

		This space for use by IRRC
(1) Agency Department of State, Bureau of Professional and Occupational Affairs, State Board of Accountancy		RECEIVED 2000 OCT -2 PM 1:55 INDEPENDENT REGULATORY REVIEW COMMISSION
		IRRC Number: 2114
(2) I.D. Number (Governor's Office Use) 16A-558		
(3) Short Title Fees		
(4) PA Code Cite 49 Pa. Code §§11.4, 11.5 and 11.17	(5) Agency Contacts & Telephone Numbers Primary Contact: Steven Wennberg, Board Counsel 783-7200 Secondary Contact: Joyce McKeever, Deputy Chief Counsel, 783-7200	
(6) Type of Rulemaking (check one) <input type="checkbox"/> Proposed Rulemaking <input checked="" type="checkbox"/> Final Order Adopting Regulation <input type="checkbox"/> Final Order, Proposed Rulemaking Omitted	(7) Is a 120-Day Emergency Certification Attached? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes: By the Attorney General <input type="checkbox"/> Yes: By the Governor	
(8) Briefly explain the regulation in clear and nontechnical language. The regulations raise four fees (certification and initial licensure of certified public accountant, temporary practice permit, verification of certification, registration or licensure status, and certification of examination scores) and add a new fee (Continued on p. 9)		
(9) State the statutory authority for the regulation and any relevant state or federal court decisions. The Board has authority to establish fees for its operation under Sections 3(6) and 6 of the CPA Law, Act of May 26, 1947, P.L. 318, 63 P.S. §§9.3(6) and 9.6. A fee for reinstatement of an inactive or expired license is required under Section 9.2(d)(2) of the CPA Law, 63 P.S. §9.9b(d)(2).		

(10) Is the regulation mandated by any federal or state law or court order, or federal regulation? If yes, cite the specific law, case or regulation, and any deadlines for action.

Section 6 of the CPA Law requires the Board to establish fees by regulation.

(11) Explain the compelling public interest that justifies the regulation. What is the problem it addresses?

Section 6 of the CPA Law requires the Board to ensure that the revenues it generates from fees are sufficient to meet its expenditures over a biennial period. The Board's general operating expenditures are funded by the general population of licensees through fees for biennial renewal of licensure. Expenditures related to services provided to individual licensees and applicants are defrayed through user fees based on actual costs of providing the services. By establishing new user fees and revising existing user fees to more accurately reflect actual costs, the regulations ensure that the costs of providing individualized services are properly apportioned to those who use the services, rather than burdening the regulated community at large.

Except for examination fees, the Board's user fees have not been revised in more than 10 years.

(12) State the public health, safety, environmental or general welfare risks associated with nonregulation.

The principal risk associated with nonregulation is that support for the Board's activities among the general population of licensees could erode if they are required to subsidize services that yield no direct benefit to themselves or the public accounting profession.

(13) Describe who will benefit from the regulation. (Quantify the benefits as completely as possible and approximate the number of people who will benefit.)

The general population of licensees will benefit from having the Board's actual costs of providing individualized services paid for by those who receive the services.

Regulatory Analysis Form

(14) Describe who will be adversely affected by the regulation. (Quantify the adverse effects as completely as possible and approximate the number of people who will be adversely affected.)

The Board cannot identify any group that will be adversely affected by the regulations.

(15) List the persons, groups or entities that will be required to comply with the regulation. (Approximate the number of people who will be required to comply.)

Applicants for certification and initial licensure as certified public accountants, applicants for initial licensure as public accounting firms, applicants for temporary practice permits, applicants for reactivation of inactive or expired licenses, and those seeking certification of examination scores or verification of certification, registration or licensure status, will be required to pay the fees established by the regulations. The Board estimates that approximately 2,275 persons and entities during each fiscal biennium will pay the fees.

(16) Describe the communications with and input from the public in the development and drafting of the regulation. List the persons and/or groups who were involved, if applicable.

Because the regulations are based solely on the results of a Bureau-wide fiscal audit involving all 27 licensing boards and using a standardized methodology, the Board did not believe that input from the public or the regulated community at the drafting stage of the regulations would have been helpful to the rulemaking process.

(17) Provide a specific estimate of the costs and/or savings to the regulated community associated with compliance, including any legal, accounting or consulting procedures which may be required.

The Board estimates that approximately 2,275 persons and entities during each fiscal biennium will pay the fees established by the regulations. The Board estimates that the total additional cost to the regulated community during each fiscal biennium will be approximately \$36,875.

The regulations will not impose new legal, accounting or consulting procedures.

(18) Provide a specific estimate of the costs and/or savings to local governments associated with compliance, including any legal, accounting or consulting procedures which may be required.

The regulations will not result in costs or savings to local government.

(19) Provide a specific estimate of the costs and/or savings to state government associated with the implementation of the regulation, including any legal, accounting, or consulting procedures which may be required.

