OBTAINING RELEVANT TAX EXPERIENCE: SOME OPTIONS

AASCB accreditation standards now require a high proportion of accounting faculty to have “relevant accounting experience” within the past five years. Optimal tax teaching and research also demand a high degree of awareness of what is occurring in tax practice. Also the tax laws continue to increase in complexity at a “future shock” pace. Tax educators are faced with a variety of ways to adjust to the above conditions. Some approaches are described by the personal experiences of four tax educators who have recently obtained (or are currently obtaining) tax experience away from their academic institutions. They include experiences in a tax practice office, a national tax office, a tax continuing education program, and a sabbatical at a graduate tax program. Hopefully other tax educators considering similar possibilities will find these reflections enlightening.

Richard Boley
University of Michigan

After an eleven year absence from public accounting (three years with Touche Ross & Co. prior to my Ph.D. program), I felt the need for a more current perspective on tax practice. Having previously experienced “life in the trenches”, i.e., a practice office, I believed that a national tax office held the most promise for both updating and broadening my knowledge. Although certainly not its intended purpose, I am pleased to report that Ernst & Whinney’s National Tax Department was an ideal “halway house” for an academic who has (happily) grown accustomed to such travails of practice as compliance minutia and overly demanding clients.

By fortunate coincidence, E&W’s development of a National Tax Department, Visiting Professor program and my planning for a sabbatical leave happened to coincide. Arrangements were made through Mr. Robert Rosen, Partner in Charge of Tax Education, whom I had previously met through E&W’s Seminar for Tax Educators. Once it was determined that there was a mutual interest for 1982-83, my planning focused on understanding the types of activities the National Tax Department was involved in and obtaining an agreement on roughly what percentage of my time would be allocated to the various activities. Included in this allocation was approximately four and one-half months to be spent on my own research interests. This feature was feasible because of my sabbatical compensation from the University of Michigan.

I requested and received an involvement in all the major activities of E&W’s National Tax Department. This included (1) responding to questions raised by practice offices on a wide variety of topics, (2) participating in the development of advance ruling requests, (3) preparation of training materials and teaching courses, (4) drafting firm policy statements and information releases, and (5) maintaining various forms of contact with the Treasury and Congress.

There are many potential benefits from this type of experience. For the tax educator who often works in comparative isolation, the “high” of being around so many people who share a common interest is exhilarating. I added to my technical knowledge, I had an involvement in a number of interesting practice problems, and got a much better perspective on how our tax system operates. The varied personal activities available to those living in the Washington, D.C., area were an additional bonus.

Based on my experience, I believe a national tax office is most appropriate for the tax educator who has a practice background and is comfortable with applying legal research methodology to a broad range of problems. For those considering a similar opportunity I would suggest —

1. Determine the types of activities the office is involved in and obtain an understanding of how your time will be spent.

2. Consider your personal tax situation, e.g., use of a per diem arrangement to minimize the record keeping requirements involved in a “travel away from home” status and investigate the definitions (and tax treatment) of residents and nonresidents in both your “home” and “away from home” states.

3. If possible, arrange for some personal research time so that those “good ideas” that arise from being involved in tax practice can be implemented while they are fresh in your mind and feedback from knowledgeable individuals is conveniently available.

4. Volunteer to become an “expert” in an area created by new legislation. To the extent others in the office have no comparative advantage over you, this provides an opportunity to efficiently benefit both the firm and yourself.

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5. If teaching is to be one of your activities, try to select a combination of topics such that you broaden your knowledge in important areas where you are weak (but would like to know more) and enhance your knowledge in your area(s) of primary expertise.

Richard F. Bebee
DePaul University

I have been assigned to discuss the tax continuing education aspects of a faculty residency as one of four tax educators talking about experiences with public accounting firms. To put my views in perspective, I think I should provide some background material. In the summer of 1974, I had practice office experience when I took a faculty residency at Deloitte, Haskins & Sells, Dayton, Ohio. I also had national office experience when I took a year's leave of absence in 1976 to work in the government relations part of the Washington, D.C., office of Arthur Andersen & Co. The experience that will be discussed is the one of tax continuing education which I had at Alexander Grant and Company in their national office in Chicago. I began this latter experience in January of 1978 and continued until I took my current situation in the Fall of 1981.

