

## The Case to Abolish the CPA Education Requirement: A Study of Accounting, Ethics and Governance

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**ABSTRACT:** The cost of becoming a certified public accountant (CPA) has become prohibitive for many potential CPA candidates. As of this writing, most candidates have to take 150 semester hours of college coursework in order to qualify for the CPA exam. There is an effort to reduce that requirement to 120 semester hours to deal with the decline in accountants and CPAs. However, even if this reduction can be adopted, the cost of becoming a CPA would still be high, and may be prohibitive for many potential candidates, especially those with low income. The author recommends uprooting the present system by abolishing the college education requirement and allowing CPA candidates to obtain the knowledge they need to pass the CPA exam in other, less expensive ways. Two new options are outlined and are compared to the status quo. Both new options were found to be much more cost effective than the status quo. The present cost of obtaining a CPA can exceed \$100,000. Abandoning the 150-semester hour requirement and allowing CPA candidates to prepare for the exam in other ways can drop that cost to about \$5,000, a savings of 95 percent. The time needed to prepare for the exam can be reduced from 60 months to 18 months. If implemented, the plan outlined in this article could reverse the decline in the CPA population that has occurred in recent years.

**Keywords:** *150 semester hours, CPA, exam, AICPA, NASBA.*

## INTRODUCTION

As Blake Oliver (2024) has pointed out, the accounting profession is having a personnel problem. Seasoned accountants are retiring at about twice the rate of new accounting graduates, and many of the new entrants have decided not to take the CPA exam because of the additional cost. Enrollment in college accounting programs has declined. The number of registered CPAs declined by 17 percent between 2020 and 2022.

The 150-semester hour requirement is at least partly responsible for the decline. Changing the CPA requirement from 120 to 150 semester hours, and from four years to five years of college education, has put a CPA certificate out of reach for many potential applicants. College costs have increased faster than the average increase in the cost of living, and potential entrants have had to delay entry into the job market by one additional year, which is an added opportunity cost that is often overlooked. It has increased the cost of entry into the CPA profession to the point where pursuing the path to the CPA has become prohibitive in many cases. Minorities and the poor have been hit especially hard because they are the groups least able to afford the increased cost of taking the CPA exam. This decline in demand should not come as a surprise. It is a result that could easily be predicted by a C student in ECON101. If the cost of something increases, the demand for it decreases. The decline was predicted a generation ago (McGee, 1996, 1998a & b), but was ignored by those who could have avoided the current crisis.

The AICPA and NASBA (2024) are making an attempt to solve the problem. They have issued an Exposure Draft that suggests work experience should be weighted more heavily and formal college education should receive less weight. However, it is unlikely that their proposal, if adopted, will be able to solve the problem. It is a basic tenet of both business and politics that the people who created the problem cannot be relied upon to solve the problem. New people must be brought in to fix the problem. That isn't going to happen in this case, since the people who created the problem aren't going anywhere. They are mostly unelected, well-meaning bureaucrats who

can't be fixed. Tweaking the problem, as their Exposure Draft does, can only improve the situation at the margin, if at all.

Luckily, there is a solution. The present system must be uprooted, not tweaked. The content of university education is mostly irrelevant for accounting majors, and always has been. Only about 25 percent of the present four-year undergraduate degree program can be in accounting. About 25 percent is in other business classes, some of which are irrelevant for someone who wants to pursue a career in accounting. The remaining 50 percent consists of core requirements that are completely irrelevant. Accounting majors should not be forced to take 50 percent of their courses in biology, history, sociology or political science, since these courses have nothing to do with accounting. They merely provide professors in the social sciences and humanities with students to teach. The proposed changes outlined below will go a long way toward solving the accountant/CPA shortage.

To get right to the point, the path to the CPA needs to be changed, not tweaked. Reverting to the 120-semester hour rule will not solve the problem because students will still be required to take several years of irrelevant courses to achieve their goal of passing the CPA exam. Offering a three-year bachelor's degree that includes *only* accounting and related courses, like many European schools do, would reduce the cost of an undergraduate college education by 25 percent, but we can do better than that. What I propose is to totally ABOLISH the education requirement. Students who want to earn an undergraduate degree or a master's degree would still be able to do so, but they would no longer be required to earn any college degree.

