year limitations. All monies accruing to the credit of the fund are hereby appropriated and may be budgeted and expended by the Administrator of the Office of Personnel Management for the purposes authorized by subsection B of this section. Expenditures from the fund shall be made upon warrants issued by the State Treasurer against claims filed as prescribed by law with the Director of the Office of State Finance for approval and payment.

B. The fund shall be used for the purpose of providing education vouchers to affected employees exercising rights to severance benefits pursuant to Sections 7 and 12 of this act in order to make payment to eligible educational institutions.

C. The Office of Personnel Management shall establish accounts within the fund for each affected employee who elects to participate in the education voucher opportunity pursuant to Sections 7 and 12 of this act, in which shall be placed the affected employee and agency contributions.

SECTION 10. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 840-2.27G of Title 74, unless there is created a duplication in numbering, reads as follows:

A. There is hereby created in the State Treasury a fund for the Office of State Finance to be designated as the "Reduction-in-Req. No. 7803Page 27

Force Emergency Cost Fund". The fund shall be a continuing fund, not subject to fiscal year limitations, and shall consist of appropriations made by the Legislature. All monies accruing to the fund are hereby appropriated and may be budgeted and expended by the Director of the Office of State Finance for the purpose of aiding state agencies to pay severance benefits pursuant to the State Government Reduction-in-Force Severance Benefits Act. Expenditures from the fund shall be made upon warrants issued by the State Treasurer against claims filed as prescribed by law with the Director of the Office of State Finance for approval and payment.

B. Monies appropriated to the fund may be transferred to an agency upon application to the Director of the Office of State Finance by the appointing authority proposing to conduct a reduction-in-force and who, because of insufficient resources, is unable to provide severance benefits pursuant to the State Government Reduction-in-Force Severance Benefits Act to eligible affected employees. The appointing authority shall have met the reduction-in-force plan submission and approval requirements of Section 6 of this act. The Director may either:

1. Approve the request; or
2. Deny or reduce the request of an appointing authority if the Director determines that the agency has funds available to pay the severance benefits or if anticipated requests from agencies for funding in a fiscal year will exceed the monies in the fund.

C. The Director shall notify the Contingency Review Board regarding any decision to authorize disbursements from the fund. Any member of the Board may call a meeting to consider the Director's decision within five (5) business days of the notification to the Contingency Review Board. If the Contingency Review Board does not disapprove or otherwise amend the Director's decision within ten (10) business days of notification to the Contingency Review Board, the Director's decision shall be final. If the Director or the Contingency Review Board has authorized the use of the fund, the Director shall transfer the funds to the agency.

D. Agencies must use any monies transferred from the fund solely for the purposes of the State Government Reduction-in-Force and Severance Benefits Act. Any monies not used as a result of the reduction-in-force for which the money was transferred shall be returned to the fund by state agencies, except as provided by Section 11 of this act.

E. Any monies transferred to agencies from the fund shall not be subject to any budgetary limits of an agency.

SECTION 11. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 840-2.27H of Title 74, unless there is created a duplication in numbering, reads as follows:

A. There is hereby created in the State Treasury a revolving fund for the Oklahoma State Employees Benefits Council to be designated the "Reduction-in-Force Premium Payment Fund". The fund shall be a continuing fund, not subject to fiscal year limitations. The fund shall consist of appropriations made by the Legislature and monies transferred by state agencies to the fund when an agency is abolished. All monies accruing to the fund are hereby appropriated and may be budgeted and expended by the Oklahoma Employees Benefits Council for the purpose of paying health insurance premiums for affected employees. Expenditures from the fund shall be made by warrants issued by the State Treasurer against claims filed as prescribed by law with the Director of the Office of State Finance for approval and payment.

B. Expenditures from the fund shall be limited to payment of any premiums payable for affected employees of agencies pursuant to subparagraph a of paragraph 1 of subsection A of Section 7 and subparagraph a of paragraph 1 of subsection A of Section 12 of this act.

