

**STATE OF CALIFORNIA – DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY
NOTICE OF PROPOSED CHANGES IN THE REGULATIONS**

TITLE 16. DIVISION 1. CALIFORNIA BOARD OF ACCOUNTANCY

NOTICE IS HEREBY GIVEN that the California Board of Accountancy (CBA) is proposing to take the action described in the Informative Digest. Any person interested may present statements or arguments orally or in writing relevant to the action proposed at a hearing to be held as follows:

Public Hearing for Proposed Changes to Division 1 of Title 16, Article 1, Section 2.8 of
the California Code of Regulations
Hosted by the California Board of Accountancy

<https://dca-meetings.webex.com/dca-meetings/j.php?MTID=m57d7b5d28eb64253c898bf68f1c2a725>

Tuesday, Dec 28, 2021 10:00 am | 2 hours | (UTC-07:00) Pacific Time (US & Canada)

Event number: 2498 506 6490

Event password: Accountancy (22268682 from phones)

Agenda: Public hearing to receive comments on the proposed changes to Division 1 of
Title 16, Article 1, Section 2.8 of the California Code of Regulations regarding the
Definition of Satisfactory Evidence

Join by phone
+1-415-655-0001 US Toll
Access code: 249 850 66490

Written comments, including those sent by mail, facsimile, or e-mail to the addresses listed under Contact Person in this Notice, must be received by the CBA at its office by **5:00 p.m., Tuesday, December 28, 2021**, or must be received by the CBA at the hearing. The CBA, upon its own motion or at the request of any interested party, may thereafter adopt the proposals substantially as described below or may modify such proposals if such modifications are sufficiently related to the original text. With the exception of technical or grammatical changes, the full text of any modified proposal will be available for 15 days prior to its adoption from the person designated in this Notice as contact person and will be mailed to those persons who submit written or oral testimony related to this proposal or who have requested notification of any changes to the proposal.

Authority and Reference: Pursuant to the authority vested by section 5010 of the Business and Professions Code (BPC), and to implement, interpret or make specific sections 5092, 5093, 5094, 5094.3, and 5094.6 of the BPC, the CBA is considering changes to Division 1 of Title 16, Article 1, Section 2.8 of the California Code of Regulations (CCR) as follows:

INFORMATIVE DIGEST

A. Informative Digest

BPC section 5010 authorizes the CBA to adopt regulations as may be reasonably necessary and expedient for the orderly conduct of its affairs and for the administration of this chapter. The regulations are in existence to establish the current requirements that must be met for examination, licensing, license renewal, and enforcement. These regulations are referenced by CBA staff, stakeholders, licensees, consumers, as well as other government organizations to determine various regulatory requirements regarding the accounting profession in California.

BPC section 5094 requires education to be earned from a degree-granting university, college, or other institution of higher learning accredited by a regional or national accrediting agency. Education earned from a college, university, or other institution of learning located outside the United States may be qualifying if determined by the CBA to be equivalent to education earned in the United States. The CBA, as provided for by BPC section 5094, has individuals submit documentation to credential evaluation services to assess the educational equivalency.

BPC sections 5092 and 5093 outline various requirements for CPA licensure, including that applicants for licensure shall meet specified education, examination, and experience requirements. These sections require that applicants meet minimum educational requirements both for examination and licensure and that applicants shall present satisfactory evidence of the education being completed from a degree-granting university, college, or other institution of higher learning accredited by a regional or national accrediting agency.

BPC sections 5094.3 and 5094.6 specify additional educational requirements that applicants for CPA licensure must meet as required by BPC section 5093. These are commonly referred to as ethics study and accounting study, respectively.

Applicants for admission to the Uniform CPA Examination (CPA Exam) and those applying for CPA licensure are required to meet specified education. The education must be granted by degree-granting universities, colleges, or other institutions of higher learning. Documentation that applicants have met the specified educational requirements must meet the CBA's satisfaction.

The regulatory proposal is as follows:

Amend Title 16, CCR Section 2.8

Section 2.8 currently defines satisfactory evidence for the purposes of demonstrating completion of the educational requirements. Presently, this requires educational institutions, except in unusual circumstances, to send certified transcripts directly to the CBA by mail.

The CBA proposes to update the definition for satisfactory evidence as it relates to meeting the educational requirements for applicants applying for admission to the CPA Exam and CPA licensure by streamlining how the CBA may receive certified transcripts, including the ability to receive certified transcripts via electronic transmission by the educational institution.

B. Policy Statement Overview/Anticipated Benefits of Proposal

This regulatory proposal would provide flexibility and additional pathways to applicants for examination or licensure when submitting satisfactory evidence of their education. This regulatory proposal would also lessen delays in CPA Exam and licensure application processing by improving the efficiency of the process for submitting to the board satisfactory evidence of education.

