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The Activities of the Pathways Commission and the Historical Context for Changes in Accounting Education

William H. Black

ABSTRACT: The Pathways Commission examined accounting education in the United States in response to a recommendation from the U.S. Treasury Advisory Committee on the Auditing Profession. This paper summarizes the Pathways activities and process during 2010 and 2011, and sets forth a historical context to help understand the recommendations for change in accounting education over the last several decades.

Keywords: Pathways Commission; accounting education; ACAP; history.

PATHWAYS COMMISSION ACTIVITIES

The Pathways Commission is a group created by the American Accounting Association (AAA) and the American Institute of Certified Public Accountants (AICPA) to study the current state of accounting education in the United States and to develop recommendations for change. The impetus for the Pathways Commission came from the 2008 Report of the U.S. Department of the Treasury Advisory Committee on the Auditing Profession (ACAP), whose Human Capital subcommittee recommended its creation. While ACAP was created to address the auditing profession, its recommendations regarding higher education addressed accounting education broadly defined, not just auditing.

In 2009, representatives of the AAA and AICPA met to discuss their response to ACAP's recommendation and started to organize the Pathways Commission. The Commission was structured to involve accounting educators and active practitioners, as well as regulators, administrators, and other stakeholders through an innovative "supply chain" approach to gathering data and considering issues. The name "Pathways" was chosen to signify the many different ways that individuals enter and are affected by the accounting profession. Bruce Behn, professor of accounting at The University of Tennessee, was appointed chairman, together with Commissioners Bill Ezzell (partner

William H. Black is a Visiting Assistant Professor at Case Western Reserve University.

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The views expressed in this paper are my own, and do not reflect the official views of the Pathways Commission, Case Western Reserve University, The University of Mississippi, AAA, or AICPA.

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at Deloitte and former chair of the AICPA), Leslie Murphy (Murphy Consulting and former chair of the AICPA), Judy Rayburn (professor at the University of Minnesota and former president of the AAA), Melvin Stith (dean of business at Syracuse University), and Jerry Strawser (dean of business at Texas A&M). Sponsoring Committee members representing the AAA and AICPA included George Krull (retired Grant Thornton partner), Gary Previts (professor at Case Western Reserve University and former AAA president), Denny Reigle (former director of the AICPA Academic and Career Development Team), and Tracey Sutherland (executive director at AAA).

Identifying better ways to attract, educate, and continue to develop the human resources that accounting needs in order to fulfill the accounting profession's responsibility to protect the information needs of participants in our economy was the challenge accepted by the Pathways Commission. Recognizing that many of the challenges facing accounting education had been considered by intelligent, dedicated professionals in the past, the AAA and AICPA commissioned a review of prior recommendations and studies regarding accounting higher education, leading to the creation of a summary document that was required reading for all members in order to provide them with a common historical context to inform future discussions. For example, regarding the need to define pathways into the profession:

> There is one major problem confronting the accounting profession that will occupy the attention of the administration of the Association this year. The avenues of entry into the practice of accounting are not clearly defined . . . It seems to me that the time has come for the practitioners and the teachers of accounting to attack this problem with a view to establishing a relationship that compares with other professions such as law, medicine, and engineering. (Stevenson 1931, 140)

Subsequent sections of this paper are drawn from the review commissioned by the AAA and AICPA which was presented to Pathways members in a format that referenced 22 different commissions and committees, and more than 100 individual books and articles.

The Commission began its process with no preconceived solutions, intending to seek input from a variety of stakeholders in the accounting education, accounting practice, and related communities, and synthesize that input into a cohesive set of implementable recommendations. Pathways recruited a broad spectrum of accounting and educational professionals to staff its working groups, organized into supply chains representing different stages of accounting education. Susan Crosson headed the supply chain focusing on challenges for accounting education before college and during the first two years of college; Mark Higgins led the supply chain focusing on university and postgraduate accounting education; and Scott Showalter led the supply chain focusing on educational challenges after college. As shown in Table 1, each supply chain had ten members representing different backgrounds. Supply chain members had 639 years of practice experience and 585 years of education experience collectively (Behn et al. 2010).

From the start, Pathways was structured to continue into the future, with Phase 1 identification of issues and development of recommendations leading to Phase 2 efforts to actually make changes to enhance accounting education and better prepare future accounting graduates. The central reason that the recommendations of Pathways predecessors have not been successful is simple to identify, yet difficult to overcome—they lacked an ongoing mechanism to continue to support the implementation of change. This issue was identified as far back as 1961 by Clifford Heimbucher, later chair of the AICPA:

> A second gap which appears to exist in the methods being followed is that most of the groups which have worked or are working on piecemeal portions of the problem are study groups and not action groups. In almost every instance the group concerned has produced a sound document and then either disbanded or merely held itself ready to offer assistance

TABLE 1
Pathways Commission Supply Chain Members

Supply Chain 1 Focusing on Accounting Education before College and during the First Two Years of College	Supply Chain 2 Focusing on University and Postgraduate Accounting Education	Supply Chain 3 Focusing on Educational Challenges after College
Susan Crosson, Santa Fe College	Mark Higgins, University of Rhode Island	Scott Showalter, North Carolina State University
Ken Bouyer, Ernst & Young	Bernard J. Milano, KPMG Foundation	Holly Paul, PricewaterhouseCoopers
Jack Wilkerson, Wake Forest University	Larry Evans, Dixon-Hughes	Bill Travis, Bailiwick Data Systems
Del DeVries, Belmont University	Ernie Almonte, DiSanto Priest & Co.	Steve Young, Citigroup
Tracie Nobles, Austin Community College	Karen Pincus, University of Arkansas	Carolyn Callahan, The University of Memphis
Dan Deines, Kansas State University	Harriet Maccracken, Arizona State University	Martha Doran, Federation of Schools of Accountancy
Beth Rescigno, DeVry University	Jack Krogstad, Creighton University	Jan Williams, AACSB
Madge Gregg, National Business Education Assoc.	Robert Walker, Financial Executives International	Melanie Thompson, NASBA
Margarita Lenk, Colorado State University	Jeannette Franzel, Assoc. of Government Accountants	Dave Burritt, Institute of Management Accountants
Cindy Cruz, Beta Alpha Psi	Gregory Johnson, National Assoc. of Black Accountants	Paul Sobel, Institute of Internal Auditors
Mary Medley, Colorado Society of CPAs	Manny Espinoza, Assoc. of Latino Professionals in F&A	Kate Mooney, Minnesota State Board

> if requested. What is needed is a new look at the problem by an agency capable of rising above the methods and framework currently in use and dedicated to putting the whole problem in focus and to taking action in solving it. (Heimbucher 1961)

Pathways kicked off its operations with a presentation about the Commission and its objectives at the AAA Annual Meeting in August 2010. The first face-to-face meeting of the commissioners and supply chain members took place in October 2010 in Washington, D.C., although much organizational effort had been invested before then via online conferencing and electronic mail. Indeed, purposeful use of technology compressed the time necessary for work throughout the Pathways process, with supply chains and working groups holding dozens of online conferences to encourage and discuss progress, and commissioners holding bi-weekly update meetings via online conferencing. The AAACommons was used as another avenue for communications and to solicit input, as documents, issues paper, and progress reports were made available through the Commons to facilitate transparency regarding Pathways activities (at http://www.pathwayscommission.org).

