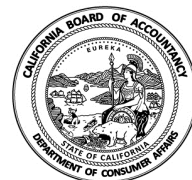




California Board of Accountancy
2450 Venture Oaks Way, Suite 300
Sacramento, CA 95833

phone: (916) 263-3680 fax: (916) 263-3675 web: www.cba.ca.gov



ISSUE #1: Legislatively Established Committees. Should the Legislature remove from statute the requirement of the Board to establish a Mobility Stakeholder Group?

Staff Recommendation: Considering that this state has no control over laws and regulations passed in other states and countries, the Board should identify how it currently verifies, and will continue to verify, that the requirements for CPA licensure in other states and countries are at least as stringent as those in this state.

CBA RESPONSE:

When the Legislature established the present practice privilege provisions, commonly referred to as mobility, it took proactive steps to:

- Ensure out-of-state licensees met minimum requirements for entry.
- Established protocols for important consumer protection disclosures on the CBA website.
- Mandated that the CBA, through the Mobility Stakeholder Group (MSG), consider whether the practice privilege provisions are consistent with the CBA's duty to protect the public in accordance with Business and Professions Code section 5000.1, and whether the mobility law satisfies the objectives of stakeholders of the accounting profession, including consumers. Additionally, the MSG made determinations whether National Association of State Boards of Accountancy's (NASBA) Guiding Principles of Enforcement, which are the foundation for other state board's enforcement programs, were equivalent to those in California.

The MSG completed its legislative mandates and reported on its findings to the CBA. The MSG has not met since 2019.

While the MSG did evaluate the overarching provisions of the mobility program, the evaluation of the licensure requirements of the other states and their substantial equivalency to those found in California was handled by the CBA.

Following the substantial equivalency concept developed by the NASBA to simplify practice across states (which is the foundation of mobility), the CBA looked to the NASBA-developed lists of states deemed to have licensure requirements that were substantially equivalent to those of California – 150-semester units of education, passage of the Uniform CPA Examination, and a minimum one year of accounting experience.

While it is accurate that California has no control over how other states may modify their licensure laws going forward, if a state is considering possible changes, these are shared by NASBA to all state boards of accountancy. This allows the CBA to maintain a pulse on the topic and the potential issues that may affect a particular state's licensees ability to practice via mobility.

The CBA believes it is well positioned to examine issues related to mobility going forward either itself, or through its Committee on Professional Conduct or an ad hoc taskforce, and requests the Legislature remove from statute the requirement of the CBA to have an established Mobility Stakeholder Group.

ISSUE #2: Transition to Digital Communications and Documentation Acceptance. Should the Legislature allow the Board to notify licensees of proposed regulatory changes via email rather than by mail? Moreover should the Legislature allow the Board to receive official transcripts from a college or university electronically?

Staff Recommendation: The Board should consider whether it may be necessary to continue to mail proposed regulatory changes to licensees, upon request. The Board should identify its preferred method of receiving educational evidence for students enrolled in dual-degree programs.

CBA RESPONSE:

The CBA believes that it is important for licensees and all CBA stakeholders to be aware of the laws and regulations that govern the practice of public accountancy in California. Presently, any individual can request to receive a hard copy notification of proposed regulatory changes. The CBA also posts proposed regulatory changes on its website and has a list serve where individuals can register to receive an email notification when the CBA has proposed regulatory changes. The current process to mail a notice to all licensees costs approximately \$70,000 and involves significant staff time to coordinate with the Office of State Publishing to both print and mail the information. Further, the overall timeframe to complete the mailing can take up to two months.

The CBA is open to receiving educational evidence for students enrolled in dual-degree programs in hard copy or electronic format. The proposed amendment would allow flexibility in how the information is provided to the CBA. Dual-degree programs often confer both the bachelor's degree and master's degree at the conclusion of the entire program. That means the official transcript would not show that they were conferred a bachelor's degree until they have earned their master's degree, thus the reason for also requesting a letter from the institution.

ISSUE #3: Committee Vacancies. How can the Board prevent future committee vacancies to avoid quorum issues?

