

August 28, 2023

Mr. Jerry Hill
General Counsel
Texas State Board of Public Accountancy
505 E. Huntland Drive, Suite 380
Austin, TX 78752-3757

via email: JHill@tsbpa.texas.gov

Dear Mr. Hill,

On behalf of the Texas Society of Certified Public Accountants and the undersigned, we would like to submit the following comments on the proposed permanent rules relating to statutory changes (SB 159 from the 88th Regular Session) which changed the number of accounting hours required to begin sitting for the Uniform Certified Public Accountant Examination (UCPAE).

We appreciate the Texas State Board of Public Accountancy (TSBPA) adopting a number of rules on emergency basis during the July 2023 board meeting in order to have rules in place for the September 1, 2023, effective date of SB 159. As the Qualifications Committee, Rules Committee, and full Board consider adoption of permanent rules relating to the coursework and hours needed to begin to take the exam after completion of 120 semester hours, we provide the following comments.

1. Relating to Rule 511.57(e).

Subsection (e) states “A minimum of 12 hours with at least three semester hours to be taken in each of the following accounting course content area is required:

- (1) financial accounting and business reporting for business organizations that may include:
 - (A) intermediate accounting;
 - (B) advanced accounting; and
 - (C) accounting theory;
- (2) financial statement auditing;
- (3) taxation; and
- (4) accounting information systems.

Subsection (e) has raised some concern from TXCPA and educators. Because most schools have two intermediate accounting courses which equate to 6 semester hours, it will take 15 hours to



meet the requirements of Subsection (e). It appears that the intent of Subsections (e) and (f) were to require a total of 21 semester hours of upper level (upper division) accounting in order to the

meeting the 21 semester hours of upper division accounting as set out in Rule 511.57(a). However, as written, Subsection (e)(1) pushes the 12-semester hour requirement towards 15 hours thereby making it more difficult for students to begin testing at 120 hours, including 21 hours of upper level. As drafted Rule 511.57(e) effectively makes the 21-semester requirement a 24-hour semester requirement.

- Subsection 511.57(e) could be amended to state:

“A minimum of 12 hours ~~with at least three semester hours~~ to be taken from ~~in each~~ of the following accounting course content area: ~~is required~~.”

- Creating a list of accounting course content area from which a student may select courses to meet the 12 semester hours requirement set out in Rule 511.57(e) more closely aligns with the new UCPAE and the different education paths that accounting students take. The current structure of Rule 511.57 was established many years ago when the requirement to take the UCPAE required 150 semester hours. With the change in legislation (SB 159 – 120 hours to sit), Board rules should also be amended to reflect the new exam and student course selection options to enable the students to begin testing at 120 hours if they so choose.

2. Relating to Rule 511.57(f).

Rule 511.57(f) states a minimum of 9 hours from a list of accounting courses. Combined with Subsection (e), as written, Rule 511.57 will translate to 24 credit hours of upper level of accounting to be completed.

In order to maintain the 21-semester hour requirement as the Board envisions, we offer two changes in language.

- Subsection 511.57(f) could be amended to state:

“Effective January 1, 2024, the remaining upper division accounting courses required to meet the requirement of completing 21 semester hours may be taken from the following course content area:” ~~The remaining upper level accounting courses to meet the requirement of the 21 hours can be taken from the following accounting courses”~~

or

- “Effective January 1, 2024, a minimum of (6) ~~(9)~~ hours in any of the following accounting course content area is required:”



3. Accounting research course required to sit for UCPAE at 120 semester hours.

Currently, Rule 511.57(g) requires that a student have completed two semester hours in research and analysis to be eligible to sit for the UCPAE at the level of 120 semester hours, including the 21 hours of upper division accounting. TXCPA and the undersigned are concerned about this requirement for a number of reasons. First, the accounting research requirement in Rule 511.57(g) is the same requirement that was in place when the law required 150 semester hours to be eligible to take the UCPAE. At that time, prior to September 1, 2023, there is no debate that accounting research was required and could be taken within the 150 semester hours requirement. However, the change in the law (SB 159) now allows students to begin taking the exam at an earlier point in their education path where accounting research has not yet been taken.

Second, the mandated accounting research component as a requirement of the 21 hours of upper division accounting, creates an artificial barrier to students', who are ready and able, ability to begin testing at 120 hours. SB 159 opened the pathway for accounting students to begin testing earlier in a student's accounting education path and a requirement that accounting research be taken at a particular time in that education journey is counter to the intent of SB 159.

