

Arkansas Public Employees' Retirement System Plan for Administering Special Compensation Awards

A. Introduction

This plan, crucial for the recognition of exceptional performance, outlines the procedures for administering special compensation awards to Arkansas Public Employees' Retirement System (APERS) employees. These awards, a testament to our commitment to excellence, aim to acknowledge outstanding performance, successful completion of significant projects or job assignments, or temporary job responsibilities that enhance the mission and goals of APERS - to deliver secure retirement benefits and exceptional service to our members.

B. Implementation of Special Compensation Awards

Special compensation awards will be implemented as follows:

1. **Identification of Eligible Employees:** To be eligible for special compensation awards, employees must have received at least a three (3) on the most recent performance evaluation and must not be on a corrective-action plan. Eligible employees will be identified and nominated for special compensation awards based on the clear and objective criteria outlined in Section D below to ensure that the process is fair and transparent and that all employees clearly understand the expectations.
2. **Approval Process:** An employee's manager/supervisor may nominate an employee for a special compensation award to their deputy director. The deputy director and the Executive Director will determine whether to seek approval by the Office of Personnel Management (OPM) for the award and, if so, which award type(s) to offer the nominated employee. The Executive Director must approve each award before submitting it to OPM for approval. Any special compensation award proposed for the Executive Director must come from the APERS Board of Trustees and be submitted directly to OPM.
3. **Award Types:** The special compensation awards include lump-sum bonus payments, incentive leave, or lump-sum payments of existing accrued annual leave, as outlined in Act 172 of 2024, Section 5. If a special compensation award is approved by OPM, the nominated employee may choose between award types offered by the Executive Director.

C. Classifications Eligible for Special Compensation Awards

All classifications, except extra help, authorized within the Arkansas Public Employees' Retirement System appropriation acts passed by the General Assembly of the State of Arkansas each year are eligible for special compensation awards.

D. Objective, Measurable Standards for Selection

Employees within the eligible classifications will be selected based on the following criteria:

1. **Project Completion, job assignment, or major project milestone:** Successful completion of significant projects, job assignments, or major project milestones within budget and timeline.

Success will be measured in the areas of customer service, communication, accountability, professionalism, agency efficiency, and initiative. The project, assignment, or milestone should have substantially impacted at least one of these areas.

2. **Completion of Temporary Assignment:** Successful completion of a temporary job assignment, not to exceed six months, beyond the scope of work typically performed by the employee that produced measurable results that enhance the mission and goals of APERS. Success will be measured in the areas of customer service, communication, accountability, professionalism, agency efficiency, and initiative. The project, assignment, or milestone should have substantially impacted at least one of these areas.

E. Description of Special Compensation Award Types

1. Lump-Sum Bonus Payment:

- Up to \$5,000 per award.
- Is subject to withholding of applicable state and federal taxes.
- Will not change the employee's base salary but will be included in retirement benefit calculations as stipulated in Act 172 of 2024, Section 5.

2. Incentive Leave:

- Up to 40 hours of additional leave.
- Must be used by the end of the calendar year following the award.
- Shall not carry forward to subsequent years and shall not be paid out upon separation from the agency.
- May not be offered unless the employee has a minimum combined balance of 40 hours of annual, birthday, and holiday leave.

3. Lump-Sum Payment of Annual Leave:

- Not to exceed 40 hours.
- Paid at the employee's hourly rate.
- Must not bring the employee's minimum combined balance of annual, birthday, and holiday leave below 80 hours.
- Is subject to withholding of applicable state and federal taxes.
- Will not change the employee's base salary but will be included in retirement benefit calculations as stipulated in Act 172 of 2024, Section 5.

F. Request Submission for Special Compensation Awards

Each request for a special compensation award must include the following:

For a special compensation award based on completing a significant project, job assignment, or completing a major project milestone:

1. Name of employee nominated to receive the award.
2. Description of the project, assignment, or project milestone prompting special compensation.
3. Description of the work that was completed as part of the project or assignment.
4. Description of how the employee was selected for the project or assignment.
5. Description of the award provided.