Staff Recommendation: The Board should identify the root cause of lengthy vacancies (e.g. Recruitment, responsibilities, delays by appointing authorities, unplanned turnover).

CBA RESPONSE:

The CBA has faced recruitment challenges to fill its advisory committee vacancies. As these appointments are done by the CBA, it is a matter of attracting licensees who have the interest and time to serve on these important advisory bodies.

To increase awareness of the committees and encourage qualified licensees to apply to become a member, the CBA has been actively conducting outreach in a variety of ways, including:

- Recruitment videos
- Social media posts
- CBA webpage dedicated to volunteering on a committee and how to apply.
- Encouraging current members to speak with colleagues about the positions.
- Developed a recruitment guide with frequently asked questions to assist current members/stakeholders when speaking about the opportunity.
- Discussing opportunities at outreach events.
- Working with the professional association to message about the need for committee members.
- Included an article in each issue of the CBA's quarterly newsletter UPDATE.
- Vice President discussed during CBA Meetings.

The CBA is working diligently to attract new members and does not believe there is, at this time, anything needed legislatively to assist with this issue.

ISSUE #4: Staff Vacancies. How can the Board entice licensed CPAs to apply for its open Investigative CPA and Supervising Investigative CPA positions?

Staff Recommendation: The Board should update the Committees next steps for amending Pay Differential 347 and a salary study for the Investigative CPA classification.

CBA RESPONSE:

The CBA will continue working with the Department of Consumer Affairs (DCA) on the Supervising Investigative Certified Public Accountant retention bonus. DCA has indicated they are engaging with the California Department of Human Resources to address the pay differential language that would allow internal candidates to retain their bonus when promoting to the Supervising Investigative Certified Public Accountant classification.

Additionally, the CBA will continue working with DCA on what role it can serve in the classification study. Pursuant to the contract for Bargaining Unit 1,¹ the State and Union shall each be entitled to select a maximum of five representatives to participate in the study. Additionally, the contract has an established process for modifications to a classification, including compensation, that involves participation and agreement from the Union and subsequently heard by the State Personnel Board.

The CBA does continue recruitment efforts and advertises for Investigative Certified Public Accountants and Supervising Investigative Certified Public Accountants positions through continuous filing recruitment, which allows for candidates to apply on a continuous basis, as opposed to setting a final filing date which can limit the candidate pool. To help promote the vacancies, the CBA has also posted articles regarding the job opportunities and examinations in the CBA's UPDATE newsletter publication. In spring 2021, the CBA sent out a mass email to 40,000 active CPAs to solicit interest in its Investigative Certified Public Accountant positions.

¹ Administrative, Financial, and Staff Services classifications. Contract is in effect from July 1, 2023 - June 30, 2026.

The email had a link to the Investigative Certified Public Accountant recruitment brochure, which can also be found on the CBA website. The brochure provides information about the qualifications required for the job and benefits offered, as well as instructions on how to apply for the position online. Additionally, the CBA has promoted the vacancies on its various social media platforms.

ISSUE #5: Stakeholder Satisfaction. What is the Board doing to improve stakeholder satisfaction?

Staff Recommendation: The Board should share with the Committees any changes it has made to facilitate improved customer service for stakeholders and any strategies it plans to implement moving forward.

CBA RESPONSE:

The CBA recognizes the decline in stakeholder satisfaction and believes the root cause is not having CBA staff answering calls directly. Incoming calls were transitioned to DCA's Consumer Information Center (CIC) in 2019 as an interim solution to assist the Licensing Division which was facing increased processing timeframes and was at risk of exceeding its 30-day review timeframe.

Before the CBA could strategize on a long-term solution to redirect the calls back to the CBA, the pandemic began and the CBA needed to continue using CIC's services, which continues today.

As stakeholders contact CIC, the call center is unable to answer the more complex or specific application or license inquiries, and the caller is either transferred to the CBA or encouraged to send an email. This can leave the caller frustrated as they are unable to receive a quick and individualized response.

