

Approved 3.26.90
Date

MINUTES OF THE SENATE COMMITTEE ON GOVERNMENTAL ORGANIZATION

The meeting was called to order by Senator Lana Oleen at
Chairperson

1:35 ~~4:35~~ p.m. on March 12, 1990 in room 531-N of the Capitol.

All members were present except: Senator Gaines - absent

Committee staff present: Fred Carman - Revisor

Conferees appearing before the committee: T.C. Anderson, Exec. Dir. Kansas Society of
C.P.A.'s
Leon Logan, Vice Chair., State Board of
Accountancy
Maurice Stark, Chairman, CPA Accounting, KSU
Dr. Loren Phillips, State Registrar, H&E, Vital
Statistics

A motion was made by Senator Francisco to approve minutes of the February 26 and 27 meetings; seconded by Senator Bogina. Motion carried.

Hearing on: HB 2660 - Concerning certified public accountants; requirements for certification

T.C. Anderson, testifying in support of HB 2660, stated candidates sitting for the initial CPA examination must have completed 150 semester hours when taking the exam after June 30, 1997. It is felt throughout the states that the additional educational requirements are needed to better prepare all candidates for the examination. Implementation of this program at the Regents institutions will be relatively easy as fifth year programs are already available to the accounting students. The widespread use of computers has altered the knowledge and expertise needed by CPA's which cannot be obtained in a four year course without slighting other course work. All levels of business are turning to the CPA to assist with the complex financial decisions needed in the arena each day. The recommended 150 hour requirement will ensure a supply of skilled professionals being sought by a technological and complex society. (Attachment 1)

During discussion it was noted that present CPA's will be grandfathered regarding the 150 hour requirement. National requirements were explained to the committee. By establishment of this requirement now, students entering in 1992 and 1993 will have advance knowledge of the necessary 57 hours to be able to sit for the exam. The experience requirement of two years will still be in effect to be able to work for the public.

Leon Logan stated the Board of Accountancy recognizes the need for additional educational requirements as other professions now require additional education beyond the baccalaureate degree. The effect of this proposal will produce employees who need less training, have a higher percentage of qualifying and passing the CPA examination, and be more competent in the work force. Course allocation to meet this requirement has not been determined at this time. This will be done by a task force to be appointed by the Board of Accountancy, which in turn will report to the Joint Committee on Rules & Regulations.

(Attachment 2)

During discussion, Mr. Logan clarified the distinction of pursuing a career as an accountant without a CPA degree and the need to complete 150 hours to practice. Composition of the Board consists of five CPA's, one member of the public and one licensed accountant.

Dr. Stark stated approximately 160 undergraduates are in the school each year and about 20 continue with the master program. It is anticipated the number

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON GOVERNMENTAL ORGANIZATION,
room 531-N Statehouse, at 1:35 ~~xx~~ p.m. on March 12, 1990

will remain about the same. It was noted that transfer students can usually be credited with the hours accumulated in a junior college or other institution if they are following an accounting degree.

HB 2756 - Concerning vital statistics; elimination of positions.

Dr. Loren Philips stated introduction of this legislation has a threefold purpose: elimination of local registrars, clarification of determination of parentage and elimination of reference to burial permits. The position of the local registrar has become unnecessary with the development of the direct reporting system and implementation of the electronic birth certificate system across the state. This system will speed up transaction, reduce errors, eliminate redundancy in reporting and will impact fraud activities associated with illegal issuance of birth certificates. The need for a burial permit is required only if a body is transferred out of state and this is issued by directors of the funeral homes. As the automation program develops throughout the state, issuance services will be implemented in six locations within the state. This will occur when all birth records are converted to the optical disk system and when funding is available. (Attachment 3)

Discussion was held regarding the language used for entering the father's name on a birth certificate in Section 2 (c).

Meeting adjourned. The next meeting will be March 13, 1990.