C. Consistency and Compatibility with Existing State Regulations

During the process of developing these regulations and amendments, the CBA has conducted a search of any similar regulations on this topic and has concluded that these regulations are neither inconsistent nor incompatible with existing state regulations.

INCORPORATION BY REFERENCE

None

FISCAL IMPACT ESTIMATES

Fiscal Impact on Public Agencies Including Costs or Savings to State Agencies or Costs/Savings in Federal Funding to the State:

The proposed regulations do not result in a fiscal impact to the state.

Because the CBA currently requires educational transcripts to be submitted and reviewed during the license application process, the amendments authorizing transcripts to be submitted electronically is not anticipated to result in additional workload or costs to the state.

Nondiscretionary Costs/Savings to Local Agencies:

None

Local Mandate:

None

Cost to Any Local Agency or School District for Which Government Code Sections 17500 - 17630 Require Reimbursement:

None

Business Impact:

The CBA has made an initial determination that the proposed regulatory action would have no significant statewide adverse economic impact directly affecting business, including the ability of California businesses to compete with businesses in other states.

Cost Impact on Representative Private Person or Business:

The CBA is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action.

Currently, domestic and international educational institutions, including those operating in the state, incur costs to transmit (digitally or traditional mail) student transcripts. These institutions already charge fees for this service or include the as part of a “document” fee surcharge for these services with tuition costs.

Because the costs for transcript services already exist in institutions the proposed regulations are not anticipated to result in an economic impact to the state.

Effect on Housing Costs:

None

EFFECT ON SMALL BUSINESS

The CBA has determined that the proposed regulations would not affect small businesses. This regulatory proposal would provide flexibility and additional pathways to applicants for examination or licensure when submitting satisfactory evidence of their education.

RESULTS OF ECONOMIC IMPACT ASSESSMENT/ANALYSIS

Impact on Jobs/Businesses:

The CBA has determined that this regulatory proposal will not have a significant impact on the creation of jobs or new businesses or the elimination of jobs or existing businesses or the expansion of businesses in the State of California.

Benefits of Regulation:

The CBA has determined that this regulatory proposal will have the following benefits to the health and welfare of California residents, worker safety, and state’s environment:

This proposal would provide flexibility and additional pathways to applicants for examination or licensure when submitting satisfactory evidence of their education.

This regulatory proposal does not affect worker safety because it has nothing to do with worker safety.

This regulatory proposal does not affect the state’s environment because it has nothing to do with the environment.

CONSIDERATION OF ALTERNATIVES

The CBA must determine no reasonable alternative it considered to the regulation or that has otherwise been identified and brought to its attention would be more effective in carrying out the purpose for which the action is proposed, would be as effective and less burdensome to affected private persons that the proposal described in this Notice, or would be more cost effective to affected private persons and equally effective in implementing the statutory policy or other provision of law.

Any interested person may present statements or arguments orally or in writing relevant to the above determinations at the above-mentioned hearing.

INITIAL STATEMENT OF REASONS AND INFORMATION

The CBA has prepared an initial statement of the reasons for the proposed action and has available all the information upon which the proposal is based.

TEXT OF PROPOSAL

Copies of the exact language of the proposed regulations, and any document incorporated by reference, and of the initial statement of reasons, and all of the information upon which the proposal is based, may be obtained at the hearing or prior to the hearing upon request from the CBA at 2450 Venture Oaks Way, Ste. 300, Sacramento, California, 95833.

AVAILABILITY AND LOCATION OF THE FINAL STATEMENT OF REASONS AND RULEMAKING FILE

All the information upon which the proposed regulations are based is contained in the rulemaking file which is available for public inspection by contacting the person named below.

You may obtain a copy of the final statement of reasons once it has been prepared, by making a written request to the contact person named below or by accessing the website listed below.

CONTACT PERSON

Inquiries or comments concerning the proposed rulemaking action may be addressed to:

Name:	Jennifer Jackson
Address:	2450 Venture Oaks Way, Suite 300 Sacramento, CA 95833
Telephone No.:	(916) 561-1763
Fax No.:	916-263-3677
E-Mail Address:	Jennifer.Jackson@cba.ca.gov

The backup contact person is:

Name: Denise Murata
Address: 2450 Venture Oaks Way, Suite 300
Sacramento, CA 95833
Telephone No.: (916) 561-1730
Fax No.: 916-263-3677
E-Mail Address: Denise.Murata@cba.ca.gov

Website Access:

Materials regarding this proposal can be found at
<http://www.dca.ca.gov/cba/about-cba/laws-and-rules.shtml>.