

1 State of Arkansas  
2 84th General Assembly  
3 First Extraordinary Session, 2003  
4

# A Bill

Call Item 15  
Act 22 of 2003  
SENATE BILL 28

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 FOR THE 2003-2005 BIENNIAL  
11 PERIOD; AND FOR OTHER PURPOSES.  
12

## Subtitle

13 AN ACT TO AMEND THE UNIFORM  
14 CLASSIFICATION AND COMPENSATION ACT FOR  
15 THE 2003-2005 BIENNIAL PERIOD.  
16  
17  
18

19 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
20

21 SECTION 1. Arkansas Code § 21-5-209 is amended to read as follows:  
22 21-5-209. Compensation plan.

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

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

33 (c) It is the specific intent of the General Assembly to authorize, in  
34 the enactment of this compensation plan, maximum rates of pay for each of the  
35 appropriate grades assigned to a class, but it is not the intent that any pay  
36 increases shall be automatic or that any employee shall have a claim or a



1 right thereto unless the department head of the agency or the institution  
 2 shall determine that the employee, by experience, ability, and work  
 3 performance, has earned the increase in pay authorized for the appropriate  
 4 rate.

5 (d)(1) The following grades and pay levels shall be the authorized  
 6 compensation plan, effective ~~July 1, 2001~~ July 1, 2003, for the state service  
 7 for all positions of agencies and institutions covered by this subchapter to  
 8 which a classification title and salary grade have been assigned, in  
 9 accordance with this subchapter and the appropriation act of the agency or  
 10 institution:

11	12 PAY LEVEL	I	II	III	IV
13					
14	GRADE 1	\$11,916	\$11,916	\$11,916	\$12,397
15	GRADE 2	\$11,916	\$14,334	\$17,058	\$22,686
16	GRADE 3	\$12,298	\$14,626	\$17,381	\$23,149
17	GRADE 4	\$12,298	\$14,916	\$17,738	\$23,649
18	GRADE 5	\$12,298	\$15,208	\$18,096	\$24,047
19	GRADE 6	\$12,484	\$15,501	\$18,451	\$24,580
20	GRADE 7	\$12,745	\$15,824	\$18,841	\$25,043
21	GRADE 8	\$13,004	\$16,148	\$19,198	\$25,575
22	GRADE 9	\$13,490	\$16,732	\$19,909	\$26,471
23	GRADE 10	\$14,365	\$17,834	\$21,208	\$28,198
24	GRADE 11	\$15,306	\$18,970	\$22,570	\$30,058
25	GRADE 12	\$16,279	\$20,202	\$24,060	\$32,019
26	GRADE 13	\$17,349	\$21,531	\$25,618	\$34,110
27	GRADE 14	\$18,485	\$22,926	\$27,272	\$36,336
28	GRADE 15	\$19,684	\$24,418	\$29,055	\$38,662
29	GRADE 16	\$20,981	\$26,006	\$30,935	\$41,220
30	GRADE 17	\$22,148	\$27,694	\$32,947	\$43,876
31	GRADE 18	\$23,768	\$29,477	\$35,086	\$46,732
32	GRADE 19	\$25,358	\$31,422	\$37,388	\$49,788
33	GRADE 20	\$26,979	\$33,466	\$39,822	\$53,077
34	GRADE 21	\$28,763	\$35,638	\$42,383	\$56,564
35	GRADE 22	\$30,613	\$37,941	\$45,139	\$60,118
36	GRADE 23	\$32,591	\$40,405	\$48,089	\$64,037

1	GRADE 24	\$34,730	\$43,030	\$51,203	\$68,189
2	GRADE 25	\$36,967	\$45,820	\$54,542	\$72,607
3	GRADE 26	\$39,366	\$48,803	\$58,078	\$77,356

4                   (2) The following grades and pay levels shall be the authorized  
5 compensation plan, effective ~~July 1, 2002~~ July 1, 2004, and thereafter, for  
6 the state service for all positions of agencies and institutions covered by  
7 this subchapter to which a classification title and salary grade have been  
8 assigned, in accordance with this subchapter and the appropriation act of the  
9 agency or institution:

