

CPA Examination Update

Presentation to the NASBA 110th Annual Meeting

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Exam Sites & Natural Disasters

Procedures to Follow in Case Your Exam Session is Canceled

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Examining the Numbers](#)

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April 2017 Launch Status

2017 Candidates

Section	17Q2	17Q3	17Q4 (est.)
AUD	12,799	15,458	13,800
BEC	7,699	11,932	11,900
FAR	10,211	17,960	19,200
REG	9,750	14,900	14,700

Recent Pass Rates (%)

	16Q1	16Q2	16Q3	16Q4	17Q1	17Q2	17Q3
AUD	45	49	45	44	44	52	52
BEC	55	56	58	53	50	55	55
FAR	45	46	48	43	43	44	48
REG	48	50	50	46	46	48	49

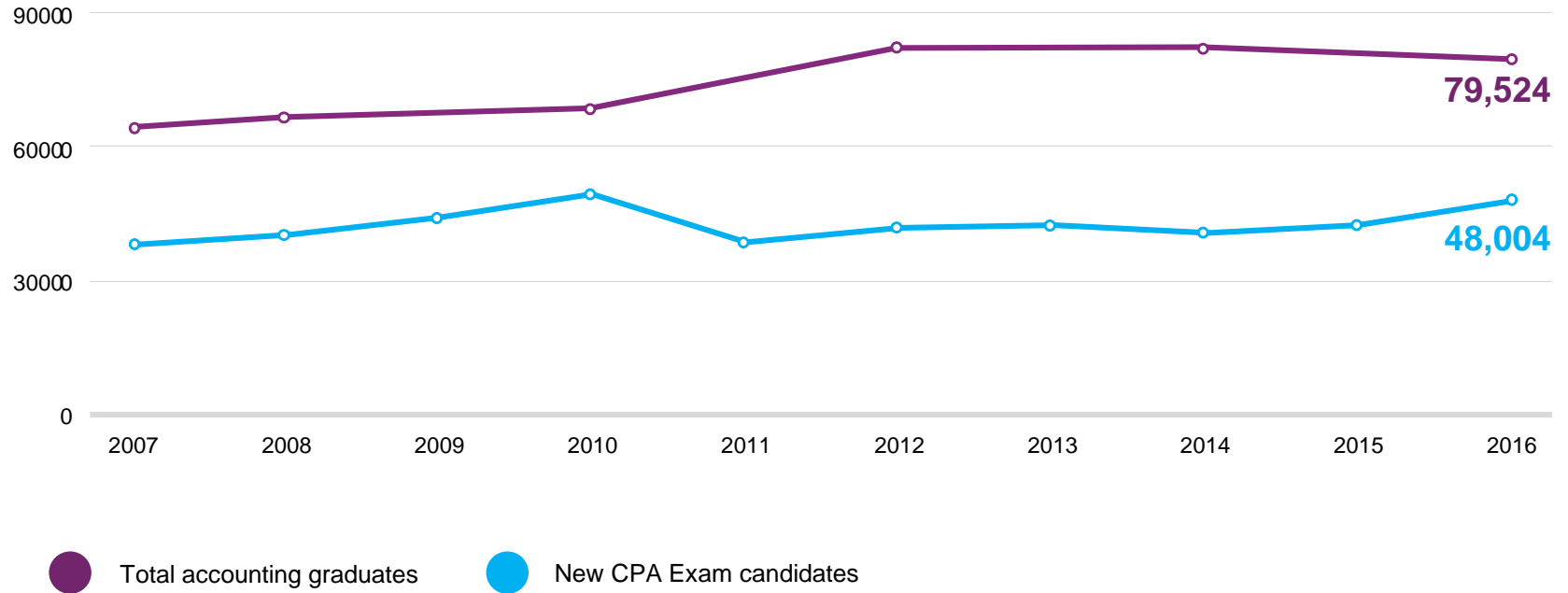
Timing Data

► Percentage of candidates timing out without attempting last simulation

Section	2016 – 17Q1	17Q2	17Q3
AUD	0.6 – 1.3	0.55	0.53
BEC	0.9 – 1.1	1.65	1.41
FAR	6.9 – 11.9	6.27	5.77
REG	1.7 – 2.9	2.21	1.62

