

November 24, 2024

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



1. Is the proposed pathway understandable?

While the concept of the new pathway is understandable, its necessity is not. We have significant concerns about the complexity and ambiguity surrounding its competency-based education (CBE) approach. Research, including findings from the CAQ report on diversity in the accounting pipeline, highlights that clarity in licensure pathways is essential. Confusion about pathway requirements can serve as a substantial barrier, particularly for diverse candidates who may lack access to informal guidance and resources.

Additionally, we do not believe this pathway provides any additional rigor or validity beyond a simplified requirement of a bachelor's degree, two years of professional experience, and passing the CPA Exam. This alternative is not only less complex but also aligns with a framework that stakeholders—such as boards of accountancy and CPA verifiers—already understand and are well-equipped to support. Simplifying the pathway in this way would maintain high standards while enhancing accessibility and clarity for all candidates.

2. Is the proposed framework relevant and applicable to the work of candidates applying for licensure?

The framework's intent to be flexible and responsive to market demands is admirable, but we question its relevance in practice. We believe a recognized alternative (bachelor's degree, two years of professional experience, and passing the CPA Exam) would achieve similar goals without overcomplicating the process or introducing subjective evaluations that may detract from public trust.

As an organization without extensive experience in creating or implementing CBE, we do not feel fully equipped to assess whether the framework's competencies are exhaustive. While these competencies are certainly relevant, it's unclear if they sufficiently cover all areas necessary for CPA

readiness. If there is to be a CBE pathway to licensure, it warrants further exploration to better determine if framework aligns with expected standards of a CPA applicant.

3. Does the framework sufficiently describe the competencies, performance indicators, and tasks you would expect?

No. The framework reads more as a list of suggestions rather than a comprehensive and structured approach to competencies. In a highly complex professional environment like accounting, a paragraph alone cannot adequately capture the depth of a core competency. This approach does not align with what our research indicates as essential for effective CBE, which requires detailed, well-defined standards and clear, actionable indicators. The lack of specificity raises concerns about consistency in evaluations and may undermine the credibility and reliability of the pathway.

4. Does the framework include sufficient example performance indicators and tasks to ensure adequate certification of the required competencies?

See previous response.

5. Is it clear that the performance indicators and tasks are examples of what a candidate may do to exhibit the competencies, and that candidates may use different performance indicators or tasks to adequately exhibit the competencies?

Yes, this is clear—and it is problematic. As stated previously: No, the framework reads more as a list of suggestions rather than a comprehensive and structured approach to competencies. In a highly complex professional environment like accounting, a paragraph alone cannot adequately capture the depth of a core competency. This approach does not align with what our research indicates as essential for effective CBE, which requires detailed, well-defined standards and clear, actionable indicators. The lack of specificity raises concerns about consistency in evaluations and may undermine the credibility and reliability of the pathway.

6. Component One discusses how the professional and technical competencies are related. Is it clear that the professional and the technical competencies must work in tandem?

Yes, the framework generally conveys that professional and technical competencies should work in tandem.

7. Component 2 outlines the requirements for a CPA evaluator to certify candidate experience. Are these requirements sufficient?

The requirements are well-intentioned but could place an undue burden on CPA evaluators, especially regarding subjective competencies like ethical behavior. Our feedback suggests that evaluators feel uncomfortable certifying such competencies due to potential liability. This seems like a large hurdle that should be thoughtfully considered.

8. Component 2(e) outlines a three-year certification requirement for CPA evaluators. Do you agree with this requirement? If not, why?

We do not agree with imposing a specific age or length of licensure as a requirement for CPA evaluators. In Indiana, an evaluator's eligibility to verify professional experience is based on the evaluator holding an active CPA certificate issued by the Indiana Board or another state, provided their certification allows them to perform comparable acts as Indiana CPAs. We find that these criteria provide a sufficient standard of competency and accountability for evaluators.

9. Component 2(f) outlines a board of accountancy possible request when a CPA evaluator refuses to certify a qualified candidate's competency to the board of accountancy. What does your board of accountancy require of licensees who refuse to certify a candidate's work experience for general experience?

Indiana regulations, under 872 IAC 1-1-8.3, state that a CPA certificate holder who declines a request to verify a candidate's professional experience must explain their refusal in writing or in person if requested by the Board.

