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2009 Trends in the supply of accounting graduates and the demand for public accountants

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2009 TRENDS

IN THE **SUPPLY** OF ACCOUNTING GRADUATES
AND THE **DEMAND** FOR PUBLIC ACCOUNTING RECRUITS

2009 TRENDS

IN THE **SUPPLY** OF ACCOUNTING GRADUATES
AND THE **DEMAND** FOR PUBLIC ACCOUNTING RECRUITS

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INTRODUCTION

The 2009 edition of TRENDS in the Supply of Accounting Graduates and the Demand for Public Accounting Recruits is a continuation of a long-standing AICPA survey. The last survey was published in 2008 (for the 2006-07 academic year), and the current version attempts to identify key trends in accounting enrollment, graduation and hiring through the 2007-08 academic year.

This report is prepared to provide guidance and information to various stakeholders and interested parties. We hope that colleges and universities with accounting curricula, CPA firms that hire graduates, as well as business, industry, and governments that employ accounting professionals will find this data useful. Various member organizations such as the American Accounting Association, state CPA societies and Beta Alpha Psi, should also find the information contained herein valuable for planning and analytical purposes.

The survey methodology, response rates and confidence levels for the data are contained in this report. We are very appreciative of all who took the time to participate, and welcome your questions and feedback as we strive to make the information in these surveys relevant to your needs.

KEY FINDINGS

Supply — Enrollment

- Accounting enrollments continue on an upward trend, advancing 4.7% in 2007-08 to almost 213,000 students across all degree programs. All degree levels – Bachelor’s, Master’s and Doctoral – show increases.
- Once again, the majority of the enrollment growth was at the Bachelor’s degree level, with an increase of almost 7,800 students, comprising roughly 82% of the total enrollment increase.
- Capacity constraints in accounting programs continue to be a concern, one likely to be exacerbated by current economic conditions. At AACSB accounting accredited programs, 16% report having to turn away an average of 56 qualified candidates. AACSB business accredited programs report a modest 6% with enrollment limitations, but they average declining admission to 134 candidates. The shortage of classroom spaces is most pronounced in the Pacific region.
- Identified minorities comprised 25.5% of Bachelor’s degree program enrollments: 11.5% Black/African-American, 7% Asian, 6% Hispanic/Latino, and 1% American Indian/Alaskan Native. Another 6.5% of the Bachelor’s enrollments were reported as minority but are unknown as to the specific category. At the Master’s degree program level, enrollments are 21% identified minorities: 10% Asian, 6% Black/African-American, and 5% Hispanic/Latino. Another 12% of the Master’s enrollments were reported as unknown.
- Enrollment percentages for each ethnic group, and for minorities as a whole, remain substantially unchanged from last year’s findings and in fact have been relatively steady for the last five years. This is a disappointment given the substantial efforts undertaken to attract minorities to the profession by the AICPA, firms, universities, state CPA societies, business and industry and groups such as NABA, ALPFA and Ascend, to name some of those making financial and programmatic commitments.



- Female enrollment is 53% in Bachelor’s degree programs, up 1% from last year, while in Master’s degree programs males and females are at a 50/50 ratio, a 2% increase for males.
- On a regional basis, the Southern region tends to have the highest percentage of minority enrollments, while the Pacific region has the lowest percentage of female and minority enrollments.
- Predictions of future enrollments are, unsurprisingly, markedly different from those of a year ago. At the Bachelor’s degree level, 41% of respondents expect lower enrollments going forward (only 4% were in this category a year ago), while at the Master’s level 22% are projecting a lower number (versus only 1% a year ago). Those citing “unknown” as a response are fully 50% at the Bachelor’s level (only 4% a year ago) and 43% at the Master’s level (16% last year). Conversely, those expecting higher enrollments for Bachelor’s candidates dropped from 60% to 4%, while at the Master’s level higher enrollment projections fell from 63% to 29%. Clearly, the economic factors and uncertainties that are affecting both schools and students are driving these findings.
- In stark contrast, 75% of respondents believe Master’s in Taxation enrollments will increase as opposed to only 16% in that category last year.

Supply — Graduates

- Combined graduates from all Bachelor’s and Master’s degree programs in 2007-08 increased by 3.5% to 66,459, continuing an upward trend and once again reaching record levels.
- Bachelor’s degrees granted are 48,968, up 2.7% from last year, while Master’s degrees granted rose to 17,491, an increase of 5.6%.
- Master’s degrees granted represent just over 26% of the combined total, an increase of under 1%, which mirrors the minor gains posted in previous years.

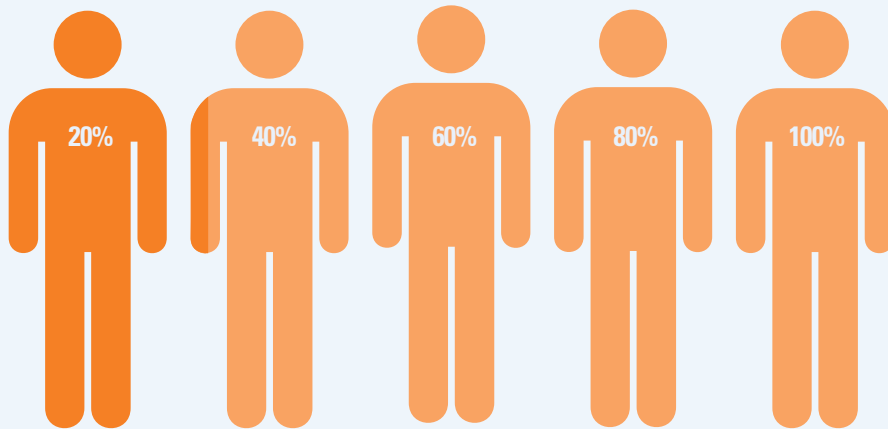
- Accounting and/or business accredited programs (AACSB and ACBSP) produced 84% of all Bachelor's and Master's accounting degree graduates. AACSB accounting accredited programs supplied 40% of all graduates, virtually the same as in 2006-07. AACSB business accredited schools were 36% of the total, up slightly from last year. Regionally accredited programs stand at 16% of the total, again quite similar to a year ago.
- Graduates by gender are 51% female and 49% male, a 1% increase for males.
- Ethnicity of graduates is 30% minority, (including "unknown") down slightly from 32% in 2006-07. African-American graduates remained level at 7%, Hispanic/Latino representation rose to 6% from 5%, Asian graduates remained at 8%, and other (mixed race or unidentified) decreased from 11% to 9% of that total. Once again the absolute number of minority graduates increased slightly, but the percentage of the total continues a trend of little movement.
- The distribution of Master's degrees awarded continues to heavily favor the Master's of Accounting degree, which represents 85% of all Master's degrees in accounting-related disciplines. Disappointingly, only 8% were Master's of Taxation, down from 16% a year ago. With higher predicted tax enrollments going forward, and expected new tax statutes, there is the possibility of a turnaround in this trend. MBAs in Accounting remained basically flat at 7% of the total.
- Placement of new graduates continues to be dominated by public practice firms: 35% of Bachelor's degree recipients and 74% of Master's degree graduates select public accounting as their first position after completing their degrees. Business and Industry is a second choice, with 20% of Bachelor's and 11% of Master's degree holders choosing this route.
- For enrollment and graduate findings in this report, the margin of error at the 90% confidence level is +/- 5.7%.



Percentage increase of combined graduates from all Bachelor's and Master's degree programs in 2007-08.

Demand — Hiring

- Hiring by CPA firms started strongly but tailed off considerably as the economy deteriorated in 2007-08. Fall of 2007 was reasonably robust; however, as economic conditions worsened, hiring began to slow substantially in the spring.
- There is an uneven pattern of hiring based on firm size. The smaller firms – those having from 1-9 and from 10-49 CPAs – had hiring levels considerably below their previous year's totals. Given that their hiring is often later than the larger firms, their hiring decline at least partially explains the Spring fall-off in hiring overall. And although these firms individually are relatively small, the sheer number of such firms means that in aggregate, they clearly constitute the largest hiring group. In a somewhat counter-intuitive finding, those firms with 50-200 CPAs actually increased their hiring in 2007-08. The largest firms with more than 200 CPAs started strong but were ultimately down about 10% from the previous year.
- Forecasts for hiring going forward are predictably uncertain. Overall hiring is expected to be the same (64%) or lower (26%) compared to this year. As later charts demonstrate, firms overall were very conservative in projecting 2008-09 hiring levels.
- Areas of assignment for new hires changed substantially by decreasing for MIS/Computers while increasing in Taxation.
- Total hires were 25,488 in 2007-08. The decrease from the previous year is slightly higher at the Bachelor's degree level but was clearly significant at the Master's level as well.
- Hiring of Master's degree candidates continued to increase, as did that for non-accounting graduates.
- Master's degree hires continue to be composed of 75% Master's of Accounting degrees, while Master's of Taxation and MBA in Accounting make up the rest in equal proportions.
- New accounting graduates hired by CPA firms were 55% female and 45% male, a 3% swing from the previous year when the ratio was 52% female and 48% male.



In 2007-08, 22% of all new accounting graduates hired were minorities. This is down from 26% a year ago.

- Identified ethnicity (not including “unknown”) of all new accounting graduates hired was 22% of total, down from 26% a year ago. The breakdown is: Asian 12%, Black/African-American 4%, Hispanic/Latino 4%, and Native American/Alaskan Native, under 2% .
- Expectations for reduced hiring of new non-accounting graduates are evident. 16% say they will hire fewer such graduates and fully 78% will hire the same as last year. Hiring of those with prior experience will basically hold steady.

Demand — Firm Demographics

- Overall there is little change in the demographic makeup of all responding firms, with gender, ethnicity and partner complements remaining substantially unchanged.
- For demand and hiring findings in this report, the margin of error at the 90% confidence level is +/- 4.4% and the R square is .98. The response rate of the largest 24 firms increased from 58% last year to 66% this year.

CPA Exam

- In July of this year, the Uniform CPA Examination recently passed one million administrations of the computer based test. The number of exam takers on an annual basis appears to have reached parity or exceeded the number of those sitting prior to the administration of the computerized exam, which was introduced in April 2004.

New Additions — Academics

- Given the pending adoption of IFRS, accounting programs were asked if they will offer IFRS course material in their curricula. 80% said that they currently include some IFRS material in the curriculum, and another 15% will add coverage by Fall 2009. Most other respondents indicated the likelihood of incorporating IFRS in some form by 2010. Clearly, new textbook editions, support from the firms, and AAA Commons have all contributed to moving forward in this area.
- Schools were also asked to identify how many of their accounting majors had transferred in from a community college. Based on the responses, it would appear that approximately 3% of the full-time Bachelor's degree level candidates originally matriculated at a community college.

New Additions — Firms

- Given the importance of attaining the CPA credential, firms were asked about the number of full-time employees that are currently attending classes in order to qualify for their CPA. Based on the survey responses, it is evident that firms continue to support the value of continued education and employees obtaining their CPA license. For example, the largest firms average more than 500 full-time employees currently enrolled in classes to satisfy the educational requirement for the CPA license.

80%



Percentage of accounting programs that say they currently have some IFRS curriculum in place. An additional 15% will add it by Fall 2009.

2009
TRENDS in SUPPLY

SURVEY METHODOLOGY

Survey Fielding

- A census of colleges and universities granting accounting degrees was invited to participate
- Survey invitations were emailed November 5, 2008
- The AICPA extensively followed up with non-respondents to maximize the response rate
- State societies encouraged college and university contacts to participate
- The field closed February 27, 2009

Survey Instrument

- Additional questions were added concerning:
 - IFRS Curriculum
 - Community College student transfers
 - Dual Degree Programs

Response Information

- Surveys were predominantly completed online; a paper copy response option was also available
- The overall response rate was 25%, almost identical to the response rate from a year ago

- Survey results have been weighted by the number of accounting faculty to reflect the entire population
- The margin of error at the 90% confidence level is +/-5.7%
- Regression equations were developed to forecast enrollment and graduation numbers
- The number of accounting faculty was used to predict enrollment and graduation
- Six regression equations were developed in total: an enrollment and graduation equation for each program (Bachelor's, Master's and Ph.D.)
- R squares were developed for each equation
- Only Ph.D. enrollment and graduation numbers cannot be accurately predicted
- The number of responses from AACSB Business accredited programs more than doubled across all degree levels providing for a more well rounded survey

Supply Survey Response Rate

	MAILED OUT	RETURNED	RESPONSE RATE
All Institutions	955	241	25%
ACCREDITATION			
Accounting — AACSB			
Bachelor's	170	75	44%
Master's	165	72	44%
Ph.D.	48	38	79%
Business — AACSB *			
Bachelor's	450	134	30%
Master's	464	127	27%
Ph.D.	108	47	44%
Business — ACBSP **			
Bachelor's	155	30	19%
Master's	105	22	21%
Ph.D.	2	0	0%
Other			
Bachelor's	324	21	6%
Master's	94	10	11%
Ph.D.	15	4	27%
TYPE			
Majority	853	226	26%
Minority	102	15	15%
REGION			
Eastern	240	57	24%
North Central	263	75	29%
Southern	339	85	25%
Pacific	113	24	21%

* AACSB = Association for the Advancement of Collegiate Schools of Business

** ACBSP = Association of Collegiate Business Schools and Programs

Supply Survey Response Rate

STATE	MAILED OUT	RETURNED	RESPONSE RATE	STATE	MAILED OUT	RETURNED	RESPONSE RATE
AK	4	2	50%	MT	3	3	100%
AL	25	8	32%	NC	40	4	10%
AR	16	4	25%	ND	6	4	67%
AZ	8	2	25%	NE	9	4	44%
CA	53	4	8%	NH	5	0	0%
CO	14	5	36%	NJ	20	2	10%
CT	15	4	27%	NM	5	0	0%
DC	8	1	13%	NV	2	2	100%
DE	5	0	0%	NY	64	16	25%
FL	31	10	32%	OH	35	10	29%
GA	30	6	20%	OK	16	9	56%
HI	6	0	0%	OR	8	3	38%
IA	15	1	7%	PA	61	13	21%
ID	4	1	25%	PR	4	0	0%
IL	34	6	18%	RI	7	0	0%
IN	30	11	37%	SC	18	6	33%
KS	11	1	9%	SD	4	2	50%
KY	18	3	17%	TN	25	5	20%
LA	19	4	21%	TX	58	16	28%
MA	31	17	55%	UT	7	4	57%
MD	14	3	21%	VA	28	7	25%
ME	5	1	20%	VT	4	0	0%
MI	31	6	19%	WA	12	5	42%
MN	16	3	19%	WI	19	8	42%
MO	24	8	33%	WV	10	2	20%
MS	15	3	20%	WY	1	1	100%

