

# The Accounting Education Change Commission: Its History and Impact

## Chapter 4 THE GRANT PROGRAM

Because of the high respect for the members of the Commission throughout its life, positions taken by the Commission were sure to receive attention. But money speaks louder than words, and the Commission's grant program attracted the most notice. About 60 percent of the Commission's initial \$4 million budget was set aside for grants to colleges and universities that proposed significant changes in their accounting programs.

The Commission was authorized to make grants by the following provisions of the Memorandum of Understanding:

1. The Commission is authorized to award grants to departments or schools of accounting, colleges, and universities subject to the following limitations:
  - a. All grants must be intended to further the Objectives and AAA Charge.
  - b. Grants should be directed to achieve the broadest possible impact upon the programs of the recipient institutions. Evidence of institutional support and/or concurrent authorization for a specific proposal is desirable. Grants should not be awarded to individuals.
  - c. The maximum grant to a single institution shall be \$250,000.
  - d. Grants shall not fund institutional overhead.
2. The Commission shall offer grants on a competitive basis, shall determine grant criteria, publish and broadly disseminate a grant prospectus setting forth the proposal requirements and grant criteria, establish a deadline for the receipt of proposals, evaluate and rank proposals, negotiate terms with selected proposers, and enter into grant contracts. Such contracts shall provide for percentage-of-completion payments, based upon clearly defined benchmarks with a retainage of at least 10 percent until successful completion of the grant terms.
3. The Commission shall monitor grants to encourage successful outcomes.

At the Commission's first meeting, two of these provisions were questioned. First, several members felt that innovation more often comes from individuals than from institutions. Further, they believed that certain types of schools would not be able to develop buy-in by an entire faculty, thereby prohibiting participation in the grant program. Thus, they wanted to set aside a small percentage of the available funds for grants to individuals. The Commission decided that the focus on *implementation* of changes required institutional commitment, and therefore restricting grants to institutions was appropriate. Second, some questioned the restriction on paying overhead because it would preclude smaller schools from applying. Because making exceptions would jeopardize the overhead-free arrangements with other institutions, the Commission agreed with the no-overhead clause. The other provisions were accepted without extensive discussion.

### Issuing the Request for Proposals

The Commission moved quickly in setting up the grant program. Before the Commission's first meeting, the Executive Director was instructed to prepare a draft Request For Proposals (RFP). At the first meeting the RFP was revised, and on November 1, 1989, the RFP was approved. It was mailed on November 20, with a submission date for proposals of February 1, 1990. At the same meeting the Commission announced a second round of submissions due December 1, 1990.

This speed was criticized by Barefield (1991, 310):

The AECC moved too quickly to implement its grants program....[T]he full academic community was not adequately involved in the program....Under these conditions, 10 weeks is too short a time period to allow for the full development of "sweeping change"

proposals.

He also criticized the selection procedure because it did not include a site visit before making a grant, a process that would also have slowed down the process. While the Commission's operating procedures allowed for site visits if needed, no site visits were undertaken.

Barefield's (1991) criticisms had some validity. The first round of grants was biased in favor of schools that had already put thought into program revisions. Many major accounting programs elected to not submit proposals rather than submit ones that were not fully developed. This was mitigated somewhat by the second round when several highly ranked programs submitted proposals. Nevertheless, programs tended to be left out of the process if they had not started to develop program revisions and were so large that quickly gaining faculty consensus was difficult. Further, the absence of site visits limited the Commission's ability to judge the extent of commitment to the proposal and the ability to successfully implement it. With hindsight, I believe that fewer than 20 percent of the grants would have gone to different programs if site visits had been included.

The Request For Proposals is shown in its entirety in exhibit 4-1. It was mailed to Presidents and Business School Deans of AACSB-member schools and to all Accounting Department Heads and Deans of Schools of Accountancy identified in the 1989 *Accounting Faculty Directory*. The most significant provisions of the RFP were:

- Proposed changes must be consistent with the Bedford Committee report and the Big 8 White Paper. Although Barefield (1991, 309), among others, believed that that the White Paper was "too....untested a foundation on which to build sweeping educational change," the Commission never wavered in its application of this criterion.
- Preference was given to proposals for comprehensive change throughout the curriculum and proposals for changes in individual courses were discouraged. The Commission believed that past attempts at changing the introductory accounting curriculum failed because the changes did not affect upper-level accounting courses.
- Proposals had to include a plan to measure the success of the project. This proved to be an elusive goal, and the Commission devoted special attention to the issue as described in chapter 8.
- Program changes should be transferable to other institutions. This criterion was one of the main factors separating the more successful grant projects from the less successful.
- The institution should show commitment to the project, preferably by cost sharing. To achieve maximum benefit from limited funds, the Commission tried to leverage its dollars.

