

Memorandum

AEC Agenda Item IV.
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To : AEC Members

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Subject : Discussion Regarding Composition of the Additional 20 Units of Accounting Study
Required By Business and Professions Code Section 5093

As noted in the previous agenda items, the Accounting Education Committee (AEC) was established for the purpose of developing the composition of the new 20 units of prescribed accounting study required for licensure after January 1, 2014. These 20 units are in addition to the 24 units in accounting subjects and 24 units in business-related subjects already required for licensure. In Senate Bill 819 the Legislature defined accounting study as independent study or other academic work in accounting, business, ethics, business law, or other academic work relevant to accounting and business, so as to enhance the competency of students as practitioners.

In this memorandum staff provide a brief overview of the Uniform Accountancy Act (UAA) guidelines, the foundation for most state's licensure requirements, while also providing a summary of four other state's accounting education requirements, selected either for physical proximity to California or comparable licensee population. This information is provided as a background and also to help generate ideas and relevant discussions.

UAA and Other States' Requirements

The UAA, as amended in July 2007, recommends a licensure requirement of at least 150 units of college education including a baccalaureate or higher degree conferred by a college or university with the total educational program to include an accounting concentration. The UAA does not go into any further detail on what constitutes, or should constitute, an appropriate accounting concentration. Most states, however, have adopted their own requirements for an accounting concentration with some being more prescriptive than others. Of the four examples provided below, Nevada and Texas appear to have the most specific requirements.

The Nevada state board prescribes a total of 57 units, with 30 units in accounting subjects and 27 units in business subjects. The accounting subjects must be

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completed above the introductory level, which is not defined, and include nine units of financial accounting, three units of cost accounting, three units of auditing, three units of federal income tax, and 12 units of accounting electives. The business subjects may be completed at the undergraduate or graduate level and must be in subjects other than accounting, including three units of business law.

The Arizona state board prescribes a total of 66 units, with 36 units in accounting courses and 30 units in related courses. Related courses are defined as business administration, statistics, computer science, economics, finance, management, business law, advanced mathematics, advanced written communication, advanced oral communication, ethics, or other courses closely related to the subject of accounting. Of the 36 units in accounting courses, 30 units must be in upper level coursework, which is defined as courses taken beyond the basic level, after any required prerequisite or introductory accounting course and does not include principals of accounting or similar introductory accounting courses.

The Colorado state board prescribes 48 units, with 27 units in accounting subjects and 21 units in other areas of business administration. Acceptable accounting subjects include cost accounting, tax, intermediate or advanced accounting, or accounting theory. Applicants must complete a minimum of three units in auditing and no more than three units in accounting-related computer and information systems. Other areas of business administration include business law, management, marketing, statistics, business communications, economics, or finance. Applicants may complete no more than six units in any one business subject area.

The Texas state board has similar requirements to the states identified above, prescribing a total of 57 units, with 30 units in accounting subjects and 27 units in upper level business courses, including a three unit ethics course. Texas, however, is unique in that a minimum of 15 units in accounting subjects must result from physical attendance at classes meeting on campus, thereby limiting the number of allowable independent study units. Texas is the only state reviewed which makes such a specification. The Texas state board also provides an extensive list of acceptable accounting and business course titles, that are not provided in this memo but are available upon request of the AEC.

When considering these state-specific requirements, it should be noted that it is unclear whether any of these states expanded upon the specific education requirements after the implementation of the 150-unit requirement.

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20 Units of Accounting Study

As evidenced by the varied requirements of the four states listed above, the AEC has many options in considering the allocation of the new 20 units of accounting study. To facilitate discussion in this regard, staff pose the below questions.

- Should the 20 units be divided between lower division, upper division, or graduate-level course work?
- Is there a need to specify a certain number of units to be completed in specific areas of accounting, such as tax, finance, or auditing?
- Should a specific number of units need to be completed in specific areas of business, such as business administration, business management, or communications?
- Should there be a limit on the number of units a student is able to complete via independent study?
- Ethics is an area of study allowed to meet the new 20 units of accounting study. How does the AEC wish to address a student's inability to double count an ethics course taken in fulfillment of the new 10-unit ethics requirement?
- Are sufficient courses presently available to meet the new 20 units of accounting study, above those already required of a baccalaureate degree in accounting?

The questions posed by staff in this memorandum are intended to stimulate discussion and are not all-inclusive of the areas open to consideration for the AEC. Likewise, the information regarding other states' approved subject matter is provided to give committee members examples of how other states have addressed similar accounting study requirements.