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AACSB International
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Dear Jerry:

As accounting educators, we recognize and support continuous improvement efforts designed to promote a high quality accounting education. To that end, we applaud the AACSB's recent endeavors to review and revise its Accounting Accreditation Standards. We also appreciate the opportunity and encouragement for stakeholders to provide input on the proposed standards. This letter is part of ongoing efforts by the American Accounting Association Accounting Program Leadership Group (APLG) and The Federation of Schools of Accountancy (FSA) to communicate our views concerning the proposed standards. APLG and FSA are closely affiliated organizations with a significant overlap in membership, as evidenced by the fact that approximately 75 percent of full member schools of FSA also have individual members in APLG.

The APLG and FSA responded independently to an earlier request for feedback in 2010 (FSA in a letter to AACSB dated September 7, 2010 and APLG in a letter to AACSB dated November 5, 2010). Many of the points raised in those letters remain relevant for the proposed standards. To respond to the Exposure Draft for AACSB Accounting Accreditation Standards, dated November 15, 2012 (hereafter, the ED), the two groups elected to form a combined task force to prepare a unified set of comments. This letter presents the results of the task force's deliberations and is offered in a spirit of continuous improvement and the desire that accredited accounting programs continue to be recognized as leaders in accounting education. Both organizations are sending identical letters.

We appreciate the manner in which many of the groups' earlier comments have been incorporated into the current ED. Our current comments on both the Accounting ED and the Business ED, presented below, are guided by the premise that the benefits of separate accounting accreditation should outweigh the costs of compliance.

Process Efficiency

We raised this issue in our 2010 letters. While the ED has made some progress in eliminating redundancy, the Accounting standards could be streamlined in several ways, as we detail below.

Change standard numbering system

The Accounting standard numbers should correspond to the Business standard numbers (for clarity in our discussion, we will refer to the Accounting standards with an "A" prefix and the Business standards with a "B" prefix). For example, A2 refers to Mission, but the corresponding standard for business is B1. This problem can be remedied as follows:

- Change the current A1 to A0, where A0 states which Business standards are not repeated in the Accounting standards.
- Alternatively, do not number this policy; simply state it in the Introduction to Section 2.
- When the Accounting standards adopt B4, B6, B7, and B9-B14, the subsequent accounting standards should use these numbers to simply state "refer to Business standards." For example: Standard A4: [STUDENT ADMISSIONS, PROGRESSION, AND CAREER DEVELOPMENT] – See Business Standard 4.

This common numbering system would facilitate communication between the business peer review team and the accounting peer review team and between the business report preparers and the accounting report preparers.

Streamline language

The ED has made some progress in eliminating redundancy, but many of the Accounting and Business standards remain almost word for word duplicates. For example, see (currently numbered) standards B2 and A3 on Intellectual Contributions, B3 and A4 on Financial Strategies, B5 and A5 on Faculty Sufficiency, B8 and A6 on Assurance of Learning (AoL), B9 and A7 on Curriculum Content, and B15 and A10 on Faculty Qualifications. The current format gives the false impression that the Accounting standards are entirely distinct from the Business standards. We suggest deleting the overlapping language from the Accounting standards and, where appropriate, listing the additional documentation needed for accounting in the Guidance for Documentation section as is done in the ED for A1. Decreasing the amount of overlapping language would reduce the workload for accounting faculty.

Mission, Impact, and Innovation

Both the Business and Accounting EDs introduce the following terms: "expected outcomes" and "strategies." These terms require further clarification in both Business and Accounting standards. For example, "expected outcomes" are "high-level statements describing impacts the unit expects to achieve on the …communities it serves…." and also represent "goals against which the …unit evaluates its success." The term "high-level" implies lofty, aspirational goals; however, "goals [to] evaluate success" implies these should be achievable, measurable goals to evaluate actual performance of the unit. The ED should provide examples.

In addition, both EDs have introduced the notion of "impact," but the definition is vague. In the Accounting ED appendix, the "Academic Impact" section provides some examples currently used in practice. However, the text of A2 and A3 seems to have an "applied" focus.

The phrase "advancement of the accounting education *industry* [emphasis added]" seems somewhat at odds with the concept of an Academy of scholars.

Financial Strategies

The documentation requirements for contingency plans and specific financial support for funding major strategies under B3 (page 20) and A4 (page 22) seem intrusive and may be impossible for some units to provide. Distinct resource allocations may not be available for a department controlled by a college or a college controlled by a university. We are unclear about the logic behind asking a unit to imagine a potential reduction of resources. There should be some type of trigger (e.g., decrease in state funding or decrease in endowment income) before a unit should be required to perform this type of analysis. In addition, it is unclear how the review team would use these analyses. Are they supposed to audit them? We are very concerned that central administrations or deans could use these analyses to initiate funding reductions for the unit.

