

Stricken language would be deleted from and underlined language would be added to present law.
Act 172 of the Fiscal Session

State of Arkansas
94th General Assembly
Fiscal Session, 2024

As Engrossed: S4/25/24
A Bill

SENATE BILL 77

By: Senators B. Davis, F. Love

By: Representative Wooten

For An Act To Be Entitled

AN ACT TO AMEND THE UNIFORM CLASSIFICATION AND
COMPENSATION ACT; TO DECLARE AN EMERGENCY; AND FOR
OTHER PURPOSES.

Subtitle

TO AMEND THE UNIFORM CLASSIFICATION AND
COMPENSATION ACT; AND TO DECLARE AN
EMERGENCY.

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

SECTION 1. TEMPORARY LANGUAGE. DO NOT CODIFY. MARKET ADJUSTMENT.

(a) An employee under the Uniform Classification and Compensation Act, § 21-5-201 et seq., may receive a market adjustment to his or her base salary that shall not exceed three percent (3%) of the employee's base salary.

(b) An employee shall not receive more than one (1) market adjustment under this section.

(c) A market adjustment under this section may be awarded to an employee whether or not the market adjustment would result in the salary for the employee exceeding the maximum pay level for the grade assigned to the employee's classification.

(d) This section is effective on and after July 1, 2024.

(e) This section expires June 30, 2025.

SECTION 2. Arkansas Code § 21-5-209(e), concerning the compensation plan for state employees, is amended to read as follows:



(e)(1) The following grades and pay levels shall be authorized for the General Salaries pay table effective July 1, ~~2017~~ 2024, and thereafter, for the state service for all positions of state agencies covered by this subchapter to which a classification title and General Salaries salary grade have been assigned in accordance with this subchapter and the appropriation act of the state agency:

GENERAL SALARIES

GS1	\$22,880	<u>\$32,405</u>	\$27,390	<u>\$42,046</u>	\$31,900	<u>\$51,686</u>
GS2	\$23,335	<u>\$32,405</u>	\$28,585	<u>\$42,046</u>	\$33,836	<u>\$51,686</u>
GS3	\$26,034	<u>\$32,405</u>	\$31,892	<u>\$42,046</u>	\$37,749	<u>\$51,686</u>
GS4	\$29,046	<u>\$32,405</u>	\$35,581	<u>\$42,046</u>	\$42,117	<u>\$51,686</u>
GS5	\$32,405	<u>\$32,405</u>	\$39,696	<u>\$42,046</u>	\$46,987	<u>\$51,686</u>
GS6	\$36,155	\$44,290	<u>\$46,912</u>	\$52,425	<u>\$57,668</u>	
GS7	\$40,340	\$49,417	<u>\$52,342</u>	\$58,493	<u>\$64,343</u>	
GS8	\$45,010	\$55,137	<u>\$58,401</u>	\$65,265	<u>\$71,792</u>	
GS9	\$50,222	\$61,522	<u>\$65,164</u>	\$72,822	<u>\$80,105</u>	
GS10	\$56,039	\$68,648	<u>\$72,711</u>	\$81,257	<u>\$89,383</u>	
GS11	\$62,531	\$76,600	<u>\$81,134</u>	\$90,670	<u>\$99,737</u>	
GS12	\$69,776	\$85,476	<u>\$90,535</u>	\$101,175	<u>\$111,293</u>	
GS13	\$77,862	\$95,381	<u>\$101,026</u>	\$112,900	<u>\$124,190</u>	
GS14	\$86,887	\$106,437	<u>\$112,736</u>	\$125,986	<u>\$138,585</u>	
GS15	\$96,960	\$118,776	<u>\$125,806</u>	\$140,592	<u>\$154,652</u>	

(2) The following grades and pay levels shall be authorized for the Information Technology Salaries pay table, effective July 1, ~~2017~~ 2024, and thereafter, for the state service for all positions of state agencies covered by this subchapter to which a classification title and Information Technology Salaries salary grade have been assigned in accordance with this subchapter and the appropriation act of the state agency:

