

SB

90

<TARGET><BILL>SB 90</BILL><SUBJECT>SB
90</SUBJECT><COMM>SFIN27</COMM></TARGET>

SENATE FINANCE COMMITTEE REPORT

DATE: 2/25/11

FURTHER:

DATE TURNED
IN TO OFFICE: _____

Finance Committee considered SENATE BILL NO. 90

SB 90-BOARD OF PUBLIC ACCOUNTANCY SECRETARY

"An Act classifying and setting a monthly salary for the executive secretary of the Board of Public Accountancy."

and recommends:

- be replaced with CS _____ (_____) Same Title New Title
- adopt previous CS _____ (_____) Same Title New Title
- attached amendment(s)
- adopt _____ Letter of Intent
- further referral to _____ Committee

| Dept Abbr. | |
|------------|-----|
| ADM | LEG |
| CED | LAW |
| COR | LWF |
| CRT | MVA |
| EED | DNR |
| DEC | DPS |
| DFG | REV |
| GOV | DOT |
| DHS | UA |

| NEW FISCAL NOTE(S) | | | | |
|--------------------|--------|--------|------|------|
| Dept. | Fiscal | Indet. | Zero | FN # |
| | | | | |
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| PREVIOUS FISCAL NOTE(S) | | | | |
|-------------------------|--------|--------|------|------|
| Dept. | Fiscal | Indet. | Zero | FN # |
| CED | | | ✓ | 1 |
| | | | | |
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APPROPRIATION - no fiscal note

| SIGNATURES AND RECOMMENDATIONS: | PRINTED LAST NAME | DO PASS | DO NOT PASS | NO REC | AMEND |
|---------------------------------|-------------------|---------|-------------|--------|-------|
| | Thomas | | | ✓ | |
| | McGuire | ✓ | | | |
| | OLSON | | | ✓ | |
| | Ellis | ✓ | | | |
| CO-CHAIR: | Hoffman | | | ✓ | |
| CO-CHAIR: | STEDMAN | ✓ | | | |

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number 1
Bill Version SB 90
(S) Publish Date 2/25/11

Identifier (file name) SB090-CCED-CBPL-02-18-11 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 | | | | | | | | |
|-----------------------------|--|--|--|--|--|--|--|--|

| | | | | | | | | |
|---------------------------|--|--|--|--|--|--|--|--|
| CHANGE IN REVENUES | | | | | | | | |
|---------------------------|--|--|--|--|--|--|--|--|

FUND SOURCE

(Thousands of Dollars)

| | FY 2012 | FY 2012 | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 |
|--------------------------|------------|------------|------------|------------|------------|------------|------------|
| 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 |

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 9:00 AM
Date 2/18/2011

FISCAL NOTE #1

STATE OF ALASKA
2011 LEGISLATIVE SESSION

BILL NO. SB 90

Analysis

SB 90 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

State Capitol, Room 510
Juneau, Alaska 99801
Phone: (907) 465-4947
Fax: (907) 465-2108



Committee Members:
Senator Dennis Egan, Chair
Senator Joe Paskvan, V. Chair
Senator Bettye Davis
Senator Linda Menard
Senator Cathy Giessel

Senate Labor and Commerce Committee

Sponsor Statement

SB 90 – Board of Public Accountancy Secretary

In 2010, the Alaska State Legislature unanimously passed legislation creating an Executive Secretary position for the Alaska Board of Public Accountancy. Because 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 protect the public interest. Setting the Executive Secretary pay at Range 23 will ensure that this newly created position is paid at a rate comparable to other states and commensurate with the requirements of the job.

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—not the State—their wide support signals that a Range 23 is the appropriate pay for the position. Indeed, the Range 23 money is already in the current budget, having been appropriated at the time the authorizing legislation passed.

In January 2011 the Department of Administration classified this position as a Range 19. Such a pay range is not adequate considering the expertise and leadership abilities required by the position. Certified Public Accountants (CPAs) are required to have extensive technical and practical knowledge of accountancy. Enforcement cases especially can be exceedingly complex, requiring staff to have broad professional knowledge, experience and leadership skills.

