

## **150-Hour Education Requirement for CPAs**

### **National Standard**

The majority of states (46) require that all CPA candidates complete a Bachelor's degree (Approximately 120 semester units) plus 30 semester units prior to becoming licensed as a CPA. Within this requirement is a core course requirement of at least 24 units in accounting and 24 units in business.

### **Current California Law allows 2 pathways to licensure:**

- **Pathway 1**—BA to sit for CPA Exam and two years of experience for licensure,
- **Pathway 2**—BA to sit for CPA Exam and 30 semester units and one year of experience for licensure

The latest California statistics show that **66 percent of all California candidates are choosing Pathway 2 and have completed 150 units either prior to passing the Uniform CPA Exam or before they obtain a CPA license.**

### **Why are the majority of candidates choosing Pathway 2?**

- Students and candidates are aware that Pathway 1 does not meet the national standard and understand that:
  - Choosing Pathway 1 can handicap an individual's career.
  - Forty-six states now require 150 units for CPA candidates.
  - States that require 150 hours do not allow California CPAs who don't meet the standard to provide services in their states.
- A 1999 California Board of Accountancy study showed that candidates sitting for the Uniform CPA Exam had completed an average of 147 units.

CalCPA supports the California Board of Accountancy's recommendation to sunset Pathway 1 effective 2012 so that all California CPAs will be considered equivalent to CPAs from other states and allowed to represent their clients' interests in those states without facing sometimes insurmountable hurdles. All existing CPAs and those licensed before 2012 would be grandfathered in.

Opponents have argued that sunseting Pathway 1 would unreasonably impact minorities, reduce the number of CPAs in California and be valueless because specific units are not outlined in the proposal.

California's law is structured to address the needs of economically disadvantaged students. Candidates are allowed to sit for the Uniform CPA Exam after completion of the BA, which includes the core course requirement. Candidates can work to complete the experience requirement and their education at the same time. Nationwide, the number of accounting majors is at its highest level—ever. With 46 states that already require 150 hours of education, this is a clear demonstration that the increased educational requirement is not a deterrent for entry into the profession.

The percentage of minority candidates entering the profession in California also is increasing. Fully 40 percent of those with five or less years in the profession are ethnic minorities, and 60 percent of those same professionals are women.

CalCPA works hard to provide funding for scholarships and provides funding to groups encouraging minority entrance into the CPA profession. Last year more than \$300,000 in funding was devoted to these efforts.

Every major minority accounting group supports this proposal because it is so critical to California's ability to participate in national—and international—commerce.

Retaining Pathway 1 also could adversely impact California consumers when their California CPAs cannot represent them in out-of-state issues because California CPAs are denied the ability to practice temporarily in other states.