The regulations will not result in costs or savings to state government. However, the Board estimates that the regulations will generate approximately \$36,875 in additional revenues during each fiscal biennium.

(20) In the table below, provide an estimate of the fiscal savings and costs associated with implementation and compliance for the regulated community, local government, and state government for the current year and five subsequent years.

	Current FY	FY +1	FY +2	FY +3	FY +4	FY +5
SAVINGS:	None	None	None	None	None	None
Regulated						
Local Government						
State Government						
Total Savings						
COSTS:						
Regulated	\$18,437.5	\$18,437.5	\$18,437.5	\$18,437.5	\$18,437.5	\$18,437.5
Local Government						
State Government						
Total Costs						
REVENUE LOSSES:	None	None	None	None	None	None
Regulated						
Local Government						
State Government						
Total Revenue Losses						

(20a) Explain how the cost estimates listed above were derived.

The cost estimates are based upon the number of persons and entities the Board projects will avail themselves of the specified services over a fiscal year (one-half of a fiscal biennium) multiplied by the additional cost to the fee-payers:

<u>Service</u>	<u>No. of Fee Payers</u>		<u>Additional Cost</u>		
a) CPA certification and initial licensure	500	x	\$20	=	\$10,000
b) Temporary practice registration	37.5	x	\$5	=	\$187.50
c) Reinstatement of inactive or expired license	100	x	\$35	=	\$3,500
d) Certification of examination scores	450	x	\$10	=	\$4,500
e) Verification of certification, registration or licensure status	50	x	\$5	=	\$250
				Total:	\$18,437.50

REGULATORY ANALYSIS FORM

(20b) Provide the past three year expenditure history for programs affected by the regulation.

Program	FY -3	FY -2	FY -1	Current FY
Accountancy	\$579,731.92	\$636,828.58	\$714,838.10 (est.)	\$684,000 (est.)

(21) Using the cost-benefit information provided above, explain how the benefits of the regulation outweigh the adverse effects and costs.

The regulations ensure that the Board's actual costs of providing services to individual licensees and applicants are borne by the users of the services, not by the general population of licensees.

(22) Describe the nonregulatory alternatives considered and the costs associated with those alternatives. Provide the reasons for their dismissal.

The Board did not consider a nonregulatory alternative. The CPA Law requires the Board to establish fees by regulation.

(23) Describe alternative regulatory schemes considered and the costs associated with those schemes. Provide the reasons for their dismissal.

Because the regulations only amend an existing regulatory scheme, the Board did not consider an alternative regulatory scheme.

(24) Are there any provisions that are more stringent than federal standards? If yes, identify the specific provisions and the compelling Pennsylvania interest that demands stronger regulation.

There are no federal standards applicable to fees charged by the Board.

(25) How does this regulation compare with those of other states? Will the regulation put Pennsylvania at a competitive disadvantage with other states?

The Board's fees compare favorably with the fees charged by the public accounting regulatory boards of neighboring states for the same or similar services. A list of the fees charged by the public accounting regulatory boards of neighboring states is attached as Exhibit 1.

The regulations will not have any adverse impact on Pennsylvania's competitiveness with other states.

(26) Will the regulation affect existing or proposed regulations of the promulgating agency or other state agencies? If yes, explain and provide specific citations.

The regulations will not affect other existing or proposed regulations of the Board or of any other state agency.

(27) Will any public hearings or informational meetings be scheduled? Please provide the dates, times, and locations, if available.

The Board has not scheduled public hearings or informational meetings in connection with final rulemaking

REGULATORY ANALYSIS FORM

(28) Will the regulation change existing reporting, record keeping, or other paperwork requirements? Describe the changes and attach copies of forms or reports which will be required as a result of implementation, if available.

The regulations will require the Board to revise certain application forms to reflect the new schedule of fees. The regulations will not change existing reporting, recordkeeping or other paperwork requirements.

(29) Please list any special provisions which have been developed to meet the particular needs of affected groups or persons including, but not limited to, minorities, elderly, small businesses, and farmers.

The regulations will apply uniformly to all persons who avail themselves of services covered by the fees. The Board does not have authority to waive payment of a fee.

(30) What is the anticipated effective date of the regulation; the date by which compliance with the regulation will be required; and the date by which any required permits, licenses or other approvals must be obtained?

The regulations will take effect upon final publication in the Pennsylvania Bulletin.

(31) Provide the schedule for continual review of the regulation.

The Board reviews its revenues and program costs on a fiscal year and biennial basis.

(Continued from Page 1, No. 8)

(reinstatement of expired or inactive license). The regulations also relocate all existing fees to a single section, and make editorial changes to the descriptions of certain fees.

