2008 TRENDS

IN THE SUPPLY OF ACCOUNTING GRADUATES AND THE DEMAND FOR PUBLIC ACCOUNTING RECRUITS

AICPA®

1 2 3 4 5 6 7 8 9 0 ACD 9 2 0

2008 TRENDS

IN THE SUPPLY OF ACCOUNTING GRADUATES AND THE DEMAND FOR PUBLIC ACCOUNTING RECRUITS

By
Dennis R. Reigle
Director, Academic & Career Development

Assisted by
Heather L. Bunning
Senior Manager – Education & Recruitment,
Academic & Career Development

Danielle Grant
Coordinator – Education & Recruitment,
Academic & Career Development

TARP Worldwide

contents

Introduction

The 2008 edition of Trends in the Supply of Accounting Graduates and the Demand for Public Accounting Recruits is a continuation of a long-standing AICPA survey. The last survey was published in 2005 (for the 2003-04 academic year), and the current version attempts to identify key trends in accounting enrollment, graduation and hiring through the 2006-07 academic year.

This report is prepared to provide guidance and information to various stakeholders and interested parties. We hope that colleges and universities with accounting curricula, CPA firms that hire graduates, as well as business, industry, and governments that employ accounting professionals will find this data useful. Various member organizations such as the American Accounting Association, state CPA societies and Beta Alpha Psi, should also find the information contained herein valuable for planning and analytical purposes.

The survey methodology, response rates and confidence levels for the data are contained in this report. We are very appreciative of all who took the time to participate, and welcome your questions and feedback as we strive to make the information in these surveys relevant to your needs.

Key Findings

Supply – Enrollment

- Accounting enrollments are up almost 19% to more than 203,000 students across all degree programs, compared to the last survey in 2003-04. The only degree program showing a decline is the Master's in Taxation, where enrollment is down slightly more than 9%.

- The great majority of the growth is at the Bachelor's degree level, an increase of almost 30,000 students have enrolled during the three-year period between surveys.

- AACSB accounting accredited programs at the Bachelor's level are the most likely to have enrollments limited by capacity constraints. Thirteen percent of respondent schools faced space limitations, and rejected an average of approximately 65 applicants.

- Minorities comprise 26% of Bachelor's enrollments: 11% Black/African-American, 8% Asian, 6% Hispanic/Latino and 1% American Indian/Alaskan Native.

- At the Master's level, enrollments are 20% minority: 10% Asian, 5% Black/African-American and 5% Hispanic/Latino.

- These ethnicity numbers for both Bachelor's and Master's enrollments have changed very little, if at all, from the last survey published for 2003-04.

- The female/male enrollment ratio is narrowing and now stands at 52% female and 48% male for both Bachelor's and Master's programs. This is down from a high in 2002 of 57% female and 43% male, a substantial change.

- Going forward, respondent schools generally anticipate a continuing rise in enrollments: 60% expect increases at the Bachelor's level (32% say the number will stay the same), while 63% expect increases at the Master's level (20% believe enrollments will stay the same).

Supply – Graduates

- Total graduates in 2006-07 in Bachelor's and Master's degree programs are 64,221, up 19% over the three-year period since the 2003-04 survey. This is the highest number of graduates since the survey began in 1971-72.

- Bachelor's degrees granted are 47,662 (up from 40,420 in 2003-04) and Master's degrees granted are 16,559 (up from 13,340 in 2003-04).

- Bachelor's degrees comprise close to 74% of degrees awarded for 2006-07, while Master's degrees accounted for almost 26% of the total. In the last survey, Master's degrees were just under 25%; a slight increase over three years.

- 83% of Bachelor's and Master's degree graduates in accounting are produced by accounting and/or business accredited programs, while approximately 40% are specifically from accounting accredited programs.

- Between 2004 and 2007, Bachelor's degrees increased 16% and Master's degrees increased 18% at accounting and business accredited programs. They have risen more sharply in percentage terms (34%) at other responding schools, but the overall graduate numbers at these schools is less than 1/5 of those at accounting and business accredited schools.

- Graduates by gender at the combined Bachelor's and Master's levels mirror overall enrollments at 52% female and 48% male.

- Ethnicity of graduates is 32% overall, but 11% of that is "other," meaning unknown or multi-racial/ethnic. Asians comprised 8% of the graduates, Black/African-Americans 7%, Hispanic/Latinos 5%, and American Indian/Alaskan natives 1%. These numbers are fairly consistent with the last survey published for 2003-04.

- Of the Master's degrees awarded, 75% are Master's in Accounting, 16% are Master's in Taxation, and 9% are MBAs with an accounting concentration, a share that continues to decline.

- Public Accounting firms remain the primary employer for new graduates; they hire 34% of Bachelor's and 70% of Master's degree recipients. Those numbers are slightly higher for graduates of AACSB accounting accredited programs.

- For enrollment and graduate findings in this report, the margin of error at the 90% confidence level is 4.6%.

Demand – Hiring

- Hires reported by CPA firms for summer of 2007 were up substantially from the last survey covering the 2003-04 academic year. Total hires were 36,112, consisting of 28,025 Bachelor's and 8,087 Master's degree hires. The total for 2006-07 is up 83% over the base year of 2003-04. This is not surprising given the visibility and growth in the profession, along with the requirements of Sarbanes-Oxley legislation.

- Hiring was up for both Bachelor's and Master's degree recipients at CPA firms of all sizes (<10, 10-49, 50-200, and >200 members).

- The largest firms hire Master's degree holders as a greater percentage of their total hires (35%) than other firms, but that percentage is increasing for all other sized firms except those with fewer than 10 members.

- In terms of the percentage of new hires for all CPA firms, the Bachelor's (61%) and Master's (14%) levels were down somewhat, while the total non-accounting major percentage was up to 25%. This increase could be the result of more non-attest services, depth of quality issues in the growing accounting pool, or a combination of both.

