



The Honorable Leland Yee, Ph.D.
California State Senate
State Capitol, Room, 4074
Sacramento, CA 95814

March 31, 2009

RE: SB 691 (Yee) Support

Dear Senator Yee:

I am writing on behalf of the American Institute of Certified Public Accountants (AICPA) to offer support for SB 691, legislation to enact the 150 hour education requirement as the only pathway to licensure for certified public accountants in California after January 1, 2014. We are grateful for your leadership in sponsoring this initiative in the California legislature.

The AICPA is the national, professional organization of certified public accountants comprised of more than 350,000 CPA members in business and industry, public practice, government, education, student affiliates, and international associates. For more than 20 years, the AICPA and the National Association of State Boards of Accountancy (NASBA) have worked on model legislation, the *Uniform Accountancy Act (UAA)*, designed to protect the public interest and promote high professional standards for Certified Public Accountants (CPAs) as well as promote uniformity of state accountancy laws across the country.

One of the core provisions of the UAA standards for licensure is the 150 hour education requirement which has now been passed in 50 jurisdictions (47 states and the District of Columbia, Guam, and Commonwealth of Northern Mariana Islands).

The AICPA position on the 150 hour requirement was reaffirmed through the concept of substantial equivalency, which was also incorporated into the UAA. The UAA contains basic criteria for initial licensure as a CPA, including: 1) 150 semester hours of education, including a baccalaureate degree; 2) successfully passing the uniform CPA examination, and 3) a one year general experience requirement verified by a licensee, which is broadly defined to accommodate experience in all fields of employment (i.e., public accounting, industry, education, government, etc.). CPAs licensed in states that have these basic requirements in place are qualified to practice in other states under the concept of substantial equivalency (mobility). Without the 150 hour education requirement in place, CPAs licensed in California will ultimately find it more difficult to practice in other states.

The profession, through the AICPA, has advocated expansion of the traditional 120-semester hour/baccalaureate degree education requirement for almost forty years. In January 1988 the general membership of the AICPA overwhelmingly approved a change in the Institute's by-laws to require 150 semester hours of education, including a bachelor's degree, for new members beginning after the year 2012.

The 150 hour education requirement does not mean students must have a master's degree to become a CPA; it would only require a baccalaureate degree plus the additional semester hours of college level coursework to meet the required 150 hours. The total educational program should include an accounting concentration. Students could work towards their master's degree only if they desire.

Increasingly, CPAs are being required to manage more sophisticated and technical accounting and auditing requirements as evidenced by the federal Sarbanes-Oxley Act and the movement toward International Financial Reporting Standards (IFRS). Only a more advanced education can prepare future accountants to meet these demands and those that are to come as a result of the failure of our financial markets. Meanwhile practitioners remain concerned about candidates possessing the necessary breadth of education and soft skills.

Requiring 150 semester hours of education will not reduce the number of college students enrolling in accounting programs. AICPA's Supply and Demand studies show accounting enrollment at an all time high, evidence that 150 semester hours of education is not an impediment to becoming a CPA.

AICPA's Minority Initiatives Committee, which has long been active in encouraging and facilitating the entry of people of color into the CPA profession, is supportive of the 150 hour education requirement as well. That committee's primary purpose is increasing the number of minorities entering the profession, and we are sensitive to any possible hurdles that may negatively impact pursuit of that goal. While minority enrollment, graduation, and hiring by CPA firms are not at the levels we would like to see, they have generally increased according to recent survey data.

Programs to recruit minorities to the study of accounting are numerous, and scholarship availability based on need is considerable, and offered by the AICPA, public accounting firms, schools, state CPA societies, corporations, and individuals. Thus, the resources are available to support students during the extended curriculum have proven sufficient to keep enrollments stable during a transition to the 150 hour requirement.

The knowledge needed to be competent in accounting has greatly expanded to the point that a traditional four-year education does not cover all the necessary material CPA candidates will need to interact with their clients. Therefore, AICPA supports the passage of SB 691, and the implementation of the 150 hour education requirement in California.



Barry C. Melancon, CPA
President and Chief Executive Officer