**FEES CHARGED BY ACCOUNTANCY REGULATORY BOARDS OF
NEIGHBORING STATES FOR THE SAME OR SIMILAR SERVICES**

NEW YORK:

- Certification and Initial Triennial Licensure for CPA: \$345
 - Reinstatement of Inactive or Expired License: \$0
 - Certification of Examination Scores: \$20
 - Verification of Certification and Licensure: \$10
- (New York does not recognize temporary practice status)

NEW JERSEY:

- Certification and Initial Biennial Licensure for CPA: \$90
 - Reinstatement of Inactive or Expired License: \$45
 - Certification of Examination Scores/Verification of Certification and Licensure: \$0
- (New Jersey does not recognize temporary practice status)

OHIO:

- Certification and Initial Biennial Licensure for CPA: \$110
- Temporary Practice Registration: \$0
- Reinstatement of Expired License: \$50 if expired status covered one biennial period;
\$100 if expired status cover more than one biennial period
- Certification of Examination Scores/Verification of Certification, Licensure or Registration: \$0

MARYLAND :

- Certification and Initial Biennial Licensure for CPA: \$55
- Temporary Practice Registration: \$25
- Reinstatement of Inactive or Expired License: \$60
- Certification of Examination Scores/Verification of Certification, Licensure or Registration: \$10

WEST VIRGINIA:

- Certification and Initial Annual Licensure for CPA : \$95
- Reinstatement of Inactive or Expired License: \$0
- Temporary Practice Registration: \$65
- Certification of Examination Scores/Verification of Certification, Licensure or Registration: \$30

DELAWARE:

- **Certification and Initial Biennial Permit for CPA: \$142**
- **Reinstatement of Inactive or Expired Permit: \$0**
- **Certification of Examination Scores/Verification of Certification or Permit: \$10**

(Delaware does not recognize temporary practice status)

FACE SHEET
FOR FILING DOCUMENTS
WITH THE LEGISLATIVE REFERENCE BUREAU

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(Pursuant to Commonwealth Documents Law)

LEGISLATIVE HISTORY
REVIEW COMMISSION

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#2114

Copy below is hereby approved as to form and legality. Attorney General

Copy below is hereby certified to be a true and correct copy of a document issued, prescribed or promulgated by:

Copy below is approved as to form and legality. Executive or Independent Agencies.

State Board of Accountancy

(AGENCY)

BY: _____
(DEPUTY ATTORNEY GENERAL)

DOCUMENT/FISCAL NOTE NO. 16A-558

DATE OF ADOPTION: _____

9/19/00
DATE OF APPROVAL

DATE OF APPROVAL

BY: Thomas J. Baugartner
Thomas J. Baugartner, CPA

(Deputy General Counsel
(Chief Counsel,
Independent Agency
(Strike inapplicable
title)

TITLE: Chairman
(EXECUTIVE OFFICER, CHAIRMAN OR SECRETARY)

[] Check if applicable
Copy not approved.
Objections attached.

[] Check if applicable. No Attorney General approval or objection within 30 day after submission.

ORDER OF FINAL RULEMAKING

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF STATE
BUREAU OF PROFESSIONAL AND OCCUPATIONAL AFFAIRS
STATE BOARD OF ACCOUNTANCY
(49 PA. CODE, CHAPTER 11)

FEEES

PREAMBLE

The State Board of Accountancy (Board), by this order, amends 49 Pa. Code, Chapter 11, by revising §§11.4, 11.5 and 11.17 to read as set forth in Annex A.

The amendments raise Board fees for certification and initial licensure of certified public accountant, temporary practice permit, certification of examination scores, and verification of certification, registration or licensure status; add a new fee for reinstatement of expired or inactive license; relocate all existing fees to a single section; and make editorial changes to the description of certain fees.

Summary of Comments and Responses to Proposed Rulemaking

The Board published a notice of proposed rulemaking on May 13, 2000 (30 Pa. B. 2376), following which the Board entertained public comments for 30 days. The Board did not receive any public comments.

The Board received comments from the Independent Regulatory Review Commission (IRRC) on July 13, 2000, as part of its review of the amendments in proposed form under the Regulatory Review Act. The Board did not receive comments from the Senate Committee on Consumer Protection and Professional Licensure (Senate Committee) and the House Professional Licensure Committee (House Committee), which also reviewed the amendments in proposed form under the Regulatory Review Act.

The IRRC's comments involved the relocation of the temporary practice fee from §11.5 (relating to temporary practice in Pennsylvania) and the examination fees from §11.17 (relating to submission of examination application and examination fees) to §11.4 (relating to fees), where all other Board fees are listed. The proposed version of the amendments would have added the temporary permit fee and examination fees to §11.4 but would not have deleted them from §§11.5 and 11.17. As stated in the notice of proposed rulemaking, the Board intended to revise §§11.5 and 11.17 as part of a separate rulemaking initiative relating to general revisions (#16A-559).

