



B.12

LARRY W. WALTHER
TREASURER OF STATE
STATE OF ARKANSAS

Senator Jonathan Dismang, Co-Chair
Representative Lane Jean, Co-Chair
Joint Budget Committee
Arkansas General Assembly
State Capitol Building
Little Rock, Arkansas 72201

Dear Senator Dismang and Representative Jean:

Re: FY2025 *Appropriations of the Office of the Treasurer*

I respectfully request the following changes to the FY2025 Office of the Treasurer appropriation. The Arkansas State Treasury has undergone many changes in the past year.

Section (01) Regular Salaries- Operations

The following changes are requested to allow for the retention and recruitment of staff whose positions in the office require a high level of experience and education. We are doing this by increasing line item maximums and requesting restoration of (1) one position surrendered by my predecessor.

Position Request Justification Our office is requesting the restoration, along with appropriation, for (1) one Deputy Treasurer position with a line item maximum of \$133,500. Additionally, we are requesting the growth pool position acquired by the Treasury in August 2023 (Executive Assistant to the Treasurer), become permanent.

Justification for Regular Salary Appropriation Request We have completed a comparison of state agencies and Constitutional office salaries to ensure our line item maximums are within range for like positions. Following our review, we have determined that a request to increase the line item maximums for Treasury positions is necessary. Treasury operations require specialized knowledge in every division, such as investment management, Treasury cash management, governmental accounting, and information technology. Although it is essential to increase the line item maximum for all Treasury professionals by 10%, it is not our intention to increase all current salaries to the line item maximums at this time. Increases will be based on performance, labor market rates, employee retention, and other discretionary adjustments.

Turnover in the Treasury resulting in the loss of institutional knowledge and experience could quickly create severe circumstances. By making the referenced changes in this request, I feel confident that we will have taken the next step to modernize our workload and compensation for these positions. This will be an area where we will continue to make improvements over time so that we can remain a competitive employer, allowing us to retain and reward our employees for their performance.

In total, the changes above will require an increase to Section 3 Appropriations- Operations Item No. (01) Regular salaries from \$2,616,528 to \$3,092,267, an increase of \$475,739. (This includes the request for restored and growth pool positions totaling \$214,086.)

Also, because of the increased number of positions and line item maximum increases, this will require a change in (03) Personal Service Matching from \$915,785 to \$1,099,794, an increase of \$184,009.

Section (02) Appropriations- Operations – Extra Help

We are requesting an increase in Extra Help appropriation from \$35,000 to \$50,000. This is an increase of \$15,000.

Section (03) Appropriations- Operations – Conferences & Travel

We are requesting an additional \$15,000 to the (04) Maintenance and General Operations (B) Conferences and Travel expense line item: ~~\$35,000~~ \$50,000

The office reduced this line item during the 94th Regular Session. The increase in this line item corresponds to the increase in the number of employees for their expenses and training.

Section (03) Appropriations- Operations – Professional Fees & Services

We are requesting an additional \$15,000 to the (C) Professional Fees expense line item:
~~\$35,000~~ \$50,000

The office reduced this line item during the 94th Regular Session. The increase in this line item corresponds to the increase in the number of employees for their expenses and training.

Section (03) Appropriations- Operations – Capital Outlay

We are requesting an additional \$15,000 to the (C) Capital Outlay line item:
~~\$35,000~~ \$50,000

The increase in this line item corresponds to the increase in the number of employees for their expenses and training.

Section (03) Appropriations- Operations – Data Processing Systems/Services

We are requesting an additional \$603,285 to the (05) Data Processing Systems/Services expense line item: ~~\$1,096,715~~ \$1,700,000

This appropriation change is required to fund the yearly rise in expenses for maintaining key software solutions, including Clearwater Analytics and Bloomberg LLC, among others. Additionally, there is a critical project aimed at modernizing and upgrading the office's accounting system.

