

TESTIMONY OF THE KANSAS SOCIETY OF CPAs on HB 2512
February 1, 2016

TO: Members of the House Commerce, Labor and Economic Development Committee, Representative Mark Hutton, Chair

PRESENTED BY: M. Aron Dunn, CPA, Chair, KSCPA Advocacy Task Force

My name is Aron Dunn, CPA from Wichita, Kansas where I am a Vice-President in the Assurance Services department of Allen, Gibbs & Houlik, LC. I am here today as the Chair of the KSCPA Advocacy Task Force.

On behalf of the KSCPA, I express support for House Bill 2512 allowing CPA candidates the opportunity to sit for the CPA exam 60 days prior to completing the 150-hour educational requirement.

Request Amendment to the Language of the Bill:

We request an amendment to the language of HB 2512. Under Section 1. (b) (2) we request the following be removed:

If all final official transcripts and any documents verifying completion of such education requirements by the applicant are not received by the board or the examination service within 90 days after the applicant has taken the first section of the examination, the applicant's grades for all sections of the examination shall be voided.

And replaced with:

Final official transcripts and any documents verifying completion of such education requirements must be received by the board or the examination service within 120 days after the applicant has taken the first section of the examination.

The reason for this amendment: through discussions with college and university registrars and students, it has come to our attention the processing of final transcripts may take up to six weeks following graduation. The length of processing may prevent the candidate from submitting the required documentation within 90 days. We propose the timeline be extended to 120 days to allow time for processing and receipt of the necessary information. We removed language indicating the voiding of examination grades, as the voiding or acceptance of CPA Examination grades is the determination of the Kansas Board of Accountancy in their regulations.

Research:

The Kansas Society of CPAs conducted three surveys between 2011 and 2016. Two surveys of KSCPA members in public accounting, business and industry, government, and education were conducted and one survey of accounting and finance students, CPA-candidates and newly licensed CPAs. The overall purpose of each survey was to provide education about the issue and to determine individual support of early access to the CPA Examination.

The data from these surveys indicate the majority of survey respondents 87% (students); 74% and 87% (members) support allowing candidates to begin sitting for the CPA Examination 60 days prior to completing the 150 hour requirement. (Please see attached survey results.)

In addition to data from KSCPA surveys, we looked at research conducted by the National Association of State Boards of Accountancy (NASBA) – the association serving the 55 jurisdictions of accountancy across the country and territories, research by Professor Dr. Martin J. Coe of Western Illinois University, and research published in the Journal of Finance and Accountancy, all examining the impact of early access.

√ Authors of the NASBA paper found, “no direct evidence of detriment to the public interest in those states allowing candidates to sit for the CPA Examination at less than 150 hours of education and later fulfilling the 150 hours for licensure.”¹

√ Dr. Martin J. Coe, Professor of Accountancy at Western Illinois University, and recipient of the Illinois CPA Society 2015 Outstanding Educator Award, completed a study supported by NASBA² entitled “Intention to Sit for the CPA Examination.” As reported in the NASBA “State Board Report” in July 2015, among the most significant predictors for taking the CPA examination, such as job benefit and access to the CPA role model, being able to sit after completing 120 hours of the 150-hour requirement was a significant predictor for taking the examination. In addition, cost factors were not found to be associated with a student’s intention to sit for the Uniform CPA Examination.

In response to an email from the KSCPA regarding his experience with students focusing on the coursework, Dr. Coe wrote, “students still have an incentive to focus on the in-progress courses. In addition, most students who are pursuing the CPA credential also are focused on achieving a high grade point average. Thus, students still have an incentive to focus on the in-progress courses to achieve a high grade point average.”

√ Authors of the article published in the Journal of Finance and Accountancy found no positive effect on overall exam pass rates for states with the 150 hour requirement as compared to states with early access.³

√ The Maryland state legislature passed legislation to allow early access to the examination in October 2012. A report reviewing examination applications and results during 2005-2012 from the Maryland Board of Accountancy stated, “the 27.6% increase in applications from FY 2011 to FY2012 can be partially attributable to the change to the 120 exam/150 license concept.”⁴

Summary:

These reports and surveys indicate students want the option to begin sitting for the examination while completing their coursework at a time and place where they have access to a wide range of resources and are typically still in the “academic mindset,” whereby they can better prepare for the exam. This gives students the opportunity to participate in either review courses or study groups with peers who may already be study partners, boosting morale and desire to prepare. Because demanding careers and family obligations creep in after graduation, it becomes progressively more difficult for individuals to adequately prepare for the exam. Students generally complete coursework required for successful completion of the CPA examination within the 120 hour framework. They finish their 150 hours with 30

hours of electives by either achieving a Masters in Accounting, MBA, or similar degree with the goal of enhanced professional and technical skills.

