

Large, medium, and small HBCUs performance on the 2013 CPA exam

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ABSTRACT

There are over one-hundred Historically Black Colleges and Universities (HBCUs) in the United States. The purpose of this article is to provide statistical performance on the 2013 Certified Public Accountant (CPA) exam for large, medium and small HBCUs based upon the number of candidates. Howard in the large category and North Carolina Central in the medium category had the best performances by a significant margin. In the small category, Tuskegee had the best overall evaluation by a smaller margin. This article clearly indicated that HBCUs are preparing students to be successful on the CPA exam. However, there is significant room for improvement and HBCUs must improve their pass rates. The future of HBCUs being a major supplier of CPAs to the profession is in peril. HBCUs must increase the number of candidates sitting and passing the CPA exam to remain relevant to its various constituents including educators, employers, parents, students and other stakeholders.

Keywords: HBCUs, CPA exam, number of candidates, pass rate

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INTRODUCTION

There are over one-hundred Historically Black Colleges and Universities (HBCUs) in the United States. HBCUs have been a major supplier of CPAs to the profession. Therefore, the performance of candidates from HBCUs on the CPA exam should be of interest to various constituents including educators, employers, parents, students and other stakeholders.

The purpose of this article is to provide a statistical ranking of the performance of the top five HBCUs on the CPA exam for the year 2013. HBCUs were divided into three categories: large, medium and small based upon the number of candidates. Since, 1985 the National Association of State Boards of Accountancy (NASBA) has published statistical data on the performance of candidates by colleges and universities on the CPA exam. The CPA exam consists of the following four sections: Auditing and Attestation (AUD), Business Environment and Concepts (BEC), Financial Accounting and Reporting (FAR), and Regulation (REG). The source of all data presented was the NASBA's 2013 Uniform CPA Examination Candidate Performance (NASBA, 2013).

LITERATURE REVIEW

There has been limited research on the performance of candidates from HBCUs. In a 1991 article, Thompson (1991) cited specific HBCUs on their performance for the year 1990. In 1995, Thompson and Sykes (1995) published a follow-up article on the performance of HBCUs on the CPA exam for the period 1986 to 1993.

In 2011, Thompson and Marshall (2011) published an article on the performance of HBCUs for the years 2008 and 2009. For the year 2008, the top ten HBCUs were Florida A&M, Alabama A&M, Clark-Atlanta, Howard, Hampton, Tennessee State, North Carolina A&T, Bowie State, Jackson State and Southern-Baton Rouge. For the year 2009, the top ten HBCUs were Howard, Tennessee State, Florida A&M and Clark-Atlanta, Jackson State, Hampton, North Carolina A&T, Southern-Baton Rouge, Langston, and CUNY Medger Evers. However, the results only reflected the ten HBCUs with the largest number of candidates sitting for the CPA exam.

Thompson (2013) published an article on the performance of HBCUs for the year 2010. The article overall ranking of HBCUs were divided into four categories: top tier, upper middle tier, lower middle tier and lower tier. For the year, North Carolina Central was ranked number one and followed very closely by North Carolina A&T in the top tier. The upper middle tier consisted of Southern-Baton Rouge, Howard and Morehouse. Collectively, these five HBCUs were commended for setting an acceptable performance standard on the CPA exam. The lower middle tier and lower tier HBCUs must improve their performance to remain viable. The results reflected a mixture of apples and oranges that did not consider the relative performance of HBCUs based upon the number of testing events taken. In 2013, Thompson (2013) published an article on the 2011 CPA examination for large, middle, and small HBCUs based upon the number of testing events taken. For large HBCUs, Morehouse, North Carolina A&T, and Tennessee State were cited. For middle HBCUs, Albany State, Norfolk State and North Carolina Central

were cited. For small HBCUs, Alcorn State, Fisk, and Maryland Eastern Shore were cited. The findings focused on the dichotomy between quantity and quality of HBCUs performances based upon testing events taken. This article extends this research by focusing on the performance of large, medium and small HBCUs based upon the number of candidates sitting for the CPA exam.

