

Office of Regulatory Management  
Economic Review Form

<b>Agency name</b>	Virginia Board of Accountancy
<b>Virginia Administrative Code (VAC) Chapter citation(s)</b>	18 VAC 5-22 -60 -70-80
<b>VAC Chapter title(s)</b>	Board of Accountancy regulations
<b>Action title</b>	Amendments to Board of Accountancy regulations
<b>Date this document prepared</b>	11/15/2024
<b>Regulatory Stage (including Issuance of Guidance Documents)</b>	Fast-Track

**Cost Benefit Analysis**

Complete Tables 1a and 1b for all regulatory actions. You do not need to complete Table 1c if the regulatory action is required by state statute or federal statute or regulation and leaves no discretion in its implementation.

Table 1a should provide analysis for the regulatory approach you are taking. Table 1b should provide analysis for the approach of leaving the current regulations intact (i.e., no further change is implemented). Table 1c should provide analysis for at least one alternative approach. You should not limit yourself to one alternative, however, and can add additional charts as needed.

Report both direct and indirect costs and benefits that can be monetized in Boxes 1 and 2. Report direct and indirect costs and benefits that cannot be monetized in Box 4. See the ORM Regulatory Economic Analysis Manual for additional guidance.

**Table 1a: Costs and Benefits of the Proposed Changes (Primary Option)**

<p>(1) Direct &amp; Indirect Costs &amp; Benefits (Monetized)</p>	<p>Direct Costs: There are no monetizable direct costs associated with this change.</p> <p>Indirect Costs: Describe the indirect costs of the proposed change.</p> <p>Direct Benefits: There are no monetizable indirect costs associated with this change.</p> <p>Indirect Benefits:                      18VAC5-22-60 - reduction of requirements                      Eliminating the requirement for assembling a task force reduces efforts to assess non-accredited institution. Reduction of agency effort and streamlines the process.                      18VAC5-22-70 - reduction of requirements                      VBOA is estimating conservatively that about 25% of exam candidates will need one fewer college course to meet the updated requirements in this guidance document. The updated Education Handbook allows three hours of introductory accounting to count toward its 24-hour accounting concentration requirement. This would decrease costs as follows:</p> <ul style="list-style-type: none"> <li>• Approximately 1,200 CPA exam candidates are new to the VBOA each year. Roughly 25% of these, or 300 candidates, will meet the accounting concentration course requirements with one fewer course.</li> <li>• The average cost of a three-credit hour course is \$1,785 for in-state tuition in Virginia. (Total would likely be higher taking out-of-state students into account.)</li> <li>• Total savings is: \$535,500 per year.</li> </ul> <p>18VAC5-22-80 – reduction of requirements                      Allows candidates 12 additional months to pass the CPA exam. This should reduce the number of times a candidate sits for the exam by 1 section. This is an average of 900 candidates annually at \$263 per section.</p>	
<p>(2) Present Monetized Values</p>	<p>Direct &amp; Indirect Costs</p> <p>(a) Educational institutions may need to update their accounting curricula</p>	<p>Direct &amp; Indirect Benefits</p> <p>(b) Educational institutions will adequately prepare students for updated CPA exam; graduates of Virginia institutions will be better prepared to take the CPA exam</p> <p>(b) Some candidates will be eligible to sit for the CPA exam with lower higher education cost</p>
<p>(3) Net Monetized Benefit</p>	<p>18VAC5-22-60 \$535,500                      18VAC5-22-80 \$236,700</p>	

(4) Other Costs & Benefits (Non-Monetized)	n/a
(5) Information Sources	VBOA contacts at colleges and universities

**Table 1b: Costs and Benefits under the Status Quo (No change to the regulation)**

(1) Direct & Indirect Costs & Benefits (Monetized)	Direct Costs: N/A Indirect Costs: N/A. Direct Benefits: N/A Indirect Benefits: N/A	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a) If curricula are not updated, Virginia CPA applicants may be less competitive	(b) n/a
(3) Net Monetized Benefit	Not easily quantifiable, but costs believed to only increase with time	
(4) Other Costs & Benefits (Non-Monetized)	n/a	
(5) Information Sources	VBOA contacts at colleges and universities	

**Table 1c: Costs and Benefits under Alternative Approach(es)**

(1) Direct & Indirect Costs & Benefits (Monetized)	Direct Costs: N/A Indirect Costs: N/A Direct Benefits: N/A Indirect N/A	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a) n/a	(b) n/a

(3) Net Monetized Benefit	n/a
(4) Other Costs & Benefits (Non-Monetized)	There is, to the best of knowledge, no viable alternative.
(5) Information Sources	VBOA contacts at colleges and universities

**Impact on Local Partners**

Use this chart to describe impacts on local partners. See Part 8 of the ORM Cost Impact Analysis Guidance for additional guidance.

**Table 2: Impact on Local Partners**

(1) Direct & Indirect Costs & Benefits (Monetized)	Direct Costs: N/A Indirect Costs: N/A Direct Benefits: N/A  Indirect Benefits: N/A	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a) Educational institutions may need to update their accounting curricula	(b) Educational institutions will adequately prepare students for updated CPA exam; graduates of Virginia institutions will be better prepared to take the CPA exam
(3) Other Costs & Benefits (Non-Monetized)	n/a	
(4) Assistance	n/a; none anticipated to be needed	
(5) Information Sources	VBOA contacts at colleges and universities	

**Impacts on Families**

Use this chart to describe impacts on families. See Part 8 of the ORM Cost Impact Analysis Guidance for additional guidance.