The Treasury uses Clearwater Analytics as its investment accounting software provider. The cost of using Clearwater Analytics depends on the size of our portfolio, and since the State's portfolio has grown by almost 60% since July 2020, the costs for this reporting tool have also increased accordingly. Our Investments Team utilizes many strategies to manage the State's investment portfolio. To assist the traders in securing investments that are both safe and liquid, there is a need for advanced analytical tools. Our team has sought the procurement of Tradeweb software dedicated to the valuation of mortgage-backed securities, which form the fundamental basis of the portfolio. Additional new software aimed at conducting increased ratings research and monitoring is requested.

Updating the Treasury's general ledger software is critical due to the Department of Finance and Administration's planned AASIS SAP upgrade. The substantial, one-time investment required for the modernization of the management software is expected to furnish the Treasury with innovative tools that are at the forefront of transforming governmental technology.

Section (03) Appropriations- Operations – Preparedness, Security & Safety

We are requesting a new line item in our Operations appropriation, titled “Preparedness, Security & Safety” and fund it for \$275,000.

\$275,000

The Office of the Treasurer of State believes it is critical to establish a culture of preparedness for natural and manmade disasters or emergencies. For example, the March 2023 Little Rock tornado made our staff aware how quickly Treasury operations could be impacted in the event of a disaster. Our operations in Little Rock were impacted when our off-site back-up in West Little Rock was heavily damaged. As a result, our back-up systems are now cloud-based and are more reliable.

This office continues to make cybersecurity and business continuity upgrades each day, but I would like to emphasize the importance of preparedness, safety, and security measures by restructuring those expenses into one new line in our operations appropriation. Some of our primary areas of focus are a cloud-based disaster recovery system, internal and external cybersecurity monitoring, employee cybersecurity training, and other Treasury security and prevention measures.

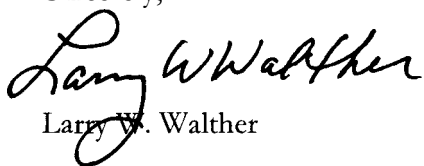
We are requesting to add the following Special Language:

Section (05) Special Language. Not to be incorporated into the Arkansas Code nor published separately as special, local, and temporary law. Salaries.

Employees of the Office of the Treasurer of State shall be eligible for cost-of-living increases at the discretion of the Treasurer. Any additional adjustments in annual salary rates for employees, labor market adjustments, merit pay adjustments or employee retention, or recruitment requirements shall be made at the discretion of the Treasurer. In addition, the Treasurer may implement a merit program to reward employees for exceptional service. In order that exceptionally well-qualified personnel may be recruited and retained, the Office of the Treasurer of State may exceed the maximum salary levels by no more than twenty percent (20%) for no more than one-third (1/3) of the positions authorized in the appropriation act. Salary payments in accordance with this section shall not be restricted to maximum amounts authorized by law.

These requests will help ensure the effective and smooth operation of the duties of the Treasurer’s Office for all Arkansans. I appreciate your thoughtful consideration of this request. Should you have any questions or need additional information, do not hesitate to contact me.

Sincerely,


Larry W. Walther

Stricken language will be deleted and underlined language will be added.
Act 486 of the Regular Session

1 State of Arkansas
2 94th General Assembly
3 Regular Session, 2023
4

As Engrossed: H4/3/23

A Bill

HOUSE BILL 1062

5 By: Joint Budget Committee
6

For An Act To Be Entitled

8 AN ACT TO MAKE AN APPROPRIATION FOR PERSONAL
9 SERVICES, OPERATING EXPENSES AND DATA PROCESSING
10 SYSTEM/SERVICES FOR THE OFFICE OF THE TREASURER OF
11 STATE FOR THE FISCAL YEAR ENDING JUNE 30, 2024; AND
12 FOR OTHER PURPOSES.
13
14

