

EXHIBIT I



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

OFFICE OF PERSONNEL MANAGEMENT
Administrator's Office
1509 West Seventh Street, Suite 201
Post Office Box 3278
Little Rock, Arkansas 72203-3278
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<http://www.state.ar.us/dfa>

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 submits a geographic compensation differential request from the Department of Finance and Administration in accordance with Ark. Code Ann. §21-5-221(i):

(i) A geographic area differential of up to ten percent (10%) may be authorized to address the documented inability to recruit and retain certain employees in a specific geographic area of the state if the additional geographic area differential is based on documented recruitment, turnover, or other competitive pay issue in a specific geographic area but that does not justify a statewide labor market special entry rate.

The Department of Finance and Administration (DFA) Revenue Services Division and Office of Child Support Enforcement requests the approval to implement a 10% geographic differential rate for the following positions in the Fayetteville, Springdale, Bentonville, Rogers, and Lowell offices:

A049C	DFA Revenue Office Manager	GS07
A077C	DFA Local Revenue Office Manager	GS06
A069C	DFA Revenue Office Asst. District Manager	GS05
A094C	DFA Local Revenue Office Supervisor	GS05
C046C	Legal Support Specialist	GS04
C048C	DFA Supervisor	GS04
C059C	DFA Service Representative	GS03

The offices located in Northwest Arkansas suffer an abnormally high turnover rate and struggle to recruit and retain new employees due to the competitive market. Employees receiving the differential who change to a position where this differential pay is not approved will no longer receive the differential. Geographic differentials are not considered part of an employee's base pay.

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DFA has a total of 86 authorized positions within the classifications listed above that would become eligible for this differential. The maximum that will be allowed per individual is 10%. The estimate for the requested compensation differential is \$386,879.

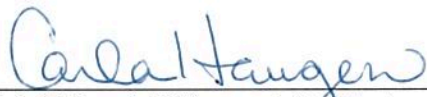
The Office of Personnel Management has reviewed the Department of Finance and Administration's request and recommends approval of a geographic compensation differential for the classifications listed above effective through fiscal year 2018.

Your consideration of this request is appreciated.

Sincerely,



Kay Barnhill
State Personnel Administrator



Chief Fiscal Officer of the State

JUN 02 2017

Date

KB/sp: 1-2



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

OFFICE OF PERSONNEL MANAGEMENT
Human Resources
 1515 West Seventh Street, Suite 102
 Post Office Box 2485
 Little Rock, AR 72203-2485
 Phone: (501) 324-9065
 Fax: (501) 683-2174
<http://www.arkansas.gov/dfa>



April 26, 2017

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

Dear Ms. Barnhill:

The Arkansas Department of Finance and Administration, Revenue Services Division and Office of Child Support Enforcement respectfully requests approval to implement a 10% Geographical Differential rate for the following positions in the Fayetteville, Springdale, Bentonville, Rogers and Lowell offices, all located in Northwest Arkansas. This area suffers an abnormally high turnover rate and struggles with recruiting new employees due to the competitive job market. This differential will not be included in the base salary, will only be awarded for designated positions in these offices, and will be removed if an employee changes to a position where this differential pay is not approved. This request is for Fiscal Year 2018.

<u>Title</u>	<u>Grade</u>	<u>Entry</u>	<u>Entry with 10%</u>	<u>Approx # Empl</u>
DFA Service Rep	GS03	\$26,034	\$28,637	60
DFA Supervisor	GS04	\$29,046	\$31,951	3
Legal Support Specialist	GS04	\$29,046	\$31,951	5
DFA Local Rev Office Spvr	GS05	\$32,405	\$35,646	4
DFA Rev Office Asst District Mgr	GS05	\$32,405	\$35,646	1
DFA Local Rev Office Mgr	GS06	\$36,155	\$39,771	6
DFA Rev Office District Mgr	GS07	\$40,340	\$44,374	1

Your favorable consideration of this request is appreciated.

Sincerely,

Amy Valentine
 DFA Human Resources Manager

CH
 APR 28 2017