

Title 260. Office of Management and Enterprise Services

CHAPTER 35. COMMITTEE FOR INCENTIVE AWARDS FOR STATE EMPLOYEES

[Authority: 74 O.S., § 840-1.1 et seq., and 4166 et seq.]

[Source: Codified 9-12-14]

SUBCHAPTER 1. GENERAL PROVISIONS

260:35-1-1. Purpose

The rules of this Chapter have been adopted for the purpose of complying with the provisions of the Administrative Procedures Act, 75 O.S., Sections 250 et seq. The specific purpose of this program, known as the Productivity Enhancement Program, is to encourage state employees to participate in improving the efficiency of state government operations. It is intended to increase the motivation to identify problems and to stimulate creativity in the solution of those problems. Additionally, the program provides a means for the state to communicate, to its employees and to the public, the high value placed on constructive ideas. To accomplish these goals, this program offers rewards and recognition for ideas, programs, and projects that result in *increased productivity, cost curtailment, improved safety, efficiency, or morale or better services to the citizens of this state.* [74:4116]

[Source: Added at 31 Ok Reg 1353, eff 9-12-14]

260:35-1-2. 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 260:35-3-1.

"Coordinator" or **"program coordinator"** or **"statewide PEP coordinator"** or **"PEP Coordinator"** means the Productivity Enhancement Program coordinator described in Section 260:35-3-2.

"PEP" means the Productivity Enhancement Program.

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

[Source: Added at 31 Ok Reg 1353, eff 9-12-14]

SUBCHAPTER 3. ORGANIZATION

260:35-3-1. 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 Central Services or designee who shall be the chairperson;*
- (2) *The Director of State Finance or designee;*
- (3) *The Administrator of the Office of Management and Enterprise Services 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) **Term of Members.** 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.

(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.

(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.

[Source: Added at 31 Ok Reg 1353, eff 9-12-14]

260:35-3-2. The Productivity Enhancement Program coordinator

(a) **Status of the program coordinator.** The coordinator shall be either a classified or unclassified/exempt employee of the state, working under the general guidance of the program Committee and under the supervision of the Administrator of the Human Capital Management Division of the Office of Management and Enterprise Services. The Administrator shall provide the program coordinator with such clerical, computer, and other support and facilities as may be needed to effectively implement and sustain the program.

(b) **Role of the program coordinator.** The program coordinator, under the direction of the Committee, shall:

(1) Develop guidelines, requirements, and procedures for the administration, promotion and maintenance of the program.

(2) Administer, promote, and maintain the program.

(3) Ensure compliance with program requirements and goals by the orderly and timely processing of nominations and award payments.

(4) Provide initial screening of all nominations received by the Committee, returning those ineligible for evaluation, and provide for evaluation of appropriate proposals.

(5) Provide recommendations to the Committee for appropriate awards, recognition, and/or disposition.

[Source: Added at 31 Ok Reg 1353, eff 9-12-14]

260:35-3-3. Agency nomination evaluators

(a) **Status of the evaluators.** The director or administrator of each agency, department, commission, or office of state government participating in the Productivity Enhancement Program shall designate one or more qualified, objective agency nomination evaluators, who shall receive and review all nominations submitted by employees of their respective agencies and transmit to the Committee those nominations the agency deems worthy of cash awards.

(b) **Role of the evaluators.** The evaluators shall:

(1) Review and consider each nomination fairly, giving factual, complete, and prompt replies.

(2) Review each proposal for merit and implementation feasibility, including defining such modifications as may be necessary for adoption.

(3) Assess benefits and projected savings.

(4) Return rejected nominations to agency employees with explanation for actions.

(5) State any actions that approved proposal caused, such as partial or full implementation, both prior to submission of nominations to the Committee and during subsequent evaluations by the Committee.

(6) For non-cash nominations:

(A) Transmit non-cash nominations with recommendations for approval or rejection to the agency administrator (appointing authority) who shall approve or reject nominations.

(B) Transmit copies of all non-cash nominations reviewed by the agency to the statewide PEP coordinator, clearly noting the disposition of each.

(C) Develop procedures for awarding non-cash awards (lapel pins and certificates of commendation) furnished by the PEP Committee. Lapel pins and certificates will be supplied to the agency after receipt of approved non-cash nomination documentation.

(7) For cash nominations:

(A) Transmit nominations that demonstrate cost savings to their agency fiscal officers for certification that cost savings or revenue generation are real and funds are therefore available for awards; costs will be determined by the formula adopted by the Committee. [74:4117]

(B) Transmit nominations approved by the agency administrator (appointing authority), with agency recommendations, to the Committee.

