



Department of Transformation and Shared Services

Governor Asa Hutchinson

Secretary Amy Fecher

Director Kay Barnhill

April 20, 2022

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 Department of Finance and Administration – Division of Revenue (DFA) for your review.

The Department of Finance and Administration is requesting the establishment of a salary administration grid for two (2) classifications. The classifications impacted as well as an explanation of the proposed grid are listed below:

CLASSIFICATIONS IMPACTED

Class Code	Title	Grade	Salary range
A059C	Tax Auditor	GS07	\$40,340-\$58,493
A054C	Tax Auditor II	GS09	\$50,222-\$72,821

The DFA has requested this salary administration grid to address recruitment and retention issues within the department. The overall turnover for the classifications specified above within the DFA Revenue division has been 8.7% within the past year. There are 136 current incumbents within the classifications, and under the proposed grid 113 employees will receive the 5% increase.

If approved, upon implementation, incumbents within the specified classifications would be eligible to receive a 5% salary increase dependent upon their years of service and performance evaluation score. The initial cost of implementation will be \$318,178.

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Your consideration of this request is greatly appreciated.

Sincerely,



Kay Barnhill, Director



SECRETARY OF TRANSFORMATION & SHARED
SERVICES

4/8/2022

DATE

KB/vp:1-2



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

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COMMISSIONER OF REVENUE
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Ms. Amy Valentine
Arkansas Department of Finance and Administration
Human Resources Administrator
1515 W. 7th Street
Little Rock, AR 72201

Re: Salary Administration Grid for the Department of Finance and Administration – Division of Revenue Fiscal Year 2023

Ms. Valentine:

The Department of Finance and Administration (DFA) – Division of Revenue requests review and approval of a salary grid to implement special rates of pay for two classifications of employees (1) Tax Auditor and (2) Tax Auditor II. This grid is for the purposes of hiring and retaining capable and qualified candidates.

This proposal will be implemented at the discretion of the DFA Secretary and will be based on the availability of revenues.

In previous biennium's, the Tax Auditor and Tax Auditor II classifications experienced a limited qualified applicant pool and an excessive turnover rate. The qualified applicant pool started trending downwards as applicants who met the minimum qualifications and had experience in the accounting field found that other organizations were paying significantly more than DFA. Another contributing factor is that while Tax Auditors and Tax Auditor IIs must possess a bachelor's degree with twenty-four (24) hours of accounting in accordance with ACA 26-17-203. Many Accounting students now graduate with a master's degree and up to thirty-six (36) accounting hours, as one-hundred-fifty (150) semester-hours are required to sit for the Certified Public Accountant exam. While that is not required for these positions, the applicant pool that meets our twenty-four (24) hours of accounting in accordance with ACA 26-17-203 is seeking positions that pay for this amount of additional education. Additionally, DFA Tax Auditors are the only auditors of all state agencies that require this additional 24 hours of accounting but are graded the same or higher than the DFA Tax Auditors. These circumstances have led to fewer qualified candidates and an increasing number of vacant DFA Tax Auditor positions.

When DFA hires qualified applicants, the auditors gain minimal training and experience, then leave for other employment with higher rates of pay. The auditors who leave DFA, almost without exception, liked their job but simply could not refuse more attractive salaries being offered by other state agencies and the private sector. The result of this turnover is that a Tax Auditor or Tax Auditor II is lost to competition just at the time they have received enough

training and experience to perform complex work assignments. Auditor work continues to become more and more detailed and complicated with additional tax types and rates, nuances in the law, and the ever-evolving Tax Code. Trained and experienced Tax Auditors are vital to properly handling the volume and complexity of the work required. When these auditors are lost to higher paying positions, the DFA loses. It takes three or more years to replace the experience, competency, and expertise which are lost solely because of a lack of competitive salary and opportunities for growth.

Due to these stated difficulties, obstacles, and competition, DFA proposes the following grid to assist in hiring and retention:

1. Tax Auditor, Grade GS07

Request – After twelve months (12) months of service as a Tax Auditor, receipt of a “Solid Performer” (3) rating on the Employee Performance Evaluation or higher, and a recommendation by the Tax Auditor Supervisor, District Manager, and the Field Audit Administrator, the Tax Auditor will be eligible for up to a 5.0% salary increase. Any disciplinary action or managerial intervention will be taken into consideration before a recommendation is made.

The Tax Auditor job classification is authorized to pay up to the midpoint salary of the Career Service Pay Plan as a starting rate of pay if the minimum qualifications (as determined by the Office of Personnel Management), and the additional qualifications specified below are met by the prospective candidate for the job.

The Minimum Qualifications as determined by OPM are: The formal equivalent of a bachelor’s degree in accounting, management, general business, or related area with a minimum of twenty-four (24) hours of accounting in accordance with ACA 26-17-203.

The intent of this proposal is to attract entry level staff who will be qualified and eligible for a promotion to a Tax Auditor II position after two (2) years of service.

2. Tax Auditor II, Grade GS09

Request – After twelve (12) months of service as a Tax Auditor II, receipt of a “Solid Performer” (3) rating on the Employee Performance Evaluation or higher, and recommendation by the Tax Auditor Supervisor, District Manager, and the Field Audit Administrator, the Tax Auditor II will be eligible for up to a 5.0% salary increase. Any disciplinary action or managerial intervention will be taken into consideration before a recommendation is made.

A Tax Auditor II will be eligible for up to a 5% increase each year they receive a “Solid Performer” (3) rating on the Employee Performance Evaluation or higher, and recommendation by the Tax Auditor Supervisor, District Manager, and the Field Audit Administrator until the Maximum salary pay level for a GS09 is reached.

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The Minimum Qualifications as determined by OPM are: The formal equivalent of a bachelor's degree in accounting, management, general business, or related area with a minimum of twenty-four (24) hours of accounting in accordance with ACA 26-17-203; plus two years of experience in auditing.

The intent of this proposal is to be able to retain current employees and be reasonably competitive with the private sector to attract qualified applicants. This is vital in maintaining the current professional level of competency and ability of the DFA tax divisions.

Thank you for your consideration.

Sincerely,

A handwritten signature in cursive script that reads "Charles S. Collins". The signature is written in dark ink and is positioned above the printed name and title.

Charles S. Collins
Commissioner of Revenue

Cc: Lynne B. Reynolds
Administrator of Field Audit