

## HB0412S02 compared with HB0412S01

~~text~~ shows text that was in HB0412S01 but was deleted in HB0412S02.

text shows text that was not in HB0412S01 but was inserted into HB0412S02.

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Representative Kay J. Christofferson proposes the following substitute bill:

### STATE EMPLOYMENT REVISIONS

2023 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Kay J. Christofferson**

Senate Sponsor: ~~text~~ Evan J. Vickers

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#### LONG TITLE

##### General Description:

This bill modifies provisions relating to state employment.

##### Highlighted Provisions:

This bill:

- ▶ provides for certain career service employees to make a voluntary election to convert to career service exempt status;
- ▶ modifies a provision relating to the responsibilities of the director of the Division of Human Resource Management;
- ▶ modifies definitions applicable to a pay-for-performance management system;
- ▶ allows a state independent entity to choose to participate in a pay-for-performance plan under a pay-for-performance management system;
- ▶ establishes a schedule AY position as a career service exempt position;

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- ▶ provides for employees in a schedule B career service status position who have not completed probation to become career service exempt employees if the position is changed to a schedule AY position; and
- ▶ modifies provisions related to employee salary ranges.

### Money Appropriated in this Bill:

None

### Other Special Clauses:

This bill provides a special effective date.

### Utah Code Sections Affected:

AMENDS:

**63A-17-102**, as last amended by Laws of Utah 2022, Chapter 209

**63A-17-106 (Effective 07/01/23)**, as last amended by Laws of Utah 2022, Chapters 166, 169, 177, and 209

**63A-17-112 (Effective 07/01/23)**, as enacted by Laws of Utah 2022, Chapter 209

**63A-17-301**, as last amended by Laws of Utah 2022, Chapter 209

**63A-17-304**, as last amended by Laws of Utah 2022, Chapter 169

**63A-17-307**, as last amended by Laws of Utah 2022, Chapters 169 and 209

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*Be it enacted by the Legislature of the state of Utah:*

Section 1. Section **63A-17-102** is amended to read:

**63A-17-102. Definitions.**

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 63A-17-301.

(3) "Career service employee" means an employee who ~~[has successfully completed]~~; (a) before July 1, 2023, successfully completes a probationary period of service in a position covered by the career service[-]; and

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

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(b) on or after July 1, 2023, does not voluntarily:

(i) accept appointment to a position or status exempt from career service; or

(ii) elect to convert to a status exempt from career service.

(4) "Career service status" means status granted to an employee who, before July 1, 2023, successfully completes the applicable probationary period for a competitive career service position.

(5) "Classified service" means those positions subject to the classification and compensation provisions of Section 63A-17-307.

(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 63A-17-307(3) and rules made by the department.

(8) "Director" means the director of the division.

(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.

(10) "Division" means the Division of Human Resource Management, created in Section 63A-17-105.

(11) "Employee" means any individual in a paid status covered by the career service or classified service provisions of this chapter.

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

(13) "Human resource function" means those duties and responsibilities specified:

(a) under Section 63A-17-106;

(b) under rules of the division; and

(c) under other state or federal statute.

(14) "Market comparability adjustment" means a salary range adjustment determined necessary through a market survey of salary data and other relevant information.

~~{ (15) "POST-certified employee" means an employee who:~~

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~~\_\_\_\_\_ (a) is employed in a position that requires the employee to have received the training certification under Title 53, Chapter 6, Part 2, Peace Officer Training and Certification Act;~~

~~\_\_\_\_\_ (b) received the training certification described in Subsection (16)(a); and~~

~~\_\_\_\_\_ (c) maintains the training certification described in Subsection (16)(a) throughout the time of the employee's employment in a position that requires the employee to have received the training certification described in Subsection (16)(a).~~

‡ ~~{(15)}~~~~{(16)}~~ "Probationary employee" means an employee serving a probationary period in a career service position but who does not have career service status.

~~{(16)}~~~~{(17)}~~ "Probationary period" means that period of time determined by the division that an employee serves in a career service position as part of the hiring process before career service status is granted to the employee.

~~{(17)}~~~~{(18)}~~ "Probationary status" means the status of an employee between the employee's hiring and the granting of career service status.

~~{(18)}~~~~{(19)}~~ "Structure adjustment" means a division modification of salary ranges.

