**School of Accountancy Faculty meeting**

**March 12, 2018**

**1:30 p.m. to 3:00 p.m.**

**Agenda**

1. Approval of the Minutes of February 26, 2018
2. Assessment
3. Recruitment
4. HARC 2019
5. Data Analytics
6. MAcc
7. Board of Accountancy presentation
8. Emeritus policy
9. Work-load policy
10. Grading policy
11. Teaching improvement
12. Acting Director: Debreceny
13. Next meeting in April 30th

Also, please know that Shirley has made some suggestions for revision to our work-load policy. See enclosed. Please read the changes carefully.

As I had indicated before, after talking with the Union and Chancellor's office, our policy that allows School's automatic recommendation for emeritus status of retiring (retired) faculty, is not completely acceptable. This policy does not allow individual faculty's feedback and makes the recommendation automatic when certain conditions are met. We will have to add something such as (we will discuss the language in the meeting):

The recommendation of School of Accountancy faculty on emeritus status for retired (retiring) faculty will be made only after the opportunity is provided to all full-time faculty members to voice their recommendations. For example, via an anonymous vote of full-time faculty that provides opportunity for their written comments. The full-time faculty are encouraged to consider retired (retiring) faculty of worthy of emeritus status if he/she has been a contributor to accounting education and research as indicated by following examples (here we can use the examples provided in the policy) :

This will allow all full-time faculty members to vote and make their recommendation known. After discussing our short coming in the policy, Jim (Kardash, UHPA) agreed that this suggestion was a good approach to address the problem and to collect faculty's inputs which we did exactly that in Rogers' case.

I am not providing you any draft at point. I want to discuss the change before finalizing the draft that will be voted when Jenny and Manu will be present (both are not able to come to our next meeting). Please consider this as the first read of the policy change.

Shriley has suggested the following for teaching evaluation. I like her suggestion, but it will be an involved process that will require faculty members to manage the process. It is not appropriate for the Director to manage the process beyond setting up courses to be evaluated and coordinating with CTE:

Rather than using the limited student panels to talk to outside professionals to evaluate faculty teaching, I encourage you to create an SOA faculty task force or use the curriculum committee to work with CTE to set up a system to evaluate all the sections for 3 of our UG required courses each semester and use this to discuss pedagogy and learning.  For example, every fall we could evaluate Acc 202, 321 and one or two of the 400 level courses.  Every spring we could evaluate 202, 323 and one or two of the 400 level courses. This would give us much better insight into what all students think/learn and all faculty teach rather than asking only a handful of "elite" majors about faculty.  I think if this is faculty driven and is fair and focuses on course not individuals we can make more progress on teaching effectiveness and understand more about how students learn these days. We could use some of our adjuncts from practice or advisory board members to set up the system with the committee and CTE.

**School of Accountancy Faculty Meeting Minutes**

**February 26, 2018**

**1:30 p.m. to 3:00 p.m.**

Attendees: Shirley Daniel, Roger Debreceny, Liming Guan, Boochun Jung, Manu Ka’iama, Thomas Pearson,, Jenny Teruya, Mary Woollen, Tu Xu, David Yang, and Hamid Pourjalali

Excused Absence: Jian Zhou (on Sabbatical)

The meeting commenced at 1:35 p.m.

Minutes of November 27, 2017 were approved.

1.    Recruitment.

Daniel provided report on the recruitment. The recruiting committee may meet again if the one/two candidates who have been offered SOA positions decide not to accept their offers.

2.    Courses: Acc 409, PhD seminar 2019, Study Abroad.

Debreceny and Pourjalali reported on how Acc 409 will be offered in the Fall 2018 and Spring of 2019. Pourjalali will be the instructor of record but four professionals will teach the class. A grader will be hired for the grading hand-on assignments. It was suggested that Miaochan Li be assigned to or an ICS PhD student be hired for this purpose. Pourjalali reported that he has a bucket list of items that he wanted to accomplish at UHM. One was related to PhD seminar that would recruit famous researchers and selected PhD students from other PhD programs. He wishes to be able to offer this program in the Summer of 2019. He also mentioned that he wanted to a create study abroad program at the undergraduate level that would involve large number of faculty members. The suggested format will involve a faculty to offer a UH Manoa class while taking students overseas for three weeks, so students will travel with the faculty. The course will be offered through Study Abroad Program at UHM.

