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Members in Education

February 2004

AICPA

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

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A Summary: The Supply of Accounting Graduates and the Demand for Public Accounting Recruits

The *Supply of Accounting Graduates and the Demand for Public Accounting Recruits Report* is based on data collected from a survey conducted in 2003 of U.S. colleges and universities that offer accounting degrees at the Baccalaureate, Master's or Ph.D. level and a survey of public accounting firms and sole practitioners affiliated with the AICPA. The report is presented in two sections: "Accounting Graduates" presents detailed information regarding the number of accounting degrees awarded by universities during the 2001–02 academic year; "Hiring by CPA Firms" reports the hiring of recent college graduates by public accounting firms in 2002.

A summary of the report follows:

Supply Data from Colleges and Universities

- Approximately 35,000 students were awarded Bachelor's degrees in Accounting and close to 10,000 were awarded Master's degrees. Compared to 2000–01, the number of Bachelor's degree recipients decreased 8% and the number of Master's degrees awarded increased 11%.
- The decrease in Bachelor's degrees awarded was seen across the country, except in the Southern region where Bachelor's degree recipients increased by more than 8%. Schools in all regions awarded a greater number of Master's degrees than in recent years.
- In 2001–02, more females than males received Bachelor's degrees (57% to 43%) and Master's degrees (54% to 46%) while more males than females received Ph.D.s (64% to 36%).
- Minorities accounted for 23% of Bachelor's degrees, 22% of Master's graduates, and 35% of Ph.D.s.
- Approximately one-third of 2001–02 Bachelor's degree recipients took positions with public accounting firms and about one-fifth began their careers in business

and industry. A majority of Master's degree recipients (56%) went into public accounting. These proportions are similar to the placement of 2000–01 degree recipients.

- Compared to 2000–01, enrollment in Bachelor's programs decreased by 1%. The following programs experienced an increase in enrollment compared to 2000–01: Master's in Accounting, 21%; MBA in Accounting, 1.6%; Master's in Taxation, 21%; and Ph.D., 11%.
- The number of candidates sitting for the CPA Exam increased almost 3%. Exam candidates for 2002 totaled 108,955.

Demand Data from Public Accounting Firms

- In 2002, compared to 2001, there was a decrease in the hires of Bachelor's degree recipients (–5%), and an increase in hires of Master's degree recipients (9%).
 - Over the years, the Institute has tracked the proportions of new hires working in accounting/auditing, management consulting and taxation. In 2002, 72% of the graduates accepted accounting/auditing positions, more than one-fifth took assignments in taxation and 2% began work in management consulting for public accounting firms. (These percentages show continued growth in the number of new hires accepting accounting/auditing positions, and a continued decline in new hires accepting management consulting positions. The percentage of graduates hired into Taxation represents a slight decrease.)
 - Continuing a trend starting in the early nineties, females comprise the majority (61%) of new graduates hired by public accounting firms.
 - Seventeen percent of new graduate hires were minorities, consistent with the previous year.
 - Across all firms surveyed, the annual
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turnover rate was 10%, down from 12% during 2001. Turnover rates and firm size are positively correlated.

- In 2002, the turnover rate was higher for females than males, especially at medium-sized and small firms.
- The largest firms are the most ethnically and racially diverse.

In addition to requesting their actual Year 2002 hiring facts and figures, we asked firms to predict future hiring trends vs. their actual hiring figures in 2002, and to estimate the percentage change from 2002 to 2003, 2005, and 2007. Predictions for 2003 vs. 2002 range from a negative growth for the larger firms to an 8.4% increase for firms employing less than 50 members.

Compared with predictions for accounting graduates, firms'

estimates of growth in hiring non-accounting graduates are more conservative. Predictions for long-term growth with respect to hiring of accounting graduates and non-accounting graduates are more optimistic.