THE CPA EXAM

In 1896, New York enacted legislation titled *An Act to Regulate the Profession of Public Accountants*, which recognized the licensing of certified public accountants, via a uniform examination. Over a two-day period, the first CPA exam was administered by the Regents of the University of the State of New York on December 15 and 16, 1896. There were only three people that passed this first CPA exam. This Act also included a grandfathering clause that gave experienced practitioners one year to become CPAs without taking the examination. Under this provision, 108 CPA certificates were granted to these individuals with the numbering of the certificates based on the alphabetical order of the experienced practitioner's last name. Therefore, Frank Broaker became the first CPA in the United States (Hammond, 2002). Other notable firsts included Christine Ross who became the first woman to pass the CPA exam in 1898, and John W. Cromwell, Jr. who became the first Black to pass the CPA exam in 1921 (NABA, 1990).

Over the years, there have been many changes and improvements implemented to the format of the CPA exam. However, the exam has remained extremely challenging based on its content. Initially, the CPA exam was 19.5 hours long over 2.5 days. In 1994, the CPA exam was shortened to 14 hours for all four parts over two days. Starting 2004, the CPA exam is administered in a computerized format and exam takers have an 18-month rolling window to pass all four parts of the CPA exam. In addition, an exam taker needs to have a greater knowledge of economics, finance, not-for-profit accounting, and information technology topics. Starting in 2011, the CPA exam was administrated at test centers in Bahrain, Japan, Kuwait, Lebanon, and the United Arab Emirates to become the global standard for accounting excellence (AICPA, 2010). One thing that has remained constant over the years is that an exam taker must have a score of 75 on each part in order to pass the CPA exam. This rigorous exam remains an important test to identify those individuals who processes the basic competencies to be called a CPA.

LARGE- -MEDIUM- -SMALL

The starting point of this research project was to classify HBCUs as large, medium or small based upon the number of candidates sitting for the CPA exam. The purpose of classifying HBCUs into these categories was to be able to compare similar situated HBCUs together.

Large HBCUs

The large HBCUs consist of 12 institutions with 20 or more candidates. These institutions were:

Clark-Atlanta	Howard	Tennessee State
Florida A&M	Jackson State	Texas Southern
Grambling State	North Carolina A&T	University of DC
Hampton	Prairie View	West Virginia State

Howard had the most candidates at 66 and the University of DC, Texas Southern and West Virginia State had the least with 20 candidates. The average was 31 candidates for large HBCUs. The large HBCUs enrollment ranged from 12,274 at Florida A&M to 3,873 at Clark-Atlanta with an average 7,692 enrollment. The reported test scores on the ACT ranged from 26 at Hampton to 18 at Texas Southern with an average score of 21 on the ACT. The reported test scores on the SAT (Reading and Math) ranged from 1,320 at Howard to 910 at Texas Southern with an average score of 980 on the SAT (www.edonline).

Medium HBCUs

The medium HBCUs consist of 15 institutions with 10 to 19 candidates. These institutions were:

Alabama A&M	Lincoln- -MO	Morgan State
Alabama State	Lincoln- -PA	North Carolina Central
Albany State	Maryland-Eastern Shore	Southern-Baton Rouge
Delaware State	Medgar Evers	Univ. of Virgin Islands
Langston	Morehouse	Virginia State

Morehouse, Morgan State and Medger Evers had the most candidates at 19 and Southern-Baton Rouge had the least with 10 candidates. The average was 15 candidates for medium HBCUs. The medium HBCUs enrollment ranged from 8,587 at North Carolina Central to 2,602 at University of Virgin Islands with an average 4,875 enrollment. The reported test scores on the ACT ranged from 24 at Morehouse to 17 at Alabama State with an average score of 19 on the ACT. The reported test scores on the SAT (Reading and Math) ranged from 1,160 at Morehouse to 860 at Alabama State with an average score of 940 on the SAT (www.edonline).

