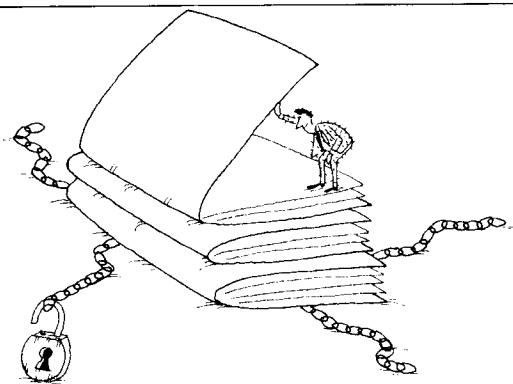


## Two Views About the Availability of the CPA



# The Case For A Disclosed Exam

By Anthony R. Pustorino

**F**or many years AICPA has published the text of each CPA exam shortly after its use, together with suggested answers. This material is widely used in coaching courses to prepare candidates for the exam, by accounting educators in preparing their courses, by authors of accounting text books, and by some practitioners to evaluate its relevance to the work of CPAs. The published CPA exam has acquired universal public respect and has become a paragon for other professional examinations.

I recognize that AICPA's Board of Examiners has decided to make the exam nondisclosed effective with the 1996 exam and that NASBA Board of Directors has given its support to the change. However, I believe that accountants may find it interesting to review the events that may have given rise to the change and what the profession may have lost in the process.

The genesis of this drive not to publish the exam in part stems from the discovery that certain exam candidates in Texas who participated in a computerized software coach course received higher than normal pausing rates in the exam sections in Theory, Practice and Law. The NASBA CPA Examination Review Board, of which I became a member after its deliberations on the disclosed exam issue, in reviewing the Texas situation concluded that "test score pollution" was at work, i.e., those "... practices which boost ... test scores without a corresponding change in the candidate's mastery of the content domain." From a broader perspective,

the Review Board asserted that "candidates are focusing too much on test taking and test items at the expense of acquiring the knowledge and skills needed for the practice of public accounting." How does the Review Board know that? I am unaware of any empirical evidence that supports such an assertion. There is greater evidence to support the view that candidates who have studied for and passed the CPA exam, albeit with the help of a coach course, have at least acquired the entry level knowledge for the practice of public accountancy.

For many years, the profession has lamented the low passing rates on the exam. Now, when finally a learning technique seems to get the passing rate to rise, there is a decision to make the exam text unavailable, presumably to get the passing rate down again. Why is it so difficult to accept a postulate that maybe a better teaching process has been used in Texas and that in the process of reviewing past exam questions the candidates actually did learn something about accounting beyond how to pass the CPA exam? Many studies have confirmed the positive correlation between advanced academic degrees and the passing rate on the exam. NASBA's 1991 edition of the *CPA Candidate Performance on the Uniform CPA Examination in May 1990* reports that 30.4% of first-time candidates with advanced degrees passed all subjects taken, while only 18.2% of those with baccalaureate degrees passed all subjects taken. Florida's experience confirms these results. Prior to Florida's passage of its 150-hour

*For a significant period, this topic has been the subject of serious dialogue in certain segments of the profession. While the AICPA Board of Examiners has approved the change to nondisclosure effective in 1996, it is in the best interest of the process of change to present the cases for and against the new approach.*

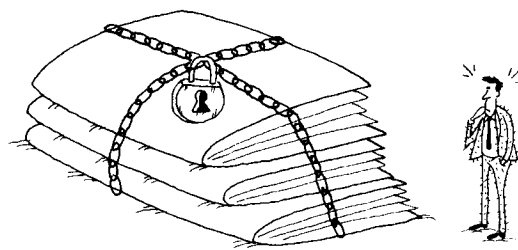
law in 1983, the passing rate for its candidates was approximately 14%. Since passage of the law, the rate has jumped to 32%. Clearly, more, better, and perhaps different education positively affects the passing rate. Why shouldn't the Texas candidates, all of whom were in a graduate program with high entry requirements, taught by good instructors who required proof of homework, not have better passing rates? Good education should be expected to do that.

### Distracting to Seniors?

Another argument often advanced for not publishing the exam is to force senior accounting majors to concentrate on studying to pass their college course work rather than on studying to pass the CPA exam. I find the premise for this argument difficult to accept. Why would rational, senior accounting majors imperil their impending graduation by not studying to pass their course work first? Students know they have to pass their college courses before they can graduate in order to be eligible to sit for the exam. Furthermore, since job opportu-

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# The Case For A Nondisclosed Exam



By Charles W. Taylor

**A** nondisclosed examination is one in which examination candidates cannot obtain question booklets after the examination is taken, and questions and unofficial answers are not published. The Uniform CPA Examination is presently not such an examination. Candidates for the exam may receive their booklets after the exam is taken; subsequently the AICPA publishes exam questions and unofficial answers that are available to candidates, the profession, and the public.

