



Informational Briefing: Economic Sector Overview - Accountancy

August 13, 2020

Special Committee on Economic Recovery
Honorable Julia Lynn, Chair
Kansas State Capitol, Room 112-N (& Zoom Video Conference)
Topeka, KS 66612

RE: Economic Sector Overview – Accountancy

I am Jerry Capps, a representative of the Kansas Society of CPAs (KSCPA) which is the primary professional association representing CPAs and the accounting sector in Kansas with over 2,500 accounting and finance members across the state.

The information I am providing here today outlines not only the economic impacts we have experienced in my accounting firm and that of my colleagues but also the impacts we are seeing regarding the clients we serve. This information is not authoritative and the KSCPA is not taking a position on policy.

Severity of economic impact of pandemic and shutdown/restrictions:

- Many CPAs and finance and accounting professional are busier than ever working on the frontlines of the financial crisis.
- Accountants have been critical in helping businesses navigate the massive new Federal legislation and regulations that changed daily, especially around the PPP funding program.
- The financial impact of the pandemic on the accountancy sector largely depends on the client base of the firm or the type of business the accountant works for and how impacted.
 - Restaurants & personal services hit hard.
 - Additional sectors are starting to struggle with PPP funds running out and demand down.
 - There is a fair amount of companies where business is good.
 - Accounting Advisory services are in high demand from clients (e.g. HR & family business consulting, outsourced accounting, specialized tax, private equity).

How long it might to get back to pre-COVID levels and potential for businesses to not survive

- We are hearing from clients that there will likely be considerable layoffs over the next couple months.
 - PPP funds have run out.
 - Demand in certain sectors have diminished - especially with manufacturing clients who are experiencing orders being cancelled instead of postponed.
- The trickle effect of supply and demand is concerning, especially if large companies downsize over the next few months.
- Biggest concern is unemployment as we brace for a lot more coming up and more pressure on DOL.

Sector-specific impact of government actions to date – shutdowns, restrictions, masks requirements, etc.

- There are continuous challenges around how to handle COVID-19 internally.
- A lot of companies are still working remotely.
- Some are opening and experiencing problems.

Recommended government/regulatory actions to assist the recovery process

- Many important parts of our economy have been harmed including business, state, and local governments so considering all parts when allocating funding is beneficial to our economy.
- A consistent business climate is important so when formulating a plan of regulations for businesses to follow its critical they are clear and concise.