Employee Compensation

The following procedures establish guidelines for the equitable and consistent application of Oklahoma Statutes (74 O.S. § 840-2.15A, 2.15B) and Merit Rules [260:25-7 through 27] governing employee compensation. (2-CO-1C-01, 5-ACI-1C-01, 4-ACRS-7E-07, 4-APPFS-3E-02) Cost-of-living raises, or any other type of raise given on an across-the-board-basis, are prohibited unless authorized by the legislature.

I. Entrance Salary [Merit Rule 260:25-7-3]

A. Hiring Rate/Initial Hire to the Classified Service

   The hiring rate is the initial rate of pay for a job within its assigned pay band range [Merit Rule 260:25-1-2]. No hiring rate may be established below the minimum or above the maximum rate of pay established for a pay band [Merit Rule 260:25-7-3(a)]. The minimum, midpoint, and maximum annual rates of pay for each pay band are maintained within the pay band...
structures established by the Human Capital Management (HCM) Division of the Office of Management and Enterprise Services (OMES) (Merit Rule 260:25-7-2).

Hiring rates will be based on the work performed, the duties and responsibilities assigned, and other relevant factors which may include consideration of recruitment and retention issues, internal pay equity, market rates, and the training and qualifications of the employee being appointed [Merit Rule 260:25-7-3(b)]. (2-CO-1C-22, 5-ACI-1C-18, 4-ACRS-7E-09, 4-APPFS-3E-10)

1. Standard Hiring Rate

The central Human Resources unit will establish a standard hiring rate for each classified job family level. Except as provided in this procedure, the standard hiring rate will be used for initial hires from an HCM certified list.

a. If competitive labor market, economic or other employment conditions make recruitment of applicants for employment in a job difficult (i.e., less than ten applicants for employment on a certified list or other demonstrated recruitment difficulties) at the standard hiring rate, an increase to that rate may be approved by the agency director. Once established, the new standard hiring rate will be used for all initial appointments to that job family level, except as provided in this procedure.

b. Prior to establishing a new standard hiring rate, consideration will be given to incumbents to ensure that any employee in that job family level who is paid below the proposed hiring rate can be adjusted, by use of an authorized pay movement mechanism, to an amount comparable to or above the proposed hiring rate.

   (1) The compensation rate of current employees set below the standard hiring rate within the same job family will be adjusted through an authorized pay movement mechanism.

   (2) Any adjustments to current employee salaries using the Merit System’s pay movement mechanisms must be accomplished within the agency’s budget for the current and subsequent fiscal years without the need for additional funding to increase the personnel services budget of the agency [Merit Rule 260:25-7-1(c)].

2. Individual Special Hiring Rates

a. Hiring rates for individuals above the standard hiring rate for the job may be requested when:
(1) An applicant for initial hire (i.e., appointed from a certified list) exceeds the minimum education and/or experience qualifications required for the job;

(2) It serves the needs of the agency; and

(3) Consideration is given to the rates of pay previously paid or offered to similarly qualified applicants under similar circumstances.

b. Facilities/units may request individual special hiring rates by submitting a completed “Request for Individual Special Hiring Rate” (Attachment A, attached) for approval to the central Human Resources unit through the appropriate regional or divisional office.

B. Rate of Pay upon Reinstatement to the Classified Service [Merit Rule 260:25-7-4]

Salary upon reinstatement to the classified service will be determined by the central Human Resources unit.

1. Reinstatement after a 30-day break in service or to a job family level that was not held at the time the individual last terminated:

   a. The individual will receive base pay similar to other employees in the job family level to which they are reinstated with approximately the same length of state service; and

   b. No employee’s pay will be set above the pay band maximum.

2. If reinstating with less than a 30-day break in service and to the same job family level as the individual’s previous position:

   a. The individual will receive the same base pay provided prior to termination; and

   b. This rate of pay will not be set above the pay band maximum. If the individual’s previous rate of pay exceeded the pay band maximum, their rate of pay upon reinstatement will be set at the pay band maximum.