3.    Data Analytics, New Technology courses

Debreceny reported that his class will be finished during the weekend. The class has 42 students. Pourjalali reported that the class will make some money but not as much.  Daniel suggested that a lab assignment be added to Shidler core courses so skills can be taught to all students in undergraduate level.

Pourjalali will provide Teruya’s structure draft “Acc 202 offered first and then Acc 201” at the next faculty meeting. The objective is to incorporate new topics (such as Data Analytics) in Acc 202.

4.    Assessment

Guan reported on the assessment. Unfortunately, the assessment report produced by Assistant Dean Hadwick had not been shared with the SOA yet. It was recommended that Pourjalali invite Dean Hadwick to next faculty meeting

5.    MAcc

The number of MAcc applicants is still low. Students know about 3/2 program but many do not apply. It was suggested that the Advisors in OSAS are recommending MAcc instead of MBA even for those who try to get into the MAcc program. Pourjalali will (again) discuss this with OSAS advisors. Faculty showed concern on Accounting students not taking classes that would help them learn skills for market place.

6.    BAP and AC (Jenny, Mary, Manu)

Teruya reported that students did well in BAP regional. Ka’iama requested that the faculty attend Accounting Club’s Skit plays.

7.    Possible scholarship: Jamie Higa

Pourjalali thanked all faculty members who supported Manny Sylvester scholarship. He reported that Manny was extremely happy and had provided support for Marge Sylvester scholarship as well. Pearson suggested that Pourjalali check with Manny to see if he is willing to give his scholarship to 3/2 students.

Pourjalali reported that funds for scholarship in memory of Jamie Higa’s may be provided by her parents. Her friends have also shown interest in providing support for such scholarship.

8. Others

Jung reported that three funded and one unfunded PhD students (with accounting concentration) were recommended. Unfortunately, one had already accepted another offer. As such, the SOA may have three or two new PhD students.

Woollen raised her concerns with international students inability to understand/learn accounting terms. It was suggested that they use “Accounting terminology” dictionaries instead of regular dictionaries.

Pourjalali mentioned that, in recognition of Debreceny’s contributions to the SOA/Shidler,  the next Advisory Board meeting will be adjusted to an afternoon meeting in the Pacific Club. Faculty suggested the date to be either the 3rd or the 4th of May (instead of May 2nd which is the last day of instruction).

Pearson will attempt to provide the faculty with a copy of George Mason’s Accounting Business course syllabus.

Pourjalali requested agenda items from the faculty for the SOA meeting on March 12th, 2018.

The meeting adjourned at 2:50 p.m

From Marc Endrigat:

Sorry I am just following up on this, but I looked back over app stats reports and some notes and I am not sure who exactly some SOA faculty members are referring to as to students who were counseled to enroll in the MBA over the MAcc.

I know for Fall 2017, Kyle Kinman and Bert Lan enrolled in the MBA **AFTER** they were denied by the MAcc admissions committee. Both of these students had some good work experience based on which I encouraged them to apply for the MBA program since I could leverage that work experience with the MBA committee. I have another student who was denied twice by the committee Zihao Zeng who is now considering the MBA for the fall.

I do make students aware of the MBA funding option so for some students that is an important aspect to keep in mind when deciding on a graduate program.

I’m happy to continue to have a discussion with you about this.If there are additional students that other faculty members feel they were counselled towards the MBA over MAcc, please provide the names and I will take a look at any notes I have on my correspondence with any additional students.  Ultimately, the student decides what program they want to do, I just give them the options that we have available.

By 2012, only 15 states required 24 semester or fewer semester hours of accounting, according to USC’s Leventhal School of Accountancy’s compilation. Since then four of these states increased the accounting hours to 30 (Mass, Mich, Miss,and Tenn). In 2018, only 2 states (Maine and South Dakota) require fewer than 24 hours of accounting and there are only 8 other states besides Hawaii to require just 24 hours of accounting (Alaska,Delaware, Idaho, Indiana, Iowa, New Jersey,  Wash, and Wisconsin).