INFORMATION TECHNOLOGY SALARIES

IT1	\$33,403	\$40,919	<u>\$43,340</u>	\$48,434	<u>\$53,278</u>
IT2	\$37,266	\$45,651	<u>\$48,352</u>	\$54,035	<u>\$59,439</u>
IT3	\$41,578	\$50,933	<u>\$53,948</u>	\$60,288	<u>\$66,317</u>
IT4	\$46,391	\$56,829	<u>\$60,193</u>	\$67,267	<u>\$73,994</u>

IT5	\$51,762	\$63,408	<u>\$67,161</u>	\$75,054	<u>\$82,560</u>
IT6	\$57,755	\$70,750	<u>\$74,938</u>	\$83,745	<u>\$92,120</u>
IT7	\$64,445	\$78,945	<u>\$83,617</u>	\$93,445	<u>\$102,790</u>
IT8	\$71,704	\$87,837	<u>\$93,035</u>	\$103,970	<u>\$114,367</u>
IT9	\$80,242	\$98,297	<u>\$104,115</u>	\$116,351	<u>\$127,987</u>
IT10	\$89,541	\$109,688	<u>\$116,180</u>	\$129,835	<u>\$142,819</u>
IT11	\$99,920	\$122,402	<u>\$129,647</u>	\$144,884	<u>\$159,373</u>
IT12	\$111,504	\$136,592	<u>\$144,677</u>	\$161,681	<u>\$177,850</u>

(3) The following grades and pay levels shall be authorized for the Medical Professional Salaries pay table, effective July 1, ~~2017~~ 2024, and thereafter, for the state service for all positions of state agencies covered by this subchapter to which a classification title and Medical Professional Salaries salary grade have been assigned in accordance with this subchapter and the appropriation act of the state agency:

MEDICAL PROFESSIONAL SALARIES

MP1	\$63,830	\$75,958	<u>\$80,347</u>	\$88,058	<u>\$96,864</u>
MP2	\$71,403	\$85,683	<u>\$90,682</u>	\$99,964	<u>\$109,961</u>
MP3	\$79,879	\$96,654	<u>\$102,325</u>	\$113,428	<u>\$124,771</u>
MP4	\$89,368	\$109,029	<u>\$115,464</u>	\$128,690	<u>\$141,559</u>
MP5	\$99,991	\$122,989	<u>\$130,289</u>	\$145,987	<u>\$160,586</u>
MP6	\$111,884	\$138,736	<u>\$147,016</u>	\$165,588	<u>\$182,147</u>
MP7	\$125,200	\$156,500	<u>\$165,890</u>	\$187,800	<u>\$206,580</u>
MP8	\$140,109	\$176,537	<u>\$187,186</u>	\$212,966	<u>\$234,263</u>
MP9	\$156,804	\$199,140	<u>\$211,215</u>	\$241,478	<u>\$265,626</u>
MP10	\$175,620	\$224,033	<u>\$236,561</u>	\$270,455	<u>\$297,501</u>

(4) The following grades and pay levels shall be authorized for the Senior Executive Salaries pay table, effective July 1, ~~2017~~ 2024, and thereafter, for the state service for all positions of state agencies covered by this subchapter to which a classification title and Senior Executive Salaries salary grade have been assigned in accordance with this subchapter and the appropriation act of the state agency:

SENIOR EXECUTIVE SALARIES

SE1	\$108,110	\$127,655	<u>\$135,015</u>	\$147,200	<u>\$161,920</u>
SE2	\$120,543	\$138,822	<u>\$146,677</u>	\$157,100	<u>\$172,810</u>
SE3	\$134,406	\$150,703	<u>\$159,053</u>	\$167,000	<u>\$183,700</u>
SE4	\$149,862	\$165,681	<u>\$174,756</u>	\$181,500	<u>\$199,650</u>
SE5	\$167,096	\$184,398	<u>\$194,483</u>	\$201,700	<u>\$221,870</u>

SECTION 3. Arkansas Code § 21-5-214(d)(2), concerning compensation plan provisions, is amended to read as follows:

(2)(A) An agency director may approve a special rate of pay under subdivision (d)(1) of this section up to fifteen percent (15%) above the entry pay level for the grade assigned to the classification and shall report all actions under the office's procedures.

