



STATE OF ARKANSAS
**Department of Finance
 and Administration**

EXHIBIT N
OFFICE OF PERSONNEL MANAGEMENT
Administrator's Office
 1509 West Seventh Street, Suite 201
 Post Office Box 3278
 Little Rock, Arkansas 72203-3278
 Phone: (501) 682-1823
 www.dfa.arkansas.gov

June 18, 2019

Senator David Wallace, Co-Chairperson
 Representative Jim Wooten, Co-Chairperson
 Uniform Personnel Classification and
 Compensation Plan Subcommittee
 Arkansas Legislative Council
 State Capitol Building, Room 315
 Little Rock, Arkansas 72201

Dear Co-Chairs:

The Office of Personnel Management (OPM) submits a request for the continuation of previously approved salary administration grids for FY20. The requested grids for continuation are attached.

AGENCY	CLASS CODE	TITLE	GRADE	SALARY RANGE	GRID DETAILS
Northwest Technical Institute	E027C	Career & Technical Faculty	GS07	\$40,304-\$58,493	May obtain two (2) increases of up to 3% for participation in Performance Based Teacher Education Program
Northwest Technical Institute	E018C	Specialized Technical Faculty	GS08	\$45,010-\$65,264	May obtain two (2) increases of up to 3% for participation in Performance Based Teacher Education Program
Northwest Technical Institute	L036C	Nurse Instructor	MP02	\$71,403-\$99,964	May obtain two (2) increases of up to 3% for participation in Performance Based Teacher Education Program
Bank Department	A070C	Bank Examiner	GS08	\$45,010-\$65,264	May receive up to 10% annually for passing tests during a 3 year period

Bank Department	A106C	Bank Sr. Examiner	GS10	\$56,039-\$81,256	May receive up to 10% annually for passing tests during a 2 year period
Bank Department	A039C	Certified Bank Sr. Examiner	GS13	\$77,862-\$112,899	May receive up to 5% annually for completing continuing education
Bank Department	A107C	Bank Exam Manager	GS14	\$86,887-\$125,986	May receive up to 5% annually for completing continuing education
Bank Department	A030C	Bank Certified Exam Manger	GS14	\$86,887-\$125,986	May receive up to 5% annually for completing continuing education
Bank Department	A018C	Bank Chief Examiner	GS14	\$86,887-\$125,986	May receive up to 5% annually for completing continuing education
Bank Department	G257C	Bank Chief Counsel	GS14	\$86,887-\$125,986	May receive up to 5% annually for completing continuing education
Bank Department	A005N	Asst Deputy Bank Commissioner	GS15	\$96,960-\$140,952	May receive up to 5% annually for completing continuing education
Department of Military	M091C	ARNG Youth Program Shift Leader	GS05	\$32,405-\$46,987	Six months service = \$36,969; 1 year of service = \$43,341
Department of Military	M060C	Youth Program Coordinator	GS05	\$32,405-\$46,987	Six months service = \$36,969; 1 year of service = \$43,341
Department of Military	M070C	Youth Program Specialist	GS03	\$26,034-\$37,749	Six months service = \$31,892; 1 year of service = \$34,820
Insurance Department	A004C	Certified Financial Examiner	GS12	\$69,776-\$101,175	Must pass seventh test by Society of Financial Examiners
Insurance Department	A004N	Certified Financial Examiner Manager	GS13	\$77,862-\$112,899	Must be a Certified Financial Examiner
Insurance Department	A118C	Financial Examiner Specialist	GS10	\$56,039-\$81,256	Must pass three tests by Society of Financial Examiners and completed three years of experience = 5% increase

Insurance Department	A117C	Accredited Financial Examiner	GS11	\$62,531-\$90,669	Must pass fourth through sixth tests by Society of Financial Examiners = 5% increase
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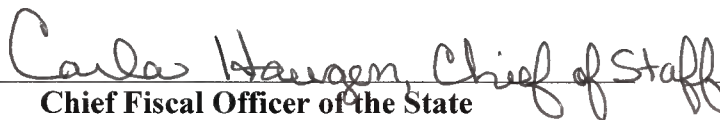
The Office of Personnel Management is requesting the continuation of four salary administration grids from four separate state agencies, which affected approximately eighty (80) state employees. The total cost for these salary administration grids in FY19 was \$273,920.

