



# Go for Gold! Take the New CMA and CPA Exams While Earning Your MBA

BY LORI R. FULLER, PH.D., CPA, AND  
JOSEPH M. HARGADON, PH.D., CMA, CPA

**BOTH THE ICMA® AND THE AICPA HAVE RECENTLY MADE CHANGES TO THE STRUCTURE AND CONTENT OF THE CMA® AND CPA EXAMINATIONS, RESPECTIVELY. WE PRESCRIBE A PROGRAM OF STUDY WHERE UNDERGRADUATE ACCOUNTING MAJORS CAN COMPLETE THE CMA EXAM BEFORE THEY EARN THEIR BACHELOR'S DEGREE AND COMPLETE THE CPA EXAM EITHER DURING THEIR PURSUIT OF AN MBA DEGREE OR AFTER THEY EARN IT, THUS MEETING THE 150-CREDIT-HOUR REQUIREMENT.**

**F**inancial accounting knowledge is necessary but not sufficient in the 21st Century's global economy. Because of rapidly changing economic environments and information technologies, as well as stronger global competition, today's accountants must understand business and all its interrelationships. They must possess a deeper understanding of managerial accounting, economics, decision sciences, and other business courses as part of their knowledge base.<sup>1</sup> This knowledge tool kit has been advanced by the American Institute of Certified Public Accountants (AICPA) and its 150-credit-hour requirement for membership in the organization. State Boards of Accountancy also agree in that the majority of the 55 states and jurisdictions under the United States have

adopted the 150-credit-hour requirement for licensure as a Certified Public Accountant (CPA).<sup>2</sup> The additional hours beyond the undergraduate degree can be undergraduate and/or graduate courses, but many schools encourage the latter so that a student earns a Master of Business Administration (MBA) or Master of Accounting (MAC) degree.

It is a daunting challenge for the new college graduate to "dive into" today's business world, so how does the new accounting graduate compete? The answer is to distinguish oneself from the pack. Larry White, 2004 Chair of the Institute of Management Accountants (IMA®), says that the way to do this is by getting certified: "Getting a certification at any point in your career shows that you are an energized professional, you are

improving yourself, and you're interested in and committed to ongoing professional improvement.”<sup>3</sup> Additional support for certification comes from the IMA 2009 salary survey, which reports that individuals with certification—Certified Management Accountant (CMA®), CPA, or both CMA and CPA—earn an average of \$34,000 more total compensation per annum than an individual with no certification!<sup>4</sup>

Similar to what we did in our earlier article, “MBA, CMA, and CPA: Natural Partners in the 150-Hour Requirement” in the Winter 2008 issue of *Management Accounting Quarterly*, we offer an updated plan that accounting educators can recommend to accounting students to “distinguish” themselves in the current market. Specifically, we propose that a student’s curriculum include a 150-credit-hour program to obtain an MBA while structuring coursework to allow the student to sit for and complete the revised CPA and CMA exams. Our premise is based on efficiency. Essentially, most people are better test takers while they are still students. If students sequence their coursework properly, they can make studying for and passing the CMA and CPA exams more efficient and effective.

We chose the CMA and CPA certification exams over others because both exams allow candidates to sit for one section at a time, are computer-based and use Pro-metric testing sites, have testing windows that facilitate flexibility in scheduling, do not require qualifying work experience to sit for the exam, and are strongly endorsed inside and outside their respective industries.

Before delineating our two programs, we first review the AICPA’s 150-credit-hour requirement and the various implementation formats used to meet the requirement. Next we detail the new structure of both the CPA and CMA examinations, including the educational requirements needed to sit for each exam. Then we map two programs of study—one for the CPA exam jurisdictions that permit candidates to sit with 120 credit hours and the second for those states that mandate completion of 150 credit hours before the candidate can sit for the CPA exam.

