

EHB 1086

THE STATE SENATE
Monday, April 7, 2003

ENGROSSED

House Bill No. 1086

ENGROSSED HOUSE BILL NO. 1086 - By: CAREY of the House and GUMM of the Senate.

An Act relating to state government; amending 74 O.S. 2001, Sections 840-2.27B and 840-2.27D, which relate to the State Government Reduction-in-Force and Severance Benefits Act; adding a definition; modifying scope of employees eligible for severance benefits; and declaring an emergency.

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

SECTION 1. AMENDATORY 74 O.S. 2001, Section 840-2.27B,

is amended to read as follows:

Section 840-2.27B As used in Sections 840-2.27B through 840-2.27G of this title:

1. "Affected job family levels" means those 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;

1 5. "Displacement" or "displace" means the process of an
2 employee accepting an offer of employment to an occupied or funded
3 vacant position;

4 6. "Displacement limit" means any area within an agency in
5 which displacement may not occur. These areas may include, but are
6 not limited to, job families, units, and geographic areas within an
7 agency;

8 7. "Displacement opportunity" means the circumstances under
9 which an occupied or funded vacant position is subject to
10 displacement by an affected employee;

11 8. "Displacement privilege" means the privilege an affected
12 employee has to utilize a displacement opportunity;

13 9. "Educational institution" means an institution within The
14 Oklahoma State System of Higher Education, a facility under the
15 management or control of the Oklahoma Department of Career and
16 Technology Education, or a licensed private educational institution
17 in the State of Oklahoma;

18 10. "Limited-term unclassified employee" means an unclassified
19 affected employee in an employment status in the state service whose
20 employment status is temporary or time-limited and does not make an
21 employee eligible for participation in a state retirement system;

22 11. "Personnel transaction" means the record of the separation
23 as a result of a reduction-in-force of a classified affected

1 employee from an agency, or the record of the transfer or demotion
2 of a classified affected employee;

3 12. "Reduction-in-force" means abolition of positions in an
4 agency or part of an agency and the corresponding nondisciplinary
5 removal of affected employees from such positions through separation
6 from employment or through displacement to other positions.

7 Reduction-in-force may also include reorganizations;

8 13. "Reorganization" means the planned elimination, addition or
9 redistribution of functions or duties either wholly within an
10 agency, any of its subdivisions, or between agencies;

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

14 ~~14.~~ 15. "Years of service" means current and prior service
15 which is creditable for the Longevity Pay Plan. An affected
16 employee shall not be required to have been continuously employed
17 for two (2) years to be given credit for either current or prior
18 service pursuant to the State Government Reduction-in-Force and
19 Severance Benefits Act.

20 SECTION 2. AMENDATORY 74 O.S. 2001, Section 840-2.27D,
21 is amended to read as follows:

22 Section 840-2.27D A. Agencies shall provide severance benefits
23 to ~~the following categories of~~ affected employees who are separated

1 from the state service as a result of a reduction-in-force due to a
2 reorganization or any other action by an agency which results in
3 affected positions being abolished and affected employees being
4 severed from the state service. Severance benefits shall be given
5 to the following categories of affected employees: permanent
6 classified affected employees, affected employees on probationary
7 status after reinstatement from permanent classified status without
8 a break in service, and regular unclassified affected employees with
9 one (1) year or more continuous state service; provided, however,
10 affected employees of the University Hospitals Authority must have
11 been continuously employed in the state service since on or before
12 January 1, 1995, to receive severance benefits. Affected employees
13 who qualify for severance benefits pursuant to this section, in
14 addition to the payment of any compensable accrued leave or other
15 benefits an affected employee is eligible to receive upon separation
16 from the state service, shall receive severance benefits consisting
17 of the following elements:

- 18 1. All agency severance benefits shall provide the following:
 - 19 a. payment equal to the affected employee's current
20 health insurance premium for the affected employee
21 only for eighteen (18) months based on the cost of the
22 premium at the time of the reduction-in-force. The
23 appointing authority of the agency can ask the

1 Director of the Office of State Finance to waive the
2 severance benefit provision in this subparagraph or to
3 reduce the length of coverage or subsequent severance
4 benefit payment upon demonstration of the agency's
5 inability to fund the full benefit,
6 b. a longevity payment, as prescribed by Section 840-2.18
7 of this title, in the amount which would otherwise be
8 paid to the affected employee on the affected
9 employee's next anniversary date. For the purposes of
10 this subparagraph, the University Hospitals Authority
11 shall calculate longevity for affected employees who
12 were members of the University Hospitals Authority
13 Model Personnel System pursuant to Section 3211 of
14 Title 63 of the Oklahoma Statutes for all state
15 service as would otherwise be determined by Section
16 840-2.18 of this title, and
17 c. outplacement assistance and employment counseling
18 prior to and after the reduction-in-force from the
19 Oklahoma Employment Security Commission and other
20 state or private entities that the entity may contract
21 with to assist individuals who may be impacted by a
22 reduction-in-force;

