



JOHN THURSTON
ARKANSAS TREASURER OF STATE

April 17, 2026

Senator Jonathan Dismang, Co-Chair
Representative Lane Jean, Co-Chair
Joint Budget Committee
Arkansas General Assembly
State Capitol Building
Little Rock, Arkansas 72201

Re: *Revised FY2027 Office of the Treasurer of State Appropriations for: Operating Expenses and Data Processing System/Services*

Dear Senator Dismang and Representative Jean:

I respectfully submit the following changes to the FY2027 appropriations for the Office of the Treasurer of State:

Personal Services, Operating Expenses, and Data Processing Systems/Services

Section (01) Regular Salaries- Operations

This request aligns funding for existing positions with the full authorized salary range associated with their classifications within the Governor's pay plan. This adjustment would ensure positions are funded consistent within the established range and provide flexibility for recruitment and retention within approved classifications.

Justification for Regular Salary Appropriation Request

Turnover in the Office results in the loss of institutional knowledge and experience, which poses significant challenges to continued State operations. My Office is responsible for managing more than \$11 billion, making it crucial to employ competent staff at a competitive market rate and with the skillsets needed to navigate changes in domestic and global markets. My Office will remain a competitive employer capable of retaining and compensating employees based on performance with this change in appropriation.

This change will require an increase in our budgeted appropriation for Regular Salaries of \$320,790 and an increase in Personal Service Match of \$38,129.

Section (03) Appropriation – Operations – Item Number (04)(A) Operating Expense

I request an increase of \$150,000 in appropriation authority from the State Central Services Fund to address increased custodial banking fees and to support ongoing operational expenses of the Office.

Justification for Operational Appropriation Request

The Bank of New York Mellon (BNY Mellon) serves as the State's custodial bank and is responsible for safeguarding and administering the State's financial assets. BNY Mellon maintains custody of the State's cash and investment holdings, processes and settles transactions, collects earnings, and provides reporting on assets held in custody. Custodial fees are assessed based on the month-end market value of assets held in custody.

Following a thorough review by executive, investment, and cash management staff, we determined that the prior fee structure did not fully reflect the scope and value of services provided. The revised fee schedule is reasonable and appropriate for the services delivered to the State.

Section (03) Appropriation – Operations – Item Number (07) Preparedness, Security & Safety

I request an increase of \$150,000 in appropriation authority from the State Central Services Fund to support ongoing data processing system cybersecurity and business continuity measures.

Justification for Operational Appropriation Request

My Office continues to implement daily cybersecurity and business continuity improvements within the parameters of our current budget; however, the rapid growth of artificial intelligence (AI) has increased both the volume and sophistication of attempted intrusions and related risks to public funds and sensitive data. The agency has utilized the current budget to support preparation of the General Ledger system for transition to the AASIS S/4HANA platform; however, additional appropriation is requested to support necessary security enhancements associated with the implementation.

These requests will help ensure the continued and efficient execution of the duties of the Office of the Treasurer of State on behalf of all Arkansans. I appreciate your thoughtful consideration of this request. Please do not hesitate to contact me if you have any questions or require additional information.

Sincerely,


John Thurston
Treasurer of State

Hall of the House of Representatives

95th General Assembly - Fiscal Session, 2026

Amendment Form

DRAFT

Subtitle of House Bill 1034

AN ACT FOR THE OFFICE OF THE TREASURER OF STATE APPROPRIATION FOR THE
2026-2027 FISCAL YEAR.

Amendment No. ___ to House Bill 1034

Amend House Bill 1034 as originally introduced:

Page 3, line 3, delete "\$3,219,376" and insert "\$3,540,166"

AND

Page 3, line 5, delete "1,065,903" and insert "1,104,032"

AND

Page 3, line 7, delete "1,404,455" and insert "1,554,455"

AND

Page 3, line 14, delete " 275,000" and insert " 425,000"

AND

Page 3, line 15, delete " \$7,974,734" and insert " \$8,633,653".

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The Amendment was read _____

By: Joint Budget Committee

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Chief Clerk