For a special compensation award based on completion of a temporary assignment:

1. Name of the employee nominated for the award.
2. A list of the regularly assigned job responsibilities.
3. A list of the temporary job responsibilities assigned to the employee.
4. Description of how the employee was selected for the temporary job responsibility.
5. Description of the award provided.

G. Funding Certification

The agency must certify that existing funding is available for the awards.

H. Limitation on Awards

1. Employees shall not receive more than two awards per biennium.
2. Total compensation from lump-sum payments shall not exceed \$10,000 per biennium.
3. Awards may be given even if they result in the employees' salary exceeding the maximum pay level for the grade.

I. Conclusion

This plan ensures that special compensation awards are administered fairly, transparently, and in accordance with the requirements set forth in Act 172 of 2024, Section 5. The process will recognize exceptional employee contributions and support the agency's mission and goals.

Proposed Special Compensation Usage Pilot Projects Arkansas Public Employees' Retirement System

Overview

The Arkansas Public Employees' Retirement System (APERS) is committed to improving service efficiency and the accuracy of critical processes to support our mission and core values. In alignment with this, we have identified several areas where a special compensation award may be utilized. To begin, it will support two pilot projects to address operational challenges identified through recent internal audits, develop an agency strategic plan, and produce instructional videos on the APERS website.

1. **Annuity Option Changes Pilot:** A pilot project focused on improving the accuracy of annuity option change calculations, a critical aspect of member services.
2. **Reciprocal Service Coordination Pilot** – A pilot that would simplify and improve the efficiency of obtaining reciprocal service between the Arkansas public retirement systems.
3. **Instructional Videos:** Producing instructional “how to” videos accessible on the agency’s website to support members after hours and decrease the strain on the agency’s Retirement Support Center.

These pilots will involve assigning key staff members to lead the initiatives, minimizing errors, and improving the overall quality of APERS's services. The key staff members would be GS07 Retirement Counselor and GS08 Retirement Coordinators. An incentive bonus of \$5,000 would be offered for these important initiatives.

APERS Mission: To deliver secure retirement benefits and exceptional service to our members.

APERS Core Values: Accountability, Professionalism, Excellence, Respect, Service

1. Annuity Option Changes Pilot

Background

An operational audit of our process for calculating annuity option changes revealed challenges related to option changes for retirees who have service across two APERS systems. To address this, APERS proposes a pilot program with a designated senior counselor as a Subject Matter Expert (SME) in annuity option change calculations.

Objectives

- Improve the accuracy of annuity option change calculations.
- Identify recurring errors and their triggers and implement measures to mitigate future errors.
- Provide corrective measures and ensure accurate adjustments are made to member records.

- Act as a coach to less experienced counselors.

Outcome Measurement

- Reduction in calculation errors.
 - Improved service delivery through accurate and timely corrections.
 - The effectiveness of knowledge transfer to less experienced counselors.
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2. Reciprocal Service Pilot Project

Background

Reciprocal provisions allow members to combine or share their service credit and final average compensation under all reciprocal systems for eligibility and benefits. The systems share this information manually which results in increased workflows for retirement counselors and longer response times to members. This project will test the new partner portal functionality to determine if it is sufficient to meet the reciprocal systems' information needs and will develop tools to train and provide ongoing reference materials for users.

Objectives

- Allow reciprocal systems to independently obtain member information through the partner portal
- Develop partner portal user guides and initial training for reciprocal system users
- Reduce reciprocal systems' response time to their member requests, improving their customer service
- Improve APERS retirement counselors' timeliness of processing non-reciprocal member requests, improving our customer service

Outcome Measurement

- Review of reciprocal system user login history
 - Feedback from reciprocal system users on the efficiency of use and adequacy of member information
 - Reduction in the time reciprocal systems spend processing member requests
 - Reduction in the number of reciprocal workflows that APERS retirement counselors process
 - Increase in the number of non-reciprocal workflows that APERS retirement counselors can process
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3. Instructional Videos Project

Background

APERS members often require assistance with understanding their retirement benefits and options. While the Support Center provides valuable services, the demand for information after regular business hours has highlighted the need for alternative resources. Instructional videos

on the APERS website would allow members to access guidance at their convenience, alleviating some pressure on the Support Center.