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

- 9 a. up to one (1) week of pay, calculated by dividing the
10 affected employee's current annual salary by the whole
11 number fifty-two (52), for each year of service,
- 12 b. a maximum lump-sum payment of Five Thousand Dollars
13 (\$5,000.00), and
- 14 c. payment for accumulated sick leave or extended illness
15 benefits at up to one-half of the affected employee's
16 hourly rate not otherwise used pursuant to law for
17 conversion to credited retirement credit; and

18 3. An affected employee may direct payment of all or a portion
19 of the affected employee's severance benefits to the options
20 authorized by this paragraph by exercising an option to receive
21 education vouchers for use in connection with the Reduction-in-Force
22 Education Voucher Action Fund subject to the following requirements
23 and rules of the Administrator of the Office of Personnel

1 Management, provided that the agency offers to match employee
2 severance funds pursuant to this paragraph. In such case:

3 a. the affected employee may purchase One Dollar (\$1.00)
4 in voucher credit for each One Dollar (\$1.00)
5 contributed by the affected employee to the fund
6 subject to a maximum affected employee contribution of
7 Three Thousand Dollars (\$3,000.00) which may be
8 matched by a maximum agency contribution of Three
9 Thousand Dollars (\$3,000.00); provided, that the
10 agency contribution shall not exceed the contribution
11 of the affected employee,

12 b. the affected employee may pay the cost for the voucher
13 program directly, subject to the requirements of
14 subparagraph a of this paragraph, or the employing
15 agency of the affected employee may pay the cost of
16 the voucher from funds which would otherwise have been
17 used to make payments to the displaced affected
18 employee pursuant to an election by the affected
19 employee to receive severance benefits,

20 c. no voucher issued pursuant to the provisions of this
21 paragraph shall:

22 (1) be redeemed by the affected employee for cash or
23 anything of value other than the cost of tuition

1 and fees at a public or private educational
2 institution within the State of Oklahoma, or
3 (2) be valid longer than a period of four (4) years
4 from the date upon which the voucher is issued to
5 the affected employee,

6 d. the Administrator of the Office of Personnel
7 Management shall pay tuition and fees directly to the
8 educational institution and shall receive any refunds
9 for payment of tuition and fees from the educational
10 institution which shall be credited to the affected
11 employee's account, and

12 e. the Administrator of the Office of Personnel
13 Management shall distribute to the affected employee
14 and the agency any monies remaining in the affected
15 employee's account after the voucher credit has
16 expired. The distribution shall be based on the
17 proportional share of contributions made by the
18 affected employee and the agency.

19 B. Each affected employee who is separated from state service
20 as a result of a reduction-in-force after July 1, 1998, besides
21 being eligible for the eighteen (18) months of continuation
22 coverages provided by the Public Health Service Act, 42 U.S.C.,
23 Section 30066-1 et seq., i.e., health, dental, vision and healthcare

1 reimbursement account options, under this severance benefit, shall
2 also be eligible to elect additional continuation coverage for any
3 life insurance, in twenty-thousand-dollar units, on self or five-
4 thousand-dollar units, on dependents, and to continue participation
5 in the dependent care reimbursement account provided that these
6 additional coverages were in effect immediately prior to the
7 effective date of the reduction-in-force, the date of which shall
8 serve as the qualifying event date. Provided, that no coverage
9 elected for continuation through the Public Health Service Act for
10 the full eighteen-month period is allowed to lapse, then that
11 affected employee may elect to continue those same coverages for an
12 additional eighteen (18) months at whatever rate is then in effect.
13 This additional eighteen-month continuation period of coverage shall
14 be administered by the Oklahoma State Employees Benefits Council
15 following the initial eighteen-month period of continuation which
16 shall be administered by the COBRA office at the State and Education
17 Employees Group Insurance Board.

18 C. Part-time affected employees shall receive benefits pursuant
19 to this section on a prorated basis. Part-time employees shall have
20 been compensated for at least one thousand (1,000) hours during the
21 twelve (12) months immediately preceding the effective date of the
22 reduction-in-force to be eligible for severance benefits pursuant to
23 the State Government Reduction-in-Force and Severance Benefits Act.

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

4 SECTION 3. It being immediately necessary for the preservation
5 of the public peace, health and safety, an emergency is hereby
6 declared to exist, by reason whereof this act shall take effect and
7 be in full force from and after its passage and approval.

8 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS, dated 4-2-03 - DO
9 PASS.