



Jim Pillen
Governor

STATE OF NEBRASKA

BOARD OF PUBLIC ACCOUNTANCY

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Notice of Rulemaking Comment Period and Policy-Making Hearing

October 18, 2024

Notice is hereby given that the Nebraska State Board of Public Accountancy will hold a policy-making hearing on **Thursday, November 21st, 2024 at 9:00am in accordance with the Nebraska Open Meetings Act/ Neb. Rev. Stat. § 84-1411(2)**. To attend the meeting or join the meeting virtually, you may contact the Board office at 402-471-3595 and staff will provide you detailed instructions on how to attend or join virtually. If you choose to attend in person the meeting will be held at the Board's Office, First Nebraska Administrative Building, 1526 K Street, in the Red Willow Room in Lincoln, Nebraska. The purpose of this hearing is to receive public testimony on amendments to rules promulgated by the Board of Public Accountancy to address changes to Board regulations within NAC Title 288. The subject matter and purpose of the rule making action is:

Proposed changes to the NAC Title 288 include:

- ***Chapter 9- Education***
Proposed rule changes are to compliment recent amendments to the Nebraska Public Accountancy Act (PAA) allowing candidates sitting for the United States Uniform CPA Examination (examination) to start the examination after obtaining 120 credit hours of approved education, including a bachelor's degree, commencing on January 1, 2025. Utilizing recommendations from their Education Advisory Committee and an Education Task Force, the Board proposes education requirements to begin the examination at 120-credit hours of education if the candidate so chooses.

The rule-making hearing is being conducted by virtue of the provisions of Nebraska Revised Statutes, Section 84-907, R.R.S. which provisions require that copies of the proposed rule or rule change are available for public examination at the office of the Board of Public Accountancy, 1526 Building, 1526 K Street, Suite 410, Lincoln, Nebraska 68508, (402) 471-3595, and at the office of the Secretary of State, Capitol Building, Lincoln, Nebraska. A complete statement on the fiscal impact of the proposed rules may be examined at the office of the Board of Public Accountancy at 1526 Building, 1526 K Street, Suite 410 Lincoln, Nebraska.

All interested persons are invited to attend and testify at the hearing. Interested persons may also submit written comments prior to the hearing, which comments will be made a part of the hearing record at the time of the hearing. Anyone needing reasonable accommodations to review the drafts or participate in this process, please contact the Board office at (402) 471-3595 or within Nebraska at 1-800-564-6111 or by emailing to Dan.Sweetwood@Nebraska.gov.

Sincerely,

Dan Sweetwood
Executive Director

Kristen VanWinkle
Administrator

Statements to the Governor and Explanatory Statement:

The Nebraska State Board of Public Accountancy will hold a public hearing Thursday, November 21, 2024 at 9:00 am in accordance with the Nebraska Open Meetings Act/ Neb. Rev. Stat. § 84-1411(2) to receive public comment relative to proposed rule changes within Board Rules & Regulation Title 288/ Chapter 9- Education

Information on the proposed amendments as required by law:

CHAPTER 9- Education

Description of the proposed rule or regulation and the entities it will impact:

Proposed rule changes to NAC Title 288/Chapter 9 are to compliment amendments to the Nebraska Public Accountancy Act (PAA) within LB 854 approved by the 108th Legislature and signed into law by Governor Pillen. The amendments would allow candidates sitting for the United States Uniform CPA Examination (examination) examination after obtaining 120 credit hours of approved education including a Bachelor’s Degree commencing on January 1, 2025. Currently, a candidate must complete 150 credit hours of approved education before being eligible to begin the examination. This change aligns Nebraska with most other State Boards of Accountancy including Iowa and several other neighboring states that allow candidates to begin the examination at 120 credit hours of education.

Proposed changes to Chapter 9 were initiated based on the need to amend current education requirements to address the ability for candidates to begin the examination at 120 credit hours of education. The Board’s Education Advisory Committee (EAC) provided recommendations to the Board including providing flexibility within the accounting and business subject areas for those candidates who choose to begin the examination at 120 hours. Additionally, six credit hours in both accounting and business subject areas would be reduced whereas 24 credit hours would be required to begin the examination at 120-credit hours of education, as well as for issuance of a permit to practice.

Other changes would address administrative requirements including allowing for the Board and/or its designee to review transcripts when needed to verify education requirements before issuance of a permit to practice after completing the 150-credit hour education requirement.

The proposed change will directly impact CPA exam candidates by eliminating “barriers” and providing another option within education requirements to sit for the examination after obtaining 120 credit hours. Another goal of the proposed changes is additional flexibility within education requirements and to bring additional candidates into the Nebraska CPA pipeline including those candidates who previously chose to begin the examination in neighboring states based on the ability to begin the examination at 120 credit hours of education.

