

Purpose: To delete a position from and to classify a position in the non-competitive class in the Department of Civil Service.
Text was published in the notice of proposed rule making, I.D. No. CVS-15-06-00009-P, Issue of April 12, 2006.
Final rule compared with proposed rule: No changes.
Text of rule may be obtained from: Stella Chen Harding, Department of Civil Service, State Campus, Albany, NY 12239, (518) 457-6205, e-mail: stella.harding@cs.state.ny.us
Assessment of Public Comment
 The agency received no public comment.

Education Department

PROPOSED RULE MAKING NO HEARING(S) SCHEDULED

Education Requirements for Licensure in Public Accountancy I.D. No. EDU-27-06-00009-P

PURSUANT TO THE PROVISIONS OF THE State Administrative Procedure Act, NOTICE is hereby given of the following proposed rule:

Proposed action: Amendment of sections 52.13, 70.1 and 70.4(b) of Title 8 NYCRR.

Statutory authority: Education Law, sections 207 (not subdivided); 210 (not subdivided); 6506(1) and (6); 6507(2)(a), (3)(a) and (4)(a); and 7404 (1)(2) and (2)

Subject: Education requirements for licensure in public accountancy and the endorsement of an out-of-state license in this field.

Purpose: To revise requirements for college programs leading to licensure in public accountancy; make changes in the education requirements that applicants for licensure as a certified public accountant must meet; and revise requirements for licensure in this field through the endorsement of an out-of-state license.

Text of proposed rule: 1. Section 52.13 of the Regulations of the Commissioner of Education is amended, effective October 5, 2006, as follows:
52.13 Accountancy.

(a) Prior to August 1, 2004, the program shall meet the curricular requirements in this subdivision or subdivision (b) of this section.

(1) Undergraduate curriculum. An undergraduate curriculum shall [include not less than] *lead to a baccalaureate degree and include not less than 120 semester hours or their equivalent, including* the following semester hours or their equivalent in the specified subjects:

Subject	Semester hours
Accounting, including course coverage in each of the following subject areas - accounting principles, cost accounting, tax accounting and auditing	24
Commercial law	6
Finance	6
Basic statistics	3
[Liberal arts and science courses]	[60]
Business and accounting electives	21
[Total, including at least six semester hours of economic principles which hours may be used to satisfy either the business electives or liberal arts requirements]	[120]
<i>Economic principles (which may be used to satisfy the business and accounting electives requirement)</i>	6

The department may recognize a curriculum of comparable course content but with fewer semester hours, if given wholly or partly at the graduate level, as being equivalent to the undergraduate curriculum outlined above.

(2) Graduate curriculum. A graduate curriculum shall include not less than the following semester hours or their equivalent in the specified subjects depending on the undergraduate preparation of the students:

Subject	Semester hours (prerequisites for the respective programs are described below)
	Alternative A Alternative B

Accounting, including at least one course each in accounting theory, tax accounting, and auditing, and in addition, under the B program, at least one course in cost accounting	9	24
Economic analysis	3	3
Finance	3	3
Commercial law - six semester hours at the undergraduate level will be considered equivalent		4
Other business accounting electives [, including at least one course in quantitative measurements]	15	26
Total	30	60

(i) . . .

(ii) The prerequisite for alternative B is a bachelor's degree or the equivalent in a field other than accounting or business administration, including:

(a) [at least 60 semester hours in liberal arts and science courses, of which] at least six semester hours [shall be] in economic principles;

(b) . . .

(c) . . .

If such curriculum did not include the requirements set forth in this paragraph relating to economic principles, finance and business statistics, equivalent study in these subjects shall be carried out through the use of electives in the graduate curriculum.

(b) (1) Definitions. As used in this subdivision:

(i) Professional accountancy content area shall mean [coursework, which includes but is not limited to, each of the following curricular areas] *curricular content that includes but is not limited to each of the following subjects:*

(a) . . .

(b) . . .

(c) . . .

(d) . . .

(ii) General business content area shall mean [coursework, which includes but is not limited to, each of the following curricular areas] *curricular content that includes but is not limited to each of the following subjects:*

(a) . . .

(b) . . .

(c) . . .

(d) economics; and

(e) finance [, and].

[(f) quantitative methods.]

[(iii) . . .]