#### THE 150-CREDIT-HOUR REQUIREMENT

In 1988, the AICPA approved a 150-credit-hour educational requirement for new members that became effec-

tive in 2001. Generally, new members must complete a 150-credit-hour educational program, pass the national exam, and meet experience requirements before they can become regular members of the AICPA.<sup>5</sup>

The Uniform Accountancy Act (UAA) was introduced under a joint effort of the AICPA and the National Association of State Boards of Accountancy (NASBA) after the 150-credit-hour rule became effective. Its purpose was to develop consistency across the 55 American licensing jurisdictions regarding the 150-credit-hour rule implementation so that artificial barriers to interstate practice and mobility of CPAs could be addressed.<sup>6</sup> Artificial barriers include CPA certification requirements, reciprocity, temporary practice, and any other aspects of state board legislation.<sup>7</sup> Currently, six of the 55 jurisdictions do not have the 150-credit-hour requirement in effect (California, Colorado, Delaware, New Hampshire, Vermont, and the Virgin Islands), and one state, Pennsylvania, will not implement the requirement until 2012.<sup>8</sup> These six jurisdictions allow a candidate to sit for the exam with only 120 credit hours, with licensure after experience requirements are met. Twenty-two states allow candidates to sit at 120 credit hours but require 150 credit hours for certification/licensure ([www.aicpa.org](http://www.aicpa.org)).<sup>9</sup>

Once students determine if the additional education is required to become a CPA in their jurisdiction, the next issue is how they should pursue the 30 additional credits. Three basic options are available to obtain the additional credits: (1) take all undergraduate and/or a mix of undergraduate and graduate courses to suit one’s interests, (2) take credits in graduate courses aimed at earning an MBA, or (3) take credits in graduate courses with a MAC (or Master of Taxation, MT) as the end goal.

#### MBA vs. MAC

Which advanced degree should a student obtain?<sup>10</sup> Research has been mixed about which of these options breeds the most successful accountant. The majority of the schools in the 150-credit-hour jurisdictions have structured their accounting programs so their students can earn their MAC in one year rather than the two years traditionally taken.<sup>11</sup> We propose, however, that students set their program of study to earn the MBA as

their advanced degree to comply with the 150-credit-hour rule.

First, we believe the MBA is better aligned with the original goal of the AICPA to improve the overall quality of the work performed and ensure the quality of future audits by developing versatile and intellectual CPAs with a broadened management education experience.<sup>12</sup> The original vision of the 150-credit-hour CPA was to be a professional with a well-rounded knowledge base that consists of writing skills, mathematical and algebraic accuracy, and knowledge of geography, science, and language.<sup>13</sup> Additional support for our position comes from other accounting research, which found that:

- ◆ Learning more accounting was not as useful as an MBA's broader education.<sup>14</sup>
- ◆ Corporate accountants prefer a dual Accounting and MIS degree as their first choice, and the MBA was second.<sup>15</sup>
- ◆ The demand for MAC graduates is low in relation to the supply.<sup>16</sup>
- ◆ Accounting majors prefer the MBA as their advanced degree to meet the 150-credit-hour requirement.<sup>17</sup>
- ◆ More than 90% of the finance function professionals in this country work inside organizations providing decision support, planning, and control (e.g., management accounting). Ultimately, the CMA is the appropriate certification for these individuals, and the MBA as the advanced degree aligns itself better with the objectives of the management accountant as described by IMA.<sup>18</sup>

Because our program is recommended for students with an undergraduate degree in accounting, a candidate should be able to complete most MBA programs with an additional 30 to 36 credit hours.<sup>19</sup>

#### **EXAM STRUCTURE AND CONTENT FOR THE NEW CMA AND CPA EXAMS**

Both IMA and the AICPA aspire to achieve and maintain rigorous professional examination and certification processes to keep pace with the increased expectations and expanded roles placed on today's accounting and financial professionals. As such, the Institute of Certified Management Accountants (ICMA®) (the certifica-

tion division of IMA) and the AICPA are persistent in their reviews of content specifications and testing approaches to make sure that the format and content of the exams are current and relevant to business. Accordingly, both the ICMA and the AICPA have announced major exam changes. CMA exam changes took effect May 1, 2010, and CPA exam changes take effect in January 2011.