CPA Candidate Pipeline Initiatives

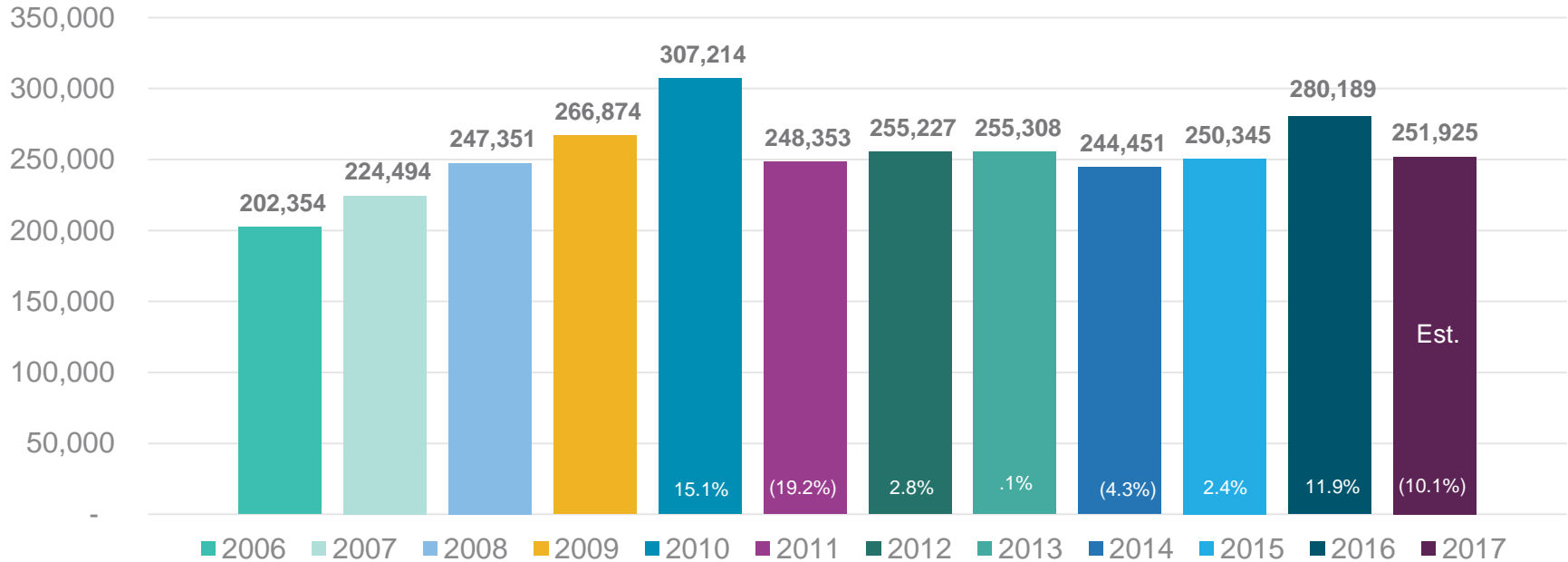
Accounting Grads vs. New CPA Candidates



Source: 2017 Trends Report data

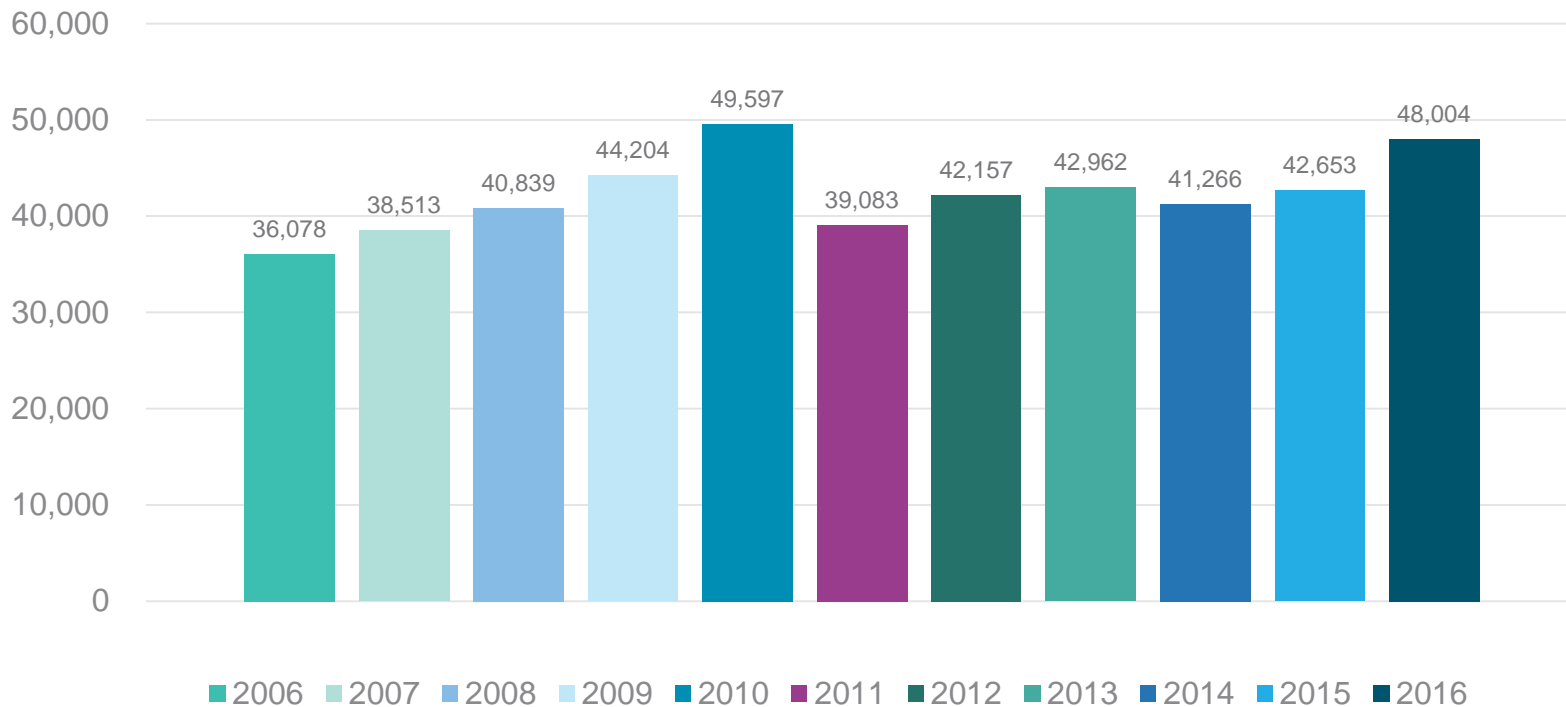
Domestic Volume (Calendar Year)

Domestic Volume - By Year



New Candidates Entering the Pipeline

Number of New Candidates - By Year



CPA Candidate Pipeline Incomplete (Drop-Out) and Struggler Research

- Research completed with ARC (Applied Research Consulting)
 - Thanks to state boards who allowed access to their candidates for this important research
- CPA is a longshot for those not employed in public accounting
- Motivation must be strong and remain strong

2017 Candidate Incomplete Research Findings

- ▶ Most incompletes are working in BIG (Business, Industry, Government) and not PA (Public Accounting)
- ▶ 67% didn't pass a single section and were not close to passing. Additional 16% only passed one section.
 - ~21% were deemed to be high potential
- ▶ The CPA was valued “at the time” and remains valued
- ▶ 50% stated they will keep trying to attain the CPA
- ▶ Secure the CPA before life events impact your priorities
- ▶ The CPA is not losing to other credentials (prior to dropping out)

2017 ARC

Candidate Incomplete Research Findings

*What helps a candidate
to persevere and
become a CPA*

and

*What causes a
candidate to drop out*
of the CPA candidate
pipeline?*

*Drop out means they haven't sat
for a section in 18 months

Focusing on the High Potentials (HPs)

- ▶ Increase the number of colleges promoting the CPA
- ▶ Strengthen PA's support for the CPA / CPA Exam
 - Cover expenses, provide bonuses, require the CPA, flexibility, etc.
- ▶ Improve candidate preparation
 - Online communities, improve test diagnostics, faster scoring, prep material better aligned with the actual Exam, improved Exam information
- ▶ Improve candidate convenience and Exam accessibility
 - Retake failed sections within a window, increase testing dates, streamline application and scheduling