~~{(19)}~~~~{(20)}~~ "Temporary employee" means [~~career service exempt employees~~] an employee described in Subsection 63A-17-301(1)~~(s)~~~~(s)~~, with career service exempt status.

~~{(20)}~~~~{(21)}~~ "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 2. Section **63A-17-106 (Effective 07/01/23)** is amended to read:

### **63A-17-106 (Effective 07/01/23). Responsibilities of the director.**

(1) As used in this section, "miscarriage" means the spontaneous or accidental loss of a fetus, regardless of gestational age or the duration of the pregnancy.

(2) The director shall have full responsibility and accountability for the administration of the statewide human resource management system.

(3) Except as provided in Section 63A-17-201, an agency may not perform human resource functions without the consent of the director.

(4) Statewide human resource management rules made by the division in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, shall take precedence if there is a conflict with agency rules, policies, or practices.

(5) The division may operate as an internal service fund agency in accordance with

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Section 63J-1-410 for the human resource functions the division provides.

(6) The director shall:

(a) develop, implement, and administer a statewide program of human resource management that will:

(i) aid in the efficient execution of public policy;

(ii) foster careers in public service for qualified employees; and

(iii) render assistance to state agencies in performing their missions;

(b) design and administer the state pay plan;

(c) design and administer the state classification system and procedures for determining schedule assignments;

(d) design and administer the state recruitment and selection system;

(e) administer agency human resource practices and ensure compliance with federal law, state law, and state human resource rules, including equal employment opportunity;

(f) consult with agencies on decisions concerning employee corrective action and discipline;

(g) maintain central personnel records;

(h) perform those functions necessary to implement this chapter unless otherwise assigned or prohibited;

(i) perform duties assigned by the governor, executive director, or statute;

(j) make rules for human resource management, in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act;

(k) establish and maintain a management information system that will furnish the governor, the Legislature, and agencies with current information on authorized positions, payroll, and related matters concerning state human resources;

(l) conduct research and planning activities to:

(i) determine and prepare for future state human resource needs;

(ii) develop methods for improving public human resource management; and

(iii) propose needed policy changes to the governor;

(m) study the character, causes, and extent of discrimination in state employment and develop plans for its elimination through programs consistent with federal and state laws governing equal employment opportunity in employment;

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(n) when requested by charter schools or counties, municipalities, and other political subdivisions of the state, provide technical service, training recommendations, or advice on human resource management at a charge determined by the director;

(o) establish compensation policies and procedures for early voluntary retirement;

(p) confer with the heads of other agencies about human resource policies and procedures;

(q) submit an annual report to the executive director, the governor, and the Legislature; and

(r) assist with the development of a vacant position report required under Subsection 63J-1-201(2)(b)(vi).

(7) (a) After consultation with the executive director, the governor, and the heads of other agencies, the director shall establish and coordinate statewide training programs, including training described in Subsection (7)(e).

(b) The programs developed under this Subsection (7) shall have application to more than one agency.

(c) The division may not establish training programs that train employees to perform highly specialized or technical jobs and tasks.

(d) The division shall ensure that any training program described in this Subsection (7) complies with Title 63G, Chapter 22, State Training and Certification Requirements.

(e) (i) As used in this Subsection (7)(e):

(A) "Employee" means the same as that term is defined in Section 63A-17-112.

(B) "Supervisor" means an individual in a position at an agency, as defined in Section 63A-17-112, that requires the regular supervision and performance evaluation of an employee.

(ii) A supervisor shall attend the training:

(A) within six months of being promoted or hired to the position of supervisor; and

(B) at least annually.

(iii) [~~Training attendance~~] Completion of the training and the effective use of training information and principles shall be considered in an evaluation of a supervisor's job performance.

(iv) The training shall include:

(A) effective employee management and evaluation methods based on the pay for

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performance management system described in Section 63A-17-112;

- (B) instruction to improve supervisor and employee communications;
- (C) best practices for recognizing and retaining high-performing employees;
- (D) best practices for addressing poor-performing employees; and
- (E) any other information and principles identified by the division to improve

management or organizational effectiveness.

(8) (a) (i) The division may collect fees for training as authorized by this Subsection (8).

(ii) Training funded from General Fund appropriations shall be treated as a separate program within the department budget.

(iii) All money received from fees under this section will be accounted for by the department as a separate user driven training program.

