

1 ENGROSSED HOUSE
2 BILL NO. 3053

By: Steele and Murphey of the
House

3 and

4 David of the Senate
5
6

7 An Act relating to state government; creating the
8 State Government Administrative Process Consolidation
9 and Reorganization Reform Act of 2012; amending 62
10 O.S. 2011, Sections 34.3 and 34.3.1, which relate to
11 the Oklahoma State Finance Act; creating the Office
12 of Management and Enterprise Services; consolidating
13 certain agencies into the Office of Management and
14 Enterprise Services; modifying definition; requiring
15 Director of the Office of Management and Enterprise
16 Services to implement consolidation; modifying
17 delivery of books, papers, records and property;
18 transferring powers, duties, responsibilities,
19 employees and funds; amending 62 O.S. 2011, Section
20 695.7, which relates to the Oklahoma State Bond
21 Advisor; modifying powers and duties; amending 74
22 O.S. 2011, Section 61.2, which relates to the
23 Department of Central Services; modifying references;
24 amending 74 O.S. 2011, Sections 840-1.6, 840-1.7,
840-1.8, 840-1.9, 840-1.10, 840-1.12, 840-1.13, 840-
1.14, 840-1.15, 840-1.19, 840-1.20 and 840-2.1, which
relate to the Oklahoma Personnel Act; modifying
references; providing for powers and duties of
Director; providing for transfer of funds; directing
payment of certain costs; amending 74 O.S. 2011,
Sections 1301, 1303 and 1320, which relate to the
State and Education Employees Group Insurance Act;
modifying definitions; creating the Oklahoma
Employees Insurance and Benefits Board; providing for
membership and terms; abolishing certain entities;
providing for powers and duties of the Board;
modifying references; amending 74 O.S. 2011, Sections
1363, 1368 and 1375, which relate to the Oklahoma
State Employees Benefits Act; modifying definitions;
providing for transfer of funds; modifying
references; repealing 62 O.S. 2011, Section 695.7a,

1 which relates to the Office of State Bond Advisor;
2 repealing 74 O.S. 2011, Sections 840-1.5, 840-1.6A
3 and 840-1.21, which relate to the Oklahoma Personnel
4 Act; repealing 74 O.S. 2011, Sections 1304, 1305,
5 1306, 1306.3 and 1306.4, which relate to the State
6 and Education Employees Group Insurance Act;
7 repealing 74 O.S. 2011, Sections 1364 and 1365, which
8 relate to the Oklahoma State Employees Benefits Act;
9 providing for codification; and providing for
10 noncodification.

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

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

14 This act shall be known and may be cited as the "State
15 Government Administrative Process Consolidation and Reorganization
16 Reform Act of 2012".

17 SECTION 2. AMENDATORY 62 O.S. 2011, Section 34.3, is
18 amended to read as follows:

19 Section 34.3 A. There is hereby created in the Executive
20 Department, ~~the Office of State Finance which shall consist of a~~
21 ~~Division of the Budget, Division of Central Accounting and~~
22 ~~Reporting, Department of Central Services, Office of Personnel~~
23 ~~Management, Department of State and Education Employees Group~~
24 ~~Insurance and Department of Employee Benefits, all under the~~
~~administrative control of the Director of the Office of State~~
~~Finance and directly responsible to the Director and an Information~~
~~Services Division under the administrative control of the Chief~~

1 ~~Information Officer and directly responsible to the Officer the~~
2 Office of Management and Enterprise Services.

3 B. The term "state agency" or "agency", when used in the
4 Oklahoma State Finance Act, shall mean any agency, board, bureau,
5 commission, or other entity organized within the executive
6 department of state government.

7 C. The term "authorization", when used in the Oklahoma State
8 Finance Act, shall mean the legislative authorization for an agency
9 to expend a certain amount of money from a specified fund or funds
10 during a specified period of time.

11 SECTION 3. AMENDATORY 62 O.S. 2011, Section 34.3.1, is
12 amended to read as follows:

13 Section 34.3.1 A. The Department of Central Services, Office
14 of Personnel Management, Oklahoma State Employees Benefits Council,
15 the Oklahoma Merit Protection Commission, the Office of the State
16 Bond Advisor and the State and Education Employees Group Insurance
17 Board are consolidated into the ~~Office of State Finance~~ Office of
18 Management and Enterprise Services. The Director of the ~~Office of~~
19 ~~State Finance~~ Office of Management and Enterprise Services shall
20 assume all executive-level responsibilities for each agency and
21 shall function as and possess the powers of the agency director for
22 each consolidated agency as enumerated by existing statute. For the
23 purposes of this section the term "consolidated agencies" shall mean
24 the Department of Central Services, Office of Personnel Management,

1 Oklahoma State Employees Benefits Council, the Oklahoma Merit
2 Protection Commission, the Office of the State Bond Advisor and the
3 State and Education Employees Group Insurance Board.

4 B. Not later than December 31, ~~2011~~ 2012, the Director of the
5 ~~Office of State Finance~~ Office of Management and Enterprise Services
6 shall cause the administrative functions of ~~each~~ the consolidated
7 ~~agency~~ agencies to be consolidated. The Director of the ~~Office of~~
8 ~~State Finance~~ Office of Management and Enterprise Services shall
9 demonstrate cost reduction as a result of the consolidation that is
10 equal to fifteen percent (15%) of the legislative appropriations
11 received by the consolidated agencies during fiscal year ~~2012~~ 2013.
12 The Director shall produce a report which details the source and
13 estimated amounts of savings resulting from this consolidation,
14 which shall be included in the Governor's Executive Budget for
15 fiscal year ~~2013~~ 2014.

16 C. ~~Not later than December 31, 2011, the Director of the Office~~
17 ~~of State Finance shall provide recommendations to the Legislature~~
18 ~~for the streamlining, reduction or elimination of the governance~~
19 ~~structures and statutorily established positions of each of the~~
20 ~~consolidated agencies. Until otherwise provided for by law, the~~
21 ~~governance structures and statutorily established positions of each~~
22 ~~of the consolidated agencies shall be maintained. Any funds~~
23 ~~appropriated to, in the possession of or allocated to any of the~~
24

1 ~~consolidated agencies shall be deemed to be funds of the Office of~~
2 ~~State Finance.~~

3 ~~D.~~ Upon request of the Director of the ~~Office of State Finance~~
4 Office of Management and Enterprise Services, the personnel of the
5 consolidated agencies shall deliver to the ~~Office of State Finance~~
6 Office of Management and Enterprise Services all books, papers,
7 records and property of the consolidated agencies.

8 ~~E.~~ D. All functions, powers, duties and obligations previously
9 assigned to each of the consolidated agencies are hereby transferred
10 to the ~~Office of State Finance~~ Office of Management and Enterprise
11 Services.

12 ~~F.~~ E. All rules, regulations, acts, orders, determinations and
13 decisions of the consolidated agencies pertaining to the functions
14 and powers herein transferred and assigned to the ~~Office of State~~
15 ~~Finance~~ Office of Management and Enterprise Services, in force at
16 the time of such transfer, assignment, assumption or devolution
17 shall continue in force and effect as rules, regulations, acts,
18 orders, determinations and decisions of the consolidated agencies
19 until duly modified or abrogated by the appropriate body or until
20 otherwise provided by law.

21 F. All employees of the consolidated agencies on the effective
22 date of this act, including related liabilities for sick leave,
23 annual leave, holidays, unemployment benefits, and workers'
24 compensation benefits accruing prior to the effective date of this

1 act to such personnel, shall be transferred to the Office of
2 Management and Enterprise Services.

3 G. The Office of Management and Enterprise Services shall
4 succeed to any contractual rights and responsibilities incurred by
5 the consolidated agencies.

6 H. Any funds appropriated to, in the possession of or allocated
7 to any of the consolidated agencies, or consolidated agency
8 revolving funds, shall be deemed to be the funds of the Office of
9 Management and Enterprise Services and shall be used for any purpose
10 for which the consolidated agencies have been authorized.

11 SECTION 4. AMENDATORY 62 O.S. 2011, Section 695.7, is
12 amended to read as follows:

13 Section 695.7 A. 1. The Council of Bond Oversight shall
14 engage the services of a person knowledgeable in the current state
15 of the art of national and international standards for the issuance
16 of obligations by governmental entities and experienced in the
17 negotiation of fees for various goods and services requisite to or
18 deemed desirable in the issuance of such obligations as well as the
19 negotiation of other matters essential to provide the best current
20 price and terms of the issuance of such obligations for the benefit
21 of Oklahoma firms, farms, individuals and local communities, who
22 shall have the title "Oklahoma State Bond Advisor".

23 2. When appointing a person to the position of Oklahoma State
24 Bond Advisor, the Council shall conduct a national search in seeking

1 requests for proposals for the position. The person selected as the
2 Oklahoma State Bond Advisor shall be approved by an affirmative vote
3 of three of the members of the Council and the Director of the
4 Office of Management and Enterprise Services and appointed to the
5 position, subject to the advice and consent of the Senate.

6 3. The Oklahoma State Bond Advisor ~~may be removed for cause by~~
7 ~~an affirmative vote of three of the members of the Council, after a~~
8 ~~public hearing shall serve at the pleasure of the Director of the~~
9 Office of Management and Enterprise Services.

