



# RE-THINKING PATHS TO 150 CREDIT HOURS: CAREER BUILDING OPPORTUNITIES

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**F**or many years now, the accounting profession has required the completion of 150 college credit hours to become a CPA. Since the enactment of this state-specific requirement became widespread, there have been many alternative paths prospective CPAs have followed to obtain the necessary college credit.

In this article, we briefly review the history of the 150-hour requirement, followed by descriptions of alternatives available to fulfill this requirement. Each of these alternatives offers unique advantages, which we highlight. These overviews are also useful to practicing CPAs who are considering going back to school to gain knowledge to advance their careers.

In addition, we discuss career transitions for people who do not have an accounting undergraduate degree.

## Overview of the 150-Hour Requirement

Similar to most professional credentials, the CPA necessitates candidates to generally meet four requirements:

- Education;
- Examination;
- Experience; and
- Ethics.

Most professions require an undergraduate degree prior to qualifying for the examination requirement. While undergraduate degrees can generally be attained by completing approximately 120 credit hours, the CPA requires a candidate to complete 150 hours of education to qualify for the Uniform CPA Examination in each state and overseas region.

The CPA credential is granted by various jurisdictions, including the boards of accountancy in each of the 50 states, as well as the Commonwealth of the Northern Mariana Islands, District of Columbia, Guam, Puerto Rico and U.S. Virgin Islands. Each jurisdiction is responsible for the rules and regulations of the profession within its territory. Eligibility for the CPA Exam is determined by individual jurisdictions based on education and residency.

The 150-hour requirement was first adopted in 1979 in Florida for implementation in 1983. Subsequently, in

1998, the American Institute of CPAs (AICPA) supported 150 hours of college education for candidates taking the Exam after 2013. The U.S. Virgin Islands is the final jurisdiction to require completion of 150 semester hours of college education, effective this year.

The Texas State Board of Public Accountancy (TSBPA) currently requires candidates for the CPA Exam to meet the following education requirements prior to sitting for the exam: (1) Hold a baccalaureate or higher degree from a board-recognized United States college or university or an equivalent degree from an institution of higher education in another country, (2) complete 150 semester hours or quarter-hour equivalents of college credit, (3) take 30 semester hours of upper-level accounting in any format established by the university, (4) complete 24 semester hours or quarter-hour equivalents of upper-level related business courses; within the coursework, two-semester hours of accounting or business communications are required, and (5) complete a three-semester-hour board-approved ethics course.

**Please see Figure 1 for a summary of the examination requirements from TSBPA.**

Recently, AICPA and the National Association of State Boards of Accountancy (NASBA) are engaged in a joint project that aims to transform the CPA licensure model to recognize the rapidly changing skills and competencies the practice of accounting requires today and will require in the future. This project is anticipated to result in the launch of a new CPA Exam in 2024.

At this juncture, it is difficult to predict the impact of this revision on state requirements to sit for the Exam. Up-to-date information about this important change is available at <https://www.evolutionofcpa.org/>. Please also see Figure 2 for a summary of the project.

While the educational requirements are deemed necessary to acquire the required body of knowledge needed to be successful, neither NASBA nor AICPA offers specific recommendations on the path to satisfy the 150-hour requirement. Additionally, the educational requirements among states vary, though some jurisdictions define the number of credit hours of accounting courses necessary for eligibility.

Figure 1

## Texas State Board of Public Accountancy

William Treacy, Executive Director

### Exam/Qualifications – Requirements for Examination

You must meet the following qualifications to take the CPA Exam.

- Complete the electronic fingerprint process for a background check of the criminal history files of the Texas Department of Public Safety (DPS) and the Federal Bureau of Investigation (FBI).
- Hold a baccalaureate or higher degree from a board-recognized United States college or university, or an equivalent degree as determined by board rule from an institution of higher education in another country.
- Complete 150-semester hours or quarter-hour equivalents of college credit.
- Complete 30 semester hours or quarter-hour equivalents of upper level accounting courses from a board-recognized college or university; within the coursework, two semester hours of accounting or tax research and analysis are required.
- Complete 24 semester hours or quarter-hour equivalents of upper-level related business courses; within the coursework, two semester hours of accounting or business communications are required.
- Complete a 3-semester-hour board-approved ethics course.