SECTION 12. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 840-2.28 of Title 74, unless there is created a duplication in numbering, reads as follows:

A. Agencies shall be authorized to provide voluntary out benefits to permanent classified employees and regular

unclassified employees with six (6) months of continuous state service who are voluntarily separated after the effective date of this act from the state service in order to reduce or eliminate the adverse impact of an imminent reduction-in-force. For purposes of this section, "agency" or "agencies" shall include agencies, boards, commissions, or departments of all three branches of state government. Voluntary out benefit payments made pursuant to this section, in addition to the payment of any compensable accrued leave and other benefits an employee who voluntarily separates is eligible to receive upon separation from the state service, shall consist of the following elements:

1. All agency voluntary out benefits shall provide the following:

- a. payment of the employee's current health insurance premium for the employee only for the eighteen (18) months following separation or payment of an equivalent amount for current health insurance premiums that the employee would otherwise have received, pursuant to this subsection, based on the cost of the premium at the time of the voluntary separation. The employee can maintain other insurance coverages offered to state employees during the eighteen-month period, provided that the employee shall pay all nonhealth premiums. The employee shall pay premiums directly to the Oklahoma State Employees Benefits Council. Provided, however, the employee shall be eligible during the annual option period to change health insurance carriers and other insurance coverages for which the employee is paying premiums. Following the initial eighteen-month period after separation, the employee shall be entitled to any health and other insurance coverage pursuant to federal law. If the employee elects the continued health insurance coverage option in this subparagraph and the employee, within the coverage period, decides to cancel the coverage

or the employee receives coverage under another employer's health benefit plan, the employee's rights to benefits pursuant to this subsection shall terminate. The employee shall receive a payment for the equivalent of the cost of the remaining months of coverage based on the premium at the time of the reduction-in-force. Agencies which are abolished shall transfer monies to the Reduction-in-Force Premium Payment Fund created by Section 11 of this act to provide premium payment if applicable for affected employees of abolished agencies, and

- b. a longevity payment, as prescribed by Section 840-2.18 of Title 74 of the Oklahoma Statutes in the amount which would otherwise be paid to the employee on the employee's next anniversary date. For the purposes of this subparagraph, the University Hospitals Authority shall calculate longevity for employees who were members of the University Hospitals Authority Model Personnel System pursuant to Section 3211 of Title 63 of the Oklahoma Statutes for all state service as would otherwise be determined by Section 840-2.18 of Title 74 of the Oklahoma Statutes;

2. In addition to the voluntary out benefits provided by paragraph 1 of this subsection, agencies may give employees, except as otherwise provided by paragraph 3 of this subsection, voluntary out benefit packages based on any combination of the following options, provided that all employees who are separated as a result of the agency offer of a voluntary out benefit pursuant to this section in anticipation of the imminent reduction-in-force are accorded uniform treatment pursuant to this section:

- a. up to one (1) week of pay, calculated by dividing the employee's current annual salary by the whole number fifty-two (52), for each year of service,

- b. a maximum lump sum payment of Five Thousand Dollars (\$5,000.00),
- c. payment for accumulated sick leave or extended illness benefits at one-half of the employee's hourly rate not otherwise used pursuant to law for conversion to credited retirement credit, and
- d. payment of health benefit premiums as provided by the Public Health Service Act, 42 U.S.C., Section 300bb-1 et seq., for a period not to exceed eighteen (18) months. The agency shall not be authorized to make a cash payment to the employee in lieu of the payment by the agency of the cost of continued health care coverage for the employee; and

3. In lieu of the voluntary out benefits authorized by paragraphs 1 and 2 of this subsection, the employee may:

- a. exercise an option to have the agency make payment to the Oklahoma Law Enforcement Retirement System, the Teachers' Retirement System of Oklahoma or the Oklahoma Public Employees Retirement System of the amount, or some part of the amount, which would otherwise have resulted in a cash payment to the employee. The payment authorized by this subparagraph may be applied toward the cost of the purchase by the employee of as many additional years of service within the applicable retirement system as can be purchased with available funds. Other sources of funds may not be used to purchase retirement credit pursuant to this section.

Purchases of such service shall be subject to the requirements of:

- (1) Section 13 of this act for service purchased in the Oklahoma Law Enforcement Retirement System,
- (2) Section 14 of this act for service purchased in the Teachers' Retirement System of Oklahoma, and
- (3) Section 15 of this act for service purchased in the Oklahoma Public Employees Retirement System.

