

The Looming Crisis in Governmental Accounting Education

The perfect storm may be looming for government accounting. Three issues could intersect making it difficult for governments to attract new talent:

- As baby boomers are starting to retire, governments face a loss of talent and institutional knowledge.
- Sarbanes-Oxley has increased public accounting's demand for accounting students from colleges and universities. Finding students with the requisite education and interest in government accounting/financial management has become increasingly difficult.
- A shortage of academically qualified faculty, specifically those educated and actively involved in government accounting.¹

Governments and professional organizations are exploring methods to retain institutional knowledge and to ensure an adequate supply of new employees with the skills necessary for good stewardship and accountability.^{2,3}

Educating the next generation of employees requires faculty interested in government financial management. Our article addresses this issue, providing data to support the concerns expressed.

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Data Sources

We acquired information from three sources: Hasselback's *Accounting Faculty Directory*, an online survey and doctoral program websites. The Hasselback directory is an annual listing of the accounting faculty at colleges and universities. It includes the name, academic rank, highest degree earned, where the degree was earned and areas of faculty member expertise. The directory is compiled from information gathered from chairpersons of the accounting departments. We used the directories from 1980, 1991, 2001 and 2006.

What We Found

Figure 1 presents data from the Hasselback directories related to governmental accounting. Each faculty member can list up to four areas of interest from a list of 26 specialties, one of which is "G" for governmental.⁴ For each of the four directories, we counted the number of schools that issued doctorate degrees/concentrations in accounting in the United States. The number of schools issuing a doctoral degree has increased by only 20 (from 72 to 92) in the last 25 years. However the number of schools that issued at least 21 degrees more than doubled from 33 to 75. Very few schools offer doctorates in accounting, and only a subset offer a specialization in governmental accounting.

The total number of accounting doctorates has more than doubled in the past 25 years (from 2,549 to 6,414), but the pace has greatly slowed in the last 10 years. Figure 2 shows the average number of doctorates from 1986 to 1995 was relatively stable, around 190 per year, but a considerable increase from the 136 rate in the first half of the 1980s. This

Figure 1: Accounting Directory Statistics

Year	1980	1991	2001	2006
Number of Ph.D.* schools	72	84	91	92
Number of Ph.D. schools with 21+ graduates	33	57	71	75
Cumulative Ph.D. graduates	2,549	4,561	5,762	6,414
Number of "G"*** codes (any degree)	113	277	392	331
Percent of "G" in Hasselback	2.0%	3.1%	3.5%	2.7%
Ph.D.s with "G" codes	62	173	275	243

*About 15 percent of the doctorate degrees are DBAs and 85 percent are Ph.D. For brevity we use Ph.D. for both types.

** As noted above, the G-Governmental code is one of 26 specialties a faculty member can list in Hasselback.

rate has dropped to less than 80 per year since 2000. The current trend of less than 100 doctoral degrees issued per year appears to be stable as few schools are adding Ph.D. programs, and most of the schools that offer degrees are issuing fewer degrees than in prior decades.

Figure 1 shows that the growth of accounting doctorates in the 1980s and 1990s was disproportionately in favor of faculty members that listed governmental as a specialty—increasing from 2 percent of faculty listed in Hasselback in 1980 to 3.5 percent in 2001. Unfortunately, there was a substantial drop in 2006 to 2.7 percent. It appears governmental faculty retirements are outpacing new faculty.

Figure 3 lists the schools that have produced the most doctoral faculty who later list governmental as their specialty. The total number of governmental specialists at doctorate-granting schools did not change from 1991 to 2001 (40 for both years), but experienced a fairly dramatic drop in the last five years (down to 31). The top 13 schools have seen a drop from 11 governmental experts to four in just 15 years. In contrast, the next four schools increased their number of governmental experts from five to nine. Thus, while AGA's White Paper correctly identifies the retirements at traditionally prolific schools⁵, it may be that different schools are taking their place.

We also looked at the faculties of every doctorate granting institution in the 2006 directory. Two schools—Central Florida and Mississippi—have three government specialists. Central Florida has a fairly young doctoral program, issuing 13 degrees since 1993. Five schools have two government experts. Three appear in Figure 3—George Washington, Texas (Austin) and Texas A&M (College Station). The other two with two experts are Virginia Commonwealth (a smaller program but 20 percent of the graduates have been governmental) and Florida State. Fifteen schools have one expert and the remaining 70 doctoral-granting schools do not have a governmental specialist. Finally, Figure 4 shows the number of governmental doctoral graduates over the past 25 years. Similar to Figure 2, governmental specialists increased in the late 1980s, but the boom did not sustain into the 1990s. While the averages are low, the rate per year was fairly consistent. From 1984 to 1999, there was only one year with less than 10 graduates (eight in 1994). Since 2000 there have been eight or fewer graduates in each year. Results in the past three years are especially troubling with an average of fewer than three.

