

**Department of Transformation and Shared Services**

Governor Asa Hutchinson

Secretary Amy Fecher

Director Kay Barnhill

June 15, 2021

The Honorable David Wallace, Co-Chairperson  
The Honorable David Hillman, Co-Chairperson  
Uniform Personnel Classification and  
Compensation Plan Subcommittee  
Joint Budget Committee  
State Capitol Building, Room 315  
Little Rock, Arkansas 72201

Dear Senator Wallace and Representative Hillman:

The Office of Personnel Management is submitting a request for a salary grid for grades GS01 through GS05. This request is in response to a specific request by the Department of Finance and Administration but would also be available to all state departments and agencies on an as needed basis. Over the last several months, several departments have contacted OPM regarding their constant turnover in these grades and the inability to attract new applicants to their positions.

The Office of Personnel Management agrees with the Department of Finance and Administration that turnover in the lower grades is on the rise and that competing salary offers are hindering the ability to fill these positions. There has been increased media attention regarding salary increases of jobs within the national economy requiring less strenuous qualifications and duties. Wal Mart recently announced salary increases which bring the average Wal Mart employee's hourly rate to over \$15 an hour. McDonald's, Tyson, Chipotle and Amazon have also recently made announcements regarding similar salary increases. Some companies are also offering sign on bonuses or assistance with college tuition.

DFA, however, is not the only department to experience these difficulties. OPM has heard from ADPHT, Corrections, Human Services, and others regarding difficulties in retaining and hiring for these lower level positions. It is difficult to recommend the DFA request without considering the impact on other departments. This becomes particularly critical at the county levels where everyone tracks the salaries of others.

Another consideration is the impact on current employees. The request of DFA to take everyone to the midpoint could cause tremendous morale problems due to some employees receiving one third of their salaries (\$8,000 on someone who is currently making \$24,000) while the longest serving employees may not receive an increase at all. That is the reason for the OPM alternative proposal which staggers the increases to \$5,000 max per year but also maintains traditional salary relationships within the department.

There were several factors considered in the development of this grid. These included:

- Turnover rates for positions in grades GS01 through GS05
- Average years of service
- Average salaries of current incumbents
- The recent increase to the minimum wage in Arkansas.

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The following grid is being recommended by the Office of Personnel Management:

<b>GS05</b>				
<b>1-4.99 YOS</b>	<b>5-9.99 YOS</b>	<b>10-14.99 YOS</b>	<b>15-19.99 YOS</b>	<b>20+ YOS</b>
\$39,696.00	\$41,680.00	\$43,764.00	\$45,953.00	\$46,987.00
<b>GS04</b>				
<b>1-4.99 YOS</b>	<b>5-9.99 YOS</b>	<b>10-14.99 YOS</b>	<b>15-19.99 YOS</b>	<b>20+ YOS</b>
\$35,581.00	\$37,360.00	\$39,228.00	\$41,189.00	\$42,116.00
<b>GS03</b>				
<b>1-4.99 YOS</b>	<b>5-9.99 YOS</b>	<b>10-14.99 YOS</b>	<b>15-19.99 YOS</b>	<b>20+ YOS</b>
\$31,892.00	\$33,486.00	\$35,160.00	\$36,918.00	\$37,749.00
<b>GS02</b>				
<b>1-4.99 YOS</b>	<b>5-9.99 YOS</b>	<b>10-14.99 YOS</b>	<b>15-19.99 YOS</b>	<b>20+ YOS</b>
\$28,585.00	\$30,014.00	\$31,514.00	\$33,090.00	\$33,835.00
<b>GS01</b>				
<b>1-4.99 YOS</b>	<b>5-9.99 YOS</b>	<b>10-14.99 YOS</b>	<b>15-19.99 YOS</b>	<b>20+ YOS</b>
\$26,950.00	\$28,290.00	\$29,704.00	\$31,800.00	\$31,900.00

The following costs reflect statewide implementation of the proposed grid:

<b>Department</b>	<b>Count of Position Number</b>	<b>Sum of Total Raise</b>	<b>Sum of Raise Year 1</b>	<b>Sum of Raise Year 2</b>	<b>Sum of Raise Year 3</b>
9901 Agriculture	268	\$1,560,941.61	\$1,160,308.92	\$386,907.21	\$13,725.48
9902 Commerce	230	\$1,506,575.72	\$1,064,368.16	\$415,047.25	\$27,160.31
9903 Corrections	2483	\$15,109,230.97	\$10,920,647.50	\$4,019,362.24	\$169,221.23
9904 Education	177	\$987,123.76	\$767,432.46	\$209,340.21	\$10,351.09
9905 Energy & Environment	37	\$201,608.17	\$146,253.17	\$52,212.90	\$3,142.10
9906 Finance & Administration	1381	\$9,019,627.90	\$6,416,274.62	\$2,353,285.19	\$250,068.09
9907 Health	549	\$3,851,573.70	\$2,569,746.67	\$1,201,234.47	\$80,592.56
9908 Human Services	2613	\$15,840,135.06	\$11,805,182.29	\$3,785,645.23	\$249,307.54
9910 Labor & Licensing	49	\$260,254.29	\$180,939.75	\$73,873.66	\$5,440.88
9911 Military	281	\$1,277,319.92	\$1,013,271.48	\$254,565.49	\$9,482.95
9912 ADPHT	444	\$2,401,883.16	\$1,965,976.79	\$427,254.25	\$8,652.12
9913 Public Safety	342	\$2,050,145.18	\$1,460,530.64	\$553,727.22	\$35,887.32
9914 TSS	65	\$348,878.21	\$273,610.39	\$74,555.82	\$712.00
9915 Veterans Affairs	154	\$453,174.68	\$422,429.13	\$30,745.55	\$0.00
NONCABINET	142	\$608,943.79	\$486,235.02	\$121,344.28	\$1,364.49
<b>Grand Total</b>	<b>9215</b>	<b>\$55,477,416.12</b>	<b>\$40,653,206.99</b>	<b>\$13,959,100.97</b>	<b>\$865,108.16</b>