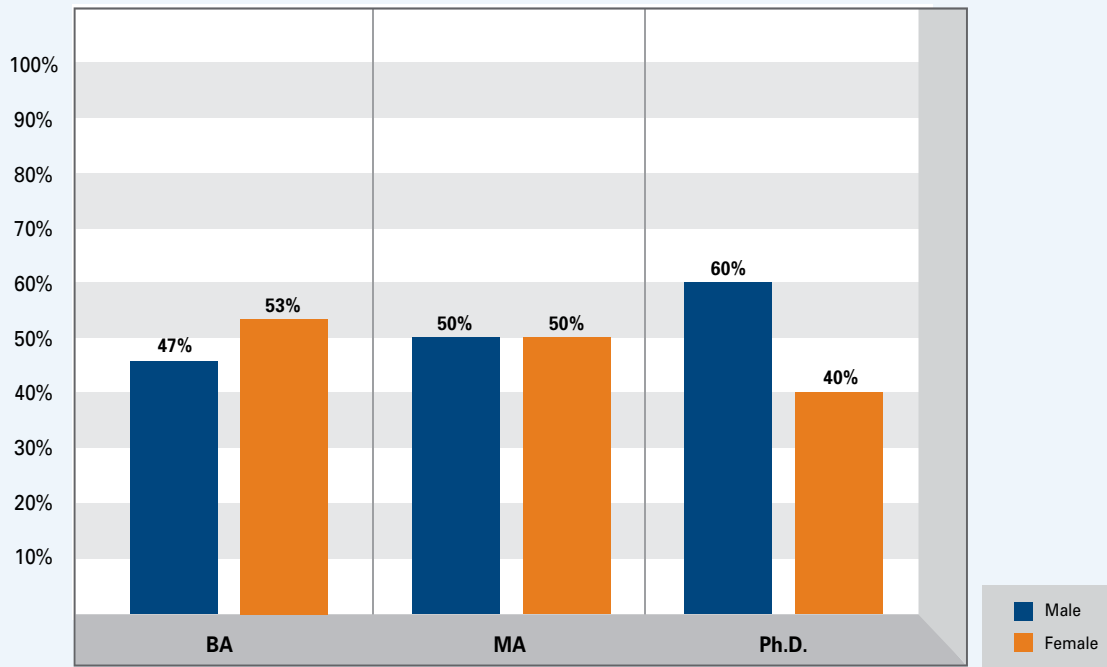
TRENDS in SUPPLY
ACCOUNTING ENROLLMENT

Accounting Enrollment by Program

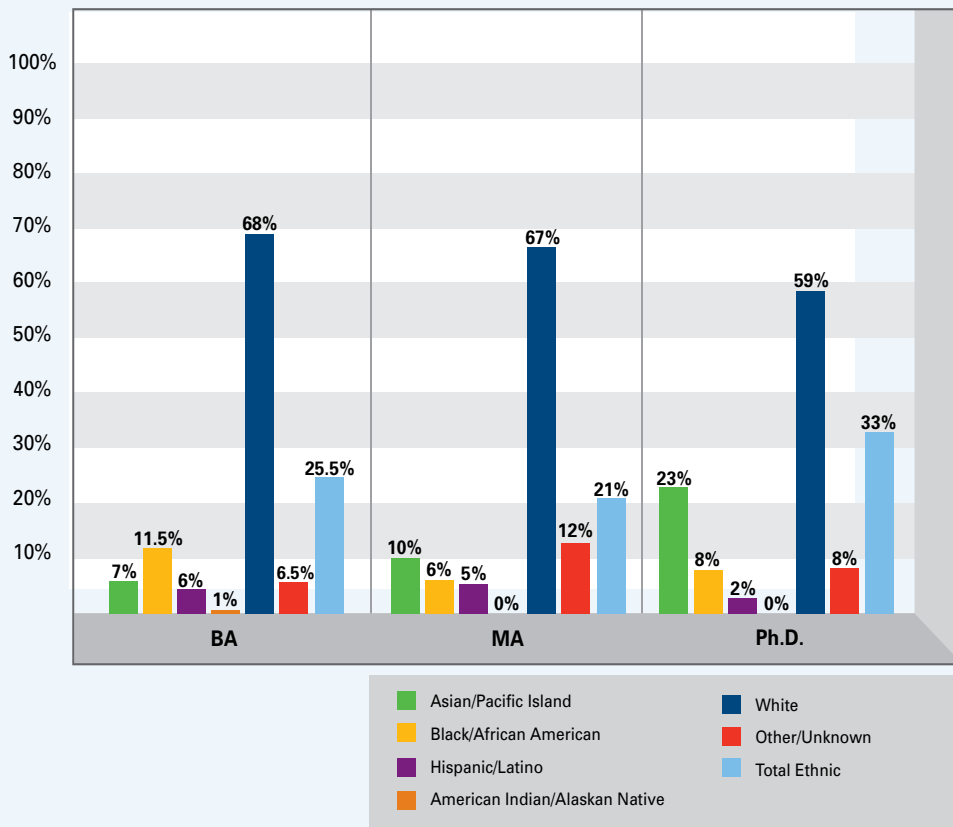
	2000-01	2001-02	2002-03	2003-04	2006-07	2007-08
BA	134,775	133,435	141,175	142,735	173,299	181,075
MA Acc	10,375	12,565	17,540	18,795	21,253	22,291
MBA Acc	4,000	4,065	5,270	4,030	4,482	3,664
MA Tax	2,935	3,555	3,550	3,595	3,239	4,580
PhD	800	890	1,085	955	1,095	1,224
Total	152,885	154,510	168,620	171,110	203,368	212,834

Accounting enrollments continued to grow, especially in Bachelor's degree programs.

Enrollment by Gender — 2007-08

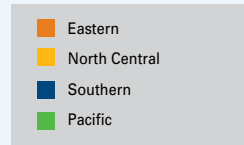
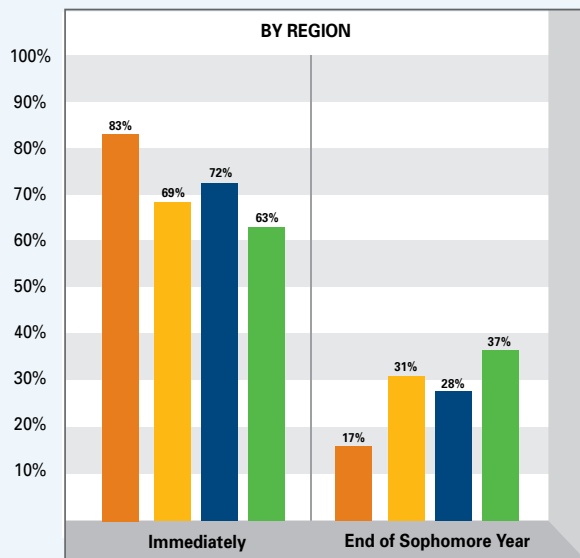
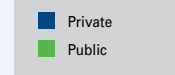
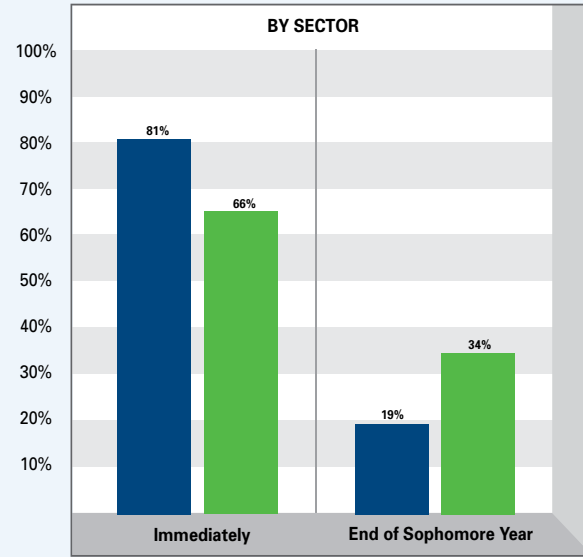
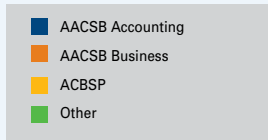
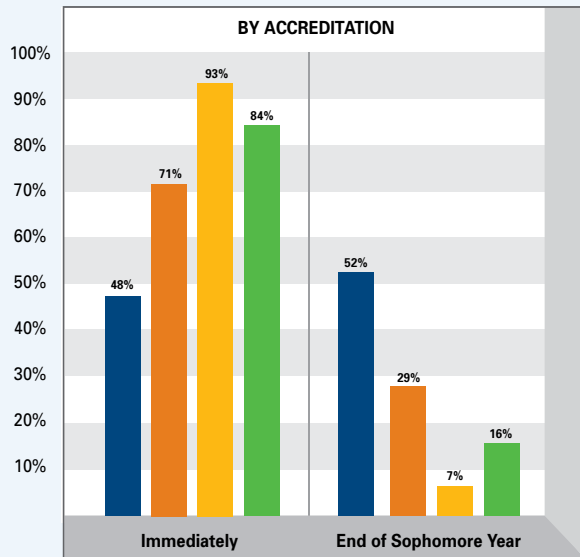


Enrollment by Ethnicity — 2007-08



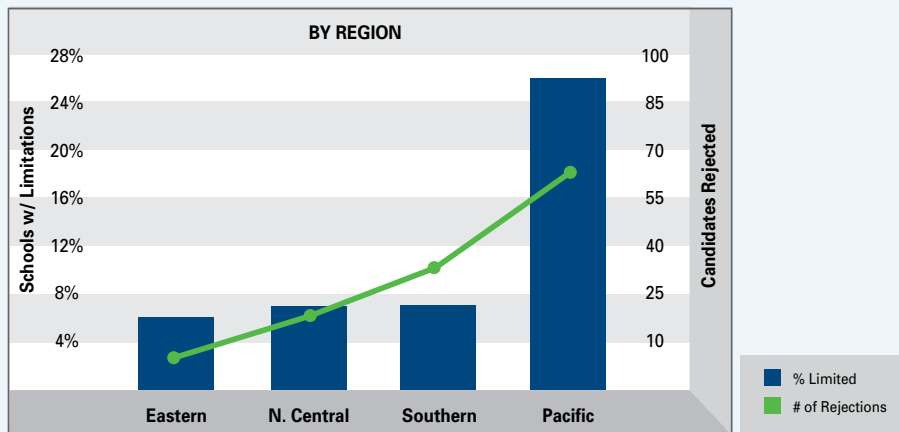
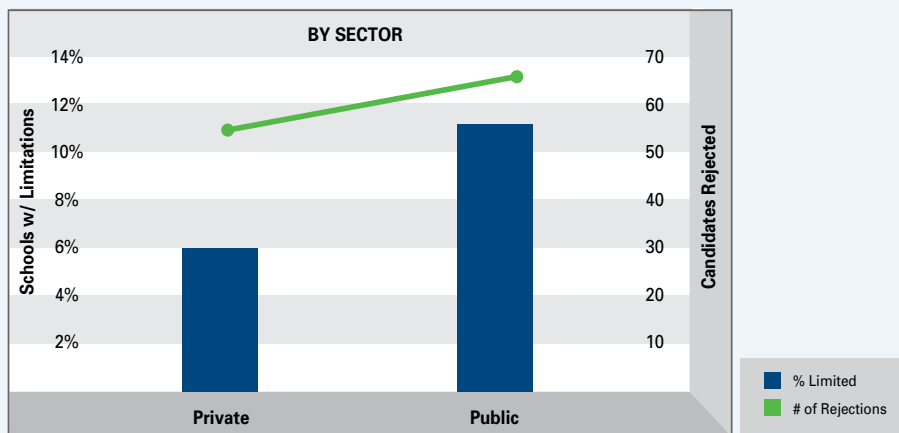
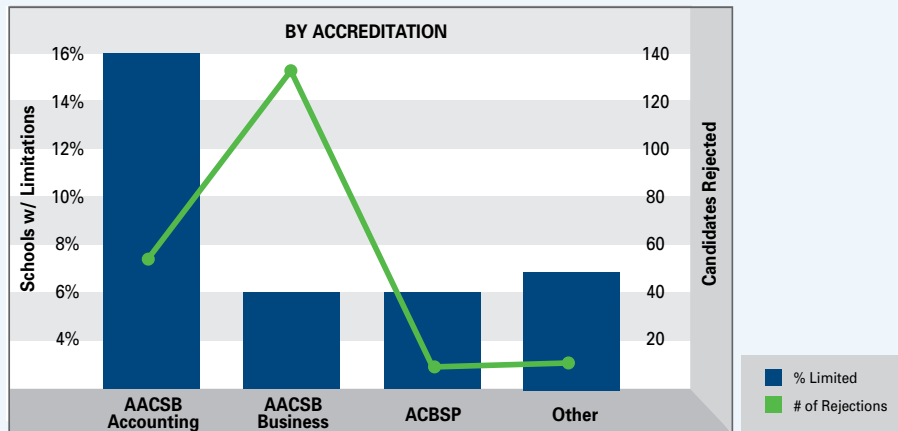
Bachelor's Enrollments by Major Declaration — 2007-08

Survey Question: When can undergraduate students declare accounting as a major?



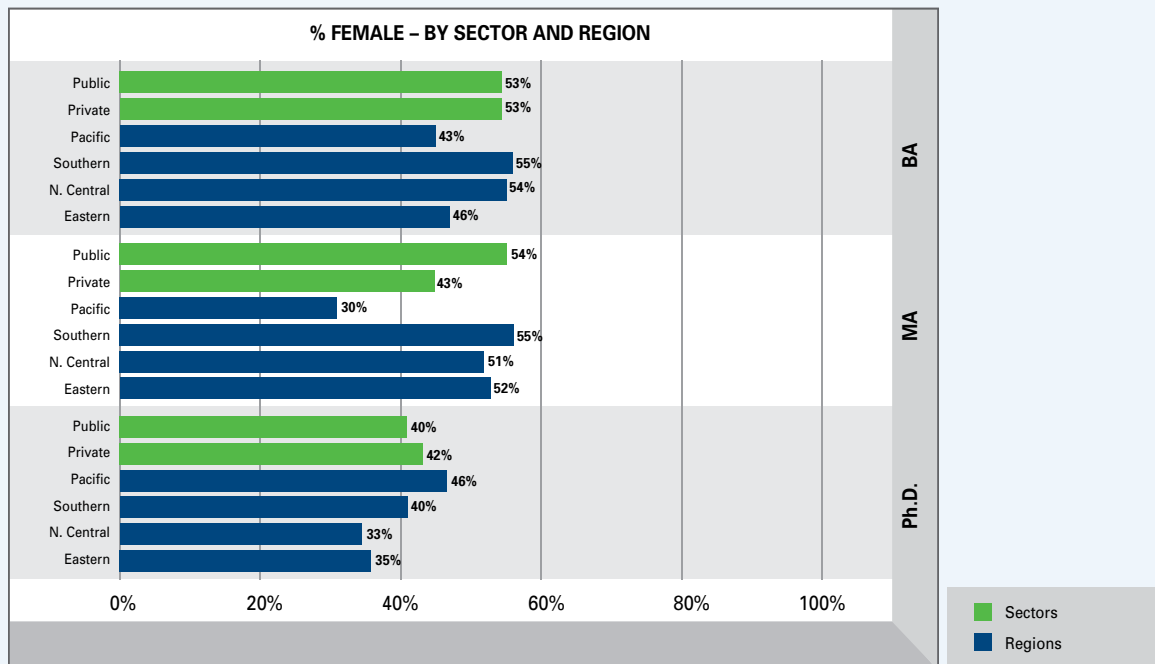
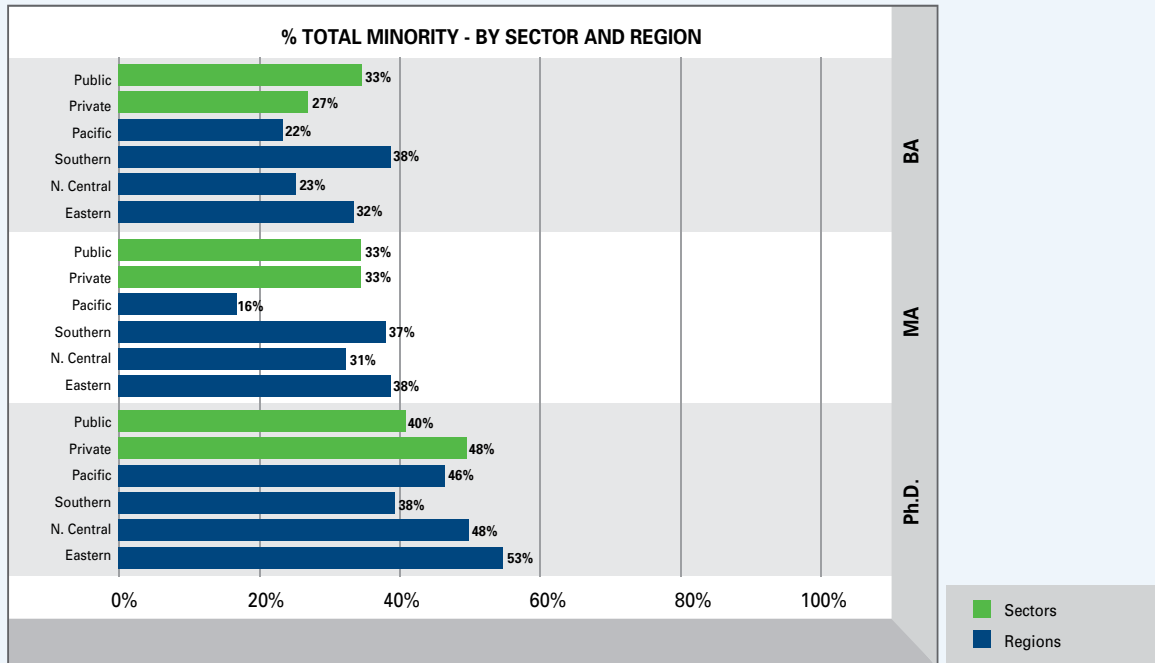
Bachelor's Enrollments by Limited Space — 2007-08

Survey Question: Are your enrollments limited by available spaces? If your enrollment is limited, roughly how many qualified candidates do you turn away?



