

MINUTES OF THE HOUSE COMMERCE AND LABOR COMMITTEE

The meeting was called to order by Chairman Don Dahl at 9:00 A.M. on March 14, 2006 in Room 241-N of the Capitol.

All members were present except:
Bob Grant- excused

Committee staff present:
Jerry Ann Donaldson, Kansas Legislative Research Department
Norm Furse, Office of Revisor of Statutes
Rena Jefferies, Office of Revisor of Statutes
June Evans, Committee Secretary

Conferees appearing before the committee:
Representative Steve Brunk
Jill Ochs
Diane Gjerstad, Wichita Public Schools
Virginia Powell, CPA, Chair, Kansas Board of Accountancy

Others attending:
See attached list.

The Chairman opened the hearing on **HB 3004 - Certified public accountants; admission to examination.**

Staff gave a briefing on **HB 3004**. The education requirement is satisfied by successful completion of course work consisting of at least 150 semester hours, with a concentration in accounting, at a college or university recognized by the board and the applicant is the holder of a baccalaureate or higher academic degree. When determining whether an applicant for admission has completed the course work required by this section, the board shall include: (1) any academic credit granted for course work successfully completed by an applicant which was applicable toward an academic degree pursuant to K.S.A. 72-11a01 et seq., and amendments thereto; and (2) any academic credit granted for advance placement classes successfully completed by an applicant which was applicable toward an academic degree under an advance placement program.

Jill Ochs testified as a proponent to **HB 3004**. Ms. Ochs is a graduate student at Wichita State University (WSU) working on a master's degree in accounting with an emphasis on taxation. Her transcript includes 156 college hours. 14 of these hours were awarded by WSU for classes taken during her junior and senior years of high school and also counted for college semester hours as well. These are known as Advance Placement (AP) classes. The Kansas Board of Accountancy, upon a deficiency review, determined these classes did not count towards the legislative requirement of 150 college hours in order to sit for the Certified Public Accountants exam.

Being a student in graduate school at WSU, the undergraduate degree is closed and the university will not allow coursework below a 600 level. In order to retake these classes, they would have to be taken at another state university or a community college. When attending another college or university, they require students to send them a transcript from any other colleges or universities. These colleges or universities would not allow these classes be taken either because, according to WSU and the Kansas Board of Regents, these hours have already been completed. It is asked that the committee accept this bill allowing AP coursework be considered college semester hours in the same way the Kansas Board of Regents and all state universities do (Attachment 1).

Representative Steve Brunk testified as a proponent to **HB 3004**. The AP courses in Kansas and the rigorous nature of those classes will be discussed today. Ms. Ochs is an outstanding student who has successfully completed her AP courses, has graduated from an accredited Kansas college, received her masters degree and is ready and well prepared to enter her professional life. Her AP courses are not being recognized by the Board of Accountancy. This bill simply says that the Board of Accountancy would recognize AP classes when reviewing an individual's application for the CPA exam (Attachment 2).

Diane Gjerstad, Wichita Public Schools, testified in support of **HB 3004** which makes it clear the advanced

CONTINUATION SHEET

MINUTES OF THE House Commerce and Labor Committee at 9:00 A.M. on March 14, 2006 in Room 241-N of the Capitol.

placement (AP) classes count toward the Board of Accountancy's 150 hour requirement prior to sitting for the certified public accountant examination. Students are encouraged to take AP courses while in high school. College bound students taking AP courses are most likely to be successful in college. AP courses are the only courses actually designed by teams of college professors, who work alongside expert secondary teachers (Attachment 3).

Virginia Powell, CPA, Chair of the Kansas Board of Accountancy, testified in opposition to **HB 3004** on behalf of the Board. In 1997 a 150 hour course specific education requirement to sit for the CPA exam was implemented. Within the 150 hour overall education requirement, there are core courses required that a candidate must obtain in order to qualify to sit for the exam: 42 hours of specific business courses, 11 hours of written and oral communications and 30 hours of specific accounting hours. K.S.A. 1-302a, in its current form, requires that an exam applicant successfully complete coursework at a college or university level; which means that the applicant must actually take the course at a college or university, not receive credit by advance placement or by testing out the course. This is also the interpretation of our general counsel who is an Assistant Attorney General. Disallowing advanced placement credits has not previously been an issue for any candidate. Based upon transcripts submitted by other candidates, the Board believes the issue is unique to the candidate requesting this amendment. The Board strongly believes it would not be prudent to hurriedly amend a statute to accommodate one person (Attachment 4).