We are actively exploring options to, once again, have CBA staff answer calls. Once this occurs, we believe stakeholder satisfaction will return to the levels that existed before they were transitioned.

Additionally, there were negative responses during fiscal year 2022-23 related to the rollout of CBA Connect, the new online license renewal platform. Some licensees were frustrated with how they had to enter their continuing education coursework into the system, which brought the overall satisfaction scores down. Staff used this feedback and created a data file template specifically to address the concerns and implemented the new process within just a few months. The template was well received and is a great example of turning the negative feedback into positive feedback.

ISSUE #6: Should the Legislature authorize the Board to grant a retired status license to a licensee whose practice has been permanently restricted by the Board?

Staff Recommendation: The Board should identify how many licensees would benefit from this change and explain to the Committees the significance of a having a retired status license (in lieu of the letting the license lapse).

CBA RESPONSE:

Presently, this is a small population of approximately 170 licensees that could benefit from this change. The statute outlines reasons the CBA must deny an individual's application for retired status, one of which includes: "an outstanding order of the board."

There are instances as part of the disciplinary process where the board creates a permanent restriction of a practice area or areas for an individual. This, in essence, creates an outstanding order even if the individual completes their probation period and is otherwise in good standing. If a licensee within this population wishes to retire and no longer pay for a license renewal, they have two options, allow their license to expire and eventually cancel, or voluntarily surrender their license.

Prior to the CBA implementing regulations to allow for a retired status license, feedback was received from stakeholders regarding the negative connotation associated with "cancelled" and "surrendered." A retired status license option available to these licensees would benefit consumers and licensees in that the description would accurately reflect the status of the licensee to the public and provide another option to the licensee besides "cancelled," "surrendered," or having to pay a biennial renewal fee.

This statutory change the CBA is proposing would allow for it to approve the application for a retired status license, and should the individual seek to reinstate their license to practice, the permanent restricted practice order would be reinstated.

ISSUE #7: Accounting Firm Peer Review. Should the Legislature authorize the Board to require its accounting firm licensees to share data from peer reviews so that the Board can monitor more closely the peer review program?

Staff Recommendation: The Board should determine whether it has capacity to review peer review documentation and data collected by AICPA or explain what it otherwise intends to do with those materials and information.

CBA RESPONSE:

The statutory change being sought would improve CBA access to information to assist in our oversight responsibilities of the Peer Review Program and to aid in licensing-related functions.

The recommended legislative change would require the CBA-approved peer review program provider to provide a state board of accountancy web tool. The American Institute of CPAs (AICPA), presently the only CBA-approved peer review program provider, already maintains such a web tool (i.e., Facilitated State Board Access).

The CBA-recommended legislative change would also require firms to participate in the provider's web tool. California firms' participation in such a web tool would increase CBA access to objective peer review information but would not provide access to the entire catalog of peer review documents. With this access, the CBA could view certain documents (e.g., enrollment letters, peer review reports, letters of acceptance, letters of response, completion letters) and data (e.g., scheduling information, extension information, peer review acceptance dates, peer review report ratings).

The data could be used by the CBA to independently verify if a firm has completed mandated peer review or if a specific firm has received an extension of their peer review, both useful information when renewing a firm's license. Also, the information on the web tool could be used to create summary reports over time that would be beneficial to the CBA and its Peer Review Oversight Committee (PROC). For example, the CBA might look at the number of completed peer reviews as a means of monitoring if the number of firms subject to peer review is on the decline.

Currently, the CBA pre-identifies a set list of summary reports and requests the AICPA to produce them. This greatly limits the ability to run ad hoc reports based on national trends or topics of CBA interest. The CBA, in conjunction with its PROC, has the capacity to use the web tool, as described.

ISSUE #8: Educational Requirements. What is the status of the Board's efforts to clarify the education requirements for CPA licensure?

Staff Recommendation: The Board should share the findings from its recent survey and identify next steps to clarify the education requirements for licensure.