The first step to determine your eligibility to take the CPA Exam is to submit an Application of Intent.

The [TSBPA website](#) contains detailed information about these and other requirements to take the CPA Exam and become a Texas CPA.



**Figure 2**

## CPA Licensure Model Transformation: CPA Evolution

CPA Evolution is a joint AICPA and NASBA initiative that will transform the CPA licensure model to recognize the rapidly changing skills and competencies required of CPAs today and in the future.

Under the new licensure model, each CPA candidate will be required to exhibit core skills in accounting, auditing, tax and technology. In addition, each candidate will be required to show more in-depth skills and knowledge in one of the following three areas:

- **Tax compliance and planning;**
- **Business reporting and analysis; or**
- **Information systems and controls.**

Regardless of the discipline chosen, each successful candidate will get the same CPA license. The CPA Exam will be restructured to accommodate this core-plus-discipline licensure model, with a goal of launching a new Exam in January 2024.

It's expected that the Exam will still be no more than 16 hours and candidates will still need to pass four sections, including their chosen discipline. The length and content of each section will be determined through a CPA Exam practice analysis.

You can read more about the CPA Evolution initiative in this [article from the \*Journal of Accountancy\*](#).

Consequently, the 150-hour requirement can be satisfied in different ways, with a broad-based accounting education, supported by effective verbal and written communication, critical thinking, an understanding of changing technology, not to mention other skills and competencies. It is also possible for a liberal arts undergraduate with an accounting graduate degree to meet the education requirements.

## Paths to the 150 Credit Hours

In this section, we describe various tracks for a CPA candidate to fulfill the 150-hour requirement. We provide an overview of each of these paths, as well as focusing on the job-specific skills each path provides. For practicing CPAs, these summaries provide some potential paths to gain knowledge and credentials that may advance your career.

### Graduate Degrees in Business to Obtain 150 Credit Hours

A common way to fulfill the 150-credit hour requirement is to obtain a master's degree in business. This path builds on skills obtained in undergraduate accounting programs by expanding critical reasoning, research and communication skills. Below are overviews of common graduate programs in business.

#### MS in Accounting Following an Undergraduate Degree in Accounting

This path requires the completion of a four-year undergraduate accounting program followed by a one- or two-year graduate accounting program. Many students enter an undergraduate accounting program with definitive career knowledge. For these students, an integrated graduate accounting program serves to reinforce technical knowledge in accounting and preparation for the CPA Exam, and may therefore improve CPA pass rates.

Graduate programs can also serve to develop analytical and critical thinking, interpersonal, communication and presentation skills, and other competencies valued by the profession. Taking accounting courses at both the undergraduate and graduate levels can enhance understanding of the subject matter and provide an opportunity to extend knowledge about esoteric facets of the profession, such as forensics and data analytics.

The additional coursework may very well improve the candidate's performance on the CPA Exam even if those new topics are not explicitly covered in the Exam questions. The advanced courses may motivate the candidate further to pursue the professional credential.

#### MBA Following an Undergraduate Degree in Accounting

To be eligible for the CPA license under this option, the candidate must complete his/her undergraduate accounting degree and enter a one- or two-year MBA program. Some



students may prefer to reinforce general business concepts rather than technical accounting concepts, making this path more attractive than an MS in Accounting to some.

The MBA program provides a general business emphasis with coursework in topics like marketing, management, global awareness and strategy. Some MBA programs allow students to obtain concentrations in specific areas of study, such as:

- Finance;
- Logistics;
- Information systems;
- Marketing and sales;
- Human resource management;
- Entrepreneurship
- Hospitality management;
- Risk management;
- Business analytics; and
- Health care management.

