

Office of Regulatory Management
Economic Review Form

Agency name	Virginia Board of Accountancy
Virginia Administrative Code (VAC) Chapter citation(s)	18VAC5-22
VAC Chapter title(s)	Board of Accountancy Regulations
Action title	Amendments to Education, Experience, and Substantial Equivalency Requirements
Date this document prepared	July 29, 2025
Regulatory Stage (including Issuance of Guidance Documents)	Final stage

Cost Benefit Analysis

Complete Tables 1a and 1b for all regulatory actions. You do not need to complete Table 1c if the regulatory action is required by state statute or federal statute or regulation and leaves no discretion in its implementation.

Table 1a should provide analysis for the regulatory approach you are taking. Table 1b should provide analysis for the approach of leaving the current regulations intact (i.e., no further change is implemented). Table 1c should provide analysis for at least one alternative approach. You should not limit yourself to one alternative, however, and can add additional charts as needed.

Report both direct and indirect costs and benefits that can be monetized in Boxes 1 and 2. Report direct and indirect costs and benefits that cannot be monetized in Box 4. See the ORM Regulatory Economic Analysis Manual for additional guidance.

Table 1a: Costs and Benefits of the Proposed Changes (Primary Option)

<p>(1) Direct & Indirect Costs & Benefits (Monetized)</p>	<p>Direct Costs: No direct monetary costs. The proposed regulations add an additional CPA licensure pathway for CPA candidates that decreases education requirements (decreases cost) and increases earnings through additional work experience.</p> <p>Indirect Costs: No indirect monetary costs. The proposed regulations only add an additional licensure pathway and do not remove or affect any current pathways.</p> <p>Direct Benefits: The additional licensure pathway can replace 30 credit hours of higher education with one year of work experience. The average cost per college credit hour is \$631.17:</p> <ul style="list-style-type: none"> • \$631.17 credit hour cost x 30 credit hours = \$18,935.10 savings per person <p>We expect at least one-third of new CPA candidates (400 out of 1,200 per year) to pursue this new pathway:</p> <ul style="list-style-type: none"> • \$18,935.10 savings per person x 400 new candidates = \$7,574,040 annual savings for new candidates <p>Indirect Benefits: The new licensure pathway requires one additional year of work experience (two years total) and a bachelor’s degree only (no additional education needed, unlike the other current pathways). The cost of at least an additional year of education (30 credit hours) can be replaced with one year of earnings through work experience.</p> <p>The average annual salary for a person with a bachelor’s degree only is \$80,236. We expect at least one-third of new CPA candidates (400 out of 1,200) to pursue this new pathway:</p> <ul style="list-style-type: none"> • \$80,236 annual earnings per person x 400 new candidates = \$32,094,400 annual earnings for new candidates 	
<p>(2) Present Monetized Values</p>	<p>Direct & Indirect Costs</p>	<p>Direct & Indirect Benefits</p>
	<p>(a) N/A</p>	<p>(b) \$7,574,040 annual savings and \$32,094,400 annual earnings for CPA candidates</p>

(3) Net Monetized Benefit	\$39,668,440
(4) Other Costs & Benefits (Non-Monetized)	Direct non-monetized cost for the agency is the time spent updating the agency website and licensing system software to include the new licensure pathway.
(5) Information Sources	www.bls.gov/emp/chart-unemployment-earnings-education.htm www.educationdata.org/average-cost-of-college/

Table 1b: Costs and Benefits under the Status Quo (No change to the regulation)