The Washington meeting assigned tasks to the supply chains, including identification of accounting education issues affecting each supply chain and development of preliminary responses to those challenges. Much of the Pathways effort during the fall and winter of 2010 was driven through supply chain activities, with commissioners monitoring and participating in their assigned supply chain groups. Commissioners also reached out to numerous professional communities, presenting Pathways updates at 36 conferences or meetings during 2010 and 2011, including AICPA board and council meetings; NASBA annual meetings and conferences; CPA society meetings in Michigan and Tennessee; two AAA annual meetings; ten AAA regional or sectional meetings; accounting educator conferences in Tennessee, Michigan, Maryland, South Carolina, Virginia, Indiana, and Florida; and annual meetings of APLG/FSA, TACTYC, the Society of CPE Society Executives, Beta Alpha Psi, and the Southeast Institute for Operations Research and the Management Sciences.

Although the supply chains contained a wealth of experience and talent, it was recognized that other perspectives needed to be considered. Accordingly, Pathways organized a public meeting in Atlanta in February 2011, and solicited participation by members of the public and representatives of stakeholder groups. Prior to the public meeting, drafts of issue papers were published on the AAACommons to solicit additional input, and supply chain members presented progress reports at the public meeting. Public comment panels included speakers addressing curriculum issues, the impact of emerging technologies on accounting, the regulation and standards environment, and a group of representatives from accrediting agencies, professional societies, and educational associations.

Following the public meeting, it became clear that many of the issues and related recommendations transcended supply chain boundaries, so the Pathways efforts were re-aligned into working groups. Each working group was charged with refining the issue statement and recommendations for a particular issue, and some individuals participated in multiple working groups. Developmental work continued through the spring of 2011, including a face-to-face meeting for all supply chain members and commissioners in Atlanta during May 2011. After the May meeting, the working groups continued online collaboration and update efforts, and delivered preliminary findings and recommendations to the Commission by late summer 2011. The Commission assimilated this input during the fall of 2011 and plans to deliver the Pathways Phase 1 report by early 2012.

HISTORICAL CONTEXT—ACCOUNTING EDUCATION PROPOSALS

In order to understand current accounting education and the forces shaping education, it is instructive to consider the historical background of recommendations for change in accounting education. Such recommendations have been made over an extended period of time and have resulted in some changes to the accounting curriculum. Accounting departments see themselves to be substantially different from other business disciplines, with strong ties to a defined profession and a broadly recognized certifying examination undertaken by many accounting graduates. The following historical selections confirm that the arguments are not novel—suggesting that future efforts to address the issues may need to be different in order to succeed.

Accounting Education until the 1950s

Accounting education has been the subject of substantial attention in the accounting profession for a very long time. The lead article in the very first issue of the *Journal of Accountancy* (November 1905) was "Education and Training of a Certified Public Accountant," by J. E. Sterrett. The article discussed the improvements in accounting education Sterrett considered necessary if the stature of accounting was to be elevated to a learned profession, similar to law, medicine, or engineering. Sterrett endorsed the movement toward additional emphasis on university education for accountants, coupled with a recommendation for requiring active experience in accounting before granting a full certificate to practice.

> The time has come, however, for a broader view, and it is necessary that accountants should make a concerted movement to lift the standard of preliminary education of their profession. If accountancy is to rank among other learned professions, it must require of every applicant for admission, a standard of preliminary education equivalent to that which is required by law and medicine. There is no royal road to proficiency in accountancy . . . we should further insist upon a period of practical training in the office of a certified public accountant before the issuing of a full certificate. (Sterrett 1905, 8)

The themes identified by Sterrett continued throughout the next several decades, as the number of schools offering collegiate-level instruction in accounting expanded dramatically. In 1881, the Wharton School of Commerce and Finance had been established at the University of Pennsylvania, with bookkeeping part of the initial curriculum (AAPA 1907), and by 1907 it offered courses in advanced accounting as well. The Committee on Education of the American Association of Public Accountants (predecessor to the AICPA) noted that 12 additional schools offered accounting and business law courses in the 1907 academic year, ranging from single courses at Harvard, Kansas, and Olivet College to 10 courses at Wisconsin and 24 courses in the New York University evening program. Accounting education became much more widespread during the next several decades. Allen (1927) identified 335 colleges and universities offering college courses in accounting, with at least 60 of those schools accepting accounting as a major subject for a bachelor's degree and 30 accepting Accounting as a major for a master's degree. Auditing was offered by 106 schools in 1926.

Revzan (1949) observed that business schools, at least in the early days, were primarily schools of accounting, and noted that accounting courses were widely regarded as essential training for careers in management as well as in accounting. By 1922, the Association of University Instructors (predecessor to the AAA) had formed a Committee on Standardization of accounting education. That committee took a strong stand against creating a standard list or program of prescribed courses, and recognized that variation in the accounting curriculum is natural and desirable (Elwell 1925, 69–70).

One of the recent trends in accounting education, the move to require 150 hours of university education to qualify to take the CPA exam, is really not that new. Taylor (1932) described a program for a fifth year of graduate education in accounting, designed to adapt the accounting curriculum to present-day trends in accounting and business.

> It is immaterial whether the student who enrolls at the beginning of the fifth year for further study is a candidate for advanced degrees or whether he is merely pursuing certain graduate courses as a continuation of his undergraduate work. The ultimate extent of work which will be completed is not nearly so important as the character of the work which has been completed as an undergraduate. (Taylor 1932)

Taylor advocated broad and fundamental education in undergraduate programs, leaving specialization and intensive concentration until the graduate year. He recommended that at least one-third of the total hours of study be taken in liberal study outside the business school in the undergraduate program. Undergraduate and graduate programs in accounting should ground the student in fundamentals to prepare the student for a variety of roles in his career.

Accounting Education in the 1950s and 1960s

The 1950s marked a change in accounting education, as veterans sought higher education using funding from the GI Bill, and as social and cultural factors led to additional demand for college training. The guidance available to the accounting profession became increasingly formalized, with authoritative statements of accounting principles replacing textbooks as the determinant for the acceptability of accounting treatments. For example, ARB No. 43, issued by the American Institute of Accountants in 1953, effectively codified the previous guidance issued in Accounting Research Bulletins from 1939 through 1953.

The 1954 Report of the AAA Standards Rating Committee (Garner et al. 1954) found that the familiar four-year program in accounting instruction does not include enough time to accomplish the thorough and penetrative instruction necessary for success in accounting. The Committee stated that graduate study in accounting should be much more aggressively sponsored by institutions, and that graduate accounting study should not only be for those aspiring to careers as instructors of accounting, but also for a substantial majority of all those interested in a career in accounting.

The 1956 Report of the AAA Task Committee on Standards of Accounting Instruction (Black et al. 1956) provides insights into the undergraduate curriculum for accounting programs during the 1950s. The Committee surveyed the colleges and universities that offered a major or concentration in accounting in an undergraduate program, and developed a profile of the typical accounting program, including 25 percent of the coursework in accounting, 25 percent in other business courses, and 50 percent non-business, including composition and communication.

Marquis Eaton (1957), then president of the AICPA, illustrated a 1950s perspective on accounting education in a speech to Ohio CPAs, stating that accounting education opportunities for advanced professionals were less than those available for medical, legal, and dental professionals, but also less than life insurance agents, business management personnel, and bankers, evidencing a "sorry state of neglect." He forecast increased specialization would become part of accounting practice, and argued accountancy must deepen and broaden its knowledge, and that it must create the necessary facilities for advanced study, perhaps as part of formal graduate education. Eaton (1957) also suggested accreditation of accounting programs might be required, whether done under the auspices of the AICPA or some other coordinating body.