If the cash available for purchase of the retirement credit equals the cost of the retirement credit purchased by the employee, the employee shall receive no further voluntary out benefits offered pursuant to paragraphs 1 and 2 of this subsection. If the cash available for purchase of the retirement credit is greater than the cost of the retirement credit purchased by the employee, the employee shall have the right to use the balance of the payments to acquire other voluntary out benefits,

- b. exercise an option to acquire additional insurance products offered to state employees either for the employee or the dependents of the employee, or
- c. exercise an option to receive education vouchers for use in connection with the Reduction-in-Force Education Voucher Action Fund subject to the following requirements and rules of the Administrator of the Office of Personnel Management:
 - (1) the employee may purchase One Dollar (\$1.00) in voucher credit for each One Dollar (\$1.00) contributed by the employee to the fund subject to a maximum employee contribution of Three Thousand Dollars (\$3,000.00) which may be matched by a maximum agency contribution of Three Thousand Dollars (\$3,000.00); provided, that the agency contribution shall not exceed the contribution of the employee,
 - (2) the employee may pay the cost for the voucher program directly, subject to the requirements of division (1) of this subparagraph, or the employing agency of the employee may pay the cost of the voucher from funds which would otherwise have been used to make payments to the displaced employee pursuant to an election by the employee to receive voluntary out benefits,

- (3) no voucher issued pursuant to the provisions of this paragraph shall:
 - (a) be redeemed by the employee for cash or anything of value other than the cost of tuition and fees at a public or private educational institution within the State of Oklahoma, or
 - (b) be valid longer than a period of four (4) years from the date upon which the voucher is issued to the employee,
- (4) the Administrator of the Office of Personnel Management shall pay tuition and fees directly to the educational institution and shall receive any refunds for payment of tuition and fees from the educational institution which shall be credited to the employee's account, and
- (5) the Administrator of the Office of Personnel Management shall distribute to the affected employee and the agency any monies remaining in the employee's account after the voucher credit has expired. The distribution shall be based on the proportional share of contributions made by the employee and the agency.

B. Appointing authorities in agencies of the executive branch shall submit to the Director of the Office of State Finance, prior to offering voluntary out benefits pursuant to this section, a plan with details on why the agency has determined a reduction-in-force is imminent, the anticipated impact of the imminent reduction-in-force on the agency or part of the agency, the voluntary out benefits the agency intends to offer pursuant to this section and their cost, and how the agency intends to execute the offer of the voluntary out benefits. The Director shall review the fiscal components of the plan and have ten (10) business days to disapprove it.

C. Part-time employees who are eligible to receive voluntary out benefits shall receive benefits pursuant to this section on a prorated basis.

D. An employee who accepts voluntary out benefits pursuant to this section shall not be eligible to accept any future voluntary out benefits pursuant to this section.

E. An employee who accepts a voluntary out and receives voluntary out benefits pursuant to this section shall sign an agreement acknowledging that the employee knows and understands that the receipt of voluntary out benefits is in exchange, to the extent allowed by federal or state law, for any rights the employee may have had to:

1. Continued employment with any agency; and

2. Future employment with the agency for a period of one (1) year from the date of the agreement, provided that nothing in this subparagraph shall prohibit an appointing authority of any agency from employing an employee who has received a voluntary out benefit if the employee repays all voluntary out benefits received pursuant to this section on a proportional basis. The repayment amount of the voluntary out benefits received by or paid on behalf of the employee shall be reduced one-three-hundred-sixty-fifths (1/365) for each day after the separation of the employee, provided that any education voucher credit benefits shall not include agency contributions.

F. Except as provided in this section, no appointing authority shall grant employees voluntary out benefits.

G. This section shall not apply to agencies which are to be abolished pursuant to law.

SECTION 13. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2-307.6 of Title 47, unless there is created a duplication in numbering, reads as follows:

A. A member who elects to purchase retirement service credit pursuant to Section 7 or 12 of this act, may require the participating employer to make payment, in an amount determined by

the System, to the Oklahoma Law Enforcement Retirement System for purchase of service credit as prescribed by this section.

