

# Updating Accounting Education for the 'CPA Evolution'

## A New Framework for a New Licensure Model

By M. Pamela Neely and Keith Donnelly

### IN BRIEF

The CPA Evolution initiative is a joint effort between the National Association of State Boards of Accountancy (NASBA) and the AICPA that seeks to align the CPA licensure model with the changing landscape of the accounting profession. Responsibilities previously performed by CPAs are increasingly outsourced, automated, or completed by paraprofessionals. Today's CPAs complete tasks that require deeper critical thinking, problem solving, and professional judgment. Changes to the CPA licensure model necessitate changes in accounting education. This article examines the nature of the proposed changes to the CPA licensure model and sets forth an education framework to adapt to these changes. Accounting education should focus less on traditional, academic pedagogy and more on the skills needed by the demands of the profession.

In 2018, NASBA and the AICPA jointly formed the CPA Evolution initiative in an effort to align the CPA licensure model with the changing landscape of the accounting profession. In short, the CPA Evolution initiative seeks to modify the CPA licensure model to reflect the current duties and responsibilities of CPAs. As part of this process, NASBA and the AICPA have released a draft of an updated CPA licensure model.

This article examines how the accounting education community should respond to the draft CPA licensure model. The reasons for and the nature of the proposed changes in the draft CPA licensure model are reviewed below. The authors recommend the Lawson et al. (2014) educational framework as a method for accounting education to adapt to the draft CPA licensure model; in New York State, 40 AACSB-accredited schools were analyzed using framework. To build upon this, the authors make specific recommendations for how accounting education should change. By adopting Lawson et al. and these specific recommendations, schools could prepare students for both the changes in the draft CPA licensure model and the requirements of a changing practice environment.

#### The Need for Change

The impetus for the CPA Evolution initiative stems from the changing landscape of the accounting profession. The required knowledge body has greatly increased over the

years. For example, since 1980, there are now three times more pages of the Internal Revenue Code, four times as many accounting standards, and five times as many auditing standards ("CPA Evolution," <https://www.evolutionofcpa.org/>).

According to CPA Evolution, job responsibilities previously performed by CPAs are now outsourced, automated, or completed by paraprofessionals. As a result, tasks once performed by more experienced practitioners have been pushed down to the staff level. Although newly licensed CPAs still require a basic knowledge of accounting principles, greater emphasis needs to be placed upon, among other things, technology skills, critical thinking, professional judgment and skepticism, problem solving, an understanding of business (including systems, controls, and risk), data management and analysis, and the performance of System and Organization Controls (SOC) engagements.

#### Proposed Changes to the CPA Licensure Model

In determining how to modify the CPA licensure model, NASBA and the AICPA sought feedback from relevant stakeholders, including state CPA societies, state boards of accountancy, academia, firms of all sizes, and CPAs in all practice areas across the country.

Specifically, NASBA and the AICPA asked stakeholders how to implement a new licensure model, how CPA



knowledge should be defined, and how to effectuate education and licensure models in the current legislative environment. Review of the feedback confirmed that greater emphasis needs to be placed on technological and analytical skills. How to modify the CPA licensure model to reflect these results became the next issue.

NASBA and the AICPA considered multiple options for licensure model updates; however, they ultimately selected an approach similar to the Professional Engineer (PE) model, namely a core plus disciplines model.

With this selection, they released a draft CPA licensure model in Fall 2019.