(iv) The user training program includes the costs of developing, procuring, and presenting training and development programs, and other associated costs for these programs.

(b) (i) Funds remaining at the end of the fiscal year in the user training program are nonlapsing.

(ii) Each year, as part of the appropriations process, the Legislature shall review the amount of nonlapsing funds remaining at the end of the fiscal year and may, by statute, require the department to lapse a portion of the funds.

(9) Rules described in Subsection (6)(j) shall provide for at least three work days of paid bereavement leave for an employee:

- (a) following the end of the employee's pregnancy by way of miscarriage or stillbirth;

or

(b) following the end of another individual's pregnancy by way of a miscarriage or stillbirth, if:

- (i) the employee is the individual's spouse or partner;
- (ii) (A) the employee is the individual's former spouse or partner; and
- (B) the employee would have been a biological parent of a child born as a result of the

pregnancy;

(iii) the employee provides documentation to show that the individual intended for the employee to be an adoptive parent, as that term is defined in Section 78B-6-103, of a child born

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as a result of the pregnancy; or

(iv) under a valid gestational agreement in accordance with Title 78B, Chapter 15, Part 8, Gestational Agreement, the employee would have been a parent of a child born as a result of the pregnancy.

Section 3. Section 63A-17-112 (Effective 07/01/23) is amended to read:

**63A-17-112 (Effective 07/01/23). Pay for performance management system --  
Employees paid for performance.**

(1) As used in this section:

(a) (i) "Agency" means, except as provided in Subsection (1)(a)(ii), the same as that term is defined in Section 63A-17-102.

(ii) "Agency" does not include the State Board of Education, the Office of the State Treasurer, Office of the State Auditor, Office of the State Attorney General, Utah System of Higher Education, the Legislature, the judiciary, or~~[, as defined in Section 63E-1-102,]~~ an independent entity.

(b) (i) "Employee" means an employee of an agency.

(ii) "Employee" does not include:

(A) an individual in a schedule AB position, as described in Section 63A-17-301~~;~~  
~~position~~;

(B) an individual in a position that does not receive retirement benefits under Title 49, Utah State Retirement and Insurance Benefit Act; or

(C) an individual hired for a position that has a duration of less than 12 consecutive months.

(c) "Independent entity" means the same as that term is defined in Section 63E-1-102.

~~(c)~~ (d) "Pay for performance" means a plan:

(i) for incentivizing an employee [for meeting or exceeding] to meet or exceed production or performance goals~~[, in which the plan]~~;

(ii) that is well-defined before work begins~~[, eligible work groups are defined,]~~; and

(iii) under which specific goals and targets for the employee are determined~~;~~ and measurement procedures are in place~~[, and specific incentives are provided when goals and targets are met]~~.

~~(d)~~ (e) "Pay for performance management system" means the system described in



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Subsection [~~(2)~~] (3).

(2) The division shall establish and, in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, make rules for the administration of a pay for performance management system.

(3) The pay for performance management system shall include:

(a) guidelines and criteria for an agency to adopt pay for performance policies and administer pay based on an employee's performance in furtherance of the agency's mission;

(b) employee performance ratings;

(c) requirements for written employee performance standards and expectations;

(d) supervisor verbal and written feedback based on the standards of performance and behavior outlined in an employee's performance plan; and

(e) quarterly written evaluation of an employee's performance.

(4) In consultation with the division, no later than July 1, 2023, each agency shall:

(a) adopt pay for performance policies based on the performance management system;

and

(b) subject to available funds and as necessary, adjust an employee's wage to reflect:

(i) subject to Subsection (5), for a classified service employee, the salary range of the position classified plan for the employee's position; and

(ii) an increase, decrease, or no change in the employee's wage:

(A) commensurate to an employee's performance as reflected by the employee's evaluation conducted in accordance with the pay for performance management system; and

(B) in an amount that is in accordance with the guidelines and criteria established for a wage change in the pay for performance management system.

(5) (a) Notwithstanding Subsection (1)(a)(ii), an independent entity may choose to adopt pay for performance policies in accordance with the performance management system established by the division under this section.

(b) An independent entity that chooses to adopt pay for performance policies:

(i) shall provide written notification to the division of the independent entity's choice;

and

(ii) is subject to this section and division rules made under this section to the same extent as an agency described in Subsection (1)(a)(i).