(2) Curriculum. On or after August 1, 2004, in addition to meeting all applicable provisions of this Part, to be registered as a program recognized as leading to licensure in public accountancy which meets the requirements in section 70.1 of this Title, such program shall be a baccalaureate or higher program that, by requisites or prerequisites, shall ensure completion of at least 150 semester hours or its equivalent, including a minimum of 33 semester hours or its equivalent in the professional accounting content area[,] and a minimum of 36 semester hours or its equivalent in the general business content area [, and a minimum of 60 semester hours or its equivalent in the liberal arts and sciences content area, with a maximum of 90 semester hours in a combination of the professional accounting and general business content areas and a maximum of 80 semester hours in the liberal arts and sciences content area]. Such curriculum shall include the study of business and accounting communications, ethics and professional responsibility, and accounting research, either by integration into the coursework of other courses or in separate courses.

2. Section 70.1 of the Regulations of the Commissioner of Education is repealed and a new section 70.1 is added, effective October 5, 2006, as follows:

70.1 Professional study of public accountancy.

(a) For purposes of this section, acceptable accrediting agency shall mean an organization accepted by the department as a reliable authority for the purpose of accreditation of accountancy programs, having accreditation standards that are substantially equivalent to the requirements for programs registered pursuant to section 52.13 of this Title, and applying its criteria for granting accreditation in a fair, consistent, and nondiscriminatory manner.

(b) (1) To meet the professional educational requirements for licensure, the applicant shall present satisfactory evidence of completing a baccalaureate or higher degree program in accountancy that is registered by the department pursuant to section 52.13 of this Title, or a baccalaureate or higher degree program in accountancy that is accredited by an acceptable accrediting agency, or a baccalaureate or higher degree program that is substantially equivalent to such a registered or accredited program, as determined by the department.

(2) An applicant who applies to the department for licensure on or after August 1, 2009 shall be required to have satisfactorily completed a curriculum of at least 150 semester hours in the program prescribed in paragraph (1) of this subdivision.

(3) An applicant who applies to the department for licensure prior to August 1, 2009 shall be required to have either:

(i) satisfactorily completed a curriculum of at least 150 semester hours in the program prescribed in paragraph (1) of this subdivision; or

(ii) satisfactorily completed a curriculum of at least 120 semester hours in the program prescribed in paragraph (1) of this subdivision prior to August 1, 2009 and submitted the required application forms for licensure to the department prior to August 1, 2009.

(c) In lieu of meeting the education requirements prescribed in subdivision (b) of this section, the applicant may meet the following requirement: at least 15 years of full-time experience in the practice of public accountancy satisfactory to the State Board for Public Accountancy.

3. Subdivision (b) of section 70.4 of the Regulations of the Commissioner of Education is amended, effective October 5, 2006, as follows:

(b) If licensing standards of the other jurisdiction at the time of licensure were not fully equivalent to New York State standards at the time of application for endorsement, or if an examination acceptable to the State Board was passed in another jurisdiction but under conditions not applicable in this State, the department may accept, for purposes of endorsement, evidence satisfactory to the State Board of at least [five] four years of professional experience in the practice of public accountancy following initial licensure and within 10 years immediately preceding application for licensure by endorsement.

Text of proposed rule and any required statements and analyses may be obtained from: Anne Marie Koschnick, Legal Assistant, Office of Counsel, Education Department, State Education Bldg., Rm. 148, Albany, NY 12234, (518) 473-8296, e-mail: legal@mail.nysed.gov

Data, views or arguments may be submitted to: Johanna Duncan-Poitier, Deputy Commissioner, Office of Higher Education, Education Department, Rm. 979, Education Bldg. Annex, 879 Washington Ave., Albany, NY 12234, (518) 474-5851, e-mail: hedepcom@mail.nysed.gov

Public comment will be received until: 45 days after publication of this notice.

This action was not under consideration at the time this agency's regulatory agenda was submitted.

Regulatory Impact Statement

1. STATUTORY AUTHORITY:

Section 207 of the Education Law grants general rule making authority to the Board of Regents to carry into effect the laws and policies of the State relating to education.

Section 210 of the Education Law grants to the Board of Regents the authority to register domestic and foreign institutions in terms of New York standards.

Subdivision (1) of section 6506 of the Education Law authorizes the Board of Regents to supervise the admission to practice of the professions and the regulation of such practice and to promulgate rules to carry out such supervision.

