

Department of Finance and Administration

Office of Personnel Management

Policy Title: **Compensation Differentials**

Policy Number: **24**

Authority: **Ark. Code Ann. § 21-5-221**

Revised: **July 1, 2017**

Compensation differentials are authorized to address specific compensation needs for current employees in approved classifications whose job duties, education, certification, geographic location, second-language, or on-call/stand-by duty exceed the minimum qualifications of the job assigned.

In addition to these differentials, the Office of Personnel Management (OPM) may administer other compensation differentials after review and approval by the Legislative Council, or if the General Assembly is in session, the Joint Budget Committee (JBC). All compensation differentials must be renewed each fiscal year.

The cumulative total of any compensation differentials paid to an employee cannot exceed twenty-five percent (25%) of the employee's base rate of pay. The additional differential compensation that exceeds the maximum annual rate of pay for the grade assigned to the employee's classification is not considered as exceeding the maximum rate of the pay grade.

Positions on the Senior Executive pay table are ineligible to receive a compensation differential.

Compensation differentials must be administered on the basis of the below criteria without regard to the employees' race, color, religion, gender, age, national origin, disability, or political affiliation.

Request for a Differential

State agencies must demonstrate the need for a compensation differential on specific positions and/or classifications and include the following in the request to OPM for review and approval from the Legislative Council, or if the General Assembly is in session, JBC:

1. The cost of implementing and maintaining a compensation differential is within the existing appropriation and will not be funded with monies specifically allotted for other programs within the agency; and
2. The terms and conditions of eligibility for the differential pay they are requesting.

Hazardous Duty Differential

An agency may authorize a hazardous duty differential up to ten percent (10%) of the employee's hourly rate of pay for employees that experience an increased risk of personal physical injury due to the employee occupying specific high risk positions if the following criteria is met:

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1. The position or classification must be physically hazardous or dangerous due to location, facility, services provided, or other factors directly related to the job; and
2. The employee's regular work schedule exposes him or her to clear, direct, and unavoidable hazards during at least fifty percent (50%) of the work time in a classification that does not already compensate for the hazardous exposure.

Employees working in maximum security units or facilities may receive up to an additional ten percent (10%), but not to exceed twelve percent (12%), hazardous duty differential for identified classifications and positions if the regularly assigned work schedule exposes the employee at least eighty-five (85%) of the work time to clear, direct, and unavoidable hazards from clients, inmates, or patients in units or facilities classified as maximum security.

An agency cannot use funds specifically set aside for other programs to pay a hazardous duty differential. Any subsequent changes to the facility or unit, location, and eligibility criteria for positions and classifications authorized to receive hazardous duty pay must be submitted to OPM for review and receive prior approval from the CFO after review and approval from Legislative Council or, if the General Assembly is in session, JBC.

Employees receiving hazardous duty differential that are reassigned to a duty area not authorized as hazardous duty, will be reassigned to the regular rate of pay for which he or she is eligible and the differential removed.

Professional Certification Differential

An agency may authorize a professional certification differential up to ten percent (10%) of the employee's hourly rate of pay for individual positions or specific classifications for job-related professional certifications if the following criteria is met:

1. The professional certification must be above the certification required in the minimum qualifications and directly relate to the job function and duties being performed;
2. The professional certification must be from a recognized certifying organization;
3. The certification must be current and maintained by an employee while employed in an authorized position or specific classification; and
4. There must be documentation that it is continued or renewed.

Education Differential

An agency may authorize an education differential up to ten percent (10%) for individual positions or specific classifications if the following criteria is met:

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1. The education is attained from an accredited institution of higher education;
2. The employee provides an official transcript, certificate, or degree award;
3. The education must directly relate to the job function and duties being performed; and
4. The education is not already included in the special or minimum qualifications established for the classification.

Geographic Differential

An agency may authorize a geographic differential up to ten percent (10%) for individual positions or specific classifications if the agency can demonstrate an inability to recruit or retain qualified employees in specific geographic areas of the state. The agency must show that recruitment, turnover, or other competitive pay issues are present in a specific geographic area but do not justify a statewide labor market special entry rate.

Second-Language Differential

An agency may authorize a second-language differential up to ten percent (10%) for an employee if the following criteria is met:

1. The employee has demonstrated the ability and skill to communicate in a language other than English, including American Sign Language; and
2. The skill is determined by the agency to be directly related to the job duties for the position or classification the employee is occupying.
3. The second-language must be used by the employee at least 25% of the performance of job duties.

Agencies are required to include in the request to OPM justification stating the detailed job duties, responsibilities, and reasons for a second-language for the position. Agencies are required to have employees or prospective employees tested by an organization that can certify the proficiency of different skill levels.

Agencies are required to provide in the request to OPM a list of proficiency testing facilities to include the name and location, whether the test is oral, written, or a combination of both, and provide a copy of the documentation presented to the incumbent upon completion of testing.

A proficiency level is established to compensate based upon the following:

A. Advanced	10%
B. Fluent	7.5%
C. Intermediate	5.0%

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D. Beginning/Basic

2.0%

Employees receiving second-language differential that are reassigned to a job not requiring the second-language skill, will be reassigned to the regular rate of pay for which he or she is eligible and the differential removed.

On-call Duty or Stand-by Duty

An agency may authorize an on-call duty or stand-by duty differential for an employee if the following criteria is met:

1. The job requires the employee to provide services on nights, weekends, holidays, or other situations when the agency does not have regular staff coverage; and
2. The scheduled duty is outside of regular working hours and the employee is required to be accessible by telephone, pager, or other means and must return to the designated work site upon notification of the need within the specified response time.

Employees required to be available for on-call or stand-by duty on nights, weekends, and holidays are eligible to receive additional compensation equivalent of an hourly rate not to exceed twenty percent (20%) of the employee's base hourly rate of pay for each on-call or stand-by hour but no longer than forty-eight (48) hours during any seven-day work period.

Employee's on-call or stand-by must be compensated for the actual hours worked when called in at a minimum of two (2) hours for each call back; however, employees will not be paid on-call or stand-by differentials for those hours actually worked during a call back.

An employee on on-call or stand-by who fails to respond after the second notification will not receive the differential pay. Agencies must take into consideration any failing equipment or paging device malfunctions when determining penalty.

Agencies may request on-call or stand-by duty differential pay for non-exempt employees when the agency can support the position requires the employee to be available to work on nights, weekends, holidays, or other situations when the agency does not have regularly staff scheduled.