The IRRC recommended that the fees be deleted from §§11.5 and 11.17 in this rulemaking. The IRRC noted that retaining the examination fees in §11.17 would create an unnecessary, if temporary, redundancy, while retaining the existing \$20 temporary permit fee in §11.5 would create a conflict with the revised §11.4, which sets forth the increased \$25 temporary permit fee. The

Board agrees with the IRRRC that amending §§11.5 and 11.17 at this time would eliminate duplication as well as the potential for confusion. Accordingly, the Board has revised the amendments to delete the fees from §§11.5 and 11.17.

Statutory Authority

Section 3(6) of the CPA Law, 63 P.S. §9.3(6), gives the Board general authority to collect fees for its operations. Section 9.2(d)(2) of the CPA Law, 63 P.S. §9.9b(d)(2), specifically references the Board's authority to collect a fee for reinstatement of an inactive or expired license. Section 6 of the CPA Law, 63 P.S. §9.6, requires the Board to establish fees by regulation and to ensure that revenues derived from fees are adequate to cover the Board's expenditures over a biennial period.

Fiscal Impact

The Board projects that the amendments will generate additional fee revenues totaling approximately \$36,875 during each fiscal biennium. The additional biennial revenues are broken down as follows:

<u>Service</u>	<u>Estimated Fee-Payers</u>		<u>Fee Increase</u>	=	<u>Additional Revenues</u>
Certification and Initial Licensure of Certified Public Accountant	1,000	x	\$20	=	\$20,000
Temporary Practice Permit	75	x	\$5	=	\$375
Reinstatement of Inactive or Expired License	200	x	\$35	=	\$7,000
Certification of Examination Scores	900	x	\$10	=	\$9,000
Verification of Certification, Registration or Licensure Status	100	x	\$5	=	<u>\$ 500</u>
				Total	\$36,875

Paperwork Requirements

The amendments will require the Board to change certain forms to reflect the revised schedule of fees. The amendments will not create additional paperwork requirements for the regulated community.

Compliance with Executive Order 1996-1

In accordance with the requirements of Executive Order 1996-1 (relating to regulatory review and promulgation), the Board, in drafting and promulgating the amendments, considered the least restricted alternative to regulatory costs for services requested by individual licensees and applicants.

Regulatory Review

On May 3, 2000, as required by Section 5(a) of the Regulatory Review Act, 71 P.S. §745.5(a), the Board submitted copies of the notice of proposed rulemaking, published at 30 Pa. B. 2376 (May 13, 2000), to the IRRC and the House and Senate Committees for review and comment.

In adopting final-form amendments, the Board considered comments from the IRRC. The Board did not receive comments from either the House and Senate Committees or the general public.

On October 2, 2000, the Board submitted final-form amendments to the IRRC and the House and Senate Committees. Under authority of Section 5(c) of the Regulatory Review Act, 71 P.S. §745.5(c), the amendments were approved by the House Committee on _____, 2000, approved by the Senate Committee on _____, 2000, and approved by the IRRC on _____, 2000.

Additional Information

Individuals who desire additional information about the amendments are invited to submit inquiries to Dorna Thorpe, Administrator, State Board of Accountancy, P.O. Box 2649, Harrisburg, PA 17105-2649. The Board's telephone number is (717) 783-1404.

Findings

The Board finds that:

(1) Public notice of the Board's intention to amend 49 Pa. Code, Chapter 11, by this order has been given under Sections 201 and 202 of the Commonwealth Documents Law, 45 P.S. §§1201 and 1202, and the regulations thereunder, 1 Pa. Code §§7.1 and 7.2.

(2) The amendments adopted by this order are necessary and appropriate for the administration of the CPA Law.

Order

The Board, acting under its authorizing statute, orders that:

(1) The regulations of the Board, 49 Pa. Code, Chapter 11, are amended by amending §§11.4, 11.5 and 11.17 to read as set forth in Annex A.

(2) The Board shall submit this order and Annex A to the Office of Attorney General and the Office of General Counsel for approval as required by law.

(3) The Board shall certify this order and Annex A and deposit them with the Legislative Reference Bureau as required by law.

(4) The amendments shall take effect upon publication in the Pennsylvania Bulletin.

ANNEX A

TITLE 49. PROFESSIONAL AND VOCATIONAL STANDARDS
PART I. DEPARTMENT OF STATE
SUBPART A. PROFESSIONAL AND OCCUPATIONAL AFFAIRS
CHAPTER 11. STATE BOARD OF ACCOUNTANCY

* * * *

GENERAL PROVISIONS

* * * *

§11.4. Fees.