(1) Direct & Indirect Costs & Benefits (Monetized)	<p>Direct Costs: The agency risks legal costs associated with failing to align regulations with recent statutory changes.</p> <p>Indirect Costs: The cost of additional education (at least 30 credit hours in addition to a bachelor’s degree) will remain a significant barrier to entry into the CPA profession. Using the “direct benefits” calculation from Table 1a, CPA candidates will continue to spend at least \$7,574,040 annually on additional education.</p> <p>Direct Benefits: No direct monetary benefits.</p> <p>Indirect Benefits: No indirect monetary benefits.</p>	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a) \$7,574,040	(b) N/A
(3) Net Monetized Benefit	N/A	
(4) Other Costs & Benefits (Non-Monetized)	Direct non-monetized costs include confusion and lack of clarity among CPA candidates regarding licensure pathways. Benefits include maintaining a nationally recognized substantially equivalent pathway to CPA licensure.	
(5) Information Sources	N/A	

Table 1c: Costs and Benefits under Alternative Approach(es)

(1) Direct & Indirect Costs & Benefits (Monetized)	No direct/indirect monetary costs/benefits are known. Per state code, the agency has authority to determine what qualifies as acceptable experience and education for CPA licensure (as carried out in 18VAC5-22-70 and 18VAC5-22-100). Considerations are being made to refine these requirements in the future.	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a) N/A	(b) N/A
(3) Net Monetized Benefit	N/A	
(4) Other Costs & Benefits (Non-Monetized)	N/A	
(5) Information Sources	N/A	

Impact on Local Partners

Use this chart to describe impacts on local partners. See Part 8 of the ORM Cost Impact Analysis Guidance for additional guidance.

Table 2: Impact on Local Partners

(1) Direct & Indirect Costs & Benefits (Monetized)	No direct/indirect monetary costs/benefits are known.	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a) N/A	(b) N/A
(3) Other Costs & Benefits (Non-Monetized)	Local colleges and universities might see a decrease in the number of post-graduate accounting students enrolled (although this is difficult to determine).	
(4) Assistance	N/A	

(5) Information Sources	N/A
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Impacts on Families

Use this chart to describe impacts on families. See Part 8 of the ORM Cost Impact Analysis Guidance for additional guidance.

Table 3: Impact on Families

(1) Direct & Indirect Costs & Benefits (Monetized)	<p>Direct Costs: No direct monetary costs. The new licensure pathway should decrease family costs and increase family earnings by replacing additional education with additional work experience.</p> <p>Indirect Costs: No indirect monetary costs.</p> <p>Direct Benefits: Through the new licensure pathway, CPA candidates can begin working and earning money more quickly after college, instead of pursuing additional education under the alternative pathways.</p> <p><i>Below are direct and indirect benefits copied from Table 1a:</i></p> <p>Direct Benefits: The additional licensure pathway can replace 30 credit hours of higher education with one year of work experience. The average cost per college credit hour is \$631.17:</p> <ul style="list-style-type: none"> • \$631.17 credit hour cost x 30 credit hours = \$18,935.10 savings per person <p>We expect at least one-third of new CPA candidates (400 out of 1,200 per year) to pursue this new pathway:</p> <ul style="list-style-type: none"> • \$18,935.10 savings per person x 400 new candidates = \$7,574,040 savings per year for new candidates <p>Indirect Benefits: The new licensure pathway requires one additional year of work experience (two years total) and a bachelor’s degree only (no additional education needed, unlike the other pathways). The cost of at least an additional year of education (30 credit hours) can be replaced with one year of earnings through work experience.</p> <p>The average annual salary for a person with a bachelor’s degree only is \$80,236. We expect at least one-third of new CPA candidates (400 out of 1,200) to pursue this new pathway:</p>
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	<ul style="list-style-type: none"> \$80,236 annual earnings per person x 400 new candidates = \$32,094,400 annual earnings for new candidates 	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a) N/A	(b) \$7,574,040 annual savings and \$32,094,400 annual earnings for families
(3) Other Costs & Benefits (Non-Monetized)	N/A	
(4) Information Sources	www.bls.gov/emp/chart-unemployment-earnings-education.htm www.educationdata.org/average-cost-of-college/	

Impacts on Small Businesses

Use this chart to describe impacts on small businesses. See Part 8 of the ORM Cost Impact Analysis Guidance for additional guidance.