- New hires at CPA firms were 52% female and 48% male, mirroring both enrollments and graduates, and significantly different than the 61% female and 39% male ratio at its peak in 2002.

- Ethnicity of new hires was 13% Asian, 8% Black/African-American, 4% Hispanic/Latino, 1% Native American/Alaskan Native, and 2% Other/Unknown. Each of these percentages is up very slightly from the 2003-04 survey except the Hispanic/Latino figure, which declined.

- Almost all sizes of firms expect hiring numbers to remain steady or increase, with 67% of the largest firms projecting increased hiring. The largest firms also expect to hire as many or more non-accounting majors; 58% said they would hire about the same number; and 33% said they would hire even more non-accountants.

- The same picture holds for plans to hire those with prior experience – all sizes of firms expect the percentage of experienced hires in the total to rise, this being especially true in firms with more than 50 members.

- For demand and hiring findings in this report, the margin of error at the 90% confidence level is 3.3% and the R square is .890.

Demand – Firm Demographics

- Males are currently 55% of CPA firm employees, while females are 45%, a 1% increase from the previous survey.
- Minorities are 11% of current CPA firm professionals with Asians at 6%, Hispanic/Latinos at 3%, and Black/African-Americans at 2%. Firms reported 9% as Other/Unknown.
- Women are now more than 20% of Partners across all firms, up slightly, while minorities make up 5% of all Partners, with 4% reported as Other/Unknown.

CPA Exam

- The number of CPA Exam-takers declined significantly in 2004 when the exam changed to a computer-based exam, an expected result based on similar experiences for other high-stakes tests that converted to computer-based exams. However, the number of exam-takers has increased more than 50% since 2004 and continues to rise. In addition, the current numbers count a candidate once, regardless of how many sittings or parts are taken in a given year. Previously, when the exam was offered twice per year, in May and November, a person sitting for both administrations was counted twice. Consequently, it would appear that the number of test-takers is moving toward parity with pre-2004 levels.

2008
TRENDS in Supply

Survey Methodology Overview – Supply

Survey Fielding

- A census of colleges and universities granting accounting degrees was invited to participate
- Advance notifications were sent to colleges and universities September 18, 2007
- Survey invitations were e-mailed September 26, 2007
- The AICPA followed up extensively with non-respondents to maximize the response rate
- State CPA societies encouraged college and university contacts to participate
- The field closed December 10, 2007

Response Information

- Surveys were predominantly completed online; a paper-copy response option was also available
- The overall response rate was 26%, but close to 50% of accounting accredited programs responded

Analysis & Reporting

- Survey results have been weighted by accounting faculty size to reflect the entire population
- The margin of error at the 90% confidence level is 4.6%
- Regression equations were developed to forecast enrollment and graduation numbers
  - The number of Accounting faculty was used to predict enrollment and graduation
  - Six regression equations were developed in total; an enrollment and graduation equation for each program (Bachelor's, Master's and Ph.D.)
  - R squares were developed for each equation
  - Only Ph.D. enrollment and completion numbers cannot be accurately predicted

Supply Survey Response Rate

Total	# Mailed Out	# Returned	Response Rate
All Institutions	946	242	26%
Accreditation			
Accounting - AACSB			
Bachelors	171	81	47%
Masters	147	75	51%
Ph.D.	48	30	63%
Business - AACSB *			
Bachelors	270	61	23%
Masters	275	63	23%
Ph.D.	56	18	32%
Business - ACBSP **			
Bachelors	151	39	26%
Masters	91	24	26%
Ph.D.	0	0	0%
Other			
Bachelors	322	57	18%
Masters	115	23	20%
Ph.D.	7	1	14%
Type			
Public	471	137	29%
Private	475	105	22%
Majority	844	228	27%
Minority	102	14	14%
Region			
Eastern	236	51	22%
North Central	261	76	29%
Southern	346	92	27%
Pacific	103	23	22%

* AACSB = Association for the Advancement of Collegiate Schools of Business

** ACBSP = Association of Collegiate Business Schools and Programs

Supply Survey Response Rate (cont'd.)

State	# Mailed Out	# Returned	Response Rate
AK	4	0	0%
AL	24	4	17%
AR	15	4	27%
AZ	8	2	25%
CA	52	8	15%
CO	14	3	21%
CT	15	1	7%
DC	9	1	11%
DE	5	1	20%
FL	31	10	32%
GA	30	7	23%
HI	6	1	17%
IA	15	6	40%
ID	4	2	50%
IL	33	7	21%
IN	29	12	41%
KS	11	2	18%
KY	18	6	33%
LA	19	6	32%
MA	29	6	21%
MD	14	4	29%
ME	4	1	25%
MI	31	8	26%
MN	16	3	19%
MO	25	10	40%
MS	15	8	53%

State	# Mailed Out	# Returned	Response Rate
MT	3	0	0%
NC	40	6	15%
ND	6	1	17%
NE	9	4	44%
NH	5	0	0%
NJ	20	3	15%
NM	5	0	0%
NV	2	0	0%
NY	63	22	35%
OH	36	11	31%
OK	15	12	80%
OR	8	1	13%
PA	61	11	18%
PR	4	0	0%
RI	7	1	14%
SC	19	3	16%
SD	4	0	0%
TN	24	6	25%
TX	57	15	26%
UT	7	2	29%
VA	28	5	18%
VT	4	0	0%
WA	12	7	58%
WI	18	7	39%
WV	10	1	10%
WY	1	1	100%