Figure 2: Accounting Doctorates Per Year

5-Year Period	Total	Average Per Year
1981-1985	683	136.6
1986-1990	978	195.6
1991-1995	948	189.6
1996-2000	652	130.4
2001-2005	396	79.2

Figure 4: Governmental Accounting Doctoral Grads by Year

Years	Grads	Avg/yr
1981-1985	67	13.4
1986-1990	115	23.0
1991-1995	56	11.2
1996-2000	60	12.0
2001-2005	20	4.0

Last Five Years	
2001	8
2002	5
2003	2
2004	3
2005	2

Online Survey

Eighty-six government accounting faculty responded to an online survey regarding governmental accounting doctoral programs. Responses are summarized in Figure 5.

Of note from these responses are:

- Only one third of the current governmental accounting faculty delved deeply into a governmental topic through their dissertation.
- Four respondents were discouraged from pursuing a governmental accounting dissertation topic by advisers or other faculty members. One respondent noted, "The number of accounting journals that will consider submissions in governmental accounting has remained very limited relative to other special accounting areas. Thus, doing a doctoral dissertation in governmental accounting is high risk as a career move and has a poor expected value given the time commitment."
- It appears that a small core group is highly active in assisting on governmental dissertations.
- Four of the seven faculty involved indicated involvement with recent or current governmental accounting dissertations indicated inadequate resources to support the dissertation process.
- The majority of respondents indicated a willingness to assist in educating doctoral students interested in governmental accounting.

Website Search

Evidence from the Hasselback directory and the online survey suggest there are a few schools that traditionally produced a reasonable number of doctoral graduates. Assuming someone was interested in pursuing a Ph.D. in government accounting, we searched the websites of each of the 92 doctoral schools listed by Hasselback.⁶ We searched for the terms "governmental," "public administration" and

Figure 3: Doctoral Schools with High Number of Governmental Graduates

School	Total Govt. Doctorates	Pre-1980	1981-1990	1991-2000	2001-present	Govt. Doctorates as % of Total	Govt. Faculty Experts 1991	Govt. Faculty Experts 2001	Govt. Faculty Experts 2006
Arkansas	25	13	8	3	1	15%	1	-	-
Missouri	21	9	4	6	2	12%	-	1	-
Alabama	17	9	5	3	0	14%	1	1	1
Illinois	17	12	4	0	1	5%	1	-	-
Michigan State	16	1	11	4	0	9%	-	-	-
Louisiana State	15	7	3	4	1	8%	2	1	1
Wisconsin	15	4	9	2	0	11%	1	-	-
Nebraska	14	4	6	4	0	11%	-	-	-
Kentucky	13	0	9	4	0	11%	-	-	-
Oklahoma State	13	4	5	4	0	13%	1	-	-
Indiana	11	2	7	2	0	8%	2	1	1
Louisiana Tech	10	2	3	4	1	16%	1	1	-
Texas Tech	10	2	5	3	0	14%	1	1	1
Subtotal – Top 13							11	6	4
George Washington	8	3	3	2	0	18%	1	3	2
Mississippi	8	2	2	4	0	9%	-	1	3
Texas A&M	8	2	1	4	1	7%	3	2	2
Texas-Austin	8	4	2	1	1	3%	1	2	2
Subtotal – Schools 14 - 17							5	8	9
Subtotal – Schools 18 - 92							24	26	18
Total							40	40	31

Figure 5: Survey Responses

What topical area did respondents choose for their doctoral dissertation?	
Governmental	33% (23)
Nonprofit	14% (10)
Topics other than government or nonprofit accounting	54% (38)

On how many dissertation committees have you served?					
	0	1	2	3	4 or more
Governmental	84% (65)	9% (7)	1% (1)	0% (0)	5% (4)
Other topic	74% (56)	7% (5)	9% (7)	0% (0)	11% (8)

If at a doctoral-granting institution, how many governmental accounting dissertations?					
	0	1	2	3	4 or more
Completed in last 5 years	75% (15)	15% (3)	10% (2)	0% (0)	0% (0)
Currently in progress	80% (16)	10% (2)	10% (2)	0% (0)	0% (0)

Does your school have resources to support dissertations in governmental accounting?	
Yes	8.6% (6)
No	84.3% (59)

Willing to assist in the education of doctoral students with an interest in governmental accounting?	
Willing to teach a seminar	22% (14)
Willing to serve as a committee member	54% (34)
Willing to serve as dissertation chair	17.5% (11)
Not willing to assist	25.4% (16)

“public policy.” While most schools indicated that almost any topic could be used as supporting field, only six schools explicitly mention government or public administration (Alabama, Case Western Reserve, Central Florida, Florida, Florida State and Harvard).