Subtitle

15 AN ACT FOR THE OFFICE OF THE TREASURER OF
16 STATE APPROPRIATION FOR THE 2023-2024
17 FISCAL YEAR.
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19
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21 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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23 SECTION 1. REGULAR SALARIES - OPERATIONS. There is hereby established
24 for the Office of the Treasurer of State for the 2023-2024 fiscal year, the
25 following maximum number of regular employees.
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Item	Class		Maximum	Maximum Annual
No.	Code	Title	No. of	Salary Rate
			Employees	Fiscal Year
				2023-2024
31	(1)	Q243U TREAS SENIOR INVESTMENT MANAGER	2	\$142,842 \$157,126
32	(2)	Q244U TREAS CHIEF DEPUTY TREASURER	1	\$127,680 \$140,448
33	(3)	Q348U TREAS CHIEF OF STAFF	1	\$127,680 \$140,448
34	(4)	Q098U TREAS CHIEF COMPLIANCE OFFICER	1	\$115,000 \$126,500
35	(5)	Q352U TREAS CHIEF TECHNOLOGY OFFICER	1	\$115,000 \$126,500
36	(6)	Q154U TREAS CHIEF FINANCIAL OFFICER	1	\$110,250 \$121,275
		Treas Deputy Treasurer	1	\$133,500

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	Executive Assistant to the Treasurer	1		\$80,586
1	(7) Q366U TREAS DIRECTOR OF INVESTMENT ACCOUNTING	1	\$100,320	\$110,352
2	(8) Q236U TREAS DIVISION DIRECTOR	3	\$96,800	\$106,480
3	(9) Q349U TREAS DIR OF 529 & FINANCIAL EDUCATION	1	\$92,400	\$101,640
4	(10) Q350U TREAS INVESTMENT MANAGER I	1	\$91,020	\$100,122
5	(11) Q361U TREAS CHIEF PUBLIC AFFAIRS OFFICER	1	\$85,125	\$93,638
6	(12) Q425U TREAS DIR OF GOV AFFAIRS AND SPECIAL PROJECTS	1	\$85,125	\$93,638
7	(13) Q360U TREAS INVESTMENT MANAGER II	1	\$83,250	\$91,575
8	(14) Q351U TREAS MANAGER V	2	\$83,250	\$91,575
9	(15) Q245U TREAS MANAGER IV	1	\$77,700	\$85,470
10	(16) Q237U TREAS MANAGER III	1	\$73,260	\$80,586
11	(17) Q367U TREAS EXECUTIVE ASSISTANT	1	\$61,000	\$67,100
12	(18) Q362U TREAS ASSIST FOR 529 & FINANCIAL ED	1	\$59,718	\$65,690
13	(19) Q238U TREAS MANAGER II	2	\$56,943	\$62,637
14	(20) Q170U TREAS ASSISTANT IV	1	\$53,058	\$58,364
15	(21) Q094U TREAS ASSISTANT III	3	\$46,620	\$51,282
16	(22) Q085U TREAS ASSISTANT II	<u>4</u>	\$40,653	\$44,718
17	MAX NO. OF EMPLOYEES	32		34

SECTION 2. EXTRA HELP - OPERATIONS. There is hereby authorized, for the Office of the Treasurer of State for the 2023-2024 fiscal year, the following maximum number of part-time or temporary employees, to be known as "Extra Help", payable from funds appropriated herein for such purposes: five (5) temporary or part-time employees, when needed, at rates of pay not to exceed those provided in the Uniform Classification and Compensation Act, or its successor, or this act for the appropriate classification.

SECTION 3. APPROPRIATION - OPERATIONS. There is hereby appropriated, to the Office of the Treasurer of State, to be payable from the State Central Services Fund, for personal services, operating expenses, data processing system/services, debt collection and Financial/Educational Programs including the Arkansas 529 College Savings Program, Arkansas ABLE Program and financial education of the Office of the Treasurer of State for the fiscal year ending June 30, 2024, the following:

ITEM	FISCAL YEAR
NO.	2023-2024

1	(01) REGULAR SALARIES	\$2,616,528	\$3,092,267
2	(02) EXTRA HELP	35,000	\$50,000
3	(03) PERSONAL SERVICES MATCHING	915,785	\$1,099,793
4	(04) MAINT. & GEN. OPERATION		
5	(A) OPER. EXPENSE	1,404,455	
6	(B) CONF. & TRAVEL	35,000	\$50,000
7	(C) PROF. FEES	35,000	\$50,000
8	(D) CAP. OUTLAY	25,000	\$35,000
9	(E) DATA PROC.	0	
10	(05) DATA PROCESSING SYST/SERVICES	1,096,715	\$1,700,000
11	(06) FINANCIAL/EDUCATIONAL PROGRAMS	<u>75,000</u>	
12	Preparedness	275,000	
13	TOTAL AMOUNT APPROPRIATED	<u>\$6,238,483</u>	\$7,831,515