The figures presented are based on a 29% response rate from the firms and sole practitioners surveyed, and a 32% response rate from the colleges and universities surveyed. Regression analysis was used to estimate demand from nonresponding firms and practitioners, as well as to estimate accounting graduates from nonresponding schools. The entire report is available online at:



www.aicpa.org/members/div/career/edu/sagdpar.htm

Internship and Experiential Learning Guidelines Now Available

The AICPA has developed comprehensive guidelines to assist colleges and universities in designing, implementing, and administering meaningful internship programs and other forms of experiential learning. The guidelines include class

now available

projects, consulting projects, job shadowing/externships and service learning. The guidelines classify various programs, provide examples of program administration and evaluation forms, and reference the *AICPA Core Competency Framework* and the Education Competency Assessment site:



www.aicpa-eca.org

Through enhanced exposure to the profession and classroom training, students will be better equipped to provide more value to the organizations that they will ultimately serve. This, in turn, will be a continuous testament to the value, quality, integrity and talent of accounting graduates. The guidelines can be accessed at:



www.aicpa.org/members/div/career/edu/internships.htm

AICPA/Accountemps Scholarship

Applications are now being accepted for the AICPA/Accountemps scholarship. Two \$2,500 scholarships will be awarded in Fall 2004. Applicants for the scholarship must be AICPA student affiliate members currently majoring in accounting, finance or information systems in full-time undergraduate or graduate programs. They must also have completed the equivalent of at least 30 semester hours and have achieved a minimum 3.0 grade point average.

Recipients are selected by a committee composed of Accountemps and AICPA representatives. Selection criteria for the scholarships are: scholastic achievement, leadership, future career interests, letters of recommendation and an essay.

Applications for the 2004–05 scholarships are due by Apr. 1, 2004 and are available at:



www.aicpa.org/download/nolimits/become/ships/AccountempsAICPA_App.pdf

Academic Site License Program

The Academic Site License Program offers colleges and universities the opportunity to obtain the complete set of Professional Standards, Technical Practice Aids, and Audit and Accounting Guides on CD-ROM for an unlimited number of users for \$1,185. Annual renewals with quarterly updates are available for only \$885 per year.

In addition, individual subscriptions to *AICPA reSOURCE: Accounting & Auditing Literature* (AICPA's online reference library) are available to AICPA student affiliate members for \$40 per year, and the subscription is free of charge to AICPA

educator members (members can obtain access directly from AICPA's vendor at www.cpa2biz.com, provided they register on the site as an AICPA member). Nonmember educators can also acquire a free subscription by sending written confirmation to AICPA's Service Center Operations on college or university letterhead. Fax letters to 800/362–5066 or mail to AICPA, Subscription Dept., P.O. Box 2208, Jersey City, N.J. 07303–2208.

Nonmember students will be charged the prevailing nonmember rate. AICPA student affiliate membership is \$30 per year. Currently, the AICPA does not offer site licenses or multi-user subscriptions for

AICPA reSOURCE (online) to colleges or universities.

If you have any questions, contact Gregory Johnson, Director–C Examination:



gjohnson@aicpa.org



201/938–3376

Information about the AICPA site license agreement is available at:



www.aicpa.org/edu/resourceinfo.htm

You may also contact the AICPA Academic and Career Development team at 212/596–6221 or educat@aicpa.org.

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Advancement Advice from Female Professionals: Lessons for Students and their Teachers

The following article is from the book *Promoting Your Talent: A Guidebook for Women and Their Firms (AICPA 2003)* by Nancy R. Baldiga, CPA, Associate Professor and Chair, Department of Economics, College of the Holy Cross.

For many years, leaders in the public accounting profession have recognized that while an increasing number of women have been entering the accounting profession only a small fraction of those women are successfully advancing to the senior ranks. As part of its mission to promote the advancement of women in the profession, the AICPA's Work/Life and Women's Initiatives Executive Committee commissioned a book project to identify both the obstacles faced by women in accounting and strategies for overcoming those obstacles.