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~~[(5)]~~ (6) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the division shall make rules authorizing a classified service employee to receive a wage that exceeds the salary range of the classified service employee's position classified plan if warranted based on the classified employee's performance rating.

Section 4. Section **63A-17-301** is amended to read:

**63A-17-301. Career service -- Exempt positions -- Schedules for civil service positions -- Coverage of career service provisions.**

(1) Except as provided in Subsection (3)(d), the following positions are exempt from the career service provisions of this chapter and are designated under the following schedules:

(a) schedule AA includes the governor, members of the Legislature, and all other elected state officers;

(b) schedule AB includes appointed executives and board or commission executives enumerated in Section 67-22-2;

(c) schedule AC includes all employees and officers in:

(i) the office and at the residence of the governor;

(ii) the Public Lands Policy Coordinating Office;

(iii) the Office of the State Auditor; and

(iv) the Office of the State Treasurer;

(d) schedule AD includes employees who:

(i) are in a confidential relationship to an agency head or commissioner; and

(ii) report directly to, and are supervised by, a department head, commissioner, or deputy director of an agency or its equivalent;

(e) schedule AE includes each employee of the State Board of Education that the State Board of Education designates as exempt from the career service provisions of this chapter;

(f) schedule AG includes employees in the Office of the Attorney General who are under their own career service pay plan under Sections 67-5-7 through 67-5-13;

(g) schedule AH includes:

(i) teaching staff of all state institutions; and

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

(A) educational interpreters as classified by the division; or

(B) educators as defined by Section 53E-8-102;

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- (h) schedule AN includes employees of the Legislature;
- (i) schedule AO includes employees of the judiciary;
- (j) schedule AP includes all judges in the judiciary;
- (k) schedule AQ includes:
  - (i) members of state and local boards and councils appointed by the governor and governing bodies of agencies;
  - (ii) a water commissioner appointed under Section 73-5-1;
  - (iii) other local officials serving in an ex officio capacity; and
  - (iv) officers, faculty, and other employees of state universities and other state institutions of higher education;
- (l) schedule AR includes employees in positions that involve responsibility:
  - (i) for determining policy;
  - (ii) for determining the way in which a policy is carried out; or
  - (iii) of a type not appropriate for career service, as determined by the agency head with the concurrence of the director;
- (m) schedule AS includes any other employee:
  - (i) whose appointment is required by statute to be career service exempt;
  - (ii) whose agency is not subject to this chapter; or
  - (iii) whose agency has authority to make rules regarding the performance, compensation, and bonuses for its employees;
- (n) schedule AT includes employees of the Division of Technology Services, designated as executive/professional positions by the director of the Division of Technology Services with the concurrence of the director of the division;
- (o) schedule AU includes patients and inmates employed in state institutions;
- (p) employees of the Department of Workforce Services, designated as schedule AW:
  - (i) who are temporary employees that are federally funded and are required to work under federally qualified merit principles as certified by the director; or
  - (ii) for whom substantially all of their work is repetitive, measurable, or transaction based, and who voluntarily apply for and are accepted by the Department of Workforce Services to work in a pay for performance program designed by the Department of Workforce Services with the concurrence of the director of the division;

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(q) subject to Subsection (6), schedule AX includes employees in positions that:

(i) require the regular supervision and performance evaluation of one or more other employees; and

(ii) are not designated exempt from career service under any other schedule described in this Subsection (1); ~~and]~~

~~[(r) for employees in positions that are temporary, seasonal, time limited, funding limited, or variable hour in nature, under schedule codes and parameters established by the division by administrative rule.]~~

(r) subject to Subsection (7), schedule AY includes an employee, except ~~fa~~ ~~POST-certified employee and~~ an employee in a position subject to Subsection (3)(d), who is in a position that is not designated under any other schedule described in this Subsection (1) as exempt from career service; and

(s) an employee in a position that is temporary, seasonal, time-limited, funding-limited, or with variable hours, under schedule codes and parameters established by the division by rule.

(2) The civil service shall consist of two schedules as follows:

(a) (i) Schedule A is the schedule consisting of positions under Subsection (1).

(ii) Removal from any appointive position under schedule A, unless otherwise regulated by statute, is at the pleasure of the appointing officers without regard to tenure.

(b) Schedule B is the competitive career service schedule, consisting of:

(i) all positions filled through competitive selection procedures as defined by the director; or

(ii) positions filled through a division approved on-the-job examination intended to appoint a qualified person with a disability, or a veteran in accordance with Title 71, Chapter 10, Veterans Preference.

