

1 **State of Arkansas**
2 **80th General Assembly**
3 **Regular Session, 1995**
4 **By: Joint Budget Committee**

A Bill

ACT 992 OF 1995
HOUSE BILL 2056

For An Act To Be Entitled

"AN ACT TO AMEND THE AUTHORIZED COMPENSATION PLAN AND TO
PROVIDE FOR THE MAXIMUM ANNUAL SALARIES FOR STATE
EMPLOYEES; AND FOR OTHER PURPOSES."

Subtitle

"AN ACT TO AMEND THE COMPENSATION PLAN."

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. Arkansas Code §21-5-209(e) is amended to read as follows:

"(e) (1) The following grades and pay levels shall be the authorized compensation plan, effective July 1, 1995, for the state service for all positions of agencies and institutions covered by this subchapter to which a classification title and salary grade have been assigned, in accordance with this subchapter and the appropriation act of the agency or institution:

GRADE	LEVEL I	LEVEL II	LEVEL III	LEVEL IV
1	8,840	9,542	9,542	9,542
2	9,515	11,814	14,059	17,758
3	9,729	12,054	14,326	18,122
4	9,916	12,295	14,620	18,512
5	10,103	12,535	14,914	18,824
6	10,290	12,776	15,208	19,240
7	10,504	13,043	15,529	19,604
8	10,718	13,311	15,823	20,020
9	11,119	13,792	16,411	20,722
10	11,841	14,700	17,480	22,074
11	12,616	15,636	18,603	23,530
12	13,417	16,652	19,832	25,064
13	14,299	17,747	21,115	26,702

1	14	15,235	18,897	22,478	28,444
2	15	16,224	20,126	23,948	30,264
3	16	17,293	21,436	25,499	32,266
4	17	18,255	22,826	27,156	34,346
5	18	19,592	24,296	28,920	36,582
6	19	20,901	25,899	30,817	38,974
7	20	22,238	27,583	32,822	41,548
8	21	23,708	29,374	34,933	44,278
9	22	25,231	31,272	37,205	47,060
10	23	26,862	33,303	39,638	50,128
11	24	28,626	35,468	42,204	53,378
12	25	30,470	37,767	44,956	56,836
13	26	32,448	40,226	47,870	60,554

14 (2) The following grades and pay levels shall be the authorized
15 compensation plan, effective July 1, 1996, for the state service for all
16 positions of agencies and institutions covered by this subchapter to which a
17 classification title and salary grade have been assigned, in accordance with
18 this subchapter and the appropriation act of the agency or institution:

19	GRADE	LEVEL I	LEVEL II	LEVEL III	LEVEL IV
20	1	8,840	9,809	9,809	9,809
21	2	9,782	12,145	14,453	17,758
22	3	10,001	12,392	14,727	18,122
23	4	10,194	12,639	15,030	18,512
24	5	10,386	12,886	15,332	18,824
25	6	10,578	13,134	15,634	19,240
26	7	10,798	13,408	15,964	19,604
27	8	11,018	13,683	16,266	20,020
28	9	11,430	14,178	16,870	20,722
29	10	12,172	15,112	17,970	22,074
30	11	12,969	16,074	19,124	23,530
31	12	13,793	17,118	20,387	25,064
32	13	14,700	18,244	21,706	26,702
33	14	15,662	19,426	23,108	28,444
34	15	16,678	20,690	24,619	30,264
35	16	17,777	22,036	26,212	32,266

1	17	18,766	23,465	27,916	34,346
2	18	20,140	24,976	29,729	36,582
3	19	21,487	26,625	31,680	38,974
4	20	22,860	28,356	33,741	41,548
5	21	24,372	30,197	35,912	44,278
6	22	25,938	32,147	38,247	47,060
7	23	27,614	34,236	40,747	50,128
8	24	29,427	36,461	43,385	53,378
9	25	31,323	38,824	46,215	56,836
10	26	33,356	41,352	49,210	60,554"

11

12 SECTION 2. Arkansas Code §21-5-211(b) (1) (A) is amended to read as
13 follows:

14 "(A) (i) (a) The maximum rate of compensation for which an employee shall
15 be eligible on July 1, 1995 shall be determined by increasing the employee's
16 June 30, 1995 salary by two and eight-tenths percent (2.8%). Employees whose
17 salaries fall below Pay Level I for the grade assigned to their classification
18 may be adjusted to the entry level. All other employees shall be adjusted to
19 the appropriate pay level for the grade assigned to their classification but
20 may not exceed the maximum rate provided for that grade unless otherwise
21 provided for by this section. Salary adjustments provided for in this section
22 shall be made for all employees covered by the provisions of this subchapter
23 prior to all other salary adjustments.

