

Testimony on HB 2512 – March 3, 2016

To: Members of the Senate Committee on Commerce

My name is Michelle MacBain. As the Communications and Public Relations Director for the Kansas Society of CPAs, allow me to present the findings from data collected through surveys; research completed by the National Association of State Boards of Accountancy; academic research from Dr. Martin J. Coe and academic research published in the Journal of Finance and Accountancy. Finally, included are letters from students who support the legislation.

## **Data on Surveys of the Membership**

---

### **Quick Survey on Timing of Taking the CPA Examination**

January 2011

The question, “Should the Kansas Statute regarding the education requirement to sit of the CPA Examination be changed so that one can sit for the examination while enrolled in the final semester of completing the 150 hours?” was posed through an online survey to KSCPA all members on January 4, 2011.

Of the 650 responses, 559 or 86% replied, “Yes,” to the question; 91 or 14% replied, “No.”

### **Education Requirement for CPA Examination in Kansas**

October 2014

On October 12, 2014, the KSCPA again surveyed the membership. This time, requesting responses to the following statement: 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.

Of the 574 responses, 426 or 74% either strongly agreed or agreed with the statement; 134 or 23% either disagreed or strongly disagreed with the statement.

### **Student, CPA-Candidate and New CPA Survey Regarding Early Access to the CPA Examination**

January 2016

The KSCPA created a specific survey for Kansas accounting and finance students, CPA-candidates and new CPA members in January of 2016 following the introduction of a bill to the House Commerce Committee allowing candidates to sit for the CPA exam 60 days prior to completing the 150 hour educational requirement. The survey was also made available to Kansas college and university accounting and finance educators. Following detailed information about the requirements and the

proposed changes, the survey asked, “Do you support legislation allowing candidates to begin sitting for the CPA Examination 60 days prior to completing the 150 semester hour requirement?”

Of the 45 student, CPA-candidate and new CPA responses, 39 or 87% responded, “Yes,” to the survey question; 3 or 7% responded, “No;” and 3 or 7% were, “Undecided.”

Of the 15 faculty responses, 6 or 40% responded, “Yes;” 6 or 40% responded, “No;” and 3 or 20% responded, “Undecided,” to the survey question.

## **Research Conducted by the National Association of State Boards of Accountancy**

---

In November of 2008, the National Association of State Boards of Accountancy (NASBA) published 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 (150-Hour Candidate). The purpose of the paper explores and researches the topic and issues surrounding allowing candidates to begin sitting for the CPA exam after completing 120 hours of the 150 hour educational requirement for licensure.

At the date of publication, 22 state boards allowed candidates to sit for the examination prior to completing 150 hours. Currently, out of the 55 jurisdictions, 34 (including Puerto Rico and the U.S. Virgin Islands) allow candidates to sit for the CPA Examination prior to completing the 150 hour requirement.

The research examined the history of the 150 hour requirement; analyzed the current educational requirements; constructed a 120/150 hour license model including benefits to allowing candidates to sit at 120 hours; and examined the statistical implications of passing rates on the CPA Examination. Based on the data, *the authors concluded there is no significant or meaningful difference between 120 and 150 hour states as to exam passing rates.* They state, “We have 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.”

*NASBA’s Mission: Enhance the effectiveness and advance the common interests of the Boards of Accountancy.*

## **Academic Research Published in the Journal of Finance and Accountancy**

---

In September of 2014, The Relationship between 150 Credit Hours, Accounting Credit Hours and CPA Pass Rates (Haen, Spielbauer-Vandenberg, Bloniarz & Diestler) was published in the *Journal of Finance and Accountancy*. The purpose of their study was to discover if there was a relationship between CPA Exam pass rates and the number of required accounting credits and if this relationship was consistent

between jurisdictions requiring 150 credits to sit for the exam versus those requiring 150 credits for licensure.

The authors collected data since 2012 on each jurisdiction's requirement to sit for the CPA Examination, the number of accounting hours required by each jurisdiction and CPA Exam pass rates. Results indicated there was little to no association between the presence or absence of the 150 hour requirement to sit for the examination and overall pass rates, even when taking into account the number of accounting hours required. In summary, there was no positive effect on overall exam pass rates for states with the 150 hour requirement as compared to states with early access.

