HUMAN RESOURCE MANAGEMENT MARKET RESEARCH

AMENDMENTS

2015 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Eric K. Hutchings

Senate Sponsor: Todd Weiler

LONG TITLE

General Description:

This bill amends provisions related to human resource management.

Highlighted Provisions:

This bill:

► defines terms;

► exempts certain employees from and amends provisions related to a position classification plan;

► requires the executive director to submit an annual compensation plan to the governor;

► repeals outdated language; and

► makes technical and conforming amendments.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

49-20-401, as last amended by Laws of Utah 2012, Chapters 28 and 173

67-19-3, as last amended by Laws of Utah 2013, Chapter 109
Be it enacted by the Legislature of the state of Utah:

Section 1. Section 49-20-401 is amended to read:


(1) The program shall:

(a) act as a self-insurer of employee benefit plans and administer those plans;

(b) enter into contracts with private insurers or carriers to underwrite employee benefit plans as considered appropriate by the program;

(c) indemnify employee benefit plans or purchase commercial reinsurance as considered appropriate by the program;

(d) provide descriptions of all employee benefit plans under this chapter in cooperation with covered employers;

(e) process claims for all employee benefit plans under this chapter or enter into contracts, after competitive bids are taken, with other benefit administrators to provide for the administration of the claims process;

(f) obtain an annual actuarial review of all health and dental benefit plans and a periodic review of all other employee benefit plans;

(g) consult with the covered employers to evaluate employee benefit plans and develop recommendations for benefit changes;

(h) annually submit a budget and audited financial statements to the governor and Legislature which includes total projected benefit costs and administrative costs;

(i) maintain reserves sufficient to liquidate the unrevealed claims liability and other liabilities of the employee benefit plans as certified by the program's consulting actuary;

(j) submit, in advance, its recommended benefit adjustments for state employees to:

(i) the Legislature; and
(ii) the executive director of the state Department of Human Resource Management;

(k) determine benefits and rates, upon approval of the board, for multiemployer risk pools, retiree coverage, and conversion coverage;

(l) determine benefits and rates based on the total estimated costs and the employee premium share established by the Legislature, upon approval of the board, for state employees;

(m) administer benefits and rates, upon ratification of the board, for single employer risk pools;

(n) request proposals for provider networks or health and dental benefit plans administered by third party carriers at least once every three years for the purposes of:

(i) stimulating competition for the benefit of covered individuals;

(ii) establishing better geographical distribution of medical care services; and

(iii) providing coverage for both active and retired covered individuals;

(o) offer proposals which meet the criteria specified in a request for proposals and accepted by the program to active and retired state covered individuals and which may be offered to active and retired covered individuals of other covered employers at the option of the covered employer;

(p) perform the same functions established in Subsections (1)(a), (b), (e), and (h) for the Department of Health if the program provides program benefits to children enrolled in the Utah Children's Health Insurance Program created in Title 26, Chapter 40, Utah Children's Health Insurance Act;

(q) establish rules and procedures governing the admission of political subdivisions or educational institutions and their employees to the program;

(r) contract directly with medical providers to provide services for covered individuals;

(s) take additional actions necessary or appropriate to carry out the purposes of this chapter; and

(t) (i) require state employees and their dependents to participate in the electronic exchange of clinical health records in accordance with Section 26-1-37 unless the enrollee opts out of participation; and

(ii) prior to enrolling the state employee, each time the state employee logs onto the program's website, and each time the enrollee receives written enrollment information from the program, provide notice to the enrollee of the enrollee's participation in the electronic exchange
of clinical health records and the option to opt out of participation at any time.

(2) (a) Funds budgeted and expended shall accrue from rates paid by the covered employers and covered individuals.

(b) Administrative costs shall be approved by the board and reported to the governor and the Legislature.

(3) The Department of Human Resource Management shall include the benefit adjustments described in Subsection (1)(j) in the total compensation plan recommended to the governor required under Subsection 67-19-12[(7)](5)(a).

Section 2. Section 67-19-3 is amended to read:


As used in this chapter:

(1) "Agency" means any department or unit of Utah state government with authority to employ personnel.

