

# Candidate Chronicle

A NEWSLETTER FOR TEXAS CPA EXAMINATION CANDIDATES - PUBLISHED BY THE TEXAS STATE BOARD OF PUBLIC ACCOUNTANCY

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**B**ACK IN THE 1980s, THE NUMBER OF CPAs ENTERING THE PROFESSION leaped to an all-time high, both in Texas and across the nation. Now the trend has reversed itself, and the influx of CPAs is rapidly decreasing. *Why?*

## Where are the CANDIDATES?

**A**CCORDING TO DR JAN R. WILLIAMS, ACCOUNTING PROFESSOR AT THE UNIVERSITY of Tennessee and president of the American Accounting Association, there is no single cause for the decline in the number of CPA examination candidates. He believes a number of factors have drawn young people away from the accounting profession.

### *What's happening in the colleges?*

Demographics show that there are fewer accounting majors now than in the past, possibly because of the natural ebb and flow of student interest, says Dr. Williams.

This decline goes hand-in-hand with the falling enrollment in undergraduate business schools in recent years, agrees Dr. Edward L. Summers, CPA, an accounting professor at the University of Texas at Austin, who is also a member of the Texas State Board of Public Accountancy and chairman of the Board's Qualifications Committee.

The decrease is part of an economic and cultural phenomenon, he states. "A whole galaxy of players in this drama includes accounting professors, the curriculum, social attitudes toward CPAs, the accounting lifestyle, and the demand for CPAs. You can't force the demand for accounting services, and the profession doesn't have many tools for influencing the number of CPAs and accounting majors."

Those students who might have leaned toward majoring in accounting in the past are now being lured into the finance, information systems, and logistics fields. This may be partly due to the broader range of jobs with higher starting salaries in other fields and a more stringent accounting curriculum (*i.e.*, the 150-hour requirement for future CPAs).

"If you only have time and money for a four-year undergraduate degree, you'll choose to go into something other than accounting," Dr. Summers has found.

Many students view an MBA as an attractive alternative to the 150-hour educational requirement. There is a strong perception among students that an MBA offers greater career potential and mobility than a CPA certificate does. This less limiting path is seen as a means to higher earning power without the sacrifices of becoming a CPA.

"There's almost a reverse discrimination going on against accounting majors trying to get into MBA programs around the country," says Dr. Summers. "They want people who have several years of corporate work experience. Word of this has leaked down to college students. Those who intend to pursue an MBA usually avoid an accounting degree."

Dr. Summers points out that students may be turned off by the introductory accounting courses that all business majors must take. Some of these courses may have given students a negative impression in the past, and that impression may have trickled down to current students. However, he says, introductory accounting courses have changed a lot in the past five or ten years.

An additional factor in the decline in the number of people entering the profession could be a desire to avoid the CPA exam itself (or any other certifying examination), the maintenance of the CPA license, and the rigorous continuing professional education requirements.

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## Candidates

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Dr. Summers describes it this way: “The CPA exam doesn’t have a high pass rate. If most of your friends ahead of you graduate and fail the CPA exam, it will make you think twice about following the same course of action.”

### *What’s it like out there?*

Traditional CPA activities have changed significantly from the days when accountants primarily performed audits and prepared taxes. In today’s business environment, modern CPAs, more often than not, act in any number of additional roles, such as consultants, financial advisors, and securities brokers.

Work demands and lifestyle considerations often influence whether someone pursues a career in accounting. Accounting has earned a reputation as a profession with extraordinary work demands, Dr. Williams states. It is also widely believed that a person entering the accounting field has little control over his or her life in regard to work hours, travel, family life, etc.

According to Dr. Summers, the Big Five firms are moving into areas of higher compensation. To enable them to do this, they’re hiring more non-CPAs and more people with MBAs.

“You can make more at a Big Five firm as a consultant than at the same firm as a CPA. You’ll also avoid the long, strenuous hours that interfere with one’s desired lifestyle,” says the Board’s presiding officer, K. Michael Conaway, CPA from Midland.

“People know all about the accounting lifestyle, and they don’t like it,” Dr. Summers concurs. “Also, starting salaries for accountants haven’t changed in a long time. If we can’t think of something for accountants to do that has a billing rate high enough to justify higher salaries, then we can’t expect them to choose accounting as a profession.” A beginning accountant’s salary is frequently below that of someone entering such fields as engineering or information technology.

### *The work experience question.*

William Treacy, executive director of the Texas State Board of Public Accountancy, says that there are approximately 4,000 Texas candidates who have yet to apply for certification, despite the fact that they have passed all parts of the Uniform CPA Examination.

“We’re trying to determine why,” says Mr. Treacy. “We believe that a fair number have

sought certification out-of-state, and that many others may be reluctant to apply for their certificates because of their misinterpretation of the work experience requirements. Actually, the experience requirements have been liberalized in the past few years.

“We want to convey the message that if candidates are put off by a misunderstanding of the experience requirements, there is more flexibility now than people realize,” continues Mr. Treacy. “For instance, in the past, the work experience was two years under the direct supervision of a CPA. These days, it is quite common for the supervisor to not be a CPA on staff.” The Board does not automatically approve such work experience, however, but makes an evaluation in accordance with the Board’s rules.