10

11	PAY LEVEL	I	II	III	IV
12					
13	GRADE 1	\$12,238	\$12,238	\$12,238	\$12,397
14	GRADE 2	\$12,238	\$14,334	\$17,058	\$22,686
15	GRADE 3	\$12,630	\$14,626	\$17,381	\$23,149
16	GRADE 4	\$12,630	\$14,916	\$17,738	\$23,649
17	GRADE 5	\$12,630	\$15,208	\$18,096	\$24,047
18	GRADE 6	\$12,821	\$15,501	\$18,451	\$24,580
19	GRADE 7	\$13,089	\$15,824	\$18,841	\$25,043
20	GRADE 8	\$13,355	\$16,148	\$19,198	\$25,575
21	GRADE 9	\$13,854	\$16,732	\$19,909	\$26,471
22	GRADE 10	\$14,753	\$17,834	\$21,208	\$28,198
23	GRADE 11	\$15,719	\$18,970	\$22,570	\$30,058
24	GRADE 12	\$16,718	\$20,202	\$24,060	\$32,019
25	GRADE 13	\$17,818	\$21,531	\$25,618	\$34,110
26	GRADE 14	\$18,984	\$22,926	\$27,272	\$36,336
27	GRADE 15	\$20,215	\$24,418	\$29,055	\$38,662
28	GRADE 16	\$21,547	\$26,006	\$30,935	\$41,220
29	GRADE 17	\$22,746	\$27,694	\$32,947	\$43,876
30	GRADE 18	\$24,410	\$29,477	\$35,086	\$46,732
31	GRADE 19	\$26,043	\$31,422	\$37,388	\$49,788
32	GRADE 20	\$27,707	\$33,466	\$39,822	\$53,077
33	GRADE 21	\$29,540	\$35,638	\$42,383	\$56,564
34	GRADE 22	\$31,439	\$37,941	\$45,139	\$60,118
35	GRADE 23	\$33,471	\$40,405	\$48,089	\$64,037
36	GRADE 24	\$35,668	\$43,030	\$51,203	\$68,189

1	GRADE 25	\$37,965	\$45,820	\$54,542	\$72,607
2	GRADE 26	\$40,429	\$48,803	\$58,078	\$77,356

3 (e) It is the intent of the General Assembly that the compensation  
 4 plan provided for in subsections (a) through (d) of this section shall be  
 5 implemented and function in compliance with the Regular Salary Procedures and  
 6 Restrictions Act, § 21-5-101 et seq., other provisions in the Uniform  
 7 Classification and Compensation Act, § 21-5-201 et seq., and other fiscal  
 8 control laws of this state, where applicable.

9  
 10 SECTION 2. Arkansas Code § 21-5-211 is amended to read as follows:  
 11 21-5-211. Implementation procedure for grade changes - Salary  
 12 adjustments.

13 (a) The Office of Personnel Management of the Division of Management  
 14 Services of the Department of Finance and Administration shall have  
 15 administrative responsibility for enforcing compliance by state agencies and  
 16 institutions affected by this subchapter in implementing classification grade  
 17 changes.

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

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

25 (A)(i) ~~The maximum rate of compensation for which an~~  
 26 ~~employee shall be eligible on July 1, 2001, shall be determined by increasing~~  
 27 ~~the employee's June 30, 2001, salary by two and six tenths percent (2.6%).~~  
 28 For employees whose annual salary rate on June 30 is:

29 (a) Twenty-one thousand one hundred twenty-  
 30 eight dollars (\$21,128) or less, the employee is eligible for an annual  
 31 increase of five hundred seventy dollars (\$570);

32 (b) Twenty-one thousand one hundred twenty-  
 33 eight dollars (\$21,128) to fifty thousand dollars (\$50,000), the employee is  
 34 eligible for an annual salary increase of five hundred seventy dollars (\$570)  
 35 plus two and seven-tenths percent (2.7%) of the amount that the employee's  
 36 June 30 salary exceeds twenty-one thousand one hundred twenty-eight dollars

1 (\$21,128);

2 (c) Fifty thousand and one dollars (\$50,001)  
 3 to ninety thousand dollars (\$90,000), the employee is eligible for an annual  
 4 increase of one thousand three hundred fifty dollars (\$1,350) plus one and  
 5 nine tenths percent (1.9%) of the amount that the employee's June 30 salary  
 6 exceeds fifty thousand dollars (\$50,000); and

7 (d) Ninety thousand and one dollars (\$90,001)  
 8 and above, the employee is eligible for an annual increase of two thousand  
 9 one hundred ten dollars (\$2,110) plus one and four tenths percent (1.4%) of  
 10 the amount that the employee's June 30 salary exceeds ninety thousand dollars  
 11 (\$90,000);

12 (ii) Employees whose salaries fall below Pay Level I  
 13 for the grade assigned to their classification may be adjusted to the entry  
 14 level.