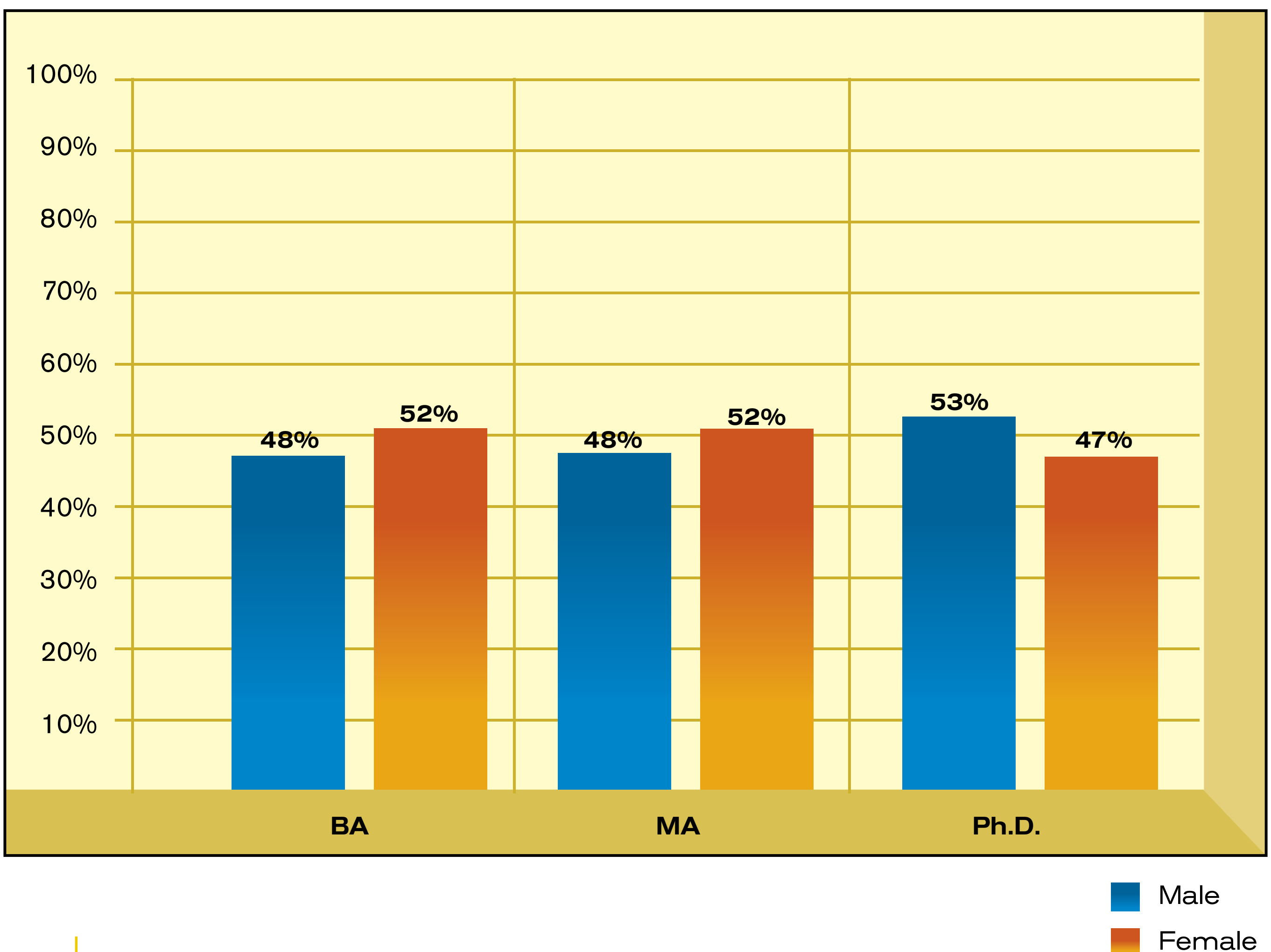
TRENDS in Supply
Accounting Enrollment

Accounting Enrollment by Program

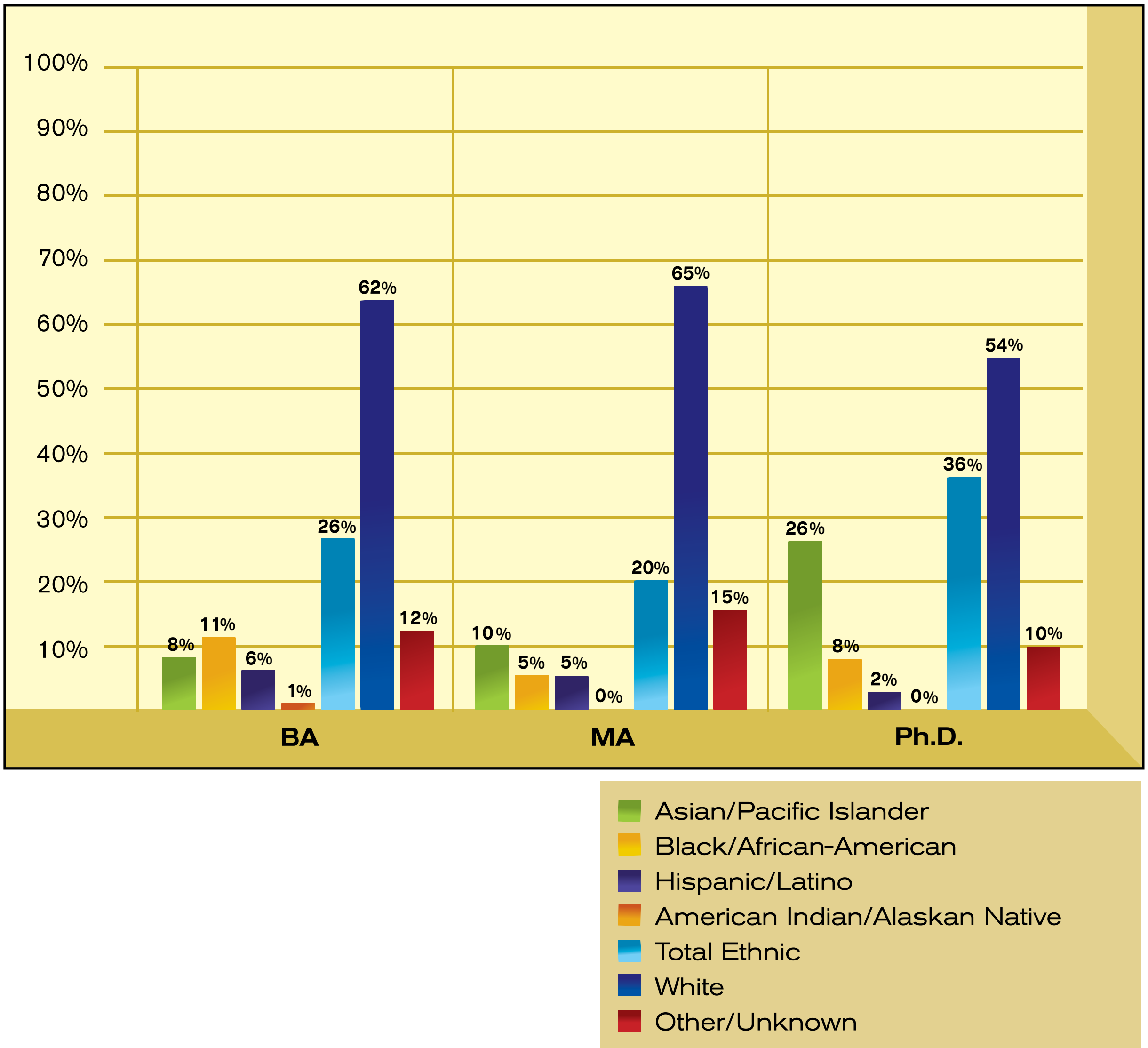
	1999-00	2000-01	2001-02	2002-03	2003-04	2006-07
BA	127,960	134,775	133,435	141,175	143,735	173,299
MA Accounting	9,455	10,375	12,565	17,540	18,795	21,253
MBA Accounting	2,445	4,000	4,065	5,270	4,030	4,482
MA Taxation	3,130	2,935	3,555	3,550	3,595	3,239
Ph.D.	680	800	890	1,085	955	1,095
