

# Oregon State Board of Tax Practitioners Exam & Education Committee Meeting Minutes

**Meeting Date:** November 4, 2008

**Time:** 7:29 p.m.— 8:57 p.m.

**Location:** Hood River Inn, Hood River, Oregon

**Attendees:** Alan Twombly (Committee Chair)  
Janis Salisbury  
Dorothy Hudson

**Guests:** Susan Parks, OAIA

**Staff:** Ron A. Wagner, Executive Director  
Monica J. Walker, Senior Comp Specialist/Investigator  
Jane Billings, Exam & Education Coordinator

ITEM	ACTION / DISCUSSION
Twombly called the meeting to order at 7:29 p.m.	
Roll called.	Board members present: Twombly, Salisbury, Hudson.
<b>Brainstorming on Ways to Work with Consultant and Preparer Exams to Increase Pass Rate</b>	
Roundtable Discussion	<p>The committee discussed the low pass rate on exams and looked at various options to the exam process. Here are some of the highlights.</p> <p><b>Twombly</b> shared that there was a much worse pass rate when the exam was scored by section. In order to pass the exam the applicant was required to get a passing score on all parts of the exam. There was a 20% gain in the scores when they combined and scored all exam parts as one. He read an e-mail that talked about testing on one’s knowledge and not his or her test-taking ability. The e-mail also suggested that questions that are intended to be “tricky” be replaced. He expressed concern that the proctoring sites may not be diligent enough to differentiate between the preparers having source documents and consultants having them.</p> <p>He passed around handouts about a possible way to break up the exam. If the test was broken into parts, there would have to be a minimum score on all parts to be able to retake just one part. If broken into parts the fees would have to be prorated and that would have to be written into the rules. Walker stated only the consultant’s exam was ever split into parts. In the past the pass rates did go up when the parts were combined. The examinee had 13 months to pass the section of the test they didn’t pass, after that they had to take the whole exam over again.</p>

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The renewal rate nationally with H & R Block for preparers is 50%. People find out it is a more stressful job than they were anticipating.

**Walker** gave a ballpark figure of the pass rate for preparers being 47-52%, and for consultants about 32-35%. She has seen that over the years many preparers take the exam before they finish their basic 80-hour course, to see what the exam is about, and it brings pass rates down.

Consultants can fail the exam and then reapply to retake it a week later, and there really aren't any consultants' classes out there. Maybe there could be a specified period of time before they can retake, to give them more time to study. Walker does not recommend this for the preparers. Statistics are run from March through the end of February.

After they get their approval letter from the Board to take the exam, they have 60 days to take the exam. Walker suggests that the changes be made when the tests change in July and August for fairness reasons.

If the Board wants to extend the time to take the exam, they may lose some proctor sites. The average time to take the consultant's exam is about three hours, and the average to take the preparer's exam is about three and a half.

Another reason for low pass rates may be that the instructors of the basic 80-hour class may be passing and signing off on students who are not ready to take the exam. And for the consultants' exam, supervisors are signing off on experience with thoughts that they are going to have to pass the test anyway. These factors contribute to low pass rates. The Board has never taken any action against instructors with students having low pass rates.

New questions written by the item writing committee don't seem to get approved by the Board and so there are "slim pickings" in those areas. Having the exam open book is the kind of change the Board can make without needing a rule change. The change can be put in the general information booklet.

Walker stated a good examination is one that produces an average score in the 80s.

**Wagner** suggested that the period of time between each time the examinee failed should be longer. He thought it would be noteworthy to keep track of whether they have actually completed a course or not. Then it may show a better pass rate. Over the last 20 years things have gotten so much more complicated and we

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need to test more than just their ability to memorize.

Wagner was concerned that if an examinee scored well on one part of the exam and poorly in another, but with a combined score they will pass, but there would be an area that they really didn't have competence in. He also asked the question of whether it would be beneficial to lower the passing score from 75% to 70%. The Board previously considered this, but didn't approve this change (split vote).

People have asked if they can get a copy of an old exam. But because we are a state developed exam, we cannot release information, or our questions will be compromised. We do offer the most frequently missed questions, and the sample consultant's exam.

The Committee had a lengthy discussion about allowing the exams to be taken "open book." It would be the examinee's responsibility to bring the approved source documents and there would be no sharing.

The added workload is a concern for Wagner because the staff is already stressed.

**Hudson** reminded the group that the Board is testing to see if the preparer understands the principles of what they are doing and they don't need to have it all memorized. They are being licensed to learn how to do taxes on the job. She also thought that maybe there should be more than two years of experience to take the consultant's exam. Another option would be to say if you passed the basic 80-hour class you are able to work under a consultant as an apprentice. But when teachers grade on a curve to help students pass and not drop out, the standard changes. She would support allowing people to take the exam before finishing the course; once they get a feel for it they may pass it down the road.

Hudson felt that if the exam was broken up, the examinees needed to pass each section with a minimum of 75%. It may take a couple of years to get the pass rate up. By only changing to open book now and considering breaking the exam into parts at a later date, then we can focus on what change is having an effect on pass rates.

**Salisbury** felt the class instructors need to know the change to the exam process to allow open book so that they give a mid-term and final with the open book so that examinees experience what it is like.

Instructors may need to be educated about the guidelines for

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	<p>satisfactory completion of the basic 80-hours course.</p> <p>Salisbury is supportive of efforts to increase the pass rate because she knows very capable people who haven't been able to pass the exam. She suggests that no forms be allowed as open book supplies.</p> <p>Requiring licensed preparers to have three years experience before being allowed to sit for the consultant exam is enough because any more and we will lose them. She also recommended that this change would have to take effect with the crop of new preparers.</p>
<b>Adjournment</b>	
Twombly adjourned the Exam & Education Committee meeting at 8:57 p.m.	