

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

1 State of Arkansas As Engrossed: S4/4/01

2 83rd General Assembly

A Bill

3 Regular Session, 2001

SENATE BILL 869

4

5 By: Joint Budget Committee

6

7

8

For An Act To Be Entitled

9 AN ACT TO AMEND THE UNI FORM CLASSI FICATION AND
10 COMPENSATION ACT FOR THE 2001-2003 BI ENNIAL
11 PERIOD; AND FOR OTHER PURPOSES

12

13

Subtitle

14

UNI FORM CLASSI FICATION AND COMPENSATION
15 ACT AMENDMENTS.

16

17

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

19

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 Arkansas Code 21-5-203(13) is repealed.

21

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

29

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

31

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

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

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

8

9 SECTION 3. Arkansas Code Annotated § 21-5-209 is amended to read as
10 follows:

11

12 § 21-5-209. Compensation plan.

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

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

22 (c) It is the specific intent of the General Assembly to authorize, in the
23 enactment of this compensation plan, maximum rates of pay for each of the
24 appropriate grades assigned to a class, but it is not the intent that any pay
25 increases shall be automatic or that any employee shall have a claim or a
26 right thereto unless the department head of the agency or the institution
27 shall determine that the employee, by experience, ability, and work
28 performance, has earned the increase in pay authorized for the appropriate
29 rate.

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

32 (e)(1) The following grades and pay levels shall be the authorized
33 compensation plan, effective July 1, ~~1999,~~ 2001, for the state service for
34 all positions of agencies and institutions covered by this subchapter to
35 which a classification title and salary grade have been assigned, in
36 accordance with this subchapter and the appropriation act of the agency or

1 institution:

2

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

30

31 (2) The following grades and pay levels shall be the authorized
 32 compensation plan, effective July 1, ~~2000~~, 2002, and thereafter, for the
 33 state service for all positions of agencies and institutions covered by this
 34 subchapter to which a classification title and salary grade have been
 35 assigned, in accordance with this subchapter and the appropriation act of the
 36 agency or institution:

1					
2	PAY LEVELS	<u>I</u>	<u>II</u>	<u>III</u>	<u>IV</u>
3	GRADE 1	\$11,916	\$11,916	\$11,916	\$12,397
4	GRADE 2	\$11,916	\$14,334	\$17,058	\$22,686
5	GRADE 3	\$12,298	\$14,626	\$17,381	\$23,149
6	GRADE 4	\$12,298	\$14,916	\$17,738	\$23,649
7	GRADE 5	\$12,298	\$15,208	\$18,096	\$24,047
8	GRADE 6	\$12,484	\$15,501	\$18,451	\$24,580
9	GRADE 7	\$12,745	\$15,824	\$18,841	\$25,043
10	GRADE 8	\$13,004	\$16,148	\$19,198	\$25,575
11	GRADE 9	\$13,490	\$16,732	\$19,909	\$26,471
12	GRADE 10	\$14,365	\$17,834	\$21,208	\$28,198
13	GRADE 11	\$15,306	\$18,970	\$22,570	\$30,058
14	GRADE 12	\$16,279	\$20,202	\$24,060	\$32,019
15	GRADE 13	\$17,349	\$21,531	\$25,618	\$34,110
16	GRADE 14	\$18,485	\$22,926	\$27,272	\$36,336
17	GRADE 15	\$19,684	\$24,418	\$29,055	\$38,662
18	GRADE 16	\$20,981	\$26,006	\$30,935	\$41,220
19	GRADE 17	\$22,148	\$27,694	\$32,947	\$43,876
20	GRADE 18	\$23,768	\$29,477	\$35,086	\$46,732
21	GRADE 19	\$25,358	\$31,422	\$37,388	\$49,788
22	GRADE 20	\$26,979	\$33,466	\$39,822	\$53,077
23	GRADE 21	\$28,763	\$35,638	\$42,383	\$56,564
24	GRADE 22	\$30,613	\$37,941	\$45,139	\$60,118
25	GRADE 23	\$32,591	\$40,405	\$48,089	\$64,037
26	GRADE 24	\$34,730	\$43,030	\$51,203	\$68,189
27	GRADE 25	\$36,967	\$45,820	\$54,542	\$72,607
28	GRADE 26	\$39,366	\$48,803	\$58,078	\$77,356

29

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

36

1 SECTION 4. Arkansas Code Annotated § 21-5-210 is amended to read as
2 follows:

3
4 § 21-5-210. Implementation of plan - Changes in class specifications.

5 (a) For the purposes of implementing the uniform employee classification and
6 compensation plan for the respective agencies or institutions of higher
7 education covered by the provisions of this subchapter, the General Assembly
8 determines that the class specifications prepared by the Office of Personnel
9 Management in classifying the various positions authorized in the respective
10 appropriation acts shall be the class specifications to be followed in
11 implementing the respective appropriations for all part-time and full-time
12 employees of the respective agencies and institutions covered by the
13 provisions of this subchapter.

