



Arkansas Department of Higher Education

114 East Capitol • Little Rock, Arkansas • 72201-3818 • (501) 371-2000 • Fax (501) 371-2001

Mike Beebe
Governor

Dr. Jim Purcell
Director

May 13, 2009

MEMORANDUM

TO: Presidents and Chancellors

FROM: Jim Purcell, Ed.D.
Director

A handwritten signature in black ink, appearing to read "Jim Purcell".

RE: Pay Plan Update

Stanley Williams and I met with the Governor's Office regarding the "pay plan" (Act 688 of 2009), and the Revenue Stabilization Act ("RSA") for FY 2010. In addition, several of our Presidents and Chancellors have had conversations with the Governor or his staff and DF&A staff. Based upon the results of these conversations, I can now give you guidance on how institutions of higher education can move forward with their budgeting and planning for 2010, 2011 and beyond. The Governor's Office has heard our/your concerns and is agreeing to a less aggressive implementation of the pay plan at the colleges and universities.

In implementing the pay plan, institutions can cut the percentage increases in $\frac{1}{2}$ for all employees and cap adjustments to entry to $\frac{1}{2}$ of the difference between current salary and proposed entry.

This has several advantages:

- More equitable for larger groups of employees.
- Raises max out at 2.5%.
- Maintains salary relationships.
- One step closer to full implementation.
- Allows for full implementation as revenues become available.

There are also disadvantages:

- Market demand will not be met.
- This could become an administrative nightmare as new rules and procedures must be developed.
- Institution personnel will be making less than state agency counterparts.

Pay Plan Update

May 13, 2009

Page 2

Please note that full implementation of the pay plan as soon as practical is highly desired. The current economic uncertainty gives us all cause to strategically plan and wisely budget for the future. I hope this accommodation helps you in your budgeting.

It is also very important to pay our employees equitably and Act 688 seeks to remedy inequities with employee pay at state agencies AND at the public colleges and universities. As you know, state higher education budgets are dependent on legislative and executive branch support. The level of support that higher education institutions received in this tough budget year was to some extent based upon an understanding that the institutions would implement the pay plan.