



Memorandum

To: Kate Sheehan
Director

Thru: Keith Murry 
Class Studies Supervisor

From: Rob Weber 
Class Studies Analyst

Date: September 26, 2016

Subject: Financial Examiners Class Study

Introduction

On September 28, 2015 the Division of Personnel & Labor Relations (DOPLR) received plans (position descriptions and draft class specifications) from the from Department of Commerce, Community, Economic Development (DCCED), Division of Banking and Securities to consolidate the Financial Institution Examiner I – IV and Securities Examiner I – II job classes and create an examiner classification unique to the Division’s realignment of programmatic functions and to allow the Division to streamline workload, deploy staff resources to critical functions, and enhance recruitment and retention efforts.

Study Scope

The study scope includes the Financial Institution Examiners I – IV and the Security Examiners I – II job classes, a total of two class series with six job classes. There are thirteen positions across two bargaining units, all positions are currently filled.

Study Contacts

Barbara Reid (Division Operations Manager) is the study contact; Julie Yancey (Human Resources Consultant III) is contact for department Human Resource issues.

Class History

The Financial Institutional Examiner series was initially established in October 1968 as a two level Bank Examiner series responsible for regulating the banking industry in Alaska. The series was later expanded in November 1976 to add a supervisory level and again in October 1978 to add a training level. October 1990 the series title was changed from Bank Examiner I – IV to Financial Institution Examiner I – IV. The Securities Examiner I job class was established in October 1958. The Securities Examiner II and III levels were added in November 1976. In May 1979, Securities

Examiner I was abolished. In May 1983, the Securities Examiner II and III classes were retitled to Securities Examiner I and II.

Class Analysis

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.

This study examined the work of thirteen positions that manage and conduct examinations, enforcement, and educational outreach activities for securities, financial institution charter, and non-depository financial service companies and agents operating in Alaska. The work is distributed across Operations/Licensing, Examination, and Enforcement/Outreach sections and includes multiple programs that provide guidance, information, licensure, and regulatory functions to the regulated community and consumers.

This analysis revealed four distinct levels of work: entry/trainee, journey, advanced, and section chief.

Journey positions exercise independent judgement and discretion in applying banking and securities laws, regulations, and guidance documents to highly analytical and detailed examinations of the regulated community. Positions require research, investigative, communication, and writing skills. Positions are the Examiner-in-Charge on smaller institutional examinations, conduct enforcement tasks, and provide outreach and education services to the regulated community. Positions at this level are typically flexibly-staffed with the lowest level.

Entry or trainee level positions work under direction in reviewing applications for licensure and conducting examinations, enforcement, and other programmatic activities for securities, financial institution charter and non-depository financial service companies under the direction of senior examiners. Positions at this level are typically flexibly-staffed to the journey level.

Advanced level positions utilize comprehensive knowledge and skill in the review and approval of licensure and registrant applications and when conducting examinations, enforcements, and other programmatic activities regulating securities, financial institution charter, and non-depository financial service companies. The work requires significant experience in and knowledge of the financial industry and its' legal and regulatory framework. Incumbents are assigned the most complex and responsible duties and tasks such as Examiner-in-Charge on large multi-state exams, enforcing complex financial fraud enforcement and drafting Enforcement Orders.

The section chiefs manage either the Examination or the Enforcement and Outreach section; supervises professional staff; and may serve as the State's expert on complex and controversial examinations, analyses, and enforcements for the regulation of depositories and other financial services businesses institutions. Supervision is a controlling factor for this level.

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. Financial Examiner describes the work assigned this class; is broad enough to capture the spectrum of work; and is a recognized a standard across the financial and securities industries.

Minimum Qualifications

The minimum qualifications established for the Financial Examiner classes relate to the knowledge, skills, and abilities needed to perform the work. Care was taken to not create artificial barrier to employment of individuals in protected classes. Training is typically present at the entry/trainee level and includes a variety of on-the-job trainings, formalized classroom education, and a formalized training plan and rating criteria that prepares individuals for work at the journey level. The experience requirements for this series were crafted to ensure employees new to the job can successfully perform the program work after a period of orientation. The experience is directly related to the actual duties of positions in the class and is not equivalent to the work to be performed.

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.

Occupational Group PC Business Development and Regulation includes families of classes that advise on, administer, supervise or perform work related to business development and regulation; public utilities trade practices, finances, regulations, and inspections; and taxation and auditing.

Job Family PC02 Business Regulation and Compliance includes classes of positions that administer, supervise or perform work related to the regulation, including financial regulation, of businesses and occupational licensing.