My starting position at Alexander Grant and Company was as the assistant to the National Tax Director. The tax continuing education function was one of several of the things that I did including some tax writing, tax article writing for the company newsletter and tax research quality control for the firm. Shortly after joining the firm, I was appointed as the Director of National Continuing Education. In that position, I had responsibility for all firm education, one aspect of which was tax continuing education. What follows will deal primarily with the tax continuing education experience of that job. Again, it was only one part of my job, not the entire job. Had the experience been in only tax continuing education, the entire experience may have been different.

OBJECTIVES & PROCEDURES

The objectives of the tax continuing education experience I had were different from those of my first two residencies. In the first two residencies, I had specific objectives which I wanted to accomplish. Through the Chairman of my department contact was made with the firms we felt could fulfill those objectives. In the tax continuing education experience discussed here, the tables were reversed. The firm had specific objectives in mind and contacted me directly. Quite frankly I took the job because of my interest in my own professional development as a faculty person. Even though the timing of the firm's request was not ideal for me, I felt it was an extremely valid opportunity and decided to take it at the time that it was available to me. The National Tax Director and I sat down and formalized exactly what activities with which I would be involved.

This particular experience was also quite different from my earlier two in that I did not take a leave of absence for this one, whereas I had done so with those. However, while I did resign, I never did view the rest of my career as being in public accounting, as I always knew that I would be returning to education at an appropriate time. The fact that I had resigned and that this was considered a permanent assignment for all ostensible purposes was important because as time passed, the dynamics of the firm changed and, therefore, the objectives in the utilization of my service also changed. Since I was viewed as a longer term employee, I was more involved in the fluidness of changing objectives and needs of the firm, especially at the national office. As far as my viewpoint now, looking back over that three and one half year time period, I would say I definitely got my money's worth in terms of experience and fulfilling objectives that I had, not the least of which might include spending some time in as close to a real life public accounting environment as possible.

Alexander Grant and Company did not have a formal faculty fellowship program. Thus, the procedural arrangements were significantly different from my other two experiences. As far as the financial aspects and logistics, the financial rewards were adequate. The logistics involved a tremendous change in lifestyle for me and for my family, as we moved from suburban country campus environment to the throes of downtown Chicago. That change in and of itself was an interesting one. To minimize the shock of such a change from not only the campus environment to the city-downtown office environment but also from the living quarters of a suburban community to city living in a large city, I continued to maintain contact with faculty colleagues, mainly colleagues from Miami University where I had taught. In addition, I also got to know faculty at universities in Chicago and even got involved in teaching a course or two on a part-time basis.

ACTUAL EXPERIENCE

As far as the actual experience, I initially worked for the National Tax Director. I coordinated all my activities with him. He gave me free reign in suggesting changes, although all those changes were coordinated through him. One of my primary functions was to decide what curricula should be given to whom, by what delivery system, and when! The above incorporated what I call a needs analysis. It fit in with my other activities of quality control in that I was reading and doing a technical review at the national level of what was called yellows (the back copy of all tax memoranda of all research that had been done for clients). In the national office I had a good view as to the nature of the firm's practice, the kinds of things in which people were involved. I took that input and tried to ascertain what tax activities were going on at what levels. For example, those tax memoranda might have been assigned to a first year tax person, a second year tax person, a tax manager, a tax partner and so forth. What kinds of topics did each level get involved in? What their needs were was important when I was trying to create a training program that would aid better job performance. Besides technical topics I looked at numerous other things such as who reviews what, what level of person met the client, etc.

Deciding what should be in the
formal training curriculum, as opposed to what might be best done on the job, was a major aspect of my job. Two other aspects were technical reviews of the training materials and pedagogical review of the training materials. That is, the training materials were redesigned to make learning more effective, more pedagogically sound. Finally, I was involved in the teaching effort as an instructor, in instructor selection and evaluation, and (later on) in instructor training, which I developed for tax instructors.

