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Board of Accountancy

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<https://boa.state.mn.us>

AT A GLANCE

- 9 Board members appointed by the Governor; 2 are non-CPA public members
- 7 employees at full staffing (Executive Director position currently vacant)

In FY 2023-24, the Board:

- Renewed nearly 17,000 certificates and firm permits annually
- Received 978 applications for CPA licensure
- Evaluated 861 applications and issued 846 new and reciprocal individual licenses
- Issued 132 new firm permits
- Investigated 363 new complaints

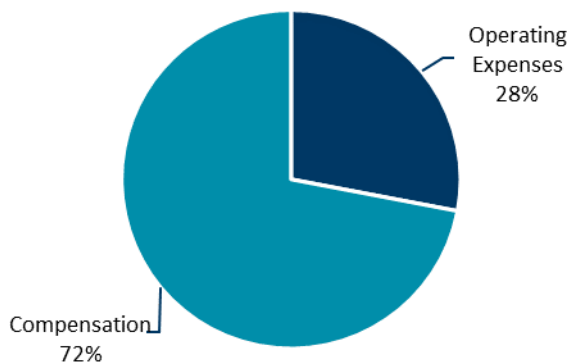
PURPOSE

The mission of the Minnesota Board of Accountancy is to protect the public through the regulation of the practice of accounting by Certified Public Accountants, Registered Accounting Practitioners, and others in Minnesota by:

- Ensuring that those entering the practice meet standards of competency by way of education, experience, and examination;
- Establishing standards of practice for those certified or registered to practice;
- Requiring that anyone practicing or offering to practice accounting be certified or registered and continue to maintain their professional competence; and
- Enforcing the laws, rules, and standards governing the practice of accounting in Minnesota in a fair, expeditious, and consistent manner.

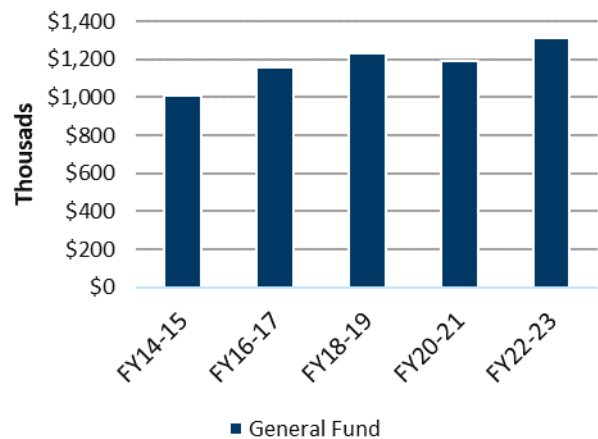
BUDGET

**Spending by Category
FY 2023 Actual**



Source: Budget Planning & Analysis System (BPAS)

Historical Spending



Source: Consolidated Fund Statement

The Board’s budget is funded through General Fund appropriations. The total FY24-25 biennial budget is \$1,703,000. The Board collects application and licensure fees which are deposited in the state’s General Fund.

STRATEGIES

To accomplish its mission, the Board uses the following strategies:

- **Regulatory** – Collaborating with the National Association of State Boards of Accountancy (NASBA) on consistent standards for examination, licensure, and enforcement. Evaluating applications to ensure that those entering professional practice have completed the required education, examination, and experience.
- **Enforcement** – Investigating complaints and taking action against licensees and unlicensed individuals who violate the Board’s statutes and rules. Removing individuals from practice when necessary. Exchanging enforcement data across jurisdictions. Providing public access to license status, discipline history, and the complaint process. Ensuring that the Board’s statutes and rules are up-to-date and understandable.
- **Outreach and Education** – Providing information to Minnesota citizens, legislators, other state agencies, schools, professional societies, and NASBA about the value of licensure and the requirements of competent practice.

The Board of Accountancy contributes to creating a thriving economy that encourages business growth and employment opportunities by:

- Issuing permits to firms and licenses to individuals who practice public accounting; ensuring that those individuals and firms comply with statutes, rules, and accounting and auditing standards; and contributing to a stable and secure financial network;
- Ensuring that statutes and rules reflect the minimum standards to protect the public; and
- Updating statutes and rules to remove unnecessary barriers to licensure and certification.

The Board contributes to providing efficient and accountable government services by:

- Responding quickly and professionally to applicants, licensees, certificate holders, and the public;
- Providing education and information to the public, students, and licensees; and
- Thoroughly and efficiently investigating complaints and taking enforcement action when appropriate.

The Board strives for equity in licensure and certification by:

- Ensuring that standards for Minnesota residents are not easier or harder to achieve than standards for those already licensed or certified in another state transferring to Minnesota;
- Consistently applying the statutes and rules to all applicants, licensees, and firms; and
- Using plain language on application forms and in administrative rules.