In the past, the Board has been hampered by lack of capable staff. It is crucial 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. Senate Bill 90 would satisfy that need by setting the Executive Secretary's pay range at the appropriate, competitive level.



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

MEMORANDUM

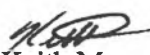
State of Alaska
Department of Administration
Division of Personnel & Labor Relations

To: Nicki Neal
Director

Date: January 19, 2010

Thru: Pam Day
Classification Manager

Phone: 465-8482
Fax: 465-1029
Email: pam.day@alaska.gov

From: 
Keith Murry
Human Resource Specialist

Phone: 465-4074
Fax: 465-1029
Email: keith.murry@alaska.gov

Subject: Executive Administrator, BPA Study

Preamble:

In response to the enactment of AS 08.04.055 the Division of Corporations, Business and Professional Licensing in the Department of Commerce, Community & Economic Development requested a new position to serve as the executive secretary of the Board of Public Accountancy.

Class Analysis:

The new position is responsible for providing administrative support to Board of Public Accountancy, providing professional guidance and assistance to individuals licensed, or seeking license, by the Board; and representing the Board to other state and federal agencies, local and national professional organizations, and local and national regulatory organizations.

The state's classification plan provides for the grouping of positions into job classes when they are sufficiently similar with respect to duties and responsibilities, degree of supervision exercised and received, and entrance requirements so that: 1) the same title can be used to clearly identify each position; 2) the same minimum qualifications for initial appointment can be established for all positions; 3) the same rate of basic pay can be fairly applied to all positions; and 4) employees in a particular class are considered an appropriate group for purposes of layoff and recall. Job classes should be constructed as broadly as is feasible as long as the tests of similarity are met.

The existing job classes covering Executive Administrators of occupational licensing boards are all single-position job classes in the partially exempt service defined by their role in supporting a specific board. The agency has requested the position being created be placed in the partially exempt service. House Bill 315 did not amend AS 39.25.120 (c) or specify the service for the position it authorized; therefore, placing the position in the partially exempt service will require action of the Personnel Board under AS 39.25.130. Until the Personnel Board takes action to extend the partially exempt service the position remains in the classified service. Whether the position is in the classified service or the partially exempt service the tests of similarity dealing with entrance requirements apply. The position's requirement for professional knowledge and

skill in public accountancy, and duties and responsibilities that are significantly different than those that define and distinguish the Accountant class series, supports establishing a new job class.

Class Title:

A class title should be the best descriptive title for the work. It is intended to concisely and accurately convey the kind and level of work performed and should be brief, easily recognized, gender neutral, and understood by potential applicants.

A class study conducted in 2003 included each of the Executive Administrators of occupational licensing boards and changed their class titles from Executive Secretaries. In keeping with this practice the new job class is titled "Executive Administrator, Board of Public Accountancy."

Minimum Qualifications:

The minimum qualifications established for a job class must relate to the knowledge, skills, and abilities needed to perform the work and must not create an artificial barrier to employment of individuals in protected classes. Required training should be limited to the basic formal training that customarily prepares individuals for work in the field. Experience requirements are intended to ensure new employees can successfully perform the work after a period of orientation or familiarization. Required experience should be directly related to the actual duties of positions in the class and should not be equivalent to the work to be performed.

In accordance with AS 08.04.070(h), the Board established the qualifications for the position in 12 AAC 04.145. The minimum qualifications have been established based on the final regulation filed by Lieutenant Governor Treadwell on January 5, 2011, and effective February 4, 2011.

Class Code:

A Class Code is assigned based on the placement of the job class in the classification schematic of Occupational Groups and Job Families. Occupational Groups are made up of related Job Families and encompass relatively broad occupations, professions, or activities. Job Families are groups of job classes and class series that are related as to the nature of the work performed and typically have similar initial preparation for employment and career progression.

