

# **Is the Uniform Certified Public Accounting Exam Uniform?**

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## **ABSTRACT**

*This paper examines the state, district, and territorial boards of accountancy educational requirements to sit for the Uniform Certified Public Accounting (CPA) Exam. This study undertakes an examination of general education, accounting and business related courses, at both the bachelor and graduate level, required by the various accountancy boards to sit for the exam. The authors obtained the educational requirements from state, district, and territorial web sites as of May 12, 2007. The objective of this paper is to compare existing educational requirements to those presented in the 2005 "Rules 5-1 and 5-2 Exposure Draft" by National Association of State Boards of Accountancy (NASBA).*

## **INTRODUCTION**

The name of the certifying exam for the 54 boards, which include states, district, and territorial boards of accountancy of the United States, Uniform CPA Exam, suggest all accountants wishing to become Certified Public Accountants by examination are having their accounting and business related knowledge evaluated on an equal basis. This hypothesis suggests that there should be a minimum level of education and knowledge being evaluated equally. The authors found that the minimum level of education required to sit for the exam by one board of accountancy is a high school education, while most other boards require a minimum of a bachelor's degree plus other criteria.

The data for this research has been gathered via the various internet web sites of the 54 boards of accountancy and the NASBA web site. Per the NASBA web site, there have been two exposure drafts issued, the first in 2004 and the second in 2005. These exposure drafts offer guidance suggesting the minimum uniform educational requirements to sit for the CPA exam. This paper examines the academic course work as recommended by the 2005 exposure draft. Coursework in this draft is divided into three categories: general education, accounting, and business (NASBA, 2005).

### **GENERAL EDUCATION REQUIREMENTS**

Only two boards require subject areas outside of business related courses to sit for the CPA Exam. One of these boards requires candidates to have taken college Algebra. The other board requires candidates to complete 3-semester hour courses in 8 out of 10 subject areas. It was also noted for this board that Humanities is 1 of the 10 areas in which students can use to meet the requirements to sit for the Exam. Outside of these cases there are no specific general education requirements, other than those built into the degrees as set by the colleges and universities.

### **ACCOUNTING EDUCATION REQUIREMENTS**

NASBA's second category is accounting coursework. Table 1 compares NASBA's suggested requirements to those of the various boards of accountancy. If the "NASBA" column in the table is blank, the course in the "Accounting Topics" column is an accounting course which is required by at least one board of accountancy that would be credited towards the 30 upper division or graduate hours recommended by NASBA (NASBA,2005). Graduate accounting courses, which are the equivalent of an introductory financial or managerial accounting course at the principles level, are not counted in the upper division or graduate hours. The first topic in Table 1, Financial Accounting and Reporting for Business Organizations, 30 (55.56 percent) of the 54 boards require course work in this field but only 8 (14.81 percent) of the 54 require a minimum of 6 semester hours. The other 22 boards requiring coursework on this topic only require study in the area and do not specify a minimum number of hours.

If a board requires coursework in one of other accounting topics listed in the “NASBA” column, the required course work has been determined to meet the minimum requirements by NASBA for that accounting topic. After discovering that only 55.56 percent of the boards require Intermediate Accounting, the number and percentages were not considered surprising for Auditing, Taxation, and Management Accounting. The boards that require Management Accounting are split in their terminology as to whether the topic required is referred to as Management Accounting or Cost Accounting. However, the number and percentages for the area of Governmental and Not-for-Profit appear surprisingly low to the authors.