#### **CMA Exam Changes**

To maintain currency and relevance, the ICMA changed the CMA exam format (from four parts to two parts) and content to better reflect the practical body of business knowledge needed in the workplace. The exam changes were made to parallel the knowledge, skills, and abilities that an accountant or financial professional in business uses on the job today: *financial planning, analysis, control, and decision support*.<sup>20</sup> The new exam assesses mastery of these critical skills. In effect, the changes represent an increased emphasis on the knowledge and skills needed by aspiring chief financial officers (CFOs). The goal of the new program is to ensure that the CMA remains a highly regarded designation for accountants and financial professionals within the global business environment. The format of the new CMA exam now consists of:

##### **Part 1: Financial Planning, Performance and Control**

(Four-hour exam consisting of 100 multiple-choice questions and two 30-minute essay questions)

##### **Part 2: Financial Decision Making**

(Four-hour exam consisting of 100 multiple-choice questions and two 30-minute essay questions)

The new CMA exam tests all concepts up to an advanced level (Level C). The levels tested range from introductory knowledge (Level A), to application and analysis (Level B), to a detailed comprehension of and ability to synthesize the essentials of a topic, evaluate them, and make recommendations (Level C). Level C topic areas may also contain requirements at Level A or B. The new CMA exam is 500 points, of which a passing score is 360. The content specification outline and skills required for these new exam parts are detailed in Table 1.

Table 1: **Comparison of CMA and CPA Exams**

<b>PANEL A: TOPIC AREAS</b>	
<b>CMA Exam Effective May 1, 2010</b>	<b>CPA Exam (Listed Alphabetically by Section) Effective January 1, 2011</b>
<p><b>Part 1: Financial Planning, Performance and Control</b>                      Planning, Budgeting, Forecasting (30%)                      Includes budgeting concepts, flexible budgeting, forecasting techniques, and business planning and analysis.                      Performance Management (25%)                      Includes variance analysis, transfer pricing, profitability analysis, and balanced scorecard.                      Cost Management (25%)                      Includes activity-based costing, process costing, cost behavior, overhead allocations, operational efficiency, and business process improvements.                      Internal Controls (15%)                      Includes risk assessment and risk management, internal controls, COSO, role of the internal auditor, and systems controls and security measures.                      Professional Ethics (5%)                      Includes ethical considerations for management accounting and financial management professionals.</p> <p><b>Part 2: Financial Decision Making</b>                      Financial Statement Analysis (25%)                      Includes ratio analysis and analytical issues in financial accounting, including impact of foreign operations, IFRS, fair value, and cash flow reconciliation.                      Corporate Finance (25%)                      Includes risk and return, financial instruments, cost of capital, managing current assets, raising capital, M&amp;A, and international finance, including exchange rates.                      Decision Analysis and Risk Management (25%)                      Includes C-V-P (cost, volume, profit) analysis, marginal analysis, pricing, and risk assessment—including ERM.                      Investment Decisions (20%)                      Includes the capital budgeting process, DCF analysis, ranking and risk assessment of capital projects, and valuation.                      Professional Ethics (5%)                      Includes ethical considerations for the organization.</p>	<p><b>Auditing and Attestation (AUD)</b>                      Engagement Acceptance/Understanding Assignment (12%-16%)                      Understanding Entity &amp; Environment – including internal controls (16%-20%)                      Performing Audit Procedures/Evaluating Evidence (16%-20%)                      Evaluation, Communication &amp; Reporting Audit Findings (16%-20%)                      Accounting &amp; Review Services Engagements (12%-16%)                      Professional Responsibilities (16%-20%)</p> <p><b>Business Environments and Concepts (BEC)</b>                      Corporate Governance (16%-20%)                      Economic Concepts &amp; Analysis (16%-20%)                      Financial Management (19%-23%)                      Information Systems &amp; Communications (15%-19%)                      Strategic Planning (10%-14%)                      Operations Management (12%-16%)</p> <p><b>Financial Accounting and Reporting (FAR)</b>                      Conceptual Framework/Standards &amp; Standard Setting/Financial Statement Presentation (17%-23%)                      Financial Statement Accounts/Specific Transactions and Events: Recognition, Measurement, Valuation, Calculation, Presentation, and Disclosures (54%-66%)                      Government Accounting &amp; Reporting (8%-12%)                      Nongovernmental Not-for-Profits Accounting &amp; Reporting (8%-12%)</p> <p><b>Regulation (REG)</b>                      Ethics, Professional &amp; Legal Responsibility (15%-19%)                      Business Law (17%-21%)                      Federal Tax Process, Procedures, Accounting, &amp; Planning (11%-15%)                      Federal Taxation of Property Transactions (12%-16%)                      Federal Taxation—Individual (13%-19%)                      Federal Taxation—Entities (18%-24%)</p>
<b>PANEL B: TESTING PERIODS</b>	
<b>CMA</b>	<b>CPA</b>
<p>All parts offered daily except Sundays and holidays.</p> <ol style="list-style-type: none"> <li>Both parts are offered in three testing windows:                             <ul style="list-style-type: none"> <li>● January-February</li> <li>● May-June</li> <li>● September-October</li> </ul> </li> <li>One or both parts may be taken in any window in any order.</li> <li>Prometric testing center used.</li> </ol>	<p>Exam available five days a week.</p> <ol style="list-style-type: none"> <li>Each year contains four testing windows:                             <ul style="list-style-type: none"> <li>● January-February</li> <li>● April-May</li> <li>● July-August</li> <li>● October-November</li> </ul> </li> <li>One or more parts may be taken during any window and in any order.</li> <li>Prometric testing center used.</li> </ol>