The recommended change:

Adjust current educational requirements to allow for candidates to begin the examination at 120 credit hours of approved education with a bachelor's degree. The proposal lessens the burden to candidates by providing flexibility on when they choose to begin the examination. The proposal still requires subject area requirements be met in accounting & business but reduces the number of required credit hours and provides for additional flexibility on the type of subject areas completed. Other administrative proposals clarify the Board and/or its designee can request the candidate's educational transcripts to verify requirements are met before issuance of a Permit to Practice as a CPA.

An explanation of the necessity of the proposed rule or regulation, including the identification of the authorizing statute or legislative bill:

PAA Section 1-116 was amended during the Legislatures 108th session (LB 854) that allows the Board to develop education subjects in accounting, auditing, business, and other subjects at an appropriate academic level. This change provides for education requirements for those candidates who choose to begin the examination at 120 credit hours with a bachelor's degree after January 1, 2025.

A statement that the proposed rule or regulation is consistent with legislative intent:

The Board's intent is to amend educational requirements within Chapter 9 as indicated within the PAA/LB 854 to allow for candidates to begin the examination at 120 credit hours if they so choose after January 1, 2025.

A statement indicating whether the proposed rule or regulation is the result of a state mandate on a local government or on a local government subdivision and if the mandate is funded:

The Board's proposed amendments within Chapter 9/Title 288 are not the result of a state mandate.

A statement indicating whether the proposed rule or regulation is the result of a federal mandate on state government or on a local government subdivision and if the mandate is funded:

The Board's proposed amendments within Chapter 9/Title 288 are not the result of a federal mandate.

A description, including an estimated qualification, of the fiscal impact on state agencies, political subdivisions, and regulated persons.

See attached Fiscal Impact Statement. There is no apparent fiscal impact on regulated persons who choose to begin the examination at 120 credit hours.

A statement that the agency will solicit public comment on the proposed rule or regulation before the public hearing and a statement indicating whether or not the agency has utilized the negotiated rulemaking process as provided for in the Negotiated Rulemaking Act with respect to the proposed rule or regulation:

See attached copy of proof of Notice of Rulemaking Comment Period and Policy Making Hearing.

The Board's Education Advisory Committee (EAC) previously discussed the amendments to the PAA to allow for candidates to begin the examination at 120-credit hours with a bachelor's degree and agreed with this change. They also met and provided recommendations leading to proposals within Chapter 9 as outlined within the PAA Section 1-113. The EAC is made up of several accounting educators from state and private educational institutions and former Board members/CPAs from across the state. They will be updated with the proposals and invited to attend the public hearing.

Changes to the PAA during the 108th Legislative session commenced in early 2023 with the creation of the Education Task Force made of Board and Nebraska Society of CPAs leadership. Additionally, two accounting educators participated on the task force. The Task Force recommended the changes to the PAA allowing for candidates to begin the examination after completing 120 credit hours of education with a bachelor's degree. The Task Force additionally reviewed information on how other states including our neighboring jurisdictions, amended their educational requirements to allow candidates to begin the examination with 120 credit hours. They also provided recommendations on educational requirements going forward. They will be updated and invited to attend the public hearing.

The proposals will also be shared with accounting educators that are not members of the EAC or have not participated in the development of the proposals and invited to attend the public hearing.

Fiscal Impact Statement

Agency: Nebraska Board of Public Accountancy
Prepared By: Dan Sweetwood, Executive Director
Date Prepared: October 10, 2024
Telephone Number: (402) 471-3595

Title: 288 Chapter 9
Subject: Education

Type of Fiscal Impact:

	<u>NBPA</u>	<u>Political Sub.</u>	<u>Regulated Public</u>
Fiscal Impact	X	X	X
Increased Costs	X	X	X
Decreased Costs	X	X	X
Increased Revenue	X	X	X
Decreased Revenue	X	X	X
Indeterminable			

~ - Fiscal Impact

X- None

* Estimated/ possible

Provide an Estimated Cost & Description of Impact:

NBPA/State Agency:

There is no fiscal impact to candidates and/or the Board if a candidate chooses to begin the Uniform CPA Examination after obtaining 120 hours of approved education with a Bachelor's Degree.

CHAPTER 9 - EDUCATION – Draft 10.17.24**001 Definitions:**

001.01 “Accreditation” means the quality control of the education process provided by generally recognized regional and/or programmatic accreditation organizations. These Rules refer to three levels of accreditation. Level 1 represents the most comprehensive review at the accounting program level and Level 3 is the least comprehensive review at the college or university level. Colleges or universities without accreditation, as defined below, would generally lack any level of accreditation including the college or university, the business school or program (“business school”), and/or the accounting department or program (“accounting program”).

