

Proponent Testimony – HB 442
By Barbara Benton
The Ohio Society of CPAs
To Senate Transportation, Commerce and Workforce Committee
November 17, 2020

Chair McColley, Vice Chair Johnson, Ranking Member Antonio and members of the Committee, on behalf of our 27,000 members, thank you for this opportunity to speak in support of House Bill 442. I'm Barbara Benton, Vice President of Government Relations for The Ohio Society of CPAs

We applaud the Legislature's past and current regulatory reform efforts, including eliminating barriers to entry for employment of Ohioans. We believe this legislation builds on those efforts.

As you have heard from joint sponsors Representatives Roemer and West, HB 442 seeks to ease the regulatory requirements for Ohioans who want to become Certified Public Accountants by allowing them to start taking the CPA exam sooner in their licensing journey. Currently, 37 of our 50 states allow candidates to start taking the four separate parts of the Uniform CPA Exam when they hit the bachelor's degree threshold of 120 hours rather than waiting until soon before they complete 150 hours. Another seven states, including Ohio, allow some exception to the 150-hour rule for certain circumstances. Of these, Indiana and Illinois are also looking to move to testing at 120 hours. If enacted, HB 442 would make Ohio the 39th state to allowing testing sooner. The bill also eliminates a punitive provision in Ohio law that doubles the experience requirement for those who start the exam process sooner than 90 days prior to completing their education.

Current law in all 50 states requires candidates to complete 150 semester hours of college education prior to licensure, passage of the same national exam, and at least a year of experience. It is important that Ohio maintain those requirements to ensure Ohio CPAs continue to have ease of interstate mobility and avoid multistate licensure.

The Ohio Society of CPAs has studied this issue at length. In 2017, our board formed a task force of educators and CPA employers; the consensus of this group was they could support sitting at 120, but we needed to keep 150 for licensure. A subsequent deep dive in 2018-2019 by OSCPA's Young CPA Board found very strong support for the proposed changes before you.

This group of young professionals – those already licensed CPAs and those working to pass the Exam - took up this issue in response to the frustration shared by their peers around the state.

Their research affirmed that the public interest would not be negatively impacted simply by allowing students the flexibility of starting the CPA Exam testing process while they are still in school. They identified several factors that support the law change proposed under HB 442 but among the most important is **mitigating the economic impact** of college costs by enabling students flexibility to be licensed faster, thereby making a higher salary faster and being a more attractive hire.

The YCPA Board's request for support of this law change was unanimously backed by OSCPA's Executive Board in September 2019. Concurrently, I have been raising this issue with our members across the state. Without exception, when I ask these groups of dozens to hundreds of CPAs in a room – generally employers of young CPAs - if they support allowing future Ohio CPAs to start taking the exam when they have finished the equivalent of a four-year degree, they overwhelmingly say yes.

