

COMMITTEE ON HIGHER EDUCATION
Representative Don Carlson, Chair

BILL ANALYSIS
HB 2524

Requiring the higher education coordinating board to approve or disapprove certain education requirements proposed for accountants.

BACKGROUND: Since 1986, most candidates seeking to become certified public accountants (CPAs) have been required to have a baccalaureate degree with a concentration in accounting. A concentration in accounting was defined as twenty-four semester hours or their equivalent in accounting courses and twenty-four semester hours of business administration, including business law, finance, and economics. Candidates are also required to successfully pass the CPA exam.

In 1992, legislation affecting the board's educational requirement was proposed in an omnibus bill redefining some of the board's duties and funding sources. Under the proposed requirement, beginning in the year 2000, CPA candidates would be required to successfully complete 150 semester hours, and to hold a baccalaureate or higher degree. The 150 hour requirement is equivalent to five years in higher education. The legislation also proposed giving the board discretion to waive the educational requirement for candidates who could successfully complete an equivalency examination. The Legislature ultimately declined to adopt the proposed 150 hour requirement. It did give the board discretionary authority to waive the educational requirement for those who successfully completed an equivalency exam. Through rule, the board did permit some candidates to take an equivalency examination in lieu of the baccalaureate degree requirement.

In March 1995 the State Board of Accountancy asked interested parties to respond to a proposal to increase educational requirements for CPA candidates. The new rule would require candidates to successfully complete 150 semester hours of higher education, with a baccalaureate or higher degree. In response, the legislature adopted budget language prohibiting the board from adopting the proposed rule until it had completed a study of the cost of the proposal.

The Governor vetoed the budget language, but asked the board to delay implementation of the rule until a study of costs and enrollment impacts could be completed. The board delayed implementation of the rule, commissioned the study, received the study results, and

adopted the rule.

Under the rule, candidates applying to take the CPA exam after June 30, 2000 must have 150 semester hours and a B.A. with an accounting concentration. They must also have the number and type of accounting courses determined by the board. In addition, the board will discontinue the latitude candidates currently have to demonstrate that their level of knowledge is equivalent to knowledge assumed to be held by a person with a baccalaureate degree.

SUMMARY: The Higher Education Coordinating Board must approve or disapprove any requirement by the Board of Accountancy that CPA candidates take more than one hundred and twenty semester credit hours of college work. The Higher Education Coordinating Board must provide a cost benefit analysis prior to approving an increase in credit hours.

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