### CPA Exam Changes

The first major change to the CPA exam took place in April 2004 when the exam went from paper and pencil to computer-based testing (CBT). According to the AICPA, “the CPA Exam will be transformed” when planned changes to both the exam’s structure and content are implemented January 1, 2011. The new exam is referred to as CBT-e (the “e” stands for evolution). The CBT-e retains its existing four sections but uses a more advanced technological environment. The changes are not only significant but numerous. They include:

- ◆ New Content and Skill Specifications (CSOs/SSOs), including International Financial Reporting Standards (IFRS).
- ◆ New question formats, including short, task-based simulations.
- ◆ New research functionality that includes the Financial Accounting Standards Board’s (FASB) Accounting Standards Codification™.
- ◆ New exam structure and section time allocations.
- ◆ Changes in the percentage value of examination components.

The research task format questions in the old simulations are replaced with task-based simulations (TBS). The research databases are enhanced under the new CBT-e. The content specification outline and skills required of these new exam parts are detailed in Table 1, Panel A. A summary of the format changes to each section of the exam is outlined in Table 2. Scoring for the new CBT-e exam is the same. Each part is a total of 100 points, and a passing score is 75 points or better.<sup>21</sup>

### EDUCATIONAL AND EXPERIENCE REQUIREMENTS FOR THE CMA AND CPA EXAMS

To earn either the CPA or the CMA designation requires both an education and an experience component. We describe each one next.

#### CMA Exam

A management accountant is defined as a “strategic financial management professional who combines accounting expertise with professional management skills to provide leadership, innovation, and integration

Table 2: **CPA Exam Changes**

Old Exam	New CBT-e
<b>Financial Accounting and Reporting (FAR)</b> Time: 4 hours 90 Multiple-Choice Questions Two Simulations	Same Same Seven Task-Based Simulations
<b>Auditing and Attestation (AUD)</b> Time: 4.5 hours 90 Multiple-Choice Questions Two Simulations	4 hours Same Seven Task-Based Simulations
<b>Regulation (REG)</b> Time: 3 hours 90 Multiple-Choice Questions Two Simulations	Same Same Six Task-Based Simulations
<b>Business Environment and Concepts (BEC)</b> Time: 2.5 hours 90 Multiple-Choice Questions No Simulations	3 hours 72 Multiple-Choice Questions Three Written Communication Tasks

perspective to organizational decision making.”<sup>22</sup> IMA goes beyond that definition and states that management accountants:

- ◆ Are strategic financial management professionals who integrate accounting expertise with advanced management skills to drive business performance inside organizations;
- ◆ Monitor, interpret, and communicate operating results, evaluate performance, control operations, and make decisions about the strategic direction of the organization; and
- ◆ Possess advanced financial and strategic management competencies to provide leadership, innovation, and an integrating perspective to organizational decision making in the global marketplace.

The education requirement for a candidate to earn the CMA certification is a bachelor’s degree, in any area, from an accredited college or university. IMA does not have a designated program of study or a minimum number of credits that must be taken in any one discipline. Historically, the most successful CMA candidates had taken courses in general (liberal arts) education, business, accounting, and management science.<sup>23</sup> The major difference in the educational requirement between the CMA and CPA exams is that CMA candidates are *not* required to have earned or completed a degree at the time they sit for the CMA exam.<sup>24</sup> Instead, students are permitted to sit for the CMA exam before they complete their degree—provided they are registered for at least six credit hours per semester during the academic year. The ICMA requires candidates to fulfill the education requirements within seven years *after* completing the CMA exam. Consequently, this provision allows a candidate to take both parts of the CMA exam *before* they earn their undergraduate degree.

