

SENATE BILL REPORT

SSB 5534

As Amended by House, April 15, 2015

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: 2/10/15, 2/12/15 [DPS, w/oRec].

Passed Senate: 3/09/15, 45-4.

Passed House: 4/15/15, 98-0.

SENATE COMMITTEE ON HIGHER EDUCATION

Majority Report: That Substitute Senate Bill No. 5534 be substituted therefor, and the substitute bill do pass.

Signed by Senators Bailey, Chair; Baumgartner, Vice Chair; Kohl-Welles, Ranking Minority Member; Becker and Liias.

Minority Report: That it be referred without recommendation.

Signed by Senator Frockt.

Staff: Evan Klein (786-7483)

Background: Certified Public Accountants. Certified public accountants (CPAs) are those members of the officially accredited professional body of accountants, certified to practice accounting. The Washington Board of Accountancy (Board) governs the practice of public accountants in the state. In Washington, to be licensed as a CPA, an individual must:

1. be of good moral character;
2. meet educational standards established by rule;
3. pass an exam;
4. gain one year of practical experience;
 - a. through the use of accounting, issuing reports on financial statements, management advisory, financial advisory, tax, or consulting skills;
 - b. while employed in government, industry, academia or public practice; and

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- c. meeting the competency requirements in a manner as determined by the Board; and
5. pay a fee.

Washington Board of Accountancy. The Board consists of nine members appointed by the Governor including six who have been licensed CPAs in Washington for the preceding ten years. Three members are qualified public members. Members are appointed for terms of three years. The Board collects licensure fees from CPAs practicing in Washington State. Currently, the fees that are collected can only be used for the costs of administering licenses, Board administration, keeping records, and other actions by the Board.

Washington CPA Foundation. The Washington CPA Foundation (Foundation) is part of the Washington Society of Certified Public Accountants, which is an organization dedicated to serving professional needs of CPAs, educating consumers about CPAs and their services, and encouraging students to study accounting and enter the profession. The Foundation uses endowment funds to provide scholarships to accounting students attending Washington universities.

Summary of Substitute Bill: A certified public accounting scholarship (Scholarship) is established.

Scholarships are awarded to eligible students based on merit. Scholarships are awarded every year. Scholarship awards are for one academic year, and may be reapplied for annually. A scholarship for any program participant must not exceed the cost of tuition and fees.

Eligible students are those students enrolled at an accredited Washington-based college or university with a declared major in accounting, entering their junior year or higher. This includes community college transfer students, residents of Washington pursuing an online degree in accounting, and students pursuing a masters in tax or accounting, or a Ph.D. in accounting.

The Board must contract with the Foundation to develop and administer the program.

The Foundation must establish a separate scholarship award account to receive state funds and disburse scholarship awards. The Foundation must also annually report to the Board an accounting of receipts and disbursements, a list of program participants, and other outcome measures necessary to assess the impact of the program.

The Board, institutions of higher education, the student achievement council, and other organizations must promote and publicize the program.

A certified public accounting transfer account is also created in the custody of the State Treasurer to be used for scholarships and the administration of the program.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: The state needs to ensure that the future supply of CPAs meets demand. It isn't easy or inexpensive to become a CPA. The fifth year of study to become a CPA makes the dream of becoming a CPA very expensive. CPAs are aging and CPA demand is expected to grow. This proposal would help address the coming CPA shortage. There is a positive fund balance with the Washington State Board of Accountancy, from license fees, and this proposal would avoid these license fees being swept up by the budget.

Persons Testifying: PRO: Senator Bailey, prime sponsor; Brett Jordan, WA CPA Foundation, Chair; Heather Fitzpatrick, MarketFitz, Inc.; Kimberly Scott, WA Society of CPAs; Ryan Cranke, University of WA.

House Amendment(s): Encourages the CPA Foundation to consider the level of financial need demonstrated by applicants who otherwise meet merit-based scholarship criteria during the selection process. Requires the CPA Foundation to notify the Washington Student Achievement Council of enrolled program participants and inform them of the terms and conditions of the scholarship award, in addition to colleges and universities.