The KSCPA and its members firmly believe that a strong education base is important in all of the CPA candidates and therefore continue to support the 150 hour educational requirement currently in the law. This bill does not change that requirement; rather, it simply allows CPA candidates the option to begin taking sections of the CPA exam 60 days prior to meeting the 150 educational requirement and are still required to meet this and other requirements, including experience, prior to being eligible to apply for a permit to practice as a CPA in Kansas. Kansas must maintain substantial equivalency in its education and experience requirements to allow CPAs mobility to work in other jurisdictions without notifying that jurisdiction or paying a fee. This statute change, therefore, does not affect the Kansas statute related to mobility nor would the KSCPA support such a change.

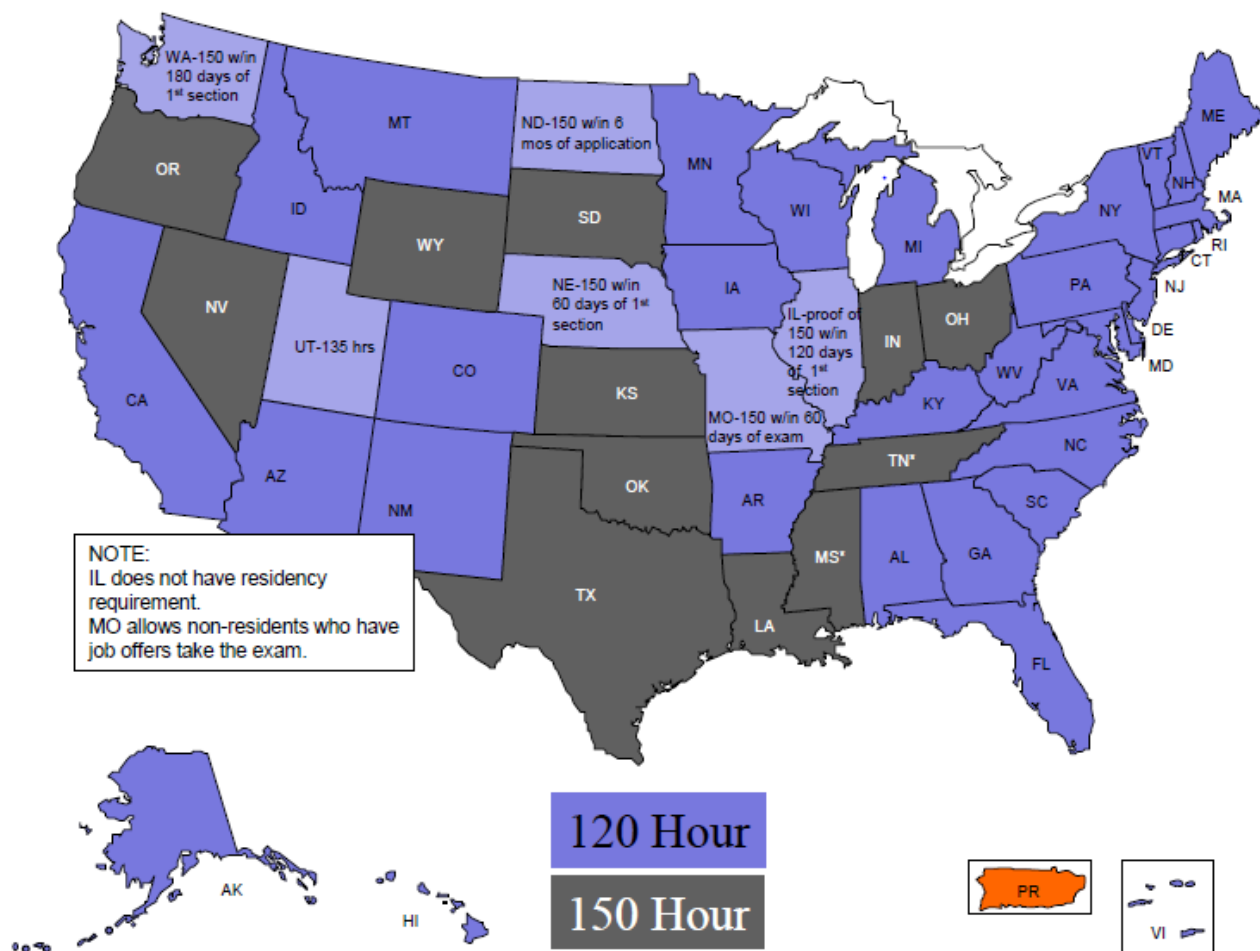
The KSCPA reached out to current members, CPA firms in the state, business and industry concerns, government and educators to weigh in on the issue of early access. Please direct your attention to the attached letters of support received from educators, students, CPAs working in and employing CPAs in Kansas, and KSCPA board members.

