

Exposure Draft

Issued September 30, 2024

Joint AICPA/NASBA UAA Committee Exposure

Amendments to UAA Section 5: Education requirements to sit for the CPA Exam and education requirements for a certificate; UAA Section 23: Substantial Equivalency for individuals licensed through a non-substantially equivalent pathway

NASBA UAA Committee Exposure

UAA Model Rules Article 3: Definition of the CPA Competency-Based Experience Pathway and Article 6: experience requirements for a certificate under the CPA Competency-Based Experience Pathway

Uniform Accountancy Act Eighth Edition - January 2018

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and

**National Association of State Boards of Accountancy
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Comments must be received by December 30, 2024.

Please [click here](#) to submit your comments.

EXPOSURE DRAFT OF CHANGES

Overview

Model Act

In September 2024, the boards of directors of the American Institute of CPAs (AICPA) and the National Association of State Boards of Accountancy (NASBA) each approved for exposure changes to the Uniform Accountancy Act (UAA) that would:

- Specify the education required to sit for the Uniform CPA Examination;
- Define the requirements for an additional pathway for licensure as a CPA;
- Retain mobility for those licensed under a pathway defined in the UAA; and
- Provide a mechanism for those who are licensed under a pathway that is not defined in the UAA but who later meet the mobility requirements defined in the UAA.

Model Rules

Separately, the NASBA board of directors approved for exposure UAA Model Rule changes updating the definitions to reflect the additional pathway for licensure and the experience required for the issuance of an initial certificate under the proposed additional pathway.

Comments on the proposal are requested via [this form](#) by **December 30, 2024**.

Uniform Accountancy Act Background

The AICPA and NASBA have worked together since 1984 to produce the Uniform Accountancy Act (UAA), also referred to as the Model Act, and UAA Model Rules to serve as reference documents for all U.S. states and jurisdictions as they update their own statutes and regulations. These evergreen documents are regularly reviewed and updated by the Joint AICPA/NASBA UAA Committee. The UAA Model Act is subject to the final approval of the two organizations' boards of directors, while the Model Rules are subject to the final approval of NASBA's board of directors.

Additional Licensure Pathway: Competency-Based Experience Pathway

AICPA and NASBA believe that a strong pipeline of accounting talent is essential for a robust economy and public protection. Along with an aging workforce with many CPAs nearing retirement age, recent years have also seen a steady decline in the number of accounting graduates and new candidates taking the CPA Exam. At the same time, there is a need for CPAs with evolving competencies and experiences. The importance of a strong talent pool has led AICPA, NASBA, and other key stakeholders from across the accounting profession to examine the root causes of the recent decline in entrants and consider potential initiatives that could address talent challenges.

With the concurrent exposure draft, [CPA Competency-Based Experience Pathway](#) ("pathway"), AICPA and NASBA are seeking to address the financial and time constraints some individuals face in completing the education needed post-bachelor's degree to achieve CPA licensure. The pathway would provide an additional pathway to licensure that is responsive to those challenges.

The AICPA/NASBA UAA Committee elected to pursue equivalent pathways to licensure that

could preserve mobility for CPA licensees amid a changing market and regulatory environment.

The proposed additional pathway identifies model competencies that would be exhibited by a candidate during work experience prior to being granted CPA licensure. The proposed pathway framework also describes how a candidate, the candidate's employer, and boards of accountancy could implement this pathway. Another key goal includes creating evergreen standards that can be adapted as the profession evolves, as well as regulatory updates at the state level.

It is anticipated that if adopted, the model framework and competencies would be included as an evergreen appendix to the UAA Model Act.

In addition to the UAA Model Act amendments, the Model Rules would be updated by:

- Adding a definition of the Competency-Based Experience Pathway.
- Updating the experience required for an initial certificate to include the completion of the Competency-Based Experience Pathway.

Substantial Equivalency

The exposure would also amend Section 23 Substantial Equivalency by acknowledging that a board of accountancy or NASBA's National Qualification Appraisal Service (NQAS) may verify, once a new pathway to licensure is established by a jurisdiction, that a jurisdiction's licensure requirements are in substantial equivalence with the CPA licensure requirements of the UAA. Section 23 also acknowledges that licensees shall be presumed to have met the qualifications of substantial equivalency if the individual was issued an original certificate under the education, examination, and experience rules contained in 5(c)2, or their equivalent, which were in effect at the time of issuance.

The amendments also provide a process for boards of accountancy in jurisdictions that have adopted licensure pathways not substantially equivalent to the UAA, to identify those CPAs licensed through these pathways by providing licensure information to a national licensee database.

Should a jurisdiction enact legislation that includes one or more pathways that are not substantially equivalent to the UAA, the amendments provide a process for boards of accountancy to identify in a national licensee database the pathway used to license CPAs and to verify whether the CPA meets the licensure requirements defined in the UAA. This will allow for easier determination of a CPA's eligibility to practice through mobility with a practice permit.

