



Accountancy
OIE Status Report
June 4, 2024

Complaints Received 01/01/2024 – 06/04/2024	56
Active Investigations	22
Pending IRC (06/04/2024)	0
Pending Investigation by Another Agency	4
Closed 01/01/2024-06/04/2024	6



South Carolina Board of Accountancy
ODC Status Report
As of June 5, 2024

Open Cases	Pending Hearings & Agreements	Pending Closure	Closed*	Appeals
37	3	1	1	0
		*Closed since last report (04/15/2024):	1	
		Closed since 1/1/24:	1	

		6/20/2023	6/13/2024	
AFI	ACCOUNTING FIRM IN STATE	1,291	1,287	-0.31%
AFO	ACCOUNTING FIRM OUT OF STATE	340	320	-5.88%
AP.A	ACCOUNTING PRACTITIONER	50	45	-10.00%
AP.E	ACCOUNTING PRACTITIONER EMERITUS	3	3	0.00%
AP.R	ACCOUNTING PRACTITIONER RETIRED	-	1	
CPA.A	CERTIFIED PUBLIC ACCOUNTANT	6,219	6,179	-0.64%
CPA.E	CERTIFIED PUBLIC ACCOUNTANT EMERITUS	273	293	7.33%
CPA.R	CERTIFIED PUBLIC ACCOUNTANT RETIRED	53	170	220.75%
PA.A	PUBLIC ACCOUNTANT	1	-	-100.00%
PA.E	PUBLIC ACCOUNTANT EMERITUS	1	1	0.00%
		8,231	8,299	

Number of Active Credentials by Prefix and
Subcategory
Board: ACCOUNTANCY
as of 6/20/2023

Credential	Description	Count
AFI	ACCOUNTING FIRM IN STATE	1291
AFO	ACCOUNTING FIRM OUT OF STATE	340
AP A	ACCOUNTING PRACTITIONER	50
AP E	ACCOUNTING PRACTITIONER EMERITUS	3
CPA A	CERTIFIED PUBLIC ACCOUNTANT	6219
CPA E	CERTIFIED PUBLIC ACCOUNTANT EMERITUS	273
CPA R	CERTIFIED PUBLIC ACCOUNTANT RETIRED	53
PA A	PUBLIC ACCOUNTANT	1
PA E	PUBLIC ACCOUNTANT EMERITUS	1
	Subt Total	8231

Number of Active Credentials by Prefix and
Subcategory
Board: ACCOUNTANCY
as of 6/13/2024

Credential	Description	Count
AFI	ACCOUNTING FIRM IN STATE	1287
AFO	ACCOUNTING FIRM OUT OF STATE	320
AP A	ACCOUNTING PRACTITIONER	45
AP E	ACCOUNTING PRACTITIONER EMERITUS	3
AP R	Accounting Practitioner Retired	1
CPA A	CERTIFIED PUBLIC ACCOUNTANT	6179
CPA E	CERTIFIED PUBLIC ACCOUNTANT EMERITUS	293
CPA R	CERTIFIED PUBLIC ACCOUNTANT RETIRED	170
PA E	PUBLIC ACCOUNTANT EMERITUS	1
	Subt Total	8299



Cash Report

Board: Accountancy

Updated through: 4/30/24

For Finance Use Only		
Cost Center	Fund	Functional Area
R360DC0018	31350000	R360_0001
R360DC0018	31350000	R360_0009
R360DC0018	31350000	R360_0017

Cash Summary

Fiscal Year	Cost Center	Beginning Cash Total	Revenue	Direct Expense	Shared Services Expense	Ending Cash Total
2022	Accountancy	639,343.49	628,710	387,612.14	333,206.81	547,234.54
2023	Accountancy	547,234.54	631,005	467,190.5	366,982.52	344,066.52
2024	Accountancy	344,066.52	742,740	425,611.93	330,816.65	330,377.94

Direct Expenditure Summary

Expenditure Groups	Total
Personal Service	264,766.17
Employer Contributions	113,394.9
Contractual Service	4,145.68
Fixed Charges/Rent	16,472.28
MA Assets	
Supplies	4,700.3
Travel	22,132.6
Total:	425,611.93

Shared Services Summary

Shared Services Summary	Total
Administration Transfers	150,803.36
Immigration Transfers	7,012.31
OIE/Legal Transfers	107,249.41
POL Admin Transfers	65,751.57
Sum:	330,816.65

Indirect Expenditure Notes

- 1) Administration Transfers-Include Administrative Services, Director's Office, Advice Counsel and Communications. Percentage of share based on board's previous FY direct expenditure as compared to all boards' total previous FY direct expenditure
- 2) OIE/Legal Transfers-Percentage of share based on previous FY number of investigations conducted for the board compared to OIE's total investigations in the previous FY
- 3) POL Admin Transfers-Percentage of share based on board's previous FY direct expenditure as compared to all POL boards' total previous FY direct expenditure
- 4) Other Transfers-Payment for Immigration and OSHA Provisos (81.7 & 81.8)-Percentage share of total expenses based on board's previous FY direct expenditure as compared to all POL boards' total previous FY direct expenditure; Transfer of 10% of board's FY direct expenditures to the State General Fund per Proviso 81.3



**Expenses by Month-Line Item Detail (KSB1)
Board: Accountancy**

Cost Center	Cost Center Text	Fund	Functional Area	Data for Month Ending	Posting Month
R360DC0018	Accountancy	31350000	R360_0009	4/30/24	10

GL Category	Posting date	Vendor #	Vendor Text	Fund	GL	GL Text	Cost Center	Cost Center Text	Doc Type	Doc Number	Long Description	Functional Area	Posting Period	Fiscal Year	Amount	
PERS SVC	4/3/24	#	Not assigned	31350000	5010720000	PER DIEM	R360DC0018	Accountancy	JV- External	6900029833	7000229851	R360_0009	10	2024	-50	
	4/3/24	#	Not assigned	31350000	5010720000	PER DIEM	R360DC0018	Accountancy	JV- External	6900029836	7000229851	R360_0009	10	2024	50	
PERS SVC															Sum:	0
CONTRACTUAL SVC	4/1/24	7000247834	TAYLOR COURT REPORTING LLC	31350000	5021010000	LEGAL SERVICES	R360DC0018	Accountancy	Vendor invoice	3031433162	#	R360_0009	10	2024	273	
	4/2/24	7000144503	AT&T	31350000	5020077222	NCV- VOICENET	R360DC0018	Accountancy	Vendor invoice	3031436626	#	R360_0009	10	2024	30.22	
	4/16/24	7000144503	AT&T	31350000	5020077222	NCV- VOICENET	R360DC0018	Accountancy	Vendor invoice	3031706724	#	R360_0009	10	2024	9.21	
	4/16/24	7000206241	AT&T	31350000	5020077222	NCV- VOICENET	R360DC0018	Accountancy	Vendor invoice	3031706860	#	R360_0009	10	2024	178.19	
	4/24/24	7000092241	XEROX CORPORATION	31350000	5020077170	SERVICE PRT COPY EU	R360DC0018	Accountancy	Invoice - gross	5704044061	#	R360_0009	10	2024	16.03	
	4/24/24	7000145050	VERIZON WIRELESS	31350000	5020120000	CELLULAR PHONE SVCS	R360DC0018	Accountancy	Invoice - gross	5704044178	#	R360_0009	10	2024	81.45	
	4/24/24	7000200399	NEW AGE PROTECTION INC	31350000	5021599501	SECURITY CONTRACTS	R360DC0018	Accountancy	Invoice - gross	5704043800	#	R360_0009	10	2024	81.48	
CONTRACTUAL SVC															Sum:	669.58
SUPPLY AND MATERIAL	4/5/24	7000320014	USPS-TMS	31350000	5030070000	POSTAGE	R360DC0018	Accountancy	Vendor invoice	3031525996	#	R360_0009	10	2024	3,781.35	
SUPPLY AND MATERIAL															Sum:	3,781.35
FIXED CHGS AND CONT	4/3/24	7000246456	TIERPOINT LLC	31350000	5041827000	LEASE SBITA-PRINCIPAL	R360DC0018	Accountancy	Invoice - gross	5704026229	#	R360_0009	10	2024	46.99	
	4/3/24	7000246456	TIERPOINT LLC	31350000	5041837000	LEASE SBITA-INTEREST	R360DC0018	Accountancy	Invoice - gross	5704026229	#	R360_0009	10	2024	1.51	
	4/23/24	7000053898	XEROX CORPORATION	31350000	5040027000	ST RENT-COPYING EQ	R360DC0018	Accountancy	Invoice - gross	5704043086	#	R360_0009	10	2024	1.41	
	4/23/24	7000053898	XEROX CORPORATION	31350000	5040027000	ST RENT-COPYING EQ	R360DC0018	Accountancy	Invoice - gross	5704043311	#	R360_0009	10	2024	0.41	
	4/23/24	7000053898	XEROX CORPORATION	31350000	5040027000	ST RENT-COPYING EQ	R360DC0018	Accountancy	Invoice - gross	5704043312	#	R360_0009	10	2024	1.41	
	4/23/24	7000053898	XEROX CORPORATION	31350000	5040027000	ST RENT-COPYING EQ	R360DC0018	Accountancy	Invoice - gross	5704043316	#	R360_0009	10	2024	1.41	
	4/23/24	7000053898	XEROX CORPORATION	31350000	5040027000	ST RENT-COPYING EQ	R360DC0018	Accountancy	Invoice - gross	5704043328	#	R360_0009	10	2024	-1.41	
	4/23/24	7000053898	XEROX CORPORATION	31350000	5040027000	ST RENT-COPYING EQ	R360DC0018	Accountancy	Invoice - gross	5704043645	#	R360_0009	10	2024	1.66	
FIXED CHGS AND CONT															Sum:	53.39
TRAVEL	4/3/24	#	Not assigned	31350000	5050040000	IN ST-AUTO MILEAGE	R360DC0018	Accountancy	JV- External	6900029833	7000229851	R360_0009	10	2024	-123.28	
	4/3/24	#	Not assigned	31350000	5050040000	IN ST-AUTO MILEAGE	R360DC0018	Accountancy	JV- External	6900029836	7000229851	R360_0009	10	2024	123.28	
	4/3/24	#	Not assigned	31350000	5051520000	REPORTABLE MEALS	R360DC0018	Accountancy	JV- External	6900029833	7000229851	R360_0009	10	2024	-10	



**Expenses by Month-Line Item Detail (KSB1)
Board: Accountancy**

GL Category	Posting date	Vendor #	Vendor Text	Fund	GL	GL Text	Cost Center	Cost Center Text	Doc Type	Doc Number	Long Description	Functional Area	Posting Period	Fiscal Year	Amount	
	4/3/24	#	Not assigned	31350000	5051520000	REPORTABLE MEALS	R360DC0018	Accountancy	JV- External	6900029836	7000229851	R360_0009	10	2024	10	
	4/8/24	30153509	SUSANNA	31350000	5050510000	OUT ST-MEALS-NON-REP	R360DC0018	Accountancy	TRAVEL	3501004247	0030153509	R360_0009	10	2024	75	
	4/8/24	30153509	SUSANNA	31350000	5050520000	OUT ST-LODGING	R360DC0018	Accountancy	TRAVEL	3501004247	0030153509	R360_0009	10	2024	1,154.88	
	4/8/24	30153509	SUSANNA	31350000	5050541000	HR TRV-OUT ST MILE	R360DC0018	Accountancy	TRAVEL	3501004247	0030153509	R360_0009	10	2024	550.62	
	4/8/24	30153509	SUSANNA	31350000	5050560000	OUT ST-MISC TR EXPEN	R360DC0018	Accountancy	TRAVEL	3501004247	0030153509	R360_0009	10	2024	203.22	
	4/11/24	30144508	CHELSEA BUCHANAN	31350000	5050510000	OUT ST-MEALS-NON-REP	R360DC0018	Accountancy	TRAVEL	3501005146	0030144508	R360_0009	10	2024	100	
	4/11/24	30144508	CHELSEA BUCHANAN	31350000	5050520000	OUT ST-LODGING	R360DC0018	Accountancy	TRAVEL	3501005146	0030144508	R360_0009	10	2024	1,154.88	
	4/11/24	30144508	CHELSEA BUCHANAN	31350000	5050531000	HR TRV-OUT ST-AIR	R360DC0018	Accountancy	TRAVEL	3501005146	0030144508	R360_0009	10	2024	280.95	
	4/11/24	30144508	CHELSEA BUCHANAN	31350000	5050541000	HR TRV-OUT ST MILE	R360DC0018	Accountancy	TRAVEL	3501005146	0030144508	R360_0009	10	2024	217.98	
	4/11/24	30144508	CHELSEA BUCHANAN	31350000	5050550000	OUT ST-OTHER TRANS	R360DC0018	Accountancy	TRAVEL	3501005146	0030144508	R360_0009	10	2024	60.68	
	4/11/24	30204595	ELY O	31350000	5050510000	OUT ST-MEALS-NON-REP	R360DC0018	Accountancy	TRAVEL	3501005221	0030204595	R360_0009	10	2024	90	
	4/11/24	30204595	ELY O	31350000	5050520000	OUT ST-LODGING	R360DC0018	Accountancy	TRAVEL	3501005221	0030204595	R360_0009	10	2024	1,154.88	
	4/11/24	30204595	ELY O	31350000	5050531000	HR TRV-OUT ST-AIR	R360DC0018	Accountancy	TRAVEL	3501005221	0030204595	R360_0009	10	2024	70	
	4/11/24	30204595	ELY O	31350000	5050541000	HR TRV-OUT ST MILE	R360DC0018	Accountancy	TRAVEL	3501005221	0030204595	R360_0009	10	2024	15.41	
	4/11/24	30204595	ELY O	31350000	5050550000	OUT ST-OTHER TRANS	R360DC0018	Accountancy	TRAVEL	3501005221	0030204595	R360_0009	10	2024	43.89	
	4/11/24	30204595	ELY O	31350000	5050560000	OUT ST-MISC TR EXPEN	R360DC0018	Accountancy	TRAVEL	3501005221	0030204595	R360_0009	10	2024	40	
	4/12/24	30196318	JAMIE TURNER	31350000	5050510000	OUT ST-MEALS-NON-REP	R360DC0018	Accountancy	TRAVEL	3501005470	0030196318	R360_0009	10	2024	25	
	4/12/24	30196318	JAMIE TURNER	31350000	5050520000	OUT ST-LODGING	R360DC0018	Accountancy	TRAVEL	3501005470	0030196318	R360_0009	10	2024	1,154.88	
	4/12/24	30196318	JAMIE TURNER	31350000	5050541000	HR TRV-OUT ST MILE	R360DC0018	Accountancy	TRAVEL	3501005470	0030196318	R360_0009	10	2024	572.04	
	4/12/24	30196318	JAMIE TURNER	31350000	5050560000	OUT ST-MISC TR EXPEN	R360DC0018	Accountancy	TRAVEL	3501005470	0030196318	R360_0009	10	2024	60	
	4/22/24	30040871	SHELBY HAPESHIS	31350000	5050510000	OUT ST-MEALS-NON-REP	R360DC0018	Accountancy	TRAVEL	3501006875	0030040871	R360_0009	10	2024	65	
	4/22/24	30040871	SHELBY HAPESHIS	31350000	5050520000	OUT ST-LODGING	R360DC0018	Accountancy	TRAVEL	3501006875	0030040871	R360_0009	10	2024	1,154.88	
	4/22/24	30040871	SHELBY HAPESHIS	31350000	5050541000	HR TRV-OUT ST MILE	R360DC0018	Accountancy	TRAVEL	3501006875	0030040871	R360_0009	10	2024	28.14	
	4/22/24	30040871	SHELBY HAPESHIS	31350000	5050550000	OUT ST-OTHER TRANS	R360DC0018	Accountancy	TRAVEL	3501006875	0030040871	R360_0009	10	2024	65.04	
	4/22/24	30040871	SHELBY HAPESHIS	31350000	5050560000	OUT ST-MISC TR EXPEN	R360DC0018	Accountancy	TRAVEL	3501006875	0030040871	R360_0009	10	2024	126	
TRAVEL															Sum:	8,463.37
															Sum:	12,967.69



LABOR
LICENSING
REGULATION

Monthly Expenses by GL Code (ZBD1)

Board: Accountancy

Cost Center	Cost Center Text	Functional Area	Fund	Data current Through	Reporting Month
Accountancy	R360DC0018	R360_0009	31350000	4/30/24	10

GL Category	GL Code	GL Text	MTD Expense	YTD Expense	Open POs
PERS SVC	501058	CLASSIFIED POS			
	5010580000	CLASSIFIED POSITIONS	25,902.98	263,716	
	501070	OTH PERS SVC			
	5010720000	PER DIEM	0	1,050	0
	5010890000	TERMINAL LEAVE		0.17	
PERS SVC		Sum:	25,902.98	264,766.17	0

EMPLOYER CONTRIB	513000	EMPLOYER CONTRIB			
	5130010000	RET-SRS	5,681.12	55,747.15	
	5130080000	RET-ORP	732.48	7,324.8	
	5130310000	SOCIAL SEC-ST EMPLY	1,833.79	19,144.67	
	5130400000	INS WORKERS COMP		2,878.99	0
	5130610000	INS HEALTH-ST EMPLY	3,034.42	27,204.88	
	5130670000	INS DENTAL- ST EMPLY	68.74	698.87	
	5130710000	PRE-RET DTH-ST EMP	34.42	351.15	
	5130780000	PRE-RET DTH BEN-ORP	4.44	44.39	
EMPLOYER CONTRIB		Sum:	11,389.41	113,394.9	0

CAPITAL EQUIPMENT	506000	CAPITAL EQUIPMENT			
CAPITAL EQUIPMENT		Sum:			

CONTRACTUAL SVC	502000	CONTRACTUAL SVC			
	5020077170	SERVICES- PRINT EU	16.03	46.56	271.47
	5020077222	NCV- VOICENET	217.62	1,798.07	0
	5020120000	CELLULAR PHONE SVCS	81.45	732.33	317.94
	5021010000	LEGAL SERVICES	273	851	0
	5021599501	SECURITY CONTRACTS	81.48	717.72	192.28
CONTRACTUAL SVC		Sum:	669.58	4,145.68	781.69

FIXED CHGS AND CONT	504000	FIXED CHGS AND CONT			
	5040027000	ST RENT-COPYING EQ	4.89	29.09	7.77
	5040057000	CONTINGNT RENT - IT		21.68	0
	5040060000	ST RENT-NON ST BLDG		5,377.92	0



LABOR
LICENSING
REGULATION

Monthly Expenses by GL Code (ZBD1)

Board: Accountancy

GL Category	GL Code	GL Text	MTD Expense	YTD Expense	Open POs
	5040510000	INSURANCE-STATE		1,910.75	0
	5041010000	DUES & MEMBER FEES		5,300	0
	5041827000	LEASE SBITA-PRINCPAL	46.99	418.13	141.8
	5041837000	LEASE SBITA-INTEREST	1.51	18.39	3.71
	5041840000	LEASE BLDG PRINCIPAL		947.5	2,123.89
	5041850000	LEASE BLDG INTEREST		2,448.82	2,271.27
FIXED CHGS AND CONT		Sum:	53.39	16,472.28	4,548.44
SUPPLY AND MATERIAL	503000	SUPPLY AND MATERIAL			
	5030010000	OFFICE SUPPLIES		31.43	0
	5030030000	PRINTED ITEMS		486	0
	5030070000	POSTAGE	3,781.35	4,182.87	0
SUPPLY AND MATERIAL		Sum:	3,781.35	4,700.3	0
TRAVEL	505000	TRAVEL			
	5050010000	IN ST-MEALS-NON-REP			0
	5050020000	IN ST-LODGING			0
	5050040000	IN ST-AUTO MILEAGE	0	525.31	0
	5050041000	HR-IN ST-AUTO MILES			0
	5050050000	IN ST-OTHER TRANS			0
	5050060000	IN ST-MISC TR EXP			0
	5050510000	OUT ST-MEALS-NON-REP	355	1,106	0
	5050520000	OUT ST-LODGING	5,774.4	9,159.21	0
	5050530000	OUT ST-AIR TRANS		2,134.6	0
	5050531000	HR-OUT ST-AIR TRANS	350.95	425.07	0
	5050540000	OUT ST-AUTO MILEAGE		93.92	0
	5050541000	HR-OUT ST-AUTO MILES	1,384.19	1,475.24	0
	5050550000	OUT ST-OTHER TRANS	169.61	382.03	0
	5050560000	OUT ST-MISC TR EXPEN	429.22	614.22	0
	5050570000	TRNG-OUT-ST REG FEE		6,197	0
	5051520000	REPORTABLE MEALS	0	20	0
	5052010000	TRVL ADVANCE			0
TRAVEL		Sum:	8,463.37	22,132.6	0
		Sum:	50,260.08	425,611.93	5,330.13

UPDATE FROM THE PROFESSIONAL LICENSURE TASK FORCE

Stephanie M. Saunders, CPA, NASBA Chair

Daniel J. Dustin, CPA, VP State Board Relations

NASBA Regional Meetings
June 2024

MEET THE TASK FORCE



Stephanie Saunders
Chair



Bob Cedergren



Sue Coffey



Meghan Durst



Steve Grice



David Knoble



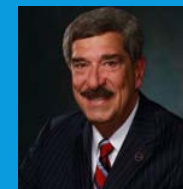
Niki Neilon



Boyd Search



Bill Treacy



Ken Bishop
Observer



Dan Dustin
Staff Liaison

Consider new concepts for CPA licensure that may be included in the UAA to update the current licensure model.

TASK FORCE ACTIVITIES

- **Concept Exposure (December 2023)**
- **BOA Webinars (January, March 2024)**
- **Executive Directors Conference (March 2024)**
- **NASBA Regional Meetings (June 2024)**
- **Outreach & Collaboration (Ongoing)**

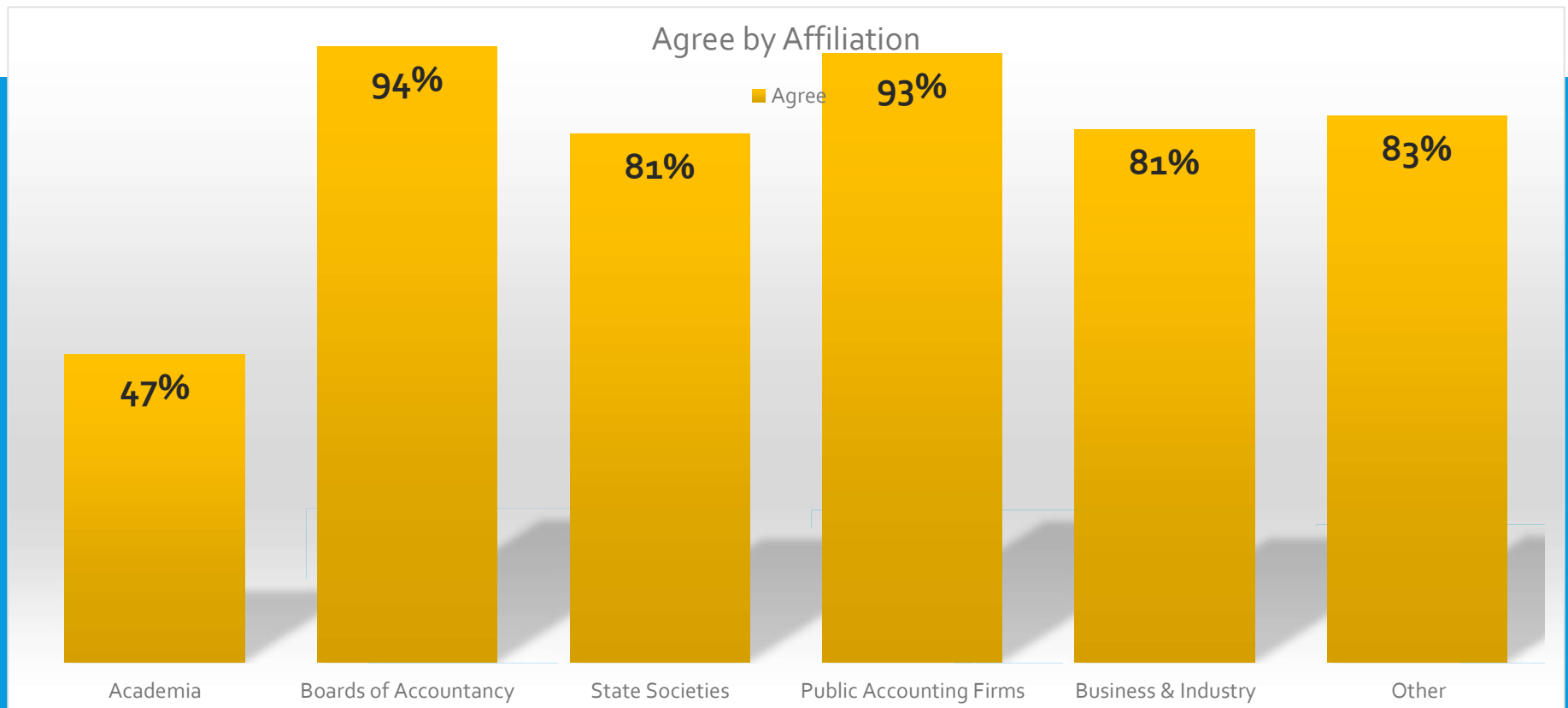
CONCEPT EXPOSURE

Question: Do you believe that the Professional Licensure Task Force should continue to focus its discussions on an equivalent path to licensure that defines a structured professional program that would qualify an individual for licensure as a CPA?



