



Department of Transformation and Shared Services Office of Personnel Management

Policy Title: Special Rates of Pay

Policy Number: 35

Authority: A.C.A. § 21-5-214

Effective Date: August 18, 2023

A special rate of pay to compensate an employee at a higher salary rate may be approved by a Department Secretary, the Office of Personnel Management (OPM), or the 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 department's ability to certify it has the funding. A department is prohibited from using merit adjustment funds to establish a special rate of pay.

The Secretary of the Department of Transformation and Shared Services (TSS) or the Governor may suspend discretionary special salary actions at any time.

LMR

A department 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 department to compete with the prevailing market rates.

An LMR **up to the midpoint** pay level for the assigned grade requires the TSS approval.

LMR **up to the maximum** pay level for the assigned grade requires the TSS Secretary approval after review by the Legislative Council or JBC.

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

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.



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A salary rate **up to 15%** above the entry pay level for the assigned grade requires the secretary's (or designee'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 Legislative Council or JBC.

All EWQ requests will be heavily scrutinized. OPM has the right to request additional information or send the paperwork back to the department if an incomplete request is submitted. A department 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 secretary may approve a higher salary rate for one of the following reasons:

1. To retain a trained, competent employee or
2. Due to the assignment of additional duties that occurred after the elimination of a position or 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 increases **up to 10% must be reviewed by OPM prior to final approval;**
4. **Increases above 10% must be approved by OPM;** and
5. Only the Governor may initiate and approve a salary increase for a secretary.

A department must report to OPM all special salary rates that were 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.