(3) (a) The director, after consultation with the heads of concerned executive branch departments and agencies and with the approval of the governor, shall allocate positions to the appropriate schedules under this section.

(b) Agency heads shall make requests and obtain approval from the director before changing the schedule assignment and tenure rights of any position.

(c) Unless the director's decision is reversed by the governor, when the director denies

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an agency's request, the director's decision is final.

(d) (i) An agency may file with the division a request to reschedule a position that would otherwise be scheduled as a schedule A position.

(ii) The division shall review a request filed under Subsection (3)(d)(i) and approve the request only if the exception is necessary to conform to a requirement imposed as a condition precedent to receipt of federal funds or grant of a tax benefit under federal law.

(4) (a) Compensation for employees of the Legislature shall be established by the directors of the legislative offices in accordance with Section 36-12-7.

(b) Compensation for employees of the judiciary shall be established by the state court administrator in accordance with Section 78A-2-107.

(c) Compensation for officers, faculty, and other employees of state universities and institutions of higher education shall be established as provided in Title 53B, Chapter 1, Governance, Powers, Rights, and Responsibilities, and Title 53B, Chapter 2, Institutions of Higher Education.

(d) Unless otherwise provided by law, compensation for all other schedule A employees shall be established by their appointing authorities~~[, within ranges approved by, and]~~;

(i) after consultation with the director[-];

(ii) using ranges approved by the director; and

(iii) at or above the minimum salary of the salary range for the employee's position.

(5) An employee who is in a position designated schedule AC and who holds career service status on June 30, 2010, shall retain the career service status if the employee:

(a) remains in the position that the employee is in on June 30, 2010; and

(b) does not elect to convert to career service exempt status in accordance with a rule made by the division.

(6) (a) An employee who is hired for a schedule AX position on or after July 1, 2022, is exempt from career service status.

(b) An employee who before July 1, 2022, is a career service employee employed in a schedule B position that is rescheduled to a schedule AX position on July 1, 2022, ~~[shall maintain]~~ maintains the employee's career service status for the duration of the employee's employment in the same position unless the employee voluntarily converts to career service

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exempt status before July 1, 2023.

(c) (i) Subject to Subsection (6)(c)(ii), an employee is exempt from career service status if:

(A) before July 1, 2022, the employee was a probationary employee in a schedule B position and had not completed the probationary period; and

(B) on July 1, 2022, the schedule B position in which the probationary employee is employed is rescheduled as a [~~scheduled~~] schedule AX position.

(ii) An employee described in Subsection (6)(c)(i):

(A) is not a probationary employee on or after July 1, 2022; and

(B) is exempt from career service status on and after July 1, 2022, unless the employee changes employment to a schedule B position.

(d) The division shall disseminate to each employee described in Subsection (6)(b) information on financial and other incentives for voluntary conversion to career-service exempt status.

(e) An agency, as defined in Section 63A-17-112, may adopt a policy, created in consultation with the division, for agency review of recommendations that schedule AX employees be suspended, demoted, or dismissed from employment.

(7) (a) An employee hired for a schedule AY position on or after July 1, 2023 is exempt from career service.

(b) An employee who, before July 1, 2023, is a career service employee in a schedule B position that, on July 1, 2023, is rescheduled to a schedule AY position, maintains the employee's career service status for the duration of the employee's employment in the same position unless the employee voluntarily elects, before March 30, 2024, to convert to a status that is exempt from career service .

(c) Subject to Subsection (7) (d), an employee is exempt from career service if the employee:

(i) (A) before July 1, 2023, was a probationary employee in a schedule B position; and

(B) by July 1, 2023, had not completed the probationary period; and

(ii) on July 1, 2023, the schedule B position in which the employee is employed is rescheduled as a schedule AY position.

(d) An employee described in Subsection (7)(c)(i):

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(i) is not a probationary employee on and after July 1, 2023; and

(ii) is exempt from career service on and after July 1, 2023, unless the employee changes employment to a schedule B position.

(e) The division shall disseminate to each employee described in Subsection (7)(b) information on financial and other incentives for the employee to voluntarily convert to a status that is exempt from career service.

