

ENROLLED HOUSE  
BILL NO. 2928

By: Benson, Hamilton,  
Askins, Bryant, Case,  
Fields, Greenwood,  
Hiett, Ingmire, Key,  
Kouba, Liotta, Miller,  
Newport, O'Neal,  
Pettigrew and Webb of  
the House

and

Taylor and Monson of the  
Senate

An Act relating to compensation and benefits; providing for pay increase for certain employees; prescribing conditions for pay increase; providing for minimum and maximum pay increase; defining term; providing increase applicable to certain persons; providing for method to implement pay increase for persons on leave without pay status; providing method to implement pay increase for certain employees based upon interruption in service; excluding certain officers and employees from eligibility for pay increase; prohibiting expenditure of certain funds for purposes related to personnel service contracts; amending Section 10, Chapter 400, O.S.L. 1992, as last amended by Section 11, Chapter 384, O.S.L. 1997 (74 O.S. Supp. 1997, Section 1370), which relates to flexible benefit allowance amounts; providing for flexible benefit allowance amount for employees with certain dependent coverage; specifying amount of flexible benefit allowance; providing for codification; providing for noncodification; providing effective dates; and declaring an emergency.

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

SECTION 1. A. Effective January 1, 1999, all full-time and part-time officers and employees, including temporary and other limited-term employees, of the state who were employed by the state on the last working day of December 1998 shall be awarded an annualized salary increase equal to four percent (4%) of their annual salary, as of December 31, 1998, after any other adjustments are made, but in no case shall the salary increase be less than One Thousand Two Hundred Fifty Dollars (\$1,250.00) nor more than Two Thousand Dollars (\$2,000.00).

B. As used in this section, "temporary employees" are those persons who:

1. Are not full-time or permanent employees;
2. Are not otherwise excluded by subsection G of this section;

and

3. Are compensated by an agency, board, commission or department or other employing entity for a limited duration and without any subjective expectation by either the employer or the employee that the employment will become permanent.

C. Except for those personnel specifically excluded from eligibility for any increase or advancement in salary pursuant to this section, the salary increase provided by this section shall be applicable to:

1. County election board secretaries;
2. Employees of county health departments; and
3. Employees of a soil conservation district.

D. Part-time employees shall receive a prorated annualized increase provided for in this section.

E. Employees eligible for the increase provided for in this section who are on leave without pay on January 1, 1999, shall receive an annualized increase, effective upon their return to work, but shall not receive any increase for a period of time prior to the return to work.

F. Employees who leave the state service before January 1, 1999, and who are reinstated or reemployed in the state service during January 1999 without a break in service, who are otherwise eligible for the pay increase provided for in this section, shall be granted such raise effective immediately upon such reinstatement or reemployment. As used in this subsection, "break in service" is defined as a period of time in excess of thirty (30) calendar days between two periods of state employment.

G. The following officers and employees shall be ineligible for a pay increase pursuant to this section and nothing, except as otherwise provided by Section 840-2.17 of Title 74 of the Oklahoma Statutes, shall be construed to authorize any increase or advancement of the salaries of:

1. Any elected official prohibited from receiving a salary increase pursuant to Section 10 of Article 23 of the Oklahoma Constitution;

2. Any cabinet secretary whose salary is governed by Section 10.5 of Title 74 of the Oklahoma Statutes;

3. Any justice or judge whose salary is governed by Section 3.1, 30.2A, 31.2 or 92.1A of Title 20 of the Oklahoma Statutes or by Section 1.2 or 1.2A of Title 85 of the Oklahoma Statutes;

4. Any district attorney whose salary is governed by Section 215.30 of Title 19 of the Oklahoma Statutes;

5. Officers and employees of institutions under the administrative authority of the Oklahoma State Regents for Higher Education;

6. Persons employed pursuant to Section 1806.1 of Title 74 of the Oklahoma Statutes;

7. Persons employed pursuant to Section 1.6a of Title 53 of the Oklahoma Statutes; and

8. Persons who are employed or under contract pursuant to subsection B of Section 1419 of Title 10 of the Oklahoma Statutes.

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 284.2 of Title 74, unless there is created a duplication in numbering, reads as follows:

No funds appropriated for the purpose of implementing the pay increase provided in Section 1 of this act shall be expended by any employing public agency, board, commission or other public employing entity in order to increase compensation for persons employed by a private business entity that has entered into contract with the public employing entity to provide personnel services to the public employing entity in order for the public employing entity to perform

duties imposed upon it by law or functions the public employing entity is authorized to perform by law. The provisions of this section shall not be construed to prohibit increases in compensation to a vendor performing other types of services pursuant to a sole source contract or contract awarded pursuant to the Oklahoma Central Purchasing Act.