Interviews with dozens of successful women, firm managing partners and human resource directors at a variety of leading public accounting firms revealed several important perceived obstacles faced by women seeking to advance in public accounting:

- The demands of the job conflict with other priorities
- Women lack access to effective networking and mentoring opportunities
- Firm culture and traditions often inhibit women's advancement
- Young professionals lack positive role models

Interestingly, many of the obstacles faced by women in public accounting are similar to those confronting young female professors on the tenure track at colleges and universities. Quite often, these professors work in environments where the majority of their colleagues are male. These women face the challenge of juggling conflicting demands while trying to succeed in a strong, traditional culture. Like their counterparts in public accounting, these female professionals often struggle to establish a professional network and may find that there are not many positive role models at their institutions.

Both junior professors and their students might benefit from consideration of this advancement advice offered by successful women leaders in public accounting:

1. Learn what it takes to get ahead in your organization

The key to succeed in any organization is to understand the skills and accomplishments necessary to advance. Public accounting firms look for senior professionals who have outstanding client service and technical skills, strong marketing skills, the desire and ability to develop staff, and those who serve as good citizens.

While many professionals do understand what it takes to succeed, they often fail to develop this wide range of skills when they choose to pursue a career under a flexible work arrangement. Women who have succeeded in part-time arrangements urge others to experience a wide range of professional activities during the year. If firm leadership expects full-time professionals to spend a certain percentage of time on certain activities (client service, marketing, professional development, civic responsibility), then part-time professionals should be sure that those activities represent comparable percentages of their part-time schedules.

Women in the university setting often focus on their classes or scholarship as they progress on the tenure track. Be careful to consider the full range of expectations that exist at your institution and include those activities in your schedule, even if it means less time devoted to your "primary" responsibilities.

2. Use the power of networking to advance your career

Public accounting professionals recognize the value of internal and external networking. Getting to know people in your own organization, especially those in leadership positions, is a very effective way to enhance your career. Since access to special assignments and professional development opportunities often involves a selection process, it's absolutely essential that people know you. Having a network of colleagues also provides support during those particularly challenging times in your career.

External networks provide an opportunity for public accounting professionals to meet prospective clients, employers and mentors. Identify organizations in your field and volunteer in those organizations. You'll meet valuable professional contacts and have a chance to develop your leadership skills through this important work.

Academic professionals have access to

professional organizations and societies that provide excellent networking opportunities. Be sure to attend meetings with a plan to meet at least a few new people.

3. Find a mentor; Be a mentor

Imagine having accomplished what you have so far without the guidance you received from a professor, relative or friend. Having a caring, wise mentor will be critically important as you advance in your career. If your organization doesn't have a formal mentoring program, seek mentors from your professional and personal networks.

It's never too early to start serving as a mentor. You've already mentored your classmates and friends when you've shared your insights with them as they considered important decisions. Serving as a mentor is the first step in becoming a positive role model in a profession that needs women who know where they are headed and what it takes to get there.

More information about women's advancement in public accounting is available in the publication, *Promoting Your Talent: A Guidebook for Women and Their Firms*. AICPA members may order the book at a discounted rate of \$25:



www.cpa2biz.com

Work/Life: Striking a Balance

A new video production from the AICPA Work/Life and Women's Initiatives Executive Committee delivers the work/life message—providing flexible work options leads to a more committed and loyal workforce and superior business outcomes. CPAs seeking flexible work arrangements to care for family members, younger or older, freshly minted CPAs whose lifestyle is still evolving and everyone in between will find this program informative. The business case, return on investment and best practices are fully explored to assist management strategize work/life issues on an organization-wide basis. To obtain your own DVD, email educat@aicpa.org or view the video online:



www.aicpa.org/worklife



The ECA Web Site Goes Live

The ECA Web site went live on Nov 1. The site is designed to help educators integrate into their programs and courses the skills-based competencies needed by entry-level accounting professionals. The competencies, defined within the AICPA Core Competency Framework Project,

were derived from academic and professional competency models and are widely endorsed within the academic community. Created by educators for educators, the site includes: evaluation and educational strategies resources, a comprehensive library and guidance on assessing student performance and evaluating competency coverage in courses and programs.

