

Agenda Item VI

Qualifications Committee Agenda

September 13, 2023

- Discussion, consideration and possible action on a draft proposal described as the Applicant Reassessment Program (ARP).

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DISCUSSION: Earlier in the year NASBA offered an idea of “Credit Amnesty or Relief” for those candidates who lost credit during COVID. NASBA is establishing a Task Force to develop guidelines for this idea.

The Committee is provided a draft proposal of a similar idea referred to as the Applicant Reassessment Program (ARP). The draft proposal would offer a pathway for applicants who dropped out of the CPA Exam process during COVID.

Staff is not seeking the Committee’s approval for the ARP as proposed, however we are asking the Committee to consider the concept of reinstating lost credits to candidates who may have been affected by COVID or another extreme hardship occurrence.

RECOMMENDATION: Staff recommends that the Committee favorably consider the concept of reinstating lost credits for candidates who may have been affected by COVID or another extreme hardship occurrence.

SUGGESTED MOTION: The Committee moves that the Board, as a leader in national initiatives, may consider the concept of reinstating lost CPA Exam credits for candidates who may have been affected by COVID or another hardship occurrence.

Applicant Reassessment Program

What is the Applicant Reassessment Program (ARP)?

The Applicant Reassessment Program (ARP) was established by the Texas State Board of Public Accountancy in an effort to assist individuals who were taking the CPA Exam and through an extreme hardship occurrence, lost CPA Exam credits and may no longer be pursuing the CPA designation.

Who is eligible for the ARP?

An applicant who earned and lost credit for one or more CPA Exam sections between January 1, 2020 and March 1, 2024 may be eligible to apply for the ARP.

What is the benefit of applying for the ARP?

An individual who at one time was working toward becoming a Texas CPA, may have changed career paths. The Board offers support to individuals may wish to again pursue earning the CPA designation.

What is considered an extreme hardship occurrence?

An extreme hardship occurrence may be one of the following:

- impact of COVID on the applicant or the applicant's immediate family;
- unavailability of exam sites due to closures and seating limitations
- a natural disaster, such as flood, fire or severe weather event; or
- a health emergency caused by an accident or pre-existing condition for which the applicant had no control

While these are examples, they should not limit the possibilities of extreme hardships that may have occurred.

Is there a definition of an extreme hardship?

Yes. Extreme hardship is referenced in Board Rules 511.80 and 511.87. The following conditions may be considered as extreme hardships.

- (1) a serious illness of an applicant or member of the immediate family;
- (2) death of an immediate family member;

- (3) accidents that impacts the applicant;
- (4) military service of the applicant;
- (5) natural disasters that impacts the applicant; or
- (6) acts of God.
- (7) Immediate family member is a spouse, child, sibling or parent.

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What documentation is required to apply for the ARP?

The applicant is required to provide a letter referencing the ARP, including a detailed statement of the unforeseeable and uncontrollable extreme hardship event, and documentation that substantiates the event.

An unforeseeable and uncontrollable extreme hardship event as described above may include, but are not limited to, accidents and natural disasters affecting the health of an applicant or member of the applicant's immediate family.

Will CPA Exam credits reinstated through the ARP be recognized by other boards of accountancy?

The ARP is established solely by the Texas State Board of Public Accountancy for Texas CPA Exam applicants and credits that are reinstated may not be recognized by another board of accountancy. After the completion of the CPA Exam and licensing process, the CPA designation may be recognized by other boards of accountancy through reciprocal agreements.

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511.80. Granting of Credit.

(a) The board shall grant credit to an applicant for the satisfactory completion of a section of the UCPAE provided the applicant earns a passing score on the section as determined by board rule. The credit shall be valid for 30 [18] months from the actual date of notification of passing score results. The 30 [18] months may be temporarily extended by the executive director, in accordance with §901.307(b) of the Act (relating to Grading Examination), in order to provide for uniformity with other state regulatory authorities or for reasonably unforeseeable or uncontrollable events.

