



August 17, 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 (OPM) submits a request from the Arkansas Department of Commerce, Bank Department for your review. Bank Department is requesting five (5) positions from the central growth pool and two (2) positions from the surrender pool established by Ark. Code Ann. §21-5-225. The classifications requested along with the positions being surrendered are listed below:

CLASSIFICATION REQUESTED for GROWTH POOL POSITIONS:

Table with 4 columns: CLASS CODE, CLASSIFICATION TITLE, PAY GRADE, SALARY RANGE. Row 1: A039C (5), Certified Bank Senior Examiner, GS13, \$77,862 – \$112,900

CLASSIFICATIONS REQUESTED for SURRENDER POOL POSITIONS:

Table with 4 columns: CLASS CODE, CLASSIFICATION TITLE, PAY GRADE, SALARY RANGE. Row 1: R019C, Budget Manager, GS09, \$50,222 – \$72,822. Row 2: A038C, Fiscal Support Manager, GS09, \$50,222 – \$72,822

POSITIONS SURRENDERED:

Table with 5 columns: POSITION, CLASS CODE, CLASSIFICATION TITLE, PAY GRADE, SALARY RANGE. Row 1: 22088759, A065C, Payroll Services Coordinator, GS07, \$40,340 – \$58,493. Row 2: 22088715, V007C, Procurement Coordinator, GS08, \$45,010 – \$65,265

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The Honorable David Hillman, Co-Chairperson
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JUSTIFICATION

Bank Department currently has 42 positions authorized as Certified Bank Senior Examiner, all of which are occupied. These positions are primarily responsible for the regulation of commercial banks headquartered in Arkansas and the supervision of bank holding companies of state-chartered banks by conducting bank examinations, reviewing bank examination reports and ensuring compliance. The assets of these financial institutions have increased from approximately \$49 Billion in Fiscal Year 2014 to approximately \$132 Billion in Fiscal Year 2021. Despite this growth in responsibilities, the agency maintained its personnel operations during period ensuring an efficient use of its positions. However, the combination of a continuous increase in both assets under management and complexity of financial institutions' operations forced the agency to develop a plan to handle this persistent growth. The addition of five (5) Examiner positions will assist the agency with its plan. The cost of these five (5) growth pool positions is approximately \$508,267.34.

Bank Department currently has sixteen (16) positions that are not Bank Examiner positions; but, only nine (9) of these positions are responsible for handling daily administrative operations within the agency. Two (2) of these nine (9) positions are currently authorized as Payroll Services Coordinator and Procurement Coordinator. These two (2) positions are responsible for supporting accounting operations, payroll operations, procurement operations, employee benefits, accounts payable, accounts receivable, asset management/inventory, as well as vehicle fleet management. They are additionally required assist the agency's internal Finance Officer with annual CAFR financial reporting. The addition of one Budget Manager position and one Fiscal Support Manager position will better align with this portion of the agency's operations. The cost of these two (2) surrender pool positions is approximately \$14,355.82.

RECOMMENDATION

The Office of Personnel Management has reviewed this request from the Arkansas Department of Commerce, Bank Department and **recommends** approval of five (5) growth pool positions authorized as A039C, Certified Bank Senior Examiner. OPM additionally **recommends** approval of two (2) surrender pool positions authorized as R019C, Budget Manager and A038C, Fiscal Support Manager. The agency guarantees our office that it possesses sufficient funding to support this pool position request. Your approval of this request is greatly appreciated.

Sincerely,



Kay Barnhill, Director
Office of Personnel Management



SECRETARY OF TRANSFORMATION & SHARED SERVICES

08/13/21
DATE

4888



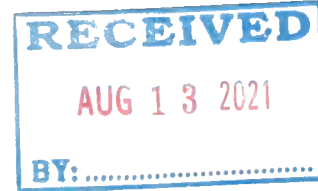
Arkansas State
Bank Department



Michael Preston
Secretary of Commerce
Susannah T. Marshall
Bank Commissioner
Arkansas State Bank Department

August 13, 2021

Kay Barnhill, Director
Office of Personnel Management
501 Woodlane Ave, Ste 205
Little Rock, AR 72201



Dear Ms. Barnhill:

The mission of the Arkansas State Bank Department (ASBD), a Division of the Arkansas Department of Commerce, is to maintain the legal and regulatory structure for Arkansas' financial industry. The primary duty of the ASBD is to perform periodic examinations of state-chartered banks, bank holding companies, trust companies and other entities to determine safety and soundness, and compliance with laws and regulations. The department is fully funded by assessments paid by its supervised institutions.