Recommendations to require extensive collegiate training for accounting continued in the 1950s. For example, in a 1955 roundtable discussion at the AAA Annual Meeting, Roy Stone of the American Meat Institute supported additional specialization in different fields of accounting and stated: "Consideration also should be given to whether accounting, like law and medicine, eventually may require a more extended course of study in order to provide adequate training" (Langenderfer and Weinwurm 1956).

Perry Commission (1956)

The Commission on Standards of Education and Experience for CPAs (the Perry Commission) was created in 1952 to bring about more uniform and more realistic standards for the qualification of CPAs, and included both practitioners and academics among the 25 members of the Commission (Perry et al. 1955). The American Institute of Accountants and the Association of CPA Examiners charged the Perry Commission to identify the minimum standards of examination, education, and experience, considering not only current requirements but elevating standards to meet likely future conditions (Perry et al. 1956). Citing as motivating factors a broadening range of services and an expanded body of knowledge expected, the Perry Commission suggested that the accounting curriculum needed to be enhanced in order to meet prospective needs of the public for accounting services for the foreseeable future.

> The Commission believes that adequate preparation for the profession of public accountancy requires additional academic study beyond present four-year undergraduate programs. Programs are needed to provide the aspiring CPA with professional training, which is a part of the formal educational process, and is designed specifically to prepare him for the practice of public accountancy. The Commission envisages professional accounting programs, within the framework of collegiate schools of business administration, which will be comparable in approach and objectives to those of the professional schools developed in other fields. (Perry et al. 1956, 120–121)

At that time, 34 percent of the candidates passing or conditioning the May 1955 Uniform CPA Examination had only a high school degree, although Perry et al. (1956) observed, "College training is becoming increasingly common among candidates for the CPA examination." Trueblood (1963) reported that only Connecticut, Florida, Hawaii, New Jersey, New York, and South Dakota had statutory requirements that CPAs possess college degrees, while 13 other states had enacted legislation for a college educational requirement at some future date. Trueblood observed:

> Frequently, the accounting curriculum in the typical undergraduate business school of today largely follows the pattern of the 1930s. Textbooks and course content, even though subject to periodic re-evaluation and revision, are not essentially different from those of a couple of decades ago. Systematic consideration of the future requirements of the future accountant has been worked into the educational pattern of only a few institutions. (Trueblood, 1963)

In an environment where a baccalaureate degree was not yet required to sit for the CPA examination in many jurisdictions, the Perry Commission aggressively pushed the recommended educational standards even higher. Some Perry Commission recommendations included:

1. College graduation from a fifth-year professional accounting program, with classroom material drawn from public practice, with faculties experienced in public accounting.
2. A qualifying examination that would test the college graduate's intellectual capacity, his academic achievements, and his aptitude for public accounting.
3. A professional academic program which would require a fifth year, which would require the undergraduate curricula to adjust to the principal areas in accounting, and the specialized subject matter would be at the postgraduate level in preparation for public accounting. (Edwards 1960)

The AICPA appointed a Special Committee in 1957, headed by George D. Bailey, to determine whether any Perry recommendations could be adopted by the AICPA. The Bailey Committee noted, "Public interest and third-party reliance must receive more consideration than the interests of

CPAs themselves when making recommendations for standards of education and experience" (Bailey et al. 1959, 68). The Bailey Committee strongly agreed with Perry proposals on a number of important points, including the broad area of extending and improving education. Other recommendations were also endorsed by the Bailey Committee, including:

> [D]esigning new courses for educating accountants, rendering substantial assistance to colleges and professors, permitting candidates to take the CPA examination immediately after meeting educational requirements, and timing state legislative changes. (Bailey et al. 1959, 68)

However, the Bailey Committee disagreed with the recommendations of the Perry Report on several other points, in particular the meaning of the CPA certificate related to competence for the practice of public accounting. "Demonstrated competence for the practice of public accounting requires more than the formal educational process, namely a period of acceptable experience" (Bailey et al. 1959, 68). Accordingly, the Bailey Committee did not agree with the proposal to focus the CPA examination solely on academic preparation, without expecting the candidate to show skills related to competence in practice, or with the Perry recommendation to remove experience requirements for receiving CPA certification.

While agreeing in principle that a college degree should be part of the requirements for the CPA certificate, the Bailey Committee expressed concern that the undergraduate degree requirements should include sufficient specific courses in accountancy. The Bailey Committee and Perry Commission agreed postgraduate education for accountants was a good idea.

> Postgraduate education is highly desirable because professional men can profit by more education than can be acquired in four academic years. Considering the growing challenges to the profession and the scope of activities in which public accountants need special education, postgraduate education will become even more desirable. (Bailey et al. 1959, 69)

The Council of the AICPA accepted the Bailey Committee recommendations as presented, establishing as AICPA policy that the requirements for the CPA certificate should include a baccalaureate degree with courses in the proportions recommended by the Perry Commission, and resolving "as soon as it is feasible postgraduate study devoted principally to accountancy and business administration become a requirement for the CPA certificate" (Council of the AICPA 1959, 66).

Pierson and Gordon & Howell Reports (1959)

Accounting education in the United States has traditionally been part of or closely related to schools of business, and accordingly developments affecting business education also tend to receive attention from accounting educators. The late 1950s saw substantial attention devoted to the proper position and emphasis of business programs in higher education, including efforts led by institutions broadly concerned with the American educational environment. In 1959, the Carnegie and Ford foundations published studies of business education, generally known as the Pierson and the Gordon & Howell Reports, respectively. Those reports (Pierson 1959; Gordon and Howell 1959) recommended that:

1. college and university business curricula be pruned to reduce vocationalism and overspecialization;
2. at least 50 percent of the undergraduate program in business consist of courses in the liberal arts; and
3. undergraduate education for business put greater stress on foundation courses, as distinguished from courses devoted to the specialties.

The Pierson and Gordon & Howell Reports did not deny the need for education related to business principles, but recommended more balance between liberal arts education and technical training in business. Rather than a descriptive, "trade school" approach to business education, they wanted less specialization. Gordon and Howell (1959, 214) specifically warned "under no circumstances should an undergraduate business school undertake to prepare students for the CPA examination by the time they receive their bachelor's degree."

In 1961, an AAA committee reviewed the Pierson and Gordon & Howell Reports and concluded that the Reports seemed to be searching for the one perfect formula for education (Schmidt et al. 1961). The AAA Committee observed that it was unlikely that there existed a single right answer, but the broad recommendations in the Reports for substantially less emphasis on accounting courses in undergraduate education caused great concern among the accounting community. The AAA Committee further noted that many of the pedagogical suggestions from the Reports had already been studied by accounting academics and the AAA, and the techniques that were valid were already being implemented.

Horizons for a Profession (1967)

In the 1960s, attention was given to the definition of what it means for an accountant to be a member of a profession, and to the knowledge that accountants should be expected to command upon their entry into the profession. The Carnegie Corporation and the AICPA sponsored an investigation into these matters, creating a working group in 1963 of accounting academics and practitioners, the AICPA Committee on Education and Experience Requirements for CPAs (commonly referred to as the Beamer Committee). Robert H. Roy (dean of the Johns Hopkins University School of Engineering Science) and James H. MacNeill (chairman of the Department of Accounting at Fordham University) directed the analytical efforts of the Beamer Committee and were the authors of the comprehensive recommendations in the 1967 *Horizons for a Profession* Report (Roy and MacNeill 1967). Major points in the Horizons Report include:

- defining accounting as a profession by reference to a set of criteria that apply to Law, Medicine, and Engineering (the "learned professions");
- recommending conceptual education rather than memorization of rules—analogous to the move medical education made toward medical science and away from apprenticeship;
- calling for more research in accounting beyond the applied research common at the time the Report was produced, emphasizing research as a productive area separate from teaching. The call for additional research was coupled with a call for additional sponsorship from commercial organizations; and
- describing the areas of knowledge that a beginning CPA should possess in the modern accounting environment, including communications, computers, ethics, and many other fields outside accounting.

