

The Rules Committee of the Texas State Board of Public Accountancy is holding a meeting by online video conference call pursuant to §551.127 of the Open Meetings Act. The public may attend the meeting in-person at the office of the Board which is located at 505 E. Huntland Drive, Suite 370, Austin, Texas 78752. The Chair of the Rules Committee will be present at the 505 E. Huntland Drive location for the entirety of the meeting. In the alternative, the public may attend the meeting virtually using the following link.

Topic: Rules Committee

Time: Jul 10, 2024 01:30 PM Central Time (US and Canada)

<https://www.zoomgov.com/j/1611498675?pwd=a09VZGM3S0I5eXdwcERiM3ZHZCtRUT09>

Meeting ID: 161 149 8675

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Meeting ID: 161 149 8675

Agenda Item VI
Rules Committee Agenda
July 10, 2024
1:30 p.m.

- A. Discussion, consideration, and possible revision to Board *Rule 511.161 (Qualifications for Issuance of a Certificate)*.

- B. Discussion, consideration, and possible revisions to Board *Rules 520.1 (Authority and Purpose), 520.2 (Definitions), 520.3 (Institutions), 520.4 (Eligible Students), 520.5 (Award Amount and Uses), 520.6 (Allocations), 520.7 (Disbursements to Institutions), 520.8 (Retroactive Disbursements)*; and proposed new *Rules 520.11 (Eligible Applicants for Examination Fee Financial Aid (EFFA) Program), 520.12 (Award Amounts and Uses Through the Examination Fee Financial Aid (EFFA) Program), and 520.13 (Documentation for the Examination Fee Financial Aid (EFFA) Program)*.

- C. Schedule next meeting.

Agenda Item VI
Rules Committee Agenda
July 10, 2024
1:30 p.m.

- A. Discussion, consideration, and possible revision to Board *Rule 511.161* (*Qualifications for Issuance of a Certificate*).

DISCUSSION: At the May Board meeting, the Board proposed a revision to Board *Rule 511.163* that removed language from the rule requiring an applicant to complete a four-hour CPE ethics course before taking the UCPAE. Because the rule addressed an applicant for licensure, the requirement for CPE more appropriately belongs in the CPE section of the Board's *Rules*. Therefore, the Board proposed to transfer the language in Board *Rule 511.163* to the CPE rules.

Similar language is found in Board *Rule 511.161*. For the same reason the staff is recommending that Board *Rule 511.161* also be revised to remove the requirement for a four-hour CPE ethics rule.

RECOMMENDATION: The staff recommends that the committee recommend to the Board that it authorize the executive director to publish the revision as proposed in the *Texas Register* for public comment.

SUGGESTED MOTION: That the committee recommend that the Board authorize the executive director to publish the proposed revision in the *Texas Register* for public comment as proposed.

1 CHAPTER 511 ELIGIBILITY
2 SUBCHAPTER H CERTIFICATION
3 RULE §511.161 Qualifications for Issuance of a Certificate

4
5 The certificate of a CPA shall be granted by the board to an applicant who qualifies
6 under the current Act and has met the following qualifications:

- 7 (1) successfully completed the UCPAE;
- 8 (2) met the education requirements in §511.164 of this chapter (relating to Definition of
9 150 Semester Hours to Qualify for Issuance of a Certificate);
- 10 (3) successfully completed a 3-semester hour board-approved ethics course as
11 defined by §511.164 of this chapter;
- 12 (4) submitted an application prescribed by the board;
- 13 (5) submitted the requisite fee, set by the board, for issuance of the certificate;
- 14 (6) provided evidence of a lack of a history of dishonest or felonious acts or any
15 criminal activity that might be relevant to the applicant's qualifications;
- 16 (7) completed the fingerprint process that accesses the Federal Bureau of
17 Investigation (FBI) and the Texas Department of Public Safety - Crime records division
18 files;
- 19 (8) submitted, on a form prescribed by the board, evidence of completion of the work
20 experience requirements commensurate with the education requirements;
- 21 (9) executed an oath of office stating support of the Constitution of the United States
22 and of this state and the laws thereof, and compliance with the board's Rules of
23 Professional Conduct;
- 24 ~~(10) an applicant who has completed a board-approved ethics course more than two~~
25 ~~years prior to the date of submitting an application for issuance of a CPA certificate~~
26 ~~must complete a board-approved four-hour ethics course of comprehensive study on~~
27 ~~the board's Rules of Professional Conduct;~~
- 28 **(10)** ~~(11)~~ successfully completed the examination on the board's Rules of Professional
29 Conduct; and
- 30 **(11)** ~~(12)~~ provided any other information requested by the board.