(C) Provide final documentation to the Committee of cost savings during a fiscal year and consequent award recommendations.

(D) Transmit to the Committee, on a timely basis, copies of all cash nominations reviewed by the agency, clearly noting the disposition of each.

[Source: Added at 31 Ok Reg 1353, eff 9-12-14]

260:35-3-6.¹ [Editorially renumbered to 260:65-3-6]¹

EDITOR'S NOTE: ¹A permanent rule called "Screening Criteria" was incorrectly numbered at this number (260:35-3-6) when the rule was promulgated in the Oklahoma Register [see 31 Ok Reg 1435]. The rule was being added in a new Chapter 65 in this Title 260, rather than in Chapter 35 as the incorrect number would indicate. As such, Section 260:35-3-6 has been editorially renumbered to 260:65-3-6.

SUBCHAPTER 5. TYPES OF AWARDS

260:35-5-1. Individual productivity incentive awards

(a) **Definition.** An individual productivity incentive award will consist of a certificate and lapel pin designed by the Committee. This type of award may be made by the agency administrator (appointing authority) of any state agency, office, or commission eligible to participate in the program to those eligible and nominated employees, as recommended by the agency nomination evaluator, who have demonstrated excellence by making an exceptional contribution to their respective work unit, to their agency or state government in general resulting in increased productivity, cost curtailment, improved safety, efficiency, or morale or better services to the citizens of this state. [74:4116]

(b) **Eligibility of employees to participate.** With the exception of agencies and offices within the Legislature, the Office of the Governor, the Office of the Lieutenant Governor, and the Office of the State Auditor and Inspector, any agency, department, commission, or office of state government may participate in the incentive awards program . . . [74:4114] To be eligible for individual productivity incentive awards, an individual must be an employee of an eligible group and be nominated by a state employee occupying a supervisory position. State agency supervisors, managers and agency administrator may be nominated for noncash awards for making similar contributions. [74:4116]

(c) **Eligibility of employees to receive awards.** To be eligible for an award, the nominated employee must have demonstrated excellence by making an exceptional contribution to their respective work unit, to their agency or to state government in general resulting in increased productivity, cost curtailment, improved safety, efficiency, or morale or better services to the citizens of this state. [74:4116]

(d) **Funding.** The cost of award certificates and lapel pins shall be reimbursed to the Committee by the agency, board, commission or office that made the nomination. [74:4116]

(e) **Exceptionally meritorious individual productivity incentive awards.** The statewide PEP Committee may review the various non-cash individual awards approval by state agency administrators to:

- (1) Evaluate the quality and quantity of awards being made to state employees.
- (2) Serve as a clearinghouse to share award winning ideas and actions with all state agencies.
- (3) Select exceptionally deserving actions by state employees for special recognition by the PEP Committee or the Governor.

[Source: Added at 31 Ok Reg 1353, eff 9-12-14]

260:35-5-2. Individual incentive compensation

(a) **Definition.** An individual incentive compensation award will consist of a 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 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 260:35-5-1) 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 260:35-7-1(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. [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]

[Source: Added at 31 Ok Reg 1353, eff 9-12-14]

260:35-5-3. Unit incentive pay

(a) **Definition.** A unit incentive pay award is a cash award made to the employees of a participating agency, commission, office or department who upon determination of the Committee, has reduced its unit dollar cost of operations or increased its level of services in the eligible fiscal year. The award shall consist of a sum not in excess of twenty-five percent (25%) of the amount determined to be the total unit dollar savings to the state for the level of services rendered. The amount awarded shall be divided and distributed in equal shares to the employees of the agency, department, commission, or office except that employees who have worked for the agency, department, commission, or office less than the full twelve (12) months of the fiscal year shall receive only a pro rata share based on the fraction of the year said employees have worked for that agency, department, commission, or office. Employees voluntarily leaving the employment of state government or employees dismissed for cause shall forfeit their share. [74:4119]

(b) **Eligibility of units to participate.** With the exception of agencies and offices within the Legislature, the Office of the Governor, the Office of the Lieutenant Governor, and the Office of the State Auditor and Inspector, any agency, department, commission, or office of state government may participate in the unit incentive pay program. [74:4114]

(c) **Eligibility of units to receive unit incentive pay.** 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, [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 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. [74:4118]

(d) **Possible areas of award.** The Committee will consider but is not limited to the considering as legitimate savings those reductions in expenditures made possible by such items as the following:

- (1) Reductions in overtime; [74:4118(C)(1)]
- (2) Elimination of consultant fees; [74:4118(C)(2)]
- (3) Less temporary help; [74:4118(C)(3)]
- (4) Elimination of budgeted positions; [74:4118(C)(4)]
- (5) Improved methods of communication; [74:4118(C)(5)]
- (6) Improved systems and procedures; [74:4118 (C)(6)]
- (7) Better development and utilization of manpower; [74:4118(C)(7)]
- (8) Elimination of unnecessary travel; [74:4118(C)(8)]
- (9) Elimination of unnecessary printing and mailing; [74:4118(C)(9)]
- (10) Elimination of unnecessary payments for advertising, memberships, dues, and subscriptions; [74:4118(C)(10)]
- (11) Elimination of waste, duplication, and operations of doubtful value; [74:4118(C)(11)]
- (12) Improved space utilization; [74:4118(C)(12)]
- (13) Proven cost-reduction techniques; [74:4118(C)(13)]
- (14) Any other items considered by the Committee as representing true savings. [74:4118(C)(14)]

(e) **Causes for denial of award.** 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; [74:4118(B)(1)]
- (2) Reduced pass-through on transfer expenditures; [74:4118(B)(2)]
- (3) Receipts realized in excess of amounts budgeted; [74:4118(B)(3)]
- (4) Nonrecurrence of expenditures which were single outlay, or one-time expenditures, in the preceding fiscal year; [74:4118(B)(4)]
- (5) Failure to reward deserving employees through promotions, reclassification, award of merit salary increments, or salary increases authorized by salary range revisions; [74:4118(B)(5)]
- (6) Postponement of normal purchases and repairs to a future fiscal year; [74:4118(B)(6)]
- (7) Stockpiling inventories in the immediately preceding fiscal year so as to reduce requirements in the eligible fiscal year; [74:4118(B)(7)]
- (8) Substitution of federal funds or any funds which are not state funds for state appropriations; [74:4118(B)(8)]
- (9) Unreasonable postponement of payments of accounts payable until the fiscal year immediately following the eligible fiscal year; [74:4118(B)(9)]
- (10) Shifting of expenses to another agency, department, commission, or office of government; [74:4118(B)(10)]
- (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. [74:4118(B)(11)]

(f) **Funding.** Unit incentive pay shall be drawn from the accrued savings in the operating expenses of the agency, department, commission, or office for the eligible fiscal year. 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]

[Source: Added at 31 Ok Reg 1353, eff 9-12-14]

260:35-5-4. Individual longevity incentive awards

(a) **Definition.** An individual longevity incentive award will consist of certificate of appreciation and a lapel pin provided by the Committee. State employees will be recognized for their service to the state. They will receive length of service longevity awards at five-year intervals during the month following the anniversary date of the employee as defined in Section 805.2 of Title 74 of the Oklahoma Statutes. [74:4115A]

(b) **Eligibility of employees to participate.** All state employees, classified, unclassified, and exempt are eligible to receive longevity awards, excluding members of boards, commissions, and institutions under the administrative authority of the State Regents for Higher Education, employees of public school districts and elected officials (re Section 805.2 of Title 74).

(c) **Funding.** The cost of the individual longevity incentive awards shall be billed to the employing agency. [74:4115A]

(d) **Procedure for making awards.** Appointing authorities are responsible for awarding the pins and certificates designed by the Committee, to eligible state employees at five-year intervals during the month following the anniversary date of the employee (see Section 260:35-5-4(a)). [74:4115A]

[Source: Added at 31 Ok Reg 1353, eff 9-12-14]

SUBCHAPTER 7. GENERAL CAUSES FOR INELIGIBILITY

260:35-7-1. Ineligible persons and groups

The following classes of persons and groups shall be ineligible for awards:

(1) Members of the Incentive Awards for State Employees Committee, the program coordinator and their assistants.

(2) Employees who submit proposals which would normally be expected in the performance of their duties and responsibilities, or for which the employees have authority to implement. (This applies to cash nominations only.)

(3) Employees who submit proposals that are a result of assigned or contracted audits, studies, surveys, reviews, or research.

(4) Employees serving on any department proposal system committee, sub-committee, or ad hoc committee are not eligible to become involved with the decision to adopt their proposals.

[Source: Added at 31 Ok Reg 1353, eff 9-12-14]

260:35-7-2. Ineligible nominations

In addition to those causes specifically mentioned in subchapter 5 of this Chapter, the following nominations shall be ineligible for awards:

(1) Nominations which duplicate another nomination previously eligible for consideration or for which an award has previously been granted.