Total	**143,670**	**152,885**	**154,510**	**168,620**	**171,110**	**203,368**

- Bachelor's program enrollment in Accounting has increased by almost 30,000 in the past 3 years.
- Only MA Taxation enrollment has declined slightly since 2003-04.

Enrollment by Gender – 2006-07



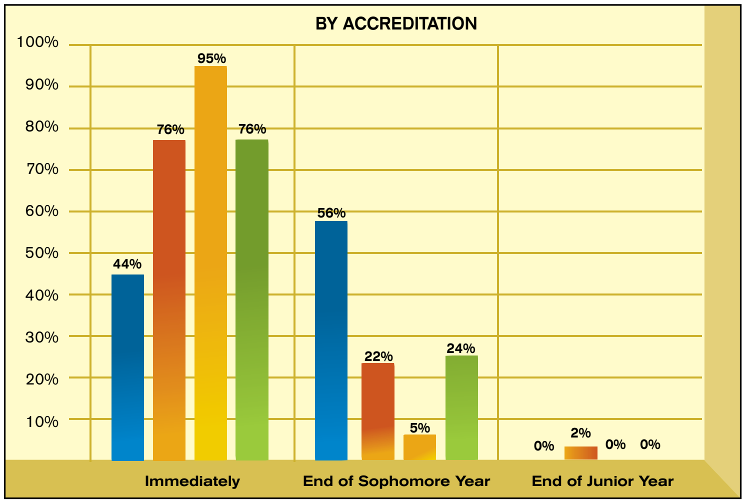
Enrollment by Ethnicity – 2006-07



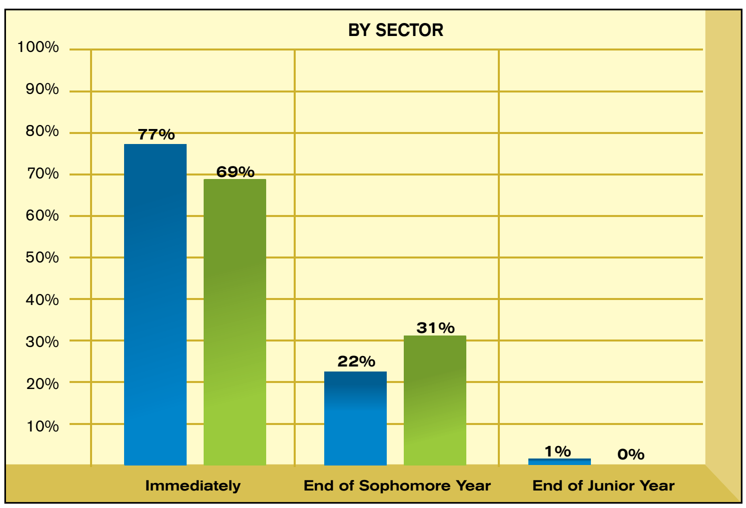
- **These numbers are very similar to those for 2003-04, the last previous survey.**