Comments requested by March 31, 2024

FEEDBACK THROUGH MARCH 31, 2024



March 31, 2024

OUTREACH AND COLLABORATION

BOA
Members
and
Executive
Directors

AACSB

State
Society
Government
Relations
Staff

NASBA
State
Society
Relations
Committee

AICPA NPAG
Substantial
Equivalency
work group

SPP PRINCIPLES & CONCEPTS

TASK FORCE PRINCIPLES

- Establish an equivalent pathway in the UAA
- Protects the public interest
- Cost effective
- Maintains rigor (minimum competencies of a newly licensed CPA)
- Available to firms and businesses of all sizes
- Defines minimum timeframe to complete
- Establishes an evaluation process to assess completion of program

SPP CONCEPTS

- Higher Order Skills
- Common Competencies
- Applicable to Public Accounting and inclusive of B&I and Government
- Considered starting points: firm training programs, CPA Evolution Model Curriculum
- Length of Program, including Hours or Years
- SPP: 2-year program counting toward education and experience
- Evidence of and measuring competencies
- Verification and sign-off by CPA Supervisor on SPP completion

A SAMPLE MODEL

A POSSIBLE SPP MODEL

- **Develop common competencies as a starting point**
- **Update and add additional competencies as needed**
- **Broadly constructed to allow flexibility**
- **Initial self assessment by individual approved by CPA supervisor**
- **Periodic re-assessment by the individual and CPA supervisor**
- **Flexibility on time to complete of the program**

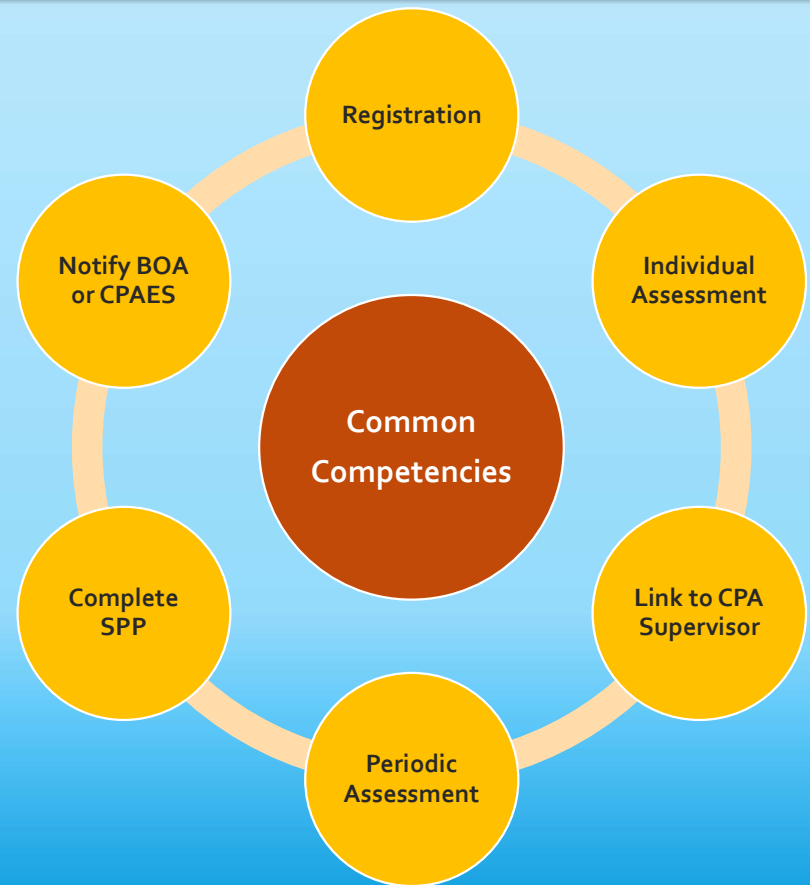
DIGGING DEEPER: A SAMPLE SPP PROCESS

- **NASBA creates Uniform Automatic Tracking System**
- **Houses the common competencies**
- **Individual has applied for CPA Exam**
- **Education is verified by BOA or CPAES**
- **Individual obtains unique Identifier through exam app.**
- **Individual uses the unique ID to register in SPP**
- **CPA supervisor registers to use Automatic Tracking System**
- **System allows CPA supervisor to link to Individual**

HOW THE PROCESS MIGHT WORK

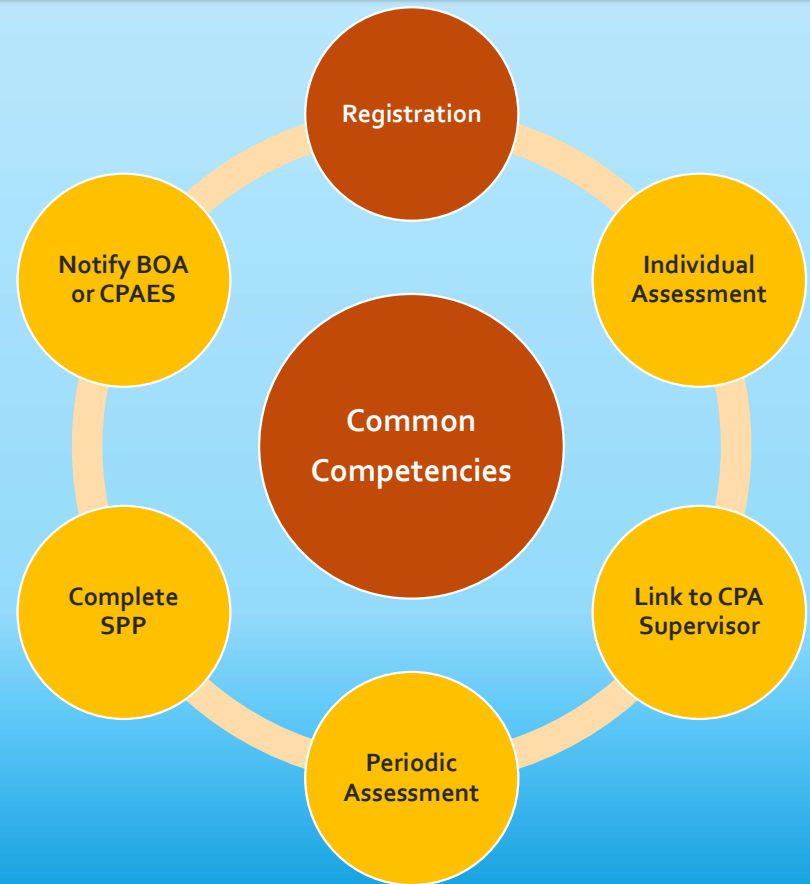
A SAMPLE SPP PROCESS OVERVIEW

- Individual registers to participate in SPP Uniform Automatic Tracking System
- Individual chooses competencies and self-assesses and supervisor approves
- CPA Supervisor registers and links to individual
- Periodic assessments by individual and CPA Supervisor until competencies are met to complete program
- BOA and/or CPAES notified of completion



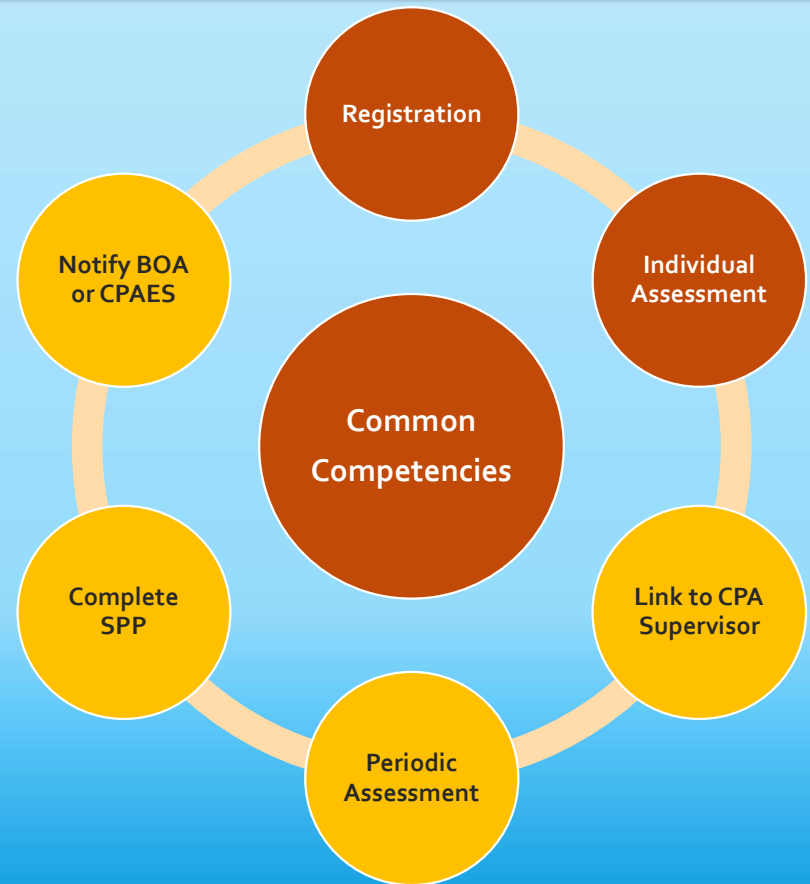
A SAMPLE SPP PROCESS

- Individual registers to participate in SPP Uniform Automatic Tracking System
 - Name
 - Address
 - Email
 - CPA Exam candidate ID
 - User defined password



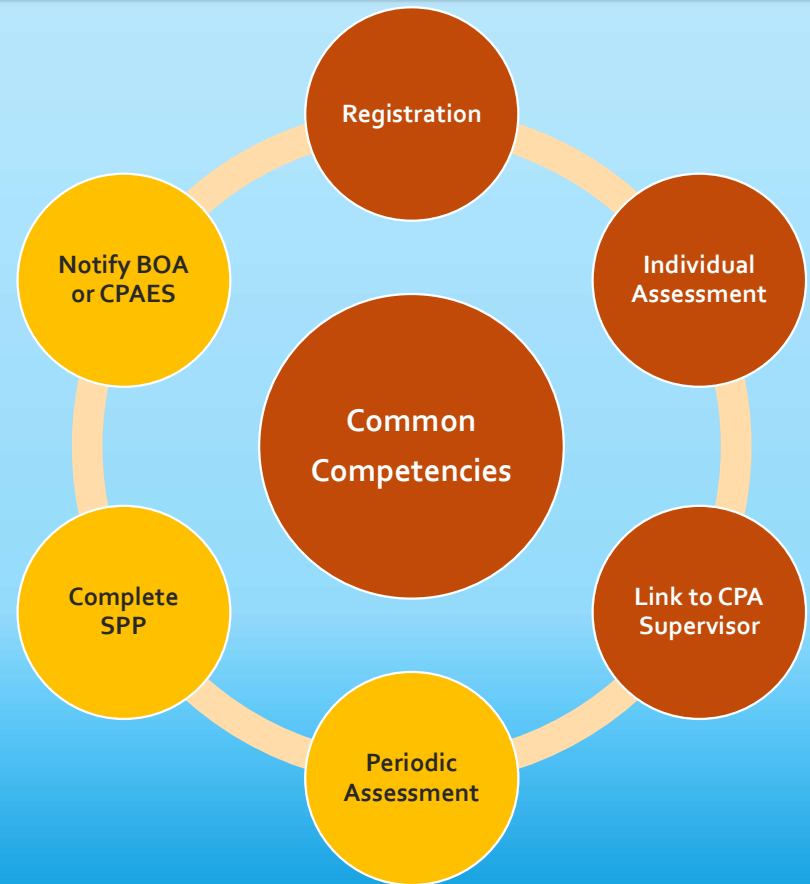
A SAMPLE SPP PROCESS

- Individual registers to participate in SPP Uniform Automatic Tracking System
- Individual chooses competencies based on type of employment (examples: attestation, tax compliance and planning, information systems and controls, financial reporting) and self-assesses and supervisor approves



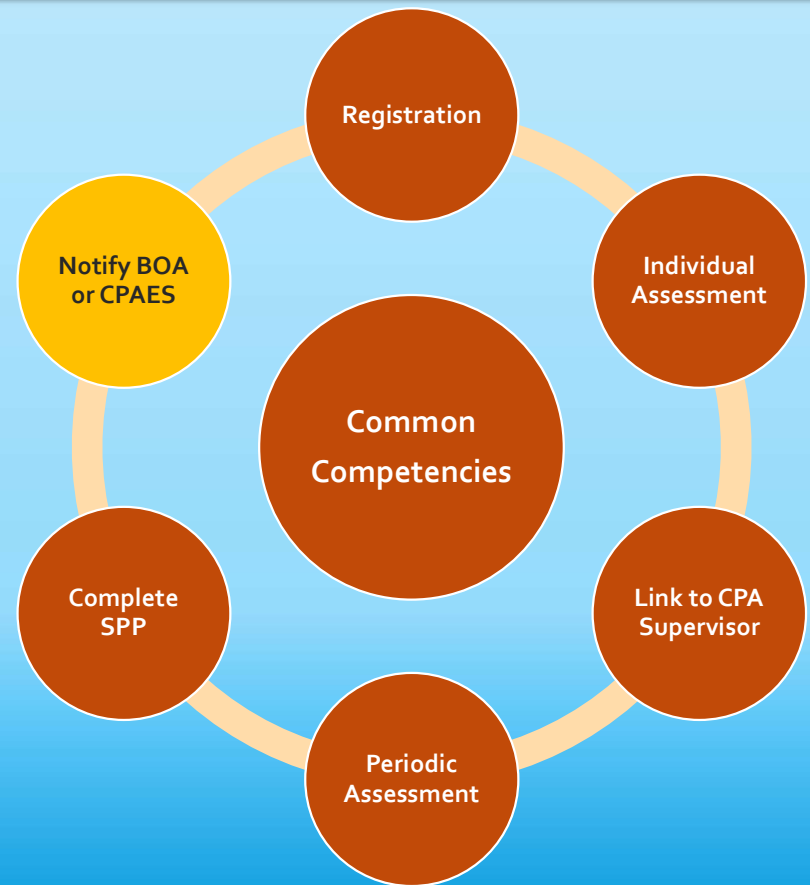
A SAMPLE SPP PROCESS

- CPA Supervisor registers and links to individual
 - Name
 - Address
 - Email
 - DOB/Last 4 SSN – connects individual to ALD and automatically verifies license status
 - Ability to enter individual(s)'s candidate ID number(s) to link within the system



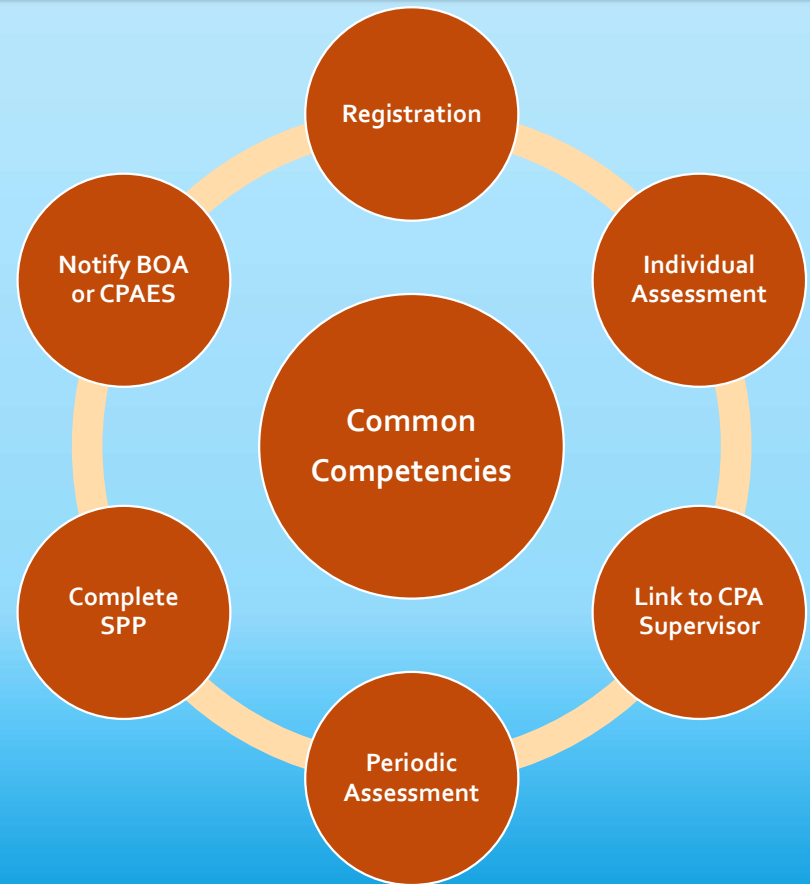
A SAMPLE SPP PROCESS

- Periodic assessments by individual and CPA Supervisor until competencies are met to complete program
 - Individual and CPA Supervisor periodically meet through the program to assess completion of common competencies
 - Upon completion, individual is notified via email that s/he has successfully completed the program



A SAMPLE SPP PROCESS

- BOA and/or CPAES notified of completion
 - Upon successful completion of the program, the BOA is notified that the individual has meet the requirements of SPP.



**THE KEY IS IDENTIFYING
MINIMUM COMPETENCIES**

Possible Starting Points

The AICPA® Foundational Competencies Framework for Aspiring CPAs

Educators and accounting professionals developed the framework to define a set of skills-based competencies students entering the accounting profession need, regardless of their chosen career path (public, industry, government or not-for-profit), or for the specific accounting services they'll eventually perform. Because of the rapidly changing accounting profession, the framework focuses on critical skills instead of traditional subject-content areas or accounting services. Although knowledge requirements will change with time, the foundational competencies the framework identifies will have long-term value and will support a variety of career opportunities for future CPAs.

The competencies are arranged under the following three pillars:

Technical competencies

Competencies specific to the accounting profession that add value to business and contribute to a prosperous society

Organizational competencies

Broad, cross-disciplinary integration competencies that relate to the environment in which accounting professionals work

Leadership competencies

Skills, attitudes and behaviors of accounting professionals



How this guide can help you

Faculty

Incorporate these competencies into your curriculum to prepare your students for a career as a CPA. Find additional resources using the QR code below.

Students

Acquire the areas of knowledge through your accounting coursework that will prepare you for the accounting profession.

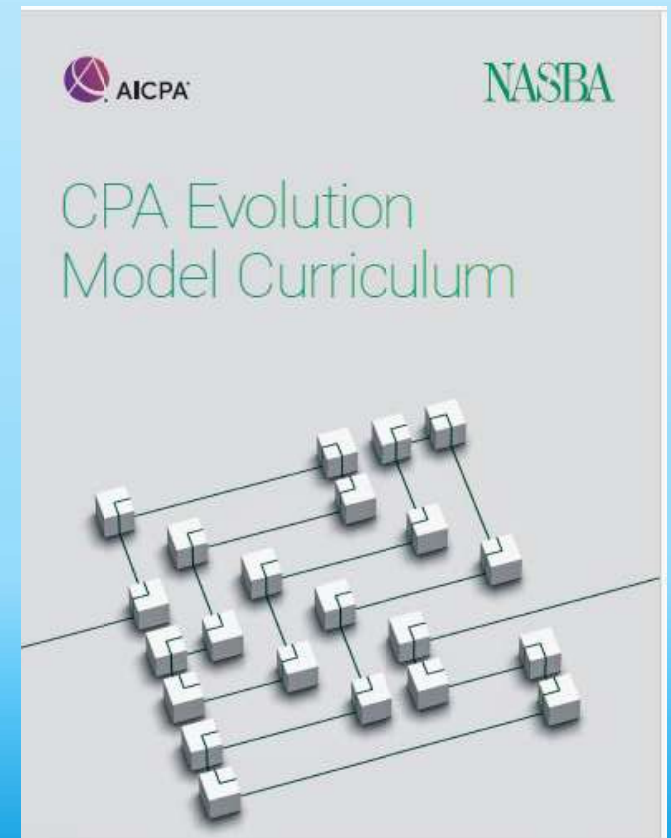
Employers

Gain insight into how we're preparing the next generation of accounting professionals based on your feedback.

AICPA FOUNDATIONAL COMPETENCIES

THE CPA EVOLUTION MODEL CURRICULUM

Section	Modules	Learning Objectives
Accounting & Data Analytics	9	172
Audit & Accounting Information Systems	15	163
Tax	12	136
Business Analysis & Reporting	10	153
Information Systems & Controls	5	61
Tax Compliance & Planning	14	181



IDENTIFY COMPETENCIES

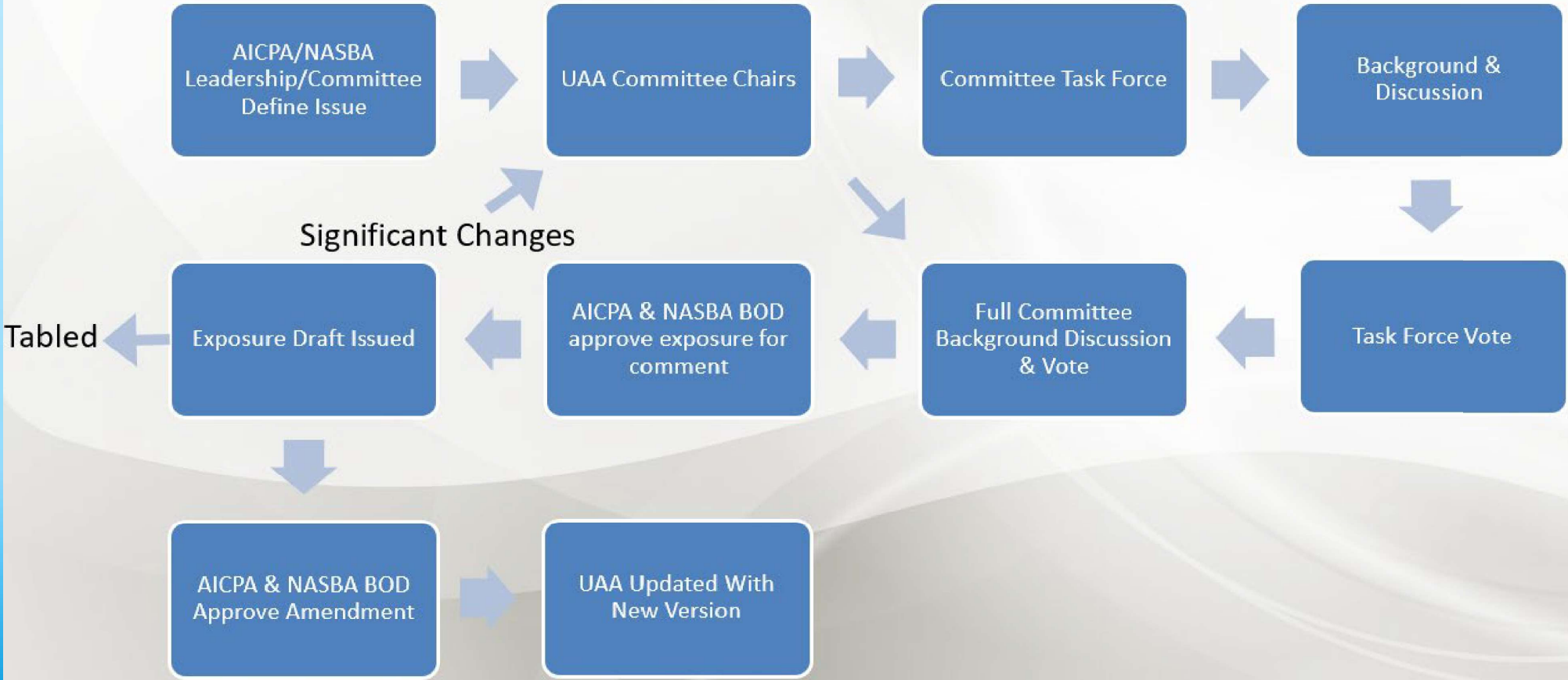


PLTF – NPAG JOINT WORK GROUP

- Joint Work Group established and has met
- Continue to develop SPP process and common competencies
- Work on national standards for SPP
- Report back to PLTF
- Report back to BOAs and other stakeholders

UNIFORM ACCOUNTANCY ACT

UAA Process Flow



DISCUSSION

INITIAL THOUGHTS

How does this proposed experiential model differ from the prior pathways used by many boards that included a baccalaureate degree (with less than 150-semester hours) and two years' experience?

The SPP would define specific common competencies. The individual would identify and obtain the competencies within the SPP with verification attested to by a licensed CPA upon completion of competencies.

INITIAL THOUGHTS

Could an individual with a bachelor's degree and 129 semester hour complete the program in less time?

The SPP is a two-year program. An individual with more than 120-semester hours of education could participate in SPP for two years. As an alternative, Individuals with between 120 semester hours and 150 semester hours of credit could choose another pathway such as ELE to meet the 150-hour education requirement.

INITIAL THOUGHTS

What additional pathways or concepts did the Task Force consider and why were they discarded, if any?

Other models considered by NASBA staff included learning obtained through military training, staff training courses provided through third-party organizations, including CPE providers; CPA Exam preparation courses, and programs that might be assessed by third party organizations. All would be complex to implement and were deemed to not meet the core principles of being cost effective and scalable to firms of all sizes.

