

Greenbook
LBO Analysis of Enacted Budget
Accountancy Board

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LBO Greenbook

Accountancy Board

Quick look...

- The Accountancy Board (ACC) seeks to assure provision of ethical and professional accounting services, overseeing certified public accountants (CPAs), public accountants (PAs), and accounting firms in the state.
- The Board has nine members, appointed by the Governor with Senate consent.
- ACC employs nine, not including board members, and is headed by an executive director.
- ACC’s biennium budget is \$3.7 million, funded from fees on accountants and accounting firms; all funding is non-GRF.
- The budget act ends the Certified Public Accountant Education Assistance Program through which ACC provided scholarships to fifth-year financially needy and minority students seeking to become CPAs.
- In place of this program, the budget expands use of the Certified Public Accountant Education Assistance Fund (Fund 4J80) to increase the number of CPAs, including through scholarships and financial assistance to CPA candidates.

FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Appropriation	FY 2025 Appropriation
Fund 4K90 ALI 889609, Operating Expenses					
\$1,103,543	\$1,108,459	\$1,289,873	\$1,288,582	\$1,343,885	\$1,301,216
% change	0.4%	16.4%	-0.1%	4.3%	-3.2%
Fund 4J80 ALI 889601, CPA Education Assistance					
\$448,552	\$304,623	\$233,852	\$512,745	\$525,000	\$525,000
% change	-32.1%	-23.2%	119.3%	2.4%	0.0%
Total funding:					
\$1,552,095	\$1,413,082	\$1,523,725	\$1,801,327	\$1,868,885	\$1,826,216
% change	-9.0%	7.8%	18.2%	3.8%	-2.3%

Agency overview

The Accountancy Board (ACC) protects the public by requiring that certified public accountants (CPAs) meet specific requirements for licensing, and that CPAs and public accountants (PAs) maintain their competence after licensing.¹ ACC’s mission “is to assure that

¹ Registrations for PAs were issued during 1959 to 1993; no new PA registrations are issued. As of July 14, 2023, 28 PAs were shown as having active license registrations in the eLicense Ohio system.

the services received by Ohio's citizens and businesses from CPAs and PAs licensed by the Board, will always be performed in an ethical and professional manner and to strictly and fairly enforce Ohio's statutes and rules." The agency determines the level of knowledge of all applicants by a computer-based examination. Those who pass the examination and satisfy education and experience requirements are then licensed. They must thereafter meet continuing education requirements to remain licensed. ACC also registers public accounting firms. It investigates violations of law and board rules pertaining to accounting and disciplines licensees.

The Board by statute has nine members appointed by the Governor with the advice and consent of the Senate, including eight CPAs who must meet certain qualifications and one member representing the public. Board members serve seven-year terms, are compensated on an hourly basis for work on board business, and are reimbursed for expenses. ACC employs a staff of nine, not including the board members. Staff members include an executive director, administrators, and investigators.

ACC relies on the Central Service Agency (CSA), in the Department of Administrative Services (DAS), for various services. CSA provides ACC and 23 other boards and commissions with various budgetary, fiscal, payroll, and human resource services. ACC uses DAS's eLicensing system for administration of licenses. ACC is represented in administrative hearings and court proceedings by the Ohio Attorney General's Office.

Analysis of FY 2024-FY 2025 budget

H.B. 33, the main operating budget for the 135th General Assembly, makes four changes to the operation of ACC. Most notably, it ends the Certified Public Accountant Education Assistance Program under which the agency since 1998 has provided financial assistance to minority students and students who demonstrate financial need in the fifth year of college who intend to become CPAs. The Certified Public Accountant Education Assistance Fund (Fund 4J80) may still be used to provide scholarships to college students. Its uses are expanded to other efforts to increase the number of CPAs, including creating and implementing workforce development and attraction programs, assisting with the cost of fees and study materials for the CPA examination, and defraying related administrative costs.

The budget act requires ACC to contract with an Ohio-based statewide membership organization representing CPAs to use the fund for these purposes. This organization must apply to a new entity, the Educational Assistance Committee, to receive money from the fund to use for these purposes. ACC is to create this committee. ACC is responsible for ensuring that at least half of the money disbursed from the fund in each fiscal year is spent on workforce development and attraction programs, and that all money is spent for allowable purposes, to the extent practicable.