24 (b) The maximum rate of compensation for which an employee shall be
25 eligible on July 1, 1996 shall be determined by increasing the employee's June
26 30, 1996 salary by two and eight-tenths percent (2.8%). Employees whose
27 salary falls below Pay Level I for the grade assigned to their classification
28 may be adjusted to the entry level. All other employees shall be adjusted to
29 the appropriate pay level for the grade assigned to their classification, but
30 may not exceed the maximum rate provided for that grade unless otherwise
31 provided for by this section. Salary adjustments provided for in this section
32 shall be made for all employees covered by the provisions of this subchapter
33 prior to all other salary adjustments.

34 (ii) When an employee is demoted for cause or voluntarily solicits a
35 demotion, his or her rate of pay shall be fixed in the lower-graded position

1 at a rate equal to six percent (6%) less than the employee's rate of pay at
2 the time of demotion for demotions of one (1) grade and a maximum of eight
3 percent (8%) less than the employee's rate of pay at the time of demotion for
4 demotions of two (2) or more grades.

5 (iii) Employees covered by the provisions of this subchapter shall be
6 eligible, during the 1995-97 biennium, for an additional two percent (2%)
7 salary increase, provided that the Chief Fiscal Officer of the State
8 determines that sufficient general revenues become available. Such increases
9 shall be awarded as a lump sum payment, and such payment shall not be
10 construed as exceeding the maximum salary.

11 (iv) Employees compensated at a Pay Level IV amount shall be eligible
12 to receive the two and eight-tenths percent (2.8%) salary increases authorized
13 in this section on July 1, 1995 and July 1, 1996 as lump sum payments, and
14 such payments shall not be construed as exceeding the maximum salary.

15 (v) Any across-the-board or merit-based lump sum payments received by
16 employees during the 1995-96 fiscal year shall be added to the employee's base
17 maximum annual salary as of June 30, 1996 prior to determining the employee's
18 1996-97 maximum annual salary eligibility as provided for in this section.

19 (vi) The across-the-board salary increases and merit-based increases
20 authorized herein which are awarded as lump sum payments shall be considered
21 as salary for the purposes of retirement eligibility."
22

23 SECTION 3. Arkansas Code §21-5-211(b) (5) is amended to read as follows:

24 "(5) (A) Employees who are rated under the approved evaluation system
25 shall be eligible for merit increases over and above their rate of pay at the
26 time of evaluation. Employees of constitutional agencies, boards and
27 commissions occupying positions comparable to those authorized in the Uniform
28 Classification and Compensation Act, as determined by the chief administrative
29 officer and reported to the Arkansas Legislative Council, shall also be
30 eligible for merit increases as specified in this Act; but in no event shall
31 the amount of merit increase granted when combined with the employee's salary
32 exceed the amount set by law as the Maximum Annual Salary Rate for the then
33 current fiscal year for the position.

34 (i) 'Satisfactory,' as used in this section, shall mean an overall
35 rating which demonstrates performance of the duties and responsibilities

1 expected of the employee in the position at or above job requirements.

2 (ii) 'Exceeds Standards,' as used in this section, shall mean an overall
3 rating which demonstrates performance of the duties and responsibilities of
4 the employee in the position at a level exceeding that of a satisfactory
5 rating.

6 (iii) 'Exceptional,' as used in this section, shall mean an overall
7 rating which demonstrates performance of the duties and responsibilities
8 expected of the employee in the position at a level significantly exceeding
9 that of a satisfactory rating.

10 (B) Employees shall be eligible for merit increases of zero percent (0%)
11 to five and one-half percent (5.5%) when their overall performance evaluation
12 'Exceeds Standards' or is 'Exceptional.'

13 (C) In no event shall the merit increase awarded to an employee exceed
14 five and one-half percent (5.5%) of the employees's maximum annual salary
15 within his assigned grade at the time of evaluation. No agency, institution,
16 constitutional officer, board or commission shall expend more than one and
17 one-half percent (1.5%) of their total regular salary appropriation for merit
18 increases in any fiscal year. The Department of Finance and Administration
19 shall oversee the merit raises maximum for each agency or institution and will
20 monitor the distribution of the merit funds between the units of each agency
21 or institution to insure compliance with the legislative intent of fair and
22 equitable merit increases.