A virtual plethora of certifications have popped up over the past 10-20 years. Some certifications are in technical fields, while others are in various business and other fields. Many of these certifications do not require candidates to first earn a college degree. What I propose is to allow anyone and everyone to take the CPA exam. Students may prepare for the exam in a number of ways. They can study on their own. They can take only accounting and related classes at some university. Or they can take some college courses for some subjects and study on their own for other subjects. Perhaps some of the present CPA review course providers could expand

their curriculum to include courses that would prepare students to take their CPA review course.

The point is that it should not matter *how* you acquired the knowledge. All that should matter is *that* you acquired the knowledge needed to pass the CPA exam. University professors and administrators may not approve of this change, but the accounting profession need not seek their approval. Some colleges and universities may decide to cater to this group of students by offering certificates in accounting, the credits from which may form part of an undergraduate (or graduate) degree.

## **THE COST**

The total cost of earning the CPA includes several components – cost of education, registration and licensing fees and a CPA review course. These costs are the main out of pocket costs. What is often ignored is the opportunity cost. Every hour spent studying for or taking the CPA exam is an hour that cannot be spent doing something else, such as working at McDonald's or working as an accountant. This section examines the costs of three options a prospective CPA might be able to choose from in the future. Since costs can differ, the costs given below include some estimates. Actual costs can vary.

### **Cost of College**

The cost of going to college can vary widely, depending on the school, the major and whether the student is an in-state student at a state school, an out of state student at a state school or a student who is attending a private university. Table 1 lists the main costs of college attendance. The figures given are the average cost for schools in the 50 states. The cost of meals, lodging and transportation are not included. Graduate tuition was calculated by adding the highest and lowest graduate tuition and dividing by two. The source cited did not break down graduate tuition according to in-state or out-of-state status. The assumption is that the 150 semester hours includes 50 courses of 3semester hours each, and that books and other study materials cost \$125 per course, which may be a bit on the low side.

**Table 1: Cost of Attending College**

	State University		Private University
	In-State Student	Out-of-State Student	
Tuition and fees (4 years undergraduate, 120 semester hours)	\$35,656	\$76,324	\$110,660
Tuition and fees (1 year graduate, 30 semester hours)	20,637	20,637	21,411
Books & other study materials (5 years) [\$125 x 50]	6,250	6,250	6,250
Totals for 50 courses (120 + 30)/3	\$62,543	\$103,211	\$138,321
Cost per course (Total/50)	\$1,250.86	\$2,064.22	\$2,766.42
Average cost/course (1,250.86 + 2,064.22 + 2,766.42)/3	\$2,027.17		
Average cost of college (62,543 + 103,211 + 138,321)/3	\$101,358.33		

Sources: [1] 2024 Average College Tuition By State. College Tuition Compare.

<https://www.collegetuitioncompare.com/state/>

[2] Author estimates.

### Registration and Licensing Fees

Registration and licensing fees vary by state. CPA exam retake fees vary from \$50-\$200. Those fees are only relevant for those who do not pass on the first attempt and are not included in the table below. Some states require candidates to take an ethics exam. Those fees are not included in the table below. Table 2 shows some relevant figures.

**Table 2:** Registration and Licensing fees

	Range	Mid-Point
Education evaluation application fees	\$90-\$150	\$120
Examination application fees	\$1100-\$1500	\$1300
Total		\$1,420

Source: CPA Exam Cost Licensing Fees [Updated for 2024-2025]. *UWorld*.

[Vihttps://accounting.uworld.com/cpa-review/cpa-exam/cost-fees/](https://accounting.uworld.com/cpa-review/cpa-exam/cost-fees/)

### CPA Review Courses

Taking a CPA review course is essential. Table 3 provides some costs for some of the more popular CPA review courses. Some CPA review companies offer partial or full scholarships. Some employers pay some or all of the costs for taking a CPA review course. Those options are not reflected in Table 3. Some CPA review courses offer several options. Those options are not listed below. Candidates who are interested in taking a CPA review course should check with the service provider to learn all the options.

