



Department of Shared Administrative Services Office of Personnel Management

Policy Title: Compensation Differentials

Policy Number: 24

Authority: Ark. Code Ann. § 21-5-221

Revised: July 1, 2025

Compensation differentials are authorized to address various compensation needs. Approved differentials are in addition to the employee's regular base salary, and 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. It is not considered as exceeding the maximum if a compensation differential results in an employee's overall pay exceeding the maximum annual rate of pay for their grade.

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

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

Requesting a Compensation Differential

A department may submit a request to the Office of Personnel Management (OPM) to establish a compensation differential for specific positions or classifications. The department must demonstrate the need for the compensation differential and provide the following:

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

All compensation differentials must be approved by OPM and Legislative Council, or if the General Assembly is in session, the Joint Budget Committee (JBC), and must be renewed at the end of the fiscal year for continuation in the following fiscal year.

Types of Compensation Differentials

Hard to Fill or Retain Differential

A department may request a hard to fill or retain differential up to ten percent (10%) of the employee's hourly rate of pay if the following criteria is met:

1. The department has certified the inability to recruit and retain employees in a specific geographic area of the state based on documented recruitment, turnover, or other competitive pay issues; or
2. There is an increased risk of personal physical injury for an employee occupying a certain identified high-risk position that is physically hazardous or dangers.
 - a. 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
 - b. 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.



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- c. Departments are responsible for identifying and certifying the list of high-risk positions that are physically hazardous or dangerous and submit the list with their request.
- d. A department cannot use funds specifically set aside for other programs to pay a hard to fill or retain differential.
- e. Any subsequent changes to the facility or unit, location, and eligibility criteria for positions and classifications authorized to receive a hard to fill or retain differential must be submitted to OPM for review and receive prior approval from the Secretary of the Department of Shared Administrative Services (SAS) after review and approval from Legislative Council or, if the General Assembly is in session, JBC.

Employees working in maximum security units or facilities may receive additional hard to fill or retain differential for identified classifications and positions if the work schedule exposes the employee to clear, direct, and unavoidable hazards from clients, inmates, or patients in units or facilities classified as maximum security.

An employee receiving additional compensation for a high-risk position that is physically hazardous or dangerous who is reassigned to a duty area not authorized as hazardous or dangerous, will be reassigned to the regular rate of pay for which he or she is eligible, and the differential will be removed.

Education or Professional Certification Differential

A department may request an education or professional certification differential up to ten percent (10%) of the employee's hourly rate of pay for individual positions or specific classifications if the following criteria is met:

1. The education or professional certification is not included as a minimum qualification for the classification; and
2. The education is attained from an accredited institution of higher education documented by an official transcript, certificate, or degree award and directly relates to the predominant purpose of the position or classification; or
3. The professional certification is from a recognized certifying organization, remains current and maintained by an employee while employed in an authorized position or specific classification, and there is documentation supporting it is continued or renewed.

Second-Language Differential

A department may request 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 department to be directly related to the job duties for the position or classification the employee is occupying.



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3. The second language must be used by the employee at least 25% of the performance of job duties.

Departments 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. Departments are required to have employees or prospective employees tested by an organization that can certify the proficiency of different skill levels.

Departments are required to provide with the request 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%
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

A department may request 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 department 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.

Employees who are scheduled on-call and are called in to work must be compensated for the actual hours, at a minimum of two (2) hours for each call back. Employees will not be paid on-call or stand-by differentials for those hours worked during a call back.



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

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

OPM Differential

OPM may administer other compensation differentials after review and approval by the Legislative Council, or if the General Assembly is in session, JBC.