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February 14, 2025

Senator Kathleen Taylor, Chair
Senate Committee on Labor and Business
Oregon State Legislature
Salem, OR 97301

Submitted via OLIS

RE: Testimony in SUPPORT of SB 797

Chair Taylor and Members of the Senate Committee on Labor and Business:

On behalf of nearly 4,000 members of the Oregon Society of CPAs (OSCPA), I request your **support of SB 797** to expand the education options related to licensure requirements for Certified Public Accountants in Oregon.

For the record, my name is **John Hawkins**. I am the Chair of the OSCP Board of Directors and a Certified Public Accountant with the firm of REDW Advisors and CPAs, LLC in Salem, Oregon. I appreciate the opportunity to share.

Background:

Certified Public Accountants (CPAs) provide a broad breath of vital services to individuals, businesses, governmental agencies and others. The profession's core values of ethics, integrity and independence not only support their clients but also contribute to public protection. In Oregon, CPAs are licensed by the Oregon Board of Accountancy (Board).

SB 797 has been advanced by the Oregon Board of Accountancy. The Oregon Society of CPAs and other stakeholders have worked in collaboration with the Board in crafting this bill.

The CPA licensure requirements are often referred to as the "Three E's", which are Education, Examination and Experience. The current requirements were modified nationwide around the year 2000 as follows:

1. Increased education requirement to 150 semester hours of college credits, which is educationally equivalent to five years of college. Previously, the education requirement was 120 semester hours, equivalent to four years of college (bachelor's degree),
2. Passing the Uniform CPA Examination (a continuing core requirement), and
3. Completing one year of experience in which the candidate obtains specific competencies. Previously the experience requirement was two years.

Numerous studies show a national decline of individuals entering the CPA profession since the year 2000. In July 2023, our national association, the American Institute of CPAs, commissioned a National Pipeline Advisory Group (NPAG) to study the accounting talent shortage, identify potential solutions, and to make recommendations for next steps forward. The NPAG released their report in July 2024 and identified a number of factors contributing to pipeline issues. One of which is the 150-hour requirement. A number of potential CPA candidates saw the financial cost and the time commitment of a fifth year of college as a barrier to pursuing a CPA license. An additional factor noted in the NPAG report was the under-representation of minorities in the profession.

Recently, MIT Sloan School of Management conducted a study on the 150-hour requirement and concluded that the additional year of education did not result in better qualified CPAs compared to having an additional year of experience. The MIT study also concluded that the 150-hour requirement disproportionately impacted minority entrants to the CPA profession. Following the rule's enactment, entry among minorities dropped by 26% with an overall entry decline of 14%.

The proposed legislation will provide three alternative pathways to licensure.

1. Retain the 150-hours of education plus one year of supervised experience,
2. Master's degree plus one year of supervised experience, or
3. Bachelor's degree plus two years of supervised experience.

Note: Each continues to require the successful passing of the Uniform CPA Examination.

Currently, 16 licensing jurisdictions have pending legislation that would change their licensure requirements in alignment with Oregon's SB 797, and two licensing jurisdictions are anticipated to complete rule changes as legislation is not required for each to make the changes. Earlier in January, the Governor of Ohio signed their legislation into law. We anticipate that a number of other jurisdictions will also introduce similar legislation.

Recommendation:

On behalf of Oregon Society of CPAs, I respectfully encourage you to **support SB 797**.

We ask that Oregon not lag behind other states and jurisdictions in addressing this important pipeline issue.

Thank you for the opportunity to share comments.

Sincerely,

John Hawkins, CPA, Chair
Oregon Society of CPAs

For more information, please contact Nicole Palmateer Hazelbaker, nicole@braviocommunications.com