At the next SOA faculty meeting, I'd like to suggest the following motion:

Whereas Hawaii is among the bottom 11 states in the country requiring 24 semester hours of accounting to sit for the CPA exam;

Whereas, 90% of the top-ten states for CPA pass-rates require at least 30 semester hours of accounting, whereas NASBA has proposed 36 semester hours of accounting;

Whereas, the CPA Exam was developed to protect the public interest by ensuring that every person passing it possesses the broad expertise that the real-world demands;

Whereas the CPA exam has evolved CPAs has become much tougher in testing the body of knowledge, expertise, and critical thinking skills that CPAs must have to serve their clients and safeguard the public interest;

Whereas, Hawaii used to require 24 hours of upper division accounting, which added to the typical 6 hours of principles of accounting equalled 30 semester hours of accounting;

Whereas, about 80% of the universities with the top-10 CPA pass rates are in states requiring at least 30 semester hours of accounting hours;

Whereas the trend by State Boards is to increase the required accounting hours needed for the CPA exam;

Whereas, in recent years students have more educational options, such as on-line accounting education, to acquire upper division or graduate accounting semester hours;

Whereas, accounting education at higher levels involves more complexity, thought, and study time, so some states appropriately distinguish gradate accounting hours from upper division accounting hours, from principles of accounting and other lower division accounting hours;

Be it resolved that the School of Accountancy faculty strongly advocate that Hawaii's State Board of Accountancy protect the public by increasing the required accounting hours to 30 semester hours, in line with most states, as well as require at least 24 hours in upper-division or graduate accounting courses. However, similar to simplified version of Texas' accounting requirement, for students earning a graduate degree the Board can maintain Hawaii's current requirements of 24 semester hours of accounting with a minimum of 18 semester hours of accounting at the upper division or graduate level.

**Why is Hawaii not one of the top-ten states in students passing the CPA exam?**

**All but one top-10 states require at least 6 hours more of accounting than Hawaii; they require at least 24 hours of upper division accounting courses (courses beyond principles of accounting). Utah, the best state requires 6 more hours if one earns a graduate degree, but 12 more hours otherwise.**

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| **States with Top CPA Pass Rates** | **Info initially from** [**https://www.thiswaytocpa.com/exam-licensure/state-requirements/**](https://www.thiswaytocpa.com/exam-licensure/state-requirements/)**, unless info is suspicious,  then replaced by info from State Board web-site or regulation** | **Required Acc’g Hours Compared to Hawaii** |
| **Utah** – 67% (’16)  61% (’12) | **Graduate Degree: 24 semester hours** or equivalent quarter hours in **upper division accounting courses** and 15 semester hours or equivalent quarter hours in graduate level accounting courses which must cover financial accounting, auditing, taxation and management accounting or combination of both.  B.A. Degree: **30 semester hours** or equivalent quarter hours which **includes 16 hours in upper division accounting courses and 8 hours in graduate level accounting courses** which must cover financial accounting, auditing, taxation and management accounting. | 6 or 12 more hours than Hawaii, depending on if one has a graduate acc’g degree (note that everyone needs grad. acc’g hours). |
| **Missouri-**  65% (’16)  58% (’12) | **33 semester hours** or equivalent quarter hours in accounting  (1 course must be auditing and 18 hours must be in upper level accounting | 9 more hours than Hawaii and requires modified upper division hours |
| **Wisc.** –  59% (’16)  57% (’12) | Acc Examining Board Acc 2.202  (1): **Earned a master’s degree in accounting** from an accounting program  or department accredited by the AACSB.  **(2) Earned a bachelor’s** or higher degree from a business program or college of business accredited by the AACSB, the International Assembly for Collegiate Business Education, or the Accreditation Council for Business Schools and Programs, and **completed at least 24 semester hours in accounting** from an accredited educational institution at the undergraduate level **or 15 semester hours at the graduate level,** or an equivalent combination, that cover each of the following subject areas: (a) Financial accounting. (b) Cost or managerial accounting. (c) Taxation. (d) Auditing. (e) Accounting information systems. … | **Currently, very similar  to Hawaii,** but: **1. Univ. of Wisconsin’s acc’g major requires more hours of upper division acc’g  than UH-Manoa, and**  2. WICPA has college scholarship program for 5th year students. |
| **Mich.** – 58% (’16)  56% (’12) | B.A. degree 30 semester hours or equivalent quarter hours in accounting.  **M.A. degree in accounting or business-12 semester hours  or equivalent quarter hours in graduate level accounting** | 6 more hours than Hawaii requires. |
| **N.C.** –  59% (’16)  56% (’12) | **30 semester hours or equivalent quarter hours of undergraduate accounting (which includes no more than 6 hours of accounting principles)** or 20 semester hours or equivalent quarter hours of graduate accounting courses open only to graduate students or a combination of [them]. | 6 more hours than Hawaii requires and requires modified upper division hours |
| **Iowa** – 56% (’12) | 24 semester hours or equivalent quarter hours in accounting  above elementary level accounting or principles of accounting | 6 more hours than Hawaii and requires modified upper div |
| **Minn.** – 55% (’12) | **Graduate degree from a business school with 24 semester hours or equivalent quarter hours in undergraduate or 15 hours in graduate level accounting** or **B.A. or higher degree with 24 semester hours or equivalent quarter hours in accounting at the upper or graduate level** | 6 more hours than Hawaii and requires upper division hours |
| **Oregon** – 55% (’12) | **24 semester** (36 quarter) hours **in upper-division accounting** specific courses and 24 semester (36 quarter) hours in accounting or related (lower-division accounting, business, economics, finance, and communication) | 6 more hours than Hawaii and requires upper division hours |
| **Florida** – 55% (’12) | **36 semester hours** or equivalent quarter hours **in upper level accounting** to include the following: Taxation, Auditing, Financial, Cost/Managerial and Accounting Info Systems. | 18 more hours than Hawaii and requires upper division hours |
| **N.D. –** 55% (’12) | **24 semester hours** or equivalent quarter hours in accounting courses (principles of accounting or equivalent courses do not count toward the required accounting) | 6 more hours than Hawaii requires. |

