

Is Community College CPA Examination Preparation Effective? Some Evidence to Date from Texas

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This paper studies the results of the relatively recent change in the Texas educational requirements for students to qualify to take the CPA examination. Since 2004 community colleges were allowed to offer the accounting coursework required for taking the examination. In Texas, these offerings were tightly controlled by the State Board of Public Accountancy. Four community colleges gained approval to offer courses. This paper compares the CPA examination results from these community colleges to the overall Texas results and shows that such course offerings have provided an avenue for many students to successfully study for, and pass, the CPA examination.

In the past, the traditional path for students wishing to take the Certified Public Accountancy (CPA) examination was a four year undergraduate degree in accounting. In recent years, Texas, in common with most other states has increased the credit hours required to take the examination from 120 to 150 hours, forcing students to gain extra credit beyond an undergraduate degree. The additional 30 hours are gained in one of two ways. Some students complete a master's degree while others take extra courses, not necessarily in accounting, to gain the extra 30 hours as a non-degree seeking student. Texas community college students can transfer approximately half of the required courses for an undergraduate degree to a university. Traditionally the Texas State Board of Public Accountancy (TSBPA) required the completion of the necessary accounting course work in upper level accounting courses, junior level or above, at universities in order for a candidate to qualify to take the CPA examination. Principles of Accounting I and II could be taken at a community college, but could not be used to fulfill the TSBPA accounting course requirements.

Although a baccalaureate degree is required to take the CPA examination, it is now possible in some states to complete much or all of the accounting course work required of all candidates at a community college. The most strictly controlled example of this is in Texas, which has two requirements in addition to the normal requirement that the community college be accredited by a recognized regional accrediting body. Firstly, any accounting courses taken at a community college must be taken after the baccalaureate or higher degree is obtained. Also, the community college must have its accounting program reviewed and accepted by the TSBPA. The TSBPA invited interested community colleges to apply for approval to offer such courses. Community colleges that meet the Board standards are awarded the designation – Qualifying Education Credit for CPA Examination – by the TSBPA. Three community colleges were granted such permission effective 1/1/2004 and a fourth effective 1/1/2005 (TSBPA, 2004-2005). The four approved community colleges are Austin Community College, Houston Community College, Lone Star College (formerly North Harris Montgomery Community College) and Mountain View Community

College. All four of these community colleges are in large urban areas; one in Austin, two in the greater Houston metropolitan area and one in Dallas.

Since the start of the community college programs the number of sections passed by their students has steadily increased. The TSBPA, since the inception of the computerized CPA examination in April 2004, has posted the pass rate statistics for Texas on its website. The numbers of sections passed for each of the four community colleges for the period 2010-2015 are shown in Table 1.

TABLE 1
SECTIONS PASSED: COMMUNITY COLLEGES – 2010-2015

Community Colleges	2010	2011	2012	2013	2014	2015	Total
Austin Community College	71	53	85	100	106	107	522
Houston Community College	67	58	65	42	55	16	303
Lone Star College	23	32	54	49	36	39	233
Mountain View College	19	15	23	39	32	50	178
Total Sections Passed for All 4 Community Colleges	180	158	227	230	229	212	1236

Source: Compiled from Texas State Board of Public Accountancy (TSBPA), 2010-2015.

From a yearly total of less than 50 per year in the first three years – 2004-2006 - the number of sections passed has increased approximately five-fold to an annual number which is consistently more than 200. This rapid increase in the number of sections passed by students from the community colleges represents an increasing percentage of all sections passed in Texas. From a percentage of 1.29% in 2005 and 0.97% in 2006, the community college passes have represented more than 3% of total passes each year from 2012 to 2015. While still not representing a large percentage of total passes, the number of community college passes has significantly increased, not only in number, but also in percentage terms. The details for the period 2010-2015 are shown in Table 2.