After review of the request, the Office of Personnel Management **recommends** the approval of the continuation of these previously approved salary administration grids for FY20. Your consideration of this request is greatly appreciated.

Sincerely,



Kay Barnhill
State Personnel Administrator


Chief Fiscal Officer of the State

JUN 04 2019

Date

KB/sd:1-2



Northwest Technical Institute
rethink education

PO Box 2000 , 709 South Old Missouri Rd
Springdale, AR 72765-2000
(479) 751-8824
Fax : (479) 756-0985

Ms. Kay Barnhill,
State Personnel Administrator
Department of Finance and Administration
Office of Personnel Management
5907 West 7th St., Suite 201
Post Office Box 3278
Little Rock, AR 72203-3278

May 21, 2019

Re: Salary Grid – Performance Based Teacher Education Program

Dear Ms. Barnhill,

A salary grid is currently in place for FY 2019 for full-time instructor's participation the Performance Based Teacher Education program (PBTE). Participation in the PBTE program is a requirement for Career & Technical Faculty - Class E027C, Grade GS07 or Specialized Technical Faculty – Class E018C, Grade GS08, who at the time of hire, into a full time position, do not hold a current Arkansas teachers license. It is possible for instructors to obtain two 3% salary increases provided they meet the program requirements. We are requesting authorization to continue with the salary grid in fiscal year 2018/2019.

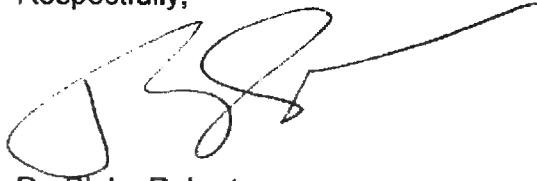
As might be expected, most of our instructors are extremely skilled trades' people, with little or no formal education or experience in teaching. The PBTE program gives our instructors information they can implement into their programs making them better teachers. It is a 3 year program requiring the completion of 100 education modules and 120 hours of continuing education.

Northwest Technical Institute expects to use the Salary Grid for 3 full-time employees, moving to Master Instructor, costing \$4,137 for all 3 employees. The cost of implementing and maintaining this differential is within our existing appropriation and will not be funded with monies specifically allotted for other programs within our institute.



Thank you for your consideration of this request. Please feel free to contact me if you should have any questions or require additional information.

Respectfully,

A handwritten signature in black ink, appearing to read 'Dr. Robertson', with a long horizontal stroke extending to the right.

Dr. Blake Robertson
President
Northwest Technical Institute

Enc.

CC: Mike Hamley
File

BR/dr



Arkansas State Bank Department

Candace A. Franks
Commissioner

Asa Hutchinson
Governor

May 23, 2019

Kay Barnhill, Administrator
Office of Personnel Management
1509 W. 7th Street, Suite 201
Little Rock, AR 72201



Dear Kay:

The mission of the Arkansas State Bank Department (ASBD) is to maintain the legal and regulatory structure for Arkansas' financial industry. The primary duty of the ASBD is to perform periodic examinations of state chartered banks, bank holding companies, trust companies and other entities to determine safety and soundness, and compliance with laws and regulations. Our department is fully funded by assessments paid by its supervised institutions.

The banking industry continues to evolve into a vastly more complex industry. As of December 31, 2018, we are the chartering agency responsible for the regulation of 79 commercial banks headquartered in Arkansas, as well as 76 parent bank holding companies, 44 trust departments, one trust company, one industrial development corporation and one nonprofit, the Arkansas Capital Corporation. Although the ASBD has operated with the same level of staffing (72 authorized positions) since FY14, the financial institutions that we regulate have more than doubled their size during this time (from \$49 billion in FY14, to over \$100 billion in FY19). The growth and expansion in our institutions has led to more frequent and complex examinations, as well as an expanded scope of examination.

Included in our supervisory authority are four (4) "Large Bank" institutions that exceed \$10 billion each in total assets, which is a significant market indicator for the banking industry. The state of Arkansas is in the top five states in the country that regulate large institutions. Arkansas is also home to three (3) large, publicly traded banking organizations and 10 of the 79 also operate in multiple states. Our banks operate in 13 additional states, and we are responsible for the supervision and examination of all of their operations in Arkansas as well as all of the other states in which they operate.

