



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

**OFFICE OF PERSONNEL MANAGEMENT
Classification & Compensation**
1509 West Seventh Street, Suite 205
Post Office Box 3278
Little Rock, Arkansas 72203-3278
Phone: (501) 682-1753
<http://www.arkansas.gov/dfa>

February 17, 2016

Senator Uvalde Lindsey, Co-Chairperson
Representative Lanny Fite, 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 request from the Arkansas Teacher Retirement System (ATRS) for your review.

ATRS is requesting the establishment of a salary administration grid for certain positions within ATRS' Accounting Department that require accounting degrees. Salary administration grids are authorized by Ark. Code Ann. §21-5-222, which states:

§21-5-222. Salary administration grids.

(a)(1) A state agency or institution may request that a salary administration grid be approved for specific classifications of positions assigned to the career service compensation pay plan if the:

- (A) State agency or institution has documented the need for a salary administration grid for specified positions or classifications;*
- (B) Terms and conditions of a grid proposed by the agency or institution address the needs of the targeted positions;*
- (C) Cost of implementing and maintaining a salary administration grid is within the agency's or institution's existing appropriation and the implementation does not use funds specifically set aside for other programs within the agency or institution; and*
- (D) Salary administration grid has been approved by the Chief Fiscal Officer of the State after review by the Personnel Subcommittee of the Legislative Council.*

(2)(A) Special salary rates may be authorized up to the maximum pay level authorized for the grade assigned the classification of a career service position for the specific classifications only.

- (B) An approved salary administration grid shall be used for establishing a starting salary for an employee in an individual position.*
- (C) A person hired above the entry pay level shall meet or exceed the minimum qualifications for the job classification.*
- (D) Subsequent salary determinations within a salary administration grid shall be based on the employee's qualifications, relevant competitive compensation rates, professional or educational achievements, and internal equity within the agency or institution.*

- (E) A plan of implementation and salary progression must be approved by the Office of Personnel Management on a biennial basis.*
- (3) An approved grid may be amended only upon approval by the office after review by the Personnel Subcommittee of the Legislative Council.*
- (4) Compensation differentials that are included in an agency or institution's grid plan may not exceed rates provided in §21-5-221.*
- (b)(1) A monthly report shall be made to the Personnel Subcommittee of the Legislative Council describing all personnel transactions involving applications of this section.*
- (2) The hiring of a new employee under this section shall not affect the salary level or salary eligibility of any existing employee within the state agency or institution.*
- (3) The office shall promulgate rules regarding the implementation and use of a salary administration grid with the review of the Personnel Subcommittee of the Legislative Council.*

ATRS seeks to establish a salary administration grid covering the following classifications:

<u>CLASS CODE</u>	<u>TITLE</u>	<u>GRADE</u>	<u>POSITIONS</u>
A034C	RETIREMENT SECTION MANAGER	C123	2
A038C	FISCAL SUPPORT MANAGER	C123	1
A062C	RETIREMENT COORDINATOR	C119	2
A082C	ACCOUNTANT II	C117	4
A089C	ACCOUNTANT I	C116	7

JUSTIFICATION

ATRS is requesting this salary administration grid to address increasing recruitment and retention difficulties. Due to high turnover rates, education, and certification requirements, ATRS seeks to implement a new pay strategy for these classifications which require accounting degrees. These positions help manage approximately \$15 billion in assets and monthly benefits to approximately 40,000 retirees and 70,000 active members.

Turnover has been significant in these positions at ATRS over the past year. The Retirement Coordinator and Accountant II classifications have seen a high rate of incumbents leave the state system altogether, with turnover rates of 33% and 40%, respectively. Although the other positions have seen no exits from the state system, internal turnover from backfilling and promotion has resulted in considerable turnover internal to ATRS. A schedule from ATRS documenting turnover in these classifications over a two-year period was submitted to OPM and is included in the attachments to this request. In addition to this request, ATRS has reorganized its accounting department in order to streamline processes and create more stability within the agency.

The State of Arkansas employs 31 people in the classification of Accountant I with an average annual salary of \$37,246 and 9.4 years of service, and 34 people in the Accountant II classification averaging \$41,223 and 12.68 years of service. There are 8 incumbents classified as Retirement Coordinator with an average annual salary of \$39,545 and 11.79 years of service. There are 15 people in the classification of Fiscal Support Manager with an average annual

salary of \$51,215 and 8.64 years of service. There are 8 Retirement Section Managers with an average annual salary of \$49,063 and 14.57 years of service.

ATRS originally proposed the following:

- The establishment of the following base rates of pay:
 - Retirement Section Manager, \$45,877, base of Grade 123
 - Fiscal Support Manager, \$45,877 base of Grade 123
 - Retirement Coordinator, \$37,743, base of Grade 119
 - Accountant II, \$34,234, base of Grade 117
 - Accountant I, \$32,604, base of Grade 116
- Those in covered classifications currently compensated below base level will be adjusted to the base level; pay increases of 5% up to midpoint will be given at 6 month increments contingent on a performance evaluation score of Above Average or better; and,
- Those in covered classifications currently compensated at or above the base level will remain at the current level; pay increases of 5% up to midpoint will be given at 6 month increments contingent on a performance evaluation score of Above Average or better, with the exception of the Retirement Section Manager for Payroll, which would go to maximum.