Table 4: Impact on Small Businesses

(1) Direct & Indirect Costs & Benefits (Monetized)	<p>Indirect Benefits: Small businesses may have a larger number of accounting professionals (who are still pursuing a CPA license) available to employ, potentially expanding the talent pool, strengthening the workforce, and increasing business profits (although a specific monetary value is difficult to determine).</p> <p>No other direct/indirect monetary costs/benefits are known.</p>	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a) N/A	(b) N/A
(3) Other Costs & Benefits (Non-Monetized)	N/A	
(4) Alternatives	N/A	

(5) Information Sources	N/A
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Changes to Number of Regulatory Requirements

Table 5: Regulatory Reduction

For each individual action, please fill out the appropriate chart to reflect any change in regulatory requirements, costs, regulatory stringency, or the overall length of any guidance documents.

Change in Regulatory Requirements

VAC Section(s) Involved*	Authority of Change	Initial Count	Additions	Subtractions	Total Net Change in Requirements
18VAC5-22-70	(M/A):	0	0	0	0
	(D/A):	0	0	0	0
	(M/R):	0	0	0	0
	(D/R):	2	0	1	-1
18VAC5-22-100	(M/A):	0	0	0	0
	(D/A):	0	0	0	0
	(M/R):	0	0	0	0
	(D/R):	1	0	0	0
18VAC5-22-110	(M/A):	0	0	0	0
	(D/A):	0	0	0	0
	(M/R):	0	0	0	0
	(D/R):	0	0	0	0
18VAC5-22-120	(M/A):	0	0	0	0
	(D/A):	0	0	0	0
	(M/R):	0	0	0	0
	(D/R):	1	0	0	0
Grand Total of Changes in Requirements:					(M/A): 0
					(D/A): 0
					(M/R): 0
					(D/R): -1

Key:

Please use the following coding if change is mandatory or discretionary and whether it affects externally regulated parties or only the agency itself:

(M/A): Mandatory requirements mandated by federal and/or state statute affecting the agency itself

(D/A): Discretionary requirements affecting agency itself

(M/R): Mandatory requirements mandated by federal and/or state statute affecting external parties, including other agencies

(D/R): Discretionary requirements affecting external parties, including other agencies

Cost Reductions or Increases (if applicable)

VAC Section(s) Involved*	Description of Regulatory Requirement	Initial Cost	New Cost	Overall Cost Savings/Increases
18VAC5-22-70	Education beyond a bachelor’s degree is no longer required.	\$7,574,040 annually for additional education	\$0 (no additional education)	\$7,574,040 annual savings
18VAC5-22-100	Additional work experience replaces additional education, thereby decreasing education costs and increasing earnings.	\$7,574,040 annually for additional education	\$0 for additional education \$32,094,400 in profit from work earnings	\$32,094,400 in profit from work earnings

Other Decreases or Increases in Regulatory Stringency (if applicable)

VAC Section(s) Involved*	Description of Regulatory Change	Overview of How It Reduces or Increases Regulatory Burden
18VAC5-22-70	Education beyond a bachelor’s degree is no longer required.	Reduced barrier to entry into the CPA profession. CPA candidates can begin working and earning money more quickly after college, while still pursuing a CPA license, instead of obtaining additional education, as previously required.
18VAC5-22-100	Additional work experience (earnings) replaces additional education (cost).	CPA candidates can enter the workforce earlier, creating a larger number of accounting professionals available to be employed (while still pursuing a CPA license), potentially expanding the talent pool, strengthening the workforce, and increasing business profits.

Length of Guidance Documents (only applicable if guidance document is being revised)

Title of Guidance Document	Original Word Count	New Word Count	Net Change in Word Count
N/A	N/A	N/A	N/A

*If the agency is modifying a guidance document that has regulatory requirements, it should report any change in requirements in the appropriate chart(s).