

Looking for NASBA Key Contacts

Legislative Support Committee Chair A. Carlos Barrera (TX) urged those at the January Board of Directors meeting to encourage all State Board members, executive directors and NASBA associates who have personal and/or professional relationships with those serving in state and federal legislatures or in the executive branch of state government to become participants in NASBA's Key Person Contact (KPC) program. The program's goal is to establish a strong internal legislative network for transmitting information to legislators and reporting information about pending legislation to NASBA and the State Boards. More information can be found on the NASBA webpage at: <http://nasba.org/mc/legislativesupport/keypersoncontact>.



Carlos Barrera

John Johnson, NASBA Director of Legislative and Governmental Affairs, explained that the KPC program will act to enhance the legislative tracking program now in place, and that can be viewed on the NASBA website at: <http://nasba.org/mc/legislativesupport/legislativetracking/>. Currently, Mr. Johnson is tracking over 100 bills that directly impact accounting regulation and over 400 that might be significant to regulators. As bills arise in state legislatures, Mr. Johnson contacts the State Boards to let them know he is monitoring the bills' progress and to offer assistance to the State Boards if needed.

"We've helped Boards by providing information to bring to their legislators, as well as offered aid in drafting legislation and providing experts to testify. This is all part of NASBA's mission to 'enhance the effectiveness and advance the common interests of the Boards of Accountancy,'" Mr. Johnson stated. ♦

Trans-Tasman Institute Formed

On January 1, 2015 the "Chartered Accountants Australia and New Zealand" formally came into existence. The merger of the New Zealand Institute of Chartered Accountants and the Institute of Chartered Accountants Australia has brought together the training programs of both institutes, resulting in combined education, examination and experience requirements. Both the New Zealand Institute and the Australian Institute have established Mutual Recognition Agreements through the NASBA/AICPA International Qualifications Appraisal Board. An agreement for the merged organization is being developed by IQAB to be ready when their current MRAs are up for renewal in 2016, reported IQAB Chair Telford A. Lodden (IA). ♦

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CPAs, Marijuana and Moral Character

CPAs are being told by the AICPA to check with their State Board of Accountancy when they consider providing services to a marijuana-related business. Beginning this month, Alaska has legalized recreational marijuana for individuals over the age of 21 and Oregon will have a similar law in effect in July 2015. In November 2012, voters in Colorado and the state of Washington approved legalized recreational use of marijuana, and in November 2014 Guam voters did too. However, as the Federal Controlled Substances Act classifies marijuana as a controlled substance, marijuana-related businesses and consumers are subject to federal prosecution. In January, the AICPA released an update of "An Issue Brief on State Marijuana Laws and the CPA Profession." The paper warns: "It is possible that a CPA from a state that allows marijuana use who has provided services to a 'marijuana business' could face licensing difficulties if he or she seeks a reciprocal license in

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Obama Budget Urges Licensing Study

Two areas covered in President Barack Obama's budget released on February 1 have caused a significant number of comments by opponents of professional licensing. President Obama is encouraging states to study "Reducing Unnecessary Occupational Licensing Requirements" and to consider "Spreading the Development and Adoption of Industry-Validated Credentials." Looking at both of these provisions, which would provide \$15 million for eliminating unnecessary occupational licenses and \$500 million for creating new credential processes, Scott Shackford writes in his "Hit and Run" blog: "Will this lead, in fact, to the creation of new occupational licensing programs to make sure people who want to work in these fields get the necessary credentials promoted by the government?"



Barak Obama

The White House's descriptions of the budget provisions state:

"Reducing Unnecessary Occupational Licensing

Requirements. The Budget seeks to reduce occupational licensing barriers that keep people from doing the jobs they have the skills to do by putting in place unnecessary training and high fees. The Budget proposes a \$15 million increase for grants to States and partnerships of States for the purpose of identifying, exploring, and addressing areas where occupational licensing requirements create an unnecessary barrier to labor market entry or labor mobility and where interstate portability of licenses can support economic growth and

improve economic opportunity, particularly for dislocated workers, transitioning service members, veterans and military spouses.

"Spreading the Development and Adoption of Industry-Validated Credentials. The Budget provides \$500 million for Industry Credentialing and Career Pathways Grants, including \$300 million specifically targeted at information technology jobs. These grants would be competitively awarded to create employer-validated credentials, where they do not yet exist, drive additional employer uptake of credentials that do exist, and develop curricula and assessments that lead to the credential. Grants would be awarded to employer collaboratives in partnership with the workforce system, post-secondary institutions such as community colleges, and other innovative education and training providers."

In commenting on how President Obama's proposals might impact Massachusetts, Kelly O'Brien, senior staff writer for Boston.com, pointed to a May 2012 report "License to Work: A National Study of Burdens from Occupational Licensing," by the Institute for Justice. Their study found licensing laws were blocking new workers from entering the professions and they ranked each state as to how "burdensome" its licensing requirements were.