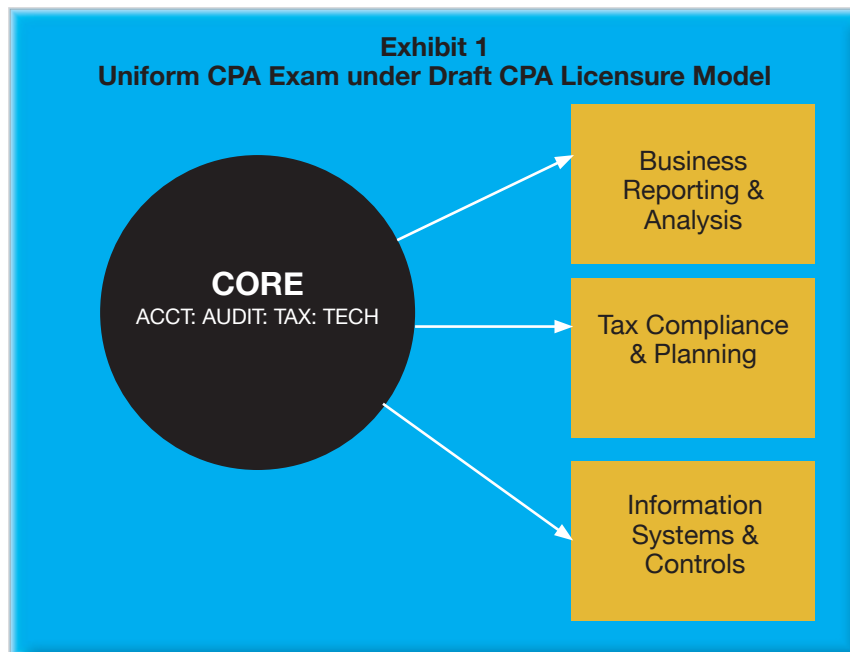
As shown in *Exhibit 1*, under the draft CPA licensure model, the Uniform CPA Exam would consist of three core sections and three discipline sections. Candidates would first demonstrate a strong core base of knowledge in accounting, auditing, tax, and technology. Thereafter, each candidate would choose a single discipline in which to demonstrate deeper skills and knowledge.

As proposed, the disciplines include business reporting and analysis, tax

compliance and planning, and information systems and controls. Regardless of the discipline chosen, the model would maintain a single, uniform CPA credential. Selection of a discipline would not require that the candidate practice in that discipline.

### **The Potential Effects on Accounting Education**

As anticipated in the draft CPA licensure model, not all the content covered on the current CPA Exam will be considered “core.” Under the CPA Evolution, selection and allocation of



current content to the core and disciplines would be based on an analysis of the curricula and the changes necessary to adopt the new licensure model.

Moreover, the transition from the existing exam to a new CPA licensure model would likely result in revisions to the Uniform Accountancy Act model rules for education. This, in turn, would necessitate changes to state board education and licensure requirements.

In light of these changes, the question remains: How should accounting education adapt? Current accounting education, much like the current Uniform CPA Exam, focuses on the rules of traditional, substantive accounting. How can accounting education balance the coverage of this material and expose students to practitioner skills as part of the draft CPA licensure model?

Admittedly, NASBA and the AICPA are working with the academic community to determine the best way to resolve this issue. Their efforts include identifying possible changes to the Uniform Accountancy Act and model rules, as well as providing academia with model curricula, bridge resources focused on technology integration, and

a model internship framework.

Even with assistance, much will need to be resolved in the academic community. Indeed, restructuring accounting education is not a simple task. Academia can be resistant to change. Perhaps one method to convince academia would be to draw from the accounting education literature. With this in mind, we suggest the Lawson et al. framework as a method by which accounting education can adapt to the draft CPA licensure model.

Under the Lawson et al. framework, accounting education is based on an integrated competency model meant to prepare accountants for the demands of practice, regardless of the professional setting, while recognizing that accountants add organizational value. In this way, because the framework balances content with context, as well as theory with practice, its design is consistent with the draft CPA licensure model.

#### **Lawson et al. Framework as an Educational Model**

In 2010, the Management Accounting Section of the American Accounting Association and the Institute for

Management Accountants formed a Joint Curriculum Task Force to create a comprehensive educational framework that defined the required competencies of accounting professionals. In 2014, Lawson et al., as part of this task force, released a report containing a comprehensive, integrated educational framework for accountants (Lawson et al., "Focusing Accounting Curricula on Students' Long-Run Careers: Recommendations for an Integrated Competency-Based Framework for Accounting Education," *Issues in Accounting Education*, vol. 29, no. 2, 2014).

