SENATE FLOOR VERSION
February 22, 2024

COMMITTEE SUBSTITUTE
FOR
SENATE BILL NO. 1856 By: Stewart of the Senate

and

Osburn of the House

An Act relating to the Oklahoma Personnel Act; amending 74 O.S. 2021, Section 840-2.27C, as amended by Section 20, Chapter 243, O.S.L. 2022 (74 O.S. Supp. 2023, Section 840-2.27C), which relates to reduction-in-force plan; allowing for certain factors to be considered; amending 74 O.S. 2021, Section 840-2.27D, as amended by Section 21, Chapter 243, O.S.L. 2022 (74 O.S. Supp. 2023, Section 840-2.27D), which relates to severance benefits; updating statutory language; repealing 74 O.S. 2021, Sections 840-2.28, 840-2.28A, and 840-2.28B, which relate to voluntary buyout benefits; and providing an effective date.

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

SECTION 1. AMENDATORY 74 O.S. 2021, Section 840-2.27C, as amended by Section 20, Chapter 243, O.S.L. 2022 (74 O.S. Supp. 2023, Section 840-2.27C), is amended to read as follows:

Section 840-2.27C. A. At least thirty (30) days before the scheduled beginning of reduction-in-force separations or as otherwise provided by law, the appointing authority shall post in each office of executive branch agencies affected by the proposed reduction-in-force notice that a reduction-in-force will be conducted. The reduction-in-force implementation plan shall be provided to the Director of the Office of Management and Enterprise Services and any state employee association representing state employees at such time. The notice shall not be posted unless approved by the cabinet secretary for the agency conducting the reduction-in-force. If there is no incumbent cabinet secretary for the agency, the cabinet-secretary-notice-approval requirement shall not be applicable. If the appointing authority is governed by an elected official, the cabinet-secretary-notice-approval requirement shall not be applicable. The approved notice shall be posted in each office affected by the proposed plan for five (5) days. The appointing authority shall provide a copy of the notice to the Administrator. A reduction-in-force shall not be used as a disciplinary action<u>; provided, that a low job performance evaluation may be a factor considered by the appointing authority during a reduction-in-force</u>.

B. The reduction-in-force implementation plan shall:

1. Provide for the appointing authority to determine the specific position or positions to be abolished within specified units, divisions, facilities, agency-wide or any parts thereof; and

2. Provide outplacement assistance and employment counseling from the Oklahoma Employment Security Commission and any other outplacement assistance and employment counseling made available by

the agency to affected employees regarding the options available pursuant to the State Government Reduction-in-Force and Severance Benefits Act prior to the date that a reduction-in-force is implemented.

C. The Director of the Office of Management and Enterprise Services shall review the fiscal components of the reduction-in-force implementation plan and within five (5) business days of receipt reject any plan that does not:

1. Demonstrate that funds are available to cover projected costs; and

2. Contain an estimate of the cost savings or reduced expenditures likely to be achieved by the agency.

If the reduction-in-force is conducted pursuant to a reorganization, the fiscal components of the reduction-in-force implementation plan shall contain reasons for the reorganization, which may include, but not be limited to, increased efficiency, improved service delivery, or enhanced quality of service.

D. When the Legislature is not in session, the Contingency Review Board may, upon the request of the Governor, direct agencies, boards and commissions to reduce the number of employees working for the agency, board or commission whenever it is deemed necessary and proper. Such reduction shall be made pursuant to reduction-in-force plans as provided in this section.

E. 1. When the Legislature is not in session, the Contingency Review Board may, upon the request of the Governor, direct and require mandatory furloughs for all state employees whenever it is deemed necessary and proper. The Contingency Review Board shall specify the effective dates for furloughs and shall note any exceptions to state employees affected by <u>the</u> same. All employees, including those employees of agencies or offices established by statute or the Constitution, shall be affected by such actions.

2. Mandatory furlough means the involuntary temporary reduction of work hours or the placement of an employee on involuntary leave without pay. Rules governing leave, longevity pay and participation in the State Employees Group Health, Dental, Disability, and Life Insurance program shall not be affected by mandatory furloughs. Furlough, as provided for in this section or by rules adopted by the Director of the Office of Management and Enterprise Services, shall not be appealable under the provisions of this act.