2017 ARC

**Candidate Incomplete
Research Findings**

*What helps a candidate
to persevere and
become a CPA*

and

*What causes a
candidate to drop out*
of the CPA candidate
pipeline?*

*Drop out means they haven't sat for a section in 18 months

Potential Exam Pipeline Initiatives

1. **Provide item writer training to RCPs and Educators at AAA**
2. **Increased distribution of sample items (tied to the Blueprints)**
3. **Replace the release of items to the RCPs with a public release**
4. **Free, online, scored, authentic Practice Tests**

Potential benefits:

- Provides Exam constituents with authoritative Exam information
- Bridges the gap between RCP and operational Exam items and practice tests
- Assists candidates that cannot afford RCPs

Next steps are feasibility, legal and financial review, preliminary requirements, etc.

Additional Initiatives Under Consideration

1. **Continue to work with State Board to harmonize and simplify rules and regulations**
2. **Explore Test Administration Model (TAM) changes**
 - Understand candidate behavior and influencers
 - Reduce the black-out months
 - Faster score reporting
 - Consider possible block seating / scheduling
 - *NAP Contract Steering Group (CSG) Meeting scheduled for 11/15*

Upcoming Exam Changes

The background of the slide is a photograph of a server room. The room is filled with rows of server racks on both sides, creating a perspective that leads the eye down a central aisle. The racks are illuminated with various colored lights (red, green, blue, yellow), and the overall atmosphere is dimly lit with a strong blue hue. A bright light source at the end of the aisle creates a lens flare effect.

