

Stricken language would be deleted from present law. Underlined language would be added to present law.

1 State of Arkansas  
2 81st General Assembly  
3 Regular Session, 1997  
4

# A Bill

ACT 532 OF 1997  
SENATE BILL 604

5 By: Joint Budget Committee  
6  
7

## For An Act To Be Entitled

9 "AN ACT TO AMEND THE UNIFORM CLASSIFICATION AND  
10 COMPENSATION ACT OF ARKANSAS IN ORDER TO IMPLEMENT CHANGES  
11 IN THE SALARIES MADE AVAILABLE TO STATE EMPLOYEES; AND FOR  
12 OTHER PURPOSES."  
13

## Subtitle

14 "AMENDMENTS TO IMPLEMENT CHANGES IN THE  
15 STATE COMPENSATION PLAN."  
16  
17

18 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
19

20 SECTION 1. Arkansas Code §21-5-209 is hereby amended to change the  
21 salary amounts assigned to the various grade levels to read as follows:

22 " (a) There is established for state agencies and institutions covered by  
23 the provisions of this subchapter a compensation plan for the setting of  
24 salaries and salary increases, where deserved, of all employees serving in  
25 positions covered by this subchapter.

26 (b) No employee shall be paid at a rate of pay higher than the  
27 appropriate rate in the grade assigned to his class, and no employee shall be  
28 paid more than the maximum for his grade, provided that employees presently  
29 employed in a position who are being paid at a rate in excess of the maximum  
30 for their assigned grade may continue to receive their rate of pay.

31 (c) It is the specific intent of the General Assembly to authorize, in  
32 the enactment of this compensation plan, maximum rates of pay for each of the  
33 appropriate grades assigned to a class, but it is not the intent that any pay  
34 increases shall be automatic or that any employee shall have a claim or a  
35 right thereto unless the department head of the agency or the institution  
36 shall determine that the employee, by experience, ability, and work

1 performance, has earned the increase in pay authorized for the appropriate  
 2 rate.

3 (d) The required time in each pay level for an employee to be eligible  
 4 for a salary increase is twelve (12) months.

5 (e)(1) The following grades and pay levels shall be the authorized  
 6 compensation plan, effective July 1, 1997, for the state service for all  
 7 positions of agencies and institutions covered by this subchapter to which a  
 8 classification title and salary grade have been assigned, in accordance with  
 9 this subchapter and the appropriation act of the agency or institution:

10	Grade	Level I	Level II	Level III	Level IV
11	1	9,880	9,880	9,880	10,712
12	2	9,880	12,485	14,858	18,620
13	3	10,712	12,739	15,139	19,002
14	4	10,712	12,993	15,451	19,411
15	5	10,712	13,247	15,761	19,738
16	6	10,874	13,502	16,072	20,174
17	7	11,100	13,783	16,411	20,556
18	8	11,327	14,066	16,721	20,992
19	9	11,750	14,575	17,342	21,728
20	10	12,513	15,535	18,473	23,146
21	11	13,332	16,524	19,659	24,673
22	12	14,179	17,597	20,958	26,281
23	13	15,112	18,755	22,314	27,999
24	14	16,101	19,970	23,755	29,825
25	15	17,145	21,269	25,308	31,734
26	16	18,275	22,653	26,946	33,833
27	17	19,291	24,122	28,698	36,014
28	18	20,704	25,675	30,561	38,358
29	19	22,089	27,371	32,567	40,867
30	20	23,500	29,150	34,686	43,566
31	21	25,054	31,043	36,918	46,428
32	22	26,664	33,047	39,318	49,345
33	23	28,387	35,195	41,888	52,562
34	24	30,251	37,482	44,600	55,970
35	25	32,200	39,911	47,509	59,596
36	26	34,290	42,510	50,588	63,495

1

2 (2) The following grades and pay levels shall be the authorized  
 3 compensation plan, effective July 1, 1998 and thereafter, for the state  
 4 service for all positions of agencies and institutions covered by this  
 5 subchapter to which a classification title and salary grade have been  
 6 assigned, in accordance with this subchapter and the appropriation act of the  
 7 agency or institution:

8	Grade	Level I	Level II	Level III	Level IV
9	1	10,712	10,712	10,712	10,712
10	2	10,712	12,885	15,333	19,601
11	3	11,055	13,147	15,624	20,002
12	4	11,055	13,409	15,945	20,433
13	5	11,055	13,671	16,266	20,777
14	6	11,222	13,934	16,586	21,236
15	7	11,456	14,224	16,936	21,638
16	8	11,689	14,516	17,257	22,097
17	9	12,126	15,041	17,897	22,872
18	10	12,913	16,032	19,064	24,364
19	11	13,759	17,053	20,289	25,971
20	12	14,633	18,160	21,628	27,665
21	13	15,595	19,355	23,028	29,472
22	14	16,616	20,609	24,515	31,395
23	15	17,694	21,950	26,118	33,404
24	16	18,860	23,378	27,808	35,614
25	17	19,909	24,894	29,616	37,910
26	18	21,366	26,497	31,539	40,378
27	19	22,795	28,246	33,609	43,018
28	20	24,252	30,083	35,796	45,859
29	21	25,856	32,036	38,099	48,872
30	22	27,518	34,105	40,576	51,943
31	23	29,296	36,321	43,228	55,329
32	24	31,219	38,681	46,027	58,916
33	25	33,230	41,188	49,029	62,733
34	26	35,387	43,870	52,207	66,837

35 ~~(f)(1) All salary increases for the employees occupying positions covered~~  
 36 ~~under the provisions of this subchapter shall be based solely upon the results~~

1 ~~of a Performance-Based Employee Evaluation System which has been implemented~~  
 2 ~~by the Office of Personnel Management of the Department of Finance and~~  
 3 ~~Administration or a similar system approved by the Office of Personnel~~  
 4 ~~Management with the review of the Legislative Council for use in a limited~~  
 5 ~~number of agencies, in accordance with the provisions and standards as may be~~  
 6 ~~set by law for the system.~~

7 ~~— (2) However, the Office of Personnel Management shall first seek the~~  
 8 ~~review of the Legislative Council before implementing the provisions of any~~  
 9 ~~Performance-Based Employee Evaluation System.~~

10

11 ~~(g)-(f)~~ It is the intent of the General Assembly that the compensation  
 12 plan provided for in subsections (a) through ~~(f)~~(e) of this section shall be  
 13 implemented and function in compliance with the Regular Salary Procedures and  
 14 Restrictions Act, §21-5-101 et seq., other provisions in the Uniform  
 15 Classification and Compensation Act, §21-5-201 et seq., and other fiscal  
 16 control laws of this state, where applicable."

17

18 SECTION 2. Arkansas Code 21-5-211 is hereby amended to read as follows:

19 "(a) The Office of Personnel Management shall have administrative  
 20 responsibility for enforcing compliance by state agencies and institutions  
 21 affected by this subchapter in implementing classification grade changes.

22 (b) Subject to funds and appropriations being provided, the following  
 23 implementation procedures shall apply to state agencies and institutions  
 24 covered by the provisions of this subchapter, commencing on July 1, of each  
 25 fiscal year:

26 (1) The maximum annual salary rate for which an employee covered by the  
 27 provisions of this subchapter shall be eligible for each year of the biennium  
 28 shall be determined as follows:

29 The maximum rate of compensation for which an employee shall be  
 30 eligible on July 1, ~~1995~~ 1997, shall be determined by increasing the  
 31 employee's June 30, ~~1995~~ 1997, salary by two and eight-tenths percent (2.8%).  
 32 Employees whose salaries fall below Pay Level I for the grade assigned to  
 33 their classification may be adjusted to the entry level. All other employees  
 34 shall be adjusted to the appropriate pay level for the grade assigned to their  
 35 classification but may not exceed the maximum rate provided for that grade  
 36 unless otherwise provided for by this section.

1 (2) Salary adjustments provided for in this section shall be made for all  
 2 employees covered by the provisions of this subchapter prior to all other  
 3 salary adjustments.

4 The maximum rate of compensation for which an employee shall be  
 5 eligible on July 1, ~~1996~~ 1998, shall be determined by increasing the  
 6 employee's June 30, ~~1996~~ 1998, salary by ~~two and eight-tenths percent (2.8%)~~  
 7 three and two-tenths percent (3.2%). Employees whose salaries fall below Pay  
 8 Level I for the grade assigned to their classification may be adjusted to the  
 9 entry level. All other employees shall be adjusted to the appropriate pay  
 10 level for the grade assigned to their classification, but may not exceed the  
 11 maximum rate provided for that grade unless otherwise provided for by this  
 12 section.