1. Level 1 accreditation – the accounting program. In a Level 1 accreditation, the college or university; business school; and the accounting program are separately accredited. This level applies to an accounting program that is accredited by an organization recognized by the Council of Higher Education Accreditation (CHEA) as a specialized or professional accrediting organization, such as the Association to Advance Collegiate Schools of Business-International (AACSB). Accredited accounting programs have met standards substantially higher and much more specific than those required for Level 2 or Level 3 accreditation.
2. Level 2 accreditation – the business school. In a Level 2 accreditation, the college or university and the business school are separately accredited, but the accounting program is not separately accredited. This level applies to a business school that is accredited by an organization recognized by the Council of Higher Education Accreditation (CHEA) as a specialized or professional accrediting organization, such as the AACSB or the Association of Collegiate Business Schools and Programs (ACBSP).
3. Level 3 accreditation – the college or university. In a Level 3 accreditation, the college or university is accredited, but neither the business school nor the accounting program meet Level 1 or Level 2 requirements. This level applies to a degree granting college or university that is not accredited at Level 1 or Level 2, but is accredited by an organization currently recognized by the Council of Higher Education Accreditation as a regional accrediting organization or a regional accrediting body recognized by the United States Department of Education.

001.02 “College(s) or university(s)” means Board-recognized institution(s) of higher education accredited by regional accrediting organizations.

002 Recognized Standing.

An applicant for certification must demonstrate proof that he has earned a four-year degree from a college or university of recognized standing. An applicant who has earned a four-year degree conferred by a college or university which is accredited by a regional accrediting body recognized by the United States Department of Education is deemed to have met that statutory requirement.

~~Four-year~~ Four-year colleges or universities not accredited by a regional accrediting body recognized by the United States Department of Education are considered for purposes of these rules to be unaccredited or non-accredited colleges or universities.

003 Non-accredited Degree

A graduate of a four-year degree granting institution not accredited at the time the applicant's degree was received or at the time of filing his or her application for certification will be deemed to have met the statutory education requirement, provided;

003.01 An accredited college or university, as defined above, accepts the applicant's non-accredited degree for admission to a graduate degree program; and

003.02 The applicant presents evidence satisfactory to the Board that the education received from the non-accredited college or university through which the applicant received his or her four-year degree is comparable to an accredited college or university. Evidence satisfactory to the Board may include, but is not limited to:

003.02A letters of recommendation regarding the applicant or the non-accredited institution;

003.02B material from accounting firms regarding the quality of the educational program or the candidates from the non-accredited institution;

003.02C evaluations of the applicant regarding his or her educational background, from faculty members of accredited institutions;

003.02D listings of the non-accredited institution in directories or publications which attest to the quality of the educational programs at that institution;

003.02E membership of the non-accredited institution in organizations which attest to the quality of the non-accredited institution; and any other material acceptable to the Board.

004 Educational Requirements;

Preface: The Nebraska State Board of Public Accountancy is dedicated to ~~insuring~~ ensuring that the educational preparation of CPAs reflects a ~~broad-based~~ broad-based educational program which incorporates the latest information and knowledge in the areas of accounting, auditing, and general business as well as an understanding of the world and the relationships between business enterprises, government, and not-for-profit entities.

The Board will not furnish or prescribe specific curriculum which colleges or universities should adopt; rather it urges colleges and universities to adopt innovative approaches and programs designed to best meet the needs of the profession and society.

004.01 CPA Examination Candidates - For the Purpose of Nebraska Revised Statutes, Section 1-106 et. seq., as revised, the education requirements ~~for certification to sit for the Uniform CPA Examination, which must be met no later than the date of application for the candidate's first sitting for the Uniform CPA Examination,~~ shall be a baccalaureate or higher degree which contains, as a minimum, ~~150-120~~ 120-150 semester hours or ~~225-180~~ 180-225 quarter hours from an accredited college or university (as defined and specified in Title 288, Chapter 9-001 and 9-002) and the subject area requirements as outlined within Sections 004.02A & B.

004.02 Eligibility. The candidate will be required, as a condition of acceptance for sitting for the first time for the Uniform CPA Examination, to provide the Board or its designee with an official transcript or transcripts that show his or her postsecondary education program has included, as follows:

004.02A ~~24 30~~-semester or ~~36 45~~-quarter hours in accounting beyond principles of accounting. The subjects to be covered in these hours shall include some or all of the following shall include, at a minimum:

- (1) Financial accounting theory and problems
- (2) Cost and managerial accounting
- (3) Tax preparation and planning
- (4) Auditing
- (5) Accounting information systems
- (6) Governmental and not-for-profit accounting.