Agenda Item VI
Rules Committee Agenda
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1:30 p.m.

- B. Discussion, consideration, and possible revisions to Board *Rules 520.1 (Authority and Purpose), 520.2 (Definitions), 520.3 (Institutions), 520.4 (Eligible Students), 520.5 (Award Amount and Uses), 520.6 (Allocations), 520.7 (Disbursements to Institutions), 520.8 (Retroactive Disbursements)*; and proposed new *Rules 520.11 (Eligible Applicants for Examination Fee Financial Aid (EFFA) Program), 520.12 (Award Amounts and Uses Through the Examination Fee Financial Aid (EFFA) Program), and 520.13 (Documentation for the Examination Fee Financial Aid (EFFA) Program)*.

DISCUSSION: The staff is proposing the above referenced rules to allow for the reimbursement of exam fee costs paid by applicants for the UCPAE. The applicants will be required to evidence a need for the reimbursement and will not be eligible if they have already paid the fee and taken the exam prior to the effective date of this proposed rule.

RECOMMENDATION: The staff recommends that the committee recommend to the Board that it authorize the executive director to publish the proposed rule revisions in the *Texas Register* for public comment.

SUGGESTED MOTION: That the committee recommend that the Board authorize the executive director to publish the proposed revision in the *Texas Register* for public comment as proposed.

1 CHAPTER 520 PROVISIONS FOR THE ACCOUNTING STUDENTS
2 SCHOLARSHIP PROGRAM
3 RULE §520.1 Authority and Purpose

4
5 (a) Authority for this chapter is provided in Subchapter N D, §901.155 of the Act, which
6 is titled Scholarships Scholarship Trust Fund for Accounting Students. This chapter
7 establishes procedures to administer the accounting students scholarship programs
8 program.

9 (b) The purpose of the accounting students scholarship programs program is to provide
10 financial assistance to students intending to take the UCPAE and to assist accounting
11 students by establishing the Examination Fee Financial Aid (EFFA) program
12 conducted for the purpose of obtaining a CPA certificate and thus increase the number
13 of highly trained and educated CPAs available to serve the residents of this state.

14 (c) The purpose of the EFFA program is to provide financial assistance by
15 utilizing operating funds for the reimbursement of exam fees to applicants
16 applying for certification as a CPA as described in §901.653 of the Act (relating to
17 Scholarships).

1 CHAPTER 520 PROVISIONS FOR THE ACCOUNTING STUDENTS
2 SCHOLARSHIP PROGRAM
3 RULE §520.2 Definitions

4
5 The following words and terms, when used in this chapter, shall have the following
6 meanings, unless the context clearly indicates otherwise:

7 (1) Cost of attendance--An estimate of the expenses incurred by a typical financial aid
8 student in attending a particular college or university. It includes direct educational costs
9 (tuition, fees, books, and supplies) as well as indirect costs (room and board,
10 transportation, and personal expenses **– to include the UCPAE fee paid to NASBA**).

11 (2) Expected family contribution--The amount of discretionary income that should be
12 available to a student from his or her resources and that of his or her family, as
13 determined by the US Department of Education Definition of Expected Family
14 Contribution.

15 (3) Financial need--The cost of attendance at a particular public or private institution of
16 higher education less the expected family contribution. The cost of attendance and
17 family contribution are to be determined in accordance with board guidelines.

18 (4) Gift Aid--Educational funds from state, federal, and other sources, such as grants,
19 that do not require repayment from present or future earnings. Assistantships and work-
20 study programs are not considered to be gift aid.

21 (5) Half-time student--For undergraduates, not in their final semester, who are enrolled
22 or are expected to be enrolled for the equivalent of at least six but not more than nine
23 semester credit hours. For graduate students, not in their final semester, who are
24 enrolled or are expected to be enrolled for the equivalent of 4.5 but not more than six
25 semester credit hours.

26 (6) Institution--Public and private or independent institutions of higher education as
27 defined in Texas Education Code, §61.003.

