



STATE OF OKLAHOMA
OFFICE OF PERSONNEL MANAGEMENT

"Serving Equal Opportunity Employers"

OPM 05-51

TO: All Appointing Authorities

FROM: Oscar B. Jackson, Jr., IPMA-CP, Administrator and
Cabinet Secretary for Human Resources and Administration 

DATE: December 1, 2005

SUBJECT: **OPM FY 2006 Annual Compensation Report**

The Office of Personnel Management (OPM) has completed the FY 2006 Annual Compensation Report. This report, required by O.S. Title 74:840-2.12(5), summarizes the results of the Annual Salary Survey of market compensation practices and compares them to those in Oklahoma state government. (A copy of the media release regarding the report is attached.)

The report includes five recommendations to improve the ability of state government to recruit and retain a qualified workforce to serve the citizens of Oklahoma:

Recommendation #1: Based upon market pay growth and recent structure adjustments by employers, it is recommended that the classified service salary schedule be adjusted by 2.5% effective July 1, 2006, at a cost of \$168,853, without additional legislative funding.

Recommendation #2: Based upon Oklahoma average pay trailing the market by 8.20% (down from 11.4% last year), it is recommended that state employees be provided a 3% general pay increase effective July 1, 2006. Projected cost: \$44,030,262.

Recommendation #3: Based upon severe recruitment and retention challenges among appropriated state agencies, as well as significant turnover, market discrepancies in key jobs, and the financial difficulty in utilizing authorized pay movement mechanisms, it is recommended that appropriated state agencies be provided a fund equal to 1.5% of payroll to use pay movement mechanisms to address the most severe recruitment and retention challenges effective July 1, 2006. Projected cost: \$19,723,290.

Recommendation #4: 36 directors of nonappropriated agencies were placed on a salary schedule on July 1, 2004. It is recommended that the 66 directors of appropriated agencies be placed on the same salary schedule effective July 1, 2006. The projected cost for 35 directors of appropriated agencies whose current salaries fall below the proposed minimum salary levels would be \$231,273, which should be funded by individual agencies without additional appropriations.

Recommendation #5: The statutory requirements for agency strategic plans should be revised to include a workforce analysis and planning requirement for the strategic plans required for FY 2008.

An electronic version of the report is available on the OPM web site at <http://www.ok.gov/opm/documents/FY2006CompReport.pdf>. Please advise if there are questions or comments, or feel free to contact Tom Patt, OPM Director of Compensation, at (405) 522-0422.