Jeff Bottenberg, Attorney, Board of Accountancy, stated the law has been in place since 1997. Applicants are to send in their transcripts so the Board can identify any deficiency. The Board can not try to change this for one person. The applicants need to find out what the law is the first day of school to make certain they have the needed credits.

The Chairman closed the hearing on **HB 3004**.

The meeting adjourned at 10:25 a.m. The next meeting will be March 16, 2006.

COMMERCE AND LABOR COMMITTEE

Date March 14, 2006

NAME	AGENCY
Jeff Bottomley	Board of Accountancy
SUSAN SIMERS	Board of Accountancy
Virginia Power	Board of Accountancy
Clyde Smith	Board of Accountancy
Jill Ochs	
Richard Ochs	
Diane Gjerstad	Wichita Public Schools
BRIAN MALONE	KTVA
Rep Steve Brunk	Legislature

March 14, 2006

Commerce and Labor Committee:

Mr. Dahl, and members of the Commerce and Labor Committee, my name is Jill Ochs and I want to thank you for this opportunity to speak with you this morning. I am in support of House Bill #3004.

I would like to take this opportunity to explain my current situation to the committee both the coursework and requirements necessary to receive college semester hours for these advance placement (AP) classes.

I am a graduate student at Wichita State University working on a master's degree in accounting with an emphasis in taxation. My transcript includes 156 hours college hours. Of these hours, 14 are awarded by WSU for classes I took during my junior and senior years of high school and also counted for college semester hours as well. The Kansas Board of Accountancy, upon a deficiency review, determined these classes did not count towards the legislative requirement of 150 college hours in order to sit for the CPA exam.

Many of the local high schools in the Wichita area as well as high schools all across the country have provided students with an opportunity to take Advanced Placement (AP) courses that will allow students to receive dual credit hours, based on national standards. Wichita Heights High School, where I attended, is one of those schools.

These dual credit hour classes are referred to as Advance Placement classes (AP). The national AP program is administered by the College Board, the same organization offering the SAT college entrance exam. Participating high schools have been approved to teach AP courses based on the academic quality of their college-preparatory classes or, as it is commonly known as honors curricula. AP courses are college-level courses required to be taught by instructors with advanced degrees excelling in their field of study with college textbooks and exams. There is an end-of-course national AP final, produced, administered, and graded by The College Board, with a score sent to a participating university. These scores are then reviewed by the university to determine if the exam results are of such that it shows the student has successful completion and retention of coursework required in order to receive college semester hours.

Starting my junior year of high school, I enrolled in AP U.S. History. This course, like any other AP course offered across the United States requires certain curriculum to be taught and special qualifications for teacher administering the course. This course, along with the other two AP courses I took in high school (AP English and AP Calculus) ran from late August to the first part of May, five days a week for forty-five minutes each day. On top of this, we would receive regular homework assignments, projects and exams structured like college course work.

The year I took the AP U.S. History course, approximately 60 other students were also enrolled, there were fewer students enrolled for the AP English and AP Calculus courses but the same principle applies. All students enrolled had the intent on taking the exam at the end of the school year to have the chance at receiving college hours. The AP tests are administered over the course of two weeks each May, and every school in the nation follows the same testing schedule for confidentiality purposes. When it came time for

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the examination, where students could have the opportunity to show what they had learned over the course of the year, approximately 25 to 50% of the classes would actually take the exam. Taking the exam did not automatically guarantee an individual college semester hours.

On the final AP exam tests, students are asked multiple-choice questions, essays, free response questions, and lengthy math problems, depending on the type of course, which is a much more rigorous exam than a college final would be. After completion of the exam, the tests were sent to the national testing center where they were graded based upon national expectations for coursework retention and college level knowledge of the subject. A score (or grade as the AP website indicates) is then sent to the college or university of the student's choice. The college or university then determines, based upon the score sent to them, if the student has completed the coursework requirements to satisfy receiving college semester hours for the course.

