

May 22, 2023

Sue Coffey
CEO – Public Practice
American Institute of Certified Public Accountants

Dear Sue:

The Leadership Section of the American Accounting Association (AAA), which consists of leaders of accounting departments and programs across the country, has reviewed with great interest the proposals put forth by the AICPA for addressing the dwindling pipeline of students who aspire to enter the accounting profession. As educators, we are on the front-lines of this pipeline decline and share the AICPA's sense of urgency about the need to take bold and creative actions to stem this tide. In this letter, we offer our thoughts about relevant considerations. We hope this letter is the start of productive dialogue between our organizations and leaders in practice about the best path forward.

1. EXPERIENCE, LEARN & EARN (ELE) PROGRAM

The ELE proposal is an apparent response to the widespread belief that the monetary cost of obtaining an additional 30 hours is a significant deterrent to pursuing the certification. The program is ostensibly targeted to individuals who are already majoring in accounting but who cannot make the final commitment to CPA certification due to the cost of the additional 30 hours. Widespread acceptance by employers and state societies of 30 hours provided at the price point envisioned by the ELE proposal may change the landscape of accounting education because there may be a migration to that option by those not originally envisioned in this plan. Since resources at educational institutions are tied to enrollment, such migration will necessarily lead to disinvestments in traditional accounting programs, which have devoted significant intellectual and other resources to create programs that better prepare students for the increasing demands of the profession in response to the 30-hour requirement and the more recent CPA Evolution initiative. There is the risk that such disinvestments leave accounting programs less able to serve and educate students, which would exacerbate the pipeline issue in the long run. Disinvestments in accounting programs and the resulting negative pipeline effects may not be readily reversible once the wheels of this proposal are set in motion. Therefore, before acting on this proposal, we believe it is important to take a data-driven approach to evaluate the proposal's underlying assumptions and its potential unintended consequences. Some significant questions that we believe need to be addressed to assess whether the proposal should go forward:

1. Is the cost of the additional 30 hours a significant deterrent for those who have already selected to major in accounting (the intended audience of the proposal)? This proposal is based on the assumption that it is. However, it is worth noting that the 150-hour rule is now around 20-25 years old while the pipeline problem is far more recent, calling into question how big a role the additional 30 hours plays in the pipeline problem. Even if one operates under the assumption that the additional 30 hours is a major cause of the pipeline challenge, any approach to addressing it should be based on an understanding of

which populations are most affected and a full consideration of other initiatives that could reduce this barrier without the potential risks to the accounting education landscape.

2. Are the original goals of the 30-hour requirement still applicable? The original intent seemed to be to elevate instruction in the profession to better prepare students for the demands of the profession. These goals seem to be reinforced by CPA Evolution, which many in the academic community have interpreted as a call to further invest in our curricula and pedagogical infrastructure to provide students with a broader set of competencies. Encouraging students to complete 30 hours in courses that are not only less costly but likely less demanding seems at odds with these goals. Therefore, it is important to understand whether these goals are still embraced by the profession.

3. Does instruction offered at \$150 per credit hour adequately substitute for the instruction offered in existing programs? Institutions have made significant investments in intellectual capital and pedagogical infrastructure to provide education that better prepares students for the demands of the profession. To cover the full set of competencies under CPA Evolution, many programs find that advanced study at the graduate level is necessary. This type of training cannot be replicated in the type of instruction that can be offered at the price point envisioned in the proposal. It is important to provide transparent information to key stakeholders about the differences in educational quality between the two types of instruction, particularly since these alternative programs are subject to much less oversight by accreditation bodies than existing programs. State societies need this information to assess whether it is in the long-run interest of the profession to accept such credits. In particular, would a migration toward this alternative form of instruction lead to less prepared entrants in the profession, which may degrade the long-run vibrancy of the profession? Students need this information to assess which type of instruction provides the best preparation for the CPA exam and for their careers.