10 B. ~~The Oklahoma State Bond Advisor may employ the necessary~~
11 ~~staff to carry out the duties of the Bond Advisor and the duties of~~
12 ~~the Council, with approval of the Council. Effective July 1, 2003,~~
13 ~~the Office of the State Bond Advisor shall be a separate state~~
14 ~~agency as set forth in Section 695.7a of this title.~~

15 ~~€.~~ 1. Except as provided in Section 695.8 of this title, prior
16 to engaging the services of underwriters, bond or other legal
17 counsel, financial advisors, consultants, a financial institution to
18 serve as trustee, paying agent or in any fiduciary capacity in
19 connection with any program, indenture or general resolution of the
20 State Governmental Entity, or any other experts, except as provided
21 in Section 5062.8 of Title 74 of the Oklahoma Statutes, the State
22 Governmental Entity shall request proposals for such services from a
23 plurality of persons engaged in the particular activity for such
24 services and the selection of such persons shall be made on the

1 basis of the response to the request which is the most economical
2 and will provide competent service which furthers the best interest
3 of the State Governmental Entity and the state. In negotiating
4 requests for proposals to engage such services, the State
5 Governmental Entity shall seek the advice and assistance of the
6 Oklahoma State Bond Advisor. Under no circumstances shall
7 proprietary inducements be granted. The Oklahoma State Bond Advisor
8 shall provide assistance and advice to State Governmental Entities
9 with respect to the issuance of obligations by said State
10 Governmental Entities, review, negotiate, and approve or disapprove
11 the fees and expenses for goods and services requisite to or deemed
12 desirable in the issuance of State Governmental Entity obligations
13 and represent the interests of the state before rating agencies and
14 credit enhancement providers.

15 2. The provisions of this subsection shall apply to any Local
16 Governmental Entity that proposes to issue obligations to fund
17 capital additions or expenditures which obligations are to be
18 retired by rental payments from the state, user fees from the state
19 or any other such payment made by any officer, department, board,
20 commission, institution or agency of the state. No Local
21 Governmental Entity may utilize a lease, contract, or other
22 agreement with a State Governmental Entity as collateral or security
23 for a proposed Local Governmental Entity obligation unless such
24 obligation has satisfied all of the provisions of this section. No

1 proceeds of any contract between a State Governmental Entity and a
2 Local Governmental Entity shall be used to retire any obligations
3 issued after the effective date of this act to fund capital
4 additions or expenditures by the Local Governmental Entity unless
5 such obligation has satisfied all of the provisions of this section.

6 ~~D.~~ C. The Oklahoma State Bond Advisor shall serve as an advisor
7 to the Governor and to the Legislature with respect to issuance of
8 indebtedness reviewed by the Council and shall prepare an annual
9 report to be submitted to the Governor, the President Pro Tempore of
10 the Senate and the Speaker of the House of Representatives as of
11 January 15 each year. The report shall contain a summary of the
12 issuance of indebtedness by State Governmental Entities and Local
13 Governmental Entities during the preceding year and such other
14 information as the State Bond Advisor may be required to submit or
15 as may be relevant.

16 ~~E.~~ D. The Oklahoma State Bond Advisor or any member of the
17 immediate family of the Oklahoma State Bond Advisor shall not have
18 any direct or indirect financial or contractual relationship with
19 any firm or corporation or any officer, partner or principal
20 stockholder of any firm or corporation directly involved in public
21 finance.

22 SECTION 5. AMENDATORY 74 O.S. 2011, Section 61.2, is
23 amended to read as follows:

24

1 Section 61.2 ~~There is hereby created within the Office of State~~
2 ~~Finance, a Department of Central Services, under the administrative~~
3 ~~control of the Director of the Office of State Finance.~~ Whenever
4 the terms "Board of Affairs", "State Board of Public Affairs",
5 "Board" when used in reference to the Board Of Public Affairs ~~or,~~
6 "Office of Public Affairs", or "Department of Central Services"
7 appear in the Oklahoma Statutes they shall mean the ~~Department of~~
8 ~~Central Services of the Office of State Finance~~ Office of Management
9 and Enterprise Services. Whenever the term "Director of Public
10 Affairs" appears in the Oklahoma Statutes it shall mean the Director
11 of the ~~Office of State Finance~~ Office of Management and Enterprise
12 Services. Whenever the term "Director of Central Services" appears
13 in the Oklahoma Statutes it shall mean the Director of the ~~Office of~~
14 ~~State Finance~~ Office of Management and Enterprise Services or
15 designee.

16 SECTION 6. AMENDATORY 74 O.S. 2011, Section 840-1.6, is
17 amended to read as follows:

18 Section 840-1.6 A. The internal administrative organization of
19 the ~~Office of Personnel Management~~ Office of Management and
20 Enterprise Services shall be determined by the ~~Administrator~~
21 Director of the Office of Management and Enterprise Services in such
22 a manner as to promote the efficient and effective enforcement of
23 the Oklahoma Personnel Act.

24

1 B. The ~~Administrator~~ Director of the Office of Management and
2 Enterprise Services may employ attorneys, accountants and other
3 personnel as ~~he~~ the Director deems necessary to carry out the duties
4 imposed upon the Office.

5 ~~C. Employees of the Office shall be subject to the Merit System~~
6 ~~of Personnel Administration, unless otherwise exempted by Section~~
7 ~~840-5.5 of this title.~~

8 SECTION 7. NEW LAW A new section of law to be codified
9 in the Oklahoma Statutes as Section 840-1.6B of Title 74, unless
10 there is created a duplication in numbering, reads as follows:

11 The Office of Personnel Management of the Office of State
12 Finance is hereby consolidated into and renamed the Office of
13 Management and Enterprise Services. Where the term "Office of
14 Personnel Management" is used within the Oklahoma Statutes, it shall
15 mean the Office of Management and Enterprise Services. The chief
16 administrative officer shall be the Director of the Office of
17 Management and Enterprise Services. In addition to the other duties
18 imposed by law, the Director shall:

19 1. Establish rules for leave and pay including, but not limited
20 to, rules for leave, furloughs, performance pay increases, rates for
21 pay differentials, on-call pay, and other types of pay incentives
22 and salary adjustments consistent with the Oklahoma Personnel Act;

23 2. Prepare, maintain, and revise a classified system of
24 employment designed to assure the impartial consideration of

1 applicants for employment and to protect state employees from
2 arbitrary dismissal or unfair treatment;

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

6 4. Be responsible for the development and maintenance of a
7 uniform occupation code system, grouped by job titles or duties, for
8 all classified and unclassified state positions. The responsibility
9 shall include the establishment of rules governing the
10 identification, tracking, and reporting of all state positions as
11 provided in Section 840-2.13 of Title 74 of the Oklahoma Statutes;

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

16 6. Establish a quality management function within the Office of
17 Management and Enterprise Services and assist state agencies in
18 fully integrating quality management concepts and models into their
19 business practices for the purpose of improving the overall
20 efficiency and effectiveness of state government;

21 7. Assist state agencies in implementing their duties and
22 obligations pursuant to the Oklahoma Personnel Act and provide
23 standard forms to the agencies if necessary;

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1 8. Be responsible for advising state agencies on personnel
2 policy and administration;

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

6 10. Assist agencies with human resource needs based upon the
7 administrative capacity and resources of the various agencies;

8 11. Not less than once during each three-year period, conduct a
9 study identifying the following, by job family descriptors:

10 a. selected job family levels with a turnover rate in
11 excess of ten percent (10%),

12 b. selected job family levels identified by the Director
13 of the Office of Management and Enterprise Services
14 with salaries and benefits that are ten percent (10%)
15 or more below the market for such positions, and

16 c. selected job family levels identified by the Director
17 of the Office of Management and Enterprise Services in
18 which recruitment efforts have yielded a low number of
19 qualified applicants; and

20 12. Issue orders directing agencies to:

21 a. conform and comply with the provisions of the Oklahoma
22 Personnel Act, the Merit Rules of Personnel
23 Administration, and all memoranda or other written
24 communications issued to agencies explaining the

1 Oklahoma Personnel Act, the Rules, and any other
2 matter relating to the Merit System of Personnel
3 Administration or under the jurisdiction of the
4 Director of the Office of Management and Enterprise
5 Services, and

6 b. take action pursuant to Section 840-6.9 of Title 74 of
7 the Oklahoma Statutes for failure to implement those
8 orders.

9 SECTION 8. AMENDATORY 74 O.S. 2011, Section 840-1.7, is
10 amended to read as follows:

11 Section 840-1.7 A. ~~There is hereby created the Oklahoma Merit~~
12 ~~Protection Commission.~~ Whenever the terms "Oklahoma Merit
13 Protection Commission", "Ethics and Merit Commission" or "Special
14 Counsel of the Ethics and Merit Commission" appear in the Oklahoma
15 Statutes, they shall mean the ~~Oklahoma Merit Protection Commission~~
16 Office of Management and Enterprise Services or the ~~Executive~~
17 ~~Director of the Oklahoma Merit Protection Commission~~ Director of the
18 Office of Management and Enterprise Services as may be appropriate
19 to the context in which they appear.

20 B. The Oklahoma Merit Protection Commission is hereby renamed
21 and continued within the Office of Management and Enterprise
22 Services as the Board of Merit Protection which shall consist of
23 nine (9) members who shall be appointed for a term of three (3)
24 years. The members shall be removable only for cause, as provided

1 by law for the removal of officers not subject to impeachment. Two
2 members of the ~~Commission~~ Board shall be appointed by the President
3 Pro Tempore of the Senate. Two members of the ~~Commission~~ Board
4 shall be appointed by the Speaker of the House of Representatives.
5 Five members of the ~~Commission~~ Board shall be appointed by the
6 Governor. No more than four of the appointments made by the
7 Governor shall be from the same political party. Of the initial
8 appointments made to the ~~Commission~~ Board, one member appointed by
9 the President Pro Tempore, one member appointed by the Speaker and
10 one member appointed by the Governor shall be for a term of three
11 (3) years; and one member appointed by the President Pro Tempore,
12 one member appointed by the Speaker and one member appointed by the
13 Governor shall be for a term of two (2) years. The remaining three
14 initial appointments by the Governor shall be designated to serve a
15 term of one (1) year. At the expiration of the initial term, each
16 new appointee shall serve a three-year term. All initial
17 appointments shall be made prior to July 1, 1982.

