

STATE OF OKLAHOMA

1st Session of the 48th Legislature (2001)

SENATE BILL 684

By: Leftwich

AS INTRODUCED

An Act relating to state employees; amending 74 O.S. 1991, Sections 840.16b, as renumbered by Section 54, Chapter 242, O.S.L. 1994, and as last amended by Section 3, Chapter 336, O.S.L. 2000 and 840.7a, as renumbered by Section 54, Chapter 242, O.S.L. 1994, and as last amended by Section 1, Chapter 21, O.S.L. 1999 (74 O.S. Supp. 2000, Sections 840-2.17 and 840-2.20), which relate to the Oklahoma Personnel Act; increasing pay bands when raises are granted by the Legislature; increasing leave benefits for certain employees; deleting obsolete language; amending 74 O.S. 1991, Section 902, as last amended by Section 1, Chapter 379, O.S.L. 2000 (74 O.S. Supp. 2000, Section 902), which relates to the Oklahoma Public Employees Retirement System; amending normal retirement date for certain members; amending Section 15, Chapter 384, O.S.L. 1997, as last amended by Section 1, Chapter 359, O.S.L. 2000 (74 O.S. Supp. 2000, Section 1707), which relates to the Oklahoma State Employees Deferred Savings Incentive Plan Fund; increasing state matching for certain members; 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 840.16b, as renumbered by Section 54, Chapter 242, O.S.L. 1994, and as last amended by Section 3, Chapter 336, O.S.L. 2000 (74 O.S. Supp. 2000, Section 840-2.17), is amended to read as follows:

Section 840-2.17 A. Unless otherwise provided by the Oklahoma Constitution, language in law which authorizes the setting or fixing of compensation, pay or salary of state officers and employees shall not be construed to authorize any agency, board, commission, department, institution, bureau, executive officer or other entity of the executive branch of state government to award, grant, give, authorize, or promise any officer or employee of the State of

Oklahoma a cost-of-living raise or any other type of raise that would be given to state employees on an across-the-board basis, except as herein provided. Such raises are prohibited unless authorized by the Legislature and by Merit System of Personnel Administration Rules promulgated by the Administrator. This prohibition applies to all classified, unclassified and exempt officers and employees in the executive branch of state government, excluding institutions under the administrative authority of the State Regents for Higher Education, and all employees in the University Hospitals Authority Model Personnel System created pursuant to Section 3211 of Title 63 of the Oklahoma Statutes.

B. However, nothing in this section shall be construed to prohibit the following actions if the action is made in good faith and not for the purpose of circumventing subsection A of this section, and if the appointing authority certifies that the action can be implemented for the current fiscal year and the subsequent fiscal year without the need for additional funding to increase the personal services budget of the agency:

1. Salary advancements on promotion or direct reclassification to a job family level or class with a higher grade;

2. Salary adjustments resulting from a pay band change for a job family level or class adopted by the Office of Personnel Management;

3. Increases in longevity payments pursuant to Section 840-2.18 of this title;

4. Payment of overtime, special entrance rates, pay differentials;

5. Payment of wages, salaries, or rates of pay established and mandated by law;

6. Market adjustments for job family levels tied to market competitiveness;

7. Intra-agency lateral transfers, provided that the adjustment does not exceed five percent (5%) and the adjustment is based on the needs of the agency;

8. Skill-based adjustments;

9. Equity-based adjustments;

10. Career progression increases as an employee advances through job family levels; or

11. Salary adjustments not to exceed five percent (5%) for probationary classified employees achieving permanent status following the initial probationary period and permanent classified employees successfully completing trial periods after promotion to a different job family or following career progression to a different job family level.

C. Provided, however, any reclassification for one of the purposes provided in subsection B of this section that would require additional funding by the Legislature shall not be implemented without approval of the Legislature.

D. The pay movement mechanisms described in paragraphs 6 through 11 in subsection B of this section shall be implemented pursuant to rules promulgated by the Administrator of the Office of Personnel Management for the classified service.

E. Appointing authorities may implement the pay movement mechanisms in paragraphs 6 through 11 in subsection B of this section subject to the availability of funds within the agency's budget for the current fiscal year and subsequent fiscal year without the need for additional funding to increase the personal services budget of the agency. Failure by the appointing authority to follow the provisions of this subsection may cause the withdrawal of the use of the pay movement mechanisms provided in paragraphs 6, 7, 9 and 10 of subsection B of this section within the agency during the next appropriations cycle.

