

2025-27 Budget Review

Board of Accountancy

	2021-23 Actual	2023-25 Legislatively Approved *	2025-27 Current Service Level	2025-27 Governor's Budget
Other Funds	2,264,706	3,074,589	3,387,935	4,360,279
Total Funds	2,264,706	3,074,589	3,387,935	4,360,279
Positions	8	7	7	7
FTE	7.50	7.00	7.00	7.00

* Includes Emergency Board and administrative actions through December 2024.

PROGRAM DESCRIPTION

The Board of Accountancy (BOA) is a seven-member citizen board that licenses and regulates public accountants and public accounting firms. A staff of seven administers BOA's licensing and compliance operations, including licensing and renewing licenses of individuals and accounting firms, monitoring the continuing education of licensees, and investigating and adjudicating complaints against licensees and accounting firms. BOA's Other Funds come primarily from biennial licensing/renewal fees and business registration fees. BOA also receives a small amount of revenue from assessing civil penalties, the sale of public information, and monthly rent from the Board of Tax Practitioners.

BUDGET ENVIRONMENT

BOA's projected 2023-25 ending balance is approximately \$3.3 million Other Funds, which is equivalent to 27 months of operating reserves. BOA accumulated these substantial reserves due to a combination of factors, including fee increases in the 2015-17 biennium, near complete turnover of BOA staff in the 2021-23 biennium that resulted in lower personnel costs; and decreasing litigation costs. At the same time, the accounting profession is facing a national workforce shortage, struggling to attract and retain new certified public account (CPA) candidates. Here in Oregon, BOA's overall licensing numbers have declined by about 1% in the 2023-25 biennium, which was driven primarily by firm consolidation in the private sector. BOA currently regulates approximately 7,900 CPAs, municipal auditors, and public accountants, and about 900 public accounting firms.

To address the shortage in the CPA profession, BOA is proposing to utilize \$1 million of existing budgetary reserves, on a one-time basis, to establish a need-based accounting scholarship program. If approved, this would reduce BOA's projected ending balance from 27 months to 17 months of operating reserves. The scholarship program would require enabling legislation authorizing to establish the program, and then legislative approval of additional expenditure authority in the Board's budget bill to spend its reserves in this fashion.

The proposed program, which is modeled after a program in the State of Washington, would allow BOA to fund a need-based scholarship program, and thereby potentially increase the diversity of CPA candidates, without building a costly administrative program within BOA. The Board would partner with the Oregon Society of Certified Public Accountants, which has agreed in principle, to leverage their existing merit-based scholarship program to restructure it as a need-based scholarship program, which will be open to part-time and community college students.

If signed into law, the scholarship program would be established and any future funding for the program could be made through the regular state agency budget process, utilizing the Board's operational reserves.

CURRENT SERVICE LEVEL

The 2025-27 current service level (CSL) budget for BOA of \$3.4 million Other Funds is \$313,346, or 10.1%, more than the 2023-25 legislatively approved budget of \$3.1 million. The CSL budget includes \$143,440 for inflation for the cost of goods and services and price list adjustments to state government service charges.

GOVERNOR'S BUDGET SUMMARY

The 2025-27 Governor's budget for BOA is \$4.4 million Other Funds, which is an increase of \$1 million, or 28.7%, above CSL. The Governor's budget allows BOA to continue current service operations, realigns staffing resources to better address workload, and provides funding for the proposed accounting scholarship program.

KEY PERFORMANCE MEASURES

A copy of the Board of Accountancy's Annual Performance Progress Report can be found on the LFO website: https://www.oregonlegislature.gov/lfo/APPR/APPR_BOA_2024-10-15.pdf

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