

ARKANSAS SENATE
83rd General Assembly - Regular Session, 2001
Amendment Form

JBC 04/03/2001 (1)

Subtitle of Senate Bill No. 869

"UNIFORM CLASSIFICATION AND COMPENSATION ACT AMENDMENTS."

Amendment No. 1 to Senate Bill No. 869.

Amend Senate Bill No. 869 as originally introduced:

Page 1, delete lines 20 through 36 and substitute:

"SECTION 1. Arkansas Code 21-5-203(13) is repealed.

~~(13) "Quality management incentive pay" is defined as additional compensation for those classified employees, including those at the maximum of their pay grade (Pay Level IV), who participate in the Quality Management Program, and develop cost saving suggestions that are adopted and implemented by state agencies and institutions. Upon certification by the Chief Fiscal Officer of the State, such employees shall be eligible for an additional pay increase of up to three percent (3%) of their current maximum annual salary rate;~~

SECTION 2. Arkansas Code 21-5-203(19) is amended to read as follows:

(19)(A) "Job sharing" means a form of employment in which the hours of work of two (2) persons are arranged in such a way as to cover a single, regular full-time, or extra help salary positions. The Department of Finance and Administration may authorize job sharing for all regular full-time or extra help salary positions positions, whether permanent or temporary.

(B)(i) The Director of the Department of Finance and Administration or his designee shall promulgate necessary rules and regulations as deemed necessary to carry out the provisions of this subdivision.

(ii) All rules and regulations promulgated pursuant to this subdivision shall be reviewed by the House and Senate Interim Committees on Public Health, Welfare, and Labor or appropriate subcommittees thereof."

AND

Page 2, delete lines 1 through 33

AND

Page 3, delete lines 29 through 36 and substitute:

"PAY LEVELS	<u>I</u>	<u>II</u>	<u>III</u>	<u>IV</u>
GRADE 1	\$11, 614	\$11, 614	\$11, 614	\$12, 083
GRADE 2	\$11, 614	\$13, 971	\$16, 625	\$22, 111
GRADE 3	\$11, 987	\$14, 255	\$16, 940	\$22, 563
GRADE 4	\$11, 987	\$14, 538	\$17, 288	\$23, 050
GRADE 5	\$11, 987	\$14, 823	\$17, 637	\$23, 438
GRADE 6	\$12, 167	\$15, 108	\$17, 984	\$23, 957
GRADE 7	\$12, 422	\$15, 423	\$18, 363	\$24, 409
GRADE 8	\$12, 674	\$15, 739	\$18, 711	\$24, 927
GRADE 9	\$13, 148	\$16, 308	\$19, 405	\$25, 800
GRADE 10	\$14, 001	\$17, 382	\$20, 671	\$27, 483
GRADE 11	\$14, 918	\$18, 490	\$21, 998	\$29, 296
GRADE 12	\$15, 866	\$19, 690	\$23, 450	\$31, 208
GRADE 13	\$16, 910	\$20, 986	\$24, 969	\$33, 245
GRADE 14	\$18, 017	\$22, 345	\$26, 581	\$35, 415
GRADE 15	\$19, 185	\$23, 799	\$28, 319	\$37, 682
GRADE 16	\$20, 449	\$25, 347	\$30, 151	\$40, 175
GRADE 17	\$21, 587	\$26, 992	\$32, 112	\$42, 764
GRADE 18	\$23, 166	\$28, 730	\$34, 197	\$45, 548
GRADE 19	\$24, 715	\$30, 626	\$36, 440	\$48, 527
GRADE 20	\$26, 295	\$32, 618	\$38, 813	\$51, 732
GRADE 21	\$28, 034	\$34, 735	\$41, 309	\$55, 131
GRADE 22	\$29, 837	\$36, 979	\$43, 995	\$58, 595
GRADE 23	\$31, 765	\$39, 381	\$46, 871	\$62, 415
GRADE 24	\$33, 850	\$41, 940	\$49, 906	\$66, 461
GRADE 25	\$36, 030	\$44, 659	\$53, 160	\$70, 767
GRADE 26	\$38, 368	\$47, 566	\$56, 606	\$75, 396"

AND

Page 4, delete lines 1 through 19

AND

Page 4, delete lines 28 through 36 and substitute:

"PAY LEVELS	<u>I</u>	<u>II</u>	<u>III</u>	<u>IV</u>
GRADE 1	\$11, 916	\$11, 916	\$11, 916	\$12, 397
GRADE 2	\$11, 916	\$14, 334	\$17, 058	\$22, 686
GRADE 3	\$12, 298	\$14, 626	\$17, 381	\$23, 149
GRADE 4	\$12, 298	\$14, 916	\$17, 738	\$23, 649
GRADE 5	\$12, 298	\$15, 208	\$18, 096	\$24, 047
GRADE 6	\$12, 484	\$15, 501	\$18, 451	\$24, 580
GRADE 7	\$12, 745	\$15, 824	\$18, 841	\$25, 043
GRADE 8	\$13, 004	\$16, 148	\$19, 198	\$25, 575
GRADE 9	\$13, 490	\$16, 732	\$19, 909	\$26, 471
GRADE 10	\$14, 365	\$17, 834	\$21, 208	\$28, 198
GRADE 11	\$15, 306	\$18, 970	\$22, 570	\$30, 058
GRADE 12	\$16, 279	\$20, 202	\$24, 060	\$32, 019
GRADE 13	\$17, 349	\$21, 531	\$25, 618	\$34, 110
GRADE 14	\$18, 485	\$22, 926	\$27, 272	\$36, 336
GRADE 15	\$19, 684	\$24, 418	\$29, 055	\$38, 662
GRADE 16	\$20, 981	\$26, 006	\$30, 935	\$41, 220

GRADE 17	\$22, 148	\$27, 694	\$32, 947	\$43, 876
GRADE 18	\$23, 768	\$29, 477	\$35, 086	\$46, 732
GRADE 19	\$25, 358	\$31, 422	\$37, 388	\$49, 788
GRADE 20	\$26, 979	\$33, 466	\$39, 822	\$53, 077
GRADE 21	\$28, 763	\$35, 638	\$42, 383	\$56, 564
GRADE 22	\$30, 613	\$37, 941	\$45, 139	\$60, 118
GRADE 23	\$32, 591	\$40, 405	\$48, 089	\$64, 037
GRADE 24	\$34, 730	\$43, 030	\$51, 203	\$68, 189
GRADE 25	\$36, 967	\$45, 820	\$54, 542	\$72, 607
GRADE 26	\$39, 366	\$48, 803	\$58, 078	\$77, 356"

AND

Page 5, delete lines 1 through 18

AND

Page 7, line 19, delete "(E)" and substitute "(E)(i)"

AND

Page 7, delete line 25 and substitute:

"out for Level IV for the position.

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

AND

Page 7, delete line 36 and substitute:

"(G)(1) Any employee whose specific job assignment requires the skill to communicate in a language other than English, including American Sign Language, and which skill is required as a secondary minimum qualification by the classification specification for the position occupied by the employee, shall be eligible to be paid up to an additional ten percent (10%) of the employee's annual salary as set by Arkansas Code 21-5-709.

(2) In those instances where the granting of the additional compensation would have the effect of exceeding the maximum annual rate for the grade assigned to the employee's classification, the additional compensation shall not be considered as exceeding the maximum allowable rate for that grade.

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

(4) Authority to implement the provisions of this subsection may be approved by the Office of Personnel Management, after review of the Legislative Council, for specific positions identified by agencies and institutions of higher education."

AND

Page 8, delete lines 1 through 6

AND

Page 8, line 7, delete "to a non-career ladder classification"

AND

Page 8, delete lines 20 through 36 and substitute:

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

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

AND

Page 9, delete lines 1 through 28

AND

Page 9, line 29, delete "~~(3)(5)~~(A)" and substitute "~~(3)(A)~~ (4)(A)"

AND

Page 10, delete lines 3 through 28

AND

Page 12, delete Section 7 and substitute:

"SECTION 7. Arkansas Code 21-5-214 is amended to read as follows:

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

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

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

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

(iii) Where the agency or institution desires to obtain the services of an exceptionally well-qualified applicant for a specific classification; or

(iv) To meet any requirements of the federal Fair Labor Standards Act.

(B)(i) State agencies or institutions of higher education may request special rates of compensation for a specific classification due to prevailing market rates of compensation to hire new employees up to a pay level equal to fifty percent (50%) of the range between Pay Level II and Pay Level III of the appropriate grade with the written approval of the Chief Fiscal Officer of the State, or above that level only with the approval of the Chief Fiscal Officer of the State after review by the Legislative Council, for new appointments where qualified applicants cannot be obtained at Pay Level I of the assigned grade.