The involvement with the professional community helped me to be a better instructor and, more importantly, to be better able to advise people.

RETROSPECT

As far as what I learned from the experience, it is difficult to decide where to start and I won’t try to articulate everything. The main point that comes to mind and has had long run benefits to me is the refinement of the ability to develop an awareness or consciousness toward finding out the needs of individuals involved in tax training. This area would include not only being more sensitive to the differences between particular operating offices but also the differences between various levels of tax people within an office and the firm. For example, consider five managers, each of whom had been a tax manager for two years. Each of those five had very different needs in terms of training, both for immediate training and for long run career growth. Becoming more sensitive to that issue and being able to do something about it is my major accomplishment from the experience.

Another area of learning was to acquire a better understanding of the mission of a continuing education program in an accounting firm. In my opinion, it is considerably different from the education mission that we face in academics at the university level. The main difference is the time period over which the benefits can be measured. I found that in-firm education needed to have a benefit payoff to the firm in a fairly short time period, perhaps twelve months or less. In education, hopefully, there is an immediate payoff, but more hopefully, there is a payoff in the long run. Obviously, the technical nature of the material is of import here. It is not to say that all of a firm’s training programs only have a short run payoff. Much of the program’s payoff continues through the person’s professional life and maybe throughout their personal life. In particular, instructor training programs and presentation skills provide a payoff in the short and the long runs. But, of major concern to the firm, is immediate impact.

I also developed a better understanding of the public accounting environment, particularly in the environment of so-called second tiered firms. Here I am talking about such things as how they really make their money, what it is like to work there, and so on. I was involved in and able to observe the political dynamics of the firm. The real world is very fluid in my experience including the management, the management philosophies, and the personalities involved. The whole political process was a most eye-opening and rewarding experience for me.

I also obtained a better feel for the practitioners’ point of view as far as what they think is going on in education. One of the things that I think is beneficial about the AACS B’s experience requirement is that it may help remove some of the mystique about practice that is held by many educators. There is, in fact, a mystique on both sides: a misunderstanding by the practitioners as to what an academic does, what his mission is, and so forth and a comparable mystique of the academic toward practitioners. I have listened to colleagues around the country talk about practitioners. It is very clear that there is a real misunderstanding as to what the inside of a firm is actually like. Thus, I feel the real benefit of my last experience is that it helped me eliminate some of that mystique. My earlier experiences simply were not long enough to achieve that result.

PLANNING CONSIDERATIONS

There are a number of considerations that I think one ought to make before seeking a faculty residency. Try to put the faculty residency in terms of an overall career plan and strategy. In other words, know why, when and where you want the faculty residency.

The second thing would be to maintain some flexibility. The timing of your opportunities and the timing of your particular residency may not always exactly coincide. This is another reason why you would want an overall career plan. When you find the right arrangement, you can move relatively quickly to see whether it fits into your needs or not.

A third consideration is that there are several kinds of faculty residencies - longer term residencies, part-time actual practice residencies, ones aimed at developing a new specialty or going into more depth in an existing specialty, etc. The fourth point is to be very careful of a long period of time in public accounting if it is your goal to come back into teaching. One of the things that I noticed when I went back is that research and writing measured in terms of output frequently slowed down. Of course, this depends on the type of residency, but often research and writing cannot flourish in a public accounting environment. The environment may, however, provide some basis for future research projects. By the same token, there are residencies where publication can be part of the consideration.

Finally, one thing that educators ought to consider when they are thinking about a residency is to remember that the nature of the education business is different from the nature of the public accounting business. Our organizations have different goals, yet we are related to each other. In light of that fact, the key point to consider is that although academicians can do what they do well, they may not be of high value to accounting firms without some planning of the work assignments. Practitioners do not completely understand what academicians can and cannot do well. My advice is to 1) find out what you can and want to do in the public accounting environment and 2) find out what practitioners (firms) would like you to do. Then the two may meet.
Kenneth H. Heller
University of Georgia

Objectives. The principle benefit of a faculty residency with a CPA firm is the opportunity for tax educators to expand and diversify their practical experience and competence in taxation. A related benefit is the practical insight gained in the operation of the public accounting profession through observing and experiencing the conduct of a tax practice. If properly planned and implemented, the residency will enhance the educator's effectiveness as a teacher and researcher.

