

# HOUSE BILL REPORT

## SSB 5534

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**As Reported by House Committee On:**  
Higher Education

**Title:** An act relating to creating a certified public accounting scholarship program.

**Brief Description:** Creating the certified public accounting scholarship program.

**Sponsors:** Senate Committee on Higher Education (originally sponsored by Senators Bailey, Kohl-Welles, Hill, Conway, Rivers, Rolfes, Hargrove and Chase).

**Brief History:**

**Committee Activity:**

Higher Education: 3/24/15, 3/31/15 [DPA].

**Brief Summary of Substitute Bill  
(As Amended by Committee)**

- Creates the Certified Public Accounting (CPA) Scholarship Program to increase the number of students pursuing the CPA license in Washington.
- Requires the Board of Accountancy to contract with the Washington CPA Foundation to administer the Scholarship Program.

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### HOUSE COMMITTEE ON HIGHER EDUCATION

**Majority Report:** Do pass as amended. Signed by 13 members: Representatives Hansen, Chair; Pollet, Vice Chair; Zeiger, Ranking Minority Member; Haler, Assistant Ranking Minority Member; Bergquist, Gregory, Hargrove, Holy, Reykdal, Sells, Stambaugh, Tarleton and Van Werven.

**Staff:** Megan Wargacki (786-7194).

**Background:**

Public-Private Scholarship Programs.

The Opportunity Scholarship Program is a public-private scholarship program in Washington. An 11-member board appointed by the Governor provides oversight and guidance for the scholarship program. The Washington Student Achievement Council

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(WSAC) contracts with a nonprofit organization to staff the board and administer the scholarship program. The program provides scholarships to help low- and middle-income Washington residents earn degrees in high employer demand and other programs of study.

#### Board of Accountancy.

The Board of Accountancy (Board) regulates the practice of public accounting in Washington under the Public Accountancy Act (Act). The Board is composed of nine members appointed by the Governor for three-year terms. The executive director of the Board is also appointed by the Governor. The Board licenses both individual certified public accountants (CPAs) and CPA firms who meet standards established by law and by the Board. The Board has rule-making, investigative, and disciplinary authority. The Board sets fees to pay the costs of administering the Act.

The Board sets fees at a level adequate to pay the costs of administration. These fees are deposited in the CPA account. Appropriation from this account must be made only for the costs of administration

#### Washington CPA Foundation.

The Washington CPA Foundation (Foundation) is a charitable organization established "to provide scholarships for college-level accounting students and to enhance the knowledge within the accounting profession." The Washington Society of CPAs is a related organization. The Foundation awards scholarships to eligible accounting students based on merit. The requirements include: junior status or higher; a grade point average of 3.0 or higher in accounting courses and overall; acceptance into an accounting program at accredited four-year college or university in Washington; and involvement in on-campus, off-campus, or community activities. The scholarships are a minimum of \$3,000, non-renewable, and for tuition only.

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#### **Summary of Amended Bill:**

The CPA Scholarship Program (Scholarship Program) is established to increase the number of students pursuing the certified public accounting license in Washington.

#### Scholarships.

Scholarships are awarded to eligible students based on merit, and without regard to age, gender, race, creed, religion, ethnic or national origin, or sexual orientation. The Foundation is encouraged to consider the level of financial need demonstrated by applicants who otherwise meet merit-based scholarship criteria during the selection process.

"Eligible student" is defined as a student who is enrolled at an accredited Washington-based college or university, has a declared major in accounting, and is entering his or her junior year or higher. "Eligible student" includes community college transfer students, Washington residents pursuing online accounting degrees, students pursuing master's degrees in accounting or tax, and students pursuing doctorate degrees in accounting.

Scholarships are awarded to students for one year. Qualified applicants may reapply in subsequent years. Scholarships must not exceed the student's tuition and fees, and must be paid directly to the student's college or university.

#### Administration.

The Board is required to contract with the Foundation to administer the Scholarship Program. The Board must provide oversight and guidance for the Scholarship, and negotiate a reasonable administrative fee for the Foundation's services.

The Foundation is required to establish a separate scholarship award account to receive state funds and from which to disburse scholarship awards. The Foundation must manage and invest funds in its account to maximize returns at a prudent level of risk. Scholarships must not exceed the net balance of the Foundation's account.

The Foundation is also required to develop an application, selection, and notification process for the Scholarship Program. The Foundation must determine the scholarship amounts for the students, and distribute the awards to their colleges and universities. In addition, the Foundation must notify the WSAC and colleges and universities of enrolled program participants, and inform them of the terms and conditions of the scholarship award.

Other duties include maintaining books and records of the Foundation's account, making assessments of reasonable educational expenses, and promoting the Scholarship Program.

#### Dedicated Account.

The CPA Scholarship Transfer Account (Account) is created. Revenues to the Account must be appropriations and gifts, grants, or donations received by the Board for the Scholarship Program. Expenditures may be used solely for scholarships and administration of the Scholarship Program. Only the Board's director or the director's designee may authorize expenditures from the Account. The Account is not subject to allotment, and an appropriation is not required for expenditures.

#### Annual Report.

The Foundation must report to the Board regarding the Scholarship Program by January 1, 2016, and each January 1 thereafter. The report must include an accounting of receipts and disbursements from the Foundation's account, a list of students and scholarship amounts, and other outcome measures necessary for the Board to assess the Scholarship Program.

#### Certified Public Accountants' Account.

Appropriations from the CPA Account may be made for the purpose of administering the Scholarship Program.

#### **Amended Bill Compared to Substitute Bill:**

The Foundation is encouraged to consider the level of financial need demonstrated by applicants who otherwise meet merit-based scholarship criteria during the selection process. The Foundation must notify the WSAC of enrolled program participants and inform them of the terms and conditions of the scholarship award, in addition to colleges and universities.

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**Appropriation:** None.

**Fiscal Note:** Available. New fiscal note requested on March 31, 2015.

**Effective Date of Amended Bill:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.

**Staff Summary of Public Testimony:**

(In support) The Board wants to use its extra funds to offer a scholarship. This bill will help prepare more CPAs. The Foundation is supportive of the amendments made in the House companion bill, which encouraged the consideration of financial need when awarding scholarships.

(Opposed) None.

**Persons Testifying:** Senator Bailey, prime sponsor; Lisa Thatcher and Kimberly Scott, Washington Society of Certified Public Accountants.

**Persons Signed In To Testify But Not Testifying:** None.