F. All agencies, boards, and commissions shall report to the Office of Personnel Management on an annual basis the pay movement mechanisms utilized in paragraphs 6 through 11 in subsection B of this section. The report shall include the pay movement mechanisms type, frequency, amounts provided, affected classifications and job families, and other information as prescribed by the Administrator of the Office of Personnel Management. Agencies shall report this information for the twelve-month period ending December 31 for classified and unclassified employees. Agencies must also report projected pay movement mechanisms and costs anticipated for the balance of the fiscal year. The Office of Personnel Management shall forward the report, which will include findings and recommendations, to the Governor, President Pro Tempore of the Senate, and Speaker of the House of Representatives no later than February 1 of each year.

G. For any pay raise authorized by the Legislature to take effect on or after July 1, 2001, the minimum, midpoint and maximum salaries for each pay band shall be increased by such amounts.

SECTION 2. AMENDATORY 74 O.S. 1991, Section 840.7a, as renumbered by Section 54, Chapter 242, O.S.L. 1994, and as last amended by Section 1, Chapter 21, O.S.L. 1999 (74 O.S. Supp. 2000, Section 840-2.20), is amended to read as follows:

Section 840-2.20 A. The Administrator of the Office of Personnel Management shall promulgate such emergency and permanent rules regarding leave and holiday leave as are necessary to assist the state and its agencies.

The Administrator of the Office of Personnel Management, in adopting new rules, amending rules and repealing rules, shall ensure that the following provisions are incorporated:

1. Eligible employees who enter on duty or who are reinstated after a break in service shall receive leave benefits in accordance with the schedule outlined below. Leave will be accrued on a

monthly basis and prorated, as appropriate, for less than full-time service. Years of service shall be based on cumulative periods of employment calculated in the manner that cumulative service is determined for longevity purposes pursuant to Section 840-2.18 of this title.

2. a. ~~The~~ From the effective date of this act, the following accrual rates and accumulation limits apply to eligible employees ~~who initially enter into the state service prior to July 1, 1996, and who have less than ten (10) years' cumulative service~~ as follows:

ACCRUAL RATES			ACCUMULATION
			LIMITS
Cumulative			
Years of	Annual	Sick	Annual
Service	Leave	Leave	Leave
Persons employed 0-5 yrs =	15 day/yr	15 days/yr	30 days
5-10 yrs =	18 day/yr	15 days/yr	60 days
<u>10-20 yrs =</u>	<u>20 day/yr</u>	<u>15 days/yr</u>	<u>60 days</u>
<u>over 20 yrs =</u>	<u>25 day/yr</u>	<u>15 days/yr</u>	<u>60 days</u>

- b. ~~The following accrual rates and accumulation limits apply to eligible employees who either:~~
- ~~(i) initially enter into the state service prior to July 1, 1996, and who have ten (10) years or more cumulative service, or~~
 - ~~(ii) initially enter into the state service on or after July 1, 1996:~~

ACCRUAL RATES			ACCUMULATION
			LIMITS
Cumulative			
Years of	Annual	Sick	Annual
Service	Leave	Leave	Leave
Persons employed 0-5 yrs =	10 day/yr	15 days/yr	30 days

5-10 yrs = 15 day/yr	15 days/yr	60 days
10-20 yrs = 20 day/yr	15 days/yr	60 days
over 20 yrs = 25 day/yr	15 days/yr	60 days

~~All accrued annual leave and all leave eligibility under O.A.C. 530:10-15-11(b) (5) which is in excess of annual leave limits shall not be reduced or eliminated as a result of these rule changes.~~

3. Temporary employees and other limited term employees are ineligible to accrue, use, or be paid for sick leave and annual leave. Such employees shall be eligible for paid holiday leave at the discretion of the appointing authority.

4. Employees shall not be entitled to retroactive accumulation of leave as a result of amendments to this section. Effective September 1, 1994, employees shall be eligible to accrue leave pursuant to paragraph 1 of this subsection.

5. The Administrator of the Office of Personnel Management and the Executive Director of the Oklahoma Merit Protection Commission shall cooperate to assist agencies in developing policies to prevent violence in state government workplaces without abridging the rights of state employees. Such policy shall include a paid administrative leave provision as a cooling-off period which the Administrator of the Office of Personnel Management is authorized to provide pursuant to the Administrative Procedures Act. Such leave shall not be charged to annual or sick leave accumulations.