14 (b) Changes in class specifications may be made in whole or in part by
15 regulation of the Office of Personnel Management with the review of the
16 Legislative Council, ~~so long as the changes do not substantially change or~~
17 ~~alter the original class specifications adopted in this subchapter.~~

18
19 SECTION 5. Arkansas Code Annotated § 21-5-211 is amended to read as
20 follows:

21
22 § 21-5-211. Implementation procedure for grade changes - Salary adjustments.

23 (a) The Office of Personnel Management of the Division of Management
24 Services of the Department of Finance and Administration shall have
25 administrative responsibility for enforcing compliance by state agencies and
26 institutions affected by this subchapter in implementing classification grade
27 changes.

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

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

35 (A)(i) The maximum rate of compensation for which an employee shall be
36 eligible on July 1, ~~1999~~, 2001, shall be determined by increasing the

1 employee's June 30, ~~1999, 2001,~~ salary by two and eight-
2 six- tenths percent ~~(2.8%)-~~ (2.6%).

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

5 (iii) All other employees' salaries shall be adjusted to the
6 appropriate pay level for the grade assigned to their classification but may
7 not exceed the maximum rate provided for that grade unless otherwise provided
8 for by this section;

9 (B)(i) The maximum rate of compensation for which an employee shall be
10 eligible on July 1, ~~2000, 2002,~~ shall be determined by increasing the
11 employee's June 30, ~~2000, 2002,~~ salary by two and eight-~~six-~~ tenths percent
12 ~~(2.8%)-~~ (2.6%).

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

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

19 (C) Salary adjustments provided for in this section shall be made for
20 all employees covered by the provisions of this subchapter prior to all other
21 salary adjustments;

22 (D) When an employee is demoted for cause or voluntarily solicits a
23 demotion, his or her rate of pay shall be fixed in the lower-graded position
24 at a rate equal to six percent (6%) less than the employee's rate of pay at
25 the time of demotion for demotions of one (1) grade and a maximum of eight
26 percent (8%) less than the employee's rate of pay at the time of demotion for
27 demotions of two (2) or more grades;

28 (E)(i) During the ~~1999-2001~~ 2001-2003 biennium, employees covered by
29 the provisions of this subchapter shall be eligible for an additional two
30 percent (2%) salary increase each year of the biennium, provided that the
31 Chief Fiscal Officer of the State determines that sufficient general revenues
32 become available and provided that the additional two percent (2%) salary
33 increase shall not allow an employee's compensation to exceed the amount set
34 *out for Level IV for the position.*

35 (ii) Employees compensated at Pay Level IV shall be
36 eligible to receive the two percent (2%) salary increase authorized in this

1 section during the 2001-2003 biennium as lump sum payments and the payments
2 shall not be construed as exceeding the maximum salary;

3 (F) An employee who due to legislative enactment is to be compensated
4 at a higher grade, i.e., an upgrade, than that which was in effect on June 30
5 of the previous fiscal year shall be eligible for an additional six percent
6 (6%) increase in his maximum annual salary in the new grade. Employees who
7 due to legislative enactment are to be compensated at a lower grade, i.e., a
8 downgrade, than that which was in effect on June 30 of the previous year
9 shall not have their maximum salary rate reduced due to the grade reduction,
10 and the employee's salary shall remain constant until that employee's
11 assigned grade maximum is equal to or exceeds the employee's established
12 salary.

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

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

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

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

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

36 (i) Minor promotion. The employee's maximum rate of pay shall be

1 increased by six percent (6%);

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

4 (B) An employee who upon promotion is receiving a rate of pay below Pay
5 Level I for the new grade may be adjusted to the entry level for that grade.
6 In no event, however, may an employee's rate of pay upon promotion exceed the
7 amount provided for by Pay Level IV of the grade assigned to the
8 classification. An employee's anniversary date shall not change due to
9 promotion; ~~and~~

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

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

21 ~~(3)(A)~~ (4)(A) When an employee's position has been approved for
22 reclassification to a classification title of a higher salary grade, the
23 employee shall be eligible for an additional six percent (6%) increase in the
24 new classification. Upon reclassification, the salary of an employee who is
25 receiving a rate of pay that is less than the entrance rate for the new grade
26 may be adjusted to the new entrance rate.

27 (B) When an employee's position has been approved for reclassification
28 to a classification title of a lower salary grade, the employee's pay shall
29 be fixed at a rate in the lower grade which does not exceed the employee's
30 rate of pay in the higher graded position at the time of reclassification.

31 (c)(1) In the event that the Chief Fiscal Officer of the State
32 determines that general revenue funds are insufficient to implement the
33 salary increases authorized in this subchapter or by any other law which
34 affects salary increases for state employees, the Chief Fiscal Officer of the
35 State may, upon approval of the Governor, reduce the percentage of all
36 authorized salary increases for all state employees covered by this

1 subchapter without regard to whether the employees are compensated from
2 general or special revenues, federal funds, or trust funds.

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

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

13

14 SECTION 6. Arkansas Code Annotated § 21-5-213 is amended to read as
15 follows:

16

17 § 21-5-213. Employees working late shifts.