**Table 3:** Cost of a CPA Review Course

Becker CPA Review	\$3,393
Surgent CPA Prep	2,559
Lambert CPA	2,500+
Rogers CPA Review	1,985
Wiley CPA Review	1,985
Gleim CPA Study Materials	1,799
MDS CPA Review	1,799
Fast Forward Academy CPA	1,399
Yeager CPA Review	1,295
Bisk	1000+
Ninja CPA Review	67/mo.

Exam Matrix CPA Review	60
CPA Review for Free (several – search internet)	0
The midpoint (half below, half above) – MDS CPA Review	\$1,799

Source: Best CPA Review Courses & Study Materials of 2025. The BIG 4 Accounting Firms. Updated December 23, 2024. <https://big4accountingfirms.org/review-courses/>

Many cost options exist for preparing to take the CPA exam – theoretically. The status quo option is the only option that is currently available as of this writing.

### Option 1: The Status Quo

Most states, as of this writing, require 150 semester hours of college credit to become a CPA. The average costs of this option are given below in Table 4.

**Table 4:** Total Cost – Option 1 Status Quo

College costs	\$101,359
Registration and licensing fees	1,420
CPA review course	1,799
Total	\$104,578

### Option 2: Take 15 Classes (45 Semester Hours)

Only about 15 classes in the undergraduate curriculum prepare students to take the CPA exam. If the 150-semester hour requirement were abolished, students could save a lot of time and money preparing for the CPA exam. Instead of taking 5 years (10 semesters) to prepare and spending more than \$100,000, they could take the 15 courses over one and a half years (3 semesters), which would enable them to enter the workforce (and earn income and experience) three and a half years sooner. The average total cost in this case is shown in Table 5.

**Table 5:** Total Cost – Option 2 15 Classes

College costs (15 x \$2,027)	\$30,405
Registration and licensing fees	1,420
CPA review course	1,799
Total	\$33,624

If colleges would not allow students to take just accounting classes, either because of faculty opposition or overly restrictive and outmoded accreditation rules, candidates could bypass the universities and accreditation agencies by choosing Option 3.

### **Option 3: Abolish the Education Requirement**

The third option would be to abolish the education requirement entirely. This option would save even more money than the status quo option and could save more than Option 2 as well. If students were allowed to learn by methods other than going the traditional college route and taking expensive college classes for five years, they could study on their own or take a series of less expensive courses from wherever they could find them.

One potential source of these courses would be the existing CPA review course providers. These providers already have a tested and true structure in place to prepare candidates to pass the CPA exam. All they would need to do is to create a series of courses that would prepare candidates to take their CPA review course. Let's say that those preparatory courses would cost about the same as the CPA review course. Thus, a CPA review course provider that charged \$1800 for the CPA review course could charge an additional \$1800 for the courses needed to prepare candidates to take their CPA review course. The total cost would be just \$3600, which is about \$100,000 less than the cost of a college degree. Table 6 summarizes the costs under this option.

**Table 6:** Total Cost – Option 3 No Education Requirement

Preparation courses	\$1,800
CPA review course	1,800
Registration and licensing fees	1,420
Total	\$5,020

Of course, candidates who wanted to earn a college degree would still be able to do so, but they would not be required to do so as a condition of becoming eligible to take the CPA exam. Some colleges will grant college credits for passing certification exam. Thus, candidates would be able to earn college credits after they pass the CPA exam. Also, since they would be able to complete Option 2 or 3 in a year and a half,

they could enter the workforce three and a half years sooner. The income they earn could be used to pay for their college tuition, if they decided to earn a degree or two, and they would be accumulating work experience three and a half years sooner.