Bachelor's Enrollments by Major Declaration – 2006-07

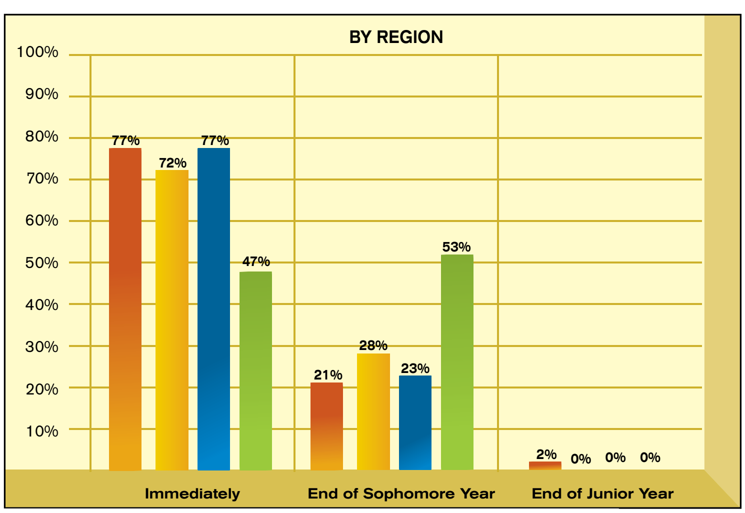
SURVEY QUESTION: When can undergraduate students declare accounting as a major?



