

Carolyn's Dilemma

Britt Shirley, The University of Tampa
Teresa Pergola, The University of Tampa

This case was prepared by the authors and is intended to be used as a basis for class discussion. The views represented here are those of the authors and do not necessarily reflect the views of the Society for Case Research. The views are based on professional judgment. Copyright © 2017 by the Society for Case Research and the authors. No part of this work may be reproduced or used in any form or by any means without the written permission of the Society for Case Research.

Introduction

Carolyn Jones was a recent accounting graduate who wanted to take the Uniform Certified Public Accountant (CPA) Exam. Like many others who studied for the CPA exam, Carolyn looked for resources to help her prepare. She soon discovered companies that provided review programs and materials charged hefty prices for their services. She knew that she was not the only one who had faced this issue, so she asked some of her classmates how they dealt with it. A few said that they had purchased resources together and shared them. Another said she had bought resources provided by Becker Professional Education—one of the leading companies for these resources—from a third party she found online for less than a quarter of what Becker charged. These both seemed like possible solutions to Carolyn's problem, but she had concerns about them, especially purchasing the resources from another source. Would they be accurate? Would they be up to date? Would it be ethical? Could there be other consequences associated with purchasing these materials from a third party? These were all issues Carolyn needed to consider as she decided what she should do.

Carolyn Jones

Carolyn Jones was a first-semester graduate student enrolled in a one-year Master of Science program in accounting. Although she had obtained her Bachelor of Science degree in accounting, she knew that she needed to take more accounting courses before she could become a CPA. That was why she decided to pursue the master's degree. Her parents paid her tuition when she was an undergraduate student and continued to support her as she worked on her master's degree and prepared for the CPA exam. She earned a graduate assistantship based on her undergraduate performance, and that paid her tuition; she also received a small stipend each semester. These two sources of funds helped her pay her expenses, but she had little excess income available to her, and her parents had already spent more money on her education than they could afford.

The CPA Exam

Carolyn investigated the CPA exam and found that the first Uniform CPA examination was administered in 1952, and that the exam had been taken more than one million times since then (American Institute of CPAs, n.d.). She discovered that the exam contained four sections—Auditing and Attestation, Business Environment and Concepts, Financial Accounting and Reporting, and Regulation—and that it “represent[ed] a total of 14 hours of testing” (American Institute of CPAs, n.d.). Her research suggested that the exam was difficult to pass and that, of the four sections, only the Business Environment and Concepts section had a pass rate of greater than 50% in 2015 (American Institute of CPAs, n.d.).

Carolyn knew that not all accountants became CPAs. She researched the profession and found that some services, such as auditing and tax preparation, required a CPA license. Other areas of practice did not. However, many public accountants completed the requirements for becoming a CPA, including passing the four sections of the CPA exam, because of the increased opportunities the certification provided. She had read that the CPA designation was considered the “gold standard” and was often used to differentiate candidates who applied for jobs (Probert, 2014). In addition, the CPA designation gave accountants access to other professionals, professional resources, and guidance when faced with professional and ethical dilemmas. She concluded that she needed to pursue the certification.

Exam Preparation Services

Carolyn researched how candidates prepared for the exam and found that many candidates purchased materials from companies who provided review services. The services provided ranged from printed and electronic materials—such as flashcards, textbooks, and sample CPA exam questions—to recorded and online review courses. Some of the companies that provided these services advertised pass rates of around 90% for their customers. For example, Wiley CPAexcel reported that “9 out of 10 students who complete [their] course pass the CPA exam” and explained the calculation methodology (Wiley CPAexcel, n.d.):

We measure our students’ pass rates through quarterly surveys following the release of the CPA Exam results. We achieve high survey participation by entering all respondents who took the CPA Exam into a drawing for a cash prize.

Students responding to the survey furnish their exam scores to us, enabling us to know whether they passed or failed. Our own records tell us which students completed the course, defined as earning a Wiley CPAexcel score of 90% or more. Exam parts passed are counted as completed and passed. Exam parts completed and failed are counted as completed and failed. Exam parts not completed and failed are not counted. The pass rate is the number of parts passed divided by the number of parts completed (Wiley CPAexcel, n.d.).

Carolyn found it difficult to verify claims by Wiley and other services because they were calculated using self-reported scores. She reasoned that, even if the rates were accurate, they could be attributed to individual preparation and background and not to the materials themselves. In addition, students who passed individual parts CPA exam would only become CPAs after successfully passing all parts of it. Therefore, a 90% pass rate of the *parts* would not necessarily equate to a 90% pass rate for the CPA *exam*. In any case, she felt justified investing in resources that provided more extensive preparation for the exam, because they increased her chances of passing. Her biggest issue was the cost.

Carolyn investigated the different companies that provided these services but had trouble comparing them. Some provided bundled services, and there were also some services that could be purchased individually. To help herself compare them, Carolyn compiled a table of the alternatives and their prices (Table 1).