Subdivision (6) of section 6506 of the Education Law authorizes the Board of Regents to endorse a license issued by a licensing board of another state or country, upon the applicant meeting requirements prescribed in Commissioner's Regulations.

Paragraph (a) of subdivision (2) of section 6507 of the Education Law authorizes the Commissioner of Education and the State Education Department to promulgate regulations administering the admission to and the practice of the professions.

Paragraph (a) of subdivision (3) of section 6507 of the Education Law authorizes the Department, assisted by the board for each profession, to establish standards for pre-professional education, experience and licensing examinations as required to implement the Article for each profession.

Paragraph (a) of subdivision (4) of section 6507 of the Education Law authorizes the State Education Department to register or approve educational programs designed for the purpose of providing professional prepara-

ration which meet standards established by the State Education Department.

Paragraph (2) of subdivision (1) of section 7404 of the Education Law requires an applicant for a license as a certified public accountant to have received an education, including a bachelor's or higher degree based upon a program in accountancy, in accordance with Commissioner's Regulations.

Subdivision (2) of section 7404 of the Education Law establishes an acceptable alternative to meeting the regular education and experience requirements for a license as a certified public accountant.

2. LEGISLATIVE OBJECTIVES:

The proposed amendment carries out the intent of the aforementioned statutes by establishing requirements for registered college programs leading to licensure as a certified public accountancy in New York State, education requirements that an applicant for licensure must meet, and requirements for the endorsement of an out-of-state license in this field.

3. NEEDS AND BENEFITS:

The purpose of the proposed amendment is to revise requirements for college programs leading to licensure in public accountancy, make changes in the education requirements that applicants for licensure as a certified public accountant must meet, and revise requirements for licensure in this field through the endorsement of an out-of-state license.

Section 52.13 of the Regulations of the Commissioner of Education sets forth requirements for registered college programs leading to licensure as a certified public accountant in New York State. The amendment makes a number of changes in the requirements of these registered programs.

The amendment deletes a 60 semester-hour liberal arts and sciences requirement for such registered programs. Instead, it permits the registered programs to provide liberal arts and sciences coursework in accordance with the requirements of Regents Rules for the type of degree conferred. The amendment would permit a program to offer fewer liberal arts and sciences courses. For example, the Bachelor of Business Administration (BBA) program may limit liberal arts and sciences coursework to one-quarter of the curriculum (e.g., 30 semester hours for a 120 semester hour program). The Department believes that the change would provide accountants with sufficient liberal and sciences preparation. The State Board for Public Accountancy has approved this change.

Deleting the 60 semester hour liberal arts and sciences requirement will remove a barrier to licensure for certified public accountants who are licensed in other states and have completed out-of-state programs. To be licensed they have to complete an equivalent educational program to a New York State registered program and many have not taken 60 semester hours in the liberal arts and sciences because such an education requirement does not exist in most other states.

The amendment also removes a requirement in the registered licensure-qualifying programs for a course in quantitative measurements or methods. This specific requirement does not exist in the education requirements for licensure in most other states. As a result, this requirement has been a barrier to licensure in New York State. The State Board for Public Accountancy has approved this change.

The amendment makes a clarifying change in the requirements specifying content requirements for registered 150-semester hour programs leading to licensure. The language clarifies that the subjects listed under each content area must be completed in curricular content, meaning that the subjects may be provided in individual courses or within the curricular content of several courses. This change is needed to ensure that colleges have the flexibility to structure their registered programs as they see fit, provided that the prescribed subject matter is covered.

The amendment also permits an applicant to meet the education requirement for licensure by completing an accountancy program that is accredited by an acceptable accrediting agency. The regulation defines an acceptable accrediting agency as an agency that has accreditation standards that are substantially equivalent to the requirements in Commissioner's Regulations for registered programs leading to licensure, among other requirements. This change will ease access to licensure in New York State for applicants who have completed out-of-state accredited programs. It will streamline the licensure process, and expedite the processing of licensure applications. It will save staff time because the Department will no longer have to compare the course content of out-of-state programs to registered New York State programs, if the programs are accredited by an acceptable accrediting agency that the Department has already determined to have substantially equivalent standards to New York's.

