

November 15, 2024

Mr. Tom Neill, Chair, AICPA UAA Committee  
AICPA  
1345 6<sup>th</sup> Avenue, 27<sup>th</sup> floor  
New York, NY 10105

Ms. Nicola Neilon, Chair, NASBA UAA Committee  
NASBA  
150 Fourth Avenue North, Suite 700  
Nashville, TN 37219

RE: Comments on Proposed Uniform Accountancy Act Changes and Exposure Draft

Dear Chair Neill and Chair Neilon,

The Texas Society of Certified Public Accountants (TXCPA) is the largest association of accounting and finance professionals in Texas representing more than 28,000 members. TXCPA appreciates the opportunity to comment on proposed changes to the Uniform Accountancy Act (UAA) relating to an additional path to CPA licensure proposed by the AICPA and NASBA.

TXCPA supports an additional pathway to CPA licensure. Any additional pathway, or pathways, to the CPA licensure that maintains rigor and continues to protect the public interest is needed. The recognition of the need for an additional pathway to licensure as indicated with the proposed Competency-Based Experience Framework is a positive step toward addressing one significant challenge with the CPA pipeline. In our comment letter on the Pathways Exposure Draft, we raised concerns about the complexity of the competency-based additional year of experience, the requirements and qualifications of CPA evaluators, the potential personal or firm liability, the need for more flexibility in the implementation of a new pathway, and the need for a thorough practice analysis to better position a competency-based approach for the future.

Of paramount importance to TXCPA and the CPA profession in Texas is the continued mobility and practice privileges for CPAs. Given the global environment in which we operate and the extensive business and finance centers in Texas, TXCPA is concerned about both outbound and inbound mobility. TXCPA is firm in its commitment that any proposed changes to the UAA properly address mobility in the context of the changing regulatory and professional environment.

Mobility and practice privileges should be preserved, continued and enhanced with the least amount of disruption as possible. TXCPA supports an inbound and outbound mobility system that has sufficient guardrails in place to ensure that CPAs have the requisite education and experience to practice and provides the necessary public protection.

As alternate pathways to licensure begin to be implemented across jurisdictions, it is crucial that the profession address coordination and implementation to minimize the expected disruption and break in substantial equivalency.

## TXCPA Comments

### Process

While TXCPA applauds the UAA Committee's efforts to advance the discussions on alternative pathways to licensure and the attendant changes proposed in Section 23 to address substantial equivalency and mobility, significant concerns remain with the process by which the UAA Committee got to this point.

First, for many years, TXCPA and other state societies have been requesting that both AICPA and NASBA begin to address the CPA pipeline problems. For an extended period of time, there was no movement or serious discussion about the pipeline crisis facing the profession. As a result, TXCPA and others developed state-specific CPA pipeline strategies to fill the void that was created when there were no national strategies in place.

Second, the UAA Exposure Draft process was condensed, a solution was outlined before the committee had the chance to review the issue in depth, and there was not sufficient dialogue regarding potential mobility solutions. Because of the paucity of a defined national strategy and lack of consensus in the UAA Exposure Draft, many societies have started to explore state legislative solutions to address the pipeline crisis and mobility concerns. As state societies began to propose alternative pathways to licensure and mobility improvements, the UAA Committee process was significantly condensed to propose a top-down solution to pathways and mobility.

The lack of immediacy in addressing the CPA pipeline has created a fractured response across jurisdictions rather than a coordinated national approach led by and through the UAA process. The lack of immediacy also places state boards and state societies in difficult positions regarding legislative timelines and extended rule-making processes as states begin to enact changes.

### Proposed Changes to Section 5 of the UAA

TXCPA believes that adding an additional pathway to the CPA licensure model is in line with the changing CPA environment and considers the different education paths that are available to students. From a global perspective, TXCPA is supportive of adjusting the licensure requirements to include the completion of a baccalaureate degree with an accounting and business concentration and two years of experience as defined by board rule.

As the profession evolves and considers whether it is in its best interest to move to a more competency-based model for licensure, AICPA and NASBA would be well served to evaluate these concepts with significant input from key constituencies to ensure it is the best approach, lay out the vision for what this may look like in the future and then determine how we move forward in incremental steps to move in that direction.

However, the competency-based work experience language included in Section 5(c)(2)(C) and further defined in Section 5(f)(2)(A) is problematic and of concern. The proposed rule provides that the competency-based one year of experience must be "performed in accordance with a

competency framework **developed by a national accounting organization and administered in accordance with Board rule...**” (emphasis added). TXCPA supports the concept of one model of competency-based standards rather than a patchwork of different competency-based frameworks across 55 jurisdictions. The “national accounting organization” should be defined to ensure it includes a cross-section of accounting profession constituencies (firms of all sizes, state societies, state boards, industry) to provide a robust discussion and adoption of the best competency-based standards.