The Institute will be conducting an online survey among users of the site to

identify ways to continuously advance and improve the site. In the meantime, email Joe Bittner, Manager of Academic and Career Development, with any comments and suggestions regarding the ECA site.

The ECA site can be accessed through the Educator's page of aicpa.org, or at:



www.aicpa-eca.org



JBittner@aicpa.org

StartHereGoPlaces.com

The student recruitment campaign Web site StartHereGoPlaces.com has been enhanced and much of the content has been re-positioned to address some of the current business and economic issues surrounding the profession and students. In particular, the site features a forensic accounting game and an online business seminar.

Forensic Accounting Game

"Catch Me If You Can" is an online game that exposes college students to the importance of accounting and the challenges of forensic accounting. Students may be faced with employee theft, money laundering, fraud, international financial conspiracies and other crimes where understanding accounting practices and following the money trail are the key to catching the criminal.

The game was presented as a contest that began in Nov. and for each of three consecutive weeks participants were presented with several crime scenarios and offered multiple-choice solutions. Points were awarded for each correct solution chosen. Players with scores in the top 20% were automatically entered into a prize drawing.

Online Business Seminar

The seminar is an online series of 12 interactive lessons that teaches high school juniors and seniors how business executives and managers in numerous business arenas use money management skills to perform their jobs. As students assume various roles in the virtual corporate environment of the game—from VP of Product Development to VP of Marketing to CFO and CEO—the online seminar provides interactive business lessons that demonstrate how good financial management is an essential part of operating any business.

The seminar was created to inspire high school students to seek careers in business and to encourage those interested in business to take accounting classes.

The game begins in Mar. 2004 and continues through Mar. 2005. Each lesson will take approximately 15–20 minutes to complete. When the students finish all lessons, they will receive a certificate from the AICPA and their names entered into a drawing for prizes.



www.startheregoplaces.com

- **Updated Tutorial Available:** An updated computer-based test (CBT) tutorial is now available. The tutorial is intended to familiarize candidates with the functionality and types of questions and responses used in the computer-based CPA Exam. The tutorial does not focus on examination content and is not intended as a replacement for practice materials.

- **Sample CPA Exams:** Sample exams are available, each consisting of five multiple choice questions and one simulation for each section (except BEC which will not have simulations). The software that runs the sample tests is same software that will be used in test centers. The tests require Internet access, preferably with a DSL or cable modem). Correct answers will be given at the end of each sample test. There is

cpa exam
update

no cost to download this software or take these sample tests.

- **Aide for Educators:** To help Educators better understand and explain the changes to the Uniform CPA Examination, a PowerPoint presentation, *Countdown to Launch—The Computerized Uniform CPA Examination* is now available. Also available are two one-page informational flyers that can be distributed to students. The flyers are: *Top Ten Reasons* lists the reasons for taking the computerized CPA Exam and includes instructions for applying to take the new exam, and *RESOURCES* outlines how students can get discounted subscriptions to the AICPA authoritative literature.
- **Webcasts:** All CBT Webcasts are archived approximately three weeks after presentation.

- **New Link:** State Board Requirements has been added to the CPA Exam Web site's home page.
- **Journal of Accountancy Articles:** A series of articles on the CBT titled, "Special Report—Professional Issues" is appearing in the *Journal of Accountancy*. The series began in Sep. 2003 and runs through Apr. 2004. The "Special Report" series in the Feb. issue features comments from candidates who took the Nov. 2003 paper-based exam and voluntarily participated in a pilot study between Nov. 18 and Dec. 5, 2003 that provided them a firsthand look at the new CBT.
- **CPA exam site:** The information mentioned above is accessible at:



www.cpa-exam.org