Opposition to House Bill 2512

Kansas State University's accounting faculty unanimously opposes House Bill 2512 because the benefits of the proposal are unclear at best and in any case could not outweigh the cost created by the disruption of our students' academic preparation for their long-term career as accounting professionals. The proposed legislation will also have a negative impact on university accounting educators across the state. Further, the proposal puts Kansas out of step with some of the states that have the highest standards in the nation, such as Texas and Oklahoma.

1. **Allowing students to sit for the CPA exam before completing their academic preparation is disruptive to the academic preparation for tomorrows accounting professionals.**
   The last semester of an accounting student's program of study consists of high level content necessary for their **long-term** success and students should be focused on these courses. Students preparing for the CPA exam typically take a CPA review course. These review courses typically recommend students devote 2+ hours study per day (short courses require 8+ hours per day). Adding this time commitment to an already rigorous curriculum clearly detracts from the students' academic courses. As academics we understand the importance of the CPA exam but our first goal is to prepare students for their careers as an accounting professional. These last courses will enhance the students' preparation for the CPA exam.

   We prefer the Law School and Medical School model which separates academic preparation from licensure. Law and Medical students are not allowed to take their licensing exams before they complete their course of study because these professional schools want their students focus on their academic preparation for their career. Once the course of study is completed, students prepare for their licensing exam.

2. **Sitting for the exam early provides minimal benefit.**
   When the CPA exam was given only twice a year, there was some merit in the early testing option. Today the CPA exam is given throughout the year. Under the proposed law, students completing their academic requirements in mid-May could take the CPA exam in mid-March. Keep in mind that the vast majority of accounting students have accepted job offers before the last semester so needing the CPA exam to land a job is not an issue. In addition, May accounting graduates typically do not start work with a CPA firm until the fall. It is our position that it better to have students focus on their course work and then prepare for the CPA exam and take it during the summer. Taking the exam early does not improve their job opportunities and doesn't change the start of their career. Some argue that allowing students to sit for the exam early will increase the number of CPA but research does not supported this assumption.

3. **Opposition by university faculty to this proposal.**
The 60 Day proposal has been made by the Kansas Society of CPAs to the Board of Accountancy twice in the last year. In both cases the Board of Accountancy has not taken action. Accounting programs at Kansas State University, Wichita State University, Kansas University, Emporia State University, Fort Hays State University, and Washburn University have opposed this proposal for the reasons described above.

4. **Motivation for the change?**
At the first of the two Board of Accountancy meetings mentioned above, the representative of the Kansas Society of CPAs said allowing students to take the exam early would increase its membership because more students would take the CPA exam in Kansas. The primary reason for the CPA designation is to protect the investing public and the financial markets in Kansas and the nation. After being rejected by the Board of Accountancy, the KSCPA's reason for the allowing students to sit early has now changed to the need to be consistent with other states. Shouldn't Kansas decide what is best for Kansas students and the financial well-being of the citizens and businesses of Kansas?

5. **Impact if Legislation Passes.**
Despite the opposition of the academics that provide candidates for the CPA exam and the unwillingness of the Board of Accountancy act on this proposal, the KSCPA has introduced this legislation.

    - Will this legislation improve the preparation of the students for the CPA exam and for their careers in the accounting profession (specifically public accounting)? No.
    - Will it increase the number of accounting students taking the CPA exam? No.
    - Will it have a positive impact on university accounting professors and accounting programs? No

6. **Ever increasing complexity of business and its impact on accounting education.**
Since the 150 hour requirement was enacted, the content added to the accounting curricula nationally continues to grow:

    - Derivatives
    - Accounting Information Systems
    - Foreign Currency Transaction
    - Fair Value Accounting

- International Accounting Standards
- Increasing complexity of income and other taxes
- Forensic Accounting
- Accounting for Special Purpose Entities (Enron)
- Changing Revenue Recognition Requirements (Worldcom)
- SEC auditing requirements and
- AICPA auditing requirements.

7. **Impending Changes to the CPA Exam.**
   In 2017 the CPA exam will begin testing the critical thinking and problem solving skills of the candidates. These are the very skills that are emphasized in the last year of an accounting students' curriculum. Wouldn't it be to the advantage of the students to increase their knowledge and improve these professional skills **AND THEN** prepare to take the CPA exam?