4. As discussed in the previous point, a key piece of concrete information that students and CPA societies would want to know is whether students' preparedness for the CPA exam differs between the two types of instruction. The current lack of transparency about CPA exam performance significantly clouds an evaluation of the qualitative differences between traditional and alternative courses. Also, data on differences in the career outcomes of those who take the current versus alternative courses should be collected for an ongoing evaluation of the relative merits of the two types of courses. While accounting academic leaders have asked for this data to support our ongoing evaluation of the learning our students gain in our programs, we have been unsuccessful in gaining access to the data. The AICPA may be more successful in efforts to increase transparency and provide stakeholders with the data they need to inform decision making.

5. Does work experience adequately substitute for or meet the learning objectives of formal instruction? The ELE proposal implicitly assumes that work experience and formal instruction are substitutable. The academic community has long acknowledged the importance of applying principles learned in class in real world settings and many universities award limited credit for internship experiences. However, combining work and classroom experiences requires careful planning to ensure academic rigor and

that the work experience actually enriches the classroom experience in allowing students to meet learning objectives. Proposals that call for substituting experience for coursework should be based on a clear understanding of what learning objectives can and cannot be adequately met through work experience. Many universities and state boards limit the number of credits that can be taken through internships based on a belief that internship and class learning are not complete substitutes.

In general, we believe the ELE proposal is not data-informed and is missing the perspective of accounting educators, who have a wealth of insights about curriculum design and measuring educational outcomes. We believe that both accounting educators' and professionals' insights should be considered before a program with such potentially far-reaching implications for accounting education and the profession is rolled out.

2. 30-HOUR COMMUNICATION CAMPAIGN

We agree with the general principle of providing more information to students about the potential paths to becoming a CPA. However, we do not believe alternative paths should be presented as though they are all equivalent. Students need transparency about which paths will best prepare them for the CPA exam and for professional success so that students can make fully informed decisions about which path to complete 30 hours they should pursue. Providing such transparency will require data on the differences in potential outcomes between existing and alternative forms of instruction. Thus, we reiterate our previous call for gathering relevant data.

3. EXTENDING THE 18-MONTH EXAM WINDOW

This item has been addressed by NASBA's announcement of a 30-month window.

4. IDENTIFYING AND ADDRESSING JURISDICTIONAL INCONSISTENCIES FOR INITIAL LICENSURE

We agree that jurisdictional differences can create needless hurdles for people who wish to enter the profession, and we support eliminating administrative differences. We also think the idea of eliminating jurisdictional differences should extend to harmonizing state societies' approach to the 30-hour requirement. Specifically, we believe there should be a harmonization in state societies' criteria for determining the educational experiences that satisfy the requirement based on an open discussion about whether the original goals of the 30-hour requirement are still applicable or have changed.

5. HIGH SCHOOL AND COLLEGE INITIATIVES / 6. STEM RECOGNITION

We support efforts to reach younger students. In fact, many educational institutions are undertaking parallel efforts. We welcome opportunities for the AICPA and the academic community to share ideas and best practices with the goal of collaborating on resources that all educators can use without reinventing the wheel. We believe that such collaboration and widespread adoption of shared resources will maximize the impact of our combined efforts to reach the next generation of students and achieve STEM certification. We also believe that the marketing and communications resources available to the AICPA, state societies, and many large accounting firms will allow the creation of higher-production-value resources that will draw the attention of students.

7. AICPA FOUNDATION

We support using scholarships to attract a greater number of students from diverse backgrounds to the profession.

8. STAKEHOLDER CALLS TO ACTION

We agree that the current pipeline situation requires all hands on deck. We believe the perspective of the educator community is invaluable as we interact most directly with students in the earliest stages of their decision-making process. Therefore, we look forward to participating in future discussions about these and other pipeline proposals.

Sincerely,

Anne M. Magro
President (2022-2023), Leadership Section of the AAA

Letter unanimously approved by the Board of the Leadership Section of the AAA - May 22, 2023