

**NEW JERSEY STATE BOARD OF ACCOUNTANCY
PUBLIC SESSION MINUTES
MAY 19, 2022**

I Call to Order and Roll Call - 9:30 A.M.

A meeting of the New Jersey State Board of Accountancy was convened in accordance with the provisions of the Open Public Meetings Act. Pursuant to those provisions, the appropriate notifications were made to the Office of the Secretary of State, the Camden Courier-Post, the Trenton Times, the Asbury Park Press, the Record, and the Star-Ledger. President, Allison Dunko called the meeting to order at 9:41 A.M. The following roll call was taken and a quorum was present:

Keith Balla, CPA	Excused
John Dailey, CPA	Present
Allison Dunko, CPA	Present
Sara L. DeSmith, CPA	Present
Daniel J. Geltrude, CPA	Excused
Harold Model, CPA	Present
Joan Paciga, CPA	Present
Eileen Poiani, Ph.D	Excused
Lori Pressler, CPA	Present
Ainsley A. Reynolds, CPA	Present

Also present at the meeting were Michela Ross, Executive Director; Tobey Palan, Deputy Attorney General; Melba Rodriguez, Secretarial Assistant; Ralph Thomas, Executive Director, NJCPA, Donald Meyer, Chief Marketing Officer, NJCPA; Andrew DuBoff; Harry Wills; Jacqueline Streelman and Jaleila Wilson.

II Minutes of the Meeting of March 17, 2022

On a motion made by Ainsley Reynolds seconded by Sarah DeSmith, the Board voted to approve the March 17, 2022 Public Session minutes as submitted. The vote of the Board was unanimous and the motion passed.

III President's Remarks

President Allison Dunko welcomed all to the meeting.

IV Executive Director's Remarks

Director Ross informed the Board that the "Phases of an Application" have been placed on a Board's website. Licensure applicants may now review to determine exactly where in the process their application may be, including average processing times.

V New Business

A Transition Policy Announced for the 2024 CPA Exam Under the CPA Evolution Initiative

The Board took this as informational.

VI Committee Reports

A CPA Examination Committee

No Report.

B CPE & Ethics Committee

No Report.

C Education & Reciprocity Committee

No Report.

D Monitoring the Profession Committee

No Report.

E Nominating Committee

No report.

F Peer Review Oversight Committee

Upon a motion by Joan Paciga, seconded by Sarah DeSmith, the Board voted to approve NJCPA as a peer review sponsor. The vote of the Board was unanimous and the motion passed.

G RMA Committee

No Report.

H Statute/Rules//Regulations Committee

Sara DeSmith had no report but did remind the Committee that a meeting will be set up with the Regulatory Analyst to discuss the changes to the mobility regulation.

I 150 Hour Exploratory Committee

A discussion initiated by Dan Geltrude occurred during the October 21, 2021 executive session of the Board meeting regarding the current requirement of 150-credit hours (as opposed to 120 credit hours) for CPA licensure. This additional 30 credit hour requirement has been in place in NJ and all other 55 state/territory jurisdictions for many years. However, over the years there have been concerns expressed by the Board about its efficacy and the cost/benefit to accounting students. One of the primary concerns regarding the rule has been that the additional 30 credit hours are not specific to the practice of accountancy. Therefore, those credits could be in any course offered by an accredited college or university. This makes little sense. There are many CPA's that do not have 150 credit hours and there is no evidence that they are any less qualified to practice in public accounting than those with 150 credit hours.

Some of the challenges facing the accounting profession is there are declining numbers of accounting majors and CPA exam candidates. Further, this is creating a significant shortage of qualified candidates across the public accounting profession. As a result, many firms are now outsourcing work outside of the US - specifically to India. These circumstances raised the question of whether the 150-hour requirement was acting as a barrier to entry to the CPA profession, especially for low-income students. The cost of an additional 30 credits can be significant and clearly not affordable for everyone. The profession also needs to be as diverse as possible (gender, race, etc.) and should not be exclusionary in any way. Reducing educational costs can only help level the playing field for college students.

Prior Board President Ainsley Reynolds appointed Dan Geltrude to chair a newly created committee to explore the 150-credit hour requirement. Subsequently, Sara DeSmith and Eileen Poiani were also appointed to the committee.

Dan Geltrude made a presentation at the Northeast Regional Breakout Session of the NASBA meeting on November 2, 2021. During this meeting, Mr. Geltrude stated that although the 150-credit hour requirement was created with the intention to improve the profession there are serious concerns of whether the intended objectives are being met. Mr. Geltrude further asserted that the additional 30 credit hours is a barrier into the profession and that the profession needs to look very hard at the consequences of its actions. The chair informed Mr. Geltrude and all those in attendance that concerns have been presented in the past and will continue in the future regarding the 150-credit hour rule, but there will not be any changes because of substantial equivalency among all the jurisdictions.