While a more thorough competency-based experience requirement is developed, TXCPA supports changes to the Exposure Draft that provide state boards with the flexibility they need to adopt an additional year of work experience that they deem appropriate to protect the public interest.

#### Proposed Changes to Section 23 of the UAA

TXCPA appreciates the shared recognition that mobility is a critical concern and must be maintained through this period of change and disruption. However, for the following reasons, TXCPA is of the opinion that the proposed amendments to Section 23 are insufficient in addressing mobility.

The proposed Section 23 amendments do not provide for flexibility in state boards’ adoption of rigorous alternative pathways to licensure. There has been significant debate and discussion about alternative pathways with a large number of jurisdictions expressing a strong desire to support an alternative pathway based on the completion of a baccalaureate degree and two years of relevant professional experience. Amendments to Section 23 should acknowledge the current environment, the desire to modernize CPA licensure, and the importance of inbound and outbound mobility and practice privileges.

TXCPA suggests an alternative approach to Section 23’s insistence on one prescribed alternative pathway as meeting the substantial equivalency test. A more reasoned approach would include sufficient safeguards and guardrails in Section 23 that would ensure that any state that seeks to accept an out-of-state licensee to practice and have mobility in its state is assured that the out-of-state licensee has the adequate education and experience needed to practice in its state. TXCPA offers that the safeguards and guardrails would include: the licensee be in good standing in the licensee’s state; completion of a baccalaureate degree with the requisite accounting and business hours as prescribed by state law or rule; one or two years of relevant professional work experience depending on the education path chosen; and the passage of the Uniform CPA Exam. These safeguards, along with existing state laws that require an out-of-state practitioner to be subject to the laws of the other state, subject to enforcement in the other state, and allowing state boards to refuse mobility or practice privileges if circumstances warrant refusal, will ensure that state boards are properly and effectively protecting the public interest and safeguarding the CPA profession.

Furthermore, state boards retain the express or inherent authority to regulate any CPA who is doing work in its state, so the public would always have the assurance that out-of-state licensees

are subject to the law and jurisdiction of the state. Enforcement authority over out-of-state licensees would continue and not be subverted by a more uniform approach to mobility.

### Section 23(a)(2) Relating to a National Licensure Database

TXCPA raises significant and worrying concerns about the use of a national licensee database to verify or assess an individual's applicable licensure pathway to be used to establish out-of-state practice privileges (mobility) for individuals from non-substantially equivalent states.

The creation of an additional or supplemental licensee database may raise constitutional questions related to states' authority to regulate the CPA profession. Requiring a state or state board of public accountancy to rely on an outside, non-state, and private third-party to regulate or an area that has been delegated to the states, raises a concern about an unconstitutional delegation of authority. Many state constitutions prohibit or severely limit the delegation of legislative or executive powers to an outside third party.

What authority does a state board, or an individual have to contest, question or appeal the contents of a licensee's information in the national database? Who administers the database? How dependable is a licensee's information in the database? What assurances or controls exist that will protect a licensee's private and confidential information from being entered into the database or being shared outside of the database? All these questions and issues raise concerns about using a database to establish interstate mobility.

The safeguards outlined above would also obviate the need for a national database to verify substantial equivalency and licensure. The safeguards presuppose a reliance on the good faith of other jurisdictions to properly and adequately license their own CPAs, while still retaining the authority of a state board to take enforcement action against an out-of-state licensee practicing in its jurisdiction.

### Burdensome to Licensees

In a time when the profession is seeking to attract more individuals into the profession, creating additional hurdles to licensure and mobility is counterproductive. Students and candidates currently must navigate higher education institutions, state boards of accountancy, CPA licensure applications, notices of intent, testing centers, review course providers, and other hurdles.

Establishing a national licensee database that candidates and CPAs need to watch, and interact with, is an unnecessary burden in attracting and retaining talent to the profession. Issues of privacy, confidentiality, and the accuracy of information are commonplace with national and state-level databases.

### Conclusion

TXCPA has taken an active role in the CPA pipeline and mobility discussions occurring nationally and in Texas. TXCPA supports an alternative pathway to licensure and exploration of a competency-based approach to licensure, as outlined in our comment letter on the Pathways

Exposure Draft. TXCPA firmly believes, and has publicly taken the position, that the protection of mobility for current and future licensees is paramount. Without mobility that protects all licensees, any discussion about alternative licensing pathways falls short. TXCPA supports the concept of individual mobility for all licensed CPAs and urges the UAA Committee to take the foregoing issues into consideration and amend or revise the UAA Exposure Draft to provide a more robust and seamless mobility provision.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mohan Kuruvilla', with a horizontal line underneath.

Mohan Kuruvilla, Ph.D, CPA, ACA  
Chair of the TXCPA Board of Directors

A handwritten signature in black ink, appearing to read 'Jodi Ann Ray', with a horizontal line underneath.

Jodi Ann Ray, CAE  
President and CEO

MK/JAR:kb