

HB

147

<TARGET><BILL>HB 147</BILL><SUBJECT>HB
147</SUBJECT><COMM>HFIN27</COMM></TARGET>

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number 1
Bill Version HB 147
(H) Publish Date 2/28/11

Identifier (file name) HB147-CCED-CBPL-02-17-11 Dept. Affected DCCED
Title Board of Public Accountancy Secretary Appropriation Corporations, Business and Professional Licensing
Allocation Corporations, Business and Professional Licensing
Sponsor House Labor and Commerce
Requester House Labor and Commerce OMB Component Number 2360

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information						
		FY 2012	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
OPERATING EXPENDITURES								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants								
Miscellaneous								
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES								
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CHANGE IN REVENUES								
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
1004 GF								
1005 GF/Program Receipts								
1037 GF/Mental Health								
Other (please identify)								
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2011) cost _____

POSITIONS

Full-time								
Part-time								
Temporary								

Why this fiscal note differs from previous version (if initial version, please note as such)

Initial Version

Prepared by Don Habeger, Director
Division Corporations, Business and Professional Licensing
Approved by Susan K. Bell, Commissioner
Commerce, Community, and Economic Development

Phone 465-2536
Date/Time 2/18/11 8:40 AM
Date 2/18/2011

FISCAL NOTE #1

STATE OF ALASKA
2011 LEGISLATIVE SESSION

BILL NO. HB 147

Analysis

HB 147 will increase the salary range of the Executive Secretary of the Board of Public Accountancy from a range 19 to a range 23.

House Bill 315, which was passed by the legislature last session and signed into law on June 10, established an Executive Secretary for the Board of Public Accountancy. The funding level provided for an Executive Secretary in the partially exempt service, full-time position, Range 23. However, the salary range was ultimately determined based on internal alignment with job classes of positions providing similar support to other boards and with job classes of positions performing professional accounting work.

Since the funding level was already approved with the passage of HB 315, the agency submits a zero fiscal note.

ALASKA STATE LEGISLATURE

REPRESENTATIVE KURT OLSON

- Chair: Labor and Commerce
- Vice Chair: Rules, Administrative Regulation Review
Economic Development Trade & Tourism
- Member: Energy, Legislative Budget & Audit

Session: January - April
State Capitol, Room 24
Juneau, AK 99801-1182
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Official Business

Interim: May - December
145 Main Street Loop, Ste 221
Kenai, AK 99611
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Sponsor Statement **HB 147 - Board of Public Accountancy Secretary**

In 2010, the Alaska State Legislature unanimously passed a bill creating an Executive Secretary position on the Alaska Board of Public Accountancy. As the Board is charged with ensuring that appropriate standards of accounting competency and practice are established and enforced in the state, a capable and qualified Executive Secretary is necessary to protecting the public interest. Setting the Executive Secretary pay at Range 23 will ensure that this newly created position has a pay rate that is competitive with other states and commensurate with the requirements of the job.

A January 2011 draft determination by the Department of Administration for the salary range of the Executive Secretary has been issued at a Range 19. Such a pay range is not adequate considering the expertise and leadership abilities required by the position. The body of knowledge used by Certified Public Accountants (CPAs) is vast, technical, and comprehensive. Enforcement cases can be exceedingly complex, thereby requiring staff with a significant level of education, professional knowledge, and experience. A pay range of 23 will attract candidates with the requisite skills for the position.

In the legislation that created the Executive Secretary, the estimate of costs for the new position were developed using a Range 23. Indeed, the fiscal note for the legislation that passed unanimously in 2010 called for a Range 23. The pay range was developed based on market standards for the accounting industry and is the range supported by the Alaska Board of Public Accountancy, the Alaska Society of CPAs, and CPAs throughout the state. As this position is paid for directly by the licensing fees of CPAs statewide – not the State – their wide support signals the recognition that a Range 23 is the appropriate pay for the position.

In the past, the Board has been hampered by lack of staff able to monitor the complex enforcement cases it encounters. It is critical that the Board be able to recruit and retain an Executive Secretary with the relevant knowledge and leadership ability that will allow the Board to fulfill its mission. Legislation setting the pay of the Executive Secretary at Range 23 is proposed with this in mind.

27-LS0511\A
Last Modified 2/16/11
Jennifer Senette 465-4530



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 99811

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

February 1, 2011

Ms. Becky Hultberg
Alaska Department of Administration
P.O. Box 110200
Juneau, Alaska 99811

RE: Alaska Board of Public Accountancy Executive Administrator

Dear Commissioner Hultberg;

The Alaska Society of CPAs is discouraged and concerned by the recent developments surrounding the Alaska Board of Public Accountancy Position and Salary Range Draft Determination. As indicated in the letter from the Board of Public Accountancy, this position is imperative to the functioning of our board and our profession. Our members have struggled with the lack of leadership, knowledge and consistency associated with the turnover and limitations of the licensing examiner position.

The consideration of an appropriate pay range needs to be analyzed in conjunction with our profession, as the cost of this position will be funded entirely by those CPAs licensed in the State. If no such consideration is made we risk experiencing the same frustrations as the position will not attract the necessary qualified candidates or help ensure consistency, but will likely create greater problems and frustrations in our profession and continued challenges for the State in its public protection responsibilities. If you need additional industry information to complete your analysis, I assure you there are many within the CPA community willing to provide such information.

Thank you for your additional consideration of this matter.

Sincerely,



John Rodgers, CPA
AKCPA President

Cc: Representative Olson
Representative Hawker
Susan Bell, Commission, DCED
Nicki Neal, Administrator Division of Personnel & Labor Relations
Don Habeger, Administrator Division of Corporations, Business & Professional Licensing
Melody Schneider, Alaska Society of CPAs
Corissa Hondolero, CED
Carla Bassler, BOPA Chairman