Objectives

- Create instructional videos covering frequently asked questions and essential topics such as retirement application processes, benefit options, and account management.
- Provide members with 24/7 access to these resources, reducing the volume of routine inquiries to the Support Center.
- Enhance members' understanding of APERS services, leading to fewer errors in submitted forms and requests.

Outcome Measurement

- Website click rates for the instructional videos
- Reduced demand on the Support Center.
- Member feedback indicating improved understanding of retirement processes.
- The timely and efficient production and launch of the videos on the website.

Conclusion

The pilot projects identified align with APERS' mission of providing our members with secure retirement benefits and exceptional service. By utilizing special compensation as outlined in our internal policies, APERS ensures that employees undertaking these critical, temporary assignments are recognized for their contributions. These initiatives address operational challenges and set a precedent for continuous improvement within the agency.

The results of these pilots will inform future decisions on staff roles, service configurations, and process improvements, ensuring that APERS continues to operate efficiently and effectively for its members.



Arkansas Public Employees' Retirement System Plan for Administering Recruitment Incentives

A. Introduction

This plan outlines the procedures for administering recruitment incentives to Arkansas Public Employees' Retirement System (APERS) prospective employees. These incentives aim to ensure APERS can recruit top talent and address skill gaps within the agency to support our mission to deliver secure retirement benefits and exceptional service to our members.

B. Implementation of Recruitment Incentives

Recruitment incentives will be implemented as follows:

1. **Identification of Eligible Prospective Employees:** Prospective employees will be proposed for a recruitment incentive award based on clear and objective criteria: experience, degree(s) held, and professional licensures relevant to the position. This ensures that the process is fair and transparent and that potential employees understand why recruitment incentives may be offered.
2. **Approval Process:** Awards may be proposed by hiring managers or the HR manager. The Executive Director must approve each recruitment incentive before it is sent to the Office of Personnel Management (OPM) for approval. The recruitment incentive may only be offered after approval from OPM is received. Any recruitment incentive proposed for the Executive Director must come from the APERS Board of Trustees and be submitted directly to the Office of Personnel Management and the Legislative Council or Joint Budget Committee as required.
3. **Incentive Types:** The incentive may be a lump-sum bonus payment or the granting of incentive leave, as outlined in Act 172 of 2024, Section 5. If a recruitment incentive is approved by OPM, the nominated employee may choose between award types offered by the Executive Director.

C. Classifications Eligible for Recruitment Incentives

All classifications, except extra help, authorized within the Arkansas Public Employees' Retirement System appropriation acts passed by the General Assembly of the State of Arkansas each year are eligible for recruitment incentives.

D. Objective, Measurable Standards for Selection

Employees within the eligible classifications will be selected based on the following standards:

1. **Experience:** Substantial experience that meets or exceeds the required experience in the job posting.
2. **Degrees Held:** Degrees from accredited institutions that closely align with those listed in the job posting. Degrees from accredited institutions which are considered more than those required for the position.

3. **Professional Licensure:** Professional licenses held by the candidate, required, or preferred in the job posting, or considered more than those required for the position.

E. Description of Types of Recruitment Incentives

1. Lump-Sum Bonus Payment:

- Up to \$5,000 per award.
- One-half is to be paid in the employee's first eligible payroll period, and the balance will be paid in the first eligible payroll period after the employee completes the agency's probationary period (six months).
- Should the employee separate from employment with APERS for any reason before one year from the date of employment, the employee must repay APERS any payments received before the employee separates from APERS.
- Bonus incentives will be subject to applicable state and federal tax withholding.
- Bonus incentives will not change the employee's base salary but will be included in retirement benefit calculations as stipulated in Act 172 of 2024, Section 5.