B. A member who elects to have some part or all of the severance benefits paid to the System shall determine the cost of acquiring the service credit pursuant to the requirements of subsection D of this section. The System shall prescribe a form to be used for this purpose and shall assist the member in preparing the form based upon the number of years the member intends to purchase given the severance benefits amount available from the participating employer. The employee shall file the completed form, indicating the amount to be transferred to the System, with the employer obligated to provide the severance payment. The employer shall transfer the amount indicated to the System within thirty (30) days from the date the form is filed with the employer.

C. The years of service acquired pursuant to the provisions of this section shall be used in computing normal retirement date, vesting or eligibility to participate in the Oklahoma Law Enforcement Deferred Option Plan pursuant to Section 2-305.2 of Title 47 of the Oklahoma Statutes, and shall be used in computing the retirement benefit of the member by adding the number of years purchased to the credited service for the member.

D. Payment for all years of service purchased pursuant to this section shall be made at actuarial cost according to the requirements of Section 2-307.5 of Title 47 of the Oklahoma Statutes.

E. Years of service may be purchased in increments of one month of service. Purchase of service credit pursuant to the provisions of this section shall be treated as participating service for purposes of any applicable provisions for rounding months of service to the next whole number of years.

F. If a member of the System who purchases service credit pursuant to the provisions of this section:

1. Is unable to terminate and elect a vested benefit from the System, the member shall be entitled to the return of employee contributions pursuant to law and shall be entitled to direct

payment from the employer according to the provisions of paragraph 3 of subsection A of Section 7 or paragraph 3 of subsection A of Section 12 of this act in lieu of any payment to the System;

2. Is able to terminate and elect a vested benefit, but chooses to withdraw contributions, the member shall be entitled to the return of employee contributions pursuant to law and shall be entitled to direct payment from the employer according to the provisions of paragraph 3 of subsection A of Section 7 or paragraph 3 of subsection A of Section 12 of this act in lieu of any payment to the System;

3. Is able to terminate and elect a vested benefit from the System and elects a vested benefit, the amount determined pursuant to subsection B of this section shall be paid to the System and upon reaching a normal retirement date, the years purchased shall be used in computing the retirement benefit for the member;

4. Is able to terminate and elect a vested benefit from the System and elects a vested benefit, but without having reached a normal retirement date subsequently returns to employment with a participating employer of the System:

- a. the service credit purchased pursuant to this section shall continue to be credited to the member and shall be used in determining the member's retirement benefit upon the member reaching a normal retirement date, or
- b. the amount paid to the System pursuant to this section for the actuarial cost of service purchased shall be returned to the member if the member withdraws from the System and does not elect a vested benefit from the System at the time of withdrawal;

5. Is able to terminate and elect a vested benefit, and elects a vested benefit, but prior to reaching a normal retirement date in the System, subsequently becomes a member of another public retirement system to which years of service accumulated while a member of the System may be transferred, the years of service purchased pursuant to the provisions of this section shall

be treated in the same manner as other participating service of the member;

6. Retires and subsequently returns to employment with a participating employer of the System, the provisions governing continued receipt of retirement benefits shall be applicable to any service performed;

7. Retires from the System and subsequently returns to employment with an employer of another public retirement system, the provisions governing continued receipt of retirement benefits shall be applicable to any service performed.

SECTION 14. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 17-116.11 of Title 70, unless there is created a duplication in numbering, reads as follows:

A. A member who elects to purchase retirement service credit pursuant to paragraph 3 of subsection A of Section 7 or paragraph 3 of subsection A of Section 12 of this act, may require the participating employer to make payment, in an amount determined by the retirement system, to the Teachers' Retirement System of Oklahoma for purchase of service credit as prescribed by this section.

B. A member who elects to have some part or all of the severance benefits paid to the retirement system shall determine the cost of acquiring the service credit pursuant to the requirements of subsection D of this section. The retirement system shall prescribe a form to be used for this purpose and shall assist the member in preparing the form based upon the number of years the member intends to purchase given the severance payment amount available from the participating employer. The employee shall file the completed form, indicating the amount to be transferred to the retirement system, with the employer obligated to provide the severance incentive payment. The employer shall transfer the amount indicated to the retirement system within thirty (30) days from the date the form is filed with the employer.