C. Hiring Rates/Annual Salary Adjustments for Teachers and Vocational Training Instructors (57 O.S. Section 510.6a)

1. Entrance salary and annual salary adjustments for Oklahoma Department of Corrections’ (ODOC) teachers (I23A & B) and vocational training instructors (K28A) will be determined by the central Human Resources unit in accordance with 57 O.S. § 510.6a.
a. Salary will be determined by multiplying the appropriate salary from the schedules coded in 70 O.S. § 18-114.14 by 120 percent.

b. Employees in the correctional teacher II (I23B) positions will receive an additional five percent.

c. Employees in the correctional teacher I (I23A) or correctional teacher II (I23B) positions who possess a special education certificate will receive an additional five percent.

2. To determine the creditable years of teaching experience for a new employee, as defined in 70 O.S. § 18-114.14, years of credited teaching experience and creditable active military service duty, not to exceed five years, will be considered.

a. These salary components, as well as the educational degree, will be verified with the Oklahoma Department of Education by the Education unit and documents forwarded to the central Human Resources unit.

b. Years of teaching will be expressed in whole years (no rounding) as of the preceding June 1.

3. Annual salary adjustments will be determined by the central Human Resources unit in accordance with the governing law.

a. These adjustments will be computed based on each employee’s information as of June 1 as confirmed by the agency’s central Human Resources unit and each correctional teacher.

b. Any appropriate “step” salary adjustment for ODOC employees occupying one of these jobs will be effective July 1, unless otherwise directed by legislation for teachers in the state of Oklahoma.

II. Pay Adjustments Due To Personnel Actions

A. Promotion/Career Progression [Merit Rule 260:25-7-14(b)]

Salary on promotion/career progression will equal the hiring rate for the new job plus 100 percent of the dollar amount the employee was receiving above the hiring rate of the old job except that the rate of pay upon promotion:

1. Must be at least five percent above the salary the employee was receiving before the promotion;

2. Must not be below the minimum of the new pay band, and will not be
less than the standard hiring rate established for that job within the pay band;

3. Must not exceed the maximum of the new pay band; and

4. May be required to be set in accordance with a legislative action governing pay upon promotion rules (i.e., an across-the-board pay increase legislative bill that also sets forth rules concerning percentage retention of the increase upon promotion).

   a. In such instances, special pay upon promotion rules will be determined by the central Human Resources unit. Those rules will ensure that employees receive no less than the amounts they would otherwise receive as set forth by this section; and

   b. Any increase amount over the minimum five percent will be counted toward compliance with the governing legislation.

B. **Detail to Special Duty [Merit Rule 260:25-7-17]**

   An employee’s pay will not be reduced as a result of a detail to special duty. Pay upon detail to special duty will be in accordance with the procedures for pay upon promotion in Section II. of this procedure provided that the detail meets the definition of a promotion: reclassification of a classified employee to a different job with a higher pay band assignment or to a higher level within the same job family. [Merit Rule 260:25-1-2].

C. **Demotion [Merit Rule 260:25-7-14(c)]**

   Demotion is defined as the reclassification of a classified employee to a different job with a lower pay band assignment or to a lower level within the same job family. Demotion may be voluntary or involuntary. [Merit Rule 260:25-1-2]. Pay upon demotion will be in accordance with the following:

   1. Pay upon demotion will be computed by reducing an employee’s salary by five percent for each pay band demoted. If the job to which the employee is demoting is in the same pay band but at a lower level in same job family, the employee’s rate of pay will be reduced by five percent.

   2. Pay upon demotion will be set between the agency’s standard hiring rate and maximum of the pay band assigned to the job family level to which demoted, except that the salary upon demotion will not exceed the employee’s rate of pay prior to demotion.

   3. If an employee’s rate of pay prior to the demotion is less than the standard hiring rate of the job to which demoting, the rate of pay upon demotion will remain the same, and a salary adjustment, using an approved pay movement mechanism, will be done by the central Human Resources unit. This salary adjustment will set the employee’s pay at the job’s standard hiring rate.
D. Lateral Transfer

Lateral transfer is the reassignment of an employee to another state job with the same pay band assignment as the job family level to which the employee had been classified prior to the lateral transfer [Merit Rule 260:25-1-2].

