

## ADMINISTRATIVE RULES Fiscal Estimate & Economic Impact Analysis

1. Type of Estimate and Analysis <input checked="" type="checkbox"/> Original <input type="checkbox"/> Updated <input type="checkbox"/> Corrected	2. Date March 13, 2019
3. Administrative Rule Chapter, Title and Number (and Clearinghouse Number if applicable) Accy 2	
4. Subject Continuing professional education	
5. Fund Sources Affected <input type="checkbox"/> GPR <input type="checkbox"/> FED <input checked="" type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEG-S	6. Chapter 20, Stats. Appropriations Affected 20.165(1)(g)
7. Fiscal Effect of Implementing the Rule <input type="checkbox"/> No Fiscal Effect <input type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Increase Costs <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Indeterminate <input type="checkbox"/> Decrease Existing Revenues <input checked="" type="checkbox"/> Could Absorb Within Agency's Budget	
8. The Rule Will Impact the Following (Check All That Apply) <input type="checkbox"/> State's Economy <input type="checkbox"/> Specific Businesses/Sectors <input type="checkbox"/> Local Government Units <input type="checkbox"/> Public Utility Rate Payers <input type="checkbox"/> Small Businesses <b>(if checked, complete Attachment A)</b>	
9. Estimate of Implementation and Compliance to Businesses, Local Governmental Units and Individuals, per s. 227.137(3)(b)(1). \$0	
10. Would Implementation and Compliance Costs Businesses, Local Governmental Units and Individuals Be \$10 Million or more Over Any 2-year Period, per s. 227.137(3)(b)(2)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
11. Policy Problem Addressed by the Rule As required under s. 442.083 (2) (a), Stats., as created by 2017 Wisconsin Act 88 effective December 15, 2019, the proposed rules establish continuing education requirements for renewal of a license granted to individuals under ch. 442, Stats., to practice as a certified public accountant. The requirements will be effective beginning December 15, 2019, for the license renewal date occurring on December 15, 2021.	
12. Summary of the Businesses, Business Sectors, Associations Representing Business, Local Governmental Units, and Individuals that may be Affected by the Proposed Rule that were Contacted for Comments. The proposed rule was posted on the Department of Safety and Professional Services' website for 14 days in order to solicit comments from businesses, representative associations, local governmental units, and individuals that may be affected by the rule. No comments were received.	
13. Identify the Local Governmental Units that Participated in the Development of this EIA. No local governmental units participated in the development of this EIA.	
14. Summary of Rule's Economic and Fiscal Impact on Specific Businesses, Business Sectors, Public Utility Rate Payers, Local Governmental Units and the State's Economy as a Whole (Include Implementation and Compliance Costs Expected to be Incurred) The proposed rule will not have a significant impact on specific businesses, business sectors, public utility rate payers, local governmental units, or the state's economy as a whole beyond any impact of the associated legislation (2017 Wisconsin Act 88). The Department estimates one-time administrative costs of \$5,634.39 and ongoing annual administrative costs of \$652.83. These costs may be absorbed in the agency budget.	
15. Benefits of Implementing the Rule and Alternative(s) to Implementing the Rule The benefit to implementing the rule is providing requirements for continuing professional education in conformity with the Wisconsin Statutes. If the rule is not implemented, it will not reflect the provisions of 2017 Wisconsin Act 88.	

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16. Long Range Implications of Implementing the Rule

The long range implication of implementing the rule is providing requirements for continuing professional education in conformity with the Wisconsin Statutes.

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17. Compare With Approaches Being Used by Federal Government

None

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18. Compare With Approaches Being Used by Neighboring States (Illinois, Iowa, Michigan and Minnesota)

**Illinois:**

Rules of the Illinois Department of Financial and Professional Regulation address continuing education requirements for CPAs (68 Ill. Adm. Code 1420.70 and 1420.72). To renew a license, a CPA must complete 120 hours of approved continuing professional education (CPE) every 3-year renewal period. Of the 120 hours, at least 4 hours must be courses covering the subject of professional ethics. The CPE requirements do not apply for the first renewal following the original issuance of the license.

Approved CPE is professional development activities that are formal and informal learning opportunities contributing directly to a CPA's knowledge, ability or competence to perform professional responsibilities. The CPE must also include subject matter in one or more fields of study that address a licensee's current and future work environment, current knowledge and skills level, and desired or needed additional competencies to meet future opportunities or professional responsibilities.