15 (iii) All other employees' salaries shall be  
 16 adjusted to the appropriate pay level for the grade assigned to their  
 17 classification but may not exceed the maximum rate provided for that grade  
 18 unless otherwise provided for by this section; .

19 (iv) Employees whose June 30 annual salary rate is  
 20 at Pay Level IV shall be eligible for the increase provided in subdivisions  
 21 (a) through (d) of this section, but the increase shall be paid as a lump sum  
 22 on June 30 of the year in which the increase is to occur;

23 ~~(B)(i) The maximum rate of compensation for which an~~  
 24 ~~employee shall be eligible on July 1, 2002, shall be determined by increasing~~  
 25 ~~the employee's June 30, 2002, salary by two and six tenths percent (2.6%).~~

26 ~~(ii) Employees whose salaries fall below Pay Level I~~  
 27 ~~for the grade assigned to their classification may be adjusted to the entry~~  
 28 ~~level.~~

29 ~~(iii) All other employees' salaries shall be~~  
 30 ~~adjusted to the appropriate pay level for the grade assigned to their~~  
 31 ~~classification but may not exceed the maximum rate provided for that grade~~  
 32 ~~unless otherwise provided for by this section;~~

33 ~~(G)(B) Salary adjustments provided for in this section~~  
 34 ~~shall be made for all employees covered by the provisions of this subchapter~~  
 35 ~~prior to all other salary adjustments;~~

36 ~~(D)(C) When an employee is demoted for cause or voluntarily~~

1 solicits a demotion, his or her rate of pay shall be fixed in the lower-  
 2 graded position at a rate equal to six percent (6%) less than the employee's  
 3 rate of pay at the time of demotion for demotions of one (1) grade and a  
 4 maximum of eight percent (8%) less than the employee's rate of pay at the  
 5 time of demotion for demotions of two (2) or more grades;

6 ~~(E)(D)~~(i) ~~During the 2001-2003 biennium, employees~~  
 7 Employees covered by the provisions of this subchapter shall be eligible for  
 8 an additional two percent (2%) salary increase each year of the biennium,  
 9 provided that the Chief Fiscal Officer of the State determines that  
 10 sufficient general revenues become available and provided that the additional  
 11 two percent (2%) salary increase shall not allow an employee's compensation  
 12 to exceed the amount set out for Level IV for the position.

13 (ii) Employees compensated at Pay Level IV shall be  
 14 eligible to receive the two percent (2%) salary increase authorized in this  
 15 section during the ~~2001-2003~~ biennium as lump sum payments and the payments  
 16 shall not be construed as exceeding the maximum salary;

17 ~~(F)(E)~~(i) An employee who due to legislative enactment is  
 18 to be compensated at a higher grade, i.e., an upgrade, than that which was in  
 19 effect on June 30 of the previous fiscal year shall be eligible for an  
 20 additional six percent (6%) increase in his or her maximum annual salary in  
 21 the new grade.

22 (ii) An employee who due to legislative enactment is  
 23 to be compensated at a lower grade, i.e., a downgrade, than that which was in  
 24 effect on June 30 of the previous year shall not have his or her maximum  
 25 salary rate reduced due to the grade reduction, and the employee's salary  
 26 shall remain constant until that employee's assigned grade maximum is equal  
 27 to or exceeds the employee's established salary; and

28 ~~(G)(F)~~(i) Any employee whose specific job assignment  
 29 requires the skill to communicate in a language other than English, including  
 30 American Sign Language, and that skill is required as a secondary minimum  
 31 qualification by the classification specification for the position occupied  
 32 by the employee, shall be eligible to be paid up to an additional ten percent  
 33 (10%) of the employee's annual salary as set by § 21-5-209.

