Pathways Commission Report Overview: The Path Taken and Pathways to the Future

University of Hawaii
and
Hawaii Society of CPA’s
Mark Higgins, Pathways Commissioner
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In 2008, the U.S. Department of Treasury Advisory Committee on the Auditing Profession (ACAP) made a number of recommendations. Part VI. Human Capital recommendation #5 was:

“Encourage the AICPA and the AAA jointly to form a commission to provide a timely study of the possible future structure of higher education for the accounting profession.”
Pathways Commission Objective

To study the future structure of higher education for the accounting profession, and develop recommendations for educational pathways to engage and retain the strongest possible community of students, academics, practitioners and other knowledgeable leaders in the practice and study of accounting.
The Challenge: A Rapidly Changing Educational Environment

Educational Environment
Conditions, forces, or factors within or exogenous to an educational setting capable of influencing the setting or those within it.

- Technological forces
- Demographic factors
- Economic conditions
- Political forces and competitive factors
TECHNOLOGICAL FORCES

That's right bro. Our ancestors had buttons.

THAT'S RIGHT, DEAR, OUR ANCESTORS HAD TAILS.
Technology is changing the way our students learn...and courses are delivered.

I buy hundred dollar textbooks that I never open.
“A teacher that can be replaced by a machine, should be.”

Arthur C. Clarke
Demographic Factors

- Enrollment Trends
- Race/Ethnicity Trends
- Faculty Trends
U.S. Postsecondary Students: 
Fall Enrollment Trends

- Actual growth, 1999 – 2009: 38%
  - 1999: 14.8 million postsecondary students, including 36% of the 26.8 million 18-24 year olds
  - 2009: 26.7 million, including 41% of the 30.6 million 18-24 year olds

- 2009 – 2020 projected growth based on population and income trends: 13%
  - 18-24 year old population essentially flat (30.8 million)

Source: U.S. Department of Education, National Center for Education Statistics
2009-10 Accounting Enrollments
Economic Conditions

*The Elephant in the Room: Costs*
Soaring College Tuitions

College tuition continues to outpace median family income and the cost of medical care, food and housing.

Percent growth rate since 1982–84

Inflation-adjusted

College tuition and fees

Medical care

Median family income

Consumer price index

Source: New York Times

WWW.AGORAFINANCIAL.COM
Total Student Loan Debt
$1 Trillion

Average 2012 Graduate
$25,000 Debt
Changes in Per Student Funding 2002-2010 at 101 Public Research Universities

Data Source: National Science Board, Diminishing Funding and Rising Expectations: Trends and Challenges for Public Research Universities, 2012
US Higher Education at ‘Tipping Point’ with One-Third of Schools Financially Unstable

“The data is clear: A growing percentage [currently about 1/3] of our colleges and universities are in real financial trouble.”

- *The Financially Sustainable University*, July 2012

Source: [www.thesustainableuniversity.com](http://www.thesustainableuniversity.com)
Our Recommendations Overlap and Intersect

1. Our Profession
2. Our Institutions
3. Our Faculty
4. Our Curricula
5. Our Students
6. Our Data
7. Our Process
An Interconnected Unit

1. Our Profession
2. Our Institutions
3. Our Faculty
4. Our Curricula
5. Our Students
6. Our Data
7. Our Process
Recommendation #1
Our Profession

Build a learned profession for the future by purposeful integration of accounting research, education, and practice for students, accounting practitioners and educators.
The Structure of U.S. Postsecondary Education

Source: U. S. Department of Education
Implementation Activities

- Focus more research on practice relevant issues.
- Better use of professionally oriented faculty.
- Practitioner-educator exchanges.
- Encourage innovation and timeliness in accounting research.
Recommendation #2
Our Institutions

Develop mechanisms to meet future demand for faculty by unlocking doctoral education via flexible pedagogies in existing programs, and by exploring alternative pathways to terminal degrees that align with institutional missions and accounting education and research goals.
2009-10 U.S. AACSB-Accredited Business Schools

Types of Faculty

Percent of Faculty Positions, AACSB Member Institutions, United States

- Full-Time Tenured: 46%
- Full-Time Non-Tenure Tenure Track: 15%
- Full-Time Non-Tenure Track: 20%
- FTE of Part-Time Faculty (no GTAs): 12%
- FTE of GTAs: 2%
Number of All Accounting Faculty at All Types of Institutions

By Tenure Status and Percent Change from 1993–2004

<table>
<thead>
<tr>
<th>Category</th>
<th>1993</th>
<th>1999</th>
<th>2004</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tenured</td>
<td>5,825</td>
<td>4,900</td>
<td>4,779</td>
<td>-18.0%</td>
</tr>
<tr>
<td>On-Track</td>
<td>2,384</td>
<td>1,400</td>
<td>1,909</td>
<td>-19.9%</td>
</tr>
<tr>
<td>Not Eligible</td>
<td>12,112</td>
<td>11,100</td>
<td>10,922</td>
<td>-9.8%</td>
</tr>
<tr>
<td>Total</td>
<td>20,321</td>
<td>17,400</td>
<td>17,610</td>
<td>-13.3%</td>
</tr>
</tbody>
</table>
Our institutions must change how we create the programs that create faculty.