Table 1: Popular CPA Review Courses and Materials

Company	Price Range
Becker Professional Education	\$3,393 - \$4,716
Fast Forward Academy	\$1,049
Gleim CPA Review	\$1,099 - \$1,399
MDS CPA Review	\$1,799
Roger CPA Review	\$1,695 - \$2,895
Surgent CPA Review + Exam Matrix	\$1,595 - \$2,870
Wiley CPAexcel	\$1,590 - \$2,555
Yaeger CPA Review	\$1,687 - \$3,602

(Company websites)

Carolyn discovered that the lower-priced options, such as Fast Forward Academy and Gleim CPA Review, typically included printed or electronic textbooks, study questions, video or audio explanations, and access to practice exams. Others, such as Yaeger CPA Review's basic \$1,687 package, offered similar resources and added options like "CRAM courses," audio lectures, test bank software, and flashcards that doubled the price (Yaeger CPA Review, n.d.). Carolyn liked that Becker provided the option to enroll in a live course or to use a flexible online review. However, she was dismayed to find that adding options such as flashcards, final reviews, and additional practice questions increased the total price to well over \$4,000 (Becker Professional Education, n.d.). She did like that providers of these programs offered some type of guarantee in the event that she failed the exam; guarantees typically provided continued access to updated materials, either with a very deep discount or free with conditions.

Many of the companies offered discounts of 10% to 20% for current students, which helped make the resources more affordable to someone like Carolyn. In addition, Carolyn found that Becker partnered with over 250 universities to provide special prices to their students (Becker Professional Education, n.d.). Unfortunately, Carolyn's university was not part of that partnership. Becker also made its resources available to corporations, government agencies, and other partners at deep discounts so that their

employees could use them to prepare to take the CPA exam. However, these options were not available to Carolyn, and Becker's services were unaffordable to her. The high cost was why some students, like the classmates Carolyn had asked, either shared materials that they purchased directly from one of the companies or purchased used materials from other sources like eBay.

Carolyn was tempted to pursue similar options. Before she decided, she tried to find answers to her earlier concerns about potential consequences and whether or not pursuing one of these options was ethical. She started by visiting the Becker website. Once there, she found that Becker had a licensing agreement that explicitly prohibited the sharing or sale of any of its resources:

Any and all notes and lectures given to and any notes taken by an applicant in Becker's CPA Exam Review are to be used by the applicant and no one else. The teaching methods and methodologies contained in the materials supplied are confidential and proprietary to Becker Professional Education and are not to be transferred or divulged to any other person by resale of the materials or otherwise. For license extension policies, see Course Policies (Becker Professional Education, n.d.).

Becker also warned about the dangers of purchasing its materials from other sources, especially through online auctions. Aside from the fact that reproducing the materials violated a copyright, purchasing them from an unauthorized source could potentially expose users to spyware, malware, and computer viruses (Becker Professional Education, n.d.). It seemed clear to Carolyn that Becker prohibited the reproduction and sale of its materials.

Carolyn also remembered something that one of her accounting professors had said during one of her undergraduate courses... a passage that had stuck with her:

Accounting is a profession, not a job. A profession is formed on the basis of a generally accepted complex body of knowledge, such as accounting, standards for admission, and an enforceable code of ethics. The general public relies on professionals and trusts that they will perform their duties in the public interest, first and foremost, followed by the profession, the organization for which they work, and finally, themselves. The entire profession is dependent on the public's perception of the integrity of accountants and their adherence to a professional code of ethics. Though there are specific codes relevant to different accounting practice areas, they are all based on core principles that include honesty and integrity as their foundation.

She thought about what her professor had said and wondered if purchasing the materials from a site other than Becker would cause others to question her honesty and integrity.

The Dilemma

Based on Carolyn's research, Becker seemed to be the best program available, with the high price being the only deterrent. When Carolyn did a search for Becker materials on eBay, she found a few sellers, including one offering them for \$880. At that price, Becker's materials would be a bargain. However, Carolyn had a problem justifying preparing for the most important certification in her professional career by using materials that someone else had used in the past or that might be counterfeit.

Carolyn knew that purchasing materials from other sources would be risky. They could be out of date. Even worse, if they were counterfeit, she would not get the preparation she needed and would be supporting someone who was engaging in illegal activity. However, companies like Becker were making large amounts of money selling the resources at the prices they charged. She had a difficult time understanding how purchasing these used materials would be any different from purchasing used textbooks from her university's bookstore or a classmate. The textbooks were also copyrighted work, and the bookstore never had any issue with buying or selling used textbooks.

Carolyn was conflicted. She wanted to save her money and her parents' money. However, she did not want to do anything that was not ethical or that might endanger her professionally. What should she do?

References

- American Institute of CPAs. (n.d.). Retrieved from <http://www.aicpa.org/BecomeACPA/CPAExam/Pages/CPAExam.aspx>.
- Becker Professional Education. (n.d.). Retrieved from <https://www.becker.com/cpa-review/courses>.
- Exam Matrix. (n.d.). Retrieved from <http://www.exammatrix.com/cpa-exam-review/purchase/>.
- Fast Forward Academy. (n.d.). Retrieved <http://fastforwardacademy.com/store/cpa-exam-review/courses>.
- Gleim CPA Review Systems. (n.d.). Retrieved from <https://www.gleim.com/accounting/products.php?cat=CPA>
- MDS CPA Review. (n.d.). Retrieved from <https://www.mdscpareview.com/online-course>.
- Probert, D. C., CPA, CGMA. (2014, Summer). Beta Alpha Psi. Retrieved from <https://www.bap.org/professionaldesignations>.
- Roger CPA Review. (n.d.). Retrieved from <https://www.rogercpareview.com/cpa-courses>.
- Surgent CPA Review. (n.d.). Retrieved from <https://www.surgentcpareview.com/about-the-cpa-exam-review-course/course-options>.
- Wiley CPAexcel. (n.d.). Retrieved from <http://www.efficientlearning.com/cpa/products/>.
- Yaeger CPA Review. (n.d.). Retrieved from <https://www.yaegercpareview.com/cpa-review-course-builder.cfm#course-features-target>.