The Uniform CPA Examination is the only national professional licensure exam that is so disclosed.<sup>1</sup> During June 1991, the AICPA Board of Examiners voted to end this policy of disclosing questions and answers effective with the May 1996 exam.<sup>2</sup>

There are several reasons for adopting a nondisclosed process. Perhaps the most important reason is the potential for improvement in the quality of the CPA exam. The validity and reliability of the exam are directly dependent on the psychometric quality of the test items (i.e., questions and problems). Psychometric quality is the scientific way of saying the ability of an exam to achieve its stated objective of determining who should pass and who should not. The CPA exam leads to a pass/fail test score interpretation.

The three features of a multiple choice question that determine its psychometric quality are 1) its difficulty, demonstrated by the percentage of examinees who correctly answer the question; 2) its discrimination, demonstrated

by the degree to which an item's answer distinguishes between examinees who know the most about the relevant topic and examinees who know the least; and 3) the functioning of wrong answer choices or distractors. The quality of an essay question depends on a number of factors: the nature of the problem selection, what is expected in the answer, the procedures that are followed in scoring answers, and how well the question discriminates between examinees who have the most knowledge about the topic and those who know the least.

## Tested Items Promote Exam Quality

Each item included on an exam should be reviewed for difficulty and discrimination. Disclosed exams are released to examinees and the public after each exam thereby forcing the test developer to use new and untested items in subsequent exams. Many of these items will not perform as intended. In a nondisclosed exam, many of the test items are pretested, and therefore tend to perform as intended. Anyone who has taken the SAT or ACT exams has most likely been a party to pretesting. There are from time to time questions on these exams that are being pretested. They are included on the exam but the answers are not counted in the grade for that particular exam. The psychometrician evaluates the answers to see if the questions accomplish the intended objectives of the test.

The Uniform CPA Examination deals with knowledge and skills necessary to enter the profession and serve the pub-

lic appropriately. The AICPA has conducted a practice analysis to identify a content domain, i.e., knowledge and skills that are considered essential to professional practice. An examinee's test score on the CPA exam signifies the candidate's level of achievement relevant to this content domain. Comparing an examinee's test score to a standard pass/fail decision point leads to a conclusion that a person does or does not have the knowledge and skills necessary to protect the public interest and to enter the profession. Each test item must be selected according to test specifications to ensure valid test score interpretations.

With a nondisclosed exam, each item can be constructed to meet test specifications. Pretested items are more likely to perform according to expectations, satisfy test specifications, and validate the exam. If a test item is not pretested and fails to perform in a content area test, it will not satisfy content specifications of the test and will negatively affect content validity.

Reliability is based on a theory of measurement error and refers to the consistency or accuracy of the measuring process. Test items that fail to discriminate between competent and incompetent candidates tend to lower reliability. Lower reliability tends to increase the potential for misclassification of examinees whose scores fall at or near the passing score.

It is essential that a testing process be designed to increase reliability in order to improve the precision of the test at the critical passing score in order to

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## The Case For A Disclosed Exam

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nities are usually directly linked to grades, as well as admittance to graduate schools, it is even less likely that seniors would jeopardize graduation by directing their study efforts to the CPA exam instead of to their college studies.

A corollary to this argument is the Review Board's assumption that there are some nefarious professors who only teach their students facts, not concepts, and who purposely omit the discussion of emerging issues of the profession. Instead, it is asserted they are teaching students only the relevant information needed to pass the exam. What evidence is there that educators are not teaching concepts and their applications? No professor I know of purposely shapes any of his or her courses as a CPA coach course.

By some circular reasoning the Review Board asserts that professors teach facts because the exam contains test items that are fact-specific. Wouldn't better questions in the exam itself go a long way toward addressing this situation if professors are really "exam driven?"

Let us also examine an underlying premise inherent in the proposed change—that the content of the exam should not direct accounting education. I certainly agree with that. But if the exam is based on surveys of what CPAs do, i.e., practice analyses, there must be some connection between practice and exam content; otherwise the surveys make little sense. If, then, the exam is truly "practice-driven," and a professor did indeed, "teach to the exam," wouldn't he also be teaching to practice? What would be so wrong that if somewhere, someone was actually doing that?

### Essay Questions Should Not Be Overlooked

Wouldn't a more meaningful concentration on essay questions obviate the need for not publishing? One could draw a corollary between the effort to make it a non-published exam and the switch to predominantly objective-type questions in the future.

