

An Act

ENROLLED HOUSE
BILL NO. 3422

By: Osburn of the House

and

Thompson of the Senate

An Act relating to state government; amending 74 O.S. 2021, Sections 840-2.17 and 840-4.6, which relate to the Oklahoma Personnel Act; modifying provisions related to administrative rules; modifying provisions related to direct reclassification; modifying provisions related to certain quarterly report; requiring study of compensation; prescribing required content of study; requiring filing of results; requiring study to be performed on recurring basis; requiring study related to human resources; providing for authority to enter into contract; providing an effective date; and declaring an emergency.

SUBJECT: State government

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

SECTION 1. AMENDATORY 74 O.S. 2021, Section 840-2.17, is amended to read as follows:

Section 840-2.17 A. Unless otherwise provided by the Oklahoma Constitution, statutory authority to set or fix compensation, pay or salary of state officers and employees shall not be construed to authorize any agency, board, commission, department, institution, bureau, executive officer or other entity of the executive branch of state government to award, grant, give, authorize, or promise any officer or employee of the State of Oklahoma a raise that is inconsistent with the compensation schedules established by the Office of Management and Enterprise Services for all state officers and employees in the executive branch pursuant to Section 840-4.6 of

this title, including, but not limited to, a cost-of-living raise or any other type of raise that would be given to state employees on an across-the-board basis, except as herein provided. Such raises are prohibited unless authorized by the Legislature and by ~~Career Service Rules for Employment~~ rules promulgated by the Director of the Office of Management and Enterprise Services. This prohibition applies to all ~~career and executive service~~ officers and employees in the executive branch of state government, excluding institutions under the administrative authority of the Oklahoma State Regents for Higher Education.

B. However, nothing in this section shall be construed to prohibit the following actions if the action is made in good faith and not for the purpose of circumventing subsection A of this section, and if the appointing authority certifies that the action can be implemented for the current fiscal year and the subsequent fiscal year without the need for additional funding to increase the personal services budget of the agency, and if the Office of Management and Enterprise Services certifies that the action is consistent with the compensation schedules established pursuant to the provisions of Section 840-4.6 of this title:

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

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

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

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

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

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

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

8. Skill-based adjustments. Such adjustments, which are implemented before November 1, 2006, other than lump-sum payments, shall become permanent after twenty-four (24) months from the date such salary adjustment is implemented and may not later be removed from an employee's base salary if a furlough or reduction-in-force is implemented by the appointing authority granting such salary adjustment. Skill-based pay adjustments, which are implemented on or after November 1, 2006, and which are paid to an employee, shall be paid as long as the employee remains employed in the position and performs the skills for which the differential is due, but shall not be included as a part of the employee's base salary;

9. Equity-based adjustments;

10. Performance-based adjustments for employees who received at least a "meets standards" rating on their most current performance rating;

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

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

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

~~D.~~ The pay movement mechanisms described in paragraphs 6 through 11 in subsection B of this section shall be implemented pursuant to rules promulgated by the Director of the Office of Management and Enterprise Services ~~for the career service.~~

~~E.~~ D. Appointing authorities may implement the pay movement mechanisms in paragraphs 6 through 12 in subsection B of this section subject to the availability of funds within the agency's budget for the current fiscal year and subsequent fiscal year without the need for additional funding to increase the personal services budget of the agency. Failure by the appointing authority to follow the provisions of this subsection may cause the withdrawal

of the use of the pay movement mechanisms provided in paragraphs 6, 7, 9, 10 and 11 of subsection B of this section within the agency during the next appropriations cycle.

~~F.~~ E. The provisions in subsection B of this section shall not apply to chief executive officers of any agency, board, commission, department or program except for paragraphs 3 and 5 of subsection B of this section.

~~G.~~ F. The Office of Management and Enterprise Services shall file a quarterly report with the Offices of the Governor, ~~President Pro Tempore of the Senate and Speaker of the Oklahoma House of Representatives,~~ and President Pro Tempore of the Oklahoma State Senate listing, by agency, all increases in wages, salaries or rates of pay and any changes to title or classification of each employee.

SECTION 2. AMENDATORY 74 O.S. 2021, Section 840-4.6, is amended to read as follows:

Section 840-4.6 A. The State of Oklahoma, to recruit, retain and motivate a quality workforce for the purpose of providing quality services to the citizens of Oklahoma, shall provide a compensation structure based on internal equity and external competitiveness balanced by the state's fiscal conditions. The state's goal shall be to provide a flexible and adaptable state employee compensation system based on the market data found in relevant public and private sector markets.

B. The Director of the Office of Management and Enterprise Services shall develop a compensation schedule for all ~~career and executive service~~ positions within the executive branch ~~pursuant to the recommendations of the 2013 State Employee Total Remuneration Study,~~ excluding institutions under the administrative authority of the Oklahoma State Regents for Higher Education. The Office may develop market-based occupational compensation structures. The compensation structures established pursuant to this section for all ~~career and executive service~~ positions shall be initially established and published by January 1, 2015, and shall thereafter be reviewed for revision annually. The provisions of this section are not subject to the provisions of Article I of the Administrative Procedures Act.

C. Beginning in fiscal year 2023, a study shall be funded to examine the overall compensation for all positions covered by the Office of Management and Enterprise Services under the Civil Service

and Human Capital Management Act. The study shall include an analysis of the overall state workforce and make recommendations for any increase or decrease in specific areas of the workforce. The study shall be completed and the findings submitted to the Offices of the Governor, the Speaker of the Oklahoma House of Representatives, and the President Pro Tempore of the Oklahoma State Senate by December 31, 2022. The study shall be funded and performed every four (4) years thereafter.

D. Beginning in fiscal year 2023, a study shall be funded to examine the overall human resources functions throughout the state. The study shall include an analysis of how the statewide human resources functions can be consolidated and recommendations on how to consolidate such functions.

E. Nothing in this section shall prohibit the state from contracting for the studies set forth in subsections C and D of this section with one vendor or under one contract.

SECTION 3. This act shall become effective July 1, 2022.

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

Passed the House of Representatives the 9th day of May, 2022.

Presiding Officer of the House
of Representatives

Passed the Senate the 20th day of April, 2022.

Presiding Officer of the Senate

OFFICE OF THE GOVERNOR

Received by the Office of the Governor this _____

day of _____, 20_____, at _____ o'clock _____ M.

By: _____

Approved by the Governor of the State of Oklahoma this _____

day of _____, 20_____, at _____ o'clock _____ M.

Governor of the State of Oklahoma

OFFICE OF THE SECRETARY OF STATE

Received by the Office of the Secretary of State this _____

day of _____, 20_____, at _____ o'clock _____ M.

By: _____