

**OPM 01-71**

**DATE:** December 5, 2001

**TO:** All Appointing Authorities

**FROM:** Oscar B. Jackson, Jr., Administrator and  
Cabinet Secretary of Human Resources

**RE: FY 2002 Annual Compensation Report**

In accordance with O.S. Title 74:840-1.6A(5), enclosed is a copy of the Office of Personnel Management "FY 2002 Annual Compensation Report." The report summarizes the results of the OPM Annual Survey of the compensation practices of the state's competitive labor market. This survey compares the compensation practices of the State of Oklahoma for classified service positions covered by the Merit System of Personnel Administration with other organizations.

The OPM FY 2002 Annual Compensation Report presents the following findings:

- ?? Salaries for benchmark classified service salaries trail the competitive/labor market by 4.5%.
- ?? Fringe benefits for the state service lead the competitive labor market by 9.4%.
- ?? Classified services total compensation (salaries and fringe benefits) leads the competitive labor market by 0.7%.

It appears that considerable progress has been made in achieving comparability with the market from a total compensation perspective. Agencies have expanded their use of the flexibilities now afforded them under the State's compensation system.

The resulting improvement in the State's direct pay posture, coupled with a highly competitive benefit structure, have resulted in an average total compensation which is essentially "on market." This improved relationship has positioned the State to effectively compete in the market for qualified talent.

The Annual Compensation Report also includes results of the first bi-annual report on turnover, market position, and applicant pools by job family descriptors, now required by Title 74, Section 840-1.6A(20). This report shows the overall turnover for classified employees to be 12.6%, with a voluntary turnover rate of 11.4%. Tables are included which show the breakdown by job family descriptors of the following:

- ?? Selected job family levels with a turnover rate in excess of 10.0%.
- ?? Selected job family levels with salaries and benefits that are 10.0% or more below market
- ?? Selected job family levels in which recruitment efforts have yielded a low number of qualified applicants.

The OPM 2002 Annual Compensation Report presents the following recommendations:

- ?? While the report does not recommend an across-the-board increase for classified employees, agencies are encouraged to examine pay rates of job families under their purview and, where appropriate and within available funding, consider using appropriate pay movement mechanisms for targeted job family levels and positions. Agencies are also encouraged to consider requesting legislative support for funding the use of pay movement mechanisms, if funding is not available within their budgets for targeted recruitment and retention challenges.
- ?? The Office of Personnel Management will examine workforce issues, including turnover and retention data, and address them as part of its newly established workforce planning function.
- ?? The Office of Personnel Management, in concert with the agencies, will focus recruitment efforts on job families with low numbers of applicants.

These findings and recommendations will be presented for consideration by the Second Regular Session of the Forty-Eighth Oklahoma Legislature.

Enclosure