(2) "Career service" means positions under schedule B as defined in Section 67-19-15.

(3) "Career service employee" means an employee who has successfully completed a probationary period of service in a position covered by the career service.

(4) "Career service status" means status granted to employees who successfully complete probationary periods for competitive career service positions.

(5) "Classified service" means those positions subject to the classification and compensation provisions of Section 67-19-12.

(6) "Controlled substance" means controlled substance as defined in Section 58-37-2.

(7) (a) "Demotion" means a disciplinary action resulting in a reduction of an employee's current actual wage.

(b) "Demotion" does not mean:

(i) a nondisciplinary movement of an employee to another position without a reduction in the current actual wage; or

(ii) a reclassification of an employee's position under the provisions of Subsection 67-19-12(3) and rules made by the department.

(8) "Department" means the Department of Human Resource Management.

(9) "Disability" means a physical or mental disability as defined and protected under the Americans with Disabilities Act, 42 U.S.C. Section 12101 et seq.
"Employee" means any individual in a paid status covered by the career service or classified service provisions of this chapter.

"Examining instruments" means written or other types of proficiency tests.

"Executive director," except where otherwise specified, means the executive director of the Department of Human Resource Management.

"Human resource function" means those duties and responsibilities specified:

(a) under Section 67-19-6;

(b) under rules of the department; and

(c) under other state or federal statute.

"Market comparability adjustment" means a salary range adjustment determined necessary through a market survey of salary ranges of a reasonable cross section of comparable benchmark positions in private and public employment data and other relevant information.

"Probationary employee" means an employee serving a probationary period in a career service position but who does not have career service status.

"Probationary period" means that period of time determined by the department that an employee serves in a career service position as part of the hiring process before career service status is granted to the employee.

"Probationary status" means the status of an employee between the employee's hiring and the granting of career service status.

"Structure adjustment" means a department modification of salary ranges.


"Total compensation" means salaries and wages, bonuses, paid leave, group insurance plans, retirement, and all other benefits offered to state employees as inducements to work for the state.

Section 3. Section 67-19-12 is amended to read:


(1) (a) This section, and the rules adopted by the department to implement this section, apply to each career and noncareer employee not specifically exempted under Subsection (2).
(b) If not exempted under Subsection (2), an employee is considered to be in classified service.

(2) The following employees are exempt from this section:

(a) members of the Legislature and legislative employees;
(b) members of the judiciary and judicial employees;
(c) elected members of the executive branch and employees designated as schedule AC as provided under Subsection 67-19-15(1)(c);
(d) employees of the State Board of Education who are licensed by the State Board of Education;
(e) officers, faculty, and other employees of state institutions of higher education;
(f) employees in a position that is specified by statute to be exempt from this Subsection (2);

(g) employees in the Office of the Attorney General;
(h) department heads and other persons appointed by the governor under statute;

(i) [exempt] schedule AS employees as provided under Subsection 67-19-15(1)(l);

(j) employees of the Utah Schools for the Deaf and the Blind who are:

(i) educators as defined by Section 53A-25b-102;

(ii) educational interpreters as classified by the department; and

(j) department deputy directors, division directors, and other employees designated as schedule AD as provided under Subsection 67-19-15(1)(d);

(k) employees that determine and execute policy designated as schedule AR as provided under Subsection 67-19-15(1)(k);

(l) teaching staff, educational interpreters, and educators designated as schedule AH as provided under Subsection 67-19-15(1)(f);

[m] temporary employees described in Subsection 67-19-15(1)(l);m

(n) patients and inmates designated as schedule AU as provided under Subsection 67-19-15(1)(n) who are employed by state institutions; and

(o) members of state and local boards and councils and other employees designated as schedule AQ as provided under Subsection 67-19-15(1)(j).

(3) (a) The executive director shall prepare, maintain, and revise a position classification plan for each employee position not exempted under Subsection (2) to provide
equal pay for equal work.

(b) Classification of positions shall be based upon similarity of duties performed and responsibilities assumed, so that the same job requirements and the same salary range may be applied equitably to each position in the same class.

(c) The executive director shall allocate or reallocate the position of each employee in classified service to one of the classes in the classification plan.

