

Susanna Sharpe

From: NASBA <PLTF@nasba.org>
Sent: Tuesday, December 26, 2023 3:01 PM
To: Susanna Sharpe
Subject: NASBA Professional Licensure Task Force Concept Exposure

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NASBA

Mission Driven - Member Focused



NASBA Professional Licensure Task Force Concept Exposure

Equivalent Licensure Model

In October, during my inaugural address at NASBA's annual meeting, I discussed the creation of a Professional Licensure Task Force (Task Force) whose charge was to consider new concepts for CPA licensure that may be included in the UAA to update the current licensure model.

Since its creation, the task force has met twice. It held an in-person meeting at NASBA's offices in Nashville on November 20 and it held a virtual meeting on December 18. During its meetings, the task force discussed the history of the current education model, the education required under Mutual Recognition Agreements, and the Experience, Learn and Earn and experiential learning models that have been introduced during 2023. The committee agreed that the general principles adopted for ELE: cost effective; rigorous education component; and scalable to firms and employers of all sizes, should apply to the development of a structured professional program. The task force also discussed outreach to the AICPA's National Pipeline Advisory Group's Substantial Equivalency work group.

Following these discussions, the Task Force believes it is important to share its discussion to date and solicit directional input from the boards of accountancy and other interested parties.

General Concept: Through its discussions, the Task Force has narrowed its discussions on a structured experiential learning program that would provide for education, documented experience, and other elements that would provide an equivalent path to licensure without the need of having a fifth year to complete a 150-hours education program that would appear on an accredited transcript. This additional path, to be defined in greater detail, would include an education and experience component to measure a participant's competency to be licensed as a CPA and would be considered equivalent to the current 150-hour pathway defined in the Uniform Accountancy Act. The development of a structured professional program would require legislative, and rules changes in some states and may impact interstate mobility in some states until all states have adopted the new equivalent path.

The elements of this concept are not unprecedented for U.S. licensure. For decades, international candidates have achieved licensure through the completion of a baccalaureate degree followed by a professional program that includes documented experience, educational components, and measurement.

The concept being discussed for the U.S. would minimally require that all mandatory accounting and business requirements are achieved in addition to having a baccalaureate degree.

Question: Do you believe that the Professional Licensure Task Force should continue to focus its discussions on an equivalent path to licensure that defines a structured professional program that would qualify an individual for licensure as a CPA?

REPLY TO CONCEPT EXPOSURE

We encourage the State Boards and other interested parties to consider these proposed changes and send any comments or recommendations to the UAA Committee via PLTF@nasba.org by March 31, 2024.

Sincerely,

Stephanie Saunders, CPA
Chair, NASBA



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PROFESSIONAL LICENSURE TASK FORCE UPDATE

Stephanie Saunders

Nicola Neilon

Sue Coffey

MEET THE TASK FORCE



Stephanie Saunders
Chair



Bob Cedergren



Sue Coffey



Meghan Durst



Steve Grice



David Knoble



Niki Neilon



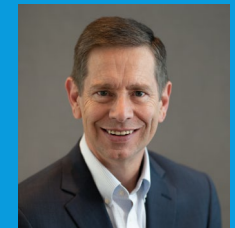
Boyd Search



Bill Treacy



Ken Bishop
Observer



Dan Dustin
Staff Liaison

IDENTIFYING THE ISSUE

Not enough CPAs to provide services to the public now and the near future.

- Why?

- Large population of Baby boomer CPAs retiring
- US population decline
- Less individuals going to college to college – due to cost? Or students do not see a ROI for the additional time and cost? Are there other opportunities for less cost?
- Problems with Firms and Businesses retaining CPAs
- Image of the profession – Work/life balance, boring, lack of advancement, relevancy in society
- Compensation – degrees with less than 150 education requirements may have higher starting salaries (even though long term may stagnant)

PRIOR DISCUSSIONS

- Task force reviewed the history of the current education model
- Mutual Recognition Agreements between other countries and the United States
- Discussion of Experience, Learn and Earn (ELE), Experiential Learning and MRAs at prior NASBA annual and regional meetings

WHY A TASK FORCE?