13 ~~(2) Salary adjustments provided for in this section shall be made for all~~  
 14 ~~employees covered by the provisions of this subchapter prior to all other~~  
 15 ~~salary adjustments.~~

16 (ii) When an employee is demoted for cause or voluntarily solicits a  
 17 demotion, his or her rate of pay shall be fixed in the lower-graded position  
 18 at a rate equal to six percent (6%) less than the employee's rate of pay at  
 19 the time of demotion for demotions of one (1) grade and a maximum of eight  
 20 percent (8%) less than the employee's rate of pay at the time of demotion for  
 21 demotions of two (2) or more grades.

22 (iii) Employees covered by the provisions of this subchapter shall be  
 23 eligible, during the ~~1995-1997~~ 1997-99 biennium, for an additional two percent  
 24 (2%) salary increase, provided that the Chief Fiscal Officer of the State  
 25 determines that sufficient general revenues become available. Provided that  
 26 the additional 2% salary increase shall not allow an employee's compensation  
 27 to exceed the amount set out for Level IV for the position. ~~Such increases~~  
 28 ~~shall be awarded as a lump-sum payment, and such payment shall not be~~  
 29 ~~construed as exceeding the maximum salary.~~

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

34 ~~———— (v)(a) Any across-the-board or merit-based lump-sum payments received~~  
 35 ~~by employees during the 1995-1996 fiscal year shall be added to the employee's~~  
 36 ~~base maximum annual salary as of June 30, 1996, prior to determining the~~

1 ~~employee's 1996-1997 maximum annual salary eligibility as provided for in this~~  
2 ~~section.~~

3 ~~—— (b) The across-the-board salary increases and merit-based increases~~  
4 ~~authorized in this section which are awarded as lump-sum payments shall be~~  
5 ~~considered as salary for the purposes of retirement eligibility.~~

6 (B) An employee, who due to legislative enactment is to be compensated  
7 at a higher grade (upgrade) than that which was in effect on June 30 of the  
8 previous fiscal year, shall be eligible for an additional ~~two percent (2%)~~ six  
9 percent (6%) increase in his maximum annual salary in the new grade.  
10 Employees, who due to legislative enactment are to be compensated at a lower  
11 grade (downgrade) than that which was in effect on June 30 of the previous  
12 year, shall not have their maximum salary rate reduced due to the grade  
13 reduction;

14 (2)(A) Employees promoted on or after July 1, ~~1989~~ 1997, shall have the  
15 maximum annual salary for which they are eligible established as follows:

16 (i) Minor promotion: The employee's maximum rate of pay shall be  
17 increased by six percent (6%);

18 (ii) Major promotion: The employee's maximum rate of pay shall be  
19 increased by eight percent (8%).

20 (B) An employee who upon promotion is receiving a rate of pay below Pay  
21 Level I for the new grade may be adjusted to the entry level for that grade.  
22 In no event, however, may an employee's rate of pay upon promotion exceed the  
23 amount provided for by Pay Level IV of the grade assigned to the  
24 classification. An employee's anniversary date shall not change due to  
25 promotion;

26 (3)(A) An employee, upon demotion, shall retain his rate of pay at the  
27 time of demotion with the following exceptions:

28 (i) Any employee who is assigned to a position in a classification he  
29 formerly occupied within a twelve-month period after promotion from the  
30 classification shall be eligible for a rate of pay no greater than that for  
31 which he would have been eligible had he remained in the lower graded  
32 classification;

33 (ii) Any employee who is placed in a lower graded position because his  
34 original position has expired due to lack of funding, program changes, or  
35 withdrawal of federal grant funds, may continue to be paid at the same rate as  
36 he was being paid in the higher graded position upon approval of the Office of

1 Personnel Management after seeking the review of the Legislative Council.

2 (B) When an employee's position has been approved for reclassification  
3 to a classification title of a higher salary grade, the employee shall be  
4 eligible for an additional ~~two percent (2%)~~ six percent (6%) increase in the  
5 new classification. An employee, upon reclassification, who is receiving a  
6 rate of pay that is less than the entrance rate for the new grade, may be  
7 adjusted to the new entrance rate.