(d) (i) The department shall conduct periodic studies and [desk audits] interviews to provide that the classification plan remains reasonably current and reflects the duties and responsibilities assigned to and performed by employees.

(ii) The executive director shall determine the [schedule] need for studies and [desk audits] interviews after considering factors such as changes in duties and responsibilities of positions or agency reorganizations.

(4) (a) With the approval of the governor, the executive director shall develop and adopt pay plans for each position in classified service.

(b) The executive director shall design each pay plan to achieve, to the degree that funds permit, comparability of state salary ranges to [salary ranges used by] the market using data obtained from private enterprise and other public employment for similar work.

(c) The executive director shall adhere to the following in developing each pay plan:

(A) permit adequate salary differential among the various classes of positions in the classification plan[;]; and

(B) reflect the normal growth and productivity potential of employees in that class.

[(iii) (A) The executive director shall assign each class of positions in the classification plan to a salary range and shall set the width of the salary range to reflect the normal growth and productivity potential of employees in that class.]

[(B) The width of the ranges need not be uniform for all classes of positions in the plan.]

[(iii) (A)] (ii) The executive director shall issue rules for the administration of pay plans.

(d) The establishing of a salary range is a nondelegable activity and is not appealable under the grievance procedures of Sections 67-19-30 through 67-19-32, Chapter 19a,
(B)(e) The executive director shall issue rules providing for [salary adjustments:]

(iv) Merit increases shall be granted, on a uniform and consistent basis in accordance with appropriations made by the Legislature, to employees who receive a rating of "successful" or higher in an annual evaluation of their productivity and performance:

(v) By October 31 of each year, the executive director shall submit market comparability adjustments to the executive director of the Governor's Office of Management and Budget for consideration to be included as part of the affected agency's base budgets:

(vi) By October 31 of each year, the executive director shall recommend a compensation package to the governor:

(vii) (A) Adjustments shall incorporate the results of a total compensation market survey of salary ranges and benefits of a reasonable cross section of comparable benchmark positions in private and public employment in the state:

(B) The survey may also study comparable unusual positions requiring recruitment in other states:

(C) The executive director may cooperate with other public and private employers in conducting the survey:

(i) agency approved salary adjustments within approved salary ranges, including an administrative salary adjustment;

(ii) legislatively approved salary adjustments within approved salary ranges, including a merit increase or general increase; and

(iii) structure adjustments that modify salary ranges, including a cost of living adjustment or market comparability adjustment.

(5) (a) By October 31 of each year, the executive director shall submit an annual compensation plan to the governor for consideration in the executive budget.

(b) The plan described in Subsection (5)(a) may include recommendations, including:

(i) salary increases that generally affect employees, including a general increase or merit increase;

(ii) salary increases that address compensation issues unique to an agency or occupation;

(iii) structure adjustments, including a cost of living adjustment or market comparability adjustment.
comparability adjustment; or

(iv) changes to employee benefits.

c (i) The executive director shall incorporate the results of a salary survey of a reasonable cross section of comparable positions in private and public employment in the state into the annual compensation plan.

[(viii) (A)] (ii) The executive director shall establish criteria to assure the adequacy and accuracy of the survey and shall use methods and techniques similar to and consistent with those used in private sector surveys.

[(B) Except as provided under Sections 67-19-12.1 and 67-19-12.3, the survey shall include a reasonable cross section of employers.]

[(E)] (iii) The executive director may cooperate with or participate in any survey conducted by other public and private employers.

[(D)] (iv) The executive director shall obtain information for the purpose of constructing the survey from the Division of Workforce Information and Payment Services and shall include employer name, number of persons employed by the employer, employer contact information and job titles, county code, and salary if available.

[(E)] (v) The department shall acquire and protect the needed records in compliance with the provisions of Section 35A-4-312.

[(ix) The establishing of a salary range is a nondelegable activity and is not appealable under the grievance procedures of Sections 67-19-30 through 67-19-32, Chapter 19a, Grievance Procedures, or otherwise.]

d (i) The executive director may incorporate any other relevant information in the plan described in Subsection (5)(a), including information on staff turnover, recruitment data, or external market trends.