The observations and recommendations of the Horizons Report were incorporated into the recommendations of the Beamer Committee (Beamer et al. 1969), leading to an AICPA Policy Statement that at least five years of college study are needed to cover the common body of knowledge expected for CPAs, and therefore five years of education should be required for accountants (Beamer et al. 1969). That policy was reaffirmed in 1978. The National Association of State Boards of Accountancy (NASBA) adopted a similar policy in 1976 and reaffirmed it in 1980.

John Carey and William Doherty (1966) discussed the characteristics of accounting that characterize it as a profession rather than a business:

> When people need a doctor, or a lawyer, or a certified public accountant, they seek someone whom they can trust to do a good job—not for himself, but for them. They have to trust him,

> since they cannot appraise the quality of his service. They must take it on faith that he is competent, and that his primary motivation is to help them. That is why professions are distinguished from businesses and why professional men enjoy special prestige.
>
> A professional attitude must be learned. It is not a natural gift. It is natural to be selfish—to place personal gain ahead of service. That is precisely why the people as a whole honor the relatively few—professional men and other true public servants—who have disciplined themselves to follow the harder course. Professional recognition comes from the public's reaction to what members of the profession do—not to what they say about themselves. To maintain and broaden public confidence, they must act like professional men—they must maintain a professional attitude.

Carey and Doherty (1966) quoted Henry S. Drinker on the primary characteristics that distinguish the legal profession from business, and suggested that these principles apply with equal appropriateness to CPAs:

1. A duty of public service, of which the emolument is a by-product, and in which one may attain the highest eminence without making much money.
2. A relation to clients in the highest degree fiduciary.
3. A relation to colleagues . . . characterized by candor, fairness, and unwillingness to resort to current business methods of advertising, and encroachment on their practice, or dealing directly with their clients.

Accounting Education during the 1970s and 1980s

Metcalf Report and Cohen Commission (1976)

In the 1970s, there was substantial public concern regarding the quality of information being reported in financial statements as well as the effectiveness of auditors in providing assurance regarding those statements. A subcommittee of the U.S. Senate, led by Senator Lee Metcalf (the Metcalf Committee), conducted investigations of the accounting profession, including public hearings, and called for Congressional regulation of accounting practices (Metcalf et al. 1976, 20). Major observations in the Metcalf Report included:

- The success of our competitive economy depends upon the free flow of accurate and meaningful information regarding the activities of its major participants.
- Congress should exercise stronger oversight of accounting practices promulgated or approved by the Federal Government, instead of the existing delegation of authority to private interest groups to establish accounting practices, and more leadership in establishing proper goals and policies.
- Congress should consider methods of increasing competition among accounting firms for selection as independent auditors for major corporations.

Around the same time as the Metcalf Committee hearings, the AICPA appointed a group headed by Manuel F. Cohen, former chairman of the Securities and Exchange Commission, to examine auditor roles and responsibilities, and to recommend standards by which auditor performance should be evaluated (commonly referred to as the Cohen Commission). The 1978 Cohen Report noted a schism between academic and practicing accountants, and observed that:

> The research effort of academic accounting has become almost totally devoted to matters other than auditing and the concerns of accounting practice; practitioners find themselves unable to relate to most published accounting research. Concern with the enhancement of research methodology has tended to displace concern with research into the problems of the

> profession. Public accounting practice does not have the visibility of either law or medicine in university education, nor has the academic accounting community made the kind of contributions to the development of the knowledge base and problem resolution that the legal and medical professions receive from their academic communities. (Cohen et al. 1978)

The Cohen Commission also stated that "the expanding body of knowledge in public accounting, the demands and risks of professional practice, and the required knowledge in allied fields and in the liberal arts provide sufficient substance for a graduate professional program similar to that provided by law schools."

Albers Commission (1979, 1983)

The AICPA Education Executive Committee formed a task force in 1976 to confirm the continued relevance of curriculum proposals in the Beamer Report and subsequent AICPA educational recommendations (Albers et al. 1979). In 1978, that task force summarized AICPA policy on education requirements for entry into the accounting profession, and that report was adopted as policy by the Council of the AICPA. Concern about slow progress in implementing the AICPA and NASBA educational policies inspired the continuation of the task force as the Commission on Professional Accounting Standards (the Albers Commission), with members from AICPA, NASBA, AAA, and the Federation of Schools of Accountancy (FSA). The Albers Commission was charged to gather evidence and formulate strategy to aid in the transition from a baccalaureate to a post-baccalaureate education requirement for entry into the public accounting profession (Albers et al. 1983). The Commission recommended that the AICPA take the lead in accomplishing legislative enactment of a post-baccalaureate education requirement in all states, with state societies of CPAs and state boards of accountancy serving as the key organizations pursuing legislative enactment in their respective states.

The Albers Commission noted that the body of knowledge expected to be integrated into the accounting curriculum had expanded substantially since the issuance of the Horizons Report, and that report advised post-baccalaureate education even in the late 1960s. Accordingly, Albers et al. (1983) recommended thoughtful implementation of a fifth year of accounting education.

> The call for a post-baccalaureate requirement is not simply a call for more education; it presumes careful analysis and planning by university faculties to use the additional course work to enhance the entry-level competence and professional advancement potential of new CPAs ... A principal goal of the post-baccalaureate education requirement in accounting is to improve the quality of accounting services. Because such a requirement attracts a higher quality, more committed student and provides a better base for technical competence and growth, the output of that process—the CPA—will be better able to serve the profession and society with better audits, improved financial reporting, and better advisory services. (Albers et al. 1983)

NASBA and AICPA recommendations called for a baccalaureate degree in accounting, plus 30 additional semester hours, but did not require a graduate degree. Furthermore, those recommendations did not mandate that all the educational requirements be acquired from the same institution. Therefore, the recommendations did not eliminate the undergraduate accounting degree as one step toward a career in accounting.

Bedford Committee (1986)

In 1984, the AAA appointed a study committee to investigate and report on the future structure, content, and scope of accounting education, with the associated charge to recommend educational objectives and goals for adjusting university accounting education by the year 2000 (Bedford and Shenkir 1987, 86). In 1986, the AAA Committee on the Future Structure, Content, and Scope of Accounting Education (commonly referred to as the Bedford Committee) published a number of recommendations regarding accounting curricula, including the observation that the primary purpose of general professional accounting education is to provide a means for students to acquire both (1) the knowledge, techniques, sensitivities, and abilities all accountants should have for entry into the accounting profession; and (2) the capacity to apply these qualities under reasonable supervision. The essential components include (Bedford et al. 1986):

- design and use of information systems,
- communication,
- decision problems and information in organizations,
- financial information and public reporting, and
- knowledge of the accounting profession.

Five years of college training, liberal arts exposure, information technology integration, and a commitment to lifelong learning were other Bedford recommendations.

Treadway Commission (1987)

The National Commission on Fraudulent Financial Reporting (commonly referred to as the Treadway Commission) was a private-sector response to widespread public concern over the reliability of financial statements. The Treadway Commission was sponsored by the AICPA, the AAA, the Financial Executives Institute, the Institute of Internal Auditors, and the National Association of Accountants. The Commission attempted to identify the forces and opportunities—environmental, institutional, and individual—that may contribute to fraudulent financial reporting, and called for enhanced means of fraud detection and prevention (Kullberg 1987).

