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5-1984

Accounting Education Update, Number 4, May 1984

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Recommended Citation

American Institute of Certified Public Accountants. Relations with Educators Division, "Accounting Education Update, Number 4, May 1984" (1984). *Newsletters*. 2363.

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AICPA Accounting Education Update

A Report on Developments in Education—Prepared by the Relations with Educators Division,
American Institute of Certified Public Accountants

Number 4

May 1984

FINANCIAL SUPPORT PROGRAM FOR DOCTORAL STUDENTS APPROVED

At its April meeting, the Board of Directors of the AICPA approved a proposal to offer financial assistance to students entering doctoral programs in accounting. The Board also approved a proposal for an outstanding faculty award.

The doctoral program will provide for \$5,000 grants to each of up to ten candidates a year, with renewal of the grants for an additional two years, provided satisfactory progress is demonstrated. After the initial two-year phase-in period, the fully operational program will provide \$150,000 a year.

In determining eligibility for the grants, consideration will be given to professional accounting experience and possession of the CPA certificate. Candidates will also be expected to indicate their intention to pursue a teaching career in the United States.

The financial assistance program will be in addition to the Institute's ongoing doctoral grants-in-aid program, which provides funds for candidates in the dissertation stage. The new program was considered necessary to offer grants at the outset of candidates' doctoral programs as an incentive to attract students into doctoral programs to help alleviate the acute shortage of accounting faculty.

The outstanding faculty award, which will consist of \$5,000 and an appropriate plaque, is designed as an incentive that will motivate not only capable individuals to consider academic careers, but also talented academics to remain in teaching. Criteria for the award include teaching excellence, motivation of students, educational innovation, and active involvement in professional accounting organizations.

The Education Executive Committee will now address other means of coping with the faculty shortage.

SPECIAL COMMITTEE ON POSTBACCALAUREATE EDUCATION REQUIREMENT APPOINTED

Following authorization by the Board of Directors at its September 1983 meeting, the AICPA appointed a special committee to develop a program for legislative implementation of a postbaccalaureate education requirement to sit for the CPA examination. Formed to address the recommendations of the Commission on Professional Accounting Education, the committee is comprised of practitioners and academics, and is chaired by Robert C. Ellyson of Florida. The special committee, which held its first meeting in March, will work closely with the CPA societies and boards of accountancy of those states where there is receptivity to initiating an effort to achieve a postbaccalaureate education requirement by legislation. In these states the committee will offer advice and assistance in developing and implementing a legislative program.

ACCOUNTING ACCREDITATION RECOGNIZED BY COPA

The Board of Directors of the Council on Postsecondary Accreditation has granted initial recognition to the accreditation of bachelor's and master's degree programs in accounting. This is part of a continued recognition of the American Assembly of Collegiate Schools of Business for five more years, the usual period of renewal.

Before recommending the continued recognition to the Board, COPA's Committee on Recognition raised the issue of whether accreditation of accounting programs duplicates the accreditation of business programs with accounting majors. In the discussions with AACSB, which preceded the committee's recommendations, it was pointed out that the objectives of business and accounting programs differ, in that one prepares students for careers as managers, the other for accounting careers. Also mentioned was that both the academic community and the professional accounting organizations not only support but also actively participate in the process of accounting accreditation.

The AACSB has been asked to report back to COPA in two years as to how the distinction between business and accounting accreditation was being made known to the students, the public, and educational institutions, and as to how the AACSB is complying with the requirement to making public all accreditation decisions, including negative ones.

PUBLIC ACCOUNTING DEMAND FOR ACCOUNTING GRADUATES DECLINED IN 1982-83

The 1984 report of "The Supply of Accounting Graduates and the Demand for Public Accounting Recruits" reveals that the CPA firms reduced their hirings of recruits with bachelor's degrees by 16% in 1982-83. While the public accounting demand for master's degree graduates has been cut back substantially over the last several years, it remained stable in 1982-83. Overall, the demand for public accounting recruits dropped 14%. The supply of accounting graduates continued to level off.

The firms and schools, which were surveyed late in 1983, were asked to estimate the totals for 1983-84. Despite the decline in the public accounting demand in 1982-83, the CPA firms indicated that they planned to increase their hirings of accounting graduates by 13% in 1983-84. The numbers of bachelor's degree recruits were expected to rise from 12,000 in 1982-83 to 13,400 in 1983-84, and master's degree hires to rise from 2,200 to 2,700. The CPA firms indicate that master's degree hires will represent 16% of the 1983-84 total. In 1983-84, the CPA firms planned to hire 25% of the graduates with

bachelor's degrees in accounting and 40% of those with accounting master's degrees. The survey shows that the schools predicted a 4% increase in the total supply of accounting graduates in 1983-84. The numbers of graduates with bachelor's degrees in accounting were expected to rise from 52,000 in 1982-83 to 53,400 in 1983-84. Graduates with accounting master's degrees were expected to increase at a considerably higher rate, from 5,800 in 1982-83 to 6,700 in 1983-84.

The schools estimated that graduates with master's in accounting and those with master's in taxation will increase at a higher rate than those with MBA's in accounting. The CPA firms indicated that master's in taxation graduates will represent 37% of their master's degree hires; MBA's in accounting graduates, 34%; and master's in accounting graduates, 29%.

Women continue to represent an increasing proportion of the accounting graduates and recruits. Since 1978, when the male/female data were first collected, the percentage of female graduates rose from 28% in 1976-77 to 45% in 1982-83. The percentage of women hired by the CPA firms increased from 24% in 1976-77 to 38% in 1982-83. A copy of the report is available from the Relations with Educators Division.

AICPA AWARDS \$19,600 IN GRANTS TO 3 PH.D. CANDIDATES

In March, the AICPA Grants-In-Aid Selection Task Force reviewed 17 applications for doctoral dissertation grants from thirteen schools and awarded three grants, totaling \$19,600. The recipients are Julia K. Brazelton, University of South Carolina (\$5,400); Graham Gal, Michigan State University (\$7,000); and Kay W. Tatum, Texas Tech University (\$7,200). Including the \$16,800 awarded to two candidates in the fall, the total awarded in 1983-84 was \$36,400.

The grants are awarded at the dissertation stage so that the candidates can concentrate on completing their research and earning their degrees. Up to \$37,500 is awarded each year; the selections are made in the spring and in the fall. Doctoral candidates who wish to apply for a grant in the fall 1984 selections must have their applications delivered to the AICPA by September 1. A description of the program, including the applications procedure, is available from the Relations with Educators Division.

EDUCATION CONFERENCE PLANNED FOR STATE SOCIETIES

A conference on education activities will be sponsored by the Institute on October 31-November 1, 1984 for state society executives and chairpersons of their committees responsible for collegiate education activities. The opening session of the conference at the Chicago O'Hare Marriott will explore changes in accounting practice and their impact on education. Presentations on current issues in accounting education and on some of the education-related programs conducted by the state societies will be interspersed with sufficient time for questions and comments from those participating in the day-and-a-half meeting.

NEW STUDY AIDS FOR CPA EXAM CANDIDATES

A new four-volume series of study aids, "CPA Examination Questions and Answers Indexed to Content Specification Outline," is now available to help candidates prepare for the CPA examination. To facilitate study and review, each volume is organized and indexed by area and group in accordance with the examination's content specifications outline, which lists the areas, groups and topics to be tested, and also indicates the approximate percentage of the total test score. This approach makes it easier for CPA candidates to focus on specific sections and subject areas.

With a separate volume for each of the four sections of the exam, the series covers the ten exams from May 1979 through November 1983. Special discount order forms for educators and students are available from the AICPA Promotions Department.

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