**Table 1**  
**Comparison of Accounting Requirements**  
**of NASBA and the Boards of Accountancy**

Accounting Topics	NASBA	BOARDS (54)	
		Number	Percent
Financial Accounting and Reporting for Business Organizations	6 SCH	30	55.56
Financial Accounting and Reporting for Government & Not-for-Profit	2 SCH	6	11.11
Assurance Services (e.g., auditing and attestation)	3 SCH	31	57.41
Taxation	3 SCH	29	53.70
Management Accounting	3 SCH	27	50.00
Accounting Information Systems	3 SCH	5	9.26
Ethical and Professional Responsibilities	3 SCH	2	3.70
Advanced Accounting		5	9.26
Theory		2	3.70
Introductory Accounting		3	5.56
Accounting Research		1	1.85
Accounting Electives		4	7.41
At least 30 upper division and/or graduate semester hours in accounting	30 SCH	7	12.96

NASBA, in the 2005 exposure draft, defines upper division coursework as coursework taken in the junior or senior year. (NASBA, 2005) Only 1 of the 54 boards went as far as to define it that way. The remaining 53 boards did not define upper division accounting coursework or indicate that they are require any accounting courses taken after Principles or Introductory Accounting courses. Seven boards required at least 30 upper division hours of accounting with 1 board requiring 33 hours and another requiring 36 hours of accounting.

While only 7 boards require at least 30 hours of upper division accounting in Table 1, it can be determined from Table 2 that 18 boards require at least 30 total hours of undergraduate accounting. Table 2 shows that 22 boards (40.74 percent) require 24 hours of accounting. It is also noted that 24 hours of accounting, in 2004, was the average number of total hours of accounting required in undergraduate accounting program's

baccalaureate degree possessing AACSB accounting accreditation (Griffin and Putman, 2004).

**Table 2**  
**Minimum Accounting Education**  
**in Total Semester Hours**  
**for Licensure as a Certified Public Accountant**

<b>BOARDS (54)</b>		
<b>Accounting Education in Semester Hours</b>	<b>Number</b>	<b>Percent</b>
38 hours must be completed	1	1.85
36 hours must be completed	3	5.56
33 hours must be completed	3	5.56
30 hours must be completed	11	20.37
27 hours must be completed	4	20.37
24 hours must be completed	22	40.74
21 hours must be completed	2	3.70
20 hours must be completed	1	1.85
18 hours must be completed	1	1.85
15 hours must be completed	2	3.70
12 hours must be completed	2	3.70
3 hours must be completed	1	1.85
No hours must be completed	1	1.85

In reviewing the accounting education requirements, there are discrepancies between how boards view undergraduate coursework and graduate coursework. In evaluating specified education requirements, some boards do not distinguish between undergraduate and graduate courses in determining whether the requirements have been met. Ten boards reduce the number of hours necessary to meet the requirement if the course work being used for accounting is all at the graduate level. NASBA proposes 20 graduate accounting hours. However, if a combination of undergraduate and graduate courses is used, some boards treat the coursework as if all of the courses were undergraduate courses. Others will multiply the graduate courses by a factor of either 1.5 or 1.6 to convert these courses to undergraduate coursework equivalency. The 1.5 factor is implied by NASBA by it proposing an accounting education requirement of 30 upper division or 20 graduate hours of accounting courses. However, most boards actually use the 1.6 factor to convert graduate coursework.

### **BUSINESS EDUCATION REQUIREMENTS**

The third NASBA category of coursework is Business. While 44 (81.48 percent) of the boards require business courses, Table 3 reveals that only 1 state requires the NASBA proposed 36 upper division hours (NASBA, 2005). The Uniform Commercial Code (Business Law) is required more than any other course. As also shown in Table 3, most boards do not specify the business related courses to be taken. In fact, no board requires

candidates to take Strategic Management as proposed by NASBA. In addition, 11 boards (25.00 percent of the 44 boards requiring business related courses) allow candidates to use accounting courses not used to meet the accounting requirement as courses to meet the business education requirement. Most of those boards which do not allow candidates to count Principles or Introductory Accounting as an accounting requirement specify Accounting Principles can be used to meet the business requirement. Although NASBA does not have stand alone course requirements in business related communications or research, it does indicate these topics should be integrated throughout the education curriculum.