6. State employees who terminated their employment in the state service on or after October 1, 1992, may be eligible to have sick leave accrued at the time of termination of employment restored if they return to state employment, provided that the state employees' enter-on-duty dates for reemployment occur on or before two (2) years after their termination of employment and they are eligible to accrue sick leave before the two (2) years expire.

7. Persons subject to the University Hospitals Authority Model Personnel System shall be exempt from the provisions of this section.

8. Employees who are volunteer firefighters pursuant to the Oklahoma Volunteer Firefighters Act and who are called to fight a fire shall not have to use any accrued leave or need to make up any time due to the performance of their volunteer firefighter duties.

B. Nothing in the Oklahoma Personnel Act is intended to prevent or discourage an appointing authority from disciplining or terminating an employee due to abuse of leave benefits or absenteeism. Appointing authorities are encouraged to consider attendance of employees in making decisions regarding promotions, pay increases, and discipline.

C. Upon the transfer of a function in state government to an entity outside state government, employees may, with the agreement of the outside entity, waive any payment for leave accumulations to which the employee is entitled and authorize the transfer of the leave accumulations or a portion thereof to the outside entity.

SECTION 3. AMENDATORY 74 O.S. 1991, Section 902, as last amended by Section 1, Chapter 379, O.S.L. 2000 (74 O.S. Supp. 2000, Section 902), is amended to read as follows:

Section 902. As used in Section 901 et seq. of this title:

(1) "System" means the Oklahoma Public Employees Retirement System as established by this act and as it may hereafter be amended;

(2) "Accumulated contributions" means the sum of all contributions by a member to the System which shall be credited to the member's account;

(3) "Act" means Sections 901 to 932, inclusive, of this title;

(4) "Actuarial equivalent" means a deferred income benefit of equal value to the accumulated deposits or benefits when computed upon the basis of the actuarial tables in use by the System;

(5) "Actuarial tables" means the actuarial tables approved and in use by the Board at any given time;

(6) "Actuary" means the actuary or firm of actuaries employed by the Board at any given time;

(7) "Beneficiary" means any person named by a member to receive any benefits as provided for by Section 901 et seq. of this title. If there is no beneficiary living at time of member employee's death, the member's estate shall be the beneficiary;

(8) "Board" means the Oklahoma Public Employees Retirement System Board of Trustees;

(9) "Compensation" means all salary and wages, including amounts deferred under deferred compensation agreements entered into between a member and a participating employer, but exclusive of payment for overtime, payable to a member of the System for personal services performed for a participating employer, including maintenance, or any allowance in lieu thereof provided a member as a part of compensation but shall not include compensation or reimbursement for traveling, or moving expenses, or any compensation in excess of the maximum compensation level, provided:

(a) For compensation for service prior to January 1, 1988, the maximum compensation level shall be Twenty-five Thousand Dollars (\$25,000.00) per annum.

For compensation for service on or after January 1, 1988, through June 30, 1994, the maximum compensation level shall be Forty Thousand Dollars (\$40,000.00) per annum.

For compensation for service on or after July 1, 1994, through June 30, 1995, the maximum compensation level shall be Fifty Thousand Dollars (\$50,000.00) per annum; for compensation for service on or after July 1, 1995, through June 30, 1996, the maximum compensation level shall be Sixty Thousand Dollars

(\$60,000.00) per annum; for compensation for service on or after July 1, 1996, through June 30, 1997, the maximum compensation level shall be Seventy Thousand Dollars (\$70,000.00) per annum; and for compensation for service on or after July 1, 1997, through June 30, 1998, the maximum compensation level shall be Eighty Thousand Dollars (\$80,000.00) per annum. For compensation for services on or after July 1, 1998, there shall be no maximum compensation level for retirement purposes.

(b) Compensation for retirement purposes shall include any amount of elective salary reduction under Section 457 of the Internal Revenue Code of 1986 and any amount of non-elective salary reduction under Section 414(h) of the Internal Revenue Code of 1986.