Small HBCUs

The small HBCUs consist of 20 institutions with 5 to 9 candidates. These institutions were:

Alcorn State	Fayetteville State	Shaw
Benedict	Fisk	Southern-New Orleans
Bethune Cookman	Florida Memorial	Southern-Shreveport
Bluefield State	Fort Valley State	Tuskegee
Bowie State	Kentucky State	Virginia Union
Dillard	Norfolk State	Xavier- -LA
Elizabeth City State	Savannah State	

Dillard, Southern-New Orleans and Southern-Shreveport had the most candidates at 9 and Alcorn State, Benedict, Bluefield State, Elizabeth City State, Fayetteville State, Kentucky State, Tuskegee, and Virginia Union had the least with 5 candidates. The average was 6 candidates for small HBCUs. The small HBCUs enrollment ranged from 6,993 at Norfolk State to 650 at Fisk with an average 3,226 enrollment. The reported test scores on the ACT range from 23 at Fisk and Xavier to 16 at Southern-New Orleans with an average score of 19 on the ACT. The reported test scores on the SAT (Reading and Math) ranged from 1,158 at Fisk to 900 at Fayetteville State with an average score of 960 on the SAT (www.edonline).

This article identifies the top five HBCUs in the following sections: total number of candidates, overall candidates pass rate, and first-time candidates pass rate. This resulted in a robust overview of the performance of all HBCUs on the CPA exam.

TOTAL NUMBER OF CANDIDATES

To become a CPA, a candidate must first sit for the CPA examination. A total of 717 candidates from HBCUs were cited for sitting for the CPA exam. Next, the top five HBCUs identified as large, medium and small with the largest number of candidates sitting for the CPA exam are listed. The large HBCUs had 370 candidates; the medium HBCUs had 219 candidates; and the small HBCUs had 128 candidates. This represented 52%, 30%, and 18% of the total, respectively. The top five HBCUs were:

<u>Large</u>	<u>Medium</u>	<u>Small</u>
Howard (66)	Morehouse (19)	Dillard (9)
Jackson State (42)	Morgan State (19)	Southern-New Orleans (9)
Hampton (34)	Medgar Evers (19)	Southern-Shreveport (9)
NC A&T (34)	Delaware State (16)	Bowie State (8)
Florida A&M (32)	NC Central (16)	Savannah State (8)
	Virgin Islands (16)	Xavier- -LA (8)

OVERALL CANDIDATES PASS RATE

The overall candidate pass rate consist of both “first-time” candidates and “repeat” candidates. If a candidate takes a section of the CPA exam for the first time, that candidate is considered a first-time candidate for that section only. All subsequent taking of that section, that candidate would be considered a repeat candidate. Thus, a candidate might be a first-time candidate for one or more sections and a repeat candidate for other sections. The CPA exam consists of the following sections: Auditing and Attestation (AUD), Business Environment and Concepts (BEC), Financial Accounting and Reporting (FAR), and Regulation (REG). National pass rates were AUD (46%), BEC (56%), FAR (48%), and REG (48%), respectively. Listed below are the top five pass rates by large, medium and small HBCUs on the four sections of the CPA exam.

Large HBCUs

<u>AUD</u>		<u>BEC</u>	
1- -Howard	50%	1- -Florida A&M	58%
2- -Florida A&M	46%	2- -Howard	58%
3- -University of DC	36%	3- -Texas Southern	43%
4- -North Carolina A&T	33%	3- -University of DC	43%
5- -Jackson State	24%	5- -Tennessee State	39%

<u>FAR</u>		<u>REG</u>	
1- -West Virginia State	43%	1- -West Virginia State	40%
2- -Howard	36%	2- -Howard	36%
3- -Clark-Atlanta	18%	3- -Florida A&M	28%
3- -Hampton	18%	4- -Clark-Atlanta	26%
3- -North Carolina A&T	18%	5- -Hampton	17%

Large, Medium, and Small HBCUs

Based upon their sectional performances, the top five large HBCUs were (1) Howard, (2) Florida A&M, (3) West Virginia State, (4) University of DC, and (5) Clark-Atlanta and North Carolina A&T.