(B) The office may approve a special rate of pay under subdivision (d)(1) of this section above fifteen percent (15%) up to ~~thirty percent (30%)~~ forty percent (40%) above the entry pay level for the grade assigned to the classification.

(C) The office may approve a special rate of pay pursuant to subdivision (d)(1) of this section above ~~thirty percent (30%)~~ forty percent (40%) up to the maximum pay level for the grade assigned to the classification after review by the Legislative Council or, if the General Assembly is in session, the Joint Budget Committee.

SECTION 4. Arkansas Code § 21-5-221(e), concerning compensation differentials, is amended to read as follows:

(e) An additional ten percent (10%), but not to exceed a total of twelve percent (12%), hazardous duty differential may be authorized for employees occupying positions assigned to a maximum security unit or facility if the ~~regularly assigned~~ work schedules expose employees ~~at least eighty-five percent (85%) of the work time~~ to clear, direct, and unavoidable hazards from clients, inmates, or patients who are in units or facilities that are classified as maximum security.

SECTION 5. Arkansas Code Title 21, Chapter 5, Subchapter 2, is amended to add additional sections to read as follows:

21-5-227. Special compensation awards.

(a)(1) A state agency may provide a special compensation award to an

employee:

(A) To recognize the employee's outstanding performance in successfully completing a significant project or job assignment or completing a major project milestone; or

(B) Due to the assignment of temporary job responsibilities for a period not to exceed six (6) months that:

(i) Are beyond the scope of work typically performed by the employee; and

(ii) Have produced measurable results that enhance the mission and goals of the state agency.

(2) The state agency shall determine whether to offer a special compensation award and, if so, the type of special compensation award to offer.

(b) A special compensation award may consist of:

(1) A lump-sum bonus payment not to exceed five thousand dollars (\$5,000) per award;

(2)(A) Up to forty (40) hours of incentive leave that shall:

(i) Be used by the end of the calendar year following the calendar year in which the award of incentive leave was made; and

(ii) Not carry forward to the subsequent calendar year.

(B) If an employee receives an award of incentive leave under subdivision (b)(2)(A) of this section, the incentive leave shall:

(i) Expire if the employee resigns or is terminated from employment before the end of the calendar year following the calendar year in which the award of incentive leave was made; and

(ii) Not be liquidated by a lump-sum payment to the employee when he or she separates from the state agency; or

(3)(A) A lump-sum payment of an employee's annual leave.

(B) A lump-sum payment under subdivision (b)(3)(A) of this section shall:

(i) Not exceed forty (40) hours of annual leave;

(ii) Be paid at the employee's hourly rate; and

(iii) Not reduce the employee's combined balance of annual leave, holiday leave, and birthday leave to less than eighty (80)

hours.

(c)(1)(A) A state agency wishing to provide special compensation awards to employees shall prepare a written plan for administering special compensation awards.

(B) The written plan under this subsection shall include:

(i) An explanation of how the special compensation awards will be implemented;

(ii) A list of the classifications eligible for special compensation awards;

(iii) Objective, measurable standards for the selection of employees within the listed classifications under subdivision (c)(1)(B)(ii) of this section who are eligible for a special compensation award; and

(iv) A description of the special compensation awards that may be provided to employees.

(2) The written plan under this subsection shall be reviewed by the Office of Personnel Management.

(3) When the office has completed its review of the written plan under subdivision (c)(2) of this section, the office shall refer the written plan to the Legislative Council or, if the General Assembly is in regular session, fiscal session, or extraordinary session, the Joint Budget Committee, for its approval.

(4) A state agency shall not provide a special compensation award before the approval of the state agency's written plan for administering special compensation awards under subdivision (c)(3) of this section.

(5) If the state agency amends the written plan following its approval under subdivision (c)(3) of this section, it shall:

(A) Submit the amended written plan for review by the office and approval by Legislative Council or the Joint Budget Committee in the same manner provided by subdivisions (c)((1)-(3) of this section; and

(B) Not provide a special compensation award under the provisions of the amended written plan before the approval of the state agency's amended written plan.

(d)(1) After a state agency's written plan for administering special compensation awards has been approved under subdivision (c)(3) of this

section, the state agency may submit a request for a special compensation award to the office for approval.

