



Nov. 15, 2024

AICPA/NASBA Joint UAA Committee
AICPA Leadership and Board of Directors
NASBA Leadership and Board of Directors

The Minnesota Society of CPAs reviewed the proposed CPA Competency-Based Experience Pathway exposure draft, issued Sept. 12, 2024. The Minnesota Society of CPAs represents more than 7,000 CPAs working in public accounting, industry, government and education. We appreciate the AICPA and NASBA request for comments from various accounting profession stakeholders and the MNCPA implores you to make all comments public.

With this proposal, the AICPA and NASBA acknowledge the importance of modernizing CPA licensure requirements in response to an environment that is significantly different from the early 2000s when a large majority of states adopted the 150-hour requirement. In drafting our comments, we considered if the proposed changes diminish public protections, support improved outcomes for candidates and employers, avoid adding new barriers, or increase the administrative burden or costs.

With this in mind, we respectfully submit the following comments for your consideration in finalizing the framework and updates to the Uniform Accountancy Act (UAA).

a. **Language change from 120/150 to bachelor's/master's degree.**

We support the shift to focus on the degree type versus the use of 120 and 150 credit hours. It is also noted that an accounting concentration or its equivalent as determined by board rule is allowed. This provides flexibility for individuals who switch degrees, have complementary degrees in business or technology, or are nontraditional students.

We recognize the framework does not eliminate an option to use a bachelor's degree with a total of 150 college credits plus one year of experience. From a transition perspective, this makes sense. Although we disagree the competencies identified in this proposal are currently developed or enhanced with the additional 30 credit hours to reach 150 given there are no requirements for what additional courses must be taken. There is no data to support this claim on page two of the exposure draft.

b. **The CPA examination is a standardized test and the one consistent requirement across all jurisdictions.**

The exam evaluates technical knowledge and ensures a candidate has the necessary understanding and skills to enter the accounting profession. This comprehensive and thorough assessment helps maintain high standards by verifying CPAs have a deep understanding of accounting and can apply them in a professional setting.

c. **Competency-based experience.**

We continue to support the option for candidates with a bachelor's degree to use two years of general experience. The draft proposal requires one year of general experience and one year of competency-based experience when combined with a bachelor's degree. We do not support the requirement to use competency-based assessments. This requirement will not add value to an employer or the candidate and would not result in any new public protections.

1. Firms and businesses have systems in place to evaluate employee performance across a range of competencies, including technical and nontechnical performance goals. Performance assessments are used to determine promotions, compensation or, in some cases, employment separation.
2. The competency-based assessments as proposed add an unnecessary administrative burden for employers, and do not provide additional value to either the candidate or the employer given the existing systems to evaluate employee performance. This burden would disproportionately impact smaller firms and deter those considering the accounting profession.
3. The nature of the competencies identified in the framework, e.g., problem solving, critical thinking, teamwork and communication, are inherently challenging to assess. They are subjective, context sensitive, difficult to standardize and the behaviors and assessments are significantly influenced by evaluator bias. We agree the competencies are important as foundational workplace skills.

However, the subjectivity in assessing for licensure creates an environment for candidates to challenge the fairness of the evaluation process. We also have concerns about potential legal liability if an evaluator acting in good faith assesses a candidate as having all the competencies, and after licensure the candidate acts in a manner not consistent with the competencies. Assessment documentation would be part of the public file once someone is licensed, which creates a potential liability for a firm or employer. This is very different from an employee file, which is confidential.

4. The proposed model also may result in unintended consequences. A tool designed for licensing requirements can easily be coopted as a disciplinary tool. This has happened in the profession already — and is a scenario that should not happen again and needs to be part of the discussion.
5. A known challenge with competency-based assessments is the influence of evaluator biases. We can see future requirements under this model for training and “certification” of evaluators, which, again, unnecessarily increases the administrative burden. By simply increasing the years of experience, we take advantage of existing tracking and reporting systems minimizing the additional investment needed to implement.

d. Tracking and reporting requirements by boards of accountancy.

The comments related to the perceived value of the proposed competency-based framework also apply to boards of accountancy. The additional administrative efforts required by the board of accountancy to track the requirement and include the assessment in the permanent and public record of new CPAs will not significantly improve the quality of candidates.

Building a new national system to track competency requirements will require a significant initial investment and ongoing investment to maintain. We are doubtful that this can be maintained and meaningful over time without a funding mechanism.

The MNCPA supports the additional pathway of a bachelor’s degree plus two years of general experience or a master’s degree plus one year of experience. This, along with the current 150 credit hours plus one year of experience option, gives would-be CPAs options to enter and support the future of this profession.

The requirement for only one of the pathways to have a competency requirement does not add value; in fact, it adds complexity and is counterproductive to the purposes of broadening the pathway.

A hurdle to overcome with this simple solution, as communicated by AICPA and NASBA, is mobility. Four states currently have automatic mobility and new CPAs under a bachelor’s degree plus two years of general experience would be allowed to practice in these states. Automatic mobility is a practical and quickly actionable solution that stabilizes mobility and protects the public.

We are very disappointed automatic mobility was not included in the proposed framework or the proposed UAA updates. With guardrails in place, including education, experience and the CPA exam, automatic mobility places CPA licensure on a firm foundation and makes mobility less vulnerable to disruption.

Automatic mobility also ensures boards of accountancy have jurisdiction when there are complaints against a CPA practicing under a license issued by another state. With this public protection element, it is surprising, disappointing and confounding that automatic mobility was excluded.

In brief, the MNCPA does not support the proposed framework with competency assessments. We do support the following:

1. The addition of bachelor's degree plus two years of general experience or a master's degree plus one year of general experience.
2. Maintaining the current path of 150 college credits plus one year of general experience.
3. The adoption of automatic mobility that includes guardrails related to education, experience and passing the CPA exam.

This is a simple, practical and clear solution that uses existing systems, reduces new investments for implementation and retains a strong public protection factor.

Thank you for considering our comments. We look forward to moving forward in broadening the pathway to CPA licensure.

Respectfully,



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