

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: SB 577

SHORT TITLE: CPA Education Requirements

SPONSOR(S): Senators Hoyle, Carpenter, Cochrane, Gulley, Perdue, Rand, Soles, Webster, and Cooper

FISCAL IMPACT: Expenditures: Increase (X) Decrease ()
Revenues: Increase () Decrease ()
No Impact ()
No Estimate Available ()

FUNDS AFFECTED: General Fund (X) Highway Fund () Local Fund ()
Other Fund ()

BILL SUMMARY: AMEND THE EDUCATIONAL REQUIREMENTS FOR CERTIFIED PUBLIC ACCOUNTANTS. Amends GS 93-12(5) to specify that for purposes of determining eligibility to take the State CPA exam, a person must submit evidence to the NC Bd. of Certified Public Accountant Examiners that he has a BS degree (with a concentration in accounting or substantially equivalent course of study) from an accredited institution or from a Board-deemed equivalent institution. Requires that for purposes of eligibility to receive a CPA certificate , a person show evidence of completion of 150 semester hours including a BS degree with a concentration in accounting (and any other course work as required by Board rule) from an accredited institution. Effective January 1, 2001. (SOURCE: Daily Bulletin)

EFFECTIVE DATE: 1/1/2001

PRINCIPAL DEPARTMENT(S)/PROGRAM(S) AFFECTED:
University of North Carolina; Community Colleges

Table with columns: EXPENDITURES, REVENUES/RECEIPTS, FISCAL IMPACT (FY 96, FY 97, FY 98, FY 99, FY 00). Rows include RECURRING and NON-RECURRING for both categories.

POSITIONS: Perhaps some additional faculty based on additional full-time equivalent enrollment.

ASSUMPTIONS AND METHODOLOGY:

1. The number of students in accounting and the proportion seeking to take the CPA examination will remain constant. There were 673 baccalaureate graduates in 1993-94, with an estimated 75% expected to take the CPA exam. Approximately 30 of the graduates were in a UNC graduate school this fall.

While the number of accounting majors has declined by 16% since 1991, the current projections for significant increases in the number of high school graduates who will go on to college mean that the estimates contained here are conservative.

2. Cost projections are in current dollars with no allowance for inflation.
3. The UNC Board of Governors will not increase the requirements for graduation for a baccalaureate degree in accounting beyond 128 hours, based on recent actions to reduce the time to graduation.
4. The great majority of additional coursework required of students receiving a bachelor's degree in accounting from a UNC institution will be taken at a UNC institution. For the purposes of this estimate, the assumption is that 90% of the coursework will be taken at UNC campuses, and 10% will be taken at community colleges. While some students may take the additional courses at private colleges, those numbers are assumed to be offset by students shifting from private to public colleges for the extra work.

The additional coursework equates to an additional 238 full-time equivalent (FTE) students in the UNC system and 29 additional FTE in the Community College system.

5. The average UNC accounting graduate would need at least 16 additional credit hours to reach the 150 hour milestone; this number varies significantly from campus to campus.
6. Five percent of the students needing additional courses and not currently going into a master's program will now enter master's programs.
7. Students will begin to take the additional courses in the year 1999-2000 just prior to the effective date of the legislation.
8. The full cost upon implementation will be \$1,089,000 for additional enrollment cost for the UNC system and \$89,000 for additional enrollment for the Community College system, for a total cost of \$1,178,000 annually in current dollars.

9. There are no assumptions about the cost of establishing new master's programs contained in these estimates.

SOURCES OF DATA: UNC Board of Governors General Administration staff, UNC student data files, Department of Community Colleges, Fiscal Research Division files, N.C. Association of Certified Public Accountants

TECHNICAL CONSIDERATIONS:

There are currently 13 UNC campuses offering a bachelors degree in accounting, a campus has an accounting track in its business program, six schools have master's programs in accounting, and two campuses have been approved by the UNC Board of Governors to plan a master's degree in accounting.

FISCAL RESEARCH DIVISION

733-4910

PREPARED BY: Jim Newlin

APPROVED BY: Tom Covington

DATE: April 19, 1995

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