

**Response by the Virginia Board of Accountancy to the Economic Impact Analysis by the  
Department of Planning and Budget of the Board's Proposed Changes to its Fees  
February 6, 2012**

**The conclusions of the Department of Planning and Budget (DPB) and the Virginia Board of Accountancy's (VBOA) respective responses.** In its Economic Impact Analysis (EIA) of the fee changes the Virginia Board of Accountancy (Board) is proposing:

- a. DPB concludes, "Increasing fees will likely increase the cost of being licensed as an accountant and, so, will likely decrease the number of people who choose to be accountants." VBOA response: The VBOA is responsible for licensing and regulating "Certified Public Accountants (CPA)", not accountants. The choice to become a CPA is generally based upon the individuals chosen professional objectives that require the CPA designation, recognizes that the CPA designation will likely assist in increased employment/income opportunities, and/or recognizes that the CPA designation is trusted and respected by the public in general and requires a certain level of expertise. The VBOA does not believe that slightly increasing fees for the first time in over 20 years (i.e., an annual renewal fee increase for individuals from \$24 to \$60, or only \$36/year) will impact an individual's decision on whether or not to become a CPA. Virginia has over 24,000 active, licensed CPAs and continues to see growth in the number of new individuals choosing to become CPAs.
- b. DPB concludes, "To the extent that the public benefits from the Board regulating this professional population, they will also likely benefit from the Board's proposed action that will increase fees to support Board activities." VBOA response: The VBOA agrees that the Board's proposed action will be of benefit to the public and to the profession in general.
- c. DPB concludes, "Fee increases in this regulatory action will likely marginally decrease the number of individuals who choose to work in professional fields that are regulated by the Board. Individuals who work part time or whose earnings are only slightly higher in these licensed fields than they would be in other jobs that do not require licensure will be more likely to be affected." VBOA response: See response to "a." above. The Board recognizes that there may be an extremely small number of working CPAs that do not need the CPA designation or whose job does not require licensure as a CPA that may choose not to renew their license and therefore not be able to use the CPA title.
- d. DPB concludes, "To the extent that affected licensees are in private practice, fee increases will likely slightly decrease business profits and make their businesses slightly less valuable." VBOA response: The Board does not believe that an increase of \$36/year for an individual renewal or \$51/year for a firm renewal will make their business "less valuable."

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- e. DPB concludes, "There are several actions that the Board could take that might mitigate the necessity of raising fees overall. The Board could slightly lengthen the time that it takes to process both license applications and complaints so that staff costs could be cut. This option would benefit current licensees but would slightly delay licensure, and the ability to legally work, for new applicants." VBOA response: The VBOA has a small staff of only 8 full-time positions. Of these individuals, only one staff member is dedicated to approving a CPA license (over 1,200/year), and only one staff member is dedicated to investigating and adjudicating complaints (over 100/year). Staff costs could not be cut without eliminating these positions, and therefore eliminating these functions. The VBOA does not believe that even DPB could justify the elimination of these functions. Without these positions, the VBOA could not process and issue a CPA license, nor could it investigate complaints. Considering that the VBOA's mission is to "protect the citizens of the Commonwealth through a regulatory program of licensure and compliance of CPAs and CPA firms," the VBOA could not exist without these critical functions.
  
- f. DPB concludes, "Affected small businesses would also likely benefit from increased scrutiny of the IT costs that are driving increases in Board expenditures." VBOA response: The DPB conclusion assumes that the VBOA has not scrutinized its increasing IT costs. To the contrary, the VBOA has and continues to scrutinize and has taken numerous steps within its control to streamline IT related costs. The Commonwealth of Virginia, through the Virginia Information Technologies Agency and through a contract with Northrop Grumman, has full control of IT related telecommunications and computer equipment costs, and not the VBOA.