The body of work assigned the Financial Examiner classes continues to meet the defining features of PC02. As this is a new class that combines two existing series, new class codes and AKPAY codes are assigned.

| Job Class | Class Code | AKPAY Code |
|------------------------|-------------------|-------------------|
| Financial Examiner I | PC0271 | K0158 |
| Financial Examiner II | PC0272 | K0159 |
| Financial Examiner III | PC0273 | K0160 |
| Financial Examiner IV | PC0274 | K0161 |

Fair Labor Standards Act

The positions in this study are covered by the minimum wage and maximum hour provisions of the Fair Labor Standards Act of 1938, as Amended (FLSA). While exemption from the provisions of the Act are determined based on the specific circumstances of an individual employee on a work-week

basis, there are general aspects of the classes and their influence on the exemptions for employees in bona fide executive, professional, or administrative positions that can be addressed in general.

The salary threshold and assigned scope of independence, authority, and responsibility to provide professional financial services to the regulated community and its consumers will meet the administrative exemption from overtime for the positions allocated to the Financial Examiner II and III levels. The scope of professional financial services and supervisory responsibilities assigned the positions allocated to the Financial Examiner IV will meet the administrative and executive exemptions for overtime. The Financial Examiner I will not meet the criteria for exemption from overtime.

Internal Alignment – method and analysis

Method

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 (AS 39.25.010(b)(2)).

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. Comparisons with classes in other job families may be made when similarities are sufficient to provide valid relationships, the comparisons within the occupational group are few, and/or when the study class displays characteristics that justify comparisons with another job family. The greater the similarity with the study class, the more weight should be given to the comparable class. Comparisons within the job family are typically given greater weight than comparisons to classes located in other job families.

| Rg | Job Class | Description | Range Characteristics |
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| 17 | Insurance Specialist I (PC0232) | Incumbents receive on-the-job training in industry trends, regulatory matters, and practices of insurers and insurance producers. Incumbents perform tasks to develop the knowledge, techniques, skills, and competency required to perform work at the journey level. | Range characteristics include trainee/entry level assignments; limited authority and responsibility to act independently; and assignments to develop the incumbent’s knowledge and skill in a specific occupational area. |
| | Utility Financial Analyst I (PB0251) | Incumbents work under the direction of higher-level analysts and perform duties to develop familiarity with Commission practices and conducting financial ratemaking audits of utilities and pipeline carriers. Incumbents apply professional accounting practices to complete audits, reviews, and analyses of Power Cost Equalization filings, applications for Certificates of Public Convenience and Necessity, and other utility and pipeline carrier rate-making matters. | |

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| 18 | Communications Common Carrier Specialist I (PC0241) | Incumbents work at the entry/developmental level and distinguished by the responsibility to review and evaluate tariff filings and manage routine to moderate docket investigations. | The range characteristics include entry, journey, advanced, and supervisory levels. Entry and developmental level assignments provide learning and developmental opportunities; decision making authority is limited and work guided by senior staff. Supervisory controls are relaxed at the journey level and incumbents work independently in reviewing tariff advice filings and making subsequent recommendations. Advanced and supervisory levels establish workflow controls and apply advanced knowledge to the most complex assignments and projects. |
| | Consumer Service Supervisor (Insurance) (PC0212) | Incumbents exercise substantial responsibility and authority to establish and implement policies and procedures for organizational operations and guidelines. Incumbents ensure compliance to Alaska Insurance Laws by applying advanced knowledge of state and federal insurance statutes and regulations. | |
| | Utility Tariff Analyst II (PC0257) | Incumbents independently review complex proposed tariff advice filings and make subsequent recommendations to the Commission. The work regularly involves protests from utility representatives, consumers, or consumer groups and regularly requires the preparation of by-direction letters of formal orders. | |
| 19 | Insurance Financial Examiner I (PC0236) | Incumbents perform financial surveillance activities and assist senior examiners in performing complex insurance examination and analysis work and assist in preparing policy, regulatory, or legislative recommendations to management. | The range characteristics include journey level assignments. Work is conducted independently on routine assignments and tasks. Incumbents assist with complex assignments and tasks and knowledgeable and skilled in industry and occupational programing. Also characteristic is reviewing and examining industry practices and activities, regulating market activities, and reviewing and recommending policy changes. |
| | Insurance Specialist II (PC0233) | Incumbents independently review and authorize insurance lines, policy forms, rates, and the rating systems used or proposed for use by insurers. Incumbents initiate and/or conduct studies to analyze factors affecting the availability and stability of insurance markets; conduct or lead market regulation activities; and participate in or conduct public meetings related to insurance products and regulatory compliance. | |
| | Utility Financial Analyst II (PC0252) | Incumbents are assigned docket responsibility for rate cases of narrow to moderate scope and complexity and perform independent audits, reviews, and analysis of Power Cost Equalization filings, tariff filings, and low to moderately complex docketed rate case filings. Incumbents assist higher-level analysts with controversial audits. | |
| 20 | Communications Common Carrier Specialist II (PC0242) | Incumbents independently develop, defend, recommend, and administer policies on tariff and docket cases of routine to moderate complexity. Incumbents review complex cases that are likely to require the development of new telecommunications policy and where complexity is compounded by the need to consider both State and federal jurisdictional issues. | Journey and advanced/supervisory level assignments are characteristic of this range. Incumbents work independently on a range of program work such as |