INITIAL THOUGHTS

How might the size of a given firm affect its ability to participate in a structured professional program (SPP)?

Participation in the program would not be limited by firm or business size. The only limitation would be that the individual has applied for the CPA Exam and has met the jurisdiction's education requirements to sit for the CPA Exam and has a CPA supervisor who will periodically assess competencies during the program.

INITIAL THOUGHTS

Will the SPP be limited to public accounting firms or include other options (e.g., military experience or private industry), and how would this work?

The SPP would not be limited to public accounting firms and would include business & industry, including employment in government provided the individual is performing work that meets the requirements of the program. Participation is based on completing a jurisdiction's minimum education requirements for sitting for the CPA Exam and having a CPA supervisor to perform periodic assessments while participating in the program.

INITIAL THOUGHTS

Would the SPPs be individualized based on the experience, education, and/or skills of the participant? For example, will the length of the of the SPP differ between a participant who has 120-semester hours and one with 140-semester hours?

A transition process is being considered by the joint task force. The SPP is designed so that the individual obtains the equivalent 30-semester hours of experiential learning over a 2-year period. If an individual is short 10-semester hours to meet the 150-semester hour requirement, the individual could choose to take additional coursework from a college or university, obtain those hours through ELE, or participate in the 2-year SPP.

INITIAL THOUGHTS

Will the focus of the competencies gained during the SPP be limited to accounting or will they include soft skills such as written and verbal skills? How will soft skills be defined, and what portion of the competencies will soft skills comprise?

The intent of the SPP is for the CPA supervisor to assess an individual's competencies in accounting and soft skills.

INITIAL THOUGHTS

How much will the SPP cost, and will firms, or applicants, or both pay?

Under the current Model, NASBA would incur the cost of creating and maintaining the automated tracking system as part of its mission spending. As defined in this proposed model, there would be no cost to the individual or the employer.

INITIAL THOUGHTS

Will participation in a SPP also qualify as experience toward the 12-month experience requirement for licensure?

The SPP is designed as a 2-year program. It is anticipated that participation in the SPP program would also qualify as experience toward the 12-month experience requirement for licensure. Upon completion of the program, the individual would have met the education and experience requirements for licensure, needing to complete the CPA Exam for licensure.

INITIAL THOUGHTS

Would each state be responsible for approving each SPP and, if so, how will equivalency be maintained?

SPP is designed as a stand-alone program that would not need approval at the individual level. Once a jurisdiction amends their statutes and/or rules, individuals could register for the program based on the admission criteria: meet the minimum education requirements to sit for the CPA Exam in their jurisdiction and be admitted to the CPA Exam.

INITIAL THOUGHTS

Would there be minimum qualifications for CPA Supervisors?

Preliminary task force discussions have centered on including in the national standards a minimum number of years post-licensure experience to qualify an individual as a CPA Supervisor. Discussions have also focused on providing training materials to CPA Supervisors who would attest to an individual having met the competencies within SPP.

INITIAL THOUGHTS

Would there be a transition period for those who are currently employed but lack the 150-semester hours for licensure?

The task force discussed developing transition language that would provide those who are currently employed with a way to participate in SPP during the transition period from adoption of SPP as an equivalent pathway in the UAA and adoption of SPP in a jurisdiction.

ADDITIONAL QUESTIONS?

**National Pipeline
Advisory Group**

Accounting Talent Solutions Draft Report

Analyzing the root causes of the accounting talent shortage, potential solutions, and next steps forward.



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Welcome and gratitude

Thank you for your interest in developing accounting's talent pipeline. While a career in accounting has much to offer, the profession is at a crossroads, and many agree it's time for changes that will make the field more attractive.

I am encouraged by the thousands of people who have shared their insights on this challenge over the past year with the National Pipeline Advisory Group (NPAG). The independent advisory group was convened in July 2023 in response to an AICPA Council resolution with the intent to develop a national strategy to address accounting talent issues. Embedded in the Council resolution was a commitment to preserving mobility, which powers the ability CPAs have to practice with ease across state lines.

Expectations surrounding education and careers are changing. We must respond to and anticipate market needs, and design and implement solutions to ensure accounting's future talent continues to grow and keep pace with demand.

The dearth of accounting professionals expands beyond labor issues. There is profession-wide concern that the shortage is playing a role in financial reporting delays and challenges across U.S. businesses,¹ an alarming fact that increases the urgency for action.

Now more than ever, we need a cohesive, unified, data-driven, and flexible approach to bring more people into accounting – and ensure that those who are already in the profession remain.

An inclusive approach

The fundamental approach of NPAG's work was to seek extensive input to ensure an inclusive strategy that reflects diverse perspectives. The recommendations in this report are driven by a combination of insights from stakeholders across the profession; thousands of individuals who were consulted or participated in focus groups, forums, discussions; and surveys of students and stakeholders.

Jennifer Wilson, partner and co-founder of ConvergenceCoaching®, LLC, and her team facilitated NPAG's planning process with a separate third-party research organization, Meridian Research & Insights, responsible for deploying and analyzing our national and student surveys. Full survey results will be included in detail in NPAG's final report when it is released in July 2024. This draft reflects partial, interim findings from those surveys.

Highlights within this draft, include:

- *An analysis of the changing labor market and education landscape.*

¹ <https://www.wsj.com/articles/the-accountant-shortage-is-showing-up-in-financial-statements-b14a6b94>

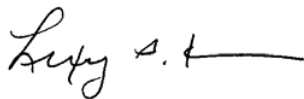
- *A look at root causes of the pipeline shortage.* The initial step in identifying solutions was to understand the causes of the shortage based on data and how they intersect.
- *Recommended strategies and tactics for bolstering the accounting talent pipeline and evolving the CPA license.* NPAG is urging the profession to take a coordinated and intentional approach to its suggested solutions, including any that might disrupt the national system of substantial equivalency that underpins CPA mobility.
- *Highlights of other ongoing efforts.* NPAG and other stakeholders are focused on ideas and solutions for improving the accounting pipeline. In this report, we also highlight the extensive and valuable work of other organizations and initiatives that are in place or being developed to address the talent shortage. Our commitment in this report is to be both inclusive and comprehensive to help drive a unified stakeholder approach.

What are the next steps?

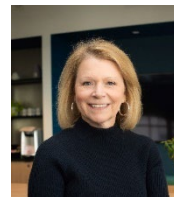
These draft recommendations are only the beginning. The draft report will be presented at the AICPA Spring Council meeting in May 2024, where Council members will have an opportunity to ask questions and provide input to be reflected in the final report. That final version will be published and shared with all stakeholders in July 2024.

NPAG is acutely aware of how critical implementation will be to transforming the accounting talent pipeline. No single entity in the profession can implement these strategies and recommendations alone. To be successful in attracting more people to accounting, the profession's key stakeholders must unify and work together in a more structured, collaborative, and transparent way to continuously innovate and improve our profession. Together, leaders of these initiatives will test, customize, and refine the strategies. As we implement year one of this strategy, stakeholders must also continue envisioning plans for year three, year five, and beyond to build on, accelerate, and amplify our ambitious goals.

Thank you for reading this important report. I am truly honored to be part of an effort to build the accounting profession's workforce. We look forward to discussing how these strategies can help the profession achieve its greatest level of success in the ever-changing market.



Lexy Kessler, CPA, CGMA
Mid-Atlantic Regional Leader, Apriso
Chair, National Pipeline Advisory Group



Executive summary

The talent shortages of the past several years, coupled with strong demand for professional accountants, have created challenges throughout the profession. Yet today we can see the potential for meaningful change.

Stakeholders from all areas of accounting – including CPA firms, finance departments, businesses, academia, government, nonprofits, the regulatory community, accounting associations, and state societies – have devoted substantial time and energy to understanding the talent hurdles and identifying positive solutions. The collective passion around solving the pipeline problem is encouraging.

While the challenges are daunting, the members of the National Pipeline Advisory Group (NPAG) feel a genuine sense of optimism.

We know that when the accounting profession pulls together to solve a tough challenge, some amazing things can happen. That’s what this draft national strategy, and the final version that will follow this July, are all about.

Themes in the talent data

- ✓ Tell a more compelling story
- ✓ Make the academic experience more engaging
- ✓ Address time and cost of education
- ✓ Grow support for CPA Exam candidates
- ✓ Expand access for underrepresented groups
- ✓ Enhance employee experience



NPAG’s initial recommendations are based on six major themes that emerged from the data. *These themes are not ranked. All are equally critical.*

To succeed we need to:

Tell a more compelling story. To move the needle, let’s all put some muscle behind a grassroots effort to convey the powerful potential of accounting careers. We can shift the narrative that has been branding our profession as one of overwork and lagging pay. NPAG is inviting everyone in the profession to take the [Pipeline Pledge](#) – making a commitment to give more of their time to encourage students and/or nurture new workers.

Make the academic experience more engaging. Educators are leading an important push to change how introductory courses are taught by helping make best-in-class resources and training available to educators. NPAG also recommends:

- Consideration of what is taught in Principles of Accounting courses and when. Reviewing the pacing and topical areas would help ensure that Principles of Accounting courses provide students who have yet to declare their major with a sense of the prestige, flexibility, and purpose a career in accounting can deliver, along with attractive lifetime earning potential.
- Ensuring that accounting programs are positioned to help guide and support students as they progress into more challenging coursework. There are majors that are known for high attrition rates. To build a stable talent base, accounting can’t be one of them.
- Ample mentors, champions, and visiting practitioners engage in the classroom.
- Harnessing technology to bring the accounting material to life in different ways.

Address the time and cost of education. This entails creating a nimble process to keep the CPA license and its requirements evolving, transparent, and accessible. NPAG’s recommendations recognize that some candidates have to begin working immediately after earning a bachelor’s degree and find lower-cost options for the final stretch of education needed for licensure. **With a focus on moving swiftly**, NPAG has outlined three concepts that build on each other and shift direction toward measuring competency versus just academic experience.

In addition, NPAG recommends that a timely practice analysis be conducted to assess market needs and drive alignment of education, experience, and the CPA Exam to the required competencies.

Concepts include:

- Experiential learning that earns college credit on the student's transcript, delivered by an accredited college or university. This is already happening now under several models and could be expanded nationally. This continues to preserve CPA practice mobility.
- A near-term model of experiential learning off the transcript, most likely delivered by the employer or another third party.
- Due to its overall complexity, the third concept is deemed longer term: Create a competency-based licensure model that is neither based on university credit hours nor experience time, although both are likely to contribute in some way. This model would help measure mastery and readiness instead of time in school or time on the job.

All three would require passage of the CPA Exam, just as the existing process does. **The second and third concepts would require an intentional and coordinated approach to manage potential disruption to CPA practice mobility.** Today's existing pathways would remain, and candidates and employers could choose which approach will work best for them.

Grow support for CPA Exam candidates. NPAG's scope is accounting talent broadly. But some of those who are attracted to accounting will go on to take the CPA Exam, and there's room to improve that experience. The recommendations here sit in these areas of focus:

- Addressing the cost of the Exam and rewarding individuals for passing each section of the Exam
- Adding flexibility to the timeframe in which the Exam can be taken
- Simplifying the application and eligibility process end-to-end
- Reworking the content and/or format of the Exam itself

Prioritize strategies to expand access for underrepresented groups at every stage. It's critical that the accounting profession reflect the makeup of the U.S. population. Getting there will take building interest in accounting careers among underrepresented populations through:

- Targeted messages
- Scalable college-bound experiential programs

- Closer relationships among the profession and community colleges, four-year colleges, and universities with high minority and underserved populations

Enhance the employee experience by evolving business models and cultures. Truly reversing the long-term accounting enrollment trends depends on the creation of a more attractive employee experience, including starting salaries that are competitive with other majors and professions vying for top talent. Simply put, employers need to make workloads more manageable, work more interesting, and advancement opportunities and rewards clearer. Accounting associations and state CPA societies can assist with resources and best practices for some employers, but at the end of the day, this shift lies with leaders of firms and finance departments.

Moving forward

This is not the first time accounting has seen a talent shortage, and NPAG is not the first group or even the only group at this moment recommending steps to make the profession more sustainable. Today we have an opportunity to better understand what's truly behind the current decline in interest and craft actionable, data-driven, and long-lasting solutions.

So what will make these efforts successful?

Data:

Our profession needs data that can help paint a detailed picture of what's working and what's not when it comes to accounting talent. Key stakeholders should commit to making changes needed to enable the sharing of existing data and identifying what new data should be collected and shared. That could include anything from parsing data on the majors students switch to if they leave accounting programs to analyzing CPA Exam performance and progression or exploring what careers accountants move to if they exit the profession.

Sustained collaboration:

To accomplish the scale of change ahead, continuous collaboration among stakeholders is critical. If the profession's key stakeholders take a fragmented approach to solving the issues, the collective results will be muted. Stakeholders may not always agree on the way forward, but the best results lie in amplifying each other's strategies and programs, eliminating duplication, and continuing the dialogue. **To that end, NPAG is calling for inclusive joint summits of key stakeholders beginning as soon as possible so the various owners of these initiatives can discuss next steps.**

Transparency and reporting:

Talent must remain a priority, even when market conditions change and the urgency to fill roles begins to abate. The talent pipeline should remain a standing agenda item when the profession's stakeholders gather. NPAG recommends the development of a scorecard to measure and report publicly on progress.

Individual actions:

Our intent with this draft strategy report is to harness the momentum from ongoing discussions, and ensure individuals feel empowered to effect change in their communities and organizations. For more details on the current landscape, the available data, and the recommendations, we encourage you to spend some time with the full draft report and the [NPAG website](#), and return later this summer when we incorporate feedback received and add resource listings, case studies, and full survey data in the final report.

Working together

This report is only the beginning of a longer journey, and every individual can contribute. We must now pull together, identify solution “ownership” assignments that leverage each stakeholder group’s unique talents, and develop, fund, and execute the solutions in this report. Ideally, this next group of accounting leaders will transparently report their progress to the profession semi-annually and will call on individual stakeholders to take new actions as progress is made.

Together, we can – and will – transform the accounting pipeline.

How the National Pipeline Advisory Group approached its work

The National Pipeline Advisory Group's (NPAG) **mission is to increase the number of people who choose a career in accounting, thereby increasing the number who go on to become licensed.**

NPAG is comprised of a diverse group of stakeholders that include academics, practitioners from firms of a variety of sizes and disciplines, finance and accounting professionals, regulators, and state society executives representing all corners of the profession. The group is facilitated by ConvergenceCoaching®, LLC.

During the planning process, the group has undertaken the following:

- **Established core values** that have served as guiding principles for the group that included authenticity and openness to all options.
- **Defined the scope** as inclusive of the entire accounting profession, not solely CPAs.
- **Established that the group is independent** of the AICPA, with the AICPA having a seat on NPAG and supplying staff and funding to support the group.
- **Identified seven life stages within the accounting pipeline:**
 - Middle school through high school
 - College to graduation
 - Preparing for and passing the CPA Exam
 - Getting licensed as a CPA
 - Employment 1 to 5 years
 - Employment 6+ years
 - Late-stage career to retirement
- **Narrowed the focus of the National Pipeline Strategic Plan to the first five life stages, from middle school through the first five years of employment.** Some might feel that “pipeline” ends when early candidates enter the workplace, but NPAG determined that the degree of engagement and satisfaction early-stage career accountants experience directly impacts the story told in the marketplace about careers in accounting. The first years of employment have the ability to influence pipeline outcomes positively or negatively.
- **The group identified a high-level planning process** to include:
 - An assessment of macro market drivers and profession-related barriers and opportunities related to pipeline

- Studying primary research and talking to profession stakeholder groups to identify the root-cause issues driving “leakage” in the pipeline of candidates
 - Developing solutions for the most significant pipeline challenges
 - Testing those solutions with independent research and socializing the ideas with various stakeholders to get their feedback
 - Refining the solutions to be included in the draft strategic plan report
 - Drafting the strategic plan
 - Presenting the draft plan at AICPA Council for feedback in May 2024
 - Incorporating Council feedback and finalizing the plan in July 2024
- **As part of its current state assessment, NPAG created a list of roughly 100 stakeholder groups and associations influencing the pipeline.** Committed to be inclusive and to listen to and learn from as many stakeholder groups as possible, NPAG representatives first launched a discussion with state CPA society executives in July 2023.
 - **NPAG also met with:**
 - Association leaders from state societies with various perspectives on pipeline solutions.
 - Leaders from the American Accounting Association (AAA), the Center for Audit Quality (CAQ), and the National Association of Black Accountants (NABA)
 - The National Commission on Diversity and Inclusion (NCDI)
 - The Major Firms Group and the G400 (roughly the 500 largest U.S. CPA firms)
 - Several AICPA senior committees representing all areas of practice
 - The leaders of various state boards of accountancy and the National Association of State Boards of Accountancy (NASBA)
 - Leadership of the National Council of Architectural Registration Boards (NCARB) to learn about architecture’s licensure modernization process.
 - **Explored all available pipeline research, focusing on independent, primary research sources,** ultimately reviewing at least 25 studies and data sources, including studies from the Center for Audit Quality (CAQ), the Institute of Management Accountants (IMA) and California Society of CPAs (CalCPA), the AICPA, the Illinois Society of CPAs, the Pennsylvania Institute of CPAs, Wiley, MIT Sloan School of Management and more. ConvergenceCoaching summarized the research, and NPAG identified data-driven common themes that resonated from multiple research sources.
 - **NPAG collaborated with state CPA societies, many of which conducted forums and focus groups on the talent pipeline.** An online poll was created in late summer 2023 to assist the state societies in testing some of NPAG’s early ideas and to identify barriers to entry in the accounting profession. **The effort generated**

nearly 1,600 poll responses, which helped clarify root-cause issues driving the decline in pipeline.

- **NPAG formed working groups to study and prioritize the root cause issues driving leakage at various pipeline life stages and to generate potential solutions on barriers** where they might have the most impact. The working groups were:
 - Pre-college (middle school to high school) – Chaired by [Michelle Randall](#)
 - College to Graduation – Chaired by [Jeannine Birmingham](#)
 - CPA Licensure, called the Substantial Equivalency Working Group – Chaired by [Shelly Weir](#)
 - National Survey Working Group to oversee the Feedback and Focus Group data gathering and to spearhead the national survey effort – Chaired by [Jodi Ann Ray](#)
 - NCDI, which served as an NPAG working group to identify causes of underrepresentation in the profession and suggest potential solutions – Co-led by [Kimberly Ellison-Taylor](#) and [Ken Bouyer](#).

- **NPAG then developed a super-set of more than 50 solution ideas**, some that are expected solutions and some that are bold concepts. Creating the solutions led NPAG to organize the solutions into six thematic areas that form the foundational structure of this report:
 - **Telling a more compelling story about careers in accounting**
 - **Creating a more engaging college experience for accounting majors and potential accounting majors**
 - **Reducing the time and cost of education**
 - **Growing support for CPA Exam candidates**
 - **Identifying ways throughout the pipeline lifecycle to attract and retain more underrepresented minorities to careers in accounting**
 - **Transforming the cultures and business models of employers to enhance the experience of the first five years of employment**

- **NPAG refined solution ideas** and chose solutions where the most feedback was needed for inclusion in the national or student surveys.

- **NPAG partnered with Meridian Research & Insights to develop two survey instruments**, the first to test solutions with the entire profession excluding students, the second survey to test solutions with business and accounting majors in community colleges, colleges, and universities. *It should be noted that the NPAG national and student surveys tested solutions rather than focusing on barriers or*

challenges.

- While fielding the survey, **members of NPAG socialized ideas and gathered feedback from the AICPA Regional Council** and other stakeholder groups in March and April 2024.
- NPAG used the feedback from the AICPA Regional Council and partial interim results from the national survey (4,500 responses received through mid-April of the eventual 5,800) and the student survey (1,500 received through mid-April of the eventual 2,000) to further refine ideas for inclusion in this report. This summer, NPAG will study the full results from the 7,800 respondents who participated in the national and student surveys.

The Quest to Reduce the Time and Cost of Education

The NPAG Substantial Equivalency Working Group had a goal to develop a bold and broadly accepted proposed solution to evolve licensure while protecting substantial equivalency and mobility, addressing education cost and time barriers, and upholding the high standards of the license, which is a component of protecting the public interest. The group tasked itself with finding a proposed solution and establishing a more transparent process by which input can be provided to the Uniform Accountancy Act (UAA) Joint Committee, which oversees the accounting profession's model law and rules.

Against the backdrop of an increasingly polarizing and visible national debate on education requirements for licensure, the working group sought to understand options for decreasing the cost and time of the additional 30 hours of education required for CPA licensure. While the AICPA Council resolution (see appendix) called for a strategic plan of pipeline growth strategies that still preserve mobility, the working group explored all possible options, including those that would not preserve mobility as it is today.

The Substantial Equivalency Working Group process included:

- Acknowledging individual and stakeholder biases that each member held
- Diving deep into learning about CPA licensure, including substantial equivalency among states, reciprocity, and mobility. The law firm Gibson, Dunn & Crutcher was engaged to provide legal research and advice on the state laws and rules surrounding CPA licensure, and the three Es of education, exam, and experience for licensure.
- Learning about the national climate related to licensure of all trades and professions, as well as studying trends related to education and licensure transformation and modernization.

- Monitoring the changing environment to assess potential impacts to substantial equivalency and mobility.
- Brainstorming possible options under which mobility would be preserved and under which mobility would be impacted.
- Creating an approach to modernizing the license that would include some mobility-impacting options and some that have low to no risk to mobility.
- Socializing the approach with the Professional Licensure Task Force (PLTF) of the National Association of State Boards of Accountancy (NASBA), with the AICPA Regional Council, and testing some of the concepts in the national survey.
- Working with the PLTF of NASBA to form a new joint group to study PLTF ideas and the Substantial Equivalency Working Group concepts in the hopes of identifying the best and most unified way to address the time and cost of education and modernize the license for the future.

While addressing the framework of licensure will not be a silver bullet or panacea for solving pipeline challenges, it is a critical area and NPAG has devoted significant time to its analysis and looking for ways forward for the profession. We have devoted a section of this report to the issue of future-proofing licensure and addressing the time and cost of the education required for licensure. Work on evolving licensure will continue among key stakeholders following NPAG's final report in July.

The NPAG process was thoughtful, deliberative, data-driven, and inclusive. Throughout the nearly year-long process, the group coalesced, listened carefully to each other, other stakeholders, and the feedback they gathered. Members learned and nearly every person would say that their eyes were opened to new realities and possibilities. NPAG is grateful to all who generously contributed to this intensive and instructive process.

NPAG Process by the Numbers:

- 22-member group hailing from 15 states
 - 5 state society chief executives
 - 5 public accounting firm members of varying sizes, disciplines and geographies
 - 3 academics, including community college, university, and adjunct educator representatives
 - 2 business and industry members
 - 2 regulatory community representatives
 - 2 governmental relations representatives
 - 1 firm diversity, equity, and inclusion leader
 - 1 consultant
 - 1 Uniform Accountancy Act committee member

- 1 AICPA representative

Note – number exceeds 22 due to dual roles of certain members

- 2 AICPA Council updates and feedback gathering sessions
- 3 CPA Society of Executives Association (CPA SEA) events
- 5 working groups
- 10+ focus groups including firms / firm associations, senior AICPA committees, state board of accountancy leaders, and others
- 25+ research reports studied
- 58 initial solution ideas (strategies and tactics) created
- 100+ stakeholder groups identified
- 1,600 focus group and forum feedback inputs
- 5,800 national survey respondents
- 2,000 student survey respondents

Identifying the key factors behind the CPA pipeline shortage

The accounting profession is facing a shrinking workforce due to a confluence of causes, including the cost of higher education, starting pay that has lagged competing sectors, and concerns about long hours and workplace culture. Demographics, labor reports, and research findings reveal some of the root causes of the shortage. Examining what's causing this talent shortage will provide the foundation needed to evaluate NPAG's recommendations for growing the pipeline while paving a path forward to ensure the vibrancy of the profession.

A changing U.S. labor market

To understand the accounting profession's talent challenges, it helps to start with global and U.S. demographic and labor trends. The accounting profession is one among many sectors facing hiring constraints because of these trends. From nurses and doctors to airline pilots, skilled tradespeople, and restaurant workers, concerns about meeting current and future staffing needs abound.

What's driving these shortages? Census data shows the U.S. working-age population grew only 3% over the past decade, slowed by a drop in fertility rates starting in 2007 and the growing pool of retirees. Pew Research Center reported that nearly 28.6 million Baby Boomers left the workforce in the third quarter of 2020², an enormous jump of 12.6% from 2019.

According to the U.S. Chamber of Commerce, all professional and business services sectors and financial activities fields had a worker shortage as of September 2023.³

The Chamber notes that if every unemployed person with experience in professional and business services sectors became employed, 56% of openings in the sector would linger unfilled. There simply aren't enough skilled people to meet the demand – and the demand for accounting services has never been higher. The Bureau of Labor Statistics reports that job openings for accountants and auditors will grow by six percent between 2021 and 2031, due in part to workers retiring or transferring to different operations.