He urges potential CPAs and their employers to contact the Board’s Qualifications Division for further information on the Texas experience requirements. (See sidebar at left.)

### *Whose job is it anyway?*

It is not up to the Board, but rather the profession itself, to attract bright, talented people to the world of accounting, avers Mr. Conaway. Professional organizations and the Big Five accounting firms are the proper entities for that function.

Mr. Treacy agrees. “The profession is going to have to do a better job of selling itself,” he says.

Mr. Conaway states that the Board’s role is to constantly evaluate whether its entry requirements make sense and to ensure that there are no artificial or unnecessary barriers precluding entry into the profession. The Board must also maintain high standards to see to it that only qualified individuals (*i.e.*, those having the appropriate education, work experience, and moral character) are allowed to serve the public as CPAs.

### *Is there a solution?*

Dr. Williams thinks there is. Tapping additional sources for accounting students is a challenge, but it could mean an increased interest in the country’s accounting programs. In order to attract more of the right students, Dr. Williams believes university accounting departments must be able to do more with fewer resources. He suggests that a valiant effort should be made to reach out to high school students, college students with undeclared majors, “indifferent” students in other majors, and students interested in pursuing second degrees.

He proposes that if educators want more ac-

### NUMBER OF TEXAS CANDIDATES 1991 - 1999

**May 1991 7,653**

Nov 1991 6,966

May 1992 5,604

Nov 1992 5,997

May 1993 5,320

Nov 1993 6,210

May 1994 5,096

Nov 1994 5,468

May 1995 4,876

Nov 1995 5,580

May 1996 4,929

Nov 1996 5,562

May 1997 5,297

Nov 1997 7,237

May 1998 4,139

Nov 1998 4,079

May 1999 3,449

**Nov 1999 3,855**

counting students, they need to:

- explore whether accounting course content and staffing are causing students to turn away from majoring in accounting; and
- broaden the scope of accounting faculty and curricula to boost the reputations of accounting departments while also developing students' knowledge.

Dr. Williams, a member of the AICPA Content Oversight Task Force, also believes that the

and the National Association of State Boards of Accountancy are jointly working toward converting to a computerized examination by 2003.

Another project is underway by the American Accounting Association, the AICPA, the Big Five accounting firms, and the Institute of Management Accountants. Aimed at formulating strategic thinking for the twenty-first century, this project will provide guidance and direction for accounting education and focus on redefining education for the profession.

Dr. Summers believes that the decreasing number of accounting students and new CPAs becomes a problem only if the public interest is adversely affected.

Is the demand for CPAs being met in Texas? Yes, say Mr. Conaway and Dr. Summers. "However, if and when the economy declines, the need for consulting services will abate and the public will need more individuals to perform accounting work. I think then we'll see an increase in the number of talented people going back to accounting," concludes Mr. Conaway.

***Do you know anyone who has passed all parts of the CPA examination but who has not become certified?***

**The Board staff is ready with information on the next step to becoming a Texas CPA.**

**Contact the Board at**  
**(512) 305-7851**  
**exam@tsbpa.state.tx.us**

examination content should be rewritten.

He further proposes that the CPA exam be offered in a computerized format. The AICPA

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## Refund withdrawal policy

**What is the procedure for withdrawing from the Uniform CPA examination after filing an application?** The person should advise the Board in writing of the intent to withdraw.

**Does the Board refund the Uniform CPA Examination fee?** The Board considers requests for refunds that conform to the following guidelines. The Board will grant a full refund of the examination fee if the applicant withdraws from the exam and notifies the Board in writing prior to the deadline for applying for the examination (March 15 or September 15). The Board will grant a refund of one-half of the total examination fee paid if:

- the applicant submits an incomplete application for the examination and does not remedy the deficiency, and as a result is not permitted to take the examination; or
- the applicant withdraws after the filing deadline because of extreme hardship. (*Section 511.76* of the Board's rules.)

**What does the Board consider an extreme hardship?** The Board defines an extreme hardship as a serious illness of the applicant or a member of the applicant's immediate family or death of an immediate family member just prior to the examination. Work or job related situations are not considered extreme hardships.

**When should a request for a refund be submitted?** A request for refund based on an extreme hardship must be in writing and with documentation of the extreme hardship that required withdrawal from the Uniform CPA Examination. The Board must receive the request for refund on or before November 15 following the May examination. The Board must receive the request for refund on or before May 15 following the November examination.

**Will the Board transfer the Uniform CPA Examination fee to another examination?** No.   
 Uniform CPA Examination fees will not be transferred to a subsequent examination.

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# **CONCERNED CPA NETWORK**

Offering **CONFIDENTIAL** assistance to CPAs, exam candidates, and accounting students who may have a drug or alcohol dependency problem or mental health issues.

The network is sponsored by the TSCPA and is endorsed by the Board.