It should be observed that each residency is unique because the structure of the program is typically negotiated in advance by the individual and the firm. Thus, the faculty resident's objectives and actual experiences are dependent on several factors, such as the prior practical experience and competence of the individual, the firm's policies and procedures, the specific office assignment, etc.

Experience. A tax faculty residency in the practice office of a large, international CPA firm, such as the residency program I recently completed as a tax manager with the Chicago practice office of Arthur Andersen & Company, provides several opportunities to enhance one's professional development. The most obvious is improving technical competence by dealing with the variety of client problems encountered in tax practice. The advantage of the practice office residency is that these problems are experienced on a first-hand basis. Thus, a faculty resident is exposed to the cutting edge of tax practice by participating in client business situations where solutions must be derived for which there is often no textbook answer. In addition, the resident also experiences real world practicalities in that the best tax answer to a client's problem is not always the right answer. The emphasis in client service dictates the use of a business analysis approach which addresses tax problems within the framework of the client's business objectives.

A practice office residency also offers the opportunity to further develop interpersonal and communicative skills. Since client service engagements constitute the bulk of practice office work, the faculty resident is in an environment necessitating continuous written and oral communication. For example, in addition to day-to-day client contact, the resident also interacts regularly with other members of the office's client service team. The latter experience is particularly beneficial because the resident is placed in a supervisory role which can involve managing several different client projects in the course of a single day.

Summary. In retrospect, my tax faculty residency program proved to be a challenging and enriching professional experience for the reasons discussed above. Some additional intangible benefits of the residency should be noted. Since effective client service requires the efficient resolution of tax problems in terms of client imposed deadlines, cost to the client, and the client's business objectives, a premium is placed on managing the use of time and the exercise of professional judgment. In this context, a faculty residency provides a greater awareness of the decision making process in tax practice, including an appreciation of the decisions that were made and the reasoning behind the decisions.

1983-84 ATA Committee Participation

Anyone interested in serving on an ATA committee during 1983-84 should communicate this interest to:

Professor G. Fred Streuling
School of Accountancy
520 TNRB
Brigham Young University
Provo, UT 84602

Please include a curriculum vitae and an area of interest. Applications should be submitted by June 15, 1983.

Peter Salzarulo
Miami University

When I graduated from the University of Colorado in 1973 with a B.A. in Accounting my major research and teaching interests were in the area of financial accounting. My coursework and dissertation were in this area, and I had previously spent two years with Ernst & Whinney in the audit staff. As I recall, the University of Colorado did have one graduate tax seminar listed in the catalog, but it was seldom offered. I would not have taken it anyway.

After leaving Colorado I accepted a faculty position at Miami University, Oxford, Ohio, where there was a need for faculty to teach in the area of managerial accounting and taxation. After teaching primarily in the area of managerial accounting for approximately two years, I began to teach the courses in taxation. At that time Miami University offered three tax courses. There was a basic tax course that was required of all accounting majors that emphasized individual taxation. There was also an elective two semester hour course that essentially surveyed a few other tax topics. At the graduate level there was one tax course in tax research. Over the next few years I taught all of these courses. The time required to prepare myself to teach them was significant. During my first ten years of teaching I have taught one semester of intermediate accounting - the area in which I was originally best prepared to teach. However, I have enjoyed working in the tax area and have never regretted the switch.

In 1981 the Department of Accountancy at Miami University received approval for a new masters program in accounting. This new program, a Master of Accountancy, provides for an area of concentration in taxation. Students selecting this concentration are advised to take the basic undergraduate tax course and three graduate tax courses. This new concentration involved offering two new graduate courses in taxation. One of these is a course in corporate taxation and the other

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a course in selected tax topics including partnership taxation and the income taxation of estates and trusts. I realized that it would take another significant amount of time to prepare myself to teach these new courses.

I considered several alternative methods of preparing myself to teach these courses, but finally decided to apply for a sabbatical leave of absence. During the leave period I intended to study taxation at a university where similar courses were offered. This seemed a logical approach given my lack of formal training in the tax area.

