

11/26/2024

TO: AICPA and NASBA Boards of Directors

RE: CPA Competency-Based Experience Pathway Exposure Draft Dated 09/12/2024

The Nevada Society of CPAs Board of Directors appreciates the opportunity to comment on the recent AICPA/NASBA CPA Competency-Based Experience Pathway Exposure Draft (exposure draft). We believe an additional pathway will better serve candidates and their varied learning styles, life situations, and financial ability to pay for education.

The exposure draft stated that AICPA and NASBA were “seeking to address the financial and time constraints” toward licensure with a solution that can be “adapted to the evolution of the profession.” The exposure draft also stated that this solution is the result of the recommendations of the National Pipeline Advisory Group (NPAG).

A tenant of the NPAG group was to find solutions that would modernize the CPA license using sound data, surveys, and research, including the current legislative environments in the United States of America. The NVCPA Board of Directors does not believe the exposure draft meets those intentions in a manner that modernize the CPA license.

- The proposed pathway is complicated. It will create two levels of experience that an employer will have to track and report. Many firms will find this costly and burdensome and may choose not to participate. There will be additional administrative burdens on State Boards of Accountancies who are already understaffed and underfunded. Candidates will have the added responsibility to ensure potential employers have systems in place to track the experience.
- Candidates could be at a disadvantage should an employer not hire staff on this pathway. Conversely, an employer could be at a disadvantage should candidates choose not to work at a firm who is unwilling to adopt and track the competency-based experience.
- The competencies are vague and subjective. While the exposure draft provides sample performance indicators, it is left to the CPA Verifier to make the final determination. Competencies should be based on a practice analysis to support the body of competencies and reevaluated every three to five years to stay relevant.
- The authority of State Boards of Accountancy to determine competencies are removed as competencies, per the UAA Exposure Draft, are developed by a “national accountancy organization.” The exposure draft is delegating authority of licensure requirements to a third party which is direct opposition to the position NASBA took in their “Shifting to Automatic: The Hazards of Redefining Mobility” opinion where NASBA took a position that delegating authority to a third-party

is unconstitutional. While the NVCPA does not agree with the NASBA opinion, it appears incongruent to delegate authority on one section of the UAA and not the other. However, we do believe it is the individual states who have authority over licensing requirements. Should a state propose requirements which fall below accepted minimum standards, or “go rogue” as has been so often argued, there are multiple stakeholders who would oppose such proposals.

- Differentiating between general experience and competency-based experience implies that candidates do not gain competencies during their general year of experience. This is not the case. When the UAA was changed to require 150 hours and one year of experience for licensure, it was noted that the extra 30 hours of education was equivalent to the additional year of experience previously required under the 120 hours and two years of experience for licensure. Candidates were learning and gaining competencies during those extra college credit hours equated to the learning and competencies gained during the extra year of experience. Those facts still stand true. We believe it is best to require two years of experience per a state’s laws and rules as opposed to the exposure draft’s experience proposal.
- The exposure draft is creating barriers to entry as opposed to lifting barriers. Accounting firms and organizations are outsourcing to other countries due to a limited number of CPAs and finance professionals. While this can be a positive business decision, it is not a total profession-wide solution to current barriers to entry. Lifting the barriers will increase domestic supply of professionals, which will also provide growth within the profession in the United States.
- The exposure draft does not recognize the legislative efforts currently underway in many states who are moving towards a Bachelor’s Degree, the CPA Exam, and Two Years of Experience. It is inadvisable to ignore these efforts and propose a pathway that will conflict with almost half the states in the United States of America. in 2025/2026. Any proposal should work with states who have thoughtfully drafted changes to their laws and rules to best serve the profession.

In summary, the Nevada Society of CPAs believes an additional pathway is important and should be a Bachelor’s Degree, Two years of General Experience, and Passage of the CPA Exam to modernize the license and move the profession forward. We do not support the exposure draft’s proposal.

Sincerely,



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CEO, Nevada Society of CPAs



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Chair, Nevada Society of CPAs