

Redbook
LBO Analysis of Executive Budget Proposal
Accountancy Board

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LBO Redbook

Accountancy Board

Quick look...

- The Accountancy Board (ACC) seeks to assure the provision of accounting services to Ohioans in an ethical and professional manner, by overseeing certified public accountants (CPAs), public accountants (PAs), and accounting firms in the state.
- ACC provides scholarships and other financial assistance to low-income and minority students seeking to become CPAs.
- The Board consists of nine members appointed by the Governor with consent of the Senate.
- Overseen by an executive director, ACC employs nine, not including the board members.
- The executive budget recommends appropriations totaling \$3.3 million over the biennium.
 - All funding is non-GRF, from fees charged to accountants and accounting firms.
 - Uses of the budget: 67% for personnel cost, 16% for scholarships and workforce development, and 15% for supplies and maintenance, with small amounts (less than 1% each) for purchased personal services, equipment, and transfers and nonexpense.

FY 2022 Actual	FY 2023 Actual	FY 2024 Actual	FY 2025 Estimate	FY 2026 Introduced	FY 2027 Introduced
Fund 4K90 ALI 889609, Operating Expenses					
\$1,289,873	\$1,288,582	\$1,183,684	\$1,301,216	\$1,359,075	\$1,400,531
% change	-0.1%	-8.1%	9.9%	4.4%	3.1%
Fund 4J80 ALI 889601, CPA Education Assistance					
\$233,852	\$512,745	\$483,466	\$525,000	\$260,000	\$275,000
% change	119.3%	-5.7%	8.6%	-50.5%	5.8%
Total funding:					
\$1,523,725	\$1,801,327	\$1,667,150	\$1,826,216	\$1,619,075	\$1,675,531
% change	18.2%	-7.4%	9.5%	-11.3%	3.5%

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 the services received by Ohio’s citizens and businesses from CPAs and PAs licensed by the Board,

¹ Registrations for PAs were issued during 1959 to 1993; no new PA registrations are issued. As of June 2024, 28 PAs remained registered.

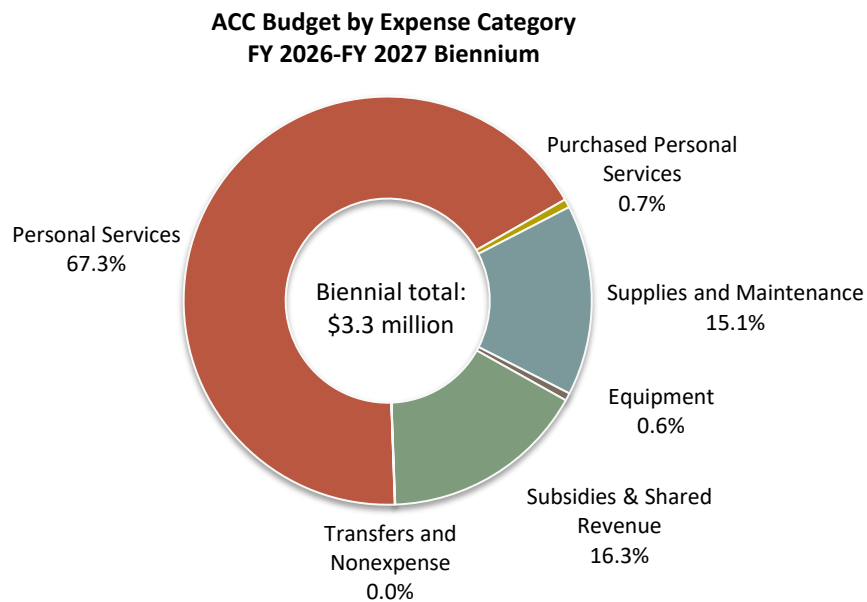
will always be performed in an ethical and professional manner and to strictly and fairly enforce Ohio’s statutes and rules.” The agency determines the level of knowledge of all applicants by a computer-based examination. Those who pass the examination and satisfy education and experience requirements are then licensed. Certified accountants must thereafter meet continuing education requirements to remain licensed. The agency also provides financial assistance to students who intend to become CPAs and engages in activities to attract more people to the profession. ACC registers public accounting firms and investigates violations of law and board rules pertaining to accounting and disciplines licensees. The agency provides financial assistance to minority or financially needy students in the fifth year of college who intend to become CPAs.

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) for various services. CSA provides ACC and other boards and commissions with various budgetary, fiscal, payroll, and human resource services. ACC uses the eLicensing system, within the Department of Administrative Services, for administration of licenses. ACC is represented in administrative hearings and court proceedings by the Ohio Attorney General’s Office.