After reviewing previously approved salary administration grids for similar classifications and discussion with OPM, the following salary administration grid is proposed for ATRS:

- The establishment of the following base rates of pay:
 - Retirement Section Manager, \$45,877, base of Grade 123
 - Fiscal Support Manager, \$45,877 base of Grade 123
 - Retirement Coordinator, \$37,743, base of Grade 119
 - Accountant II, \$34,234, base of Grade 117
 - Accountant I, \$32,604, base of Grade 116
- Those in covered classifications currently compensated below base level will be adjusted to the base level; pay increases of 9% up to maximum will be given annually contingent on a performance evaluation score of Above Average or better;
- Those in covered classifications currently compensated at or above the base level will remain at the current level; pay increases of 9% up to maximum will be given annually contingent on a performance evaluation score of Above Average or better, and,
- The grid will cover the positions indicated on the spreadsheet attached with this request.

The cost to move current incumbents to this grid is \$5,349. Incremental costs will continue in the future based upon grid movement.

Senator Uvalde Lindsey, Co-Chairperson
Representative Lanny Fite, Co-Chairperson
January 13, 2016
Page 4

The Office of Personnel Management has reviewed the agency's request and **recommends** the creation of the salary administration grid proposed after consultation with OPM outlined above. Your consideration of this request is appreciated.

Sincerely,


Kay Barnhill
State Personnel Administrator



Chief Fiscal Officer of the State

FEB 01 2016

Date

KB/cmb1-4



Curtis Carter, CPA
Associate Director of Fiscal Affairs

January 5, 2016

Kay B. Terry, State Personnel Administrator
Department of Finance and Administration – Office of Personnel Management
DFA Building, 1509 W 7th Street, Suite 201
Little Rock, AR 72201
RE: Arkansas Teacher Retirement System, Accounting Department
Request for Special Rate of Pay Plan

Dear Ms. Terry,

The Arkansas Teacher Retirement System (ATRS) requests review and approval of the enclosed Special Rate of Pay Plan as provided for in Act 688 of 2009. The proposed plan is for ATRS positions in the Accounting Department that require accounting degrees.

The plan is necessary to compensate our staff commensurate with their education and responsibilities, as well as to attract qualified staff to safeguard and account for approximately \$15 billion dollars in assets. These assets provide for monthly benefits to over 40,000 retired education professionals and provide retention incentives for the System's 70,000 active members.

All administrative expenses of ATRS are paid from the ATRS Trust Fund. ATRS receives no general revenue from the State of Arkansas. The ATRS Accounting Department currently has 16 staff positions requiring an accounting degree, comprised of 1 professional level position and 15 career level positions. Those 16 positions have experienced a turnover rate of 75% during the last 2 calendar years (2014-2015). Additionally, ATRS realigned duties and reclassified 5 accounting positions to positions not requiring an accounting degree in an effort to establish stability in the Accounting Department. Those 5 positions experienced a turnover rate of 140% over the same time period. (See Attachment 3 for Accounting Department turnover statistics.) Failure to compensate competitively is most often the cause for the employee turnover within our Accounting Department. There is a tremendous amount of training that is lost every time an employee terminates. In order to retain our trained staff, attract qualified applicants for vacant positions as they arise, and fulfill our fiduciary responsibility to Arkansas' educators, it is essential ATRS compensate our employees comparable with other state agencies and private industry.

Under our proposal, our entry level accountants would be paid the base salary of \$32,604. We hope to be able to entice candidates with the promise of incremental raises up to midpoint based on performance. This means, the starting salary for an entry level accountant would still be far below the starting salaries of entry level DFA Accountants and Legislative Auditors. Those starting salaries are approximately \$42,375 and \$47,350 respectively for the same minimum qualifications. The proposed starting salary is even further below the national average starting salary for accounting majors of \$53,300, based upon survey information from the

RECEIVED

JAN 06 2016

OFFICE OF PERSONNEL MGT.
DEPT. OF FIN. & ADMIN.



1400 West Third Street
Little Rock, Arkansas 72201
501.682.1517
800.666.2877
(fax) 501.682.2359
www.artsr.gov

National Association of Colleges and Employers (NACE) (see Attachment 2). Information regarding the mission, credentials and history of NACE can be found at <https://www.naceweb.org/about-us>.

If you need further information to conduct your evaluation of this proposed plan, please do not hesitate to contact me. Your consideration of this request is very much appreciated.

Sincerely,

A handwritten signature in blue ink, appearing to read "Curtis Carter", with a long horizontal flourish extending to the right.

Curtis Carter, Assoc. Director for Fiscal Affairs
Arkansas Teacher Retirement System

Encl: (4)

CC: George Hopkins, ATRS Executive Director
Gail Bolden, ATRS Deputy Director

Proposed Special Rates of Pay for the Arkansas Teacher Retirement System (ATRS) –
Accounting Department
Class Code Details

Class Code	Title	Base/Midpt/Max	Qualifications
N906	Associate Director of Fiscal Affairs	79,082/88,968/98,853	Bachelor degree in Accounting, Certified Public Accountant, plus experience as determined by the Executive Director in supervision and retirement system administration or a related field
C123	Retirement Section Manager	45,877/57,806/69,734	Accounting degree*, plus 4 years of progressively more responsible experience in administration of retirement systems or a related field including 2 years in a supervisory capacity
C119	Retirement Coordinator	37,743/49,067/60,030	Accounting degree*, plus 3 years of progressively more experience in administration of retirement systems or a related field including 2 years in a supervisory capacity
C117	Accountant II	34,234/44,505/54,775	Accounting degree, 2 years experience in general ledger accounting, pension experience preferred
C116	Accountant I	32,604/42,386/52,167	Accounting degree, 1 year experience in general ledger accounting, pension experience preferred

*ATRS internal requirement