CBA RESPONSE:

The CBA developed the Students Understanding the Requirements to be a Certified Public Accountant or SURE CPA Project with the goal to clarify the educational requirements by implementing solutions that will provide future CPA applicants, educational institutions, professional associations, and other stakeholders with straightforward educational requirements for CPA licensure.

The project includes four phases:

1. Information Gathering
2. Develop and Adopt Initiatives
3. Implement Initiatives
4. Collect Feedback

Information Gathering

As part of the first phase on information gathering, the CBA conducted a range of outreach activities that reached a variety of stakeholders including students, CPAs, college/university faculty, and professional organizations.

The outreach methods included in-person outreach events, an online survey, and student and faculty townhalls. In general, the information gathered addressed the following:

- Areas of the current educational requirements that may be unclear.
- Usefulness of the various CBA resources related to the educational requirements.
- Approaches to clarifying the educational requirements.

Survey Results

A total of 556 individuals completed the online survey, which tailored questions to the individuals based on their proximity to and experience with the licensure process. The following breakdown represents the response levels from demographic groups:

- 33% Recent college graduates
- 32% Licensed as a CPA for more than a year
- 22% Current college students
- 10% Non-licensed stakeholders
- 3% Licensed as a CPA for less than a year

Questions geared toward college students and those newly licensed were designed to gather information on sources they used to find information during their examination and licensure process, the format(s) they prefer for accessing this information, and their thoughts related to the educational requirements for licensure.

Of the college students interested in becoming a CPA, three-quarters of the students used the CBA website to search for information on educational requirements. The same number of respondents in this category were familiar with the CBA educational resources, including Exams Quick Tips, Licensure Quick Tips, Educational Requirements Tip Sheet, and the Self-Assessment Worksheet. However, understanding of the accounting study and ethics study requirements was rated as three on a scale of one to five, and only one-third of college students have contacted the CBA regarding the educational requirements to assist with confusion.

Nearly half of recent college graduates reported they needed to return to school to complete additional coursework to meet the 150-semester-unit total, or to meet the accounting, business, or ethics requirement. The individuals either obtained their master's degrees or enrolled in other non-degree programs to complete the additional education necessary to obtain a California CPA license.

Some of the frequent comments from this cohort include suggesting that the CBA provide:

- More information on social media to explain the educational requirements.
- A detailed video explaining the educational requirements that addresses education obtained domestically and abroad.
- More outreach events to provide in-person transcript review.
- A list of sample courses to help students make informed choices during enrollment.
- Clarification of the difference between accounting study and accounting subjects required to meet the core 24-semester units.
- Clarification of courses that meet the ethics study requirements.

The questions posed to more experienced licensees were designed to gather information on how the current educational requirements prepare new CPAs for their career. Of all respondents, 71% indicated the educational requirements are an important aspect of consumer protection. Additionally, 90% of licensees felt the educational requirements for CPA licensure prepared them to enter the workforce. Responses to the question of whether the CBA provides useful, easy-to-interpret resources to help understand the CPA educational requirements yielded an average answer of three on a scale from one to five.

Some of the comments included suggestions to reduce the overall educational requirement to the original 120 semester-hours, accept experiential learning toward the educational requirement, and broaden and clarify the courses that will qualify toward the requirement.

Outreach Events

The CBA conducted a variety of outreach events designed to gather information from college students and faculty for the SURE CPA Project.

Presentations and Interactive Sessions with Students

Outreach events were held throughout the state on three university campuses in 2023: California State University, San Bernardino in May; California State Polytechnic University, Pomona in September; and California State University, Sacramento in December. The first two events followed a similar program, beginning with a presentation by CBA members and staff focused on the role of the CBA, the value of obtaining a CPA license, and requirements to earn the license.

After the presentation, staff posed questions back to the students regarding various aspects of the SURE CPA Project during a Question & Answer segment, from how familiar they were with the CBA website and its resources to their preferred method to acquire information about the educational requirements. Students were generally unsure which of their classes would be accepted and additionally, which portion of the requirements each class might fulfill. Ninety percent of the students raised their hand to indicate they felt more confident to begin the examination and licensure process after having attended this session.