(2) Nominations which concern matters which are actively being considered by supervision or management. (Note: Supporting documentation pre-dating the nomination should be available from management if requested.)

(3) Nominations which involve routine maintenance matters or requests for supplies and services that should be reported through established channels. (This applies to cash nominations only.)

(4) Nominations which, in fact, are personal grievances and complaints.

(5) Nominations concerning individual employee compensation and individual position classifications.

(6) Nominations which could result in either unit incentive pay or individual incentive compensation until the nominating agency, department, commission, or office assures that funds for said award are available, or will become available upon accrual of savings.

(7) Nominations that would result in increased costs or decreased services rendered in other department or agencies.

[Source: Added at 31 Ok Reg 1353, eff 9-12-14]

SUBCHAPTER 9. GENERAL REQUIREMENTS FOR COMMITTEE CONSIDERATION

260:35-9-1. Cash nominations and proposals

(a) Nominations and proposals must be submitted on forms and according to procedures prescribed by the Committee. Only those nominations and proposals forwarded to the Committee by agency administrators will be considered. Any nomination or proposal which may result in individual incentive compensation or unit incentive pay must:

(1) Be certified by the administrator of the submitting agency that funds for such award are available, or will be available through accrued savings, and those funds have been encumbered for the purpose of making any resulting award.

(2) Be accompanied by acceptable accounting procedure or guidelines to be used by the agency in documenting the actual savings during the fiscal year.

(b) If an unadopted cash nomination is subsequently adopted within one year after the date of rejection, the proposer may submit to the Committee a request for reconsideration. Such request must be submitted within 90 days of adoption of the nomination. Any unadopted nomination may be resubmitted and considered eligible after a lapse of one year. The proposer may request the Committee to re-evaluate the amount of any award or the rejection of any nominations, acted upon by the Committee, if done so within 90 days of award or rejections. However, the Committee, the coordinator, and the evaluators, while acting in good faith, shall remain faultless for disposition of nominations.

[Source: Added at 31 Ok Reg 1353, eff 9-12-14]

SUBCHAPTER 11. PROTECTION

260:35-11-1. Ownership of proposals

All proposals become the property of the state of Oklahoma. Use of the proposal by the state may not be the basis of any future claim of any nature against the state or the program by the proposer, his heirs, or assigns. In the event that proposals adopted by the state of Oklahoma are shared with the incentive awards programs of other states or public jurisdictions, and those jurisdictions likewise adopt the proposals, no future claim of any nature against the state of Oklahoma or the outside adopting jurisdiction may be made by the proposer, his heirs or assigns.

[Source: Added at 31 Ok Reg 1353, eff 9-12-14]

260:35-11-2. Non-discrimination

The Incentive Awards for State Employees Committee and the Productivity Enhancement Program will refrain from any practice which discriminates against participating employees on the basis of age, race, religion, color, national origin, sex, or handicap.

[Source: Added at 31 Ok Reg 1353, eff 9-12-14]

260:35-11-3. Promulgation, amendment or repeal of rule(s)

Any person seeking promulgation, amendment, or repeal of rules adopted by or to be considered by the Committee, shall do so in writing, to the chairperson of the Committee. Disposition of these will be made according to provisions of the Administrative Procedures Act.

[Source: Added at 31 Ok Reg 1353, eff 9-12-14]

260:35-11-4. Public information

The Committee shall make available for public inspection all rules and all other written statements of policy or interpretations formulated, adopted, or used by the agency in the discharge of its functions. The Committee shall make available for public inspection all final orders, decisions, and opinions. Persons desiring to inspect those materials may do so at the administrative office of the Committee during normal business hours.

[Source: Added at 31 Ok Reg 1353, eff 9-12-14]

260:35-11-5. Savings clause

If any section, sentence, clause, or phrase of the rules of this Chapter for the Committee for Incentive Awards for State Employees shall be held, for any reason, to be inoperative or unconstitutional, void or invalid, the validity of the remaining portion of the rules of this Chapter shall not be affected thereby. It being the intention of the Incentive Awards for State Employees Committee, in adopting the rules of this Chapter, that no portion thereof, or provision herein, shall become inoperative or fail by reason of the unconstitutionality or invalidity of any portion or provision. And, the Incentive Awards for State Employees Committee does hereby declare that it would have severally passed and adopted the provisions contained in this Chapter, separately, and apart one from the other.

[Source: Added at 31 Ok Reg 1353, eff 9-12-14]