Pathways Commission Update

Charting a National Higher Education Strategy for the Next Generation of Accountants

Sponsored by the American Accounting Association (AAA) and the American Institute of CPAs (AICPA)

Accounting Programs Leadership Group/
Federation of Schools of Accountancy Meeting

February 2012
Official Statements

• All views presented today are based on draft considerations do not reflect the final official views of the Pathways Commission, our organizations, AAA, or AICPA.

American Accounting Association

AICPA®
American Institute of CPAs
Pathways Website

• These slides will be posted on the Pathways Commission website:

Pathwayscommission.org

• We encourage everyone to add to and follow the discussion and dialog on accounting education change at. Please add your input.
In 2008, the U.S. Department of Treasury Advisory Committee on the Auditing Profession (ACAP) made a number of recommendations. Part VI. Human Capital recommendation #5 was:

- “Encourage the AICPA and the AAA jointly to form a commission to provide a timely study of the possible future structure of higher education for the accounting profession.”
Pathways Commission Objective

To study the future structure of higher education for the accounting profession (broadly defined), and develop recommendations for educational pathways to engage and retain the strongest possible community of students, academics, practitioners and other knowledgeable leaders in the practice and study of accounting.
Sponsoring Committee

• **AAA – Gary Previts**, Case Western Reserve University, Former AAA President
• **AAA – Tracey Sutherland**, Executive Director
• **AICPA – Denny Reigle**, Former Director Academic and Career Development Team
• **AICPA – George Krull**, Grant Thornton (Retired)
Pathways Commissioners

- **Bruce Behn** - Chair (University of Tennessee)
- **Bill Ezzell** (Deloitte)
- **Leslie Murphy** (Murphy Consulting, Inc.)
- **Judy Rayburn** (University of Minnesota)
- **Jerry Strawser** (Texas A&M University)
- **Mel Stith** (Syracuse University)
## Supply Chain Organizations

<table>
<thead>
<tr>
<th>Supply Chain 1</th>
<th>Supply Chain 2</th>
<th>Supply Chain 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Santa Fe College</td>
<td>U. of Rhode Island</td>
<td>North Carolina State U.</td>
</tr>
<tr>
<td>Ernst &amp; Young</td>
<td>KPMG Foundation</td>
<td>PricewaterhouseCoopers</td>
</tr>
<tr>
<td>Wake Forest University</td>
<td>Dixon Hughes Goodman PLLC</td>
<td>Bailiwick Data Systems</td>
</tr>
<tr>
<td>Belmont University</td>
<td>Almonte Group LLC</td>
<td>Citigroup Global Markets</td>
</tr>
<tr>
<td>Austin Comm. College</td>
<td>Univ. of Arkansas</td>
<td>Univ. of Memphis</td>
</tr>
<tr>
<td>Kansas State Univ.</td>
<td>Arizona State Univ.</td>
<td>FSA</td>
</tr>
<tr>
<td>DeVry University</td>
<td>Creighton University</td>
<td>AACSB</td>
</tr>
<tr>
<td>National Business Education Association</td>
<td>Financial Executives International</td>
<td>NASBA</td>
</tr>
<tr>
<td>Colorado State Univ.</td>
<td>Association of Government Accts.</td>
<td>Institute of Management Accountants</td>
</tr>
<tr>
<td>Beta Alpha Psi</td>
<td>National Association of Black Accountants</td>
<td>Institute of Internal Auditors</td>
</tr>
<tr>
<td>Colorado State Society</td>
<td>Assoc. of Latino Professionals in F&amp;A</td>
<td>Minnesota State Board</td>
</tr>
</tbody>
</table>
## Supply Chain Representatives