8 (C) When an employee's position has been approved for reclassification  
9 to a classification title of a lower salary grade, the employee's pay shall be  
10 fixed at a rate in the lower grade which does not exceed the employee's rate  
11 of pay in the higher graded position at the time of reclassification;

12 ~~— (4) It is the specific intent of the General Assembly that a performance  
13 evaluation instrument for use in evaluating the eligibility of employees  
14 covered under the provisions of this subchapter for salary increases be  
15 implemented for statewide use;—~~

16 ~~— (5)(A) Employees who are rated under the approved evaluation system shall  
17 be eligible for merit increases over and above their rate of pay at the time  
18 of evaluation. Employees of constitutional agencies and boards and commissions  
19 occupying positions comparable to those authorized in this subchapter, as  
20 determined by the chief administrative officer and reported to the Legislative  
21 Council, shall also be eligible for merit increases as specified in this  
22 section; but in no event shall the amount of merit increase granted, when  
23 combined with the employee's salary, exceed the amount set by law as the  
24 maximum annual salary rate for the then-current fiscal year for the position.~~

25 ~~— (i) "Satisfactory", as used in this section, shall mean an overall  
26 rating which demonstrates performance of the duties and responsibilities  
27 expected of the employee in the position at or above job requirements.~~

28 ~~— (ii) "Exceeds standards", as used in this section, shall mean an  
29 overall rating which demonstrates performance of the duties and  
30 responsibilities of the employee in the position at a level exceeding that of  
31 a satisfactory rating.~~

32 ~~— (iii) "Exceptional", as used in this section, shall mean an overall  
33 rating which demonstrates performance of the duties and responsibilities  
34 expected of the employee in the position at a level significantly exceeding  
35 that of a satisfactory rating.~~

36 ~~— (B) Employees shall be eligible for merit increases of zero percent~~

1 ~~(0%) to five and one-half percent (5.5%) when their overall performance~~  
2 ~~evaluation "exceeds standards" or is "exceptional".~~

3 ~~—— (C)(i) In no event shall the merit increase awarded to an employee~~  
4 ~~exceed five and one-half percent (5.5%) of the employee's maximum annual~~  
5 ~~salary within his assigned grade at the time of evaluation.~~

6 ~~—— (ii)(a) No agency, institution, constitutional officer, or board or~~  
7 ~~commission shall expend more than one and one-half percent (1.5%) of its total~~  
8 ~~regular salary appropriation for merit increases in any fiscal year.~~

9 ~~—— (b) The Department of Finance and Administration shall oversee the~~  
10 ~~merit raises maximum for each agency or institution and will monitor the~~  
11 ~~distribution of the merit funds between the units of each agency or~~  
12 ~~institution to ensure compliance with the legislative intent of fair and~~  
13 ~~equitable merit increases.~~

14 ~~—— (D) It is further intended by the General Assembly that:~~

15 ~~—— (i) Agencies or institutions which have an operational performance~~  
16 ~~evaluation system in place on June 30, 1995, may, after receiving the approval~~  
17 ~~of the Office of Personnel Management of the Department of Finance and~~  
18 ~~Administration, continue to use that system for the purpose of complying with~~  
19 ~~the provisions of this section;~~

20 ~~—— (ii) No employee shall receive more than one (1) merit-based salary~~  
21 ~~increase within any twelve-month period;~~

22 ~~—— (iii) Employees being compensated at the maximum of their assigned~~  
23 ~~grade shall be eligible for merit-based salary increases awarded as a lump-sum~~  
24 ~~payment, and such payment shall not be construed as exceeding the maximum~~  
25 ~~salary;~~

26 ~~—— (iv) Part-time, seasonal, extra-help employees shall be excluded from~~  
27 ~~the provisions of this section;~~

28 ~~—— (v) Management or supervisory personnel who fail to complete an annual~~  
29 ~~rating of all employees under their administrative control shall not be~~  
30 ~~eligible for merit-based salary increases;~~

31 ~~—— (vi)(a) The Office of Personnel Management of the Department of Finance~~  
32 ~~and Administration is hereby authorized to review the performance evaluation~~  
33 ~~rating process in each agency and institution of higher education.~~

34 ~~—— (b) The Office of Personnel Management may require additional rater~~  
35 ~~training or other necessary adjustments to ensure uniformity and consistency~~  
36 ~~in the agency's or institution's rating process.~~



1 ~~\_\_\_\_\_ (c) Agencies or institutions failing to comply with the performance~~  
 2 ~~evaluation guidelines issued by the Office of Personnel Management may be~~  
 3 ~~prohibited from awarding merit increases by the Chief Fiscal Officer of the~~  
 4 ~~State and shall be reported to the Legislative Council.~~

5 ~~\_\_\_\_\_ (d) Agency or institution raters and the agency or institution head~~  
 6 ~~shall appear before the Legislative Council to explain questionable ratings~~  
 7 ~~identified by the Office of Personnel Management.~~

8 ~~\_\_\_\_\_ (e) The Office of Personnel Management shall provide periodic reports~~  
 9 ~~to the Legislative Council regarding the administration of the merit-based pay~~  
 10 ~~system.~~