AACSB Accounting
AACSB Business
ACBSP
Other



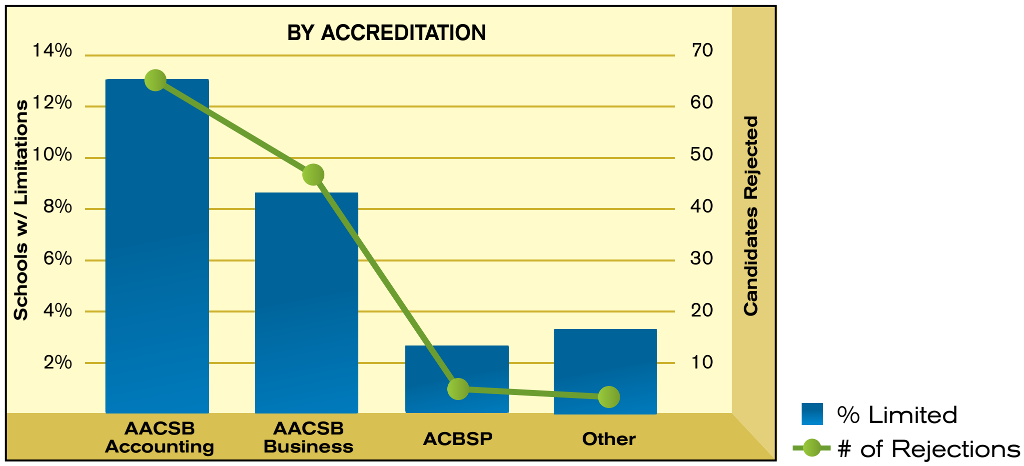
Private
Public

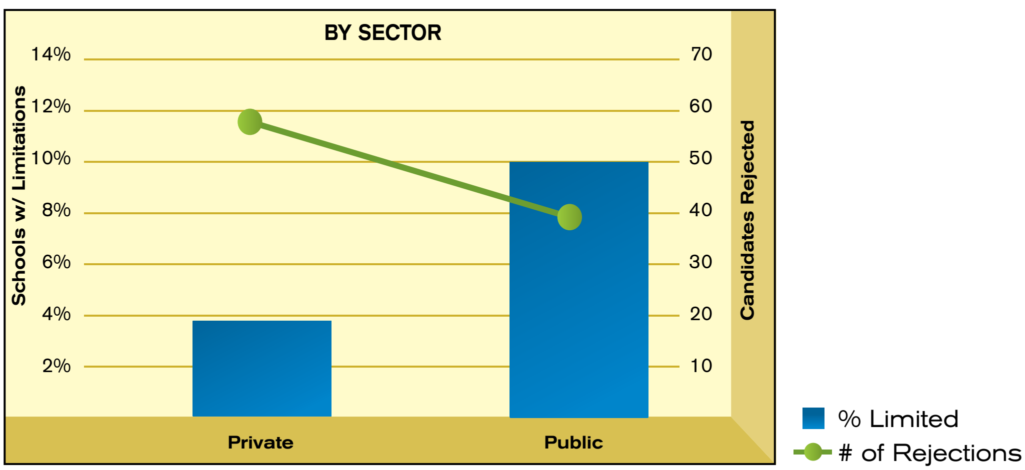


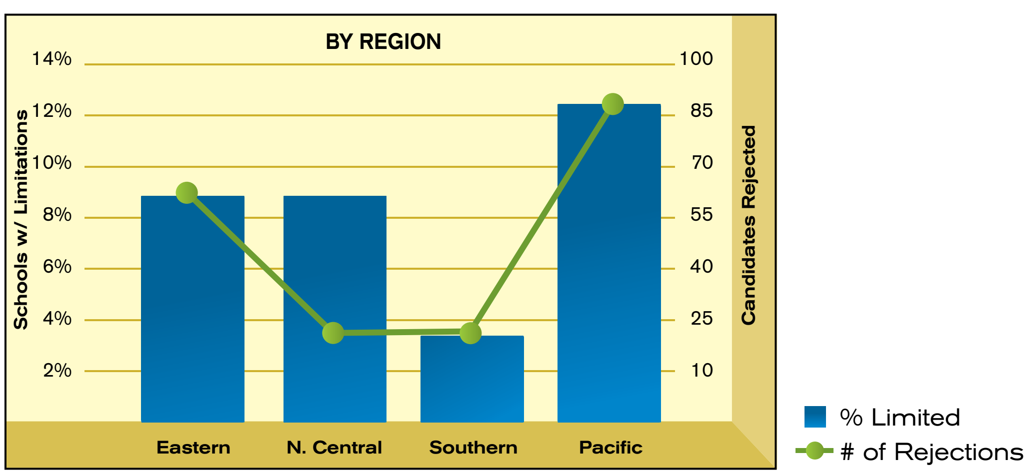
Eastern
North Central
Southern
Pacific

Bachelor's Enrollments by Limited Space – 2006-07

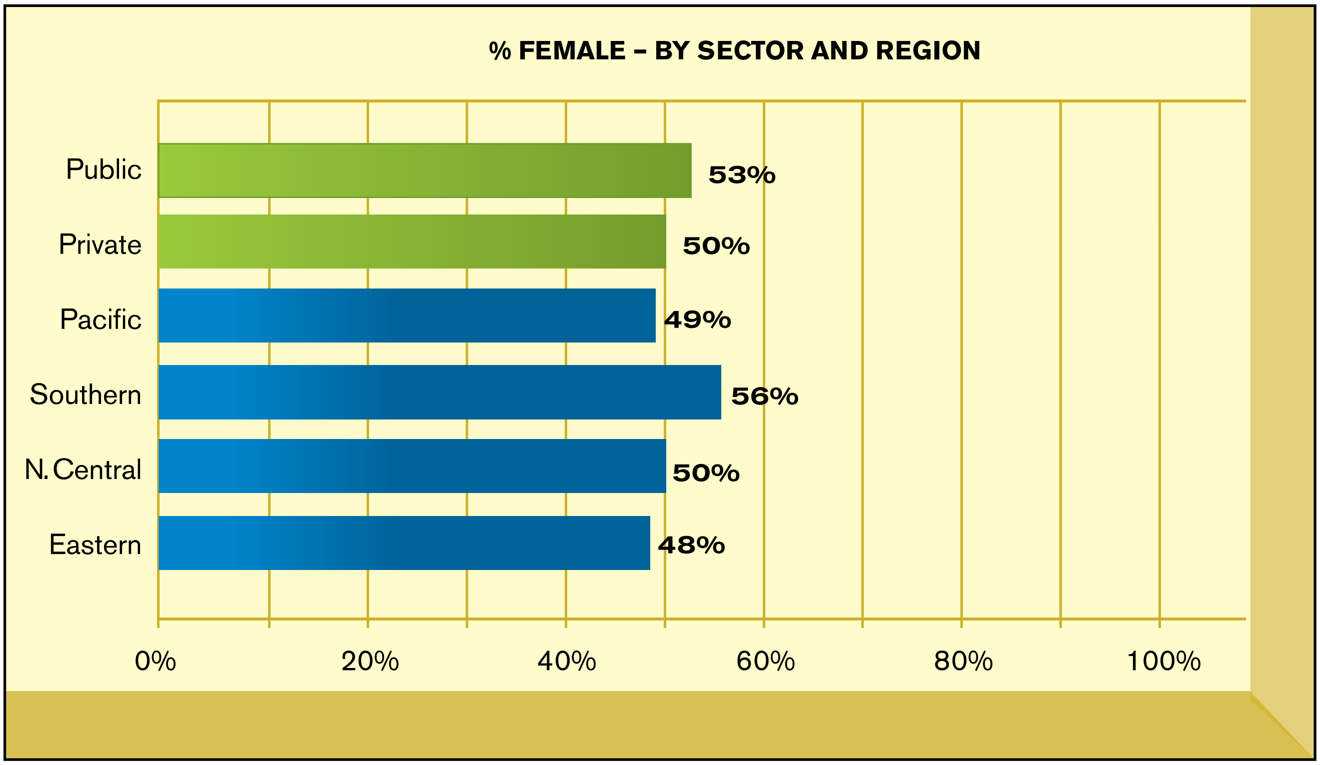
SURVEY QUESTION:	Are your enrollments limited by available spaces? If your enrollment is limited, roughly how many qualified candidates do you turn away?

