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April 12, 2023

ENGROSSED HOUSE
BILL NO. 1798

By: Osburn, Menz, and Deck of
the House

and

Thompson (Roger) of the
Senate

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[ state government - Oklahoma Personnel Act - pay
structures - studies of compensation - adjustment
percentage cap - effective date ]
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~~BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:~~

SECTION 1. AMENDATORY 74 O.S. 2021, Section 840-2.15A,
is amended to read as follows:

Section 840-2.15A There is hereby established the "State Employee Compensation Program" within the executive branch. The State Employee Compensation Program will attract, retain and reward quality employees with competitive total compensation based on relevant labor markets. The Office of Management and Enterprise Services will be responsible for coordinating the implementation of the compensation program. The compensation program will establish pay structures ~~with a goal of compensating~~ which compensate state employees at a level of at least a ninety percent (90%) of

1 compensation for comparable private sector positions. This shall be
2 done by a gradual increase over the following fiscal years:

3 1. Eighty-five percent (85%) for the fiscal year beginning July
4 1, 2024;

5 2. Eighty-seven percent (87%) for the fiscal year beginning
6 July 1, 2025; and

7 3. Ninety percent (90%) for the fiscal year beginning July 1,
8 2026.

9 Upon reaching the ninety-percent threshold, the Office of
10 Management and Enterprise Services shall maintain the compensation
11 levels at such a percentage based upon the fiscal year 2023 Market-
12 Based Pay Study and subsequent pay studies funded and performed
13 every four (4) years thereafter. These studies shall be funded to
14 examine the overall compensation for all positions covered by the
15 Office of Management and Enterprise Services under the Civil Service
16 and Human Capital Management Act. The studies shall include an
17 analysis of the overall state workforce and recommendations for any
18 increase or decrease in specific areas of the workforce. The
19 studies shall be completed, and the findings submitted to the
20 Offices of the Governor, the Speaker of the Oklahoma House of
21 Representatives, and the President Pro Tempore of the Oklahoma State
22 Senate, by December 31 of each required year.

23 The compensation program will reinforce a productive work
24 climate and culture of accountability and make the State of Oklahoma

1 an employer of choice. Pay structures will be implemented with
2 fairness and equity throughout the executive branch. Pay delivery
3 mechanisms will be based on a combination of establishing and
4 maintaining relativity to market, achievement of performance
5 objectives, recognition of differences in job content, acquisition
6 and application of further skill and education. The Legislature
7 will be accountable for the funding of the pay structures
8 established pursuant to the compensation program.

9 SECTION 2. AMENDATORY 74 O.S. 2021, Section 840-2.17, as
10 amended by Section 1, Chapter 244, O.S.L. 2022 (74 O.S. Supp. 2022,
11 Section 840-2.17), is amended to read as follows:

12 Section 840-2.17 A. Unless otherwise provided by the Oklahoma
13 Constitution, statutory authority to set or fix compensation, pay or
14 salary of state officers and employees shall not be construed to
15 authorize any agency, board, commission, department, institution,
16 bureau, executive officer or other entity of the executive branch of
17 state government to award, grant, give, authorize, or promise any
18 officer or employee of the State of Oklahoma a raise that is
19 inconsistent with the compensation schedules established by the
20 Office of Management and Enterprise Services for all state officers
21 and employees in the executive branch pursuant to Section 840-4.6 of
22 this title, including, but not limited to, a cost-of-living raise or
23 any other type of raise that would be given to state employees on an
24 across-the-board basis, except as herein provided. Such raises are

1 prohibited unless authorized by the Legislature and by rules
2 promulgated by the Director of the Office of Management and
3 Enterprise Services. This prohibition applies to all officers and
4 employees in the executive branch of state government, excluding
5 institutions under the administrative authority of the Oklahoma
6 State Regents for Higher Education.

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

17 1. Salary advancements on promotion to a job family level or
18 class with a higher salary band;

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

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

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

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

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

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

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

21 9. Equity-based adjustments;

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

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

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

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

13 D. Appointing authorities may implement the pay movement
14 mechanisms in paragraphs 6 through 12 ~~in~~ of subsection B of this
15 section subject to the availability of funds within the agency's
16 budget for the current fiscal year and subsequent fiscal year
17 without the need for additional funding to increase the personal
18 services budget of the agency. Failure by the appointing authority
19 to follow the provisions of this subsection may cause the withdrawal
20 of the use of the pay movement mechanisms provided in paragraphs 6,
21 7, 9, 10 and 11 of subsection B of this section within the agency
22 during the next appropriations cycle.

23 E. The provisions ~~in~~ of subsection B of this section shall not
24 apply to chief executive officers of any agency, board, commission,

1 department or program except for paragraphs 3 and 5 of subsection B
2 of this section.

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

9 SECTION 3. This act shall become effective November 1, 2023.

10 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS
11 April 12, 2023 - DO PASS
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