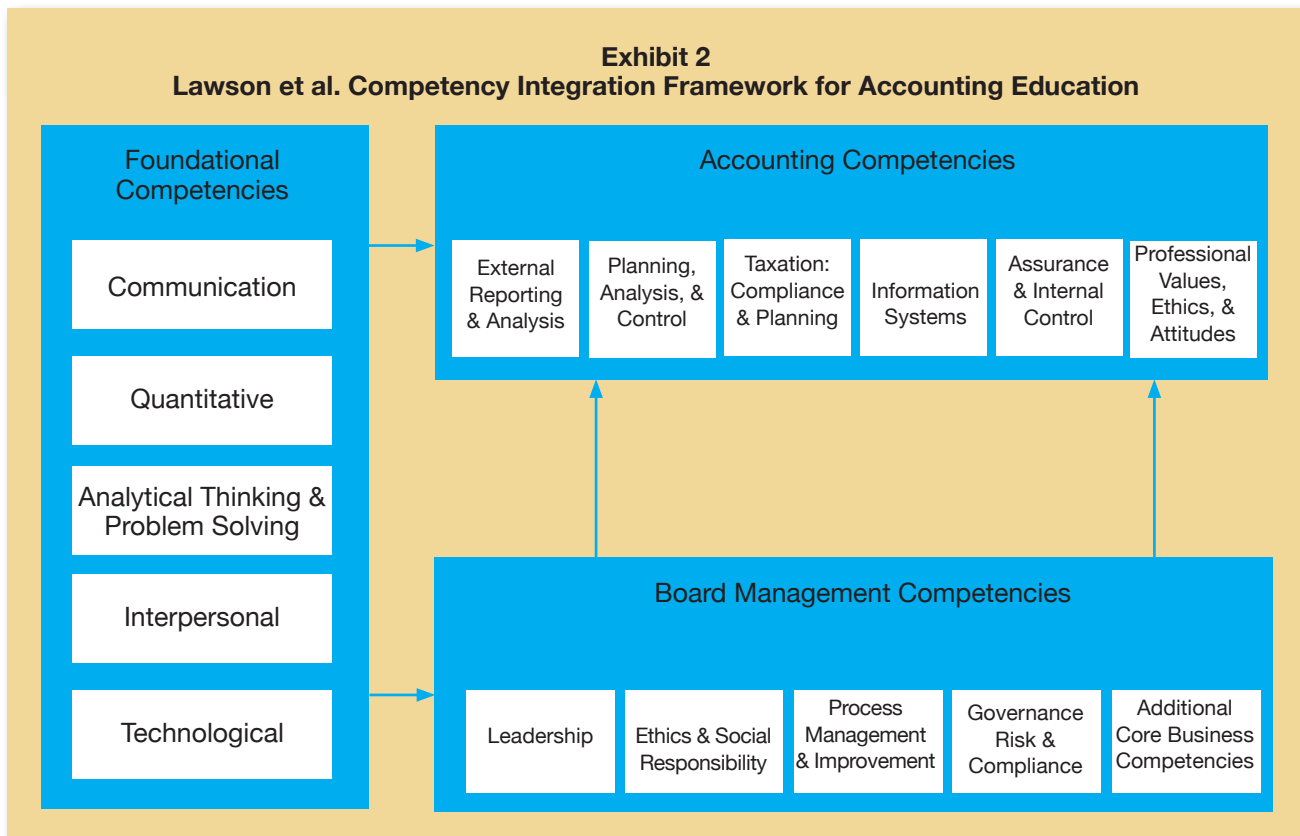
In the report, and as shown in *Exhibit 2*, Lawson et al. maintain three broad sets of integrated competencies: 1) foundational competencies; 2) broad management competencies; and 3) accounting competencies. Continual development of these competencies is meant to prepare accountants for long-term career success (Lawson et al., p. 299).

Foundational competencies are those needed by all business school graduates, and they prepare students for lifelong careers. The five foundational competencies include communication, quantitative methods, analytical thinking and problem solving, human relations, and technology.

Broad management competencies recognize that accountants work jointly and effectively with all members of an organization to create value. The five categories of broad management competencies include leadership; ethics and social responsibility; process management and improvement; governance, risk management, and compliance (GRC); and additional core business competencies.

Accounting competencies enable accountants to integrate management and analytical methods, supported by technology, to assist an enterprise in formulating and executing its strategy successfully. The six categories

**Exhibit 2**  
**Lawson et al. Competency Integration Framework for Accounting Education**



of accounting competencies include external reporting and analysis; planning, analysis, and control; taxation compliance and planning; information systems; assurance and internal control; and professional values, ethics, and attitudes.

