



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

**OFFICE OF THE DIRECTOR**  
1509 West Seventh Street, Suite 401  
Post Office Box 3278  
Little Rock, Arkansas 72203-3278  
Phone: (501) 682-2242  
Fax: (501) 682-1029  
<http://www.state.ar.us/dfa>

**MEMORANDUM**

TO: All State Agency Directors, Boards, Commissions, Presidents/Chancellors of State Supported Institutions of Higher Education and Personnel/Payroll Representatives

FROM: Larry W. Walther, Director *LWW*

SUBJECT: Pay Plan Implementation Procedures for Fiscal Year 2016

DATE: May 18, 2015

---

Based on the authority vested in the Chief Fiscal Officer of the State pursuant to Arkansas Code 21-5-211 and Act 1007 of 2015 in its entirety, the following compensation procedures for the 2016 fiscal year shall apply:

**FISCAL YEAR 2016 PAY PLANS**

The 2016 fiscal year pay plans for Career Service and Professional – Executive employees are attached. There are no changes in the pay plans from FY15.

**COST OF LIVING ADJUSTMENT IMPLEMENTATION**

The fiscal year will begin with the first pay period June 21 – July 4, 2015. The maximum annual compensation rate for which an employee is eligible on June 21, 2015, shall be determined by increasing the employee's June 20, 2015, salary by one percent (1%).

The additional salary increase shall not allow an employee's compensation to exceed the maximum pay level amount established for the position unless the employee is eligible for the career pay level as established by Arkansas Code 21-5-214.

If an employee does not meet the service requirement in Arkansas Code 21-5-214, the increase shall be paid as a lump sum on the last pay period of the 2016 fiscal year. If the employee's salary is below the maximum pay level, the employee will receive a portion of the 1% COLA up to the maximum pay level; the remainder will be paid as a lump sum as described above.

If an employee is compensated at the highest pay level rate authorized for the grade assigned to the classification, the increase shall be paid as a lump sum on the last pay period of the 2016 fiscal year. This payment shall not be construed as exceeding the maximum salary. If the employee's salary is

below the highest pay level rate authorized, the employee will receive a portion of the 1% COLA up to the highest pay level rate; the remainder will be paid as a lump sum as described above.

The line item maximum salary in each appropriation act will be increased by the 1% COLA. This will represent the line item maximum for FY16. Unclassified employees occupying these positions will have their June 20, 2015, salaries increased by 1% consistent with classified employees.

Employees in extra-help positions will not automatically be adjusted by 1%. The decision to adjust extra-help employee salaries by 1% is at the discretion of each agency/institution head. Appropriate paperwork is required to implement the 1% COLA.

### **CAREER SERVICE PAYMENTS**

Annual career service recognition payments may be awarded to eligible employees during the 2016 fiscal year on their career service date. The rates for each category of service are listed below and are retirement eligible.

10 – 14 years of state service	\$600
15 – 19 years of state service	\$700
20 – 24 years of state service	\$800
25 or more years of state service	\$900

### **MERIT INCREASE PAYMENTS**

On April 21, 2015, I issued a memorandum regarding Governor Hutchinson's determination to award merit lump sum payments for FY 2015. Merit lump sum payments will be processed during the last pay period of the 2015 fiscal year, June 7 – 20, and these payments will be in the paychecks received by eligible employees on June 26, 2015. Eligible employees include those in the Career Service and Professional and Executive pay plans and Unclassified positions.

Further, detailed conversion instructions will be forthcoming from the Office of Personnel Management.

If you have any questions, please contact Kay Barnhill Terry, State Personnel Administrator, at 682-5077 or [kay.terry@dfa.arkansas.gov](mailto:kay.terry@dfa.arkansas.gov), or Herb Scott, Deputy State Personnel Administrator, at 682-5122 or [herb.scott@dfa.arkansas.gov](mailto:herb.scott@dfa.arkansas.gov).