

STATEMENT IN OPPOSITION TO HB 442 --TO AMEND SECTIONS 4701.06 AND 4701.17 OF THE REVISED CODE TO MODIFY THE REQUIREMENTS TO OBTAIN A CERTIFIED PUBLIC ACCOUNTANT CERTIFICATE.

November 29, 2020

To: Senator Rob McColley, Chair, Transportation, Commerce and Workforce Committee; Senator Terry Johnson, Vice-Chair; Senator Nickie J. Antonio, Ranking Minority Member; The Ohio Senate, 133rd General Assembly

Since late 2019 I have participated in discussions with other academics in the State regarding our concerns about HB 442 that will change the sitting requirements for the CPA exam in Ohio, reducing it to 120 hours versus 150 hours that has been in place since 2000. This involves a permanent 'black letter law' change, not a rule change by the Accountancy Board, reducing the de facto education level to sit for the examination. Licensure continues to require 150 hours. Therefore, HB 442 will not provide legislative relief, *it is not deregulation but reregulation*. Furthermore, while the added 30 hour education requirement is intended to be post baccalaureate in nature, over time many varieties of coursework, for example, FEMA courses as junior college credits, have been accepted, raising concerns about the appropriateness of such final qualifying hours prior to licensure. The bill passed the House in June and is now before your committee. It is unlikely that the committee members have been informed in depth on all the issues involved in this proposal, especially the recent NASBA/AICPA program called the CPA Evolution Project, finally approved July 27th as detailed in the URL below. NASBA approval took place *after* HB 442 passed in the House in June, and will bring about a revised CPA Examination to be in place January 2024. The new examination will reflect the multiple content increases in formal body of knowledge--auditing standards (5 times), accounting standards (4 times) and Internal Revenue Code pages (3 times), since the 1980s.

A more complete four-page Ohio Academic community commentary will also be communicated as to the committee for consideration, including factors comparing Ohio to other States' educational circumstances and laws.

A member of our community will testify in opposition to HB 442 at the scheduled meeting of the committee. Together our materials outline key counter points to HB 442 explaining why it is not in the public interest. Indeed the views of many stakeholders have not been fully considered in an equitable and well-developed manner. This raises undesirable short term and long-term risks that will affect the quality supply of well-educated entering CPAs. There also is a potential risk of reducing the success rate of new candidates on the examination especially following the launch of the new CPA Examination in January 2024. More complete analysis of success rates is provided in other opposition materials sent to the committee as well as in the above four-page commentary. A URL detailing the July 27, 2020 action of NASBA and AICPA in terms of the CPA Evolution Project can be found at: <https://www.journalofaccountancy.com/news/2020/jul/cpa-licensure-model-transformation-continues-after-nasba-vote.html>

If passed, HB 442 would take effect immediately. The rapid manner in which this bill was advanced and lobbied by the Ohio Society of CPAs, in less than one year, has not allowed for appropriate due process. Prudence would allow stakeholders to consider properly the bill's consequences upon competency and the public interest—given COVID turmoil, State political circumstances and the news of CPA Evolution with a revised CPA exam in January 2024.

The law currently in place, which took effect in 2000, was preceded by a series of dedicated presentations in dedicated multi-year due process meetings across the State in the early and mid-1990s. During a part of that period I served as President of The Ohio Society of CPAs and am fully aware of those actions. There is no pressing need to pass HB 442 in this session given the reasonable concerns and the timing of CPA Evolution's outcome in January 2024. Instead, further review and full consideration is needed in order to assure effective stakeholder engagement to assure competency in the dynamic setting affecting educational preparation of potential CPA candidates in Ohio.

Sincerely,

Gary John Previts

Gary John Previts, E. Mandell de Windt Professor, Weatherhead School of Management
Distinguished University Professor, Case Western Reserve University



Profile: Gary Previts, a native of Cleveland, Ohio has been a faculty member at Case Western Reserve University since 1979. An Army Officer and Veteran of the Viet Nam era he served in Southeast Asia during that conflict. He is the recipient of the Gold Medal for Service each as awarded by the Ohio Society of CPAs and the American Institute of CPAs, where he served as a member of its Board of Directors. Nationally he has served as President of the American Accounting Association, the 100 year + old organization of academics in the field of accountancy and also as the sub-committee chair of the U.S. Treasury's Special Committee on the Auditing Profession, addressing issues of human capital management. He serves as a member of the Accountability Advisory Board of the Comptroller General of the United States, Gene Dodaro. He also has served as a member of the Advisory Council to the Public Company Accounting Oversight Board, created as a body to assess audit quality at the time of the passage of the Sarbanes-Oxley Act. An Ohio CPA, he was an undergraduate accounting major at John Carroll University, received a Master of Accounting degree from The Ohio State University, and the PHD from the University of Florida. A resident of Rocky River, Ohio, he and his wife Fran have four adult children and eleven grandchildren.