

LSC Greenbook

Analysis of the Enacted Budget

Accountancy Board

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ATTACHMENT:

Budget Spreadsheet By Line Item

Accountancy Board

- Funding of about \$1.2 million per fiscal year
- Provides oversight for CPAs, PAs, and accounting firms

OVERVIEW

The mission of the Accountancy Board (ACC) is to protect the public interest by requiring that all persons who desire to become Certified Public Accountants (CPAs) meet specific qualifications for entry into the profession and that CPAs and Public Accountants (PAs) maintain competence after they are licensed. The Board 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 in order to remain licensed. The Board also registers public accounting firms.

The Board's governing authority consists of nine members appointed by the Governor, including eight CPAs who must meet certain qualifications and one member representing the public. Board members receive a per diem in an amount fixed by state law as well as reimbursement for actual and necessary expenses. Day-to-day operations are managed by an executive director and eight additional staff members, including two investigators. The Board receives no funding from the GRF. Its operations are completely supported by fee revenue.

Appropriation Overview

The budget appropriates \$1,177,200 in FY 2012 and \$1,177,500 in FY 2013. Expenditures in FY 2011 totaled \$1,143,674. The FY 2012 appropriations are 2.9% greater than FY 2011 expenditures. Both appropriation line items are in the General Services Fund group.

Fee Revenues and Fund 4K90

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 statutory license fee for CPAs and PAs has not increased since 1991. In addition to the permit or registration fee, there is a surcharge of \$10 per license year, equating to an overall surcharge of \$30 for a three-year permit or registration. This amount provides funding for the Board's 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.

Table 1. Accountancy Board Fees		
Individuals		
License Type	2-Year (newly licensed CPA's)	3-Year
Permit	\$100	\$150
Registration	\$36	\$55
Firms		
Initial Registration	\$10 (18+ months)	
Registration Renewal	\$30 (3 years)	

Fee revenues collected by the Board are deposited into the Occupational Licensing and Regulatory Fund (Fund 4K90) established by H.B. 152 of the 120th General Assembly. Thirty-two occupational licensing and regulatory boards and commissions, including the Accountancy Board, 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.

Table 2 shows ACC's revenues and expenditures over the FY 2008-FY 2011 period, and shows that, as in the past, revenues exceeded expenditures over this four-year span. Three-year license renewals, which account for the bulk of revenue, are staggered to ensure a regular cash flow year to year. Amounts shown for FY 2008-FY 2010 are from Board annual reports, and those for FY 2011 are from OAKS reports.

Table 2. Revenues and Expenditures, FY 2008-FY 2011				
	FY 2008	FY 2009	FY 2010	FY 2011
Revenues	\$1,452,170	\$1,445,961	\$1,524,387	\$1,611,736
Office Expenses	\$948,045	\$910,880	\$929,815	\$933,674
Scholarship Payments	\$62,233	\$120,657	\$101,502	\$210,000
Excess of Revenues over Expenses	\$441,892	\$414,424	\$493,070	\$468,061

ANALYSIS OF ENACTED BUDGET

ACC's operations are funded by a single item appropriation from the General Services Fund Group. A second line item is used to fund CPA education assistance scholarships to needy students. The table below shows the amounts appropriated for each of these line items.

Funding for the Accountancy Board				
Fund	ALI and Name		FY 2012	FY 2013
General Services Fund Group				
4J80	889601	CPA Education Assistance	\$200,000	\$200,000
4K90	889609	Operating Expenses	\$977,200	\$977,500
General Services Fund Group Subtotal			\$1,177,200	\$1,177,500
Total Funding: Accountancy Board			\$1,177,200	\$1,177,500

Operating Expenses (889609)

This line item funds the Accountancy Board's operating expenses. It is supported by license fees and other assessments deposited in Fund 4K90. The appropriations – \$977,200 in FY 2012 and \$977,500 in FY 2013 – exceed expenditures in FY 2011 of \$933,674 and appear adequate to allow the Board to maintain current service and staffing levels. The FY 2012 appropriation is 4.7% greater than FY 2011 spending, while the FY 2013 appropriation is less than 0.1% greater than FY 2012. The Board issues two types of licenses. Individuals engaged in the practice of public accounting in Ohio are 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; no new PA licenses have been issued since 1993.

The Board's regulatory responsibility includes investigating complaints concerning alleged violations. The most frequent complaints include unethical conduct, unlicensed practice, firms operating without being registered, and retention of client records. If a licensee or firm fails to renew a license, the Board sends its investigators on 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. 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 (889601)

This line item funds the CPA education assistance program, which provides scholarships to low-income and minority students in their fifth year of accounting study required for the CPA certificate. The budget appropriates \$200,000 in each fiscal year

for this program, compared with spending in FY 2011 of \$210,000, a reduction of 4.8%. This line item makes up about 17% of ACC's overall budget. The program is supported by a \$10 per year license surcharge. The amounts of each scholarship vary by the applicant's financial need.

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FY 2012 - FY 2013 Final Appropriation Amounts

All Fund Groups

Line Item Detail by Agency			FY 2010	FY 2011	Appropriations FY 2012	FY 2011 to FY 2012 % Change	Appropriations FY 2013	FY 2012 to FY 2013 % Change
Report For Main Operating Appropriations Bill			Version: Enacted					
ACC Accountancy Board of Ohio								
4J80	889601	CPA Education Assistance	\$ 101,502	\$ 210,000	\$ 200,000	-4.76%	\$ 200,000	0.00%
4K90	889609	Operating Expenses	\$ 902,386	\$ 933,674	\$ 977,200	4.66%	\$ 977,500	0.03%
General Services Fund Group Total			\$ 1,003,888	\$ 1,143,674	\$ 1,177,200	2.93%	\$ 1,177,500	0.03%
Accountancy Board of Ohio Total			\$ 1,003,888	\$ 1,143,674	\$ 1,177,200	2.93%	\$ 1,177,500	0.03%