(ii) No special rates of compensation shall be approved under the provisions of this section unless the classification is properly reviewed and approved as a market rate classification and listed on a register of such classifications to be maintained by the Office of Personnel Management of the Department of Finance and Administration.

(iii) The Office of Personnel Management shall file a report of all such classifications with the Legislative Council within the month following such approval.

(C)(i) In all instances where a special rate of compensation has been approved for a specific classification due to prevailing market rates of compensation or an acute shortage of qualified applicants, current employees within the state agency or institution allocated to the affected classification classifications of Grade 13 and below shall not be adjusted to that new rate by the agency or institution until it has received approval to do so, where justified, by the Office of Personnel Management after seeking the review of the Legislative Council. if sufficient revenues exist to do so. Current employees within the state agency or institution allocated to affected classifications of Grade 14 and above shall not be adjusted to that new rate by the agency or institution until it has received approval to do so, where justified, by the office of Personnel Management after seeking the review of the Legislative Council.

(ii) Agency or institution requests for special rates of compensation due to prevailing market rates or an acute shortage of qualified applicants for a specific classification may be approved up to the maximum annual rate authorized for the grade assigned to a classification; .

(iii) The Office of Personnel Management shall file a report of all such classifications with the Legislative Council within the month following such approval.

(D)(i) Agency Directors and Presidents and Chancellors of institutions of higher education may approve starting salaries for new employees up to the level equal to fifty percent (50%) of the range between Pay Level II and Pay Level III of the appropriate grade. For purposes of this section "Hiring Range" means the "the range of pay rates between Pay Level I and a pay level equal to fifty percent (50%) of the range between Pay Level II and Pay Level III of the appropriate grade." The use of the hiring range shall be in accordance with the guidelines established herein:

(a) The hiring range shall be used only for establishing a starting salary for an employee in an individual position.

(b) Any person hired at or above Pay Level I shall meet or exceed the minimum qualifications for the job classification.

(c) Salary determination within the hiring range shall be based on the applicant's qualifications, competitive compensation rates, and effect on internal equity within the agency or institution.

(d) The hiring of a new employee under the provisions of this section shall not affect the salary level or salary eligibility of any existing employee within the agency or institution.

(e) The Office of Personnel Management shall have the authority to promulgate rules and regulations regarding the use of the hiring range subject to the approval of the Legislative Council. Agencies and institutions shall not utilize hiring range until authorized to do so by the Office of Personnel Management. Authorization for salaries within the hiring range for new appointments referenced in this subsection shall require the approval of the Chief Fiscal Officer until such time that the agency or institution is authorized to do so by the Office of Personnel Management.

(f) Quarterly audits of the use of hiring range by agencies and institutions of higher education shall be performed by the Office of Personnel Management. Agencies and institutions of higher education that are not in compliance with the use of the hiring range authority shall be reported to the Legislative Council and may have its hiring range authority suspended or revoked pending further investigation by the Office of Personnel Management.

(i) A monthly report of new hires above Pay Level I shall be prepared and reviewed by the Office of Personnel Management. The report shall be presented to the Legislative Council at its regular monthly meeting.

(2)(A) State agencies or institutions may hire a new employee ~~up to~~ from a pay level equal to fifty percent (50%) of the range between Pay Level II and Pay Level III of the appropriate pay grade ~~with the written approval of the Chief Fiscal Officer of the State~~ and up to Pay Level IV with the approval of the Chief Fiscal Officer of the State after review by the Legislative Council, provided that this provision is intended to be used exclusively for the hiring of the exceptionally well-qualified employee whose background and experience qualify the applicant to perform the job with very little or substantially less orientation and training than would be the case for a qualified applicant.

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

(i) It has documented to the satisfaction of the Chief Fiscal Officer of the State that no current employee of the affected agency or institution ~~applied could have been considered~~ for promotion as and was determined by the agency to not be an equivalent alternative to the exceptionally well-qualified applicant. The Chief Fiscal Officer of the State shall, upon request, supply any documentation to the Legislative Council; and

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

(C) The hiring of a new employee under subdivision (2) of this

section shall not affect the salary level or salary eligibility of any existing employee within the agency or institution.

(D) The provisions of this section shall apply to both current and prospective state employees. The provisions of this section shall apply to current employees only in instances where the job has been advertised and the employee has competitively applied for the promotion by submitting a state application for consideration for the position. Otherwise, employees accepting internal promotions shall be compensated in accordance with 21-5-211(b)(2)(A).