- Continuing discussions among all stakeholders/media concerning education/experience requirements especially due to lack of diversity & cost of education as a barrier
- AICPA NASBA ELE pilot program provided lower cost accredited education after attaining a Bachelors in Accounting, includes the ability to work and take other than required courses for licensure to meet the 150 licensure requirement but will it do enough?
- Pending legislation in various states who do not have enough CPAs to provide services to protect the public – state & local government audits especially – if state accountancy laws are changed that are not in conformity with UAA minimum requirements as they are looking at less education but more experience – there could be a loss of substantial equivalency/mobility
- Yet MRAs with various countries allow non-domestic candidates to become US CPAs with different education but more experience than domestic candidates

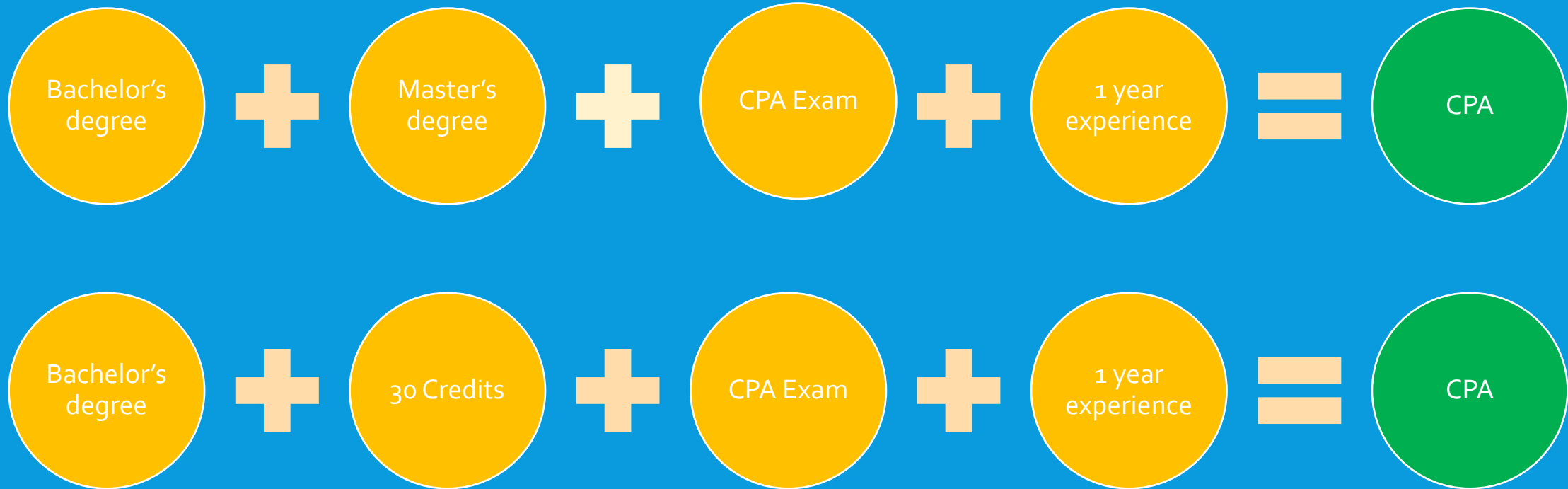
TASK FORCE CHARGE

Consider new concepts for CPA licensure that may be included in the UAA to update the current licensure model.

TASK FORCE PRINCIPLES

- Establish an equivalent pathway in the UAA
- Protects the public interest
- Cost effective
- Maintains rigor (minimum competencies of a newly licensed CPA)
- Available to firms and businesses of all sizes
- Defines minimum timeframe to complete
- Establishes an evaluation process to assess completion of program

TODAY'S MODEL



30 Credits: Experience, Learn and Earn (ELE)
Experiential Learning
Flexible 30 (student defined)

THE “REAL ISSUES”

- The inability to hire CPAs (particularly in smaller firms)
- A shortage of auditors
- CPAs leaving public practice
- A shortage of new CPAs entering the marketplace

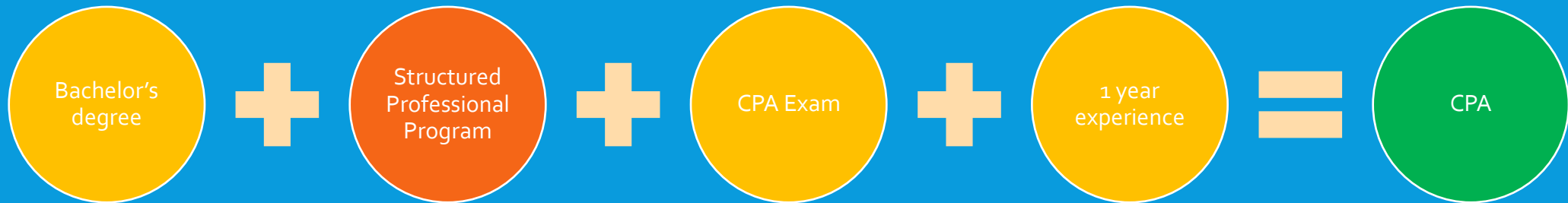
MUTUAL RECOGNITION AGREEMENTS

- Credential issued by foreign authority that regulates the profession
- Credential entitles holder to issue financial statements
- Issued based on education, examination, and experience requirements established by foreign authority or law
- International Qualifications Appraisal Board (IQAB) determines compliance with UAA