The third event was in a different format, with CBA staff engaging with students in smaller groups to explain the requirements for licensure and to answer questions. The roundtable format provided a more personal opportunity to interact with students. The information gathered from the students was in line with what was learned in the other sessions.

At all three events, CBA staff met individually with students to review their transcripts and determine how their coursework was aligning with the educational requirements. This is a valuable service the CBA provides at all outreach events to further set the students at ease as they begin their journey toward CPA licensure.

Faculty Input

Staff held several conversations with faculty to obtain firsthand information from university educators about the clarity and relevance of the educational requirements for CPA licensure. These events included participation in meetings of the California Society of CPA's (CalCPA) Accounting Education Committee and a faculty townhall held at California State Polytechnic University, Pomona.

Faculty reported that they are often the first point of contact for students seeking information about their qualifications to sit for the CPA Exam. In this capacity, faculty often reference the CBA's supplemental materials like the Educational Requirements Tip Sheet and Self-Assessment Worksheet. Overall, faculty find these materials to be helpful, though some indicated that students required their assistance to properly use the resources. Faculty expressed a need to better equip students with information that would allow them to determine how individual courses meet educational requirements, with some faculty specifically requesting a database of university courses and which educational requirements they satisfy.

Additionally, they expressed support for the value of education and that a more direct track to qualifying for the CPA Exam and CPA licensure would be beneficial for students that would simultaneously reduce confusion surrounding the educational requirements. Among possible direct tracks to licensure, conferral of a master's degree in accounting or taxation could be considered to meet all of the educational requirements. Some faculty expressed a concern with

relying too heavily on experiential learning and wanting to see an increase in the number of students seeking a master's degree in accounting.

Feedback gathered from faculty also indicated that contemporary curriculum has changed to incorporate ethics into many accounting and business courses, instead of relying solely on standalone ethics courses to teach concepts related to ethics. This change has led to accounting students receiving more ethics concepts today than they did historically.

Next Steps

With the first phase of the SURE CPA Project completed, the CBA is now moving to the second phase, focused on developing and adopting initiatives. The CBA is exploring the initiatives below.

1. Update Outdated Course Titles

Course titles and terminology naturally change over time, and it is important that students and faculty can match what is in their college course catalogs with CBA educational requirements. Currently, faculty from the CalCPA Accounting Education Committee is doing preliminary work to assist staff by identifying any outdated course titles and terminology currently used in the educational requirements.

Once the preliminary information is received, a state-wide effort would be made to gather course title information from additional colleges and universities.

2. Modify the Areas of Study

The feedback indicated there was confusion regarding what is required to meet the examination "accounting" requirement compared to the licensure "accounting study" requirement. Additionally, feedback received identified that ethics is more broadly encompassed in business and accounting courses compared to when the requirement was first implemented.

The CBA may revisit the 20-unit accounting study requirement and 10-unit ethics study requirement, which was added when the overall semester unit requirement increased from 120 to 150 units.

The CBA will be researching:

- Alternatives that eliminate the accounting study area by redistributing the units across the business-related and accounting subject areas while maintaining the 150-unit requirement. This initiative requires additional information gathering before a specific legislative change, regulatory change, or both can be proposed.
- Alternatives to reduce or eliminate the 10-unit ethics study requirement. As noted by faculty, ethics is being embedded in courses across the accounting curriculum, which was not the case 10 years ago when the Legislature originally put the requirement in place. As the CBA considers this, it may want to balance this with its recent proposal to eliminate the Professional Ethics for CPAs (PETH) examination.

3. Education Review Efficiency

Students want to know they are on track to meeting educational requirements and the CBA wants to find efficiencies in the transcript review process, while also ensuring applicants from various educational backgrounds have a path to licensure. Several options were initially explored to meet this goal, including the possibility of approving education based on program accreditation from the Association to Advance Collegiate Schools of Business or pre-approving

individual California degree programs. While the pre-approval of individual California degree programs received positive feedback and is used in at least one state (New York), it would be resource intensive.

