

ENROLLED SENATE  
BILL NO. 702

By: Taylor of the Senate

and

Mass, Pettigrew and  
Ferguson of the House

An Act relating to state employees; amending 74 O.S. 1991, Section 840.5, as last renumbered by Section 24, Chapter 310, O.S.L. 1995, and as last amended by Section 1, Chapter 336, O.S.L. 2000 (74 O.S. Supp. 2000, Section 840-1.6A), which relates to the Office of Personnel Management; requiring the Administrator to conduct a study concerning state employee compensation issues; providing for content of study; amending Section 10, Chapter 400, O.S.L. 1992, as last amended by Section 15, Chapter 397, O.S.L. 1999 (74 O.S. Supp. 2000, Section 1370), which relates to flexible benefits; deleting obsolete language; amending date; providing an increased flexible benefit allowance under certain circumstances; increasing percentage related to dependents; providing annualized salary increase for certain state employees; providing condition; allowing pro-rated amounts for certain employees; providing salary increase for certain employees on leave without pay; providing salary increase for certain employees who return to work without a break in service; defining term; allowing salary increase even if it exceeds pay band maximum for classified employees; allowing certain advancement of hiring salaries; providing for noncodification; 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 840.5, as last renumbered by Section 24, Chapter 310, O.S.L. 1995, and as last amended by Section 1, Chapter 336, O.S.L. 2000 (74 O.S. Supp. 2000, Section 840-1.6A), is amended to read as follows:

Section 840-1.6A There is hereby created the Office of Personnel Management. The chief administrative officer of said Office of Personnel Management shall be the Administrator who shall be experienced in the field, theory, and application of personnel administration. The Administrator shall be appointed by the Governor with the confirmation of the Senate, and serve at the Governor's pleasure. In addition to the other duties imposed by law, the Administrator shall:

1. Be responsible for the development of an efficient and effective system of personnel administration that meets the management needs of the various agencies;

2. Effective July 1, 1995, organize the Office to provide both service and regulatory functions that are effective and efficient in meeting the management needs of various state agencies. The Administrator is directed to establish an agency service function to assist agencies with human resource needs based upon the administrative capacity and resources of the various agencies;

3. Prepare, maintain, and revise a classified system of employment designed to assure the impartial consideration of applicants for employment and to protect state employees from arbitrary dismissal or unfair treatment;

4. Develop and maintain a classification and compensation system for all classified positions in the executive branch of state government including those established by the Oklahoma Constitution;

5. Conduct an analysis of the rates of pay prevailing in the state in the public and private sectors for comparable jobs and report the findings to the Governor, the President Pro Tempore of the Senate, and the Speaker of the House of Representatives no later than December 1 of each year. Such analysis shall include all forms of compensation including fringe benefits;

6. Develop a program for the recruitment of qualified persons, including the administration of valid job-related nondiscriminatory selection procedures providing for competitive examinations when practical and for reasonable selection criteria when competitive examinations are not practical;

7. Implement state affirmative action policies, and assure equal employment opportunity;

8. Develop and implement a reasonable and expeditious method for referral of capable candidates for vacancies, probationary periods of employment, and the employment of individuals on other types of appointments as necessary;

9. Assist state agencies in implementing their duties and obligations pursuant to the Oklahoma Personnel Act, Section 840-1.1 et seq. of this title, and provide standard forms to the agencies if necessary;

10. Develop, in cooperation with appointing authorities, employee training programs, management training programs, a certified public manager program, a recruiting program, and a system of performance appraisals, and assist appointing authorities in the setting of productivity goals. The Administrator may establish and collect fees for participation in training programs. The Administrator is authorized to purchase awards for presentation to state employees as part of employee recognition activities sponsored by the Office of Personnel Management;

11. Establish leave and pay regulations, regulations for performance pay increases, rates for pay differentials, on-call pay, and other types of pay incentives and salary adjustments;