18 ~~B.~~ C. Members of the ~~Commission~~ Board shall not be entitled to
19 reimbursement for expenses incurred in the performance of their
20 duties ~~as provided in the State Travel Reimbursement Act.~~

21 ~~C.~~ D. The ~~Commission~~ Board shall elect a chairman, to serve a
22 two-year term and such other officers as deemed necessary for the
23 performance of their duties. The ~~Commission~~ Board shall hold
24 regular meetings not less than once a month and such additional

1 meetings as called by the chairman as may be required for the proper
2 discharge of its duties.

3 SECTION 9. AMENDATORY 74 O.S. 2011, Section 840-1.8, is
4 amended to read as follows:

5 Section 840-1.8 The appointing authority of the ~~Oklahoma Merit~~
6 ~~Protection Commission~~ Board of Merit Protection shall be the
7 ~~Executive Director~~ of the Office of Management and Enterprise
8 Services. ~~The Executive Director shall be appointed by the~~
9 ~~Commission to serve at its pleasure.~~ The Executive Director, ~~with~~
10 ~~the approval of the Commission,~~ may employ and compensate an
11 attorney and shall select, compensate and employ such administrative
12 hearing officers and other personnel as deemed necessary for the
13 proper administration of the duties and functions of the ~~Commission~~
14 Office of Management and Enterprise Services. Effective September
15 1, 1994, employees of the Commission shall become classified
16 employees, except those employees with less than six (6) months of
17 service from their enter-on-duty date will remain in probationary
18 status until obtaining permanent status in accordance with
19 applicable rules of the Administrator of the Office of Personnel
20 Management or as provided in Section ~~§~~ 840-5.5 of this ~~act~~ title.

21 SECTION 10. AMENDATORY 74 O.S. 2011, Section 840-1.9, is
22 amended to read as follows:

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1 Section 840-1.9 In addition to any other duties expressly set
2 forth by law, the ~~Oklahoma~~ Board of Merit Protection Commission
3 shall:

4 1. Receive and act on complaints, counsel persons and groups on
5 their rights and duties and take action designed to obtain voluntary
6 compliance with the provisions of the Oklahoma Personnel Act;

7 2. Investigate allegations of violations of the provisions of
8 the Oklahoma Personnel Act within its jurisdiction;

9 3. Investigate allegations of abuses in the employment
10 practices of the ~~Administrator of the Office of Personnel Management~~
11 Director of the Office of Management and Enterprise Services or of
12 any state agency;

13 4. Investigate allegations of violations of the rules of the
14 Merit System of Personnel Administration and prohibited activities
15 in the classified service;

16 5. Establish and maintain a statewide Alternative Dispute
17 Resolution Program to provide dispute resolution services for state
18 agencies and employees. Actions agreed to through the Alternative
19 Dispute Resolution Program provided by the ~~Commission~~ Board shall be
20 consistent with applicable laws and rules and shall not alter,
21 reduce, or modify any existing right or authority as provided by
22 statute or rule;

23 6. Establish rules, pursuant to the Administrative Procedures
24 Act as may be necessary to perform the duties and functions of the

1 ~~Commission~~ Board including, but not limited to, rules to monitor
2 state agency grievance processes to ensure full compliance with the
3 law. The Commission may also recommend any changes it deems
4 necessary to improve such grievance processes to the appropriate
5 state agency;

6 7. Establish guidelines for the qualifications, duties,
7 responsibilities, authority, power, and continued employment of the
8 ~~Executive Director~~, Administrative Hearing Officers, mediators, and
9 other resolution arbitrators or facilitators;

10 8. Prepare and preserve an audio tape of all proceedings of all
11 hearings conducted by the ~~Commission~~ Board and furnish transcripts
12 of such tapes upon payment of the costs of such transcripts by the
13 party requesting the transcripts;

14 9. Submit quarterly, fiscal year reports on workload statistics
15 to the Governor, the Speaker of the House of Representatives, and
16 the President Pro Tempore of the Senate containing the following
17 information:

- 18 a. the number of cases, complaints, and requests for
19 hearing filed, disposed of and pending with the
20 ~~Commission~~ Board for each month of the quarter,
- 21 b. a numerical breakdown of the methods of disposition of
22 such cases, complaints, and requests for hearing,
- 23 c. a numerical breakdown of mediations, prehearing
24 conferences, and appellate hearings, conducted, and

1 d. the date of the oldest pending case, complaint, and
2 request for hearing.

3 Quarterly reports shall be submitted within thirty (30) days
4 following the last day of the month of the appropriate quarter; and

5 10. Make all records of the ~~Commission~~ Board, except those made
6 confidential by law, available for public inspection, copying and
7 mechanical reproduction, or either of them, in accordance with the
8 Oklahoma Open Records Act and charge a fee not to exceed twenty-five
9 cents (\$0.25) per page as the direct costs of document copying or
10 mechanical reproduction. All fees collected pursuant to the
11 provisions of this paragraph shall be deposited in the ~~Oklahoma~~
12 ~~Merit Protection Commission~~ Human Capital Management Revolving Fund.

13 SECTION 11. AMENDATORY 74 O.S. 2011, Section 840-1.10,
14 is amended to read as follows:

15 Section 840-1.10 A. A member of the ~~Oklahoma~~ Board of Merit
16 Protection Commission and the ~~Executive~~ Director of the Office of
17 Management and Enterprise Services shall have power to subpoena
18 witnesses and compel the production of books and papers pertinent to
19 any investigation, dispute resolution or hearing authorized by this
20 act. Members of the ~~Oklahoma~~ Board of Merit Protection Commission,
21 the ~~Executive~~ Director, and their designees shall have the power to
22 administer oaths. Any person who fails to appear in response to a
23 subpoena or to answer any question or produce any books or papers
24 pertinent to any such investigation, dispute resolution or hearing

1 or who shall knowingly give false testimony therein upon conviction
2 shall be subject to penalties pursuant to Section ~~40~~ 840-6.9 of this
3 ~~act~~ title.

4 B. Any state employee subpoenaed by the ~~Executive~~ Director or
5 ~~Commission~~ Board to appear shall be reimbursed by the employing
6 agency for expenses as provided in the State Travel Reimbursement
7 Act and shall be paid his or her regular salary for each day that
8 the employee is subpoenaed to appear. Said reimbursement and
9 payment shall be in lieu of any witness fees to which the employee
10 might otherwise be entitled by law and a request by a state employee
11 for such fees shall not remove the obligation which the state
12 employee has to honor the subpoena.

13 SECTION 12. AMENDATORY 74 O.S. 2011, Section 840-1.12,
14 is amended to read as follows:

15 Section 840-1.12 ~~The Oklahoma Merit Protection Commission~~
16 Office of Management and Enterprise Services is directed to publish
17 summaries of the Board of Merit Protection ~~Commission~~ appeal
18 hearings.

19 ~~The Oklahoma Merit Protection Commission~~ Office of Management
20 and Enterprise Services shall charge state agencies, associations
21 and other interested parties for the cost of such summaries and
22 recordings. All monies accruing from the sale of hearing summaries
23 and recordings are to be deposited to the ~~Oklahoma Merit Protection~~
24 ~~Commission~~ Human Capital Management Revolving Fund.

1 SECTION 13. AMENDATORY 74 O.S. 2011, Section 840-1.13,
2 is amended to read as follows:

3 Section 840-1.13 ~~The Oklahoma Merit Protection Commission~~
4 Office of Management and Enterprise Services shall establish a
5 training and certification program for all hearing officers employed
6 by the ~~Oklahoma Merit Protection Commission~~ Office of Management and
7 Enterprise Services and grievance managers appointed by state
8 agencies. The ~~Commission~~ Office of Management and Enterprise
9 Services may also provide training for other agency personnel
10 employees. The ~~Executive Director~~ of the Office of Management and
11 Enterprise Services shall be authorized to bill agencies for the
12 training pursuant to this section to recover reasonable costs
13 associated with the training. Monies received for such training
14 shall be deposited in the ~~Oklahoma Merit Protection Commission~~ Human
15 Capital Management Revolving Fund. Expenditure of such funds
16 collected for the training shall be exempt from any expenditure
17 limit on the ~~Oklahoma Merit Protection Commission~~ Office of
18 Management and Enterprise Services established by law.

19 SECTION 14. AMENDATORY 74 O.S. 2011, Section 840-1.14,
20 is amended to read as follows:

21 Section 840-1.14 When any officer or employee of the state is
22 in doubt as to the application of the Oklahoma Personnel Act as to
23 himself or to any employee under his supervision, he may submit to
24 the Attorney General a full written statement of the facts and

1 questions he may have. The Attorney General shall then render an
2 opinion to such person and may publish these opinions, or abstracts
3 thereof, with the use of the name of the person advised unless such
4 person requests otherwise in writing. The Attorney General shall be
5 the legal counsel for the ~~Oklahoma~~ Board of Merit Protection
6 ~~Commission~~ and represent it when its decisions are appealed to
7 higher courts. The Office of the Attorney General shall be legal
8 counsel for and represent the ~~Merit Protection Commission~~ Board
9 notwithstanding its representation of any other state department,
10 agency, board or commission in the same or related matters pending
11 before the ~~Merit Protection Commission~~ Board or before any court.
12 The Attorney General shall establish internal administrative
13 procedures to ensure that both such agencies are provided
14 independent legal representation, and such simultaneous
15 representation shall not, of itself, be deemed to constitute a
16 conflict of interest. In the event the Attorney General determines
17 an irreconcilable conflict of interest exists, to the extent that he
18 is unable to provide simultaneous representation to both the ~~Merit~~
19 ~~Protection Commission~~ Board and another state department, agency,
20 board or commission the provision of Section ~~18e-2~~ 20i of this title
21 shall apply.

22 SECTION 15. AMENDATORY 74 O.S. 2011, Section 840-1.15,
23 is amended to read as follows:
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1 Section 840-1.15 A. The ~~Administrator~~ Director of the Office
2 of Management and Enterprise Services shall establish standards and
3 procedures for delegating to appointing authorities the authority to
4 administer human resources functions normally conducted by the
5 ~~Office of Personnel Management~~ Office of Management and Enterprise
6 Services. The ~~Administrator~~ Director shall have the authority to
7 approve delegation applications which shall constitute authority for
8 the agency to implement approved delegations of personnel authority.