23 (D) It is further intended by the General Assembly that:

24 (i) Agencies or institutions which have an operational performance
25 evaluation system in place on June 30, 1995 may, after receiving the approval
26 of the Office of Personnel Management, continue to use that system for the
27 purpose of complying with the provisions of this section;

28 (ii) No employee shall receive more than one (1) merit-based salary
29 increase within any twelve-month period;

30 (iii) Employees being compensated at the maximum of their assigned grade
31 shall be eligible for merit-based salary increases awarded as a lump sum
32 payment, and such payment shall not be construed as exceeding the maximum
33 salary;

34 (iv) Part-time, seasonal, extra-help employees shall be excluded from
35 the provisions of this section;

1 (v) Management or supervisory personnel who fail to complete an annual
2 rating of all employees under their administrative control shall not be
3 eligible for merit-based salary increases. The Office of Personnel Management
4 of the Department of Finance and Administration is hereby authorized to review
5 the performance evaluation rating process in each agency and institution of
6 higher education. The Office of Personnel Management may require additional
7 rater training or other necessary adjustments to ensure uniformity and
8 consistency in the agency's or institution's rating process. Agencies or
9 institutions failing to comply with the performance evaluation guidelines
10 issued by the Office of Personnel Management may be prohibited from awarding
11 merit increases by the Chief Fiscal Officer of the State and shall be reported
12 to the Arkansas Legislative Council. Agency or institution raters and the
13 agency or institution head shall appear before the Arkansas Legislative
14 Council to explain questionable ratings identified by the Office of Personnel
15 Management. The Office of Personnel Management shall provide periodic reports
16 to the Arkansas Legislative Council regarding the administration of the merit-
17 based pay system.

18 (E) Any proposed changes to the Performance Based Employee Evaluation
19 System referenced in this section may be approved by the Office of Personnel
20 Management of the Department of Finance and Administration after their seeking
21 the review of the Arkansas Legislative Council."
22

23 SECTION 4. Arkansas Code §21-5-214 is amended to read as follows:

24 "New appointments to positions in a state agency or institution of
25 higher education covered by this subchapter shall not be at greater than Pay
26 Level I unless a special rate is requested and approved as follows:

27 (1) (A) State agencies or institutions of higher education may request
28 special rates of compensation for either current or prospective employees
29 within the agency or institution under the following conditions:

30 (i) Where prevailing market rates of compensation for a specific
31 classification title are such that the agency or institution is unable to
32 competitively recruit at the entry level for the salary grade assigned to that
33 classification;

34 (ii) Where an acute shortage of qualified applicants for a specific
35 classification exists;

1 (iii) Where the agency or institution desires to obtain the services of
2 an exceptionally well-qualified applicant for a specific classification; or
3 (iv) To meet any requirements of the federal Fair Labor Standards Act.
4

5 (B) State agencies or institutions of higher education may hire new
6 employees up to a pay level equal to fifty percent (50%) of the range between
7 Pay Level II and Pay Level III of the appropriate grade with the written
8 approval of the Chief Fiscal Officer of the State, or above that level only
9 with the approval of the Chief Fiscal Officer of the State after review by the
10 Arkansas Legislative Council for new appointments where qualified applicants
11 cannot be obtained at Pay Level I of the assigned grade. No special rates of
12 compensation shall be approved under the provisions of this section unless the
13 classification is properly reviewed and approved as a 'market rate
14 classification' and listed on a register of such classifications to be
15 maintained by the Office of Personnel Management. The Office of Personnel
16 Management shall file a report of all such classifications with the Arkansas
17 Legislative Council within the month following such approval.

18 (C) In all instances where a special rate of compensation has been
19 approved for a specific classification due to prevailing market rates of
20 compensation or an acute shortage of qualified applicants, current employees
21 within the state agency or institution allocated the affected classification
22 shall not be adjusted to that new rate by the agency or institution until it
23 has received approval to do so, where justified, by the Office of Personnel
24 Management after seeking the review of the Arkansas Legislative Council.
25 Agency or institution requests for special rates of compensation due to
26 prevailing market rates or an acute shortage of qualified applicants for a
27 specific classification may be approved up to the maximum annual rate
28 authorized for the grade assigned to a classification;

29 (2)(A) State agencies or institutions may hire a new employee up to a
30 pay level equal to fifty percent (50%) of the range between Pay Level II and
31 Pay Level III of the appropriate pay grade with the written approval of the
32 Chief Fiscal Officer of the State and up to Pay Level IV with the approval of
33 the Chief Fiscal Officer of the State after review by the Arkansas Legislative
34 Council, provided that this provision is intended to be used exclusively for
35 the hiring of the exceptionally well-qualified employee whose background and

1 experience qualifies the applicant to perform the job with very little or
2 substantially less orientation and training than would be the case for a
3 qualified applicant.