34 (ii) In those instances where the granting of the  
 35 additional compensation would have the effect of exceeding the maximum annual  
 36 rate for the grade assigned to the employee's classification, the additional

1 compensation shall not be considered as exceeding the maximum allowable rate  
 2 for that grade.

3 (iii) An employee who is receiving additional  
 4 compensation under the provisions of this section and who moves into a  
 5 position that does not require the skill to communicate in a language other  
 6 than English, or whose position no longer requires the use of the skill,  
 7 shall revert, on the effective date of the change, to the rate of pay for  
 8 which the employee would otherwise receive.

9 (iv) Authority to implement the provisions of this  
 10 subsection may be approved by the Office of Personnel Management after review  
 11 of the Legislative Council for specific positions identified by agencies and  
 12 institutions of higher education;

13 (2)(A) Employees promoted on or after July 1, 1999, shall have  
 14 the maximum annual salary for which they are eligible established as follows:

15 (i) For a minor promotion, the employee's maximum  
 16 rate of pay shall be increased by six percent (6%); and

17 (ii) For a major promotion, the employee's maximum  
 18 rate of pay shall be increased by eight percent (8%).

19 (B)(i) An employee who upon promotion is receiving a rate  
 20 of pay below Pay Level I for the new grade may be adjusted to the entry level  
 21 for that grade. In no event, however, may an employee's rate of pay upon  
 22 promotion exceed the amount provided for by Pay Level IV of the grade  
 23 assigned to the classification.

24 (ii) An employee's anniversary date shall not change  
 25 due to promotion;

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

31 (B) Any employee who is placed in a lower-graded position  
 32 because the original position has expired due to lack of funding, program  
 33 changes, or withdrawal of federal grant funds may continue to be paid at the  
 34 same rate as the employee was being paid in the higher-graded position upon  
 35 approval of the Office of Personnel Management after seeking the review of  
 36 the Legislative Council; and

1           (4)(A)(i) When an employee's position has been approved for  
 2 reclassification to a classification title of a higher salary grade, the  
 3 employee shall be eligible for an additional six percent (6%) increase in the  
 4 new classification.

5                       (ii) Upon reclassification, the salary of an  
 6 employee who is receiving a rate of pay that is less than the entrance rate  
 7 for the new grade may be adjusted to the new entrance rate.

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

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

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

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. Arkansas Code 21-5-219 is amended as follows:

33           (a) Employees compensated with maximum annual salary rates for the  
 34 ~~2001-2003~~ biennium as set out in dollars by law enacted by the ~~Eighty-Third~~  
 35 General Assembly for all departments, boards, commissions, institutions of  
 36 higher education, and state agencies shall be eligible to receive a two



1 percent (2%) salary increase, provided that the Chief Fiscal Officer of the  
2 State determines that sufficient general revenues become available, as lump  
3 sum payments.

4  
5 (b) The payments shall not be construed as exceeding the maximum  
6 salary.

7  
8 SECTION 4. Arkansas Code 21-5-1101 is amended as follows:

9  
10 § 21-5-1101. Competency-based promotions and salary adjustments.

11 (a) The Department of Finance and Administration is hereby authorized  
12 to develop and implement a career ladder incentive program for employees of  
13 all state agencies, boards, commissions, and institutions of higher education  
14 covered by the Uniform Classification and Compensation Act, § 21-5-201 et  
15 seq.

16 (b) For the purpose of this subchapter, a "career ladder incentive  
17 program" means a competency-based pay system which incorporates pay and  
18 performance standards and establishes criteria for competency-based  
19 promotions and salary adjustments for employees who exhibit effective  
20 performance and support the key agency or institution's goals and objectives.

21 (c) "Career ladder classification series" means a cluster of  
22 hierarchical classes with similar duties and functions that is grouped for  
23 professional promotion purposes.

24 ~~(d) Bonus payments of up to eight percent (8%) may be awarded to~~  
25 ~~employees who satisfy competency based criteria developed by agencies and~~  
26 ~~institutions and approved by the Office of Personnel Management of the~~  
27 ~~Division of Management Services of the Department of Finance and~~  
28 ~~Administration after review by the Legislative Council. —~~The Chief Fiscal  
29 Office of the State, at the end of each fiscal year, shall determine the  
30 percentage amount not to exceed eight percent (8%) for bonus payments that  
31 may be awarded to employees who satisfy competency based criteria developed  
32 by agencies and institutions and approved by the Office of Personnel  
33 Management of the Department of Finance and Administration after review by  
34 the Legislative Council.