The Treadway Commission served in an economic environment where business failures were prevalent and there were numerous allegations that those failures could be connected to fraudulent financial reporting. Consequently, the value of accounting services began to be questioned, and the Treadway Commission studied the performance of the accounting profession to develop recommendations for changes in accounting, with educational changes as another aspect if needed. According to the Treadway Commission, participants in the financial reporting system should be exposed to the knowledge, the skills, and the ethical values that potentially may help them prevent, detect, and deter fraudulent financial reporting (Treadway et al. 1987, 80–83). Rigorous and thorough academic preparation will help face the challenge. Limiting students' exposure to the problems of fraudulent financial reporting to a single course on ethics is simply not enough. Business schools should include ethics discussions in every accounting course.

The Treadway Commission deferred to professional groups on the question of the fifth year of education (Treadway et al. 1987, 84). They did state that the significant explosion of information related to accounting, systems, and related fields may require more time in course work; entry-level work requires more competence and therefore more educational preparation; developing ethical inquiry, analytical reasoning, sound judgment, and problem-solving skills require more time to develop than simpler cognitive skills like memorization; and a comparable accounting degree to the M.B.A. may become more necessary for advancement as a corporate accountant and as an independent public accountant.

Harold Langenderfer (1987) provided a summary of accounting education for the centennial of the AICPA. Central issues in accounting education history that Langenderfer identified include:

1. The appropriate institutional structure for the delivery of formal accounting education.
2. The proper balance of liberal, business, and accounting education.

3. The extent to which a professional culture should be integrated into the accounting curriculum.
4. The desirability of integrating the educational goals of all professional accountants.

In Langenderfer's opinion, leaders have thirsted for one of the trappings of a true profession, professional schools, since the formal beginnings of accounting education 100 years ago. He noted that efforts to launch a professional school in 1892 proved unsustainable, but led to the first state laws to establish the professional designation of CPA.

Accounting Education from the 1990s to the Present Day

By the end of the 1980s, although commissions and committees had been recommending change in accounting education for decades, the accounting profession continued to criticize the academic preparation that accounting students received.

Big 8 Managing Partners (1989)

In 1989, the managing partners of the largest accounting firms in the world (then the Big 8) issued a joint document ("White Paper") calling for changes in the way accounting education is delivered, and emphasizing their strong interest in enhancing the capabilities of accounting students before they enter the profession (Arthur Andersen et al. 1989). They acknowledged that basing pre-entry education on capabilities meant fundamental changes in the curriculum. In their view, the current textbook-based, rule-intensive, lecture/problem style should not survive as the primary means of presentation. New methods, both those used in other disciplines and those that are totally new to university education, must be explored. Creative use of information technology will be essential.

The White Paper stated that the use of new teaching methods will be a message in itself. Students learn by doing throughout their education much more effectively than they learn from experiencing an isolated course. The skills and knowledge comprising the needed capabilities must be integrated throughout the curriculum. For example, if students are to learn to write well, written assignments must be an important, accepted, and natural part of most or all courses. To relegate writing to a single course implies to students that the skill will not be useful throughout their careers and does not require continuing attention. The capabilities must be reinforced throughout the curricular experience, and learning should be coordinated across course and departmental lines. Teaching methods must also provide opportunities for students to experience the kinds of work patterns that they will encounter in the public accounting profession. As most practice requires working in groups, the curriculum should encourage the use of a team approach. The Big 8 managing partners recommended:

1. A "coordinating committee" should be set up to guide the educational change process. All significant stakeholders should be included, including but not limited to "the AICPA, AAA, AACSB, National Association of State Boards of Accountancy (NASBA), Financial Executives Institute (FEI), National Association of Accountants (NAA) (now the Institute of Management Accountants [IMA]), and the major firms."
2. The Big 8 should provide "leadership, guidance, and financial resources" to the coordinating committee. To this end, the firms made a "five-year commitment of up to $4 million to support the development of stimulating and relevant curricula."

The White Paper stated:

> The nonclinical, confidential nature of accounting creates a faculty that designs and executes pre-entry professional education without direct knowledge of current practice.

> Where other professions enjoy much interaction with their teaching faculty, accounting has a persistent "schism" problem. The classroom experience is diminished by the distance between pedagogical content and practice reality. Academics and practitioners would benefit from the stimulation and challenge that come from a meaningful association. There is no model for increasing interaction between academics and practitioners in a nonclinical, confidential profession. Current efforts to integrate academicians in the practice include seminars, internships, and joint conferences. While these efforts are commendable, a much greater level of activity must be achieved. Innovative methods to increase interaction between the practitioners and the professoriate must be created.
>
> Ethics discussions in accounting courses should build on the strong liberal arts background, including philosophy and ethical reasoning, that is essential for accounting students' educational and professional development. (Arthur Andersen et al., 1989)

The Big 8 managing partners suggested that all accounting students take at least one philosophy-based ethics course, either in a philosophy department or within the accounting or business school.

Accounting Education Change Commission (1990s)

In response to the Bedford Committee Report and the White Paper, the Accounting Education Change Commission (AECC) was created by the AAA with $4 million in funding from the largest public accounting firms (AECC 1990a). The overall objective of the AECC was to foster changes in the academic preparation of accountants with the goal of improving their capabilities for successful professional careers in practice. At this time, both academics and practitioners were calling for changes in accounting education. Rhetoric on both sides hit many other issues, but the overriding, uniting factor was the need to produce accounting graduates who could adapt to change (AECC 1990b). Rules, regulations, and techniques have a short half-life, and that half-life gets shorter as the pace of change accelerates. Accounting educators are challenged to maintain the technical accounting competence demanded in graduates, while increasing their understanding of accounting and business so that they can adapt and apply their technical skills to new environments. The AECC funded innovative curriculum proposals and sought to create a "dynamic" attitude (Previts and Merino 1998).

Charting the Course through a Perilous Future (2000)

In the late 1990s, four professional groups with a stated desire to improve accounting education joined together to study the current and future problems associated with accounting education. The IMA, the AAA, the AICPA, and the Big 5 professional services firms created a Sponsors Task Force and funded the study. The Sponsors Task Force selected Steve Albrecht and Robert Sack to complete the research and write the study's final report (Russell et al. 2000).

Albrecht and Sack observed that change drivers (technology, globalization, concentration of market power in large pension and mutual funds) affecting business have eliminated the old model that assumed information is expensive, and have dramatically increased the level of competition among organizations. As presented by Albrecht and Sack, Robert Elliott's value chain diagram progresses from business events to data to information to knowledge to decisions. Activities early in the chain are substantially less valuable than later-stage activities, but accounting education traditionally has focused on the first two stages. Students need to know what cheap information implies for the work they will perform as professionals. They need to know how technology is used to facilitate and drive business. Technology has made business models and transactions more complex, has shortened product life cycles, and has been the enabler for dynamic change in the business community. It has created a demand for instant feedback and instant answers.

