



**STATE OF OKLAHOMA
OFFICE OF PERSONNEL MANAGEMENT**

"Working for Oklahoma"

OPM 06-27

DATE: December 15, 2006

TO: All Appointing Authorities

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

A handwritten signature in black ink, appearing to read "Oscar B. Jackson, Jr.", positioned to the right of the "FROM:" field.

SUBJECT: 2006 Annual Compensation Report

The Office of Personnel Management has completed the analysis and recommendations for the "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 report is enclosed for your review.

The findings of this year's report include the following:

- State classified pay lags the relevant market by 11.99 percent as of June 30, 2006, and 6.82 percent when the October 1, 2006, general pay increase is factored in.
- An increase to the minimums and maximums of the classified pay bands is needed to remain competitive with the market.
- The overall turnover rate for classified jobs is 14.8 percent, while the voluntary turnover rate is 12.3 percent (compared to 10.8 percent in 2005).

The report also contains the following four recommendations concerning state employee compensation for FY 2008:

1. Provide state employees a three percent general pay adjustment to bring the state to a more competitive position with the market.
2. Provide state agencies an additional fund of one percent of payroll to address critical recruitment and retention issues using authorized pay movement mechanisms.
3. Adjust the minimum, midpoint and maximum salary levels on the classified service salary schedule to maintain a competitive position with the market.
4. Place 66 agency directors of appropriated state agencies on the same salary schedule as 36 directors of non-appropriated state agencies were placed on two years ago.

It should be noted that we have changed our titling practice with respect to this annual report. In previous years, the report title included the fiscal year in which the report was issued.

However, this practice resulted in some confusion, since data reported was actually from the previous fiscal year. To avoid confusion in the future, we are titling the report based on the calendar year in which the report is issued. Hence, the current report is titled *2006 Annual Compensation Report* (versus FY 2007) and includes data from FY 2006.

The report may also be downloaded from the Office of Personnel Management website at www.opm.ok.gov under the "Reports and Publications" link.

Please let me know if you have questions or comments, or you may contact the OPM Compensation Division at (405) 522-0422.