[(a)] Following is the schedule of fees charged by the Board:

<u>Complete CPA examination (Four parts).....</u>	<u>\$135</u>
<u>Three parts.....</u>	<u>\$112.50</u>
<u>Two parts.....</u>	<u>\$90</u>
<u>One part.....</u>	<u>\$67.50</u>
<u>AICPA examination administration to candidates of other state boards.....</u>	<u>\$100</u>
<u>[Application for certification] Certification and initial licensure of certified public accountant</u>	<u>\$(45)65</u>
<u>Initial licensure of public accounting firm.....</u>	<u>\$45</u>
<u>Temporary practice permit.....</u>	<u>\$25</u>
<u>Biennial renewal [for] of license of certified public [accountants] accountant, public [accountants, partnerships, professional corporations and professional associations] accountant or public accounting firm.....</u>	<u>\$45</u>
<u>Reinstatement of inactive or expired license.....</u>	<u>\$35</u>
<u>Certification of scores.....</u>	<u>\$(15)25</u>
<u>Verification of certification, registration or licensure.....</u>	<u>\$(10)15</u>

[(b) Upon implementation, these fees will have retroactive effect to February 1, 1990.]

* * * *

§11.5. TEMPORARY PRACTICE IN THIS COMMONWEALTH.

(A) *REQUIREMENTS FOR TEMPORARY PRACTICE.* A CERTIFIED PUBLIC ACCOUNTANT, OR PARTNERSHIP OR CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS, OF ANOTHER STATE OR OTHER JURISDICTION OF THE UNITED STATES MAY TEMPORARILY PRACTICE PUBLIC ACCOUNTING IN THIS COMMONWEALTH, IF THE CERTIFIED PUBLIC ACCOUNTANT, PARTNERSHIP OR CORPORATION:

...

[(4) PAYS A FEE OF \$20 TO COVER THE ADMINISTRATION OF THIS SECTION.]

...

* * * *

EXAMINATIONS

* * * *

§11.17. SUBMISSION OF APPLICATION AND EXAMINATION FEES.

...

[(b) *FEE SCHEDULE.* THE EXAMINATION FEE SCHEDULE IS AS FOLLOWS:

(1) EFFECTIVE WITH THE ADMINISTRATION OF THE NOVEMBER 1995 EXAMINATION:

COMPLETE EXAMINATION.....	\$120
THREE PARTS.....	\$101.25
TWO PARTS.....	\$82.50
ONE PART.....	\$63.75

AICPA EXAM ADMINISTRATION TO CANDIDATES OF

OTHER STATE BOARDS\$100

(2) EFFECTIVE WITH THE ADMINISTRATION OF THE MAY 1996
EXAMINATION:

COMPLETE EXAMINATION.....\$135
THREE PARTS..... \$112.50
TWO PARTS..... \$90
ONE PART.....\$67.50
AICPA EXAM ADMINISTRATION TO CANDIDATES OF
OTHER STATE BOARDS.....\$100]

FEE REPORT FORM

Agency: State - BPOA

Date: 12/21/99

Contact: David Williams

Phone No. 783-7194

Fee Title, Rate and Estimated Collections:

Application for Certified Professional Accountant (CPA) Certification by Examination or Reciprocity: \$65.00

Estimated Biennial Revenue: \$65,000 (1,000 applications x \$65.00)

Fee Description:

The fee will be charged to every applicant who applies for CPA certification.

Fee Objective:

The fee should (1) offset the identifiable costs incurred by the State Board of Accountancy to review and process an application for certification and (2) defray a portion of the Board's administrative overhead.

Fee-Related Activities and Costs:

Staff time-app review and evaluation	(1.00 hr)	23.19
Board Member Review - average cost to review qualifications		2.40
Board Meeting - average cost to discuss/vote		22.70
Administrative Overhead:		<u>12.61</u>
	Total Estimated Cost:	\$60.90
	Proposed Fee:	\$65.00

Analysis, Comment and Recommendation:

It is recommended that a fee of \$65.00 be established for processing an application for Certified Professional Accountant (CPA) certification.

Board staff receives application and supporting documents, reviews for completeness, contacts applicant to obtain any missing information, evaluates credentials for compliance with requirements. If decision can be made at that level, the applicant is notified either by receiving a license issued through the computer or a discrepancy letter.

About 20% of the applications require additional review and must be forwarded to a board member for technical review of experience and other credentials. Following this review the application and recommendation is presented for vote before the entire board at the next meeting. If approved, a license is issued through the computer. If denied, the reason for denial is contained in the motion for board vote and the applicant is notified by letter.

The cost of the additional review has been averaged over the total number of applications anticipated in a biennial cycle since it is not possible to determine in advance which applications will require further review.

FEE REPORT FORM

Agency: State - BPOA

Date: April 8, 1999

Contact: C. Michael Weaver

Phone No. 783-7194

Fee Title, Rate and Estimated Collections:

Temporary Practice Permit Application Fee: \$25.00

Estimated Biennial Revenue: \$1,875.00 (75 applications x \$25.00)

Fee Description:

The fee will be charged to every applicant who requests a Temporary Practice Permit.