9 B. The ~~Administrator~~ Director shall create a program to allow
10 agencies to design model human resource projects to test and
11 evaluate the effect of innovative policies, standards, and
12 procedures.

13 The number and scope of model projects shall be limited only by
14 the capacity of the agency to implement the model projects, the
15 quality of model project applications, and the ability of the ~~Office~~
16 ~~of Personnel Management~~ Office of Management and Enterprise Services
17 to monitor the projects. The ~~Administrator~~ Director shall have the
18 authority to approve model project applications which shall
19 constitute authority for the agency to implement approved model
20 projects.

21 C. The ~~Administrator~~ Director shall create a Human Resource
22 Management Plan and Self-Evaluation Report system for agencies
23 including but not be limited to provisions related to affirmative
24 action; staffing, recruitment, and promotion; classification and

1 compensation; training and staff development expenditures; the
2 reporting of internal agency grievances and discrimination
3 complaints filed, discharges, suspensions without pay and demotions,
4 and number of investigations directed by the ~~Oklahoma Merit~~
5 ~~Protection Commission~~ Office of Management and Enterprise Services
6 and the outcome of all such actions; and strategies for assuring
7 employee participation in the development of agency personnel
8 activities. The self-evaluation should include comparisons with the
9 previous year or years' personnel actions.

10 SECTION 16. AMENDATORY 74 O.S. 2011, Section 840-1.19,
11 is amended to read as follows:

12 Section 840-1.19 It shall be the responsibility of each
13 appointing authority to distribute copies of the Merit System of
14 Personnel Administration Rules promulgated and published by the
15 ~~Administrator of the Office of Personnel Management or the Merit~~
16 ~~Protection Commission, respectively,~~ Office of Management and
17 Enterprise Services to all classified employees at the request of
18 the ~~Administrator or the Executive~~ Director.

19 SECTION 17. AMENDATORY 74 O.S. 2011, Section 840-1.20,
20 is amended to read as follows:

21 Section 840-1.20 A. There is hereby created in the State
22 Treasury a revolving fund for the ~~Office of Personnel Management~~
23 Office of Management and Enterprise Services to be designated the
24 "~~Office of Personnel~~ Human Capital Management Revolving Fund". The

1 fund shall be a continuing fund, not subject to fiscal year
2 limitations, and shall consist of fees received by the ~~Office of~~
3 ~~Personnel Management~~ Office of Management and Enterprise Services
4 for providing training for a certified public managers program and
5 all other monies received by the ~~Office of Personnel Management~~
6 Office of Management and Enterprise Services, except for
7 appropriated monies, and monies received as payment for
8 administrative expenses under Section 840-1.18 of this title, ~~monies~~
9 ~~placed in the Employee Benefits Revolving Fund, monies placed in the~~
10 ~~Benefits Council Administration Revolving Fund, and any monies in~~
11 ~~revolving funds established by the Office of State Finance to~~
12 ~~support the operation of the Oklahoma Employees Benefits Council or~~
13 ~~to reimburse the Office of Personnel Management for services the~~
14 ~~Office provides to the Council.~~ All monies accruing to the credit
15 of said fund are hereby appropriated and may be budgeted and
16 expended by the ~~Office of Personnel Management~~ Office of Management
17 and Enterprise Services for defraying the costs incurred in
18 performing the duties and functions of the Office. Expenditures
19 from said fund shall be made upon warrants issued by the State
20 Treasurer against claims filed as prescribed by law with the
21 Director of ~~State Finance~~ the Office of Management and Enterprise
22 Services for approval and payment.

23 B. There is hereby created a petty cash fund not to exceed Two
24 Hundred Fifty Dollars (\$250.00) for the ~~Office of Personnel~~

1 ~~Management~~ Office of Management and Enterprise Services. The
2 Director of ~~State Finance~~ the Office of Management and Enterprise
3 Services shall prescribe the rules and procedures for the
4 administration of the petty cash fund.

5 C. Any monies in or obligations against the Certified Public
6 Managers Revolving Fund upon the effective date of this act shall be
7 transferred to the ~~Office of Personnel~~ Human Capital Management
8 Revolving Fund.

9 D. Any monies in or obligations against the Employee Benefits
10 Revolving Fund and the Benefits Council Administration Revolving
11 Fund shall be transferred to the Human Capital Management Revolving
12 Fund. Funds previously designated for deposit into the Employee
13 Benefits Revolving Fund and the Benefits Council Administration
14 Revolving Fund shall be deposited into the Human Capital Management
15 Revolving Fund.

16 E. Any monies in or obligations against the Merit Protection
17 Commission Revolving Fund shall be transferred to the Human Capital
18 Management Revolving Fund.

19 F. The Office of Management and Enterprise Services is hereby
20 directed to pay from the fund the costs of transcribing the record
21 of any proceeding before the Office of Management and Enterprise
22 Services, which record may be designated by an indigent respondent,
23 if such respondent first establishes indigent condition through
24 execution of an in forma pauperis affidavit upon a form approved by

1 the Office of Management and Enterprise Services; provided, that if
2 the indigent respondent has a financial recovery the fund shall be
3 reimbursed from said proceeds.

4 SECTION 18. AMENDATORY 74 O.S. 2011, Section 840-2.1, is
5 amended to read as follows:

6 Section 840-2.1 A. All agencies, boards, commissions,
7 departments, and offices of each branch of state government, except
8 institutions within The Oklahoma State System of Higher Education,
9 shall submit an affirmative action plan to the ~~Office of Personnel~~
10 ~~Management~~ Office of Management and Enterprise Services annually by
11 September 1 following the end of the fiscal year ending June 30.
12 Institutions within The Oklahoma State System of Higher Education
13 shall submit an affirmative action plan to the Oklahoma State
14 Regents for Higher Education in accordance with standards
15 established by the Oklahoma State Regents for Higher Education.

16 B. ~~Said~~ The plan for agencies of the executive branch, except
17 institutions within The Oklahoma State System of Higher Education,
18 is subject to the approval of the ~~Administrator~~ Director of the
19 ~~Office of Personnel Management~~ Office of Management and Enterprise
20 Services.

21 C. The ~~Administrator~~ Director of the ~~Office of Personnel~~
22 ~~Management~~ Office of Management and Enterprise Services shall
23 analyze the affirmative action plans of executive branch agencies
24 and Equal Employment Opportunity Commission reports prepared by such

1 agencies, except institutions within The Oklahoma State System of
2 Higher Education, and, on or before March 1 of each year, shall
3 submit a report to the Speaker of the House of Representatives, the
4 President Pro Tempore of the Senate, and the Governor. ~~Said~~ The
5 report shall state the efforts and progress made by governmental
6 entities in the area of affirmative action, including the status of
7 recruitment, hiring, and promotion of women, men and minorities
8 within job categories.

9 D. The provisions of this section shall not require an agency,
10 board, commission, department, or office of state government to
11 grant preferential treatment to an individual or group because of
12 race, color, religion, sex, national origin, age, or handicap
13 because of an imbalance which may exist in comparison with the
14 employment statistics of the area involved.

15 E. It is not a discriminatory practice for the appointing
16 authority of an entity subject to the provisions of this title to
17 adopt and implement an affirmative action plan to eliminate or
18 reduce imbalances with respect to women and minorities if the plan
19 has been approved by the ~~Office of Personnel Management~~ Office of
20 Management and Enterprise Services in accordance with rules and
21 guidelines adopted by the ~~Office of Personnel Management~~ Office of
22 Management and Enterprise Services. For affirmative action
23 purposes, any person who lists American Indian as his race or
24 national origin shall, within thirty (30) days of his appointment,

1 verify his tribal affiliation by providing a certificate of Degree
2 of Indian Blood from the U.S. Department of Interior, Bureau of
3 Indian Affairs, or by providing the name and address of tribal
4 officials who can verify his tribal affiliation.

5 F. 1. The ~~Administrator~~ Director of the ~~Office of Personnel~~
6 ~~Management~~ Office of Management and Enterprise Services shall
7 establish qualification requirements for personnel serving as agency
8 civil rights or affirmative action administrators, officers,
9 coordinators and other personnel responsible for civil rights
10 compliance or affirmative action for executive branch agencies.
11 Such qualification requirements shall include, but not be limited
12 to, knowledge of federal and state civil rights, affirmative action,
13 and equal employment laws and regulations. Such personnel shall be
14 subject to the training requirements specified by the ~~Office of~~
15 ~~Personnel Management~~ Office of Management and Enterprise Services.
16 The ~~Administrator~~ Director shall be authorized to bill agencies for
17 the training of personnel professionals pursuant to this paragraph
18 to recover reasonable costs associated with the training. Monies
19 received for such training shall be deposited in the ~~Office of~~
20 ~~Personnel~~ Human Capital Management Revolving Fund. Expenditure of
21 such funds collected for the training shall be exempt from any
22 expenditure limit for the ~~Office of Personnel Management~~ Office of
23 Management and Enterprise Services established by law. ~~Effective~~
24 ~~December 1, 1995, complaints~~ Complaints of alleged illegal

1 discrimination shall be investigated only by personnel trained
2 pursuant to the requirements of the ~~Administrator~~ Director, unless
3 otherwise provided by federal or state law. This paragraph shall
4 not apply to such personnel of the ~~Oklahoma Merit Protection~~
5 ~~Commission~~ Office of Management and Enterprise Services or the
6 Oklahoma Human Rights Commission.