*For information call*  
**(800) 289-7053**

LEGAL NOTICE: The identity and communications and fact of membership of anyone attending this group are confidential and protected under penalty of law under *Chapter 467* of the *Texas Health and Safety Code*.

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# MAY 2000 Uniform CPA Examination

## SCHEDULE

<b>Wednesday</b> MAY 3, 2000	<b>Thursday</b> MAY 4, 2000
Business Law & Professional Responsibilities (LPR) 9:00 AM - 12 NOON	Accounting & Reporting (ARE) 8:30 AM - 12 NOON
Auditing (AUD) 1:30 PM - 6:00 PM	Financial Accounting & Reporting (FAR) 1:30 PM - 6:00 PM

## LOCATIONS

<b>Austin</b> Lester E. Palmer Auditorium	<b>Houston</b> George R. Brown Convention Center
<b>El Paso</b> Clarion Concourse Hotel	<b>Lubbock</b> Lubbock Memorial Civic Center
<b>Fort Worth</b> Will Rogers Memorial Center	<b>San Antonio</b> Live Oak Civic Center

**WERE YOU AWARE** that you can be an exam proctor once you've passed all parts of the CPA examination, even if you're not yet certified?

Call the Board of-  
fice or the local  
TSCPA chapter for  
details.

## Future Exams

**T**HE DATES OF FUTURE EXAMS AND THE FILING DEADLINES ARE shown below. Please use these dates when planning for these exams.

**NOVEMBER 1-2, 2000**  
Filing deadline September 15, 2000

**MAY 2-3, 2001**  
Filing deadline March 15, 2001

**NOVEMBER 7-8, 2001**  
Filing deadline September 15, 2001

**MAY 1-2, 2002**  
Filing deadline March 15, 2002

**NOVEMBER 6-7, 2002**  
Filing deadline September 15, 2002

**MAY 2-3, 2003**  
Filing deadline March 15, 2003

**A**LTHOUGH THE FIRST CPA EXAM IN TEXAS WAS given in 1915, the year the Board was created by the Legislature, it wasn't until 1922 that the first woman took the exam. No women were certified until 1926, when Mary E. Welborn of Dallas received her certificate.

### *Did you know . . .*

**I**N 1932, THE TEXAS BOARD ADOPTED THE FIRST RULE REQUIRING CPAS TO HAVE AT LEAST A high school diploma. Prior to that, our records show, four percent of the certificate holders attended only elementary school, fifty-three percent did not go beyond high school, thirty-seven percent had attended college, and just six percent had taken graduate work.

**T**HERE ARE MANY NEW AND EXCITING HAPPENINGS IN THE Board's qualifications Section as we enter the new millennium. So that we can provide you with the most accurate information, let us know if you have questions about anything relating to the Uniform CPA Examination. We'll be happy to help you.

# WHAT'S NEW AT THE BOARD?

## *Year-Round Application Processing*

The CPA examination is offered twice a year in May and November. People who want to take the exam submit applications a few months prior to the exam date. Qualification Team members must quickly process these applications and determine a person's eligibility. The Qualifications Team and the Information Resources staff have revised the exam system to allow for year-round application processing to determine if a person is eligible to take the CPA exam as well as apply for a certificate. The first part of this revised system is the *Application of Intent*.

**The *Application of Intent*.** The following individuals may find it beneficial to complete the *Application of Intent*:

- a person who intends to transfer examination credits earned in another state to Texas, but who has never taken the CPA exam in Texas;
- a person who wants to have his or her education evaluated to determine if it meets the Board's requirements to take the examination; or
- a person who wants the Board to complete a moral character background investigation to determine if the individual meets the Board's examination requirements.

**How to obtain an *Application of Intent*.** The new application may be downloaded through the Board's website:

[www.tsbpa.state.tx.us](http://www.tsbpa.state.tx.us)

Then . . .

- GO TO: Public Information, then . . .
- GO TO: Application Forms and Instructions, then . . .
- GO TO: *Application of Intent* Package for Individuals **Without** Uniform CPA Examination Credits to be Transferred to Texas, **OR** . . .
- GO TO: *Application of Intent* Package for Individuals **With** Uniform CPA Examination Credits to be Transferred to Texas.

There are four forms to download in the package for individuals without credits, and five forms to download in the package for individuals with credits. Since this is a new form and a new procedure, it may generate interest as well as anxiety. The Qualifications Team will mail an *Application of Intent* to anyone who does not have access to the Internet. You may photocopy the form.

## **Fees**

Effective January 1, 2000 the examination fees

were increased as shown in the sidebar.

## *New Fee Schedule*

### **EXAM FEES**

- ✓ Eligible for **one** part \$ **60**
- ✓ Eligible for **two** parts \$ **90**
- ✓ Eligible for **four** parts \$ **180**

### **OUT-OF-STATE**

#### **PROCTORING FEES**

- ✓ Eligible for **one** part \$ **60**
- ✓ Eligible for **two** parts \$ **90**
- ✓ Eligible for **four** parts \$ **180**

### **OTHER FEES**

- ✓ Issuance of certificate \$ **50**
- ✓ Transfer of Texas credits to another licensing jurisdiction \$ **40**