In examining the distribution list for the RFP, it became clear to the Commission that one important type of institution had been ignored—the two-year colleges. The immediate solution was to encourage four-year schools to partner with two-year schools when submitting proposals. As discussed later, a further response was to solicit proposals from two-year schools in a separate round of funding.

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## **EXHIBIT 4-1**

### **Accounting Education Change Commission**

#### **REQUESTS FOR PROPOSALS**

The Accounting Education Change Commission (AECC) announces a program to award grants to departments or schools of accounting, colleges, and universities. The purpose of the grant program is to foster changes in the academic preparation of accountants consistent with the goal of improving their capabilities for successful professional accounting careers. These capabilities are described in the Sponsoring Firms' White Paper, *Perspectives on Education: Capabilities for Success in the Accounting Profession*, and in the American Accounting Association report of the Committee on the Future Structure, Content and Scope of Accounting Education, both of which are available upon request from the Executive Director of AECC.

The total amount available for AECC grant programs over the five-year life of the Commission is slightly over \$2 million. It is generally expected that not more than \$1 million will be granted on the

first round.

1. Proposals for the first round of funding should be submitted by February 1, 1990. Proposals for the second round will be due December 1, 1990. Five (5) copies of the proposal should be submitted to:

Gary L. Sundem, Executive Director  
Accounting Education Change Commission  
365 Ericksen Avenue NE, Suite 327  
Bainbridge Island, WA 98110

2. The full proposal should be accompanied by an executive summary of no more than 3 pages. The maximum length of proposals, including appendices, should be 50 pages.
3. Proposals must be endorsed by departments or schools of accounting, colleges, or universities, and the appropriate academic officer. Official institutional support of the proposal should be described in the application. Proposals from a consortium of two or more institutions are acceptable; such proposals must have the endorsement of all involved institutions.
4. A project leader should be identified and the roles of all participants in the project should be specified. Qualifications, including relevant experience, of all individuals involved in the proposed project should be provided as part of the proposal.
5. Projects may extend well beyond one year. Therefore, proposals should break the total project into phases and allocate the requested funding to phases. Payments will be made on completion of each phase. Progress payments will be equal to 90 percent of the funds allocated to the completed phase; the remaining 10 percent will be paid upon completion of the entire project. Proposals must contain target dates for completing each phase of the project.
6. Not more than \$250,000 will be granted to any one project or any one college or university.
7. Grants shall not fund institutional overhead.

Grant proposals will be judged on their potential to foster desirable changes in the academic preparation of accountants. Grants are for IMPLEMENTING CHANGES. Proposals must address action plans for implementation; further study of curriculum changes is insufficient. Among the guidelines used to judge proposals are:

### **Purpose of the Projects**

- Goals and Objectives. Proposals shall have goals and objectives consistent with the recommendations of the *Report of the AAA Committee on the Future Content, Structure and Scope of Accounting Education* and *Perspectives on Education: Capabilities for Success in the Accounting Profession*.
- Potential for Success. Projects will be evaluated on the potential for the proposed activities to successfully accomplish the desired changes in the recipient institution(s).

### **Description and Scope**

- Description of Project Details. The project should be described in enough detail to allow an evaluation of its potential effectiveness. The description should include a discussion of the improvements sought and the proposed methods of achieving the project's objectives.
- Breadth of Potential Impact. Proposals for comprehensive changes in the academic program are preferred to proposals to implement changes in only portions of the curriculum. Proposals relating to single courses are discouraged.
- Creativity. Creative, innovative approaches will enhance a proposal's ranking.

### **Desired Results**

- Measurement of Success. Proposals should include methods for assessing the success of proposed changes. Recipients of grants should be willing to participate in broad measures of success that might be developed by the Commission.
- Transferability of Changes. The potential use of curriculum changes by other institutions is important. Proposals should address the potential for such transferability.

- Dissemination of Results. Proposals should include plans for communicating the results of the change activities to others, possibly including publications, symposia, conference presentations, etc.