7 2. If, after notice, administrative hearing and determination,
8 pursuant to Article II of the Administrative Procedures Act, Section
9 308a et seq. of Title 75 of the Oklahoma Statutes, the ~~Administrator~~
10 Director finds that an appointing authority of any executive branch
11 agency has failed to make significant progress toward affirmative
12 action goals, or has failed to appoint a civil rights administrator
13 without justifiable reasons, the ~~Administrator~~ Director may begin
14 requiring remedies as allowed by subsection G of this section and
15 rules promulgated thereto and appropriate to making progress toward
16 affirmative action goals. Such action shall remain in effect until
17 the ~~Administrator~~ Director determines that significant progress
18 toward affirmative action goals is being made. The provisions of
19 law pertaining to the duties and powers of any agency shall not be
20 construed to deny the ~~Administrator~~ Director the authority provided
21 for in this paragraph, unless the agency is specifically excluded by
22 law from the provisions of this paragraph.

23 G. 1. The ~~Administrator~~ Director of the ~~Office of Personnel~~
24 ~~Management~~ Office of Management and Enterprise Services shall

1 develop rules for the imposition of appropriate remedies for
2 agencies in the executive branch of state government, excluding The
3 Oklahoma State System of Higher Education, when an agency has failed
4 to make significant progress toward affirmative action goals or has
5 been found to have a pattern of noncompliance with affirmative
6 action goals. If, pursuant to Article II of the Administrative
7 Procedures Act, the ~~Administrator~~ Director finds that an agency has
8 failed to make significant progress toward affirmative action goals
9 or is found to have a pattern of noncompliance with affirmative
10 action goals, remedies that the ~~Administrator~~ Director may impose
11 shall include:

- 12 a. requiring noncomplying appointing authorities to
13 participate in programs for special recruiting
14 efforts,
- 15 b. development of training programs to enhance
16 promotability of minorities within agencies and
17 supervisory training in equal opportunity employment,
18 affirmative action, managing workplace diversity, and
- 19 c. mandatory review and approval of all hiring and
20 promotion decisions by an appointing authority by the
21 Administrator if the Administrator can document a
22 pattern of noncompliance in previous remedial actions
23 pursuant to this subsection or appointment of a full-

24

1 time affirmative action officer to any agency in
2 noncompliance with affirmative action remedies.

3 2. ~~Effective July 1, 1995, if~~ If the ~~Administrator~~ Director
4 determines that a pattern of noncompliance with affirmative action
5 goals exists at an agency and that none of the remedies provided by
6 paragraph 1 of this subsection are appropriate and the ~~Administrator~~
7 Director determines the ~~Office of Personnel Management~~ Office of
8 Management and Enterprise Services has sufficient resources, the
9 ~~Administrator~~ Director shall be empowered to remove personnel
10 function(s) relating to recruitment, hiring or promotion from the
11 appointing authority and to place that function with the
12 ~~Administrator~~ Director of the ~~Office of Personnel Management~~ Office
13 of Management and Enterprise Services as provided by this paragraph.
14 Removal of personnel function(s) shall occur only when a pattern of
15 noncompliance with the affirmative action plan can be documented and
16 a vote by two-thirds (2/3) of the Affirmative Action Review Council
17 recommends to the ~~Administrator~~ Director to remove personnel
18 function(s). Removal of personnel function(s) shall terminate one
19 (1) calendar year after the ~~Administrator~~ Director removes such
20 function(s) unless the ~~Administrator~~ Director is able to demonstrate
21 that the restoration of personnel function(s) to the appointing
22 authority will result in further noncompliance with this section. A
23 vote of two-thirds (2/3) of the Affirmative Action Review Council
24 shall be necessary to continue the removal of personnel function(s)

1 by the ~~Administrator~~ Director for each additional year. The
2 ~~Administrator must receive approval from the Director of the Office~~
3 ~~of State Finance to develop recruitment, hiring and promotion~~
4 ~~actions within budgetary constraints for the affected agencies.~~ The
5 ~~Administrator~~ Director shall consult with the appointing authority
6 about personnel plans and actions, but the ~~Administrator~~ Director
7 shall retain final authority for personnel decisions within the
8 scope of the ~~Administrator's~~ Director's authority for the period an
9 agency is operating under removal of the personnel function(s).
10 Nothing in this section shall prohibit the removal of a personnel
11 function(s) remedy at any time if the ~~Administrator~~ Director
12 determines the appointing authority and agency have the capability
13 of reassuming the authority that was removed. The provisions of law
14 pertaining to the duties and powers of any agency shall not be
15 construed to deny the ~~Administrator~~ Director the authority provided
16 for in this paragraph, unless the agency is specifically excluded by
17 law from the provisions of this paragraph. Upon removal of an
18 agency's personnel function(s), the ~~Administrator~~ Director may
19 employ employees at the ~~Office of Personnel Management~~ Office of
20 Management and Enterprise Services to assume the personnel
21 function(s) of the agency as provided by this section.

22 H. 1. There is hereby created the Affirmative Action Review
23 Council to assist in the implementation of the state's equal
24 employment opportunity and affirmative action efforts mandated by

1 this section. The ~~Administrator~~ Director of the ~~Office of Personnel~~
2 ~~Management~~ Office of Management and Enterprise Services shall
3 consult with and request the assistance of the Council in developing
4 standards that executive branch agencies shall follow in adopting
5 their affirmative action plans. The Council shall review agency
6 affirmative action plans and assist the ~~Administrator~~ Director in
7 preparing the annual status report for agencies on equal employment
8 opportunity and affirmative action required by this section. Staff
9 for the Council shall be provided by the ~~Office of Personnel~~
10 ~~Management~~ Office of Management and Enterprise Services.

11 2. The Affirmative Action Review Council shall consist of six
12 (6) members. The individuals making the appointment shall consider
13 experience in the field, theory, and application of human resources
14 management and affirmative action in making their appointments.
15 Members of the Council shall serve at the pleasure of the respective
16 individuals making the appointments. Two members of the Council
17 shall be appointed by the Governor, two members shall be appointed
18 by the Speaker of the House of Representatives, and two members
19 shall be appointed by the President Pro Tempore of the Senate.
20 ~~Nothing shall preclude the appointment of members of the~~
21 ~~Legislature.~~ Each individual making appointments shall give
22 consideration to the diversity of the Council's membership when
23 making the appointments and shall not appoint more than one
24 individual who is an employee of the executive branch, excluding The

1 Oklahoma State System of Higher Education. The Governor shall
2 appoint the initial chair from among the Council's membership to
3 serve a two-year term. Thereafter, the chair shall be selected by
4 the Council from among its membership. The Council shall select a
5 vice-chair from among its membership. All members shall serve two-
6 year terms, unless removed prior to the expiration of a term by the
7 respective individual making the appointment. Any vacancy on the
8 Council shall be filled by the individual who made the original
9 appointment.

10 Except as provided in subparagraph b of paragraph 4 of this
11 subsection, a majority of the members of the Council shall
12 constitute a quorum to transact business, but no vacancy shall
13 impair the right of the remaining members to exercise all of the
14 powers of the Council and every act of a majority of the members
15 present shall be deemed the act of the Council.

16 3. Members of the Council shall receive no compensation or
17 travel reimbursement for serving on the Council, ~~but shall be~~
18 ~~reimbursed for their necessary travel expenses incurred in the~~
19 ~~performance of their duties in accordance with the State Travel~~
20 ~~Reimbursement Act. Any member who is employed in state government~~
21 ~~shall receive the reimbursement from their employing entity. Any~~
22 ~~member who is not an employee of state government shall receive the~~
23 ~~reimbursement from the Office of Personnel Management.~~

24

- 1 4. a. The Council shall make any recommendations to the
2 ~~Administrator~~ Director, the Governor, the Speaker of
3 the House of Representatives or the President Pro
4 Tempore of the Senate the Council deems will assist in
5 the attaining of affirmative action goals for state
6 government.
- 7 b. The Council shall review agency affirmative action
8 plans for compliance with the standards adopted by the
9 ~~Administrator~~ Director. The Council shall recommend
10 that the ~~Administrator~~ Director reject any agency
11 plans which it finds in noncompliance.
- 12 c. The Council shall request the ~~Administrator~~ Director
13 to investigate any agency that the Council believes
14 has violated equal employment opportunity or
15 affirmative action provisions of this section and to
16 conduct hearings to determine if such violations have
17 occurred. If the ~~Administrator~~ Director finds that an
18 agency is not in compliance with such law and the
19 Council believes that the noncompliance indicates a
20 pattern of noncompliance, the Council, upon a two-
21 thirds vote of its members, may recommend to the
22 ~~Administrator~~ Director to act in accordance with this
23 section to compel the agency to comply with equal
24 employment opportunity and affirmative action laws.

1 If the ~~Administrator~~ Director decides not to act on
2 the Council's recommendation, the ~~Administrator~~
3 Director shall respond in writing within thirty (30)
4 days of the Council's recommendation setting forth the
5 reasons why the ~~Administrator~~ Director has decided not
6 to act in accordance with said recommendation.

7 d. Any member who is an employee of an agency that is
8 subject to investigation pursuant to subparagraph b of
9 this paragraph shall disqualify himself or herself
10 from voting on the matter.

11 e. This paragraph applies to review of issues related to
12 affirmative action. This paragraph does not apply to
13 prohibited discrimination that is within the
14 jurisdiction of the ~~Oklahoma Merit Protection~~
15 ~~Commission~~ Office of Management and Enterprise
16 Services or the Oklahoma Human Rights Commission.

17 5. The Council shall not have authority to adopt rules pursuant
18 ~~to the Administrative Procedures Act.~~

19 I. Affirmative action plans for the judicial branch of
20 government, except the Court of Criminal Appeals and the Workers'
21 Compensation Court, shall be prepared by the Administrative Director
22 of the Courts. The Court of Criminal Appeals shall prepare
23 affirmative action plans for the Court of Criminal Appeals. The
24

1 Administrator of the Workers' Compensation Court shall prepare
2 affirmative action plans for the Workers' Compensation Court.

