Changes to the Certified Public Accountant Examination and Licensure Requirements in the State of California

Two bills, SB 133 (Figueroa et al.) and AB 585 (Nation, Campbell) are currently moving through the California Legislature and will, if enacted, significantly change the requirements for examination and licensure. These two bills contain similar language and are expected to be signed by the Governor in October 2001, with a January 1, 2002, effective date.

While the changes summarized below do not directly affect current licensees of this Board, licensees are encouraged to share this information with their employees who may be interested in becoming California CPAs. Because the next Uniform CPA Examination is scheduled for November 7-8, 2001, the Board chose to provide, in this issue of UPDATE, a summary of changes that directly impact future licensees of the Board. Information regarding anticipated changes that may affect current licensees will be provided in future issues of Update.

The new laws would provide applicants with two pathway options.

Pathway 1 will be similar to the current examination requirements and requires:

- A baccalaureate degree from an accredited college or university.
- 24 semester units in accounting subjects. Acceptable accounting courses include accounting, auditing, financial reporting, external or internal reporting, financial statement analysis and taxation.
- 24 semester units in business-related subjects. Acceptable business-related courses include business administration, economics, finance, business management, marketing, computer science/information systems, statistics, business communication, mathematics, business law, or business related law courses offered at an accredited law school. Courses in excess of the 24 semester units required in accounting may be counted toward the business-related units.
- Examination passage in accordance with the current examination passage and conditioning standards in California.
- Two years of general accounting experience is required for licensure. A minimum of 500 hours of attest experience is required for those who want to sign attest reports.

Applicants who select Pathway 1 may not change to Pathway 2 unless they retake the entire examination.

Pathway 2 is similar to the licensing requirements of many other states and the Uniform Accountancy Act (UAA). This may be the pathway of choice for those applicants who are interested in being able to practice as CPAs in other states. Pathway 2 requires:

- A baccalaureate degree from an accredited college or university.
- 24 semester units in accounting subjects as indicated in Pathway 1.
- 24 semester units in business-related subjects as indicated in Pathway 1.
- Examination passage in accordance with the UAA examination passage and conditioning standards. Specifics regarding the UAA examination passage and conditioning standards are available on the home page of the Board’s Web site or may be obtained by contacting Board staff at the numbers listed at the end of this article.
- 150 semester units of education is required for licensure.
- One year of general accounting experience is required for licensure. A minimum of 500 hours of attest experience is required for those who want to sign attest reports.
Applicants who sit for the examination under Pathway 2 may change to Pathway 1 without having to retake passed examination sections.

An applicant who passes all sections at the November 2001 Uniform CPA Examination, or previously passed all sections of the examination, will have the following Licensure options:

1. Ability to apply and qualify under current licensing requirements by December 31, 2005.
2. Satisfy the requirements of Pathway 1 (similar to the current requirements) or Pathway 2 (similar to UAA requirements) and apply and qualify for licensure. If the applicant did not meet the educational requirements of either Pathway 1 or Pathway 2 at the time the applicant initially applied and sat for the examination, the applicant must satisfy the educational requirements and apply and qualify for Licensure by December 31, 2005. Evidence of qualifying education must be provided at the time of application for licensure.

Applicants who met the educational requirements of either Pathway 1 or Pathway 2 at the time they initially applied and sat for the examination are not subject to the December 31, 2005, licensure deadline.

An applicant who applies, qualifies, and sits for at least two sections of the May 2002 Uniform CPA Examination or sat for a prior examination, but has not passed the examination may:

1. Continue to sit for the Uniform CPA Examination under the requirements in effect on December 31, 2001. However, the applicant must pass the examination, and apply and qualify for licensure under current requirements by December 31, 2005; or
2. Apply to sit for the remaining unpassed sections of the examination under Pathway 1 or Pathway 2, providing the applicant met the educational requirements of either pathway at the time the applicant initially applied and sat for the examination. The applicant must satisfy the appropriate conditioning requirement and apply for licensure under the new licensing requirements. If the applicant did not meet the educational requirements of either pathway at the time the applicant initially applied and sat for the examination, and still wants to apply under Pathway 1 or Pathway 2, the applicant must meet the new educational requirements, reapply as a new applicant and retake the examination, including passed sections, to qualify for licensure.

Applicants should carefully consider their options prior to applying for the Uniform CPA Examination, as any decisions may impact future licensure opportunities. The licensure requirements in most states are consistent with the UAA. The Board encourages first time applicants for the November 2001 examination to consider sitting for all four sections of the examination, as required under Pathway 2, because Pathway 2 is most consistent with the UAA.

An applicant who applies, qualifies, and sits for the first time at the May 2002 Uniform CPA Examination will:

- Be scheduled under the requirements of Pathway 2, unless the applicant provides a written request to be scheduled under Pathway 1 or under the requirements in effect on December 31, 2001.
- Have the option to change from Pathway 2 to Pathway 1 at any time prior to licensure. A written request will be required.

Applicants who do not select Pathway 2 at the May 2002 Uniform CPA Examination may not change to Pathway 2 unless they retake the entire examination.

An applicant who does not sit for at least two parts of the May 2002 Uniform CPA Examination or has not sat for a prior examination, and wants to become licensed in California must:
• Meet the educational requirements of Pathway 1 or Pathway 2.
• Apply for and pass the Uniform CPA Examination under the examination passage standards of Pathway 1 or Pathway 2, and
• Apply for licensure under Pathway 1 or Pathway 2 and meet the licensure requirements of that pathway.

Applicants who are licensed under the current requirements (Section 5083 of the Business and Professions Code and Section 11.5 of Title 16 of the California Code of Regulations) are authorized to provide attest services. An applicant who applies and qualifies for licensure under the general experience requirements of Pathway 1 or Pathway 2 must satisfy the attest experience requirement in order to sign attest reports.

Questions regarding these changes may be directed to Board staff at:

Telephone: (916) 263-3972 or (916) 263-3974
Facsimile: (916) 263-3676
E-mail: pathwayinfo@cba.ca.gov

Please visit the Board’s Web site at www.dca.ca.gov/cba for updated information.