Alternatively, the CBA decided to investigate if the conferral of certain degrees should automatically qualify applicants for examination or licensure, creating a possible “direct track” to meeting the educational requirements that would not require individual course transcript review. For example, the conferral of a bachelor’s degree in accounting could be deemed to meet all educational requirements to sit for the CPA Exam, while the conferral of a master’s degree in accounting or taxation could be determined to meet all educational requirements for licensure.

The CBA has been modernizing outreach and communications materials. Updates will occur for the Exams Quick Tips, Licensure Quick Tips, Educational Requirements Tip Sheet, and the Self-Assessment Worksheet. Other communications materials updates include a new series of webpages highlighting various educational “paths” to licensure. These materials will help clarify the present educational requirements and provide visual representations of the many ways prospective CPAs may complete education and experience requirements prior to licensure. Staff is also working on virtual outreach events to increase student engagement and improve their understanding of CPA Exam and licensing requirements.

ISSUE #9: National Exam. Have students been negatively impacted by the transition to a new Uniform CPA Exam?

Staff Recommendation: The Board should identify any hardships this transition has created for Uniform CPA Exam applicants and steps to mitigate those effects.

CBA RESPONSE:

The redesigned Uniform CPA Examination (CPA Exam) was launched in January 2024 to require all candidates to pass three Core exam sections and one Discipline exam section of a candidate’s choosing.

The Core exam sections assess the knowledge and skills that all newly licensed CPAs need in their role to protect the public interest. The Discipline exam sections assess the knowledge and skills in the respective Discipline domain applicable to newly licensed CPAs in their role to protect the public interest. The three Core exam sections are: Auditing and Attestation (AUD), Financial Accounting and Reporting (FAR), and Taxation and Regulation (REG). The three Discipline exam sections are: Business Analysis and Reporting (BAR), Information Systems and Controls (ISC), and Tax Compliance and Planning (TCP).

The CBA took action to mitigate potential negative impacts on candidates before they could occur by amending the California Code of Regulations (CCR) and embarking on an extensive communications campaign to raise awareness of the upcoming change. The CBA began discussing the new exam at various outreach events in the 18 months leading up to the change, and did regular posting on social media, increasing in frequency as the transition approached. Staff produced a video explaining the differences between the old and new versions of the CPA Exam, and how sections passed of the old version would transition to the new version. Articles were included in the CBA’s UPDATE newsletters, and a webpage was created with a plethora of resources surrounding the new exam, highlighted by a clock counting down to its launch. An

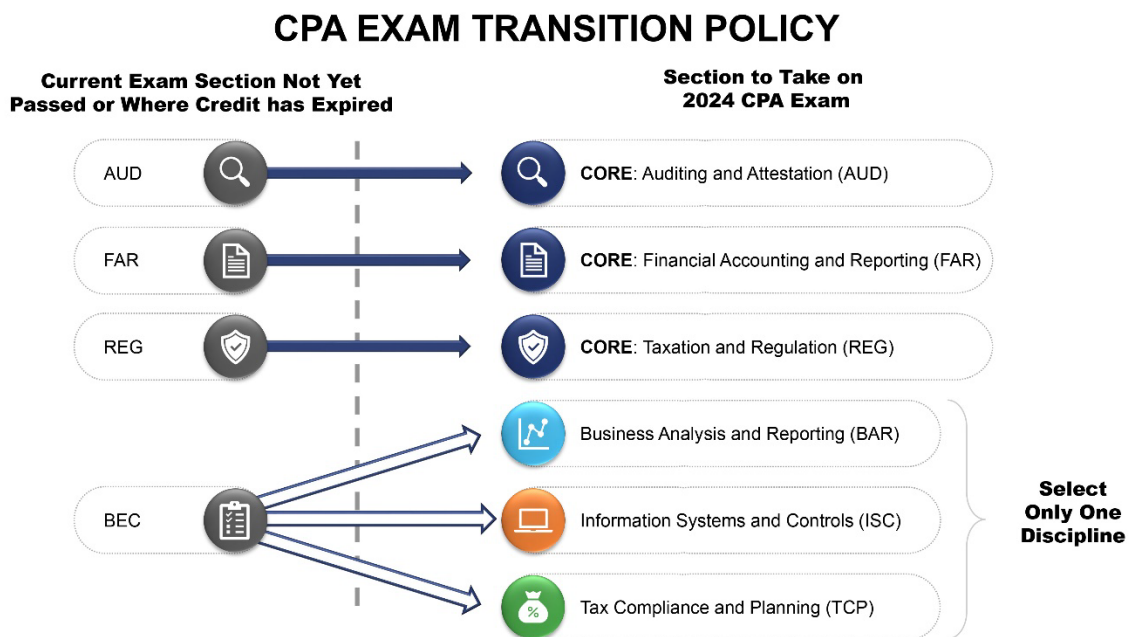
episode of the CBA's "Accounting For California" podcast was also dedicated to the CPA Exam transition.