(2) A request under subdivision (a)(1)(A) of this section shall include the following:

(A) A description of the project or assignment prompting the special compensation award;

(B) A description of the work that was completed as part of the project or assignment;

(C) The name or names of the employee or employees who would receive the special compensation award;

(D) A description of how the employee or employees were selected for the project or assignment that prompted the request for the special compensation award; and

(E) A description of the special compensation award that would be provided to the employee or employees.

(3) A request under subdivision (a)(1)(B) of this section shall include the following:

(A) A list of the regularly assigned job responsibilities of the employee or employees;

(B) A list of the temporary job responsibilities assigned to the employee or employees;

(C) The name or names of the employee or employees who would receive the special compensation award;

(D) A description of how the employee or employees were selected for the temporary job responsibilities that prompted the request for the special compensation award; and

(E) A description of the special compensation award that would be provided to the employee or employees.

(4) A request for a special compensation award under this subsection shall be consistent with the written plan for administering special compensation awards of the state agency.

(5) A state agency shall not provide a special compensation award before the approval of the special compensation award by the office under this subsection.

(e) A lump-sum special compensation award under this section shall be:

(1) Subject to withholding of all applicable state and federal

taxes; and

(2) Included by retirement systems in determining retirement benefits.

(f)(1)(A) An employee shall not receive a special compensation award under this section more than two (2) times in a biennium.

(B) The total compensation received from lump-sum bonus payments under subdivision (b)(1) of this section during a biennium shall not exceed ten thousand dollars (\$10,000).

(2) A special compensation award under this section may be awarded to an employee whether or not the special compensation award would result in the salary for the employee exceeding the maximum pay level for the grade assigned to the employee's classification.

(3) An employee may receive a special compensation award and a merit increase under § 21-5-1101 in the same fiscal year.

(g)(1) A special compensation award under this section is subject to a state agency's ability to certify funding for a special compensation award.

(2) A state agency shall:

(A) Use existing funding for a special compensation award under this section; and

(B) Not access the Performance Fund to provide a special compensation award under this section.

(h) The office shall file monthly reports of special compensation awards issued under this section with the Legislative Council or, if the General Assembly is in regular session, fiscal session, or extraordinary session, the Joint Budget Committee.

(i)(1) It is both necessary and appropriate that the General Assembly maintain oversight by requiring prior approval of the Legislative Council or, if the General Assembly is in regular session, fiscal session, or extraordinary session, the Joint Budget Committee, as provided by this section.

(2)(A) The requirement of approval by the Legislative Council or the Joint Budget Committee under this section is not a severable part of this section.

(B) If the requirement of approval by the Legislative Council or the Joint Budget Committee under this section is found unconstitutional by a court of competent jurisdiction, the entire section is

void.

21-5-228. Recruitment incentives.

(a)(1) A state agency may offer a recruitment incentive in connection with an offer of employment to a prospective employee to assist with recruitment efforts.

(2) The state agency shall determine whether to offer a recruitment incentive and, if so, the type of incentive to offer.

(b) A recruitment incentive may consist of:

(1)(A) A bonus payment not to exceed five thousand dollars (\$5,000).

(B) A bonus payment under subdivision (b)(1)(A) of this section may be paid:

(i) In full to a prospective employee at the beginning of his or her employment; or

(ii) In installments during the prospective employee's required period of employment under subdivision (d)(1) of this section; or

(2) Up to forty (40) hours of incentive leave that:

(A) Shall be used by the end of the calendar year following the calendar year in which the prospective employee begins employment with the state agency; and

(B) Shall not carry over to the subsequent calendar year.

(c) A person employed by the executive branch at the time of the offer of employment is not eligible for a recruitment incentive under this section.

(d)(1) A person receiving a recruitment incentive under this section shall commit to a required period of employment with the state agency.