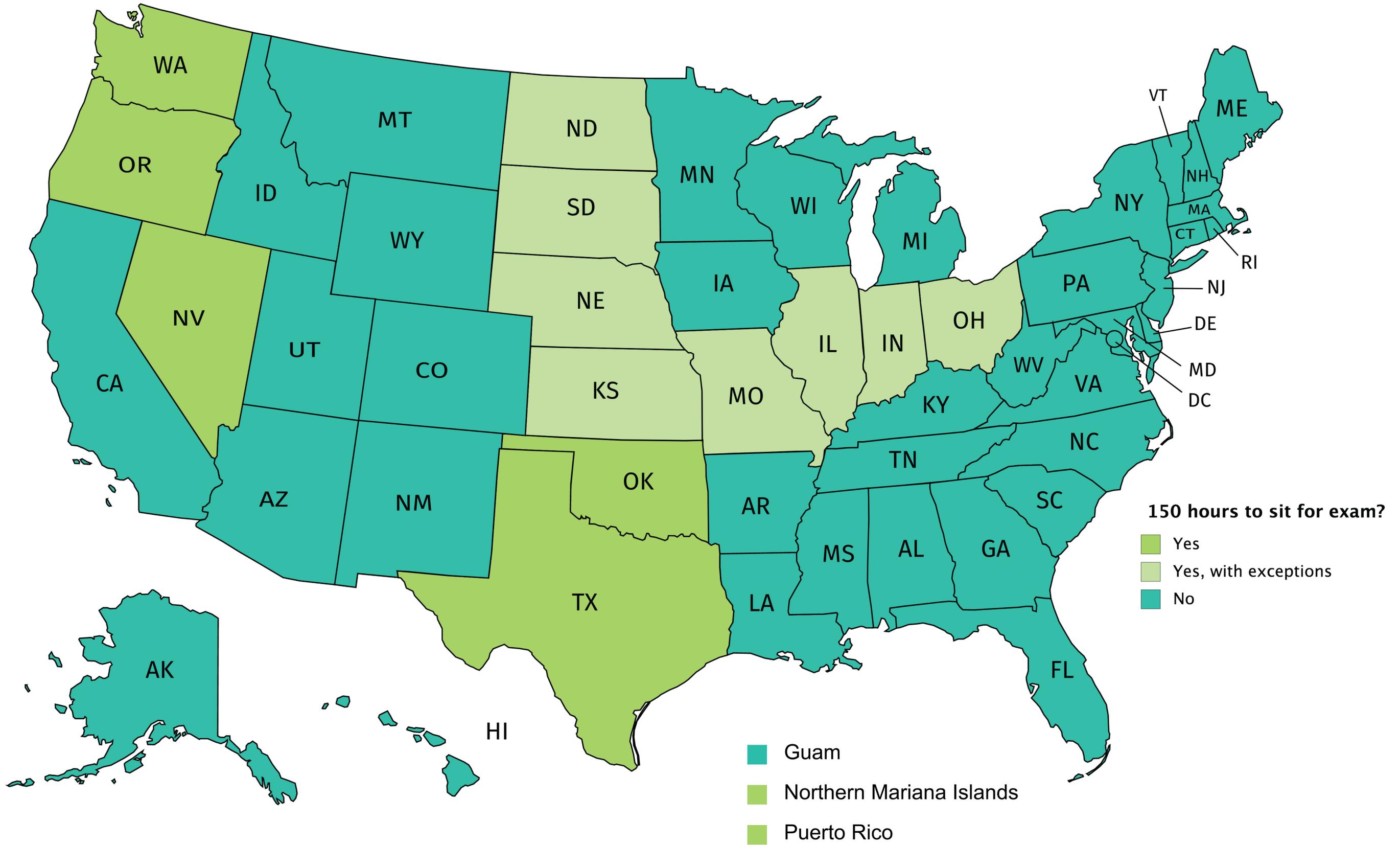
It's important to note that dozens of students in Ohio colleges and universities are *already* taking the exam prior to what Ohio law now specifies. How? The Uniform CPA Exam is a national test and administered electronically, meaning they physically sit in one of hundreds of Prometric testing facilities around the world, but can have the scores sent to any state where they qualify. Naturally, we want those scores to go to Ohio to give them added incentive to live and work in the Buckeye State. But word is spreading among students that, if they check the box for Michigan, or Kentucky, or Alaska or several of the other states that already allow more flexible testing at 120 hours, they can get a jump on achieving their career goal of becoming a licensed Ohio CPA.

Why does the timing of the exam matter? Common sense will tell you that it is easier to take an exam while still in college and still in "study mode" and the relevant coursework is still easily recalled. On top of that, traditional students who are still finishing the full 150 hours of education likely will not have as many real-world distractions like working long hours in their first big accounting job, getting married, and even starting a family, meaning they have more time to focus. For non-traditional students who need to work while in college, a scenario which disproportionately impacts minorities and which pushes out a graduation date, supportive employers may help with tuition reimbursement and/or cover the costs of CPA review courses and the test itself. Other employers give a bonus when they become licensed. Bottom line: anyone who has taken the CPA Exam, or knows someone who has, will attest that it is not easy to pass and only gets harder the longer the process drags on.

Finally, I want to point out the reality based on 2018 testing results from the National Association of State Boards of Accountancy (NASBA) that there is little statistical difference in pass rates in students who test with a bachelor's degree vs. those who have an advanced degree, though students with just a bachelor's degree have a slight edge. In some Ohio universities, those with just the bachelor's degree have a significant advantage. Why? Again, common sense will tell you that the closer you are to your schooling on a topic, the better you will do on a test. I attached tables that show 2018 NASBA results for all Ohio colleges with accounting programs.