[(E)] (c) The governor shall:

(A) (i) consider salary and structure adjustments recommended under Subsection [(4)(e)(vi)] (5)(b) in preparing the executive budget and shall recommend the method of distributing the adjustments;

[(B)] (ii) submit compensation recommendations to the Legislature; and

[(C)] (iii) support the recommendation with schedules indicating the cost to individual departments and the source of funds.
(f) If funding is approved by the Legislature in a general appropriations act, the adjustments take effect on the July 1 following the enactment unless otherwise indicated.

(6) (a) The executive director shall issue rules for the granting of incentive awards, including awards for cost saving actions, awards for commendable actions by an employee, or a market-based award to attract or retain employees.

(b) An agency may not grant a market-based award unless the award is previously approved by the department.

(c) In accordance with Subsection (6)(b), an agency requesting the department's approval of a market-based award shall submit a request and documentation, subject to Subsection (6)(d), to the department.

(d) In the documentation required in Subsection (6)(c), the requesting agency shall identify for the department:

(i) any benefit the market-based award would provide for the agency, including:
   (A) budgetary advantages; or
   (B) recruitment advantages;

(ii) a mission critical need to attract or retain unique or hard to find skills in the market;

or

(iii) any other advantage the agency would gain through the utilization of a market-based award.

(7) (a) The executive director shall regularly evaluate the total compensation program of state employees in the classified service.

(b) The department shall determine if employee benefits are comparable to those offered by other private and public employers using information from:

(i) the most recent edition of the Employee Benefits Survey Data conducted by the U.S. Chamber of Commerce Research Center; or]

(i) a study conducted by a third-party consultant; or

(ii) the most recent edition of a nationally recognized benefits survey.

(7)(a) The executive director shall submit proposals for a state employee compensation plan to the governor by October 31 of each year, setting forth findings and recommendations affecting employee compensation:]

(b) The governor shall consider the executive director's proposals in preparing budget
recommendations for the Legislature.]

[(c) The governor's budget proposals to the Legislature shall include a specific recommendation on employee compensation:]

Section 4. Section 67-19-14.1 is amended to read:


[(1) Until January 1, 2014, an employee who has 144 hours of accumulated unused sick leave immediately prior to the beginning of a calendar year, may elect to convert any unused sick leave hours accumulated during that calendar year, in excess of 64 hours, to converted sick leave.]

[(2) The conversion is made at the beginning of the next calendar year for unused sick leave hours earned during a calendar year under Subsection (1):]

[(3) Converted sick leave hours that are not used prior to an employee's retirement date shall be used under the:

[(a)] (1) Unused Sick Leave Retirement Option Program I under Section 67-19-14.2 if earned prior to January 1, 2006, unless the transfer is made under Subsection 67-19-14.4(1)(c); or

[(b)] (2) Unused Sick Leave Retirement Option Program II under Section 67-19-14.4 if earned on or after January 1, 2006.

Section 5. Section 67-19-15.7 is amended to read:


(1) (a) If an employee is promoted or the employee's position is reclassified to a higher salary range maximum, the agency shall place the employee within the new range of the position.

(b) An agency may not set an employee's salary:

(i) higher than the maximum in the new salary range; and

(ii) lower than the minimum in the new salary range of the position.

(c) Except for an employee described in Subsection 67-19-15(1)(p), the agency shall grant a salary increase of at least 5% to an employee who is promoted.

(2) An agency shall adjust the salary range for an employee whose salary range is approved by the Legislature for a market comparability adjustment consistent with Subsection 67-19-12[(4)(e)(v)](5)(b)(i):
338 (a) at the beginning of the next fiscal year; and
339 (b) consistent with appropriations made by the Legislature.
340 (3) Department-initiated revisions in the state classification system that result in
341 consolidation or reduction of class titles or broadening of pay ranges:
342 (a) may not be regarded as a reclassification of the position or promotion of the
343 employee; and
344 (b) are exempt from the provisions of Subsection (1).
345 Section 6. Repealer.
346 This bill repeals:
347 Section 67-19-12.1, Department of Financial Institutions pay plans.
348 Section 67-19-12.3, Peace officer, correctional officer, and public safety dispatch
349 personnel pay plans.