

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
2 86th General Assembly
3 Regular Session, 2007
4

As Engrossed: S3/7/07
A Bill

SENATE BILL 788

5 By: Joint Budget Committee
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8 **For An Act To Be Entitled**

9 AN ACT TO IMPLEMENT A MERIT INCREASE PAY SYSTEM
10 BASED ON EMPLOYEE PERFORMANCE EVALUATION; AND FOR
11 OTHER PURPOSES.
12

13 **Subtitle**

14 AN ACT TO IMPLEMENT A MERIT INCREASE PAY
15 SYSTEM BASED ON EMPLOYEE PERFORMANCE
16 EVALUATION.
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19 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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21 SECTION 1. Arkansas Code § 21-5-1101 is amended to read as follows:

22 21-5-1101. ~~Competency based promotions and salary adjustments~~ Merit
23 increase pay system.

24 (a) The Department of Finance and Administration is authorized to
25 develop and implement a ~~career ladder incentive program~~ job series promotion
26 system and a merit increase pay system in accordance with the performance
27 evaluation process under § 21-5-1001 et seq. for the following employees:

28 (1) Employees of all state agencies, boards, commissions, and
29 institutions of higher education covered by the Uniform Classification and
30 Compensation Act, § 21-5-201 et seq.; and

31 (2) Employees in unclassified positions of all state agencies,
32 boards, and commissions, excluding institutions of higher education.

33 (b)(1) Except as provided in subdivision (b)(2) of this section, to be
34 eligible to be evaluated under the merit increase pay system an employee
35 shall have continuous employment with the state in a regular full-time
36 position for twelve (12) months.



1 (2) A part-time employee in a regular salary position that
2 completes two thousand and eighty (2,080) hours shall be eligible to be
3 evaluated for a pay increase under the merit increase pay system.

4 ~~(b)(c)~~(1) For the purpose of this subchapter, a ~~"career ladder~~
5 ~~incentive program"~~ "merit increase pay system" means a ~~competency-based~~
6 merit-based pay system which incorporates pay and performance evaluation
7 standards according to § 21-5-1001 et seq. and establishes criteria for
8 ~~competency-based promotions and~~ salary adjustments or lump sum payments for
9 employees who ~~exhibit effective~~ meet requisite performance categories and
10 ~~support the key agency or institution's goals and objectives.~~

11 ~~(2) "Career ladder classification series"~~ "Job series promotion"
12 means a cluster of hierarchical classes with similar duties and functions
13 that is grouped for professional promotion purposes.

14 ~~(e)(d)~~ At the end of each fiscal year, the Chief Fiscal Officer of the
15 State shall determine the percentage amount not to exceed eight percent (8%)
16 for bonus Merit payments that may be awarded to employees who satisfy
17 ~~competency-based~~ performance evaluation-based criteria developed by agencies
18 and institutions in accordance with rules and policies developed and approved
19 by the Office of Personnel Management of the Division of Management Services
20 of the Department of Finance and Administration after review by the
21 Legislative Council.

22 (e) Effective July 1, 2007, for the 2007-2009 biennium:

23 (1) Employees who receive an overall satisfactory rating under
24 an approved performance evaluation system shall be eligible for a one and
25 five-tenths percent (1.5%) merit increase;

26 (2) Employees who receive an overall above average rating under
27 an approved performance evaluation system shall be eligible for a three
28 percent (3.0%) merit increase; and

29 (3) Employees who receive an overall exceeds standards rating
30 under an approved performance evaluation system shall be eligible for a four
31 and five-tenths percent (4.5%) merit increase.

32 ~~(d)(f)(1)(A)~~ The ~~Except as provided in subdivision (f)(1)(B) of this~~
33 section, the payments shall be awarded as a lump sum payment, and the payment
34 shall not be construed as exceeding the maximum salary added to the
35 employee's base salary.

36 (B) If the merit increase awarded will cause the

1 employee's base salary to exceed pay level IV or the line item maximum annual
2 salary rate of the position, the amount above pay level IV or the maximum
3 annual salary rate of the position shall not be construed as exceeding the
4 maximum salary and shall be paid to the employee as a lump-sum payment.

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

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

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12 SECTION 2. EMERGENCY CLAUSE. It is found and determined by the
13 General Assembly that provisions of this act changes the Uniform Attendance
14 and Leave Policy Act and should become effective July 1, 2007, for consistent
15 application and to avoid confusion and that unless this emergency clause is
16 adopted, this act will not go into effect until after the beginning of the
17 next fiscal year. Therefore, an emergency is hereby declared to exist and
18 this act being necessary for the preservation of the public peace, health,
19 and safety shall be in full force and effect from and after July 1, 2007.

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21 /s/ Joint Budget Committee
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