If the new job has the same pay band assignment and is in the same job family but at a higher level, the transaction is a promotion; if it is in the same job family but at a lower level, the transaction is a demotion [Merit Rule 260:25-1-2].

1. Intra-agency (within the agency) Lateral Transfer [Merit Rule 260:25-7-14(d)]
   a. Transfer to a job with the same or lower hiring rate

   Employees who transfer to jobs with a hiring rate that is equal to or below the hiring rate of the job from which the employee is transferring will remain at the same rate of pay.

   b. Transfer to a job with a higher hiring rate

   (1) Employees who transfer to jobs with a hiring rate that is higher than the job from which the employee is transferring will receive an amount equal to the difference between the old and new hiring rate up to a maximum of five percent of their salary prior to transfer.

   (2) Per Merit Rule, if the five percent maximum, intra-agency lateral transfer adjustment does not bring the employee’s salary up to the standard hiring rate assigned to the job family level to which transferred, a salary adjustment, using an authorized pay movement mechanism, will be accomplished by the central Human Resources unit in order to adjust the employee’s salary to the job’s hiring rate.

2. Inter-agency (from another state agency) Lateral Transfer

   a. Employees who transfer to ODOC from another state agency to a position in the same job family level or another job family level with the same pay band assignment will receive the same rate of pay as before the transfer.

   b. If the employee’s salary after the transfer is below the job’s standard hiring rate, a salary adjustment for the difference, using an authorized pay movement mechanism, will be done by the central Human Resources unit in order to adjust the employee’s salary to the job’s standard hiring rate.
E. Reinstatement Following Failure to Complete Trial Period


   An employee who fails to achieve permanent status after a promotion will be reinstated to the former position or another in the same job family level at the salary the employee would have received if the promotion had not taken place.

2. Voluntary Demotion [Merit Rule 260:25-11-76(b)]

   An employee who fails to successfully complete a trial period in the demoted position will be reinstated to the former position or to another position in the same job family at the salary the employee would have received if the demotion had not taken place.

III. Shift Differentials [Merit Rule 260:25-7-7]

The following shift differentials are compensation received in addition to base pay and will be paid in accordance with these procedures. The hours an employee is eligible to receive, a shift differential must be reported monthly by the appropriate facility/unit supervisor or designee and recorded on the monthly time/leave sheet in accordance with OP-110120 entitled “Procedures for Time/Leave Sheets and Payroll Processing.” The hours will be reported on the “Shift Differential Monthly Reporting Form” (Attachment B, attached) and submitted to the central Human Resources unit no later than the fifth working day of the following month. Shift differential payments will only be made for hours actually worked (W). No payment will be made for any time an employee is on leave status (paid or unpaid) or when the employee no longer occupies the particular position under the circumstances that necessitated the differential.

A. Evening Shift Differential (4:00 p.m. to 12:00 a.m.)

   Attachment C (attached) entitled “Evening Shift Differential” lists the jobs and amounts that will be paid for the evening shift differential. Employees must work 5/8 (five hours) of all of the hours designated as the evening shift in order to receive the pay differential for the entire shift. No partial shift differential will be paid.

B. Night Shift Differential (12:00 a.m. to 8:00 a.m.)

   Attachment D (attached) entitled “Night Shift Differential” lists the jobs and amounts that will be paid for the night shift differential. Employees must work a majority (more than four hours) of the designated night shift hours in order to receive shift differential payment for the entire shift. No partial shift differential will be paid.

C. Rotating Shift Differential
Attachment E (attached) entitled “Rotating Shift Differential” lists the jobs and amounts that will be paid for a rotating shift differential. A rotating shift is defined as a shift where an employee would rotate between the evening and night shift. No partial shift differential will be paid.

