

OPM 01-28

DATE: April 2, 2001

TO: All Appointing Authorities

FROM: Oscar B. Jackson, Jr., Administrator and
Cabinet Secretary of Human Resources

RE: The "Real" Truth About Oklahoma State Employee Compensation

A few weeks ago, the Oklahoma Council of Public Affairs (OCPA) released a policy paper titled "The Truth About Oklahoma State Employee Compensation," in which they conclude:

"Oklahoma state employees... are compensated at a rate similar to that of employees in comparable states, and are paid considerably more than Oklahoma's private employees..."

As you know, as Administrator of the Office of Personnel Management, I am required by state law to:

"Conduct an analysis of the rates of pay prevailing in the state in the *public and private sectors for comparable jobs* and report the findings to the Governor, the President Pro Tempore of the Senate, and the Speaker of the House of Representatives..." 74 O.S. Supp. 2000, §840-1.6A(5) (emphasis added).

The December 1, 2000 OPM FY2001 Annual Compensation Report, distributed to the Governor, the Oklahoma Legislature and all state agencies, concluded that as an employer we continue to trail the competitive labor market. Oklahoma's classified employee salaries are 13.1% below the market, 1.0% below the market for fringe benefits, and 8.9% below the market for total compensation (salary along with fringe benefits). The figure for total compensation has been revised from the original report submitted December 1, 2000, to more accurately reflect the combination of salary and benefits.

The accepted professional standard for both public and private employers is to conduct compensation comparisons upon an analysis of "like jobs." All professional

organizations related to human resources and compensation practices support this matching of “like jobs” in compensation comparisons; and this is the reason that the Oklahoma Statutes demand this type of analysis.

The FY2001 OPM Annual Compensation Report adheres to the “like jobs” standard by comparing 215 specific job levels with comparable jobs in the public and private sectors, both within Oklahoma and in the surrounding states. As an example of these professional standards, the following information was taken from the FY2001 OPM Annual Compensation Report and combined with turnover data from January 1, 2000 to December 31, 2000 for the full performance job level for each listed job.

Job Title	Number of State Employees	Average State Salary	Average from Survey	Percentage Below Market	Annual Turnover
Social Service Specialist	1,423	\$26,265	\$32,314	-23%	12%
Administrative Technician	547	\$18,093	\$23,870	-32%	12%
Child Welfare Specialist	607	\$27,112	\$29,828	-10%	14%
Registered Nurse	331	\$30,623	\$38,149	-25%	21%
Correctional Security Officer	205	\$18,290	\$24,035	-31%	17%

In contrast to the compensation procedures demonstrated above, the OCPA Policy Report fails to adhere to this accepted standard. On the contrary, the OCPA report combines the salaries of all employees in the private sector (over 1.4 million) and compares this with an average salary for the state classified workforce of 28,000. Such a comparison ignores the type of work performed and the requirements of that work and as such is a faulty and inappropriate premise.

The OCPA report makes several assertions that are all based upon this inappropriate comparison or premise. The paper presents other inappropriate conclusions based on data that is fundamentally incomparable (i.e. comparing leave accrual to time actually worked, comparing total length of state service with time in a specific job, etc.). OPM has other concerns with some of the specific data provided in the report, primarily because much of the data in OCPA’s report cannot be verified by examination of the sources cited.

State government, as the largest employer in Oklahoma, must be in a position to recruit and retain a qualified workforce to provide the services the people of Oklahoma need and deserve. With the support of the Governor and the Oklahoma Legislature, progress

has been made; but we continue to experience difficulty in recruitment and continue to experience an unacceptably high turnover rate in many critical state jobs.

As agency appointing authorities, each of you are familiar with specific recruitment and retention challenges, which make it particularly difficult for you to accomplish your mission on a day-to-day basis. The Office of Personnel Management will continue to work with you to develop and implement strategies to recruit and retain a qualified workforce.

Questions regarding the OCPA Policy Report and the FY2001 Annual Compensation Report may be directed to Spencer Anthony, Director of the OPM Compensation and Workforce Planning Division at (405) 522-0422. You may also contact me directly at (405) 521-6301.