

**Department of Finance and Administration
Office of Personnel Management**

Policy Title: **Special Rates of Pay**

Policy Number: **35**

Authority: **Ark. Code Ann. § 21-5-214**

Revised: **July 1, 2017**

A special rate of pay to compensate an employee at a higher salary rate may be approved by an agency director, the Office of Personnel Management (OPM), or Legislative Council or the Joint Budget Committee (JBC).

A special rate of pay may be established for a classification or position for the following reasons:

1. Prevailing labor market conditions (LMR)
2. An extraordinarily well-qualified candidate (EWQ)
3. The need to retain a trained, competent employee (Retention)
4. The assignment of additional duties as a result of the elimination of a position (Additional duties); or
5. To meet the requirements of state or federal law.

A special rate of pay is subject to the agency's ability to certify it has the funding and an agency is prohibited from using merit adjustment funds to establish a special rate of pay.

The Chief Fiscal Officer of the State or the Governor may suspend discretionary special salary actions at any time.

LMR

A state agency may request a labor market rate if they are unable to successfully hire and/or retain employees in a specific classification or position. Establishing an LMR allows the agency to compete with the prevailing market rates.

An LMR up to the midpoint pay level for the assigned grade requires the Chief Fiscal Officer of the State approval.

LMR up to the maximum pay level for the assigned grade requires the Chief Fiscal Officer of the State approval after review by the Legislative Council or JBC.

An agency must report to OPM all applications of LMR's approved during the previous month. OPM maintains the list of classifications and positions that are approved for an LMR and reports all approvals to Legislative Council or JBC.

EWQ

A state agency may hire an applicant at a higher salary level when the applicant possesses exceptional qualifications above what is minimally required in the job description.

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The applicant's educational background and/or experience must qualify the applicant to perform the job with little or substantially less orientation and training than would be required for another qualified applicant.

A salary rate up to 15% above the entry pay level for the assigned grade requires the agency director's approval.

A salary rate above 15% up to 30% above the entry pay level for the assigned grade requires OPM approval.

A salary rate above 30% up to the maximum pay level for the assigned grade requires OPM approval after review by the Legislative Council or JBC.

All EWQ requests will be heavily scrutinized and OPM has the right to request additional information or send the paperwork back to the agency if an incomplete request is submitted. An agency must report to OPM all EWQ salary rates approved during the previous month. OPM will report all approved EWQ's to Legislative Council or JBC.

Retention or Assignment of Additional Duties

A state agency director may approve a higher salary rate in order to retain a trained, competent employee.

A state agency director may approve a higher salary rate due to the assignment of additional duties that occurred after the elimination of positions.

The approval of a higher salary rate is subject to the following:

1. The assignment of additional duties must be permanent and beyond the scope of the work currently being performed by the employee;
2. The same employee may not receive a special rate of pay as a result of retention or additional duties more than once a biennium;
3. All approved increases up to 10% must be reported to OPM;
4. Increases above 10% must be approved by OPM; and
5. Only the Governor may initiate and approve a salary increase for an agency director.

An agency must report to OPM all special salary rates approved during the previous month as retention or additional duties.

OPM will report all salary increases established as retention or additional duties to Legislative Council or JBC.