Elevating and mandating accounting research to a required course to meet the 21-semester hour requirement also causes significant issues in many university accounting programs. In addition, many accounting students typically take accounting research towards the end of their degree – closer to completing 150 semester hours. Many accounting research courses are similar to capstone research courses where students take the class towards the end of their education journey. By requiring students to have completed an accounting research course to be eligible to take the UCPAE, this will effectively make early testing impossible for a large number of students and make SB 159 ineffective. Students' eligibility to take the exam earlier will no longer exist and they will have to take the exam very close to or after completing 150 semester hours.

Please consider removing the mandate that two hours of accounting research be required to sit for the UCPAE and make accounting research an eligible course among the 12 hour bucket of courses.

- 4. Please consider this a formal request that TSBPA look at revising, amending, altering or changing the state board rules to recognize internships for community college accounting students.** Students, wherever situated, and however they obtain their accounting education, should be afforded the same opportunity to obtain recognized internship hours and count those hours towards their education and CPA licensure.



ISSUE: The current rules of the TSBPA regarding the counting of self-directed study/internship hours results in the inequitable treatment of applicants seeking to meet the educational requirements for both taking the UCPAE and CPA certification requirements in Texas. TXCPA

educators believe that the counting of self-directed study/internship hours should be applied equitably to **ALL** applicants whether in traditional higher education programs or obtaining the required credit hours through approved community college programs. Students, whether traditional college students or those attending community college should be treated equally with regard to internship hours. There is no longer any justified rationale for treating students differently regarding internship credits.

RULE: Texas Administrative Code (TAC) Sec. 511.59(a) and TAC Sec. 511.59(b).

ANALYSIS: Under the current TSBPA rules, applicants can satisfy the educational requirements under either TAC Sec. 511.59(a) or (b). This bifurcation of applicants results in the inequitable treatment of applicants regarding the counting of credit hours received for self-directed study/internship hours for the purposes of meeting the educational requirements. For applicants with only a bachelor's degree and a deficiency in either upper division accounting hours or upper division business hours seeking to meet the requirements under TAC 511.59(b), these applicants are not allowed the option of self-directed study/internship hours (subject to the 9-semester hour limitation currently in the rules for TAC 511.59(a)). If an applicant seeks to meet the educational requirement under TAC Sec. 511.59(a), they can potentially receive up to 9 semester hours of educational credit for these courses. Given the pending rules changes resulting from the most recent legislative changes enacted, we would like to request that the Board modify this rule so that all applicants will be treated equitably going forward with respect to educational credit for self-directed study/internships.

RECOMMENDATION: Our recommendation would be to eliminate the provision for the counting of self-directed study/internship hours under the current rule, TAC Rule 511.57(f)(14). With the legislative change to reduce the number of educational credit hours required for applicants to begin taking the exam, TXCPA educators feel that any accounting student, wherever situated, should be afforded the same opportunity to receive internship credit. A large portion of the core exam is mostly theoretical in nature (some applied knowledge) and students need to focus on accumulating as much theoretical knowledge in accounting as they can before sitting for the exam.

Modification of TAC Rule 511.59 to eliminate the bifurcation of the applicants would be desired. The definition of the 150-semester hour rule for purposes of certification, should include credit for ALL applicants that complete self-directed study/internship hours (applied knowledge) up to the current limitation of 9 semester credit hours to assist students in obtaining the additional educational credits to meet the threshold for certification. The use of self-directed

study/internships is appropriate toward the end of the curriculum so that students can apply that theoretical knowledge from previous accounting courses in a real world setting via the internship with the appropriate supervision. It would be appropriate to move the internship requirements



from the current rule TAC Sec. 511.57(f)(14) to the new rule for certification (TAC Sec. 511.164).

Thank you for your consideration of these comments on the rules and a further rules revision. Please contact any of the undersigned if you need additional information or would like to discuss these issues.

Sincerely,

A handwritten signature in black ink that reads "Jodi Ann Ray". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Jodi Ann Ray
President & CEO
TXCPA

A handwritten signature in black ink that reads "Kenneth Besserman". The signature is cursive and includes a long horizontal flourish at the end.

Kenneth Besserman
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TXPCA

Tracie Miller Nobles
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