

AAA Council

9009 Town Center Parkway, Lakewood Ranch, FL 34202

P: 941.921.7747 | F: 941.923.4093

E: info@aaahq.org



August 16, 2021

Comment Letter Addressed to the Leadership of the AICPA, NASBA, State Boards of Accountancy, State CPA Societies, and Accounting Academic Programs

The American Accounting Association (AAA) Council (hereafter the Council) is composed of 26 AAA members representing 17 special interest sections and seven U.S. regions, with two at-large representatives of all AAA international members. Council functions as both an advisory and decision-making body. Those on the AAA Board of Directors are also members of Council. Note that this comment letter was developed by the Council leadership and does not represent an official position of the American Accounting Association.

The Council congratulates the AICPA and NASBA on the CPA Evolution initiative to transform the CPA licensure model. The Council looks forward to the launch of the new CPA exam in 2024. The model for the new CPA exam has evolved in an open process over several years with many information sessions and significant opportunities for stakeholders to provide feedback. Key segments of the AAA have provided formal feedback on the exam model. The CPA exam belongs effectively to the AICPA, with NASBA participating as a key partner. Accounting academe has a vested interest in the CPA exam but recognizes that development of exam structure and content resides in the purview of the AICPA.

Conversely, in this letter the Council expresses significant concern regarding the CPA Evolution Model Curriculum (hereafter CPAEMC) recently announced and distributed on June 15th. Individual segments within the AAA have provided their own comment letters regarding the content of the CPAEMC. We agree with concerns expressed in those comment letters regarding the limiting effects of a higher-education model curriculum designed for success on the CPA exam and for success in the early years of a CPA professional. This letter is not focused on content issues and addresses the process followed in developing the curriculum and, most especially, the appropriateness of a model curriculum.

The Council, as well as other AAA segments, are concerned about the process by which the CPAEMC was developed. The time spent was short (less than one year) and the process was closed to public view and feedback. The AICPA did invite some individual academic colleagues to serve on committees directed to consider individual aspects of the CPAEMC. These were all well-qualified academics who invested a significant effort over a limited period of time. However, the AAA, representing the largest community of accountants in academia and positioned as a network of thought leaders on the future of accounting teaching and research, was neither advised on the process nor invited to participate.

Most importantly, if the AAA had been approached to participate in the development process, it is unlikely that the AAA would have supported a "model curriculum" to be recommended for academic institutions of accounting to consider. This is the fundamental concern expressed in this letter by the Council. A model curriculum is not possible and is not advisable for academic institutions of accounting.

The accounting curriculum designed and deployed by an academic institution represents its core education strategy. Strategy, by definition, is unique to the institution. To one extent or another, an accounting department or program builds curriculum based on scanning its environment and analyzing its stakeholders. The curriculum is defined by the core values of the program and is anchored around its core strengths. According to the most recent data from the National Center of Education Statistics, there are 1,216 four-year colleges and universities offering accounting degrees in the U.S. alone. There is no model

curriculum that speaks to the diversity of these 1,216 institutions with their student and employer stakeholders. Many accounting students hope to successfully pass the CPA exam and enter the public accounting profession, but most will not pursue the CPA exam. Without question, the majority of students graduating from these 1,216 accounting institutions will enter into corporate finance, government, not-for-profit, transaction services, entrepreneurship, family business, consulting, law, etc.

The fundamental concern with the CPAEMC is that there cannot be a “model curriculum” that serves the diversity of accounting programs. Even a “recommended” or “example” curriculum is problematic, particularly when coming from organizations with the compelling influence of the AICPA and NASBA. The “recommendation problem” is compounded when the CPAEMC is delivered and endorsed by the AICPA and NASBA to CPA societies and boards of accountancies across 55 state and territorial jurisdictions. The pressure to adopt that is brought to bear by these two institutions is problematic for the innovation and sovereignty of curriculum that belong to each of our 1,216 academic institutions. For this fundamental reason, the Council cannot endorse the CPAEMC.