The budget act also codifies the \$30 surcharge that ACC assesses on Ohio permit and registration fees owed by holders of a CPA certificate. This is not a change in the amount that ACC charges. The amended wording eliminates a range of surcharge fees the Board may charge based on the number of years for which the permit or registration is issued, instead allowing ACC to prorate the surcharge for permits or registrations that are issued for less than three years. Historically, the surcharge supported the Board's CPA Education Assistance Program. This \$30 surcharge on a three-year permit or registration is in addition to charges of \$150 and \$55, respectively, implying total charges of \$180 for a permit and \$85 for a registration. A permit

allows the holder to practice public accounting; a registration is limited to persons not engaged in the practice of public accounting.

H.B. 33 requires the Accountancy Board to maintain a publicly available and searchable electronic register with certain information regarding each CPA and public accountant holding a license issued by the Board. It eliminates a requirement in prior law for a printed register, and changes the information that must be included in the register. This provision will reduce ACC's costs to publish a printed register annually. Such costs are paid from Dedicated Purpose Fund (DPF) Fund 4K90. ACC previously provided an online licensee lookup capability.

The budget act eliminates a requirement that a person be an Ohio resident, have a place of business in Ohio, or be regularly employed in Ohio to obtain a certified public accountant certificate. This change may result in an increase in fee revenue, likely minimal, to Fund 4K90.

ACC uses two funds. Operations of the Board are paid from Fund 4K90 line item 889609, Operating Expenses. As a regulatory agency, the Board's largest expense is personnel costs, paid from this fund. Scholarships for low-income and minority accounting students have historically been paid from Fund 4J80 line item 889601, CPA Education Assistance. As noted above, use of the latter fund is expanded by the budget act.

Operating revenues and expenses

ACC issues permits and registrations to CPAs and PAs, and registrations to public accounting firms, which are generally renewed every three years. Two-year licenses are issued to new CPAs. One-year permits and registrations are only issued in special circumstances. Fee revenues collected by the Board are deposited into the Occupational Licensing and Regulatory Fund (Fund 4K90). This fund is used by 19 occupational licensing and regulatory boards and commissions, including ACC, as their main operating fund into which receipts are deposited and from which expenses are paid. Each licensing board or commission is expected to generate enough revenues to cover its expenses. In FY 2022, ACC's revenues exceeded expenditures by \$459,938.

Fees for selected permits and registrations administered by ACC are shown in Table 1. In addition, a fee of \$3.50 for each eLicense transaction is charged to help cover the Board's costs.

License Type	Fee
Individual three-year permit fee	\$180
Individual three-year registration fee	\$85
Individual two-year permit fee (newly licensed CPA or return to practice)	\$120
Individual two-year registration fee (newly licensed CPA or return to good standing)	\$56
Individual one-year permit fee (only for return to practice)	\$60
Individual one-year registration fee (only for return to good standing)	\$28
Public accounting firm initial registration fee (varies by firm size)	\$30 to \$180
Public accounting firm three-year registration renewal fee (varies by firm size)	\$90 to \$360
CPA certificate application fee (reciprocity, transfer of grades)	\$100

The Board's FY 2022 annual report shows 21,905 active CPA permits. Companies registered with the Board included 888 that provide financial reporting services and 1,747 tax/consulting firms.

ACC's annual revenues consistently outpace expenses. The data shown in Table 2 are taken from various annual reports, and include amounts both for board operations and for the scholarship program.²

Table 2. Revenues and Expenditures, FY 2017-FY 2022						
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Revenue	\$1,661,789	\$1,567,326	\$1,947,379	\$1,857,612	\$1,680,388	\$1,983,664
Expenses	\$1,325,438	\$1,475,575	\$1,553,989	\$1,552,095	\$1,403,160	\$1,523,725
Net	\$336,351	\$91,751	\$393,390	\$305,517	\$277,227	\$459,938

ACC began using eLicense Ohio in April 2018. The eLicense Ohio system is used for issuing and managing professional and occupational licenses by 23 state boards and commissions.

Investigation and enforcement

ACC's regulatory functions include investigating complaints about alleged violations. Complaints include unethical conduct, unlicensed practice, firms operating without being registered, and retention of client records. ACC employs two full-time investigators. If a licensee or firm fails to renew a license, ACC investigators make a field call to determine if an individual or firm is practicing without a license. Violators may be referred to county or city prosecutors. To aid enforcement, ACC investigators prepare packets for local prosecutors with the relevant information on each case, helping prosecutors to follow up with charges.

ACC/zg

² The expense total for FY 2021 shown in Table 2 and in ACC's annual report differs from the figure for actual expenses in the Ohio Administrative Knowledge System, shown in the "Quick Look" table above. LBO does not know the reason for this difference.