Mr. O'Brien notes that since that report was issued, former Massachusetts Governor Deval Patrick did make some reforms which went into effect in November 2014 and others that will go into effect in May 2015. ♦

CPAs, Marijuana and Moral Character (Continued From Page 1)

a state where marijuana is illegal. It's not yet clear how State Boards of Accountancy will apply 'good moral character' requirements or impose discipline when it comes to supporting marijuana-related businesses, or if they will take a position at all."

The paper goes on to state: "CPAs who are contemplating providing services to marijuana-related businesses should consider whether a State Board would consider it to be an 'act discreditable' when a CPA provides services to businesses that violate federal drug laws, even in a state that allows those businesses to operate legally."

AICPA notes that since 1996 some states have allowed medical marijuana dispensaries and CPAs have been questioning whether they may provide services for these dispensaries. The AICPA and some State Boards have advised CPAs considering this area to seek the advice of independent legal counsel.

The updated AICPA issue brief observes: "In the states that have passed laws or referendums allowing medicinal or recreational marijuana use, State Boards of Accountancy have not yet provided any guidance for CPAs looking to provide services to businesses that grow/sell marijuana. This dynamic puts CPAs in a gray legal area. They need to satisfy the requirements of their State Boards of Accountancy for 'good moral character' and the 'acts discreditable' requirements in their respective states, while at the same time considering the potential business opportunities."

During the upcoming NASBA State Board Executive Directors Conference (March 24-26), "The Impact of Marijuana Laws" will be discussed in a session with State Society chief executive officers. Speakers will include Colorado Society President and CEO Mary Medly and AICPA Vice President of State Regulation and Legislative Affairs Mat Young.

The Nebraska and Oklahoma Attorneys General on December 18, 2014 asked the U.S. Supreme Court to declare Colorado's legalizing marijuana sales to the general public unconstitutional, because it breaks the supremacy clause that holds federal law trumps state law when a conflict exists between the two. Oklahoma Attorney General Scott Pruitt stated: "The illegal products being distributed in Colorado are being trafficked across state lines, thereby injuring neighboring states like Oklahoma and Nebraska." Nebraska Attorney General Doug Peterson observed, "Federal law has declared marijuana a narcotic, but our current Department of Justice wants to give them a pass." ♦

50 Boards on ALD and CPAVerify

The Accountancy Licensee Data Base (ALD) and CPAVerify have both reached the 50-Board mark. Addressing the NASBA Board of Directors on January 23, NASBA President Ken L. Bishop congratulated the Accountancy Boards' and NASBA's staff for working together to create the most comprehensive professional database in the United States, surpassing those of all other licensed professions. The databases not only provide invaluable information to State Boards monitoring interstate practice, but also to corporations, CPA firms and federal agencies who need access to up-to-date CPA records. The most recent addition to the ALD was the New Jersey Board of Accountancy and to CPAVerify was the Minnesota State Board of Accountancy. Through upgrades and overhauls of licensing systems, Boards' staff have actively worked to keep their data feed working smoothly with the ALD and CPAVerify. ♦

PRESIDENT'S MEMO

Balancing the Three-Legged Stool

About 15 years ago, when I retired from my career in law enforcement and became the director of the Missouri State Board of Accountancy, my predecessor in Missouri, Bill Boston, left me a lengthy letter that outlined his thoughts on the importance of the job. There was a lot of good advice in that letter, but three recommendations stood out for me – then and now: First, he said to remember that the protection of the public was the reason we exist. Second, he stressed the importance of having a strong and trusting relationship with the State Society. Third, he emphasized the importance of “the three-legged stool” of CPA licensure: education, examination and experience. Bill’s advice has served me well.

Today, the three-legged stool looks much different than it did 15 years ago. The Uniform CPA Examination then was a conditioned paper-and-pencil test with first-time pass rates in the teens. The experience requirement was for multiple years including attest work in a CPA firm under the supervision of a licensee, and the education requirement had recently been raised to 150 hours, to increase the overall standards of entry into the accounting profession. While we could have interesting discussions about all three elements of the “stool,” this Memo is focused on the education requirement.

I remember well the arguments for raising the education bar to 150 hours. It was challenging and controversial for many states, and only in the past few years have all jurisdictions adopted the 150-hour requirement. The myriad of reasons for the increase included: achieving the academic background needed to support a CPA’s learning over a career span, enhancing communications and interpersonal skills, and acquiring greater accounting expertise. All were valid then and they are now. NASBA has steadfastly supported the 150-hour requirement and its nexus to public protection.

Recently, we have witnessed dramatic changes in the way post-secondary education has been delivered and measured. Historically, accounting education was delivered in bricks-and-mortar colleges and universities, using strict hour requirements of class time, homework and evaluations. In more recent years, we have seen an increase of on-line education availability. While the method of delivery changed, the requirement of prescribed courses with testing remained fairly constant. However, now a variation of education that drastically changes the traditional format has become apparent.