**Why do State Boards have a duty to require a realistic minimum number of accounting hours for becoming a CPA?**

The Uniform CPA Exam was developed to protect the public interest by ensuring that every person passing it and qualifying to be a licensed CPA possesses the broad expertise that the real-world demands. The CPA exam has evolved CPAs perform their duties in a rapidly changing and increasingly complex global environment. The body of knowledge, expertise, and critical thinking skills that CPAs must have to serve their clients and safeguard the public interest has rapidly advanced to its highest level.

The CPA exam now consists of roughly half multiple-choice questions testing application and understanding,   
as well as half task-based simulations, such as tax research and using a spreadsheet. Diverse topics on the CPA exam include but are not limited to:

* AUD requires understanding the audit process including identifying internal controls, risks, performing analysis on data and results obtained during the audit.
* FAR covers Financial reporting of transactions and financial statements for profit, non-profit,   
  and governmental entities with many accounting standards to follow and understand.
* REG includes taxation of business entities and individuals, and business law.
* BEC has concepts related to corporate governance, economics, financial management, and   
  information systems.

**What is the current trend in Board of Accountancy requirements for accounting hours?**

The trend in states is to increase required accounting hours. In 2004, only a slight majority of states had required more than 24 semester hours of accounting. That increased in part because In 2005, the National Association of State Boards of Accountancy (NASBA) released an exposure draft increasing the proposed number of semester hours required in accounting from 30 to 36, as well as specific hourly requirements. The philosophy behind the specific accounting and business hour requirements is to provide an opportunity for students not only to expand their knowledge of accounting, but also to receive opportunities to gain other skills necessary to the profession, such as effective writing, speaking skills, and technology skills needed for a well-rounded CPA.

Changes in the CPA exam present another reason accounting hours have increased. for example, West Virginia is increasing the required accounting hours from **30 accounting hours to 33 hours, effective July 2018, by increasing tax to 6 required hours because of its increased emphasis on the exam.**

**How much accounting hours does Hawaii require?**

Twenty-four (24) semester hours in accounting and auditing courses, eighteen (18) of which shall be upper division or graduate level, -including, without limitation, courses in financial accounting, auditing, taxation, and managerial accounting.

**How do Hawaii’s CPA pass rates compare to national averages?**

National CPA pass rates in 2016/2017 are about 50% (ranging from 48% in 2015 to 55% in 2014).   
Pass rates by section shows the highest is BEC 55%, while AUD, FAR, & REG are about 46%-49%.  
In recent year, Hawaii is among the lowest states, with the most recent report placing it at the bottom.