4 (B) Requests by state agencies or institutions for special rates of
5 compensation based on an exceptional level of qualifications held by a
6 prospective employee may be approved only after the agency or institution has
7 met the following conditions:

8 (i) That it has documented to the satisfaction of the Chief Fiscal
9 Officer of the State that no current employee of the affected agency or
10 institution could have been considered for promotion as an equivalent
11 alternative to the exceptionally well-qualified applicant. The Chief Fiscal
12 Officer shall, upon request, supply any documentation to the Arkansas
13 Legislative Council;

14 (ii) That the prospective employee possesses a level of experience or
15 educational credentials that would permit him to perform the duties and
16 responsibilities of the position for which the special rate is being requested
17 with significantly less training and orientation than all other qualified
18 applicants.

19 (C) The hiring of a new employee under subdivision (2) of this section
20 shall not affect the salary level or salary eligibility of any existing
21 employee within the agency or institution.

22 (D) The provisions of this section shall apply to both current and
23 prospective state employees;

24 (3) In all instances where approval has been granted to a requesting
25 agency or institution for special rates of compensation in accordance with the
26 provisions of this section, the Chief Fiscal Officer of the State shall report
27 all approvals monthly to the Arkansas Legislative Council;

28 (4) (A) There shall be established a pool of two hundred (200) positions
29 at grade 26 assigned to the Office of Personnel Management to be used to
30 reclassify positions in state agencies and institutions, when justified, to
31 the proper classification and grade when the agency or institution does not
32 have a vacant position available with the appropriate classification and
33 grade.

34 (B) To obtain a position from the pool, an agency or institution must
35 surrender to the pool the position being reclassified.

1 (C) The Office of Personnel Management shall review all requests and
2 may grant approval of the reclassification after seeking the review of the
3 Arkansas Legislative Council;

4 (5) An employee's anniversary date may be changed on approval of the
5 Office of Personnel Management with the review of the Arkansas Legislative
6 Council in the event that an inequity is created due to the implementation
7 procedures of this subchapter."

8

9 SECTION 5.

10 (a) The maximum annual salary rates for the 1995-97 biennium as set out
11 in dollars by law enacted by the Eightieth General Assembly for departments,
12 boards, commissions, institutions of higher education and state agencies,
13 including constitutional offices and departments, may be increased by an
14 amount not to exceed the amount required to increase the maximum annual salary
15 for the position for the immediately previous fiscal year by two and eight-
16 tenths percent (2.8%). The resulting salary shall represent the maximum
17 annual salary rate for the 1995-97 biennium.

18 (b) The maximum annual salary rates for the 1995-97 biennium as set out
19 in dollars by law enacted by the Eightieth General Assembly for all
20 departments, boards, commissions, institutions of higher education and state
21 agencies may be increased by an additional amount of not to exceed two percent
22 (2%), provided that the Chief Fiscal Officer of the State determines that
23 sufficient general revenues become available. The resulting salary shall
24 represent the maximum annual salary rates for the 1995-97 biennium, and such
25 increases may be awarded as a lump sum payment.

26

27 SECTION 6. CODE. All provisions of this Act of a general and permanent
28 nature are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas
29 Code Revision Commission shall incorporate the same in the Code.

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31 SECTION 7. SEVERABILITY. If any provision of this Act or the
32 application thereof to any person or circumstance is held invalid, such
33 invalidity shall not affect other provisions or applications of the Act which
34 can be given effect without the invalid provision or application, and to this
35 end the provisions of this Act are declared to be severable.

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SECTION 8. GENERAL REPEALER. All laws and parts of laws in conflict with this Act are hereby repealed.

SECTION 9. EMERGENCY CLAUSE. It is hereby found and determined by the Eightieth General Assembly of the State of Arkansas meeting in Regular Session, that it is essential to adopt a revised Uniform Compensation Plan for state agencies and institutions of higher education; that the revisions must begin at the beginning of the new biennium; and that these changes are essential for the continued functioning of state agencies and institutions of higher education. Therefore, an emergency is hereby declared to exist, and this Act being necessary for the immediate preservation of the public peace, health, and safety shall be in full force and effect from and after July 1, 1995.

/s/Rep. E. Thicksten

APPROVED: 4-6-95

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