11 ~~\_\_\_\_\_ (E) Any proposed changes to the performance-based employee evaluation~~  
 12 ~~system referenced in this section may be approved by the Office of Personnel~~  
 13 ~~Management after its seeking the review of the Legislative Council.~~

14 (c)(1) In the event that the Chief Fiscal Officer of the State determines  
 15 that general revenue funds are insufficient to implement the salary increases  
 16 authorized in this subchapter or any other law which affects salary increases  
 17 for state employees, the Chief Fiscal Officer may, upon approval of the  
 18 Governor, reduce the percentage of all authorized salary increases for all  
 19 state employees covered by this subchapter without regard to whether the  
 20 employees are compensated from general or special revenues, federal funds, or  
 21 trust funds.

22 (2) Provided that, if sufficient general revenues should then become  
 23 available at any time during the biennium to provide the maximum additional  
 24 salary increases for all state employees without regard to the source of  
 25 revenues, salary increases for state employees provided for in this subchapter  
 26 or any other law may then be fully implemented by the Chief Fiscal Officer.

27 (d) All percentage calculations stipulated in this subchapter or any  
 28 other law affecting salaries of state employees may be rounded to the nearest  
 29 even dollar amount by the Office of Personnel Management when making the  
 30 percentage changes to state employee salaries."

31

32 SECTION 3. NON-CLASSIFIED EMPLOYEES. (a) The maximum annual salary  
 33 rates for the 1998-99 fiscal year as set out in dollars by law enacted by the  
 34 Eighty-First General Assembly for departments, boards, commissions,  
 35 institutions of higher education and state agencies, including constitutional  
 36 offices and departments, may be increased by an amount not to exceed the

1 amount required to increase the maximum annual salary for the position for the  
2 immediately previous fiscal year by three and two-tenths percent (3.2%). The  
3 resulting salary shall represent the maximum annual salary rate for the 1998-  
4 99 fiscal year.

5 (b) The maximum annual salary rates for the 1997-99 biennium as set out  
6 in dollars by law enacted by the Eighty-First General Assembly for all  
7 departments, boards, commissions, institutions of higher education and state  
8 agencies may be increased by an additional amount of not to exceed two percent  
9 (2%), provided that the Chief Fiscal Officer of the State determines that  
10 sufficient general revenues become available. The resulting salary shall  
11 represent the maximum annual salary rates for the 1997-99 biennium.

12

13 SECTION 4. LEGISLATIVE INTENT. It is the intent of the General  
14 Assembly that any funds disbursed under the authority of the appropriations  
15 contained in this Act shall be in compliance with the stated reasons for which  
16 this Act was adopted, as evidenced by the Agency Requests, Executive  
17 Recommendations and Legislative Recommendations contained in the budget  
18 manuals prepared by the Department of Finance and Administration, letters, or  
19 summarized oral testimony in the official minutes of the Arkansas Legislative  
20 Council or Joint Budget Committee which relate to its passage and adoption.

21

22 SECTION 5. CODE. All provisions of this Act of a general and permanent  
23 nature are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas  
24 Code Revision Commission shall incorporate the same in the Code.

25

26 SECTION 6. SEVERABILITY. If any provision of this Act or the  
27 application thereof to any person or circumstance is held invalid, such  
28 invalidity shall not affect other provisions or applications of the Act which  
29 can be given effect without the invalid provision or application, and to this  
30 end the provisions of this Act are declared to be severable.

31

32 SECTION 7. GENERAL REPEALER. All laws and parts of laws in conflict  
33 with this Act are hereby repealed.

34

35 SECTION 8. EMERGENCY CLAUSE. It is hereby found and determined by the  
36 Eighty-First General Assembly, that the Constitution of the State of Arkansas

1 prohibits the appropriation of funds for more than a two (2) year period; that  
2 changes to the state compensation plan must take effect at the same time as  
3 appropriations made to pay salaries for the various agencies; that the  
4 effectiveness of this Act on July 1, 1997 is essential to the operation of the  
5 agencies and insitutions for which the appropriations are provided, and that  
6 in the event of an extension of the Regular Session, the delay in the  
7 effective date of this Act beyond July 1, 1997 could work irreparable harm  
8 upon the proper administration and provision of essential governmental  
9 programs. Therefore, an emergency is hereby declared to exist and this Act  
10 being necessary for the immediate preservation of the public peace, health and  
11 safety shall be in full force and effect from and after July 1, 1997.

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APPROVED:3-14-97

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