3 J. The ~~Administrator~~ Director of the ~~Office of Personnel~~
4 ~~Management~~ Office of Management and Enterprise Services is hereby
5 directed to adopt rules necessary to implement the provisions of
6 this section. Such rules regarding affirmative action plans shall
7 include, but not be limited to, a set of specific and result-
8 oriented programs to which an appointing authority commits himself
9 or herself to apply every good faith effort to achieve prompt and
10 full utilization of women and minorities at all levels and in all
11 segments of the work force where deficiencies exist. Such rules
12 shall also include separate provisions for affirmative plans for
13 agencies with fewer than fifteen full-time-equivalent employees.

14 SECTION 19. AMENDATORY 74 O.S. 2011, Section 1301, is
15 amended to read as follows:

16 Section 1301. This act shall be known and may be cited as the
17 "~~State and Education~~ Oklahoma Employees Group Insurance and Benefits
18 Act".

19 SECTION 20. AMENDATORY 74 O.S. 2011, Section 1303, is
20 amended to read as follows:

21 Section 1303. For the purposes of and as used in the ~~State and~~
22 ~~Education Employees Group Insurance Act~~ Oklahoma Employees Insurance
23 and Benefits Act:
24

1 1. "Board" means the ~~State and Education Employees Group~~
2 ~~Insurance Board~~ Oklahoma Employees Insurance and Benefits Board as
3 created by the ~~State and Education Employees Group Insurance Act~~
4 Oklahoma Employees Insurance and Benefits Act;

5 2. "Plan" means the Oklahoma Employees Insurance Plan;

6 3. "Employee" means those state employees, education employees
7 and other eligible employees participating in the ~~State and~~
8 ~~Education Employees Group Insurance Act~~ Oklahoma Employees Insurance
9 and Benefits Act;

10 ~~3.~~ 4. "Education employee" means those employees other than
11 adjunct professors employed by a state institution of higher
12 education, in the service of an education entity who are members or
13 are or will be eligible to become members of the Teachers'
14 Retirement System of Oklahoma and who receive compensation for such
15 service after the education entity begins to participate in the
16 ~~State and Education Employees Group Insurance Act~~ Oklahoma Employees
17 Insurance and Benefits Act and visiting faculty who are not eligible
18 for membership in the Teachers' Retirement System of Oklahoma;

19 ~~4.~~ 5. "Adjunct professor" means a person employed by an
20 institution of higher education who is attached in a subordinate or
21 temporary capacity to the faculty or staff, and who is contracted to
22 instruct in a given specific discipline;

23 ~~5.~~ 6. "Visiting faculty" means a person employed by an
24 institution of higher education who is not eligible for academic

1 rank or tenure, other than an adjunct professor, and who is
2 contracted to instruct in a given specific discipline generally not
3 to exceed one (1) academic year;

4 ~~6.~~ 7. "Education entity" means a school district, a technology
5 center school district, or an institution comprising The Oklahoma
6 State System of Higher Education;

7 ~~7.~~ 8. "State employee" means and includes each officer or
8 employee in the service of the State of Oklahoma who, after January
9 1, 1966, received compensation for service rendered to the State of
10 Oklahoma on a warrant issued pursuant to a payroll certified by a
11 department or by an elected or duly appointed officer of the state
12 or who receives payment for the performance of personal services on
13 a warrant issued pursuant to a payroll certified by a department and
14 drawn by the State Treasurer against appropriations made by the
15 Legislature from any state fund or against trust funds held by the
16 State Treasurer, who is employed in a position normally requiring
17 actual performance of duty during not less than one thousand (1,000)
18 hours per year, and whose employment is not seasonal or temporary,
19 except that a person elected by popular vote will be considered an
20 employee during the person's tenure in office; provided, however,
21 that employees who are otherwise eligible who are on approved leave
22 without pay shall be eligible to continue coverage during such leave
23 not to exceed twenty-four (24) months, as provided and published in
24 the ~~Merit~~ Office of Management and Enterprise Services Rules for

1 Employment ~~published by the Office of Personnel Management~~, from the
2 date the employee goes on such leave provided the employee pays the
3 full premiums due or persons who are drawing disability benefits
4 under Section 1331 et seq. of this title or meet each and every
5 requirement of the State Employees Disability Program shall be
6 eligible to continue coverage provided the person pays the full
7 premiums due;

8 ~~8.~~ 9. "Carrier" means the State of Oklahoma or a state
9 designated Health Maintenance Organization (HMO). Such HMO shall be
10 a federally qualified Health Maintenance Organization under 42
11 U.S.C., Section 300e et seq.;

12 ~~9.~~ 10. "Health insurance plan" means a self-insured plan by the
13 State of Oklahoma for the purpose of paying the cost of hospital and
14 medical care up to the maximum coverage provided by said plan or
15 prepaid medical plan(s) offered to employees as an alternative to
16 the state-administered plan by federally qualified HMOs which have
17 contracted with the state;

18 ~~10.~~ 11. "Life insurance plan" means a self-insured plan for the
19 purpose of paying death and dismemberment benefits up to the maximum
20 coverage provided by the plan;

21 ~~11.~~ 12. "Dental benefits plan" means a plan by the State of
22 Oklahoma for the purpose of paying the cost of dental care up to the
23 maximum coverage provided by the plan; whenever the term "dental
24 insurance plan" or a term of like import appears in the ~~State and~~

1 ~~Education Employees Group Insurance Act~~ Oklahoma Employees Insurance
2 and Benefits Act, the term shall mean "dental benefits plan";

3 ~~12.~~ 13. "Other insurance" means any type of coverage other than
4 basic hospital and medical benefits, major medical benefits,
5 comprehensive benefits, life insurance benefits or dental insurance
6 benefits, which the ~~Board~~ Plan may be directed to offer;

7 ~~13.~~ 14. "Dependent" means an employee's spouse or any unmarried
8 child ~~(1)~~:

9 a. under the age of twenty-five (25) years, regardless of
10 residence, provided that the employee is primarily
11 responsible for their support, including ~~(a)~~:

12 (1) an adopted child, and ~~(b)~~

13 (2) a stepchild or child who lives with the employee
14 in a regular parent-child relationship, or ~~(2)~~

15 b. regardless of age who is incapable of self-support
16 because of mental or physical incapacity that existed
17 prior to reaching the age of twenty-five (25) years;

18 ~~14.~~ 15. "Comprehensive benefits" means benefits which reimburse
19 the expense of hospital room and board, other hospital services,
20 certain outpatient expenses, maternity benefits, surgical expense,
21 including obstetrical care, in-hospital medical care expense,
22 diagnostic radiological and laboratory benefits, physicians'
23 services provided by house and office calls, treatments administered
24 in physicians' office, prescription drugs, psychiatric services,

1 Christian Science practitioners' services, Christian Science nurses'
2 services, optometric medical services for injury or illness of the
3 eye, home health care, home nursing service, hospice care, and such
4 other benefits as may be determined by the Board. Such benefits
5 shall be provided on a copayment or coinsurance basis, the insured
6 to pay a proportion of the cost of such benefits, and may be subject
7 to a deductible that applies to all or part of the benefits as
8 determined by the Board; and

9 ~~15.~~ 16. "Life insurance coverage" shall include a maximum
10 amount of basic life insurance or benefit with or without a double
11 indemnity provision and an amount of accidental death and
12 dismemberment insurance or benefit per employee to be provided by
13 the State of Oklahoma, and the employee shall have the option to
14 purchase additional life insurance or benefits on the employee's
15 life up to the amount provided by the plan. Such basic life
16 insurance benefits, with or without double indemnity, and accidental
17 death and dismemberment benefits shall not exclude coverage for
18 death or dismemberment resulting from war, insurrection or riot.
19 The Board may also extend dependent life insurance in an amount to
20 be determined by the Board to each insured employee who elects to
21 insure the employee's eligible dependents. Premiums for the
22 dependent life insurance shall be paid wholly by the employee.

23
24

1 SECTION 21. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 1304.1 of Title 74, unless there
3 is created a duplication in numbering, reads as follows:

4 A. The State and Education Employees Group Insurance Board and
5 the Oklahoma State Employees Benefits Council are hereby abolished.
6 Wherever the State and Education Employees Group Insurance Board and
7 the Oklahoma State Employees Benefits Council are referenced in law,
8 that reference shall be construed to mean the Oklahoma Employees
9 Insurance and Benefits Board.

10 B. There is hereby created the Oklahoma Employees Insurance and
11 Benefits Board.

12 C. The chair and vice-chair shall be elected by the Board
13 members at the first meeting of the Board and shall preside over
14 meetings of the Board and perform other duties as may be required by
15 the Board. Upon the resignation or expiration of the term of the
16 chair or vice-chair, the members shall elect a chair or vice-chair.
17 The Board shall elect one of its members to serve as secretary.

18 D. The Board shall consist of seven (7) members to be appointed
19 as follows:

- 20 1. The State Insurance Commissioner, or designee;
- 21 2. Four members shall be appointed by the Governor;
- 22 3. One member shall be appointed by the Speaker of the Oklahoma
23 House of Representatives; and

24

1 4. One member shall be appointed by the President Pro Tempore
2 of the State Senate.

3 E. The appointed members shall:

4 1. Have demonstrated professional experience in investment or
5 funds management, public funds management, public or private group
6 health or pension fund management, or group health insurance
7 management;

8 2. Be licensed to practice law in this state and have
9 demonstrated professional experience in commercial matters; or

10 3. Be licensed by the Oklahoma Accountancy Board to practice in
11 this state as a public accountant or a certified public accountant.

12 In making appointments that conform to the requirements of this
13 subsection, at least one but not more than three members shall be
14 appointed each from paragraphs 2 and 3 of this subsection by the
15 combined appointing authorities.

16 F. Each member of the Board shall serve a term of four (4)
17 years from the date of appointment.

18 G. The members shall not be reimbursed for their expenses. No
19 Board member shall be individually or personally liable for any
20 action of the Board.