As indicated, Lawson et al. endorses the integration of competencies. This ensures that students understand accounting principles, the relationships between accounting areas, and the effectuation of accounting in practice. Likewise, integration allows students to provide value across the enterprise within which they work. For example, under Lawson et al., inventory may be reviewed within a single accounting competency (e.g., external reporting, analysis of inventory), then be connected to other areas within that competency (e.g., planning, analysis, control of inventory), and then connected to other competencies (e.g., broad man-

agement or foundational competencies related to inventory).

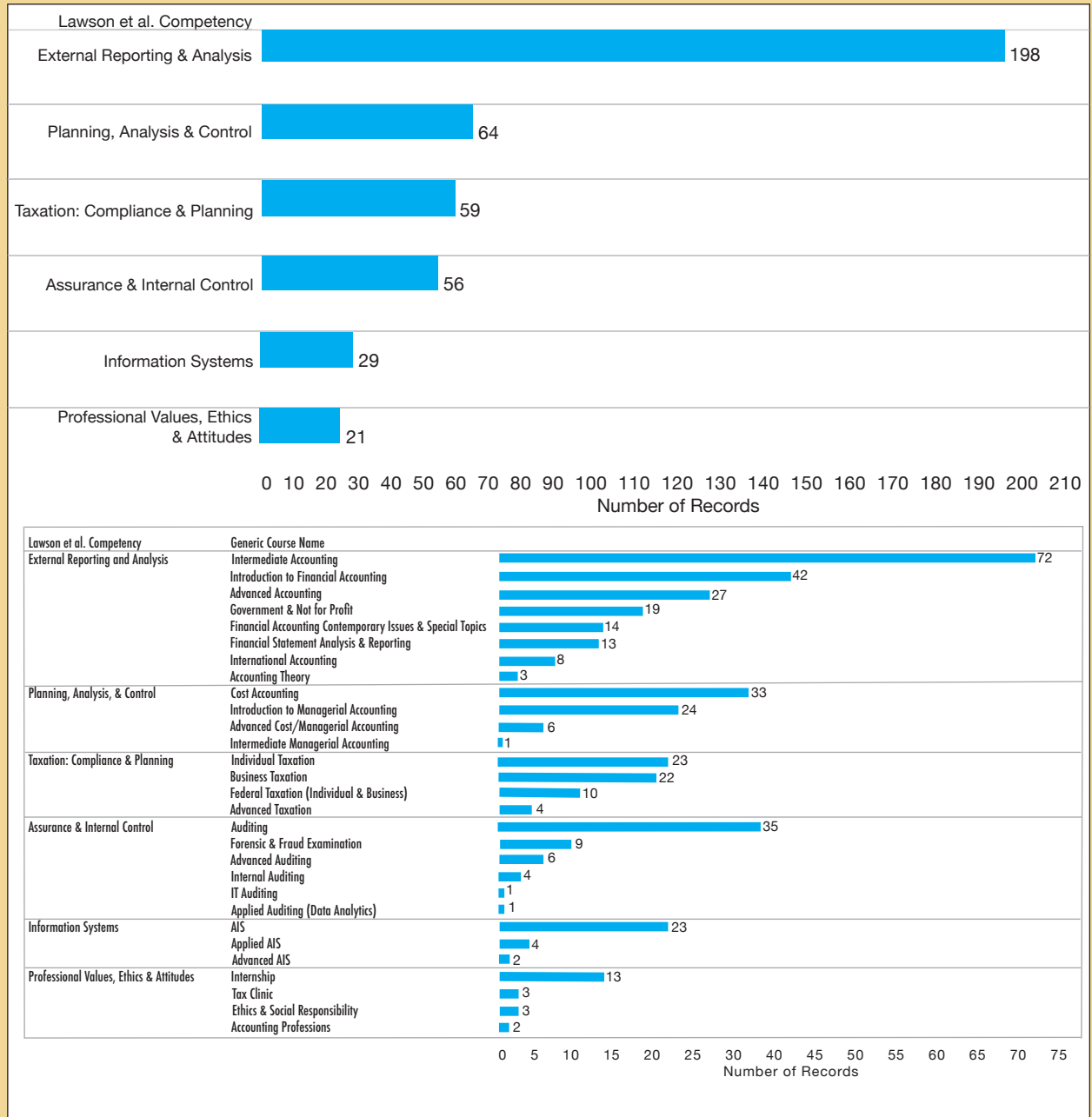
In contrast to this integrated approach, traditional accounting is taught in myopic silos. For example, introductory and intermediate accounting courses cover inventory methods. To be charitable, the course may briefly discuss the tax consequences of an inventory method, or how a physical inventory count impacts the financial statements; however, this is never done within the context of a tax class or an applied systems class. Thus, while students may obtain practical knowledge of specific techniques, they often fail to understand how and why those techniques should be used.