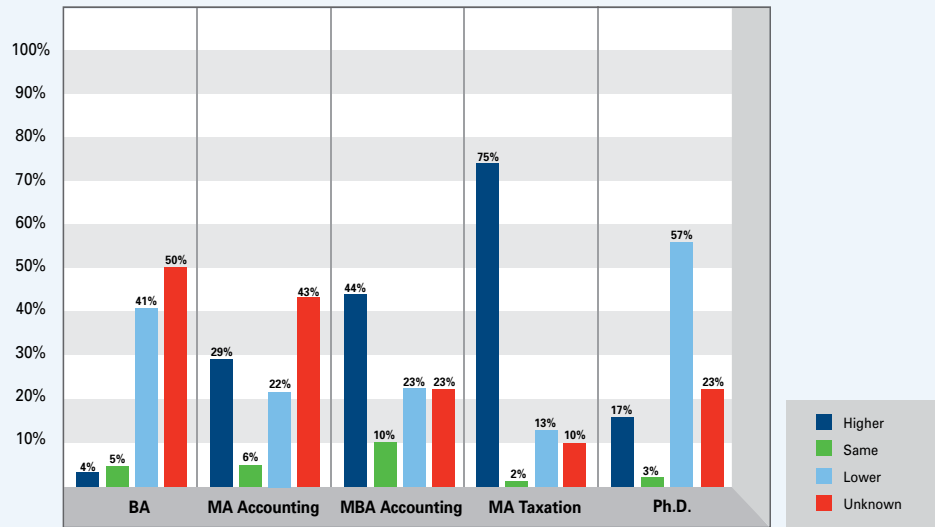
It remains a concern that 16% of AACSB Accounting Accredited programs are turning away an average of 56 qualified applicants. For those programs with AACSB Business Accreditation, only 6% report space constraints, but those that do are turning away an average of 134 qualified applicants.

Bachelor's and Master's Enrollment by Ethnicity and Gender — 2007-08



Future Enrollment Predictions in Accounting Programs — 2007-08

Survey Question: For each of the following accounting programs listed, please indicate whether you expect enrollment at your institution two years from now to be higher, lower or the same as current enrollment.



This data obviously reflects uncertainty about funding and capacity, and the resulting impact on student choices and outcomes.

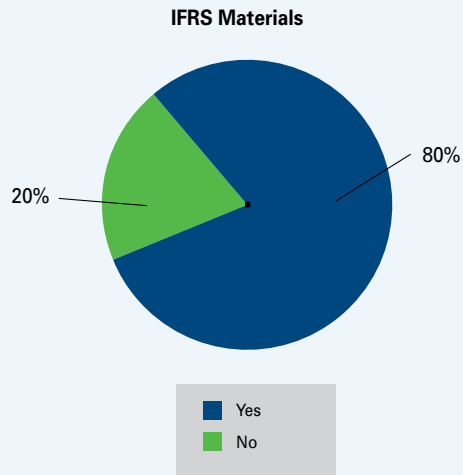
Community College Question — 2007-08

Survey Question: To the degree you know or can estimate, how many students transfer to your accounting program from a 2-year school annually?

This is the first time this question has been asked. Given that approximately 1,000 community colleges teach some form of accounting, and considering current economic conditions, this enrollment segment may well expand if capacity limits continue at Bachelor's and Master's degree programs. There were 6,096 students who will attend 173 schools. This accounts for over 3% of the enrollments for this year.

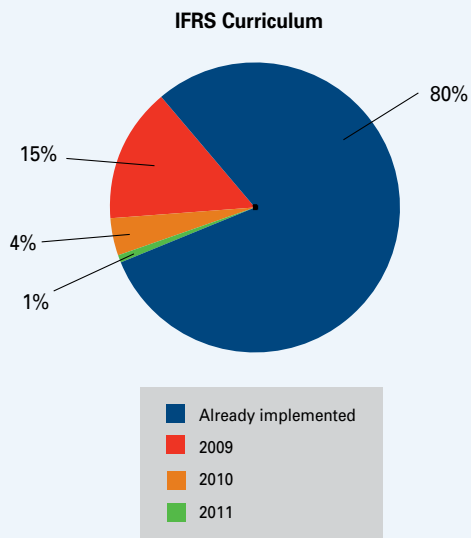
IFRS Question — 2007-08

Survey Question: Does your school offer courses which include IFRS material?



A large majority of accounting programs have begun to include at least some IFRS-related material in their curricula, with most of the rest to follow in the next year or so.

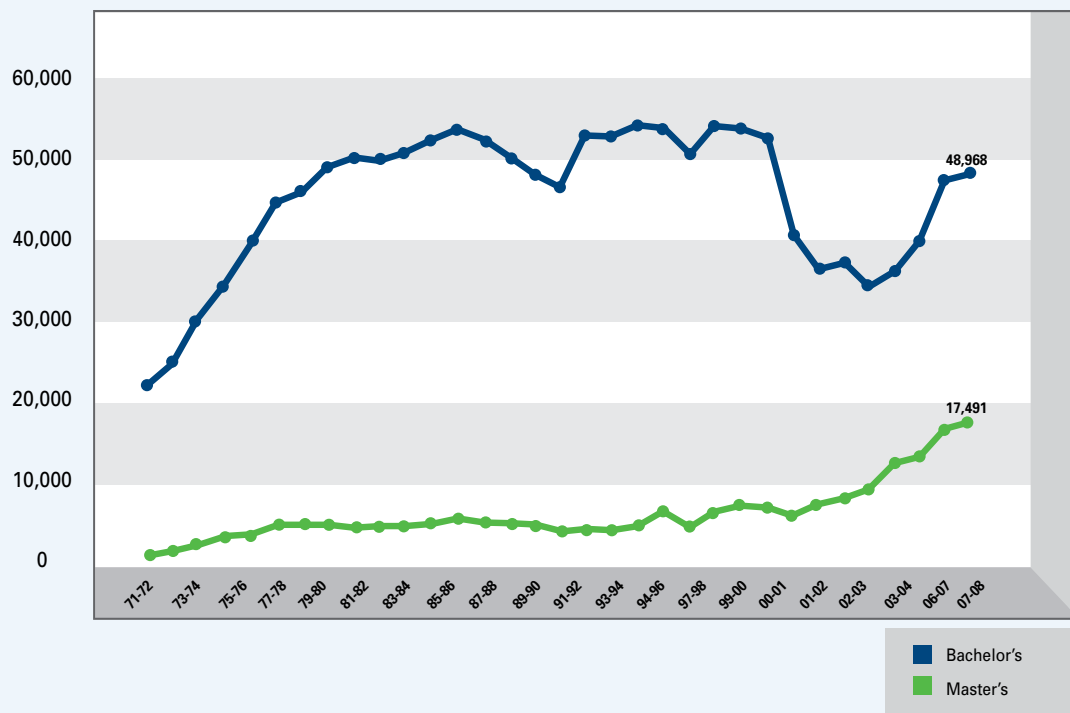
Survey Question: When do you anticipate adding IFRS curriculum?



TRENDS IN SUPPLY

ACCOUNTING GRADUATES

Accounting Degrees Awarded Historical — 1971-2008

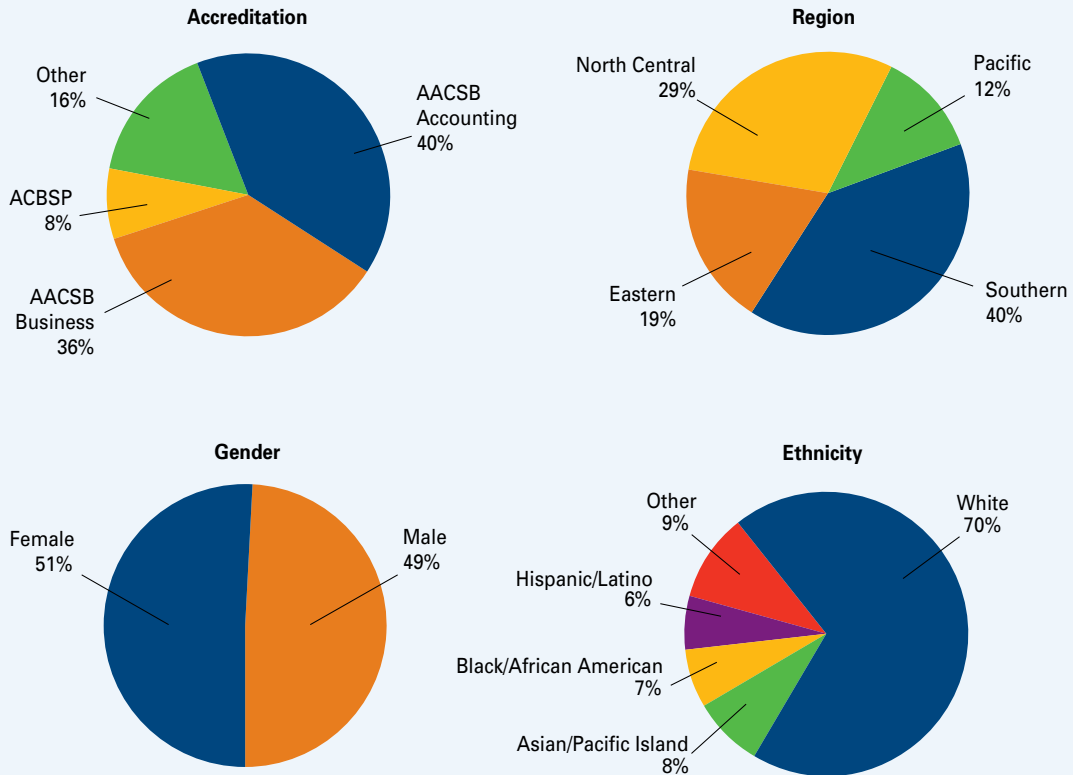


The number of Bachelor's graduates increased by 2.7% and Master's graduates increased by 5.6%.

Accounting Degrees Awarded by All Schools 1971-72 through 2007-08

YEAR	BACHELOR'S		MASTER'S		TOTAL DEMAND	
	GRADUATES	RATE OF GROWTH	GRADUATES	RATE OF GROWTH	GRADUATES	RATE OF GROWTH
1971-72	23,800	-0-	2,200	-0-	26,000	-0-
1972-73	26,300	+11%	2,700	+23%	29,000	+12%
1973-74	31,400	+19%	3,400	+26%	34,800	+20%
1974-75	35,400	+13%	4,300	+26%	39,700	+14%
1975-76	39,900	+13%	4,700	+9%	44,600	+12%
1976-77	44,760	+12%	5,620	+20%	50,380	+13%
1977-78	46,000	+3%	5,670	+1%	51,670	+3%
1978-79	48,800	+6%	5,640	-1%	54,440	+5%
1979-80	49,870	+2%	5,280	-6%	55,150	+1%
1980-81	49,320	-1%	5,520	+5%	54,840	-1%
1981-82	50,300	+2%	5,570	+1%	55,870	+2%
1982-83	51,950	+3%	5,810	+4%	57,760	+3%
1983-84	53,020	+2%	6,330	+9%	59,350	+3%
1984-85	51,980	-2%	5,910	-7%	57,890	-2%
1985-86	50,000	-4%	5,750	-3%	55,750	-4%
1986-87	48,030	-4%	5,580	-3%	53,610	-4%
1987-88	46,340	-4%	4,910	-12%	51,250	-4%
1988-89	52,500	+13%	5,230	+7%	57,730	+13%
1989-90	52,320	-0-	5,040	-4%	57,360	-1%
1990-91	53,600	+1%	5,040	+10%	59,140	+3%
1991-92	53,320	-0-	7,070	+28%	60,390	+2%
1992-93	50,060	-6%	5,330	-25%	55,390	-8%
1993-94	53,450	+7%	7,170	+35%	60,620	+9%
1994-95	53,360	-0-	7,860	+10%	61,220	+1%
1995-96	52,030	-2%	7,630	-3%	59,660	-3%
1998-99	41,170	-21%	6,725	-12%	47,895	-20%
1999-00	37,115	-10%	7,980	+19%	45,095	-6%
2000-01	37,855	+2%	8,700	+9%	46,555	+3%
2001-02	34,995	-8%	9,700	+11%	44,695	-4%
2002-03	37,010	+6%	12,665	+30%	49,665	+11%
2003-04	40,420	+9%	13,340	+5%	53,760	+8%
2006-07	47,662	+18%	16,559	+24%	64,221	+19%
2007-08	48,968	+2.7%	17,491	+5.6%	66,459	+3.5%