Based on the requirement for professional knowledge and experience in accountancy, the class is aggregated to the Accounting and Fiscal job family (PB02) in the Administrative and Office Support Occupational Group.

AKPAY Code:

AKPAY Codes are assigned to job classes for use in legacy computer systems which cannot use the six-digit Class Codes. The new class is assigned AKPAY Code K0097

Fair Labor Standards Act

An employee in the position in this study is covered by the minimum wage and maximum hour provisions of the Fair Labor Standards Act of 1938, as Amended (FLSA). The primary duty of providing professional assistance to the Board of Public Accountancy; requires advanced knowledge in the field of accounting; is in the functional areas of budgeting, finance, purchasing, research, public relations, government relations, and legal and regulatory compliance; and

includes the exercise of discretion and independent judgment in matters of significance. When compensated on a salary basis, an employee in the position is exempt from the overtime and minimum wage requirements of the Act as both a professional and administrative employee.

Salary Analysis:

The salary range of a job class is determined based on internal consistency within the state's pay plans, in accordance with merit principles, with the goal of providing fair and reasonable compensation for services rendered and maintaining the principle of like pay for like work. In evaluating internal consistency, the difficulty, responsibility, knowledge, skills, and other characteristics of a job are compared with job classes of a similar nature, kind, and level in the same occupational group and job family or related job families.

In evaluating the salary range for the new class consideration was given to alignment with other Executive Administrator job classes and the professional accounting job classes.

The executive administrators all perform the typical duties of administering their board's activities (ensuring licensing laws are properly administered; interpreting such laws for applicants and the public; planning, attending, and writing minutes/summaries of board meetings; representing the board before the media, legislature, other state agencies, other state and national regulatory agencies and professional organizations; and conducting research and summarizing results for the board's consideration). The executive administrators that do not have a statutory requirement for professional licensure under their own board's occupational area and are not required to have special expertise in the occupation are at salary range 18.

The executive administrator class that requires special expertise in the occupation licensed and in the work of the licensed professionals (the Executive Administrator, Real Estate Commission) is aligned one range higher, at salary range 19.

The executive director with a statutory requirement for licensure (the Executive Director, Board of Nursing) also has additional duties not typical of other executive administrators (supervision of staff overseeing the chemical dependency program activities and the Certified Nurse Aide program activities, as well as coordination of a statewide group working to ensure an adequate number of nurses are available to work in Alaska). These additional responsibilities, along with consideration of other nursing class in the alignment, resulted in the job class being aligned at salary range 21. (The class is in the Nursing job family and its range was changed to 23 when that job family's ranges were adjusted under the Market Based Pay Policy.)

The Executive Secretary, Board of Public Accountancy is required to possess expertise in public accountancy and apply that expertise to effectively represent the Board, provide guidance to applicants and licensees, and assist in investigations of violations by licensees. The requirement for specialized expertise indicates the Executive Secretary, Board of Public Accountancy, should be aligned at salary range 19.

In the Accounting and Fiscal job family range 19 falls between the advanced professional Accountant (range 18) and the first program administration level Accountant (range 20). The scope of responsibilities in supporting the licensing board, level of independence in decision making, and nature of decisions and recommendations, along with the level of professional

knowledge and skill in accounting required to effectively perform, corroborates the alignment at range 19.

Conclusions:

The new job class "Executive Administrator, Board of Public Accountancy" is established, placed in the Accounting and Fiscal job family, and assigned salary range 19.

The new position submitted for this review is assigned PCN 08-2111 and allocated to the new job class.

The effective date of the above actions is 02/04/2011

Additional correspondence on the allocation of PCN 08-2111 is being distributed through the OPD system.

Attachment:

Final class specification

cc: Don Habeger
Director
Division of Corporations, Business and Professional Licensing
Department of Commerce, Community & Economic Development

Jo Ellen Hanrahan
Director
Division of Administrative Services
Department of Commerce, Community & Economic Development

Sharon Dick
Human Resource Manager
General Agencies HR Resource Center

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