CPE may be earned for verified attendance at or participation in any course or program given or approved by one of the following:

- The American Institute of Certified Public Accountants
- The Illinois CPA Society or
- The Illinois CPA Foundation
- A university or college approved by its governing board in the State of Illinois, or equivalent public authority governing board if in another jurisdiction, to award accounting degrees.
- CPE sponsored by, or approved by, other states or other state CPA societies.
- A person, CPA firm, association, corporation or any other group that has been licensed and authorized by the Department to coordinate and present CPE.
- NASBA and persons, CPA firms, associations, corporations or other groups that are members of NASBA's National Registry of CPE Sponsors or Quality Assurance Service Program.

Licensees who both reside and are licensed as a CPA in another state may satisfy the CPE requirements by complying with the CPE renewal requirements of their state of residence, provided at least 120 hours of CPE have been completed during the Illinois renewal cycle.

Licensees must maintain CPE records for at least 6 years. The Department may periodically audit CPE course information submitted by licensees, and it is the responsibility of each renewal applicant to retain or otherwise produce evidence of CPE compliance.

A licensee may request a waiver of the CPE requirements. A request for waiver must be made prior to the renewal date. A waiver will be granted if the Department finds from the evidence submitted that extreme hardship has been shown.

**Iowa:**

Rules of the Iowa Accountancy Examining Board address continuing education requirements for CPAs (193A IAC, Chapter 10). An applicant for renewal must complete 120 hours of qualifying continuing professional education (CPE) during the three years preceding the renewal date. Of the 120 hours, 4 hours must be devoted to ethics and rules of professional conduct. In addition, every applicant who is responsible for supervising compilation services or who signs or authorizes someone to sign the accountant's compilation report on behalf of a firm must devote a minimum of 8 hours of CPE to financial statement presentation. The CPE requirements do not apply for the first renewal date that is less than 12 months from the date of filing of the initial application for the certificate or license.

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The overriding consideration in determining whether a specific program qualifies as acceptable continuing education is that it be a formal program of learning that contributes directly to the professional competence of an individual certified or licensed in Iowa. A program of learning must meet all of the following requirements:

- The program must be based on clearly defined, relevant learning objectives and outcomes that clearly articulate the knowledge, skills, and abilities that can be achieved by participants.
- The program must be developed in a manner consistent with the prerequisite education, experience, and advanced preparation of the participants.
- Activities, materials, and delivery systems of the program must be current, technically accurate, and effectively designed. Providers, sponsors, or contractors must be competent in the subject matter. Competence may be demonstrated through practical experience or education.
- The program must be reviewed by qualified persons other than those who develop the program to ensure that the program is technically accurate and current and addresses the stated learning objectives. This requirement is waived for single presentations such as lectures that are given once.

A licensee complies with the CPE requirements if, for the period the licensee is a resident of another state or district having a continuing professional education requirement, the licensee met the resident state's or district's mandatory requirement.

The Board may make exceptions to the CPE requirements for reasons of individual hardship. No exceptions shall be made solely because of age. Applicants entitled to a full or partial exception under the Iowa Code for active military service or government service outside of the United States may request an exception by submitting acceptable documentation. Applicants seeking an exception on other grounds of undue hardship must apply for waiver or variance. The Board may request an applicant for renewal to provide a signed statement setting forth the CPE in which the licensee has participated. The board will verify, on a test basis, information submitted by licensees. The licensee is responsible for documenting the requirements, and documentation must be retained for a period of three years after submission of the report claiming the credit.

#### Michigan:

Rules of the Michigan Department of Licensing and Regulatory Affairs address continuing education requirements for CPAs (Mich Admin Code, R 338.5210 to R 338.5255). A licensee must earn 40 qualifying hours of continuing education within each continuing education period (all or part of a year beginning July 1 and ending June 30). At least 8 of the 40 hours must be in auditing and accounting and 2 of the 40 hours must be in ethics.

Continuing education may be earned by attending a group program, performing classroom work as a teacher, instructor, speaker, or lecturer at an educational institution, or participating in a self-study program. Credit for performing classroom work is limited to 20 hours in any given continuing education period, as is credit for participating in a self-study program. Continuing education credit is based on the length of a qualifying program, with 50 minutes of continuous instruction equaling one qualifying hour. One-half credit is earned for each additional 25 minutes of instruction, after the first hour of credit is earned.

To qualify for continuing education credit, a group program must meet all of the following qualifications:

- The subject matter of the program contributes to the professional competency of a licensee.
- The taking of attendance is required.
- The program is not less than 50 minutes in duration.
- The program is conducted by an instructor or discussion leader whose background, training, education, or experience is appropriate for leading a discussion on the subject matter.
- The sponsor of the program maintains written records of individual attendance at each session and the program outline for a period of 4 years.
- Written certification of hours of attendance, exclusive of any study or preparation time, and a program outline are issued by the sponsor to each attendee at the request of the attendee.