The traditional approach has two pitfalls. First, students become so focused on “how” to perform calculations that accounting knowledge simply becomes a memory recall exercise, rote memorization to be forgotten after the exam.

Second, students fail to grasp the bigger picture—how does the decision to adopt a specific accounting method impact the financial and tax consequences of the company? The use of an integrated approach provides this larger picture and a “why” to accounting education.

This is not to suggest, however, that Lawson et al. is not without drawbacks. First, accounting education has traditionally been taught in discipline-specific courses. Transitioning to a competency-based framework departs from this model and requires faculty to define a set of integrated learning objectives. Second, even if these learning objectives are established, logistical issues exist with faculty effectuating the program. How many courses and professors should be part of the model? Is the model sustainable if a professor retires or leaves? (Lawson et al., “Thoughts on Competency Integration

**Exhibit 3**  
**Analysis of Undergraduate Accounting Courses at 40 New York Colleges**



in Accounting Education,” *Issues in Accounting Education*, vol. 30, no. 3, 2015, p. 156)

In response to these criticisms, Lawson et al. recommends an incremental approach. That is, accounting educa-

tion as a competency-based model is not an “all or nothing” endeavor. Instead, colleges may make small changes where feasible and, over time, more broadly incorporate competency-based education (Lawson et al. 2015, p. 160).

**Lawson et al. Framework and the Current Curriculum**

Implementing the Lawson et al. framework in accounting education requires an understanding of the current academic environment. To this end, the

authors examined the accounting curricula at 40 AACSB accredited schools in New York State and categorized their course offerings using the Lawson et al. accounting competencies. Course titles were used to classify offerings; course descriptions were referenced as a clear determination could not be made. Syllabi were not examined and thus pedagogy was assumed based upon the course description.

From this analysis, as shown in *Exhibit 3*, current undergraduate accounting education emphasizes external reporting and analysis, with 198 course offerings within the 40 degree programs examined. These courses include introductory financial accounting courses, and intermediate and advanced accounting courses, along with financial statement analysis courses.

Interestingly, given the demand for technological skills in accounting, not all schools offered an information systems course; some that did only offered one course. We found 29 courses in information systems over 40 degree programs. Professional values, ethics and attitudes, another area relevant to preparing students for the realities of practice, only appeared at 21 schools, primarily in the form of internships.

Almost all schools offer the following undergraduate courses: Introductory Financial Accounting, Introductory Managerial Accounting, Intermediate Accounting I, Intermediate Accounting II, Cost Accounting, Advanced Accounting, Individual Taxation, and Auditing. Nearly 75% of the schools offer some form of information systems as a required or elective course. Furthermore, nearly half of the schools offer government and not-for-profit courses, primarily as an elective. Additional taxation courses, internships, and more advanced courses across the competencies are all offered as electives.

As indicated, these results were focused on undergraduate offerings.

Although students are required in all 50 states to have 150 credit hours for CPA licensure, many students meet this requirement through undergraduate coursework only; this usually entails double majoring or entering college with credit hours. Other students, however, meet the 150 credit hours requirement through graduate coursework as part of an MS in Accounting or an MBA with an accounting concentration.

An examination of graduate curricula indicates a somewhat more

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diverse course selection. However, a preponderance of the courses remain in the external reporting and analysis category, followed by the assurance and internal control category. This is expected, given that many graduate students obtain a Master's of Science in Accounting to satisfy the 150 credit hours requirement.

### Proposed Changes to Accounting Education

One method to update accounting education for the draft CPA licensure model would be to adopt the Lawson et al. framework. But what are other recommendations? To answer this question, the authors provide the recommendations from the Lawson et al. report, the Pathways Commission

report, as well as their own recommendations on how accounting education should change.