There is another way. The AAA has a strong history of working in partnership with various partnership organizations, including the AICPA, to explore the current and future needs of accounting students and the accounting profession, identify needed competencies and skills, and then provide recommendations and resources to help academic institutions advance their own curricula that incorporate these competencies and skills.

As one example, in 1984 the AAA appointed a committee of individuals from various backgrounds with an interest in the future structure, content, and scope of accounting education. This committee, chaired by Norton Bedford, produced the Bedford Report (1986)¹ that details 28 recommendations to address the foundation of a broad accounting education based on teaching processes, faculty responsibilities, administration, accreditation, professional examination, and economics. On the heels of, and in support of, the Bedford Report, the then “Big 8” accounting firms came together to deliver their White Paper (1989)² on the capabilities needed for success, particularly in the public accounting profession. The White Paper describes in detail three types of skills and three types of knowledge for the public accounting profession. The White Paper establishes in its Foreword that “the role of the profession is to specify and communicate the skills and knowledge needed to be an accomplished practitioner. Responsibility for curriculum development and appropriate teaching methods rests primarily with the academic community.” The White Paper was also used to announce a \$4 million commitment to fund accounting education innovation. The Accounting Education Change Commission (AECC) was then established in 1989 as a joint venture by the AAA and the Big 8 firms to identify, support, and disseminate innovative change across academic institutions who chose to participate.³ The 1990s subsequently represented an impressive decade of innovative curricula to address the needs of the accounting profession—including public, private, government, etc.

As a more recent example, The Pathways Commission on Accounting Higher Education was created in 2010 by the AAA and the AICPA to “study the future structure of higher education for the accounting profession and develop recommendations for educational pathways to engage and retain the strongest possible

¹ American Accounting Association, Committee on the Future Structure, Content, and Scope of Accounting Education (The Bedford Committee). 1986. Future accounting education: Preparing of the expanding profession. *Issues in Accounting Education* (Spring): 168-195.

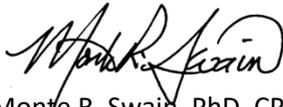
² *Perspectives on Education: Capabilities for Success in the Accounting Profession*. 1989. New York: Arthur Andersen & Co., Arthur Young, Coopers & Lybrand, Deloitte Haskins & Sells, Ernst & Whinney, Peat Marwick Main & Co., Price Waterhouse, and Touche Ross.

³ See, for example, Accounting Education Change Commission (AECC). 1990. *Objectives of Education for Accountants: Position Statement No. One*. *Issues in Accounting Education* 5, 307-312.

community of students, academics, practitioners, and other knowledgeable leaders in the practice and study of accounting.” The AAA and the AICPA invested significant effort into The Pathways Commission. Between 2012 and 2015, The Pathways Commission issued nine reports⁴ that provide significant guidance and resources to academic institutions as they determine their own contribution to support and develop accounting as “a learned profession.”

We, the AAA Council, believe that The Pathways Commission represents the kind of work that the AAA and AICPA can expand and harvest for the betterment of accounting education and, ultimately, the accounting profession as a whole. To that end, Council expressly adjures the AICPA to convert and redeploy its CPAEMC resources into a partnered initiative with the AAA and other stakeholder organizations to continue building guidance and support for the many academic institutions as they work individually to build strategically sound curricula for their stakeholders. The Council is confident that the AAA would welcome such an initiative.

Respectfully,



Monte R. Swain, PhD, CPA, CMA, CGMA
Brigham Young University, AAA Council Chair



Nancy B. Nichols, PhD, CPA
James Madison University, AAA Council Past-Chair



Randal J. Elder, PhD
University of North Carolina—Greensboro, AAA Council Chair-Elect

⁴ The first report was *The Pathways Commission: Charting a National Strategy for the Next Generation of Accountants*, 2012, American Accounting Association and the American Institute of Certified Public Accountants, AAA: Sarasota, FL.