(2) If the employee receives a recruitment incentive under this section and voluntarily resigns or is terminated from employment with the state agency before completing the required period of employment under subdivision (d)(1) of this section, the following shall apply:

(A) If the employee received a bonus payment in full at the beginning of his or her employment under subdivision (b)(1)(C)(i) of this section, the employee shall repay the bonus payment to the state agency;

(B) If the employee is scheduled to receive a bonus payment in installments under subdivision (b)(1)(C)(ii) of this section, the

employee shall:

(i) Repay to the state agency any installment payments received before the date that the employee resigns or is terminated from employment; and

(ii) Not receive the value of any installment payments scheduled on or after the date the employee resigns or is terminated from employment; and

(C) If the employee received an award of incentive leave under subdivision (b)(2) of this section, the incentive leave shall:

(i) Expire when the employee resigns or is terminated from employment; and

(ii) Not be liquidated by a lump-sum payment to the employee when he or she separates from the state agency.

(3) If the employee does not repay a bonus payment under subdivisions (d)(2)(A) or (d)(2)(B)(i) of this section within one hundred eighty days (180) from the date the employee resigns or is terminated from employment, the Revenue Division of the Department of Finance and Administration may set off any refunds due the employee from the division by the sum certified by the Office of Personnel Management as due and owing under § 26-36-301 et seq.

(e)(1)(A) A state agency wishing to provide recruitment incentives to prospective employees shall prepare a written plan for administering recruitment incentives.

(B) The written plan under this subsection shall include:

(i) An explanation of how the recruitment incentives will be implemented;

(ii) A list of the classifications eligible for recruitment incentives; and

(iii) A description of the recruitment incentives that may be provided to prospective employees.

(2) The written plan under this subsection shall be reviewed by the office.

(3) When the office has completed its review of the written plan under subdivision (e)(2) of this section, the office shall refer the written plan to the Legislative Council or, if the General Assembly is in regular session, fiscal session, or extraordinary session, the Joint Budget

Committee, for its approval.

(4) A state agency shall not provide a recruitment incentive under this section before the approval of the state agency's written plan for administering recruitment incentives under subdivision (e)(3) of this section.

(5) If the state agency amends the written plan following its approval under subdivision (e)(3) of this section, it shall:

(A) Submit the amended written plan for review by the office and approval by Legislative Council or the Joint Budget Committee in the same manner provided by subdivisions (e)((1)-(3) of this section; and

(B) Not provide a recruitment incentive under the provisions of the amended written plan before the approval of the state agency's amended written plan.

(f)(1) After a state agency's written plan for administering recruitment incentives has been approved under subdivision (e)(3) of this section, the state agency may submit a request for a recruitment incentive to the office for approval.

(2) The request under subdivision (f)(1) of this section shall include:

(A) The name of the prospective employee;

(B) A description of the position the prospective employee would fill and his or her qualifications for the position;

(C) A description of the recruitment incentive that would be provided to the prospective employee; and

(D) A specification of the required period of employment for the prospective employee to retain the recruitment incentive.

(3) A request for a recruitment incentive under this subsection shall be consistent with the written plan for administering recruitment incentives of the state agency.

(4) A state agency shall not provide a recruitment incentive before the approval of the recruitment incentive by the office under this subsection.

(g) A bonus payment recruitment incentive under this section shall be:

(1) Subject to withholding of all applicable state and federal taxes; and

(2) Included by retirement systems in determining retirement

benefits.

(h) A recruitment incentive under this section may be awarded to a prospective employee whether or not the recruitment incentive would result in the salary for the employee exceeding the maximum pay level for the grade assigned to the employee's classification.

(i)(1) A recruitment incentive under this section is subject to a state agency's ability to certify funding for a recruitment incentive.

(2) A state agency shall:

(A) Use existing funding for a recruitment incentive under this section; and

(B) Not access the Performance Fund to provide a recruitment incentive.

(j) The office shall file monthly reports of recruitment incentives provided under this section with the Legislative Council or, if the General Assembly is in regular session, fiscal session, or extraordinary session, the Joint Budget Committee.

(k)(1) It is both necessary and appropriate that the General Assembly maintain oversight by requiring prior approval of the Legislative Council or, if the General Assembly is in regular session, fiscal session, or extraordinary session, the Joint Budget Committee, as provided by this section.

(2)(A) The requirement of approval by the Legislative Council or the Joint Budget Committee under this section is not a severable part of this section.

(B) If the requirement of approval by the Legislative Council or the Joint Budget Committee under this section is found unconstitutional by a court of competent jurisdiction, the entire section is void.