We perform examinations of these banks either jointly, or on an alternating basis with the Federal Deposit Insurance Corporation (FDIC) or the Federal Reserve. Joint examinations are performed with the federal regulators on large and problem banks, where our examiners work side-by-side with their federal counterparts in divided responsibilities, including serving in the lead roles on the examinations to produce one report of joint findings. State only examinations are performed by the Department on all other banks.

In addition to the 79 state chartered banks, the State of Arkansas has 12 national chartered banks. As you can see, we remain the charter of choice in the banking industry in Arkansas. I believe the reason for being so successful is the working relationships we have with our local bankers. In a financial downturn, my staff is there to work hand in hand with our Arkansas bankers to ensure that we do everything possible to

prevent a bank from becoming a problem bank. We continually strive to provide an efficient structure for safe and sound economic stability in all of our financial institutions.

The ASBD considers its staff to be its most valuable resource. It is only through the efforts of competent, well trained staff that Department objectives may be accomplished. Sixty-nine (69) of our total positions are currently filled, which is equal to our CAP level, and fifty-five (55) of these positions are directly responsible for organizing and conducting examinations of the financial institutions that we regulate. Our examination staff is highly trained and educated in the vast universe of regulations and laws which govern the banking industry, and they are required to maintain a high level of knowledge.

In an effort to reduce turnover and allow us to reasonably compensate and retain a knowledgeable and highly productive workforce, the ASBD operates with a legislatively approved Salary Grid (see attached), which provides for a career path for our examination staff. The career path outlines and defines the various opportunities for growth and advancement within the department, as well as ensures the consistency of training and advancement opportunities for all examiners. Specifically, the career path defines the training and tenure requirements for a newly hired examiner to progress from an entry level GS08 Bank Examiner Trainee to a GS14 Certified Examination Manager, which is responsible for organizing, coordinating and supervising one of our eight (8) examination teams. The Examination Division is managed by four (4) GS15 Assistant Deputy Bank Commissioners, each of which is responsible for overseeing the examination operations for one of our state's four Large Bank institutions. Other Examination Division positions included in the grid are one (1) GS14 Bank Chief Counsel position and one (1) Bank Chief Examiner position.

In order to continue to address the following concerns, the Department respectfully requests the Continuation of this grid into FY20:

Agency Turnover

Within the 4 years prior to the implementation of our current grid, we lost 30.9% of our bank examination personnel to either our federal counterparts or to the banking industry. This represented a tremendous loss of trained examiner talent and institutional knowledge. This level of turnover also represented a substantial drain on Department resources, as we estimate that we spend approximately \$420,000 per employee to fully train a bank examiner during the first five (5) years of employment. We recognized that if we weren't able to curtail this excessive level of turnover, it would substantially impact our ability to not only fully supervise the increasing amount of assets under our regulatory authority, but it would also impact our ability to manage the next financial crisis. Since the implementation of the grid in October 2017, our turnover has decreased to 5.5%. This change is an indicator that the grid is working!

Shortfall in State Salaries vs Comparable Industry and Federal Regulator Pay

Prior to the implementation of the current pay grid, we lost highly skilled and promising examiners due to our pay rates having become increasingly non-competitive with both the banking industry and our federal regulatory counterparts. As a state agency, we have always tried to operate efficiently. The key to being able to maintain efficiency is to reasonably compensate and retain a knowledgeable and highly productive workforce for their superior skills and elevated workload. The current salary grid provides us the opportunity to remain competitive from a salary standpoint.

Increases in Responsibilities and Complexity of Examination Positions

Bank Examination positions have continued to evolve as a result of increased responsibilities and complexities associated with the positions. This evolution has been brought on by new activities and responsibilities of the Department; new state and federal laws, regulation, rules and statements of policy; and increasingly complex and diverse risks undertaken by the banking industry. Some of these increased responsibilities include Bank Secrecy Act (BSA) and Anti-money Laundering (AML) Examinations; Business Continuity/Disaster Preparedness Examinations; Bank Holding Company Examinations; Expansion of Off-Site Monitoring Programs; Capital Market Activities and Responsibilities; Increased Leadership Activities and Responsibilities on Nationwide Bank Supervisory Initiatives through our membership in the Conference of State Bank Supervisors (CSBS), the national organization of banking regulators from all 50 states, the District of Columbia, Guam, Puerto Rico and the US Virgin Islands; Increased Consumer Protection Requirements and Responsibilities, including ensuring compliance with cooperative agreements entered into with the Financial Crimes Enforcement Network (FINCEN) and the Consumer Financial Protection Bureau (CFPB).