C. The years of service acquired pursuant to the provisions of this section shall be used in computing normal retirement date or vesting and shall be used in computing the retirement benefit of the member by adding the number of years purchased to the years of creditable service.

D. Payment for all years of service purchased pursuant to this section shall be made at actuarial cost according to the requirements of Section 17-116.8 of Title 70 of the Oklahoma Statutes.

E. Years of service may be purchased in increments of one year of service. Purchase of service credit pursuant to the provisions of this section shall be treated as creditable service for purposes of any applicable provisions for rounding months of service to the next whole number of years.

F. If a member of the retirement system who purchases service credit pursuant to the provisions of this section:

1. Is unable to terminate and elect a vested benefit from the retirement system, the member shall be entitled to the return of employee contributions pursuant to law and shall be entitled to direct payment from the employer according to the provisions of paragraph 3 of subsection A of Section 7 of this act in lieu of any payment to the retirement system;

2. Is able to terminate and elect a vested benefit, but chooses to withdraw contributions, the member shall be entitled to the return of employee contributions pursuant to law and shall be entitled to direct payment from the employer according to the provisions of paragraph 3 of subsection A of Section 7 or paragraph 3 of subsection A of Section 12 of this act in lieu of any payment to the System;

3. Is able to terminate and elect a vested benefit from the retirement system and elects a vested benefit, the amount determined pursuant to subsection B of this section shall be paid to the retirement system and upon reaching a normal retirement date, the years purchased shall be used in computing the retirement benefit for the member;

4. Is able to terminate and elect a vested benefit from the retirement system and elects a vested benefit, but without having reached a normal retirement date subsequently returns to employment with a participating employer of the retirement system:

- a. the service credit purchased pursuant to this section shall continue to be credited to the member and shall be used in determining the member's retirement benefit upon the member reaching a normal retirement date, or
- b. the amount paid to the retirement system pursuant to this section for the actuarial cost of service purchased shall be returned to the member if the member withdraws from the retirement system and does not elect a vested benefit from the retirement system at the time of withdrawal;

5. Is able to terminate and elect a vested benefit and elects a vested benefit, but prior to reaching a normal retirement date in the retirement system subsequently becomes a member of another public retirement system to which years of service accumulated while a member of the retirement system may be transferred, the years of service purchased pursuant to the provisions of this section shall be treated in the same manner as other participating service of the member;

6. Retires and subsequently returns to employment with a participating employer of the retirement system, the member shall be subject to the requirements of Section 17-116.10 of Title 70 of the Oklahoma Statutes with respect to the subsequent employment and the receipt of retirement benefits;

7. Retires from the retirement system and subsequently returns to employment with an employer of another public retirement system, the provisions governing continued receipt of retirement benefits shall be applicable to any service performed.

SECTION 15. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 913d of Title 74, unless there is created a duplication in numbering, reads as follows:

A. A member of the Oklahoma Public Employees Retirement System who has six (6) or more years of full-time-equivalent employment with a participating employer, and who is terminated by a state agency or other state governmental entity pursuant to paragraph 3 of subsection A of Section 7 or paragraph 3 of subsection A of Section 12 of this act may purchase severance credit as prescribed by this section.

B. In order to receive the severance credit authorized by this section, the member shall be required to file an election with the System indicating an intent to purchase the credit. The member shall decide before the date the member is terminated whether to file the election. The member shall be eligible to purchase, at actuarial cost pursuant to Section 913.5 of Title 74 of the Oklahoma Statutes, an amount of severance credit in monthly increments to the extent that can be funded by the severance payment provided in paragraph 3 of subsection A of Section 7 or paragraph 3 of subsection A of Section 12 of this act.

C. Upon election by the member to purchase the severance credit, the member shall direct the member's employer to make payment to the System of the severance payment. The employer shall transfer the payment to the System within thirty (30) days from the date of election.

D. Purchased severance credit shall be used as credited service for determining normal or early retirement date, eligibility for vesting and in computing the amount of the retirement benefit. Eligible members may purchase severance credit in addition to termination credit or incentive credit, if otherwise eligible for those purchases. This purchase will not be used in the calculation for final average compensation.