GUEST LIST

COMMITTEE: SENATE GOVERNMENTAL ORGANIZATION

DATE 3-12-90

NAME	COMPANY / ORGANIZATION	ADDRESS
<i>Jan Vacek</i>	KSCPA	Topeka
<i>Carolee Stark</i>		Manhattan
<i>Maurice Mark</i>	KSCPA	Manhattan
<i>Leo C. Lopez</i>	Ks Bd of Accountancy	Lenexa, KS
<i>T. G. D. Johnson</i>	KSCPA	Topeka
MARK L. PEASE	LEADERSHIP LIBERAL	LIBERAL, KS
<i>Charles Sutzler</i>	KDHE - Vital Statistics	Topeka, Ks.
<i>Sam D. Phillips</i>	KDHE	Topeka, Ks.
Linton BanHett	City of Kansas City	KCK
JOE JAGGER	Self	Minneapolis, Ks
<i>Sandra Clark</i>		Winchester, Ks



**Kansas Society of
Certified Public Accountants**

FOUNDED OCTOBER 17, 1932

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Testimony on HB 2660

Presented to the

Senate Committee on Governmental Organizations

by

T. C. Anderson

Executive Director

Kansas Society of CPAs

March 12, 1990

S.G.O.
ATTACH 1
3-12-90

Thank you Senator Oleen.

Members of the Committee I am T. C. Anderson, Executive Director, of the Kansas Society of Certified Public Accountants.

I appear before you today in support of HB 2660 as amended by the House Committee on Governmental Organizations.

With me today are Leon Logan, CPA, from Kansas City and vice chairman of the State Board of Accountancy, and Maurice Stark, CPA, head of the Accounting Department at Kansas State University. Mr. Logan will testify later and Professor Stark will be happy to respond to any questions you might have regarding accounting education.

HB 2660 provides that candidates sitting for their initial CPA examination after June 30, 1997, must have successfully completed course work consisting of 150 semester hours, with a concentration in accounting, including a baccalaureate degree.

Currently candidates must have a baccalaureate or higher degree.

The major amendment adopted in the House Committee was one to insure that out-of-state CPAs who sit for their initial examination after June 30, 1997, also must have completed a program of 150 hours including a baccalaureate degree if they are to obtain a reciprocal Kansas certificate.

Since the quest for the increase in educational requirements is nationwide in scope, the Kansas Society is in agreement with the amendment.

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To date 10 states, comprising over 21 percent of all candidates for the CPA Examination have passed similar legislation. Last week Mississippi became the latest state to adopt 150-Hours. Besides you, the Legislatures in South Carolina and Kentucky are considering the issue this year. The goal is to have all states adopt the proposal prior to the year 2000.

The 150-Hour program is supported nationally by the American Institute of CPAs, the National Association of State Boards of Accountancy, the Federation of Schools of Accountancy and the American Accounting Association.

In Kansas it has the endorsement of the Kansas Society, the State Board of Accountancy and the accounting faculties at our Regents' institutions, Washburn University and accounting educators from independent colleges. I have attached a copy of a Resolution adopted by the Independent College educators to my testimony.

Implementation of the program in Kansas, which would apply to those students entering colleges in the fall of 1992, will be relatively easy at the Regents' institutions. All six already have fifth year programs available to accounting students. The capacity in these programs as of October 1988 was 232 students, while there was a total of 231 students from those institutions who sat for the initial exam in November of 1988 and May of 1989.

At the others it could mean some additional expense.

However, some of the independent colleges will encourage their accounting students to pursue four-year degrees followed by a graduate degree in accounting from another institution, while others will make some additions to their curricula, may add a fifth year to their programs or initiate their own graduate business program.

Upon passage of HB 2660, the State Board must readdress its regulation dealing with the Concentration in Accounting.

Currently the Concentration in Accounting requires 57 hours in:

1. Accounting theory and practice (21 hours)
2. Economic and legal environment (12 hours)
3. Quantitative methods for business (12 hours)
4. General business functional area (12 hours)

Presently the larger accounting firms in the country are embarking on a \$4 million program designed to modernize accounting education.

Through this research and in consultation with representatives from our Kansas colleges and universities and practitioners the Board of Accountancy can amend its Concentration in Accounting regulation to insure the additional hours will meet their objectives. *of Board of Accountancy*

The objectives are many fold:

First, the body of knowledge in accounting, auditing and tax has exploded over the past few years. The wide spread use of computers has required accounting students to slight other course work to become familiar with this technology.

During the 1980's 70 new accounting standards were issued. Prior to 1980 only 34 had been issued. The same expansion has occurred in auditing standards as business becomes more complex. Then the Tax Reform Act of 1986 hasn't helped matters much either.

Quite simply stated, there is just too much information required for a young accountant to cram it into four years. The fifth year of education is necessary.

The financial arena is becoming more complex with each passing day. Men and women at all levels of business, commerce, industry and government must deal with these complexities. They are turning to certified public accountants for assistance in handling these new challenges and in making critical business decisions.