Increased Training Responsibilities and Needs

To maintain the Department's position as one of the best state banking departments in the nation, our Bank Examiners must master the dramatically increased complexity of bank activities and the ever changing federal and state laws, regulations and statements of policies. In order to maintain a stable force of highly trained examiners, we must continue our efforts to maintain the highest level of training standards for not only our new examination staff, but also our more tenured staff as they respond to the ever changing banking industry by becoming knowledgeable on various specialized areas of expertise.

Expanded Bank Examination Activities

The examination activities required of our Examination Staff has greatly expanded in recent years as a result of growth and expansion in our institutions, which has led to the advent of a continuous examination cycle that has become prevalent in our largest banks. Additionally, the basic format of an examination has been expanded to include increased reviews of each bank's loan portfolio and loan loss reserves, as well as detailed analyses of increasingly complex bank assets. Expanded bank examination activities have also resulted from an increase in examinations on bank charter conversions and mergers, which has added a significant demand for department resources, staffing and work products. Due to the time sensitive nature of these unexpected events, the Department must ensure that it maintains adequately trained senior personnel who are able to successfully complete these activities in accordance with Department guidelines and procedures.

Specialized Expertise

As a result of the expanded bank examination activities, our examiners often fill unique roles requiring considerable expertise in specialized supervisory activities such as accounting, auditing, capital markets, trust and information systems. The incumbents in these positions cannot easily be replaced, and we cannot afford to lose this specialized knowledge. The incumbents in these positions represent the future of this department; we have spent years and resources training and developing these employees to the point where we can call on them to assume management positions with even more responsibilities.

Recommendations of our National Accrediting Organization

The Conference of State Bank Supervisors (CSBS) sponsors a national comprehensive state bank

Kay Barnhill, Administrator
Page Four
May 23, 2019

department performance Accreditation Program to enhance the professionalism of state banking departments and their personnel. The CSBS Accreditation Program was designed to recognize and enhance excellence in state regulation and lead to reduction in duplicative federal regulatory and supervisory activity over state chartered banks. The Department first became accredited on August 8, 1988, and recently received its sixth certificate of re-accreditation, certifying that we maintain the highest standards and practices in state banking supervision. During our 2014 reaccreditation review, the accreditation report included a finding that our Department's salaries are not comparable with those paid by adjacent state or federal regulators. In accordance with the Accreditation Program "Best Practices," the Review team recommended that the Department's Salaries be made equal to or better than those paid for comparable positions in contiguous states and those paid by federal regulators. During our most recent re-accreditation in February 2019, the Accreditation Team noted that the implementation of our current Grid in August 2017 accomplished this task. It is of critical importance to this agency that this grid be continued, so that we are able to reasonably compensate and retain a knowledgeable and highly productive workforce

The Department has adequate current and ongoing assessments to fund the continuation of this grid. In FY19, the Department had fifty five (55) employees who participated in this salary grid at a cost of \$196,336. If approved, the continuation of this grid will allow us to continue to provide a framework for the retention of examiners, as well as ensure that the Department has the personnel resources to provide the best services possible to the banking industry, safeguard the general public and continue to operate the agency at a high level of performance.

Thank you in advance for your consideration of this request. If additional information is needed, please contact me or my Fiscal Division Manager, Jessica Wallace at 501-683-3214.

Sincerely,



Candace A. Franks
Commissioner

Attachment

**ARKANSAS STATE BANK DEPARTMENT
PAY GRID CONTINUATION REQUEST
FY2020**

Class Code	Pay Grade	Minimum Salary	Minimum Hourly	Maximum	Titles
A070C	GS08	\$45,010	21.6394	\$65,264	Bank Examiner Trainee
<i>In House</i>	GS08	\$49,511	23.8034	\$65,264	Bank Assistant Examiner
<i>In House</i>	GS08	\$54,462	26.1837	\$65,264	Bank Junior Examiner
A106C	GS10	\$59,908	28.8021	\$81,256	Bank Senior Examiner
<i>In House</i>	GS10	\$69,194	33.2663	\$81,256	Commissioned Senior Examiner
A039C	GS13	\$79,919	38.4226	\$112,899	Certified Bank Senior Examiner
A107C	GS14	\$87,911	42.2649	\$125,986	Bank Exam Manager
A030C	GS14	\$96,702	46.4913	\$125,986	Bank Certified Exam Manager
A018C	GS14	\$96,702	46.4913	\$125,986	Bank Chief Examiner
G257C	GS14	\$86,887	41.7726	\$125,986	Bank Chief Counsel
A0005	GS15	\$105,000	50.4808	\$140,592	Assistant Deputy Bank Commissioner