18 (a) Subject to the approval of the ~~Chief Fiscal Officer of the State,~~ agency
19 director or the President or Chancellor of the institution of higher
20 education, employees whose working hours do not conform to normal state
21 business hours shall be eligible for additional compensation not to exceed
22 five and one-half percent (5.5%) above that for which they are eligible under
23 this subchapter, provided:

24 (1) The agency or institution or any sections thereof routinely schedules
25 more than one (1) work shift per day;

26 (2) The shift to which the employee is assigned is a full work shift
27 beginning not earlier than 2:30 p.m. and ending not later than 8:00 a.m. the
28 next day; and

29 (3) An employee is regularly assigned to the late shift or is assigned to
30 the shift on a regularly scheduled rotating basis.

31 (b)(1) Employees at or near the maximum authorized salary level for the
32 grade assigned to their classification may be compensated at an additional
33 rate not to exceed five and one-half percent (5.5%) of their eligible salary
34 under the provisions of this subchapter.

35 (2) In those instances where the granting of such additional compensation
36 would have the effect of temporarily exceeding the maximum annual rate for

1 the grade assigned to the employee's classification, the additional
2 compensation shall not be considered as exceeding the maximum allowable rate
3 for that grade.

4 (c) An employee who is receiving additional compensation under the provisions
5 of this section and then is reassigned to a normal shift shall, on the day of
6 the reassignment, revert to the rate of pay for which he is eligible under
7 the provisions of this subchapter.

8

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

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

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

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

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

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

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

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

36 *(ii) No special rates of compensation shall be approved*

1 under the provisions of this section unless the classification is properly
 2 reviewed and approved as a market rate classification and listed on a
 3 register of such classifications to be maintained by the Office of Personnel
 4 Management of the Department of Finance and Administration.

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

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

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

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

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

36 (a) The hiring range shall be used only for

1 establishing a starting salary for an employee in an individual position.

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

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

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

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

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

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

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

1 for a qualified applicant.

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

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

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

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

20 (D) The provisions of this section shall apply to both current
21 and prospective state employees. The provisions of this section shall apply
22 to current employees only in instances where the job has been advertised and
23 the employee has competitively applied for the promotion by submitting a
24 state application for consideration for the position. Otherwise, employees
25 accepting internal promotions shall be compensated in accordance with 21-5-
26 211(b)(2)(A).

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

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

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

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

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

10
11 SECTION 8. Arkansas Code 21-5-1001 is amended to read as follows:
12 21-5-1001. Legislative intent.

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

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

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

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

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

27
28 SECTION 9. Arkansas Code 21-5-1002 is amended to read as follows:
29 21-5-1002. Performance evaluation categories.

30 ~~(a)~~ There are hereby established the following uniform performance
31 evaluation categories for use in determining incentive pay award eligibility.
32 As used in this section:

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

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

1 and

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

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

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

12

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

15 ~~21-5-1004. Annual evaluation required.~~

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

19

20 ~~21-5-1005. Amount of incentive pay award.~~

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

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

28

29 ~~21-5-1006. Analysis of current systems.~~

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

35

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

1 21-5-219. Nonclassified employees.

2 ~~The maximum annual salary rates for the 1999-2001 biennium as set out~~
 3 ~~in dollars by law enacted by the Eighty-Second General Assembly for all~~
 4 ~~departments, boards, commissions, institutions of higher education, and state~~
 5 ~~agencies may be increased by an additional amount not to exceed two percent~~
 6 ~~(2%) each year of the biennium, provided that the Chief Fiscal Officer of the~~
 7 ~~State determines that sufficient general revenues become available. The~~
 8 ~~resulting salary shall represent the maximum annual salary rates for the~~
 9 ~~1999-2001 biennium.~~

10 (a) Employees compensated with maximum annual salary rates for the
 11 2001-2003 biennium as set out in dollars by law enacted by the Eighty-Third
 12 General Assembly for all departments, boards, commissions, institutions of
 13 higher education, and state agencies shall be eligible to receive a two
 14 percent (2%) salary increase, provided that the Chief Fiscal Officer of the
 15 State determines that sufficient general revenues become available, as lump
 16 sum payments.

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

19
 20 SECTION 12. Arkansas Code 21-5-1101 is amended to read as follows:

21 21-5-1101. Competency-based promotions and salary adjustments.

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

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

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

35 (d) Bonus payments of up to eight percent (8%) may be awarded to
 36 employees who satisfy competency-based criteria developed by agencies and

1 institutions and approved by the Office of Personnel Management after review
2 by the Legislative Council.

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

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

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

10
11 SECTION 13. The subchapter heading to Arkansas Code Title 21, Chapter
12 5, Subchapter 10 is amended to read as follows:

13 Subchapter 10.

14 ~~Incentive Pay~~ Employee Performance Evaluation.

15
16 SECTION 14. EMERGENCY CLAUSE. It is found and determined by the
17 General Assembly that several position changes have been incorporated into
18 agencies' budgets to begin July 1, 2001 and that changes to the Uniform
19 Classification and Compensation Act must also take effect at that time to
20 prevent confusion and uncertainty. Therefore, an emergency is declared to
21 exist and this act being immediately necessary for the preservation of the
22 public peace, health and safety shall become effective on July 1, 2001.

23
24 /s/ Joint Budget Committee