First, Lawson et al. make four recommendations for accounting education:

- accounting education should be oriented towards long-term career demands;
- the focus of accounting education should go beyond the current public accounting focus and help prepare students for other organizational settings such as industry, government, and consulting;
- the focus of accounting education should be on how accountants add organizational value; and
- the first three recommendations should be developed as integrated competencies. (Lawson et al., "Focusing Accounting Curricula on Students' Long-Run Careers: Recommendations for an Integrated Competency-Based Framework for Accounting Education," *Issues in Accounting Education*, vol. 29, no. 2, 2014)

Second, the Pathways Commission report, "Charting a National Strategy for the Next Generation of Accountants," proposes several recommendations, focused on such areas as enhancing practitioner and academic interactions, engaging the accounting community in defining the appropriate body of knowledge to be taught, transforming the first course in accounting, and initiating a process whereby future accounting educational change efforts can be sustained (The Pathways Commissions, "Charting a National Strategy for the Next Generation of Accountants," July 2012; [http://commons.aaahq.org/files/0b14318188/Pathways\\_Commission\\_Final\\_Report\\_Complete.pdf](http://commons.aaahq.org/files/0b14318188/Pathways_Commission_Final_Report_Complete.pdf)).

This Pathways Commission was composed of both accounting practitioners and educators. The report recognized many impediments to change, most of which concerned academic issues. These include the slow pace of curricular change, the inability to

overcome the silo effects of academia, the inability or unwillingness of faculty or deans to recognize that change is necessary, and a lack of appreciation for the importance of sound pedagogy coupled with professional relevance.

Academia has shown that it can be agile, based on the quick response to the coronavirus (COVID-19) pandemic. Most, if not all, institutions of higher learning moved to remote learning within a seven-day window. This rapid response to the pandemic may mean that higher education is at a tipping point. Rising tuition has caused many students to reevaluate the return on investment on a college degree. While many students saw a decline in value with the COVID-19–driven move to online learning, others saw an opportunity to better juggle education with life responsibilities. For face-to-face learning to remain relevant, students must see added value from that experience. The “sage-on-the-stage” model—that is, one where professors impart knowledge through lecturing to a large passive audience—traditionally endorsed by academia does not provide this value.

Lawson et al. and the Pathways Commission invested hundreds of hours of time into producing their reports. The recommendations make sense and align with the proposed changes in the draft CPA licensure model. For this reason, incorporating them into accounting education prepares students for both future changes to the CPA license and the demands of the profession.

In addition, looking at the accounting profession as a whole, students will need to graduate with technical skills that greatly exceed a basic understanding of debits and credits. Employers seek proficiency with spreadsheets, time management, data analytics, and—of course—analytical and problem-solving skills. The question remains: Has accounting education changed in response to these reports? The authors believe not.

### Pedagogical Recommendations

Given that both Lawson et al. and the Pathways Commission report argue for greater diversity in accounting programs and more competency-based education, we propose two sets of recommendations that build on these frameworks, namely pedagogical and curricular recommendations.

***Pedagogical Recommendation 1: Incorporate technology into all accounting courses.*** Accounting edu-

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cation should integrate technology into all classes, starting with Introduction to Financial Accounting. Once students understand the concepts of debits and credits, they should use a general ledger package such as QuickBooks. Although it is critical that students understand basic accounting terminology, including the accounting equation, the focus should be on how transactions flow to the financial statements, in the form of documents (e.g., checks, invoices).

Students should trace a transaction through the system to understand the impact that purchasing inventory or invoicing a customer has on the financial statements. Using general ledger technology, students should examine the source document (invoice), subsidiary ledger (accounts receivable), and financial statements, along with

the general ledger report. In this way, students can understand the impact of making a sale throughout the system.

Educators should teach managerial and cost accounting using Excel to better demonstrate concepts while improving Excel skills. Likewise, Intermediate Accounting concepts should be taught using Excel or other industry-specific tools (e.g., depreciation schedules, pension software). This approach helps students understand how accounting concepts are effectuated in practice.

Audit courses should include technologies such as IDEA or ACL, and tax courses should include hands-on work with tax packages. Students will use a variety of technologies when entering the workforce. That said, they should learn how different technologies function, as well as the role and interaction of technologies within the business—not simply which button to push. This method of knowledge helps students adapt as technologies change.