Finally, based on the KSCPA survey data, the research conducted by NASBA and academic research on the impact of early access, the support received from educators, students, firms, businesses, our leadership and members, the KSCPA is confident early access to the CPA Examination is supported by the majority of your constituents and will positively impact the future of the profession in the state of Kansas.

Respectfully submitted,

M. Aron Dunn, CPA

1. National Association of State Boards of Accountancy, November 2008, page 21: Education and Licensure Requirements for Certified Public Accountants: *A Discussion Regarding Degreed Candidates Sitting for the Uniform CPA Examination with a Minimum of 120 Credit Hours (120 Hour Candidate) and Becoming Eligible for Licensure with a Minimum of 150 Credit Hours.*
2. <https://www.nasba.org/blog/2015/07/21/research-on-candidates-characteristics/>
3. *Journal of Finance and Accountancy*, Haen, Spielbauer-Vandenberg, Bloniarz & Diestler, September 2014: The Relationship between 150 Credit Hours, Accounting Credit Hours and CPA Pass Rates.
4. Report of the Maryland Board of Public Accountancy: CPA Examination Application Process, August 1, 2012.
5. Map: 36 jurisdictions allow early access after 120 hours; 6 jurisdictions allow early access prior to completion of 150 hours; remainder of the 55 jurisdictions do not allow early access.



STUDENT, CPA-CANDIDATE, AND NEW CPA PASSERS SURVEY – January 2016

Question: Do you support legislation allowing candidates to begin sitting for the CPA examination 60 days prior to completing the 150 semester hour requirement?

A: I am planning to take the CPA examination.

B: I am not planning to take the CPA examination.

C: I am currently sitting for the CPA examination.

D: I passed the CPA examination.

	Yes	No	Undecided	Total
Q6: Yes (A)	86.96% 20	4.35% 1	8.70% 2	51.11% 23
Q6: No (B)	0.00% 0	0.00% 0	0.00% 0	0.00% 0
Q6: I am currently sitting for the CPA examination (C)	0.00% 0	0.00% 0	0.00% 0	0.00% 0
Q6: I passed the CPA examination (D)	86.36% 19	9.09% 2	4.55% 1	48.89% 22
Total Respondents	39	3	3	45

	YES	NO	UNDECIDED	TOTAL
% of Respondents	86.7%	6.7%	6.6%	100.0%

MEMBER SURVEY – October 2014

QUESTION:

The Kansas Statute - K.S.A. 1-302a. Education requirement for admission to examination - should be modified to allow CPA Candidates in Kansas admission to the CPA examination 60 days prior to completing the 150 hour education requirement.						
	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree	Total
Q2: Public Practice (A)	48.08% 175	26.37% 96	1.92% 7	10.44% 38	13.19% 48	63.41% 364
Q2: Business and Industry (B)	36.24% 54	38.26% 57	2.01% 3	12.08% 18	11.41% 17	25.96% 149
Q2: Education (C)	47.83% 11	8.70% 2	17.39% 4	17.39% 4	8.70% 2	4.01% 23
Q2: Government (D)	54.55% 6	27.27% 3	0.00% 0	9.09% 1	9.09% 1	1.92% 11
Q2: Other (E)	40.74% 11	40.74% 11	0.00% 0	3.70% 1	14.81% 4	4.70% 27

	Agree	No Opinion	Disagree	Total
# of Respondents	426	14	134	574
% of Respondents	74%	2%	24%	100%

QUESTION: Should the Kansas Statute regarding the education requirement to sit for the CPA examination be changed so that one can sit for the examination while enrolled in the final semester of completing the 150 hours?