Analysis of FY 2026-FY 2027 budget proposal

Operations of the Board are paid from Fund 4K90 line item 889609, Operating Expenses. The cost of implementing workforce development programs and providing scholarships and other financial assistance for accounting students are paid from Fund 4J80 line item 889601, CPA Education Assistance. The chart below shows the biennial recommendations for the Board by expense category.



As a regulatory agency, the Board's largest expense is personnel costs, accounting for 67.3% of the recommended budget for the biennium. Another 16.3% of the total is slated for the Board's CPA Education Assistance Scholarship Program, shown in the chart as subsidies. The remaining amounts are allocated for supplies and maintenance (15.1%), purchased personal services (0.7%), equipment (0.6%), and transfers and nonexpense (0.03%).

Operating revenues and expenses

The Board issues permits (active licenses) and registrations (inactive licenses) to CPAs and PAs, and registrations to public accounting firms, which are generally renewed on a triennial basis. The base individual license fee for CPAs and PAs was increased by the Board in October 2018 after being held unchanged since 1994, apart from surcharges to support the Board's CPA Education Assistance Scholarship Program. Three-year permits and registrations are the most commonly issued. 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). Other state occupational licensing and regulatory boards and commissions, including ACC, use Fund 4K90 as their main operating fund into which receipts are deposited and from which expenses are paid. Although this is a common funding pool, each licensing board or commission is expected to generate enough revenues to cover its expenses. In FY 2024, ACC's revenues exceeded expenditures by \$172,958.

Fees for various 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.

Table 1. Ohio License Fees by Type	
License Type (Individual)	Fee
Three-year permit fee	\$180
Three-year registration fee	\$85
Two-year permit fee (newly licensed CPA or return to practice)	\$120
Two-year registration fee (newly licensed CPA or return to good standing)	\$56
One-year permit fee (only for return to practice)	\$60
One-year registration fee (only for return to good standing)	\$28
License Type (Public Accounting Firm)	Fee
Initial registration fee (one to four CPAs)	\$30
Initial registration fee (five to nine CPAs)	\$90
Initial registration fee (ten or more CPAs)	\$180
Three-year registration renewal fee (one to four CPAs)	\$90
Three-year registration renewal fee (five to nine CPAs)	\$180
Three-year registration renewal fee (ten or more CPAs)	\$360

Miscellaneous	Fee
CPA certificate application fee (reciprocity, transfer of grades)	\$100
License Verification Fee	\$25
Mail-In Fee	\$5

The Board's FY 2024 annual report shows 20,505 active CPA permits. Companies registered with the Board included 867 that provide financial reporting services and 1,819 tax/consulting firms. An individual engaged in the practice of public accounting in Ohio is required to hold a permit. Persons with a CPA or PA designation who are not engaged in the practice of public accounting may obtain a registration. All new licenses issued to individuals are CPA certificates. In FY 2024, 642 CPAs were certified. No new PA licenses have been issued since 1993, and few persons with this designation remain registered.

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

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Revenue	\$1,947,379	\$1,857,612	\$1,680,388	\$1,983,664	\$1,831,544	\$1,840,108
Expenses	\$1,553,989	\$1,552,095	\$1,410,629	\$1,523,725	\$1,801,327	\$1,667,150
Net	\$393,390	\$305,517	\$269,759	\$459,938	\$30,218	\$172,958

From year to year, ACC's 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.

Licenses and investigation and enforcement statistics

ACC's regulatory responsibility includes investigating complaints concerning alleged violations. Complaints include unethical conduct, unlicensed practice, firms operating without being registered, and retention of client records. According to the Board's FY 2024 annual report, a total of 839 cases were opened during the year and 783 cases were closed. As of June 30, 2024, 39 cases remained open. 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. If so, violators may be referred to county or city prosecutors. Investigators conducted 110 field calls in FY 2024. To aid enforcement, ACC investigators prepare packets for local prosecutors with the relevant information on each case, helping prosecutors to follow up with charges.

CPA Education Assistance

Appropriation item 889601, CPA Education Assistance, funds the Board's scholarship program, which provides scholarships to students attending a college or university in this state who are citizens of the United States or who are lawfully admitted for permanent residence. To be awarded funding, applicants are required by administrative rule to certify that they will take the CPA examination within two years of the final scholarship grant payment. The program is supported by a \$10 per year license surcharge on permits and registrations.² The fund also provides financial assistance to individuals who meet the educational requirements to obtain a CPA certificate for the costs associated with obtaining a CPA certificate, and may be used to create and implement workforce development and attraction programs and engage in efforts to increase the number of CPAs in the state.

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² Division (H) of R.C. 4701.10 and Ohio Administrative Code 4701-17-08.