**Table 3: Impact on Families**

(1) Direct & Indirect Costs & Benefits (Monetized)	<p>Direct Costs: N/A</p> <p>Indirect Costs: N/A</p> <p>Direct Benefits:  18VAC5-22-70 - reduction of requirements  Families could be affected by this changed requirement if they send their children to college in pursuit of a CPA license. Families who are helping their children pay for a degree and who do not change majors would save the (on average) \$1,785 for the three-hour introductory-level course that can now count toward their accounting concentration requirement. See table 1A for cost benefit details.</p> <p>18VAC5-22-80 – reduction of requirements  Allows candidates 12 additional months to pass the CPA exam. This should reduce the number of times a candidate sits for the exam by 1 section. This is an average of 900 candidates annually at \$263 per section</p> <p>Indirect Benefits: N/A</p>	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a) n/a	(b) Potentially up to \$535,500 in savings. (See explanation above.)
(3) Other Costs & Benefits (Non-Monetized)	n/a	
(4) Information Sources	VBOA contacts at colleges and universities. Prometric CPA exam costs	

**Impacts on Small Businesses**

Use this chart to describe impacts on small businesses. See Part 8 of the ORM Cost Impact Analysis Guidance for additional guidance.

**Table 4: Impact on Small Businesses**

(1) Direct & Indirect Costs & Benefits (Monetized)	<p>Direct Costs: Describe the direct costs of this proposed change here.</p> <p>Indirect Costs: Describe the indirect costs of the proposed change.</p> <p>Direct Benefits: Describe the direct benefits of this proposed change here.</p> <p>Indirect Benefits: Describe the indirect benefits of the proposed change.</p>
--	---

(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a) n/a	(b) n/a
(3) Other Costs & Benefits (Non-Monetized)	Regulations apply primarily to students; existing CPA firms will not be affected	
(4) Alternatives	n/a	
(5) Information Sources	VBOA contacts at colleges and universities	

## Changes to Number of Regulatory Requirements

**Table 5: Regulatory Reduction**

For each individual action, please fill out the appropriate chart to reflect any change in regulatory requirements, costs, regulatory stringency, or the overall length of any guidance documents.

### *Change in Regulatory Requirements*

VAC Section(s) Involved*	Authority of Change	Initial Count	Additions	Subtractions	Total Net Change in Requirements
18VAC5-22-60	(M/A):	1	0	1	-1
	(D/A):	4	0	0	0
	(M/R):	1	0	1	-1
	(D/R):	3	0	3	-3
18VAC5-22-70	(M/A):	0	0	0	0
	(D/A):	0	0	0	0
	(M/R):	0	0	0	0
	(D/R):	3	0	1	-1
18VAC5-22-80	(M/A):	0	0	0	0
	(D/A):	0	0	0	0
	(M/R):	1	0	0	0
	(D/R):	5	0	1	-1
<b>Grand Total of Changes in Requirements:</b>					(M/A): -1 (D/A): 0 (M/R): -1 (D/R): -5

### **Key:**

*Please use the following coding if change is mandatory or discretionary and whether it affects externally regulated parties or only the agency itself:*

**(M/A):** Mandatory requirements mandated by federal and/or state statute affecting the agency itself

**(D/A):** Discretionary requirements affecting agency itself

**(M/R):** Mandatory requirements mandated by federal and/or state statute affecting external parties, including other agencies

**(D/R):** Discretionary requirements affecting external parties, including other agencies

### *Cost Reductions or Increases (if applicable)*

VAC Section(s) Involved	Description of Regulatory Requirement	Initial Cost	New Cost	Overall Cost Savings/Increases
18VAC5-22-70	Students allowed to count three semester hours of introductory	\$4,284,000	\$3,748,500	\$535,500

	or foundational accounting towards semester hours			
18VAC5-22-80	CPA exam applicants have 30 months instead of 18 months to pass all sections of exam once begun	\$1,785,770	\$1,530,660	\$236,700

*Other Decreases or Increases in Regulatory Stringency (if applicable)*

<b>VAC Section(s) Involved</b>	<b>Description of Regulatory Change</b>	<b>Overview of How It Reduces or Increases Regulatory Burden</b>
18VAC5-22-60	Language broadened to require board to evaluate accreditors without prescribing “task force” procedure	Allows for greater agency flexibility while still maintaining rigor; eliminates need to regulate a task force
18VAC5-22-70	Students allowed to count three semester hours of introductory or foundational accounting towards semester hours	Previously students were not able to count any; this allows for more flexibility in planning one’s studies and reduce education cost
18VAC5-22-70	Persons who pass CPA exam in other state are deemed to have obtained accounting concentration	Alternate pathway; formalization of language on substantial equivalency / mobility
18VAC5-22-80	CPA exam applicants have 30 months instead of 18 months to pass all sections of exam once begun	Increase time limit to pass, allowing greater flexibility and reduced cost for re-exam

*Length of Guidance Documents (only applicable if guidance document is being revised)*

<b>Title of Guidance Document</b>	<b>Original Length</b>	<b>New Length</b>	<b>Net Change in Length</b>
n/a			