I had all three of my AP exam scores (US History, English and Calculus) sent to Wichita State University where it was determined that I had completed and retained the information to receive college semester hours for U.S. History 1 (three semester hours), U.S. History II (three semester hours), College English 101 (three semester hours) and Calculus I (five semester hours).

These classes are recognized by both Wichita State University and Kansas Board of Regents as semester hours completed towards receiving my 126-semester hour degree. In order to receive an accounting degree recognized both by Wichita State University and the Kansas Board of Regents the state of Kansas requires the successful completion of 126-semester hours with prescribed coursework. By receiving my diploma from WSU (summa cum laude) as recognized by the Kansas Board of Regents, they concur I have successfully completed the semester hours in question.

Since I am in graduate school at WSU, which means my undergraduate degree is closed and the university will not allow me to take any coursework below a 600 level class. Therefore, in order to retake these classes, I would have to attend another state university or a community college. When attending another college or university, they require students to send them a transcript from any other colleges or universities. If I were to do so, they would not allow me to take these classes either because according to Wichita State and the Kansas Board of Regents, I have successfully completed these semester hours.

An additional note, President Bush addressed AP classes in his most recent State of the Union address in January. In his speech, he stated that these classes were a great thing in American high schools, and a great way to get fresh college graduates into the workforce sooner.

Therefore, I ask the committee to accept this bill allowing AP coursework to be considered college semester hours in the same way the Kansas Board of Regents and all state universities do. Thank you.



Edw. M. Plopa
& Associates, L.C.

To whom it may concern:

I support changing the law to allow Advanced Placement classes as college hours towards the determination of eligibility to take the CPA exam. Advanced Placement coursework is rigorous and on par with freshmen-level college courses. Colleges and universities have been accepting Advanced Placement coursework as meeting requirements for degrees for many years. It is a well established program and learning is demonstrated through testing. Furthermore, evidence of learning this freshmen-level material is confirmed by successful completion of subsequent advanced coursework for which these classes are prerequisites.

Top students are often ready for more rigorous studies during high school than what is required for graduation. Advanced Placement courses challenge the top academic achievers with college-equivalent courses that are more than busy work and rewards them with college hours if they master the material.

Discounting such coursework to count towards the 150-hour requirement for taking the CPA exam places unreasonable expectations on the potential candidate by requiring them to take redundant classes. They do not need these classes because they have already mastered the subject as evidenced by completion of higher-level classes.

I am concerned our brightest and best students, the very ones that we should be encouraging to enter public accounting, will elect to practice in a state with more reasonable requirements or choose an accounting profession other than public accounting, both of which are contrary to the desires of the profession. Please amend the law to provide for inclusion of Advanced Placement classes in the 150-hour requirement.

Sincerely,

A handwritten signature in cursive script that reads 'Cheryl J. Kust'.

Certified Public Accountant

MARC PORTER
CERTIFIED PUBLIC ACCOUNTANT

March 13, 2006

To Whom It May Concern:

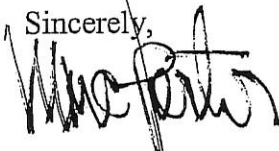
I am writing this letter in support of the enactment of House Bill No. 3004 concerning the statutory qualifications for admission to the certified public accountant examination. I am a Kansas licensed CPA (Permit to Practice No. 39).

Said legislation would allow the academic credit granted by a university for advance placement (AP) classes to be credited for purposes of satisfying the eligibility prerequisites to sit for the CPA exam. If a university credits AP course work towards an academic degree, I believe it should be similarly counted for CPA exam qualification.

I am familiar with AP coursework and testing. My daughter, who was valedictorian of her high school class, received such credit upon her enrollment in college. She graduated last year from KU Medical School and her AP credits never prevented her taking the medical boards or obtaining her medical license.

Students earning AP credit are hard-working and intelligent, the type of individuals we encourage to become CPAs.