Fee Objective:

The fee should (1) offset the identifiable costs incurred by the State Board of Accountancy to review and process an application for a Temporary Practice Permit and (2) defray a portion of the Board's administrative overhead.

Fee-Related Activities and Costs:

Staff time-app prep & review	(0.50 hr)	11.60
Administrative Overhead:		<u>12.61</u>
	Total Estimated Cost:	\$24.21
	Proposed Fee: \$	\$25.00

Analysis, Comment, and Recommendation:

It is recommended that a fee of \$25.00 be established to process an application for a Temporary Practice Permit.

Board staff receives application for approval to practice in Pennsylvania for a limited time period, reviews for completeness, contacts applicant to obtain any missing information. Verifies that applicant holds a valid license or registration to practice in another state or jurisdiction, does not maintain an office in this state and that period of practice does not exceed regulation limitations. Issues authorization or letter of discrepancy.

FEE REPORT FORM

Agency: State - BPOA

Date: April 21, 1999

Contact: C. Michael Weaver

Phone No. 783-7194

Fee Title, Rate and Estimated Collections:

License Reinstatement Fee: \$35.00

Estimated Biennial Revenue: \$7,000 (200 applications x \$35.00)

Fee Description:

The fee will be charged to every applicant who requests reinstatement of an inactive license.

Fee Objective:

The fee should (1) offset the identifiable costs incurred by the State Board of Accountancy to review and process an application for license reinstatement and (2) defray a portion of the Board's administrative overhead.

Fee-Related Activities and Costs:

Staff time-app review and evaluation	(0.50 hr)	11.60
Board Member Review - averaged		8.00
Administrative Overhead:		<u>12.61</u>
	Total Estimated Cost:	\$32.21
	Proposed Fee:	\$35.00

Analysis, Comment and Recommendation:

It is recommended that a fee of \$35.00 be established for processing an application for reinstatement of an inactive or expired license.

Board staff receives request from licensee to reinstate an inactive or expired license. Reviews 2 page application and supporting documents to ensure that all requirements, including CPE hours and time frames, are met. Contacts applicant to request any missing information. Board member evaluates circumstances surrounding inactive period to ascertain that applicant is eligible for reinstatement, determine if re-exam is required, etc. Notifies applicant of decision, either by issuing current registration documents through computer or notification by letter if ineligible.

If a decision cannot be made by Board staff, application is forwarded to a board member for review and decision. Additional time to cover this portion of the process has been averaged over the total number of expected applications since it is impossible to estimate how many applicants will require additional processing.

The license reinstatement fee will be charged to all applicants requesting reinstatement and will be charged regardless of whether or not reinstatement is granted; it will be charged in addition to the biennial renewal fee.

FEE REPORT FORM

Agency: State - BPOA

Date: 04/21/99

Contact: C. Michael Weaver

Phone No. 783-7194

Fee Title, Rate and Estimated Collections:

Certification of Examination Scores: \$25.00
Estimated Biennial Revenue: \$22,500.00 (900 certifications x \$25.00)

Fee Description:

The fee will be charged to every applicant who requests certification of examination scores.

Fee Objective:

The fee should (1) offset the identifiable costs incurred by the State Board of Accountancy to review and process a request for certification and (2) defray a portion of the Board's administrative overhead.

Fee-Related Activities and Costs:

Staff time- process request for certification (.75 hr)	15.23
Bureau Average Administrative Overhead:	<u>9.76</u>
Total Estimated Cost:	\$24.99
Proposed Fee:	\$25.00

Analysis, Comment, and Recommendation:

It is recommended that a fee of \$25.00 be established for certification of examination scores

Board Staff: Reviews request for certification; researches rosters, computer and microfilm files to retrieve examination date(s) and scores achieved at each sitting for the four (4) part licensing examination, transfers that information onto document submitted by requester, affixes Bureau seal onto document, forwards as instructed by applicant.

FEE REPORT FORM

Agency: State - BPOA

Date: 04/21/99

Contact: C. Michael Weaver

Phone No. 783-7194

Fee Title, Rate and Estimated Collections:

Verification of License, Registration, or Permit: \$15.00

Estimated Biennial Revenue: \$1,500.00 (100 verifications x \$15.00)

Fee Description:

The fee will be charged to every applicant who requests verification of a license, registration or permit.

Fee Objective:

The fee should (1) offset the identifiable costs incurred by the State Board of Accountancy to review and process a request for verification and (2) defray a portion of the Board's administrative overhead.

Fee-Related Activities and Costs:

Staff time- process request for verification	(.08 hr)	1.62
Bureau Average Administrative Overhead:		<u>9.76</u>
	Total Estimated Cost:	\$11.38
	Proposed Fee:	\$15.00

Analysis, Comment, and Recommendation:

It is recommended that a fee of \$15.00 be established for verification of license, registration, or permit.