(c) Notwithstanding any provision to the contrary, the compensation taken into account for any employee in determining the contribution or benefit accruals for any plan year is limited to the annual compensation limit under Section 401(a)(17) of the federal Internal Revenue Code;

(10) "Credited service" means the sum of participating service, prior service and elected service;

(11) "Dependent" means a parent, child, or spouse of a member who is dependent upon the member for at least one-half (1/2) of the member's support;

(12) "Effective date" means the date upon which the System becomes effective by operation of law;

(13) "Eligible employer" means the state and any county, county hospital, city or town, conservation districts, and any public or private trust in which a county, city or town participates and is the primary beneficiary is to be an eligible employer for the

purpose of this act only, whose employees are covered by Social Security and are not covered by or eligible for another retirement plan authorized under the laws of this state which is in operation on the initial entry date. Emergency medical service districts may join the System upon proper application to the Board. Provided affiliation by a county hospital shall be in the form of a resolution adopted by the board of control.

- (a) If a class or several classes of employees of any above-defined employers are covered by Social Security and are not covered by or eligible for and will not become eligible for another retirement plan authorized under the laws of this state, which is in operation on the effective date, such employer shall be deemed an eligible employer, but only with respect to that class or those classes of employees as defined in this section.
- (b) A class or several classes of employees who are covered by Social Security and are not covered by or eligible for and will not become eligible for another retirement plan authorized under the laws of this state, which is in operation on the effective date, and when the qualifications for employment in such class or classes are set by state law; and when such class or classes of employees are employed by a county or municipal government pursuant to such qualifications; and when the services provided by such employees are of such nature that they qualify for matching by or contributions from state or federal funds administered by an agency of state government which qualifies as a participating employer, then the agency of state government administering the state or federal funds shall be deemed an eligible employer,

but only with respect to that class or those classes of employees as defined in this subsection; provided, that the required contributions to the retirement plan may be withheld from the contributions of state or federal funds administered by the state agency and transmitted to the System on the same basis as the employee and employer contributions are transmitted for the direct employees of the state agency. The retirement or eligibility for retirement under the provisions of law providing pensions for service as a volunteer fire fighter shall not render any person ineligible for participation in the benefits provided for in Section 901 et seq. of this title. An employee of any public or private trust in which a county, city or town participates and is the primary beneficiary shall be deemed to be an eligible employee for the purpose of this act only;

(14) "Employee" means any officer or employee of a participating employer, whose employment is not seasonal or temporary and whose employment requires at least one thousand (1,000) hours of work per year and whose salary or wage is equal to the hourly rate of the monthly minimum wage for state employees. For those eligible employers outlined in Section 910 of this title, the rate shall be equal to the hourly rate of the monthly minimum wage for that employer. Each employer, whose minimum wage is less than the state's minimum wage, shall inform the System of the minimum wage for that employer. This notification shall be by resolution of the governing body.

(a) Any employee of the county extension agents who is not currently participating in the Teachers' Retirement System of Oklahoma shall be a member of this System.

- (b) Eligibility shall not include any employee who is a contributing member of the United States Civil Service Retirement System.
- (c) It shall be mandatory for an officer, appointee or employee of the office of district attorney to become a member of this System if he or she is not currently participating in a county retirement system. Provided further, that if an officer, appointee or employee of the office of district attorney is currently participating in such county retirement system, he or she is ineligible for this System as long as he or she is eligible for such county retirement system. Any eligible officer, appointee or employee of the office of district attorney shall be given credit for prior service as defined in this section. The provisions outlined in Section 917 of this title shall apply to those employees who have previously withdrawn their contributions.
- (d) Eligibility shall also not include any officer or employee of the Oklahoma Employment Security Commission, except for those officers and employees of the Commission electing to transfer to this System pursuant to the provisions of Section 910.1 of this title or any other class of officers or employees specifically exempted by the laws of this state, unless there be a consolidation as provided by Section 912 of this title. Employees of the Oklahoma Employment Security Commission who are ineligible for enrollment in the Employment Security Commission Retirement Plan, that was in effect on January 1, 1964, shall become members of this System.

(e) Any employee employed by the Legislative Service Bureau, State Senate or House of Representatives for the full duration of a regular legislative session shall be eligible for membership in the System regardless of classification as a temporary employee and may participate in the System during the regular legislative session at the option of the employee. For purposes of this subparagraph, the determination of whether an employee is employed for the full duration of a regular legislative session shall be made by the Legislative Service Bureau if such employee is employed by the Legislative Service Bureau, the State Senate if such employee is employed by the State Senate, or by the House of Representatives if such employee is employed by the House of Representatives. Each regular legislative session during which the legislative employee or an employee of the Legislative Service Bureau participates full time shall be counted as six (6) months of full-time participating service.