Therefore, it is necessary that educational standards for entrance into the accounting profession be increased.

Today such requirements for doctors, lawyers, engineers, architects, optometrists and pharmacists are higher than those for CPAs. In fact, the University of Kansas has implemented a five year program for both elementary and secondary teaching degrees. This program began four or five years ago and does not include an advanced degree.

The State of Florida has had a program of 150-Hours in operation since 1983.

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From that time no one has sought to repeal it:

Not students;

Not, universities; and

Not, practitioners.

The 150-Hour proposal must be meeting its objectives by ensuring the continued supply of young professionals who have the accounting and auditing skills for today's complex business world.

Thank you, I'll be happy to stand for questions.

KANSAS INDEPENDENT COLLEGES ACCOUNTING EDUCATORS

The members of the Kansas Independent Colleges Accounting Educators unanimously adopted the following resolutions on November 15, 1989:

1. We support in principle the 150-hour education requirement for certified public accountants, including the requirement of a baccalaureate degree.
2. We support delaying the implementation date of the 150-hour education requirement until June 30, 1997.
3. In lieu of the specific course requirements as originally stated by the KSCPA 150-hour task force in proposed regulations 74-2-7 and 74-4-6, we support adoption of regulations that follow the general curriculum model as specified in the Education Requirements for Entry Into the Accounting Profession, February, 1988. By doing this, we feel Kansas will:
 - a. Adhere to the intent of the original AICPA 150-hour educational requirements, and which are supported by Dr. A. Tom Nelson, chairperson of the AICPA National 150-Hour Educational Requirements Committee;
 - b. Facilitate reciprocity for CPAs between Kansas and other states while putting Kansas more into the mainstream;
 - c. Allow for breadth of the skill areas identified by the AICPA as essential; and
 - d. Accommodate a variety of educational institutions.
4. Upon passage of the 150-hour educational requirement by the Kansas legislature, we support establishing an advisory board that will facilitate the preparation of regulations for those taking the certified public accountant examination, and that Kansas colleges and universities be equitably represented on this board.

BETHEL COLLEGE

Gladys Graber

BETHANY COLLEGE

Joyce Kelly
Barbara Rytych

FRIENDS UNIVERSITY

Ron Ryan

MCPHERSON COLLEGE

Norman Hope
David O'Dell

MID-AMERICA NAZARENE COLLEGE

Dave Wegley

OTTAWA UNIVERSITY

Dick Andrews

ST. MARY OF THE PLAINS

Terry Banta
Don Trent

SOUTHWESTERN COLLEGE

Lyle Weinert

STERLING COLLEGE

Kathy Glynn
Charlie Nickell

TABOR COLLEGE

Jerry Hinerman

LOGAN

SCHMIDT &

ASSOCIATES, P.A.

Certified Public Accountants

THE 150 HOUR REQUIREMENT FOR CPA CANDIDATES

- I. The additional education is necessary because the amount of technical materials has increased significantly in the past ten years.
- II. The Kansas State Board of Accountancy recognizes the need for additional educational requirements and has endorsed the concept of the 150 hour requirement.
- III. Most of the other professions have additional educational requirements for their members beyond the baccalaureate degree. These professions include medicine, legal, architecture, engineering, etc.
- IV. The long range effect will be positive not only for the profession, but also for the public being served by CPA firms because employees will be better educated and more competent. The employees will require less training than those with lesser amounts of education.
- V. The State Board of Accountancy has not determined what the additional 26 hours will be composed between audit, accounting, tax, or other related courses, but will undoubtedly seek input from the large and small colleges and the Kansas Society of CPA's before adopting any regulations in this area.

Leon C. Logan, CPA

Leon C. Logan, CPA
Vice-Chairman
Kansas State Board of Accountancy



State of Kansas

Mike Hayden, Governor

Department of Health and Environment
Division of Information Systems

Stanley C. Grant, Ph.D., Secretary

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Testimony presented to the
Senate Governmental Organization

by

The Kansas Department of Health and Environment

House Bill 2756

H.B. 2756 is being introduced to (1) eliminate reference to local registrars; (2) clarify language in K.S.A. 65-2409 with regard to determination of parentage and (3) eliminate reference to burial permits in K.S.A. 65-2414 since the in-state burial permits were abolished in 1982.