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| | Utility Tariff Analyst III (PC0258) | This is a single position class. The incumbent supervises analysts and manages the Tariff Section of the Regulatory Commission of Alaska (RAC). The incumbent reviews, or guides the review of, the most complex tariff filing reviews where precedent and policy do not exist. | developing, recommending, and administering policy or conducting the most complex tariff filing reviews. |
| 21 | Insurance Financial Examiner II (PC0237) | Incumbents exercise independent judgment during examinations and serve as the lead examiner in complex insurance regulatory work. Incumbents plan the scope and procedures to be followed for regulatory examinations; interpret the significance of examination findings; and advise supervisors and higher level managers as to policy, regulatory, or legislative implications. | Advanced level work is characteristic of this range. The work at this range requires independent judgement on complex to significantly complex audits, examinations, and analyses. Industry and technical expertise are important to the work conducted at this range as the classes at this range are typically engaged in complex or unusual regulatory factors and/or developing laws, regulation, and policy that will affect how the State monitors and regulates the market. While supervision is not present at this range, positions typically lead audits and reviews. |
| | Insurance Specialist III (PC0234) | Incumbents independently perform or lead the review and examination of the most complex and controversial lines, filings, operational conduct, and regulatory compliance of licensed Alaska insurers and insurance producers. Incumbents are technical experts with substantial industry experience and education in both the Products and Market regulatory functions. | |
| | Utility Financial Analyst III (PC0253) | Incumbents independently perform audits, examinations, and analyses of regulated utilities where the work includes complex or controversial factors such as new or unusual regulatory issues, application of regulatory theory, or analysis of utilities and pipeline carriers with unusually complex accounting systems. | |
| 22 | Communications Common Carrier Specialist III (PC0243) | Incumbents recommend, develop, defend, and administer policies and programs of the highest complexity for the regulation of major communication common carriers. Incumbents serve as staff to federal and state joint boards or joint conferences. Incumbents apply knowledge of economics, accounting, communications technology and engineering, rate development policies, and other telecommunications disciplines. | Characteristics at this range include such elements as knowledge of the regulated market and the regulatory, completing complex regulatory assignments, and developing and defending policies and programs for the regulated industry. Incumbents conduct complex research and analysis on regulatory matters, serve as staff to federal and state joint boards or joint conferences, and present oral testimony on behalf of the State's Attorney General. |
| | Public Advocate Utility Analyst I (PC0259) | Incumbents apply expertise in utility analysis-related disciplines to research, analyze, write testimony, and present oral testimony before the RCA on behalf of the Attorney General as public advocate for utility and pipeline carrier regulatory matters. | |
| 23 | Insurance Financial Examiner III (PC0238) | Incumbents supervise a team of professional examiners. This class is the State's expert on the conduct of the full range of examination and analyses related to the regulation of insurance companies and for final decisions and recommendations to the director for administrative action. | Supervisory responsibility and expert level knowledge are characteristic of this range. Incumbents typically supervise a team or are the section head with responsibility for professional |

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| | <p>Utility Financial Analyst IV (PC0254)</p> | <p>Incumbent is the section head and is responsible for supervising, coordinating, and developing policy for the RCA, Finance Section. Incumbent is the Staff Docket Manager on cases where the financial impact on utilities and pipeline carriers is significant, and directs and performs the most complex rate audits and application reviews and investigations.</p> | <p>examiners. Significant industry and regulatory experience is characteristic of this range. Incumbents are experts in industry practices and engage in and conduct the most complex and controversial audits. Policy development is also characteristic.</p> |
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Analysis

At salary range 17 characteristics are primarily trainee and entry level assignments. Incumbents have limited authority and responsibility to act independently and typically perform assignments to develop knowledge and skill in a specific occupational area. At salary range 18 characteristics include entry, journey, and advanced and supervisory levels. Entry level incumbents work closely with senior staff, have limited decision making authority, and complete training or entry level assignments. At the journey level the supervisory controls are relaxed; incumbents work independently reviewing tariff advice filings and making subsequent recommendations. Advanced/supervisory level incumbents establish workflow controls and apply knowledge to complex assignments and projects.