MRA EDUCATION EVALUATION

- IQAB evaluates education to verify it is substantially equivalent to the requirements in the UAA
- Foreign education models differ from the US model
- No focus on accredited education or education posted on a transcript
- Dozens of CPAs have been licensed under MRAs
- No impact on substantial equivalency or mobility

STRUCTURED PROFESSIONAL PROGRAM



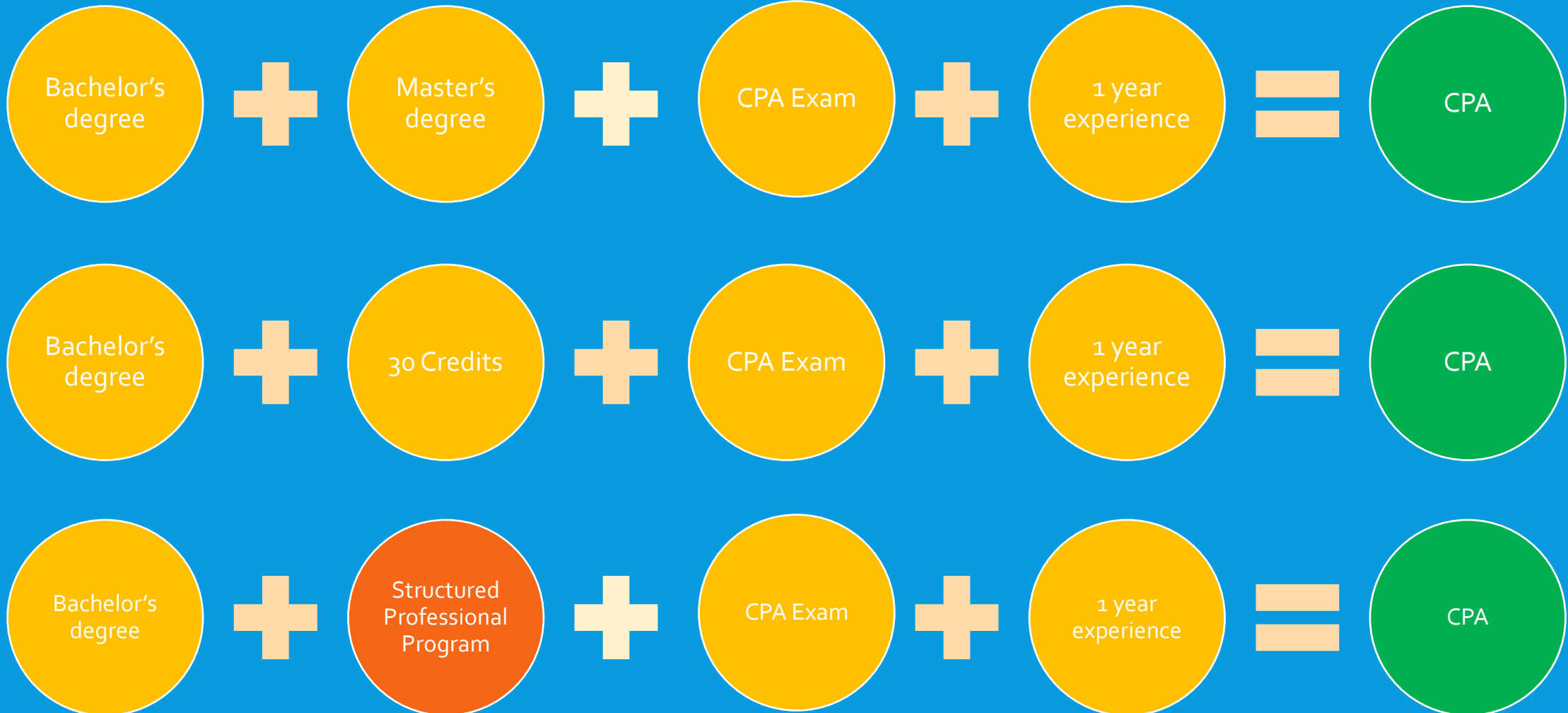
WHAT MIGHT QUALIFY IN A STRUCTURED PROFESSIONAL PROGRAM

- Focus on the disciplines of the profession and business & industry: audit, attest and financial reporting; tax planning and preparation; information systems and controls
- Developing experience rubrics based on defined competencies
- What types of experience might qualify
 - Military experience
 - Certificate programs
 - Formal staff training programs
 - Accredited and nonaccredited programs

DEVELOPING AND DEFINING COMPETENCIES (POSSIBLE SOURCES)

- Board of Accountancy defined competencies
 - CPA Evolution Model Curriculum
 - AICPA Pre-certification Core Competency Framework
 - AICPA Competency Framework - Assurance Services
 - AICPA Exam Blueprint
 - Other sources???
-
- How to measure competency: formalized coursework, learning/training modules, other?