E. In the event of the death of the member prior to retirement, the member's spouse, if otherwise eligible for benefits under subsection (5) of Section 918 of Title 74 of the Oklahoma Statutes, may elect to receive benefits which include the severance credit.

F. If the member becomes ineligible to receive a retirement benefit from the System for any reason, including withdrawal or

death with no survivor benefits payable, the purchase of severance credit shall be canceled, and the System shall return the purchase price tendered, without interest.

SECTION 16. AMENDATORY Section 21, Chapter 330, O.S.L. 1993, as amended by Section 5, Chapter 326, O.S.L. 1996 (63 O.S. Supp. 1996, Section 3221), is amended to read as follows:

Section 3221. A. There is hereby created in the State Treasury a revolving fund for the University Hospitals Authority, to be designated the "University Hospitals Authority Disbursing Fund". The fund shall be a continuing fund, not subject to fiscal year limitations, and shall consist of appropriated revenues and federal entitlements. All monies accruing to the credit of said fund are hereby appropriated and may be budgeted and expended by the University Hospitals Authority.

B. Following the execution of a lease of real properties under the jurisdiction of the University Hospitals Authority to the University Hospitals Trust pursuant to Section 3226 of this title, monies from the fund may be expended by the Authority for the fiscal year ending June 30, ~~1997~~ 1998, for the operations of the Authority after the execution of the lease to the University Hospitals Trust for payment of any costs to the Authority associated with the transfer of operations of facilities under the jurisdiction of the Authority, and legal obligations of the Authority. After July 1, ~~1997~~ 1998, the operation of the Authority shall be funded solely from the interest earned by the fund. The principal of the fund shall be reserved in the event that the state resumes operations of any of the facilities operated by the Authority prior to a lease being executed.

SECTION 17. AMENDATORY Section 7, Chapter 326, O.S.L. 1996 (63 O.S. Supp. 1996, Section 3227.1), is amended to read as follows:

Section 3227.1 Any monies transferred by the Director of the Office of State Finance pursuant to Section 18 of this act from the University Hospitals Authority to the University Hospitals Trust Revolving Fund created by Section ~~38 of Enrolled Senate Bill No. 810 of the 2nd Session of the 45th Oklahoma Legislature may be~~ Req. No. 7803Page 42

~~used to pay any costs related to the severance of former employees of the University Hospitals Authority who are terminated due to a reduction in force by the entity operating the facilities of the Authority pursuant to Section 3226 of Title 63 of the Oklahoma Statutes and not disapproved by the Contingency Review Board pursuant to Section 3225 of Title 63 of the Oklahoma Statutes or for any other purposes for which the University Hospitals Trust was authorized. The sum of any transfers of monies from the Authority to the Trust 3227 of this title shall be repaid by the Trust to the University Hospitals Authority Disbursing Fund created by Section 3221 of this title on or before December 31, 2002, less the sum of monies expended by the University Hospitals Trust for severance costs pursuant to this section.~~

SECTION 18. AMENDATORY Section 39, Chapter 264, O.S.L. 1996, is amended to read as follows:

Section 39. The Director of State Finance, concurrent with the execution of a lease of real property from the University Hospitals Authority to the University Hospitals Trust as provided in Section 3226 of Title 63 of the Oklahoma Statutes, shall transfer ~~the sum of~~ at the request of the University Hospitals Authority up to Fifteen Million Dollars (\$15,000,000.00) from the University Hospitals Authority Disbursing Fund, created pursuant to Section 3221 of Title 63 of the Oklahoma Statutes, to the University Hospitals Trust Revolving Fund, ~~created pursuant to Section 38 of this act.~~

SECTION 19. REPEALER Section 7, Chapter 263, O.S.L. 1995 (63 O.S. Supp. 1996, Section 3213.1), is hereby repealed.

SECTION 20. RECODIFICATION 74 O.S. 1991, Section 841.14, as last renumbered by Section 10, Chapter 263, O.S.L. 1995 (74 O.S. Supp. 1996, Section 840-2.27), and as last amended by Section 6 of this act, shall be recodified as Section 840-2.27C of Title 74 of the Oklahoma Statutes, unless there is created a duplication in numbering.

SECTION 21. This act shall become effective July 1, 1997.

SECTION 22. 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.

46-1-7803

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