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December 16, 2008

David Costello, CPA, President & CEO
National Association of State Boards of Accountancy
150 Fourth Avenue North, Suite 700
Nashville, TN 37219-2417:

Dear Mr. Costello:

The Idaho State Board of Accountancy appreciates the opportunity to comment on the "Education and Licensure Requirements for Certified Public Accountants: *A Discussion Regarding Degreed Candidates Sitting for the CPA Examination with a Minimum of 120 Credit Hours (120-Hour Candidate) and Becoming Eligible for Licensure with a Minimum of 150 Credit Hours (150-Hour Candidate), (120/150 Discussion) paper, issued by NASBA.*

We found the paper to be helpful. It does an excellent job bringing the issues surrounding the 120/150 Hour debate into focus.

Idaho is one of the states that implemented the 150 Hour requirement to sit for the CPA Examination (in 2000), and then changed to allow candidates to sit with a Bachelors degree (in 2002.) We retained the 150 Hour requirement for licensure.

Our state supports 150 Hours for licensure, and allowing candidates to sit with at least a Bachelors degree.

Statistics of Idaho's Candidates Sitting with Less than 150 Hours

Since 2002, Idaho CPA Exam candidates have been allowed to sit for the CPA Exam with a Bachelors degree. We track these individuals up to the point of licensure to ensure they complete the 150 Hour requirement before they become licensed. Once they complete 150 Hours, we remove the indicator in our system. This means we cannot track historical trends of pass/fail for all the candidates who applied and sat before they met the 150 Hour requirement.

We do know the following information about the "candidates" who are in our system. "Candidates" are individuals approved to sit for the exam, but not licensed. Please note that we have maintained "candidate" information since the late 1990's in our system, so many of these individuals may have dropped out of Idaho's licensure track for one reason or another.

Currently there are 215 candidates in our system approved to sit without meeting the 150 Hour requirement. This is 14.3% of the 1,506 total candidates in our system.

Twenty-three of the 215 have passed all four parts of the exam, but have not been licensed. This is 6.9% of the 335 total successful candidates, who passed all four parts but have not been licensed in Idaho. Fourteen of 23 the successful candidates who sat without the 150 Hours passed all four parts within the past 2 ½ years. It's unknown why they have not applied for licensure. It could be because: 1) they have not completed the 150 Hours; or 2) they have not completed their experience; or 3) because they dropped out of the profession; or 4) they moved to another state and were licensed there; or 5) some other reason.

192 of the 215 have passed three or fewer sections. This is 16.4% of the 1,171 total unsuccessful candidates in our system. It's difficult to determine whether these individuals are still sitting for the CPA Exam or if they have dropped out of the system.

While these numbers are interesting, they don't give us a complete picture. We will begin collecting and maintaining data differently from this point forward to glean a more complete understanding of the impact of 120/150 on pass/fail rates, and on drop out rates.

Idaho's Rural Nature and How it Impacts Candidates

One interesting paradigm about Idaho's candidate population and the CPA profession comes from our state's rural nature. Our three major universities have developed five-year accounting programs. But we have several smaller colleges that have continued with four-year programs. Therefore, we have Bachelors graduates who wish to sit for the CPA Examination, and then settle into the work force. These non-traditional students continue their education while getting experience, and have an income while doing so.

Public Protection

In the past six years that we have allowed candidates to sit with less than 150 Hours, we have not had any complaints filed that stem from this path to licensure. Idaho feels there is no harm to the public by allowing candidates to sit with less than 150 Hours, as long as the candidates are required to complete the 150 Hour education as part of the 4 "E's" mandated for licensure.

On behalf of the Idaho State Board of Accountancy, I appreciate the opportunity to comment on the 120/150 Hour issue.

Sincerely,



Barbara R. Porter
Executive Director