Board Staff: Reviews request for verification, researches computer, microfilm or other files to retrieve pertinent information, issues document verifying that the license, registration or permit is in good standing, affixes Bureau seal onto document, forwards as instructed by applicant.

DATE: December 21, 1999

SUBJECT: Supplement to Fee Report Forms:
Certification of Examination Scores and
Verification of Certification or Registration Status

TO: Regulatory Review Bodies

FROM: Steven Wennberg, Counsel
State Board of Accountancy

The Bureau of Professional and Occupational Affairs has provided the following supplemental information regarding occupational licensing boards' certification of examination scores and verification of licensure, certification, registration, etc.:

The certification of a score is made at the request of a licensee when the licensee is seeking to obtain licensure in another state based upon licensure in Pennsylvania that was issued on the basis of a uniform national or regional examination taken in Pennsylvania. Generally, the state of original licensure is the only source of the score of the licensee, as testing organizations do not maintain this information. The licensure laws of many states include provisions that licensure by reciprocity or endorsement based on licensure in another state will be granted only if the board or agency determines that the qualifications are the same or substantially similar. Many state agencies have interpreted this provision to require that licensees have attained a score equal to or exceeding the passing rate in that jurisdiction at the time of original licensure. For this reason, these states require that the Pennsylvania board certify the examination score the applicant received on the licensure examination.

The difference between the verification and certification fees is the amount of time required to produce the document requested by the licensee. As noted above, states request different information when making a determination as to whether to grant licensure based on reciprocity or endorsement from another state. The Bureau has been able to create two documents from its records that will meet all of the requirements of the requesting state. The licensee, when he applies to the other state, receives information as to what documentation and form is acceptable to the requesting state. The Bureau then advises the licensee of the type of document the Bureau can provide and the fee.

In the case of a "verification," the staff produces the requested documentation by a letter, usually computer generated, which contains the license number, date of original issuance and current expiration date, and the status of the license. The letters are printed from the Bureau's central

computer records and sent to the Board staff responsible for handling the licensee's application. The letters are sealed, folded and mailed in accordance with the directions of the requestor. The Bureau estimates the average time to prepare this document to be five minutes.

The Bureau uses the term "certification fee" to describe the fee for a request for a document, again generally to support reciprocity or endorsement applications to other states, territories or countries, or for employment of training in another state. A certification document contains information specific to the individual requestor. It may include dates or locations where the examinations were taken, examination scores achieved, or hours and location of training. This information is entered onto a document that is usually supplied by the requestor. The average time to prepare a certification is 45 minutes. This is because a number of resources, such as files, microfilm and rosters, must be retrieved and consulted to provide the information requested. The Board staff then seals and issues the certification document.

SW/

DATE: December 21, 1999

SUBJECT: Supplement to Fee Report Forms:
Allocation of Administrative Overhead

TO: Regulatory Review Bodies

FROM: Steven Wennberg, Counsel
State Board of Accountancy

The Bureau of Professional and Occupational Affairs has provided the following supplemental information in response to questions raised by the Independent Regulatory Review Commission, in their comments to proposed rulemaking of other licensing boards, regarding the Bureau's allocation of administrative overhead costs to the licensing boards:

IRRC requested that the Bureau and the licensing boards (1) itemize the overhead cost to be recouped by the fees and (2) reexamine the method that is used to determine the administrative overhead factor for each fee.

IRRC commented that although the Bureau's method was reasonable, there was no assurance that the fees would recover the actual overhead cost because the charge was not related to the service, and because the charge was based on the actual rather than the projected expenditures. IRRC also commented that there was no certainty that the projected revenues would meet or exceed projected expenditures, as required under the licensing boards' enabling statutes.

In computing overhead charges, the licensing boards and the Bureau include expenses resulting from service of support staff operations, equipment, technology initiatives or upgrades, leased office space and other sources not directly attributable to a specific licensing board. Once determined, the Bureau's total administrative charge is apportioned to each licensing board based upon that licensing board's share of the total active licensee population. In turn, the licensing board's administrative charge is divided by the number of active licensees to calculate a "per application" charge which is added to direct personnel cost to establish the cost of processing. The administrative charge is consistently applied to every application regardless of how much time the staff spends processing the application.

This method of calculating administrative overhead to be apportioned to fees for services was first included in the biennial reconciliation of fees and expenses conducted in 1988-89. In accordance with the regulatory review, the method was approved by the Senate and House Standing Committees and IRRC as reasonable and consistent with the legislative intent of statutory provisions which require the licensing boards to establish fees which meet or exceed expenses.