This supply and demand mismatch won't pass quickly. According to U.S. Chamber data⁴, there are 8.8 million job openings in the U.S, but only 6.4 million unemployed workers. Through 2032, the U.S. labor force is expected to grow by just 0.4% annually, according to

² <https://www.pewresearch.org/short-reads/2020/11/09/the-pace-of-boomer-retirements-has-accelerated-in-the-past-year/>

³ U.S. Chamber of Commerce, February 13, 2024. "Understanding America's labor shortage: the most impacted states." <https://www.uschamber.com/workforce/the-states-suffering-most-from-the-labor-shortage?state=>

⁴ U.S. Chamber of Commerce, Understanding America's Labor Shortage (2024). <https://www.uschamber.com/workforce/understanding-americas-labor-shortage>

U.S. Bureau of Labor Statistics projections⁵. The accounting profession's strategies for building a vibrant future workforce must anticipate this changing landscape.

These shortages exist paradoxically at the same time reports are coming in of layoffs at some accounting firms, including at the partner level; and according to a report in the *Wall Street Journal*, large consulting firms reporting delayed start dates for new hires.⁶ Such layoffs, however, may be more attributable to lower demand in specific areas including certain professional consulting services; meanwhile, the accountant shortage is being acutely felt throughout the market. Several corporations have reported that the shortage is so severe that they have had to delay release of annual reports and other key filings.⁷

Regional differences

The overall talent shortage among all sectors is not being felt equally across the country.

The U.S. Chamber of Commerce's Worker Shortage Index ratio, which reflects the number of available workers for each job opening, shows that the need for workers of *all types*, not solely accountants, is the least severe in states such as New York, New Jersey, Texas, California, Nevada, Washington, Michigan, and Illinois. It's worth noting that even states on the least severe list still face shortages.

The nature of the labor shortage is more severe throughout much of the Midwest, the South, and in New England. The data shows a wide variance between states, with the highest worker index (workers per 100 open jobs) in California with an index of 92, or 3.28 times the lowest worker index found in New Hampshire, with only 28 workers per 100 open jobs.⁸

While regional and state-based pictures are important considerations, the availability of trained workers can vary greatly even within a state's borders, a factor that causes the pipeline issue to be felt much more deeply in some states or regions than in others. With these stark differences between states, the importance of mobility becomes even more crucial as organizations may seek accounting services from providers in regions with more

⁵ U.S. Bureau of Labor Statistics employment projections (2023). [Labor force and macroeconomic projections overview and highlights, 2022–32 : Monthly Labor Review: U.S. Bureau of Labor Statistics \(bls.gov\)](https://www.bls.gov/news.release/lum.nr001.pdf)

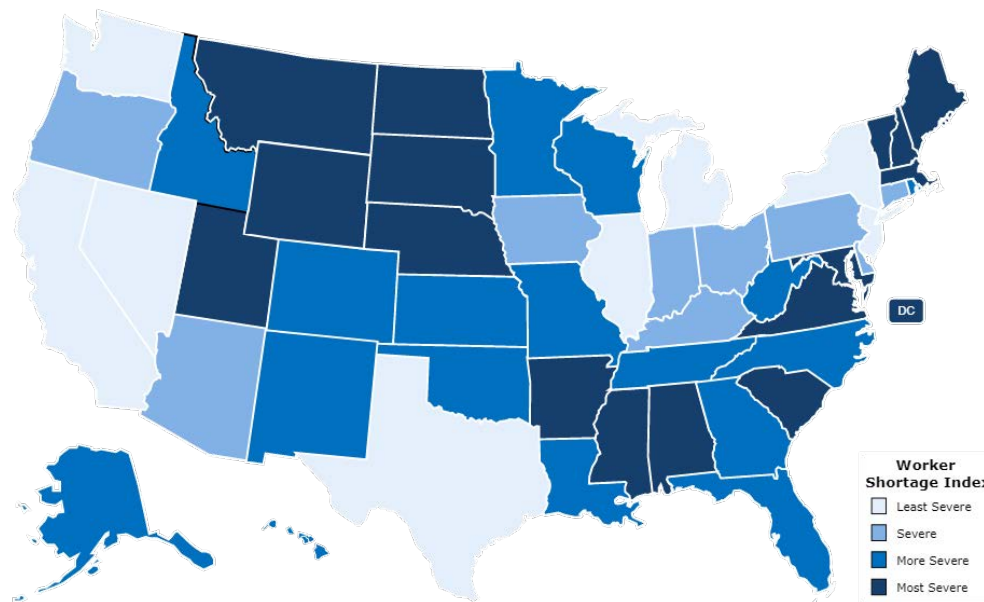
⁶ Wall Street Journal, December 15, 2023. "Accounting firms overhired. Now some are starting to lay off partners." <https://www.wsj.com/articles/accounting-firms-overhired-now-some-are-starting-to-lay-off-partners-d0c6ee6b>

⁷ Business Insider. April 1, 2024. "The accountant shortage is so bad that it's delaying key reports at companies like Tupperware." <https://www.businessinsider.com/accountant-shortage-companies-delay-key-reports-tupperware-2024-4#:~:text=The%20accountant%20shortage%20is%20so,reports%20at%20companies%20like%20Tupperware&text=The%20severe%20accountant%20shortage%20is,department%20shortages%20and%20resource%20gap>

⁸ U.S. Chamber of Commerce. February 13, 2024. "Understanding America's Labor Shortage: The Most Impacted States." <https://www.uschamber.com/workforce/the-states-suffering-most-from-the-labor-shortage?state=>

capacity, and accounting employers may seek to hire remote talent from more populous states.

U.S. Chamber of Commerce Worker Shortage Index Ratio



“The vast majority [of states] have seen their labor forces shrink because of early retirements, increased savings, less immigration, among other factors,” according to a U.S. Chamber of Commerce analysis.⁹

Remote work may offer some employers access to a larger labor pool. The Chamber estimates that approximately 20% of business and professional services positions are fully remote, and close to 40% are hybrid, offering an opportunity to ease hiring strain.

Students are exploring options other than a bachelor’s degree

The pressing need to fill the pipeline has come at a time of shifting demand and expectations around higher education, and consequently, a greater need to re-evaluate the academic experience to attract and retain more students.

Students are exploring options, and one of those options is foregoing college. Total undergraduate enrollment in degree-granting institutions fell by 15% between 2010 and

⁹ U.S. Chamber of Commerce, May 2, 2024. “Understanding America’s Labor Shortage.” <https://www.uschamber.com/workforce/the-states-suffering-most-from-the-labor-shortage?state=>

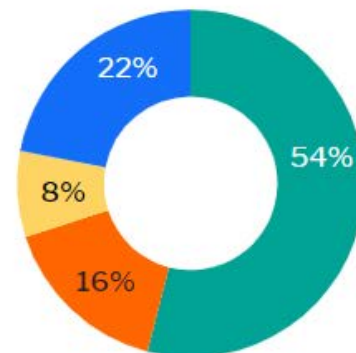
2021. The downward trend began before the pandemic. Job opportunities not requiring a degree and the rising cost of higher education are thought to be contributing factors.¹⁰

According to a 2021 Gallup and Carnegie poll, the percentage of people ages 18 to 29 who agreed that college is very important fell from 74% in 2013 to 41% in 2019.¹¹ Among parents, who are key influencers of their children’s choice of education and career, nearly half envisioned something other than a four-year degree for their children. Two-year college, non-college training programs, and other pathways were seen as ideal for their children by 46% of parents even when they were told to consider a scenario in which there were “no obstacles or limitations.”

The term “paper ceiling” has begun to gain traction in questioning whether a college degree is truly necessary for certain positions and whether requiring a degree creates unnecessary barriers for certain candidates who are otherwise right for a job.

Parental preferences

When asked about their ideal scenarios with no barriers or limitations, **46% of parents favored something other than a four-year college** for their children after high school.



Source: Gallup, *Family Voices: Building Pathways From Learning to Meaningful Work* (2021).

College enrollment figures for fall 2023 showed some positives, with overall undergraduate enrollment up for the first time since COVID, mostly on enrollment gains among Black, Asian, and Hispanic/Latino students. Initial enrollment data indicated a total increase of 2.1% over 2022 for all students. Despite an overall growth in undergraduate enrollment, however, freshmen enrollment was down 3.6%. “Students continue to gravitate towards shorter-term credentials, with enrollments in undergraduate certificate programs jumping

¹⁰ Associated Press, March 9, 2023. “Jaded with education, more Americans are skipping college.” <https://apnews.com/article/skipping-college-student-loans-trade-jobs-efc1f6d6067ab770f6e512b3f7719cc0>

¹¹ [Nearly Half of U.S. Parents Want More Noncollege Paths](#), Gallup, April 2021

9.9%, compared to 3.6% for associate degrees and just 0.9% for bachelor’s degrees,” the National Student Clearinghouse Research Center reported.¹²

Declines in the accounting funnel

Of those students who are pursuing higher education, there are fewer completing Bachelor of Science in Accounting programs in favor of other majors.

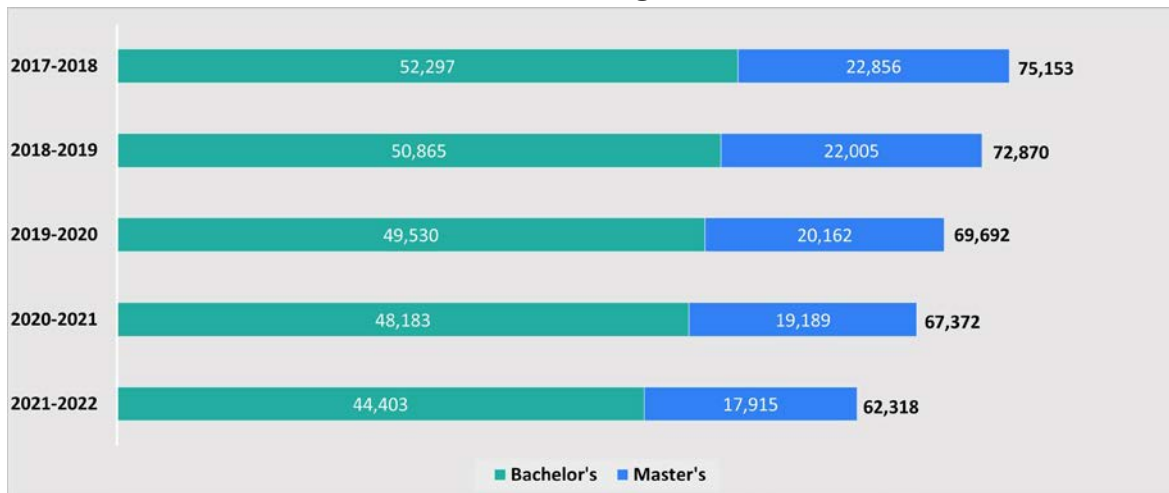
Accounting degree completions fell nearly 11% from 75,153 in 2017-2018 to 67,372 in 2021-22, according to IPEDS, the Integrated Postsecondary Education Data System.

Seen in terms of a pipeline “funnel,” we can begin to see where losses are occurring – and to address areas in need of remediation. **First, only one in nine business majors at the bachelor’s level chooses an accounting major. Of students who declare an accounting major, not all will graduate with a bachelor’s degree in accounting, fewer will go on to earn a graduate level degree, even fewer sit for the Exam, and fewer still will pass all four sections and become licensed.**

When examining this funnel, we can begin to pose the most relevant questions – why are we not attracting people to a career in accounting, and where are we losing them along the way? And more to the point, what can we do about it?

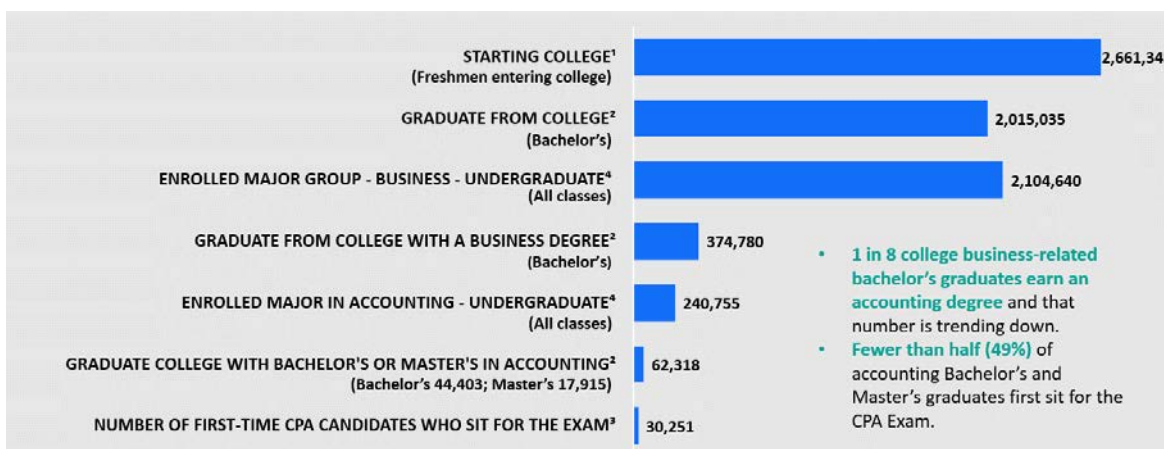
¹² National Student Clearinghouse Research Center, October 26, 2023. “Undergraduate enrollment grows for the first time post pandemic, despite freshmen declines.” <https://www.studentclearinghouse.org/news/undergraduate-enrollment-grows-for-the-first-time-post-pandemic-despite-freshmen-declines/>

Accounting degree completions 2017-2018 through 2021-22



Source: [NCES/IPEDS 2021-22 Degrees/Certificates by Field of Study](#)

Examining the pipeline funnel 2021-2022

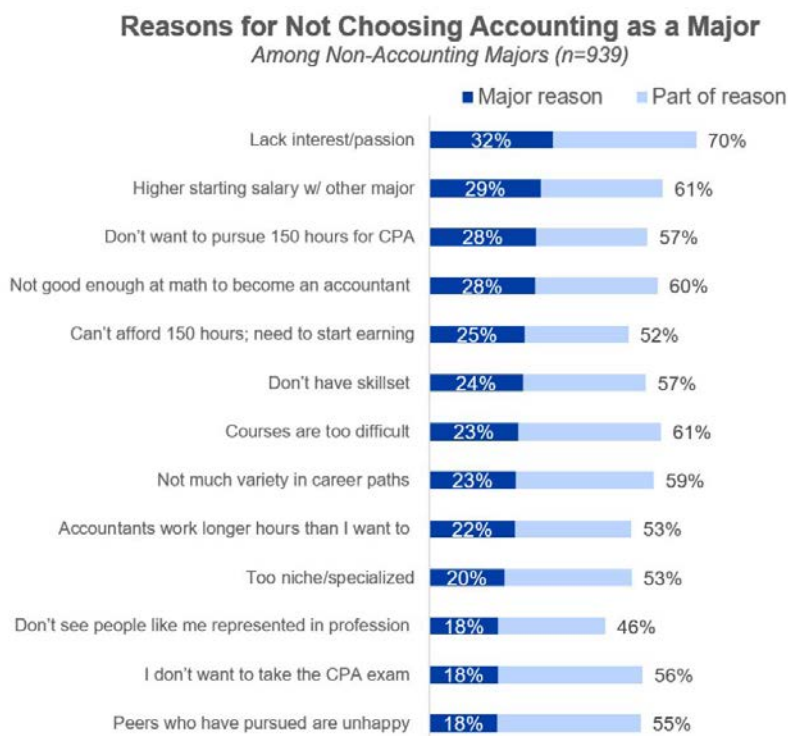


Source: ¹[NCES/IPEDS 2022 Table 305.10 Total Fall Enrollment of 1st Time Degree Certificate Seeking Students](#), ²[NCES/IPEDS 2021-22 Degrees/Certificates by Field of Study](#); ³[AICPA 2023 Trends Report](#); ⁴[2023 Fall National Clearing House Current Term Enrollment Estimates Report](#)

The accounting major faces competition and challenges. A report from Center for Audit Quality and Edge Research¹³ asked respondents to rank their major reasons and partial reasons for not choosing accounting as a major.

Among business students who did not consider accounting, a lack of interest in or passion for accounting along with the belief they lacked necessary math skills were the top reasons cited for not choosing accounting as a major.

For those students that considered accounting but chose not to pursue the major, the additional 30 credit hours required post bachelor’s degree to qualify for CPA licensure along with lagging salaries topped the list.



Source: *Increasing Diversity in the Accounting Profession Pipeline: Challenges and Opportunities*, CAQ/Edge Research, July 2023.

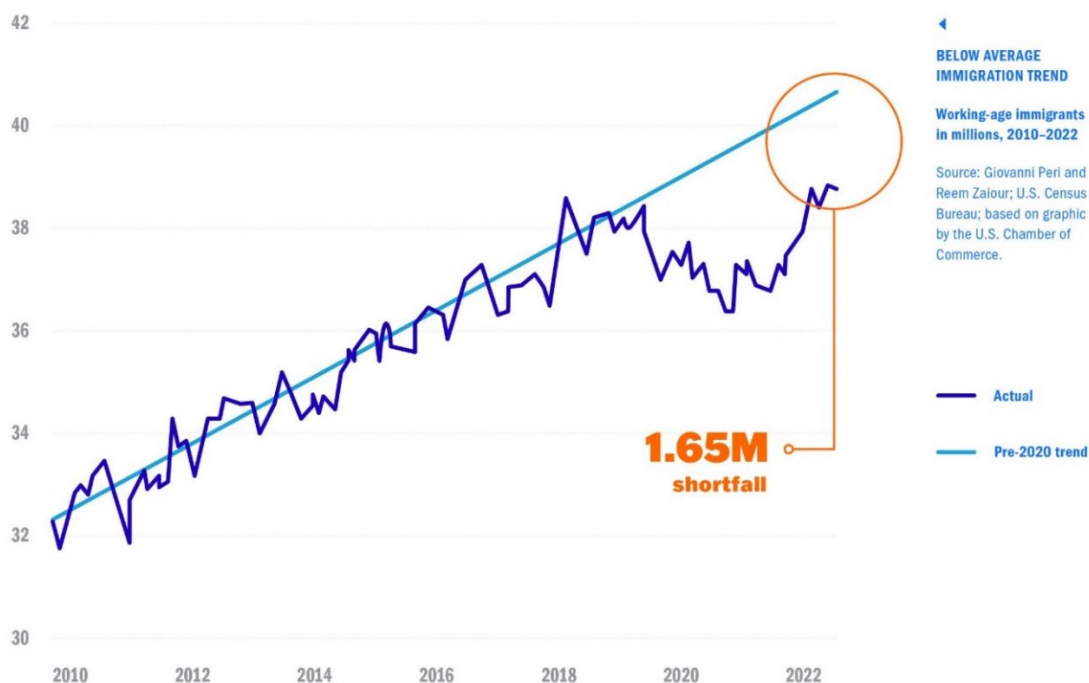
¹³ Center for Audit Quality and Edge Research, July 2023. “Increasing Diversity in The Accounting Profession Pipeline: Challenges and Opportunities.”

A global issue

Worker shortages appear to be prevalent in the accounting profession globally as well. A 2024 poll by the Global Accounting Alliance (GAA) and the Confederation of Asian and Pacific Accountants (CAPA) showed that 28 out of 33 accountancy bodies around the world believe that there is a shortage of professional accountants in their jurisdiction(s).¹⁴ The pre-entry and entry levels had the most significant challenges while fewer concerns were noted at more experienced levels. Compensation and attractiveness of the profession were the most frequently selected causes for the shortage of professional accountants in other countries.

Immigration's role in the talent supply

Immigration plays a role in talent supply for U.S. employers. But the number of working-age immigrants in the U.S. began to decline prior to the pandemic and its wake created a 1.65-million-person shortfall in foreign working-age individuals versus the trendline of pre-2020 immigration rates, the U.S. Chamber of Commerce reported, citing research by Giovanni Peri and Reem Zaiour.¹⁵



¹⁴ AICPA, GAA, CAPA, February 24. “Attraction and retention in the global accounting profession: February 2024.” <https://globalaccountingalliance.com/wp-content/uploads/2024/03/Attraction-and-Retention-in-the-Global-Accounting-Profession-February-2024.pdf>

¹⁵ [The U.S. Chamber of Commerce Immigration Data Center.](#)

Non-resident students seeking a bachelor's or master's degree made up roughly 10% of accounting degrees awarded between 2014 and 2018. That percentage fell to 5.3% by the 2021-2022 school year, according to national data compiled for the 2023 AICPA Trends report.

A global perspective has also led some firms to turn to offshoring for accounting talent, primarily to countries like India, the Philippines, South Africa, and Mexico.

A potential element of the talent pipeline solution could be looking to international accounting talent to fulfill some unmet capacity, either through offshoring or immigration.

The impact of technology: Artificial intelligence

Technology innovation and adoption are moving at light speed. As we consider the impact of technology to pipeline, consider these two ideas:

- Gen Zers were born into an age of always-on, hand-held technology. **They expect their employers to be technology forward, which creates opportunities for employers to differentiate themselves.** A May 2023 CFO.com Weekly Stat article shared that Adobe researchers found that “70% of Gen Z employees ... would leave their job for better technology.”¹⁶
- **The rise of AI offers both opportunities and challenges.** In the February 2024 paper *Technological Investment and Accounting: A Demand-Side Perspective on Accounting Enrollment Declines*¹⁷, the authors suggest that technology can be “labor saving,” meaning that it takes jobs, or it can be “labor augmenting,” freeing up labor to add more value. NPAG believes that technology in general, and AI in particular, is likely to reduce the number of repeatable processes in accounting, freeing up talent to focus on other, higher-value activities. Further, clients and companies need more advisory and planning services from their accountants than they are able to receive, due to the capacity of the accountants. Labor augmenting technologies that increase efficiency and free up capacity allow those in the accounting profession to turn their attention to more of this truly difference-making work.

¹⁶ <https://www.cfo.com/news/70-of-gen-z-employees-would-switch-jobs-for-better-tech-weekly-stat/654527/https://www.cfo.com/news/70-of-gen-z-employees-would-switch-jobs-for-better-tech-weekly-stat/654527/>

¹⁷ Friedman, Henry L. and Sutherland, Andrew and Vetter, Felix, *Technological Investment and Accounting: A Demand-Side Perspective on Accounting Enrollment Declines* (April 30, 2024). Available at SSRN: <https://ssrn.com/abstract=4707807> or <http://dx.doi.org/10.2139/ssrn.4707807>

A path forward

Understanding some of the “macro” trends influencing the profession and our pipeline issues was a first step taken by the National Pipeline Advisory Group. The deep dive into research, poll data, forums and discussion groups and the NPAG national and student surveys has helped lay the groundwork for identifying root causes and developing corresponding solutions to draw more people to accounting and transform the pipeline.

More students, more interest, and business model transformation: Solutions to the pipeline crisis

NPAG has sifted through a super-set of solutions to identify what it believes to be the highest-impact ideas for growing the accounting pipeline. These solutions are organized by each thematic area in the sections that follow.

The solutions and suggestions that follow in this draft report all share this in common – no single solution will solve the problem in isolation, and stakeholders must collaborate. We must aggregate ideas and resources to amplify and leverage each other’s programs to reach new recruits and retain early-career employees. The effort to grow the pipeline must involve academia, business and industry, CPA firms and decision-makers, state societies and CPA associations, regulators and state boards of accountancy, and other advocates.

This work is ongoing, and in many respects, just beginning. These solutions and recommendations are meant to serve as the start of a broader conversation, a deeper understanding of the hurdles we face, and meaningful, actionable ideas to address them.

Theme: Tell a more compelling story about accounting careers

While an accounting career can lead to prestigious and financially rewarding work, misperceptions about the profession seem to be growing. It's time we join together and collectively do more to turn the tide.

Studying pipeline research reveals the importance of early, targeted outreach to students with information on what an accounting career is like. The data shows:

- **Timing of outreach to students is key.** Nearly 45% of business administration majors decided their major before enrolling in college. Another 24% picked their major during their first year of college.
(The CPA Pipeline: Crisis and Opportunity, Pennsylvania Institute of CPAs, December 2023).
- These are the answers students gave when asked **what type of information would make students more interested in choosing accounting** as a major:
 - 66% information on career growth potential
 - 62% information on compensation
 - 42% information on lifestyle/flexibility*(The CPA Pipeline: Crisis and Opportunity, Pennsylvania Institute of CPAs, December 2023).*
- 34% of students see a career in accounting as a **steppingstone to other leadership opportunities.**
(How Insights from Gen Z are Helping to Shape the Accounting Profession of the Future: Insights from the EY Accounting Professional of the Future Survey, EY, Summer 2023).
- Changing some perceptions could help move the needle on future talent. Some **40% percent of non-accounting business undergraduate students reported they considered accounting.** Broken out by demographics, even higher rates of Black and Hispanic students say they considered accounting before choosing a different field of study.
(Increasing Diversity in the Accounting Profession Pipeline: Challenges and Opportunities, CAQ/Edge Research, July 2023.)

Accounting can open doors to limitless career paths – unlocking rewarding and in-demand jobs across every industry. Accountants have the flexibility to start their own businesses, help companies measure their environmental impact, or predict financial trends. Yet 70% of

business students who chose another major cited a lack of interest or passion in accounting, according to a 2023 survey by the [Center for Audit Quality](#).