The experience portion of the CMA certification mandates that candidates complete two continuous years of professional experience in management accounting or financial management prior to or within seven years of passing the examination.

#### *CPA Exam*

The AICPA’s intent from the inception of the 150-

credit-hour requirement was to broaden the management education experience for accounting graduates and improve the overall quality of the work performed by CPAs in an increasingly complex business environment.<sup>25</sup> To succeed in the accounting profession, accountants need a broad range of technical, ethical, and professional judgment knowledge as well as problem-solving and technological skills.<sup>26</sup>

As we stated earlier, 28 of the 55 jurisdictions require candidates to have at least 120 credit hours, and the remaining jurisdictions require 150 credit hours to sit for the exam.<sup>27</sup> Although each jurisdiction under the 150-credit-hour rule has implemented the required credits differently, all share similar overall education requirements: 60 general education credits, including upper-division economics, and 90 credits that include accounting and general business courses. The majority of the latter credits must be upper-division or graduate-level credits.<sup>28</sup>

Once a candidate passes the CPA exam, he or she must meet one, two, or four years of qualifying work experience commensurate with the type of degree earned: master’s, bachelor’s, and associate’s (Delaware only), respectively.

### **PROGRAM OF STUDY TO EARN THE CMA, CPA, AND MBA**

#### *CMA and CPA Study Materials*

For both the 120- and 150-credit-hour programs of study, we recommend that student candidates use CMA and CPA exam preparation materials (e.g., review course, software, etc.) in addition to their coursework. Our plan presumes a three-semester academic year that includes fall, spring, and summer terms. We also begin our recommended program of study at the junior year and presume that the first 60 hours of general education and business prerequisites (e.g., statistics, economics, etc.) have been completed. Because the CMA exam increased its emphasis on the application, analysis, synthesis, and evaluation of advanced finance topics, we recommend that a student pursue either a minor in finance or at least take additional credits beyond the traditional required corporate finance course. Last, because of the vast array of course names universities use, we opt to use generic terminology for the upper-level business course titles.

**Dual Certification under the 120-Credit-Hour Program of Study**

This program of study is designed for students who reside in the 28 jurisdictions where a candidate can sit for the CPA exam after completing 120 semester credit hours and graduating. Although candidates under both programs can begin and complete the CMA exam before earning their undergraduate degree, the advantage this program has over the 150-credit-hour program of study is that these candidates can sit for their CPA exam after completing their bachelor's degree—while taking credits toward their MBA degree. In this program, these students can conceivably complete the CMA and CPA examinations *prior* to earning their MBA! See Table 3 for a graphical timeline of preparation for these three credentials and the recommended sequence of undergraduate and graduate coursework.

As shown in Table 3, we recommend that the student complete the following courses during the fall semester of the junior year: Intermediate Accounting I,

Business Law, Finance, Management, and Accounting Information Systems. The recommended courses for the spring semester include Intermediate Accounting II, Operations Management, International Business, Marketing, and a Finance elective. We recommend using the CMA prep materials to study for and then take Part 2 of the CMA exam—Financial Decision Making—in May or June of the summer semester following the junior year. The total coursework completed in the student's junior year covers the majority of topics tested on Part 2 and should streamline the preparation time for this part.

Our program of study advises the following courses during the fall semester of the student's senior year: Advanced Accounting, Taxation I, Cost/Managerial Accounting, the Business Capstone course, and an additional Finance elective. The vast majority of the topics typically covered in these courses are tested on Part 1 of the CMA exam—Financial Planning, Performance and Control. With the combination of CMA prep materials

Table 3: **120-Credit-Hour Program for Dual Certification and MBA**

FALL SEMESTER	SPRING SEMESTER	SUMMER TERM
<b>JUNIOR YEAR</b>		
Intermediate Accounting I Business Law I Finance Management Accounting Info. Systems	Intermediate Accounting II Operations Management International Business Marketing Finance Elective	<b>CMA Exam - Part 2 (May/June)</b>
<b>SENIOR YEAR</b>		
Advanced Accounting Tax I Cost Accounting Business Capstone Finance Elective  <b>CMA Exam - Part 1 (January)</b>	Auditing Tax II Upper Division Economics Accounting Capstone Elective (BLAW II)  <b>CPA Exam - REG (May)</b>	<b>CPA Exam - AUD (July) CPA Exam - FAR (Aug)</b>
<b>MBA PROGRAM</b>		
Core Business Core Business Core Business Elective	Core Business Core Business Core Business Elective  <b>CPA Exam - BEC (May)</b>	Core Bussiness Core Bussiness Core Bussiness Elective

and this coursework, the student is well positioned to take Part 1 of the CMA exam over the winter break in January. If successful, the student will have completed the CMA examination prior to earning his or her undergraduate degree—which is quite an accomplishment and one that employers and graduate programs will undoubtedly look favorably upon.

