



STATE OF ALASKA
DEPARTMENT OF
COMMERCE
COMMUNITY AND
ECONOMIC DEVELOPMENT

Sean Parnell, Governor
Susan K. Bell, Commissioner
Don Habeger, Director

Division of Corporations, Business and Professional Licensing

January 25, 2011

Ms. Becky Hultberg
Commissioner
Alaska Department of Administration
P.O. Box 110200
Juneau, Alaska 9981

RE: Alaska Board of Public Accountancy Position and Salary Range Draft Determination

Dear Commissioner Hultberg;

On January 19, 2011, the Alaska Department of Administration, Division of Personnel issued a draft determination for the salary range for the Executive Administrator position that was created during the 2010 legislative session by HB315. The draft determination for the position is a Range 19 (approximately \$58,000 per year).

We understand that the Division of Personnel is bound to follow a prescribed process for making this determination, but believe they did not sufficiently consider important aspects of the responsibilities and requirements for the position which should be considered in order to determine the proper salary range for the position.

The Executive Administrator position was created in and all of the involved parties want it:

- The position is directly paid by licensing fees of Alaska CPA's.
- The fiscal note for HB 315 called for a Range 23.
- In developing the proposal for the bill, the estimate of costs for the new position were developed using a Range 23, based on market standards for our industry, given needed experience and expertise levels.
- These cost estimates were shared with Alaska CPA's through significant public outreach prior to the development of the bill, and creating the position was and is widely supported by the CPA community.
- The Alaska Society of CPA's, who represent the CPA's that pay the licensing fees to pay for this position, unanimously supported HB 315, and continues to strongly support the establishment of the position at a Range 23.
- The Alaska Legislature received numerous letters of support for the passage of HB 315 from CPA's throughout Alaska.
- The Alaska Board of Public Accountancy unanimously supported HB 315, and supports the establishment of the position at a Range 23.

The draft salary determination has not adequately considered the following factors, among others, that should be included in making the final determination.

The body of professional knowledge used by CPAs is vast, technical and comprehensive. Professional standards cover auditor and CPA professional and ethical conduct, federal and state taxation and compliance rules, accounting standards for for-profit, government, non-profit and a multitude of industry standards. Accountancy statutes and regulations are also complex. As a result, enforcement cases can be exceedingly complex, thereby requiring staff with a significant level of education, professional knowledge and experience in order to understand the significance of violations of professional standards. The Alaska Board has been hampered by lack of Board staff able to monitor some of the very complex enforcement cases it encounters. It is critical that the Board be able to recruit and retain an Executive Administrator with these skills. A Range 23 will allow for this to happen, a Range 19 will not.

The National Association of Boards of Accountancy significantly directs and makes changes to accountancy enforcement standards and proposed revisions to statutes and regulations in the States. They have become much more active over the past 10 years, and it is simply critical that the Alaska Board, like other boards, have adequate representation to ensure that proposals that have direct impact on protecting the public in Alaska consider our needs. We simply must be able to attract a person with the requisite experience and credentials to engage with NASBA and other state boards. Given salaries paid to the Executive Secretaries of other boards around the country, we believe that a Range 19 will not attract the level of professional that we need. Our understanding of what other Executive Secretaries are paid will result in this position being paid significantly less than others. This will greatly limit our ability to attract and retain the appropriate level of skills to work with NASBA.

The most important determinant of the State of Alaska's success through the Alaska Accountancy Board in carrying out its public protection responsibilities is the competency and dedication of the Executive Administrator and staff. The relevant knowledge and leadership ability of the Executive Administrator is particularly critical to the Accountancy Board fulfilling its mission of protecting the public. The Accountancy Board's authority, and hence its ability to protect the public, is diminished when it lacks staff with the requisite skills. While HB 315 purposely excluded the need for a licensee to hold the position, it and the regulations we created, call for someone with significant experience. We don't need someone who is licensed right out of college (like the nursing board) or with one or two years of experience. We hope to hire someone with a lifetime of experience in complex environments. In today's market for accountants, in which unlicensed, new professionals right out of college are paid \$60,000 per year to start in the profession, the proposed salary will not attract a person with relevant knowledge and leadership.

We appreciate the work that you and your staff do for the State. Thank you for your consideration of this very important matter. Please let me know if you have any questions or if I can provide further information.

Sincerely,



Carla Bassler, CPA
Chair
Alaska Board of Public Accountancy

C: Representative Kurt Olson
Representative Mike Hawker
Susan Bell, Commissioner, DCED
Nicki Neal, Administrator, Division of Personnel and Labor Relations
Don Habeger, Administrator, Division of Corporations, Business and Professional Licensing
Melody Schneider, Alaska Society of CPA's