



**Jim Pillen**  
Governor

## STATE OF NEBRASKA

### BOARD OF PUBLIC ACCOUNTANCY

P.O. Box 94725, Lincoln NE 68509

(402) 471-3595 or (800) 564-6111

Fax (402) 471-4484

Home Page: [nbpa.nebraska.gov](http://nbpa.nebraska.gov)

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NASBA UAA Committee  
National Association of State Boards of Accountancy  
150 4<sup>th</sup> Avenue North, Ste. 700  
Nashville, TN 37219-2417

AICPA UAA Committee  
American Institute of Certified Public Accountants  
1345 6<sup>th</sup> Avenue, 27<sup>th</sup> Floor  
New York, NY 10105

RE: September 12, 2024, Exposure Draft of CPA Competency-Based Experience Pathway (Pathway ED) and September 30, 2024, Joint AICPA/NASBA UAA Committee Exposure Draft to the Uniform Accountancy Act, Eighth Edition (UAA ED)

Dear Committee Members:

The Nebraska Board of Public Accountancy (the Board) appreciates the opportunity to provide feedback on the recently released Exposure Drafts regarding the proposed Competency-Based Experience Pathway and proposed changes to the Uniform Accountancy Act. The Board has authorized me to respond on its behalf.

Additionally, the Board would like to acknowledge and commend the efforts of the Professional Licensure Task Force (PLTF), the National Pipeline Advisory Group (NPAG), and the leadership of NASBA and the AICPA for their dedicated work in addressing pipeline issues within the CPA profession. The Board has actively followed the progress of these groups by participating in NASBA meetings and webinars to stay informed on the latest developments. It should be noted that no member and/or staff of the Nebraska Board participated on any of these groups.

In its initial response to the PLTF, the Board expressed openness to exploring the possibility of a new licensure pathway. However, the Board emphasized the importance of proceeding with caution. It is important to clarify that this statement was not an endorsement of the proposed pathway but rather an indication of the Board's willingness to consider the idea carefully.

After reviewing the draft, the Board provides the attached summary of its thoughts and conclusions on the Exposure Drafts.

For the Board,

Ms. Melissa Ruff, CPA – Board Chair  
Nebraska Board of Public Accountancy

## Exposure Draft: CPA Competency-Based Experience Pathway

The Board appreciates the work done by the several task forces and supports a pathway that requires less than 150 credit hours and additional general experience. The competencies outlined in the proposed framework are valuable and can serve as a useful guide for firms when training new hires and helpful to State Boards in assessing the experience of applicants. However, we believe the specificity of that experience should be determined by the individual states. In the event that a state desires a more detailed level of experience, the Competency-Based Framework could be used as a recommended resource that resides outside of the UAA.

If NASBA determines to move forward with the Competency-Based Framework, either by using it as another UAA pathway or as a recommended resource for State Boards, we believe the following needs to be considered further:

- We question whether such detailed specificity is necessary for the additional year of Competency-Based experience within the UAA. If this year is intended to substitute for, yet be equivalent to, the additional 30 hours of education, we believe the 30-hour requirement does not demand this level of specificity. As a result, the proposal seems to introduce a level of rigor beyond what is required for the unspecified 30 hours of education. Therefore, we do not support the inclusion of an additional year of Competency-Based experience within the UAA; instead, we recommend that it be an additional year of general experience.
- Nebraska places significant importance on experience for initial licensure. When the UAA's model was updated years ago to allow for one year of experience, Nebraska did not adopt this change. Instead, the state continued to require two years of experience in public accounting, and later extended the requirement to three years for business and industry roles. We believe that public accounting firms already embrace the core principles of a competency-based approach. Due to the distinct nature of public versus private accounting work, an additional year of experience for those with a background outside public accounting is recommended to ensure they meet the same standards.
- Even as a resource, we do not fully agree with the role of the CPA Evaluator. We believe that the CPA Evaluator should either have direct knowledge of the candidate's experience through direct supervision or have the ability to rely on a firm's training program(s) which have been designed to ensure experience with the competencies. We support requiring direct supervision and general experience verification by a CPA supervisor, which should remain the standard.
- We believe the proposal highlights several concerns about the clarity and fairness of the competency evaluation process. Key issues include the absence of clear, objective criteria for assessing competencies, which could result in inconsistent evaluations. Since the guidance for evaluators is vague and leaves room for interpretation, the burden of proof may unfairly shift away from the candidate when an evaluator is required to justify a lack of demonstrated competency. In addition, issues with how prior experience is credited, including a lack of clarity on timelines and the risk of liability for evaluators, need to be addressed. Furthermore, safeguards should be implemented to prevent potential misuse, such as employers or candidates

using paid services to certify competencies.

- While the proposal was presented as scalable, in practice, it may not be. The competency-based pathway may be more readily adopted by large firms. However, smaller firms, private industry, and government entities are likely to face challenges in providing the necessary resources. While this may not necessarily signal the end of the alternative pathway, it could prove beneficial for larger firms which may be better positioned to tailor their training programs to align with the competency-based approach.

Based on these complexities and issues identified, Nebraska is not in favor of adding national complexity to the experience requirement, as it does not see sufficient public protection benefits to justify the associated costs. **We continue to support allowing individual State Boards to determine the specifics of their own experience requirements.**

In conclusion, the Board remains supportive of allowing individual State Boards to determine the specific experience requirements for licensure. We believe that a bachelor's degree and two years of general experience in public accounting are appropriate standards to include in the UAA as an acceptable alternate pathway toward licensure. However, we recognize the need to differentiate between experience gained in public accounting and that obtained in private industry, government, or academia. Therefore, we anticipate continuing to require an additional year of experience for candidates with backgrounds outside of public accounting, regardless of the number of credit hours completed, and recommend consideration of such within the UAA.

#### Exposure Draft: Proposed Revisions to UAA Sections 5 & 23

We want to reiterate that Nebraska has always highly valued the experience model and did not adopt the UAA experience requirements when it changed many years ago to one year of general experience. We support considering a 150/1 and a 120/2 model within a CPA firm (see comments above); however, we recommend an additional year of general experience for those within the business and industry environment.

We support the UAA including language already utilized by many states regarding "4 in 10" years of general experience for reciprocity candidates. This would add another approved pathway for licensure for individuals who have been licensed for over 4 years but may not satisfy a state's education requirements or may otherwise be deemed not substantially equivalent.

We support a "CPA = CPA" model, which allows for the recognition of a CPA's license from one state as valid for practicing in another state, ensuring mobility. Under existing mobility rules, a State Board can revoke a CPA's practice privilege if they don't comply with the board's laws and regulations, and the matter can be referred to the board that originally issued the CPA's license. This model has been in effect since mobility was instituted.

Additionally, attention should be given to how best to safeguard mobility in a context where substantial equivalency remains important. Therefore, rather than the current changes proposed to Section 23, we would be in favor of the UAA including language for "mobility with guardrails" to keep substantial equivalency applicable.

We agree with the proposal of looking back to how the individual was initially licensed to determine if they were substantially equivalent at that time, thus we could consider them to be substantially equivalent now which will allow the CPA to retain their mobility. Our goal is to ensure that current licensees are not negatively impacted by changes to the UAA that would prevent them from exercising their practice privileges in the future.

We strongly advise against using the ALD/CPAverify database to determine if a CPA is not substantially equivalent. The Board believes this could lead to unintended negative consequences for CPAs, such as affecting their employment status, promotion prospects, and potentially creating a lasting stigma.