POSSIBLE FUTURE MODEL



SUBSTANTIAL EQUIVALENCY AND MOBILITY

The importance of maintaining
Substantial Equivalency and Mobility

Most jurisdictions follow the UAA or
the BOA has latitude in laws/rules

Nine jurisdictions require 150 hours of
education in state law

Mobility may be interrupted to some
extent during transition

▪ Possible Fact Pattern:

1. The UAA is amended with an equivalent path.
2. State A has amended its statute to coincide with the equivalent path defined in the UAA and as a result is determined to remain substantially equivalent to the UAA
3. State B has not yet enacted a statutory change to adopt the new equivalent path.
4. If State B has adopted the provisions in UAA Section 23, a CPA licensed in State A could practice under mobility in State B because State A is determined to have licensure requirements that are substantially equivalent to the UAA.



National Pipeline Advisory Group

Talent Solutions Tabletop Discussion
Jan 8 – NASBA Webcast

Sue Coffey, CPA, CGMA, Executive Sponsor National Pipeline
Advisory Group, CEO - Public Accounting, AICPA

Discussion topics

- 2 distinct but complementary efforts
 - Pipeline Acceleration Plan execution
 - Development of data-driven, stakeholder inclusive National Pipeline Strategy
- Alignment and collaboration with NASBA's Professional Licensure Task Force
- Regional webinars for state board of accountancy chairs and executive directors

Two distinct but complementary pipeline efforts



AICPA Pipeline Acceleration Plan

A set of key initiatives to address root causes of pipeline issues



National Pipeline Advisory Group

Cohesive strategic plan for the profession created by the profession

**DATA
DRIVEN**

Pipeline Acceleration Plan: Addressing root causes



Experience, Learn & Earn Program



Addressing firm culture and business model challenges



30-hour communication campaign



Extending 18-month exam window



Examining Uniform Accountancy Act variances



High school and college strategies



STEM recognition



AICPA Foundation and scholarships



Expansion of 529 funds to CPA Exam costs



Government audit and finance collaboration



Best practices for offshore talent



CPA image campaign

The National Pipeline Advisory Group



9 Men
13 Women



State Societies



Big 4



Large Firm



Midsized Firm



Small firm



NASBA



Academics & AAA



Semi-retiree



Diversity, equity, & inclusion



Former board of accountancy member



AICPA



Leadership Academy graduates



Business and Industry



Tax practitioners



UAA Committee



Forensic accountant



Consultants

National pipeline strategy phases 1 and 2

1. Pipeline study and learning

- ✓ Defining “pipeline”
- ✓ Identifying life stages
- ✓ Soliciting feedback via polling and including more external stakeholders
(1,600 responses so far)
- ✓ Immersing in survey data, funnel data
- ✓ Learning about substantial equivalency, 3Es and mobility
- ✓ Everything has been on the table for discussion