Sincerely,



Marc Porter

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Richard A Ochs
Certified Public Accountant
7701 E Kellogg Suite 750
Wichita, KS 67207

March 13, 2006

To Whom It May Concern:

I am a licensed certified public accountant in the State of Kansas. In 1978 when I was finishing my bachelors degree, the 150 hour requirement was being introduced. I saw the value of the additional classes and continued on to get my MBA.

I encouraged Jill to seek a remedy for her situation. The current statute is interpreted to mean a student must have 150 hours *on* a college campus to be eligible to take the CPA exam.

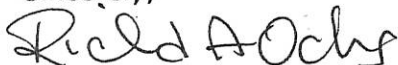
As Jill began planning her educational pursuit, we knew the requirements of 150 hours and we knew of the special subject hours required by the Kansas Board of Accountancy. This past January, Jill sent her transcript to the Board of Accountancy. We thought this was a perfunctory review. We had tabulated the requirements, her advisors at Wichita State had tabulated the hours. We were expecting a note of congratulations, you will be ready to take the exam at the end of this semester. Instead, Jill got an email of denial. My first thought was someone didn't understand. Jill wrote an appeal to be considered by the members of the Accounting Board, fully describing the college classes she took in the form of AP.

Instead, we learned that there is only one way to get 150 hours under the current statute, and that is on a college campus. Taking classes in high school under the Advanced Placement program do not count. So Jill is short her math and English hours. You should know Jill is a great student. She was Valedictorian of her high school class and graduation Suma Cum Laude from Wichita State.

I believe the current statute is out of date and doesn't reflect this educational offerings available for the top students. The top high achieving students take the AP classes during their Junior and Senior Year. If you took a pole, you would find many in this room that has family members or friends that have taken AP classes to jump start their college experience. They know full well these are college classes.

I am a firm believer in fixing problems as they arise. I ask this committee to approve this amendment to the Kansas Statute which will allow our top students to have their AP hours count towards the 150 hour requirement to sit for the CPA exam. My hope is that the committee will agree to fix this problem.

Sincerely,



Richard A. Ochs

STATE OF KANSAS
HOUSE OF REPRESENTATIVES

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TOPEKA

COMMITTEE ASSIGNMENTS
MEMBER: FEDERAL AND STATE AFFAIRS
FINANCIAL INSTITUTIONS
INSURANCE
JOINT COMMITTEE ON
STATE BUILDING CONSTRUCTION
TAXATION

Mr. Chairman, Committee:

Thank you for hearing this bill about the significance of Advanced Placement Classes or "AP". Last year, more seniors took and passed AP classes than ever before. In his State of the Union Address, President Bush called for increasing access to AP courses to increase proficiency in Math and Science.

You will hear testimony today about the state of AP in Kansas and the rigorous nature of those classes.

Additionally, you will hear from one student, one outstanding student, who has successfully completed her AP courses, has graduated from an accredited Kansas college, has received her masters degree, is ready and well prepared to enter her professional life, only to be frustrated by a Kansas Government that does not recognize the very AP classes that we are promoting. On one hand we are promoting these classes, but on the other hand we are denying their applicability.

This bill simply says that the Board of Accountancy will recognize AP classes when reviewing an individuals application for the CPA exam.

This bill should further say that it includes existing applications that have been denied based solely on the rejection of AP classes.

Thank you,

Representative Steve Brunk
Majority Whip
District 85

Comm Labor
3-14-06
Atch #2



House Commerce and Labor Committee Representative Dahl, chair

H.B. 3004 – Board of Accountancy

Presented by: Diane Gjerstad
March 14, 2006

Mr. Chairman, members of the committee:

We rise in support of H.B. 3004 which makes it clear the advanced placement “AP” classes count toward the Board of Accountancy’s 150 hour requirement prior to sitting for the certified public account exam.

Students are encouraged to take AP courses while in high school. College bound students taking AP courses are most likely to be successful in college. The jump start on tackling high level, more intensive classes is a solid foundation for success in college.

Let’s look at how AP is advertised nationally. To quote the College Boards brochure on AP

The difference between college prep/honors or AP:

- “AP courses are the only ones actually designed by teams of college professors, who work alongside expert secondary teachers.”
- “College faculty participates in the scoring of the AP exam, comparing you to their own college students, verifying your mastery of the same level of curriculum.”