### Comparing the Options

It is now time to compare the options, taking the opportunity cost into account. Those who take Option 1 would incur a large cost and would not earn any income for five years. Those who take Option 2 or 3 would incur a much smaller cost and would be able to start earning income and accumulating work experience three and a half years sooner. How much could they earn? That depends on several factors, including employer and salary increases. Table 7 shows some starting salary data for the 4 largest public accounting firms. Audit associates, tax associates and advisory associates earn different starting salaries, and annual salary increases depend on a number of factors including location and performance.

**Table 7: Starting Salaries**

	Audit	Tax	Advisory
Deloitte	57,000	61,000	70,000
PWC (PriceWaterhouseCoopers)	56,000	62,000	65,000
EY (Ernst & Young)	64,000	67,000	65,000
KPMG	57,000	62,000	65,000
Average \$62,583.			

Source: Big 4 Accounting Firms Salary 2024.” The Big 4 Accounting Firms.

<https://big4accountingfirms.com/big-4-accounting-firms-salary/>

Let’s say that Sam starts at one of the Big Four accounting firms and has the following five-year salary growth:

Year 1: \$63,000

Year 2: \$70,000

Year 3: \$78,000

Year 4: \$85,000

Year 5: \$95,000

Since Sam has chosen Option 2 or 3, earnings over the first three and a half years are:

$$\$63,000 + \$70,000 + \$78,000 + \frac{1}{2} (\$85,000) = \$253,500.$$

Alex chose Option 1 and thus has no income over the same five-year period.

Table 8 shows the net cost of earning a CPA comparing the three options.

Table 8: Comparison of Five-Year Net Income & Costs of Obtaining a CPA

	Option 1 Status Quo	Option 2 15 Courses	Option 3 No Education Requirement
Salary Income	\$0	\$253,500	\$253,500
Education (preparation courses)	\$101,359	\$30,405	\$1,800
Registration and licensing fees	1,420	1,420	1,420
CPA review course	1,799	1,799	1,800
Total cost	104,578	33,624	5,020
Net Income	(\$104,578)	\$219,876	\$248,480

The difference between Option 1 and Option 3 is \$353,058 if courses are completed over 18 months. That is quite a difference. If completing 15 classes in 18 months seems too aggressive, let's see what the statistics would look like if candidates adopted a more leisurely schedule using Option 3. Table 9 shows some of the possibilities. In all cases, the income earned exceeds the cost. However, these earnings figures are conservative and do not include the salaries that could be earned

if the candidate started working prior to completing all of the coursework. Total earnings could be tens of thousands of dollars more than what is reflected in Table 9.

**Table 9:** Five-Year Net Income Comparisons

Months to Complete Education	Salary Earned	Total Costs	Net Income
18	\$253,500	\$5,020	\$248,480
24	63,000 + 70,000 + 78,000	5,020	205,980
30	63,000 + 70,000 + ½(78,000)	5,020	166,980
36	63,000 + 70,000	5,020	127,980
42	63,000 + ½(70,000)	5,020	92,980
48	63,000	5,020	57,980

## CONCLUDING COMMENTS

Based on this analysis, it is clear that Option 1 (status quo) is untenable. By abolishing the education requirement, candidates still have the option of obtaining a bachelor's and master's degree, but they have other, more cost-effective options as well. Choosing either Option 2 or 3 would go a long way toward solving the CPA shortage. Society would benefit as well, since the supply of CPAs would increase. Minority candidates would benefit the most, since the cost of obtaining a CPA would drop dramatically, and earnings would increase dramatically. Those who choose either Option 2 or 3 would also be able to enter the workforce as much as three and a half years sooner and thus would be able to accumulate three and a half more years of work experience than would be possible under Option 1 (the status quo).

Candidates who want to earn a college degree can reduce the cost by taking CLEP or AP exams and by enrolling in a college that awards college credit for life experience and transfer credits. Some colleges award college credit for passing their exams or passing the CPA exam. Thomas Edison State University awards college credits for

passing a number of different certification exams, including the CPA exam. Perhaps other universities also do so. SUNY Empire State University is another good option.

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