The sabbatical program at Miami University offers a faculty member either a fully paid leave of absence for one semester or a two semester leave at half pay. When the latter option is selected, the faculty member may obtain a half-time appointment at another university. I was not interested in a one semester leave because of the practical problems involved with moving a family in which there are five children for such a short period of time. I did not want to have the children in one school for half the year and in another school for the other half. Also, it is easier to rent a house for the entire academic year rather than for just one semester. So, I set out to locate a university that had an excellent graduate tax program and one that at the same time would make available to me a one-half time appointment. I was fortunate to find at the University of Florida a situation that satisfied my criteria. The University of Florida’s School of Accounting offers five graduate tax courses. The Law School at the University of Florida offers over twenty tax courses in their LLM program in taxation. The School of Accounting does not have a formal “visiting faculty” position, but they did have a need that year for an additional person to teach undergraduate tax courses. The half-time appointment that I received from them made up for the “other half” of my income requirements. I might add that the accounting faculty members at the University of Florida were very helpful. They assisted me in locating housing and were very helpful in other ways as well. My request for a sabbatical leave of absence was approved at about the same time that I received the offer from Florida.

My major activity during the sabbatical period involved taking courses in both the School of Accounting and Law School. Before going to the University of Florida I had been told that I would be able to audit these courses. My strategy in selecting courses was to take those that closely paralleled those that are to be offered at Miami University. Also, I wanted to take courses in both the School of Accounting and the Law School. In the School of Accounting I took courses in tax research, corporate taxation and the income taxation of estates and trusts. During the year I taught three sections of the basic tax course, which allowed me to concentrate on the courses I was taking.

My daily routine was quite different from what I normally do at Miami University. I spent several hours each day either attending classes as a student or studying. I had no administrative or advising duties at the University of Florida. Also, I did not attend meetings of professional organizations which had typically taken a good deal of my time. I wanted to devote my time during the year to the study of taxation so as to make the most of the opportunity that was available to me. Also, I spent time independently studying and researching tax topics of special interest to me.

The family’s lifestyle was different while on the sabbatical. We were over 800 miles from our normal circle of relatives, friends, and neighbors. However, my wife and children, who range in age from 4 to 14, adapted quite readily to their new situation. They made new friends in the neighborhood and at school. They all enjoyed the year, and, I think, profited from the experience. Gainesville is a pleasant and interesting community.

Since I am just now completing the sabbatical year, it is somewhat difficult to predict how the experience will affect my teaching, research, and other activities. However, I feel that it has been a valuable experience for me. From a technical point of view I have sharpened my skills in the tax area. I am certainly much better qualified to teach graduate tax courses as a result of the year of study.

In some areas, such as partnership taxation and the income taxation of estates and trusts, I
had very little knowledge at the beginning of the year. Now I feel very confident of my knowledge of these topics. I think that it would have been particularly difficult to learn some of the fine points by myself in these areas. However, I discovered that in some areas I knew more than I thought I did. When one is self-taught there is sometimes a lingering suspicion that you may have missed some important points. I also now have a better appreciation for the manner in which taxation is taught both in graduate accounting programs and in law school.

I would recommend the approach that I took to other faculty members who have a modest academic background in their teaching specialty. I would also recommend that, when sabbaticals are available, the faculty members relocate geographically. I think that they will find it refreshing to be in a new environment, and will also be stimulated by the new surroundings and acquaintances.

CALL FOR PAPERS

Members of the Taxation Section are invited to submit a paper for presentation at the 1984 Midwest Regional Meeting of the American Accounting Association to be held in Chicago, April 4-6, 1984. Papers may address any topic area of accounting, and the program is expected to include one or more sessions dealing with topics of interest to the Taxation Section.

Completed papers are preferred, however, abstracts also will be considered. An original and three copies of the paper or abstract must be submitted by September 15, 1983. Authors will be notified of acceptance by November 30, 1983. Papers or abstracts, at the option of the author, may be published in the Proceedings. Papers should be single spaced and not longer than ten pages including references (abstracts - minimum of two pages), and should follow guidelines of The Accounting Review in matters of style.