Stakeholders from all areas of the profession overwhelmingly agreed during NPAG’s forums, focus groups, polls, and surveys **on the need to communicate a more compelling and detailed story about accounting careers.** They were clear – the messaging can’t ignore the challenges of the career or paint a misleading picture of the day to day. But often *the challenges of the field are the only aspects getting any airtime*, and most accountants would like to see that change. That creates an opportunity for us all to make an impact.

“The research revealed what could be described as common knowledge: accounting has an image problem.”

Source: Center for Audit Quality, July 2023.
“Increasing Diversity in the Accounting Profession Pipeline: Challenges and Opportunities.”

We need to create a groundswell of conversation. Breaking through to students, parents, teachers, and potential career changers requires the concerted and persistent effort of everyone who is part of the story.

NPAG’s proposed solutions will depend on everyone helping close perception gaps, reach new audiences, and spark excitement in the next generation.

Members of the profession agree that we need to collectively tell a nuanced, dynamic, and

relatable story about accounting careers. In doing so, we need to relay the meaningful work that professionals do day in and day out, the stability the profession affords its practitioners, and the opportunities for success that lie ahead.

A sustainable path to storytelling involves equipping professionals, educators, parents, and others across the board with the materials and facts they need. An extensive presence is needed on college and university campuses, and it is also essential to have a presence in community colleges, high schools, and middle schools.

Pipeline Pledge

Ready to help? Take the Pipeline Pledge.

Grassroot efforts to inspire students can have a meaningful and measurable impact. **NPAG is calling on everyone in the profession to take the Pipeline Pledge on [accountingpipeline.org](https://www.accountingpipeline.org). The pledge is a commitment by individuals to participate in two outreach or other pipeline growth activities of their choosing annually that have the potential to influence and grow the talent pool.** This is rewarding work and many in the accounting profession already participate in activities such as Junior Achievement or Future Business Leaders of America (FBLA). Growing the volume of voices in high school and community colleges and university campuses can have an immense impact on those considering career options. Becoming an accountant or a CPA can change someone's socio-economic status and put them on a path that contributes to the financial well-being of companies, communities, and economies. This is the story we need to tell.

Activities could include visiting a local middle school, participating in a high school career fair, hosting a networking event for accounting majors, or mentoring a CPA

Awareness building activities such as these aren't new. What's changed is the sense of urgency behind this call to action. Without a concerted effort in which each of us does something new to shift perceptions, we risk further erosion of the already reduced one in eight share that accounting has in business bachelor's degrees.

The CAQ's Accounting+ initiative is an important effort supported broadly by the profession, with a focus on attracting diverse candidates to accounting and a track record of increasing interest among students. We also recognize that the current generation of students and future students are most influenced by social media, key influencers, and authentic information-sharing by those already in the profession, especially those who are in the early stages of their careers. Amplifying our collective efforts via these channels will be critical.

Many employers, schools, and professional organizations already have successful volunteer programs in place, providing pledge participants with ample resources. For example, the Accounting Opportunities Experience (AOE), a collaboration between state CPA societies and the AICPA, aims to raise awareness among high school students. In 2023, more than 900 accounting professionals presented at 690 schools across the country. Armed with presentations, hands-on activities, and training tools, these volunteers

were able to tell their unique story to nearly 24,000 students. Participating in an Accounting Opportunities Experience event or similar program in your state is one step.

“Being able to share my passion for accounting and mentor future professionals is truly rewarding. Collaborating with these students not only allows us to promote the accounting profession but also fosters a sense of community and inspires the next generation of CPAs.” – Rachel Glasser, CPA, chair of the Texas Society of CPAs Branding and Community Outreach Committee.¹⁸

In the short term, success of the Pipeline Pledge will be measured by tracking the number of participants and, where possible, activities and students reached. A national campaign promoting the pledge in 2025 could help volunteers coalesce around specific goals and data-driven messages and coordinate the timing of certain efforts for amplified impact, while building awareness among a wider audience.

This recommendation is intentionally broad and would encompass all stakeholders and include multiple tactics and resources. This broad approach would address several issues and misperceptions, including but not limited to:

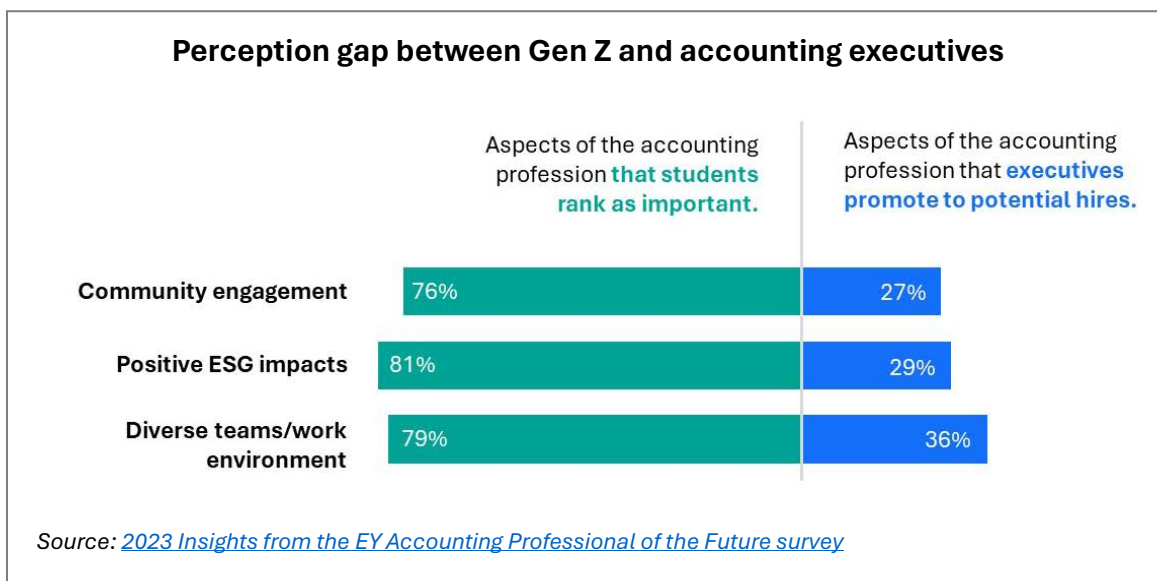
1. A career in accounting is often associated with either tax or audit. Efforts to address the image of accounting should highlight the range of options in accounting careers.
2. What is the accountant’s value to society? The CPA, of course, performs essential services for the companies they represent, but there is a deeper story – the CPA is important to society as a whole and serves a role in protecting the public. CPAs can be seen in some ways as “purveyors of safety,” ensuring that, for example, shareholders are protected from fraud.
3. The perception of accountants is often simplified to its most basic tasks, such as creating balance sheets and P&Ls, and the more mundane day-to-day tasks of maintaining the company’s records. The reality – and a much more interesting story – is that accountants and CPAs may be involved in exciting and fulfilling tasks, such as identifying financial crimes, supporting a company’s profitability through revenue-generating opportunities, protecting taxpayers’ interests, creating and executing financial plans, supporting complex business transactions, addressing sustainability measures within an entity, or even advancing the mission of nonprofit or charitable organizations.

¹⁸ [CPAs Inspire the Next Generation In High School Classrooms](#), AICPA, January 2024.

NPAG’s hope is that this pledge will encourage more accountants to connect with their communities, reshaping perceptions about the profession one student, parent, or new accountant at a time.

Understanding disconnects

Some of the disconnect between perception and reality about accounting careers may stem from **outdated messages that no longer resonate with future talent**. For example, a 2023 survey by [EY](#) found that Gen Z prioritizes working for a company with positive environmental, social, and governmental (ESG) impacts, diverse teams, and community engagement opportunities. However, senior executives promote these aspects of their workplaces at much lower rates.



The timing of student outreach is as important as the message. Partial, preliminary results of NPAG’s national survey found that 42% of students first heard about the CPA profession during their time in a four-year college or university and only 13% of students first heard about the CPA profession before high school. Research consistently shows that middle school is the best time to start exposing students to potential careers. This is when children develop critical thinking and teamwork skills and are more receptive to exploring new interests.

Delivering the message in inclusive ways is also key. This presents another challenge. In a profession in which Black and Hispanic representation among accounting graduates greatly lags the U.S. population and the mismatch grows as accountants progress in senior roles, putting accountants of color in mentoring and awareness building roles increases in difficulty. This highlights the need for those who represent majority groups to engage in

active allyship and advocacy for the underrepresented minorities in their organization. It is also critical that efforts such as the Center for Audit Quality's Accounting+ program continue raising awareness of accounting among underrepresented communities. CAQ's research into root causes of pipeline challenges and diversity is critical to identifying needed change and effective messages.

And importantly, to tell a more compelling story, we need to build a better experience, from the classroom to the CPA Exam process to the early workplace integration. Recommendations in other areas of this report, and the work that others are doing to evolve the accounting profession, will help strengthen the value proposition accounting can offer students.

Enhance K-12 programs and funding, including gamification

When children play, they learn. [Play-based learning](#) allows students to find joy in exploring new topics, make sense of the world around them, and build essential lifelong skills. That's why K-12 programs are increasingly **leveraging hands-on activities to raise awareness about careers**. NPAG supports gamification such as the popular Lemonade Stand (see sidebar), AICPA's Bank on It, or other games and simulations that may include competitions, awards, scholarships, and other prizes and recognition for participants and educators. A successful gamification strategy will include expanding the presence of these existing initiatives, while using them as an example and foundation of more to come.

The power of parents

“Recognizing the significance of parental influence in students' career choices, the University of Scranton conducts on-campus and virtual sessions for parents. These sessions address parents' concerns regarding job stability and earning potential in the accounting field. **Additionally, they dispel misconceptions about accounting careers, such as the notion that analytics will replace accountants.**”

Source: [Strategies for Boosting Accounting Enrollment: An AICPA Pipeline Acceleration Report](#)

Enhancing high school programming and the branding of accounting were two key areas identified at the 2023 [AAA and NABA Future Accountant Stakeholder Symposium](#). Initial conversations with educators and firm leaders highlighted the success of immersive experiences, such as field trips and summer programs. After the symposium, stakeholders from across the profession formed working groups that aim to challenge outdated narratives, showcase accountants in unconventional roles, and foster partnerships that bring real-world examples into the

classroom. These working groups are led by a group of sponsoring organizations that volunteered to progress this effort after the symposium

The multi-stakeholder high school working group is conducting interviews with school teachers to pinpoint their needs and help identify “impactful yet straightforward changes.” The findings may inform any course developed for high school teachers, the group has reported.

Successful programs, like the CAQ’s [Accounting+](#), are **meeting students where they are: on social media and in classrooms**. The national Accounting+ campaign and platform launched in 2022 to address diversity in the talent pipeline and raise awareness of an accounting career. In 2023, Accounting+ partnered with Everfi to launch a comprehensive, interactive digital learning experience for students nationwide. The learning resources aim to dispel myths about what a career in accounting is and is not, while revealing the many benefits that pursuing an accounting career can lead to.

This program has reached more than 110,000 high school students so far. **Measurable outcomes include a 30%+ increase in students’ assessment scores from the beginning of the course to the end, indicating increased knowledge of the opportunities associated with accounting**. By partnering with accounting organizations, media companies, and influencers, Accounting+ has been able to generate increased awareness of accounting while providing students with invaluable resources and support.

Maintaining and growing effective awareness efforts requires extensive resources. **To continue enhancing these programs, professional organizations and employers must commit to securing funding for K-12 outreach**. For example, a broad collection of stakeholders are advocating for bipartisan bills that would allow existing K-12 [STEM grant funding](#) to be used for accounting education, with a focus on improving access for underrepresented students. Investing in STEM can help strengthen the talent pipeline by exposing more students to a career in accounting and finance, earlier. The same groups are exploring the feasibility of creating an online platform to consolidate and promote many of the aforementioned resources.

By working together, the profession can leverage these complementary solutions to reinforce inspiring messages across the student life cycle, spotlight diverse voices, and tell a more compelling story.

Strategy in Action

Gamifying accounting concepts and connecting to entrepreneurship

In “The Accounting Game: Basic Accounting Fresh from the Lemonade Stand,” authors Darrell Mullis and Judith Orloff have come up with a way to make the world of accounting a little more relatable.

Using a simple lemonade stand as the opening premise, the book, which can be used for hands-on classroom projects, teaches the basics of finance as students run their own lemonade stand, including raising capital and buying supplies. Over the course of the lemonade stand project, students reach their goal of creating a successful business, and along the way, learn how to track inventory, understand how to create income statements, and get a better understanding of cash flow and liquidity, while using that accounting knowledge in a real-life business with goals and rewards.

The Lemonade Stand project is highly aspirational – designed to give younger middle and high school students a solid impression of how accounting fits into the realm of business and entrepreneurship.

Schoolcraft College Professor and NPAG member Michelle Randall, CPA, and the Michigan Association of CPAs have guided students, including middle school students, through lemonade stand exercises. Along the way, they discovered the crucial role accountants play in business, while making positive connections with the profession.



Middle school students learn about entrepreneurship and accounting through a lemonade stand exercise, guided by Schoolcraft College and the Michigan Association of CPAs in 2024. Photo courtesy of Schoolcraft College.

Other potential strategies include:

Navigator app

Where do students find the information they need? Information about internships and scholarships, what career paths exist, and what the next step may be in obtaining licensure are all pieces of information that students need, and to find them today requires looking to multiple sources.

NPAG recommends development of a centralized “Navigator app,” to provide information from a single location in a “front door” concept for easier access for students. The app could also provide a hub from which to communicate information to students and tell our story – providing them with the information they need along the education, licensure, and Exam application journey. If tied to state board of accountancy data, the app could track a candidate’s progress, the remaining time they have to complete the CPA Exam before their credits expire, and advise them on the proper forms, application deadlines, requests for testing accommodations, and more.

The app could also provide them with an online community of resources and support based on their individual situation. As part of this centralized approach to information, students looking for mentors – either from a pool of practicing accountants or even connecting with other students – could also benefit from a centralized location where they could make these connections and obtain customized support from their peers and from professionals.

In the partial, preliminary NPAG student survey, the concept of a CPA Exam navigator app tied as the highest-ranking Exam-related solution with 69% of student respondents seeing it as very effective. In an interesting show of generational differences, only 37% of national survey respondents saw this technology solution as being a very effective way to encourage students and graduates to sit for the CPA Exam.

CPA skills assessment

Skills assessments exist across many professions and across academia. They can form a starting point to give a student an idea of whether they have the skill set, or the potential, to succeed in a profession. In addition to assessing a student’s fit and interest in certain accounting roles, a skills assessment could create a deeper understanding of the profession and may build interest in accounting careers.

Theme: Make the academic experience more engaging

Educators work on the front lines of generational change, finding themselves regularly having to adapt to shifts in student learning styles and expectations.

Feedback from students tells us that accounting coursework needs to continue the evolution that is already underway on many campuses. Accounting curricula can and should reflect the dynamic nature of the profession and that an accounting degree can lead to a fulfilling career that meets needs for stability, prestige, work-life balance, career-path flexibility, and social relevance.

Data points:

- **Accounting bachelor's degrees have declined steadily for a number of years.** (*AICPA 2023 Trends Report*, AICPA, September 2023).
- In the 2021-22 academic year, **only 1 in 8 graduating business students received a bachelor's in accounting**, down from 1 in 7 in 2015-2016 academic year (*Digest of Education Statistics*, National Center for Education Statistics (NCES), 2023).



Only **1 in 8** graduating business majors graduates with a bachelor's degree in accounting.

Based on data from Wiley, State of the Education Market: Trends and Insights in Key Undergraduate Disciplines (2023).

- The Center for Audit Quality (CAQ) and Edge Research interviewed **business majors who considered accounting but did not pursue an accounting major and only 1 in 3 said the content was interesting or engaging.** (*Increasing Diversity in the Accounting Profession Pipeline: Challenges and Opportunities*, CAQ/Edge Research, July 2023).

Before they enroll in their first accounting course, students may not realize the wide variety of careers available to accounting graduates. They may be unaware of opportunities to work in organizations with a duty to protect the public, and a need to solve complex and challenging business issues. They may not realize accounting careers can encompass their own areas of passion. They may be missing the link between an accounting degree and entrepreneurship.

Accounting is truly the “language of business,” but not just because it relays financial information. Accounting represents a deeper level of communication that reveals how the business interacts with and contributes to society. In that reality, the academic experience should go beyond credits and debits, and breathe new, ever greater relevance into the field of study.

Principles Course Working Group Purpose Statement

The September 2023 American Accounting Association (AAA) and National Association of Black Accountants (NABA) pipeline symposium, aptly called The Future Accountant Stakeholder Symposium, established a working group to address the pipeline shortage by revitalizing the accounting principles course. That group’s foundational documents outline these goals:

“... Our goal is to cultivate a robust and sustainable pipeline of highly skilled accounting professionals by curating instructional resources, empowering faculty, and developing strategic partnerships.”

Goals

- Accumulate best practices and identify gaps in resources for engaging principles of accounting materials.
- Disseminate accounting principles course best practices and resources to educators at two-year and four-year institutions through boot camps, webinars, conferences, and repositories.
- Foster strategic partnerships with accounting firms, companies, professional organizations, and other stakeholders to bring real-world examples to the students and faculty.

Evolving the Principles of Accounting curriculum and its delivery

Most bachelor’s in business college curricula require students to take an introductory “Principles of Accounting” course, which means that both accounting majors and non-accounting business majors are introduced to accounting as part of their core classes. These “Principles” courses, which may introduce students to both financial accounting and managerial accounting, are foundational to the entire program, and often serve as a student’s first look at the profession. As such, this course -- above all others -- has the potential to shape a student’s perception and ignite interest in an accounting career. And many programs are working hard to do this.

Participants in a multi-stakeholder pipeline

symposium convened in September 2023 by the American Accounting Association (AAA) and the National Association of Black Accountants (NABA) agreed that evolving the principles course is a top priority and named it one of four areas of focus. The resulting principles course working group outlined objectives designed to enhance the delivery of the

course by equipping educators at two- and four-year institutions with best practices, training, and partnerships (*see sidebar for detailed objectives*).

NPAG applauds and supports those objectives. Enhanced training for educators who perform the critical work of introducing accounting to a wide audience at a critical stage in their educational journey will likely help make the course more successful at cultivating interest in accounting careers. NPAG's College to Graduation working group recommendations align with the AAA symposium working group's focus, including:

- Placing highly engaging instructors as leaders of the principles course
- Incorporating gamification and other technology into the experience to stoke engagement and demonstrate the vital role technology plays in the accounting profession
- Getting students exposure to more real-life accounting practitioners in a range of career vocations during the principles course
- Incorporating support from outside mentors and volunteers from the profession willing to engage with students and bring topics to life

NPAG additionally recommends a review, potentially with textbook providers and technology solution providers playing a role, of the principles course materials, including their structure and common topical areas. These efforts must recognize that all schools have different approaches, needs, formats, and circumstances.

While the course itself must remain true to its name and present students with an introduction to basic accounting principles, this is also a valuable opportunity to go beyond that and address the incorrect perceptions students without prior exposure to the field may have.

Students may initially perceive accounting as unimaginative or mundane, and the accountant's work filled with routine tasks. When asked in a survey conducted on behalf of the Pennsylvania Institute of CPAs why they did not select accounting as a major, 18.3% of business administration majors responded that "other majors are more appealing," and 6.1% said that "accounting is unappealing or boring."¹⁹ As one graduate respondent quoted in the 2023 Center for Audit Quality, EDGE Research report on diversity and the accounting pipeline put it, "it wasn't taught to make it more engaging or make you more interested....it's almost like they were trying to...see who they could eliminate...the classrooms were so big, and it was just going slide by slide almost and it was not engaging."²⁰

¹⁹ PICPA, December 9, 2023. "The CPA Pipeline: Crisis and Opportunity Evidence-Backed Action the Profession can take Today."

²⁰ Center for Audit Quality, EDGE Research, July 2023, "Increasing Diversity in the Accounting Profession Pipeline: Challenges and Opportunities."

Accountants and CPAs are strategic thinkers who make vital contributions to their organizations and society in a direct and meaningful way. Principles courses must align with the reality of what an accounting career is, and what it is not.

Shifts to the coursework could involve additions/changes such as:

- Delaying the teaching of debits and credits until the later stages of the course
- Demonstrating how accountants and CPAs can contribute meaningfully to their organizations and the public
- Sharing the entrepreneurial impact of accounting as the “language of business,” the varied career opportunities, and the possibilities that come with an accounting degree
- Using technology-driven simulations to demonstrate how accounting relates to entrepreneurship. A 2022 survey by Intelligent found that 17% of college students already run their own business, and 16% plan to start their own business after graduation. CAQ sponsored research confirms that accounting as a pathway to entrepreneurship is a key draw for engaging students’ interest in accounting.

In making these recommendations, NPAG notes that principles courses range greatly from auditorium settings to smaller classrooms and from in-person to hybrid or online only. That variety adds to the challenge of adapting the principles courses and requires a flexible, scalable redesign of materials and best practices that can be adapted to the setting.

Evolving the principles courses could, at least indirectly by building excitement, improve the pipeline of accounting students by encouraging more students to go on to advanced courses, and consider accounting as a major. An engaging introduction in college would open business students’ eyes to the more interesting, meaningful, and socially relevant work that accountants do.

Guiding students through accounting programs

Prestigious and challenging majors are sometimes known for their attritions rates, or the number of students who abandon the path, as much as they are for their success rates. When the market and public interest mandates an increase in accountants, accounting cannot afford to be one of these “weed out” majors.

We must instead guide students through by offering them enhanced support while still maintaining the integrity and rigor of the program. Many accounting programs are doing innovative work in this area and are sharing best practices with their peers. Those trends can only improve the pipeline.

By helping interested students who have progressed to intermediate accounting but may face challenges and are at risk of withdrawing, we can make significant inroads into increasing the number of successful graduates.

Several distinct interventions may be considered, including:

- Diagnostics and assessments that lead to early identification of at-risk students
- Custom Teachers' Assistant (TA) support
- Pairing at-risk students with upper-class persons or mentors from the profession.
(See sidebar for one program's approach)

Support that yields results

Targeted, custom support is already seeing success at University of South Florida Muma College of Business, where NPAG member Mark Taylor is Director of the USF Lynn Pippenger School of Accountancy. Taylor is the 2023-2024 President of the American Accounting Association (AAA).

After a multi-year decline in undergraduate enrollments and an intermediate course seeing students earn grades of D, F or completely withdraw (also known as the “DFW rate”) at a rate higher than 30%, the faculty set out to change the culture.

The faculty developed and administered very early in the semester a diagnostic test to identify high-risk students. Faculty were assigned a “student support” TA whose time was specifically dedicated to helping at-risk students succeed. The TAs and faculty members also monitored identified students' engagement with online support materials, and encouraged them to attend numerous weekly tutoring and review session. Faculty also encouraged these students with supportive comments.

With this culture of support and the specific strategies, USF saw success, with the DFW rate in that class decreasing from over 30% to 11% in one year, and some sections of the course achieving a zero DFW rate.

The change was revolutionary and at the same time straight-forward, focusing on professor mindset, classroom culture, providing enhanced support to at-risk students already in the pipeline and changing student perceptions about their own capabilities.

More best practices can be found on the [AAA website](#). Also find highlights in the AICPA report [Strategies for Boosting Accounting Enrollment](#).

Mentors, champions, and real-life practitioners in the classroom

Classroom accounting instruction and textbooks help form a foundation of a solid education, but what often sparks passion is when students can make a meaningful connection with people who can give them an insider's look into what the profession is

really like, especially in the Principles of Accounting course and other introductory-level courses that undeclared students may take as they consider career options.

While many colleges and universities have mentoring programs and speakers from the profession, a comprehensive national mentoring effort would expand this possibility and serve as an efficient funnel to match professionals who are interested in volunteering with specific colleges and universities.

Other strategies in this area may include:

- Involving and gaining the support of alumni
- Encouraging colleges and universities to assign an “accounting champion” at the faculty level and/or a “CPA Ambassador” on campus

Making an impact

By creating a more engaging college introductory experience to accounting principles, providing enhanced support to accounting faculty, shifting the on-campus culture from “weeding out” to “pulling students through,” and significantly expanding external support provided to faculty and students by “real-life” accounting practitioners, we can grow the top of our talent funnel and increase the share of business students who choose and achieve an accounting major.

Theme: Addressing the time and cost of education

When the AICPA Council formed NPAG, the resolution asked for “a continuous, research-driven national pipeline strategy” where the discussion “should encompass key components of licensure, including substantial equivalency.” To meet these objectives, NPAG has:

- Reviewed all available research on the pros and cons of the additional 30 hours of education required for licensure
- Engaged stakeholders in small group discussions as well as focus groups, forums, and the national survey
- Explored substantial equivalency research from legal experts
- Researched trends in the evolution of higher education
- Studied licensure models for professions outside of accounting

To ensure we had a well-rounded and unbiased picture, NPAG listened and learned before crafting any recommendations. Throughout the process, NPAG members and the many stakeholders who shared their perspectives with NPAG were encouraged to openly discuss and explore all ideas and options. In this section of the report, we’ll share our learning journey and our recommendations for addressing pipeline impact related to the additional time and cost of education.

