

Government and Nonprofit Section

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AAA GNP Section Response to the AICPA NASBA CPA Evolution Model Curriculum

Key Points:

- We support the inclusion of nonprofit and governmental accounting material in the model curriculum.
- We are concerned that the distribution of nonprofit and basic governmental content in the Core is not sufficient preparation for a public accounting, nonprofit, or governmental career if a candidate elects to go with another discipline besides Business Analysis and Reporting.
- We are concerned that the governmental material would only meaningfully be covered with a separate government and nonprofit (GNP) course. With the increased focus on data analytics and a fixed total number of credit hours, we are apprehensive that GNP courses may be eliminated. This would leave students bereft of a comprehensive understanding of this important sector of the economy and the viable career paths that it contains.
- Alternative suggestions within the model curriculum for GNP coverage are infeasible (inclusion within an intermediate or advanced accounting course) due to the number of suggested classroom hours. We encourage the internship/service-learning projects as this would be consistent with The Pathways Commission report.
- Current classroom hours underestimate the discipline specific learning objectives for governmental accounting.

Response:

The Government and Nonprofit (GNP) Section of the American Accounting Association (AAA) has faculty members who teach in the specialized areas of government and nonprofit accounting. We appreciate the inclusion of nonprofit (NFP) and governmental accounting topics within the model curriculum. This is consistent with the feedback received with the comment letters on the 2019 Practice Analysis that supported the inclusion of governmental topics (AICPA 2020).

Core and Discipline Coverage

The current proposed distribution of GNP material spans both the Core and Discipline areas, albeit mostly in the Business Analysis and Reporting (BAR) Discipline. However, the coverage is very limited, and does not provide adequate exposure to prepare students for potential career paths. In the Core section, 1% of the proposed curriculum (3-4 hours of suggested class time) includes governmental accounting topics, and 3% includes nonprofit accounting topics (7-14 hours of suggested class time). In the BAR section, governmental topics comprise about 20% (21-42 of suggested class time) and there is no coverage of NFP topics. With a total of 226.25-411 suggested classroom hours representing 100% of the Model Curriculum, the GNP

percentages are very small. Further, all CPAs should be able to understand and interpret governmental financial statements and someone who is only being tested on the Core knowledge would not be capable of doing so. GNP accounting is an important part of students' accounting education because it motivates them to consider their roles, current and future, as a citizen and contributing member of the nonprofit community. Especially at a time when the current generation of students seem more interested in working in NFPs and in public service – is this the correct time to be de-emphasizing that content?

If a newly licensed CPA is assigned to audit GNP organizations, or is directly employed within the GNP sectors, the current model curriculum would not prepare them for their initial years, especially if the students elected to take an alternative Discipline besides BAR. Especially since many state and local governments (SLG) and nonprofit entities are shifting away from larger firms to smaller public accounting firms for their audits, the importance of having adequate Core module coverage is ever more critical. Finally, for NFP, Module 10 of the Tax Compliance and Planning discipline contains some tax coverage, but the in-depth NFP coverage on the BAR section is lacking. The curriculum also appears to lack coverage of the overlap between NFP tax and NFP reporting – these are covered on different exam sections. Limiting the NFP reporting coverage to the Core results in a lack of nuanced depth to understanding the different types of transactions that are not found within the for profit world.

We understand that governmental topics are given more suggested classroom hours within the BAR than the Core; however, with college and university programs having limited resources and facing demand to cut required hours to graduate, there may be a push to only offer the broadest curriculum. Will the BAR suggested topics win over the alternative disciplines? Some larger accounting programs currently offer a Master of Science in Taxation degree but will they also offer a Master of Science in Accounting with a specialty in Information Systems? If these programs are created, students electing those specialties will probably not have a GNP course or be exposed to those topics thus we do not believe the curriculum is representative of what all students should know.

GNP Course Options

In the example curriculums within the Model Curriculum, the GNP course is absent under one scenario and only part of BAR in two other scenarios. Thus, we could envision the removal of GNP courses from the existing course curriculums to ensure that an existing program could be modified to include more data analytics courses. A cascading impact from this action would be that students receive the message that the government and nonprofit sectors are not as important as career paths as the for-profit business sector. The current generation of students seem more interested in public service, so de-emphasize this content now?

As an alternative to a stand-alone GNP course, the CPA Evolution Curriculum recommends that NFP content be taught in Intermediate Accounting. The topics in the intermediate accounting sequence is already very difficult to cover in the allotted time, and there is no room to add topics without removing others. The maximum suggested hours for intermediate as suggested by the CPA Evolution Curriculum is 134 which is more than a two -course sequence (90 classroom hours). Included in those hours is an extremely limited coverage of GNP topics, and the topics would be difficult to cover thoroughly in the suggested classroom hours. We believe the NFP material in the core should be covered in one course, in total. Unless there is a significant reduction in the content already required in Intermediate, it will be difficult to find a minimum of 7-14 hours to cover the suggested NFP core topics. Additionally, as mentioned, the NFP topics covered in the core are perfunctory in nature (i.e. there is only .5-1 hour allocated for coverage of recording of contributions, restrictions, etc.)

The CPA Evolution curriculum suggests that the “topic could be developed in an internship or other post-graduation studies/experiences.” Has a service-learning model been considered for NFP and governmental education? It would be in-line with the Pathway Commission report but seems missing from this CPA Evolution model.

Skills Tested

If the goal is higher order thinking skills, there is no better way to demonstrate financial reporting proficiency than to be able to translate across models. State/local government (SLG) reporting and nonprofit (NP) reporting differs from for-profit and gaining proficiency in either SLG or NP accounting forces students to think about the reasons for differences across reporting models and bases of accounting. Particularly with SLG reporting where students reconcile from modified accrual to accrual, we teach a new basis of accounting AND reinforcing the accrual basis of accounting with which they are so familiar (but abilities and degree to which it has solidified vary across students). By learning something new and different, students improve and reinforce what they already know.

Also, the current allocation of classroom hours for appear to be conservative estimates especially for the governmental statement items within the BAR section. In order to adequately address higher level skills and develop the appropriate understanding of the governmental accounting, more time should be allocated to Module 6 – State and Local Government.

Conclusion

We support the inclusion of the GNP topics within the CPA Evolution. We look forward to seeing those topics within the new blueprints for the CPA exam.

Respectfully submitted on behalf of the American Accounting Association’s Government and Nonprofit Section

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References

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