



Illinois Board of Examiners

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October 22, 2008

David A. Costello, CPA
President and CEO
National Association of State Boards of Accountancy
150 Fourth Ave North Suite 700
Nashville TN 37219

Dear David,

A task force of our State Liaison Committee of the Illinois Board of Examiners (IBOE) met on several occasions to review NASBA's discussion paper, "A Discussion Regarding Degreed Candidates Sitting for the Uniform CPA Examination with a Minimum of 120 Credit Hours and Becoming Eligible for Licensure with a Minimum of 150 Credit Hours," dated June 2008. In addition we reviewed the revised Chapter V, Statistical Implications, as well as the 25 pages of candidate statistics garnered from the NASBA Gateway System received on October 6, 2008. Thank you for assembling this position paper and giving us an opportunity to comment. Your responsiveness to our request for additional exam statistics indicated a strong willingness to enhance the dialogue.

The committee made the following observations about the paper's overall focus in addition to the specific topic, and also posed some questions.

- The balance of the three E's – Education, Exam and Experience - are not discussed in relation to the role each play in the certification/licensing process.
- The paper appears to view the CPA examination as one-dimensional and in isolation from the other two components.
- Has the CPA exam already moved ahead of the 120 hour education requirements? If so, would the impact of reducing the educational requirements to 120 hours to test result in fewer rather than more candidates passing?
- There has been considerable research done on the 120/150 topic that wasn't cited which might enhance the discussion. Three are noted here:
 - Journal of Accountancy, "150 Hours: A Look Back", by John Cumming and Larry J. Rankin <http://www.aicpa.org/pubs/jofa/apr1999/cumming.htm>
 - Illinois CPA Society "150-Hour Requirement Report", March 2006. <http://www.icpas.org/uploadedFiles/Students/150-hour-report.pdf>
 - Accounting Today, Vol. 15 No. 11 June 18-July 1, 2001, "States find that 120 can be greater than 150" by John M. Covaleski

The decision about the optimal level of education to qualify to take the uniform CPA exam should be based in part on whether the CPA exam is currently at the appropriate level of complexity and difficulty. What is the responsibility of the exam? To

determine if the candidate is ready to undertake attest work or ready to start as a junior accountant? The exam has now begun testing skills in addition to knowledge (SIMS vs MCQ). Where do students obtain that skills training? Many educators believe it is obtained at the graduate level.

As the complexity of the exam continues to increase, we do not believe it advisable to reduce the education requirements to qualify to test. The role of a professional exam is to validate the success of the educational experience. Therefore the education being measured should be completed prior to the exam.

The discussion paper asked boards to provide empirical evidence in support of or in opposition to the paper's conclusion. A supplemental chart supplied by NASBA titled "Licensure Criteria" shows 18 states currently require 120 hours to test and 150 for licensure. Our assumption is that "before and after" comparative pass data are not yet available as many states recently changed their requirements. The IBOE would be very interested in those data once available. We understand that at least a few of the states that reverted back to the 120-hour requirements did so under political pressure to increase the number of candidates in the CPA pipeline. Are there now more CPAs in those states or has only the number eligible to test increased? Have pass rates changed? Are candidates facing obstacles to completion of the remaining educational requirements to be licensed?

Finally, NASBA might consider an analysis of other licensing models, such as Chartered Accountants. In the context of the very competitive global professional working environment of a CPA and the greater demands on the profession, a review of other professions' training structure, testing and licensing requirements might prove beneficial. A link to information about Chartered Accountants is found at <http://www.cica.ca/1/3/3/index1.shtml>.

We hope to hear from other State Boards of Accountancy and look forward to continued dialogue with NASBA and other stakeholders.

Sincerely,



Gary L. Fish, Chair
Task Force - 120-150 Hour Discussion Paper

c: State Boards of Accountancy
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