Accounting Graduates Snapshot (BA & MA combined) — 2007-08

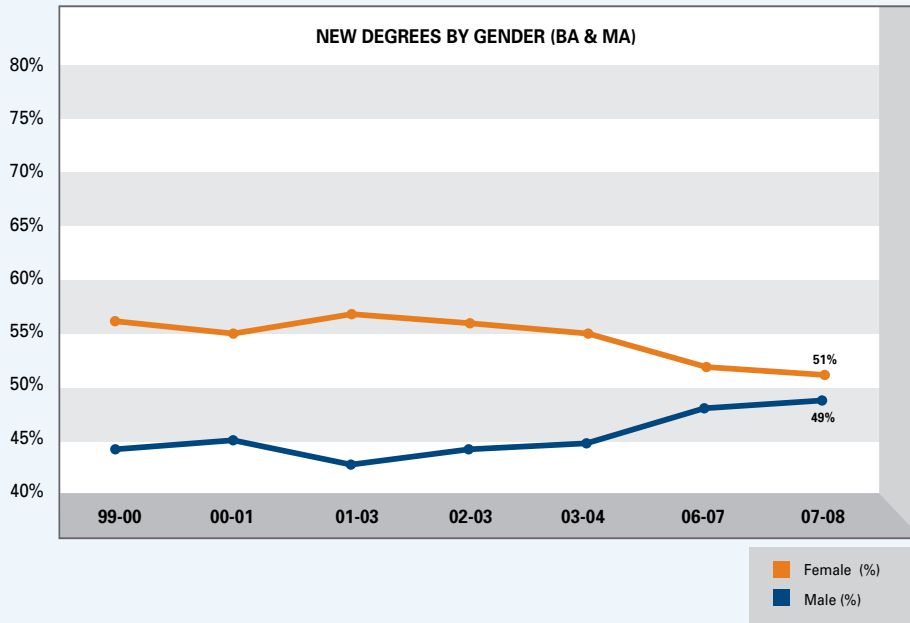


Dual Degree Programs — 2007-08

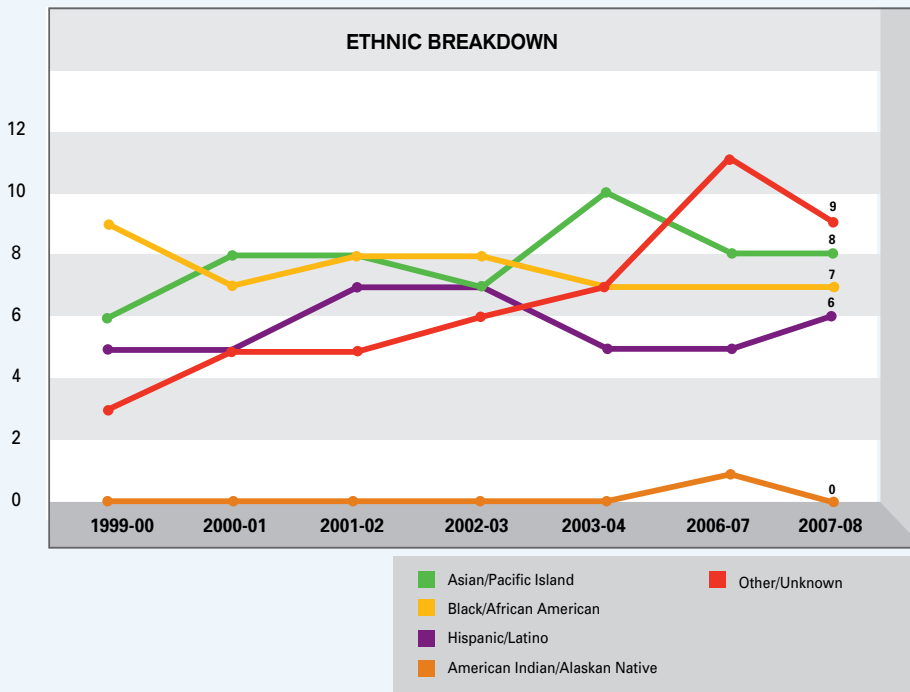
Survey Question: How many persons reflected in the Bachelor's and Master's graduates data you provided above in Q5 and Q8 are graduates of dual degree programs (programs which grant a Bachelor's and Master's to the same person)?

This is the first time this question was asked. 17% of the responding schools offer dual degree programs that allow the student to earn both a Bachelor's and Master's concurrently.

Graduates by Gender — 2007-08



Bachelor's and Master's Graduates by Ethnicity — 2007-08



Reflecting population demographics, the percentage of Hispanic/Latino graduates has begun to increase.

New Accounting Graduates from AACSB Accounting and AACSB & ACBSP Accredited Business Administration Programs

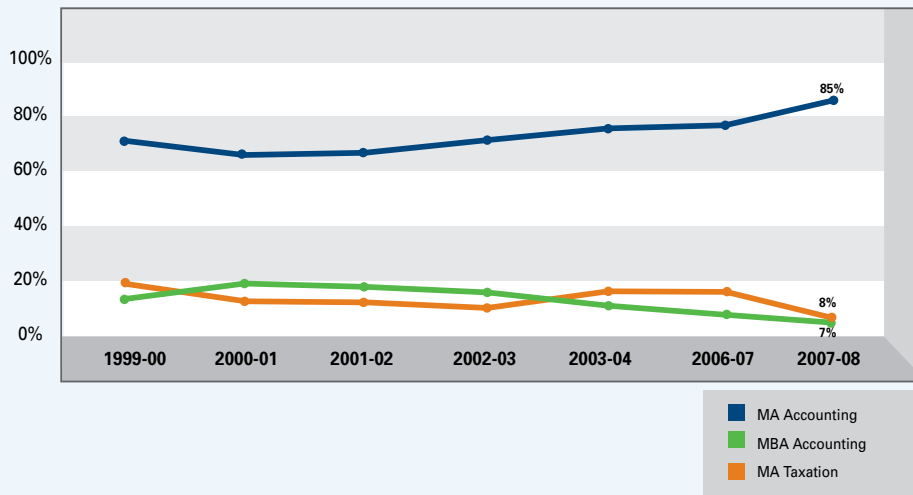
	AACSB ACCOUNTING PROGRAMS & AACSB & ACBSP BUSINESS ADMIN. PROGRAMS	BACHELOR'S	MASTER'S	TOTAL
1999-00	461	28,070	7,260	35,330
2000-01	479	28,175	7,235	35,410
2001-02	494	27,880	9,170	37,050
2002-03	504	30,590	11,905	42,495
2003-04	501	33,120	12,635	45,755
2006-07	597	38,555	14,912	53,467
2007-08	602	39,734	16,115	55,849

Accounting graduates from accounting and business accredited programs continue to rise, 3% for Bachelor's over the 2007-08 survey, and 8% at the Master's level.

New Accounting Graduates from Other Business Administration Programs

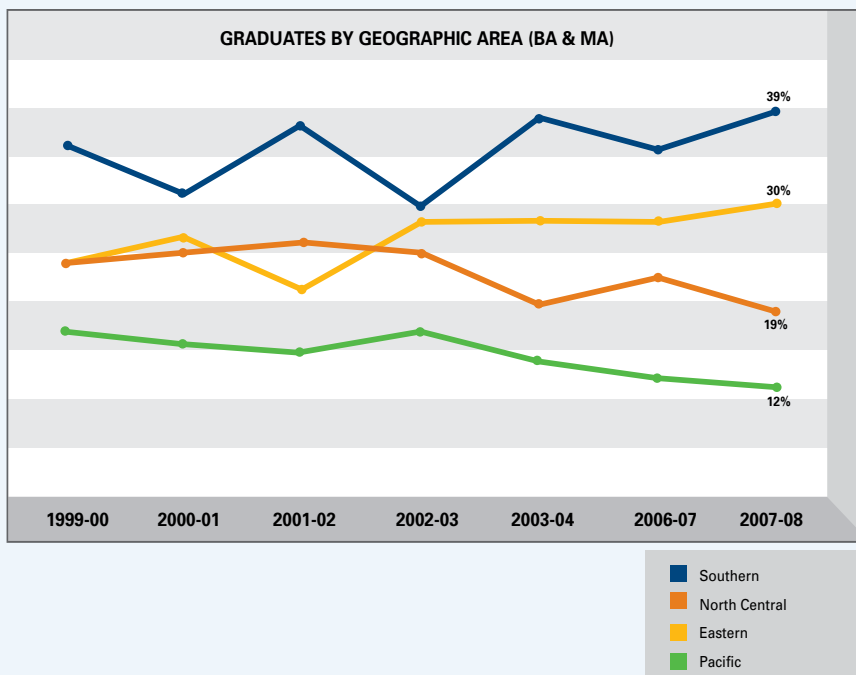
	NUMBER OF OTHER BUSINESS ADMINISTRATION PROGRAMS	BACHELOR'S	MASTER'S	TOTAL
1999-00	395	9,045	720	9,765
2000-01	378	9,680	1,465	11,145
2001-02	355	7,115	530	7,645
2002-03	337	6,420	750	7,170
2003-04	330	7,300	705	8,005
2006-07	322	9,107	1,647	10,754
2007-08	324	9,234	1,376	10,610

Master's Degrees by Program Type — 2007-08

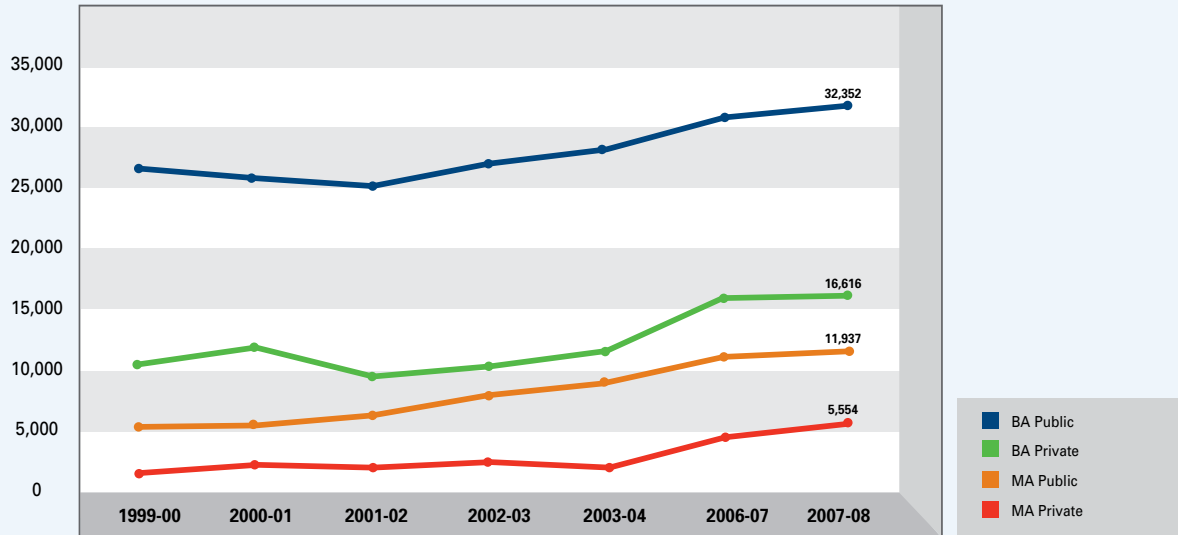


Master's degrees in Accounting (MAcc) continue to be the dominant program of choice at the Master's level. The continuing decline in Master's degrees in Taxation remains a concern.

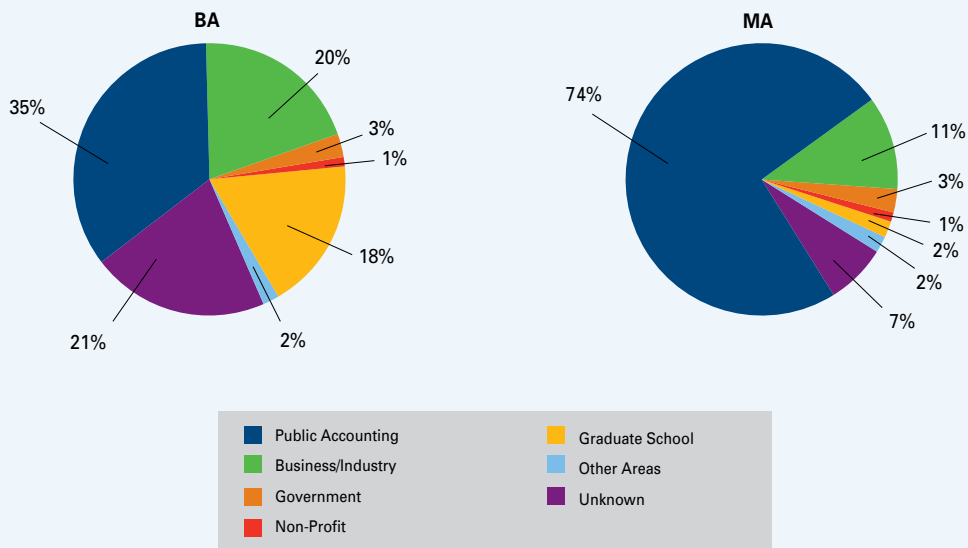
Accounting Degrees by Geographic Region — 2007-08



Accounting Graduates by Sector — 2007-08



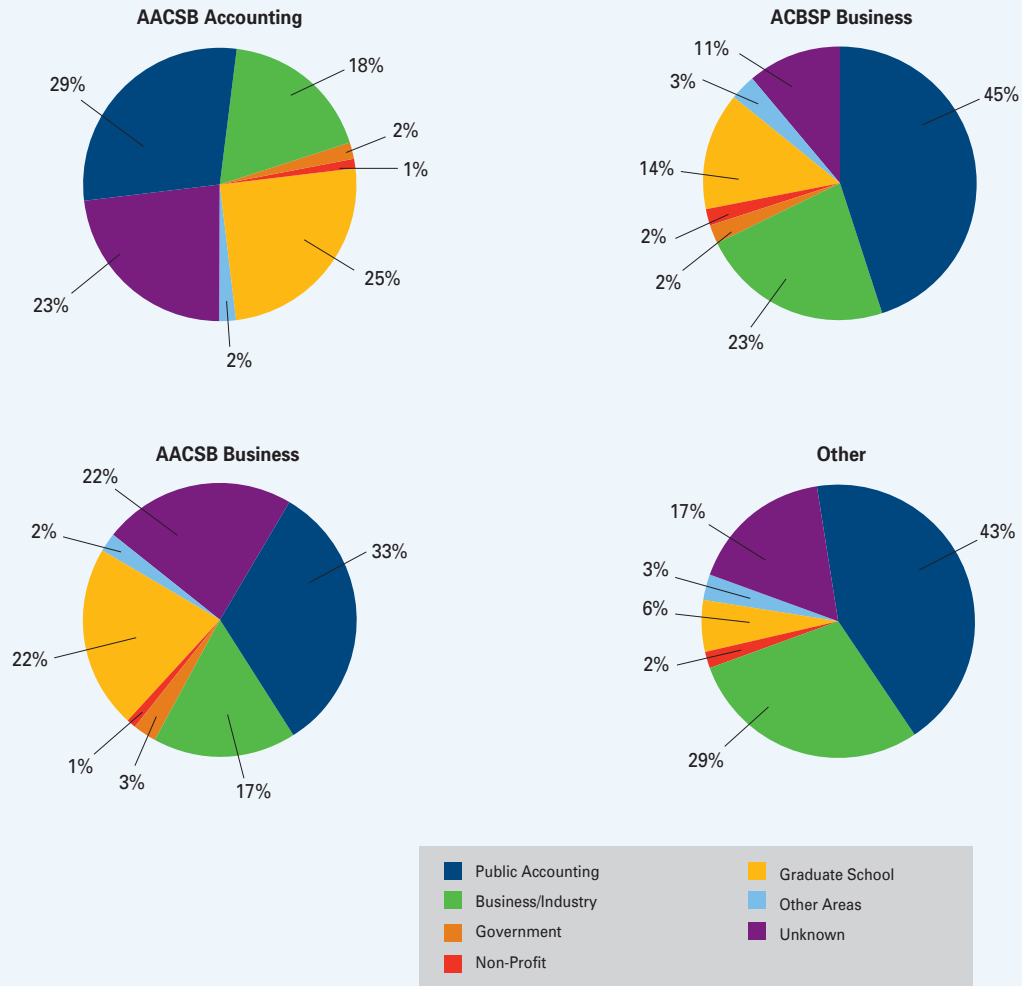
Placement of Graduates by Degree Level* — 2007-08



Graduates from both Bachelor's and Master's accounting programs are most likely to begin work in Public Accounting. The distribution of Bachelor's graduates across sectors is more evenly spread, however, with roughly two-thirds working in other sectors. Less than one-third of Master's graduates begin work in sectors other than Public Accounting.