### **Strategies and Timeline of Implementation**

- Implementation Strategy. Proposals should include a strategy for implementing proposed changes. Evaluation will include an assessment of the efficiency of the strategy.
- Timing. Proposals with early implementation activities have priority over proposals with delayed implementation.

### **Budget and Commitment**

- Benefit/Cost. Proposals promising the greatest potential benefit per dollar of funding have priority.
- Cost sharing. Proposals that include cost sharing, for example partial financial support such as release time from the institution, have higher priority.
- Institutional Commitment. A proposal's rank will be enhanced if it includes evidence that the administration of the proposing institution is committed to implementation of academic changes and will reward project participants for successful curriculum innovations.

The Commission will announce grant recipients by March 15, 1990. Executive summaries of winning proposals will be made available to the public.

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### **Selection of Proposals for Funding**

The first-round request for proposals generated 40 applications. The Commission's objective was to grant no more than one-half of the available funds on the first round. Requests for funding ranged from under \$100,000 to the \$250,000 maximum.











A screening committee consisting of the Commission Chairman, Executive Director, and four other Commission members evaluated all proposals. The committee divided proposals into three

categories: (1) those recommended for funding, (2) a set of proposals equal in dollar amount to those recommended for funding consisting of the highest ranked proposals not recommended for funding, and (3) the remaining proposals not recommended for funding. The proposals in the first two categories were ranked, and a summary evaluation of every proposal was prepared.











Commission members received executive summaries for all proposals and full proposals for any they requested. Proposals receiving a majority favorable vote of the Commission were funded.

To avoid conflicts of interest, Commission members refrained from participation in the development of proposals and did not participate in discussion or votes on any proposal in which it might be perceived that they had a personal interest. In addition, no one with a personal interest in any submitted project could be on the screening committee.

From the 40 submitted proposals, five were selected for funding: Brigham Young University, Kansas State University, University of Massachusetts Amherst, University of North Texas, and Rutgers University. AECC funding supplied an average of 35 percent of the resources required for these projects:

University	Total Budget	AECC Funding in \$	% AECC Funding
			
Brigham Young	\$435,000	\$250,000	57 %
Kansas State	384,000	249,500	65
Massachusetts	400,588	93,400	23
North Texas	1,057,034	243,198	19
Rutgers	501,500	140,500	28
			
Total	\$2,778,122	\$976,598	35 %
			

Fifty proposals were submitted by December 1, 1990 for the second round of funding. Using the same procedure as in the first round, the Commission selected five projects involving six universities: Arizona State University, University of Chicago, Universities of Illinois and Notre Dame (the only grant to a joint project involving two universities), North Carolina A&T State University, and University of Virginia. The \$1.16 million granted in the second round brought the total of the grants to approximately \$2.14 million:











University	Total Budget	AECC Funding in \$	% AECC Funding
			
Arizona State	\$650,000	\$250,000	38 %
Chicago	442,000	196,000	44
Illinois/Notre Dame	3,249,803	300,000	9
North Carolina A&T	297,000	165,000	56
Virginia	833,000	250,000	30
			
Net Total	\$5,471,803	\$1,161,000	21 %
			

The final phase of the grant program was grants to two-year colleges. The request for proposals with a submission deadline of January 15, 1992 had two main changes from that in exhibit 4-1. First, grants had a maximum amount of \$50,000 to any institution. Second, the grants were for "the academic preparation of students planning to transfer to accounting programs in four-year institutions." The breadth-of-potential-impact criterion was amended as follows:

Breadth of potential impact. Proposals should focus on the introductory accounting courses, commonly called principles of accounting but sometimes offered as separate financial and managerial accounting courses. However, other courses offered to transfer students may also be included in the proposal. Special attention should be given to articulation of transfer credits. Projects focused on teaching methods as well as curriculum content are encouraged.

Two grants totaling \$92,000 were made, one to Kirkwood Community College and one to Mesa

Community College:

Two-Year College	Total Budget	AECC Funding in \$	% AECC Funding
			
Kirkwood	\$100,699	\$50,000	50 %
Mesa	82,500	42,000	51
			
Total	\$183,199	\$92,000	50 %
			

### Characteristics of Funded Projects

I will not discuss the individual grant projects in this monograph. Descriptions of the original proposals were published in *Issues in Accounting Education* (Williams and Sundem 1990, 1991; Williams 1992c). Completed project summaries are in a monograph by Flaherty (1998). However, I will discuss some of the characteristics that elevated the funded proposals above those that were not funded. All of the characteristics apply to the four-year schools, and all but the breadth or comprehensiveness characteristics apply to the two-year schools.