Although the ASBD has operated with the same level of staffing (72 authorized positions) since FY14, the financial institutions that ASBD regulates have more than doubled their size during this time (from \$49 billion in FY14 to almost \$132 billion as of March 31, 2021). In addition, there are currently two pending bank merger applications that if approved and consummated, will instantly increase assets under supervision by another \$2 billion. Despite the phenomenal growth in assets under supervision, the ASBD has worked diligently to ensure the effective use of its current budget and adhere to the Governor's shared goal of operating more efficiently

The banking sector of the economy continues to evolve into a vastly more complex industry, and despite the level and trend of industry consolidation, total assets of Arkansas state-chartered banks have continued to flourish and grow. As of June 30, 2021, ASBD is the chartering agency responsible for the regulation of 73 commercial banks headquartered in Arkansas, in addition to supervising the bank holding companies of Arkansas state-chartered banks; the state-chartered trust company; the regional and county industrial development corporation; and the capital development company. The growth and expansion in Arkansas financial institutions has led to more frequent and complex examinations. Additionally, the scope of examinations continues to evolve in all areas including the adequacy of capital and earnings; the quality of assets; the competency of management (including compliance with federal and state laws and ASBD rules, and the adequacy of the audit program and internal controls); evolution for compliance with the Bank Secrecy Act; the adequacy of liquidity and funds management; the sensitivity to market risk of the institution's balance sheet and activities; trust department activity; and the information technology programs of our regulated institutions to ensure the adequacy of the data systems and the security of information. ASBD's examination staff also supports its regulated entities on emerging banking related issues such as pandemic relief programs, cybersecurity, marijuana banking, cryptocurrency, and increases in non-depository trust activity.

Kay Barnhill, Director
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71 of ASBD's 72 authorized positions are currently filled, and of those, 56 (78%) are Bank Examiner positions. Of the 56 Bank Examiner positions, 14% have more than 28 years of experience, and 32% have more than 20 years of experience. The department recognizes that in the coming years it will have significant turnover due to retirements. Because it takes a minimum of three (3) years for a newly hired examiner to complete the initial required training and five (5) years to achieve proficiency, it is critical that ASBD address its anticipated turnover by hiring and training new examiners now and develop a plan to continue to onboard new Bank Examiners in a consistent manner to help ensure the ASBD is fully prepared to manage future growth, agency operations and the evolution of the banking industry.

With this letter, the ASBD is seeking approval to utilize the OPM Growth Pool to establish five (5) new A039C Certified Bank Senior Examiner positions (Grade GS13). As with all ASBD examiner positions, these new positions be advertised and filled at a downgraded title of GS08 Bank Examiner unless an applicant with State or Federal Bank Examination Experience is selected for hire. Of these five (5) pool positions, three (3) will be allocated to Commercial Bank Supervision, one (1) will be allocated to Trust Supervision, and one (1) will be allocated to Information Systems Supervision.

The ASBD is also seeking approval to utilize the TSS Office of Personnel Management (OPM) Surrender Pool to establish one (1) GS09 Budget Manager position (Class Code R019C) and one (1) GS09 Fiscal Support Manager position (Class Code A038C). In exchange for these positions, the ASBD will surrender the following two existing ASBD positions: one (1) GS07 Payroll Services Coordinator position (Class Code A065C) and one (1) GS08 Procurement Coordinator position (Class Code V007C). This request will not increase the total number of authorized positions within the ASBD but will allow the department to properly classify and align the two positions currently responsible for supporting the ASBD Fiscal and Human Resources Division. To ensure a proper level of internal controls and segregation of duties within the ASBD, these two positions support not only the payroll and employee benefits function for the department, but also the fiscal and accounting functions, including accounts payable, procurement, asset management/inventory, accounts receivable (including the calculation and billing for our biannual bank assessments) and fleet management of the ASBD's 19 fleet vehicles. These positions also assist with the ASBD's annual CAFR financial reporting.

ASBD has the necessary budget and available funding to support this request. If additional information is needed, please contact Bank Chief Examiner, Jessica Wallace at 501-683-3214.

Sincerely,



Susannah Marshall
Bank Commissioner



Department of Transformation and Shared Services
Office of Personnel Management
Request for Pool Position

Business Area	Department Name / Agency Name	Date
0405	Department of Commerce / Bank Department	07-28-21

Position(s) to be Surrendered

Position/Item Number	Classification Title	Pay Grade	Class Code
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Classification(s) Requested

Classification Title	Pay Grade	Class Code
Certified Bank Senior Examiner X 5	GS13	A039C

I hereby certify that:

- A. The position requested is critical to the operation of this Agency and a detailed justification for this request is attached. (Justification should be detailed and not less than one typed page in length.)
- B. Sufficient funds are available to fund this position at the requested grade.
- C. This is a full-time position that will not be used for any other purpose than that which is outlined in the attached narrative.
- D. The position to be surrendered is the highest grade position available and the loss of this position will not adversely affect the operation of this Agency.
- E. No current employee will be displaced by this action.

Jenica Wallace
HR Administrator's Signature

7-28-21

Date

Michael ...
Department Secretary's Signature

7-28-21

Date