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The above costs are from all sources. The following reflects the General Revenue portion for this recommendation:

<b>TOTAL RAISE</b>	<b>\$21,636,192</b>		
<b>MATCH</b>	<b>\$ 4,976,324</b>	<b>RAISE &amp; MATCH</b>	<b>\$26,612,516</b>
2022 FY	\$15,854,750		
MATCH	\$ 3,646,592	<b>RAISE &amp; MATCH</b>	<b>\$19,501,342</b>
2023 FY	\$ 5,440,049		
MATCH	\$ 1,252,131	<b>RAISE &amp; MATCH</b>	<b>\$6,692,180</b>
2024 FY	\$337,392		
MATCH	\$ 77,600	<b>RAISE &amp; MATCH</b>	<b>\$414,992</b>

The Office of Personnel Management recognizes that a problem exists with the lower graded positions in state government. The original request from DFA was establishing the midpoint as the entry level for all classifications up to the Grade GS10 level in the Revenue and Child Support divisions. OPM would offer the grid approach for DFA that recognizes years of service and limits the salary increases to \$5,000 maximum per year.

To maintain consistency in the state workforce, OPM would recommend that all departments be made aware of this grid as an option to address any recruitment and retention issues as funding allows. Your approval of this request is greatly appreciated.

Sincerely,



Kay Barnhill, Director  
Office of Personnel Management



SECRETARY OF TRANSFORMATION & SHARED SERVICES

06/04/21  
DATE



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

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April 14, 2021

Amy Fecher, Secretary  
Department of Transformation and Shared Services  
501 Woodlane  
Little Rock, AR 72201

Dear Ms. Fecher:

The Department of Finance and Administration respectfully submits a Labor Market Request for approximately 20 classifications (see attached) across the Division of Revenue and the Office of Child Support Enforcement. The request includes grades GS02 – GS10. DFA requests approval of a Labor Market Rate up to the Maximum Rate for these classifications.

DFA's goal is to provide responsive and timely support to the citizens of Arkansas. We strive to recruit capable and committed employees to enforce the core values important to DFA such as excellent customer service, quality results and efficiency. The inability to entice and retain quality applicants directly impacts the mission of our agency and the quality of service our citizens deserve and expect.

In DFA State Revenue Offices (SRO), the primary responsibilities are effective collection and administration of taxes, driver's license fees and motor vehicle fees according to Arkansas State Law. This office is composed of the Administrator's Office and 5 District Managers that oversee 134 offices and approximately 580 employees. The SROs collect over \$650M/year and process approximately 3.5M transactions each year. The average monthly collection of an SRO is \$415K or \$5M annually. They average over 27K transactions per office each year.

These positions are responsible for serving customers, reviewing legal documents from all states (Driver's Licenses, Marriage Licenses, Birth Certificates, Divorce Degrees, Car Titles, Bills of Sale, Car Registrations, lien contracts, etc.), registering vehicles, boats, trailers, motorcycles, ATVs and commercial trucks, issuing driver's license, identification cards, REAL ID, and commercial driver's licenses. They issue deed stamps, process direct lien filings and issue handicap hangers/plates. This position is also tasked with detecting fraudulent documents, calculating sales tax, accepting payments, and making change for transactions in accordance with the Cash Management Policy. A critical component is the daily balance and reconciliation of their cash drawer.

Similarly, the Office of Driver Services and Motor Vehicles' (DSMV) primary responsibilities are to administer the State of Arkansas driver licenses, identification cards, vehicle registration, title, and lien perfection laws. The office provides systematic support and business operating procedures to 134 state revenue offices and staff. In addition, the Office examines all title applications submitted in State Revenue Offices for accuracy and compliance with state and federal law. DSMV employees authorize title production for all approved title applications, maintain the state repository for vehicle registration, title and lien records, provide administrative hearings for drivers and administer the International Registration Plan, an agreement between the United States and Canada for the apportionment of registration fees for trucks and truck/trailer combinations engaged in the interstate transportation of goods and materials.