All proposals represented improvements to the accounting program at the proposer's institution. The funded proposals promised benefits beyond the improvement of that one program. In addition, the funded proposals tended to be more comprehensive than were the others. The addition of a communications component or case studies to an existing curriculum was often an element of a successful proposal, but such changes alone, without changing the basic philosophy and structure of the curriculum, did not provide a model for the major changes needed in accounting education.

Successful proposals also integrated changes throughout the curriculum. Proposals focusing on a narrow part of the accounting curriculum were not funded. Restructuring the curriculum to focus on information and information systems, as recommended by the Bedford Committee, was a definite plus. Another element regarded favorably in evaluating proposals was integration with the liberal arts curriculum. In hindsight, I think this factor was overrated, as explained in chapter 6.

Two factors that were weighed in the decision, but on which few proposals were strong, were creativity and outcome measurement. In a sense, all proposals were innovative because they were new to the proposing institution. Further, some proposals had creative elements. However, creativity in terms of truly new approaches to accounting education was not abundant. Similarly, ways of measuring the success of implemented changes were included in all funded projects, but it seemed that, for many of the proposals, outcome measurement was an afterthought that was added just because the request for proposals required it. As a result, the Commission itself took the lead in developing appropriate outcome measures and procedures.

A final factor was essential to the success of the proposals—institutional support. An accounting faculty that was widely involved in and fully committed to change and strong endorsements by deans and higher university officials were deemed necessary for successful implementation of changes. Substantial but realistic financial commitments by the institution were helpful, but not as essential as faculty buy-in. Judging this area may have benefited from site visits, especially for unsuccessful proposals where it seemed that there was little buy-in, but where the fault might have been in proposal preparation and not in actual fact.

### Grant Program Success

The grant schools were essentially engaged in research and development projects. In research activities, one expects more failures than successes. However, almost all grant projects

accomplished a majority of the desired changes in the grant school's program. The reports from the grant schools make it clear that none would prefer to go back to the program that was in place before the changes. Either the grant projects were more like development than research projects, or they had a phenomenal success rate. I believe the former. There are two things that would have made these real research projects. First would be undertaking changes that truly had unknown impacts, and second would be process research, illustrating how to accomplish the process of change. The grant projects had little of the former. The jury is still out on the latter, but we might find that the improvements are not widespread or that they are only a minor part of the improvements needed to guarantee the viability of accounting programs into the twenty-first century.

It is too early to develop conclusive evidence about whether graduates from the grant schools' programs are better prepared for professional accounting careers than were earlier graduates or graduates from other colleges and universities. However, I think it is unlikely that we will find that the changes did not result in improvements in the grant schools' programs. Evidence from early output measures such as exit interviews is encouraging, as is anecdotal evidence from employers. However, success in important areas such as ability to adapt to change will take years to assess. Therefore, I am willing to accept a verdict of initial success and good prospects for long-term success in developing the types of graduates who will succeed in the accounting profession.

If the contribution of the grant projects were to illustrate what does and does not work in the *process* of implementing change, we would expect widespread imitation of the change processes that work. However, transfer of changes from grant schools to others has been slower than some anticipated. On the positive side, some transfers are taking place. Significant changes have occurred or are occurring in a majority of accounting programs, so it may be that the influence of the experiences of the grant schools is subtle. Few schools are adopting wholesale the revised programs at the grant schools. However, materials developed from the grant projects, such as the Ainsworth (1996) textbook and the Smith and Birney (1995) software, are being widely used. In addition, elements of programs, such as the integration of accounting and information systems at Brigham Young University, the moving of technical accounting subjects to a computer lab as at Arizona State University, and the addition of group work and communication modules in several programs, are being incorporated into many accounting programs. There is little doubt that the grant projects are affecting other programs, but they are not yet the full prototypes that some envisioned.

Most of the transferable results of the grant projects relate to delivery methods. Changes such as a user orientation, increased emphasis on critical thinking and communication skills, and altering the order in which topics are taught (including integration of topics) were relatively uncontroversial. The main argument against any of these was a cost/benefit one—what must be given up in order to achieve these objectives. One reason that the grant projects were locally successful is that most of them addressed primarily these delivery-method issues. They did not tackle the most difficult changes advocated by the Bedford Committee, changes in the basic nature of the subjects included in an accounting curriculum.