The inclusion of Alabama is encouraging given its high rank in Figure 3 and the presence of one prominent expert, Robert Ingram. Central Florida and Florida State are encouraging because they have three and two faculty experts, respectively. Curiously none of the other three have faculty listing a governmental specialty. These results support the concerns of AGA’s White Papers as well as our own fears—opportunities to obtain a Ph.D. in government accounting appear to be extremely limited.

Proposals

Based on the evidence three trends appear:

- the number of accounting doctoral graduates appears to be in steep decline,
- the “gurus” of governmental accounting dissertations are retiring, and
- the “gurus” are not being replaced by governmental accounting specialists.

We are aware that the supply and demand factors facing doctoral-granting schools do not work in favor of governmental accounting, except perhaps in a few cases.⁷ The AGA White Papers proposed a variety of initiatives to address this issue. Concerned that governmental accounting doctorates may disappear (or diminish to a rate equivalent to disappearing) without some fairly drastic or unconventional action, we submit four additional proposals that are intended to be “out of the box” but feasible:

- Encourage minor/concentration in public administration
- Create Ph.D. consortia among accounting faculties
- Move governmental accounting to public administration/public policy
- Create new discipline of government financial management

Encourage Public Administration Area of Concentration or Minor

Many accounting Ph.D. programs allow for an area of concentration outside the major field of study. Thus, a student working toward a Ph.D. in accounting could choose public administration as an area of concentration to acquire technical accounting/finance skills and institutional knowledge. The student’s interaction with public administration faculty could also help them identify a dissertation committee member with a rich understanding of the government sector.

The same approach might also work for undergraduate programs; an accounting major with a public administration minor or a public administration major with a business minor. As one county administrator explained, “In today’s world it is crucial for the ideal job candidate to have an understanding of finance and accounting. I need an employee with the solid finance and accounting knowledge represented by an accounting degree combined with the institutional



knowledge, including the budget process that is obtained through the traditional public administration programs." The 2004 AGA White Paper also indicates a gap between the skills represented by the CPA designation and those necessary to be a successful government financial manager. However, the coursework required for an accounting degree and the increased coursework requirements for CPAs make it very difficult for many students to fulfill the requirements of a minor field of study.

Government Accounting Ph.D. Consortia

Survey responses indicate that of the six governmental dissertations currently in progress, four are being completed at schools with a lack of sufficient governmental accounting expertise among the faculty. One way to overcome this lack of resources is to create consortia, which include faculty from non-doctoral granting schools, to oversee the dissertation process. The majority of our survey respondents (74 percent) are employed by non-doctoral granting institutions and 54 percent indicated a willingness to assist with a governmental dissertation.

Two issues that would need to be resolved for this approach to be feasible are the impact that the use of a consortia would have on the accreditation of the degree-granting institution, and incentives for faculty from other institutions to assist in the dissertation process. This difference in expectations could be a stumbling block in the use of a dissertation consortia approach.

Participation on a dissertation committee requires a significant commitment of time and energy. For untenured faculty the decision to serve on the dissertation committee of a student from another school could be risky if their own institution does not recognize this commitment as a valuable use of the individual's time and talent. As one respondent succinctly stated, "I can't get tenure serving a doctoral student at another institution!" This is especially troubling because recent doctoral graduates have some of the best and most recent training in how to conduct research.

A more radical proposal would be to create a government accounting Ph.D. consortia from scratch using the skills and talents of faculty from multiple institutions. This would involve more logistical issues, especially with accreditation. Many universities will not recognize (or hire) an individual unless their doctorate is from an accredited institution.

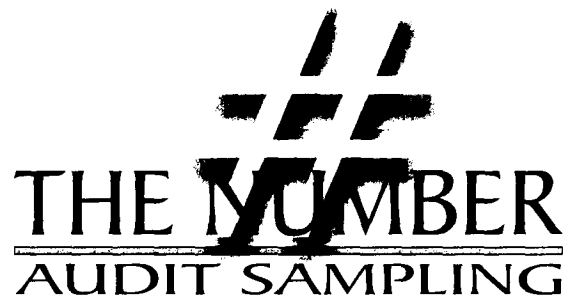
Incorporate Accounting and Finance Classes into Public Administration

Traditionally, schools of public administration have provided the requisite education for those interested in public service. Thus the conduit between students and employers is already firmly established. On the other hand, schools of accounting tend to focus on placing students with public accounting firms and CPA pass rates. One survey respondent noted, "Many faculty members want to expand their own turf, of course, and some even assert that governmental accounting and auditing do not 'belong' in a business school but should be taught in public administration." While this may not have been intended as a serious proposal, the current dire situation forces us to consider it.