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

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

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

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

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

AND

Delete Section 8 and substitute:

"SECTION 8. Arkansas Code 21-5-1001 is amended to read as follows:
21-5-1001. Legislative intent.

(a) It is the intent of the General Assembly that each state agency, board, commission, and institution of higher education evaluate the performance of its employees annually.

(b) Employees shall be evaluated using an instrument approved by the Office of Personnel Management of the Division of Management Services of the Department of Finance and Administration ~~who exceed standards in the performance of their duties shall be eligible for incentive pay awards.~~

~~(c)(1) Each award shall be in the form of a bonus and shall be subject to all applicable state and federal taxes.~~

~~(2) Incentive pay awards shall not be added to the employee's base pay for retirement credit purposes nor for the calculation of any other salary adjustments.~~

~~(3) The awards shall not be construed as exceeding the employee's maximum allowable annual salary.~~

SECTION 9. Arkansas Code 21-5-1002 is amended to read as follows:
21-5-1002. Performance evaluation categories.

~~(a)~~ There are hereby established the following uniform performance

evaluation categories for use in determining incentive pay award eligibility.

As used in this section:

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

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

(3) "Exceeds standards" means an overall evaluation which demonstrates performance of the duties and responsibilities of the job at a level exceeding that of a satisfactory evaluation.

~~(b)(1) During any fiscal year in which the Governor determines sufficient funds are available, employees as defined by § 21-5-203 achieving an overall rating of "exceeds standards" shall be eligible for incentive pay awards ranging from zero percent (0%) to five and one half percent (5.5%) of their salaries at the time of evaluation.~~

~~(2) An employee may not receive more than one (1) incentive pay award under the provisions of this section in any twelve month period.~~

SECTION 10. Arkansas Code 21-5-1004, 21-5-1005, and 21-5-1006 are repealed.

~~21-5-1004. Annual evaluation required.~~

~~Management or supervisory personnel who fail to complete an annual evaluation of employees under their administrative control shall not be eligible for incentive pay awards themselves.~~

~~21-5-1005. Amount of incentive pay award.~~

~~(a) No agency, board, commission, institution, or constitutional office shall expend more than one and one half percent (1.5%) of its total regular salary appropriation for incentive pay awards in any fiscal year.~~

~~(b) The Department of Finance and Administration shall oversee the incentive pay awards for each agency, board, commission, and institution and will monitor the distribution of the incentive funds to ensure compliance with the legislative intent of fair and equitable incentive pay awards.~~

~~21-5-1006. Analysis of current systems.~~

~~The Office of Personnel Management of the Division of Management Services of the Department of Finance and Administration shall review evaluation systems currently used in state government and report to the Legislative Council by July 1, 1998, its recommendations to revise the current systems or implement a new process to evaluate performance.~~

SECTION 11. Arkansas Code 21-5-219 is amended to read as follows:

21-5-219. Nonclassified employees.

~~The maximum annual salary rates for the 1999-2001 biennium as set out in dollars by law enacted by the Eighty Second General Assembly for all departments, boards, commissions, institutions of higher education, and state agencies may be increased by an additional amount not to exceed two percent (2%) each year of the biennium, provided that the Chief Fiscal Officer of the State determines that sufficient general revenues become available. The resulting salary shall represent the maximum annual salary rates for the 1999-2001 biennium.~~

(a) Employees compensated with maximum annual salary rates for the

2001-2003 biennium as set out in dollars by law enacted by the Eighty-Third General Assembly for all departments, boards, commissions, institutions of higher education, and state agencies shall be eligible to receive a two percent (2%) salary increase, provided that the Chief Fiscal Officer of the State determines that sufficient general revenues become available, as lump sum payments.

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

SECTION 12. Arkansas Code 21-5-1101 is amended to read as follows:
21-5-1101. Competency-based promotions and salary adjustments.

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

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

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

(d) Bonus payments of up to eight percent (8%) may be awarded to employees who satisfy competency-based criteria developed by agencies and institutions and approved by the Office of Personnel Management after review by the Legislative Council.

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

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

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

SECTION 13. The subchapter heading to Arkansas Code Title 21, Chapter 5, Subchapter 10 is amended to read as follows:

Subchapter 10.

~~Incentive Pay~~ Employee Performance Evaluation.

AND

Appropriately renumber the subsequent section

The Amendment was read the first time, rules suspended and read the second time and _____

By: Joint Budget Committee

JKA/JKA - 040320010935

JKA261

Secretary