



April 5, 2023

NASBA Uniform Accountancy Act Committee
NASBA
150 Fourth Ave, Suite 700
Nashville, TN 37219-2417

Dear NASBA Leadership:

The Washington Society of CPAs Board of Directors and the Board of the Washington CPA Foundation are responding to the exposure draft on the Uniform Accountancy Act Model Rule 5-7¹. While we strongly agree that expanding the amount of time a candidate has to pass all four parts of the CPA exam is essential, the proposed increase is simply not enough. We support a minimum window of 36 months for a candidate to pass all four parts of the examination.

When the NASBA leadership was asked, at the 41st Annual Conference for Executive Directors and Board Staff in February, about how they arrived at the proposed 24-month window, it was stated there was no data behind the decision; it was a compromise. When pressed for reasons why a limit to the exam window was necessary, the reason provided was that it allowed NASBA to monitor progress and continue to send correspondence to candidates to encourage them to sit for sections. While the encouragement is commendable, it can be done without a time limit.

Although no clarity is provided in the exposure draft as to why the NASBA Board of Directors voted unanimously to increase the length of conditional credit for exam candidates, we assume it is due to a desire to help candidates in an ever-changing and challenging time. From the information that has been provided, we understand that approximately 1,000 exam candidates leave the process each year after passing three or four parts. This leads us to believe that they did not pass all within the timed window and opted not to pay and retake an exam. We also understand that between 1,000 and 2,000 more candidates leave the process after passing at least two parts.

Our research confirms that the length of the exam window should not have any effect on substantial equivalency. This was confirmed by both a legal professional at the AICPA and Ken Bishop. However, we do understand that some states may continue to keep a short window and may not accept a longer window for initial licensing. This could cause issues should a candidate change the state they select to get an original license in during the initial process. We also understand that while uniformity is the ultimate goal for NASBA and the individual states, each state may select a time frame that best serves their constituents without harming substantial equivalency.

Prior to the computerized examination in 2004, candidates were given 36 months after conditioning by passing two parts of the uniform exam. The decision to reduce the exam window aligned with the possible number of times an individual now had to sit for the exam.

However, simply because they could select to sit more often, this did not create more time in their lives. Currently, the CPA workforce is understaffed, there is a shortage of new CPAs, and there are more rules and regulations now than in 2004. To add to this, we are coming out of a global pandemic that created upheaval and issues in the exam process. In short, this is a very different world than even a few years ago.

In “The More Things Change, the More They Stay the Same: Addressing the CPA Pipeline Crisis” blog post from March 14ⁱⁱ, your current Board Chair, Rick Reisig, refers to the demand for skilled accounting services being at an all-time high, while the population of skilled accountants has remained flat. He cites that declines in U.S. birthrates, overall college enrollment, number of accounting graduates and number of CPA examination candidates as factors. We also know that the U.S. is becoming far more diverse, and the accounting profession is not. It would be worth exploring how many of the nearly 3,000 candidates that fall out of the process each year are women or underrepresented candidates. While making significant changes in any of these areas is difficult, removing an arbitrary barrier to potentially capture even some of the 1,000-3,000 candidates that drop out of the process every year is simple.

NASBA and the AICPA have discussed the increase in anti-licensing legislation the last few years. This is largely due to legislators’ desire to remove barriers to professions and to help their constituents find and retain great jobs. Expanding the window to a timeframe that could actually help candidates, or even removing it, would be a great story to tell legislators from any political party. It does not change the examination, education or experience that a CPA needs, it does not harm our mobility, but it does reduce or remove an arbitrary barrier of our own creation.

It is also significant to note that the professions we have aligned with to fight anti-licensing bills, the architects and engineers, have removed their timed examination windows. What is stopping the CPA profession from doing the same, and how can any real or perceived risk be mitigated?

The roll out of the new CPA exam in alignment with CPA evolution will have its challenges and will cause delays in scoring and exam availability, as you have stated. This is a great time and opportunity for NASBA to extend the exam window to 36 months (a prior standard) or longer. This also aligns with the current 18-month window extension that NASBA encouraged states to grant to current exam candidates who will have a valid passed exam as of January 1, 2024ⁱⁱⁱ. This extension does create a 36-month window for certain candidates.

We would also like to provide feedback on Rule 5-7 (e). While we also agree with the need for clarification of how and why to grant extensions to exam candidates, this change does not create clarity or alignment. In current practice, some states grant nearly every extension request that comes in, while other states never or nearly never grant an extension. This rule also does not state how long an extension should be. From our understanding, in states that grant extensions six months is the standard extension. However, during the pandemic that has increased. While we do support extensions in hardships, what is provided still creates ample room for opinions and biases that could harm candidates in certain states.

In closing, we would again like to state that we do firmly agree that the examination window should be extended. However, it should at a minimum be extended to 36 months. We urge you to amend the exposure draft to no less than 36 months.

Sincerely,

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ⁱ [https://nasba.org/wp-content/uploads/2023/02/UAA Rule 5.7 Revised Draft FINAL 2.9.23 at 12.07PM AC.pdf](https://nasba.org/wp-content/uploads/2023/02/UAA_Rule_5.7_Revised_Draft_FINAL_2.9.23_at_12.07PM_AC.pdf)

ⁱⁱ <https://nasba.org/blog/2023/03/14/addressing-the-cpa-pipeline-crisis/>

ⁱⁱⁱ <https://nasba.org/blog/2023/03/15/cpa-examination-credit-extension-policy/>