

Pathways Commission

**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)

NASBA 2010 Annual Meeting, San Antonio, Texas

Official Statement

- ▶ All views presented today are our own and do not reflect the official views of the Pathways Commission, our organizations, AAA, or AICPA.

The Role of Accounting in Society is More Important Than Ever

- ▶ The accounting profession broadly defined, produces, analyzes, interprets, and prepares reports on financial and operational information and provides assurance on a subset of that information.
- ▶ This kind of information is essential to serve the information right of those who place their property at risk in our free enterprise capital market system.

The Role of Accounting in Society is More Important Than Ever

- ▶ As Walter Wriston has observed: “Information about money is almost as important as money itself.”
- ▶ As Norm Augustine pointed out “Accounting information is critical to our U.S. standard of living.”

Challenges Ahead

- ▶ Globalization of business and markets
- ▶ Escalating complexity of business
- ▶ Lack of financial literacy
- ▶ High profile frauds eluding regulatory scrutiny
- ▶ Increasingly sophisticated technology systems integral to reliable data
- ▶ Increasing need for fair value estimates, predictive information, and use of non-financial information

Pathways Commission (AAA and AICPA)

5

Our Challenges and Opportunities on Campus

- ▶ Some Challenges (there are many)
- ▶ Business schools see accounting as ancillary (e.g., service area supporting MBA) rather than centrally important
- ▶ Ph.D. shortage
- ▶ Opportunities
- ▶ Strong interest from the practice community in being involved on campus
- ▶ ADS and some alternative Ph.D.-type models

Pathways Commission (AAA and AICPA)

6

More Challenges are Coming!!

- ▶ Higher Education?: How Colleges Are Wasting Our Money and Failing Our Kids---and What We Can Do About It

by Andrew Hacker and Claudia Dreifus
(Hardcover – Aug. 3, 2010)

Pathways Commission (AAA and AICPA)

7

Wall Street Journal (August 2, 2010) book review by Mark Bauerlein

- ▶ Higher education may be heading for a reckoning.
- ▶ Over the past 30 years, the average cost of college tuition and fees has risen 250% for private schools and nearly 300% for public schools (in constant dollars). The salaries of professors have also risen much faster than those of other occupations.

Pathways Commission (AAA and AICPA)

8

**We need to be thought leaders to
take on these challenges -
what can we do?**

Pathways Commission



U.S. Treasury Recommendation

- ▶ 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 meet these challenges we need to develop strategies and then structures to ensure that we have an adequate supply of the best, diverse talent to sustain the accounting profession, broadly defined, over the long-term.

These strategies and structures may include (at a minimum):

- ▶ (1) Developing the interest of those students with the potential to excel in careers in the accounting profession;

These strategies and structures may include (at a minimum):

- ▶ (2) Incorporating a challenging higher education experience that leads to higher levels of financial literacy, with academicians who incorporate effective, practical and conceptual teaching approaches, curriculum that evolves with the changing needs of the business world, and research vital to the progression of the discipline and practice of accounting;

These strategies and structures may include (at a minimum):

- ▶ (3) Including systems in the workplace dedicated to experiential learning and on-the-job training post graduation, as well as continuous learning models for all professionals; and

These strategies and structures may include (at a minimum):

- ▶ (4) Supporting professional employment practices that are dedicated to sustaining professionals for the long-term through world-class training and development, career opportunities and innovative workplace culture.

Key Pathways Commission Characteristics

- ▶ To include the many individuals who are engaged in the practice of accounting, filling a wide range of positions in the public (e.g., CPAs), private, not-for-profit and government sectors of our economy.
- ▶ Unique “Supply Chain” focus

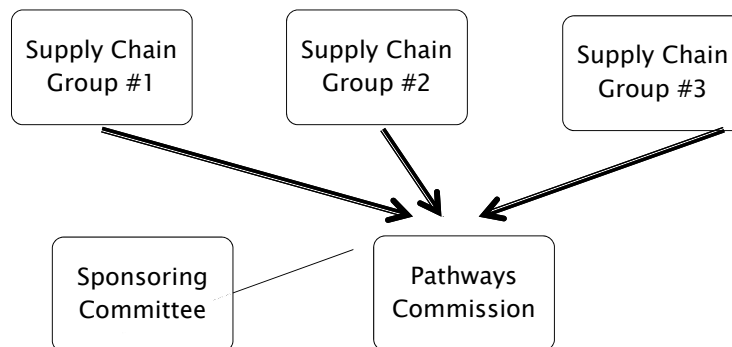
Key Pathways Commission Characteristics

- ▶ No preconceived solutions. We intend to approach this task by seeking input from a variety of stakeholders in the accounting education, accounting practice and related communities and synthesize that input into a cohesive set of recommendations that can be implemented.
- ▶ Commission's efforts are structured to continue into the future.

Pathways Commission Phased Approach

- ▶ Stage 1 - Identify current and future issues and develop initial recommendations of how to resolve them.
- ▶ Stage 2 - Operationalize recommendations and obtain funding.

Structure of Pathways Commission



Pathways Commission (AAA and AICPA)

19

Supply Chain Leaders

- ▶ Supply Chain #1 --- Susan Crosson,
(Santa Fe College)
- ▶ Supply Chain #2 --- Mark Higgins,
(University of Rhode Island)
- ▶ Supply Chain #3 --- Scott Showalter,
(Retired KPMG partner and
N.C. State University)

Pathways Commission (AAA and AICPA)

20

Supply Chain Organizations

Supply Chain 1	Supply Chain 2	Supply Chain 3
Ernst & Young	KPMG Foundation	PricewaterhouseCoopers
Wake Forest University	Dixon-Hughes	Bailiwick Data Systems
Belmont University	DiSanto, Priest & Co.	CitiGroup
Austin Comm. College	Univ. of Arkansas	Univ. of Memphis
Kansas State Univ.	Arizona State Univ.	FSA
DeVry University	Creighton University	AACSB
National Business Education Association	Financial Executives International	NASBA
Colorado State Univ.	Association of Government Accts.	Institute of Management Accountants
Beta Alpha Psi	National Association of Black Accountants	Institute of Internal Auditors
Colorado State Society	Assoc. of Latino Professionals in F&A	Minnesota State Board

Pathways Commission (AAA and AICPA)

21

Supply Chain Representatives

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

Pathways Commission (AAA and AICPA)

22

Overall Pathways Statistics

- ▶ 639 Years of Practice Experience
- ▶ 585 Years of Education Experience

- ▶ Many people wear different hats (examples)
- ▶ Ernie Almonte, past AICPA chair, former Rhode Island Auditor General, now DiSanto, Priest & Co.
- ▶ Jack Krogstad, Creighton University, former Academic Fellow at the Office of the Chief Accountant

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)

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)

Proposed Timetable

- ▶ First official Pathways meeting, October, 15, 16, 17 (Washington D.C.)
- ▶ Public Meeting, February 26 (Atlanta)
- ▶ Final Stage 1 final recommendations completed, November 2011
- ▶ Stage 2 development process begins, December 2011

Need Your Input

- ▶ Send your input via the Pathways Commission space:
- ▶ <http://pathwayscommission.org>
- ▶ Or send your input to Bruce Behn (bbehn@utk.edu)