SECTION 6. Arkansas Code § 21-5-1101 is amended to read as follows:

21-5-1101. Merit increase pay system – Definition.

(a)(1) The Department of Transformation and Shared Services is authorized to develop and establish a merit increase pay system in accordance with the performance evaluation process under § 21-5-1001 et seq. for employees of all state agencies, boards, and commissions covered by the Uniform Classification and Compensation Act, § 21-5-201 et seq.

(2)(A) The merit increase pay system shall be reviewed by the Legislative Council or, if the General Assembly is in session, the Joint Budget Committee.

(B) If the department amends the merit increase pay system following its review under subdivision (a)(2)(A) of this section, it shall submit the amended merit increase pay system for approval by the Legislative Council or the Joint Budget Committee in the same manner provided by subdivision (a)(2)(A) of this section.

(C) The department shall not implement an amended merit increase pay system prior to the approval of the amended merit increase pay system under subdivision (a)(2)(B) of this section.

(b) For the purpose of this subchapter, “merit increase pay system” means a merit-based pay system that incorporates pay and performance evaluation standards according to § 21-5-1001 et seq. and establishes criteria for payments for employees who meet requisite performance categories.

(c) Merit payments may be awarded to employees who satisfy performance evaluation-based criteria developed by agencies in accordance with procedures and policies developed and approved by the Office of Personnel Management after review by the Legislative Council.

(d)~~(1)~~ A merit payment under this section may be awarded to an employee whose salary is equal to or above the maximum pay level for the grade assigned to the classification, resulting in the salary for the employee exceeding the maximum pay level for the grade assigned to the classification, if the merit payment resulting in an increase above the maximum pay level is approved by the:

~~(A)(1)~~ Legislative Council; or

~~(B)(2)~~ Joint Budget Committee, if the General Assembly is in regular, fiscal, or extraordinary session.

~~(2)(A) It is both necessary and appropriate that each time a merit payment is provided to an employee whose salary is equal to or above the maximum pay level for the grade assigned to the classification, the General Assembly shall maintain oversight of those salary increases by requiring prior approval of the Legislative Council or, if the General Assembly is in regular, fiscal, or extraordinary session, the Joint Budget Committee.~~

~~(B) The requirement of approval by the Legislative Council or the Joint Budget Committee is not a severable part of this subsection.~~

~~(C) If the requirement of approval by the Legislative Council or the Joint Budget Committee is found unconstitutional by a court of competent jurisdiction, this subsection shall be void.~~

(e)(1) It is both necessary and appropriate that the General Assembly maintain oversight by requiring prior approval of the Legislative Council or, if the General Assembly is in regular session, fiscal session, or extraordinary session, the Joint Budget Committee, as provided by this section.

(2)(A) The requirement of approval by the Legislative Council or the Joint Budget Committee under this section is not a severable part of this section.

(B) If the requirement of approval by the Legislative Council or the Joint Budget Committee under this section is found unconstitutional by a court of competent jurisdiction, the entire section is void.

SECTION 7. Arkansas Code § 26-36-303(2)(F), concerning the definition of “debt”, is amended to read as follows:

(F) Money owed to a claimant agency for all costs resulting from an overpayment of wages or salaries, including without limitation a lump-sum payment or the repayment of a bonus payment under § 21-5-228(d)(2)(A) or § 21-5-228(d)(2)(B)(i);

SECTION 8. EMERGENCY CLAUSE. It is found and determined by the General Assembly of the State of Arkansas that employees of the State of Arkansas provide critical services necessary to preserve the public peace, health, and safety; that the provisions of this act are necessary to ensure the continued services and operations of the state and to ensure that necessary services and operations are provided to the citizens of the state; that the next fiscal year of the State of Arkansas begins on July 1, 2024, and operative appropriations will become effective on that date; and that it is necessary for the continued provision of essential state services and operations that this act become effective at the beginning of the forthcoming fiscal year. Therefore, an emergency is declared to exist, and this act

being necessary for the preservation of the public peace, health, and safety shall become effective on July 1, 2024.

/s/B. Davis

APPROVED: 5/3/24