28 **(7) NASBA--The National Association of State Boards of Accountancy.**

29 **(8) (7)** Period of enrollment--The term or terms within the current state fiscal year
30 (September 1 - August 31) for which the student was enrolled in an approved institution
31 and met all the eligibility requirements for an award through the program described in
32 this chapter.

1 **(9)** ~~(8)~~ Program Officer--The individual named by each participating institution's chief
2 executive officer to serve as agent for the board. The program officer has primary
3 responsibility for all ministerial acts required by the program, including maintenance of
4 all records and preparation and submission of reports reflecting program transactions.
5 Unless otherwise indicated by the administration, the director of student financial aid
6 shall serve as program officer.

7 **(10)** ~~(9)~~ Resident of Texas--A resident of the State of Texas as determined in
8 accordance with 19 TAC Part 1, Chapter 21, Subchapter B (relating to Determination of
9 Resident Status). Nonresident students who are eligible to pay resident tuition rates are
10 not residents of Texas.

11 **(11) UCPAE-The Uniform Certified Public Accountant Examination administered**
12 **by the AICPA, NASBA, Prometric and the Board.**

13 **(12) UCPAE fee-The exam cost paid by the applicant to NASBA to take a section**
14 **of the UCPAE.**

1 CHAPTER 520 PROVISIONS FOR THE ACCOUNTING STUDENTS
2 SCHOLARSHIP PROGRAM
3 RULE §520.3 Institutions for the Accounting Students Scholarship
4 Program

5
6 (a) Eligibility.

7 (1) Any college or university defined as a public, private or independent institution of
8 higher education by Texas Education Code, §61.003 that offers the courses required by
9 §§511.57, 511.58 and 511.60 of this title (relating to Qualified Accounting Courses to
10 take the UCPAE, Definitions of Related Business Subjects to take the UCPAE and
11 Qualified Accounting Courses Prior to January 1, 2024 to take the UCPAE), is eligible to
12 participate in the accounting students scholarship program.

13 (2) No institution may, on the grounds of race, color, national origin, gender, religion,
14 age or disability exclude a student from participation in or deny the benefits of the
15 program described in this chapter.

16 (3) Each participating institution must follow the Civil Rights Act of 1964, Title VI
17 (Public Law 88-353) in avoiding discrimination in admissions.

18 (b) Approval.

19 (1) Each approved institution must enter into an agreement with the board, the terms
20 of which shall be prescribed by the executive director.

21 (2) An institution must be approved by April 1 in order for qualified students enrolled in
22 that institution to be eligible to receive scholarships in the following fiscal year beginning
23 September 1st.

24 (c) Responsibilities.

25 (1) Probation Notice. If the institution is placed on public probation by its accrediting
26 agency, it must immediately advise scholarship recipients of this condition and maintain
27 evidence in each student's file to demonstrate that the student was so informed.

28 (2) Disbursements to Students.

29 (A) The institution must maintain records to prove the disbursement of program funds
30 to the student or the crediting of such funds to the student's school account.

31 (B) If the executive director has reason to believe that an institution has disbursed
32 funds for unauthorized purposes, the institution will be notified and offered an
33 opportunity for a hearing pursuant to the applicable procedures outlined in Chapter 519

1 of this title (relating to Practice and Procedure) and the rules of procedure of SOAH.
2 Thereafter, if the board determines that funds have been improperly disbursed, the
3 institution shall become responsible for restoring the funds to the board. No further
4 disbursements of scholarship funds shall be permitted to students at that institution until
5 the funds have been repaid.

6 (d) Reporting.

7 (1) All institutions must meet board reporting requirements. Such reporting
8 requirements shall include reports specific to allocation of scholarship funds as well as
9 progress and year-end reports.

10 (2) Penalties for Late Reports.

11 (A) The executive director may penalize an institution by reducing its allocation of
12 funds in the following year by up to 10 percent for each progress report that is
13 postmarked or submitted electronically more than a week (seven (7) calendar days)
14 late.

15 (B) The executive director may assess more severe penalties against an institution if
16 any report is received by the board more than one-month ~~one-month~~ (thirty (30)
17 calendar days) after its due date. The maximum penalty for a single year is 30 percent
18 of the school's allocation. If penalties are invoked two consecutive years, the institution
19 may be penalized an additional 20 percent.

