

1 State of Arkansas

2 80th General Assembly

3 Regular Session, 1995

4 By: Joint Budget Committee

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6

7

A Bill

HOUSE BILL

2056

For An Act To Be Entitled

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

11

12

Subtitle

13

"AN ACT TO AMEND THE COMPENSATION PLAN."

14

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

16

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

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

23	GRADE	LEVEL I	LEVEL II	LEVEL III	LEVEL IV
24	1	8,840	9,542	9,542	9,542
25	2	9,515	11,814	14,059	17,758
26	3	9,729	12,054	14,326	18,122
27	4	9,916	12,295	14,620	18,512
28	5	10,103	12,535	14,914	18,824
29	6	10,290	12,776	15,208	19,240
30	7	10,504	13,043	15,529	19,604
31	8	10,718	13,311	15,823	20,020
32	9	11,119	13,792	16,411	20,722
33	10	11,841	14,700	17,480	22,074
34	11	12,616	15,636	18,603	23,530
35	12	13,417	16,652	19,832	25,064

1	13	14,299	17,747	21,115	26,702
2	14	15,235	18,897	22,478	28,444
3	15	16,224	20,126	23,948	30,264
4	16	17,293	21,436	25,499	32,266
5	17	18,255	22,826	27,156	34,346
6	18	19,592	24,296	28,920	36,582
7	19	20,901	25,899	30,817	38,974
8	20	22,238	27,583	32,822	41,548
9	21	23,708	29,374	34,933	44,278
10	22	25,231	31,272	37,205	47,060
11	23	26,862	33,303	39,638	50,128
12	24	28,626	35,468	42,204	53,378
13	25	30,470	37,767	44,956	56,836
14	26	32,448	40,226	47,870	60,554

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

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

1	16	17,777	22,036	26,212	32,266
2	17	18,766	23,465	27,916	34,346
3	18	20,140	24,976	29,729	36,582
4	19	21,487	26,625	31,680	38,974
5	20	22,860	28,356	33,741	41,548
6	21	24,372	30,197	35,912	44,278
7	22	25,938	32,147	38,247	47,060
8	23	27,614	34,236	40,747	50,128
9	24	29,427	36,461	43,385	53,378
10	25	31,323	38,824	46,215	56,836
11	26	33,356	41,352	49,210	60,554"

12

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

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

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

35 (ii) When an employee is demoted for cause or voluntarily solicits a

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

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

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

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

22 (vi) The across-the-board salary increases and merit-based increases
23 authorized herein which are awarded as lump sum payments shall be considered
24 as salary for the purposes of retirement eligibility."
25

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

28 "(5)(A) Employees who are rated under the approved evaluation system
29 shall be eligible for merit increases over and above their rate of pay at the
30 time of evaluation. Employees of constitutional agencies, boards and
31 commissions occupying positions comparable to those authorized in the Uniform
32 Classification and Compensation Act, as determined by the chief
33 administrative officer and reported to the Arkansas Legislative Council,
34 shall also be eligible for merit increases as specified in this Act; but in
35 no event shall the amount of merit increase granted when combined with the

1 employee's salary exceed the amount set by law as the Maximum Annual Salary
2 Rate for the then current fiscal year for the position.

3 (i) 'Satisfactory,' as used in this section, shall mean an overall
4 rating which demonstrates performance of the duties and responsibilities
5 expected of the employee in the position at or above job requirements.

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

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

14 (B) Employees shall be eligible for merit increases of zero percent
15 (0%) to five and one-half percent (5.5%) when their overall performance
16 evaluation 'Exceeds Standards' or is 'Exceptional.'

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

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

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

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

34 (iii) Employees being compensated at the maximum of their assigned
35 grade shall be eligible for merit-based salary increases awarded as a lump

1 sum payment, and such payment shall not be construed as exceeding the maximum
2 salary;

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

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

22 (E) Any proposed changes to the Performance Based Employee Evaluation
23 System referenced in this section may be approved by the Office of Personnel
24 Management of the Department of Finance and Administration after their
25 seeking the review of the Arkansas Legislative Council."
26

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

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

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

34 (i) Where prevailing market rates of compensation for a specific
35 classification title are such that the agency or institution is unable to

1 competitively recruit at the entry level for the salary grade assigned to
2 that classification;

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

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

8 (iv) To meet any requirements of the federal Fair Labor Standards Act.
9

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

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

34 (2)(A) State agencies or institutions may hire a new employee up to a
35 pay level equal to fifty percent (50%) of the range between Pay Level II and

1 Pay Level III of the appropriate pay grade with the written approval of the
2 Chief Fiscal Officer of the State and up to Pay Level IV with the approval of
3 the Chief Fiscal Officer of the State after review by the Arkansas
4 Legislative Council, provided that this provision is intended to be used
5 exclusively for the hiring of the exceptionally well-qualified employee whose
6 background and experience qualifies the applicant to perform the job with
7 very little or substantially less orientation and training than would be the
8 case for a qualified applicant.

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

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

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

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

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

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

34 (4)(A) There shall be established a pool of two hundred (200)
35 positions at grade 26 assigned to the Office of Personnel Management to be

1 used to reclassify positions in state agencies and institutions, when
2 justified, to the proper classification and grade when the agency or
3 institution does not have a vacant position available with the appropriate
4 classification and
5 grade.

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

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

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

15

16 *SECTION 5.*

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

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

33

34 *SECTION 6. CODE.* All provisions of this Act of a general and
35 permanent nature are amendatory to the Arkansas Code of 1987 Annotated and

1 the Arkansas Code Revision Commission shall incorporate the same in the Code.
2

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

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

11
12 SECTION 9. EMERGENCY CLAUSE. It is hereby found and determined by the
13 Eightieth General Assembly of the State of Arkansas meeting in Regular
14 Session, that it is essential to adopt a revised Uniform Compensation Plan
15 for state agencies and institutions of higher education; that the revisions
16 must begin at the beginning of the new biennium; and that these changes are
17 essential for the continued functioning of state agencies and institutions of
18 higher education. Therefore, an emergency is hereby declared to exist, and
19 this Act being necessary for the immediate preservation of the public peace,
20 health, and safety shall be in full force and effect from and after July 1,
21 1995.

22 */s/Rep. E. Thicksten*
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