

# An Act

ENROLLED HOUSE  
BILL NO. 1650

Date Due  
APR 18 2005

By: Hilliard and Sherrer of the  
House

and

Paddack of the Senate

An Act relating to state government; amending 74 O.S. 2001, Sections 4117 and 4118, which relate to the Incentive Awards for State Employees Act; modifying method of payment of incentive compensation under certain circumstances; clarifying requirements to qualify for an award; and providing an effective date.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. AMENDATORY 74 O.S. 2001, Section 4117, is amended to read as follows:

Section 4117. Pursuant to rules promulgated by the Committee, any state employee occupying a supervisory position in an agency, department, commission, or office eligible to participate in the incentive awards program provided for in Section 4115 of this title, monthly, may nominate employees for individual incentive compensation. Nominations for such compensation shall be made in the same manner as provided for in Section 4116 of this title concerning nominations for individual incentive awards. Those nominated for such compensation, at a minimum must have made an exceptional contribution similar to, but greater than, that required by the provisions of ~~subsection A of~~ Section 4116 of this title. Employees determined by the Committee to be deserving of individual incentive compensation pursuant to the provisions of this section may be awarded an increase in compensation in a sum at least equal to twenty-five percent (25%) of the amount determined by the Committee to be the total unit dollar savings to the state for the level of services rendered, but not to exceed the sum of Ten Thousand Dollars (\$10,000.00). Said incentive compensation shall be paid in one lump sum if the twelve-month period mirrors the fiscal year, or two single payments from any funds available to the nominating agency, department, commission, or office for the eligible fiscal year. The calculation for two payments shall be based on the number of months in the first fiscal year of implementation for the first payment. The second payment shall come at the end of the first twelve (12) months of implementation, which falls in the second fiscal year. No nominations for an individual incentive compensation award shall be made until the nominating agency, department, commission, or office assures that funds for said award are available. Funds for the payment of individual incentive compensation awards shall be considered encumbered to the extent said awards are approved by the committee.

SECTION 2. AMENDATORY 74 O.S. 2001, Section 4118, is amended to read as follows:

Section 4118. The Committee, in addition to individual incentive awards and individual incentive compensation, may award unit incentive pay in accordance with the provisions of this section.

A. To qualify for the award of unit incentive pay to its employees, an agency, department, commission, or office shall demonstrate to the satisfaction of the Committee that said agency, department, commission, office, work unit or work team identified by the respective agency, department, commission or office has met both of the following two criteria in its operations ~~during the fiscal year~~, after adjustment for inflation or deflation:

1. Operated at a lower unit cost. "Unit cost" shall be defined as expenditures in dollars to complete a measurable unit of work.

a. For first-time participants the unit cost for the participating year shall be compared to either the unit cost for the immediately preceding ~~fiscal year~~ twelve-month period or a standard unit cost approved by the Committee, or

b. For participants with one or more years in the program, the unit cost for the participating year shall be compared to either the average unit cost of prior successful participating years in the program or a standard unit cost approved by the Committee; and

2. Operated at no greater total dollar expenditures, except:

a. in a case where unit costs are reduced but total expenditures increased due to the agency or office maintaining its level of service; or

b. in a case where the Legislature or department head specifically mandates an increase in the workload.

B. The Committee shall satisfy itself that the claimed unit dollar cost of operation is real and not merely apparent, and that it is not, in whole or in part, the result of any of the following:

1. A lowering of the level or quality of the service rendered;  
or

2. Reduced pass-through on transfer expenditures; or

3. Receipts realized in excess of amounts budgeted; or

4. Nonrecurrence of expenditures which were single outlay, or one-time expenditures, in the preceding fiscal year; or

5. Failure to reward deserving employees through promotions, reclassification, award of merit salary increments, or salary increases authorized by salary range revisions; or

6. Postponement of normal purchases and repairs to a future fiscal year; or

7. Stockpiling inventories in the immediately preceding fiscal year so as to reduce requirements in the eligible fiscal year; or

8. Substitution of federal funds or any funds which are not state funds for state appropriations; or

9. Unreasonable postponement of payments of accounts payable until the fiscal year immediately following the eligible fiscal year; or

10. Shifting of expenses to another agency, department, commission, or office of government; or

11. Any other practice, event, or device which the Committee decides has caused a distortion which misrepresents that a savings or increase in level of services has occurred.

C. The Committee may consider but is not limited to considering as legitimate savings those reductions in expenditures made possible by such items as the following:

1. Reductions in overtime; or

2. Elimination of consultant fees; or

3. Less temporary help; or

4. Elimination of budgeted positions; or

5. Improved methods of communication; or

6. Improved systems and procedures; or

7. Better development and utilization of manpower; or

8. Elimination of unnecessary travel; or

9. Elimination of unnecessary printing and mailing; or

10. Elimination of unnecessary payments for advertising, memberships, dues, and subscriptions; or

11. Elimination of waste, duplication, and operations of doubtful value; or

12. Improved space utilization; or

13. Proven cost-reduction techniques; or

14. Any other items considered by the Committee as representing true savings.

SECTION 2. This act shall become effective November 1, 2005.

Passed the House of Representatives the 14th day of March, 2005.

*James Winchester*  
Presiding Officer of the House of  
Representatives

Passed the Senate the 11th day of April, 2005.

*K. H. ...*  
Presiding Officer of the Senate

**OFFICE OF THE GOVERNOR**

Received by the Governor this 12  
day of April, 2005,  
at 3:04, o'clock P M.

By: *Blain Yaddis*

Approved by the Governor of the State of Oklahoma the 18 day of  
April 2005, at 1:47, o'clock P M.

*Bond Perry*  
Governor of the State of Oklahoma

**OFFICE OF THE SECRETARY OF STATE**

Received by the Secretary of State this 18<sup>TH</sup>  
day of APRIL, 2005,  
at 2:45, o'clock P. M.

By: *M. James Sawyer*