National Candidate Database

CPA Examination User Experience Redesign

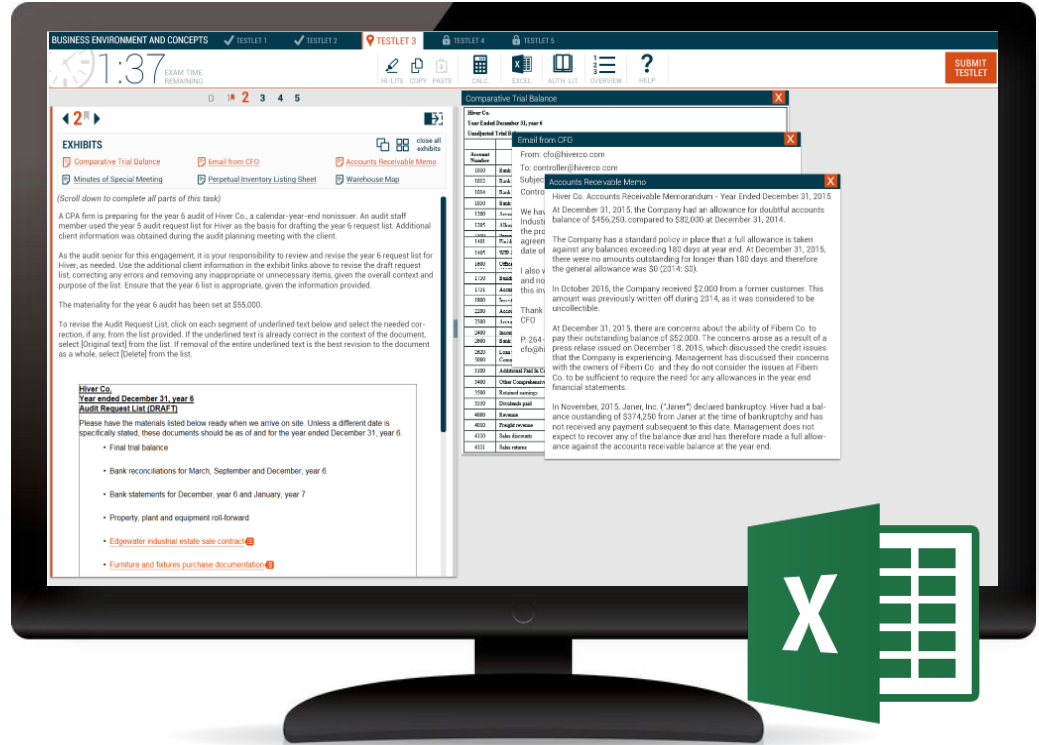
Coming April 1 2018

Refreshed user experience

Modernized design

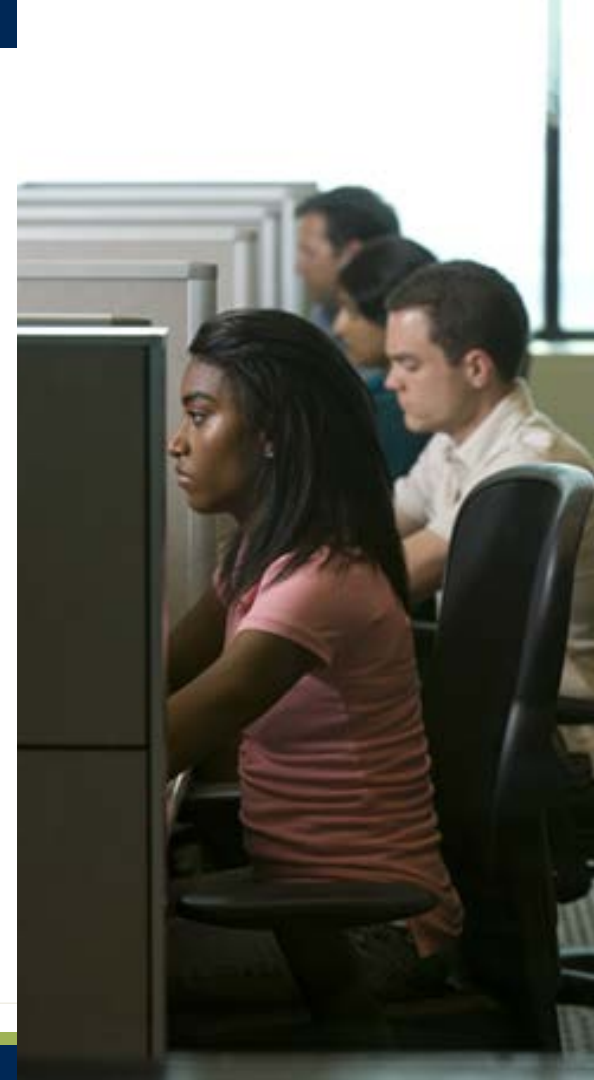
Optimized for 23" HD monitors

Excel to be added as a tool



Beta Testing for the Enhanced CPA Exam

- ▶ **Exclusive preview of the new CPA Exam software launching in April 2018**
- ▶ **Occurred October 4 – October 25**
- ▶ **Allowed candidates to try out simulations in the new, modernized format and experience the Exam's functionality and integration of Excel**



International Update

International Update

▶ Middle East / Brazil:

- Complete the expansion of testing in the Middle East and Brazil to candidates of neighboring countries

▶ India / China:

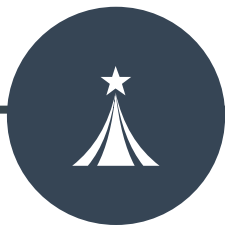
- International consultant to complete business analysis in 2017
- Survey of candidates and potential candidates

▶ Germany / EU:

- Updated GDPR (General Data Protection Regulation) laws coming May 2018
- Explore administration in Germany and possibly UE for mid-2018

Communications

Benefits of CPA Licensure



Prestige and respect

Respected and admired by their peers, clients and society, CPAs are often viewed as an elite group of professionals.



Competitive edge

Earning a CPA license demonstrates a commitment to the profession and often highlights potential candidates for leadership and management positions.



Career security

Due to a shortage of experienced accounting professionals in business today, CPAs are in more demand than ever before.



Job satisfaction and variety

CPAs have a plethora of career paths to choose from, and have above-average flexibility and upward mobility.*



Income potential

For new college graduates, a CPA license can mean a difference of 10% between them and their non-licensed peers.

**Source: U.S. News Career Rankings, Best Business Jobs, <http://money.usnews.com/careers/best-jobs/accountant>*

A Strategy is the Key to Success

Understand candidate requirements

Learn about the Exam and what it tests

Manage your time wisely

Form a support network

Rely on Exam partners



THE CANDIDATE BULLETIN

“ROADMAP TO CPA SUCCESS”



August 2017



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PROMETRIC



Thank you