***Pedagogical Recommendation 2: Integrate knowledge across multiple courses.*** Traditional accounting education offers coursework in silos. A typical curriculum has three to four courses in external reporting, one to two courses in planning, one or two courses in taxation, and one course in information systems.

These courses do not overlap in content, nor integrate knowledge, in order to show how different topics affect the organization. Little attempt is made to help students understand how the topics in their courses are related to each other and how the intersection of these topics helps an organization manage its decision making.

Once students have completed basic accounting coursework, students should work on projects across classes. For example, information systems, cost accounting, and tax students could work together on a business scenario that includes cost, volume, profit analysis and the associated tax consequences.

As another example, students could use QuickBooks in intermediate accounting and have auditing students audit the file for errors. Students in intermediate accounting and tax courses could also work together to understand consolidations and their tax consequences. In short, there are many ways to incorporate cross-course projects.

Knowledge can be integrated across disciplines by incorporating industry professionals. For example, a CPA firm or company controller could have a project that is cross-functional and teams could be formed from multiple courses. Alternatively, educators could work with industry professionals to create hypothetical, cross-functional projects based on real-world projects.

In either event, the key to this approach is to divide the project so that each class completes their respective share based on the nature of the course. If students have already participated in the project as part of another course, it would reinforce their earlier learning; if they have not taken a particular course yet, they will be exposed to concepts before they enroll in those courses. There is value in both the cross-functionality of the project and in repeatedly seeing how coursework is applied. It removes the silo aspect and helps students see how courses build on each other.

Moreover, students should have as much access to professionals as possible. Of course, exposure to public accounting is important; students, however, should also get to know the roles of the internal auditor, management accountant, and government employee in ensuring that businesses are as effective and efficient as possible. In these diverse roles, accountants are increasingly going to be called on to provide information from data, using data analytics, and critical thinking.

As the Pathways Report shows, students see accounting as black and

white—debits and credits that flow into the funnel and financial statements flow out. However, supporting management decision making will become ever more important in the future, and accounting courses need to include opportunities for students to work on fuzzy problems, not just problems with definite solutions. In an effort to reach these goals, educators should provide students with opportunities to troubleshoot an error-ridden Excel or QuickBooks file, analyze a general ledger account, decide which tax method makes the most sense, or select a data visualization approach that tells the best story.

### Curricular Recommendations

None of the above recommendations involves changing the accounting curriculum. Instead, these recommendations are to change the pedagogy. From a curricular perspective, the authors recommend the following be added to the general accounting curriculum. If necessary, accounting programs should consider removing current, but outdated, course offerings:

- *The accounting curriculum should incorporate a course in data analytics and big data.* This course would emphasize using accounting data to perform data analytics and data visualizations to tell stories and support management decision making. Once students learn these techniques, they could use the concepts in subsequent classes.

- *The accounting curriculum should require an internship.*

- *The accounting curriculum should require an accounting professions course.* This would incorporate topics such as resume writing, dressing for success, networking, professionalism, and interviewing skills.

- *The accounting curriculum should require an ethics course.* Ethics should be taught across the curriculum; however, the amount of substantive con-

tent to be covered often leaves ethics to be ignored.

- *The accounting curriculum should reduce content coverage and spend more time on practitioner skills.* Accounting education should focus on lifetime learning and “learning how to learn.” Current accounting education promotes the memorization of accounting concepts, to be forgotten upon completion of the course. Instead, accounting education should focus on how to improve student learning skills.

### A Changing Landscape

The accounting landscape has changed, and will continue to change. To reflect this dynamic, the CPA Evolution initiative, through NASBA and the AICPA, has released a draft of an updated CPA licensure model. At the same time, Lawson et al. and the Pathways Commissions have called for an updated accounting curriculum that better reflects the needs and demands of accounting practice.

It is time for accounting educators to take a hard look at both the pedagogy and curriculum used in higher education. The Lawson et al. framework provides a blueprint educators can adapt to the draft CPA licensure model. Adopting this approach can also prepare students for the current and future realities of the profession.

For CPAs to provide value to an organization, they will need to be able to perform tasks that cannot be handled by computers. This requires the use of professional judgment, problem solving, and critical-thinking skills. Educators have a duty to help students move along this path and to ensure that students are ready for practice upon graduation. ■

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