**Table 3**  
**Comparison of Business Requirements of NASBA and the Boards of Accountancy**

Business Topics	NASBA	BOARDS (54)	
		Number	Percent
Legal & Regulatory Environment of Business and/or Business Law	3 SCH	13	24.07
Economics	6 SCH	6	11.11
Quantitative Methods and Analysis	3 SCH	1	1.85
Principles of Management and/or Organizational Behavior	3 SCH	4	7.41
Strategic Management	3 SCH	0	0.00
Finance and Financial Management	3 SCH	6	11.11
Information Technology	3 SCH	5	9.26
Marketing	3 SCH	3	5.56
Ethics	3 SCH	3	5.56
Algebra		1	1.85
Statistics and Probability		6	11.11
Information Systems		1	1.85
International Environment		1	1.85
Humanities		1	1.85
Oral Communication		1	1.85
Written Communications		1	1.85
Oral and Written Communications		4	7.41
Business Electives		3	5.56
Accounting Courses not used to meet accounting requirement		11	20.37
At least 36 upper division hours in business	36 SCH	1	1.85

While only 1 board requires at least 36 hours of upper division business course in Table 3, there is a total of 6 boards in Table 4 requiring at least 36 hours of undergraduate business education. Also, Table 4 shows that 24 hours of business education (40.74) or greater is the normal business related education board requirement. There are 10 boards that do not specify any business education requirement. However, of these ten boards, 9 require at least a bachelor's degree and 1 at least an associate's degree.

## MINIMUM EDUCATION

The push for Boards of Accountancy to require 150 hours to become a Certified Public Accountant began over 15 years ago. Table 5 shows the minimum number of hours of education necessary to become a CPA in states, districts, and territories. Forty-four

**Table 4**  
**Minimum Business Education**  
**in Total Semester Hours for Licensure**  
**as a Certified Public Accountant**

<b>BOARDS (54)</b>		
<b>Business Education in Semester Hours</b>	<b>Number</b>	<b>Percent</b>
53 hours must be completed	1	1.85
48 hours must be completed	2	3.70
39 hours must be completed	1	1.85
36 hours must be completed	2	3.70
33 hours must be completed	1	1.85
32 hours must be completed	1	1.85
30 hours must be completed	3	5.56
27 hours must be completed	3	5.56
24 hours must be completed	22	40.74
21 hours must be completed	1	1.85
18 hours must be completed	2	3.70
12 hours must be completed	2	3.70
9 hours must be completed	2	3.70
No hours must be completed	10	18.52

boards require 150 hours before licensure and this total reaches 45 boards if the “Bachelor’s Degree + 30 hours” is added. This represents 83.33 percent of the boards. Either a bachelor’s degree or 120 hours is required by 6 boards representing 11.11 percent of the boards. Two boards (3.70 percent) of the boards only require an Associate’s Degree or 60 hours of college education. Finally, there is one board that only requires a high school diploma for licensure.

**Table 5**  
**Minimum Education to Obtain a Certified Public Accounts License**

<b>BOARDS (54)</b>		
<b>Education</b>	<b>Number</b>	<b>Percent</b>
150 hours	44	81.48
Bachelor’s Degree + 30 hours	1	1.85
Bachelor’s Degree	4	7.41
120 hours	2	3.70
Associate’s Degree	1	1.85
60 hours	1	1.85
High School Diploma	1	1.85

Table 6 examines only those boards requiring 150 hours for awarding the CPA license. Of the 45 boards requiring 150 hours for licensure, 19 of these boards (42.22 percent) do not require the 150 hours to be completed in order to sit for the exam. Ten of these boards only require a Bachelor's Degree or 120 semester hours of education in order to sit for the exam. One additional board waives the 150 hour requirement when a candidate has been awarded a Bachelor's Degree and has scored at least 1200 on the verbal and quantitative parts of the Graduate Record Exam (GRE). The other eight boards allow a candidate to sit for the exam at various time periods before completing the 150 hour education requirements. More disturbing to the authors was that of the 19 boards allowing a candidate to sit before achieving the 150 hours, only one addressed what minimum accounting and business education requirements must be completed at the time of sitting for the exam.