These concentrations allow graduates to obtain the well-recognized benefits of an MBA with discipline-specific knowledge that can help advance their career. The MBA track is a popular option among accounting students. MBA degrees may be most suitable for people working or who plan to work in corporate accounting. However,

it is generally acknowledged that the benefits of an MBA are fully realized only if accompanied by a few years of relevant work experience. In fact, some of the most highly regarded MBA programs only admit students who have some professional experience. Thus, not all programs will be accessible to students continuing from undergraduate programs with the goal of completing the CPA Exam.

For practicing accountants, combining the MBA with the CPA can elevate the individual's marketability in industrial accounting, leading to such positions as controller, treasurer and CFO.

## Graduate Certificates Following an Undergraduate Accounting Degree

A flexible way for students to earn 150 credit hours or for practicing professionals to build expertise in specific content areas is by earning a graduate certificate in business. In contrast to a graduate degree, graduate certificates typically consist of a four course (12 credit hour) sequence that can provide focused knowledge on a narrow area of expertise.

Completion of a graduate certificate will appear on your university transcript, but does not directly result in a graduate degree in business. However, graduate certificates are often stackable into master's degrees.



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The main advantage of these certificates is they allow you to build knowledge and skills in focused areas necessary to advance your career. They can also be combined to reach the 150 hours required to sit for the CPA Exam.

## Discipline-Specific MS Degree Following an Undergraduate in Accounting

There has been a significant growth in specialized graduate business degrees in recent years. These specialized masters programs, which have emerged in response to the criticisms of MBA programs as too generalized and lacking rigor for students with undergraduate business degrees, can help students focus on a particular career path in the broad realm of accounting, which may not require the CPA credential itself, but students would be well advised to consider securing the CPA to increase their marketability even in those specialties. An overview of some common discipline-specific degree programs is provided below.

**MS in Business Analytics.** This degree program focuses on building the understanding of big data management and analytics tools with an emphasis on solving business problems. It may be particularly well suited for careers in the audit field, as there is an increased reliance on analytical and statistical methods in the audit process.



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**MS in Professional Sales.** A master's in this field builds the skills needed to be effective in business development. As advancement in public accounting requires the ability to draw new business to the firm, a professional selling master's may provide the selling skills necessary to achieve advancement.

**MS in Entrepreneurship.** Coursework in this master's level program focuses on developing the skills to effectively run a small business. This degree may be useful for people who are interested in starting their own firms or joining a local firm and participating in its management, growth and operations.

**MS in Finance.** Graduate coursework in finance serves as a great complement to an accounting undergraduate degree. This degree builds understanding of valuation, financial modeling and financial institutions. The knowledge you gain from this degree provides you with great career options in the corporate finance function or the banking field.

## Undergraduate Options to Obtaining 150 Credit Hours

As an alternative to a graduate degree, many individuals obtain the credit hours necessary for the CPA at the undergraduate level. As such, this section focuses on paths for current or prospective undergraduate accounting majors, rather than current CPAs. Examples of this educational strategy are provided below.

### Undergraduate Accounting Program with a Double Major or Supplemental Coursework

To obtain the 150 hours of education to take the Exam, students do not necessarily have to get a master's degree and students may prefer to diversify their career opportunities by undertaking a second major in a related business discipline. This option will take many students five years of study to complete.

This pathway is often less costly than taking the extra 30 hours beyond 120 in graduate school. Another feature of this pathway is that those additional undergraduate courses might be less burdensome relative to accounting graduate courses for students to complete, giving them a well-rounded education

in accounting and related subjects, which is useful for their overall professional development, whether they remain in accounting or pursue other related fields of endeavor.

Students considering this option should carefully review the quantity of undergraduate accounting courses offered to ensure sufficient coursework is available to fulfill the requirement of 30 credit hours in accounting.

Common choices for a double major include business analytics, economics, finance or risk management. Alternatively, the student can take relevant coursework, concentrations and/or minors to fulfill the credit hour requirement. Business related courses from the following functional areas are generally considered complementary to coursework in accounting.