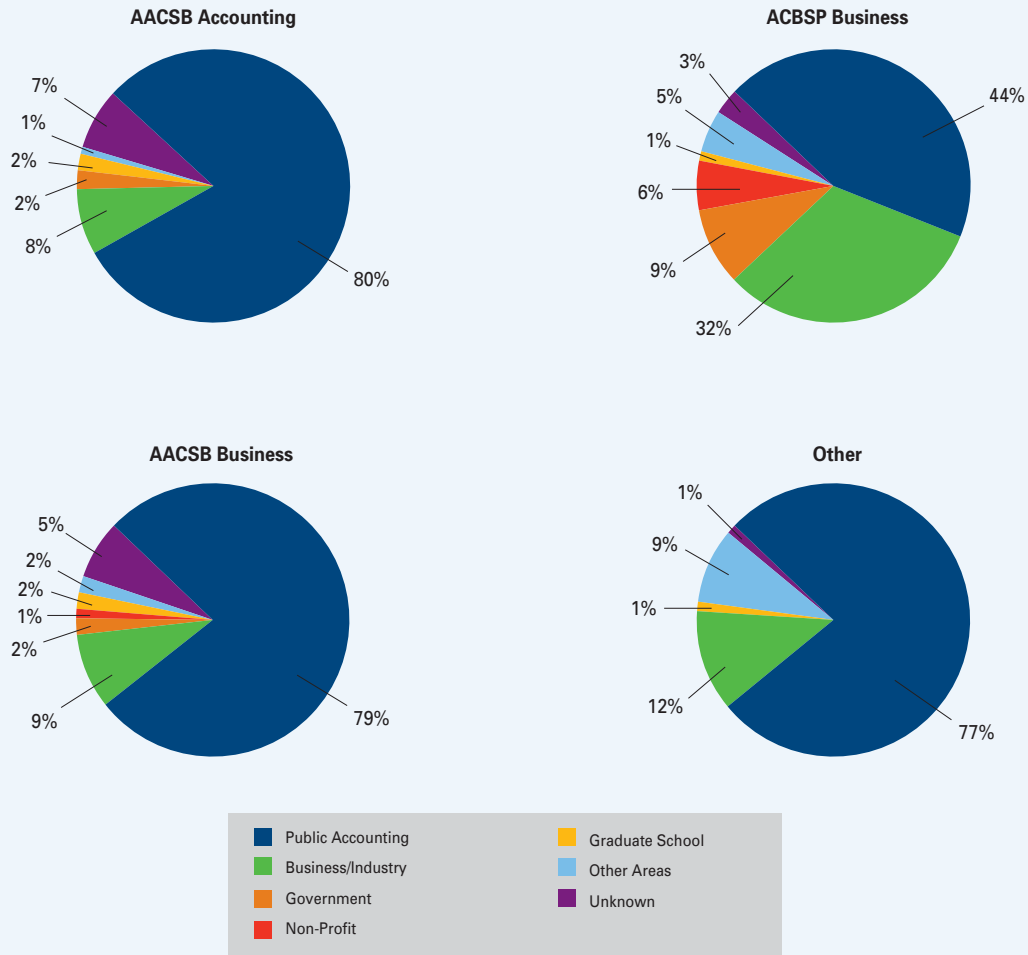
*Based on placement data provided by responding schools, but with varying degrees of certainty regarding accuracy.

Placement of Bachelor's Graduates by Accreditation* — 2007-08



*Based on placement data provided by responding schools, but with varying degrees of certainty regarding accuracy.

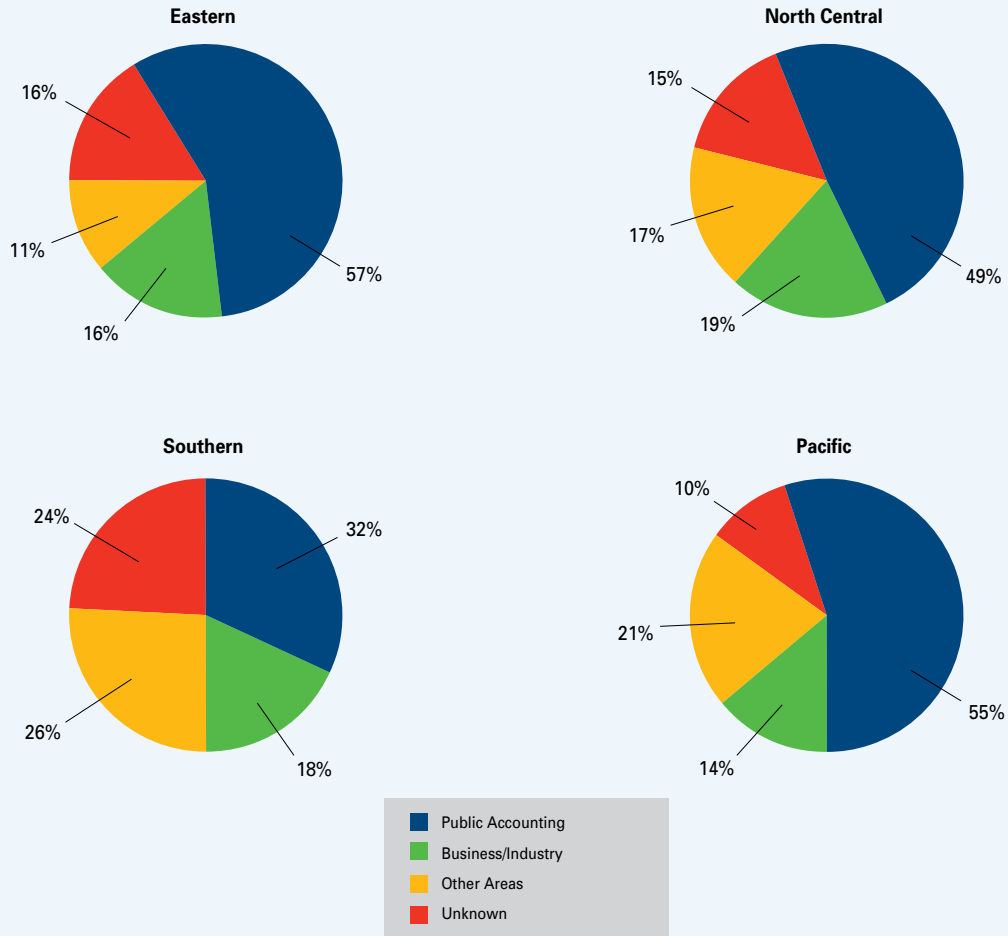
Placement of Master's Graduates by Accreditation* — 2007-08



Master's graduates of all accreditation types are most likely to begin work in Public Accounting.

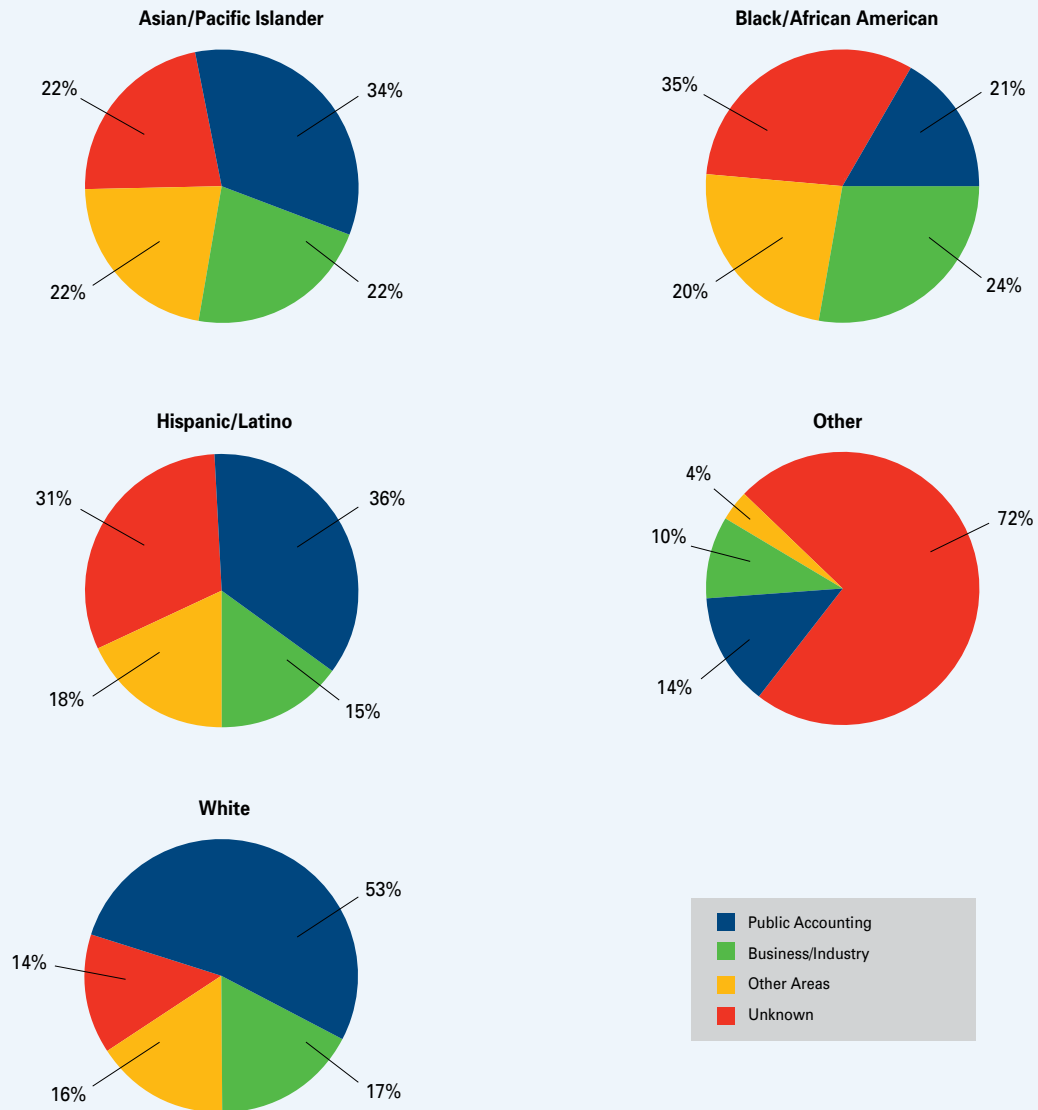
* Based on placement data provided by responding schools, but with varying degrees of certainty regarding accuracy.

Placement of Bachelor's and Master's Graduates by Region* — 2007-08



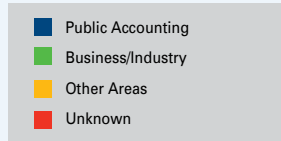
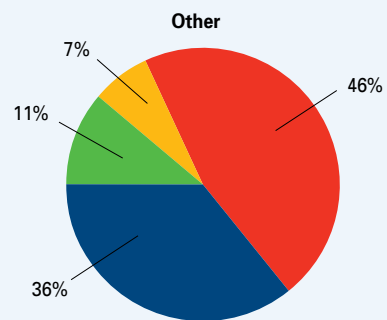
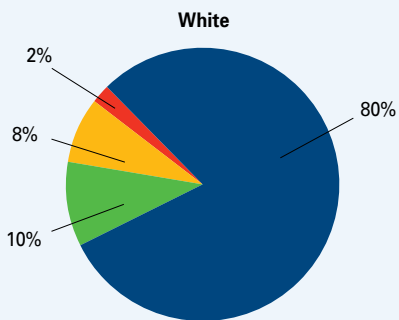
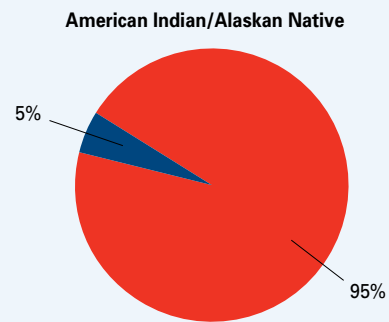
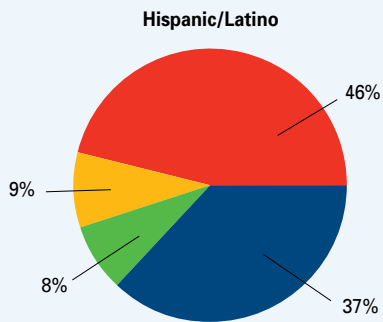
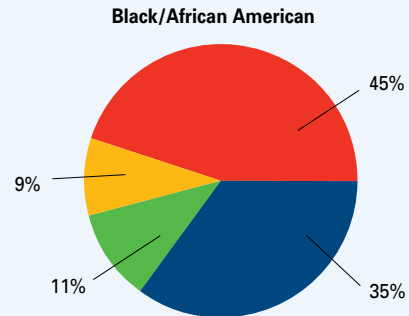
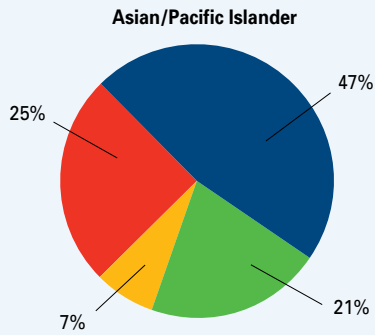
*Based on placement data provided by responding schools, but with varying degrees of certainty regarding accuracy.

Placement of Bachelor's Graduates by Ethnicity* — 2007-08



*Based on placement data provided by responding schools, but with varying degrees of certainty regarding accuracy.

Placement of Master's Graduates by Ethnicity* — 2007-08



*Based on placement data provided by responding schools, but with varying degrees of certainty regarding accuracy.