The Big 8 White Paper, which focused primarily on teaching and learning methods, had a more limited focus than the Bedford Committee report, which also advocated changes in the definition of accounting. Most grant projects addressed issues in the White Paper. Nearly all projects dodged the Bedford Committee's redefinition of accounting as a "broad economic information development and distribution process, based on the design, implementation, and operation of multiple types of information systems." (AAA 1986, 185) They did not address the Bedford Committee's view that the "accounting profession will provide information for economic and social decisions, using sophisticated measurement and communication technologies applied to a substantially enlarged scope of phenomena." (AAA 1986, 171) To address these issues would require more fundamental changes in the accounting curriculum and instructional materials than occurred in the grant programs. Whether such changes can successfully be built into an accounting curriculum remains an open question.

I do not want to imply that none of the projects attempted to address the changing definition of accounting. Brigham Young University and Arizona State University elevated the position of information systems in the accounting curriculum, ASU primarily by moving it before financial reporting in the sequence of courses and BYU by using an information systems framework for the entire curriculum. The Universities of Illinois and Notre Dame developed an approach that leads to a better conceptual understanding of accounting and therefore a better ability to adapt to changes in

the accounting profession. Others also touched on smaller elements of this issue. But even in these projects, more fundamental changes are necessary if the accounting profession is to continue down the path proposed by the Bedford Committee.

## Lessons From the Change Process

As indicated in the previous section, most of the lessons learned from the grant projects related to teaching (and learning) methods. Most widespread success was incorporating a user orientation, especially in the introductory courses but also in more advanced courses as well. Most of the projects also included an increased emphasis on communication skills, primarily written but also oral. Without exception, these efforts were deemed to be successful. The addition of team experiences, active learning, and cooperative learning components were also generally judged to be successful. The only caveats related to the difficulty of accomplishing these objectives in large-sized classes and the problems encountered when extending the concept of team exercises to team or group grading.

Attempts to make the curriculum more conceptual, with a reduced emphasis on techniques, rules, and regulations, worked well, most directly at the Universities of Illinois and Notre Dame but indirectly at several other grant schools. More case method teaching was also successful in several projects. Finally, using textbooks as references rather than as the central focus of the course was mentioned as a desirable change by several programs.

Interestingly, in the final project reports, only one school, the University of Illinois, touted its assessment program as a success that others should copy. An excellent article about the University of Illinois' assessment was published in the *Journal of Accounting Research* (Stone and Shelley 1997). Although assessment was not the strongest part of most projects, I think there are things to emulate in other projects' assessment measures, especially those used by Brigham Young University.

On a negative side, the most frequent comment was that the costs and efforts involved in the change process greatly exceeded what was anticipated. Not only did the change process take a great deal of faculty time, the newly implemented teaching methods also were more faculty-time-intensive than old methods. Projects such as that at Arizona State University explicitly tried to address this by replacing faculty time with technology in areas where this was feasible. However, in all the projects, any resources made available by restructuring were quickly consumed in resource-intensive aspects of the new curriculum.

## Summary

The grant program was the springboard that propelled the AECC into an undeniable force on the accounting landscape. Without the ability to make grants, the Commission would have been simply a blue-ribbon committee with much influence on those already committed to change but little influence on the average accounting program. However, both the symbolism of financial support and the possibility of participating in funded curriculum change caught the attention of most accounting faculty.

After less than three years of existence, the Commission was recognized by 97 percent of a sample of deans, department chairs, and senior faculty from top-ranked accounting programs and by more than 91 percent of a random sample of accounting [faculty](#).<sup>6</sup> Without the grant program, this recognition would not have been possible. Therefore, the grant program was probably responsible for more changes in accounting education than those changes directly attributable to the grant projects.

The grant projects had many positive impacts, but their enduring effect is still unknown. They were less adventuresome than hoped, but dedicated leaders and faculty made all the projects successful in some way. Every accounting faculty member who reads the summary of the grant projects in Flaherty (1998) will learn something useful for their classes and their programs. It is unlikely that a single prototype will serve as a model program, but elements of the projects are sure to stimulate ideas for improvement.

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<sup>6</sup>See Ehrenreich and Hulme (1992).

