CPA Evolution
Reimagining CPA licensure

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Reimagining licensure in an era of rapid change

Technological innovation

New marketplace demands

Pipeline and hiring trends
New technologies and new marketplace demands

• Automation
• Big Data
• Data analytics
• Machine learning
• SOC
U.S. public accounting firm hiring

In 2016, there were 19% fewer accounting graduate firm hires since 2014.

In 2018, there were 29% fewer accounting graduate firm hires since 2014.

Source: 2017 AICPA Trends Report
Source: 2019 AICPA Trends Report
Non-accounting graduate degree hires

Non-accounting hires as a percentage of all new graduate hires are up 11%.

Source: 2019 AICPA Trends Report
A combined NASBA-AICPA initiative aimed at evolving CPA licensure to reflect the skills and knowledge CPAs increasingly need in a technology-driven marketplace.
3,000+ stakeholders gave feedback
<table>
<thead>
<tr>
<th>AICPA Council</th>
<th>State CPA societies</th>
<th>Boards of Accountancy</th>
<th>General membership</th>
</tr>
</thead>
<tbody>
<tr>
<td>Firms of all sizes</td>
<td>Academia</td>
<td>Volunteer committees</td>
<td>Federal regulators</td>
</tr>
<tr>
<td>Students</td>
<td>Technology experts</td>
<td>CPAs in business and industry</td>
<td>Young professionals</td>
</tr>
</tbody>
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Support for:

- Need to change
- Bigger technology emphasis

A model that will:

- Position CPA for the future
- Bring needed skills to the profession
- Protect the public interest
Body of knowledge for newly licensed CPAs is growing…

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
Body of knowledge for newly licensed CPAs is growing...

CPA firms told us:

- Procedures historically performed by newly licensed CPAs are being:
  - Automated
  - Off-shored
  - Performed by paraprofessionals

Result: Newly licensed CPAs need to know more earlier in their career
Body of knowledge for newly licensed CPAs is growing…

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
…but Exam stays the same size.
Models considered
Stretch to cover more material with less depth

**Impact**
- Requirements for licensure are watered down
- Candidates know less about what matters most
Increase Exam and curriculum hours

**Impact**
- Increases barriers to entry, impacting pipeline
- Unsustainable approach over long term
Other models considered

- CPA – Audit, CPA – Tax, etc.
- Two tier
- Medical
- Legal
New model
New model
New Exam: expected Jan. 2024
New model

- Strong core with accounting, auditing, tax and technology
- Deeper knowledge in three primary disciplines
- Reflects reality of practice
- Adaptive and flexible
- One CPA license
- Enhances public protection
AICPA Governing Council: Different emphasis based on candidate’s intended area of focus

- **Adv Tax**: Members in Tax: 10%
- **Basic Tax**: Members in Finance: 10%
- **Finance**: Members in Audit & Attest: 10%
- **Adv Analytics**: Members in Tax: 5%
- **Cost Acctg**: Members in Finance: 10%
- **Adv Acctg**: Members in Audit & Attest: 10%
- **Audit & Attest**: Members in Tax: 15%
CPA Evolution is moving forward
Questions we heard

Candidates  Academia  Exam  Impact on states
Student survey

We surveyed 639 students and recent grads through:

- NASBA channels
- AICPA channels
- This Way to CPA
- State CPA societies
- Business schools
Are candidates ready to select a discipline?

*Have you selected a practice area on which to focus? (Accounting majors, total responses = 332)*

- Selected focus area through learning track, internship or accepting full time job: 67%
- Have not selected focus area but comfortable doing so: 23%
- Not comfortable selecting focus area: 10%
Will candidates be interested?

*How would CPA Evolution affect your interest in becoming a CPA? (Accounting majors, total responses = 519)*

- **Increase**: 47%
- **Continue to be very interested**: 33%
- **Decrease**: 16%
- **Less interested, no change**: 4%
Will candidates be interested?