Medium HBCUs

<u>AUD</u>		<u>BEC</u>	
1- -Southern-Baton Rouge	71%	1- -Alabama A&M	60%
2- -Morehouse	44%	2- -North Carolina Central	56%
3- -Virginia State	44%	3- -Morehouse	50%
4- -Alabama A&M	31%	4- -Morgan State	46%
4- -Delaware State	31%	5- -Virginia State	36%

<u>FAR</u>		<u>REG</u>	
1- -Albany State	67%	1- -Langston	67%
2- -North Carolina Central	38%	2- -North Carolina Central	57%
2- -Lincoln- -MO	38%	3- -Southern-Baton Rouge	50%
4- -Morehouse	33%	3- -Virginia State	50%
4- -Southern-Baton Rouge	33%	5- -Alabama A&M	43%

Based upon their sectional performances, the top five medium HBCUs were (1) North Carolina Central, (2) Southern-Baton Rouge, (3) Morehouse, (4) Alabama A&M, and (5) Virginia State.

Small HBCUs

<u>AUD</u>		<u>BEC</u>	
1- -Norfolk State	75%	1- -Savannah State	100%
2- -Tuskegee	67%	1- -Florida Memorial	100%
3- -Virginia Union	50%	3- -Norfolk State	75%
4- -Benedict	33%	4- -Benedict	67%
5- -Bethune Cookman	30%	4- -Bluefield State	67%

<u>FAR</u>		<u>REG</u>	
1- -Tuskegee	67%	1- -Benedict	100%
2- -Benedict	50%	1- -Tuskegee	100%
2- -Xavier- -LA	50%	1- -Shaw	100%
4- -Bethune Cookman	40%	4- -Norfolk State	67%
4- -Southern-Shreveport	40%	5- -Southern-Shreveport	38%

Based upon their sectional performances, the top five small HBCUs were (1) Benedict, (2) Tuskegee, (3) Norfolk State, and (4) – (5) Bethune Cookman, and Southern-Shreveport.

FIRST-TIME CANDIDATES PASS RATE

The pass rate presented earlier included data for both “first-time” candidates and “repeat” candidates. A better indicator of the quality of an accounting programs from HBCUs would be the performance of “first-time” candidates. These candidates would have taken the CPA exam shortly after completing their academic programs. Listed below are the top five “first-time” pass rates by large, medium and small HBCUs on the four sections of the CPA exam.

Large HBCUs

<u>AUD</u>		<u>BEC</u>	
1- -Howard	50%	1- -Morehouse	83%
2- -University of DC	43%	2- -Florida A&M	70%
3- -Florida A&M	40%	3- -University of DC	50%
4- -North Carolina A&T	36%	4- -Jackson State	42%
5- -Texas Southern	25%	5- -Clark-Atlanta	40%

<u>FAR</u>		<u>REG</u>	
1- -Tennessee State	80%	1- -Tennessee State	100%
2- -Jackson State	36%	2- -Howard	40%
3- -Clark-Atlanta	33%	3- -Jackson State	30%
4- -Howard	31%	4- -Hampton	25%
5- -University of DC	25%	5- -University of DC	25%

Based upon their sectional performances, the top five large HBCUs were (1) University of DC, (2) Howard, (3) Jackson State, (4) Tennessee State, and (5) Florida A&M.

Medium HBCUs

<u>AUD</u>		<u>BEC</u>	
1- -Southern-Baton Rouge	100%	1- -North Carolina Central	80%
2- -Delaware State	60%	2- -Morehouse	71%
3- -North Carolina Central	50%	3- -Alabama State	67%
4- -Morehouse	46%	4- -Morgan State	60%
5- -Morgan State	43%	5- -Alabama A&M	50%

<u>FAR</u>		<u>REG</u>	
1- -Alabama State	50%	1- -Virginia State	100%
1- -Albany State	50%	2- -North Carolina Central	57%
3- -North Carolina Central	40%	3- -Albany State	50%
4- -Delaware State	33%	4- -Morgan State	50%
4- -Lincoln- -MO	33%	5- -Southern-Baton Rouge	50%
4- -Medgar Evers	33%		

Based upon sectional performances, the top five medium HBCUs were (1) North Carolina Central, (2) Morgan State, (3) - (4) Alabama State and Albany State, and (5) Delaware State.