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| **Lowest states in passing** | **Required Accounting Hours** | **Comment** |
| **Hawaii** – 42% pass rate, increases to 50% by looking at who takes the exam within 1-year of graduation. Graduate degree rate was 58%, bachelor’s degree was 38%. | 24 accounting credits of which 18 needed to be upper-division.  But, previously, needed 24 upper-division accounting in order to get certified which is why UH advocated taking two 400-level acct’g courses if students weren't going to get their MAcc. |  |
| **Wyoming (2015)** | B.A. Degree: 24 semester hours or equivalent quarter hours acc’g courses which includes financial accounting, auditing, taxation and management acc’g… | Similar to Hawaii |

**What Characteristics are shown to enhance CPA exam performance?**

* **Earning a graduate degree, especially in accounting**
* **More hours of accounting education**
* **Smart students who absorb and retain accounting material,** as influenced by:
  + Earning higher grade point averages
  + Completing a CPA Review course
  + Taking the CPA Exam soon after graduation
* **Having more time for studying hard:**
  + CPA passing rate is highest in 3Q, and lowest in the 1Q and 4Q, possibly due to candidates who are generally less busy during the summer days, or a slower work season.
  + Traditional students may have less family-related time demands than older students
* **Graduating from strong accounting programs,** which routinely have:
  + Stringent admissions standards, to attract the highest quality students.
  + Extensive Full-time accounting faculty, top 10 programs had an average of 93% of full-time faculty
  + AACSB Accreditation (54% pass rate in 2015, while its accounting accreditation had 63%)

**Why do most accounting students not pursue a graduate degree in accounting?**

1. **Dramatic increased costs for graduate courses: tuition is roughly double and   
   NO federal financial aid exists for the graduate education.**
2. **Few sizeable accounting scholarships exist** to attract students into the 5th year:
   1. Need more scholarships like the PCAOB’s $10,000 for the 5th year.
   2. The SOA is on record stating the #1 scholarship need is for scholarships supporting the 3-2 MAcc students or other entering MAcc students.
   3. The SOA has also requested that the college Dean’s office work with the UH administration and Board of Regents to lower the tuition for the MAcc to reflect the needs of the students and accounting profession.
3. **The State Board’s requirement to sit for the CPA exam is deceptively low**  
   (more accounting study is needed for passing it, such as learning consolidations).

**What has UH-Manoa done recently to improve the pass rate on the CPA exam?**

1. UH-Manoa experimented with free and subsidized live CPA review courses.
   1. These courses appeared to improve the pass-rates to almost average rates.
   2. However, offering the free live course was not sustainable at UH-Manoa.
      1. More alternatives for CPA review now exist, such as UH-West Oahu’s live class.
      2. The review course was very costly to those involved in providing these offerings.
      3. Student participation dropped substantially when charged some of the cost
2. Refined the MAcc program with the goal of students’ passing the CPA exam:
   1. Enabled earning 4 hours (1 for each exam part) for completing CPA review.
   2. Expose students to free CPA review modules in some courses.
   3. Realigned required MAcc courses, with revised CPA exam emphasis.  
      (Taxation of Business Entities is required for all MAcc students – 2 hours)
3. Improved the information provided to students on UH-Manoa accounting courses   
   providing significant material tested on the CPA exam.

**Why is UH-Manoa unable to extend the undergraduate accounting major   
to cover all material most students need to know to pass the CPA exam?**

1. The purpose of an undergraduate education is more broadly conceived.
2. The amount of accounting material students must learn and skills mastered for the CPA exam   
   far exceeds 19 hours of accounting education.
3. Univ of Florida explains: “Some students enter .. with the intention of limiting their accounting studies at UF to undergraduate coursework. These students often view the BSAc degree as providing valuable preparation for post-graduate studies in areas other than accounting (e.g., law) ...

Students are cautioned that completion of the BSAc degree alone will not satisfy the eligibility requirements to sit for the Uniform CPA Exam or to practice as a CPA in the State of Florida. Students aspiring to a career in professional accounting should plan on seeking admission to the 3/2 Program.”