We also are concerned that the standard appears to focus on starting new initiatives. It seems to ignore the difficulty in sustaining current quality and improving the experiences for current professors and students.

Assurance of Learning (AoL) in B8 and A6

We are encouraged by the use of indirect measures and recognition that learning goals and curricula should reflect expectations of, and input from, all stakeholders. However, we are still concerned that direct measures are given too much priority in the standards. In many cases, valid direct measures are not available, and the costs to develop these direct measures are prohibitive. More often than not, the impetus for curriculum changes arises from external environmental forces (e.g., law changes, standard changes, scandals, new types of businesses) or from input from stakeholders (e.g., discussions with employers, or discussions with advisory boards). The cost of being forced to link curriculum changes to direct assessments in some cases may outweigh the benefits and may introduce a disincentive to innovate and to be responsive to input from stakeholders.

Information Technologies (A8)

We do not understand why information technology is given its own standard. This implies that it is more important than, say, financial, managerial, auditing or tax. In addition, all programs, (including MS in Tax and Ph.D. programs) would fall under the wording of this standard. We recommend that information technology be part of the general content addressed in A7.

Faculty Qualifications (B15 and A10)

We are concerned about the lack of detail provided in the ED. In addition, the proposed B15 and A10 standards seem inconsistent with the existing wording of B10, which states: "The choice of activities to maintain currency and relevance may change at different times during a faculty member's career." We understand that the goal of the change from two buckets (AQ/PQ) to four buckets (SP, TP, RA, and AA) is to help professors who might be classified as "other". However, we believe that the existing standards allow sufficient flexibility to address this issue, and universities have acted accordingly in developing their AQ/PQ policies.

If the standards do move to the four-bucket approach, then more guidance for the distinction between RA and AA needs to be provided. For instance, at what point do you reclassify someone from RA to AA? What is the point of the distinction? Are TP and AA professors allowed to perform similar activities to remain qualified?

We believe the 40% and 60% requirements are arbitrary and dangerous. A university may not want its professors publishing in some journals because of its mission. However, a professor may feel the need to publish in "academic" journals to be considered RA instead of TP. In addition, the percentages imply that professors learn nothing from teaching students or from operating within a university environment

Guidance for Documentation of Core Values - F (Ethical Behavior and Sustainability)

This standard presents, as examples, plans for recycling and LEED-certified facilities. While we support sustainability efforts in general, it appears that the references to "environmental sustainability" could be developed with more consideration of how these initiatives are managed from an institutional level. For example, plans for LEED-certified facilities are made at organization levels significantly higher than the dean or chair of the accounting department, and initiatives such as recycling programs also are usually university administered. If this sustainability language is retained, the standard should provide more guidance as to how the standard can be met. Furthermore, no mention is made of teaching accounting methods related to sustainability, which is much more achievable than building a LEED facility.

Additional Comments about the ED and Review Process

The Accounting ED introduces a major change in that it adopts an "incremental approach" — reliance on Business standards where possible and documenting accounting compliance separately to selected standards. The criterion for additional accounting documentation to standards 4, 6-7, and 9-14 is "If such detail is not in sufficient detail… (p. 13 and throughout)." Under this new policy, it is imperative that accounting program directors be given advance notice whether a visitation team considers the detail in the business documentation sufficient. We recommend that review teams formally approve the documentation after having had ample time to digest it and request additional information. After approval, the burden of proof shifts to the team to demonstrate a need for additional documentation.

Reliance on business documentation for standards 4, 6-7, and 9-14 is a laudable accomplishment. To further this goal, the standards should provide examples that would allow accounting program directors to have reasonable assurance that the business documentation has sufficient detail.

The standards should clearly state an expectation that accounting reviews should be as rigorous — but neither more nor less rigorous — than college reviews.

Conclusion

Both the APLG and FSA continue to support separate accounting accreditation. However, standards that are overly prescriptive or that impose undue documentation burdens will not enhance the value or desirability of separate accounting accreditation. It is the hope of both groups that the standards guiding that accreditation will remain within a mission-driven model that allows sufficient flexibility for individual institutions to achieve and maintain accounting accreditation within a set of broad guidelines.

The ED appears to be significantly increasing expectations for faculty members when departments have a shortage of accounting professors and professors are asked to teach more students with fewer resources. Changes in the standards that increase compliance costs should be justified with a cost-benefit analysis. We are concerned that many accounting programs could voluntarily relinquish their

separate accounting accreditation because of the ED's increase in compliance costs. In addition, we believe the increase in compliance costs will prevent non-accredited accounting programs from seeking accreditation. We wish to see additional consideration of compliance costs in the standards and encourage further reductions in these costs.

Thank you for considering our comments. We hope that they will prove helpful in finalizing this set of revised AACSB Accounting Accreditation Standards.

Sincerely,

Charles E. Davis
APLG President