**Legal Studies.** Accountants who seek to practice in taxation or would like to offer financial planning services





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would find familiarity with the legal framework, process and case law to be useful. Students could take additional tax courses as undergraduates or pursue a master's degree in this discipline, if not undertake a law degree followed by a master of taxation.

**Finance.** Many students double major in accounting and finance. This pairing is useful for students who wish to engage in financial planning, investment analysis or corporate finance. Typical coursework includes corporate finance, financial markets and institutions, investments



**As an alternative to a graduate degree, many individuals obtain the credit hours necessary for the CPA at the undergraduate level.**

and portfolio management, and valuation and business modelling.

**Computer Information Systems.** Computer technology is widely used in creating, accessing and analyzing account data. Virtually all accounting data exists in electronic format. It is imperative that accountants understand how data records are created, the process flow and the various data dependencies that may exist before analyzing the accounting information.

This knowledge is especially important for accountants who participate in audits and forensics. Typical coursework includes systems applications development, integrated computer applications, information management, business information systems, and security and organizational control.

**Global fluency.** Accountants operate in an increasingly global environment and face diverse business practices. Corporations seek raw material in foreign markets, possess manufacturing operations in various countries and increasingly search for capital across borders. In such a situation, familiarity with foreign languages, intercultural and global fluency, and an awareness of tax and legal practices in different jurisdictions is important.

Coursework in this area serves to broaden business perspectives beyond national borders and expands international career opportunities.

**Entrepreneurship.** Beyond traditional roles, accountants now participate in valuation of businesses for venture capitalists (in the case of new businesses) and for investment banks (in the case of more established businesses). This valuation involves judgment in forecasting.

Accordingly, it is important for accountants to be aware of the entrepreneurial process through coursework

related to this experience, opportunity identification, product and service design, and business model generation.

### **Four-Year Undergraduate Accounting Program Together with Non-Traditional Credits**

Under this approach, students accumulate 150 credit hours of education within four years, partly from traditional college instruction and partly

from non-traditional methods. For example, many high schools have arrangements with local colleges to offer dual-credit courses that simultaneously meet high school and college requirements.

High school students also have the option of participating in Advanced Placement (AP) courses. All students have the option of obtaining college credit through the college-level examination program (CLEP), which is a low cost and convenient way to demonstrate proficiency while earning college credit without enrolling in courses.

Other opportunities for earning additional credits include heavier than average course loads during the regular semester and online courses over the summer.

Finally, TSBPA allows students to fulfill the 150-hour requirement by attending approved CPA programs at specific community colleges following the completion of their BS degree. This pathway to achieving 150 hours is invariably the least expensive, starting with taking college courses in accounting and other business subjects while in high school and also pursuing as many AP courses while there to secure college transfer credit.

If done optimally, students can start their college programs with a full year (or more) of transfer credit, allowing them to complete their undergraduate program in three years and then to spend the fourth year in a master's degree program in accounting or related field, if not an MBA program.

## Transition to Accounting from a Non-Accounting Undergraduate Degree

Many people with undergraduate degrees in a field other than accounting have the desire to join the accounting profession. These individuals are often highly competitive in the job market, as they frequently possess skills and experiences valued by employers. A common pathway to this goal is to combine their four-year non-accounting program together with a one- or two-year graduate program with an emphasis in accounting.

When considering this alternative, it is advisable to consult with TSBPA to ensure that your educational plan fulfills the educational requirement for the CPA Exam.

## Many Pathways Available

It should be evident from the foregoing discussion that there are many pathways to attaining the 150-hour requirement to undertake the CPA Exam. In addition, graduate degrees and certificates can be a means to build knowledge and enhance career trajectory.

Students aspiring for a career in professional accounting should carefully match their educational credits with

their state-specific requirements to ensure compliance with state CPA Exam requirements.

There are indeed many paths to attaining the 150-hour requirement, with varying educational perspectives. It is important to carefully match your options and career aspirations when choosing the degree program that best fits your career path.

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