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To qualify for continuing education credit, a self-study program must meet all of the following qualifications:

- The program consists of an educational course designed for self-study and requires evidence of satisfactory completion.
- The subject matter of the program contributes to the professional competency of a licensee.
- Written certification of completion and a program outline and recommended qualifying hours are issued by the sponsor upon request.
- The sponsor maintains written records of the program outline and completion of the program for a period of 4 years. Hours in excess of the required 40 hours for each continuing education period may be carried over to the following continuing education period. A maximum of 40 hours may be carried over, including no more than 8 hours in accounting and auditing and no more than 2 hours in ethics.

Each licensee must attest to compliance with the continuing education requirements biennially. The licensee is solely responsible for documenting fulfillment of the requirements under and must retain documentation for a period of 4 years after submission of an attestation. A licensee is subject to audit by the Department for compliance with the continuing education requirements.

#### **Minnesota:**

Rules of the Minnesota Board of Accountancy address continuing education requirements for CPAs (Minnesota Rules, parts 1105.3000 to 1105.3350). A licensee holding a certificate with an active status must do all of the following:

- Complete a minimum of 20 hours of qualifying continuing professional education (CPE) each year (July 1 to June 30). A licensee is exempt from this requirement for the year in which an initial certificate with an active status is granted.
- In a rolling three-year period, complete a minimum of 120 hours of qualifying CPE, including at least 8 hours in regulatory ethics or behavioral ethics. For purposes of this requirement, all of the following apply:
  - A maximum of 60 hours may be claimed for presenting or instructing qualifying courses or seminars.
  - A maximum of 60 hours may be claimed for authoring articles, books, or CPE courses for publication.
  - At least 24 hours must be obtained from attending group or blended learning activities.
  - A minimum of 60 hours must be obtained from technical learning activities as defined in the NASBA Fields of Study, July 2016 revision.
  - At least 72 hours must be obtained through programs whose sponsor is a member of NASBA's CPE registry.
- Report the required CPE to the Board on a form provided by the Board by December 31 of each year.

A carryforward of CPE from one period to the next is not allowed. However, a licensee may carryback CPE hours to satisfy the requirements of a prior CPE period provided that a late processing fee is paid.

Generally, a program qualifies as acceptable continuing professional education if it meets all of the following requirements:

- The program contributes to the growth in the professional knowledge and professional competence of a licensee.
- The program meets the minimum standards of quality of development, presentation, measurement, and reporting of credits in the Statement on Standards for Continuing Professional Education (CPE) Programs jointly approved by NASBA and AICPA or other standards acceptable to the Board.
- The program sponsor is a member of NASBA's CPE registry.

The Board will approve a program that, in the determination of the Board, contributes to the growth of the professional knowledge and competence of a licensee even if the program does not meet the above requirements.

A nonresident licensee holding a certificate with an active status issued by Minnesota meets the CPE requirements by meeting the CPE requirements for renewal of a certificate in the state in which the licensee's principal place of business is located. If the state in which a nonresident licensee's principal place of business is located has no CPE requirements for renewal of a certificate, the nonresident licensee must comply with all Minnesota CPE requirements.

The Board may make exceptions to the continuing education requirements for reasons of individual hardship including health, military service, foreign residence, or other good cause, or for a licensee who is retired or who does not perform or offer to perform for the public services involving the use of accounting or auditing skills.

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Each licensee is responsible for documenting the acceptability CPE programs and the validity of the credits claimed. Documentation must be retained for five years following completion of each program. The Board conducts audits to verify information regarding hours of CPE attendance in order to determine compliance with the continuing education requirements.

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19. Contact Name Dale Kleven	20. Contact Phone Number (608) 261-4472
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**ATTACHMENT A**

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1. Summary of Rule's Economic and Fiscal Impact on Small Businesses (Separately for each Small Business Sector, Include Implementation and Compliance Costs Expected to be Incurred)

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2. Summary of the data sources used to measure the Rule's impact on Small Businesses

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3. Did the agency consider the following methods to reduce the impact of the Rule on Small Businesses?

- Less Stringent Compliance or Reporting Requirements
- Less Stringent Schedules or Deadlines for Compliance or Reporting
- Consolidation or Simplification of Reporting Requirements
- Establishment of performance standards in lieu of Design or Operational Standards
- Exemption of Small Businesses from some or all requirements
- Other, describe:

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4. Describe the methods incorporated into the Rule that will reduce its impact on Small Businesses

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5. Describe the Rule's Enforcement Provisions

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6. Did the Agency prepare a Cost Benefit Analysis (if Yes, attach to form)

- Yes     No
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