TABLE 2
SECTIONS PASSED: COMMUNITY COLLEGES AND ALL SCHOOLS – 2010-2015

	2010	2011	2012	2013	2014	2015	Total
Total Sections Passed for All 4 Community Colleges	180	158	227	230	229	212	1236
Total Sections Passed for All Schools	7261	5634	6584	6622	6835	6866	39802
Community College Passes as % of Total Passes	2.48%	2.80%	3.45%	3.47%	3.35%	3.09%	3.11%

Source: Compiled from Texas State Board of Public Accountancy (TSBPA), 2010-2015.

A comparison of the pass rate percentages for the community colleges against the combined rates of all other schools shows that while the community college rates are lower than the combined rate for all other schools, there is, in most cases, not a large difference. In 2010, the difference was 2.34%, in 2012 it was 2.43%, in 2013 it was 3.69% and in 2015 it was 2.82%. It was significantly larger in 2014 at 10.12% and in 2011 at 9.18%. The full results are shown in Table 3.

TABLE 3
PASS RATE (%): COMMUNITY COLLEGES AND ALL OTHER TEXAS
SCHOOLS – 2010-2015

	2010	2011	2012	2013	2014	2015	Total
Austin Community College	59.17	51.46	67.46	65.79	59.55	56.61	60.14
Houston Community College	41.36	37.18	44.22	34.15	36.42	45.71	39.15
Lone Star College	38.98	38.10	51.43	49.00	36.36	36.45	42.06
Mountain View College	26.03	18.99	32.39	45.35	35.16	46.73	35.11
% Pass Rate for All 4 Community Colleges	43.48	37.44	50.5	49.89	44.12	48.40	45.73
% Pass Rate for All Other Schools	45.82	46.62	52.99	53.58	54.24	51.22	50.84

Source: Compiled from Texas State Board of Public Accountancy (TSBPA), 2010-2015.

Even when compared with the results from the AACSB accredited schools, the community college results are respectable, although a little uneven. The greater changes in the community college results from year to year are possible because a small number of results can move the average more than is possible with the much larger numbers for all the accredited schools. The average pass rate for the community colleges was only 3.13% lower than that of all AACSB accredited schools in 2010, and 3.76% in 2012. In 2013 it was 5.27% lower. The results are shown in Table 4.

TABLE 4
PASS RATE (%): COMMUNITY COLLEGES AND AACSB
ACCREDITED SCHOOLS – 2010- 2015

	2010	2011	2012	2013	2014	2015	Total
Austin Community College	59.17	51.46	67.46	65.79	59.55	56.61	60.14
Houston Community College	41.36	37.18	44.22	34.15	36.42	45.71	39.15
Lone Star College	38.98	38.10	51.43	49.00	36.36	36.45	42.06
Mountain View College	26.03	18.99	32.39	45.35	35.16	46.73	35.11
% Pass Rate for All 4 Community Colleges	43.48	37.44	50.5	49.89	44.12	48.40	45.73
% Pass Rate for All 36 AACSB Schools	46.61	47.47	54.32	55.16	58.84	54.58	51.88

Source: Compiled from Texas State Board of Public Accountancy (TSBPA), 2010-2015.

The difference in pass rates is only slightly larger when the community college results are compared to the 14 Texas schools with separate AACSB accounting accreditation. In 2010 the difference was 6.31%, in 2012 6.62% and in 2013 it was 8.33%. The results are shown in Table 5.

TABLE 5
PASS RATE (%): COMMUNITY COLLEGES AND AACSB ACCOUNTING ACCREDITED SCHOOLS – 2010-2015

	2010	2011	2012	2013	2014	2015	Total
Austin Community College	59.17	51.46	67.46	65.79	59.55	56.61	60.14
Houston Community College	41.36	37.18	44.22	34.15	36.42	45.71	39.15
Lone Star College	38.98	38.10	51.43	49.00	36.36	36.45	42.06
Mountain View College	26.03	18.99	32.39	45.35	35.16	46.73	35.11
% Pass Rate for All 4 Community Colleges	43.48	37.44	50.56	49.89	44.12	48.40	45.73
% Pass Rate for All 14 AACSB Schools	49.79	50.21	57.18	58.22	59.23	57.95	54.79

Source: Compiled from Texas State Board of Public Accountancy (TSBPA), 2010-2015.

