



**STATE OF OKLAHOMA
OFFICE OF PERSONNEL MANAGEMENT**

"Serving Equal Opportunity Employers"

OPM 05-48

TO: All Appointing Authorities

FROM: Oscar B. Jackson, Jr., IPMA-CP, Administrator and
Cabinet Secretary of Human Resources and Administration

A handwritten signature in black ink, appearing to read "Oscar B. Jackson, Jr.", is written over the "FROM:" line.

DATE: October 25, 2005

**RE: Emergency Amendments to the
Productivity Enhancement Program ("PEP") Rules**

Enclosed please find the text of emergency amendments to the Productivity Enhancement Program Rules which go into effect November 1, 2005. Due to budgetary constraints, the Office of Personnel Management has no current plans to produce a rulebook or supplement for distribution to all state employees. However, all currently effective Productivity Enhancement Rules adopted by the Committee for Incentive Awards for State Employees are available on the Office of Personnel Management's website at:

http://www.opm.ok.gov/opm/documents/PEP_rules_2003_.pdf

The emergency amendments to the Productivity Enhancement Program Rules enclosed with this memorandum will be available at the above website address beginning November 1, 2005.

Generally, the emergency amendments serve to provide definitions and make current rules consistent with statutory law. The most significant amendments provide an increased maximum individual incentive compensation award from \$5,000 to \$10,000 and payment of said compensation in two separate payments if more than one fiscal year is involved. The text of the emergency rule amendments follows.

TITLE 345. COMMITTEE FOR INCENTIVE AWARDS FOR STATE EMPLOYEES
CHAPTER 10. PRODUCTIVITY ENHANCEMENT PROGRAM
SUBCHAPTER 1. GENERAL PROVISIONS

345:10-1-2. Definitions

The following words and terms, when used in this Chapter, shall have the following meaning, unless the context clearly indicates otherwise.

"Committee" or "program Committee" or "statewide PEP Committee" or "PEP Committee" means the Incentive Awards for State Employees Committee described in Section 345:10-3-1.

"Coordinator" or "program coordinator" or "statewide PEP coordinator" or "PEP Coordinator" means the Productivity Enhancement Program coordinator described in Section 345:10-3-2.

"PEP" means the Productivity Enhancement Program.

"Title 74" means Title 74 of the Oklahoma Statutes.

SUBCHAPTER 3. ORGANIZATION

345:10-3-1. Incentive Awards for State Employees Committee

(a) **Structure of the Committee.** The Productivity Enhancement Program will be managed by a seven-member committee. The members of the Committee will be appointed to represent state employees, management, and business. The Committee will be comprised of:

- (1) *The Director of ~~Public Affairs [Department of Central Services]~~ Central Services or designee who shall be the chairperson;*
- (2) *The Director of State Finance or designee;*
- (3) *The Administrator of the Office of Personnel Management or designee;*
- (4) *The chief administrative officer of a state executive agency, department, commission, or office who shall be appointed by the Governor;*
- (5) *A state employee who does not occupy a supervisory position, to be appointed by the Governor;*
- (6) *A person who is not a state officer or employee, to be appointed by the President Pro Tempore of the Senate; and*
- (7) *A person who is not a state officer or employee, to be appointed by the Speaker of the House of Representatives. [74:4112]*

(b) *Each member who is appointed by the Governor shall serve on the Committee at the pleasure of the Governor. Those members not appointed by the Governor shall serve on the Committee at the pleasure of their respective appointing authority. [74:4112] Apart from the Committee, the chairman will appoint or identify a Productivity Enhancement Program coordinator to handle administrative details, to act as an advisor to the Committee, and to act as secretary to the Committee at all meetings. The program coordinator shall have no vote.*

(b)(c) **Role of the Committee.** It shall be the responsibility of the Committee to:

- (1) Promulgate rules and regulations and adopt policies and procedures to implement the Productivity Enhancement Program pursuant to the provisions of the Incentive Awards for State Employees Act. [74:4113]
- (2) Review all nominations and evaluations brought before it by the program coordinator.
- (3) Assure that each nomination is thoroughly and fairly investigated and reported upon by:
 - (A) Calling upon any state employee or officer for information on the evaluation or implementation of any nomination;

- (B) Requesting any further information and investigation it deems appropriate.
- (4) Encourage employees to make nominations, and explain the program to agencies and groups upon request.
- (5) Periodically review and update the program rules as necessary, and waive procedural rules in individual cases in the interest of fairness and equity.
- (6) Authorize awards and the amounts of awards. [74:4117]
- (7) Prepare and submit to the Governor, Speaker of the House of Representatives and the President Pro Tempore of the Senate, a comprehensive annual status report on the activities, decisions, awards and recommendations of the Committee with respect to the Productivity Enhancement Program.

~~(e)~~(d) **Operations of the Committee.**

- (1) The Committee chair may cancel regularly scheduled Committee meetings if there is no business before the Committee. When meetings are canceled, the required public notices will be filed with the Secretary of State and publicly posted.
- (2) The Committee may consider "revenue generation" in evaluating cash nominations.

SUBCHAPTER 5. TYPES OF AWARDS

345:10-5-2. Individual incentive compensation

(a) **Definition.** An individual incentive compensation award will consist of a ~~one lump sum~~ payment equal to at least 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 shall not exceed ~~five thousand dollars (\$5,000)~~ ten thousand dollars (\$10,000). The individual incentive compensation shall be paid in one lump sum if the twelve-month period mirrors the fiscal year, [otherwise, it shall be paid in two separate payments]. 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. [74:4117]

(b) **Eligibility of employees to participate.** All employees except state agency heads eligible to participate in the individual incentive awards program (see Section 345:10-5-1) shall be eligible to participate in the individual incentive compensation program. Eligibility of state agency supervisors and managers for cash awards will be reviewed on a case-by-case basis according to Section 345:10-7-1(2).

(c) **Eligibility of employees to receive individual incentive compensation.** This type of award may be made to eligible employees, nominated for such compensation who, at a minimum, must have made an exceptional contribution similar to, but greater than, that required for an individual incentive award. Individual incentive compensation awards will be made only for proposals that result in real cost savings or revenue generation to an agency.

(d) **Funding.** Individual incentive compensation awards shall be paid from the accrued savings in the operating budget of the nominating agency, department, commission, or office ~~for the eligible fiscal year.~~ [74:4117] Incentive pay awards shall be exempt from retirement contributions and shall not be included for the purpose of computing a retirement allowance pursuant to any public retirement system of the state. [74:4119]