The spring semester of the student's senior year includes Auditing, Taxation II, a second Business Law course (if available), an upper-division Economics elective, and the Accounting Capstone course. We recommend that the student prepare and sit for the Regulation (REG) section of the CPA exam shortly after graduation in late May. Given that the student has completed the Auditing and Tax courses in his/her senior year, 75% to 80% of the REG section content will be fresh in his/her mind, thus significantly expediting the review process. We acknowledge that taking this part so soon after graduation is extremely ambitious, but it is highly desirable for the student to capitalize on the timing of the coursework and to make as much progress as possible on the CPA exam before starting a graduate program.

Also, we recommend that the summer after the senior year the student use the CPA exam review materials to study for and take the Auditing and Attestation (AUD) and Financial Accounting and Reporting (FAR) sections of the CPA exam in July and August, respectively. Students benefit from the synergy between FAR and AUD when they are studied together because ratio analysis and analytical procedures draw heavily from financial statement presentation under Generally Accepted Accounting Principles (GAAP).

An MBA program will be the final three semesters for the student. During these semesters, the student will complete only the BEC section of the CPA exam. We do not recommend preparing and sitting for the BEC section during the first two semesters of the candidate's MBA program because the candidate needs time to recover from the rigorous summer exam schedule and to become acclimated to the demands of graduate school. Note that our plan uses the generic terminology "Core Course" for the recommended MBA courses. The typical "core" of an MBA program includes advanced coverage of accounting, finance, eco-

nomics, information systems, management, international business, and business policy. These topics align very well with the BEC section of the CPA exam. Thus, we recommend that in May, after completing the fall and spring semesters of the MBA program, the student use the CPA exam review materials to review and take the BEC section of the CPA exam. If successful, the candidate has now passed the CPA exam, has completed the CMA exam, and will earn the MBA degree upon completion of the final semester of MBA coursework.

### *150-Credit-Hour Program of Study*

This program of study is designed for students who reside in the remaining jurisdictions where the CPA exam cannot be taken until the 150 credit hours of coursework are *completed*. Accordingly, when they graduate with their MBA degree, candidates can begin taking the CPA exam. These individuals can complete the CMA exam while still undergraduates, earn their MBA degree, and then complete the CPA exam within one year of completing their master's degree. See Table 4 for the timeline for these three credentials and the recommended sequencing of undergraduate and graduate coursework.

As shown in Table 4, the *sequencing of coursework* for the 150-credit-hour program of study is identical to the 120-credit-hour program. The differences between the two programs of study result from the professional exam sequencing. Similar to the 120-credit-hour program of study, we recommend that Part 2 of the CMA exam—Financial Decision Making—be completed in May or June of the junior year. We also encourage the student to complete Part 1 of the CMA exam—Financial Planning, Performance and Control—during the winter break (January) before the start of his/her final undergraduate semester. We believe it is advantageous for the student to complete the CMA examination before graduation. This is an excellent achievement to list on a graduate school application. If the student feels the winter break timeline is too tight for adequate preparation, however, he/she may defer this part until the summer semester because the CPA exam cannot be started in the first summer—unlike the 120-credit-hour program. Beginning with the summer semester after the student's undergraduate program, the professional exam