What is the difference between credit and placement?

- “Many colleges and universities offer both credit and placement. At Princeton University, for example, students can use qualifying AP Exam grade to:
 - Graduate in three or three and one half years
 - Enter upper level courses
 - Fulfill a foreign language requirement”

What can I do with college credit or placement?

- “College credit or placement can allow you to move into upper-level courses sooner, pursue a double major or a combine B.A./M.A. program.”

Mr. Chairman, it only makes sense the Board of Accountancy count AP courses towards the 150 hour requirement. High school students are encouraged to push themselves academically and get a feel for what college will be like. AP is an excellent opportunity for many students. It is simply not fair to have a student in good standing be penalized for stretching herself academically. We would ask for quick passage of this bill, so Jill can get on with her career.

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Mr. Chairman, members of the Committee, I am Virginia Powell, CPA, Chair of the Kansas Board of Accountancy. I am here today, on behalf of the Board of Accountancy, to oppose House Bill 3004.

In 1997, a 150 hour, course specific education requirement to sit for the CPA exam was implemented. Within the 150 hour overall education requirement, there are core courses required that a candidate must obtain in order to qualify to sit for the exam: 42 hours of specific business courses, 11 hours of written and oral communications, and 30 hours of specific accounting hours.

K.S.A. 1-302a, in its current form, requires that an exam applicant successfully complete coursework at a college or university level; which means that the applicant must actually take the course at a college or university, not receive credit by advance placement or by testing out of the course. This is also the interpretation of our general counsel, who is an Assistant Attorney General.

We believe that House Bill 3004 has unintended consequences, for instance:

1. It allows not only for advanced placement credit, but CLEP credit (the College-Level Examination Program, or CLEP, which provides students of any age with the opportunity to demonstrate college-level achievement through a program of exams in undergraduate college courses).

2. It will also allow life achievement credits. "Life Achievement" to mean learning which adults have acquired from experiences outside of traditional college courses. Substantial learning often results from positions individuals have held or activities in which they have engaged. For example, life achievement learning could

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have resulted from work experience, volunteer work or some life event that resulted in college level learning.

3. There is no indication as to which colleges or universities AP credits the Board can or must accept.

4. There is no restriction on the number of hours that may be obtained through credit. It is conceivable that a person could test away one, two, or more years of college.

5. There is no mention of what courses will qualify for credit. The Board feels strongly that none of the core course requirements for the exam should be obtained through credit—a candidate must take and pass those courses.

In December of 2005, the Board of Accountancy formed a task force, which will meet this summer and fall, to review all of its laws in order to bring a bill package to the 2007 legislature. This will give the time this law deserves to review and coordinate possible amendments with other interested parties, such as the Kansas Society of CPAs and the colleges and universities, to work out a viable solution.

The accounting profession has been under scrutiny for the last several years. Part of the Board of Accountancy's charge is to make sure that CPAs meet or exceed education and experience requirements. In order for the public to have confidence in the work performed by CPAs, it is important that we have laws in place to ensure that we are admitting individuals who meet those requirements.

The issue of disallowing advanced placement credits has not previously been an issue for any candidate. Based upon transcripts submitted by other candidates, the Board believes the issue is unique only to the candidate requesting this amendment. The Board strongly believes it would not be prudent to hurriedly amend a statute to accommodate one person.

In closing, we remind you that even if you think it is a good idea to allow AP credits, the issue of how much AP credit may be allowed to displace course work must be addressed, along with which University's acceptance of AP credits will be mandated to the Board to accept; i.e., only Kansas Regents Colleges, all Kansas colleges, any other colleges outside of the State, or some other qualifications; will there be steps taken to prevent displacing core competency college courses; and finally, will there be an assurance that testing out of life experiences are adequately excluded from the legislation.

Until these issues are able to be studied, well thought out and crafted, we respectfully request that HB 3004 be tabled.

Thank you. I will be happy to stand for any questions.

Virginia A. Powell, CPA, Chair
Kansas Board of Accountancy