(i) Except as otherwise provided by this subparagraph, once a temporary session employee makes a choice to participate or not, the choice shall be binding for all future legislative sessions during which the employee is employed.

(ii) Notwithstanding the provisions of division (i) of this subparagraph, any employee, who is eligible for membership in the System because of the provisions of this subparagraph and who was employed by the State Senate or House of Representatives after January 1, 1989, may file an election, in a manner specified by the Board,

to participate as a member of the System prior to September 1, 1989.

(iii) Notwithstanding the provisions of division (i) of this subparagraph, a temporary legislative session employee who elected to become a member of the System may withdraw from the System effective the day said employee elected to participate in the System upon written request to the Board. Any such request must be received by the Board prior to October 1, 1990. All employee contributions made by the temporary legislative session employee shall be returned to the employee without interest within four (4) months of receipt of the written request.

(iv) A temporary legislative session employee who did not initially elect to participate as a member of the System pursuant to subparagraph (e) of this paragraph and who has not elected to participate as a member of the System pursuant to any other provision of this subparagraph shall be able to elect to become a member of the System and to acquire service performed as a temporary legislative session employee for periods of service performed prior to the election if:

- a. the employee files an election with the System not later than December 31, 1998, to become a member of the System and, subject to the requirements of this division, to purchase the prior service; and
- b. the employee makes payment to the System of the actuarial cost of the service credit pursuant to subsection A of Section 913.5 of

this title. The provisions of Section 913.5 of this title shall be applicable to the purchase of the service credit, including the provisions for determining service credit in the event of incomplete payment due to cessation of payments, death, termination of employment or retirement, but the payment may extend for a period not to exceed ninety-six (96) months;

(15) "Entry date" means the date on which an eligible employer joins the System. The first entry date pursuant to Section 901 et seq. of this title shall be January 1, 1964;

(16) "Executive Director" means the managing officer of the System employed by the Board under Section 901 et seq. of this title;

(17) "Federal Internal Revenue Code" means the federal Internal Revenue Code of 1954 or 1986, as amended and as applicable to a governmental plan as in effect on July 1, 1999;

(18) "Final average compensation" means the average annual salary, including amounts deferred under deferred compensation agreements entered into between a member and a participating employer, up to, but not exceeding the maximum compensation levels as provided in paragraph (9) of this section received during the highest three (3) of the last ten (10) years of participating service immediately preceding retirement or termination of employment. Provided, no member shall retire with a final average compensation unless the member has made the required contributions on such compensation;

(19) "Fiscal year" means the period commencing July 1 of any year and ending June 30 of the next year. The fiscal year is the plan year for purposes of the federal Internal Revenue Code;

however, the calendar year is the limitation year for purposes of Section 415 of the federal Internal Revenue Code;

(20) "Fund" means the Oklahoma Public Employees Retirement Fund as created by Section 901 et seq. of this title;

(21) "Leave of absence" means a period of absence from employment without pay, authorized and approved by the employer and acknowledged to the Board, and which after the effective date does not exceed two (2) years;

(22) "Member" means an eligible employee or elected official who is in the System and is making the required employee or elected official contributions, or any former employee or elected official who shall have made the required contributions to the System and shall have not received a refund or withdrawal;

(23) "Military service" means service in the Armed Forces of the United States in time of war or national emergency by honorably discharged, not to exceed five (5) years for combined participating and/or prior service, for persons who served as follows:

- (a) in the Armed Forces of the United States at any time during the period from April 6, 1917, to November 11, 1918, both dates inclusive,
- (b) in the Armed Forces of the United States as members of the 45th Division at any time during the period from September 16, 1940, to December 7, 1941, both dates inclusive,
- (c) in the Armed Forces of the United States at any time during the period from December 7, 1941, to December 31, 1946, both dates inclusive,
- (d) in the Armed Forces of the United States at any time during the period from June 27, 1950, to January 31, 1955, both dates inclusive,
- (e) for a period of ninety (90) days or more, unless discharged from active duty for a service-connected

disability, in the Armed Forces of the United States during the period of time in which the United States participated in a war, campaign or battle, but excluding any person who shall have served on active duty for training only, unless discharged from active duty for service-connected disability,

(f) in the Armed Forces of the United States at any time during the period which began on:

(i) February 28, 1961, and ended on May 7, 1975, in the case of a veteran who served in the Republic of Vietnam during that period, and

(ii) August 5, 1964, and ended on May 7, 1975, in all other cases,

except that such period shall be deemed to have ended on December 31, 1976, when determining eligibility for education and training benefits, or

(g) in the Armed Forces of the United States on or after August 1, 1990, and ended on December 31, 1991, excluding any person who shall have served on active duty for training only, unless discharged from active duty for service-connected disability.