To begin, NPAG studied existing research related to barriers impacting those considering a career in accounting or pursuing the CPA license. **The data illustrated how the time and cost of the additional fifth year of education was contributing to the pipeline challenge:**

- **57% of business majors who did not choose to pursue accounting said they don't want to pursue 150 hours for CPA.** *Increasing Diversity in the Accounting Profession Pipeline: Challenges and Opportunities*, CAQ/Edge Research, July 2023, pg. 8.
- **52.9% of accounting majors who are not planning to become CPAs cite the additional education needed to satisfy the 150-hour credit requirement as not worth the *time investment*.** *The CPA Pipeline: Crisis and Opportunity, Evidence-Backed Action the Profession can Take Today*, PICPA, December 9, 2023, pg. 12.
- **45.6% cite the additional education needed to satisfy the 150-hour credit requirement as not worth the *financial investment*.** *The CPA Pipeline: Crisis and Opportunity, Evidence-Backed Action the Profession can Take Today*, PICPA,

December 9, 2023, pg. 12.

- Respondents identified time and cost of education as the “...**strongest potential barriers to the profession**: time needed for CPA candidates to take the additional 30 hours of education, cost of the additional 30 hours...” *Is 150 Too Many*, Virginia Society of CPAs, May 2023.
- **CPA candidate entries declined overall after the 150-credit hour rule went into effect, but the decline is uneven** “...there is a 26% decline for minority CPAs versus a significantly smaller 14% decline for nonminority CPAs...a 13% greater drop in minority than nonminority entry following enactment.”
Occupational Licensing and Minority Participation in the Professional Labor Markets, MIT Sloan School of Management, December 2023, pg. 3.

Quick Preview: NPAG Licensure Recommendations

Considering shifting market dynamics, NPAG is moving swiftly to frame a buildable set of concepts that adds to the existing licensure options to evolve and future-proof the CPA license:

- Two experiential learning solutions for the educational requirements needed post-bachelor’s degree
- A competency-based model

The objectives of these solutions are to continue to transform the licensure system while protecting the public and CPA brand, provide equitable access to all potential candidates, ensure a built-in methodology for transparent and ongoing evaluation of licensure; and align licensure with how business is done now while being nimble and adaptable.

NPAG envisions that evolving the license would include a common competency framework at the foundation of the three solution concepts, and that the successful completion of the CPA Exam would be a requirement under any scenario.

Before detailing the three approaches further, it is important to explore some background on mobility and substantial equivalency and better understand the changing landscape of education and licensing.

Because this is an area of ongoing work being handled with a sense of urgency, there are likely to be ongoing developments that can’t be captured in a timely way in this report. NPAG recommends that you visit its [news page](#) for the latest.

Definitions

Below are a few definitions that may help as you explore the ideas in this chapter.

Mobility: A CPA licensed and in good standing in one jurisdiction may provide services in other jurisdictions, including remotely, without notice, permit, or fees. Without the adoption of mobility in the late 1990s, CPAs were required to obtain a license or temporary permit to practice in another jurisdiction, including remotely inhibiting interstate and international practice for CPAs. Hawaii and Northern Mariana Islands are exceptions to mobility.

Reciprocity/Reciprocal Licensing: The licensing process that requires a CPA to apply for a license, pay a fee, and provide notice to a jurisdiction other than their home jurisdiction to practice public accounting. Reciprocal licensing may include evaluation of the 3E's by NQAS (state dependent). This is *not the same as mobility* as a CPA does not get to “skip” the licensing and board notification steps that come with mobility.

Substantial Equivalency: Substantial equivalency is the determination by a state that CPAs from another state meet the threshold to practice public accounting under CPA mobility. While there are some variations and exceptions, licensing requirements are remarkably consistent from state to state and that has powered the unique mobility system the profession enjoys today. The most consistent and critical elements are the 3 Es, education, exam, and experience, which underpin substantial equivalency and mobility.

Mobility and substantial equivalency

In the U.S. today, **CPA practice mobility enables a licensed CPA in good standing in one jurisdiction to provide public accounting services in other jurisdictions, including “virtually” or remotely, without notifying the other state or being required to obtain a practice permit or pay fees.**

Before the adoption of mobility in the late 1990s, CPAs were required to obtain a license or temporary permit to practice in another jurisdiction, including remotely, which increased the complexity and cost of interstate practice for CPAs. As more employers hire people, serve clients, and engage service providers in hybrid and remote environments, practice mobility is even more important. In the preliminary, partial results of NPAG’s national survey (not including students), a majority of respondents (62%) indicated that mobility is very important to them.

The Uniform Accountancy Act (UAA), drafted jointly by the AICPA and NASBA, provides model language of laws and rules to states to enable mobility across jurisdictions via a concept called substantial equivalency, which has three drivers: education, examination and experience.

The level of adoption around key drivers of substantial equivalency varies by jurisdiction, which can lead to confusion. Education course requirements can vary from state to state, but generally require a bachelor’s degree with specific minimums in

accounting and business coursework and 150 credit hours total. Experience duration can vary from state to state, but a majority of states require *at least* one year of experience. Passage of the CPA Exam is required in all jurisdictions.

Even with these variations, there is a common agreement among states, and today the profession enjoys a functional system of practice mobility. Because this system was put in place decades ago, many CPAs practicing today may not remember life before CPA mobility.

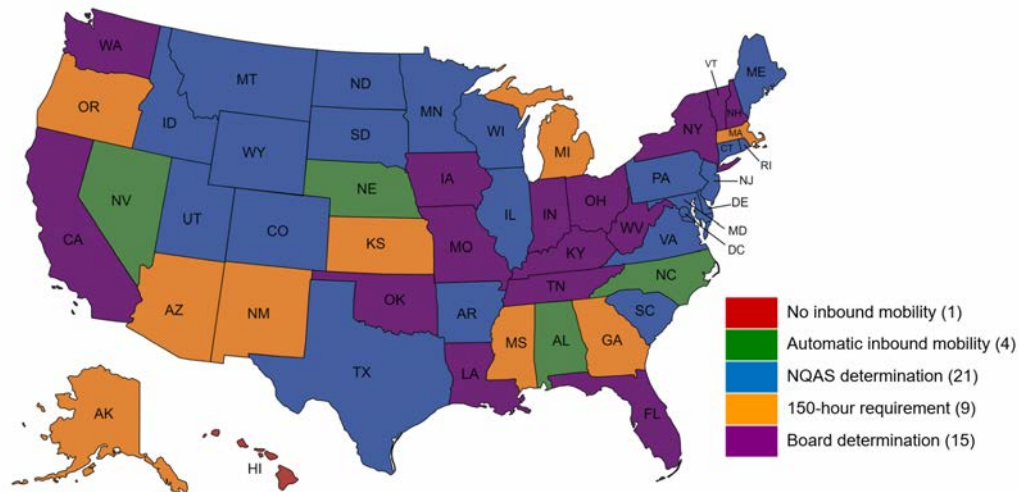
As of this writing, several states are considering or are enacting law or rule changes that may impact substantial equivalency.

While the AICPA Council resolution convening NPAG aimed at preserving mobility while also addressing the pipeline challenge, **NPAG members agreed they needed to explore all options to ease the time and cost of education – even those that might impact substantial equivalency and mobility.** As a result, the group committed to and has practiced an “everything’s on the table” approach to its learning and solutioning.

After reading all available research, gathering focus group and forum data and meeting with various stakeholder groups, NPAG met with Gibson, Dunn & Crutcher, an international law firm, engaged to research and advise on the current U.S. accounting practice mobility model and project potential impacts if substantial equivalency that might be lost due to individual states enacting new rules or laws without a carefully coordinated national effort. Gibson Dunn & Crutcher’s analysis showed, as is illustrated by the map below, that final authority to make determinations about substantial equivalency varies from being enacted by state law to being deferred to the National Qualification Appraisal Service (NQAS) that gives determination authority, in effect, to NASBA.

GIBSON DUNN

State-Level Substantial Equivalency Determinations



This map is based on legal analysis, but final interpretation of state law is dependent on each board of accountancy within that representative jurisdiction.

Even with NPAG’s understanding of the rule and law interpretations depicted in the map above, it must be recognized that each state may interpret specific situations differently.

Bottom line: It’s complicated! And this research illustrates that addressing the time and cost barrier cannot be managed by any one or even two entities or governing bodies.

Seeing that more dedicated time was necessary for a better understanding of all options, NPAG formed the NPAG Substantial Equivalency Working Group led by Shelly Weir, President & CEO, Florida Institute of CPAs (FICPA).

The working group defined their objective as developing:

“...a bold and broadly accepted proposed solution to modernizing licensure while protecting substantial equivalency and mobility, addressing cost barriers, and upholding the rigor of the license. Ultimately, the proposed solution should appeal to a broader group of people and be created with input from key stakeholders. Additionally, the working group supports elevating the Uniform Accountancy Act by raising awareness and transparency of the UAA processes and model law development.

The working group continued its listening and learning, inviting state society leaders from states with varying perspectives to meet with NPAG to share their member perspectives regarding the additional cost and time of education and share what their state societies were doing to address the pipeline shortage.

Licensing: A changing landscape

NPAG's strategy development also considered changes affecting licensing outside the accounting profession that are in various stages of being considered, piloted, and/or enacted.

Most professional licenses have an education component and education is seeing its share of change. **In higher education, increased discussion of, and in some cases legislation on, 90-credit hour bachelor's degrees (not specific to accounting) caused NPAG to carefully consider the risks of embedding, or "hard coding," the number of hours of education into its recommendations (i.e., 150 or 120 hours), where specifying hours may require more change down the road.**

NPAG suggests that requiring a specific number of hours of education measures an input, versus an output that would better point to skill, ability, or quality, like competencies, deliverables, or results. As such, **NPAG recommends referring to the current minimum level of required education as a bachelor's degree**, versus a number of hours, to allow flexibility as higher education experiments with changes in the hours themselves.

There is also an ongoing anti-licensing or license reform movement in the U.S. that seeks to modify or change license laws based on concerns that licensing may make it harder for people to find jobs, cause a scarcity of talent, and seem arbitrary or overly complex. While most of those opposed to licensing are concerned about its impact to jobs in the trades (i.e. those not generally requiring college education), some reformists don't distinguish between these trade licenses and professional licenses like those for engineers or CPAs.

NPAG understood that other professions were also grappling with pipeline and workforce issues and met with the head of the regulatory body for architects to better understand how another profession is tackling the issue of a pipeline. In addition to the architecture licensing model, the group studied the legal profession with a summary of their findings below.

Architecture

The working group invited Michael Armstrong, CEO of the [National Council of Architectural Registration Boards \(NCARB\)](#), to meet with NPAG to share architecture's licensure modernization process. The architecture licensure structure is similar in some respects to CPA licensure, with a commitment to protecting the concept of rigor, maintaining the value of the license, and protecting the public. Within architecture, each jurisdiction has chosen to adopt the exam and some version of experience and education requirements. NCARB chose to adopt alternative approaches to licensure based on varying styles of learning and recognition that a degree from an accredited college or university shouldn't be the only way to licensure, allowing experience as an alternative option.

Armstrong shared that NCARB and architecture’s state boards continuously look at modernizing their license by recurring evaluation. Its “Analysis of Practice” is a snapshot of the profession asking what should be included for license or expectations of what to know or learn. NCARB performs an ongoing gap assessment to examine practice area gaps and to create uniformity and consensus across the states. Between the practice analysis and gap assessment, NCARB has been able to create meaningful evolution and modernization for the architectural license.

NPAG also learned that taking a data-driven approach, NCARB found that diverse, underrepresented populations, especially those where English is a Second Language (ESL), struggled disproportionately with various aspects of their exam. NCARB undertook change initiatives to address this and to remove other areas of bias.

The legal profession

California, Vermont, Virginia, and Washington offer an alternative license concept called Law Office Study Programs (LOSP). When a student opts for LOSP, they can complete their legal education by attending traditional law school, or they can participate in a program of legal studies within a law office or a judge’s chambers (LOSP).

Under California’s model, a student in the LOSP must prove competency by being examined in writing at least once a month by their supervising attorney or judge. Every six months, the LOSP applicant submits a fee, a report on the studies they completed during those six months, and copies of their graded examinations, and study materials.²¹

There are a handful of other states offering experiential legal learning and/or apprenticeship learning as substitutes for one or two years of law school education. In addition, several states, including Oregon²² and Washington²³, have enacted rules or laws to allow law students who earn a traditional law school degree to forgo taking the Bar Exam.

Clearly, the legal profession is experimenting with various models to provide flexible pathways based on attaining competency for potential attorneys.

²¹ The State Bar of California, Study in a Law Office or Judge’s Chamber, <https://www.calbar.ca.gov/Admissions/Requirements/Education/Legal-Education/Law-Office-or-Judges-Chamber>

²² Oregon State Bar, Supervised Practice Portfolio, <https://www.osbar.org/sppe>

²³ Washington State Bar Exam, New Licensing Alternatives, March 2024 <https://www.wsba.org/for-legal-professionals/join-the-legal-profession-in-wa/lawyers/alternatives>

Mixed feedback from stakeholders

Throughout this process, the stakeholder community has provided mixed feedback to NPAG, seeming to both favor and oppose change. The partial and preliminary national survey results are no different. Consider this:

- **69% of respondents said they strongly or somewhat agree that changes should occur to licensure** based on this statement, “Changes should be made to the required components for CPA licensure (i.e., education, examination, experience).”
- **62% of respondents indicated that mobility is very important to them**, and another 26% said it is somewhat important to them.
- Yet, **58% of respondents do not think that mobility currently exists**, answering “False” to this prompt: “A CPA license in one state/jurisdiction allows you to practice in person and remotely across all states/jurisdictions.”
- Only **31% would strongly agree or somewhat agree to support solutions that would impact mobility for a 5-10 year period of time** based on this statement: “I would support changing CPA licensure requirements even if it leads to a period of 5 to 10 years when CPAs cannot freely practice across state/jurisdiction lines (virtually or in-person).”
- **59% were concerned about changes to licensure impacting the profession’s reputation**, saying they strongly or somewhat agree to this statement: “I’m concerned that changes to CPA licensure requirements could have unintended negative effects on the reputation of the profession.”

Florida partnership offers tuition-free fifth year

The Florida Institute of Public Accountants (FICPA), Nova Southeastern University (NSU) and three South Florida accounting firms – Berkowitz Pollack Brant, Kaufman Rossin and PAAST – have formed a partnership that will give firm employees who have already completed 120 hours of undergraduate education the opportunity to get their remaining 30 credit hours – necessary for licensure as a CPA – through online classes through the MAcc program at NSU’s H. Wayne Huizenga College of Business and Entrepreneurship, an institution accredited by the Association to Advance Collegiate Schools of Business. Students would have the opportunity to earn an advanced degree.

Bridge to CPA participants will assume no tuition costs through the combined support of NSU, employer firms and tuition awards from the FICPA Scholarship Foundation and the Florida Department of Business and Professional Regulation’s Clay Ford Scholarship Program.

The pilot program participants have already been selected by their firms; 66% of the inaugural class is female, 66% are from minority backgrounds and 33% are first-generation college students. Class curricula has been approved by the Florida Board of Accountancy, and the program is set to begin in Fall 2024, with plans for expansion in 2025.

NPAG Licensure Recommendations

Operating with the everything-is-on-the-table mentality, NPAG also asked Gibson, Dunn & Crutcher to evaluate six different licensure frameworks, some safer and some more bold, analyze how each would impact mobility and what would be possible to do today based on current law.

From that work, NPAG has endeavored to advance a range of solution ideas from amplifying “safer” innovations that reduce the cost and/or time of education and maintain mobility (sometimes called the **now** concepts) to bolder ideas that lean toward talent best practices and future proof the licensure process from further changes that may occur in higher education and the marketplace (sometimes called the **near and next** concepts).

NPAG has developed a continuous concept to modernize the CPA license. Within that concept, there are three areas of development that need to occur to build out a true competency model.

Reduced cost education and experiential learning on transcript

These ideas ease the cost and/or time of education **now**, without material impacts to substantial equivalency or mobility. They do not address the longer-ranging modernization issues, but they may provide more immediate relief for students related to the time and/or cost issue.

One idea is to point students to lower-cost, on-the-transcript learning options available today like AICPA and NASBA’s Experience Learn and Earn (ELE) program, the Rider University partnership, or the FICPA/Nova Southeastern University partnership (see sidebar for details). These programs are intended to make the last year of education much less costly for students. There may be other opportunities with other universities, too.

Another concept involves employers working in partnership with higher education to offer on-the-transcript experiential learning programs to their employees who have earned their bachelor’s degree and need to complete the last 30 hours of education. This would enable them to complete this experiential learning while actively employed by a firm or finance department and the cost would likely be borne by their employer, reducing both the cost and time of education for students.

Examples of this type of experiential learning program include [PwC’s program](#) with St. Peter’s University, [Withum’s program](#) with Seton Hall University, and [WilkinGuttenplan’s collaboration](#) with Rider University. These programs use learning rubrics, include faculty involvement and oversight, and result in college credits that show up on a transcript, meeting the current 150-hour requirement.

With some of these options that entail both lower-cost education and experiential learning programs delivered by the employer in partnership with a college or university both of which

appear on the transcript, candidates would still complete an additional year of work experience (unless they have already done so) as well as would need to sit for and pass the CPA Exam to become licensed.

Experiential learning off the transcript

This **near-term** concept in the buildable set involves the use of experiential learning programs delivered by employers to their employees who seek to become licensed. These credits would not appear on a college or university transcript, so this concept could impact or disrupt substantial equivalency and mobility even with a closely coordinated effort to orchestrate changes made in CPA licensing rules and laws, because those changes will take time to affect. NPAG acknowledges that in the current polarized political climate, it may be difficult to regain the level of mobility currently enjoyed once it's lost.

The learning would be earned through work experience that follows a yet-to-be-developed common rubric, following standards and guidelines that outline the competencies necessary for CPA licensure. Because it is possible that a state board would be relying on an entity other than a college or university to administer this, this option would come to life when:

- The common learning rubrics and standards or guidelines outlining competencies that need to be achieved are developed, written into the UAA and agreed to by stakeholders and state boards.
- A simple but effective form of program administration is agreed upon to ensure state regulators are comfortable that employers are using the appropriate framework and are applying it correctly. It may make sense to partner with a 3rd party with demonstrated experience assessing education for other occupations or professions to design and/or administrate this process (i.e. The American Council on Education or similar entity).

Scalable, “experiential learning in a box” options for smaller employers would also need to be considered. This may be an opportunity for universities, current commercial curriculum developers, or other learning providers.

While some are concerned that this option could negatively impact higher education or the quality of candidates entering the workplace, there are a few things to consider. First, to ensure the experiential learning is equivalent to university-level education, partnering with organizations such as the American Council on Education or other entities would ensure these programs uphold quality and diminish risk of decreased standards. Universities and colleges may find opportunities to partner with employers to develop “commercial” solutions for the delivery of the experiential learning, moving their revenue stream from student tuition to employer learning program fees. Second, this approach would allow employers to better influence the skills and competencies their people develop during this last year of education, ensuring that their people have the skills that will make them most successful.

Beyond the time and cost benefits for students, this approach might bring more talent into the workplace faster, and there is potential that graduates with non-accounting bachelor's degrees, especially those who have been out of school for some time, might see a way to CPA without risking income or needing to return to college full-time (unless they need specific coursework to meet the accounting and business concentration requirements).

As experiential learning programs are developed, state case law must be considered regarding such program development. There is existing case law where any proposed requirements for experiential learning programs may not be able to be accomplished outside of a degree granting institution, whether on or off a transcript.

Candidates pursuing experiential learning off transcript would complete an additional year of work experience (unless they have already done so) as well as sitting for and passing the CPA Exam to become licensed.

Competency-based licensure

This longer-term and very bold concept entails building a competency model that outlines all the skills, abilities, and experience needed by employers, providing maximum flexibility and adaptability of the licensure model. In devising this model, the working group considered that the purpose of licensure is to ensure licensees are competent to practice the profession for which they hold a license. Demonstrating and measuring competency is the most important outcome with respect to protecting both the public and CPA brand.

This competency-based model would measure outputs (skills mastery, abilities, knowledge, and experience) versus time spent going to college (education hours). This model reimagines the education and experience together and moves the discussion completely away from 90, 120, or 150 hours. It would be the single umbrella that any and all pathways would fall under. Candidates could get licensed via any combination of education and experience because the measurement is mastery of competencies rather than how the competencies are achieved (inputs). Regardless of the combination, successfully passing the CPA Exam will be a required milestone.

Under this model, competencies could be gained through traditional, institutional learning, experiential learning delivered by employers, or through self-study or do-it-yourself learning options. Because of this level of learning flexibility, to maintain the rigor and quality of the license, it is critical to study the best methods for measuring or testing each candidate in each competency area.

There are many questions to answer under this model, including who would develop the shared competency framework, educational offerings, and testing at various stages to prove mastery. It is a bold new world in education, employment, and licensing that calls for our profession to think outside the box and consider something this flexible and future-proof.

With this option, candidates would demonstrate mastery through some interim assessments. They would then need to sit for and pass the CPA Exam to become licensed.

NPAG envisions that many people employed within the accounting and finance professions, who may not have a four-year degree or have completed the additional 30 hours of education yet have developed a deep expertise through their work experience, may find a way to CPA under this flexible, and for some, more affordable, competency concept.

In addition, once the competencies are fully developed, they may be leveraged in many ways, including providing a framework to enrich the academic curriculum for accounting, to illuminate the way forward for those who want a career in accounting but not necessarily licensure, and a way to integrate with other certificate and licensure frameworks in accounting using a common core competency model as the basis.

With this model, the work done to build the practice analysis will serve as a blueprint to develop the rest of the competencies needed, as well as the delivery and administration mechanism. In this competency-based model, the CPA license would be awarded based on mastery that can be measured, with less emphasis on how a candidate got there and more on their ability to demonstrate that they are there.

NPAG believes this model may create equitable outcomes by accommodating candidates with different life experiences and learning styles. To come to life, this flexible concept will require a collaborative, profession-wide effort to develop, test, and refine the approach with minimum standards, a practice analysis to include the necessary technical and enabling skills needed for career success in the profession, and a commitment to maintain – and even elevate – the rigor and quality the CPA designation is known for today.

[The journey from here](#)

The best way forward on all pipeline matters is a collaborative way forward. And, because 69% of NPAG national survey respondents agreed that changes should be made to the required components for CPA licensure, the time to advance the conversation is now.

Employers can take steps to reduce the time and cost of education for their team members **now** by exploring lower-cost college and university programs and learning more about the experiential on-the-transcript programs being offered in New Jersey.

To further these concepts, NPAG is calling for a thorough practice analysis that will serve as the basis for any future competency-based frameworks and enable the profession to have an ongoing and transparent process for regular evaluation of the licensure process.” This will highlight real-life needs, identify gaps, illuminate market changes and trends, and help maintain the CPA license’s relevance.

NPAG also hopes to collaborate with key stakeholders including NASBA, AAA, state societies, state boards, employers, and others, to share and combine ideas for modernizing the license. This collaboration will identify the best concepts to be furthered while working

to ensure a highly coordinated, profession-wide effort to reduce the cost and time of education while preserving the respect and quality of the license.

Non-CPA pathways

Because NPAG is committed to developing strategies to grow the accounting pipeline, it is important to note that there are many career paths available for those interested in a career in accounting that do not involve the pursuit of the CPA license. These include:

- Participating in an administrative or operational role
- Graduating with an associate degree in accounting and pursuing roles where that introductory accounting knowledge will be beneficial
- Exploring apprenticeship programs such as the Registered Apprenticeship for Finance Business Partners
- Pursuing a wide variety of certifications available to non-CPAs, including but not limited to the Chartered Global Management Accountant (CGMA), Certified Management Accountant (CMA), Enrolled Agent, CIA (Certified Internal Auditor), Certified Financial Planner (CFP), the Certified Information Systems Auditor (CISA) and *many others*.

Theme: Increased support for CPA Exam candidates

A CPA license communicates value as a professional, and shows that the holder has completed advanced education, passed a rigorous licensing exam, and adheres to a code of ethics. It signifies that an accountant has completed annual education (CPE) requirements, and that their license is overseen by a state licensing board. In almost every survey NPAG reviewed, the CPA license was highly valued and respected, even among those that chose not to pursue it.

NPAG's **mission is to increase the number of people who choose a career in accounting, thereby increasing the number who may go on to become licensed.** Any set of pipeline solutions must then look at a component of the licensing process, the Uniform CPA Examination ("Exam").

The research shows that:

- **54% of students cited the difficulty of the Exam content** as the main challenge to CPA, tied with workload time commitments

A CPA Pipeline Report - Decoding the Decline, Illinois CPA Society, 2021

- **56% of respondents to a Center for Audit Quality/EDGE Research survey who opted not to pursue an accounting major cited not wanting to take the CPA Exam as a reason.** Of those, 18% cited it as a major concern.
Increasing Diversity in the Accounting Profession Pipeline: Challenges and Opportunities, July 2023
- **In 2022, there were 67,336 unique CPA Exam candidates, down from 85,859 in 2018.**
2023 Trends, AICPA

Providing better support to Exam candidates generally breaks down into four areas of focus:

- Addressing the cost of the Exam
- Adding flexibility to the timeframe in which the Exam can be taken
- Simplifying the application and eligibility process end-to-end
- Reworking the content and/or format of the Exam itself

Changes in these four areas will potentially increase the volume of CPA Exam candidates in the pipeline – over time.