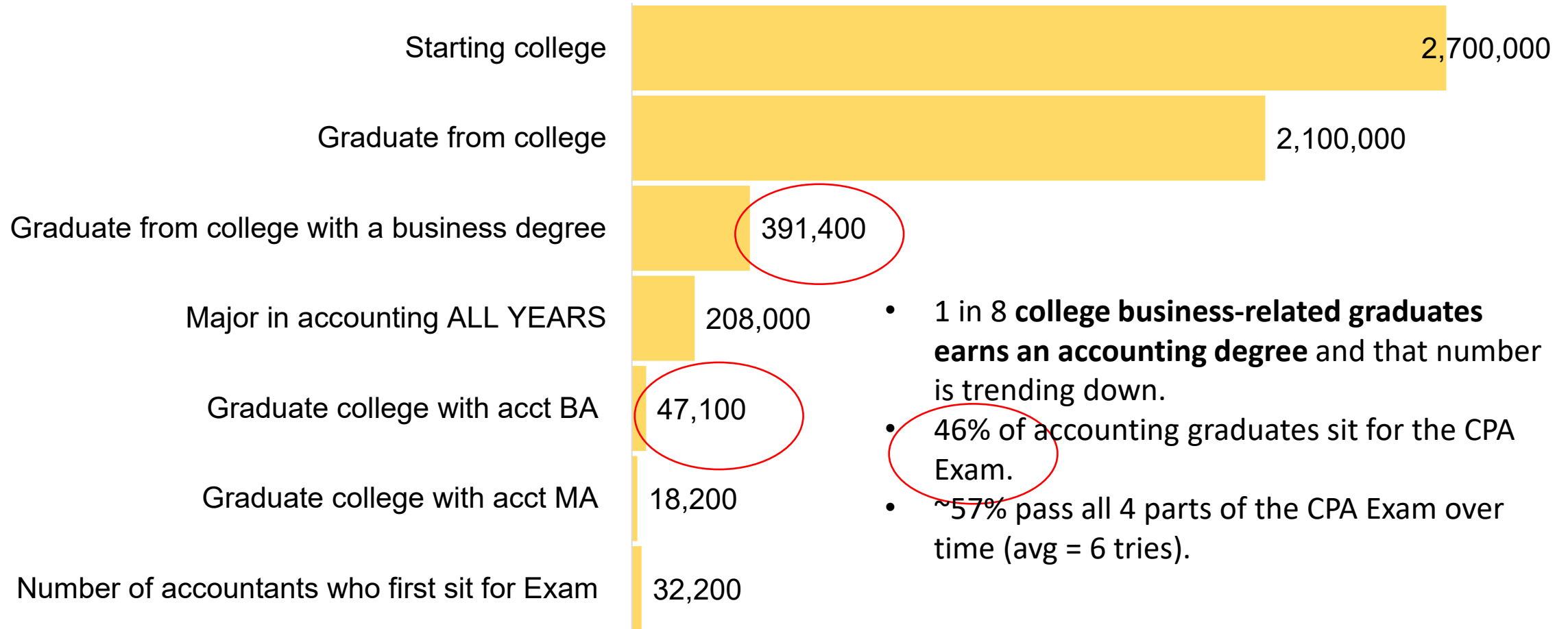
2. Pipeline leakage identification / prioritization

- ✓ Qualitative and quantitative
- ✓ Forming working groups to progress multiple work streams at the same time
- ✓ Updating polling survey
- ✓ Updating AICPA Council
- National survey**
- Focus Groups/Forums with Key Stakeholders**

Themes in the data and feedback so far...we can

- Tell a more compelling story about what we do and our impact on the economy, businesses and local communities
- Address the cost and time of education
- Make the academic experience more engaging
 - *Course names, pull through vs weed out, redesign introductory classes, training for HS teachers, provide enhanced resources for teachers/professors*
- Provide better support to CPA Exam candidates
 - *Supporting candidates through CPA Exam to licensure, monetary support (scholarships, reimbursements, etc.), providing access to information, simplifying processes*
- Enhance employee experience by evolving business models/cultures
 - *Best practices for supporting CPA exam takers, under-represented team members, offering flexibility, increased starting salaries, mentoring, more of a presence in HS and on-campus*

Why? Examining the pipeline funnel



Why?
SENTIMENT –
WORKLOAD IS
A *FLASHPOINT*

91%

Agree or strongly agree the ongoing
high volume of work makes
accounting feel like a more
challenging career