In summary, CPAs across Ohio want this change in Ohio law. Employers of Ohio CPAs want this change. Ohio students and young professionals aspiring to become CPAs want this change. We need to do all we can to remove roadblocks for Ohioans to get high-paying jobs, and H.B. 442 is a great vehicle to accomplish this goal.

I appreciate your time today and would be happy to answer any questions.



2018 Candidate Performance on the Uniform CPA Examination*
Ohio Colleges and Universities

	<u>Pass Rate</u>	<u>Avg Age</u>
Advanced Degree - All Testing Events	50.2%	28.0
Bachelor's Degree - All Testing Events	52.1%	26.3
Advanced Degree - First-Time Testing Events	56.1%	27.2
Bachelor's Degree - First-Time Testing Events	57.0%	25.3

OSCPA Conclusions:

For all testing events, candidates with Bachelor's degrees on average performed 2% better than candidates with Advanced degrees. For first-time testers, candidates with Bachelor's degrees on average performed 1% better than candidates with Advanced degrees. The closer you are to your schooling, the better you did across all age bands.

2018 NASBA Results - average of all testing events

Results - Border States	Avg pass rate	Avg age	When can test
Ohio	51.30%	27.1	150
Indiana	48.70%	27.2	150
Kentucky	51.10%	27.4	120
Michigan	55.70%	26.8	120
Pennsylvania	48.50%	26.7	120
West Virginia	45.30%	28.4	120

*Source: National Association of State Boards of Accountancy Candidate performance on the Uniform CPA Examination 2018 Edition

NASBA

Candidate Performance on the Uniform CPA Examination 2018

Bachelor's Degree - All Testing Events

Ohio

College or University	Cand Total	Secs Total	Pass Rate	Avg Age
Ashland University	8	28	42.9%	29.1
Baldwin Wallace University	21	58	31.0%	31.6
Bowling Green University	66	152	52.6%	25.9
Capital University	29	77	51.9%	24.2
Case Western Reserve University	24	57	78.9%	24
Cedarville University	23	47	59.6%	24.5
Cleveland State University	41	105	51.4%	30.2
Franciscan University of Steubenville	11	26	46.2%	25.5
Franklin University	64	149	39.6%	35.6
Hiram College	11	22	63.6%	28.1
John Carroll University	67	181	63.5%	24.6
Kent State University - Main Campus	101	225	44.4%	26.3
Lake Erie College	7	15	26.7%	27.8
Malone University	10	21	47.6%	28
Marietta College	11	22	27.3%	26.1
Miami University	232	547	58.3%	24.8
Mount Vernon Nazarene University	5	13	46.2%	29.5
Muskingum University	11	32	43.8%	27.6
Notre Dame College	10	29	48.3%	24.9
Ohio Dominican University	8	16	50.0%	30.4
Ohio Northern University	14	29	34.5%	25.8
Ohio University - Main Campus	116	238	52.5%	26
Ohio Wesleyan University	12	28	57.1%	26.1
Otterbein University	17	45	60.0%	27.3
The Ohio State University - Main Campus	327	805	58.3%	25.1
The University of Akron - Main Campus	89	202	48.5%	28.2
The University of Findlay	8	15	46.7%	26.7
University of Cincinnati - Main Campus	148	359	40.4%	26.4
University of Dayton	83	221	56.6%	23.8
University of Mount Union	12	39	30.8%	26.4
University of Northwestern Ohio	9	20	35.0%	28
University of Toledo	57	144	52.1%	26
Walsh University	29	64	45.3%	28
Wittenberg University	8	18	16.7%	25.8
Wright State University - Main Campus	41	90	57.8%	26.9
Xavier University	56	154	52.6%	24.7
Youngstown State University	59	135	48.9%	28.2