(b) An applicant must pass the remaining sections within the next 30 [18] months. Should an applicant's exam credit be invalidated due to the expiration of 30 [18] months without earning credit on the remaining sections, the applicant remains qualified to take the examination.

(c) An applicant receiving and retaining credit for every section on the UCPAE, within a 30-month [an 18-month] period, shall be considered by the board to have completed the examination and may make application for certification as a CPA.

(d) Effective January 1, 2024, an applicant under this section shall have 36 months from the time all test sections are passed to meet the education requirements of §511.164 of this chapter (relating to Definition of 150 Semester Hours to Qualify for Issuance of a Certificate) and apply for the CPA Certificate or the credit for all test sections will expire.

(e) [(d)] Effective January 1, 2024, an applicant who has an active credit on a section of the UCPAE shall have earned credit on the newly structured UCPAE as follows:

(1) credit on auditing and attestation (AUD) shall transition to auditing and attestation (AUD);

(2) credit on financial accounting and reporting (FAR) shall transition to financial accounting and reporting (FAR);

(3) credit on regulation (REG) shall transition to taxation and regulation (REG); and

(4) credit on business environment and concepts (BEC) shall not transition to a specific discipline as there is not an equivalent section, however, credit will be retained in lieu of a discipline.

(f) [(e)] Effective January 1, 2024, the Board shall grant credit to an applicant for the satisfactory completion of the following sections of the UCPAE provided the applicant

earns a passing score on the section as determined by board rule. The credit shall be valid for 30 [18] months from the actual date of notification of passing score results:

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- (1) auditing and attestation (AUD);
- (2) financial accounting and reporting (FAR);
- (3) taxation and regulation (REG); and
- (4) one of the following discipline sections:
 - (A) business analysis and reporting (BAR);
 - (B) information systems and controls (ISC); or
 - (C) tax compliance and planning (TCP).

(g) [(f)] An applicant who has received and retained credit for any or all sections on the UCPAE may transfer such credits to another licensing jurisdiction if the applicant pays in advance a transfer fee set by board rule as identified in §521.7 of this title (relating to Fee for Transfer of Credits).

(h) [(g)] If the UCPAE is restructured by the AICPA, the board shall determine the manner in which active credit earned prior to the restructure for a subject is integrated into the new UCPAE.

(i) Credits earned between January 1, 2020 and March 1, 2024 that are no longer valid may be considered for reinstatement for not more than 18 months from the date that reinstatement occurs. The following conditions are required:

- (1) the applicant was impacted by an unforeseeable and uncontrollable event, and
- (2) the applicant provides documentation to substantiate the unforeseeable and uncontrollable event.

(l) [(h)] Interpretive Comment: For the purpose of this section unforeseeable and uncontrollable events include by are not limited to the health of the applicant, accidents limiting the applicant, military service, natural disasters, or acts of God.

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RULE §511.87

Loss of Credit

(a) An applicant having earned credit under this Act or a prior Act and who has two testing quarters remaining before the expiration of credits earned shall be notified prior to each UCPAE of these facts.

(b) An applicant failing to receive credit for all sections within the time limitation of this Act shall be notified that credits have expired.

(c) The expiration of credits shall not hinder an applicant from reapplying for the examination.

(d) Credits earned between January 1, 2020 and March 1, 2024 that are no longer valid may be considered for reinstatement for not more than 18 months from the date that reinstatement occurs. The following conditions are required:

(1) the applicant was impacted by an unforeseeable and uncontrollable extreme hardship event, and

(2) the applicant provides documentation to substantiate the unforeseeable and uncontrollable event.

(e) An extreme hardship event that limits the applicant is defined as:

(1) a serious illness of an applicant or member of the immediate family;

(2) death of an immediate family member;

(3) accidents that impacts the applicant;

(4) military service of the applicant;

(5) natural disasters that impacts the applicant; or

(6) acts of God.

(7) Immediate family member is a spouse, child, sibling or parent.