Small HBCUs

<u>AUD</u>	<u>BEC</u>
1 to 5- -No Report	1 to 5- -No Report

<u>FAR</u>	<u>REG</u>
1 to 5- -No Report	1 to 5- -No Report

NASBA did not report any data for “first-time” pass rate for small HBCUs. In order to be cited, a minimum of five “first-time” candidates must have sat for a section of the CPA exam. In this research project, small HBCUs were classified as having between 5 to 9 candidates, which includes both “first-time” and “repeat” candidates. Thus having no reportable data for “first-time” candidate is not surprising because of the five candidate minimum.

OVERALL EVALUATION

The determination of the overall evaluation of large, medium and small HBCUs on the CPA exam presents numerous challenges. The size of institutions varied, their

performances on the ACT and SAT varied, and their financial resources varied. The above differences did not take into consideration the quantity and quality of the faculty. The authors assume that these differences were randomly distributed upon the HBCUs in each category.

In determining the overall evaluation of HBCUs, the author weighted and summed the pass rate ranking on each section (AUD- -BEC- -FAR- -REG) of the CPA exam. The overall evaluation includes both “first-time” candidates and “repeat” candidates. First-time candidate is determined at the section level. If a candidate takes a section of the CPA exam for the first time, that candidate is considered a first-time candidate for that section only. All subsequent taking of that section, that candidate would be considered a repeat candidate. There was no way of determining from the data the number of times that a repeat candidate had taken a section. In addition, there was no way of determining the time span from graduation to the first time that candidate took a section of the CPA exam. The result represented the best overall evaluation. Thus for the year 2013 the top five large, medium and small HBCUs were:

<u>Large</u>	<u>Medium</u>	<u>Small</u>
1 - -Howard (28)	1 - -North Carolina Central (27)	1- -Tuskegee (14)
2 - -Florida A&M (19)	2 - -Southern-Baton Rouge (11)	2- -Benedict (11)
3 - -University of DC (15)	3/5-Alabama State (8)	3- -Norfolk State (9)
4/5-Tennessee State (10)	3/5-Albany State (8)	4/5-Bethune Cookman (3)
5/5-West Virginia State (10)	3/5-Morehouse (8)	4/5-Southern-Shr’port (3)

Howard in the large category and North Carolina Central in the medium category had the best performances by a significant margin. They were followed by Florida A&M and Southern-Baton Rouge, respectively. Due to the limited number of candidates in the small category, Tuskegee had the best overall evaluation, followed very closely by Benedict. The large HBCUs average 23 on the ACT and 1,093 on the SAT. The medium HBCUs average 20 on the ACT and 973 on the SAT. The small HBCUs average 20 on the ACT and 943 on the SAT. This research project did not find a direct correlation between admission standards and CPA exam performance. This is an area for future study.

These cited HBCUs are an indicator that these HBCUs are preparing students to be successful on the CPA exam. However, there is significant room for improvement and HBCUs must improve their pass rates. HBCUs must increase the number of candidates sitting and passing the CPA exam to remain relevant to its various stakeholders.

CONCLUSION

The CPA certificate offers unlimited opportunity for success in an increasingly complex business world. This rigorous exam remains an important test to identify those individuals who processes the basic core competencies to be called a Certified Public Accountant (CPA). HBCUs are a major supplier of CPAs to the profession. Statistical performances were presented for the 2013 CPA exam for large, medium and small HBCUs based upon the number of candidates.

The following HBCUs were cited for their overall performance on the CPA exam. Howard in the large category and North Carolina Central in the medium category had the best performances by a significant margin. They were followed by Florida A&M and Southern-Baton Rouge, respectively. In the small category, Tuskegee had the best overall evaluation, followed very closely by Benedict. The cited HBCUs are an indicator that HBCUs are preparing students to be successful on the CPA exam. Some HBCUs pass rates exceeded the national average. However, there is significant room for improvement and HBCUs must improve their pass rates.

The CPA exam has become the global standard for accounting excellence. The future of HBCUs being a major supplier of CPAs to the profession is in peril. HBCUs must increase the number of candidates sitting and passing the CPA exam to remain relevant to its various stakeholders. This is a challenge and an opportunity for HBCUs to remain viable in the marketplace.

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