The amendment also changes requirements for the endorsement of an out-of-state license in this field. The proposed amendment changes the experience requirement for applicants who do not meet the regular educa-

tion and/or experience requirement for licensure. It reduces from five years to four years in the preceding 10 years the number of years of professional experience that such an applicant for licensure through the endorsement of an out-of-state license must have. This is needed to ease access to licensure in New York State for experienced certified public accountants who are licensed in other jurisdictions. The change is consistent with the standard included in the Uniform Accountancy Act of the American Institute for Certified Public Accountants and the National Association of State Boards of Accountancy and with the experience requirement prescribed by many other jurisdictions for the endorsement of an out-of-state license. The State Board for Public Accountancy has approved this change.

4. COSTS:

(a) Cost to State government: The proposed amendment will not impose additional costs on State government. The Department will continue to determine whether applicants for licensure in accountancy meet educational requirements. Accepting accredited accountancy programs as qualifying licensure programs will streamline the licensure process by reducing administrative costs because staff will no longer have to review the educational requirements of individual out-of-state programs that are accredited by an acceptable accrediting agency.

(b) Cost to local government: None.

(c) Cost to private regulated parties: The proposed amendment will not impose any additional cost on applicants for licensure in public accountancy or licensure-qualifying registered college programs. It does not change the total number of semester hours in the licensure-qualifying programs that an applicant for licensure as a certified public accountant must complete.

(d) Costs to the regulatory agency: As stated above in "Costs to State Government," the proposed amendment will not impose additional costs on the State Education Department.

5. LOCAL GOVERNMENT MANDATES:

The proposed amendment relates to education requirements for licensure in public accountancy, the requirements for licensure-qualifying college programs, and experience requirements for licensure through the endorsement of an out-of-state license in this field. The amendment does not impose any program, service, duty, or responsibility upon local governments.

6. PAPERWORK:

The amendment does not establish additional reporting or recordkeeping requirements for applicants for licensure or college programs. In fact, the amendment is likely to reduce the application requirements for licensure applicants who have completed acceptable accredited out-of-state education programs. They will likely have to submit less documentation to substantiate the course content of the out-of-state program.

7. DUPLICATION:

There are no other State or Federal requirements on the subject matter of the proposed amendment. Therefore, the proposed amendment does not duplicate other existing State or Federal requirements.

8. ALTERNATIVES:

There are no viable alternatives to the proposed amendment and none were considered.

9. FEDERAL STANDARDS:

There are no Federal standards concerning the subject matter of the amendment, educational requirements for licensure in certified public accountancy, requirements for licensure-qualifying college programs, and professional experience requirements for the endorsement of an out-of-state license in certified public accountancy.

10. COMPLIANCE SCHEDULE:

The proposed amendment must be complied with on its effective date. No additional period of time is necessary to enable regulated parties to comply with the regulation.

Regulatory Flexibility Analysis

The proposed amendment changes education requirements that individuals must meet to be licensed as a certified public accountant and requirements that colleges must meet for the registration of licensure-qualifying programs in this field. It also changes professional experience requirements for individuals seeking licensure through the endorsement of an out-of-state license. The amendment does not regulate small businesses or local governments. It does not impose any reporting, recordkeeping, or other compliance requirements on small business or local governments, or have any adverse economic effect on them. Because it is evident from the nature of the proposed amendment that it does not affect small businesses or local governments, no affirmative steps were needed to ascertain that fact and none were taken. Accordingly, a regulatory flexibility analysis for small

businesses and local governments is not required and one has not been prepared.

Rural Area Flexibility Analysis

1. TYPES AND ESTIMATED NUMBER OF RURAL AREAS:

The proposed amendment will affect individuals who apply for licensure as certified public accountants (CPA) and college programs leading to licensure in public accountancy, including those that are located in the 44 rural counties with less than 200,000 inhabitants and the 71 towns in urban counties with a population density of 150 per square mile or less. Each year about 1,750 individuals apply for licensure as a certified public accountant. The Department estimates that about eight percent or about 140 come from a rural county of New York State. At present, there are 143 licensure-qualifying college programs in New York State. Of these, 10 are located in rural counties of New York State.