**Table 6**  
**Minimum Education to Sit for the Certified Public Accounts License if 150 hours is Required to Award the Certificate.**

<b>BOARDS REQUIRING 150 Hours (45)</b>		
<b>Education</b>	<b>Number</b>	<b>Percent</b>
150 must be completed	26	57.78
Bachelor's or 120 hours	10	22.22
Bachelor's + 1200 on verbal and quantitative portion of GRE	1	2.22
150 hours completed within 6 months of taking the exam	1	2.22
150 hours completed within 180 days of taking the exam	1	2.22
150 hours completed within 120 days of taking the exam	2	4.44
150 hours completed within 100 days of taking the exam	1	2.22
150 hours completed within 60 days of taking the exam	3	6.67

### **OTHER DIFFERENCIES BETWEEN BOARDS**

Other differences between boards include the number of hours of internship time that can be counted. Whether pass/fail courses can be counted is another issue. There are also differences in allowing College Level Examination Program ("CLEP") exams and, if allowed, how much credit can be earned towards the total education requirement. The issue of whether correspondence and internet courses are allowed varies between the boards. Also, some boards limit the amount of credit which can be earned in one subject area. Finally, there is the issue of CPA review programs and whether these count towards meeting the education requirement.

### **CONCLUSION**

The 150 hour requirements to sit for the CPA exam and the move to Computer Based Testing ("CBT") have prompted changes in the CPA exam itself. However, while this has

affected accounting curricula in colleges and universities along with the general movement in undergraduate education to 120 hours (Griffin and others, 2007), there is little evidence that boards of accounting are concerned with the overall education of their candidates. In fact, one state board of accounting has different requirements for accounting education based not upon a candidate's amount of experience but upon the amount of education. Surprisingly, if a candidate has 150 hours of education the accounting education requirement is greater than if the same candidate only has an Associate's Degree or Bachelor's Degree.

## FURTHER STUDY

One interesting future study will be to examine reciprocity between boards of accountancy in respect to their different education requirements. Another will be to analyze the number of certificates being awarded in states by comparing education requirements and examining the requirements for sitting for the exam in terms of residency.

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NASBA's Education Committee Task Force Framework, "UAA Education Rules 2005 Exposure Draft," Nashville, Tennessee, 2005.

### Web Sites:

Name of Organization	Web Site
National Association of State Boards of Accountancy	<a href="http://www.nasba.org/nasbaweb/NASBAWeb.nsf/WPHP?OpenForm">http://www.nasba.org/nasbaweb/NASBAWeb.nsf/WPHP?OpenForm</a>
Alabama State Board of Public Accountancy	<a href="http://www.asbpa.state.al.us/">http://www.asbpa.state.al.us/</a>
Alaska State Board of Public Accountancy	<a href="http://www.dced.state.ak.us/occ/pepa.htm">http://www.dced.state.ak.us/occ/pepa.htm</a>
Arizona State Board of Accountancy	<a href="http://www.accountancy.state.az.us/">http://www.accountancy.state.az.us/</a>
Arkansas State Board of Public Accountancy	<a href="http://www.state.ar.us/asbpa/">http://www.state.ar.us/asbpa/</a>



