

ENROLLED SENATE  
BILL NO. 183

By: Haney and Hobson of the  
Senate

and

Settle and Begley of the  
House

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; allowing retention of a portion of pay increase upon promotion; 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; providing exception; amending 74 O.S. 1991, Sections 920, as last amended by Section 37, Chapter 1, O.S.L. 1995, 920A, as last amended by Section 14, Chapter 317, O.S.L. 1998, (74 O.S. Supp. 1998, Sections 920 and 920A), which relate to employer contributions in the Oklahoma Public Employees Retirement System; modifying required employer contribution amount; providing for noncodification; providing an effective date; and declaring an emergency.

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

SECTION 1. NEW LAW A new section of law not to be codified in the Oklahoma Statutes reads as follows:

A. Effective July 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 June 1999 shall be awarded an annualized salary increase equal to two percent (2%) of their annual salary, as of June 30, 1999, after any other adjustments are made, but in no case shall the salary increase be less than Six Hundred Dollars (\$600.00) nor more than One Thousand Dollars (\$1,000.00). Provided that permanent classified employees shall retain the following percentage of the raise provided by this section if they are promoted to a higher paying position during the following periods:

<u>Period</u>	<u>Percentage</u>
July 1, 1999 through September 30, 1999	75%
October 1, 1999 through December 31, 1999	50%
January 1, 2000 through March 31, 2000	25%

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 July 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 July 1, 1999, and who are reinstated or reemployed in the state service during July 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 agency director who is also a cabinet secretary pursuant to Section 10.3 of Title 74 of the Oklahoma Statutes;

4. 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;

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

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

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

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

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

10. Employees who are members of the Oklahoma Teachers' Retirement System; and

11. Employees who are members of the Oklahoma Law Enforcement Retirement System.

H. The chief executive officers of the agencies, boards, commissions, departments, or programs as listed in Section 3601 of Title 74 of the Oklahoma Statutes, shall be ineligible for a pay increase pursuant to this section.

I. The annualized salary increase provided pursuant to this section shall be in addition to any other salary increase granted in the 1st Session of the 47th Oklahoma Legislature.

SECTION 2. NEW LAW A new section of law not to be codified in the Oklahoma Statutes 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 a 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 which 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 74 O.S. 1991, Section 920, as last amended by Section 37, Chapter 1, O.S.L. 1995 (74 O.S. Supp. 1998, Section 920), is amended to read as follows:

Section 920. (1) Effective July 1, 1994, every state agency which is a participating employer shall contribute to the System an amount equal to eleven and one-half percent (11 1/2%) of the monthly compensation of each member, but not in excess of Forty Thousand Dollars (\$40,000.00).

(2) Effective July 1, 1995, every state agency which is a participating employer shall contribute to the System an amount equal to eleven and one-half percent (11 1/2%) of the monthly compensation of each member, not to exceed the allowable annual compensation as defined in subsection (9) of Section 902 of this title.

(3) Effective July 1, 1996, every state agency which is a participating employer shall contribute to the System an amount equal to twelve percent (12%) of the monthly compensation of each member, not to exceed the allowable annual compensation defined in subsection (9) of Section 902 of this title.

(4) Effective July 1, ~~1997~~ 1999, and thereafter, every state agency which is a participating employer shall contribute to the System an amount equal to ~~twelve and one-half percent (12 1/2%)~~ ten percent (10%) of the monthly compensation of each member, not to exceed the allowable annual compensation defined in subsection (9) of Section 902 of this title.

(5) The Board shall certify, on or before July 15 of each year, to the Office of State Finance in the case of the state and to the retirement coordinator for each participating employer an actuarially determined estimate of the rate of contribution which will be required, together with all accumulated contributions and other assets of the System, to be paid by each such participating employer to pay all liabilities which shall exist or accrue under the System, including amortization of the past service cost over a period of not to exceed forty (40) years from June 30, 1987, and the cost of administration of the System, as determined by the Board, upon recommendation of the actuary.

(6) The Office of State Finance and the Governor shall include in the budget and in the budget request for appropriations the sum required to satisfy the state's obligation under this section as certified by the Board and shall present the same to the Legislature for allowance and appropriation.

(7) Each other participating employer shall appropriate and pay to the System a sum sufficient to satisfy the obligation under this section as certified by the Board.

(8) Each participating employer is hereby authorized to pay the employer's contribution from the same fund that the compensation for which said contribution is paid from or from any other funds available to it for such purpose.

SECTION 4. AMENDATORY 74 O.S. 1991, Section 920A, as last amended by Section 14, Chapter 317, O.S.L. 1998 (74 O.S. Supp. 1998, Section 920A), is amended to read as follows:

Section 920A. A. Any county, county hospital, city or town, conservation district or any public or private trust in which a county, city or town participates and is the primary beneficiary, which is a participating employer and any eligible employee shall contribute to the System. The total employer and employee contributions shall be based on the allowable annual compensation as defined in subsection (9) of Section 902 of this title. Except as provided for in this section, the employer shall not pay for the employee any of the employee contribution to the System.

B. For the period beginning July 1, ~~1998~~ 1999, and for each year thereafter, the total employer and employee contributions shall equal ~~sixteen percent (16%)~~ thirteen and one-half (13 1/2%) of the allowable monthly compensation of each member; provided, however, each participating employer listed in this section may set the amount of the employer and employee contribution to equal ~~sixteen percent (16%)~~ thirteen and one-half percent (13 1/2%) of the allowable monthly compensation of each member for compensation as provided in subsection (9) of Section 902 of this title; provided, the employer contribution shall not exceed ~~twelve and one-half percent (12 1/2%)~~ ten percent (10%) and the employee contribution shall not exceed eight and one-half percent (8 1/2%).

C. Each participating employer pursuant to the provisions of this section may pick up under the provisions of Section 414(h)(2) of the Internal Revenue Code of 1986 and pay the contribution which the member is required by law to make to the System for all compensation earned after December 31, 1989. Although the contributions so picked up are designated as member contributions, such contributions shall be treated as contributions being paid by the participating employer in lieu of contributions by the member in determining tax treatment under the Internal Revenue Code of 1986 and such picked up contributions shall not be includable in the gross income of the member until such amounts are distributed or made available to the member or the beneficiary of the member. The member, by the terms of this System, shall not have any option to choose to receive the contributions so picked up directly and the picked up contributions must be paid by the participating employer to the System.

D. Member contributions which are picked up shall be treated in the same manner and to the same extent as member contributions made prior to the date on which member contributions were picked up by the participating employer. Member contributions so picked up shall

be included in gross salary for purposes of determining benefits and contributions under the System.

E. The participating employer shall pay the member contributions from the same source of funds used in paying salary to the member, by effecting an equal cash reduction in gross salary of the member.

SECTION 5. This act shall become effective July 1, 1999.

SECTION 6. It being immediately necessary for the preservation of the public peace, health and safety, an emergency is hereby declared to exist, by reason whereof this act shall take effect and be in full force from and after its passage and approval.

Passed the Senate the 28th day of May, 1999.

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President of the Senate

Passed the House of Representatives the 28th day of May, 1999.

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Speaker of the House of  
Representatives