IV. Sign-on Pay Incentive [Merit Rule 260:25-7-6]

A. Eligible Positions

Applicants who are appointed to the positions listed below may receive a sign-on pay incentive if eligibility requirements are met and funding is available. The incentive will normally be issued via two equal payments within six months of entering on duty. The first payment will normally be issued on the employee’s first main payroll. The second payment will normally be issued on the employee’s main payroll following his/her completion of five months of employment with the agency.

1. Registered Nurse Level I, II or III (Y12A, Y12B, or Y12C)

   Initial Payment: $2,500
   After 5 Months Employment: $2,500
   TOTAL INCENTIVE: $5,000

2. Licensed Practical Nurse I or II (Y11A or Y11B)

   Initial Payment: $1,500
   After 5 Months Employment: $1,500
   TOTAL INCENTIVE: $3,000

B. Eligibility

Applicants must meet the following criteria in order to receive a sign-on pay incentive:

1. Must be a new state employee or a former State of Oklahoma employee following a break in service from the state of at least 180 days;

2. May not have previously received a sign-on incentive payment from any state agency during any period of state employment, regardless of any prior repayment;

3. Must sign a “Sign-on Pay Incentive Application” (Attachment G, attached) acknowledging the obligation to repay the entire incentive, including tax withholdings on the incentive, if the individual voluntarily or involuntarily (other than through a reduction in force) leaves state employment or accepts employment with another state agency within one year after receiving the incentive payment; and

4. Completion of a full background investigation, which resulted in a recommendation to hire.
V. **Unclassified Salaries**

Unless specifically stated, Section I. through Section III. of this procedure does not apply to employees in the unclassified service.

A. **Establishment of Unclassified Salaries**

1. Recommended salaries for unclassified employees must be approved by the agency director prior to the time of appointment.

2. Total compensation for wardens and deputy wardens for which state housing is not available will be adjusted to include a monthly housing allowance to ensure equitable compensation practices are maintained (See Attachment F entitled “Monthly Housing Allowance for Wardens and Deputy Wardens”). This housing allowance will not be part of the employee’s base salary and is not subject to retirement contributions.

B. **Temporary Employee Wages**

Pay for temporary employees will be an hourly amount that is equal to the comparable job’s hiring rate unless a different rate of pay has been established and approved by the agency director. Former employees may be hired at the last hourly rate earned in the same job.

VI. **State Supplemental Pay to Military Pay (44 O.S. § 209 and 72 O.S. § 48)**

A. Employees ordered to active or inactive service with the Oklahoma National Guard or United States Military Reserve Components under conditions outlined in OP-110355 entitled “Procedures for Employee Attendance and Leave” will be paid the difference between their state regular pay and military pay if military pay is less than their regular state pay.

B. For the purpose of this section, military pay includes all compensation received in exchange for the military service. This includes payments generally received on a regular basis and includes, but is not limited to:

1. Base pay;

2. Housing allowance or other living expenses;

3. Pay for family or marital status;

4. Pay associated with the location or conditions of the duty station;

5. Specialty pay; or

6. Pay for skills or education not included in base pay.
It does not include payments to the employee (generally received episodically) that serve as reimbursements for such expenses as the costs associated with travel, purchase of uniforms, or for reenlistment.

C. Any state pay the employee receives for any paid leave used to cover absences due to military service will serve to offset the difference between regular state pay and military pay.

VII. Salary Administration Plan

The central Human Resources unit will file a “Salary Administration Plan” with the HCM division of OMES as required by Merit Rule 260:25-7-1.1.

VIII. References

Policy Statement No. P-110100 entitled "Uniform Personnel Standards"


O.S. 74 § 840-2.15A, 2.15B

O.S. 70 § 18-114.14

O.S. 57 § 510.6a

O.S. 44 § 209

O.S. 72 § 48

IX. Action

The director of Human Resources is responsible for compliance with this procedure as well as the annual review and revisions.

Any exceptions to this procedure will require prior written approval from the agency director.

This procedure is effective as indicated.

Replaced: Operations Memorandum No. OP-110340 entitled “Employee Compensation” dated September 4, 2019

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