Bachelor's Degree - First-Time Testing Events

Ohio

College or University	Cand Total	Secs Total	Pass Rate	Avg Age
Ashland University	6	11	63.60%	30
Baldwin Wallace University	14	30	40%	30
Bowling Green State University	44	80	58.80%	26
Capital University	22	50	62%	24
Case Western Reserve University	17	39	76.90%	23
Cedarville University	20	38	60.50%	25
Cleveland State University	32	62	53.20%	30
Franciscan University of Steubenville	9	17	47.10%	27
Franklin University	41	63	39.70%	34
Hiram College	9	15	66.70%	28
John Carroll University	45	105	73.30%	24
Kent State University - Main Campus	71	134	44.00%	25
Lake Erie College	5	9	11.10%	25
Marietta College	11	16	31.30%	27
Miami University	159	302	62.60%	24
Muskingum University	6	14	57.10%	28
Notre Dame College	9	16	50.00%	25
Ohio Dominican University	6	14	57.10%	30
Ohio Northern University	8	12	41.70%	25
Ohio University - Main Campus	80	144	55.60%	25
Ohio Wesleyan University	5	11	81.80%	25
Otterbein University	12	22	63.60%	26
The Ohio State University - Main Campus	259	536	63.40%	24
The University of Akron - Main Campus	63	109	46.80%	29
The University of Findlay	6	10	70.00%	24
University of Cincinnati - Main Campus	106	194	42.80%	25
University of Dayton	61	133	64.70%	23
University of Mount Union	11	24	45.80%	26
University of Northwestern Ohio	9	14	28.60%	27
University of Toledo	46	89	51.70%	26
Walsh University	20	34	44.10%	29
Wittenberg University	6	7	14.30%	25
Wright State University - Main Campus	34	62	64.50%	27
Xavier University	42	85	58.80%	24
Youngstown State University	43	78	61.50%	26

NASBA

Candidate Performance on the Uniform CPA Examination 2018

Advanced Degree - All Testing Events

Ohio

College or University	Cand Total	Secs Total	Pass Rate	Avg Age
Ashland University	7	17	17.6%	29.8
Baldwin Wallace University	26	70	40.0%	29.4
Bowling Green State University	27	64	51.6%	26
Case Western Reserve University	50	105	55.2%	24.6
Cleveland State University	60	127	50.4%	34.2
DeVry University - Columbus Campus	6	10	40.0%	38.1
Franklin University	13	29	31.0%	33.8
John Carroll University	8	17	35.3%	29.9
Kent State University - Main Campus	17	42	35.7%	29.9
Miami University	49	124	66.9%	24.2
Ohio Dominican University	8	20	10.0%	29.9
Ohio Northern University	17	45	33.3%	24.7
The Ohio State University - Main Campus	44	93	64.5%	25.3
The University of Akron - Main Campus	26	69	44.9%	28
University of Cincinnati - Main Campus	46	96	52.1%	29.1
University of Dayton	23	50	48.0%	25.8
University of Toledo	18	29	48.3%	28.3
Walsh University	6	12	66.7%	29
Wright State University - Main Campus	9	21	42.9%	27.2
Xavier University	10	20	75.0%	33.8
Youngstown University	12	30	53.3%	26.5

Advanced Degree - First-Time Testing Events

Ohio

College or University	Cand Total	Secs Total	Pass Rate	Avg Age
Ashland University	6	11	18.20%	29
Baldwin Wallace University	20	35	42.90%	28
Bowling Green University	17	32	65.60%	26
Case Western Reserve University	37	69	58.00%	24
Cleveland State University	40	69	62.30%	33
Franklin University	11	21	28.60%	34
John Carroll University	6	6	33.30%	26
Kent State University - Main Campus	12	21	47.60%	30
Miami University	39	90	71.10%	23
Ohio Dominican University	5	6	0.00%	29
Ohio Northern University	11	17	35.30%	24
The Ohio State University - Main Campus	34	53	67.90%	25
The University of Akron - Main Campus	17	38	55.30%	28
University of Cincinnati - Main Campus	32	51	47.10%	28
University of Dayton	16	32	56.30%	26
University of Toledo	11	17	52.90%	29
Walsh University	6	11	63.60%	28
Wright State University - Main Campus	8	9	55.60%	28
Xavier University	8	15	80.00%	37
Youngstown University	10	21	42.90%	25