A copy of the formal “Call for Papers” which describes more detailed guidelines may be obtained from:

Jack L. Krogstad
Department of Accounting
College of Business Administration
Creighton University
Omaha, Nebraska 68104

TAX PAPERS PRESENTED AT AAA REGIONAL MEETINGS

An incredible variety of tax research is presented at regional meetings of the American Accounting Association. Frequently we only become aware of these efforts to the extent they are subsequently published in tax journals. The following are the tax-related papers presented at 1983 regional meetings. Those interested in getting a copy of the paper may contact the author.

SOUTHWEST REGION
March 9-12, Houston

"Exploring the Implications of the Flat-Rate Tax," James H. Sellers, University of Texas at Tyler.


"A Taxpayer-Benefit Analysis of Individual Retirement Accounts," Hanson P. Dillaway, New Mexico State University; Donald V. Safnir and Cherie J. O’Neil, Virginia Tech University.

"Deferred Taxes: How Well is it Being Reported?" Bill N. Schwartz, Temple University

"Section 501 (c) (3) and Racially Discriminatory Private Schools," John C. Gardner and Don E. Horton, Lamar University.


"Recent Tax Court Decisions Will Enhance the Marketability of Financially Troubled Partnerships," Paul J. Streer, University of Georgia.


MIDWEST SECTION
March 23-25, Chicago


"Judicial Criteria for Productive Expenses," Kevin M. Misiewicz, University of Notre Dame.


"Content and Use of CPA Tax Libraries," Robert N. Kozub and James P. Treby, University of Kentucky.

SOUTHEAST REGION
April 28-30, Virginia Beach


"Escape Routes for Avoiding Collapsible Corporations," William B. Pollard, Appalachian State University.


"The 'Capitalize or Expense' Decision After 1982," Rolf Auster, Florida International University.


"Conformity Requirements," Richard F. Bebee, DePaul University, and W. Peter Salzarulo, University of Florida.

"IRS Audits of Churches," Ronald L. Taylor, University of South Carolina.

"FIFO Versus LIFO: Why Haven't They Switched?", Jack L. Smith and E. Warren Shows, University of South Florida.


"Integrating State and Local Taxation Topics with the Professional Accounting Curriculum," W. Eugene Seago, Virginia Polytechnic Institute and State University, and Craig E. Reese, Southwest Texas State University.

"The Income Tax Experience in the South During the 1800's," William D. Samson, Louisiana State University.

NORTHEAST REGION
April 28-30, New York


WESTERN REGION
April 28 - May 1, San Francisco


"The Supreme Court's Second Look at Crane: What Should It Do?", Rodger A. Bolding and Phillip P. Storrer, California State University-Hayward.

"Federal Transfer Taxation of Employee Death Benefits: An Evolutionary Analysis," Sally Morrow Jones, University of Texas at Austin.

President-Elect
G. Fred Streuling

Fred, President-Elect of the American Taxation Association, is a Professor of Accounting and Taxation at Brigham Young University. He has held additional teaching positions at such schools as the University of Texas at Austin and the University of Iowa as well as a visiting position with the University of Minnesota. Prior to these positions he spent two years on the staff of Arthur Andersen & Company in San Francisco.

Fred received a B.A. and Masters of Accountancy from Brigham Young University and a Ph.D. from the University of Iowa. In addition to being awarded numerous honors including three Brigham Young teaching awards, he has achieved various administrative appointments in professional and honorary organizations. Among the organizations in which Fred has been a member are the ATA, the AAA, and the AICPA. He was the Secretary-Treasurer of the ATA from 1976 to 1978. The President-Elect holds CPA certificates in Utah and California.

Fred's publication record includes three books and numerous articles in journals such as Taxation for Accountants, Taxes - The Tax Magazine, The Journal of Real Estate Taxation, The Journal of Taxation and The Accounting Review. In addition, he served as the first editor of The Journal of the American Taxation Association.

Fred and his wife, Maurine, have four children; Kent, Kirk, Krista, and Kara.