Why? Turnover trend – highest turnover segment

41%

Reported highest turnover at the **3-5 year staff or supervisor mark**



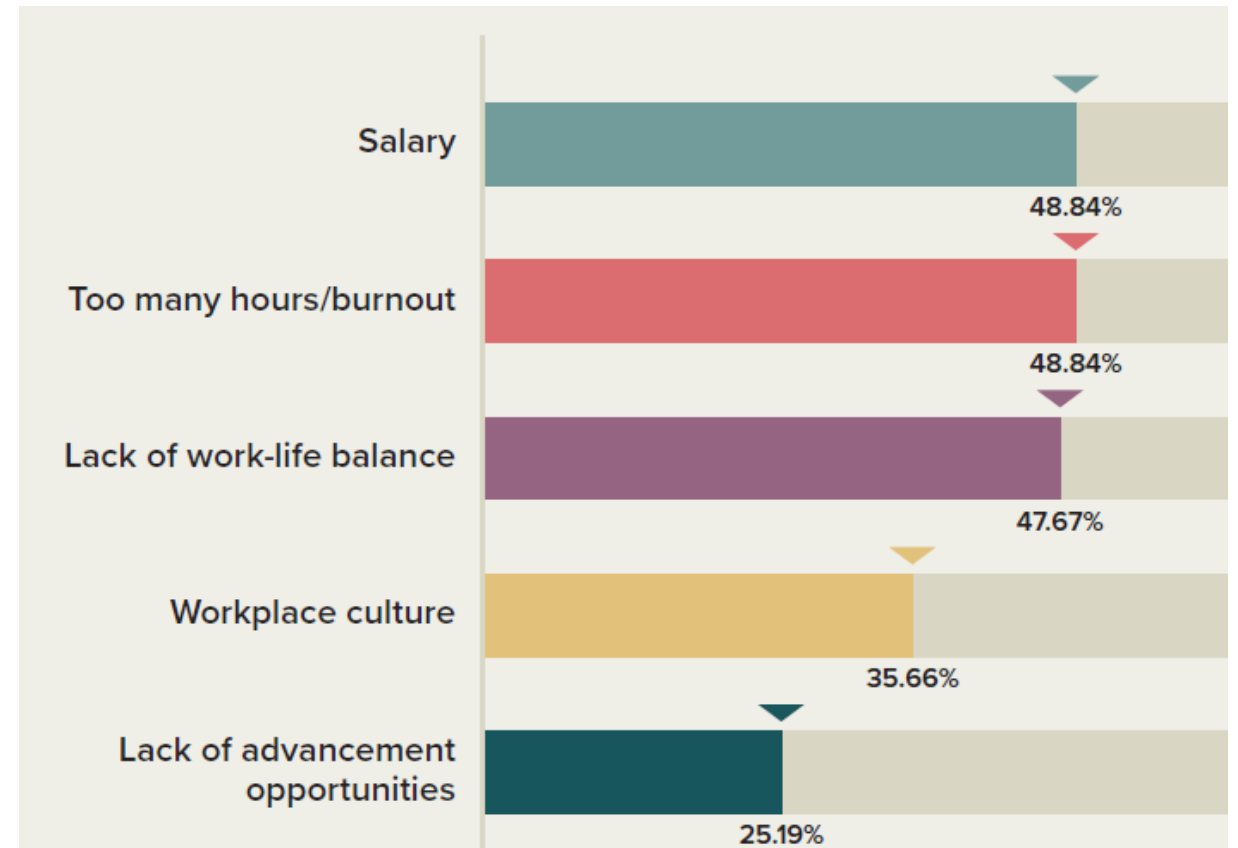
Source: National Pipeline Advisory Group polling of 1,600 people in partnership with state CPA societies

Why? Turnover trends and triggers

- Voluntary turnover for 18-38 year old respondents in the last two years was **39%**
- **26% of accounting and finance professionals in that age group intended to leave their current employer** in the next 12 months and 8% intend to leave the profession.
- Contributing factors: job satisfaction, career advancement, work flexibility, employee engagement, and a sense of belonging.

Source: Robert Half, IMA, Association of Accountants and Finance Professionals in Businesses

Top reasons for leaving:



Source: Illinois CPA Society

Students rate better balance as an influential factor in deciding major

Influences that may change accounting majors' minds about not becoming CPAs

Responses	% of Total
Better work-life balance	69.2
More career path opportunities	64.0
Better understanding of the impact and meaning of the work	63.3
More opportunities for career advancement	63.2
Higher pay, especially at start of career	61.8

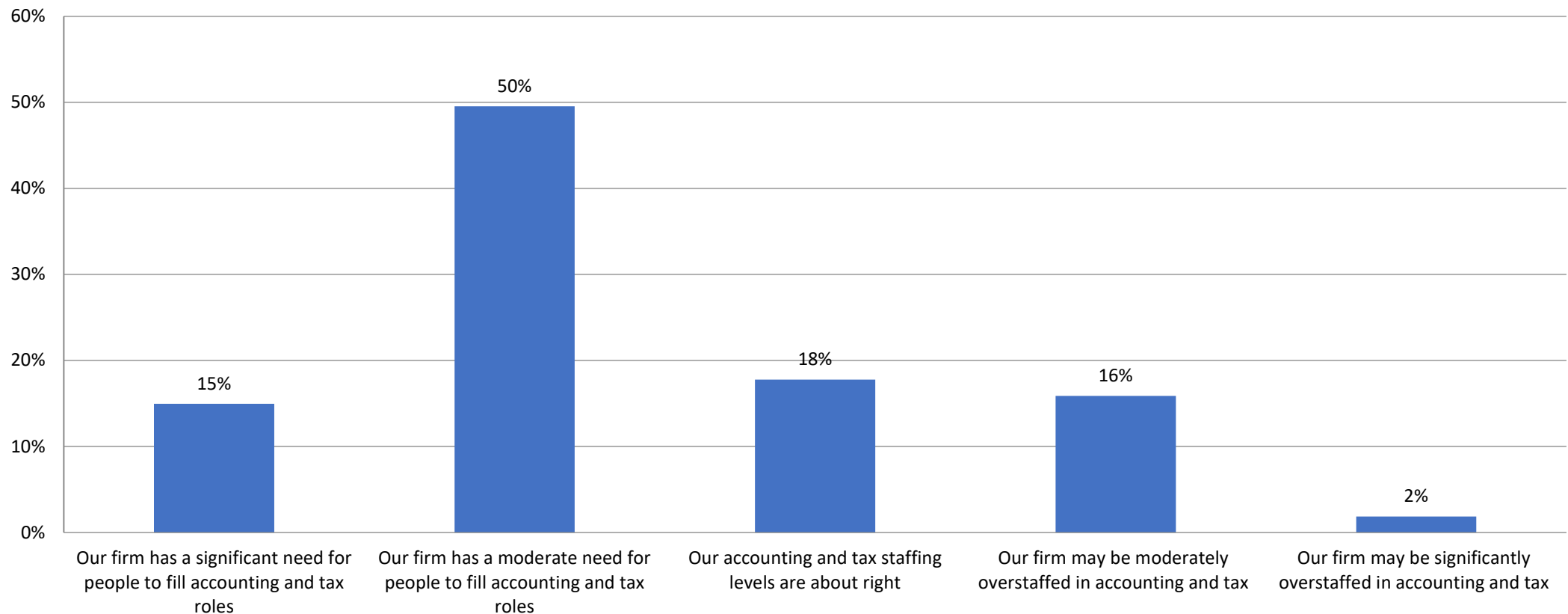
Influences that may change business administration majors' minds about not becoming CPAs