21 H. The Board shall meet as often as necessary to conduct
22 business but shall meet no less than four times a year, with an
23 organizational meeting to be held prior to December 1, 2012. The
24

1 organizational meeting shall be called by the Insurance
2 Commissioner.

3 I. Except as otherwise provided in this subsection, no member
4 of the Board shall be a lobbyist registered in this state as
5 provided by law, or be employed directly or indirectly by any firm
6 or health care provider under contract to the State and Education
7 Employees Group Insurance Board, the Oklahoma State Employees
8 Benefits Council, or the Oklahoma Employees Insurance and Benefits
9 Board, or any benefit program under its jurisdiction, for any goods
10 or services whatsoever. Any physician member of the Board shall not
11 be subject to the provisions of this subsection.

12 J. Any vacancy occurring on the Board shall be filled in the
13 same manner as provided for in subsection D of this section.

14 K. The Board shall act in accordance with the provisions of the
15 Oklahoma Open Meeting Act, the Oklahoma Open Records Act and the
16 Administrative Procedures Act.

17 L. The Oklahoma Employees Insurance and Benefits Board of the
18 Office of Management and Enterprise Services shall have the
19 following duties, responsibilities and authority with respect to the
20 administration of the flexible benefits plan authorized pursuant to
21 the State Employees Flexible Benefits Act:

22 1. To construe and interpret the plan, and decide all questions
23 of eligibility in accordance with the Oklahoma State Employees
24 Benefits Act and 26 U.S.C.A., Section 1 et seq.;

1 2. To select those benefits which shall be made available to
2 participants under the plan, according to the Oklahoma State
3 Employees Benefits Act, and other applicable laws and rules;

4 3. To prescribe procedures to be followed by participants in
5 making elections and filing claims under the plan;

6 4. Beginning with the plan year which begins on January 1,
7 2013, to select and contract with one or more providers to offer a
8 group TRICARE Supplement product to eligible employees who are
9 eligible TRICARE beneficiaries. Any membership dues required to
10 participate in a group TRICARE Supplement product offered pursuant
11 to this paragraph shall be paid by the employee. As used in this
12 paragraph, "TRICARE" means the Department of Defense health care
13 program for active duty and retired service members and their
14 families;

15 5. To prepare and distribute information communicating and
16 explaining the plan to participating employers and participants.
17 Health Maintenance Organizations or other third-party insurance
18 vendors may be directly or indirectly involved in the distribution
19 of communicated information to participating state agency employers
20 and state employee participants subject to the following condition:
21 the Board shall verify all marketing and communications information
22 for factual accuracy prior to distribution;

23

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1 6. To receive from participating employers and participants
2 such information as shall be necessary for the proper administration
3 of the plan, and any of the benefits offered thereunder;

4 7. To furnish the participating employers and participants such
5 annual reports with respect to the administration of the plan as are
6 reasonable and appropriate;

7 8. To keep reports of benefit elections, claims and
8 disbursements for claims under the plan;

9 9. To negotiate for best and final offer through competitive
10 negotiation with the assistance and through the procedures adopted
11 by the Office of Management and Enterprise Services and contract
12 with federally qualified health maintenance organizations under the
13 provisions of 42 U.S.C., Section 300e et seq., or with Health
14 Maintenance Organizations granted a certificate of authority by the
15 Insurance Commissioner pursuant to Sections 6901 through 6951 of
16 Title 36 of the Oklahoma Statutes for consideration by participants
17 as an alternative to the health plans offered by the Oklahoma
18 Employees Insurance and Benefits Board, and to transfer to the
19 health maintenance organizations such funds as may be approved for a
20 participant electing health maintenance organization alternative
21 services. The Board may also select and contract with a vendor to
22 offer a point-of-service plan. An HMO may offer coverage through a
23 point-of-service plan, subject to the guidelines established by the
24 Board. However, if the Board chooses to offer a point-of-service

1 plan, then a vendor that offers both an HMO plan and a point-of-
2 service plan may choose to offer only its point-of-service plan in
3 lieu of offering its HMO plan. The Board may, however, renegotiate
4 rates with successful bidders after contracts have been awarded if
5 there is an extraordinary circumstance. An extraordinary
6 circumstance shall be limited to insolvency of a participating
7 health maintenance organization or point-of-service plan,
8 dissolution of a participating health maintenance organization or
9 point-of-service plan or withdrawal of another participating health
10 maintenance organization or point-of-service plan at any time during
11 the calendar year. Nothing in this section of law shall be
12 construed to permit either party to unilaterally alter the terms of
13 the contract;

14 10. To retain as confidential information the initial Request
15 For Proposal offers as well as any subsequent bid offers made by the
16 health plans prior to final contract awards as a part of the best
17 and final offer negotiations process for the benefit plan;

18 11. To promulgate administrative rules for the competitive
19 negotiation process;

20 12. To require vendors offering coverage to provide such
21 enrollment and claims data as is determined by the Board. The Board
22 shall be authorized to retain as confidential any proprietary
23 information submitted in response to the Board's Request For
24 Proposal. Provided, however, that any such information requested by

1 the Board from the vendors shall only be subject to the
2 confidentiality provision of this paragraph if it is clearly
3 designated in the Request For Proposal as being protected under this
4 provision. All requested information lacking such a designation in
5 the Request For Proposal shall be subject to Section 24A.1 et seq.
6 of Title 51 of the Oklahoma Statutes. From health maintenance
7 organizations, data provided shall include the current Health Plan
8 Employer Data and Information Set (HEDIS);

9 13. To authorize the purchase of any insurance deemed necessary
10 for providing benefits under the plan including indemnity dental
11 plans, provided that the only indemnity health plan selected by the
12 Board shall be the indemnity plan offered by the Board, and to
13 transfer to the Board such funds as may be approved for a
14 participant electing a benefit plan offered by the Board. All
15 indemnity dental plans shall meet or exceed the following
16 requirements:

- 17 a. they shall have a statewide provider network,
- 18 b. they shall provide benefits which shall reimburse the
19 expense for the following types of dental procedures:
 - 20 (1) diagnostic,
 - 21 (2) preventative,
 - 22 (3) restorative,
 - 23 (4) endodontic,
 - 24 (5) periodontic,

- 1 (6) prosthodontics,
- 2 (7) oral surgery,
- 3 (8) dental implants,
- 4 (9) dental prosthetics, and
- 5 (10) orthodontics, and

6 c. they shall provide an annual benefit of not less than
7 One Thousand Five Hundred Dollars (\$1,500.00) for all
8 services other than orthodontic services, and a
9 lifetime benefit of not less than One Thousand Five
10 Hundred Dollars (\$1,500.00) for orthodontic services;

11 14. To communicate deferred compensation programs as provided
12 in Section 1701 of Title 74 of the Oklahoma Statutes;

13 15. To assess and collect reasonable fees from contracted
14 health maintenance organizations and third-party insurance vendors
15 to offset the costs of administration;

16 16. To accept, modify or reject elections under the plan in
17 accordance with the Oklahoma State Employees Benefits Act and 26
18 U.S.C.A., Section 1 et seq.;

19 17. To promulgate election and claim forms to be used by
20 participants;

21 18. To adopt rules requiring payment for medical and dental
22 services and treatment rendered by duly licensed hospitals,
23 physicians and dentists. Unless the Board has otherwise contracted
24 with the out-of-state health care provider, the Board shall

1 reimburse for medical services and treatment rendered and charged by
2 an out-of-state health care provider at least at the same percentage
3 level as the network percentage level of the fee schedule
4 established by the Oklahoma Employees Insurance and Benefits Board
5 if the insured employee was referred to the out-of-state health care
6 provider by a physician or it was an emergency situation and the
7 out-of-state provider was the closest in proximity to the place of
8 residence of the employee which offers the type of health care
9 services needed. For purposes of this paragraph, health care
10 providers shall include, but not be limited to, physicians,
11 dentists, hospitals and special care facilities; and

12 19. To enter into a contract with out-of-state providers in
13 connection with any PPO or hospital or medical network plan which
14 shall include, but not be limited to, special care facilities and
15 hospitals outside the borders of the State of Oklahoma. The
16 contract for out-of-state providers shall be identical to the in-
17 state provider contracts. The Board may negotiate for discounts
18 from billed charges when the out-of-state provider is not a network
19 provider and the member sought services in an emergency situation,
20 when the services were not otherwise available in the State of
21 Oklahoma or when the Administrator appointed by the Board approved
22 the service as an exceptional circumstance.

23
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1 M. Except for a breach of fiduciary obligation, a Board member
2 shall not be individually or personally responsible for any action
3 of the Board.

4 N. The Board shall operate in an advisory capacity to the
5 Office of Management and Enterprise Services.

6 O. The members of the Board shall not accept gifts or
7 gratuities from an individual organization with a value in excess of
8 Ten Dollars (\$10.00) per year. The provisions of this section shall
9 not be construed to prevent the members of the Board from attending
10 educational seminars, conferences, meetings or similar functions
11 which are paid for, directly or indirectly, by more than one
12 organization.

13 SECTION 22. AMENDATORY 74 O.S. 2011, Section 1320, is
14 amended to read as follows:

15 Section 1320. A. ~~The State and Education Employees Group~~
16 ~~Insurance Board~~ Director of the Office of Management and Enterprise
17 Services is authorized to hire and appoint an ~~administrator~~
18 Administrator who shall be in the unclassified service and shall
19 serve at the pleasure of the Director of the Office of Management
20 and Enterprise Services.

21 The ~~Board~~ Director of the Office of Management and Enterprise
22 Services may hire a director of internal audit and one attorney
23 licensed to practice law in this state. The attorney hired by the
24 Board shall have not less than five (5) years of experience in

1 matters related to the insurance industry. The ~~Board~~ Director shall
2 directly supervise the duties of the director of internal audit, and
3 shall not delegate said supervision to the Administrator or any
4 other employee ~~of the Board~~. In addition to duties assigned by the
5 ~~Board~~ Director, the director of internal audit is authorized to
6 audit all records of health providers and pharmacists who enter into
7 any contract with the Board in order to ensure compliance with said
8 contract provisions.