<table>
<thead>
<tr>
<th>Supply Chain 1</th>
<th>Supply Chain 2</th>
<th>Supply Chain 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Susan Crosson (L)</td>
<td>Mark Higgins (L)</td>
<td>Scott Showalter (L)</td>
</tr>
<tr>
<td>Ken Bouyer</td>
<td>Bernard J. Milano</td>
<td>Holly Paul</td>
</tr>
<tr>
<td>Jack Wilkerson</td>
<td>Larry Evans</td>
<td>Bill Travis</td>
</tr>
<tr>
<td>Del DeVries</td>
<td>Ernie Almonte</td>
<td>Steve Young</td>
</tr>
<tr>
<td>Tracie Nobles</td>
<td>Karen Pincus</td>
<td>Carolyn Callahan</td>
</tr>
<tr>
<td>Dan Deines</td>
<td>Harriet Maccracken</td>
<td>Martha Doran</td>
</tr>
<tr>
<td>Beth Rescigno</td>
<td>Jack Krogstad</td>
<td>Jan Williams</td>
</tr>
<tr>
<td>Madge Gregg</td>
<td>Robert Walker</td>
<td>Melanie Thompson</td>
</tr>
<tr>
<td>Margarita Lenk</td>
<td>Jeanette Franzel</td>
<td>Dave Burritt</td>
</tr>
<tr>
<td>Cindy Cruz</td>
<td>Gregory Johnson</td>
<td>Paul Sobel</td>
</tr>
<tr>
<td>Mary Medley</td>
<td>Manny Espinoza</td>
<td>Kate Mooney</td>
</tr>
</tbody>
</table>
Supply Chain Leaders

• Supply Chain #1—Susan Crosson, (Santa Fe College/Emory University)

• Supply Chain #2—Mark Higgins, (University of Rhode Island)

• Supply Chain #3—Scott Showalter, (Retired KPMG partner and N.C. State University)
A Collaborative Process

• Information gathering and sharing to level-set all participants
• Development of key questions for exploration
• Build-out of perspectives on key issues
• Leading to implementable recommendations
A Collaborative Structure

- Three Supply Chains each to focus on several different aspects of the challenges
- Work Groups emerged within and across the three Supply Chains
- Pathways website (pathwayscommission.org)
- Conferences
- Webinars
Feedback Received from Presentations by Members of the Pathways Commission

- AAA 2010 Annual Meeting San Francisco
- TSCPA Accounting Education & Career Awareness Meeting
- Tennessee Accounting Educators Conference
- AAA 2010 Northeast Region Meeting
- 2010 AICPA Fall Council Meeting
- AAA 50th Anniversary Midwest Region Meeting
- NASBA 2010 Annual Meeting
- Michigan Association of CPAs Educators Conference
- AAA November 2010 Executive Council Meeting
- AICPA Board of Directors Meeting
- Accounting Sponsoring Organizations
- 2011 Maryland Accounting Educators Conference
- 2011 AICPA Board of Directors Meeting
- 2011 AAA FARS and IAS Section Meetings
- 3rd Annual On-Line TLC Section Midyear Meeting
- 2011 APLG/FSA Annual Meeting
Feedback Received from Presentations by Members of the Pathways Commission

- 2011 South Carolina Association of Accounting Educators
- Tennessee High School Educators’ Symposium
- NASBA CPE Conference
- AAA 2011 Southwest Region
- AAA 2011 Southeast Regional
- AAA 2011 Mid-Atlantic Region Meeting
- AAA 2011 Western Region Meeting
- Indiana CPA Society’s
- 2011 Educators Conference
- Michigan Association of CPAs Spring Advisory Forum
- AAA 2011 Ohio Region Meeting
- AAA 2011 Annual Meeting - Denver
- 2011 TACTYC – Keynote Speaker
- AICPA Spring Council Meeting
- 2011 Virginia Society of CPAs Educators’ Symposium
- CPE Society Executives Interchange Conference
- 2011 47th Annual Meeting of Southeastern Chapter of INFORMS
Spanning the Country

AAA Meetings
AICPA meetings
Other meetings
Historical Context for Changes in Accounting Education

• Building on the shoulders of
  – Horizons 1967
  – Bedford 1986

• “The Activities of the Pathways Commission and the Historical Context for Changes in Accounting Education” by Bill Black is forthcoming in *Issues in Accounting Education*
Preliminary Recommendations

Slides that follow present a preliminary overview of the recommendations of the Pathways Commission and are supplemented by specific actions included in the draft report.

The verbiage contained in this presentation is based on draft documents that may change before final dissemination.
Recommendation

Build a learned profession for the future by purposeful integration of accounting research, education, and practice for students, accounting practitioners and educators.
Traditionally the “learned professions” have been comprised of law, medicine, and theology. Recently the field of engineering was included in a study of the professions by the Carnegie Foundation for the Advancement of Teaching.
Does accounting warrant this classification as well?