IRRC suggested that within each licensing board, the administrative charge should be determined by the amount of time required to process each application. For example, an application requiring 1/2 hour of processing time would pay 1/2 as much overhead charge as an application requiring 1 hour of processing time. The Bureau concurs with IRRC that by adopting this methodology the Bureau and the licensing boards would more nearly and accurately accomplish their objective of setting fees that cover the cost of the service. Therefore, in accordance with IRRC's suggestions, the Bureau conducted a test to compare the resulting overhead of charge obtained by applying IRRC suggested time factor versus the current method. This review of a licensing boards' operation showed that approximately 25% of staff time was devoted to providing services described in the regulations. The current method recouped 22% to 28% of the administrative overhead charges versus the 25% recouped using a ratio-based time factor. However, when the time factor is combined with the licensing population for each licensing board, the resulting fees vary widely even though different licensees may receive the same services. For example, using the time-factor method to issue a verification of licensure would cost \$34.58 for a landscape architect as compared with a cost of \$10.18 for a cosmetologist. Conversely, under the Bureau's method the administrative overhead charge of \$9.76 represents the cost of processing a verification application for all licensees in the Bureau. Also, the Bureau found that employing a time factor in the computation of administrative overhead would result in a different amount of overhead charge being made for each fee proposed.

With regard to IRRC's suggestions concerning projected versus actual expenses, the licensing boards note that the computation of projected expenditures based on amounts actually expended has been the basis for biennial reconciliations for the past 10 years. During these five biennial cycles, the experience of both the licensing boards and the Bureau has been that established and verifiable data which can be substantiated by collective bargaining agreements, pay scales and cost benefit factors. This method has provided a reliable basis for fees. Also, the fees are kept at a minimum for licensees, but appear adequate to sustain the operations of the licensing boards over an extended period. Similarly, accounting, record keeping and swift processing of applications, renewals and other fees were the primary basis for "rounding up" the actual costs to establish a fee. This rounding up process has in effect resulted in the necessary but minimal cushion or surplus to accommodate unexcepted needs and expenditures.

For these reasons, the licensing boards have not made changes in the method by which they allocate administrative expenditures.

SW/



COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF STATE
BUREAU OF PROFESSIONAL AND OCCUPATIONAL AFFAIRS
STATE BOARD OF ACCOUNTANCY

(717) 783-1404

116 PINE STREET
P. O. BOX 2649
HARRISBURG, PA
17105-2649

October 2, 2000

The Honorable John R. McGinley, Jr.
Chairman
Independent Regulatory Review Commission
Harristown 2, 14th Floor
333 Market Street
Harrisburg, PA 17101

RE: Final Rulemaking of the State Board of Accountancy
Relating to Fees (16A-558)

Dear Chairman McGinley:

Enclosed is a copy of a final rulemaking package of the State Board of Accountancy relating to fees.

The final-form regulations incorporate changes recommended by the Independent Regulatory Review Commission during proposed rulemaking.

The Board stands ready to provide whatever information or assistance your Commission may require during its review of this final rulemaking.

Sincerely,

A handwritten signature in black ink that reads "Thomas J. Baumgartner CPA".

Thomas J. Baumgartner, CPA, Chairman
State Board of Accountancy

TJB:SW:apm
Enclosure

cc: John T. Henderson, Jr., Chief Counsel
Department of State

Joyce McKeever, Deputy Chief Counsel
Department of State

Lee Ann H. Murray, Regulatory Counsel
Department of State

Dorothy Childress, Commissioner
Bureau of Professional and Occupational Affairs

Gerald S. Smith, Senior Counsel in Charge
Bureau of Professional and Occupational Affairs

Steven Wennberg, Counsel
State Board of Accountancy

State Board of Accountancy

TRANSMITTAL SHEET FOR REGULATIONS SUBJECT TO THE
REGULATORY REVIEW ACT

I.D. NUMBER: 16A-558
SUBJECT: State Board of Accountancy - Fees
AGENCY: DEPARTMENT OF STATE

TYPE OF REGULATION

- Proposed Regulation
- X Final Regulation
- Final Regulation with Notice of Proposed Rulemaking Omitted
- 120-day Emergency Certification of the Attorney General
- 120-day Emergency Certification of the Governor
- Delivery of Tolled Regulation
 - a. With Revisions
 - b. Without Revisions

RECEIVED
2000 OCT -2 PM 1:55
INDEPENDENT REGULATORY
REVIEW COMMISSION

FILING OF REGULATION

DATE	SIGNATURE	DESIGNATION
10-2-00	Lori A. Clark	HOUSE COMMITTEE ON PROFESSIONAL LICENSURE
10/2/00	Sammy J. Weaver	SENATE COMMITTEE ON CONSUMER PROTECTION & PROFESSIONAL LICENSURE
10/2/00	J. Helms	INDEPENDENT REGULATORY REVIEW COMMISSION
		ATTORNEY GENERAL
		LEGISLATIVE REFERENCE BUREAU

September 19, 2000