1. It is not politically feasible to extend the accounting major at UH-Manoa.
   1. A full undergraduate curriculum lacks room to add exam prep assistance.
   2. UH-Manoa’s accounting major (19 hours) is already longer   
      than any other major in the Shidler College of Business.
   3. Curriculum changes require the support of business faculty   
      who generally do not want resources reallocated for more accounting faculty.

**How has the CPA exam changed since becoming computerized in 2004?**

1. The CPA Exam has become more difficult, requiring both knowledge and higher-level skills.
2. Continued CPA exam changes reflect the changing business world. Today's CPAs need to effectively communicate complex information, think critically to advise clients on key business decisions, and understand constantly changing technology.
3. The CPA exam more closely reflects the responsibilities of newly licensed CPAs who are required to perform more advanced tasks and contribute to increasingly complex projects earlier in their accounting careers (AICPA 2015).

**How does UH- Mānoa *Accounting Curriculum Map to CPA Exam Section?***

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| **CPA EXAM  SECTIONS** | **Accounting Major Courses** | **MAcc Courses with  Significant CPA Content** |
| Regulation  (REG) | **401** Federal Individual   Income Taxation -37%-47%  **460e** Capstone - Tax and Ethics -5% | **407** Taxation of Business Entities -28%-38%  **413** Law for the Accountant -10%-20%  **605** CPA Review – Regulation -all |
| Audit and  Attestation  (AUD) | **418** Auditing –50% **460d** Capstone – Auditing  and Acc’g Information Systems -5% | **602** CPA Review –Audit and Attestation–all  **619** Information Assurance and Analytics -5-10% |
| Fin’l Acc. & Reporting (FAR) | **Introductory accounting courses  321** Intermediate Financial Accounting I–25% **323** Intermediate Financial Accounting II –25% **460c** Capstone – Financial -5% | **415** Advanced Financial Accounting -10%-25%  **616** Accounting Theory and Development-20%-30%  **604** CPA Review – Financial Accounting  and Reporting -all |
| Business Environment Concepts (BEC) | **409** Accounting Information Systems-15%-25% **460b** Capstone - Managerial –5% **Business core courses** | **610** International Corporate Governance -10%-25%  **603** CPA Review – Business  Environment and Concepts -all |

*(Rough percentages show the estimated topical coverage of relevant exam section, based on 2017 blueprints for the CPA exam and 5% for capstone classes, reflecting the nature of the exam is now 50% simulations in most sections)*

**What did Hawaii’s Board do with the accounting education requirements?**

Hawaii’s Board decreased accounting education requirements from a decade ago when it required 24 hours of upper division accounting. The State Board is doing a real disservice to public consumers of accounting services in Hawaii and accounting students by giving the misleading impression that one should pass the CPA exam with a mere 18 hours of upper division accounting. The Board’s minutes has shown how it has taken no action, while in recent years as Hawaii remained near the bottom.

**Should the Board maintain its low number of required accounting hours   
because accounting firms now hire outside of accounting?**

NO, the board must maintain integrity of assuring that CPAs have the requisite understanding of accounting.

It is true that globally fewer accounting majors are now hired for entry-level positions in accounting, auditing and taxation. Increasingly, auditors with technology skills and domain specific industry knowledge are replacing those with general accounting backgrounds. Students in management information systems or computer sciences are sometimes sought for staff-level auditing positions. Nontraditional services, such as corporate finance, business process outsourcing,

and forensic investigations, are motivating firms to hire non-CPA specialists from a wide range of fields who often have a specialized graduate degree. Other professional designations are often acquired by such specialists.

**Should the Board distinguish between accounting hours earned as an undergraduate   
and graduate student?**

Probably, the board should recognize that hours earned at the graduate level involve more work than upper division accounting, which involves more work than lower division accounting courses, so students who earn accounting hours at the graduate should not need as many accounting hours, as the undergraduate.

**What will happen if the State Board increases the number of required accounting hours?**

It will probably slightly reduce the number of undergraduate accounting majors in the state, and increase the number of masters students. This expected change is line with where the accounting market is headed.

The state requirement is an important signal to students as to the knowledge needed.

