

- SUBJECT:** Transferring scholarships for fifth-year accounting students
- COMMITTEE:** Higher Education — committee substitute recommended
- VOTE:** 8 ayes — Branch, Castro, Alonzo, Berman, D. Howard, McCall, Patrick, Rose
0 nays
1 absent — Cohen
- WITNESSES:** For — Steven Goodman, Bob Owen, Pat Wilson, Texas Society of CPAs; (*Registered, but did not testify:* Carol McDonald, Independent Colleges and Universities of Texas, Inc.)

Against — None

On — Jane Caldwell, Texas Higher Education Coordinating Board; David Dafee, Texas State Board of Public Accountancy; (*Registered, but did not testify:* William Bill Treacy, Texas State Board of Public Accountancy)
- BACKGROUND:** The 72nd Legislature in 1991 enacted SB 75 by Barrientos, the Sunset bill that continued the Texas State Board of Public Accountancy (TSBPA). The bill established a scholarship program for certain disadvantaged accounting students and required the Texas Higher Education Coordinating Board (THECB) to administer the program.
- The scholarships are funded through fees paid by practicing accountants when they renew their licenses. They provide need-based and academic scholarships to students in the last 30 hours of a 150-hour program of study. The THECB may award a scholarship only to eligible students who intend to take the written examination conducted by the TSBPA for the purpose of granting a certificate of certified public accountant.
- Art. 8930, Revised Statutes, governs self-directed, semi-independent agencies. The TSBPA, which regulates the accounting profession in Texas, was included in September 2001 by the Legislature, along with the Texas Board of Professional Engineers and the Texas Board of Architectural Examiners, in the self-directed, semi-independent licensing

agency pilot project. This removed the TSBPA from the legislative appropriations process. It now collects its revenues directly from licensing fees.

DIGEST:

CSHB 2440 would transfer functions and authority to administer the fifth-year accounting student scholarships fund from the Texas Higher Education Coordinating Board (THECB) to the Texas State Board of Public Accountancy (TSBPA). The bill would authorize the TSBPA to use the funds collected for that purpose and would make conforming changes to the Education Code and the Occupations Code.

The scholarship fund would be a trust fund held by the TSBPA outside the state treasury. All mandates and responsibilities currently charged to the THECB would be conferred on the TSBPA, including the continuation of the advisory board. These include the biennial report to the Legislature on the scholarship program that contains the number and amount of scholarships awarded and diversity statistics of the recipients. The criteria and priorities for awarding scholarships to minority and disadvantaged students currently in place would have to be followed by the TSBPA.

The amount of the fee increase on renewal licenses that was used for the scholarship trust fund would be \$10 annually. The amount used for administrative costs incurred to collect the fee could be no more than 10 percent of the total amount collected, rather than 15 percent.

TSBPA would have to comply with provisions of Art. 8930, Revised Statutes, in carrying out duties related to the use of the trust fund.

The bill would take effect September 1, 2009.

**SUPPORTERS
SAY:**

HB 2440 would transfer the fifth-year accounting student scholarship program from the Texas Higher Education Coordinating Board (THECB) to the Texas State Board of Public Accountancy (TSBPA) because the administration of these scholarships is more pertinent to the TSBPA's mission. The THECB has done a good job of administering the scholarship program, but the program is small compared to others the THECB administers. The coordinating board was mandated to administer the program back in the 1990s, but it is not specifically related to the coordinating board's mission. All concerned parties have agreed that the more appropriate for the TSBPA to administer the funds.

Candidates for the CPA exam must complete a minimum of 150 hours of higher education because the body of knowledge that must be mastered by potential CPAs is extensive and requires an additional year. The TSBPA has a vested interest in ensuring that the fifth-year scholarships get to the students who are academically qualified and need them.

The THECB allocates the scholarship funds directly to higher education institutions, where it is made available and distributed along with other scholarship programs. The program is not getting the attention it deserves because it is relatively small and not all eligible students are aware of it.

Because the TSBPA administers the CPA exam and students who intend to take the exam must apply to the TSBPA, the board has direct access to and knowledge of the pool of students potentially eligible for the scholarships. The TSBPA can connect with universities to make students who intend to take the exam aware of the scholarship program. This would help establish a pathway for gifted, minority, and financially disadvantaged accounting students who wanted to obtain their CPA license. The cost to administer the program would be lower, resulting in additional money for scholarships.

**OPPONENTS
SAY:**

Transferring the fifth-year accounting scholarship program to the TSBPA makes sense, but the bill as written could cause the scholarship funds to not be disbursed in time for the fall 2009 semester. The bill would require that the TSBPA adopt rules no later than January 1, 2010, and that any money appropriated to the THECB for scholarships be transferred to the TSBPA on September 1, 2009. There would be no rules in place in time to disperse the funds in time for the 2009 fall semester.

The funds should be allocated instead from the THECB to the institutions as regularly scheduled so that the scholarships could be disbursed as usual. This would give the TSBPA time to adopt rules and accept the funds transfer in time for the Spring, 2010 semester.

NOTES:

The committee substitute differs from the bill as filed by specifying that the scholarship fund account for fifth-year accounting students would be a trust fund, rather than a trust fund account, and that the trust fund be held by the TSBPA outside the state treasury. It also differs from the original by stipulating that any money appropriated to the coordinating board that has not been awarded to students would be transferred to the TSBPA.

The companion bill, SB 1412 by Williams, is scheduled for public hearing on April 22 by the Senate Higher Education Committee.