California State Board of Accountancy	<a href="http://www.dca.ca.gov/cba/">http://www.dca.ca.gov/cba/</a>
Colorado State Board of Accountancy	<a href="http://www.dora.state.co.us/Accountants/">http://www.dora.state.co.us/Accountants/</a>
Connecticut State Board of Accountancy	<a href="http://www.ct.gov/sboa/site/default.asp">http://www.ct.gov/sboa/site/default.asp</a>
Delaware State Board of Accountancy	<a href="http://dpr.delaware.gov/boards/accountancy/index.shtml">http://dpr.delaware.gov/boards/accountancy/index.shtml</a>
Florida Board of Accountancy	<a href="http://www.state.fl.us/dbpr/cpa/index.shtml">http://www.state.fl.us/dbpr/cpa/index.shtml</a>
Georgia State Board of Accountancy	<a href="http://www.sos.state.ga.us/plb/accountancy/">http://www.sos.state.ga.us/plb/accountancy/</a>
Hawaii Board of Public Accountancy	<a href="http://www.hawaii.gov/dcca/areas/pvl/boards/accountancy">http://www.hawaii.gov/dcca/areas/pvl/boards/accountancy</a>
Idaho State Board of Accountancy	<a href="http://www2.state.id.us/boa/">http://www2.state.id.us/boa/</a>
The Illinois Board of Examiners	<a href="http://www.illinois-cpa-exam.com/">http://www.illinois-cpa-exam.com/</a>
Indiana Board of Accountancy	<a href="http://www.in.gov/pla/bandc/accountancy/">http://www.in.gov/pla/bandc/accountancy/</a>
Iowa Accountancy Examining Board	<a href="http://www.state.ia.us/government/com/prof/account/home.html">http://www.state.ia.us/government/com/prof/account/home.html</a>
Kansas Board of Accountancy	<a href="http://www.ink.org/public/ksboa/">http://www.ink.org/public/ksboa/</a>
Kentucky State Board of Accountancy	<a href="http://cpa.ky.gov/">http://cpa.ky.gov/</a>
State Board of CPAS of Louisiana	<a href="http://www.cpaboard.state.la.us/">http://www.cpaboard.state.la.us/</a>
Maine Board of Accountancy	<a href="http://www.state.me.us/pfr/olr/categories/cat01.htm">http://www.state.me.us/pfr/olr/categories/cat01.htm</a>
Maryland State Board of Public Accountancy	<a href="http://www.dllr.state.md.us/license/occprof/account.html">http://www.dllr.state.md.us/license/occprof/account.html</a>
Massachusetts Board of Registration in Public Accountancy	<a href="http://www.state.ma.us/reg/boards/pa/default.htm">http://www.state.ma.us/reg/boards/pa/default.htm</a>
Michigan Board of Accountancy	<a href="http://www.michigan.gov/cis/0,1607,7-154-35299_35414_35451-113531--,00.html">http://www.michigan.gov/cis/0,1607,7-154-35299_35414_35451-113531--,00.html</a>
Minnesota State Board of Accountancy	<a href="http://www.boa.state.mn.us/">http://www.boa.state.mn.us/</a>
Mississippi State Board of Public Accountancy	<a href="http://www.msba.state.ms.us/">http://www.msba.state.ms.us/</a>
Missouri State Board of Accountancy	<a href="http://pr.mo.gov/accountancy.asp">http://pr.mo.gov/accountancy.asp</a>
Montana State Board of Public Accountants	<a href="http://www.discoveringmontana.com/dli/bsd/license/bsd_boards/pac_board/board_page.asp">http://www.discoveringmontana.com/dli/bsd/license/bsd_boards/pac_board/board_page.asp</a>
Nebraska State Board of Public Accountancy	<a href="http://www.nbpa.ne.gov/">http://www.nbpa.ne.gov/</a>
Nevada State Board of Accountancy	<a href="http://www.state.nv.us/boards/accountancy/">http://www.state.nv.us/boards/accountancy/</a>
New Hampshire Board of Accountancy	<a href="http://www.nh.gov/accountancy">http://www.nh.gov/accountancy</a>
New Jersey State Board of Accountancy	<a href="http://www.state.nj.us/lps/ca/nonmedical/accountant.htm">http://www.state.nj.us/lps/ca/nonmedical/accountant.htm</a>