**Should a lower pipeline of students preparing for the CPA exam prevent the Board   
from raising the required accounting hours?**

NO – “There are many factors driving down the number of new CPAs. a vibrant economy where many companies willingly hire accounting graduates without requiring a CPA. We can blame the growth in advisory services at firms that don’t require a CPA, the 150-hour rule, the exam format.

In an AICPA survey, staff identified work environment as the number one factor influencing whether they follow through and become CPAs... Reasons respondents gave for not finishing the exam included conflicts with work, cost of the exam, the need for time to study, and multiple tries to complete all parts.

Only 27 percent of test-takers finish all four parts on the first try. On average, passing candidates require about 6.5 attempts to pass the four parts. The cost to complete four parts and a review class can reach almost $5K. “(From the CPA pipeline, Illinois CPA Society, 2016).

AICPA and other data indicates that a mere 33% of all accounting graduates ever become CPAs. Since peaking between 2010 and 2011, the number of graduates sitting for the CPA exam has been declining nationally. The AICPA anticipates 75% of working CPAs will retire within the next 15 years. So, the CPA talent pool is a concern. But given that the number of jobs in accounting is expected to shrink during the next several years, with the automation and disappearance of various routine work, the real need is for CPAs with sophisticated understanding of accounting, business, and technology.

**What should Hawaii’s CPA firms do to encourage CPA pass rates?**

Firms should offer financial assistance for CPA exam testing and preparation courses, flexible work schedules for prep studying and testing, and a one-time bonus for passing the exam. Individual Board members and their firms should encourage this.

**Has UH benchmarked with universities that produce the highest CPA pass rates?**

Yes, about 80% of the top ten universities for producing students who pass the CPA exam, since the exam became computerized are in states that require at least 30 accounting hours. The two additional states in this category are in Georia (12 hours more), Michigan, Texas (which besides requiring 30 hours, also requires 15 hours of physical attendance on campus and 2 credit hours in accounting or tax research and analysis). An exception is Univ. of Washington which promotes that its graduate students who take the CPA exam for the first time within one year have an average pass rate of **77%**.  However, Washington CPA Foundation offers over $350,000 in $5,000 scholarships for accounting students in Washington State for the 5th year of education.