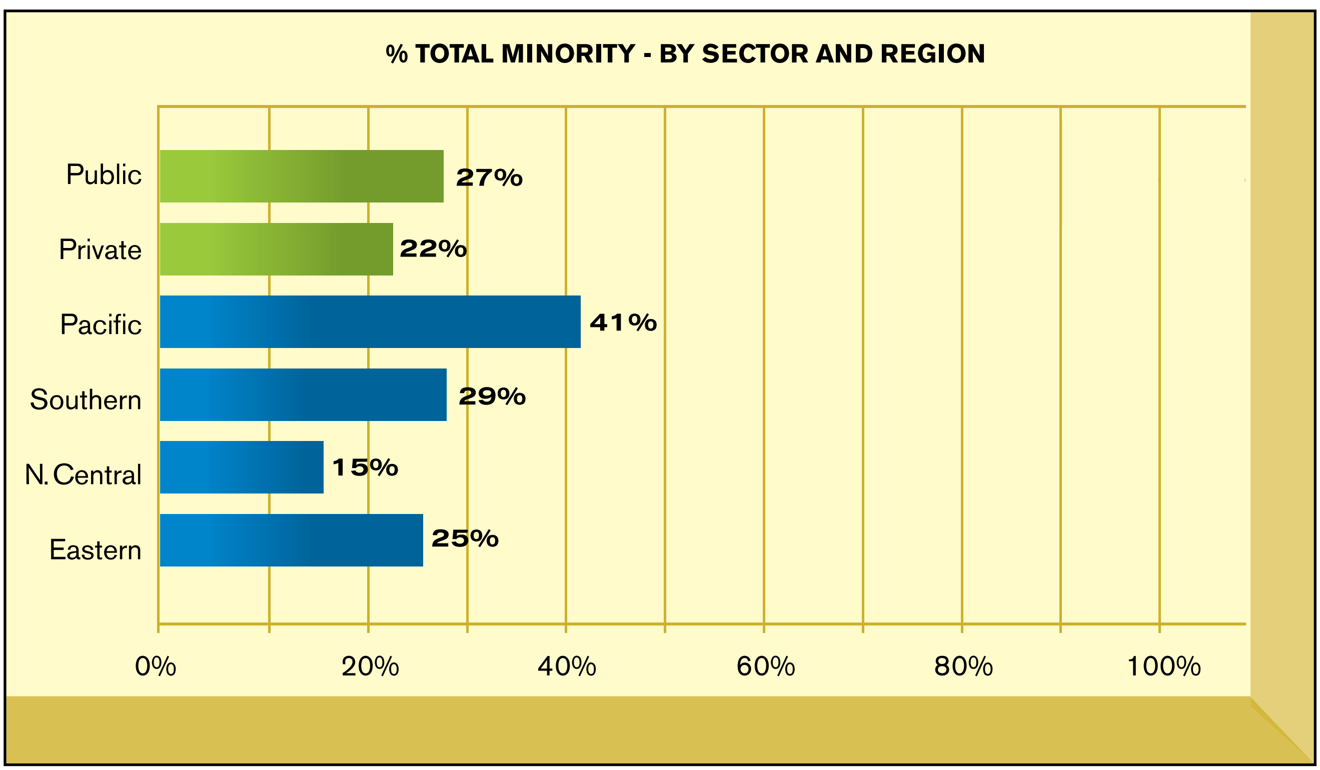






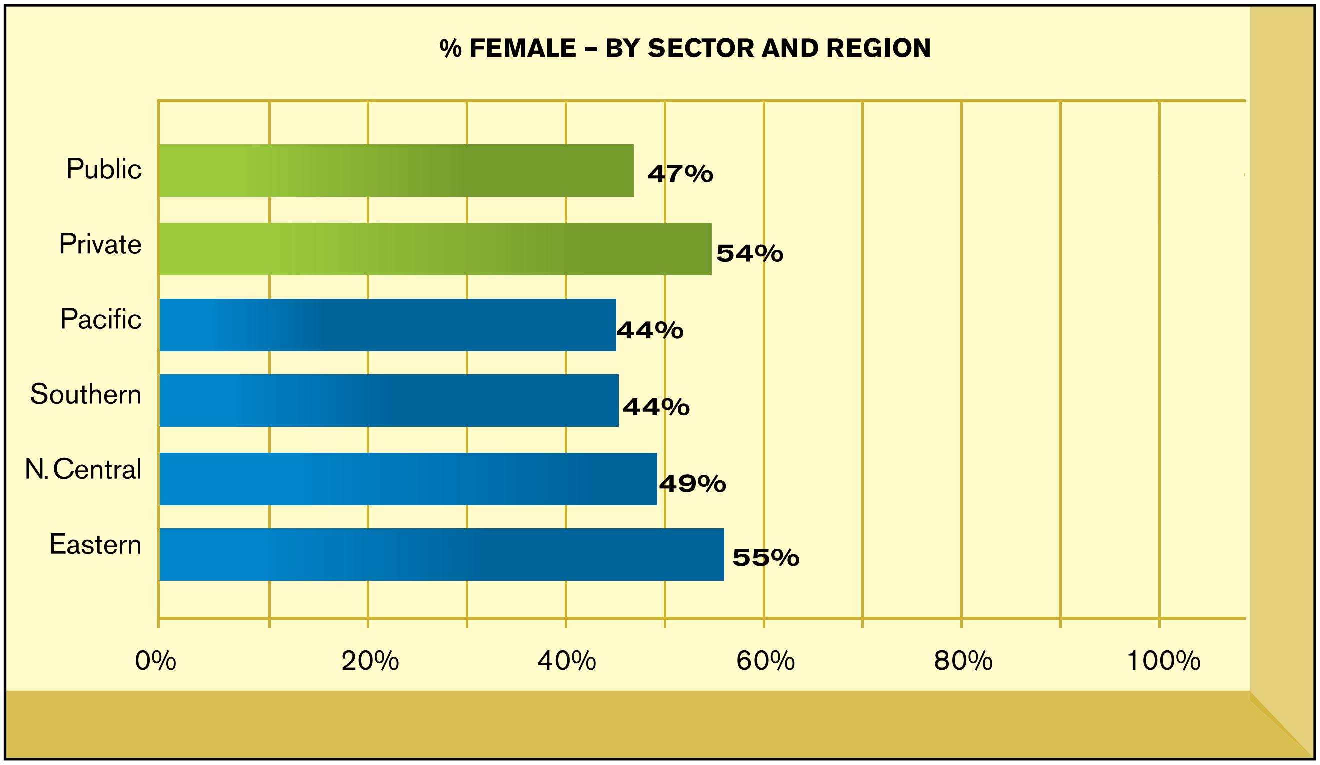
Bachelor's Enrollment by Gender and Ethnicity – 2006-07