Amongst the community colleges, Austin Community College has 42.23% of all the sections passed during the six year period, and has the highest pass rate percentage at 60.14%. This pass rate is higher than the average for all but six of the AACSB accredited schools. While there is a significant difference in the performance of the four individual community colleges, the three with the most sections passed rank favorably when compared to the AACSB accredited schools. In addition to Austin Community College ranking 7th, Lone Star College ranks 18th and Houston Community College ranks 23rd on the table ranking the 36 AACSB accredited schools and the four community colleges. The results are shown in Table 6.

TABLE 6
PASS RATE (%): COMMUNITY COLLEGES AND AACSB ACCREDITED SCHOOLS – 2010- 2015

		2010	2011	2012	2013	2014	2015	TOTAL
1	University of Texas - Austin	73.07	66.07	75.77	75.91	77.38	76.53	74.09
2	Texas A&M-College Station	67.2	66.74	74.18	75.02	74.13	73.50	71.63
3	Baylor University	56.44	64.67	67.61	73.65	66.67	65.67	65.81
4	Texas Christian University	64.45	64.65	63.75	65.06	62.34	70.10	64.92
5	Southern Methodist University	53.19	58.87	64.94	66.86	61.67	62.95	61.71
6	Trinity University	56.16	41.12	59.65	62.93	51.58	64.86	60.32
7	Austin Community College	59.17	51.46	67.46	65.79	59.55	56.61	60.14
8	Texas Tech University	53.08	54.08	60.18	56.01	57.9	55.12	56.11
9	Abilene Christian University	52.81	48.59	60.34	58.60	59.32	53.56	55.24
10	University of Texas - Arlington	44.76	44.13	49.88	57.28	57.56	52.94	50.33
11	University of North Texas	42.16	40.55	51.98	50.97	55.58	52.06	48.91
12	Texas State University	45.18	43.53	50.60	51.47	53.81	51.06	48.76
13	University of Texas - Dallas	39.00	39.65	45.89	46.47	50.11	49.19	44.40
14	Midwestern State University	38.20	49.35	40.00	50.70	41.10	47.06	44.34
15	University of Texas - Permian Basin	33.90	46.43	43.40	44.93	43.55	54.17	43.98
16	University of Houston	38.45	36.96	43.34	46.43	49.83	49.13	43.84
17	University of St. Thomas	37.36	42.97	43.31	41.67	42.98	46.32	42.15
18	Lone Star College	38.98	38.10	51.43	49.00	36.36	36.45	42.06
19	University of Texas - El Paso	40.91	37.50	44.12	33.03	51.56	44.67	41.97
20	University of Texas - San Antonio	29.87	38.94	41.55	42.13	47.90	45.65	40.98