New Total

14 SECTION 4. SPECIAL LANGUAGE. NOT TO BE INCORPORATED INTO THE ARKANSAS
 15 CODE NOR PUBLISHED SEPARATELY AS SPECIAL, LOCAL AND TEMPORARY LAW.
 16 TRANSFER PROVISION. After receiving approval from the Chief Fiscal Officer
 17 of the State, and prior review by the Arkansas Legislative Council or Joint
 18 Budget Committee, the Treasurer of State is authorized to transfer
 19 appropriation from any line item authorized in Operations Appropriation of
 20 the Treasurer's Office in this Act to any other line item authorized in
 21 Operations Appropriation.

22 The provisions of this section shall be in effect only from July 1, 2022
 23 2023 through June 30, ~~2023~~ 2024.

25 SECTION 5. COMPLIANCE WITH OTHER LAWS. Disbursement of funds
 26 authorized by this act shall be limited to the appropriation for such agency
 27 and funds made available by law for the support of such appropriations; and
 28 the restrictions of the State Procurement Law, the General Accounting and
 29 Budgetary Procedures Law, the Revenue Stabilization Law, the Regular Salary
 30 Procedures and Restrictions Act, or their successors, and other fiscal
 31 control laws of this State, where applicable, and regulations promulgated by
 32 the Department of Finance and Administration, as authorized by law, shall be
 33 strictly complied with in disbursement of said funds.

35 SECTION 6. LEGISLATIVE INTENT. It is the intent of the General
 36 Assembly that any funds disbursed under the authority of the appropriations

1 contained in this act shall be in compliance with the stated reasons for
2 which this act was adopted, as evidenced by the Agency Requests, Executive
3 Recommendations and Legislative Recommendations contained in the budget
4 manuals prepared by the Department of Finance and Administration, letters, or
5 summarized oral testimony in the official minutes of the Arkansas Legislative
6 Council or Joint Budget Committee which relate to its passage and adoption.
7

8 SECTION 7. EMERGENCY CLAUSE. It is found and determined by the General
9 Assembly, that the Constitution of the State of Arkansas prohibits the
10 appropriation of funds for more than a one (1) year period; that the
11 effectiveness of this Act on July 1, 2023 is essential to the operation of
12 the agency for which the appropriations in this Act are provided, and that in
13 the event of an extension of the legislative session, the delay in the
14 effective date of this Act beyond July 1, 2023 could work irreparable harm
15 upon the proper administration and provision of essential governmental
16 programs. Therefore, an emergency is hereby declared to exist and this Act
17 being necessary for the immediate preservation of the public peace, health
18 and safety shall be in full force and effect from and after July 1, 2023.
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20 /s/Joint Budget Committee
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23 **APPROVED: 4/10/23**
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Hall of the House of Representatives

94th General Assembly - Fiscal Session, 2024

Amendment Form

DRAFT

Subtitle of House Bill No. 1033

AN ACT FOR THE OFFICE OF THE TREASURER OF STATE APPROPRIATION FOR THE 2024-2025
FISCAL YEAR.