At the time of the Albrecht and Sack study, the supply of accounting students had decreased dramatically. Other disciplines were taking opportunities away that formerly had been filled by accounting students. Problems included course content (curricula are too narrow and often outdated or irrelevant, driven by faculty interest and not market demands, no exposure to globalization, technology, and ethics), pedagogy (memorization and lack of creativity), skill development (content was emphasized rather than skills), technology (teaching as though information is still costly), faculty development and reward systems (isolated from business-school peers and business professionals), and lack of strategic direction. Albrecht and Sack concluded there was a substantial need to invest in faculty development to drive curriculum change. They identified several questions that need to be addressed in establishing curriculum and course content, including:

1. Is what we are teaching and the level at which we are covering topics really important in the business world today, or has technology, globalization, or increased competition dictated that we make substantive changes to our curriculum?
2. Are we teaching important concepts in the most efficient and effective way (using the most effective pedagogy in our teaching)?
3. Are we partnering sufficiently with related and/or needed courses in other disciplines? Is there an opportunity to eliminate silos in our schools? (Albrecht and Sack 2000, 63)

Albrecht and Sack's monograph was widely circulated and discussed, with 29.3 percent of all articles in *Advances in Accounting Education*, *Issues in Accounting Education*, and the *Journal of Accounting Education* between 2001 and 2007 citing Albrecht and Sack (Johnson and Halabi 2009). Albrecht and Sack were opposed to a separate professional school of accountancy, but that opposition must be considered in the context in which their study was written—accounting enrollments were declining, top students were entering other disciplines, and accounting firms were attempting to become broad-based professional consulting firms. The changes in the profession after 2000, including the Sarbanes-Oxley Act and a renewed focus on the importance of the attest function, were not anticipated in Albrecht and Sack's view of the future.

U.S. Treasury Advisory Committee on the Auditing Profession (2008)

More than three decades after the issuance of the Metcalf Report, agencies of the United States continued to manifest interest in the effects of the auditing profession on the financial markets. The U.S. Treasury Department created an advisory body to assess the auditing profession in 2007:

> The Committee's objective will be to provide informed advice and recommendations to the Department on the sustainability of a strong and vibrant public company auditing profession. The Committee's charter is expected to direct it to consider, among other things, the auditing profession's ability to attract and retain the human capital necessary to meet developments in the business and financial reporting environment; audit market competition and concentration; and the financial resources of the auditing profession, including the effect of existing limitations on auditing firms' structure. A resilient and quality public company auditing profession is essential to the strength of the nation's capital markets. Auditors oversee the integrity of financial reporting and disclosure, critical to investor confidence and market efficiency. Because of the importance of the auditing profession to the prosperity and stability of the capital markets in the United States and the rest of the world, the Department affirms that the Committee is necessary and in the public interest.
>
> The Committee will be directed to conduct its work with a view to furthering the mission of the Department, as the steward of the economic and financial systems of the United States, to promote and encourage the conditions for prosperity and stability in the United

> States and the rest of the world and to predict and prevent, to the extent possible, economic and financial crises. (ACAP 2008, A:1–2)

The Human Capital Subcommittee of ACAP issued a report in the fall of 2008 with a number of recommendations on possible future directions for the education of accountants and auditors, including that the AICPA and the AAA jointly form a body to provide a timely study of the possible future of the higher education structure for the accounting profession. (ACAP 2008, VI:26). ACAP viewed the current state of accounting education as follows:

> Currently, there is no post-graduate institutional arrangement dedicated to accounting and auditing. Graduate programs in accounting are generally housed within business schools and linked with undergraduate accounting programs. The history of the development of U.S. educational programs and preparation for accounting careers reveals a pattern of evolution of increasing formal higher education, with accreditation standards following and reinforcing this evolution, and with market needs providing the impetus and context. Today, accrediting agencies have recognized over 150 accounting programs as the result of these programs' improving accounting education as envisioned by prior studies and reports.
>
> In a November 2006 Vision Statement, the chief executive officers of the principal international auditing networks noted the challenges in educating future auditing professionals, including the sheer quantity and complexity of accounting and auditing standards, rapid technological advancements, and the need for specialized industry knowledge. This development in the market leads to a clear need to anticipate and enhance the human capital elements of the auditing profession. As such, this vision statement provides the impetus to commission a group to study and propose a long-term institutional arrangement for accounting and auditing education.
>
> As in the past, in the face of challenges of the changing environment for the profession, the Committee believes that the educational system should thoughtfully consider the feasibility of a visionary educational model. Therefore, the Committee recommends that the AICPA and the AAA jointly form a body to provide a timely study of the possible future of the higher education structure for the accounting profession. This commission may include representation from higher education, practitioners from the wide spectrum of the accounting and auditing profession, regulators, preparers, users of the profession's services, and others. The commission would consider the potential role of a postgraduate professional school model to enhance the quality and sustainability of a vibrant accounting and auditing profession. The commission should consider developments in accounting standards and their application, auditing needs, regulatory framework, globalization, the international pool of candidates, and technology. Finally, a blueprint for this sort of enhanced professional educational structure would also require the consideration of long-term market circumstances, academic governance, operations, programs, funding and resources, the role of accreditation, and experiential learning processes. (ACAP 2008, VI: 26–27)

Accounting Accreditation

One of the major influences on accounting curricula during the past 30 years has been the accounting accreditation standards applied by the Association to Advance Collegiate Schools of Business (AACSB). Accreditation provides assurance that graduates of accredited programs meet certain minimum standards (Mackenzie 1964), thereby qualifying them for professional practice and post-graduate education. Accreditation also provides some assurance regarding uniformity in the educational process (Stettler 1965, 727). Stettler observed that accrediting only the school of business as a whole leaves room for gross variation in the quality of the accounting programs, and called for separate accreditation of accounting programs. Bailey and Bentz (1991) identify the objective of accreditation as:

> to stimulate and facilitate continuous improvement in accounting education generally and in those schools actively seeking either accreditation or reaccreditation. The process, taken as a whole, serves to encourage improvement of even the strongest programs, establishes threshold standards to challenge schools seeking accreditation, and provides guidance to those schools seeking to improve and to work toward future accreditation.

While there were some efforts to organize accrediting bodies for accounting programs in the early 1960s, those efforts did not produce accounting accreditation at that time (MacKenzie 1964, 365–366). In the late 1970s, the AICPA proposed accrediting accounting programs under AICPA auspices. One of the motivations for separate accounting accreditation was the conflict between needs for additional accounting courses to adequately address the required body of knowledge and the business school accreditation requirements that disapproved too much focus on any single discipline in business, including accounting. AACSB responded to those AICPA proposals by recommending AACSB administer accounting accreditation if separate accreditation was implemented. However, AACSB did not agree that accounting accreditation was necessary, and challenged the then-current perception that separate professional schools of accountancy were advisable (Olson 1982, 253). The AACSB objections largely centered on the possibility that separate accounting schools would interpose organizational barriers and limit cooperation with existing business faculties, and would thereby result in substantial additional costs far in excess of the benefits from a separate structure. In 1977, the AICPA and AAA expressed their willingness to take over accounting accreditation through a separate regulatory organization if AACSB did not promptly move forward with an acceptable alternative (Flesher 2007). Although preparations for the formation of an Accounting Accreditation Council (AAC) began with cooperation from AAA, AACSB, AICPA, FEI, the National Association of Accountants, and the Association of Government Accountants, AACSB soon thereafter created its own accounting accreditation program, short-circuiting the AAC initiative (Olson 1982, 256–260).

After years of discussion regarding the need for and structure of accounting accreditation separate from business school accreditation, the first accounting accreditation standards were published by AACSB in June 1980. By June 1982, AACSB had accredited accounting programs (undergraduate programs with a concentration in accounting, M.B.A. programs with a concentration in accounting, or master's of accounting programs) at 18 institutions. The initial AACSB accounting accreditation standards included objective curriculum requirements for each degree program (Brown and Balke 1983), which some accounting educators considered too prescriptive and overly rigid (Kren et al. 1993), and educators argued that rigid standards limited innovation, experimentation, and the development of new accounting programs (Bailey and Bentz 1991).

