Accounting majors have a very important choice they must consider as they develop their academic plan: should they take the CPA exam or pursue a career without obtaining a CPA license? Students have other options as well including: Certified Management Accountant (CMA), Certified Financial Manager (CFM), Certified Fraud Examiner (CFE), Certified Financial Planner (CFP), Certified Internal Auditor (CIA), Enrolled Agent (EA), Chartered Global Management Accountant (CGMA), and Certified Government Financial Manager (CGFM). However, the CPA is still the most popular and globally recognized certification for accounting majors. Becoming a CPA is a long term commitment requiring dedication over several years. CPAs must also continue to accrue education even after earning the coveted CPA designation. The decision to take the CPA exam en route to a CPA license therefore is not a decision to make lightly.

Why take the CPA exam?

Enterprising individuals considering pursuing the CPA license may find there are many possible answers to the title question, but these myriad answers condense to one common outcome: Take the CPA exam for your career satisfaction/success. What provides career satisfaction/success? We propose the following reasons to take the CPA exam.

Confidence. Gained from achieving a lofty goal. The CPA license is not easily achieved and therefore is a goal toward which you can strive and goal you can celebrate once obtained. In public accounting having a CPA is a requirement for advancement. In private industry having your CPA will distinguish you from other candidates in a job search, and in academia having your CPA is important for accreditation purposes. Position announcements commonly require accounting certifications, often designating the CPA in particular. Having the
Enhanced Reputation from earning a recognized premier established credential. Sure, there are other certifications out there and several of those business certifications aspire to the prestige of the CPA license, but none have yet attained the reputation of the CPA license as the premier accounting certification. The National Association of State Boards of Accountancy (NASBA) identifies prestige and respect as strong reasons to pursue the CPA license (NASBA, 2015). If you needed a lawyer, would you want a lawyer that has not passed the bar exam? Of course not. While anyone with a little training can get a job preparing a tax return, having a CPA lets the client know they are working with a proven expert in the field. Preparing journal entries does require an accounting degree, but preparing audited financial statements must be performed by a CPA. Passing the CPA Exam provides assurance to the public that they are dealing with a skilled and dedicated professional.

Career Options are wide open. The CPA license opens the door for job security, career advancement, or for lateral professional moves. CPAs work in all business disciplines – accounting, marketing, management, finance, and economics. Knowledge of accounting and the CPA certification is extremely helpful whatever your ultimate career goal. As long as you maintain your continuing professional education and pay your jurisdictional dues, you can keep the CPA designation on your business card. This mobility is valuable for a strong professional career. Having your CPA is just another form of insurance in an uncertain market. We often tell our students that once they become a CPA doors will open. They can stay in public accounting and move up to become a senior, manager, or partner. They can obtain a job in private industry and use their skills learned in audit or tax and apply them in a corporate setting. They can get a government job or work at a not-for-profit where the accounting skill set is highly specialized. They can open their own business or pursue a career in other disciplines. We tell our students a CPA can get a job in finance, human resources, marketing, economics, or sports management, but majors in those disciplines cannot get a job at a CPA firm.

CPAs make more money than non-CPAs in the same positions. Becker Professional Education, a CPA exam review course provider, details how a CPA can earn over $1,000,000 more in salary over a 40 year career in public accounting compared to a non-CPA starting in the same position (Becker, 2017). This is the result of higher salary increases and bonuses for being licensed and having the qualifications for promotion. We list this item last because a career choice based solely on pay will not likely lead...
to success or satisfaction. We hope you major in accounting and pursue the CPA license because you enjoy accounting and the other attributes that come with it. Once you have decided to major in accounting and dedicate your life to this field, why not pursue the certification with the highest projected earning power – the CPA?

Looking at the title question from the opposite perspective: Why not take the CPA exam? CPA licensure requires three items: education, exam, experience. If you are considering taking the CPA exam, then education and experience are your other thresholds. CPA experience is generally open to CPA firm, industry, not-for-profit, or myriad other opportunities in accounting. If you are working in the accounting profession there is no reason, based on the experience requirement, to not take the CPA exam. Education could, however, be a threshold to CPA licensure. Most jurisdictions require 150 credit hours for CPA licensure. Some jurisdictions require 150 to sit for the exam, while some allow candidates to sit before completion of the 150 hours, but require 150 hours before licensure. In other words, if you will complete 150 college credit hours, you have possibly already met the biggest obstacle for CPA licensure.

So you’ve decided to take the CPA exam

So, now you’ve decided to take the CPA exam and pursue the CPA license. What can you expect?

Passing the Exam is no easy task. You must pass all four parts of the CPA Exam within 18 months. The first quarter of 2018 pass rates for each of the CPA exam sections are as follows:

Auditing and Attestation (AUD) 49.27%

AUD includes audits, reviews, compilations, and the AICPA Code of Professional Conduct.

Business Environment and Concepts (BEC) 56.43%

BEC has the widest breadth of material coverage of the four CPA exam parts, including most business concepts outside accounting.

Financial Accounting and Reporting (FAR) 41.59%

FAR includes financial reporting under U.S. Generally Accepted Accounting Principles and International Financial Reporting Standards. This section covers more material than the other sections except BEC.

Regulation (REG) 49.99%

REG has mainly two parts – tax and business law, with some coverage of ethics.

Note: Pass rates obtained from AICPA.org (AICPA, 2018)

The Arduous Road to CPA

As we mentioned at the start of this piece, the road to becoming a CPA is a long road, which students should start as early as possible in their academic careers. Selection of proper coursework, including courses covering material on the CPA exam, is an important start. Study the material coverage of the CPA exam as outlined by the American Institute of Certified Public Accountants (AICPA) and plan course sequencing with a School of Business advisor. Determine how you will meet the 150 hour requirement, especially addressing two main questions about the 150 hours: will you earn an advanced degree and will you take courses past the Bachelor’s degree that focus on CPA exam coverage or enhance your breadth of academic knowledge? Early course selection may eliminate later stress.

Plan your approach to the CPA exam

Do not just approach it as another exam. Your academic career spans several years and the accounting courses are scattered over those years. You will need to review the accounting material in condensed form before taking each part of the CPA exam. There are numerous CPA review courses available for this process. These courses offer many options ranging from face-to-face classes, dvds, texts, and flash cards, to name a few. Prices also range from about one hundred dollars to several thousand dollars. Choose the review method that both meets your budget and your learning style.

You may start earning your experience before you pass the exam and even before you complete your education. Check with the State Board of Accountancy for the state where you plan to be licensed to verify the experience requirements. A CPA must attest to the work you are doing, both that you have completed the required hours and that your work was in the accounting discipline. Links to the individual State Boards of Accountancy can be found on the NASBA website at https://nasba.org/stateboards.

Completion of the CPA requirements and receipt of your CPA license does not mean you can stop learning. After you become a CPA, you must complete the continuing professional education (CPE) requirements established by the state in which you are licensed. Most states require practicing CPAs to complete 120 hours of CPE during a three year period, resulting in 40 hours of CPE per year, with a majority of these hours in face-to-face settings. Therefore, if you select the CPA license as your intended goal, plan to continue studying for the duration of your professional career.

Conclusion

Is taking all those courses, studying all those hours for the CPA Exam, getting the accounting work experience, and obtaining all the required CPE after you become a CPA worth it? YES!!!