2009
TRENDS in DEMAND

SURVEY METHODOLOGY

Survey Fielding

- Sampling
 - *A census of public accounting firms with 10 or more AICPA members was invited to participate*
 - *A random sample of public accounting firms with less than 10 members were invited to participate*
- Survey invitations were emailed November 7, 2008
- The AICPA extensively followed up with non-respondents to maximize the response rate
- The field closed February 27, 2009

Survey Instrument

- An additional question was added concerning:
 - *Full time employees enrolled in courses to become eligible for the CPA credential*

Response Information

- Surveys were predominantly completed online
- A paper copy response option was also made available
- The overall response rate was 8%, but almost 63% of the largest firm group surveyed responded, including fifteen of the twenty-four largest firms, generating substantial numerical coverage of demand and hiring

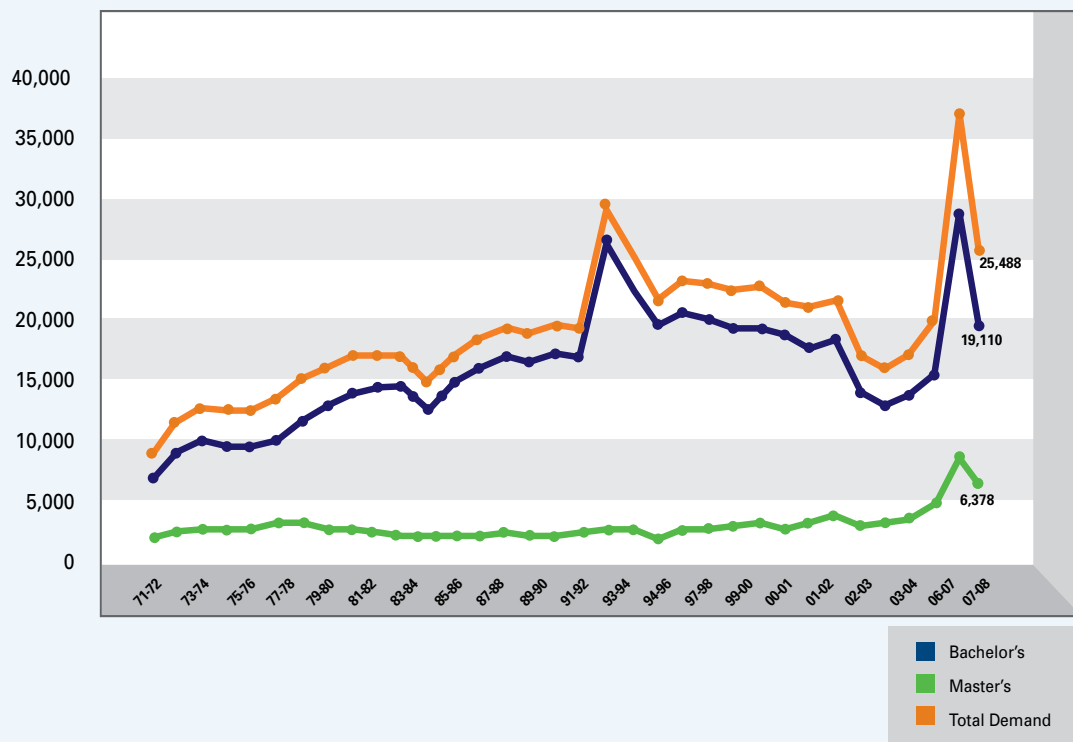
Analysis & Reporting

- Survey results have been weighted to be reflective of the entire public accounting population
- Results were weighted by the size of firms as determined by the number of AICPA members employed
- The margin of error at the 90% confidence level is +/-4.4%
- A regression equation was developed to forecast hiring
- The number of AICPA members employed at public accounting firms was used to forecast hiring
- The R square is .98

Demand Survey Response Rate

	TOTAL NUMBER OF FIRMS	NUMBER OF FIRMS SURVEYED	NUMBER OF FIRMS RESPONDING	RESPONSE RATE
All Firms	39,858	4,941	411	8%
FIRM SIZE BASED ON NUMBER OF AICPA MEMBERS EMPLOYED				
Fewer than 10	38,583	3,666	251	7%
10 to 49	1,163	1,163	108	9%
50 to 200	88	88	37	42%
Over 200	24	24	15	63%

New Accounting Graduates Hired by CPA Firms — 2007-08

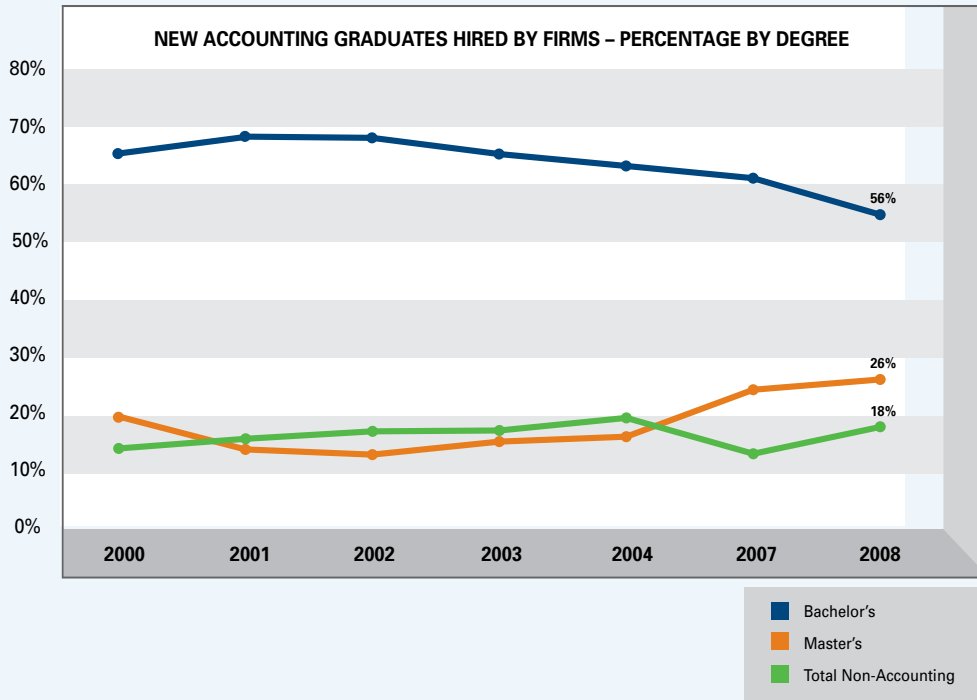


Hiring demand fell in 2007-08, an expected result given economic conditions.

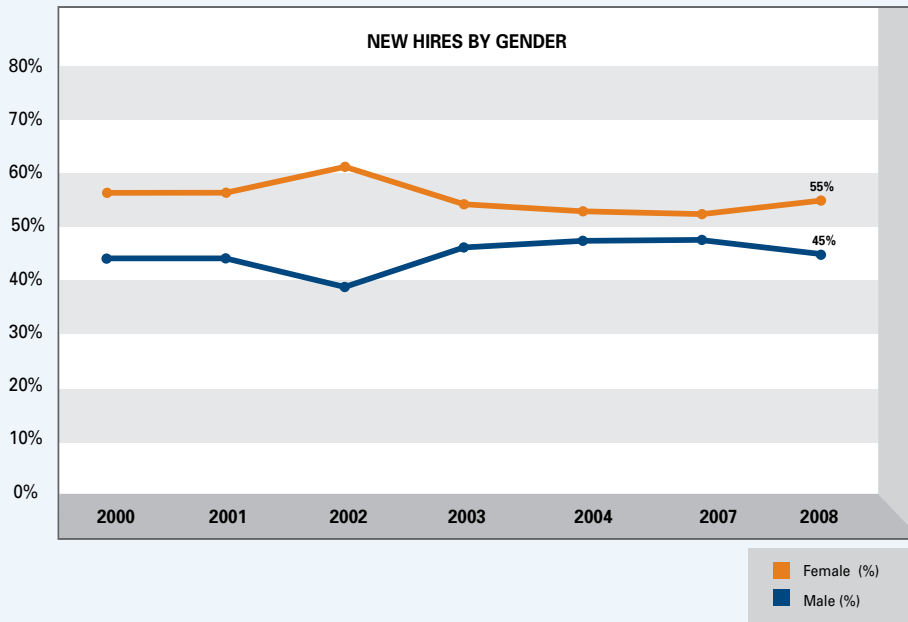
New Accounting Graduates Hired by CPA Firms

YEAR	BACHELOR'S	MASTER'S	TOTAL DEMAND
1971	6,800	2,000	8,800
1972	8,900	2,400	11,300
1973	10,000	2,600	12,600
1974	9,500	2,600	12,100
1975	9,200	2,800	12,000
1976	10,010	3,350	13,360
1977	11,660	3,310	14,970
1978	12,770	2,890	15,660
1979	13,500	2,900	16,400
1980	14,100	2,460	16,560
1981	14,200	2,210	16,410
1982	11,970	2,210	14,180
1983	14,490	2,180	16,670
1984	15,640	2,180	17,820
1985	16,510	2,250	18,760
1986	16,110	2,030	18,140
1987	16,720	2,050	18,770
1988	16,740	2,220	18,960
1989	25,240	2,600	27,840
1990	21,340	2,500	23,840
1991	18,840	1,760	20,600
1992	19,870	2,650	22,520
1993	19,320	2,670	21,990
1994	18,500	2,970	21,470
1995	18,560	3,375	21,935
1996	17,820	2,650	20,470
1999	16,960	3,250	20,210
2000	17,265	3,686	20,951
2001	13,335	3,035	16,370
2002	12,630	3,295	15,295
2003	13,270	3,555	16,825
2004	14,985	4,720	19,705
2007	28,025	8,087	36,112
2008	19,110	6,378	25,488

New Accounting Graduates Hired by CPA Firms Percentage by Degree — 2007-08



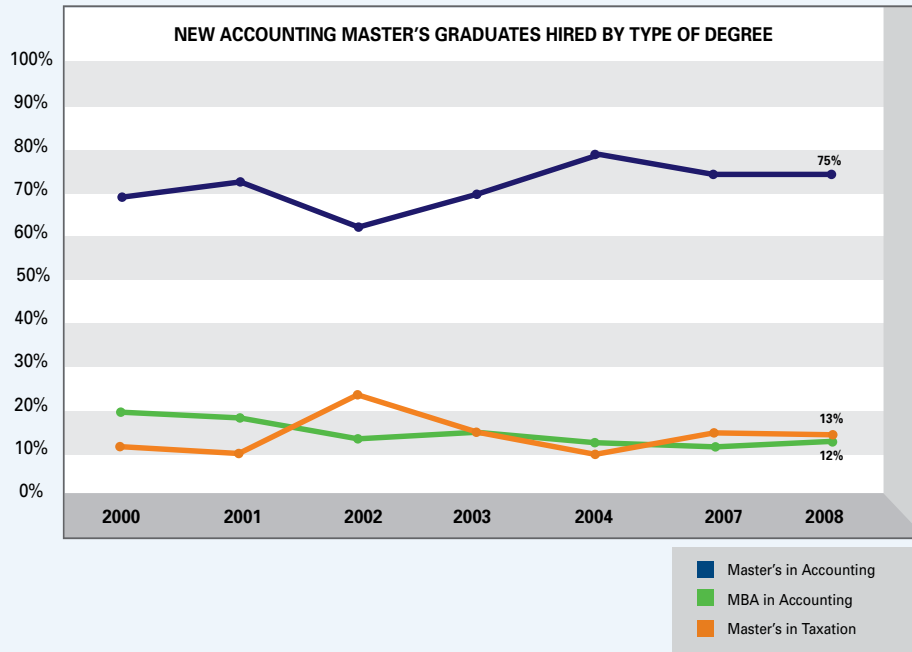
New Accounting Graduates Hired by CPA Firms Demographics — 2007-08



New Accounting Graduates Hired by CPA Firms Ethnicity — 2007-08

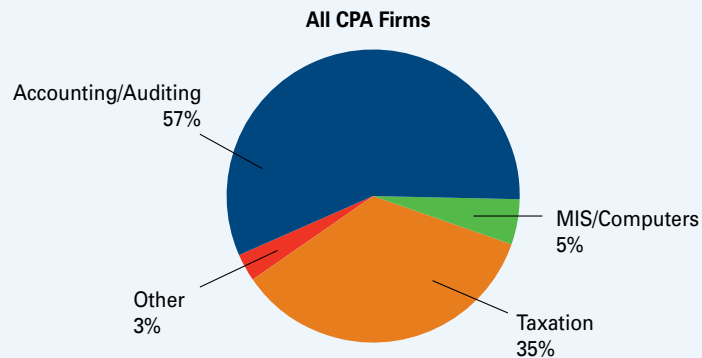
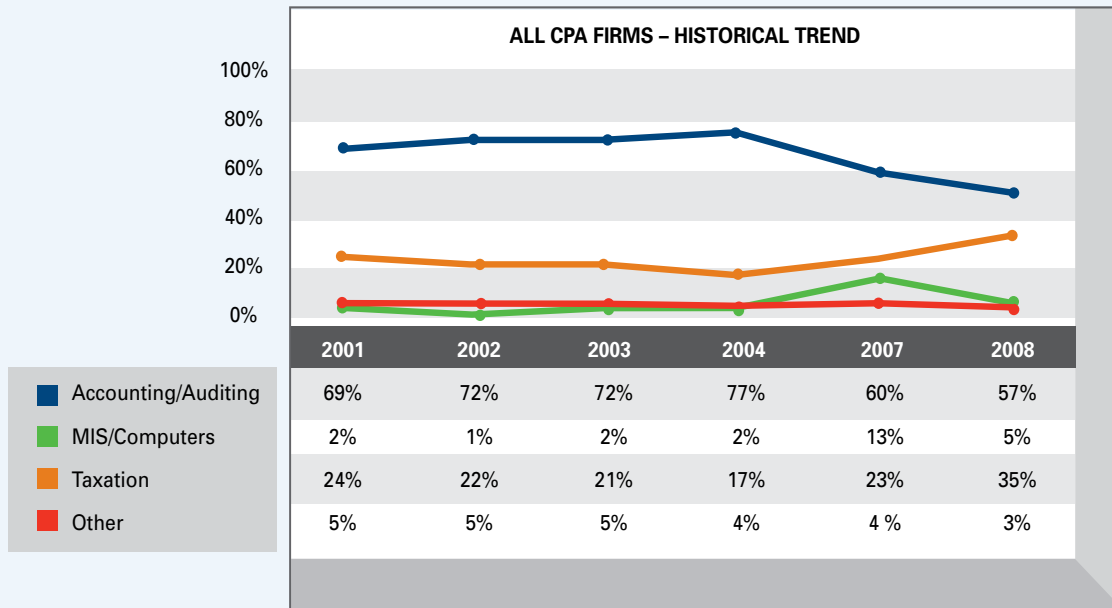
	Asian/Pacific Islander	Black/African-American	Hispanic/Latino	American Indian/Alaskan Native	Total Ethnic/Racial	White	Other/Unknown
2000	10%	3%	7%	0%	20%	79%	1%
2001	8%	3%	6%	0%	17%	82%	1%
2002	8%	3%	6%	0%	17%	82%	1%
2003	9%	5%	4%	0%	18%	81%	1%
2004	12%	3%	8%	0%	23%	76%	1%
2007	13%	8%	4%	1%	26%	72%	2%
2008	12%	4%	4%	2%	22%	78%	0%

New Accounting Master's Graduates Hired by CPA Firms – Percentage by Type of Degree — 2007-08



Master's in Accounting degrees represent three-fourths of new CPA firm Master's hires, significantly higher than Master's in Taxation and MBAs in Accounting.