		2010	2011	2012	2013	2014	2015	TOTAL
21	Sam Houston State University	34.82	32.90	45.42	45.51	52.96	37.25	40.96
22	St. Mary's University	35.06	29.41	57.14	35.56	34.29	42.59	39.31
23	Houston Community College	41.36	37.18	44.22	34.15	36.42	45.71	39.15
24	University of Houston-Clear Lake	36.98	35.95	39.33	37.54	39.35	43.56	38.73
25	University of Dallas	37.14	47.27	46.77	35.94	37.33	32.97	38.72
26	Lamar University	26.32	30.08	39.81	50.00	44.35	48.31	38.33
27	Texas A&M-Commerce	42.75	32.88	38.75	29.87	41.03	38.95	38.08
28	Stephen F Austin State University	34.38	38.94	40.85	41.48	32.29	36.10	37.24
29	University of Texas - Tyler	25.18	36.36	44.29	33.05	38.99	41.15	36.80
30	University of Texas–Rio Grande Valley	24.60	30.77	39.53	48.84	43.24	31.15	36.61
31	Texas A&M-International	41.03	28.26	45.59	26.53	39.39	36.17	36.52
32	Texas A&M-Corpus Christi	24.19	33.86	43.10	45.00	31.16	42.59	36.04
33	West Texas A&M University	29.80	31.47	46.60	29.36	45.57	35.63	35.27
34	Mountain View College	26.03	18.99	32.39	45.35	35.16	46.73	35.11
35	Texas Wesleyan University	41.18	33.33	32.89	39.47	28.57	31.25	34.98
36	University of Texas - Brownsville	32.14	43.33	30.00	27.50	39.39	37.74	34.82
37	University of Houston - Victoria	34.04	42.59	31.91	25.81	36.36	33.33	33.85
38	University of Houston - Downtown	24.35	27.90	32.96	34.19	30.58	29.18	29.60
39	Texas Southern University	18.33	15.15	21.43	16.67	28.81	38.75	25.66
40	Prairie View A&M University	10.81	16.13	10.26	11.11	9.09	36.36	15.31

Source: Compiled from Texas State Board of Public Accountancy (TSBPA), 2010-2015.

Even when ranked against the 14 Texas schools with separate AACSB accounting accreditation, the results from the four community colleges are respectable. Austin Community College is 5th, with Lone Star College 12th and Houston Community College 15th amongst the 18 schools. The results are shown in Table 7.

TABLE 7
PASS RATE (%): COMMUNITY COLLEGES AND AACSB ACCOUNTING ACCREDITED
SCHOOLS – 2010-2015

		2010	2011	2012	2013	2014	2015	TOTAL
1	University of Texas - Austin	73.07	66.07	75.77	75.91	77.38	76.53	74.09
2	Texas A&M - College Station	67.29	66.74	74.18	75.06	74.13	73.50	71.63
3	Baylor University	56.44	64.67	67.61	73.65	66.67	65.67	65.81
4	Texas Christian University	64.45	64.65	63.75	65.06	62.34	70.10	64.92
5	Austin Community College	59.17	51.46	67.46	65.79	59.55	56.61	60.14
6	Texas Tech University	53.08	54.08	60.18	56.01	57.97	55.12	56.11
7	University of Texas - Arlington	44.76	44.13	49.88	57.28	57.56	52.94	50.33
8	University of North Texas	42.16	40.55	51.98	50.97	55.58	52.06	48.91
9	Texas State University	45.18	43.53	50.60	51.47	53.81	51.06	48.76
10	University of Texas - Dallas	39.00	39.65	45.89	46.47	50.11	49.19	44.40
11	University of Houston	38.45	36.96	43.34	46.43	49.83	49.13	43.84
12	Lone Star College	38.98	38.10	51.43	49.00	36.36	36.45	42.06
13	University of Texas - El Paso	40.91	37.50	44.12	33.0	51.56	44.67	41.97
14	University of Texas - San Antonio	29.87	38.94	41.55	42.13	47.90	45.65	40.98
15	Houston Community College	41.36	37.18	44.22	34.15	36.42	45.71	39.15
16	University of Houston - Clear Lake	36.98	35.95	39.33	37.54	39.35	43.56	38.73
17	Texas A&M-Corpus Christi	24.19	33.86	43.10	45.00	31.16	42.59	36.04
18	Mountain View College	26.03	18.99	32.39	45.35	35.16	46.73	35.11

Source: Compiled from Texas State Board of Public Accountancy (TSBPA), 2010-2015.

The Texas approach to a controlled offering by community colleges of board approved accounting courses to meet the accounting educational requirements to take the CPA examination, although relatively new, is meeting with considerable success. The outcomes to date show a growing use of this approach which demonstrates respectable results when compared to students who follow the traditional approach and study accounting at four year institutions.

REFERENCES

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- Texas Administrative Code, Title 22, Part 22, Chapter 511, Subchapter C, Rule 511.57