### **Academic Research by Dr. Martin J. Coe, Professor of Accounting, Western Illinois University**

---

"Intention to Sit for the CPA Examination," was investigated by Professor Martin J. Coe of Western Illinois University. His study found predictors for taking the examination were: being able to take the Examination after 120 hours of education; attractiveness of passing the examination, including its benefit in getting a job; social support from wife, family or friends; access to a role model such as a local CPA; and recognizing the CPA has a portable career skill set. Dr. Coe said cost factors were not found to be associated with a student's intention to sit for the Uniform CPA Examination.

In a correspondence with the KSCPA regarding his study, Dr. Coe stated, "I do not think being able to sit for the examination 60 days prior to earning the 150 hours would cause students to stop focusing on their coursework because they would be focusing on the CPA exam. In Illinois, candidates who apply for the examination will be granted provisional approval of in-progress courses taken at domestic institutions. Candidates granted provisional approval shall be allowed 120 days from the date of taking the first section of the examination to provide evidence that all requirements have been completed. However, students must complete all courses within 120 days after taking the first examination section of the computer-based examination or grades for all examination sections authorized with provisional approval will be voided. Thus, 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."

# 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%

March 3, 2016

TO: Senate Committee on Commerce

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

March 3, 2016

Senator Julia Lynn  
Chair, Commerce Committee  
Kansas Senate  
State of Kansas Capitol Office Room 445-S  
Topeka, KS 66612

Dear Senator Lynn,

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. Having the opportunity to complete sections of the exam before the first day of a long rewarding career will give myself and others an advantage over those that are not taking the initiative to further their career goals in a timely and efficient manner. 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. Therefore, being able to take parts of the CPA prior to graduation would allow myself and other high-achieving students to accomplish parts of the CPA exam while already in the routine of studying and test taking. This is a great opportunity that has been given to each and every one who desires to become a CPA. I highly support this initiative.

Thank you,

Michael Day

(316)737.9057  
[Maday@wichita.edu](mailto:Maday@wichita.edu)  
[Daymike16@gmail.com](mailto:Daymike16@gmail.com)  
[mday@bkd.com](mailto:mday@bkd.com)



March 3, 2016

To: Senate Committee on Commerce

Re: HB 2512

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.

Sincerely,

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

Stephen Kucera  
Senior, Accounting and Music Performance  
Kansas State University



**Michael T. Jones**

913-787-6175   [michael.jones@student.ottawa.edu](mailto:michael.jones@student.ottawa.edu)   10412 West 50th Place   Shawnee, Kansas   66203

March 3, 2016

The Senate Committee on Commerce,  
Kansas State Capitol  
300 SW 10th Street  
Topeka, Kansas 66612

To Senator Julia Lynn,

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

March 3, 2016

Senator Julia Lynn  
Chair, Commerce Committee  
Kansas Senate  
State of Kansas Capitol Office Room 445-S  
Topeka, KS 66612

Dear Senator Lynn,

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 exam thereby allowing for career development when they start their first job. I highly support this initiative.

Sincerely,

Amanda Fisher  
Intern | BKD, LLP  
1551 N Waterfront Parkway, Ste 300  
Wichita, Kansas 67206-6601  
316.265.2811  
Extension 25037  
316.265.9405 Fax  
[www.bkd.com](http://www.bkd.com)

---

March 3, 2016

Senator Julia Lynn  
Chair, Commerce Committee  
Kansas Senate  
State of Kansas Capitol Office Room 445-S  
Topeka, KS 66612

Dear Senator Lynn,

As a current student at Wichita State University 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 exam thereby allowing for career development when they start their first job. I highly support this initiative. Giving students like me the opportunity to begin taking the exam sooner would be highly beneficial. I am a mother of three and knowing that I could potentially have taken and passed parts of the exam prior to graduation and beginning full-time employment could relieve a lot of stress from me and my family. I hope that you are able to truly take into consideration the opinion that I have expressed along with that of many other students who have a similar situation. Thank you for your time.

Sincerely,  
Jessica Marie Sedam

Contact Information:

Jessica Marie Sedam  
2332 E. Menlo St.  
Wichita, KS 67211  
(316) 409-3531  
[jmsedam@wichita.edu](mailto:jmsedam@wichita.edu)  
[Jessica3531@gmail.com](mailto:Jessica3531@gmail.com)  
[jsedam@bkd.com](mailto:jsedam@bkd.com)

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%