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## **AICPA/NASBA Guide for the Implementation of the 150-Hour Education Requirement, April 1991**

American Institute of Certified Public Accountants (AICPA)

National Association of State Boards of Accountancy

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The third level of accreditation is at the accounting program or accounting department level. Accounting programs or departments accredited in this manner have met standards substantially higher and much more specific than those required for overall business school accreditation or institutional accreditation. For accounting accreditation, the accounting program or department must meet a stringent set of standards that addresses faculty credentials, student quality, physical facilities, and curricula. Graduates who submit transcripts from accredited accounting programs may be deemed to have met the board's specific accounting and business course requirements.

The American Assembly of Collegiate Schools of Business (AACSB) is an example of an accrediting agency that accredits business schools or colleges of business within the educational institution (the second level of accreditation described above) and accounting programs or accounting departments (the third level described above).

In considering the various accrediting agencies, boards also need to provide a mechanism to recognize colleges and universities that are not accredited at the institutional, business school, accounting program or department level. Reliance on specific accreditation of business and accounting programs should save the boards considerable clerical time and allow the boards to place greater reliance on the academic credentials submitted by applicants. Boards should continuously monitor the accreditation process because accrediting agencies, as well as their standards, change from time to time. The educational needs of CPA candidates and the requirements of the profession will also change. Because of this evolutionary process, boards need to be kept apprised of changes in accreditation agencies and standards.

It is important that practicing CPAs participate in accounting education standard-setting and serve on accreditation visitation teams. It is only through active participation by the profession that boards will be able to place reliance on the accreditation process.

# AICPA/NASBA Guide for the Implementation of the 150-Hour Education Requirement

April 1991

**AICPA** *"The Measure of Excellence"*

**American Institute of Certified Public Accountants**  
1211 Avenue of the Americas  
New York, NY 10036-8775

**nasba**

**National Association of State Boards  
of Accountancy, Inc.**  
545 Fifth Avenue  
New York, NY 10017-3698

*By the end of 1992, most of the 54 U.S. jurisdictions which license certified public accountants will have made progress toward adoption, through legislation or regulation, of a requirement of 150 semester hours of education as a condition to take the Uniform CPA Examination. To assist boards of accountancy in implementing this requirement, the AICPA and NASBA have endorsed the following guidelines for legislation as well as for rules and regulations.*

*State boards are strongly encouraged to adopt these recommended guidelines to promote uniformity and to ensure the mobility of CPAs across state lines. The ability to practice public accountancy in different states is a key concern not only to students considering the profession but also for the firms that may hire them.*

## Legislation

Because accounting is a dynamic profession, statutes requiring 150 semester hours of education to become a Certified Public Accountant should be flexible enough to allow diversity in the content of educational programs. The statutes should indicate that eligibility to apply for the CPA Examination includes a requirement for completion of 150 hours of education, with at least a baccalaureate degree and a concentration in accounting. The following language is recommended for the statute:

The education requirement for a certificate, which must be met before an applicant is eligible to apply for the examination prescribed in \_\_\_\_\_, shall be as follows:  
After the expiration of the \_\_\_\_\_-year period immediately following the effective date of this Act, at least 150 semester hours of college

education including a baccalaureate or higher degree conferred by a college or university acceptable to the Board, the total educational program to include an accounting concentration or equivalent as determined by Board rule to be appropriate.

## Rules

A candidate will be deemed to have met the education requirement if, as part of the 150 semester hours of education, he or she has met any one of the following four conditions.

1. Earned a graduate degree with a concentration in accounting from a program that is accredited in accounting by an accrediting agency recognized by the Board.
2. Earned a graduate degree from a program that is accredited in business by an accrediting agency recognized by the Board and completed at least 24 semester hours in accounting at the undergraduate level or 15 semester hours at the graduate level, or an equivalent combination thereof,\* including courses covering the subjects of financial accounting, auditing, taxation, and management accounting.
3. Earned a baccalaureate degree from a program that is accredited in business by an accrediting agency recognized by the Board and completed 24 semester hours in accounting at the undergraduate or graduate level, including courses covering the subjects of financial accounting, auditing, taxation, and management accounting; and completed at least 24

\*There is a well-established principle in higher education that graduate level work is, and should be, more intense and demanding than undergraduate courses. Virtually all accredited programs offer an undergraduate equivalency at the graduate level in fewer hours. A ratio of 3:2, that is, two hours at the graduate level is comparable to three undergraduate hours, is generally recognized in the academic community as a reasonable estimate of this relationship. Consistent with this 3:2 ratio between graduate and undergraduate courses, 15 graduate hours in accounting at accredited institutions is considered educationally comparable to 24 undergraduate semester hours. Students can fulfill this education requirement through a combination of undergraduate and graduate courses utilizing the 3:2 ratio of equivalency.

semester hours in business courses (other than accounting courses) at the undergraduate or graduate level.

4. Earned a baccalaureate or higher degree including at least 24 semester hours in accounting at the upper division or graduate level at an institution recognized by the Board and including at least one course each in financial accounting, auditing, taxation, and management accounting; and completed at least 24 semester hours in business courses (other than accounting courses) at the undergraduate or graduate level. An upper division course is normally defined as a course taken at the junior or senior level. In accounting, this would normally be all courses taken beyond the elementary level.

## Accreditation

In reviewing and evaluating a candidate's educational credentials, boards may rely on accreditation by an accrediting agency at three different levels:

- (1) educational institution (college or university),
- (2) business school, or
- (3) accounting program.

Boards of accountancy have traditionally relied on only the accreditation of the educational institution as a whole. This type of accreditation is evidence that an institution at which the candidate studied has met minimum overall standards of quality. Because institutional accreditation does not examine specific schools, departments, or accounting and business courses, boards should define specific course requirements and evaluate candidate transcripts to determine whether the requirements of the statute have been met.

The second level of accreditation is for business schools or colleges of business within the educational institution. Accredited business schools have undergone a specific and comprehensive review of their faculty, resources, and curricula. In evaluating a candidate's credentials, boards may choose to rely on this accreditation as evidence that the institution's business school has met minimum overall standards of quality for such schools.