



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

EXHIBIT H.1
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June 13, 2017

Senator John Cooper, Co-Chairperson
Representative Les Eaves, 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) requests the continuation of certain compensation differentials pursuant to Ark. Code Ann. §21-5-221.

OPM has received and is continuing to study compensation differential and salary administration grid requests from various agencies. Currently, compensation differentials and salary administration grids are in place in several agencies. With the new pay plan established by Act 365 of 2017, it may not be necessary to continue all current differentials and grids; however, OPM wants to thoroughly review all of the requests before making a determination. OPM expects to present compensation differentials and salary administration grids during August's meeting.

A compensation differential is an additional wage such as hazardous duty, certification, geographic location, or education pay; all compensation differentials must be approved by the Chief Fiscal Officer of the State and the Personnel Committee. Compensation differentials are not considered part of an employee's base pay.

During OPM's pre-conversion analysis, OPM has determined that there may be instances where the removal of a differential could result in an inadvertent loss of pay for an incumbent. For instance, if a Correctional Officer is set to receive a 1% pay raise as a result of pay plan implementation, but also receives a 6% hazardous duty differential, the removal of the differential would result in a 5% loss of take-home pay for the incumbent.

OPM is continuing to analyze positions to determine the number of incumbents that may be affected. OPM requests to keep in place compensation differentials for any such incumbents in order to prevent any current employees from suffering an unintentional loss of pay during pay plan conversion. OPM will report to the Personnel Committee the number of employees affected. Because these differentials are already in place, OPM expects no significant additional costs as a result of this request.

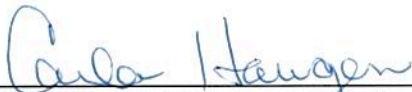
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Representative Les Eaves, Co-Chairperson
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Your consideration of this request is appreciated.

Sincerely,



Kay Barnhill
OPM Administrator



Chief Fiscal Officer of the State

JUN 01 2017

Date