The proponents of not publishing the

exam base much of their arguments on recommendations from psychometricians. We should remember that it was the psychometrician who originally recommended an all-objective exam, which was resoundingly rejected by NASBA some time ago. The wiser heads of NASBA believed the psychometricians to be wrong then. Why do they believe they are right now?

It is also in the public interest to keep the exam open. In the era of the impending 150-hour education requirement—which many believe will impact most severely on minorities—is it not likely that a non-published CPA exam will be perceived by some as simply one more obstacle put in the path of minority groups to inhibit their entry into the profession? When an exam is open, everyone can see it and everyone can make a judgment as to its fairness, objectivity, and lack of bias for, or against, any particular group. We peril that judgment and plant seeds of doubt in the public's

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### STATUS OF MAY 1994 CHANGES IN THE UNIFORM CPA EXAMINATION

Beginning in May 1994, the Uniform CPA Examination will be a two-day examination comprising 15½ hours. The examination will be administered every May and November on Wednesday and Thursday.

The examination will consist of the following sections, time periods, and formats:

Section	Hours	Day	Time	Format		
				(1)	(2)	(3)
Business Law & Professional Responsibilities	3	Wednesday	9am - 12 noon	50% - 60%	20% - 30%	20% - 30%
Auditing	4½	Wednesday	1:30pm - 6pm	50% - 60%	20% - 30%	20% - 30%
Accounting & Reporting —Taxation, Managerial, and Governmental and Not-for-Profit Organizations	3½	Thursday	8:30am - 12 noon	50% - 60%	40% - 50%	—
Financial Accounting & Reporting—Business Enterprises	4½	Thursday	1:30pm - 6pm	50% - 60%	20% - 30%	20% - 30%
Total (two days)	15½					

Formats: (1) 4-Option Multiple Choice

(2) Other Objective Answer Formats

(3) Free Response

In addition, the following examination changes will occur:

- Writing skills will be assessed on selected essay responses in the Business Law & Professional Responsibilities, Auditing, and Financial Accounting & Reporting sections. Five percent of the total available points for each of these sections will be allocated to writing skills.
- For the Accounting & Reporting and Financial Accounting & Reporting sections, hand-held calculators will be provided to candidates as a part of the examination materials.

Note: Changes to the Uniform CPA Examination format and structure will take effect in May 1994. Nondisclosure of the exam will take effect in May 1996. Source: AICPA Board of Examiners

minimize the potential of misclassifying competent candidates as incompetent and an incompetent candidate as competent. A way to increase reliability is to ensure that each test item is contributing useful information. Test items with faulty psychometric characteristics contribute to lowering reliability and to increasing the amount of measurement error in exam scores, which in turn increases the potential for misclassifying candidates whose true scores fall near the critical pass/fail score.

Adoption of a nondisclosed exam process would allow the CPA exam to be comprised of pretested items that have known psychometric qualities which will not lower reliability.

In addition to improvement of validity and reliability of the exam, the CPA Examination Review Board (ERB) of the National Association of State Boards of Accountancy in their position statement

"Why the Uniform CPA Examination Should Be Secure," indicates an essential requirement of a licensure exam is that the exam be comparable from one administration of the exam to the next. ERB points out that the statistical process of "equating" ensures that test content difficulty is comparable from administration to administration; equating disclosed exams is not practicable since there is no way to ensure use of a significant set of common items from exam to exam because there are no pretested items.<sup>3</sup>

### Pollution Control

Another matter of concern related to use of a disclosed exam is the matter of test score pollution. ERB defines test score pollution as practices that boost or diminish test scores without a corresponding change in a candidate's mastery of the content domain. ERB points out that one way to pollute test scores is to teach to the test and that released items from previously administered exams that serve as the basis of large scale coaching clinics can cause test score pollution.<sup>4</sup> It is not in the best interest of the licensure process to have any factor that biases interpretation of the exam scores. A nondisclosed exam would alleviate this problem. The continuation of a disclosed exam will perpetuate and increase test score pollution as the pool of previously used test items increases and specific test item coaching becomes more pervasive.