12. Prepare and submit an annual budget covering the costs of administering the personnel program;

13. Make an annual report regarding the work of the Office of Personnel Management;

14. Adopt and implement rules necessary to perform the duties imposed by law on the Office of Personnel Management in accordance with the provisions of the Administrative Procedures Act. All rules adopted by the Oklahoma Merit Protection Commission shall remain in full force and effect until modified by the appropriate authority;

15. Assist the Oklahoma Merit Protection Commission and the Executive Director in effectuating their duties, enforcement of the rules of the Merit System of Personnel Administration, and implementation of corrective action issued by the Commission;

16. Be responsible for the development and maintenance of a uniform occupation code system, grouped by job titles or duties, for all classified, unclassified, and exempt state positions. Said responsibility shall include the establishment of rules governing the identification, tracking, and reporting of all state positions as provided in Section 840-2.13 of this title;

17. Be responsible for advising state agencies on personnel policy and administration;

18. Establish standards for continuing training, including affirmative action, and certification of personnel professionals in the executive branch of state government, excluding institutions within The Oklahoma State System of Higher Education. Employees appointed to professional personnel positions shall complete an initial training program within six (6) months after assuming the professional personnel position. Thereafter, they shall complete annual training requirements. Each appointing authority shall ensure that all professional personnel employees are notified of, and scheduled to attend, required training programs and shall make time available for employees to complete the programs. The Administrator shall be authorized to bill agencies for the training of personnel professionals pursuant to this paragraph to recover reasonable costs associated with the training. Monies received for such training shall be deposited in the Office of Personnel Management Revolving Fund. Expenditure of such funds collected for the training shall be exempt from any expenditure limit on the Office of Personnel Management established by law; ~~and~~

19. Effective on or after November 1, 1999, implement a new classification and compensation system for classified employees that converts classes into job families and salary grades into pay bands. All classified employees shall be converted into the new job families and pay bands at the time the new classification and compensation system is implemented without loss of pay or status, and shall not have the right to appeal such conversion. The

Administrator of the Office of Personnel Management shall adopt rules pursuant to Section 840-4.3 of this title which shall include a process for review by the Office of Personnel Management of internal classification grievances of job family level assignments which cannot be resolved at the agency level; and

20. Conduct a study identifying the following, by job family descriptor(s):

- a. job families with a turnover rate in excess of ten percent (10%),
- b. job families with salaries and benefits that are ten percent (10%) or more below the market for such position(s), and
- c. job families in which recruitment efforts have yielded a low number of qualified applicants.

The initial study shall be conducted by December 1, 2001, and every two (2) years thereafter.

SECTION 2. AMENDATORY Section 10, Chapter 400, O.S.L. 1992, as last amended by Section 15, Chapter 397, O.S.L. 1999 (74 O.S. Supp. 2000, 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, Chapter 384, O.S.L. 1997, each~~ 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~~ plan year ending ~~June 30, 2000~~ December 31, 2001, and each ~~fiscal~~ plan year 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. The greater of Two Hundred Sixty-two Dollars and nineteen cents (\$262.19) per month or an amount equal to the sum of the average monthly premiums of all high option health insurance plans, the average monthly premiums of the dental plans, the monthly premium of the disability plan, and the monthly premium of the basic life insurance plan offered to state employees 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; or

2. The greater of Two Hundred Twenty-four Dollars and sixty-nine cents (\$224.69) per month or an amount equal to the sum of the average monthly premiums of all high option health insurance plans, the average monthly premiums of the dental plans, the monthly premium of the disability plan, and the monthly premium of the basic life insurance plan offered to state employees 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, 2000, and each fiscal year thereafter:~~

- a. for a spouse, ~~one-half (1/2)~~ seventy-five percent (75%) of the average price of all high option benefit plans available for coverage of a spouse,
- b. for one child, ~~one-half (1/2)~~ seventy-five percent (75%) of the average price of all high option benefit plans available for coverage of one child,
- c. for two or more children, ~~one-half (1/2)~~ seventy-five percent (75%) of the average price of all high option benefit plans available for coverage of two or more children,
- d. for a spouse and one child, ~~one-half (1/2)~~ seventy-five percent (75%) of the average price of all high option benefit plans available for coverage of a spouse and one child, or
- e. for a spouse and two or more children, ~~one-half (1/2)~~ seventy-five percent (75%) of the average price of all high option benefit plans available for coverage of a spouse and two or more children.

