



December 5, 2024

AICPA/NASBA Joint Uniform Accountancy Act Committee
AICPA Leadership and Board of Directors
NASBA Leadership and Board of Directors

Re: Competency-Based Experience Pathway Proposal & UAA Proposals

The Washington Society of CPAs represents more than 7,000 members working in public accounting and in various industries, businesses, government, and education in our state. We thank you for the opportunity to provide comments and feedback on the proposed CPA Competency-Based Experience (CBE) Pathway exposure draft and the Uniform Accountancy Act (UAA) proposals.

Pipeline trends and data support the need to evaluate and address the barriers, time, and cost to obtain a CPA license. Many in the profession are asking for an alternative pathway and agree it is necessary to encourage more students to pursue a career in accounting. For these reasons, we appreciate the work undertaken by NASBA and the AICPA to acknowledge the need to modernize the licensing process and propose alternative pathways to licensure. These comments reflect the official position of the WSCPA, informed by two years of active engagement in dialogue, analysis, and collaboration on pipeline issues and the exploration of viable solutions.

Competency-Based Experience (CBE) Pathway

While we strongly believe modernizing the license is important and are firmly in support of establishing a new competency-based pathway, we cannot support the CPA Competency-Based Experience proposal for the reasons provided below.

We carefully considered the questions you posed when requesting feedback: whether the pathway was easy to understand, whether the skill sets were relevant, and whether the framework sufficiently described the performance indicators for the competencies.

We appreciate the work that was done to build the foundational competencies framework for aspiring CPAs. It would be beneficial to understand the outreach and inclusion of the broader profession in developing this framework.

We can see the value of these defined critical skills to the current job force. However, as introduced in this proposal, the skills effectively would become a new set of licensing requirements for a CPA candidate. These skill sets are not specified, evaluated or required through the current 150-hour educational pathway. Currently, the extra 30 hours are undefined and are essentially a year's worth of general education as opposed to a year's worth of on-the-job training in the designated field.

If this new pathway requires the outlined competencies as necessary to obtain a CPA license, the other pathway likewise should require the same competency evaluations. To assume they would be learned in any non-specified college course would be easily challenged.

While many firms and organizations assess these competencies through performance evaluations, structured training programs in these areas remain uncommon or inaccessible to most organizations. Due to the lack of training programs available to ensure skills are learned and equally evaluated, there is a high risk of inconsistency in skill sets.

The framework provides a high-level set of examples. We have concerns about the likelihood of inconsistent interpretation and understanding of what would constitute satisfying each of the competencies. Evaluators would be making subjective judgements based on their understanding of the competency and the individual. An evaluator would not be evaluating competencies, they would be evaluating perceived behaviors and witnessed or presented work experience. This framework also assumes that the competencies are being taught to candidates through work experiences and not pre-existing. If a candidate were to begin this pathway's on-the-job training and already possess competency, which many with prior work experience are likely to do, then in essence they would be required to obtain 2 years of general experience. Also, if there were no specific training at the firm, the candidate would technically receive 2 years of general experience and simply be evaluated on a list of skills.

Another concern is how to ensure that the evaluator is qualified. How will evaluators be assessed to ensure they personally possess the required technical and professional competencies? In today's job market, one may assume that a CPA would be unemployed if they did not possess those competencies. However, under the proposed guidelines, there is no requirement for a CPA evaluator to be currently employed.

Our most significant concern is that this framework allows for bias and opinions versus "assessing" a competency with uniform metrics. To ensure accuracy and prevent the introduction of bias, short assessments (tests) could be administered to ensure a candidate understands the competency. Historically, bias has disproportionately affected underrepresented minorities or genders in the workforce. Research has shown there has been a significant drop in the number of minority students who have chosen to become CPAs since the introduction of the 150-hour rule. Creating a new barrier with unintended bias could be more detrimental to the pipeline.