With regard to eliminating reference to local registrars, it should be noted that the role and function of the local registrar originally was to assist the State Registrar in the collection of birth, death and stillbirth records. When the vital statistics system was established in 1911, there were over 600 local registrars. Over time, the number of local registrars was decreased as the ability to collect and transmit records improved. In 1986 there were 143 local registrars.

During the 1986 Legislative Session, the House Governmental Organization Committee made a number of recommendations designed to improve the efficiency of the Office of Vital Statistics. The Committee recommended that the number of local registrars be reduced to no more than one per county and that serious consideration be given to a direct reporting system to allow vital records to be transmitted directly to the Office of Vital Statistics from the originating institution rather than through a local registrar.

The Office of Vital Statistics complied with this directive by decreasing the number of local registrars and by initiating a direct reporting pilot project. The pilot project accomplished the anticipated goals with no negative ramifications.

During the 1988 Legislative Session H.B. 2715 was proposed to abolish the local registrar position by the House Public Health and Welfare Committee. A hearing was held by the House Public Health and Welfare Committee after which a decision was made to allow the bill to die since it was felt the State Registrar had the authority to pursue direct reporting without legislative action.

In October, 1989 all 105 counties became direct reporting counties to facilitate the implementation of an electronic birth certificate system across the state; however, the Department's authority to eliminate the local registrar position

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without legislation was challenged in court by the City Clerk (former local registrar) in Kansas City, Kansas. The court case has been dismissed and the Kansas City, Kansas City Clerk has agreed to support the proposed legislation.

The Office of Vital Statistics is currently implementing an electronic birth certificate (EBC) system in hospitals across the state. EBC allows the hospital to transmit the birth certificate data electronically via either floppy disk, modem, or the Kansas Data Network. Currently there are 20 hospitals reporting births electronically representing approximately 64% of all births occurring in the State of Kansas. It is anticipated that 80% of all births will be reported electronically by the time all installations are completed.

An optical disk system is also being installed and implemented that will completely automate the processing of the vital records and the issuance of certified copies.

The automation of vital statistics and direct reporting will provide Kansas with the most efficient, expeditious system/service possible. In addition, the system will eliminate redundancy and speed up the process. The internal edits in the EBC system alone have reduced the number of errors found on incoming records from 30% to approximately 4%. With an automated system it would be inefficient and redundant to have vital records routed through a local registrar.

Statewide direct reporting will also impact on and decrease the extent of fraud activities associated with the illegal issuance of birth and death information.

It should also be noted that local registrars initially assisted with the registration of home births and the preparation of burial permits. Today home births represent a very small percentage of total births (less than .3 of 1%) and in-state burial permits were eliminated in 1982. Today the only time a burial permit is required is if the body is being transported out-of-state and those permits are now issued by the funeral director.

In the case of home births, local health departments assist in the preparation of birth certificates. This arrangement promises a better, more accurate birth certificate since health professionals are better able to determine what types of information should be recorded. In addition, this system promotes access to health services due to the contact with the local health department that results in better health care for both the infant and the mother.

Contingent upon funding, the final phase of the Vital Statistics automation effort includes plans to implement the local issuance of vital records on a regional basis across the State of Kansas. We propose to implement issuance services in the KDHE district offices located in Salina, Hays, Wichita, Chanute and Dodge City and in the City Clerk's office in Kansas City, Kansas. We anticipate implementation of the final phase at the time all birth records back to 1911 are converted to the optical disk system and funding is available.

Language in K.S.A. 65-2409 with regard to legal definition of father of child currently reads "at the time of conception or birth" which is interpreted to be "at the time of conception or birth or anytime in between" as the mother could conceivably be unmarried at the time of conception and at the time of birth

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and have been married "sometime in between". The recommended change will simply clarify the language and make it consistent with the interpretation.

Since the in-state burial permit was eliminated in 1982, the proposed change to K.S.A. 65-2414 would simply remove language referencing the permit.

In summary, since the purpose and function of the local registrar no longer exists and records are now being transmitted directly to the Office of Vital Statistics from the funeral homes and hospitals and the recommended changes to K.S.A. 65-2409 and 65-2414 simply clarify current language or eliminate obsolete language, we recommend passage of H.B. 2756. Passage of H.B. 2756 will allow the Vital Statistics system to operate at the most efficient, effective level possible which in turn will allow the most expeditious service possible to the citizens of Kansas.

Testimony presented by: Dr. Lorne A. Phillips
State Registrar
Office of Vital Statistics
Division of Information Systems
March 12, 1990