3. Notwithstanding existing laws or provisions to the contrary, members of state boards and commissions shall not receive per diem expenses during periods of mandatory furlough. The Contingency Review Board shall additionally call upon elected officials, members of the judiciary, and other public officers whose salary or emoluments cannot be altered during current terms of office, to voluntarily donate to the General Revenue Fund any portion of their

salary which would otherwise have been affected by a mandatory furlough.

F. All agencies directed by the Contingency Review Board to terminate or furlough employees, shall report the cumulative cost savings achieved by the reductions-in-force or furloughs to the Governor, President Pro Tempore of the Senate and Speaker of the House of Representatives on a quarterly basis for one (1) year following the effective date of the action.

G. The appointing authority of an agency which has an approved reduction-in-force plan pursuant to the State Government Reduction-in-Force and Severance Benefits Act may request the Director of the Office of Management and Enterprise Services to appoint an interagency advisory task force for the purpose of assisting the agency and its employees with the implementation of the reduction-in-force. The appointing authority of state agencies requested by the Administrator to participate on a task force shall assign appropriate administrative personnel necessary to facilitate the necessary assistance required for the efficient implementation of the approved reduction-in-force.

SECTION 2. AMENDATORY 74 O.S. 2021, Section 840-2.27D, as amended by Section 21, Chapter 243, O.S.L. 2022 (74 O.S. Supp. 2023, Section 840-2.27D), is amended to read as follows:

Section 840-2.27D. A. Agencies shall provide severance benefits to affected state employees who are separated from the state service as a result of a reduction-in-force due to a reorganization or any other action by an agency which results in affected positions being abolished and affected employees being severed from the state service. Severance benefits shall be given to permanent affected employees; provided, however, affected employees of the University Hospitals Authority must have been continuously employed in the state service since, on, or before January 1, 1995, to receive severance benefits. Affected employees who qualify for severance benefits pursuant to this section, in addition to the payment of any compensable accrued leave or other benefits an affected employee is eligible to receive upon separation from the state service, shall receive severance benefits consisting of the following elements:

1. All agency severance benefits shall provide the following:

   a. payment equal to the affected employee's current health insurance premium for the affected employee only for eighteen (18) months based on the cost of the premium at the time of the reduction-in-force. The appointing authority of the agency can ask the Director of the Office of Management and Enterprise Services to waive the severance benefit provision in this subparagraph or to reduce the length of coverage or subsequent severance benefit payment upon demonstration of the agency's inability to fund the full benefit,

b. a longevity payment, as prescribed by Section 840-2.18 of this title, in the amount which would otherwise be paid to the affected employee on the affected employee's next anniversary date, and

c. outplacement assistance and employment counseling prior to and after the reduction-in-force from the Oklahoma Employment Security Commission and other state or private entities that the entity may contract with to assist individuals who may be impacted by a reduction-in-force;

2. In addition to the severance benefits provided by paragraph 1 of this subsection, agencies shall give affected employees severance benefit packages based on the following options; provided that all affected employees are accorded uniform treatment:

a. up to one (1) week of pay, calculated by dividing the affected employee's current annual salary by the whole number fifty-two (52), for each year of service,

b. a lump-sum payment of Five Thousand Dollars ($5,000.00), or

c. payment for accumulated sick leave or extended illness benefits at up to one-half (1/2) of the affected employee's hourly rate not otherwise used pursuant to law for conversion to credited retirement credit; and

3. Agencies shall also be allowed to provide the severance benefits to separating employees not subject to the Civil Service and Human Capital Modernization Act and rules promulgated thereunder ~~and~~ or whose position is not subject to an imminent reduction-in-force in exchange for executing a release of all claims against the agency and ~~the State of Oklahoma~~ this state as required by Section 840-2.27E of this title.

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

SECTION 3. REPEALER 74 O.S. 2021, Sections 840-2.28, 840-2.28A, and 840-2.28B, are hereby repealed.

SECTION 4. This act shall become effective November 1, 2024.

COMMITTEE REPORT BY: COMMITTEE ON GENERAL GOVERNMENT
February 22, 2024 - DO PASS AS AMENDED BY CS