RESULTS

<i>Measure Name</i>	<i>Measure Type</i>	<i>Measure Data Source</i>	<i>Historical Trend</i>	<i>Most Recent Data</i>
Average business days to process online renewal applications	Quantity	Board’s Licensing and Compliance System SQL Data	FY 21-22: 1.1	FY 23-24: 1.2
Average days to licensure (individuals)	Quantity	Board’s Licensing and Compliance System SQL Data	FY 21-22: 11	FY 23-24: 10
Average days to licensure (firms)	Quantity	Board’s Licensing and Compliance System SQL Data	FY 21-22: 20	FY 23-24: 20

Measure Name	Measure Type	Measure Data Source	Historical Trend	Most Recent Data
Average days to resolve a complaint	Quantity	Board's Licensing and Compliance System SQL Data	FY 21-22: 69	FY 23-24: 161*

*Automatic revocations for failure to renew license were recently removed from statutes. As administrative actions, in prior periods they artificially lowered days-to-resolve statistics.

The Board of Accountancy's legal authority comes from M.S. §214.01 and M.S. §326A.
<https://www.revisor.mn.gov/statutes/cite/214.01>
<https://www.revisor.mn.gov/statutes/cite/326A>

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base FY26 FY27		Governor's Recommendation FY26 FY27	
<u>Expenditures by Fund</u>								
1000 - General	658	657	734	969	860	860	875	889
Total	658	657	734	969	860	860	875	889
Biennial Change				387		17		61
Biennial % Change				29		1		4
Governor's Change from Base								44
Governor's % Change from Base								3

Expenditures by Program

Accountancy	658	657	734	969	860	860	875	889
Total	658	657	734	969	860	860	875	889

Expenditures by Category

Compensation	495	471	533	606	567	567	582	596
Operating Expenses	163	186	200	363	293	293	293	293
Other Financial Transaction	0	0						
Total	658	657	734	969	860	860	875	889

Full-Time Equivalent

	5.81	5.62	5.70	6.50	6.50	6.50	6.50	6.50
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(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base FY26 FY27		Governor's Recommendation FY26 FY27	
1000 - General								
Balance Forward In		35		110				
Direct Appropriation	688	698	844	859	860	860	875	889
Cancellations		76						
Balance Forward Out	30		110					
Expenditures	658	657	734	969	860	860	875	889
Biennial Change in Expenditures				387		17		61
Biennial % Change in Expenditures				29		1		4
Governor's Change from Base								44
Governor's % Change from Base								3
Full-Time Equivalents	5.81	5.62	5.70	6.50	6.50	6.50	6.50	6.50

(Dollars in Thousands)

	FY25	FY26	FY27	Biennium 2026-27
Direct				
Fund: 1000 - General				
FY2025 Appropriations	859	859	859	1,718
Base Adjustments				
Minnesota Paid Leave Allocation		1	1	2
Forecast Base	859	860	860	1,720
Change Items				
Operating Adjustment		15	29	44
Total Governor's Recommendations	859	875	889	1,764
 Revenue Change Summary				
Non-Dedicated				
Fund: 1000 - General				
Forecast Revenues	1,641	1,641	1,641	3,282
Total Governor's Recommendations	1,641	1,641	1,641	3,282

Board of Accountancy

FY 2026-27 Biennial Budget Change Item

Change Item Title: Operating Adjustment

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund				
Expenditures	15	29	29	29
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	15	29	29	29
FTEs	0	0	0	0

Recommendation:

The Governor recommends additional funding of \$15,000 in FY 2026 and \$29,000 in each subsequent year from the general fund to help address operating cost increases at the Board of Accountancy.

Rationale/Background:

The cost of operations rises each year due to increases in employer-paid health care contributions, FICA and Medicare, along with other salary and compensation-related costs. Other operating costs, like rent and lease, fuel and utilities, and IT and legal services also grow. This cost growth puts pressure on agency operating budgets that remain flat year to year.

Agencies face challenging decisions to manage these rising costs within existing budgets, while maintaining the services Minnesotans expect. From year to year, agencies find ways to become more efficient with existing resources. For FY 2026-27, agencies will need to continue to find additional efficiencies and leverage management tools to help address budget pressures. Holding open vacancies in certain programs or delaying hiring in other programs are examples of ways agencies manage through constrained operating budgets. Such decisions are difficult and must be weighed against a program’s ability to conduct business with less staffing and its impact to service delivery.

This recommendation provides additional resources to help address these cost pressures and pay for agency operations.

Proposal:

The Governor recommends increasing agency operating budgets to support current services. For the Board of Accountancy, this funding will help cover expected employee compensation and insurance cost growth, as well as rising rents and other operating costs.

Dollars in Thousands

Net Impact by Fund	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
General Fund	15	29	44	29	29	58
Total All Funds	15	29	44	29	29	58

Fund	Component Description	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
GF	Operating Costs	15	29	44	29	29	58

Results:

This recommendation is intended to help the Board of Accountancy address rising cost pressures and mitigate impacts to current levels of service and information to the public.