

Setting Passing Scores on the Uniform CPA Examination

August 2010

Overview

A passing score is set on a licensure exam in order to establish the level of performance that must be met by candidates to demonstrate that they have the knowledge and skills necessary for licensure. The process of setting the passing score ensures that the public interest is protected and that legally defensible pass/fail decisions are made, restricting practice to those who are qualified.

Once a passing score is set, exams can be constructed and scored in a way that provides for a comparable passing score across forms of the exam, regardless of when a candidate takes the test or which form the candidate takes.

However, when there are changes to the structure or specifications for an exam, the passing score needs to be reviewed and proficiency levels set on the new exam.

The Uniform CPA Examination is scheduled to change in 2011. A new content and skills outline will be introduced, the format and structure of simulations will change, and the communication tasks will be consolidated into one section (BEC). With these changes, the current passing scores should be reviewed.

Process for Setting Passing Scores on the CPA Exam

The process for setting passing scores typically involves expert judgment, empirical data, and policy considerations. The AICPA Board of Examiners (BOE) has the policy responsibility for establishing the passing scores.

Roles. Psychometric experts provide recommendations on methods and procedures for setting passing standards. Content experts (CPAs) provide judgments about test content and candidate performance to policy makers. Policymakers (BOE) typically look at many factors to make a decision about a passing score, including the judgments of content experts and representative candidate performance data.

Judgments from content experts. Content experts (panelists) complete a process of providing judgments in a systematic way. The expert judgments are typically provided in multiple rounds. First, panelists are trained in the specific method to be used. A key component of training and orientation is a description of what level of competence is required for the specific license or credential. After orientation and training, the panelists provide an initial set of judgments (ratings). After making the initial ratings, panelists typically receive feedback on their ratings, in order to discuss and refine their ratings.

Final ratings are typically aggregated to provide input to policymakers.

Policymaker review and setting the passing score. In setting a passing score, policymakers typically review judgments from the content experts. They also discuss candidate performance and policy considerations in setting a passing score.

How were passing scores set for the current CPA Exam?

Content expert panelists (CPAs who supervise entry-level accountants) reviewed candidate performances on test questions and provided ratings in multiple rounds. The final ratings were used as input to the BOE.

The BOE reviewed the judgments (ratings) from the content expert panelists, as well as data about candidate performance on the exam. The BOE established a passing score for each section of the exam. Those passing scores have been implemented since the beginning of the computer-based test in 2004.

How will passing scores be set for the new exam?

Using a candidate-centered approach similar to that used in 2003-04, content expert panelists (CPAs) will review candidate performance and provide judgments. Those judgments will be used to develop a recommendation to the BOE.

The BOE will establish passing scores after reviewing the panelists' judgments along with information about candidate performance on the exam.

What steps are involved?

There are two main steps in the process. In the first step, CPA panelists will review candidate responses to exam questions and will make ratings that will be used in making passing score recommendations to the BOE. In the second step, the BOE will establish the passing scores.

How will the first step be accomplished?

Expert judgments will be gathered in a multistage process.

Panelists. Panelists will be CPAs with three to five years experience who have supervised entry-level accountants in the past year. There will be approximately ten panelists reviewing each examination section (AUD, BEC, FAR, REG), for a total of approximately 40 panelists.

Training of panelists. For each exam section, panelists will be trained to provide judgments. Training will include a standardized definition of the requirements for an entry-level CPA. The definition has been approved by the BOE based on a recommendation from the BOE's State Board Committee. The judgments (ratings) made by the CPAs (panelists) will be made with reference to this definition.

Initial ratings. For each item type (multiple-choice, simulation, essay) panelists will rate candidate performance profiles as either failing, passing, or borderline (just passing). A candidate profile will include the exam questions and the candidate's responses to those questions. Each profile will be assigned to an initial category based on the current passing score.

The initial ratings will be compiled for review and discussion.

Discussion of initial ratings. Panelists will discuss their initial ratings. Panelists will have an opportunity

to discuss the reasons for ratings that vary across panelists. For example, one candidate profile may be rated as “failing” by some panelists and as “borderline” by other panelists. Such profiles will be discussed, and panelists can discuss rationales for their ratings.

Final ratings. After discussion, panelists will make a final rating on each candidate profile.

Compilation of ratings. The recommendation to the BOE will be based on the average of all ratings across panelists.

Psychometric Oversight Committee (POC) review. The POC will review the implementation and outcomes of the panel meetings.

Initial BOE review. The BOE will review the recommendations from the panels, along with information about estimated candidate pass rates based on the recommended passing scores. The BOE will be provided with various passing score options, taking measurement error into account.

Final BOE review. After the first administration window of the new exam, the BOE will review actual candidate pass rate information. The BOE will establish the passing scores before any results are reported to candidates.

What is the timeline for setting the passing scores on the revised exam?

August 2010 Panel review meetings

October 2010 POC review

November 2010 BOE initial review

March 2011 BOE final review

BOE final review and establishment of passing scores will take place at the end of the first testing window for the new exam.