Amendment No. ___ to House Bill No. 1033

Amend House Bill No. 1033 as originally introduced:

Page 1, delete lines 31 through 36, and substitute with the following:

" (1)	Q243U	TREAS SENIOR INVESTMENT MANAGER	2	\$157,126
(2)	Q244U	TREAS CHIEF DEPUTY TREASURER	1	\$140,448
(3)	Q348U	TREAS CHIEF OF STAFF	1	\$140,448
(4)	Q444U	TREAS DEPUTY TREASURER	1	\$133,500
(5)	Q098U	TREAS CHIEF COMPLIANCE OFFICER	1	\$126,500
(6)	Q352U	TREAS CHIEF TECHNOLOGY OFFICER	1	\$126,500"

AND

Page 2, delete lines 1 through 17, and substitute with the following:

" (7)	Q154U	TREAS CHIEF FINANCIAL OFFICER	1	\$121,275
(8)	Q366U	TREAS DIRECTOR OF INVESTMENT ACCOUNTING	1	\$110,352
(9)	Q236U	TREAS DIVISION DIRECTOR	3	\$106,480
(10)	Q349U	TREAS DIR OF 529 & FINANCIAL EDUCATION	1	\$101,640
(11)	Q350U	TREAS INVESTMENT MANAGER I	1	\$100,122
(12)	Q361U	TREAS CHIEF PUBLIC AFFAIRS OFFICER	1	\$93,638
(13)	Q425U	TREAS DIR OF GOV AFFAIRS AND SPECIAL PROJECTS	1	\$93,638
(14)	Q360U	TREAS INVESTMENT MANAGER II	1	\$91,575
(15)	Q351U	TREAS MANAGER V	2	\$91,575
(16)	Q245U	TREAS MANAGER IV	1	\$85,470
(17)	Q237U	TREAS MANAGER III	1	\$80,586
(18)	Q445U	TREAS EXECUTIVE ASSISTANT TO THE TREASURER	1	\$80,586
(19)	Q367U	TREAS EXECUTIVE ASSISTANT	1	\$67,100
(20)	Q362U	TREAS ASSIST FOR 529 & FINANCIAL ED	1	\$65,690
(21)	Q238U	TREAS MANAGER II	2	\$62,637
(22)	Q170U	TREAS ASSISTANT IV	1	\$58,364
(23)	Q094U	TREAS ASSISTANT III	3	\$51,282
(24)	Q085U	TREAS ASSISTANT II	4	\$44,718

MAX. NO. OF EMPLOYEES

34"

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Page 1 of 3

AND

Page 3, line 1, delete "\$2,621,528" and substitute with "\$3,092,267"

AND

Page 3, line 2, delete "35,000" and substitute with "\$50,000"

AND

Page 3, line 3, delete "940,057" and substitute with "1,099,794"

AND

Page 3,, line 6, delete "35,000" and substitute with "50,000"

AND

Page 3, line 7, delete "35,000" and substitute with "50,000"

AND

Page 3, line 8, delete "25,000" and substitute with "50,000"

AND

Page 3, line 10, delete "1,096,715" and substitute with "1,700,000"

AND

Page 3, line 11, delete "75,000" and substitute with "75,000"

AND

Page 3, immediately following line 11, insert the following ITEM number:

"(07) PREPAREDNESS, SECURITY & SAFETY

275,000"

AND

Page 3, line 12, delete "\$6,267,755" and substitute with "\$7,846,516"

AND

Page 3, immediately following SECTION 4, insert the following new SECTION:

" SECTION 5. SPECIAL LANGUAGE. NOT TO BE INCORPORATED INTO THE ARKANSAS CODE NOR PUBLISHED SEPARATELY AS SPECIAL, LOCAL AND TEMPORARY LAW. SALARIES. Employees of the Office of the Treasurer of State shall be eligible for cost-of-living increases at the discretion of the Treasurer. Any additional adjustments in annual salary rates for employees, labor market adjustments, merit pay adjustments or employee retention, or recruitment requirements shall be made at the discretion of the Treasurer. In addition, the Treasurer may implement a merit program to reward employees for exceptional service. In order that exceptionally well-qualified personnel may be recruited and retained, the Office of the Treasurer of State may exceed the maximum salary levels by no more than twenty percent (20%) for no more than one-third (1/3) of the positions authorized in the appropriation act. Salary payments in accordance with this section shall not be restricted to maximum amounts authorized by law."

AND

Appropriately renumber all subsequent SECTIONS of the bill.

The Amendment was read _____

By: Joint Budget Committee
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Chief Clerk