	Yes	No	Total
Q2: Large Public Accounting Firm (A)	92.19% 59	7.81% 5	9.85% 64
Q2: Small - Medium Public Accounting Firm (B)	82.63% 295	17.37% 62	54.92% 357
Q2: Business & Industry (including nonprofit) (C)	90.97% 141	9.03% 14	23.85% 155
Q2: Government (D)	88.24% 15	11.76% 2	2.62% 17
Q2: Education (E)	78.26% 18	21.74% 5	3.54% 23
Q2: Consulting (F)	80.00% 8	20.00% 2	1.54% 10
Q2: Retired (G)	100.00% 15	0.00% 0	2.31% 15
Q2: Other (H)	81.25% 13	18.75% 3	2.46% 16
Total Respondents	559	91	650

% of Respondents

86%

14%

100%

January 29, 2016



Rep. Mark Hutton
Chair, Commerce, Labor and Economic Development
Kansas House of Representatives
State of Kansas Capitol Office Room 521-E
Topeka, KS 66612

BOARD OF DIRECTORS
100 SE 9th Street, Suite 502
Topeka, Kansas 66612-1213
T: (785) 272-4366

Dear Representative Hutton,

The Kansas Society of Certified Public Accountants (KSCPA) introduced legislation on Thursday, January 14, 2016 amending **K.S.A. 1-302a** (House Bill 2512) to allow students to begin taking sections of the CPA exam 60-days prior to completion of the required 150 semester hours. **Please note that this change does not affect the 150 semester-hour, experience, or other requirements for licensure and I would not support a change to these requirements.**

The purpose of this letter is to register our support, as members of the KSCPA Board of Directors, of the 60-day access to the CPA exam prior to completion of 150 semester hour requirement for the following reasons:

- 1) Reports indicate that students want the flexibility to take the exam while in school where they have access to a wide range of resources. They are typically in the academic mindset needed to prepare for an exam as difficult as the CPA examination. Going through a review course with peers who may already be study partners can boost morale and perpetuate progress toward completing the exams early. Kansas needs CPAs to serve our organizations and firms and the CPA maximizes an individual's marketability and ability to command a higher salary. Because demanding careers and family obligations following school make it more difficult to adequately prepare, some individuals delay taking the exam and then discover the CPA is required for advancement.
- 2) Required content needed to sit for the CPA examination is typically completed within approximately 120 semester hours. The additional 30 hours to meet the 150-hour educational requirement consists of 30 elective hours or the student can pursue a Masters of Accounting (MAcc).
- 3) The majority of jurisdictions allow students to begin taking the examination prior to completion of 150 hours (including Nebraska, Missouri, North Dakota, Colorado and Illinois), and several do not have a residency requirement. The majority of our graduates from KU have taken the examination through another jurisdiction. We lose data related to Kansas students who pass the examination through another jurisdiction, but more important, those who wish to work in Kansas are forced to apply for reciprocity and to pay a substantial fee.
- 4) KU and KSU have or are planning to change their traditional programs to accommodate their students, modifying the semester end date or shortening the time needed to complete the curriculum. This puts students attending other Kansas colleges and universities at a disadvantage because firms and organizations seek graduates who have passed part or the entire exam.

We agree with the legislation proposed by the Kansas Society of CPAs that allows candidates to take the exam 60-days prior to completing their 150 semester hour educational requirements, which is the current law.

Sincerely yours,

Matthew R. List, CPA
Chair of the Board
Wichita

Norman P. Hope, PhD, CPA, CGMA, McPherson
Shannon Vivar, CPA, CGMA, Wichita
Daniel F. Kjergaard, CPA, Leawood
Jay D. Langley, CPA, CGMA, Salina
Michelle Schneider, CPA, Great Bend
Christina M. Ricke, CPA, CGMA, Wichita
Noelle Caldwell, CPA, Overland Park
Chad M. Allen, CPA, CITP, Lawrence
L. Gary Boomer, CPA.CITP, CGMA, KCMO
Amanda Walker, JD, CPA,

Brandice L. DiGiorgio, CPA, Shawnee
D. Shawn Sullivan, CPA, Wichita
James K. Boomer, CPA.CITP, CGMA, Prairie Village
Michele A. Herzog, CPA.CITP, CGMA, Overland Park
Kate Grant, CPA, Wichita
Damon C. Ward, CPA, CGMA, Andover
Richard Dinkel, CPA, Wichita
M. Aron Dunn, CPA, Valley Center
Lori Ann Wenrich, CPA, Bel Aire
Christine E. Johnston, CPA, CGMA, Prairie Village