Table 4: **150-Credit-Hour Program for Dual Certification and MBA**

FALL SEMESTER	SPRING SEMESTER	SUMMER TERM
<b>JUNIOR YEAR</b>		
Intermediate Accounting I Business Law I Finance Management Accounting Info. Systems	Intermediate Accounting II Operations Management Finance Elective Marketing International Business	<b>CMA Exam - Part 2 (May/June)</b>
<b>SENIOR YEAR</b>		
Advanced Accounting Tax I Cost Accounting Business Capstone Finance Elective  <b>CMA Exam - Part 1* (January)</b>	Auditing Tax II Upper Division Economics Accounting Capstone Course Elective (BLAW II)	<b>CMA Exam - Part 1* (May/June)</b>
<b>MBA PROGRAM</b>		
Core Business Core Business Core Business Elective	Core Business Core Business Core Business Elective	Core Bussiness Core Bussiness Core Bussiness Elective  <b>CPA Exam - BEC (August)</b>
<b>POSTGRADUATE</b>		
<b>CPA Exam - AUD (October)</b>  <b>CPA Exam - FAR (November)</b>	"Busy Season"	<b>CPA Exam - REG (July)</b>

\* Each student can determine which window works best since he/she cannot yet start the CPA exam.

sequence changes. This change is necessary because the jurisdictions requiring 150 credit hours of education mandate that these hours be completed *before* a candidate can begin the CPA examination (i.e., the CPA exam cannot be started until after the student completes his/her MBA program).

The sequence of the MBA coursework is also identical to that of the 120-credit-hour program described above. After a student completes this coursework, however, we recommend a different *exam sequence*. In late August, at the end of the summer semester after the MBA degree is completed, we advise the candidate to complete the BEC section of the CPA exam. The preparation for this section should be relatively light

because the candidate has studied all of the topics covered in this section through MBA coursework and earlier preparation for the CMA exam.

We also recommend that, in the fall semester after completing the MBA program, the candidate use the CPA exam review materials and begin preparation for the AUD and FAR sections of the CPA exam. These two sections should be taken in the October/November testing window, respectively. Because we presume gainful employment upon graduation and because it is typically busy season during the spring semester, we recommend the graduate defer taking the final CPA exam section, REG, until July. As the candidate has not had significant *recent* exposure to taxation concepts,

more time should be allotted to use the CPA prep materials to review this area. If successful, the student, who has previously passed the CMA exam, has now completed the CPA examination within one year of earning an MBA degree! Remember, to ultimately receive the CPA license and CMA certificate, the candidate must also satisfy the qualified work experience requirement. In many CPA jurisdictions, earning a master's degree counts toward the work experience requirement.

### READY TO GO?

Accounting faculty and the profession encourage students to pursue professional accounting certification. We outlined an approach whereby accounting graduates can earn dual certification—the CPA and CMA—as well as an MBA. Our roadmap incorporates the changes to the CPA and CMA examinations and begins in the student's junior year of undergraduate studies. Our plan is designed for full-time students who have a traditional schedule: two semesters with a summer term. Other schedules, however, could easily be adapted from our outline.

Because not all states have adopted the 150-credit-hour requirement, we presented two approaches. The 120-credit-hour states have one advantage over the 150-credit-hour states in that students can begin taking the CPA exam during their graduate coursework. Also, the new CMA exam provides a great opportunity for students to complete the exam prior to earning their bachelor's degree. We believe this reflects very positively on the candidate who applies to graduate school and/or begins a job. Finally, the CPA and CMA certifications are not the only certifications in the broad field of accounting. We selected these two over the others because they are similar in their testing methodologies and there is synergy between them. Future research could strategize about other professional certifications coupled with advanced degrees while capitalizing on the sequence of exam topics and timing of testing. ■

*Lori R. Fuller, Ph.D., CPA, is an associate professor of accounting at West Chester University and is a member of IMA's Wilmington Chapter. She can be reached at (610) 738-0493 or [lfuller@wcupa.edu](mailto:lfuller@wcupa.edu).*

*Joseph M. Hargadon, Ph.D., CMA, CPA, is a professor of accounting at Widener University in Chester, Pa., and is a member of IMA's Greater Philadelphia Chapter. He can be reached at (610) 499-4280 or [joseph.m.hargadon@widener.edu](mailto:joseph.m.hargadon@widener.edu).*