10. Component 3(b) proposes a maximum of five years to complete the Pathway. Should there be a maximum time frame?

We strongly believe that a maximum time frame is unnecessary and potentially limiting. Given the varied ways individuals enter the workforce, this limit could create barriers rather than opportunities. Moreover, without a clear start time for candidates, tracking this timeline becomes problematic, adding unnecessary restrictions without apparent benefit. If a candidate requires longer than five years, there should be flexibility, particularly as they continue to develop competencies.

11. Component 3(c) proposes credit for prior work experience. Should there be a maximum timeframe for this lookback period?

Similar to our concerns regarding a maximum timeframe for pathway completion, we believe there should be no maximum lookback period for prior professional work experience. Candidates accumulate relevant professional experience over their careers, and a rigid lookback limit could disadvantage those who may have taken non-traditional career paths or re-entered the workforce after a hiatus.

12. What type of legislative support and time would state boards need to implement the framework?

Indiana would likely require 18 months to two years for implementation, depending on the timing of the legislative session and the necessary introductions. However, this time frame does not allow for stakeholder consultation, training for board staff to accommodate the new framework.

13. What other types of support, administratively, would boards of accountancy, employers, and candidates need to implement the framework?

N/A.

14. If the pathway is adopted, should NASBA create an electronic tracking system to automatically report completion of the CPA Competency-Based Experience Pathway to the boards of accountancy?

No, we do not support an electronic tracking system. If a CBE pathway as allowed for within the UAA, we anticipate using our current CPA Verification process, which would maintain flexibility and ease for candidates and evaluators without imposing a new system that may introduce logistical and privacy concerns.

15. Provide any other comments that you may have.

The Indiana CPA Society (INCPAS) acknowledges the American Institute of CPAs (AICPA) and the National Association of State Boards of Accountancy (NASBA) for their initiative to address the evolving needs of the CPA licensure pathway. While we support efforts to diversify pathways for licensure, we have substantial concerns regarding the CBE Pathway as currently proposed.

1. Opposition to the Proposed Competency-Based Pathway Structure

INCPAS believes the proposed pathway is overly complex and burdensome, posing risks to both candidates and the profession. We support an alternative that maintains the simplicity and clarity of the existing licensure pathways, as follows:

- **Proposed Alternative:** Bachelor's degree + two years of professional experience + passing the CPA Exam.

This approach would maintain accessibility while upholding the high standards critical for public protection and instilling confidence in stakeholders.

2. Competency-Based Education and the Need for Structured Implementation

The competency-based model, though promising, requires careful, phased implementation. CBE relies on outcome-focused learning and assessments rather than time-based criteria. While this approach holds value in education, its introduction into CPA licensure requires a multi-year, iterative rollout, allowing for evaluation, refinement, and clear definitions of competencies. We recommend a more gradual, research-based development process with input from diverse stakeholders.

3. Concerns about the Framework's Structure and Evaluator Role

The proposed pathway places a significant burden on CPA evaluators and candidates, especially with respect to evaluating subjective competencies like ethical behavior. We have received feedback from members who express hesitancy and even reluctance about the responsibility of verifying "competencies" through supervision. They are particularly concerned about certifying competencies such as ethical behavior, which could expose them to reputational and professional risk. Evaluators may feel liable if an individual they previously certified were to display unethical conduct in the future, as this could reflect on the evaluator's judgment and professional standing.

The subjectivity inherent in competency evaluation not only risks inconsistent application but also places evaluators in an uncomfortable and potentially vulnerable position, especially as there is little precedent for assessing competencies outside of standard educational or exam-based methods. Given these concerns, it is essential that any alternative pathway addresses and minimizes the risk to evaluators while ensuring consistent and transparent assessments.

4. Support for Frequent Pathway Assessment and Transparency

Pathways to licensure should undergo regular review to adapt to evolving market and professional needs. We encourage NASBA and the AICPA to establish mechanisms for periodic evaluation and

adaptation of licensure requirements to better serve future CPA candidates and the accounting profession.

5. Summary and Recommendations

INCPAS supports expanding licensure options that reflect modern workforce needs. However, we cannot endorse the proposed CBE Pathway in its current form. Our primary recommendations are:

- Create an alternative pathway parallel to existing ones, incorporating a bachelor's degree, two years of professional experience, and successful CPA Exam completion.
- Implement any CBE pathway gradually, with pilot programs, transparent standards, and ongoing feedback from all stakeholders.
- Establish periodic assessments of all licensure pathways to ensure continued relevance, clarity, and effectiveness.

Thank you for considering our feedback. We look forward to ongoing discussions on optimizing the licensure process for future CPA candidates.

Sincerely,



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President & CEO



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INCPAS Board Chair