Staff communicated with professors at various academic institutions throughout the state to ensure their students were aware of the resources provided by the CBA regarding the new CPA Exam.

As noted in the Background Paper, the CBA provided one-time and ongoing exam credit extensions to lessen the impact on applicants.

1. All exam credits that expired between January 30, 2020, and December 31, 2023, are once again valid and being extended until June 30, 2025.
2. All exam credits valid on December 31, 2023, were extended until June 30, 2025.
3. All new exam credits earned beginning in January 2024 will be valid for 30 months, replacing the previous timeframe of 18 months.

Additionally, the CBA provided a transition policy that recognized exam credits earned on the previous exam as shown in the diagram.



The CBA heard positive responses from the actions the CBA took to ease the transition from the old version of the exam to the new one. The CBA has not identified any further hardships the transition has caused that need to be implemented.

ISSUE #10: Accounting Firm Owners. Should the Legislature require the ownership of an accounting firm to have the same responsibility as licensees who are authorized to sign reports on attest engagements?

Staff Recommendation: The Board should explain why the status quo is undesirable from an enforcement perspective and identify how many accounting firms these changes would impact.

CBA RESPONSE:

Accounting firm licenses issued by the CBA do not have limitations as to the services that the firm can perform. When an accounting firm engages with a client to perform certain services, in this case attest services, someone at the firm must have a CPA license that allows them to sign reports on attest engagements. In some cases, the ownership makeup of the accounting firm is such that none of the owners have the authority to sign reports on attest engagements.

The statutory changes being proposed by the CBA are enforcement solutions to increase consumer protection and ensure investigations can be conducted effectively. This change would ensure that ownership is liable to the same degree as the accounting firm, as well as any signer the owners authorize to do the work. Additionally, the proposed legislation would ensure that if the signer of the attest report was no longer with the accounting firm, there are no unnecessary barriers to the CBA's investigation by requiring the firm to provide the individual with the work papers necessary to allow the individual the ability to effectively answer questions and defend their work.

The number of individuals receiving a license without the authority to sign reports on attest engagement is outpacing those receiving a license with the authority to sign reports on attest engagements. Due to this trend, the scenarios described above will likely increase. The statutory changes will apply to all accounting firms, although it is unknown the specific number of firms this may impact because data regarding firm ownership makeup is not collected by the CBA.

ISSUE #11: Workforce Development. What can be done to shore up the CPA pipeline?

Staff Recommendation: The Board should notify the Committees of proposed statutory changes, as needed, to help sustain the accounting profession.

CBA RESPONSE:

Over the last several years there has been a decline in the number of individuals entering the CPA profession. This decline preceded the global pandemic; however, the pandemic has likely exacerbated the issue. Nationally and in California, the population of new candidates applying to take the CPA Exam has decreased.² With individuals retiring from the profession and fewer candidates entering the CPA Pipeline, there are concerns around whether there will be enough CPAs to meet consumer demand. Failure to meet consumer demand could have an adverse impact resulting in unlicensed practice and increased costs/fees.