An eligible member under this paragraph shall include only those persons who shall have served during the times or in the areas prescribed in this paragraph, and those persons who were awarded service medals, as authorized by the United States Department of Defense as reflected in the veteran's Defense Department Form 214, related to the Vietnam Conflict who served prior to August 5, 1964;

(24) "Normal retirement date" means the date on which a member may retire with full retirement benefits as provided in Section 901 et seq. of this title, such date being whichever occurs first:

(a) the first day of the month coinciding with or following a member's sixty-second birthday,

- (b) ~~for any person who initially became a member prior to July 1, 1992,~~ the first day of the month coinciding with or following the date at which the sum of a member's age and number of years of credited service total eighty (80); ~~such a normal retirement date will also apply to any person who became a member of the sending system as defined in Section 901 et seq. of this title, prior to July 1, 1992, regardless of whether there were breaks in service after July 1, 1992,~~
- (c) ~~for any person who became a member after June 30, 1992, the first day of the month coinciding with or following the date at which the sum of a member's age and number of years of credited service total ninety (90),~~
- ~~(d)~~ in addition to subparagraphs (a), and (b) ~~and (c)~~ of this paragraph, the first day of the month coinciding with or following a member's completion of at least twenty (20) years of full-time-equivalent employment as a correctional or probation and parole officer with the Department of Corrections and at the time of retirement, the member was a correctional or probation and parole officer with the Department of Corrections, or
- ~~(e)~~ (d) for any member who was continuously employed by an entity or institution within The Oklahoma State System of Higher Education and whose initial employment with such entity or institution was prior to July 1, 1992, and who without a break in service of more than thirty (30) days became employed by an employer participating in the Oklahoma Public Employees Retirement System, the first day of the

month coinciding with or following the date at which the sum of the member's age and number of years of credited service total eighty (80);

(25) "Participating employer" means an eligible employer who has agreed to make contributions to the System on behalf of its employees;

(26) "Participating service" means the period of employment after the entry date for which credit is granted a member;

(27) "Prior service" means the period of employment of a member by an eligible employer prior to the member's entry date for which credit is granted a member under Section 901 et seq. of this title;

(28) "Retirant" means a member who has retired under the System;

(29) "Retirement benefit" means a monthly income with benefits accruing from the first day of the month coinciding with or following retirement and ending on the last day of the month in which death occurs or the actuarial equivalent thereof paid in such manner as specified by the member pursuant to Section 901 et seq. of this title or as otherwise allowed to be paid at the discretion of the Board;

(30) "Retirement coordinator" means the individual designated by each participating employer through whom System transactions and communication shall be directed;

(31) "Social Security" means the old-age survivors and disability section of the Federal Social Security Act;

(32) "Total disability" means a physical or mental disability accepted for disability benefits by the Federal Social Security System;

(33) "Service-connected disability benefits" means military service benefits which are for a service-connected disability rated at twenty percent (20%) or more by the Veterans Administration or the Armed Forces of the United States;

(34) "Elected official" means a person elected to a state office in the legislative or executive branch of state government or a person elected to a county office for a definite number of years and shall include an individual who is appointed to fill the unexpired term of an elected state official;

(35) "Elected service" means the period of service as an elected official; and

(36) "Limitation year" means the year used in applying the limitations of Section 415 of the Internal Revenue Code of 1986, which year shall be the calendar year.

SECTION 4. AMENDATORY Section 15, Chapter 384, O.S.L. 1997, as last amended by Section 1, Chapter 359, O.S.L. 2000 (74 O.S. Supp. 2000, Section 1707), is amended to read as follows:

Section 1707. A. Effective January 1, 1998, for each qualified participant as defined in this section who is a state employee as defined in this section, the Oklahoma Public Employees Retirement System shall pay each month from funds appropriated or deposited to the Oklahoma State Employees Deferred Savings Incentive Plan Fund created pursuant to this section the sum of Twenty-five Dollars (\$25.00) to a plan established pursuant to the Internal Revenue Code, Section 401(a), for the benefit of the employee; provided, if monies in the fund are insufficient to fully fund the contributions in any month, payments shall be suspended until such time as sufficient monies are available. Employees receiving payroll other than monthly shall have an amount contributed which is equivalent to Twenty-five Dollars (\$25.00) per month.