Strong linkages between
• research and practice,
• practice and education, and
• education and research
are key to sustaining an intellectually recognized profession.
Recommendation

Develop mechanisms to meet future demand for faculty by unlocking doctoral education via flexible pedagogies in existing programs, and by exploring alternative pathways to terminal degrees that align with institutional missions and accounting education and research goals.
Shortage of Faculty

With a shortage of full-time tenure track faculty anticipated, changes arising in structures and financial support in colleges and universities, and trends emerging in the make-up of accounting faculties and programs, new models are emerging to meet the demand for accounting education. Going forward, flexibility, attention to quality, and exploration of new pathways will be essential to maintaining the relevance and delivery of high quality accounting education and sustaining vital accounting research.
Recommendation

Reform accounting education so that teaching is respected and rewarded as a critical component to achieving each institution’s mission.
Why is Reform Needed?

With growing pressure for institutional, college and program competition, both formal and informal reward structures have evolved, too often, to advantage the work and accomplishments of research over those of teaching. Without finding a better balance in recognizing faculty contributions, the academy will not be able to effectively meet the challenges and opportunities of the future - in higher education or the accounting profession.
Accounting educators’ dedication to research is in every way central to our enterprise – to education, to practice. This recommendation is focused on meaningful actions to balance the goals of education – creating value in teaching students, conducting research, and engaging practice. It is not a question of making a choice between, but rather finding meaningful ways to encourage and reward both.
Recommendation

Develop curriculum models, engaging learning resources, and mechanisms for easily sharing them as well as enhancing faculty development opportunities to sustaining a robust curriculum.
Why new curricular models?

• Accounting is a vibrant, rapidly changing profession.
  – Global
  – Technology plays an increasingly prominent role.
• A new generation of students
  – Comfort with technology
  – Need experiences connected to core concepts and emerging questions from practice and scholarship
  – Preparing them to bring new understandings to bear on critical questions and problems of accounting thought and practice.
• Accounting programs
  – Look similar
  – Have evolved with limited commitment or agreement about core learning objectives
• Vital accounting programs, courses and learning environments need systematic attention to foundations for curriculum and pedagogy and opportunities for renewal for accounting educators.
Recommendation

- Improve the ability to attract high-potential, diverse entrants into the profession.
How can we attract these students?

• Significantly improve perceptions of the study of accounting and career opportunities in accounting
• Revise the first course in accounting, promote accounting AP courses in high school, better connectivity with community colleges, etc.
Recommendation

Create mechanisms for collecting, analyzing and disseminating information about the current and future markets for accounting professionals and accounting faculty.
Need Coordinated Efforts

Rational planning requires accurate and current information about the number of accounting professionals and faculty members employed as well as realistic projections of the future demand for faculty members and accounting professionals. Today, many more opportunities exist to capture, analyze and utilize data in critical decision making relevant to the future of the accounting profession. This recommendation includes actions to improve the ability of the profession to understand and predict current and future needs for the profession.
Recommendation

Convert thought to action by establishing an implementation process to address these and future recommendations by creating structures and mechanisms to transition accounting change efforts from episodic events to a continuous, sustainable process.
Rationale

Thoughtful colleagues from our academic and practice communities have come together numerous times over the years to examine issues and opportunities in accounting education and practice. Their recommendations and initiatives supported periods of renewal and pockets of innovation, but periodic efforts have not successfully created structures to sustain ongoing renewal to support vibrant accounting programs and practice environments.
Who said this and when?

There is one major problem confronting the accounting profession that will occupy the attention of the administration of the Association [Association of University Instructors in Accounting] this year. The avenues of entry into the practice of accounting are not clearly defined... It seems to me that the time has come for the practitioners and the teachers of accounting to attack this problem with a view to establishing a relationship that compares with other professions such as law, medicine, and engineering.
Who said this and when?

There is one major problem confronting the accounting profession that will occupy the attention of the administration of the Association of University Instructors of Accounting this year. The avenues of entry into the practice of accounting are not clearly defined. It seems to me that the time has come for the practitioners and the teachers of accounting to attack this problem with a view to establishing a relationship that compares with other professions such as law, medicine, and engineering.

Stevenson, R. A. “Avenues of Entry to the Accounting Profession.” The Accounting Review 6, no. 2 (1931); 140–141.
Other Outputs

- Bill Black’s IAE Forthcoming Article – “The Activities of the Pathways Commission and the Historical Context for Changes in Accounting Education”
- Value Proposition
- Signature Pedagogy
- Competency Listing
Next Steps

• Final Report targeted for March/April 2012
• Implementation planning now in process
Thank You

Final Report Expected March/April 2012

http://pathwayscommission.org