Section 5. Section **63A-17-304** is amended to read:

### **63A-17-304. Promotion -- Reclassification -- Market adjustment.**

(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~~] at or above the minimum salary of the new salary range [~~of~~] for the position.

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

~~[(i) higher than the maximum in the new salary range; or]~~

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

(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 63A-17-307(5)(b)(i):

(a) at the beginning of the next fiscal year; and

(b) consistent with appropriations made by the Legislature.

(3) Division-initiated revisions in the state classification system that result in consolidation or reduction of class titles or broadening of pay ranges:

(a) may not be regarded as a reclassification of the position or promotion of the employee; and

(b) are exempt from the provisions of Subsection (1).

Section 6. Section **63A-17-307** is amended to read:

### **63A-17-307. State pay plans -- Applicability of section -- Exemptions -- Duties of director.**

(1) (a) This section, and the rules made by the division under 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.

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(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 63A-17-301(1)(c);

(d) employees of 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) schedule AS employees as provided under Subsection 63A-17-301(1)(m);

(j) department deputy directors, division directors, and other employees designated as schedule AD as provided under Subsection 63A-17-301(1)(d);

(k) employees that determine and execute policy designated as schedule AR as provided under Subsection 63A-17-301(1)(l);

(l) teaching staff, educational interpreters, and educators designated as schedule AH as provided under Subsection 63A-17-301(1)(g);

(m) temporary employees described in Subsection 63A-17-301(1)(r);

(n) patients and inmates designated as schedule AU as provided under Subsection 63A-17-301(1)(o) 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 63A-17-301(1)(k).

(3) (a) The 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, subject to Section 63A-17-112, may be applied equitably to each position in the same class.

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



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

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

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

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

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

(i) each pay plan shall consist of sufficient salary ranges to:

(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.

(ii) The 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 Part 6, Grievance Provisions, Title 67, Chapter 19a, Grievance Procedures, or otherwise.

(e) The director shall make rules, accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, providing for:

(i) agency approved salary adjustments [~~within approved salary ranges~~], including an administrative salary adjustment; and

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

(5) (a) On or before October 31 of each year, the director shall submit an annual compensation plan to the executive director and 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;

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(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; or

(iv) changes to employee benefits.

(c) (i) (A) Subject to Subsection (5)(c)(i)(B) or (C), the 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.

(B) The salary survey for a law enforcement officer, as defined in Section 53-13-103, a correctional officer, as defined in Section 53-13-104, or a dispatcher, as defined in Section 53-6-102, shall at minimum include the three largest political subdivisions in the state that employ, respectively, comparable positions.

(C) The salary survey for an examiner or supervisor described in Title 7, Chapter 1, Part 2, Department of Financial Institutions, shall at minimum include the Federal Deposit Insurance Corporation, Federal Reserve, and National Credit Union Administration.

(ii) The director may cooperate with or participate in any survey conducted by other public and private employers.

(iii) The 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.

(iv) The division shall acquire and protect the needed records in compliance with the provisions of Section 35A-4-312.

(d) The 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) The director shall:

(i) establish criteria to assure the adequacy and accuracy of data used to make recommendations described in this Subsection (5); and

(ii) when preparing recommendations use accepted methodologies and techniques similar to and consistent with those used in the private sector.

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(f) (i) Upon request and subject to Subsection (5)(f)(ii), the division shall make available foundational information used by the division or director in the drafting of a plan described in Subsection (5)(a), including:

- (A) demographic and labor market information;
- (B) information on employee turnover;
- (C) salary information;
- (D) information on recruitment; and
- (E) geographic data.

(ii) The division may not provide under Subsection (5)(f)(i) information or other data that is proprietary or otherwise protected under the terms of a contract or by law.

(g) The governor shall:

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

(ii) submit compensation recommendations to the Legislature; and

(iii) support the recommendation with schedules indicating the cost to individual departments and the source of funds.

(h) 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 director shall make rules, in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, 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 division.

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

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

- (i) any benefit the market-based award would provide for the agency, including:

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- (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 director shall regularly evaluate the total compensation program of state employees in the classified service.

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

- (i) a study conducted by a third-party consultant; or
- (ii) the most recent edition of a nationally recognized benefits survey.

### Section 7. **Effective date.**

(1) Except as provided in Subsection (2), this bill takes effect May 3, 2023.

(2) The amendments to Sections 63A-17-106 and 63A-17-112 take effect July 1, 2023.