

CPA Evolution: New CPA Licensure Model (September 2020)

Background

The CPA Evolution initiative aims to transform the CPA licensure model to recognize the rapidly changing skills and competencies the practice of accounting requires today and will require in the future. It is a joint effort of the National Association of State Boards of Accountancy (NASBA) and the American Institute of Certified Public Accountants (AICPA).

Based on the feedback received from over 3,000 stakeholders, NASBA and the AICPA developed a new model for CPA licensure. The AICPA Governing Council and the NASBA Board of Directors have both voted to support advancing the CPA Evolution initiative.

Body of knowledge for newly licensed CPAs growing rapidly

Compared to 1980, today there are:

3X as many pages in the Internal Revenue Code

4X as many accounting standards

5X as many auditing standards

The Changing Profession

Stakeholder feedback, results of the Uniform CPA Examination Practice Analysis and other research show that the body of knowledge required of newly licensed CPAs is growing rapidly.

Additionally, procedures historically performed by newly licensed CPAs are being automated, offshored or performed by paraprofessionals. Now, entry-level CPAs are performing more procedures that require deeper

critical thinking, problem-solving and professional judgment. Responsibilities that were traditionally assigned to more experienced staff are being pushed down to the staff level. As a result, newly licensed CPAs need to know more than ever before to meet the needs of practice. To protect the public, the CPA licensure model must reflect these changes.

Demands of practice require deeper skillsets

- Critical thinking
- Professional judgment/skepticism
- Problem solving
- Understanding of business - systems, controls, risk
- Data management and analysis
- SOC engagements

However, the examination and education requirements can only cover so much information in our current licensure model. As the knowledge required of newly licensed CPAs continues to increase over time, we could:

- Stretch the examination and education requirements to cover a greater range of material with less depth, which would water down the requirements for licensure;
- Expand the number of examination and curriculum hours as the body of knowledge continues to grow, which would increase barriers to entry for the profession and ultimately prove unsustainable;
- Or find an alternative solution.

Stakeholder Engagement

Over the course of three years, NASBA and the AICPA talked to over 3,000 stakeholders from across the profession to gather input on how to transform CPA licensure. Here is some of the feedback we received:

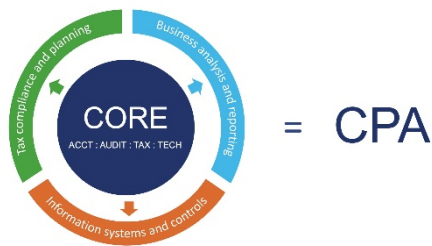
- Support for the need to change the CPA licensure model
- Newly licensed CPAs should all demonstrate strong common core competencies
- The new CPA licensure model should position the CPA for the future
- The new CPA licensure model should protect the public interest

Stakeholders we talked to:

AICPA Council
Boards of Accountancy
State CPA societies
Firms of all sizes
Academia
Volunteer committees
Federal regulators
Students
Technology experts
CPAs in business and industry

New CPA Licensure Model: Expected to Launch in 2024

In Fall 2019, NASBA and the AICPA carefully reviewed all of the feedback received, studied other professions' licensure models and considered multiple options for updates to the CPA licensure model before developing the below approach, which we will begin implementing with the goal to launch a new Uniform CPA Examination in 2024.



We believe this approach is responsive to stakeholder input while still propelling the profession into the future. The new model is a core + disciplines licensure model. The model starts with a deep and strong core in accounting, auditing, tax and technology that all candidates will be required to complete. Then, each candidate will choose a discipline in which to demonstrate deeper skills and knowledge. Regardless of chosen discipline, this model leads to full CPA licensure, with rights and privileges consistent with any other CPA. A discipline selected for testing does not mean the CPA is limited to that practice area.

This model:

- Enhances public protection by producing candidates who have the deep knowledge necessary to perform high-quality work, meeting the needs of organizations, firms and the public
- Is responsive to feedback, as it builds accounting, auditing, tax and technology knowledge requirements into a robust common core
- Reflects the realities of practice, requiring deeper proven knowledge in one of three disciplines that are pillars of the profession
- Is adaptive and flexible, helping to future-proof the CPA as the profession continues to evolve
- Results in one CPA license

What's Next

The AICPA Governing Council and the NASBA Board of Directors recently voted to support the CPA Evolution initiative. We are establishing plans for a multi-year effort to implement this licensure model. Our goal is to launch a new Exam in January 2024.

As part of the CPA Evolution initiative, the leadership of NASBA, in collaboration with the AICPA, determined that the Uniform Accountancy Act Model Rules around educational requirements for licensure needed to incorporate additional subjects and skills reflective of the evolving profession, and create more consistency. Those changes, which were endorsed by AICPA's Board of Directors, were exposed for public comment by NASBA from May 26, 2020 through August 31, 2020. NASBA expects to issue final model rules this fall. You can find the exposure draft [here](#).

NASBA and the AICPA will continue to work collaboratively with stakeholders from across the profession to implement this new licensure model. We are eager to move forward with a core + discipline model to meet the needs of the profession and the public.

For more information, visit [EvolutionofCPA.org](https://www.evolutionofcpa.org)