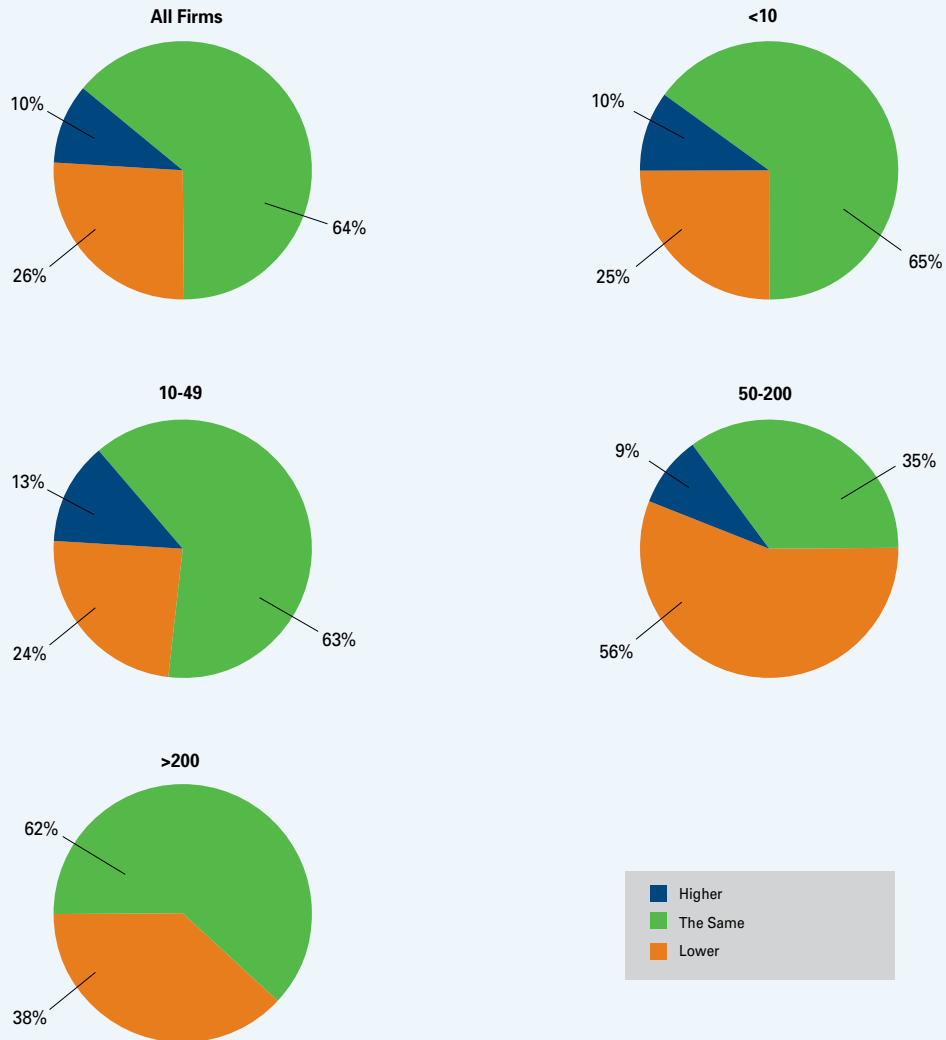
New Accounting Graduates Hired by CPA Firms by Area of Assignment — 2007-08



Accounting/Auditing remains the most common area of assignment for new graduates at CPA firms, while Taxation has grown significantly since the 2006-07 survey.

Demand Forecast — New Accounting Graduates to be Hired

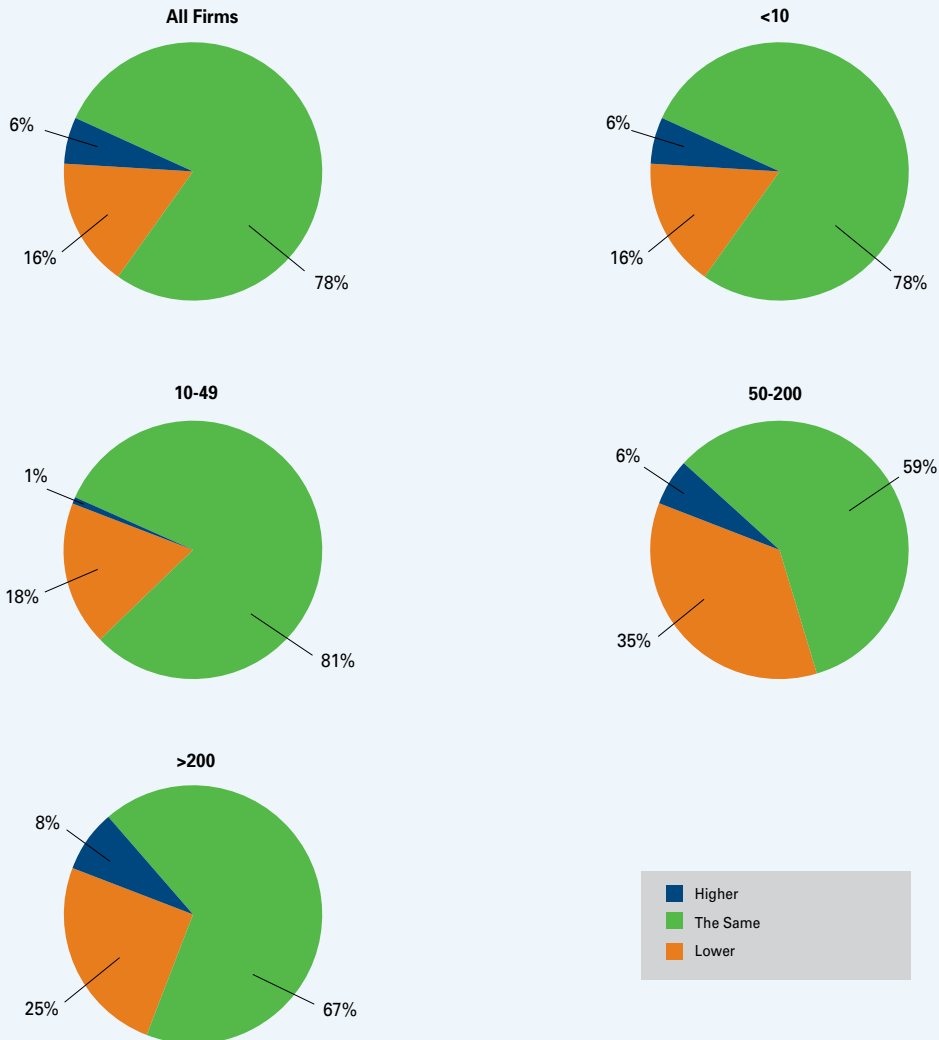
NUMBER OF MEMBERS



Projected hiring in the coming year looks to be level or below the past year, reflecting continued caution by Public Accounting firms.

Demand Forecast — New Non-Accounting Graduates to be Hired

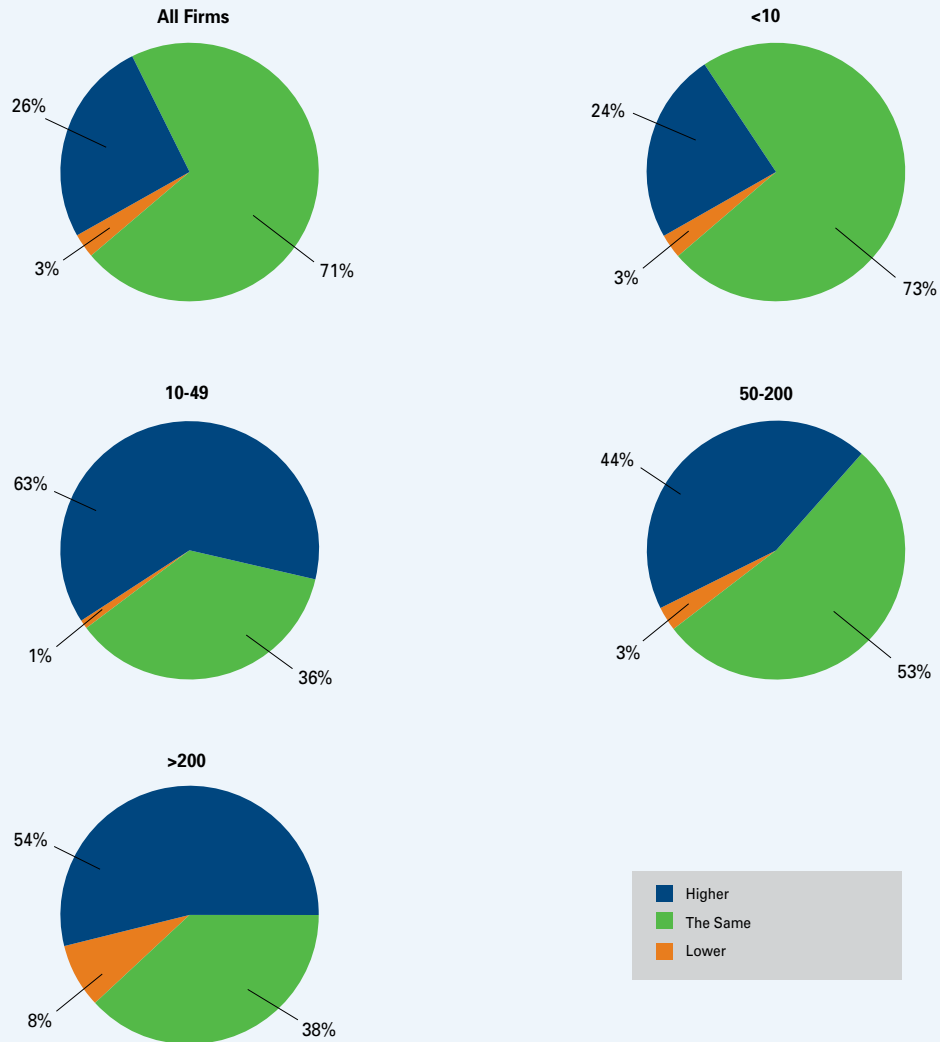
NUMBER OF MEMBERS



Very few firms expect increased hiring in this category, with the majority anticipating hiring similar to this year.

Demand Forecast — Expected Number of CPAs on Staff

NUMBER OF MEMBERS

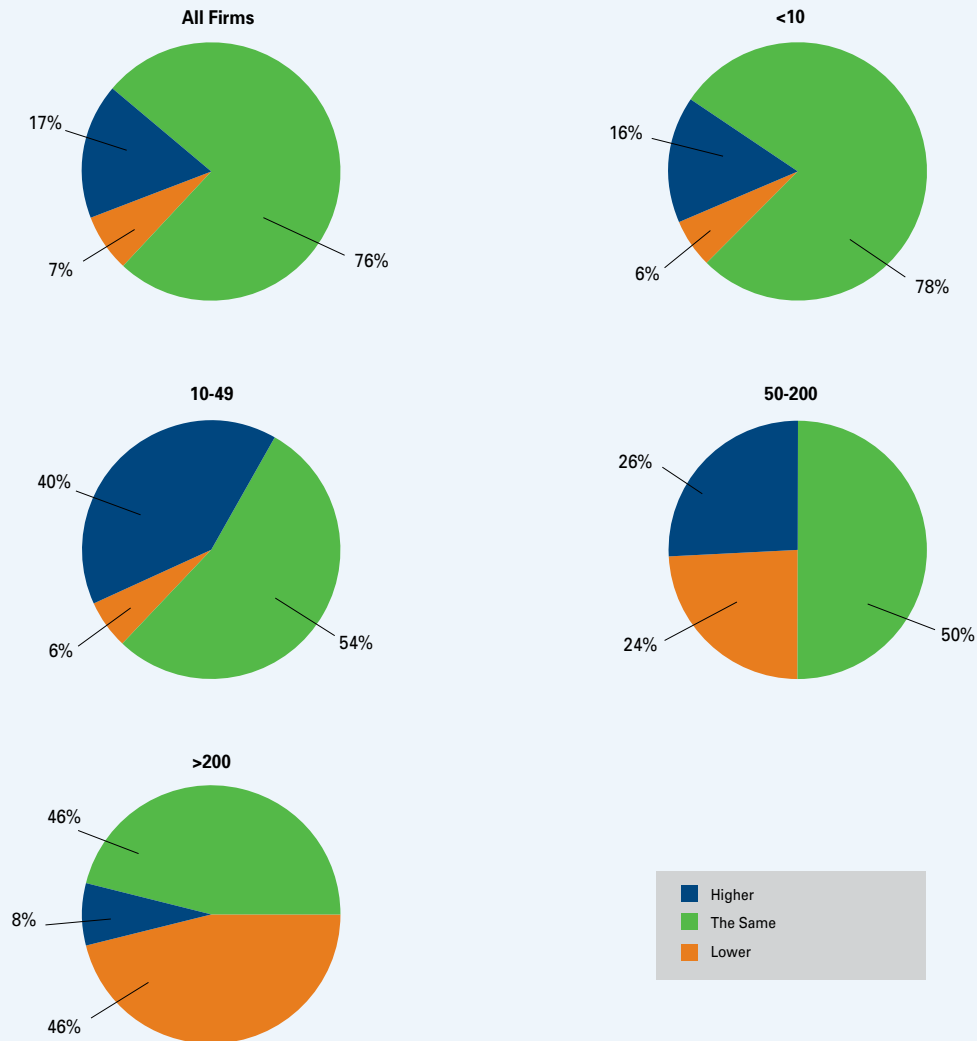


Firms clearly expect for the most part to hire the same or greater numbers than in the past year.

Demand Forecast — Experienced Recruits to be Hired

Survey Question: Is the number of experienced recruits hired by your firm likely to be higher, lower or the same as the previous year?

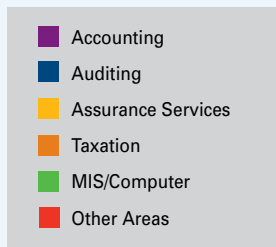
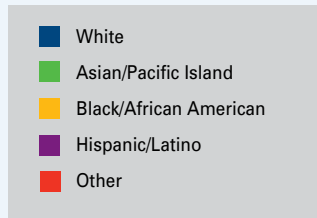
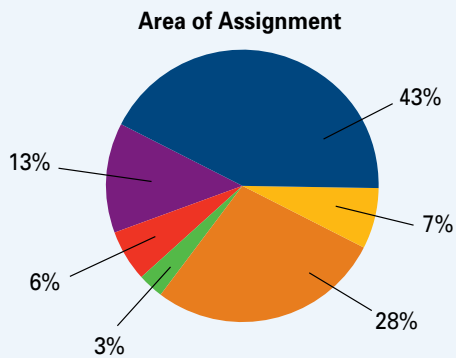
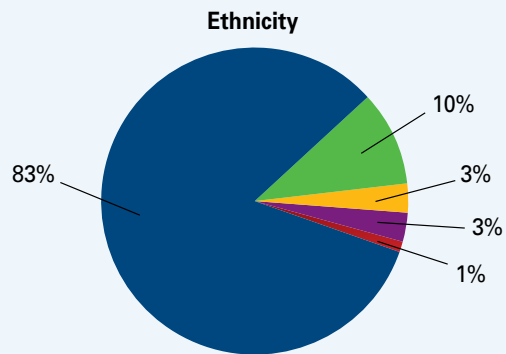
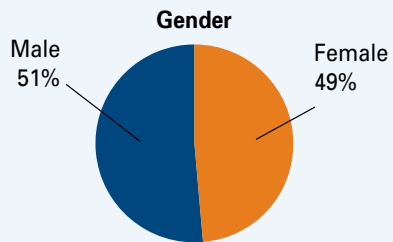
NUMBER OF MEMBERS



Firms expect for the most part to hire the same number of experienced hires as in the past year except for the largest firms which forecast a significant decrease.