While many educators lament the effect of the Uniform CPA Examination on the accountancy curriculum, the exam may be more responsible than many are willing to admit in preserving the rigor of the accounting curriculum absent effective program approval and accreditation as components of the licensure process, while the curricula of many other academic disciplines were becoming soft. There is no reason why this beneficial effect cannot be perpetuated. A periodic release of exam items will fulfill educational needs. Kane points out that "where feasible, the release of sample copies of the exam would serve a useful function in informing discussion and debate about licensure. Complete disclosure of all exams is probably not justified in most cases... because the

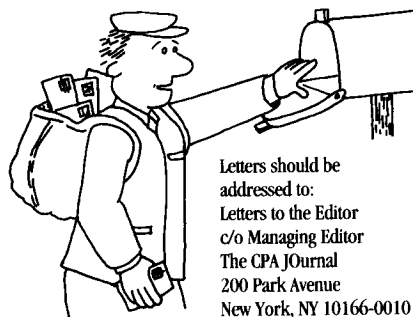
additional benefits of complete disclosure compared to partial disclosure would be minimal."<sup>5</sup>

Adoption of a nondisclosed exam process will allow test items to be pretested and the quality of the exam to be improved. Statistical equating methods can be used with a nondisclosed exam that will ensure comparability of exams. In addition, ERB points out in their position paper that the nondisclosed exam is more cost effective than a disclosed one in which new test items must be constantly created. "In a (nondisclosed) testing program, items are initially written, pretested, evaluated, and then assigned to future exams on a systematic basis. This process ensures that only the finest, best performing items appear in a test. Over a period of years, the pool of test items increases. The cost of maintaining or increasing the pool is relatively small as is the cost of constructing new test forms for each test date. Therefore, the (nondisclosed) exam is more cost effective."<sup>6</sup> Ω

## Questions, Comments & Queries

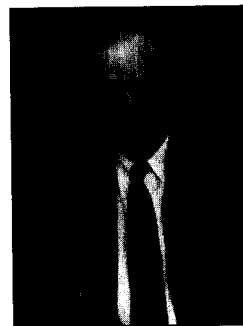
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### REFERENCES

- <sup>1</sup> *Exposure Draft, Proposed Changes in the Uniform CPA Examination*, Board of Examiners, American Institute of Certified Public Accountants, New York, 1987.
- <sup>2</sup> Position Paper, *A Nondisclosed Uniform CPA Examination*, Board of Examiners, Examinations Division, AICPA, New York, September 19, 1991.
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- <sup>4</sup> *Ibid.*, p. 10.
- <sup>5</sup> Michael T. Kane, "The Future of Testing for Licensure and Certification Examinations," in Blake, B.S. and Whitt, J.C. (Eds.), *The Future of Testing*, Hillsdale, NJ: Lawrence Erlbaum Associates, 1986.
- <sup>6</sup> *Report of the CPA Examination Review Board 1989-1990*, NASBA, New York, August, 1990, p. 11.



(Continued from page 44)

mind concerning the exam's integrity if it is no longer disclosed.

Isn't it also naive to believe that the content of a non-published exam will not become public knowledge soon after it is given? In spite of the sanctions in the proposal attached to disclosing content, one's imagination need not be stretched too far to envision some who will take the exam for the sole purpose of remembering the questions so as to be able to divulge them afterwards to interested parties. I believe that the proposal will inadvertently sow the seeds of a fertile black market for the purchase and sale of past exam questions.

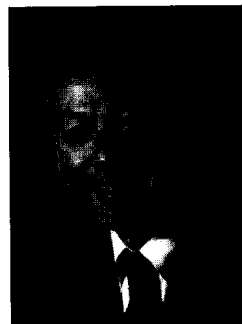
Without impugning the integrity of the many fine and honorable CPA coach courses that exist, we can be sure that some other resourceful courses will, one way or another, quickly gain knowledge of the questions asked right after the exam is over and subtly convey that information to the next batch of candidates. This will likely prompt many candidates to take such courses in order to gain insight to the type of questions asked. Those candidates who do not take

such courses will be at a disadvantage. In one mighty and effective stroke, therefore, a nondisclosed exam will take away the level playing field for all candidates.

In any case, the laws of most states allow candidates to see their exams if they have failed, and proctors, administrators, and state board observers also have access to the exam while it is being given. Candidates who have taken the exam will talk to their friends, and others, and no doubt divulge the contents of the exam as a matter of course. What administrative structure is envisioned by the proponents of a nondisclosed exam to preclude—or punish—such expected behavior from so many different parties? And at what cost? I think it is ingenuous to believe that everyone who has seen the exam will purge its contents from his memory.

I don't believe the Texas phenomenon should cause us to sound the alarm, circle our wagons, and go under cover with a nondisclosed exam. It seems to me that the Texas experience merely confirms the obvious—that better candidates, better prepared, do better on the

exam. Nothing more. In the era of 1,500-page text books on intermediate accounting and auditing, 100 plus SFASs, with many more in the pipeline, tax laws which change annually, and SASs issued in batches, there would seem to be no dearth of material available for the texts of all future, widely published CPA exams.  $\Omega$



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