~~F.~~ D. 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.

~~F.~~ E. 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.

~~G.~~ F. 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 3. NEW LAW A new section of law not to be codified in the Oklahoma Statutes reads as follows:

A. Effective July 1, 2001, employees in the following positions of the below listed state agencies, who were employed on the last working day of June 2001, shall be awarded an annualized salary increase equal to the following amount:

<u>Agency and Positions</u>	<u>Annualized Salary Increase</u>
1. Department of Corrections:	
a. Correctional Security Officers, Probation and Parole Officers, Correctional Security Managers, Internal Affairs Special Investigators, Fugitive Apprehension Agents, Correctional Chiefs of Security, Correctional Counselors, Correctional Case Managers, Unit Managers, Food Service Specialists, and Food Service Managers.....	\$4,000.00
b. Other classified Department of Corrections employees not otherwise listed in this section, except those whose salary is based upon a statutory minimum salary schedule.....	\$2,000.00
2. Department of Human Services:	
a. Licensed Practical Nurses and Registered Nurses .....	\$2,100.00
b. Direct Care Specialists .....	\$1,550.00
3. Department of Mental Health and Substance Abuse Services:	

- a. Licensed Practical Nurses, Registered Nurses, and Nurse Managers..... \$2,100.00
  - b. Patient Care Assistants ..... \$1,550.00
- 4. Department of Transportation:
  - Transportation Equipment Operators and Transportation Technicians..... \$1,300.00
- 5. J. D. McCarty Center for Children with Developmental Disabilities:
  - a. Licensed Practical Nurses, Registered Nurses, and Nurse Managers..... \$2,100.00
  - b. Patient Care Assistants ..... \$1,550.00
- 6. Office of Juvenile Affairs:
  - Licensed Practical Nurses, Registered Nurses, and Nurse Managers..... \$2,100.00
- 7. Oklahoma Department of Veterans Affairs:
  - a. Licensed Practical Nurses and Registered Nurses ..... \$2,100.00
  - b. Patient Care Assistants ..... \$1,550.00
- 8. Pardon and Parole Board:
  - Pardon and Parole Investigators..... \$2,000.00
- 9. State Department of Health:
  - a. Licensed Practical Nurses and Registered Nurses ..... \$2,100.00
  - b. Patient Care Assistants ..... \$1,550.00
- 10. State Department of Rehabilitation Services:
  - Direct Care Specialists ..... \$1,550.00

B. Eligible part-time employees in the positions listed in subsection A of this section shall receive a prorated annualized salary increase pursuant to this section.

C. Employees eligible for the increase provided for in this section who are on leave without pay on July 1, 2001, shall receive the annualized increase provided for herein, effective upon their return to work, but shall not receive any increase for a period of time prior to their return to work.

D. Employees who leave the state service before July 1, 2001, and who are reinstated or reemployed in the state service during July 2001, without a break in service, who are otherwise eligible for the pay increase provided for in this section, shall be granted such increase 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.

E. Classified employees eligible for the salary increase provided for in this section shall receive such increase even though it may cause the employee's salary to exceed the maximum for the employee's pay band.

F. The annualized salary increase provided in this section may be used in advancing the hiring salary for the positions listed in subparagraph a of paragraph 1 of subsection A of this section.

SECTION 4. This act shall become effective July 1, 2001.

SECTION 5. 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 8th day of May, 2001.

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Presiding Officer of the Senate

Passed the House of Representatives the 9th day of May, 2001.

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Presiding Officer of the House  
of Representatives