In addition, the amendments provide a way for CPAs licensed through a pathway, not substantially equivalent to the UAA, to later have their post-licensure credentials reevaluated to determine if the CPA meets one of the licensure pathways defined in the UAA. Thereby, allowing the CPA to practice in another jurisdiction with a practice privilege.

The AICPA, NASBA, and the Joint UAA Committee welcome comments on the proposal.

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Chair, AICPA UAA Committee

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Chair, NASBA UAA Committee

The base documents are the January 2018 edition of the UAA (pertinent parts) and April 2023 edition of the UAA Model Rules. Additions are shown in single underlined text, and deletions are shown in ~~single strike through~~ text.

UAA – 8th Edition, January 2018

SECTION 5
QUALIFICATIONS FOR A CERTIFICATE AS A CERTIFIED PUBLIC ACCOUNTANT

(c) ~~(1) The education requirement for a certificate, which must be met before an applicant is eligible to apply for the examination prescribed in subsection (d), shall be at least 150 semester hours of college education including a baccalaureate or higher degree conferred by a college or university acceptable to the Board, the total educational program to include an accounting concentration, or equivalent as determined by Board rule to be appropriate.~~

(2) The education requirement for a certificate shall be met through any of the following pathways:

(A) a post baccalaureate degree with a cumulative 150 semester credit hours, conferred by a college or university acceptable to the Board, the total educational program to include an accounting concentration or equivalent as determined by Board rule, or

(B) a baccalaureate degree plus additional credits totaling 150 semester credit hours, conferred by a college or university acceptable to the Board, the total educational program to include an accounting concentration or equivalent as determined by Board rule, or

(C) a baccalaureate degree conferred by a college or university acceptable to the Board, the total education program to include an accounting concentration, or equivalent as determined by Board rule and the completion of competency-based experience prescribed in section 5(f)(2).

Comment: In situations where the Candidate is enrolled in a dual degree five- year accounting program where the bachelor's degree is conferred after the completion of the master's degree, the candidate is eligible to sit for the CPA Exam upon the completion of the bachelor's degree requirements and the accounting concentration.

(f) ~~An applicant for initial issuance of a certificate under this Section shall show that the applicant has had one year of experience. This experience shall include providing any type of service or advice involving the use of accounting, attest, compilation, management advisory, financial advisory, tax or consulting skills all of which was verified by a licensee, meeting requirements prescribed by the Board by rule. This experience would be acceptable if it was gained through~~

~~employment in government, industry, academia or public practice.~~

(1) The experience required in section 5(c)2(A) and 5(c)2(B) shall include one year providing any type of service or advice involving the use of accounting, attest, compilation, management advisory, financial advisory, tax or consulting skills all of which was verified by a licensee, meeting requirements prescribed by the Board by rule. This experience would be acceptable if it was gained through employment in government, industry, academia, or public practice.

(2) The experience required in section 5(c)2(C) shall include two years of experience:

(A) At least one year of competency-based experience performed in accordance with a competency framework developed by a national accounting organization and administered in accordance with Board rule, and

(B) The remainder of experience as set forth in section 5(f)(1).

Comment: In meeting the two-year experience requirement, the Candidate works with a CPA Evaluator to ensure the Candidate demonstrates the competencies outlined in the CPA Competency-Based Experience Pathway, which was approved by the National Association of State Boards of Accountancy (NASBA) and the American Institute of CPAs (AICPA) boards of directors is included as an appendix to the UAA Model Act. In addition to demonstrating the competencies in the Framework, the Candidate must also complete one additional year of general relevant, supervised or verified, work experience. A candidate may apply additional competency-based experience toward the general experience requirement.

The board of accountancy may specify any reasonable approach to meeting the competency-based experience requirement using as a guideline the Competency-Based Experience Pathway jointly approved by NASBA and the AICPA.

**SECTION 23
SUBSTANTIAL EQUIVALENCY**

- (a) (1) **An individual whose principal place of business is not in this state and who holds a valid license as a Certified Public Accountant from any state which the board of accountancy or the NASBA National Qualification Appraisal Service has verified to be in substantial equivalence with the CPA licensure requirements of the AICPA/NASBA Uniform Accountancy Act shall be presumed to have qualifications substantially equivalent to this state's requirements and shall have all the privileges of licensees of this state without the need to obtain a license under Sections 6 or 7. Notwithstanding any other provision of law, an individual who offers or renders professional services, whether in person, by mail, telephone or electronic means, under this section shall be granted practice privileges in this state and no notice or other submission shall be provided by any such individual. Such an individual shall be subject to the requirements in Section 23(a) (2).**
- (2) An individual whose principal place of business is not in this state and who holds a valid license as a Certified Public Accountant from any state which the board of accountancy or NASBA Qualifications Appraisal Service has not verified to be in substantial equivalence with the CPA licensure requirements of the AICPA/NASBA Uniform Accountancy Act shall be presumed to have qualifications substantially equivalent to this state's requirements and shall have all the privileges of licensees of this state without the need to obtain a license under Sections 6 or 7 if the individual was issued an original certificate under the education, examination and experience rules contained in 5(c)2, or their equivalent, which were in effect at the time of issuance and the issuing board of accountancy has identified the individual's applicable licensure pathway in a national licensee database which reports the individual has met licensure requirements substantially equivalent to obtain those provided under Section 23(a)(3).**