Taking the Exam as students complete their coursework

To reduce the time to prepare for the CPA Exam, NPAG recommends shifting at least some Exam testing opportunities to directly after students complete relevant coursework at the college or university level. This shift to earlier testing may mean allowing testing regardless of how many credit hours students have earned.

Advantages of this approach would include shifting testing up to when knowledge is fresh and creating a cohort of peers progressing through the testing journey together. Early testing may also help students complete all or parts of the Exam before life and work compete for their time. **In the NPAG interim student survey results, 69% of the students surveyed considered this idea to be very effective at encouraging students and graduates to sit for the CPA Exam,** one of the most supported solutions of those tested.

Objectives of this shift would include getting a higher percentage of accounting degree holders to sit for the Exam. The approach could also help students manage their fears about the Exam by testing on recent material and gaining confidence in passing while still in school, feeling less daunted by the prospect of taking on this CPA Exam study, and testing after graduation.

This concept is complex and could create risks in several areas. While students would have the support of their peers, instructors, and potentially mentors, they might not have a future employer ready to help defray Exam-related costs. And students completing a course may not be equipped to pass an Exam section as the Exam's competency is set at the one- to two-years of experience mark and the knowledge and skills assessed are often interrelated (e.g., a candidate needs to understand financial statements to audit them).

However, given the strong market interest in the concept, the idea warrants consideration and study by relevant stakeholders including NASBA and the state boards of accountancy, in collaboration with the academic community and the AICPA.

Assessing the Impact of CPA Evolution

As NPAG was discussing Exam related strategies, a new version of the Exam years in the making launched in January 2024. The new approach, driven by an initiative known as CPA Evolution, is designed to reflect the skill sets, competencies, and greater knowledge of emerging technologies accountants need.

Stakeholder groups including students and the academic community as well as AICPA and NASBA are still adjusting to the new Exam, and it's too early to gauge the impact it will have on the pipeline.

Monitor and share employer best practices

Today, many students first sit for the CPA Exam after graduation, while employed. The additional workload can impact their ability to study, so it's important that employers take an active role in supporting their CPA candidates.

NPAG student survey respondents embraced examples of employer support for Exam candidates. In partial, preliminary results, they gave high marks for the following being very effective in encouraging students and graduates to sit for the CPA Exam:

- 83% favor financial incentives like a bonus or raise after passing each section the Exam
- 83% favor paid time off to study
- 70% feel that reduced employee workloads for those studying for the CPA Exam would make an impact

- 69% liked the notion of employers paying Exam fees upfront versus through reimbursement or not at all. This was recommendation that the National Commission on Diversity and Inclusion made to NPAG as one strategy for increasing representation.

NPAG recommends continually evaluating, adjusting, and promoting employer best practices in CPA Exam support that include having an Exam coach to demystify the process, having shepherds assist with CPA Exam project planning, advocating for adjusted workloads around Exam peak times, and having mentors to help employees visualize the potential return on investment for becoming licensed.

Another best practice idea not tested in the survey is a block scheduling protocol that would allow employers, schools, or Review Course Providers (RCPs) to schedule Exams for all their candidates at the same time. This would also provide a more streamlined and convenient experience for both the candidates and the firms or schools and would allow firms to better manage the Exam journey for their employees and create a more cohesive cohort of candidates.

Aggregating and promoting these best practices would allow employers to tap into a set of strategies that work, encouraging development for their people which leads to enhanced retention. Providing world-class support for CPA Exam takers will also differentiate the employer as supportive, aiding in recruiting.

Count CPA Exam preparation courses toward college credit

Sixty-three percent of NPAG student survey respondents strongly favor allowing CPA Exam prep courses to count toward college credit so candidates can obtain some of their 30 credit hours needed toward licensure in this way, according to preliminary results. Enabling this would first require answering questions about what type of prep courses would qualify – review courses or instruction in new areas for the student – and how those courses are offered. It would require universities and colleges, with leadership from AAA and Exam Review Course Providers to coordinate with state boards of accountancy and NASBA to align on what is and isn't eligible toward licensure. Taking steps toward this strategy could increase flexibility and address concerns around the time and cost of education.

Developing a secure, cloud-based Exam data warehouse

Foundational to nearly all candidate and Exam-related solutions is the development of a data warehouse and candidate relationship management system. Without such a unified data set, many of the otherwise useful and productive solutions around candidate support and the CPA Exam would have only limited success or could not be implemented. For example, while solutions that involve ensuring access and affordability to socio-economically challenged candidates may certainly see some traction, without complete

data, it may be difficult or impossible to effectively identify and reach these individuals and share available resources.

The issue is not whether the data exists – much of it does – it is that there is no centralization of it and there are differences in what data is collected from state to state. Much of the relevant data surrounding the CPA Exam is held by individual state boards of accountancy. And while on the state level, that data serves its purpose well, it could serve an even greater purpose by allowing for identification of larger, national trends were it to be compiled and analyzed more extensively as a whole.

Solutions around a unified data warehouse would have to contain assurances to the owners of the individual state data sets, and potentially down to the individual candidate level, regarding proper and responsible use, data privacy, and cybersecurity.

Benefits to the pipeline initiatives would include:

- Ability to develop Internet-based and mobile apps, which would provide students and candidates with a single portal to apply, register, schedule, view scores and status, provide profile management, and approve access to their profile information by the various stakeholders.
- Allowing scholarship bodies, colleges, and universities, as well as Review Course Providers, to offer students and candidates additional support, financial and scholarship offers, internship and employment offers, and membership and professional engagement support.
- Allowing stakeholders involved in the administration of the CPA Exam to provide more data-informed communications, such as reminders and guides, regarding the candidate's scheduling behavior, impending expiration dates, and future sections to be passed.
- Helping the profession understand trends among candidates, and how to better support candidates across different socio-economic, cultural, geographic, or educational backgrounds.

Explore faster Exam score release timeframes

Waiting for the results of a high stakes exam can feel like an eternity. Typically, a final score is sent to CPA Exam candidates approximately 20 days after testing. This recommendation would involve the AICPA sending an advisory score (which is estimated to be 99% accurate) to NASBA within a few days of the candidate's test date. NASBA would pass the advisory score on to candidates. This would allow candidates to know sooner (with a high but not 100% degree of certainty) where to focus their studies – that is, whether they should study more in the same section after receiving an advisory score of failing or move on to the next section, when a passing advisory score is received.

NASBA and state boards of accountancy would need to administer providing both the advisory and the final scores instead of just one score, which would trigger some additional administrative cost.

Simplify state board testing requirements

The CPA Exam is universal across all jurisdictions. Yet across states and jurisdictions, there exist multiple entry points to the same Exam, with state board requirements varying significantly to achieve the same result. Some states require a work portfolio, or have an age requirement, or a varying level of experience requirement with either rules or state law mandating either two years or one year. AICPA, NASBA, and state stakeholders have a priority list of requirements they are collectively working to address, as described in the [Pipeline Acceleration Plan](#). NPAG believes this work should continue, prioritizing simplification and commonality of all the processes, procedures, and administrative requirements across jurisdictions wherever possible.

Doing so would, however, require coordination and agreement among states and NASBA, and in cases where requirements are written into law, the cooperation of state legislators.

Simplify the eligibility process

Currently, candidates have a defined period during which their CPA Exam eligibility determination is valid. In some states, that period is six months, while in at least one state, the window is three months. Most students do not take all four sections of the exam within that window, which requires students to reapply for eligibility for any sections remaining.

The concept of eligibility is important, as it facilitates the security of the Exam, and ensures that each candidate is a legitimate candidate who has met the requirements and standards. In so doing, the Exam process is protected. But the practice of having candidates re-qualify as frequently as they do should be rethought.

A single eligibility period lasting 30 months could allow candidates to complete the process without an additional layer of complexity.

Develop and promote additional CPA Exam practice tests

Differing from Exam preparation courses, Exam practice tests can be a useful, potentially free tool to determine readiness to sit for an exam section.

AICPA currently offers a practice test platform. Developing an additional basic practice tests that are not necessarily a predictor of future performance but provide additional exposure to practice questions for the candidates could help students prepare.

Some other NPAG CPA Exam ideas that were tested in the national and student surveys that did not garner much support or where there were interesting differences in support (**noted in red**) in the interim results included:

Concept	Percent of <u>students</u> who felt the concept would be Very Effective or for which there was Strong Support	Percent of <u>national survey respondents</u> who felt the concept would be Very Effective or for which there was Strong Support
Change the structure of the CPA Exam from four separate exam sections by subject area to a set of exams that progress in difficulty (basic, intermediate, and advanced) and are aligned to learning	31%	14%
Starting new hires at reduced pay earlier than their needed start date, to encourage them to use a slower work “ramp-up” period to study for and sit for the CPA Exam	24%	18%
Give a bonus to managers and/or work schedulers when their direct reports pass the CPA Exam	53%	26%
Provide opportunities to participate in a cohort of Exam candidates with synchronized testing schedules and study sessions	48%	33%
Assign a mentor or “coach” to CPA Exam candidates to advocate for and support them throughout the exam and licensure process	60%	37%

Theme: Prioritize strategies to expand access for underrepresented groups

Underrepresented Degree Completions Compared to U.S. Population

	New Accounting Degree Completions – Bachelor’s and Master’s 2012-2013¹	New Accounting Degree Completions – Bachelor’s and Master’s 2021-2022¹	U.S. Population 2010²	U.S. Population 2020³
Black/African American	8.07%	7.1%	13%	13.6%
Asian/Pacific Islander/Native Hawaiian	8.46%	9%	5.1%	6.6%
Hispanic/Latino/Latina/Latinx	9.16%	14.3%	16.3%	18.6%
Native American /Alaska Native	.38%	.4%	1.2%	1.3%
2 or more	1.12%	2.7%	2.3%	2.9%
Totals	27.19%	33.5%	37.9%	42.6%

Sources: AICPA 2023 [Trends Report](#); 2010 U.S. Census Report [NC-EST SR11H](#); 2020 U.S. Census Report [NC-EST2022-SR11H](#);

A picture tells a thousand words. And this one speaks volumes.

Today, the accounting profession demographic does not mirror that of the U.S. population, with the Black/African American, Hispanic/Latino and American Indian/Alaska Native populations being underrepresented when compared to their total percentage within the U.S. population.

Diversity is an essential goal for any healthy pipeline -- not just for appropriate representation, but also for the strength that comes from having employees and professionals who can view problems and opportunities from different perspectives. The accounting profession has long opened doors for those who come from different backgrounds. Many of today’s leaders in the accounting profession were first-generation

professionals. This is a proud legacy and one the profession should embrace as it evolves to meet the challenges of tomorrow.

To be successful, those who are traditionally underrepresented must feel they belong in the profession. As the U.S. population becomes more diverse, the need to increase the number of underrepresented minorities in the profession only makes sense. The accounting profession must reflect the population it serves.

The need to increase the number of underrepresented minorities is an NPAG imperative.

The underlying causes for under-representation are many and include access issues, the dearth of role models, and economic factors such as the cost of higher education and the cost of the CPA Exam. The January 2022 Center for Audit Quality's (CAQ) and Edge Research report *Increasing Diversity in the Accounting Profession Pipeline: Challenges and Opportunities*, noted "Underrepresented students do not see themselves reflected in the accounting profession" leading them to look at other careers.

The partial, preliminary results of the 2024 NPAG Student Survey show that 31% of the respondents chose their current major during high school or earlier.

Raising awareness among potential accounting students as early as possible involves expanding programs that already exist and are seeing results. Examples of programs to amplify include but are not limited to:

- The highly successful National Association of Black Accountants (NABA) [Accounting Careers Awareness Program \(ACAP\) program](#), which enables high school students to explore the profession through a week-long college residency program, as well as similar business career awareness programs held at universities and colleges around the country, primarily with accounting firm support.
- The Center of Audit Quality's [Accounting+ program](#), which works to bring greater awareness to and increase interest in accounting among high school and early college students.

Individual firms, employers, and accounting associations have invested time and money into outreach to middle and high school programs. The value of those programs should not be understated – and encouraging young people from underserved communities to pursue a career in accounting needs to start long before college.

A business case for diversity

A strong business case exists for diversity in the profession, on two fronts: as mentioned, pure demographics dictate that a larger share of ethnic and racial minorities be included to be more in line with general population trends and to help counter demographic shifts in the working age population. **Without embracing diversity, the pipeline challenge cannot be solved.** But beyond that, companies that embrace diversity tend to outperform those that do not.

[McKinsey](#) reports a strong business case for both gender and ethnic diversity. On gender diversity, McKinsey reports that, “Each of our reports – 2015, 2018, 2020, and now 2023 – has found a steady upward trend, tracking even greater representation of women on executive teams. At each time point we have assessed the data, the likelihood of financial outperformance gap has grown. . . . A strong business case for ethnic diversity is also consistent over time, with a 39 percent increased likelihood of outperformance for those in the top quartile of ethnic representation versus the bottom quartile.”

Expanded programs for underrepresented groups

Without a catalyst for change, current underrepresentation in accounting, particularly of Black and Latino communities, is likely to lead to ongoing underrepresentation. Employers are encouraged to take an inventory of their diversity, equity, inclusion and belonging efforts, particularly those focused on early-stage recruiting, to ensure their resources are deployed equitably.

A key determinant of someone joining the accounting profession or becoming a CPA is personally knowing someone in the profession. Having mentors who resemble you is particularly powerful for students. Firms, finance departments, and accounting organizations should encourage their employees to increase their visits to middle schools, high schools, community colleges and universities, especially those with higher underrepresented populations to share their career story and to describe the variety of career pathways that accounting provides.

In addition, all members of the profession must familiarize themselves with and then amplify the accounting immersion experiences such as ACAP and various business career awareness programs (see sidebars) that are scalable and are showing results in terms of participants progressing on to business and accounting programs.

NABA's Accounting Careers Awareness Program (ACAP)

Since its inception in 1980, ACAP® has been a turning point in the academic lives of thousands of high school students, motivating them to pursue higher education and reach their maximum potential.

ACAP introduces high school students from underrepresented communities to accounting, finance, and business-related fields. ACAP offers a week-long summer campus residency program and year-round programming, providing students with a comprehensive understanding of career opportunities in accounting, finance, economics, technology and management. The program also fosters the development of interpersonal skills and financial fluency.

Engagement with campuses with a high population of underrepresented students

The accounting profession should build closer bonds with Minority Serving Institutions (MSIs) and have an increased presence for awareness building, mentoring, and recruiting on the campuses of MSIs and other institutions with high populations from underrepresented communities.

Minority Serving Institutions are two-year and four-year higher education institutions that serve minority populations²⁴. They include Historically Black Colleges and Universities, 107 institutions that have track records of success with professions such as law and engineering, Hispanic-Serving Institutions, more than 500 of which now exist across 28 states²⁵, along with Tribal Colleges and Universities, and Asian American and Pacific Islander Serving Institutions.

²⁴ <https://www.doi.gov/pmb/eeo/doi-minority-serving-institutions-program>

²⁵ <https://sites.ed.gov/hispanic-initiative/hispanic-serving-institutions-hsis/>

Business Career Awareness Program (BCAP)

Derived from the ACAP model, BCAP is a type of highly successful high school outreach program executed in conjunction with campuses such as University of Texas and Texas Tech, where students spend one week at a university campus, living in the dorms, and getting exposure to the school of business and the campus itself. The program gives students an opportunity to get a much deeper understanding of the school and represents an opportunity to raise awareness about the accounting profession and the opportunities surrounding it.

The program, in addition to introducing students to the profession, also increases diversity. The selective program works with the college admissions office to select students with a high chance of success.

Promote smooth transitions between community colleges and four-year institutions

Community colleges offer an opportunity to address challenges socio-economically impacted students face around the cost of education. But the community college to four-year program pathway works best when students and counselors have a clear sense of needed, transferable credits so that no time or money is wasted.

Some states have sought to pave the way for community college students to maximize their transferable credits through legislation. Maryland’s “Transfer with Success Act²⁶” and related bills created, among other things, a “new requirement for public institutions to jointly review courses and credits that are denied when a student transfers from between two public institutions in the state. In addition, the legislation created a new annual reporting requirement: public institutions are now obligated to submit to the Commission a report listing the denials and the reasons for the denials.”

According to partial, preliminary results, 46% of the 2024 NPAG student survey felt that creating and/or amplifying programming and resources to help transition community college students successfully into four-year accounting degree programs would be very effective at encouraging students to major in accounting. States and the academic community should look for specific, proven ways to build stronger bridges between community colleges and universities.

Articulation agreements or other streamlined pathways from community college to a four-year institution that outline policies, procedures, and communication can ensure the

²⁶ [Transfer Guidance for Public Institutions in Maryland](#) (Maryland Higher Education Commission) and [Chancellor’s Message](#), University System of Maryland, August 2023

transfer of class credits. **Best practices with successful articulation agreements and transfer policies should be studied and shared.**

Employers and community college administration can work together to ensure that community college students have access to and are prepared for productive internships.

Financial assistance for socioeconomically disadvantaged

The increased time and cost of education has had a higher proportional impact on efforts to attract more underrepresented minorities to the profession. In a paper²⁷ led by MIT Sloan School of Management Professor Andrew Sutherland, researchers found that **after the additional 30 hours of education was added to the CPA licensure process, there was a “26% decline for minority CPAs versus a significantly smaller 14% decline for nonminority CPAs...a 13% greater drop in minority than nonminority entry following enactment.”**

In the 2023 PICPA *The CPA Pipeline: Crisis and Opportunity Evidence-Backed Action the Profession Can Take Today* report, **43.3% of non-white participants cited the cost to prepare for and take the CPA Exam as not worth the financial investment as the reason they are not planning to become CPAs²⁸.**

While the solutions for this are examined more fully in a separate theme within this report (see the “Address the Time and Cost of Education” section), the cost of higher education and Exam preparation pose significant hurdles to licensure and speak to the need to devise solutions to expand access for underrepresented and socio-economically disadvantaged communities.

The increased education requirement for licensure is especially onerous for Black and Hispanic non-accounting students who opted out of accounting in favor of another major due to the additional costs involved in completing the additional credit hours.²⁹ The CAQ report “Increasing Diversity In The Accounting Profession Pipeline: Challenges and Opportunities” noted that while 81% of all accounting undergraduates planned to pursue CPA licensure, data showed a significantly lower percentage among Black (68%) and Hispanic/Latino (72%) accounting majors. “The time required to study for the CPA Exam is a top obstacle across all demographics, but the costs associated with completing the 150 credit hour requirement is the most significant hurdle identified by Black and Hispanic accounting majors,” the report stated.

²⁷ Sutherland, Andrew and Uckert, Matthias and Vetter, Felix, Occupational Licensing and Minority Participation in Professional Labor Markets (December 4, 2023). *Journal of Accounting Research*, Forthcoming, Available at SSRN: <https://ssrn.com/abstract=4690669> or <http://dx.doi.org/10.2139/ssrn.4690669>

²⁸ PICPA *The CPA Pipeline: Crisis and Opportunity: Evidence-Backed Action the Profession Can Take Today*, December 2023.

²⁹ Center for Audit Quality, July 2023. “[Increasing Diversity in the Accounting Profession Pipeline: Challenges and Opportunities.](#)”

The high cost of education puts students at risk, especially students who are the first in their family to attend college. According to a report by Sallie Mae³⁰, about 26% of current undergraduates have considered leaving college or are at risk of dismissal. In addition, the report notes that students who are first in their family to attend college are more likely to consider leaving at some point, with the same outlook for minorities and low-income students who may have conflicting work commitments.

A recent student survey from the Pennsylvania Institute of CPAs (PICPA)³¹ showed that the support that accounting majors wanted most was financial support and scholarships. Although further work must be done in this area, current resources do help contribute, including scholarship programs from various state societies, AICPA, accounting organizations, firms and employers, and NASBA.

In addition to the cost of higher education and the CPA Exam, Exam prep and review courses are often cost-prohibitive to some candidates. More can be done to expand access to prep materials and lower candidate costs to be more inclusive of underrepresented communities.

Review Exam and course materials for bias

The CPA Exam is a leading gauge of readiness to work in the accounting profession and protect the public, and it is carefully constructed according to testing development industry standards. To ensure that the Exam is fit for purpose for all Exam takers, its content should continue to be routinely reviewed for bias that could unintentionally weed out qualified licensees. Similar reviews could also be applied at the academic level to course materials and textbooks.

Many of the solutions outlined in the “Increased support for CPA Exam candidates” section of NPAG’s report apply to eliminating certain Exam-related barriers for underrepresented populations.

What does success look like?

As NPAG reviewed recommendations in this area, discussion turned to appropriate success measures. **NPAG envisions a profession where every single cohort of**

³⁰ Sallie Mae and Ipsos, 2024. “How America completes college. Understanding what helps students graduate.”

³¹ PICPA [The CPA Pipeline: Crisis and Opportunity: Evidence-Backed Action the Profession Can Take Today](#), December 2023.

underrepresented minorities earning an accounting degree is in line with, or even greater than their respective percentage of the U.S. population.

Reaching that goal would mean a significant increase in Black and African American, Hispanic/Latino and Native American /Alaska Native accounting major graduates. That shift would require considerable progress on both high school and college initiatives. **NPAG is calling for regular reporting on progress toward this goal in the pipeline scorecard** (see Next Steps section) **and an evaluation at the five-year mark in 2029 of progress toward the goal.**

Retention of accountants – including accountants of color – in the first five years of employment is explored in the next section of this report. But it warrants repeating here that the experience minority hires find in the workplace must match their expectations and be inclusive and nurturing if the profession hopes to move the needle on representation.

Theme: Enhance the employee experience by evolving business models and cultures

With the demographic realities of today, and even greater labor shortages projected in the future, today's students have an almost unlimited number of career and employer choices. As a result, students – and their parents – can be more selective in their career choice. Employers must understand and appeal to today's and tomorrow's talent motivators, which are driving a host of cultural and business model changes.

Motivators

In an EY Gen Z³² study exploring how Gen Z is shaping the accounting profession, when asked why they seek out a career in accounting, students cited:

- **46% because accounting offers career stability and a comfortable lifestyle**
- **25% the ability to find solutions within numbers and data**
- **23% an opportunity to contribute to society**
- **21% the chance to impact sustainability**

Successful recruiting and retention will depend on employers addressing the value agreement with talent that balances better starting salaries with more reasonable workloads. Employers must take a holistic, comprehensive approach to improve the overall employee experience. According to a recent Robert Half/IMA survey, this will include³³:

- **Competitive compensation and benefits**
- **Supportive and inclusive culture**
- **Respect and recognition**
- **Career growth and development**
- **Flexibility and work-life balance**

When employers seek to engage with middle school, high school, or college students, appealing to *their* motivators will be important. **(For more on Gen Z motivator, see Theme: Tell a More Compelling Story).**

³² *How Insights from Gen Z are Helping to Shape the Accounting Profession of the Future: Insights from the EY Accounting Professional of the Future Survey*, EY, Summer 2023

³³ Robert Half and IMA, "Talent retention in the U.S. accounting and finance profession."

Image issues

In addition to appealing to motivators, employers must also combat a host of brand challenges related to work in the accounting profession. In the July 2023 Center for Audit Quality (CAQ)/Edge Research *Increasing Diversity in the Accounting Profession Pipeline: Challenges and Opportunities* report, business students were asked why they did not choose accounting as their major. Answers were:

- **70% cited a lack of interest or passion for the subject**
- **61% indicated they could command a higher starting salary with another major**
- **57% said they don't want to pursue the additional education required to be a CPA**

In the Pennsylvania Institute of CPAs report *The CPA Pipeline: Crisis and Opportunity Evidence-Backed Action the Profession Can Take Today*, when researchers **asked business administration majors why they did not select accounting as their major:**

- **21% said they were advised against majoring in accounting by friends, family, or classmates**
- **18% shared that accounting is unappealing or boring**
- **14% indicated starting salaries are much lower compared to other careers**

Solutions to address the additional cost and time of education are outlined elsewhere in this report for consideration. As employers, we can directly affect the level of interest, passion, or appeal that team members both perceive and share about their work. The Tell a More Compelling Story section of this paper contains ideas and points to resources for all to highlight the cool, technology-forward, difference making work we do as a profession. **NPAG asks employers to take ownership of the fact that we must transform the reality of the work experience to have a truly better story to tell.**

Let's start first with compensation.

Increase starting salaries

The issue of starting salaries in accounting is a real barrier that is often discussed but not yet fully addressed. The research paper "Technological Investment and Accounting: A Demand-Side Perspective on Accounting Enrollment Declines"³⁴ outlines the study of the impact of pipeline demand on supply. The authors make the point that **the higher the potential economic return to students, the more likely they are to invest in (major) in that career field.** Compare the following National Association of Colleges and Employers (NACE) mean starting salary comparatives over time for a sampling of college majors:

³⁴ Friedman, Henry L. and Sutherland, Andrew and Vetter, Felix, Technological Investment and Accounting: A Demand-Side Perspective on Accounting Enrollment Declines (April 30, 2024). Available at SSRN: <https://ssrn.com/abstract=4707807> or <http://dx.doi.org/10.2139/ssrn.4707807>

**NACE Mean Starting Salaries
2017 – 2022**

	Class of 2017	Class of 2018	Class of 2019	Class of 2020	Class of 2021	Class of 2022
Computer & Information Sciences	\$72,677	\$71,411	\$76,986	\$80,477	\$81,202	\$86,964
Engineering	\$65,539	\$66,638	\$70,219	\$72,115	\$71,516	\$76,249
Mathematics and Statistics	\$60,631	\$61,709	\$66,942	\$67,822	\$68,929	\$76,186
Statistics	\$62,375	\$67,161	\$70,705	\$75,916	\$75,457	\$75,916
Management Information Systems and Services	\$60,575	\$60,156	\$61,122	\$62,429	\$64,734	\$71,208
Finance and Financial Management Services	\$56,355	\$55,138	\$58,125	\$59,627	\$62,163	\$66,650
Accounting and Related Services (Accounting Major)	\$52,343	\$51,783	\$53,652	\$54,809	\$56,103	\$60,698

Source: National Association of Colleges and Employers (NACE), [First Destinations Dashboard](#), Accessed May 2024.