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January 25, 2016

Rep. Mark Hutton
Chair, Commerce, Labor and Economic Development
Kansas House of Representatives
State of Kansas Capitol Office Room 521-E
Topeka, KS 66612

Dear Representative Hutton,

The Kansas Society of Certified Public Accountants (KSCPA) introduced legislation on Thursday, January 14, 2016 amending **K.S.A. 1-302a.** to allow students to begin taking sections of the CPA exam 60-days prior to completion of the required 150 semester hours. **Please note that this change does not affect the 150 semester-hour, experience, or other requirements for licensure and I would not support a change to these requirements.**

The purpose of this letter is to register my support of the 60-day access to the CPA exam prior to completion of 150 semester hour requirement for the following reasons:

- 1) Reports indicate that students want the flexibility to take the exam while in school where they have access to a wide range of resources. They are typically in the academic mindset needed to prepare for an exam as difficult as the CPA examination. Going through a review course with peers who may already be study partners can boost morale and perpetuate progress toward completing the exams early. Kansas needs CPAs to serve our organizations and firms and the CPA maximizes an individual's marketability and ability to command a higher salary. Because demanding careers and family obligations following school make it more difficult to adequately prepare, some individuals delay taking the exam and then discover the CPA is required for advancement.
- 2) Required content needed to sit for the CPA examination is typically completed within approximately 120 semester hours. The additional 30 hours to meet the 150-hour educational requirement consists of 30 elective hours or the student can pursue a Masters of Accounting (MAcc).
- 3) The majority of jurisdictions allow students to begin taking the examination prior to completion of 150 hours (including Nebraska, Missouri, North Dakota, Colorado and Illinois), and several do not have a residency requirement. The majority of our graduates from KU have taken the examination through another jurisdiction. We lose data related to Kansas students who pass the examination through another jurisdiction, but more important, those who wish to work in Kansas are forced to apply for reciprocity and to pay a substantial fee.
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sjhl.com

Hutchinson Office

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McPherson Office

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Wichita Office

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P: 316.265.5600 • F: 316.265.8021

I agree with the legislation proposed by the Kansas Society of CPAs that allows candidates to take the exam 60-days prior to completing their 150 semester hour educational requirements, which is the current law.

Sincerely yours,

SWINDOLL, JANZEN, HAWK & LOYD, LLC

A handwritten signature in blue ink that reads "Kyle Hawk". The signature is written in a cursive style with a large, stylized "K" and "H".

Kyle Hawk, CPA



January 20, 2016

Rep. Mark Hutton
Chair, Commerce, Labor and Economic Development
Kansas House of Representatives
State of Kansas Capitol Office Room 521-E
Topeka, KS 66612

Dear Representative Hutton,

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- 2) Required content needed to sit for the CPA examination is typically completed within approximately 120 semester hours. The additional 30 hours to meet the 150-hour educational requirement consists of 30 elective hours or the student can pursue a Masters of Accounting (MAcc).
- 3) The majority of jurisdictions allow students to begin taking the examination prior to completion of 150 hours (including Nebraska, Missouri, North Dakota, Colorado and Illinois), and several do not have a residency requirement. The majority of our graduates from KU have taken the examination through another jurisdiction. We lose data related to Kansas students who pass the examination through another jurisdiction, but more important, those who wish to work in Kansas are forced to apply for reciprocity and to pay a substantial fee.
- 4) KU and KSU have or are planning to change their traditional programs to accommodate their students, modifying the semester end date or shortening the time needed to complete the curriculum. This puts students attending other Kansas colleges and universities at a disadvantage because firms and organizations seek graduates who have passed part or the entire exam.

I agree with the legislation proposed by the Kansas Society of CPAs that allows candidates to take the exam 60-days prior to completing their 150 semester hour educational requirements, which is the current law.