Comment: Subsection 23(a)(3) is intended to seamlessly facilitate substantial equivalency and mobility whenever the Uniform Accountancy Act is modified to establish equivalent pathways to licensure. Individuals who have met any of the recognized equivalent pathways would be allowed to practice under interstate mobility without the need to obtain a separate certificate or permit to practice in any other jurisdiction.

NASBA has created a national licensee database that is provided at no cost to the boards of accountancy. That database may be used by boards of accountancy to satisfy the requirements defined in section 23(a)(2). NASBA has also created

CPAverify.org, a public facing database, that provides limited licensure information to the public regarding U.S. licensed CPAs. This database is available free to the public

- (23) **An individual whose principal place of business is not in this state and who holds a valid license as a Certified Public Accountant from any state which the board of accountancy or the NASBA National Qualification Appraisal Service has not verified to be in substantial equivalence with the CPA licensure requirements of the AICPA/NASBA Uniform Accountancy Act shall be presumed to have qualifications substantially equivalent to this state's requirements and shall have all the privileges of licensees of this state without the need to obtain a license under Sections 6 or 7 if such individual obtains from the board of accountancy or the NASBA National Qualification Appraisal Service verification that such individual's CPA qualifications are substantially equivalent to the CPA licensure requirements of the AICPA/NASBA Uniform Accountancy Act, including:**

(A) Having met the education requirement for a certificate through any of the following pathways:

(i) a post baccalaureate degree with a cumulative 150 semester credit hours, conferred by a college or university acceptable to the Board, the total educational program to include an accounting concentration or equivalent as determined by Board rule, or

(ii) a baccalaureate degree plus additional credits totaling 150 semester credit hours, conferred by a college or university acceptable to the Board, the total educational program to include an accounting concentration or equivalent as determined by Board rule, or

(iii) a baccalaureate degree conferred by a college or university acceptable to the Board, the total education program to include an accounting concentration or equivalent as determined by Board rule and the completion of competency-based experience prescribed in section 5(f)(2), and

(B) Having passed the examination required for licensure as defined in section (5)(d), and

(C) Having met the experience requirement required for licensure as defined in section 5(f).

~~Any individual who passed the Uniform CPA Examination and holds a valid license issued by any other state prior to January 1, 2012, may be exempt from the education requirement in Section 5(e) for purposes of this Section 23 (a)(2). Notwithstanding any other provision of law, an individual who offers or renders~~

professional services, whether in person, by mail, telephone or electronic means, under this section shall be granted practice privileges in this state and no notice or other submission shall be provided by any such individual. Such an individual shall be subject to the requirements in Section 23(a) (3).

Comment: Board verification may include an update of the national licensing database that the individual has met the licensing requirements set forth in section 23(a)(3).

(34) ...

(45) ...

UAA Model Rules – January 2024

ARTICLE 3
DEFINITIONS

Rule 3–11 - CPA Competency-Based Experience Pathway.

“CPA Competency-Based Experience Pathway (“the Pathway”) means a twelve-month experience program performed in accordance with generally accepted standards developed and administered by a joint committee established and maintained by the National Association of State Boards of Accountancy and the American Institute of Certified Public Accountants.

ARTICLE 6
ISSUANCE OF CERTIFICATES AND RENEWAL OF CERTIFICATES
AND REGISTRATIONS, CONTINUING PROFESSIONAL EDUCATION
AND RECIPROCIDY

Rule 6-2 - Experience required for initial certificate.

(a) The experience required to be demonstrated for issuance of an initial certificate pursuant to Section 5(f)(1) of the Act shall meet the requirements of this rule.

(1) Experience may consist of providing any type of services or advice using accounting, attest, compilation, management advisory, financial advisory, tax or consulting skills.

(2) The applicants shall have their experience verified to the Board by a licensee as defined in the Act or an individual licensed in another state. Acceptable experience shall include employment in industry, government, academia or public practice. The Board shall look at such factors as the complexity and diversity of the work.

(3) One year of experience shall consist of full or part-time employment that extends over a period of no less than a year and no more than three years and includes no fewer than 2,000 hours of performance of services described in subsection (a) above.

(b) The experience required to be demonstrated for issuance of an initial certificate pursuant to Section 5(f)(2) of the Act shall include one year of work experience as defined in Rule 6-2(a) and the completion of the CPA Competency-Based Experience Pathway.