

## **Talking Points: 150 Hours of Education for Licensure**

Background: The adoption of the 150-hour education model was a topic of discussion dating back to the 1950's when the concept was considered a radical recommendation. In 1956, only three states (FL, NJ and NY) required a candidate to have graduated from college. In 1979, Florida became the first state to require 150 hours of education as a requirement for licensure and by 2008, 48 states required 150 hours of education.

Several factors contributed to the adoption of the 150-hour education requirement within the Uniform Accountancy Act (UAA), including the evolution of client services, the growing application of information technology, the increase in accounting pronouncements, the need for entry level accountants to possess more soft skills, the recognition of formal education over informal on-the-job training, and that accounting be recognized as a learned profession similar to architecture, engineering and law.

Public accounting firms believed that the 150-hour education model should provide a broad-based business and accounting education, including skills in communications, ethics, research, judgement and analysis. These skills were seen as being essential to properly prepare students for a more complex business environment and improve the overall quality of work performed by CPAs. As such, expanding accounting education broadened the capabilities of students entering the profession by adding skills in:

- General knowledge and soft skills such as written and oral communications
- Organizational and business knowledge
- Accounting and auditing knowledge

The UAA Model Law requires 150-hours of education with a baccalaureate degree with an accounting concentration. The UAA Model Rules provide flexibility in education by providing pathways to licensure for those graduating with:

- a. a liberal arts degree to take 24 hours of accounting
- b. a non-accounting business degree to add specialized accounting program skills
- c. an accounting undergraduate degree to increase their business breadth

Many colleges and universities responded to the increased education requirement by establishing master's degree programs which enhanced the profession by producing more highly skilled graduates.

Specificity within additional 30 hours: There are benefits to maintaining a lack of specificity within the additional 30 hours:

- It accommodates those seeking to transfer into accountancy from another major as well as those seeking a mid-career change into accountancy.

- It allows students to dive more deeply into a specific practice area either through a master's program or by taking specific individual coursework in evolving areas such as technology, thereby elevating and enhancing the overall quality of professional practice.
- It accommodates more diversity in the backgrounds of students, including those that are of lower socio-economic status, by offering more flexibility in the requirements.

Sitting for exam prior to licensure: A majority of Boards of Accountancy have amended their rules to allow applicants to sit for the exam with less than 150 hours of education. Thirty-eight jurisdictions allow candidates to sit after receiving a bachelor's degree with accounting concentration, and thirteen jurisdictions states allow a candidate to sit within a certain number of days before completing 150 hours (60, 90, or 120 days).

Passing the exam with 120 hours of education does not alleviate the candidate of the responsibility to meet the 150-hour education requirement. However, allowing candidates to sit, and potentially pass, the exam prior to finishing their education requirements can invite criticism from stakeholders, including legislators, against the 150-hour educational model.

A model that allows candidates to sit for the exam within a certain number of days before completing the 150-hour requirement (rather than allowing candidates to sit with a bachelor's degree) may help mitigate this risk. Boards of Accountancy should be aware of this optics risk and remind stakeholders that each licensure requirement is a measure of the minimum level of competency for licensure and that each requirement stands on its own; i.e. the importance and benefits of the education requirement and that it is separate from the examination requirement.