2. REPORTING, RECORDKEEPING AND OTHER COMPLIANCE REQUIREMENTS; AND PROFESSIONAL SERVICES:

The proposed amendment revises education requirements for licensure as a certified public accountant and requirements for licensure in this field through the endorsement of an out-of-state license. Section 52.13 of the Regulations of the Commissioner of Education sets forth requirements for registered college programs leading to licensure as a certified public accountant in New York State. The amendment makes a number of changes in the requirements for registered New York State programs leading to licensure. The amendment deletes a 60 semester-hour liberal arts and sciences requirement for such registered programs. Instead, it permits the registered programs to provided liberal arts and sciences coursework in accordance with the requirements of Regents Rules based upon the type of degree conferred. The amendment would permit a program to offer fewer liberal arts and sciences courses. For example, the Bachelor of Business Administration (BBA) program may limit liberal arts and sciences coursework to one-quarter of the curriculum (e.g., 30 semester hours for a 120 semester hour program).

The amendment removes a requirement in the registered licensure-qualifying programs for a course in quantitative measurements or methods. It also makes a clarifying change in the requirements specifying content requirements for registered 150-semester hour programs leading to licensure. The language clarifies that the subjects listed under each content area must be completed in curricular content, meaning that the subjects may be provided in individual courses or within the curricular content of several courses.

The amendment changes the education requirement for licensure, permitting an applicant to meet the education requirement by completing an accountancy program that is accredited by an acceptable accrediting agency. The regulation defines an acceptable accrediting agency as an agency that has accreditation standards that are substantially equivalent to the requirements in Commissioner's Regulations for registered programs leading to licensure, among other requirements.

The amendment also makes a change in the professional experience requirement for the endorsement of an out-of-state license for licensure as a certified public accountant in New York State. The proposed amendment changes the experience requirement for applicants who do not meet the regular education and/or experience requirement for licensure. It reduces from five years to four years in the preceding 10 years the number of years of professional experience that an applicant for licensure through the endorsement of an out-of-state license must have.

The proposed amendment does not impose a need for additional professional services and does not establish additional reporting or recordkeeping requirements on applicants for licensure or licensure-qualifying programs, including those located in rural areas of New York State.

3. COSTS:

The proposed amendment will not impose any additional cost on applicants for licensure in accountancy or licensure-qualifying registered college programs, including those located in rural areas of New York State. It does not change the total number of semester hours in the licensure-qualifying programs that an applicant for licensure as a certified public accountant must complete.

4. MINIMIZING ADVERSE IMPACT:

The proposed amendment provides additional flexibility in the requirements that registered licensure-qualifying programs in accountancy must meet. It deletes the liberal arts and sciences requirement for registered programs leading to licensure in public accountancy, and permits such programs to offer such coursework based upon the requirements of Regents Rules for the type of degree conferred. It also permits applicants for licensure in this field to meet the education requirement by completing out-of-state programs accredited by an acceptable accrediting agency, and

reduces the number of years of professional experience that an applicant for endorsement of an out-of-state license must complete. Because the amendment liberalizes requirements, it is unnecessary to minimize an adverse impact on applicants for licensure or college programs located in rural areas of the State.

5. RURAL AREA PARTICIPATION:

The State Board Public Accountancy assisted in the development of the proposed amendment and approves the changes. This Board includes members who live and work in rural areas of New York State. In addition, the State Education Department solicited comments on the proposed amendments from the Society of Certified Public Accountants and all colleges in the State that offer licensure-qualifying programs in this field, which include members and institutions located in all areas of New York State, including rural areas of the State.

Job Impact Statement

The purpose of the proposed amendment is to revise requirements for college programs leading to licensure in public accountancy, make changes in the education requirements that applicants for licensure as a certified public accountant must meet, and revise requirements for licensure in this field through the endorsement of an out-of-state license. The amendment will ease access to licensure in this field for individuals who are already licensed in other jurisdictions. It deletes a 60 semester-hour liberal arts and sciences requirement for registered programs leading to licensure in public accountancy in New York State. Deleting this requirement will remove a barrier to licensure in New York State for certified public accountants who are licensed in other states and have not completed this total number of semester hours in the liberal arts and sciences. The amendment also permits an applicant to meet the education requirement for licensure by completing an accredited out-of-state program in accountancy, and reduces the number of years of professional experience that must be completed to be licensed through the endorsement of an out-of-state license.

The amendment does not affect the number of jobs or the number of employment opportunities in public accountancy, or any other field. Because it is evident from the nature of the proposed amendment that it will have no impact on jobs and employment or only a positive impact, no further steps were needed to ascertain that fact and none were taken. Accordingly, a job impact statement is not required and one was not prepared.