AACSB revised accreditation standards for business schools and for accounting programs in 1991 after a multi-year examination of the accreditation process. The new standards incorporated greater emphasis on mission-linked accreditation and academic processes considered necessary to the delivery of quality academic programs that create value for students. According to Kren et al. (1993), faculty and administrators are responsible for developing a mission statement that describes the objectives of their program with respect to students, faculty, and resources, and demonstrating that their program of instruction flows from the mission statement. Not all quantitative requirements were eliminated in the 1991 revised standards—the use of numerical standards for faculty size and qualifications continued from the previous standards, and faculty qualifications remained one of the most important factors in the accreditation decisions. Bailey and Bentz (1991) contended that the primary emphasis on maintaining quality in accounting education remained unchanged despite the substantial changes in the accreditation process due to the revision of the standards.

The accreditation standards of the AACSB reflect environmental influences on accounting education. While the standards included requirements for faculty qualifications and institutional resources in support of education, they also included consideration of the courses being offered by the accredited institution. The revised accounting accreditation standards provided more flexibility in the coverage of accounting topics and allowed for increased breadth of the curriculum. This movement to greater breadth in accounting courses was motivated by fundamental changes in both the practice of public accounting and the financial management of corporations, according to Bailey and Bentz (1991).

Current AACSB accounting accreditation requirements do not specify particular course offerings or the number of hours recommended for each area of study. The requirements are stated in terms of learning experiences and learning outcomes for the accounting program, in addition to the learning experiences expected from business education in general. As of September 2011, 167 U.S. schools and 10 foreign universities held AACSB accounting accreditation among the 633 institutions with AACSB business accreditation (AACSB 2011).

Accreditation Requirement for Doctorally Qualified Faculty

One of the major changes in accounting education since the 1950s is the advent of accreditation standards that require substantial numbers of accounting faculty to have doctoral degrees (i.e., to be "academically qualified"). During the 1950s, it was common for educators to accept a master's degree and a CPA certificate as equivalent to a doctoral degree when evaluating faculty credentials (Langenderfer and Weinwurm 1956). Those students who pursued a doctoral degree in accounting preliminary to a teaching career were also viewed as limited:

> Too many doctoral candidates, aspiring to be accounting teachers, take little or no accounting work after their typical undergraduate curriculum in accounting; to the extent that they do take additional courses, they most frequently are taught along the traditional lines. Doctoral candidates usually do not learn any of the tools of their trade, such as teaching methods and procedures, and it is not typical to permit a doctoral student to conduct dissertation research in areas which could conceivably help to improve accounting curricula. (Langenderfer and Weinwurm 1956)

In the 1963–1964 academic year, 38 of the 113 AACSB member colleges offered doctoral programs with majors or concentrations in accounting (Stone 1965, 131), with ten of those programs having been initiated between 1961 and 1963. Thirty-three of those programs reported significant changes in their doctoral programs within the past few years, with most reporting additional emphasis on quantitative methods, research methodology, and other tool areas. The additional supply of doctorally qualified faculty trained in quantitative methods and rigorous research methodology contributed to a shift in the academic literature away from descriptive articles and statements designed to influence accounting policy and practice toward more empirically based publications. By 1970, recommendations that career accounting teachers should have earned doctoral degrees were commonplace (see Boyd et al. 1970), and the AACSB instituted requirements for doctorates in order for faculty to be academically qualified. However, among the recommendations of the AAA Committee on Masters Programs in Accounting was a clear statement that the CPA certificate (with practical experience) should be considered necessary for those teaching courses more directly related to public accounting (Boyd et al. 1970), and a recognition that the CPA certificate as well as responsible business and accounting experience enhanced the qualifications of accounting educators.

The 2009–2010 edition of the Hasselback accounting faculty directory includes a tabulation of the 7,109 doctorates in accounting that have been awarded through 2008 (Hasselback 2009). That list includes 103 institutions that have graduated at least one Ph.D. or D.B.A. in accounting, although 12 institutions are indicated as currently inactive. Seventy-two institutions have produced ten or more accounting doctoral graduates during the 1999–2008 decade, with the three most active programs (Texas A&M, Rutgers, and The University of Texas at Austin) each producing 30 or more doctorates.

In a study for the AICPA, David Leslie (2008) found that the number of accounting faculty declined 13.3 percent over the period 1988–2004. However, as the number of faculty declined, student (undergraduate) enrollment increased (12.3 percent) over the same period. The most serious loss of full-time faculty occurred at four-year, non-doctoral-granting institutions, amounting to 31 percent of the 1993 total. The number of full-time accounting faculty at research/doctoral universities and at community colleges changed little between 1993 and 2004, as did the total number of accounting faculty holding a Ph.D. The number of tenure-eligible faculty in business fields other than accounting rose over 20 percent during the same period.

The number of accounting faculty over age 55 increased, while the number of accounting faculty under age 40 declined by half during the 1993–2004 period. The number of retirements is likely to exceed the number of qualified replacements in the immediate future. Given the stability of Ph.D. production at about 140 per year on average, and with retirements estimated at about 500 per year, the production of new PhDs appeared far from sufficient to fill the demand. A sign of the demand for new accounting faculty may be seen in the apparent salary inversion in the 2004 data: faculty under age 41 averaged higher pay than faculty over age 41.

Meanwhile, workload for accounting faculty increased markedly, especially at research and doctoral universities where the bulk of enrollment increases also occurred. While the data showed a rapid escalation of salary for new faculty in accounting and stable levels of job satisfaction, the field faced a future of pressure on faculty to work harder and longer as the workforce turns over through retirement.

Professional Schools of Accountancy

The 1978 AICPA reaffirmation of Council policy in support of the 150-hour educational requirement also contained a statement encouraging the development of quality programs or schools of professional accounting (AICPA 1978). This followed observations by accounting academicians and professionals that business school deans had diminished the prominence formerly given to accounting courses in the college curriculum (Paton 1971; Savoie 1971; Burton 1971). In order to restore accounting instruction to the necessary stature, Paton (1971) recommended the creation of separate professional schools of accounting, at least for the larger educational institutions. Whether or not one accepts Van Wyhe's 1994 characterization of the history of accounting education as a "search for status," professional schools of accounting were seen as a mechanism to allow accounting academics greater control over the educational process. Burton (1975) argued that accounting education needed to be separate from general business education because accounting required a different attitude and approach:

> Business schools tend to emphasize an approach geared substantially to profit maximization in a competitive environment. Accountants, on the other hand, need a different approach. They need what might be called the dispassionate professional approach. Alone among the professions, the accountant accomplishes his social purpose by being independent of his client rather than serving the client's interest to the exclusion of others or following his own

> profit-maximizing interest . . . I think this is something that needs emphasis which a business school is less likely to give than a professional school of accounting.

Metcalf et al. (1976) recommended, "The preparatory education of individuals who enter the profession of independently auditing publicly owned corporations should be strengthened through such means as the establishment of professional schools of accounting," providing additional impetus from outside the accounting profession to the movement toward professional schools. The AICPA Board of Standards for Programs and Schools of Professional Accounting identified certain conditions that are essential for the effective functioning of a professional program, with two essential characteristics stated as "identity" and "autonomy" (AICPA 1977).