B. For the purposes of this section, "qualified participant" means a state employee as defined in this section who is an active participant in the Oklahoma State Employees Deferred Compensation Plan making deferrals of at least Twenty-five Dollars (\$25.00) per month. Effective July 1, 2000, each qualified participant shall be eligible for a contribution of Twenty-five Dollars (\$25.00) to the

Oklahoma State Employees Deferred Savings Incentive Plan beginning with the first employee deferral into the Oklahoma State Employees Deferred Compensation Plan. The Administrator of the Office of Personnel Management and the Director of State Finance shall be responsible for the provision of such information and assistance as may be necessary to determine which employees are qualified participants and shall provide for appropriate payroll transactions to accomplish contributions to the Oklahoma State Employees Deferred Savings Incentive Plan and the Oklahoma State Employees Deferred Compensation Plan. The Oklahoma Public Employees Retirement System shall be responsible for establishing rules and plan documents for administration of such contributions. Funds so credited shall be held and invested in the same manner as the Oklahoma State Employees Deferred Compensation Plan, as provided in Section 1701 of this title.

C. For the purposes of this section, "state employee" means any officer or employee of the executive, legislative, or judicial branches of the government of this state who is an active member of a public retirement system of this state, but does not include:

1. Employees of the public elementary, secondary, or area vocational school districts;

2. Employees of The Oklahoma State System of Higher Education except employees of the Oklahoma State Regents of Higher Education, employees of the governing boards and employees of the George Nigh Rehabilitation Institute who are participating members of the Oklahoma Public Employees Retirement System;

3. Persons on temporary, student, internship, or other limited-term appointments except for Executive Fellows in the Carl Albert Public Internship Program created in Section 840-3.4 of this title; or

4. Persons employed pursuant to Section 1.6a of Title 53 of the Oklahoma Statutes or Section 1806.1 of this title.

D. No public official shall be able to make contributions to the Section 401(a) plan described by this section during a term of office which commenced prior to July 1, 1997. A public official may make contributions to the Section 401(a) plan described by this section during a term of office which commences after July 1, 1997. No legislator shall be eligible to make contributions to the Section 401(a) plan described by this section until such contributions have been approved by the Board on Legislative Compensation. The provisions of this subsection shall be applicable only in the event that the Plan permits employee contributions.

E. There is hereby created in the State Treasury a revolving fund to be designated the "Oklahoma State Employees Deferred Savings Incentive Plan Fund". The fund shall be a continuing fund, not subject to fiscal year limitations, and shall consist of any monies the Legislature may appropriate or transfer to the fund and any monies contributed for the fund from any other sources, public or private. All monies accruing to the credit of said fund are hereby appropriated and may be budgeted and expended by the Oklahoma Public Employees Retirement System for the matching of deferred compensation contributions pursuant to this section and in accordance with rules promulgated by the Oklahoma Public Employees Retirement System and for reimbursement of expenses for administration of the Deferred Savings Incentive Plan and the Oklahoma State Employees Deferred Compensation Plan. 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 State Finance for approval and payment.

F. Effective July 1, ~~2000~~ 2001, every employer which has state employees participating in the Oklahoma State Employees Deferred Savings Incentive Plan shall pay to the Fund an amount ~~equal to~~ Twenty-five Dollars (\$25.00) no greater than Seventy-five Dollars (\$75.00) that will match the member contributions to the Oklahoma

State Employees Deferred Savings Incentive Plan each month for each qualified participant as defined in this section, along with an amount to reimburse the cost of administration of the Oklahoma State Employees Deferred Savings Incentive Plan and the Oklahoma State Employees Deferred Compensation Plan for each qualified participant, as determined by the Board.

1. The Board shall certify each year to the Office of State Finance the determined amount for the administrative cost of the Oklahoma State Deferred Savings Incentive Plan and the Oklahoma State Employees Deferred Compensation Plan which will be required to be paid for each qualified participant. The Board of Trustees shall promulgate such rules as are necessary to implement the provisions of this subsection and provide the methodology for the determination.

2. Each employer shall pay at least monthly to the Fund the sum sufficient to satisfy the obligation under this section as certified by the Board.

3. Each 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 5. This act shall become effective July 1, 2001.

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.