### ENDNOTES

- 1 Manmohan Kapoor, Majidul Islam, and Sameer Mustafa, "Factors Influencing Candidates' Success in the Certified Management Accountant (CMA) Exam at the First Attempt," *The Business Review*, December 2006, pp. 112-118.
- 2 Robyn Lawrence and R.J. Grambo, "An Examination of the Education Requirements to Become a CPA," *Journal of American Academy of Business*, March 2007, pp. 322-329; Nicholas Schroeder and Dianna Franz, "Explaining the Decline in CPA Candidates," *The CPA Journal*, October 2004, pp. 62-66.
- 3 Kathy Williams, "Larry R. White: Let's Reinvigorate Management Accounting," *Strategic Finance*, August 2004, pp. 20-24.
- 4 David L.Schroeder, Lee Schiffel, and Kenneth A. Smith, "IMA 2009 Salary Survey," *Strategic Finance*, June 2010, pp. 20-39.
- 5 The CPA license, or permit to practice, is based on each individual state's Board of Accountancy and, as described in the article, depends on that particular state's adoption of the 150-hour rule.
- 6 The 55 American Licensing jurisdictions include the 50 states, the District of Columbia, Puerto Rico, U.S. Virgin Islands, Guam, and the Commonwealth of Northern Mariana Islands.
- 7 Phillip Reckers, "Perspectives on the Proposal for a Generally Accepted Accounting Curriculum: a Wake-up Call for Academics," *Issues in Accounting Education*, February 2006, pp. 31-43.
- 8 Colorado passed and then subsequently rescinded its 150-hour requirement in 2000 (Robert Allen and Angela Woodland, "The 150-Hour Requirement and the Number of CPA Exam Candidates, Pass Rates, and the Number Passing," *Issues in Accounting Education*, August 2006, pp. 173-193).
- 9 States that allow candidates to sit for the CPA exam after 120 hours but require 150 for licensure are: Alaska, Arizona, Connecticut, Florida, Georgia, Hawaii, Idaho, Iowa, Kentucky, Massachusetts, Maine, Michigan, Minnesota, Missouri, North Carolina, North Dakota, New Jersey, Pennsylvania, Rhode Island, South Carolina, Virginia, and Washington.
- 10 It is in the students' best interests if this decision is made by their sophomore year.
- 11 Allen and Woodland, 2006.
- 12 *Ibid.*; Keith Russell and Carl Smith, "Accounting Education's Role in Corporate Malfeasance: It's Time for a New Curriculum!" *Strategic Finance*, December 2003, pp. 46-50.
- 13 Irvin Nelson, "What's New about Accounting Education Change? An Historical Perspective on the Movement," *Accounting Horizons*, December 1995, pp. 62-75.
- 14 W. Steve Albrecht and Robert Sack, *Accounting Education: Charting the Course through a Perilous Future*, American Accounting Association, Sarasota, Fla., 2000.
- 15 Carl Renner and Margaret Tanner, "Educating Future Accountants: Alternatives for Meeting the 150-Hour Requirement," *Journal of Education for Business*, January 2001, pp. 132-147.
- 16 Paul B. Miller, "The Five-Year Program Debate Continues: An Updated Analysis of the Supply of and Demand for Master's Degrees in Accounting," *Issues in Accounting Education*, May 2003, pp. 211-220.

- 17 James Bierstaker, Martha Howe, and Inshik Seol, "Accounting Majors' Perception Regarding the 150-Hour Rule," *Issues in Accounting Education*, May 2004, pp. 211-227.
- 18 Paul Sharman, "A Bridge Over Troubled Water," *Strategic Finance*, October 2006, pp. 8, 10.
- 19 Most MBA programs from accredited universities require anywhere from 48 to 56 credit hours, but most of these schools allow credit for core courses taken within the candidate's undergraduate program. These credits can range from 12 to 21, depending on the MBA program and school.
- 20 IMA, [www.imanet.org/certification.asp](http://www.imanet.org/certification.asp).
- 21 The AICPA is under preliminary discussion with respect to changing the passing score.
- 22 Kapoor, Islam, and Mustafa, 2006.
- 23 *Ibid.*
- 24 The CMA exam presumes that a candidate has knowledge in economics and basic statistics whereas economics is specifically tested in the business and environment concepts (BEC) section of the CPA exam.
- 25 Russell and Smith, 2003; Louis Grumet, "Asking Tough Questions about the 150-Hour Requirement," *The CPA Journal*, July 2003, p. 7.
- 26 Bierstaker, Howe, and Seol, 2004.
- 27 Six of the 28 jurisdictions allow licensure after 120 hours, and the remaining jurisdictions require 150 hours for licensure.
- 28 Lawrence and Grambo, 2007.

Reproduced with permission of the copyright owner. Further reproduction prohibited without permission.