The first professional schools of accountancy were created during the 1970s.[1] National conferences on professionalizing the accounting curriculum (1976 and 1977) led to the establishment of the Federation of Schools of Accountancy in December 1977, with 21 charter members. The primary objectives for FSA were stated as follows:

1. Encourage and assist in the development of quality professional accounting programs extending through post-baccalaureate degrees within universities.
2. Promote, monitor, and support the development of schools of accountancy.
3. Provide a forum for the exchange of views among institutions interested in professional accounting programs.
4. Encourage and support a broad spectrum of accounting research activities at member schools. (Williams 1984)

White (1982) studied the organizational structures of the existing Schools of Accounting, and found varying degrees of effective autonomy had been achieved in areas of curriculum, budget, fundraising, and student standards, with substantially less autonomy in controlling faculty promotion and tenure decisions. White (1982) noted that the establishment of some schools reflected only a name change, which at least achieved a separate identity.

During the years following its inception, the FSA worked to support the establishment of separate schools of accountancy. After the 1980s, the number of separate schools of accounting reached a peak level, and subsequent growth appeared to lose momentum. One major factor causing that loss of momentum was the availability of separate AACSB accounting accreditation (Olson 1982, 258). Many business school administrators argued that becoming accredited in accounting was sufficient, obviating the need to establish a separate school (Williams 1984).

After the limits of the movement to separate status had been reached, FSA changed its mission definition and continued to work for the implementation of the 150-hour education requirement. The mission statement of the FSA became: "encouraging, promoting, assisting and supporting the development of high quality accredited programs of education for the accounting profession that lead to a graduate degree; and being a leading advocate of accredited graduate accounting programs" (FSA 2011). FSA members are no longer limited to institutions with separate schools of accountancy. By 2000, FSA had 164 members, with 79 full members, 66 affiliates, and 15 accredited affiliates. By 2010, there were 110 full members of FSA (including 15 upgraded from affiliate or accredited affiliates), 36 affiliates, and 10 accredited affiliates.

Williams (1984) cited a number of forces inspiring the movement to separate schools of accounting, including the maturation of the accounting profession, the changing role of

[1] The first professional school was created in 1973 at C. W. Post–Long Island University, followed by Denver (1975), Brigham Young (1976), Louisiana Tech (1976), Florida (1977), Georgia (1977), Missouri–Columbia (1977), Alabama (1978), and San Diego State (1978). Seven more professional schools of accountancy were created in 1979, including DePaul, Golden Gate, Mississippi, Mississippi State, Oklahoma State, Southern California, and Southern Mississippi.

accountants, the knowledge explosion, the increasing supply of accounting students during the 1970s, and the changing environment in business schools regarding accounting education following the Pierson and Gordon & Howell Reports. He also contended that public expectation of increased responsibility for accountants was another dominant factor driving the School of Accounting movement. In the 1980s, legislative support for post-baccalaureate education (the 150-hour education requirement) was seen as another reason to create separate schools of accounting. Separate accounting accreditation may have removed some of the reasons for establishing a separate professional school of accounting. Velayutham and Rahman (2011) argue that the demise of the Professional School of Accounting (PSA) movement is inextricably linked with the emergence of AACSB accreditation of accounting programs. They observe that the PSA movement was an attempt to gain independence from the school of business, while AACSB accreditation appears to be designed to ensure that accounting programs continue to be part of the school of business. While there may be a common perception that "in order to receive AACSB accreditation, the PSA had to be affiliated with the business school, reflecting a perspective that accounting is a functional area of business education" (Velayutham and Rahman 2011), that perception is contradicted by Flesher's (2007) report concerning the establishment of a PSA at The University of Mississippi. After substantive discussions with Ole Miss and AICPA representatives, the AACSB agreed:

> [T]he overriding consideration would be the quality of the accounting program—not how or by whom it is administered. The second change was that AACSB had to remove its requirement that the business dean must have "participating control" over all programs. The replacement verbiage emphasized "the key role and responsibility of the accounting faculty with respect to all facets of the accounting program." (Flesher 2007, 56–57)

Despite the changes in the structure of the AACSB requirements after the establishment of the School of Accountancy at Ole Miss, the momentum toward separate accounting schools dissipated by the early 1980s. The continued inclusion of accounting programs within the business school was foreshadowed by the findings of Bremser et al. (1977) that business school deans at AACSB-accredited institutions largely opposed the creation of separate professional schools of accountancy.

150-Hour Requirement for Licensure as a Certified Public Accountant

As previously noted, the Horizons Report recommended a broad-based university education for beginning CPAs, and observed that more than four years of college education could be necessary to cover the body of knowledge expected of entrants into the accounting profession. The Albers Report called for five years of education for entry to the profession (Albers et al. 1983). These reports confirm widespread and long-standing concerns among accounting educators and accounting professionals that the complexity of modern accounting required additional education beyond the traditional four-year undergraduate accounting program.

Florida was one of the first states to pass legislation mandating 150 hours of education for licensure as a CPA, and the Florida Institute of CPAs summarized the objectives of the legislation as follows (Anderson 1988):

1. to provide an academic background that will support the knowledge expansion of the profession over a person's career span;
2. to broaden the person's knowledge in areas of study that are peripheral to the accounting discipline;
3. to increase the accounting expertise of the individual;
4. to increase the overall standards of entry into the accounting profession;
5. to increase levels of personal integrity and professional ethics;

6. to increase commitment to the profession by those preparing for entry;
7. to enhance the communications and interpersonal skills of new professionals;
8. to increase the success rate on the CPA examination;
9. to provide an educational background that is comparable to that of clients who have increasingly higher and more sophisticated ideas and levels of competence; and
10. to attract the best and brightest students into the profession.

Those objectives are similar to the arguments in favor of additional accounting education espoused by numerous educators and accounting societies. The AICPA supported requirements for 150 hours of college education through statements of policy in 1978, 1983, and 1986. In 1983, the AICPA created a Special Committee on Standards of Professional Conduct (the Anderson Committee) that called for real transformation in accounting professionalism, not just cosmetic change (Chenok 2000, 78), including better education of accountants at the entry level. Beginning in 1984, the AICPA promoted a model accountancy act that included requirements of 150 hours of education for certification as a CPA, and worked to influence its adoption by the states. A vote of the AICPA membership in 1988 resulted in 83 percent endorsing the Anderson Committee's Proposal Six, which stated that AICPA members accepted after 2000 must have 150 hours of college education. The FSA also supported the 150-hour requirement and changed its mission statement to specifically mention graduate education in accounting.

However, the 150-hour education requirement was not universally endorsed. For example, Albrecht and Sack (1999) argued that requiring graduate training in accounting served to deter potential candidates from choosing accounting as a career. PricewaterhouseCoopers (2003) questioned the value of master's-level training in accounting and called for additional "equivalent alternatives" for entry to the profession, including substituting additional experience or continuing professional education for some of the training comprehended in the 150-hour education requirement. The PricewaterhouseCoopers publication appears motivated by the needs of the largest accounting firms for a consistent supply of new accountants:

> The accounting profession cannot function effectively without an adequate and predictable flow of new talent. The quality of the talent, as measured by performance after employment, must be consistent over time, and the availability of talent must not be unduly influenced by external factors, including the economic climate. (PricewaterhouseCoopers 2003)

While there may be continuing discussions over particular aspects or applications of the post-baccalaureate education requirement, including that it stops short of what is needed, by now all 55 jurisdictions have implemented the requirement. The Enron and WorldCom accounting scandals stimulated fresh public interest in the quality of professional accounting services and consequent needs for additional training. The 150-hour education requirement is now the law of the land, and continues to merit the strong support of the major institutions and universities. The requirement can be traced back through the Albers and Bedford commissions to the 1967 Horizons Report and the Perry Commission in the 1950s, but the recommendations of those commissions regarding changes in accounting curricula were not broadly accepted until the states began adopting 150-hour legislation.

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