Financial Examiner I works closely with senior staff in the review, examination, and analysis of financial related information and assignments. Incumbents may complete on-the-job assignments to develop the knowledge and expertise to work at the journey level or complete ongoing entry level work. The circumscribed authority and scope of this work does not meet the broad scope of work characteristic of salary range 18. However the scope of work does align with the level and scope of on-the-job assignments and level of authority to act independently present at salary range 17.

At range 19 incumbents work independently on routine program assignments and tasks; they assist on complex assignments and tasks, and require knowledge and skill in industry and occupational programming. Incumbents conduct audits and examinations of industry practices and activities, regulate market activities, and review and recommend policy changes. Range 20 characteristics include journey and advanced or supervisory level assignments; and require independence to complete program work such as developing, recommending, and administering policy or conducting the most complex tariff filing reviews. Supervision is also characteristic at this range.

Financial Examiner II is journey the level; supervision is not a controlling factor. The work assigned this class does not align to range 20 as supervision and advanced level characteristics are not present. Financial Examiner II does meet the characteristics present at range 19 as the Financial Examiner II completes the routine work of the division, including reviewing and approving license and registrant applications, conducting examinations, and performing other programmatic activities to regulate securities, financial institution charter and non-depository financial service companies.

Advanced level work is characteristic at range 21. The work requires independent judgement, industry and technical expertise. Range characteristics include complex or unusual regulatory factors and developing laws, regulation, and policy to affect how the State monitors and regulates the market activities. Supervision is not present at this range. Advanced work is also characteristic of range 22. The work at this range requires knowledge of the regulated market and structure to

complete complex regulatory assignments, develop and defend policies and programs for the regulated industry, and conduct complex research and analysis on regulatory matters.

Financial Examiner III is an advanced level class. The work at this level does not align to range 20 as supervision is not characteristic of this class. The Financial Examiner III is responsible for complex examinations, investigations, and analyses of financial service industries where incumbents typically function as the Examiner-in-Charge of large multi-state multi-agency examinations and/or complex enforcement issues. This scope of work aligns to the advanced characteristics present at range 21.

At range 23 supervisory responsibility and expert level knowledge are characteristic. Responsibility for supervising a team or section that includes professional examiners is characteristic as is significant industry and regulatory experience. Positions at this range are experts in industry practices, conduct the most complex and controversial cases and decisions, and develop policy.

The scope of work assigned the Financial Examiner IV is similar in scope the characteristics at range 23, including supervising and managing a section of professional staff including personnel issues and scheduling examinations. Similarities also include developing program policy, drafting regulations and statutes, and providing expertise on examinations and analysis.

Study Conclusions

The results include developing a new class structure, specifications, and class coding that is appropriate to the current levels of responsibility and authority for managing and conducting examinations, enforcement, and educational outreach activities for securities, financial institution charter, and non-depository financial service companies and agents operating in Alaska.

The following table summarizes the newly established Job Class and Title, Class and AKPAY Codes, salary ranges, and FLSA.

| Job Classes | Class Codes | AKPAY Codes | Salary Ranges | FLSA |
|------------------------|-------------|-------------|---------------|------|
| Financial Examiner I | PC0271 | K0158 | 17 | N |
| Financial Examiner II | PC0272 | K0159 | 19 | Y |
| Financial Examiner III | PC0273 | K0160 | 21 | Y |
| Financial Examiner IV | PC0274 | K0161 | 23 | Y |

The following table compares the study classes and ranges to the successor classes and ranges.

| Current Job Classes | Salary Ranges | Successor Job Classes | Salary Ranges |
|--------------------------------------|---------------|------------------------|---------------|
| Financial Institutional Examiner I | 17 | Financial Examiner I | 17 |
| Financial Institutional Examiner II | 19 | Financial Examiner II | 19 |
| Financial Institutional Examiner III | 21 | Financial Examiner III | 21 |
| Securities Examiner I | | | |
| Financial Institutional Examiner IV | 22 | Financial Examiner IV | 23 |
| Securities Examiner II | | | |

The effective date for these changes is October 1, 2016. Correspondence on the allocation of study positions is being distributed through the OPD system.

Attachments:

- Final class specifications
- Allocation Spreadsheet

cc: Ms. Kevin Anselm, Director
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