If 2022 starting salaries were the primary determinant for business students choosing a major, accounting would be their last choice among this slate of options.

With the proliferation of information and ChatGPT at their fingertips, students and parents are savvy enough to understand and consider this as a factor. In a recent *Journal of Accountancy* interview with academic leaders, Professor Nancy Bagranoff of University of Richmond said, “One change we have noticed is increased salary transparency. Students make use of online tools to compare salaries and are more aggressive in negotiating terms.”

³⁵ As these tools continue to enter the mainstream and pay transparency becomes more common, new recruits and experienced accountants will be in a better position to demand higher salaries, and firms will have to respond.

And there’s another consideration related to salary, too. In the NPAG feedback forums and focus groups, many employers spoke about making recent starting salary adjustments, and

³⁵ Journal of Accountancy, January 25, 2024. “What top accounting academics suggest to attract talent.” https://www.journalofaccountancy.com/news/2024/jan/what-top-accounting-academics-suggest-to-attract-talent.html?utm_source=mnl:au&utm_medium=email&utm_campaign=05Feb2024

some feel like this area is no longer an issue. Those increases are positive news. And yet, more attention is needed on salaries.

84%

of respondents to NPAG's national survey felt **raising starting salaries would be very effective** at encouraging people to choose a career in accounting

85%

of students agreed

Interim results

Raising starting salaries was the **most agreed-upon solution** for growing the pipeline in both studies

National Pipeline
Advisory Group

Before dismissing a salary review as a potential action to take, let's look at salary growth in our profession against other professions and salary growth against inflation-based increases in the Consumer Price Index (CPI). **Unfortunately, we don't measure up there either.** Over six years,

- Mathematics & Statistics increased 26%
- Statistics increased 22%
- Computer & Information Sciences increased 20%
- Finance and Management Information Systems each increased 18%
- Engineering salaries increased 16%
- **Accounting salaries increased 16% over six years**

During this same period, the Consumer Price Index (CPI) rose a total of 19.8%. Accounting, Engineering, Finance and Management Information Systems all lost earning power during that period, and Accounting lost the most. If your organization hasn't been increasing salaries to be competitive with other professions and keeping pace with the CPI, then compensation could become an inhibitor to both attracting and retaining talent.

NPAG recommends employers study their starting salaries considering this information and make a concerted effort to raise them to at or above market compared to other competing professions. This may create a ripple of increases within the existing

talent base, which employers could potentially mitigate with variable versus fixed increases using bonuses or other incentives. It is possible that the employer would not have to increase all levels as some salary bands may be tighter in early career positions and there may be more room in mid-career positions to moderate increases, so long as those positions prove to be paid at or above market already.

The AICPA Private Companies Practice Section (PCPS) is one source of [tools and resources](#) to assist CPA firms seeking to study compensation, or employers may consider engaging an HR consultant specializing in compensation to undertake a study and recommend any adjustments needed.

While Gen Z may be focused more on the short-term, and students are likely to be reluctant to wait for their earnings to become more competitive, over the long-term, a career in accounting can be very lucrative. The blessing of mid-career and leadership-level earnings is not often touted in accounting, and it's a shame. In fact, according to [Inside Public Accounting's](#) 2023 Practice Management Report, the average income per equity partner in non-Big 4 firms was just over \$650,000. **Employers should consider increased pay transparency at higher levels in their firms and organizations so that talent can understand what's possible as they progress.**

Transform the employment experience

Being an “employer of choice” has become more crucial than ever due to the talent gap and the changing nature of work.

Recent years introduced new challenges and intensified existing ones, revealing the shortcomings of how we operate. While some of those gaps may have existed for years, they were brought into focus amidst a confluence of challenges, including the “great resignation,” a wholesale switch to remote/hybrid work models, and a pandemic-fueled recession. This pressure has caused us to become more acutely aware that we are not operating our firms, businesses, or organizations in a way that is attractive to next generation talent, conducive to retention, or sustainable for the future.

To address the pipeline crisis, employers need to undergo a comprehensive transformation to enhance their ability to both attract new team members and retain their existing ones, too. The current pipeline crisis is a wake-up call to realize that leaders must embrace change to thrive.

*Harvard Business Review*³⁶ recommended these six strategic areas to employers working to enhance employee retention:

³⁶ 6 Strategies to Boost Retention Through the Great Resignation, Harvard Business Review, (Breitling, Dhar, Ebeling, Lovich) November 2021.

- Incentivizing loyalty – paying at or above market and providing various financial incentives
- Providing growth opportunities – including skills development
- Elevating organizational purpose
- Prioritizing your culture and relationships
- Investing in well-being for your people and their families
- Embracing flexibility

Business transformation in the form of cultural shifts, new ownership approaches, and transformed operating models is imperative.

Strategies in action

Achieving work-life balance in Pittsburgh

Maher Duessel, a firm of 110 people in Pittsburgh and other Pennsylvania cities specializes in the government and nonprofit sectors. The firm has created an environment that offers employees work-life balance, a reasonable schedule, and minimal overtime. Chairman Betsy Krisher, a member of NPAG, says the firm is committed to flexible scheduling and balance for their people, where overtime demands are kept to a minimum and staff enjoy a hybrid work environment.

Through the hiring process, a new CPA is informed about any overtime targets, which are usually kept to 200 hours per year or less, with most people working substantially less than that. The company keeps overtime in check by monitoring workloads and hours throughout the year – and when an employee is working too many hours, the strategy is to work with the employee to balance their workload.

The strategy is successful. Overtime is kept to a minimum, employees enjoy a better work-life balance, and annual turnover is between 10 and 12 percent, which is below average for accounting firms. More than half of the firm’s employees have been employed there five years or more.

The workload balance is achieved by ensuring that client selection, retention and fees allow for firm profitability, and by a commitment from firm leaders to prioritize rewarding employees financially and investing in technology.

Reduce overload

There has always been a perception that, especially during peak periods, accountants work long hours – and, in many cases, that’s true. And while accounting is certainly not the only profession with seasonal peak periods and occasional long hours, students often cite

difficult work and long hours as reasons for not pursuing accounting as a major.³⁷ Similarly, those who are already in the profession but are considering leaving their roles cite burnout and long hours as a top reason for doing so.

In the 2023 ACCA Global Talent Trends survey³⁸, well-being and mental health were the 2nd most significant work concern for the future. The survey showed that among 8,000 accountants in 148 countries:

- **61% reported their mental health suffers because of work pressures**
- **71% want more mental health support from their employers**
- **49% don't believe their employer considers mental health a priority**

Respondents to the NPAG surveys – students and professionals alike – see greater flexibility in work hours and location and more manageable workloads as among the most highly effective strategies in encouraging young people to choose a career in accounting.

Preventing “burnout” and providing employees with a better work-life balance can be accomplished in several ways:

1. **Increasing the flexibility provided.** Offering a more flexible and remote/hybrid work culture where team members have more control over where and when they complete their work provides people with a sense of trust and empowerment in their career. In a 2019 FlexJobs³⁹ survey, 80% of 7,500 respondents said they would be more loyal to their employers if they had flexible work options. In the NPAG student survey preliminary results, 76% of students surveyed felt that providing “greater flexibility in work hours and location for accounting and finance employees” would draw people into a career in accounting. In the 2023 IMA and Robert Half *Talent Retention in the U.S. Accounting and Finance Profession*, 33% of those who planned to leave their employer or the profession reported a lack of flexibility in determining where to work.
2. **Reducing client / customer loads and trimming client bases** to address areas where demand outstrips capacity. In the preliminary NPAG survey results, when asked about strategies that they believe would encourage people to choose a career in accounting 72% of students surveyed and 71% of all other stakeholders said, “More manageable workloads for accounting and finance employees.”
3. **Investing in non-traditional talent strategies** to increase overall capacity. This includes offshoring, outsourcing, or adding non-accounting operational team members to support service delivery.
4. **Improving scheduling and capacity functions** to better project and rebalance work overloads.

³⁷ The CPA Pipeline: Crisis and Opportunity, Pennsylvania Institute of CPAs, December 2023.

³⁸ [Global Talent Trends 2023](#), ACCA.

³⁹ Flexible Work Critical to Retention, Survey Finds, Society for Human Resource Management, September 2019

5. **Investing in increased technology** to automate tasks, streamline processes and free up capacity. In a Deloitte CFO Signals Survey⁴⁰, 81% of CFOs surveyed planned to use automation/digital technologies to create capacity for people to focus their talents on higher-value activities
6. **Increasing fees/prices to keep pace** with inflation and offset increased labor and technology costs.

Enhance career progression

In the 2023 study *Righting Retention: A Look into the Accounting Profession's Greatest Management Challenge*, the Illinois CPA Society asked employers about their talent management offerings and asked employees about programs they value. They found a significant disconnect:

- **Over 67% of employees view “career advancement paths and opportunities” as one of the most attractive benefits in an employer but**
 - **48% of employers don’t communicate defined advancement paths for employees (or don’t know if they do)**
- **30% of employees ranked “mentors/mentorship program” as a top need but**
 - **Nearly 43% don’t offer a mentorship program, formal or informal, to foster employee retention (or don’t know if they do)**

Where possible, employers should highlight the career pathways and options available for their people – both in the overall organization and specific to each individual. Investing in skills development and career advising will support people in advancing their careers within the organization.

Define and live your culture

According to Gallup⁴¹, team members who strongly agree with the statement, “I feel connected to my organization’s culture” are:

- 3.7 times as likely to be engaged at work
- 5.2 times as likely to recommend their organization as a great place to work
- 68% less likely to feel burned out
- 55% less likely to seek another job

These employee retention and engagement outcomes highlight the benefits of clearly documenting organization culture, identifying both tangible and aspirational elements. Once identified, ensure the organization is living those cultural values and commitments and that these are woven into all aspects of organizational strategies, processes, and procedures.

⁴⁰ [4Q23 North American CFO Signals](#), Deloitte

⁴¹ [What is Organizational Culture? And Why Does it Matter?](#) Gallup,

One aspect impacting culture today is the uncertainty created by all the operating model changes happening within the profession. The increased activity with mergers, acquisitions, ownership changes like ESOPs, phantom stock option programs, restructuring, and the introduction of private equity ownership are all causing team members to wonder. They want to know where their organization is headed and what their leadership is planning to ensure a bright future. Employers can alleviate their team members' uncertainty by being as transparent as possible about organizational plans related to ownership structure, especially for organizations and firms committed to remain independent.

Building a DEIB Culture

Another critical cultural consideration is your organizational commitment to diversity, equity, inclusion, and belonging. NPAG believes that growing the overall accounting pipeline will happen when the profession increases the number of underrepresented minorities who choose a career in accounting. Ultimately, NPAG would like to see the representation of minorities in the profession at least mirror their representation in the overall U.S. population. This goal is addressed in the previous section of this report.

To attract more underrepresented minorities to our profession, we must take steps to better understand and improve the employment experience of those already working in accounting. That includes preparing managers to be inclusive leaders equipped to do things such as deliver performance feedback to employees from underrepresented groups.

Consider these findings from the 2021 CalCPA and Institute of Management Accountants (IMA) *Diversifying U.S. Accounting Talent: A Critical Imperative to Achieve Transformational Outcomes*, a study of more than 3,000 current and former accounting professional and interviews with accounting, academic, human resources and DEI professionals:

- 73% of underrepresented racial and ethnic groups feel they do not receive fair treatment in the workplace.
- 60% of persons who identify as LGBTQIA believe leaders demonstrate unfair prejudice against them.
- 43% to 55% of female, nonwhite, Hispanic, Latino/Latina, and LGBTQIA respondents have left a company due to a perceived lack of equitable treatment and at least 30% of the respondents from each of these groups have left companies because of a lack of inclusion.
- Only 33% of females view the profession as equitable and 37% of females view profession as inclusive.

Together, we must evolve to be more diverse, equitable, and inclusive employers. Some of the actions employers can take to get there include joining nearly 2,500 other business leaders in taking the [CEO Action Pledge for Diversity & Inclusion](#) and learning from that collaboration's database of nearly 2,000 actionable insights shared by employers who are

making real progress in this area. Some of the action insights shared by the organizations taking the pledge include:

- Identifying and deploying strategies to advance leadership at the board and senior leadership levels
- Creating a racial equity plan
- Inclusion and equity learning and unconscious bias education for leaders
- Inclusion training to support LGBTQIA equality
- Compensation studies and programs to ensure pay equity for minorities and women
- Measuring and reporting on team demographics and progress against goals

The ideas contained in this report only *begin* to scratch the surface of enhancing the overall experience of underrepresented minorities when considering a career in accounting and when working within our profession. Our collective opportunity to embrace underrepresented groups is significant enough to warrant its own stand-alone strategic plan.

As we conclude this section, it is fair to say that employers are critical to solving the pipeline challenge. Employers alone can maximize the value proposition of the employment in accounting. By increasing starting salaries, ensuring their talent are paid at or above market, reducing overload, providing flexibility, communicating career pathway options, defining and operationalizing a clear cultural commitment to the future, and embracing diversity, equity, inclusion, and belonging, employers can provide each of us with a more compelling story to tell to students, parents, academics, CPA candidates, and recruits.

While employers face the most change to truly engage the next generation, it's employers that have the most to gain by transforming.

National and student surveys: Guiding the strategy

Our pipeline strategy hinges on listening and learning from those who have a stake in the future of accounting, including working professionals and students. The national and student surveys are playing a leading role in shaping the National Pipeline Strategic Plan priorities.

The insights we have gained from these two surveys have been invaluable in giving us a deeper understanding of the expectations of students and younger accountants just entering the workforce, along with viewpoints from academics and professionals from every state and all business segments.

The response has been overwhelming, exceeding our expectations, with 5,800 responses to the national survey, and 2,000 to the student survey.

Feedback, personal insights, anecdotes, and 1,600 poll responses gathered through dozens of forums and focus groups have likewise been essential to the development of our plan. As a result, this draft report has been built to reflect the profession as a whole.

An independent research group, Meridian Research & Insights, designed and wrote the surveys with NPAG's objectives in mind and input throughout the process. The surveys were open from February 29 through May 3.

The full survey results are being compiled and will be included in the final version of the NPAG strategy report to be issued in July 2024. Interim results, which are expected to be reflective of the final results are included throughout this draft report.

The survey tested perceived effectiveness of solutions in areas including:

- Awareness building and attraction to accounting
- Brand, image and overall solutions
- Employer talent strategies
- The CPA Exam
- CPA licensure requirements

Early, partial results have given us helpful clarity. Addressing the lack of competitive starting salaries ranked as the most supported solution among students and stakeholders alike. Stakeholders ranked other workplace dynamics – workload and flexibility - second and third most effective, respectively.

Making high school students more aware of the opportunities that await them, and raising the appeal of the profession among those students was one of the most positively rated attraction-related solutions. Several Exam-related solutions also received positive responses, particularly from students. Among those were allowing candidates to take sections of the Exam after finishing relevant coursework and encouraging employers to provide paid time off to study for the Exam.

NPAG discussed dozens of solutions, and the survey data has helped us to prioritize those solutions. The thousands of people who completed the surveys will ultimately help NPAG, all stakeholders, and the profession to develop and further refine its game plan around talent.

This side-by-side snapshot shows some differences between students and working professionals, and NPAG’s July report will have a deeper look a variance in the perceptions.

STUDENT	MOST EFFECTIVE STRATEGIES	NATIONAL (PROFESSIONAL)
85%	Raising starting salaries for accountants	84%
83%	Giving employees a raise or bonus upon passing each Exam section	63%
83%	Providing employees with PTO to study for the CPA Exam	59%
76%	Greater flexibility in work arrangements	69%
72%	More manageable workloads	71%

[NOTE: Survey results will be included in the final version of the strategy report, which will be available July 2024.]

Moving forward: Now is the time to act

In developing this draft strategy report, NPAG's goal has been to gain a comprehensive, data-driven understanding of the root causes of the talent shortage and propose effective and actionable solutions to grow the accounting pipeline. As much passion and commitment as NPAG stakeholders have around the solutions contained in this report, NPAG itself is not an implementing body. The intention now is for key stakeholders to take up the solutions in this plan that they can most affect and then test, build upon and implement them.

Our hope is that the strategies and the results they produce will be transparently reported back to the profession, so we can learn and grow together. Ideally, this will be done in a closely coordinated manner, with the profession's many associations working together, in high-functioning collaboration, to leverage each other's experience and resources to the benefit of the profession as a whole.

One thing that is clear to NPAG's members: today's – and especially tomorrow's labor market requires innovation, and what we've done in the past is unlikely to move the needle in the future.

The facts are before us. We are faced with a fundamental conflict: there are fewer students pursuing accounting as a major. At the same time, the demand for skilled accountants and CPAs is strong and projected to grow, even with technology and other efficiency innovations.

Embracing change and problem solving are cornerstones of accounting's long-term success.

Working together, the profession can tackle its talent shortage. Stakeholders must choose coordination over duplication and find areas in which they can cooperate and not compete. Individuals must realize the personal impact they can make by taking the Pipeline Pledge and pursuing some of the specific activities it calls for in the next year. Each of us can truly make a difference.

How will we know if we are making progress? NPAG has identified a handful of high-level indicators that it suggests should be monitored regularly and reported in an annual public scorecard. Those include:

Potential Measures
Number of students selecting accounting as a major
Number and percent change of students graduating with an accounting degree
Number of newly licensed CPAs
Retention rate of accounting professionals within firms and finance departments
Percentage of accounting majors who sit for the CPA Exam
Share of business bachelor's degrees going to accounting majors
Percentage of CPAs from underrepresented groups and the ratio of those compared to the percentage of those same underrepresented groups to the U.S. population

To build momentum, the profession's leaders must come together to identify the 1st year strategies on which to focus and agree on what success will look for with each. Then, they should agree on which initiatives they own and which they will play a supportive or amplifying role in. Cross-profession working groups could be formed in areas that lack them to bring the collective resources and wisdom of the many accounting stakeholder groups together to implement solutions. Plans, progress, and results should be reported semi-annually at key accounting profession meetings to ensure transparency, buy-in and support.

The accounting profession offers so much: it is technology-forward, people-centric, stewardship-minded, profitable, and difference making to name just a few of its attributes. Today is the day that we must coalesce around lasting solutions and bring more people into this amazing profession.

Tell us what you think.

Share your thoughts, ideas, and questions with the National Pipeline Advisory Group through [this form](#).



Appendix

The May 2023 AICPA governing Council resolution that sparked the creation of the National Pipeline Advisory Group read as follows:

WHEREAS, Council recognizes that the CPA profession, through its rigorous licensing requirements and unwavering commitment to quality and to protecting the public interest, is vital to the financial welfare of capital markets, communities, and businesses; and

WHEREAS, Council acknowledges that changing demographics, advancing technologies, firm structure changes and market conditions will continue to impact the profession, and therefore recognizes the need for continuing a thoughtful strategic process to engage and drive robust, forward-looking discussions with members, state society leaders and firm leaders focused on the complex pipeline challenges and proposed solutions, as well as the pathways and requirements of CPA licensure; and

WHEREAS, Council is committed to preserving mobility for licensees, a critical element of the system of state licensure allowing CPAs to practice across licensing jurisdictions; and

WHEREAS, Council acknowledges the need to provide flexibility to attract candidates from all backgrounds into accounting, including CPA licensure; and

WHEREAS, Council believes the profession is most effective when it works together to resolve challenges that the profession faces; now

BE IT RESOLVED, That Council believes the building of a strong pipeline into the CPA profession requires a range of solutions and, therefore supports the strategic direction and evolving initiatives contained in the Pipeline Acceleration Plan.

BE IT FURTHER RESOLVED, That Council believes the AICPA has the role and responsibility to continue to convene ongoing collaborative discussions among stakeholders, including state CPA societies, employers, regulators, educators and others; and

BE IT FURTHER RESOLVED, That Council believes the discussion should encompass key components of licensure, including substantial equivalency; and

BE IT FURTHER RESOLVED, That Council believes this collaborative process, convened by and through the AICPA, should result in a continuous research-driven national pipeline strategy that, among other things, addresses the image of the profession in the eyes of students as well as educational and experience requirements, and outlines short and long-term initiatives and actions that result in measurable outcomes to address the profession's ongoing and evolving human capital needs and priorities. Beginning with the October 2023 AICPA Council meeting, the national strategy and related initiatives will be reported on regularly.



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Allen Lloyd, CAE
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**National Pipeline
Advisory Group**

www.accountingpipeline.org

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Accountancy Travel Budget 2024-2025

Fiscal year:	Budget	Actual	
	Out-of-state travel budget	Out-of-state	
2021 – 2022	\$ 29,350	\$ 16,926	\$ (12,424) *** Only 2 conferences - Annual Conference was virtual due to Covid
2022 – 2023	\$ 29,350	\$ 23,660	\$ (5,690) *** Only 1 Board member attended Annual Conference
2023 – 2024	\$ 29,595	\$ 29,000	\$ (595) *** 2023-2024 Actuals are approximate as travel expenses are in the process of being finalized for the Eastern Regional Conference in June
	Projected	Out-of-state	
	2024 – 2025	\$ 34,670	

Out of State travel:

Federation of Associations of Regulatory Boards
 Innovation of Competency Conference Atlanta, GA – September 2024
 Regulatory Law, Board Executive, and Association Executive Conference

	Registration	\$ 795	
Attendees	Hotel	\$ 500	(2 nights)
Administrator	Transportation	\$ 360	
	Meals	\$ 125	
	Miscellaneous	\$ 100	
	<u>Total per person</u>	<u>\$ 1,880</u>	
1	Total all attendees	\$ 1,880	

Annual meeting Orlando, FL – October 2024

	Registration	\$ 795	
Attendees	Hotel	\$ 1,050	(3 nights)
Administrator	Transportation	\$ 500	
Board Member	Meals	\$ 100	
Board Member	Miscellaneous	\$ 200	
	<u>Total per person</u>	<u>\$ 2,645</u>	
3	Total all attendees	\$ 7,935	

Executive Director, Board Staff and Legal Conference, site TBD -- March 2025

Attendees

Program Director	Registration	\$ 795	
Administrator	Hotel	\$ 1,200	(3 nights)
Program Coordinator	Transportation	\$ 500	
Attorney - Advice	Meals	\$ 100	
Attorney - ODC	Miscellaneous	\$ 150	
Investigator	<u>Total per person</u>	<u>\$ 2,745</u>	
6	Total all attendees	\$ 16,470	

Regional meeting, site TBD – June 2025

Attendees	Registration	\$ 845	
Administrator	Hotel	\$ 1,200	(3 nights)
Board Member	Transportation	\$ 500	
Board Member	Meals	\$ 100	
	Miscellaneous	\$ 150	
3	<u>Total per person</u>	<u>\$ 2,795</u>	
	Total all attendees	\$ 8,385	

The costs for out of state conferences was estimated but may vary due to unpredictable costs for hotel and airfare. Occasionally there will be a two day meeting to deal with a pressing topic. Usually the Administrator and the Chairman will attend.

The BOA believes it is very important to participate in national efforts to regulate the profession. It is also included in their powers and duties under section 40-2-70, Powers and duties of the board (8) participate in national efforts to regulate the accounting profession, and also under section 40-2-10(D), The budget of the board must include adequate funds for the expenses of administering the provisions of this chapter, which may include, but is not limited to...participation in national efforts to regulate the accounting profession.

Innovation of Competency, September 19-22, 2024, The Westin Buckhead Atlanta

Daily Conference Schedule

Thursday - 19th	
8:00 AM	
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Friday - 20th	
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About

The Federation of Associations of Regulatory Boards (FARB) is a not-for-profit corporation formed in 1974 to promote public protection and provide a forum for information exchange for associations of regulatory boards and their affiliate stakeholders with interests in professional regulation. It is a membership association which, based upon its public protection mission, is recognized as exempt from federal taxation under Section 501(c)(3) of the Internal Revenue Code.

**FARB's mission is to advance excellence in regulation
of the professions in the interest of public protection.**

Our Objectives

- To exchange information and engage in programs and joint activities with member boards and associations.
 - To provide a forum for cooperation in solving the mutual problems of participating associations across jurisdictions and professions.
 - To engage in activities to improve the standards of professions, the delivery of services, and the services of regulatory licensing agencies.
 - To provide educational opportunities and legal updates for lawyers who represent regulatory boards.
 - To share information of the education of professionals, including accreditation of schools, colleges, and continuing education programs.
 - To foster communication and discussion about the latest assessment techniques for associations of regulatory boards and their members.
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