Today

A Faculty Crisis is looming.

PhD is only route

our Institutions

Tenured Accounting Faculty

Non-tenured Faculty
Implementation Activities

- Allow flexible content and structure for doctoral programs.
- Develop multiple pathways to terminal degrees in accounting.
Our institutions must change how we create the programs that create faculty.

Tomorrow

(Which requires changing the institutions)

PhD

Allow PhD pathways to be more flexible

Create new paths

Accounting Faculty
Recommendation #3  
Our Faculty

Reform accounting education so that teaching is respected and rewarded as a critical component in achieving each institution’s mission.
We must rethink how our faculty (& our institutions) perceive Research & Teaching.

Today

\[
\begin{align*}
\text{Respect} & \quad = \quad \text{Reward} \\
\end{align*}
\]

The general sense across Accounting Academia is that:
Implementation Activities

- Increase reward, recognition, and support for high-quality teaching.
- Better connect faculty annual review, promotion, and tenure processes to the quality of teaching.
- Improve how universities value the importance of teaching.
We must rethink how our faculty (& our institutions) perceive Research & Teaching.

Today

The general sense across Accounting Academia is that:

\[ \text{Respect} \quad \text{Reward} \]

Tomorrow

Regardless of which institution you are, this MUST be your mission.
We Need Research

✔ Accounting research is central to our enterprise.
✔ This recommendation is not a call to diminish research but to respect and reward the value of both research and teaching.
Recommendation #4
Our Curricula

Develop curriculum models, engaging learning resources, and mechanisms for easily sharing them as well as enhancing faculty development opportunities to sustaining a robust curriculum.
We must rethink how we incent the creation of Accounting Knowledge.
Implementation Activities

✓ Engage the accounting community to define the body of knowledge that is the foundation for accounting’s curricula of the future.

✓ Develop a signature pedagogy.

✓ Develop guiding principles and support for a range of faculty opportunities through varied career paths and cycles.
We must rethink how we incent the creation of Accounting Knowledge.
Recommendation #5
Our Students

Improve the ability to attract high-potential, diverse entrants into the profession.
“Higher education in the United States is at a tipping point. In its time of need, the leaders of our colleges and universities have a tremendous opportunity to reshape and reinvent an industry…”

*The Financially Sustainable University*, July 2012
Source: [www.thesustainableuniversity.com](http://www.thesustainableuniversity.com)
5. We must re-energize how we engage with high potential & diverse students.

All high-potential diverse students moving into college = Accounting

How?
A. Offer Accounting AP courses in HS
B. Transform 1st course
C. The "CSI" factor!
Implementation Activities

✓ Enhance perceptions of the study of accounting and career opportunities.
✓ Transform the first course in accounting, create AP courses, or Honors Courses.
✓ Increase access to master’s programs.
✓ Enhance linkages between community college and four-year programs.
✓ Encourage a separate and more focused study of the impediments to better diversity within the profession.
Recommendation #6
Our Data

Create mechanisms for collecting, analyzing and disseminating information about the current and future markets for accounting professionals and accounting faculty.
Implementation Activities

- Establish a national committee on information needs.
- Project future supply, demand, and competencies for accounting professionals.
- Project future supply and demand for all accounting faculty in higher education.
We should rethink our mechanisms for collecting and approaches to sharing data.

Today

Tomorrow

→ Collect new data.

→ Aggregate + access what is already collected.

→ Disseminate all of it.
Recommendation #7
Our Process

Convert thought to action by establishing an implementation process to address these and future recommendations by creating structures and mechanisms to transition accounting change efforts from episodic events to a continuous, sustainable process.
Co-Chairs

**Bill Ezzell**, a former partner with Deloitte, LLP and past Chairman of the AICPA Board of Directors

**Mark Higgins**, the Dean and Alfred J. Verrecchia and Hasbro Inc. Leadership Chair of Business and former President American Taxation Association
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Pathways Commission
Organizational Structure

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Pathways.
The Future of Accounting Education.
MAHALO

QUESTIONS?