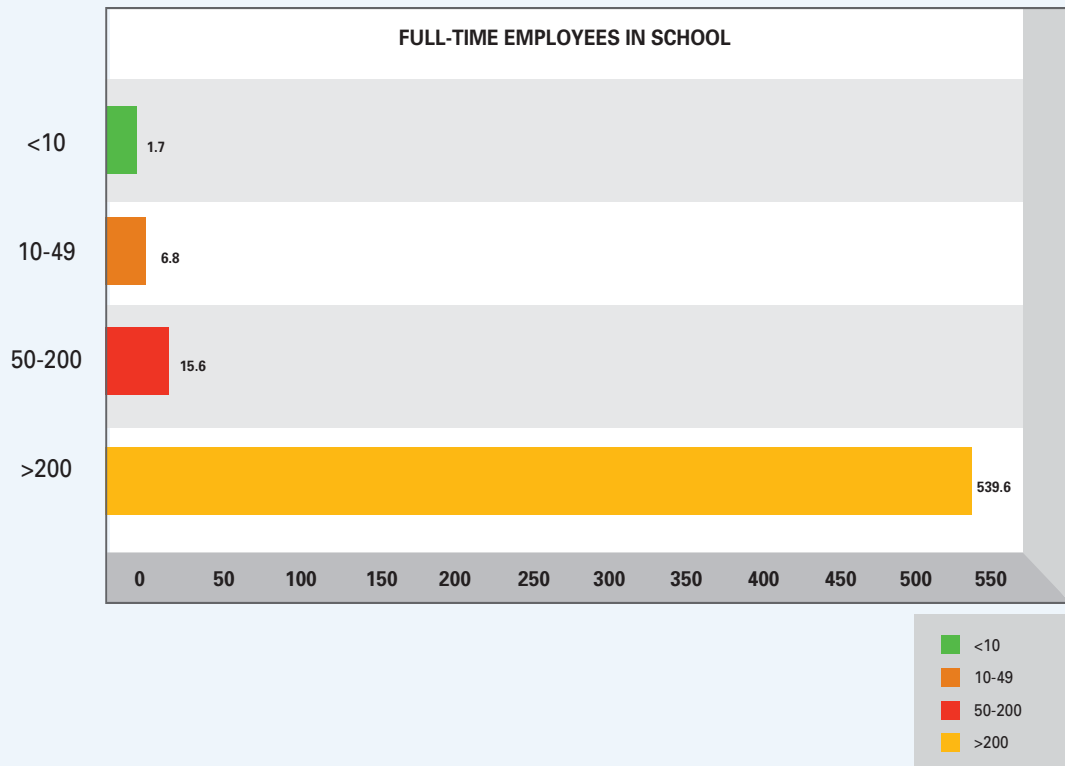
FIRM DEMOGRAPHICS

Demographics – All Accounting Employees at CPA Firms — 2007-08



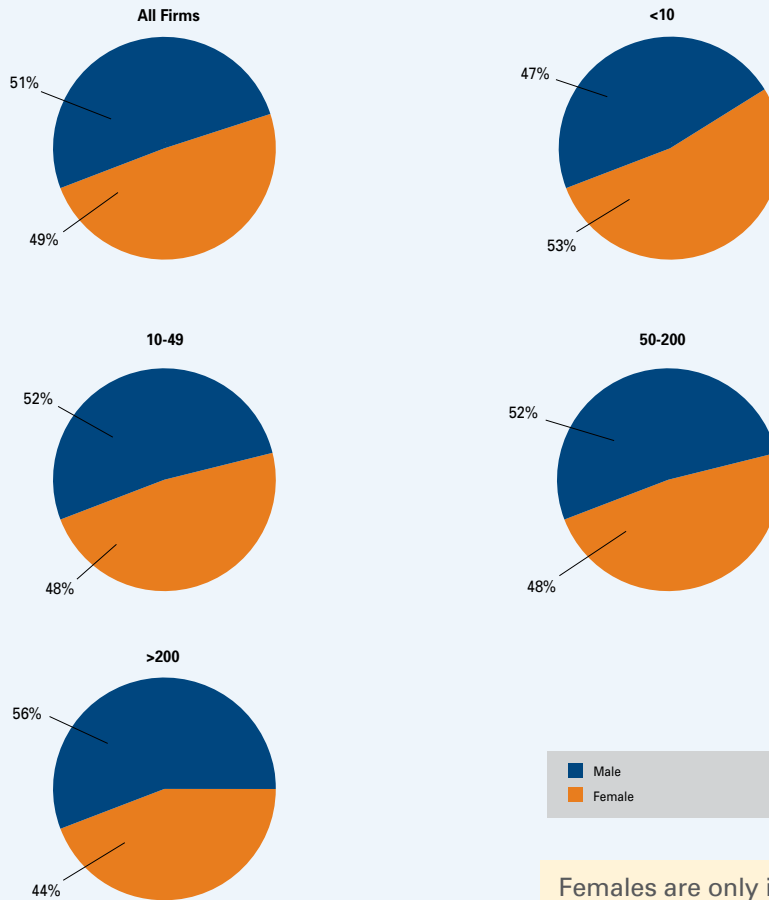
Demographics – Full-Time Employees Enrolled in Courses for CPA Eligibility — 2007-08

Survey Question: How many full-time employees are currently attending classes in order to qualify for their CPA?



Professional Staff Demographics by Firm Size — 2007-08

GENDER



Females are only in the majority at firms with <10 employees.

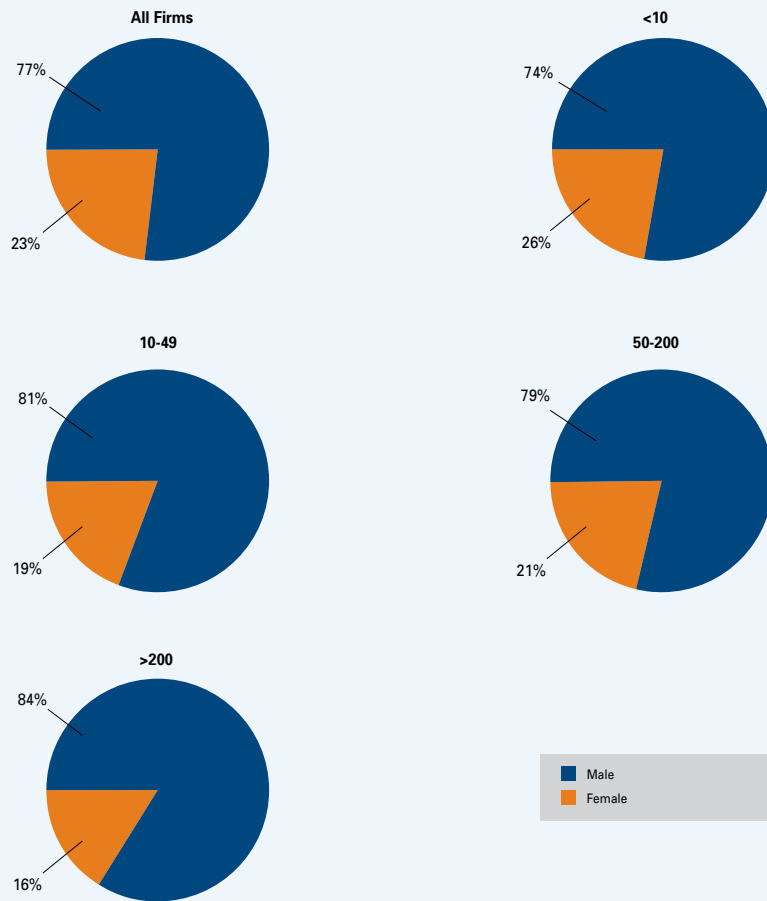
Ethnicity

	All Firms	<10	10-49	50-200	>200
White	83%	92%	85%	77%	74%
Black/African-American	3%	1%	1%	2%	4%
Hispanic/Latino	3%	2%	3%	2%	4%
Asian/Pacific Islander	10%	4%	5%	7%	17%
American Indian/Alaska Native	0%	0%	0%	0%	0%
Other	1%	0%	2%	1%	1%
Unknown	0%	1%	4%	11%	0%

The largest firms are the most diverse.

Partners — Demographics by Firm Size — 2007-08

GENDER



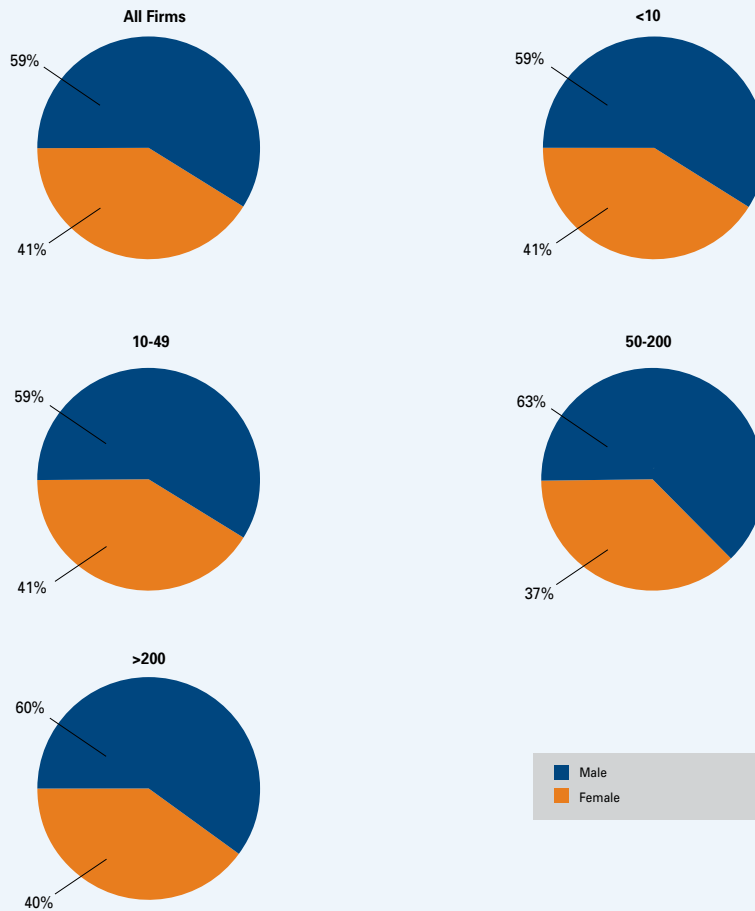
Ethnicity

	All Firms	<10	10-49	50-200	>200
White	89%	89%	93%	66%	93%
Black/African-American	1%	1%	0%	0%	1%
Hispanic/Latino	1%	0%	1%	1%	2%
Asian/Pacific Islander	2%	2%	1%	1%	3%
American Indian/Alaska Native	0%	0%	0%	0%	0%
Other	1%	0%	1%	1%	1%
Unknown	6%	8%	4%	31%	0%

Female partnership continues to increase very gradually while minority partnership collectively has not advanced.

CPAs — Demographics by Firm Size — 2007-08

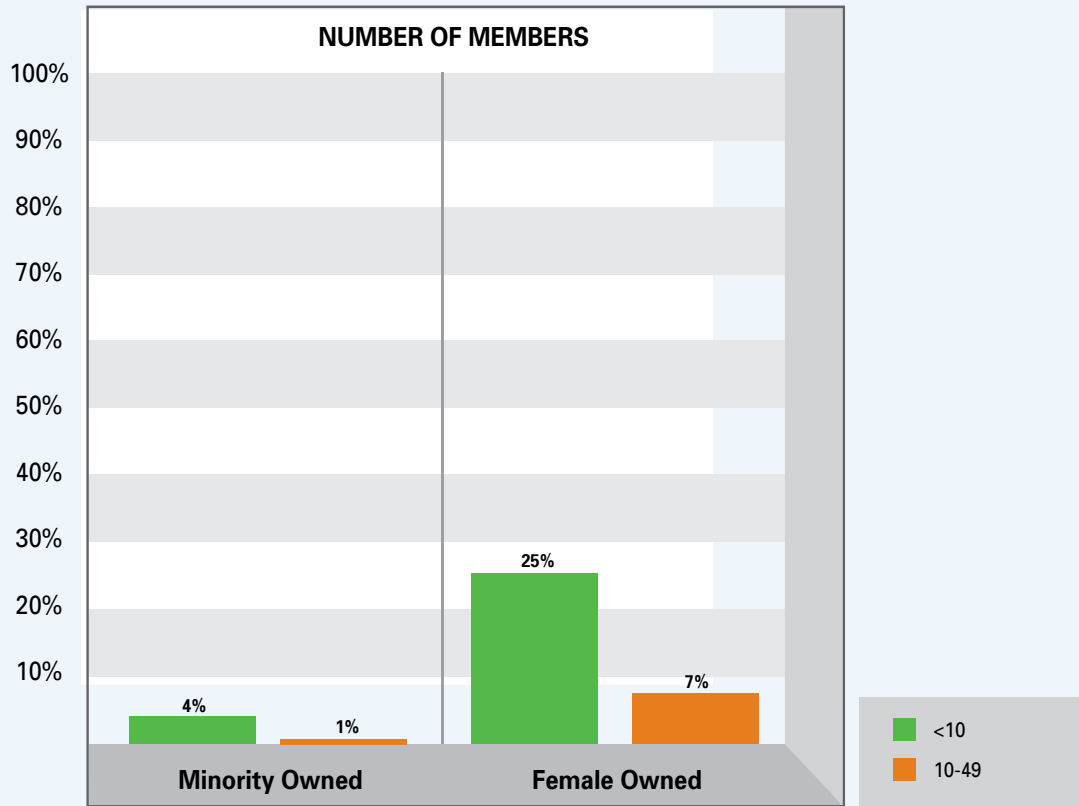
GENDER



Ethnicity

	All Firms	<10	10-49	50-200	>200
White	88%	92%	89%	76%	83%
Black/African-American	1%	0%	1%	1%	2%
Hispanic/Latino	2%	2%	2%	1%	3%
Asian/Pacific Islander	5%	3%	3%	5%	11%
American Indian/Alaska Native	0%	0%	0%	0%	0%
Other	1%	1%	1%	0%	1%
Unknown	3%	2%	4%	17%	0%

Female and Minority-Owned CPA Firms by Firm Size* — 2007-08



* All percentages are based on weighted data.

CPA EXAMINATION

YEAR	TOTAL NUMBER OF RESPONSES	YEAR	TOTAL NUMBER OF RESPONSES
1971	53,811	1989	142,135
1972	57,928	1990	143,572
1973	63,165	1991	140,042
1974	72,052	1992	136,536
1975	80,433	1993	140,228
1976	86,464	1994	130,803
1977	93,148	1995	126,434
1978	104,511	1996	133,000
1979	113,629	1997	121,443
1980	120,925	1998	116,906
1981	128,793	1999	126,769
1982	138,677	2000	115,493
1983	141,583	2001	106,072
1984	137,918	2002	108,955
1985	139,454	2003	109,872
1986	139,647	2004*	44,513
1987	137,637	2005	61,884
1988	139,474	2006	69,259
		2007	77,236

*2004 represents the first year the exam was offered as a computer-based test. Prior to April 2004, the Uniform CPA Examination was administered twice a year in May and November in a paper-and-pencil format. Under the new format, Examinations are now administered continuously for a two-month window each quarter.

FOOTNOTE: In July of this year, the Uniform CPA Examination passed one million administrations of the computer-based test. The number of exam takers on an annual basis has reached parity or exceeded the number of those sitting prior to the administration of the computerized exam, which was introduced in April 2004. Although it appears as though the number of exam candidates has decreased sharply since the advent of the computerized format, comparison of these numbers may be misleading. Under the paper-and-pencil format, candidates who took the Examination in both May and November were counted twice. Under the computerized format of the Examination, each candidate is counted only once per year regardless of how many times they attempt a section or in how many windows they test.

APPENDIX

Breakdown of Geographic Regions