Sincerely yours,

Michelle R. Crow, CPA

January 29, 2016

To: House Committee on Commerce, Labor, and Economic Development

From: Norman Hope, Professor of Business Administration Tabor College

RE: HB 2512

I wish to register my support for the passage of HB 2512 which would grant 60-day access to the CPA exam prior to completion of the 150 semester hour requirement. My reasons for wishing access are as follows:

1. Greater flexibility for students: Current students desire greater flexibility in taking the CPA exam. Providing this access would allow them to have access to more academic resources, faculty members, and peers in preparing for the exam. It would seem to me that preparing for what amounts to an academic exam can best be done in an academic setting.
2. Most of the content for the CPA exam can be completed within 120 semester hours required for most baccalaureate degrees. The final 30 hours are taken typically as undergraduate electives or as Masters Courses.
3. For most of the private colleges, graduation takes place at the very end of the testing window. Under current law, students have only one week in which to schedule their examination as commencement and degree conferral occur typically during the second or third week of May depending upon the academic calendar of the institution. Allowing early access would give students flexibility in scheduling their examination.
4. The proposed regulation is similar to the way access was administered prior to the 150 hour rule. Back then, the exam was offered during the first full week of May and during the first full week of November. Students typically graduated after they took the exam during the semester they completed their degree because the exam occurred before the semester ended. Students who did not finish their degree did not get have their scores count. The new proposed statute change does the same thing. If the 150 are not completed within 60 days of the exam, your scores do not count.
5. Some will make the argument that students will focus on studying for the CPA exam and not do as well in the classes they are enrolled in while studying for the CPA exam. Everyone has choices to make. Who is to say that someone studying for the CPA exam after graduating and being employed will not have their job performance deteriorate? Most all of the students taking classes are in their last semester of college. Many students in this semester have that dreaded disease Senioritis. Being focused on studying for the CPA exam may actually improve performance in related coursework. Additionally, high achieving students will always be high achieving students. The ones who are taking time away from other coursework to study for the CPA exam may need the added incentive of focusing on their studies.

Sincerely,

A handwritten signature in black ink that reads "Norman Hope". The signature is written in a cursive, flowing style.

Norman Hope Ph.D., CPA, CGMA

This statement of support is my personal statement and does not reflect the views of my employer Tabor College.

January 29, 2016

TO: House Commerce, Labor, and Economic Development Committee

RE: House Bill 2512

I support the legislation introduced by the KSCPA for a number of reasons, but most importantly because it fosters professional development early on in a CPA candidate's career. Taking the CPA exam can be an overwhelming experience for any candidate, whether straight out of a Master's program or coming from an undergraduate program. Being able to attempt parts of the CPA prior to graduation would allow high-achieving students to accomplish parts of the CPA thereby allowing for career development when they start their first job. I highly support this initiative.

Thank You,

Brea Schmidt
Student
(972) 689-3058

I support the Kansas Society of CPAs campaign to allow students to sit for the CPA exam in Kansas if they are within 60 days of completing the 150-hour requirement. As more universities adopt an Accounting program structure that allows for a spring internship or for CPA exam study, the 60-day flexibility would allow more students to get an earlier start on taking the exam. During my summer internship, several of the people I talked to expressed how hard it was to take the CPA exam, or parts of the CPA exam, as full-time employees. These 60 days of flexibility will allow more students to take the CPA exam and complete their test taking before starting as a full-time employee.

A handwritten signature in black ink that reads "Stephen Kucera". The script is fluid and cursive, with the first name and last name clearly distinguishable.

Stephen Kucera
Senior, Accounting and Music Performance
Kansas State University



Michael T. Jones

913-787-6175 michael.jones@student.ottawa.edu 10412 West 50th Place Shawnee, Kansas 66203

January 29, 2016

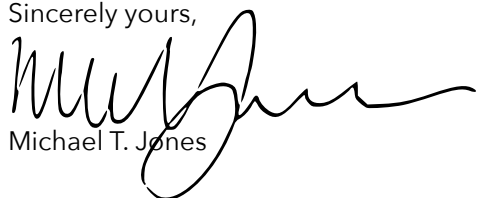
The House Committee on Commerce,
Labor and Economic Development
Kansas State Capitol
300 SW 10th Street
Topeka, Kansas 66612

To whom it may concern,

My name is Michael Jones and I am a student at Ottawa University that plans to graduate this May. As a perspective CPA, I had the option to attend graduate school or seek employment post-graduation. Fortunately, I found a wonderful opportunity with a large firm and will start full time with them this summer. I will not have as much of an opportunity to prepare for the CPA exam once I start my job in comparison to currently as a student. I will graduate with the requirements to sit for the exam, but would greatly benefit from the opportunity to sit for the CPA exam 60 days before graduation. Having this opportunity in March versus May would help my pursuit for the designation as a CPA for which I would be very grateful.

Thank you for your consideration.

Sincerely yours,



Michael T. Jones