As the needs of government change, it seems logical for the coursework offered to also change. Schools of public administration could hire faculty with accounting Ph.D.s to teach government accounting and public finance classes for their doctoral programs as well as their undergraduate and master's programs.⁸ This would combine the rich institutional perspective and technical skills necessary to develop the next generation of educators. However since both salary and prestige for someone with a CPA and accounting Ph.D. are currently greater in colleges of business, attracting qualified faculty may be difficult. A second challenge would be to find room in the curriculum to include the array of accounting and finance classes necessary to educate government financial managers.

Government Financial Management

As indicated by our discussion above and the AGA White Papers, a new discipline may be emerging, one that blends the strengths of accounting and public administration programs. As with most bureaucracies, academia is slow to change and it is difficult to imagine the creation of a new academic department in the near future. However this should not preclude the combination of skills required by today's job market. Perhaps the answer lays in the creation of *centers of excellence* where doctoral students and faculty can share their strengths, taking the best of both accounting and public administration to create a faculty that can educate future Ph.D.s and government financial managers.



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What Can Practitioners Do?

Practitioners can serve as change agents by advocating for inclusion or expansion of governmental accounting and financial management coverage in both undergraduate and doctoral accounting programs. Colleges of Business and Schools of Accountancy typically have advisory boards, comprised of alumni and local business leaders, to provide input and support. Large CPA firms have used their influence to change the accounting curriculum by encouraging their employees to participate on advisory councils and alumni organizations for their alma maters. The same cannot usually be said of the government sector. Increased participation by government practitioners on existing advisory boards offers a forum to express their needs and concerns with academia. A more aggressive approach would be to use consortia of practitioners to form governmental accounting advisory boards at academic institutions.⁹

We realize financial contributions made by CPA firms increase their influence and that such contributions are not feasible for government entities. However, professional organizations may be able to fill this void. For example, AGA has reactivated the Academy for Government Accountability, including funding for research and dissertations in government accounting and financial management topics. Representatives from AGA spoke at a recent American Accounting Association meeting of the Government and Non-profit Section to:

- discuss the impending human capital shortage
- announce the availability of the research grants
- encourage faculty advocacy for government accounting and finance courses.

Similarly, the Governmental Accounting Standards Board (GASB) is offering grants to encourage governmental research that will advance practice.

Conclusion

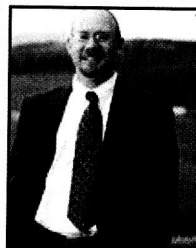
Ongoing interaction between practitioners and faculty is imperative. Our evidence supports concerns about the shortage of government accounting Ph.D.s. Much of our evidence suggests a large dispersion of resources. Even the schools offering Ph.D.s in government accounting have limited resources. On the other hand, the total amount of resources throughout the U.S. is fairly large. We believe that our proposals should be discussed in both academia and among practitioners. Those ongoing interactions will likely result in creative solutions to our impending human capital shortage. █

End Notes

1. See AACSB reports: 1) *Sustaining Scholarship in Business Schools* AACSB's Doctoral Faculty Commission (2003) and 2) *Why Management Education Matters* (2005).
2. See AGA White Papers from 2004 (www.agacgfm.org/research/downloads/AGAWhitePaper.pdf) and 2005 (www.agacgfm.org/downloads/AGAWhitePaper2005.pdf).
3. See "Expert Exodus," *Governing Magazine* (February, 2006).
4. The information supplied to Hasselback is not prepared by the individual faculty members and is subject to error. We observed instances of someone whom we know is active in governmental accounting but for which there was not a G listed. It is also possible, though we believe less likely, that a G will be listed for someone that does not teach or research in governmental accounting. The extent of these errors may cause the raw numbers to be a little low, but we believe the general trends portray the underlying reality.
5. All four faculty experts from the top 13 programs in Figure 3 are likely nearing retirement since they earned their doctorates in 1982 or earlier: Alabama, Robert Ingram (1977); Louisiana State, Nicholas Apostolou (1982); Indiana, Rob Parry (1979); and Texas Tech, Robert Freeman (1966).
6. We only included the 92 schools that Hasselback lists as actually issuing degrees. A few schools list a Ph.D. as a degree that they offer, but we could find no evidence at their website. Several schools issued a doctoral degree previously, but have not issued degrees in the past 20 years. Nine schools have issued fewer than 10 degrees.
7. A school like George Washington perhaps has a competitive advantage given their location near federal government. Central Florida has a unique opportunity with a newer program and several faculty experts.
8. In their chapter "The Intersection of Accounting and Local Government Performance Measurement," *Public Financial Management* (2006) edited by Howard Frank, pp. 579-615, Smith and Schiffel argue that the topic of performance measurement has suffered from the lack of attention by accounting scholars. A logical extension of their argument is that schools of public administration need more individuals that are academically trained as accountants.
9. The authors wish to thank an anonymous reviewer for suggesting the use of advisory boards and practitioner consortia as a method of communicating with academia.



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