The lowest graded positions in the DFA tax sections are responsible for reviewing taxpayer documents, assessing proper taxes, penalties, interest, and may be required to testify in administrative hearings if necessary. These positions generated over \$3M in FY2020. In other areas, they manage and reconcile 165 bank accounts and each position collects an average of \$750,000 a year of delinquent taxes by payment plans, tax liens, or garnishments. These GS03s collected a total of \$201.4M in 2019 and \$199.7M in 2020.

The Office of Child Support Enforcement (OCSE) is a division within the Department of Finance and Administration. OCSE works in partnership with the federal Office of Child Support Enforcement and other state agencies to establish and enforce court-ordered financial and medical support. OCSE is comprised of 27 offices, with approximately 610 employees, and provides services to over 135,000 families in Arkansas. An additional 17,000 families receive payment processing services only.

Employees must have an in-depth knowledge of child support laws, federal regulations, and OCSE business process. To be successful, employees at all levels must have the ability to work independently and apply the law and regulation to the wide range of circumstances of modern families. Their work is high volume and requires acute accuracy. Tasks include case file review, data gathering and analysis, and preparing records and documents for legal action. Employees must exercise independent judgement and initiative in determining the proper course of action that will result in timely and consistent payment of child support.

The work of OCSE is often high stress due to the subject matter and the level of conflict that sometimes exists in the families we serve. Thus, employees must deploy effective mediation and negotiation skills in their day-to-day interactions with customers. OCSE staff members must have the skills to professionally communicate with not only customers but also the business community, state agencies, courts, and law enforcement.

Due to the high level of responsibility and amount of transactions, workload, and case files, DFA is not able to compete for applicants/employees in the current workforce. The DFA Service Representative, GS03, starting pay is \$12.51/hour. Historically, DFA

has been able to attract 100 or more applications for each vacant position but currently is averaging 7.15 applications per position (see attached). Regularly, DFA will offer a position, the applicant will accept, and then before the start date will call back to notify the supervisor that he/she has accepted a better paying position. DFA is simply not able to compete for qualified employees in the current environment.

The request for all 20 of the classifications addresses specific areas where DFA struggles with applicants or has current incumbent employees who are paid below a reasonable rate for the level of responsibility assigned to the position.

### COMPETITION

For example – Hobby Lobby has a starting wage of \$17/hour plus benefits. As of March 24, 2021, the average hourly pay for a McDonald's Cashier job is \$16.27/hour. Walmart, Target, Costco Wholesale, and Amazon have stated that they will start paying their stockers over \$15/hour. The complexity and responsibility of the DFA positions far exceeds those in these higher paying positions.

The Public Health Emergency has added more obstacles to an already significant staffing issue. More organizations are offering a remote work option and flexible work schedules that is not an option at this time with our current technology and our customer facing offices and office hours. Also, applicants are hesitant about working in such a public role interacting with a constant flow of customers.

The Impact of the "Wage and Salary Growth in Arkansas by Major Sector" shows that while many industries saw significant growth rates in Total Wage and Salary Income in the final quarter of 2020, State and Local Governments saw a decrease of 4.3%, which further illustrates why DFA is not able to compete with other sectors and is actually losing ground. The Finance and Insurance Sector increased by 12.5% and the Administrative and Support Services increased by 5.3%.

Upon approval of this request, the implementation plan is not to increase salaries of the designated classifications to the Maximum of the pay grade but to adjust them to Midpoint of the grade. For employees who are already at or above the Midpoint, DFA will review and consider giving a 5% increase not to exceed the Maximum pay rate to recognize longevity and maintain parity among employees.

Approval of this request will not result in any internal salary inequity.

Thank you for your consideration.

Sincerely,



Larry W. Walther  
DFA Secretary



## MyARCareers Advertisements

Class Code	Title	Grade	Advertisement		Average per Advertisement
			Count	Apps	
G084C	DFA DIVISION MANAGER II	GS08	2	14	7.00
G227C	DFA OCSE PROGRAM SUPERVISOR	GS08	3	23	7.67
M029C	CHILD SUPPORT SUPERVISOR II	GS07	3	22	7.33
G133C	DFA DIVISION MANAGER I	GS07	3	46	15.33
M052C	CHILD SUPPORT SUPERVISOR I	GS06	5	38	7.60
A077C	DFA LOCAL REVENUE OFFICE MANAGER	GS06	2	31	15.50
M068C	CHILD SUPPORT SPECIALIST I	GS05	26	297	11.42
A094C	DFA LOCAL REVENUE OFFICE SUPERVISOR	GS05	7	37	5.29
C042C	DFA REVENUE SUPERVISOR	GS05	3	13	4.33
C048C	DFA SUPERVISOR	GS04	20	103	5.15
C046C	LEGAL SUPPORT SPECIALIST	GS04	18	164	9.11
C059C	DFA SERVICE REPRESENTATIVE	GS03	237	1908	8.05
X172C	TAX INVESTIGATOR	GS03	17	56	3.29
C076C	DFA TECHNICIAN	GS02	21	108	5.14
<b>Total</b>			<b>367</b>	<b>2860</b>	<b>7.79</b>

\*Since November 2020