The recommendations of the National Pipeline Advisory Group (NPAG), as outlined in the Accounting Talent Strategy Report on page 38, offer a way to prevent bias: "A simple but effective form of program administration is agreed upon to ensure state regulators are comfortable that employers are using the appropriate framework and are applying it correctly. It may make sense to partner with a third party with demonstrated experience assessing education for other occupations or professions to design and/or administrate this process (e.g., the American Council on Education or a similar entity)."

NPAG's report also recommends a scalable "experiential learning in a box" option to support smaller employers.

We support moving away from a defined number of credit hours and over to a degree-based prescription for the educational requirement for licensure as addressed in your alternative pathway. The WSCPA is supportive of requiring a master's degree – or a bachelor's degree plus 30 credit hours – as a licensure pathway that also includes one year of experience. We also support an additional pathway to licensure that includes a bachelor's degree plus two years of experience. To obtain a CPA license under either pathway, candidates would need to pass the uniform CPA exam and obtain a minimum concentration in accounting or finance as prescribed by our Board of Accountancy. This proposal is easier to understand for candidates, easier to implement in organizations and is in alignment with states currently looking to adopt alternative pathways.

Uniform Accountancy Act (UAA) Proposal

We do not support the alternative pathway language in the UAA exposure draft (section 5). We believe reference to 150 credit hours should be removed. There is a movement outside of the profession to create 3-year, 90-96 credit hour bachelor's degree programs. If this trend is expanded, then any pathway stating 150 credit hours would essentially require 2 years – 60 credit hours of non-defined education. Such a pathway would offer little value at a higher cost. We also do not support the Competency-Based Experience Pathway, for the reasons stated above.

We also do not support the proposed mobility solutions in the UAA exposure draft. The safe harbor language (section 23), as written, could create multiple tiers of CPAs in our state and limit mobility. This would adversely affect newly-licensed CPAs under any new alternative pathway. Considering the need to encourage more students to enter our profession, creating a new barrier once they are licensed would be detrimental. The language also puts more burden on a state board, or reliance on an outside organization. Either option increases costs to the state or the individual CPAs.

The UAA has been instrumental in bringing states in alignment and building the trust necessary to create CPA mobility. We believe the UAA can continue to be an asset to the profession; however, the proposed language does not appear to be in the best interest of the profession. We ask that the UAA committee recommend automatic mobility instead of safe harbor language.

The WSCPA supports automatic mobility, or automatic practice privileges. We also support including the appropriate guardrails within that concept to continue to build trust between states and protect the public. Four states have had automatic mobility in place for at least 15 years and can speak to how it has streamlined the regulatory system for CPAs.

The ability for CPAs to practice across state lines is crucial for businesses in Washington State. Known for its thriving technology sector and innovative business community, Washington often relies on CPAs with specialized expertise who may reside outside the

state. Ensuring interstate practice is essential to supporting our economy. By enhancing our mobility framework, we can protect the financial well-being of our business community, uphold the high standards of our CPA licensure, and streamline processes to remove unnecessary barriers.

Due to the fluidity of business and the ability to work virtually, CPAs in our state have clients in many other states. Also, many of the firms in our state have employees living in and working from other states. Automatic mobility, if adopted by all states, would allow the profession to continue to work across state borders without needing to obtain multiple licenses or paying to have their license verified. Automatic mobility gives state boards the oversight they currently have under individual mobility.

We realize that many states plan to introduce legislation with alternative pathways in 2025. While states looking to make changes are trying to align with each other, it will still create a time when our current mobility based on substantial equivalence will break. Automatic mobility will ensure continuity of practice privileges during the change process without creating confusion and potentially multiple classes of CPAs.

Thank you for requesting feedback. Again, we appreciate the work that has been done, the willingness to look at options, and the acknowledgement that change is needed.

Sincerely,



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President & CEO



Sarah Funk, CPA, CGMA
WSCPA Board Chair