² The CBA did experience an increase in CPA Exam applications in fiscal year 2022-23, likely the result of candidates wanting to complete the CPA Exam prior to the CPA Evolution transition and the debut of a new examination that launched January 10, 2024.

Over the past year, there have been more focused discussions with both the regulating community and the professional associations about how to address the CPA Pipeline. Various taskforces have been established to offer solutions to the issue, including alternate options and pathways to licensure.

On a national level, the NASBA's Professional Licensure Task Force has met on several occasions since its creation in October 2023. The Task Force discussions have centered around the history of the current education model; the education required under foreign Mutual Recognition Agreements; and other experiential learning models such as the Experience, Learn and Earn³ (ELE) that might be equivalent to 30-semester units at a college/university, but would not be shown on a college/university transcript.

The Task Force is currently discussing a structured experiential learning program that would provide for education, documented experience, and other elements that would create an equivalent path to licensure for those with a baccalaureate degree and 120-semester units. The CBA recently provided questions to NASBA regarding the structured experiential learning program being discussed and actively participates in events held by NASBA to ensure the CBA is informed.

In California, CalCPA recently started a California Pipeline Advisory Group (CPAG). The CPAG's purpose is to assist in the evaluation of potential changes to the CPA licensure framework; the formulation of CalCPA-specific feedback; the examination of how proposed changes may impact California candidates, CPAs, and consumers; and guidance on possible California action to modernize the state's CPA licensure framework. CPAG is currently drafting a response to the NASBA Task Force regarding the structured experiential learning program they are discussing. The CBA attends these meetings and provides information to the group as requested.

The CBA is actively monitoring these important conversations and understands there are additional issues that need to be explored that relate to the CPA Pipeline, such as the salary level of those entering the CPA profession. The CBA encourages discussion of these issues, but it must be noted that they fall outside the CBA's authority as a regulator. While these conversations take place, the CBA will remain focused on the areas it is authorized to impact. The CBA does support and helps with the broader efforts by professional organizations to elevate the CPA brand and maximize its attractiveness to those making their career choice.

Although the sunset review process is generally the preferred time to tackle significant issues facing the regulated profession, including solutions for addressing options and pathways to licensure, it does not appear a solution will be determined within the timeline that would allow for it to be properly vetted and put into a sunset-related legislative package. As such, the CBA may need to come back to the Legislature in the near term to discuss solutions for addressing the CPA Pipeline.

³ The ELE is a joint program between accounting firms and the University of Tulane that incorporates experiential learning in combination with formal learning events and is equivalent to 30 semester units. This program results in college/university units earned and shown on a transcript and meets current California requirements.

ISSUE #12: Technical Cleanup. Is there a need for technical cleanup?

Staff Recommendation: The Board should continue to advise the committees of necessary code cleanup.

CBA RESPONSE:

The proposed technical cleanup amendment to Business and Professions Code sections 5093 and 5094 would change “a regional or national accrediting agency” to “an accrediting agency.” This would bring California statutes into alignment with the revised provisions of 34 Code of Federal Regulations 602.

The CBA appreciates the Legislature’s assistance in revising statutes to ensure it contains accurate and clear information.

ISSUE #13: Continued Regulation. Should the licensing of certified public accountants and the registration of accounting firms be continued and regulated by the Board?

Staff Recommendation: The Board’s oversight of the accounting profession should be continued, with potential reforms, to be reviewed again on a future date to be determined to ensure that the issues and recommendations in this Background Paper have been addressed.

CBA RESPONSE:

The CBA plays a vital role in protecting consumers by ensuring only qualified licensees practice public accountancy in accordance with established professional standards. Certified public accountants and accounting firms provide a wide variety of critical financial services to individuals, private and publicly held companies, financial institutions, non-profit organizations, and governmental entities.

The services they provide include accounting, auditing, tax preparation and planning, investment advice, and retirement and estate planning. It is vital for the CBA to continue regulating the practice of public accountancy, which includes both licensing and enforcement functions of its more than 115,000 licensees.

The CBA respectfully requests that the Legislature extend its sunset date so it may continue its mission to protect consumers.