Subsequently, Dan Geltrude had a conversation with Ken Bishop, CEO of NASBA. Mr. Bishop listened to all the points presented along with the concerns of the 150-credit rule by Mr. Geltrude. Mr. Bishop asked for a solution that would not negatively impact the substantially equivalency between the states but could also address the concerns within the profession. Mr. Geltrude suggested an alternative path to 150 credits that includes paid internships offered at accredited colleges and universities whereby students could earn their final 30 credits. The result would be that students could cover the cost of the additional 30 credits while getting real life experience in the accounting profession. This would not replace the current 150-credit hours achieved through classroom learning but would offer an alternative path that would be more cost effective for students. Mr. Bishop expressed interest in exploring such an alternative.

Mr. Geltrude then had another conversation with Mr. Bishop and Barry Melancon, CEO of the AICPA. A similar conversation took place whereby the concept of colleges and universities offering 30 credits for internships that follow a 120-credit hour accounting degree. It was agreed that the idea should be explored further and that perhaps a New Jersey university would be interested in creating a pilot program.

Mr. Geltrude remained in contact with Mr. Bishop and also spoke to Mike Fritz, Chairman of the Board of NASBA. NASBA acknowledged that New Jersey is not the only state that is reviewing this issue, including considering going back to 120-credit hours. The matter is gaining more attention and changes need to be made. The suggestion was that New Jersey work together with NASBA as the lead state to come up with a solution so that then the rest of the states may be encouraged to adopt the solution that all states can follow. The solution is for substantial equivalency to remain intact, eliminate the barrier to entry into the accounting profession by providing economic relief for students, allow firms to

provide structured internships conducive to learning, gaining valuable experience and ultimately becoming a CPA.

Mr. Geltrude approached board member and 150-credit hour committee member Eileen Poiani to inquire whether Saint Peter's University would be interested in such a pilot program. Dr. Poiani is a professor at St. Peter's University in Jersey City, NJ.

A series of meetings took place between Mr. Geltrude and members of the St. Peter's faculty and university leadership to gauge interest in and feasibility of an "internship for 30 credits" pilot program. The university has similar programs and ultimately determined that this program was worth developing.

Mr. Geltrude then approached board member and 150-credit hour committee member Sara DeSmith to inquire whether PWC would be interested in developing a pilot program with St. Peter's University. Ms. DeSmith is a partner at PWC and made inquiries with PWC leadership. PWC has similar "paid internship/work for credit" programs and ultimately determined that a full 30 credit program was worth developing with St. Peter's.

The outcome the committee seeks is to provide an alternate path for students to the 150-credit hour CPA licensure requirement. This alternative path would not be a replacement for the 150 credit hours in the classroom, it would be in addition to what currently exists. Ultimately, the committee seeks to remove any potential barrier to entry that the additional 30 credit hours may present to the CPA profession and create a fair and level playing field for accounting students from all economic backgrounds. At the same time, the internship program would have to be designed so that accounting firms of all sizes could ultimately participate. The internship would also not be limited to just public accounting firms. Companies in private industry, not-for-profit organizations and governmental agencies should be permitted to participate as well.

On March 1, 2022, Mr. Geltrude and Ms. DeSmith attended an in-person meeting (NJ State Steering Committee) with the managing partners of the Big 4 accounting firms to present the concept of the pilot program between St. Peter's and PWC. All the firms were very interested in the idea and expressed an interest in being able to participate in internship programs that would provide 30 credit hours.

Also on March 1, 2022, Mr. Geltrude, Ms. DeSmith, and Dr. Eileen Poiani participated in a zoom meeting with representatives from PWC and St. Peter's to initiate discussions of the pilot program. This was the beginning of the dialogue for how an internship program could be designed to provide students with a learning experience that would meet the requirements of the university and provide valuable work experience at the same time. Subsequent meetings

took place between the two organizations with the intention of the pilot program going into effect for the Fall 2022 semester.

It is important to note that no regulatory or statutory changes would be required to implement the pilot program. In other words, any college could adopt it and work out an internship program with any firm/company. The State Board of Accountancy would not be involved in determining how credits are granted. The universities completely control the development and acceptance of a course curriculum and skills rubric that will meet their standards for granting credits to students - whether it is in the classroom, online, through internships or any other program or format.

On April 21, 2021, a zoom meeting took place of the 150 Credit Hour Exploratory Committee. Those in attendance were Dan Geltrude (chair), Sara DeSmith, Eileen Poiani, Ainsley Reynolds, Ralph Thomas (NJSCPA), Jeff Kaszerman (NJSCPA), and Deniz Applebaum (Accounting Dept. Chair at Montclair State). The committee discussed the status of the pilot program and its ultimate objectives.

On a motion made by Sara DeSmith, seconded by John Dailey, the Board voted to publicly acknowledge that the Board will accept toward the 150 credit hour licensure requirement, any academic credits granted by an accredited university or college in connection with a "Work for Credit" program. Further, it is expected that such Work for Credit programs shall count toward the one year of intensive and diversified experience in the practice of public accounting' requirement under NJAC 13:29-1A.3(e) and (f). The vote of the Board was unanimous.

VIII Public Comments

No members of the public commented.

The Board unanimously voted to adjourn the Public Session meeting at 10:12 A.M. to reconvene in Executive Session to discuss five Old Business matters, one Statement of Experience Review, two Extension Requests and three Consumer Complaints.

Respectfully submitted,

Michela Ross
Executive Director