SECTION 3. AMENDATORY Section 10, Chapter 400, O.S.L. 1992, as last amended by Section 11, Chapter 384, O.S.L. 1997 (74 O.S. Supp. 1997, Section 1370), is amended to read as follows:

Section 1370. A. Subject to the requirement that a participant must elect at least the default benefits, or the basic plan, flexible benefit dollars may be used to purchase any of the benefits offered by the Oklahoma State Employees Benefits Council under the flexible benefits plan. A participant's flexible benefit dollars for a plan year shall consist of the sum of (1) flexible benefit allowance credited to a participant by the participating employer, and (2) pay conversion dollars elected by a participant.

B. Except as otherwise provided by Section 12 ~~of this act,~~ Chapter 384, O.S.L. 1997, each participant shall be credited annually with a specified amount as a flexible benefit allowance which shall be available for the purchase of benefits. The amount of the flexible benefit allowance credited to each participant shall be communicated to him or her prior to the enrollment period for each plan year.

C. For the fiscal year ending June 30, 1998, the amount of a participant's benefit allowance, which shall be the total amount the employer contributes for the payment of insurance premiums or other benefits, shall be Two Hundred Twenty-four Dollars and sixty-nine cents (\$224.69) per month or the amount determined by the Council based on a formula for determining a participant's benefit credits consistent with the requirements of 26 U.S.C., Section 125(g) (2) and regulations thereunder.

D. For the fiscal year ending June 30, 1999, and thereafter, the amount of a participant's benefit allowance, which shall be the total amount the employer contributes for the payment of insurance premiums or other benefits, shall be:

1. Two Hundred Sixty-two Dollars and nineteen cents (\$262.19) per month or the amount determined by the Council based on a formula for determining a participant's benefit credits consistent with the requirements of 26 U.S.C., Section 125(g) (2) and regulations thereunder. ~~Provided, this; or~~

2. Two Hundred Twenty-four Dollars and sixty-nine cents (\$224.69) per month plus one of the additional amounts as follows for participants who elect to include one or more dependents for the fiscal year ending June 30, 1999:

- a. One Hundred Two Dollars and seventy-eight cents (\$102.78) for a spouse,
- b. Thirty-nine Dollars and twelve cents (\$39.12) for one child,
- c. Sixty-nine Dollars and ninety-nine cents (\$69.99) for two or more children,
- d. One Hundred Forty-one Dollars and ninety-one cents (\$141.91) for a spouse and one child, or
- e. One Hundred Seventy-two Dollars and seventy-seven cents (\$172.77) for a spouse and two or more children.

E. This section shall not prohibit payments for supplemental health insurance coverage made pursuant to Section 1314.4 of this title or payments for the cost of providing health insurance coverage for dependents of employees of the Grand River Dam Authority.

~~C.~~ F. If a participant desires to buy benefits whose sum total of benefit prices is in excess of his or her flexible benefit allowance, the participant may elect to use pay conversion dollars to purchase such excess benefits. Pay conversion dollars may be elected through a salary reduction agreement made pursuant to the election procedures of Section 1371 of this title. The elected amount shall be deducted from the participant's compensation in equal amounts each pay period over the plan year. On termination of employment during a plan year, a participant shall have no obligation to pay the participating employer any pay conversion dollars allocated to the portion of the plan year after the participant's termination of employment.

~~D.~~ G. If a participant elects benefits whose sum total of benefit prices is less than his or her flexible benefit allowance, he or she shall receive any excess flexible benefit allowance as taxable compensation. Such taxable compensation will be paid in substantially equal amounts each pay period over the plan year. On termination during a plan year, a participant shall have no right to receive any such taxable cash compensation allocated to the portion of the plan year after the participant's termination. Nothing herein shall affect a participant's obligation to elect the minimum benefits or to accept the default benefits of the plan with corresponding reduction in the sum of his or her flexible benefit allowance equal to the sum total benefit price of such minimum benefits or default benefits.

SECTION 4. NONCODIFICATION Section 1 of this act shall not be codified in the Oklahoma Statutes.

SECTION 5. Sections 1 and 2 of this act shall become effective January 1, 1999.

SECTION 6. Section 3 of this act shall become effective July 1, 1998.

SECTION 7. 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 House of Representatives the 20th day of May, 1998.

Speaker of the House of Representatives

Passed the Senate the 20th day of May, 1998.

President of the Senate