Responses	% of Total
Higher long-term earning potential	66.2
Better work-life balance	65.2
More opportunities for career advancement	64.2
More career path opportunities	64.0
Higher pay, especially at start of career	63.9

Source: PICPA

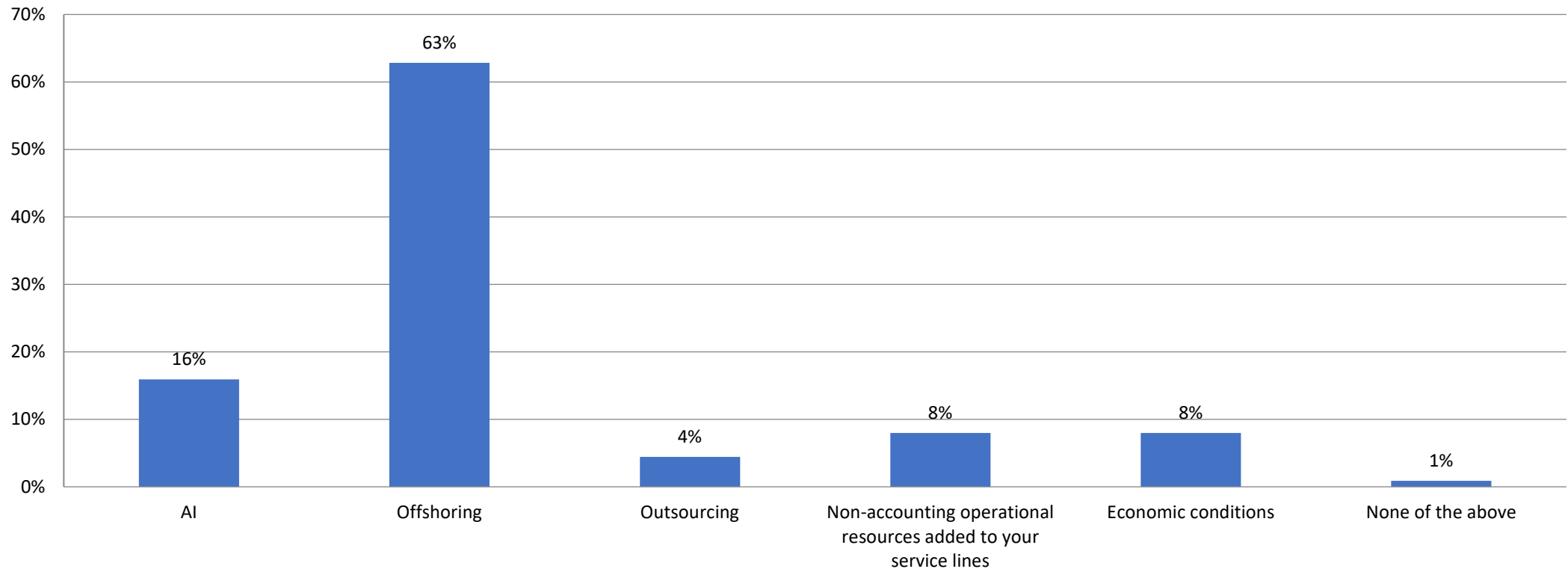
The environment is changing somewhat

How would you describe your firm's current staffing level? (choose only one)