Positions included in this pay grid will be paid according to the salaries listed above. As detailed in our approved Career Path, a 10% promotion will be granted as each examiner completes required schools and/or testing. This promotion will not preclude any award of merit pay the Governor may approve.

In addition, a retention increase of 1% to 5%, up to the maximum pay level, may be given annually to those employees who are not being promoted to a different level of examiner. In no situation will an increase of retention plus merit pay exceed 10% in any fiscal year. With the approval of the Governor for merit pay, merit percentage will be at the discretion of the Commissioner.



Directorate of State Resources
 Bldg 4201, Camp Robinson
 North Little Rock, Arkansas 72199-9600



ASA HUTCHINSON
 Governor

MARK BERRY
 Major General
 The Adjutant General

May 21, 2019

Kay Barnhill, State Personnel Manager
 Office of Personnel Management
 Department of Finance and Administration
 P.O. Box 3278
 North Little Rock, AR 72203-3278

Dear Ms. Barnhill:

The Department of Military (DOM) request continuation of the FY20 of the previous approved LMR and increase salary grid, effective 3/20/2019 by OPM for these classifications listed below:

Class Code	Title	Grade
M091C	ARNG Youth Program Shift Leader	GS05
M060C	Youth Program Coordinator	GS05
M070C	Youth Program Specialist	GS03

Grade Level	Starting Salary	Salary @ 6 months	Salary @1 Year
GS05	\$ 36,215.00	\$ 36,696.00	\$ 43,341.00
GS03	\$ 30,000.00	\$ 31,892.00	\$ 34,820.00

Your favorable approval of the Department of Military increased salary administration LMR is greatly appreciated.

Respectfully,



Scott Stanger
 DOM-DSR Director

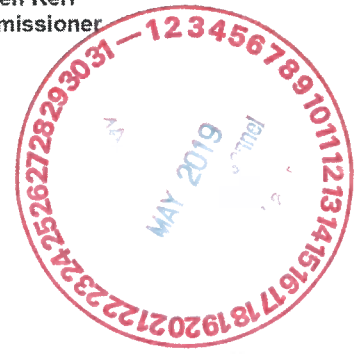
MDYH:mdyh

Arkansas Insurance Department

Asa Hutchinson
Governor



Allen Kerr
Commissioner



May 23, 2019

Ms. Kay Barnhill
State Personnel Administrator
Office of Personnel Management
Department of Finance and Administration
1509 West 7th Street, Suite 201
Little Rock, AR 72201

Re: Request for continuation of the salary administration grid for FY20

Dear Ms. Barnhill:

The Arkansas Insurance Department respectfully requests the continuation of the salary administration grid for FY20. The continued progression of technical requirements necessary to perform statutory examinations and financial analysis requires increased levels of professional training and expertise for financial solvency staff. The list of testing is included with this letter.

The positions are as follows:

CODE	TITLE	GRADE	SALARY RANGE
A118C	Financial Examiner Specialist	GS10	\$56,039 - \$81,257
A117C	Accredited Financial Examiner	GS11	\$62,531 - \$90,670
A004C	Certified Financial Examiner	GS12	\$69,776 - \$101,175
A004N	Certified Financial Examiner Manager	GS13.	\$77,862 - \$112,900

The budgetary impact of each employee affected by the grid is listed below:

Jeffrey Cordell increased from \$83,989.78 to \$86,541.07. The grid rate for Certified Financial Examiner, A004C, with a budgetary impact of \$2,551.29.

Kelli Deen increased from \$69,112.78 to \$72,568.50. The grid rate for five (5) percent for completion of Society of Financial Examiners Accredited Financial Examiner test for Property and Liability Insurance Accounting. This resulted in a total budgetary impact of \$3,545.72.