How would CPA Evolution affect your interest in becoming a CPA? (Non-accounting majors, total responses = 98)

- Increase: 50%
- Continue to be very interested: 12%
- Less interested, no change: 27%
- Decrease: 11%
Will the disciplines change hiring behavior?

Hiring managers from firms with 50+ personnel:

- Consistent with current hiring practices
- Discipline would be similar to Masters of Tax vs. MAC

Candidates would not be limited to working in discipline chosen for exam purposes
Questions we heard

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How will this affect universities?

• Joint AICPA/NASBA Education Advisory Group
• Small school, HBCU discussion groups
• Academic survey of 150+ educators
• NASBA and AICPA Education Committees
• AAA and AACSB leadership
Educator Database

Academic Resource Hub

Prepare your students for CPA Evolution with these hand-curated resources from firms, academics and the AICPA.

ACCESS THE HUB

Educator Webinars

Learn More

AICPA Educator Awards

Learn More
Academic Resource Hub

200+ resources available

Data analytics, blockchain and more

Resources from faculty, AICPA, PwC, Deloitte, CAQ

Free faculty access

Educator login on This Way to CPA
Curriculum gap analysis

• Survey sent to accounting department chairs
• Are their accounting programs teaching:
  – Data analytics
  – IT audit
  – Cybersecurity
  – Blockchain
  – And more
• Results will inform resource creation to assist faculty
Model curriculum

• 60% of AAA conference attendees: model curriculum best way to help faculty

• Core and Discipline Task Forces
  – NASBA and AICPA co-chairs
  – Faculty and practitioner representation

• **Goal: launch high-level model curriculum in June 2021**
Internships

• Survey: >50% of students and recent grads didn’t claim credit for last internship
  • No credit offered for paid internships
  • Tuition costs
• Task forces formed
  • October 2020 – May 2021
Questions we heard

Candidates  Academia  Exam  Impact on states
What might the Exam look like?

What we expect would stay the same:

- Designed for 1-2 year level
- No more than a 16-hour Exam
- No new experience requirements to sit for the Exam
- Candidates pass 4 sections
- Exam sections can be taken in any order
- No separate time limits to pass core and discipline

This presentation reflects current directional thinking
How might the Exam change?

Navigating the core + disciplines:

- Candidates pass the three core sections and one discipline section (max = 4 sections)
- Candidates don’t have the option to pass additional disciplines
- All sections cover discrete content and a range of skills (including higher order)
- Discipline passed will not differentiate the license granted

This presentation reflects current directional thinking
Exam change timing

- Practice Analysis underway
- Exposure Draft for public comment available mid-2022
- Goal: Launch new Exam in January 2024
CPA Exam Transition Task Force

- **Objective:** Develop recommendations for candidate transition when new Exam is launched
- Early 2021
  - Finalize initial recommendations
  - Circulate with SBOAs
Questions we heard

Candidates  Academia  Exam  Impact on states
Required state changes

CPA Evolution requires:

- Statutory changes in 1 state: OK
- Rules changes in 7 states: CT, IN, KY, MA, NY*, TX, WA

*The New York rule changes are complete
## Changes to the Uniform Accountancy Act Model Rules

| Align the UAA Model Rules with majority of state rules | Recognize the large role technology plays in the CPA profession | Expand number of credit hours that can be earned through internships | Clarify the role that accreditation plays when a state board reviews a transcript |

Exposed 5/26 – 8/31/2020
NASBA BOD approved 10/13/2020
What’s next?

• **2021**
  – Exam practice analysis
  – Model curriculum available for faculty

• **2022**
  – Exam Blueprint exposed for public comment

• **2024**
  – New Exam launches
What educators can do now

• Review CPA Exam Blueprint from 2019 Practice Analysis at aicpa.org/becomeacpa/cpaexam

• Check out webinars on ThisWayToCPA

• Access the Academic Resource Hub
  – Provide feedback to academics@aicpa.org

• Reach out to your department chair and curriculum committee
  – For presentation requests, reach out to academics@aicpa.org
Thank you