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| Top Univ  for CPA Pass | Characteristics | Different Quotes from their website |
| **Wake Forest in NC** | Private, top state with more req’d acc’g hours | “The **Accountancy** (ACC) major … provides a foundation in the concepts, principles and practices of accountancy and business that students need for success in the early years of their careers. The major also provides the foundation for students to successfully complete the Master of Science in Accountancy (MSA) degree. Students majoring in accountancy apply to the five-year accountancy program … Through courses, seminars, case-based research in finance, accounting, auditing and taxation, MSA students acquire the skills necessary for professional success. An internship in the fourth year provides the critical link between classroom knowledge and professional experience. |
| **Northwestern Univ.** | Private, graduate program only | An accounting major is earned by completing three (3) accounting elective credits, choosing from the following list of courses: [**ACCT-431**](https://www4.kellogg.northwestern.edu/CourseCatalogSchedule/CourseDetail.aspx?CourseID=312) Managerial Accounting  [**ACCT-444**](https://www4.kellogg.northwestern.edu/CourseCatalogSchedule/CourseDetail.aspx?CourseID=324) Financial Planning For Mergers and Acquisitions  [**ACCT-451**](https://www4.kellogg.northwestern.edu/CourseCatalogSchedule/CourseDetail.aspx?CourseID=325) Financial Reporting and Analysis  [**ACCT-459**](https://www4.kellogg.northwestern.edu/CourseCatalogSchedule/CourseDetail.aspx?CourseID=1432) Sustainability Reporting and Analysis … |
| **BYU** | Private,  Top state with more req’d acc’g hours | [ACC 200 - Principles of Accounting](https://catalog.byu.edu/business/school-of-accountancy/principles-of-accounting)6, finance, intro to MIS  [IS 110 - Spreadsheet Skills and Business Analysis](https://catalog.byu.edu/business/information-systems/spreadsheet-skills-and-business-analysis)1.0, business law, economics  [ACC 401 - Business and Accounting Information Systems](https://catalog.byu.edu/business/school-of-accountancy/business-and-accounting-information-systems)4.0, communication in organiz’ns  [ACC 403 - Intermediate Financial Accounting 1](https://catalog.byu.edu/business/school-of-accountancy/intermediate-financial-accounting-1)4.0 fin’l acc, tax, cost, financial statement, auditing |
| **Univ. of Florida** | Public, top state with more req’d | Because students in the 3/2 program have a graduate classification, students receiving undergraduate scholarships or Pell grants typically lose eligibility. |
| **Univ. of Wisconsin** | Public, top state similar to HI | Every significant transaction in today's world requires assessing employment of money and materials. Accountants suggest the best way to manage resources or monitor and report on an org's financial well being. Career possibilities include acc’t, auditor, controller, consultant, tax advisor or systems expert. |
| **Univ. of Michigan** | Public top state with more req’d acc’g hours | By tailoring elective courses, MAcc graduates are also well positioned for success in the CPA exam... We seek to maximize each student’s long-term potential by providing a balanced education rich in core fundamentals, cultural perspective, and technological relevance.  Emphasis on communication and teamwork is stressed throughout the program. |
| **Univ. of Texas - Austin** | Public, 30 semester hours .. of accounting courses | The McCombs School Department of Accounting is renowned for its innovative [teachers](https://www.mccombs.utexas.edu/Departments/~/link.aspx?_id=41FBA9912E1F4882AA1B8D9C3AFFCB46&_z=z) and world-renowned [researchers](https://www.mccombs.utexas.edu/Departments/~/link.aspx?_id=D9A542EB8B524BB7A30126236754A546&_z=z), who infuse the curriculum with cutting-edge ideas. Advice from executives on the Department of Accounting Advisory Council adds valuable perspective |
| **Texas A&M** | Public, also (15 hours requires physical attendance on campus; | Student profiles are diverse, but generally possess: An analytical perspective; able to translate complex information into real-world solutions, Outstanding leadership, communication and time-management skills, Enterprising; ability to formulate creative and strategic fiscal solutions. |
| **Univ. of Georgia** | Public, 30 semester hours … in accounting above elementary | Our (MAcc) program is consistently ranked among the best programs in the nation and will equip you with the hard accounting skills needed to succeed as a CPA or in a senior financial position. |
| **Univ. of Washington** | Public, 24 semester hours … in accounting subjects of which 15 hours must be at the upper division or graduate level | Washington CPA Foundation offers over $350,000 in $5,000 scholarships for students in Washington State. Univ. of Washington promotes that its graduate students who take the CPA exam for the first time within one year have an average pass rate of **77%**. Accounting seeks to measure the results of an organization’s economic activities and convey this information to management, investors, creditors, regulatory agencies, consumers, and employees. |

Universities selected above are based on the following:  
NASBA’s Annual Report - Ranking by Institutions by CPA Pass Rate for Sections Taken: First-Time

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| --- | --- | --- |
| **2016** | **2015** – if 10 or more candidates | **Other Notable Programs ‘09** |
| **1 NC - WAKE FOREST UNIV (90%)\***  **2 IL - NORTHWESTERN UNIV (89%)**  3 FL - UNIV of WEST FLORIDA (87%)  4 IL - IL INST of TECHNOLOGY (86%)  5 IA - NORTHWESTERN COLL (85%)  **6 WI - UNIV of WI - MADISON (85%)**  **7 FL - UNIV of FLORIDA (85%)**  **8 UT - BRIGHAM YOUNG UNIV (85%)**  9 IA - DORDT COLL (84%)  10 PA - MESSIAH COLL (84%) | UNIV of PENNSYLVANIA (90%)  UNIV of GEORGIA (89%)  WASHINGTON UNIV ST LOUIS (88%)  **UNIV of FLORIDA (87%)**  **NORTHWESTERN UNIV (86%)**  **BRIGHAM YOUNG UNIV (85%)**  **UNIV WI - MADISON (85%)**  MASTERS COLL & SEM (85%)  UNIV NOTRE DAME (84%)  VANDERBILT UNIV (84%) | Univ. North Carolina-Charlotte, Univ. Texas-Austin,  Texas A&M University, University of Washington, Illinois Wesleyan University, Truman State University,  \* Since Wake Forest University began offering Becker's CPA Exam Review course in 1997, they have earned a top ten ranking nine times. |