New Mexico State Board of Public Accountancy	<a href="http://www.rld.state.nm.us/accountancy/index.html">http://www.rld.state.nm.us/accountancy/index.html</a>
New York State Board of Public Accountancy	<a href="http://www.nysed.gov/prof/cpa.htm">http://www.nysed.gov/prof/cpa.htm</a>
North Carolina State Board of CPA Examiners	<a href="http://www.nccpaboard.gov/Clients/NCBOA/Public/Static/index.html">http://www.nccpaboard.gov/Clients/NCBOA/Public/Static/index.html</a>
North Dakota State Board of Accountancy	<a href="http://www.state.nd.us/ndsba/">http://www.state.nd.us/ndsba/</a>
Accountancy Board of Ohio	<a href="http://www.state.oh.us/acc/">http://www.state.oh.us/acc/</a>
Oklahoma Accountancy Board	<a href="http://www.state.ok.us/%7Eoab/">http://www.state.ok.us/%7Eoab/</a>
Oregon State Board of Accountancy	<a href="http://boahost.com/index.lasso">http://boahost.com/index.lasso</a>
Pennsylvania State Board of Accountancy	<a href="http://www.dos.state.pa.us/bpoa/accbd/mainpage.htm">http://www.dos.state.pa.us/bpoa/accbd/mainpage.htm</a>
Rhode Island Board of Accountancy	<a href="http://www.dbr.state.ri.us/divisions/accountancy">http://www.dbr.state.ri.us/divisions/accountancy</a>
South Carolina Board of Accountancy	<a href="http://www.llr.state.sc.us/POL/Accountancy/">http://www.llr.state.sc.us/POL/Accountancy/</a>
South Dakota Board of Accountancy	<a href="http://www.state.sd.us/dol/boards/accountancy/acc-home.htm">http://www.state.sd.us/dol/boards/accountancy/acc-home.htm</a>
Tennessee State Board of Accountancy	<a href="http://www.state.tn.us/commerce/boards/tnsba/">http://www.state.tn.us/commerce/boards/tnsba/</a>
Texas State Board of Public Accountancy	<a href="http://www.tsbpa.state.tx.us/">http://www.tsbpa.state.tx.us/</a>
Utah Board of Accountancy	<a href="http://www.dopl.utah.gov/licensing/accountancy.html">http://www.dopl.utah.gov/licensing/accountancy.html</a>
Vermont Board of Public Accountancy	<a href="http://www.vtprofessionals.org/opr1/accountants/">http://www.vtprofessionals.org/opr1/accountants/</a>
Virginia Board for Accountancy	<a href="http://www.boa.state.va.us/">http://www.boa.state.va.us/</a>
Washington State Board of Accountancy	<a href="http://www.cpaboard.wa.gov/">http://www.cpaboard.wa.gov/</a>
West Virginia Board of Accountancy	<a href="http://www.wvboacc.org/">http://www.wvboacc.org/</a>
Wisconsin Accounting Examining Board	<a href="http://drl.wi.gov/boards/acc/index.htm">http://drl.wi.gov/boards/acc/index.htm</a>
Wyoming Board of Certified Public Accountants	<a href="http://cpaboard.state.wy.us/">http://cpaboard.state.wy.us/</a>
District of Columbia Board of Accountancy	<a href="http://dcra.dc.gov/dcra/cwp/view,a,3,q,599875,dcraNav_GID,1694,dcraNav,%7C33437%7C.asp">http://dcra.dc.gov/dcra/cwp/view,a,3,q,599875,dcraNav_GID,1694,dcraNav,%7C33437%7C.asp</a>
Guam Board of Accountancy	<a href="http://www.guamboa.org/">http://www.guamboa.org/</a>
Puerto Rico Board of Accountancy	<a href="http://www.estado.gobierno.pr/contador.htm">http://www.estado.gobierno.pr/contador.htm</a>
Virgin Islands Board of Accountancy	<a href="http://www.dlca.gov.vi/cparequirements.htm">http://www.dlca.gov.vi/cparequirements.htm</a>