Arthur Etherly increased from \$64,312.98 to \$75,744.27. This is from restoration of the Certified Financial Examiner, A004C, position resulting in a ten percent promotional increase. Then the grid rate Certified Financial Examiner, A004C, with a total budgetary impact of \$11,431.29.

Phillip Gilbert increased from \$67,858.75 to \$78,376.90. The grid rate of five (5) percent for completion of Society of Financial Examiners Accredited Financial Examiner test for Property and Liability Insurance Fundamentals. Mr. Gilbert then received a ten (10) percent promotional increase from the restoration of the Accredited Financial Examiner position, A117C. This resulted in a total budgetary impact of \$10,518.15.

Jeffrey Maher increased from \$84,628.54 to \$86,541.07. The grid rate for Certified Financial Examiner, A004C, with a budgetary impact of \$1,912.53.

Steven Petersen increased from \$73,753.06 to \$77,440.69. The grid rate for five (5) percent for completion of Society of Financial Examiners Accredited Financial Examiner test for Property and Liability Insurance Fundamentals. This resulted in a total budgetary impact of \$3,687.63.

Robert Simmons increased from \$80,081.04 to \$85,081.04. This is the \$5,000 annual salary increase for the grid rate.

Margaret Woodsmall increased from \$71,764.58 to \$76,764.58. This is the \$5,000 annual salary increase for the grid rate.

Thank you for your consideration and approval of this request.

Respectfully,

A handwritten signature in black ink, appearing to read 'Allen Kerr', with a long horizontal flourish extending to the right.

Allen Kerr
Commissioner

A117C, Accredited Financial Examiner, GS11 - Examination Requirements

To qualify for the Accredited Financial Examiner designation, you must meet certain education requirements, successfully complete the four (4) examinations administered by the Society of Financial Examiners and have completed two (2) years of continuous, responsible insurance department examination experience as a financial examiner. The four Accredited Financial Examiner exams are:

AFE1 – Life and Health Insurance Fundamentals

AFE2 – Property and Liability Insurance Fundamentals

AFE3 – Life and Health Accounting

AFE4 – Property and Liability Accounting

A004C, Certified Financial Examiner, GS12 - Examination requirements

To qualify for the Certified Financial Examiner designation, you must meet certain education requirements, successfully complete the three (3) examinations administered by the Society of Financial Examiners and have completed three (3) years of continuous, responsible insurance department examination experience as a financial examiner. The three Certified Financial Examiner exams are:

CFE1 - Examination Methods and Management

CFE2 - Enterprise Risk Management

CFE3 - Reinsurance

A117C, Accredited Financial Examiner, GS11 – Financial Analyst - Examination Requirements

To qualify for the Accredited Financial Examiner designation, you must meet certain education requirements, successfully complete the four (4) examinations administered by the Society of Financial Examiners and have completed two (2) years of continuous, responsible insurance department examination experience as a financial analyst. The four Accredited Financial Examiner exams are:

AFE1 – Life and Health Insurance Fundamentals

AFE2 – Property and Liability Insurance Fundamentals

AFE3 – Life and Health Accounting

AFE4 – Property and Liability Accounting

A004C. Certified Financial Examiner, GS12 – Financial Analyst - Examination requirements

To qualify for the Certified Financial Examiner designation, you must meet certain education requirements, successfully complete the three (3) examinations administered by the Society of Financial Examiners and have completed three (3) years of continuous, responsible insurance department examination experience as a financial analyst. The three Certified Financial Examiner exams are:

CFE2 - Enterprise Risk Management

CFE3 – Reinsurance

CFE4 – Financial Analysis

SALARY ADMINISTRATION GRID

TITLE	GRADE	TEST PASSED	GRID RATE	% INCREASE
Financial Examiner Specialist	GS10	0	\$56,039.00	
Financial Examiner Specialist	GS10	1	\$58,840.95	5.00%
Financial Examiner Specialist	GS10	2	\$61,783.00	5.00%
Financial Examiner Specialist	GS10	3	\$64,872.15	5.00%
Accredited Financial Examiner	GS11	4	\$71,359.36	10.00%
Accredited Financial Examiner	GS11	5	\$74,927.33	5.00%
Accredited Financial Examiner	GS11	6	\$78,673.70	5.00%
Certified Financial Examiner	GS12	7	\$86,541.07	10.00%
Certified Financial Examiner Manager	GS13	7	\$95,195.17	10.00%