20 (3) If the executive director determines that a penalty is appropriate, the institution will
21 be notified by certified mail, addressed to the program officer. Within 21 days from the
22 date that the program officer receives the written notice, the institution must submit a
23 written response appealing the board's decision, or the penalty shall become final and
24 no longer subject to an appeal. An appeal under this section will be conducted in
25 accordance with the rules provided in the applicable sections of Chapter 519 of this title
26 and the procedural rules of SOAH.

27 (e) Program Reviews. If selected for such by the board, participating institutions must
28 submit to program reviews of activities related to the accounting students scholarship
29 program.

1 CHAPTER 520 PROVISIONS FOR THE ACCOUNTING STUDENTS
2 SCHOLARSHIP PROGRAM
3 RULE §520.4 Eligible Students for the Accounting Students Scholarship
4 Program

- 5
6 (a) To receive funds:
- 7 (1) an undergraduate student majoring in accounting must be enrolled at least half-
 - 8 time at an approved institution in Texas that is participating in the scholarship program,
 - 9 and attending consecutive semesters or in the final semester of the degree; or
 - 10 (2) a graduate student majoring in accounting must be enrolled at least half-time or in
 - 11 the final semester of the degree at an approved institution in Texas that is participating
 - 12 in the scholarship program.
- 13 (b) To receive funds, a student must:
- 14 (1) maintain satisfactory academic progress in the program of study as defined by the
 - 15 institution;
 - 16 (2) have completed at least 15 semester hours of upper-level accounting coursework;
 - 17 (3) sign a written statement confirming the intent to take the examination conducted by
 - 18 or pursuant to the authority of the board for the purpose of obtaining a certificate of
 - 19 "certified public accountant" in Texas;
 - 20 (4) agree to pay on demand all scholarship funds received if the student does not take
 - 21 at least one part of the exam within three years of submitting the application of intent,
 - 22 unless the executive director grants an extension of the three-year requirement upon a
 - 23 showing of good cause;
 - 24 (5) agree that failure to comply with paragraph (4) of this subsection may cause the
 - 25 board to take measures necessary to enforce the repayment of the scholarship
 - 26 including bringing a civil suit in state district court;
 - 27 (6) confirm that the applicant submitted an Application of Intent and has not met the
 - 28 educational requirements for certification in Texas;
 - 29 (7) maintain a cumulative grade point average, as determined by the institution, that is
 - 30 equal to or greater than the grade point average required by the institution for
 - 31 graduation;
 - 32 (8) be a resident of Texas; and

1 (9) have a statement on file with the institution of higher education indicating the
2 student is registered with the Selective Service System as required by federal law or is
3 exempt from Selective Service registration under federal law.

4 (c) In selecting recipients, the Program Officer shall consider at a minimum the following
5 factors relating to each applicant:

6 (1) the applicant's financial need, which may be based on but not limited to the cost of
7 the applicant attending school less family contribution and any gift aid (an award may
8 not exceed the applicant's need nor be less than the amount calculated in accordance
9 with the formula provided institutions in the application instructions);

10 (2) scholastic ability and performance as measured by the student's cumulative college
11 grade point average as determined by the institution in which the student is enrolled;
12 and

13 (3) ethnic or racial minority status.

1 CHAPTER 520 PROVISIONS FOR THE ACCOUNTING STUDENTS
2 SCHOLARSHIP PROGRAM
3 RULE §520.5 Award Amount and Uses for the Accounting Students
4 Scholarship Program

5
6 (a) Funds awarded through this program may include any gifts, grants and donations of
7 real or personal property from any entity, subject to limitations or conditions set by law,
8 for the purposes of this chapter.

9 (b) Award Amount and Disbursements.

10 (1) The minimum and maximum annual award for a student through this program shall
11 be an amount established by the board and announced to institutions in the allocation
12 announcement sent out for the relevant year.

13 (2) An individual student's scholarship shall be paid out in the form of at least one
14 disbursement per semester.

15 (c) No scholarship disbursed to a student shall be used for any purpose other than for
16 meeting the cost of attending an approved institution.

17 (d) The duration of the scholarship shall be a maximum of three years awarded by
18 semester or term.

19 (e) At the time an award is made to a student, it shall not exceed the student's need.