9 B. The ~~administrator~~ Director shall employ such persons as are
10 necessary to administer the provisions of the ~~State and Education~~
11 ~~Employees Group Insurance Act~~ Oklahoma Employees Insurance and
12 Benefits Act, the State Employees Flexible Benefits Act and the
13 State Employees Disability Program Act. The ~~administrator~~ Director
14 may employ a maximum of two ~~(2)~~ attorneys. The ~~administrator~~
15 Director or one of the deputy administrators shall have not less
16 than seven (7) years of group health insurance administration
17 experience on a senior managerial level.

18 C. The ~~Board~~ Director shall not contract for private legal
19 counsel except for extraordinary situations other than normal day to
20 day situations, and when approved by the Attorney General. The
21 ~~Board~~ Director may contract with a nonemployee consulting actuary, a
22 nonemployee medical consultant and a nonemployee dental consultant
23 subject to competitive bid at least every three (3) years. The
24 ~~Board~~ Director may contract with health care providers for a level

1 of reimbursement for the payment of claims incurred by the plan
2 participants. The ~~Board~~ Director may at its request use the
3 services of the office of the Attorney General and the actuarial
4 services of any actuary employed by the Insurance Commissioner and
5 may also seek the advice and counsel of the Commissioner of the
6 State of Oklahoma or any employee of the Office of the Commissioner.

7 SECTION 23. AMENDATORY 74 O.S. 2011, Section 1363, is
8 amended to read as follows:

9 Section 1363. The following words and phrases as used in this
10 act, unless a different meaning is clearly required by the context,
11 shall have the following meanings:

12 1. "Authority" means the Oklahoma Health Care Authority;

13 2. "Basic plan" means the plan that provides the least amount
14 of benefits each participant is required to purchase pursuant to the
15 provisions of the plan. The basic plan shall include only health,
16 dental, disability and life benefits;

17 3. "Benefit" means any of the benefits which may be purchased
18 or is required to be purchased under the plan;

19 4. "Benefit plan" means the specific terms and conditions
20 regarding a benefit which may be purchased under the plan, including
21 the terms and conditions of any separate plan document, group
22 insurance policy or administrative services contract entered into by
23 the ~~Council~~ Oklahoma Employees Insurance and Benefits Board;

24

1 5. "Benefit price" means the number of flexible benefit dollars
2 needed to purchase a benefit under the plan;

3 6. "Board" means the ~~State and Education Employees Group~~
4 ~~Insurance Board, as created by the State and Education Employees~~
5 ~~Group Insurance Act~~ Oklahoma Employees Insurance and Benefits Board;

6 7. "Code" means the Internal Revenue Code of 1986, as amended,
7 from time to time;

8 8. "Compensation" means the remuneration directly paid to a
9 participating employee by a participating employer exclusive of
10 overtime pay, and longevity pay, calculated prior to and without
11 regard to adjustments arising out of an employee's participation in
12 the plan authorized pursuant to this act, or amounts deferred under
13 the tax sheltered income deferral plans as authorized by Section
14 1701 et seq. of this title;

15 9. ~~"Council" means the Oklahoma State Employees Benefits~~
16 ~~Council, as created by this act;~~

17 ~~10.~~ "Default benefit" means any benefit a participant who fails
18 to make a proper election under the plan shall be deemed to have
19 purchased;

20 ~~11.~~ 10. "Dependent" means a participant's spouse or any of his
21 or her dependents as defined in Code Section 152 and regulations
22 promulgated thereunder;

23

24

1 ~~12.~~ 11. "Flexible benefit allowance" means the annual amounts
2 credited by the participating employer for each participant for the
3 purchase of benefits under the plan;

4 ~~13.~~ 12. "Flexible benefit dollars" means the sum of the
5 flexible benefit allowance and pay conversion dollars allocated by a
6 participant pursuant to provisions of the plan;

7 ~~14.~~ 13. "Participant" means any officer or employee of a
8 participating employer who is a member of the Oklahoma Law
9 Enforcement Retirement System, the Oklahoma Public Employees
10 Retirement System or the Uniform Retirement System for Justices and
11 Judges, any officer or employee of a participating employer, whose
12 employment is not seasonal or temporary and whose employment
13 requires at least one thousand (1,000) hours of work per year and
14 whose salary and wage is equal to or greater than the hourly wage
15 for state employees ~~as provided in Section 284 of this title,~~ and
16 any employee of a participating employer who is a member of the
17 Teachers' Retirement System of Oklahoma;

18 ~~15.~~ 14. "Participating employer" means any state agency, board,
19 commission, department, institution, authority, officer, bureau,
20 council, office or other entity created by the Oklahoma Constitution
21 or statute that is a participating employer of the Oklahoma Law
22 Enforcement Retirement System, the Oklahoma Public Employees
23 Retirement System or the Uniform Retirement System for Justices and
24 Judges, but shall not include any county, county hospital, city or

1 town, conservation district, any private or public trust in which a
2 county, city or town participates and is the primary beneficiary,
3 any school district or technology center school district, or
4 political subdivision of the state, but shall include the State
5 Department of Education, the Oklahoma Department of Wildlife
6 Conservation, the Oklahoma Employment Security Commission, the
7 Teachers' Retirement System of Oklahoma and the Oklahoma Department
8 of Career and Technology Education. Provided the term
9 "participating employer" shall also mean the State Regents for
10 Higher Education or any institution under the authority of the State
11 Regents for Higher Education upon agreement between the State
12 Regents for Higher Education or the appropriate governing board of
13 an institution under the authority of the State Regents for Higher
14 Education and the ~~Council~~ Board;

15 ~~16.~~ 15. "Pay conversion dollars" means amounts by which a
16 participant elects to reduce ~~his~~ the participant's compensation to
17 purchase benefits under the plan;

18 ~~17.~~ 16. "Plan" means the flexible benefits plan authorized
19 pursuant to the State Employees Flexible Benefits Act as modified by
20 the provisions of this act;

21 ~~18.~~ 17. "Plan year" means for the plan year beginning July 1,
22 2001, the six-month period commencing on July 1 and ending on the
23 following December 31. The next plan year shall begin January 1,
24

1 2002. It shall mean the twelve-month period commencing on January 1
2 and ending on the following December 31;

3 ~~19.~~ 18. "Salary adjustment agreement" means a written agreement
4 between a participant and participating employer whereby the
5 employer agrees to adjust the salary of the participant by a stated
6 amount or an amount equal to the cost of benefits selected under the
7 plan and the participating employer agrees to contribute such amount
8 to cover certain costs of the benefits selected by the participant
9 to the ~~Council~~ Board; and

10 ~~20.~~ 19. "Termination" means the termination of a participant's
11 employment as an employee of a participating employer, whether by
12 reasons of discharge, voluntary termination, retirement, death or
13 reduction-in-force.

14 SECTION 24. AMENDATORY 74 O.S. 2011, Section 1368, is
15 amended to read as follows:

16 Section 1368. ~~There is hereby created in the State Treasury a~~
17 ~~revolving fund for the Oklahoma State Employees Benefits Council to~~
18 ~~be designated the " The Benefits Council Administration Revolving~~
19 ~~Fund". The fund shall be a continuing fund, not subject to fiscal~~
20 ~~year limitations, and shall consist of all monies properly credited~~
21 ~~and paid to the Oklahoma State Employees Benefits Council other than~~
22 ~~flexible benefit dollars. Disbursements from the fund shall be~~
23 ~~limited to the direct operation of the Oklahoma State Employees~~
24 ~~Benefits Council and the Wellness Program as authorized by the~~

1 Council is hereby dissolved. Any reference in the Oklahoma Statutes
2 to the Benefits Council Administration Revolving Fund shall be
3 construed to mean the Human Capital Management Revolving Fund.
4 Assets of the Benefits Council Administration Revolving Fund are
5 hereby transferred to the Human Capital Management Revolving Fund.

6 SECTION 25. AMENDATORY 74 O.S. 2011, Section 1375, is
7 amended to read as follows:

8 Section 1375. ~~The State and Education Employees Group Insurance~~
9 ~~Board~~ Oklahoma Employees Insurance and Benefits Board of the Office
10 of Management and Enterprise Services shall make the pretax health
11 savings account authorized by the provisions of the Health Savings
12 Account Act established in Section 6060.14 of Title 36 of the
13 Oklahoma Statutes available by offering a high deductible health
14 plan to all persons who are eligible employees for purposes of any
15 health care insurance offered through or under the supervision of
16 the ~~Board~~ Office. The high deductible health plan shall be offered
17 no later than January 1, 2009. Any employee who elects to
18 participate in a high deductible health plan offered through the
19 ~~State and Education Employees Group Insurance Board~~ Office of
20 Management and Enterprise Services may establish a health savings
21 account (HSA) as defined in Section 223 of the Internal Revenue
22 Code. The Director of the Office of Management and Enterprise
23 Services shall form a working group to study the Oklahoma Employees
24 Insurance and Benefits Plan structure, including, but not limited

1 to, future recommendations for the state employee flexible benefits
2 allowance and the potential of funding on employee health savings
3 accounts. The Director shall provide a report of the working group
4 study and recommendations to the Legislature and Governor no later
5 than December 31, 2012.

6 SECTION 26. REPEALER 62 O.S. 2011, Section 695.7a, is
7 hereby repealed.

8 SECTION 27. REPEALER 74 O.S. 2011, Sections 840-1.5,
9 840-1.6A, 840-1.21, 1304, 1305, 1306, 1306.3, 1306.4, 1364 and 1365,
10 are hereby repealed.

11 Passed the House of Representatives the 8th day of March, 2012.

12
13
14 _____
15 Presiding Officer of the House of
Representatives

16 Passed the Senate the ____ day of _____, 2012.

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19 _____
20 Presiding Officer of the Senate

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