2. Incentive Leave:

- Up to 40 hours of leave.
- Must be used by the end of the calendar year following the calendar year the prospective employee begins employment with APERS.
- Should the employee separate from employment with APERS for any reason before one year from the date of employment, leave hours will expire when the employee resigns or is terminated and will not be liquidated by a lump-sum payment to the employee when they separate from APERS.
- Shall not be carried forward to subsequent years and shall not be paid out upon separation from the agency.

F. Request Submission for Recruitment Incentives

Each request for a special compensation award must include the following:

1. Name of the prospective employee.
2. Description of the position the prospective employee would fill and their qualifications for the position.
3. Description of the recruitment incentive to be provided.
4. Specification of the required period of employment for the prospective employee to retain the recruitment incentive.

G. Funding Certification

The agency must certify that existing funding is available for the recruitment incentives.

H. Limitation on Incentives

1. A person employed by the executive branch at the time of the offer of employment is not eligible for a recruitment incentive.
2. A recruitment incentive may be awarded to prospective employees even if the recruitment incentive would result in the salary for the employee exceeding the maximum pay level or the grade assigned to the employee's classification.
3. A person receiving a recruitment incentive shall commit to the required period of employment of one year with APERS.

I. Conclusion

This plan ensures that recruitment incentives are administered fairly, transparently, and in accordance with the requirements set forth in Act 172 of 2024, Section 5. The process will help APERS recruit and hire the appropriate personnel to support the agency's mission and goals.

Report on Proposed Recruitment Incentives Usage Arkansas Public Employees' Retirement System

Overview

The Arkansas Public Employees' Retirement System (APERS) faces significant recruitment challenges for critical positions in our accounting and investment divisions due to current compensation levels being uncompetitive with the private sector. These fields require specialized knowledge, further limiting the pool of qualified candidates. As a result, APERS is proposing a recruitment incentive plan as a temporary measure to address these challenges while awaiting the implementation of the state's new pay plan, anticipated to take effect in July 2025.

This report outlines the necessity for recruitment incentives to attract top talent in accounting and investment roles and highlights the urgency due to recent and imminent retirements among senior staff members, whose knowledge and expertise are critical to the agency's operations.

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Challenges in Recruiting Accounting and Investment Professionals

1. **Competitive Disadvantages:**

The grades assigned to accounting and investment positions within APERS do not align with the compensation levels offered by the private sector. These discrepancies make it difficult to attract highly qualified professionals, making the agency disadvantaged in its recruitment efforts.

2. **Specialized Knowledge Requirements:**

Both accounting and investment positions require a high level of specialized knowledge. Finding candidates with the right combination of education, experience, and professional licensure adds complexity to our recruitment efforts, necessitating the use of targeted incentives.

3. **Anticipated Compensation Relief:**

While we recognize that the state is working on a pay plan for state employees, which will likely provide some relief by increasing pay levels, this plan will not be effective until July 2025 at the earliest. APERS cannot delay hiring until then without risking operational inefficiencies.

4. **Recent and Impending Retirements:**

Over the last eighteen months, two long-time staff members retired, and several senior accounting staff members are approaching retirement age. The loss of this institutional knowledge and expertise before it can be transferred to new hires poses a significant

risk. It is crucial that APERS recruit and onboard new staff as soon as possible to allow for knowledge transfer and succession planning.

5. Public Sector Competition:

APERS risks losing potential candidates to higher-paying private sector roles without competitive recruitment incentives, further complicating the hiring process. By offering lump-sum bonuses and incentive leave, APERS can position itself as a more attractive employer.

Conclusion

The proposed recruitment incentive plan offers a practical solution to address APERS' immediate staffing challenges while awaiting longer-term compensation adjustments. By leveraging recruitment incentives, APERS can attract highly qualified accounting and investment professionals, mitigating the risk posed by upcoming retirements and ensuring the continued delivery of exceptional service to its members. The positions eligible for this incentive would be GS08 Accountant II and GS07 Investment Specialist. Candidates would be offered either 40 hours of annual leave or \$5,000 incentive bonus under this proposal.

This report supports APERS' request to approve the recruitment incentive plan as a critical, temporary measure to address recruitment difficulties.