004.02B ~~24 30~~-semester or ~~36 45~~-quarter hours in general business. The subjects to be covered in these hours shall include some or all of the following shall include, at a minimum:

- (1) Macro and microeconomics
- (2) Business law
- (3) Marketing
- (4) Management
- (5) Finance
- (6) Business Ethics
- (7) Principles of accounting
- (8) Business communication
- (9) Quantitative applications in business
- (10) Data analytics

~~The following subject areas are not required, but may be used as general business credit hours to meet this requirement:~~

- ~~(1) Business communication~~
- ~~(2) Quantitative applications in business~~
- ~~(3) Data analytics~~

~~**004.02C** The remaining 90 semester or 135 quarter hours in general education and electives, which could include general business courses. The subjects to be covered in these hours shall include, at a minimum:~~

- ~~(1) Oral and written communication skills~~
- ~~(2) Mathematics~~
- ~~(3) Arts, natural sciences, social sciences or humanities~~
- ~~(4) Statistics~~

004.03 Any person making initial application to take the Uniform CPA examination shall be deemed to have met the educational requirement contained in the law and these rules if the applicant has earned a graduate degree in accounting from an accounting program or department that is accredited in accounting by an accrediting agency recognized by the Board.

004.04 Upon applying for and receiving a certificate, a certificate holder may apply for a permit to practice, as outlined within Section 1-136 et. Seq., as revised, after meeting all other requirements as outlined within the law and these rules.

004.04A Upon application for a permit to practice, a certificate holder shall have completed, at a minimum:

- (1) 150 semester hours or 225 quarter hours from an accredited college or university (as defined and specified in Title 288 Chapter 9-001 and 9-002).
- (2) 24 semester hours or 36 quarter hours in accounting beyond principles of accounting. The subjects to be covered shall include all of the subjects listed under 004.02A (1-6).
- (3) 24 semester hours or 36 quarter hours in general business. The subjects to be covered shall include some or all of the subjects listed under 004.02B (1-10).
- (4) Content covering the subject of Business Ethics.

004.04B If the time elapsed exceeds five years since the applicant has completed the examination prior to applying for a certificate or permit to practice, the applicant shall file with the Board properly completed affidavits of successful completion of 120 hours of approved courses of continuing education, including 4 hours of ethics courses, within the three years preceding application for a certificate or permit to practice.

004.054 Review of Transcripts; Appropriate level of coursework; transfer hours. For purposes of meeting the educational requirements and for issuance of a certificate or permit to practice, an applicant's official transcript or transcripts shall be reviewed by the Board or its designee to determine if the applicant's educational program complies with the requirements of the law and these rules. In reviewing the transcript or transcripts, hours in courses which have contained the required subjects listed in 9-004.02A; ~~and B, and C~~ which have been earned at a non-~~four-year~~ four-year institution and are transferred to a ~~four-year~~ four-year institution shall be considered as acceptable in meeting the educational requirements.

004.054A A maximum of 12 semester or 18 quarter hours ~~of electives required under 9-004.02C~~ can be earned at a ~~two-year~~ two-year institution after a ~~four-year~~ four-year degree has been granted. Any ~~elective semester or quarter~~ hours included on the ~~four-year~~ four-year degree transcript are not subject to the 12 semester or 18 quarter hour maximum rule.

004.065 **Reciprocal Certificates.** An applicant for a reciprocal certificate shall be deemed to have met the requirements of Nebraska Revised Statutes, Section 1- 106, et. seq. if he or she meets the following conditions:

004.065A Holds a current and unrevoked certificate then in full force and effect in any state; and

004.065B Has a postsecondary education which is substantially equivalent to the requirements contained in Nebraska Revised Statutes, Section 1-106, et. seq. The Board or its designee shall determine, based upon information provided by the applicant for a reciprocal certificate, if the applicant has education which is substantially equivalent to the requirements contained in Nebraska Revised Statutes.

004.076 Application procedures. Any person making initial application to take the Uniform CPA Examination and for issuance of a certificate or permit to practice shall be required to submit an official transcript or transcripts showing that the applicant has satisfied the educational requirements as prescribed in these rules. The Board or its designee shall determine whether the applicant is eligible to sit for the Uniform CPA Examination and eligible for issuance of a certificate or permit to practice. If the Board or its designee cannot readily determine that an applicant has satisfied the educational requirements as prescribed in these rules, notification shall be made to the applicant. The burden of showing that the applicant's educational records contain compliance with the educational requirements contained in these rules shall rest solely with the applicant.

Statutory Authority: Section 1-113 R.R.S. 1943