In the past year, we have seen the advance of “competency-based” education into the sphere of CPA licensure. Educators have been talking about competency-based learning for years, but that has only lately had an impact on what CPA candidates are actually presenting to the Boards of Accountancy. It is too early to say whether that is a good or bad thing, but it is certainly different. Big players, such as the Western Governors University, are attracting thousands of students and are granting accredited degrees to students based on “life experience” that is somehow translated into knowledge, skill and ability. As traditional colleges and universities are threatened by the loss of students (and related dollars), they too are beginning to give college credit for “experience” in order to remain competitive. Again, it is too early to say this is bad, but it sure is different.

A quick comparison of contrasting scenarios, based on real candidates: Traditional Student A has attended college for five years and has his/her transcript evaluated for sitting for the Uniform CPA Examination (and ultimate licensure) and is determined to be missing a mandated business course. Student A is required to return to college for an additional semester to meet the requirement. Student B enrolls in a competency-based college and, based on an assessment of his/her experience, knowledge and skills, is determined to have achieved a “value” of 150 hours, and therefore has met the requirements for sitting for the CPA Examination and for licensure in less than six months total time. Most states have statutes that recognize the degrees and transcripts of colleges accredited by a list of acceptable accrediting bodies. In the comparative scenario described, both colleges were accredited and met the requirements of the applicable state statutes.

NASBA’s Chair, Walter C. Davenport (NC), and the NASBA Board of Directors have concluded that this matter needs to be studied and understood. Chair Davenport has appointed an Education Committee, chaired by Dr. Robert Cochran (vice chair of the Virginia Board of Accountancy), which includes an unprecedented eight Ph.D.s with State Board experience, who will be undertaking the review. We will be sharing our thoughts with AICPA leadership and our State Society Relations Committee, and will be reporting back to our State Boards, including presentations at our Regional Meetings. NASBA will also be meeting with accepted accrediting bodies to understand how they are monitoring and/or reacting, and we will also fund research into this matter.

Again **caution!** We have not yet determined, nor are we implying, that the changes in education are necessarily bad. Remembering that the protection of the public is our primary reason for existing, and “the three-legged stool” is a critical element of that undertaking, we are being prudent to make sure it does not become lopsided and topple.

Semper ad meliora (Always toward better things).



Ken L. Bishop
President & CEO



A handwritten signature in black ink that reads 'Ken L. Bishop'. The signature is fluid and cursive.

— Ken L. Bishop
President & CEO

Call for Vice Chair Nominees

NASBA Nominating Committee Chair Carlos E. Johnson (OK) is asking all those interested in serving as NASBA Vice Chair 2015-16 to please submit their resume, preferably accompanied by a recommendation from their State Board, to him at NASBA, 150 Fourth Avenue North – Suite 700, Nashville, TN 37219-2417 or e-mail to aholt@nasba.org or fax (615)880-4291. If elected Vice Chair at the Annual Business Meeting in October, the individual will accede to the office of President 2016-2017. To be eligible to serve as Vice Chair, an individual must have served as a NASBA Director-at-Large or Regional Director for a minimum of one year, but does not need to be a current member of the Board of Directors at the time of his or her election.

Dr. Johnson explained that in previous years, candidates had sought letters in support of their nomination from multiple State Boards, and this is not necessary. He asked that all nominations be submitted no later than April 10, 2015.

Nominations for any Board of Directors' vacancy can be made by at least five Boards of Accountancy that file with the NASBA Chair at least 10 days prior to the Annual Business Meeting. No nominations will be recognized from the floor of the Annual Business Meeting.

Please direct any questions about the nominating process to Assistant to the President Anita Holt (615)880-4202. ♦

NASBA President Yellen 1988-9 Dies



Sam Yellen

After a lengthy illness, NASBA Past President (later to be termed "Chair") Sam Yellen died on January 18. A Past President of the California State Board of Accountancy and a retired KPMG partner-in-charge of professional practice, Mr. Yellen was active in many community organizations. He was an especially valuable guide to NASBA staff in the period following the death of NASBA's first full-time executive director, William H. Van Rensselaer, and remained an active member of the NASBA Past Chair Advisory Council for many years. In his inaugural address to NASBA in September 1988, President Yellen hailed the forthcoming NASBA Continuing Professional Education Sponsor Registry: "The CPE Sponsor Registry is probably the most important potential contribution that NASBA has given to the quality of practice in a while. It has the possibility of making CPE something real, something with substance, and something with validity." The Registry now has over 2,100 listed sponsors.

Contributions in Mr. Yellen's memory can be made to the American Diabetes Association, Anti-Defamation League, CSUN School of Business and Economics, CSULA School of Business and Economics, USC Marshall School of Business or other worthy charities. Acknowledgements can be sent to his widow, Thelma Yellen, 22433 Oxnard Street, Woodland Hills, CA 91367. ♦