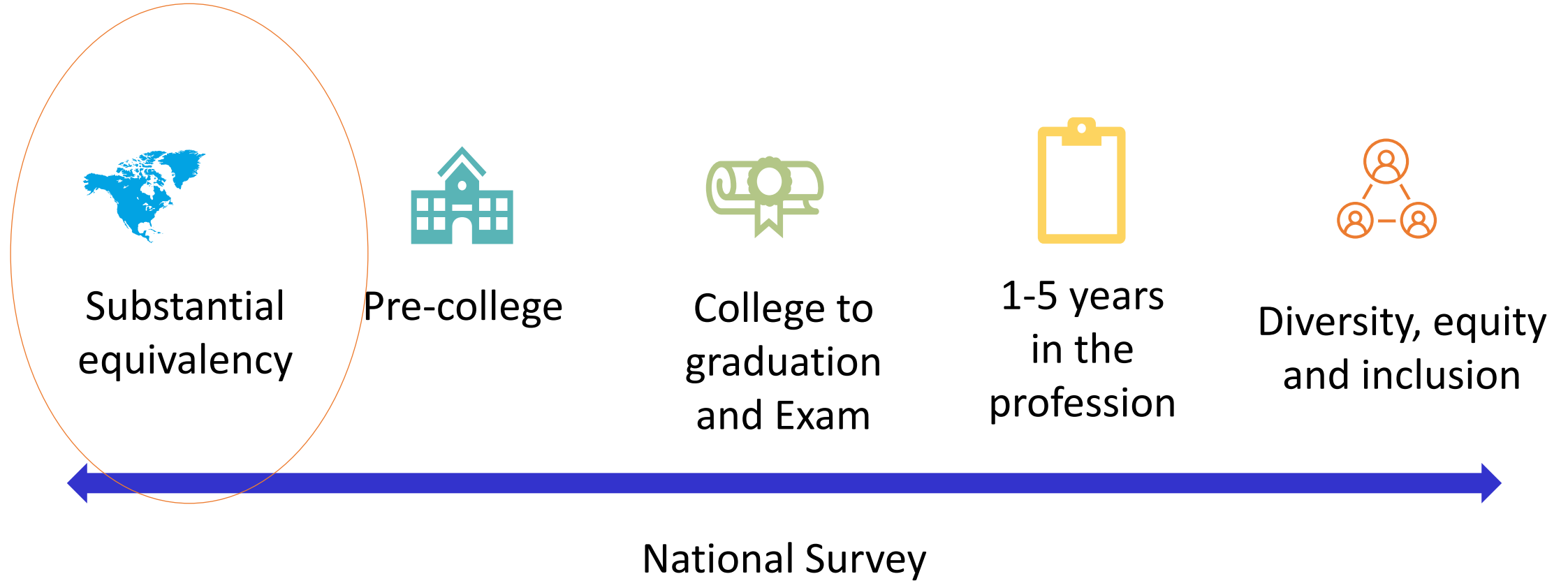


The environment is changing somewhat

Which of these will most impact your accounting and tax capacity in the next 2 years
(choose only one)



NPAG working group areas



Addressing licensure cost, time while minimizing impact on mobility

One option NPAG is weighing:

- Experiential learning for 30 hours of credit
- Awarded (or not) by an accredited university
- On (or not) a college transcript

“On a transcript” addresses time pressure but does not address cost

Addressing cost by getting credits outside the university system **has a bigger impact on mobility**



Some other options being discussed.....

- 30 hours defined/prescribed
(taking flexibility out of the system)
- 30 hours of internships
- 30 hours of CPA Exam prep either
by a university or other provider
- More standardization and
consistency of education courses
from state to state



NPAG remaining work phases



SOLUTION DEVELOPMENT

- Developing and prioritizing ideas and solutions, programs to amplify
- Outreach, testing ideas and getting perspectives
- Testing solution concepts in the national survey
- Reporting on national survey results; adjusting solutions
- Defining measures of success



CREATING THE STRATEGIC PLAN

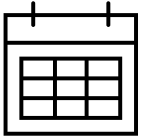
- Draft plan by May 2024



EXECUTION AND IMPLEMENTATION

- Involving stakeholders who will tailor the strategies for their purposes
- Measuring success and adjusting approaches for 3-year and 5-year horizon

January 25th Webcast with state board chairs and executive directors



Focus:

- Feedback from firms (MFG, G400, PCPS, AICPA committees) and state CPA societies on potential pipeline solutions
- Continued discussion on experiential learning models
- Alignment and collaboration between NPAG and NASBA Professional Licensure Task Force
- Time for insights, suggestions, questions
- Polling/survey

Thank you

Questions and comments: CPA-Pipeline@aicpa-cima.com