35 (e) The payments shall be awarded as a lump-sum payment, and the  
36 payment shall not be construed as exceeding the maximum salary.

1 (f) The lump-sum payments in this section shall not be considered as  
2 salary for the purposes of retirement eligibility.

3 (g) Management or supervisory personnel who fail to complete an annual  
4 evaluation of employees under their administrative control shall not be  
5 eligible for promotion or salary adjustment bonus payments themselves.  
6

7 SECTION 5 . Arkansas Code 21-5-1002 is amended to read as follows:

8 There are hereby established the following uniform performance  
9 evaluation categories for use in determining incentive pay award eligibility.  
10 As used in this section:

11 (1) "Unsatisfactory" means an overall performance of duties that is  
12 consistently unacceptable in quality, accuracy, and timeliness;

13 (2) "Satisfactory" means an overall evaluation which demonstrates competency  
14 in the performance of the duties and responsibilities of the job;

15 (3) "Above Average" means an overall evaluation which demonstrates  
16 performance of the duties and responsibilities of the job at a level which is  
17 above the "Satisfactory" level of performance; and

18 ~~-(3) (4) "Exceeds standards" means an overall evaluation which demonstrates~~  
19 ~~performance of the duties and responsibilities of the job~~ and productivity ~~at~~  
20 ~~a level exceeding that of a satisfactory~~ an above average evaluation.  
21

22  
23 SECTION 6 . Arkansas Code 21-5-1003 is amended as follows:  
24

25 (a) Any agency, board, commission, or institution of higher education  
26 may revise or develop an evaluation process suited to the mission of the  
27 agency, board, commission, or institution, provided:

28 (1) The evaluation process identifies performance which is  
29 "unsatisfactory", "satisfactory", "above average" and "exceeds standards",  
30 and

31 (2) The evaluation system complies with the guidelines established  
32 by the Office of Personnel Management of the Division of Management Services  
33 of the Department of Finance and Administration.

34 (b) The agency, board, commission, or institution may implement the  
35 performance evaluation system upon approval by the Office of Personnel  
36 Management after review by the Legislative Council.

SECTION 7. Arkansas Code §21-5-220 is amended to add the following section to read as follows:

§21-5-220. Lump Sum Payment

(a). In the event an Agency Director determines that it is necessary to implement the state workforce reduction policy due to agency structure change, budgetary reductions, abolishment of positions or duties, loss of functional responsibility by the agency, and /or the loss of federal funding, grants or other special funds, the agency director may request and upon approval by the Chief Fiscal Officer of the State the payment of funds on a regular payroll schedule as severance pay to full-time, part-time and job sharing classified and nonclassified employees in regular positions affected by the workforce reduction on the basis of the following lump sum for completed years of service including probationary period:

1-5 years.....eight hundred dollars (\$800)

5-15 years.....twelve hundred dollars (\$1200)

over 15 years.....sixteen hundred dollars (\$1600)

(b) Such payments are in addition to the lump sum payments allowed pursuant to § 21-4-201 et seq.

(c) The payments shall not be construed as exceeding the maximum salary.

(d) The Agency Director shall file a notice of the implementation of the lump sum payment due to the state workforce reduction policy with Legislative Council or the Joint Budget Committee if the General Assembly is in session.

(e) This provision will be effective until June 30 2005.

SECTION 8. EMERGENCY CLAUSE. It is found and determined by the General Assembly of the State of Arkansas that several changes in compensation levels enacted during the previous session of the General Assembly were applicable to the current biennium and that without this act becoming effective at the beginning of the fiscal year state employees could not be compensated at the approved level. Therefore, an emergency is declared to exist and Section 7 of this act being necessary for the preservation of the public peace, health and safety shall become effective after the date of its passage and approval. If the bill is neither approved nor vetoed by the Governor, it shall become effective on the expiration of the period of time during which the Governor may veto a bill. If the bill is vetoed by the Governor and veto is overridden, it shall become effective on

1 the date the last house overrides the veto; and this act being necessary for  
2 the preservation of the public peace, health, and safety shall become  
3 effective on July 1, 2003.

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5 *APPROVED: 5-8-2003*  
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