

**SFA**

BILL ANALYSIS

Senate Fiscal Agency

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DEC 02 1988**House Bill 5569 (as reported without amendment)****Sponsor:** Representative Joanne G. Emmons**House Committee:** State Affairs**Senate Committee:** State Affairs, Tourism, and Transportation**Date Completed:** 11-2-88**RATIONALE**

Michigan's law governing the licensing and regulation of certified public accountants (CPAs) specifies that those who wish to take the national Uniform CPA Examination must first have completed a four-year degree program. This provision within the Occupational Code helps to ensure not only that a person is more prepared to take the CPA exam, but also that a person cannot become State-certified without having fulfilled minimum educational requirements. Four-year State colleges and universities on a quarter schedule usually do not graduate accounting seniors until well after the date of the exam, which is typically in the first week of May, while those programs on the semester system usually end classes early enough for graduates to take the exam. Apparently, however, one Michigan school using the quarter system, Ferris State University, often ends classes near the third week of May, thereby precluding its students — who have, for the most part, satisfied their educational requirements — from being able to take the exam. Further, even though the students who graduate from Ferris in February complete their education well before the May exam, the University's administration must process extra paperwork to ensure that they are eligible to take the exam since the filing date for applications to take the exam (60 days before the exam date) often occurs before the final transcripts for the February graduates are completed and mailed. Some, therefore, have requested that those who expect to fulfill educational requirements within a short time after the regularly scheduled CPA examination date, be allowed to take the exam as long as they complete their education within a specified time after the exam.

**CONTENT**

The bill would amend the Occupational Code to provide that a person who applied for a certificate of examination as a certified public accountant would be considered to have fulfilled the educational requirements if the applicant were scheduled to receive his or her baccalaureate degree with a concentration in accounting, or its equivalent, from an educational institution recognized by the State Board of Accountancy within 30 days after the date of the examination, as certified by the chief academic officer of the educational institution. If an applicant failed to fulfill the educational requirements within 30 days, the Board could not credit the examination results to the applicant. Under the current Code, an applicant for a certificate of examination must have completed a baccalaureate degree program.

The bill would take effect December 1, 1988.

MCL 339.704

**FISCAL IMPACT**

The bill would have no fiscal impact on State or local government.

**ARGUMENTS****Supporting Argument**

The bill would simply permit accounting seniors at some of Michigan's four-year colleges or universities that are on the quarter system to take the CPA examination before they have actually finished their final classes. Most four-year semester programs in Michigan finish classes early enough to permit their graduating students to take the early May examination. Ferris State, however, even though it is not on the semester system, usually ends classes in the third week of May — two or three weeks after the scheduled exam — which is too late for May graduates to qualify to take the exam. (The same exam is also given in November, but Ferris, again, ends classes too late for fall term graduates to participate.) Also, students who graduate in winter term (February) and wish to take the exam in May, must have their applications, complete with school transcripts, sent in by a certain date. Students at Ferris, however, are not finished early enough to send in transcripts on time, which puts a burden on school officials to complete certain extra amounts of paperwork to ensure that their February graduates can take the May exam. The bill would remove this extra paperwork for school officials and extend to graduates of Ferris and some other schools the same privilege to take the exam as is enjoyed by most semester schools in the State. At the same time, the bill would ensure that students of these schools who had taken the exam before formally receiving their degree still finished school.

**Opposing Argument**

Allowing students to take occupational entrance exams before they have completed statutorily mandated educational requirements would set a bad precedent. The eligibility requirements for the exam are intended to ensure that students have received sufficient formal instruction in their disciplines to complete the exam successfully — a matter of some importance since the exam is given only twice a year.

**Response:** The bill would allow students who are within one to two weeks of completing their classes to take an exam that they now may have to wait up to five months to take, and help eliminate a timing problem that can seriously affect a student's ability to find or start a job after graduation. The amount of instruction the students receive

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