1 CHAPTER 520 PROVISIONS FOR THE ACCOUNTING STUDENTS
2 SCHOLARSHIP PROGRAM
3 RULE §520.6 Allocations **for the Accounting Students Scholarship**
4 **Program**

- 5
6 (a) The board develops a formula for allocating funds to participating institutions in a
7 way that fulfills the purpose of the program.
- 8 (b) Unless otherwise indicated, institutions shall have until a date specified by the board
9 through a policy memo addressed to the program officer at the institution to encumber
10 all funds allocated to them. If unencumbered by that specific date, the unencumbered
11 funds will be allocated by the executive director to other institutions based upon need
12 and a history of utilization.

1 CHAPTER 520 PROVISIONS FOR THE ACCOUNTING STUDENTS
2 SCHOLARSHIP PROGRAM
3 RULE §520.7 Disbursements to Institutions **for the Accounting Students**
4 **Scholarship Program**

5
6 Requests for program funds for eligible students shall be made by the program officer.
7 Program funds, up to the maximum allocation for the institution, shall be disbursed to
8 the institution for immediate release to the students or immediate application to the
9 students' accounts at the institution. Requests for program funds may be made at any
10 time during the academic year prior to the reallocation deadline.

1 CHAPTER 520 PROVISIONS FOR THE ACCOUNTING STUDENTS
2 SCHOLARSHIP PROGRAM
3 RULE §520.8 Retroactive Disbursements for the Accounting Students
4 **Scholarship Program**

- 5
6 (a) A student may receive a disbursement after the end of his or her period of
7 enrollment if the student:
- 8 (1) owes funds to the institution for the period of enrollment for which the award is
9 being made; or
 - 10 (2) received a student loan that is still outstanding for the period of enrollment for
11 which the award is being made.
- 12 (b) Funds that are disbursed retroactively shall either be used to pay the student's
13 outstanding balance, including interest, from his or her period of enrollment at the
14 institution or to make a payment against an outstanding loan received during that period
15 of enrollment. Under no circumstances shall funds be released to the student.

1 CHAPTER 520 PROVISIONS FOR THE ACCOUNTING STUDENTS
2 SCHOLARSHIP PROGRAM
3 RULE §520.11 Eligible Applicants for Examination Fee Financial Aid (EFFA)
4 Program

- 5
6 **(a) To receive Examination Fee Financial Aid funds a Texas applicant, having**
7 **submitted a board approved application to take the UCPAE must:**
8 **(1) have not taken a section of the UCPAE prior to the effective date of this rule;**
9 **(2) have not passed a section of the UCPAE prior to the effective date of this rule;**
10 **(3) take the first section of the UCPAE after the effective date of this rule;**
11 **(4) receive their first passing score, as determined by board rule on a section of**
12 **the UCPAE after the effective date of this rule; and**
13 **(5) submit an application to the board for reimbursement of the UCPAE fee within**
14 **90 days of receiving the first passing score.**
15 **(b) Examination Fee Financial Aid funds are only available to Texas applicants**
16 **whose purpose is to obtain a certificate of “Certified Public Accountant” in Texas.**

1 CHAPTER 520 PROVISIONS FOR THE ACCOUNTING STUDENTS
2 SCHOLARSHIP PROGRAM
3 RULE §520.12 Award Amounts and Uses Through the Examination Fee
4 Financial Aid (EFFA) Program

5
6 **(a) Funds awarded through this program will be in the form of a reimbursement to**
7 **the applicant for the examination costs paid by the applicant to NASBA for the**
8 **first section of the UCPAE that was passed.**

9 **(b) Award Amounts and Disbursements.**

10 **(1) The minimum and maximum reimbursement to an applicant through this**
11 **program shall be an amount paid by the applicant to NASBA for the first section**
12 **of the UCPAE that was passed.**

13 **(2) The applicant may use board reimbursed funds to take subsequent UCPAE**
14 **sections or for other purposes and needs of the applicant.**

15 **(3) The reimbursement shall be paid by the board in the form of a single**
16 **disbursement.**

1 CHAPTER 520 PROVISIONS FOR THE ACCOUNTING STUDENTS
2 SCHOLARSHIP PROGRAM
3 RULE §520.13 Documentation for the Examination Fee Financial Aid (EFFA)
4 Program

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6 **The applicant shall provide evidence of financial need by completing and**
7 **submitting the board application form for the EFFA program.**

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C. Schedule next meeting.