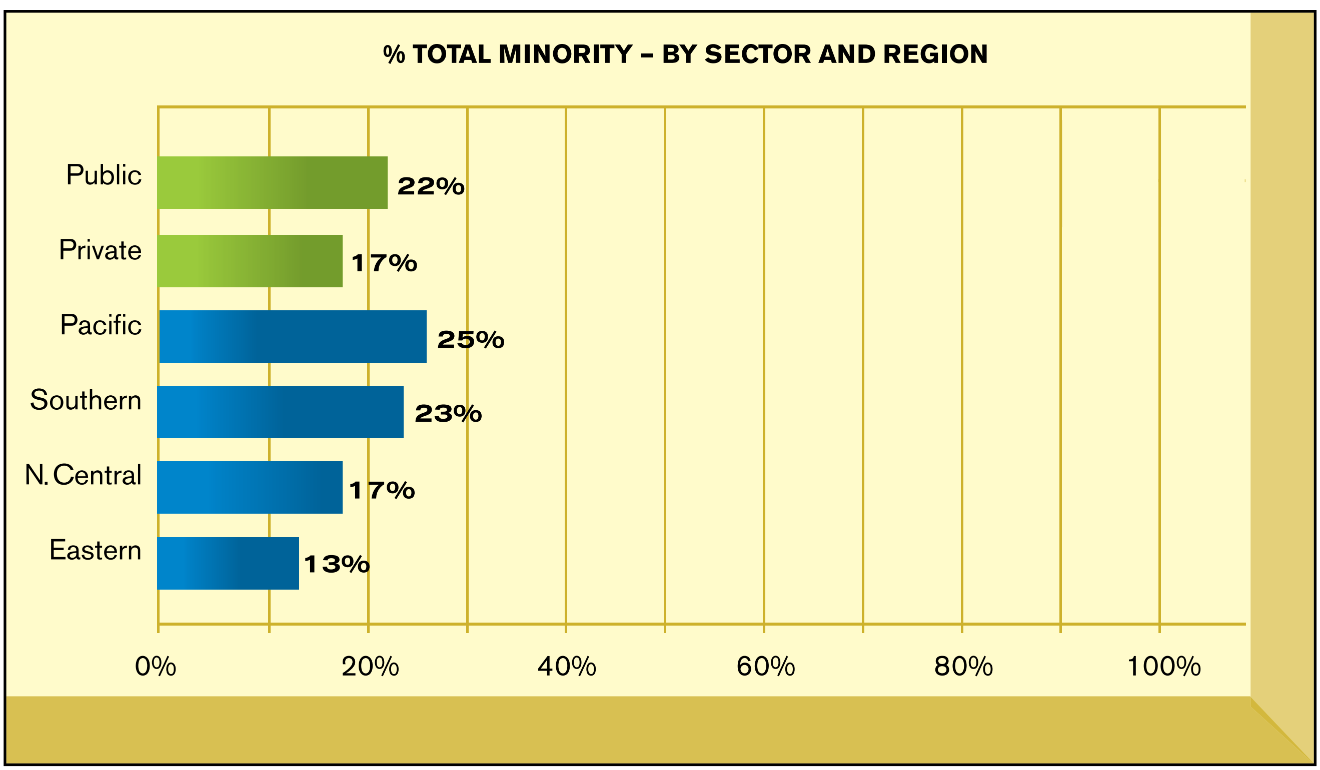




Sectors
Regions

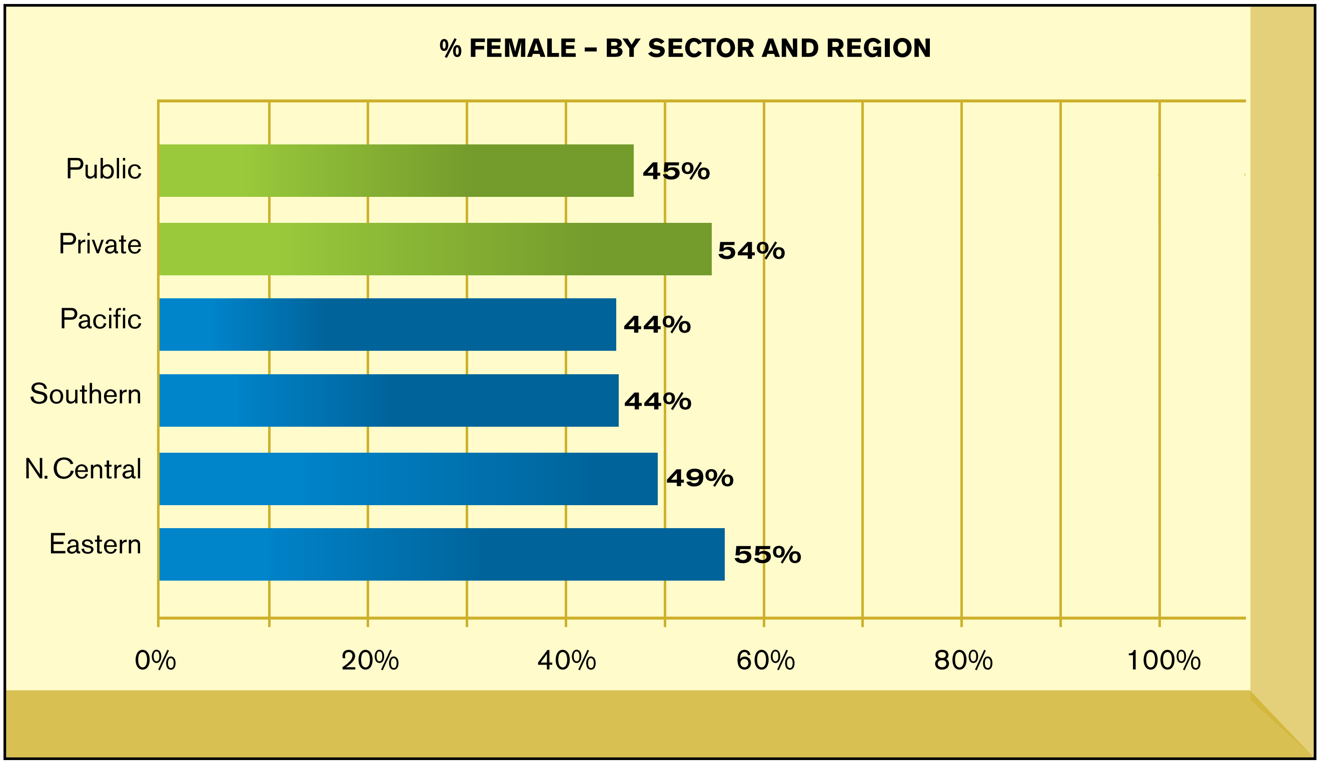
Master's Enrollment by Gender and Ethnicity – 2006-07

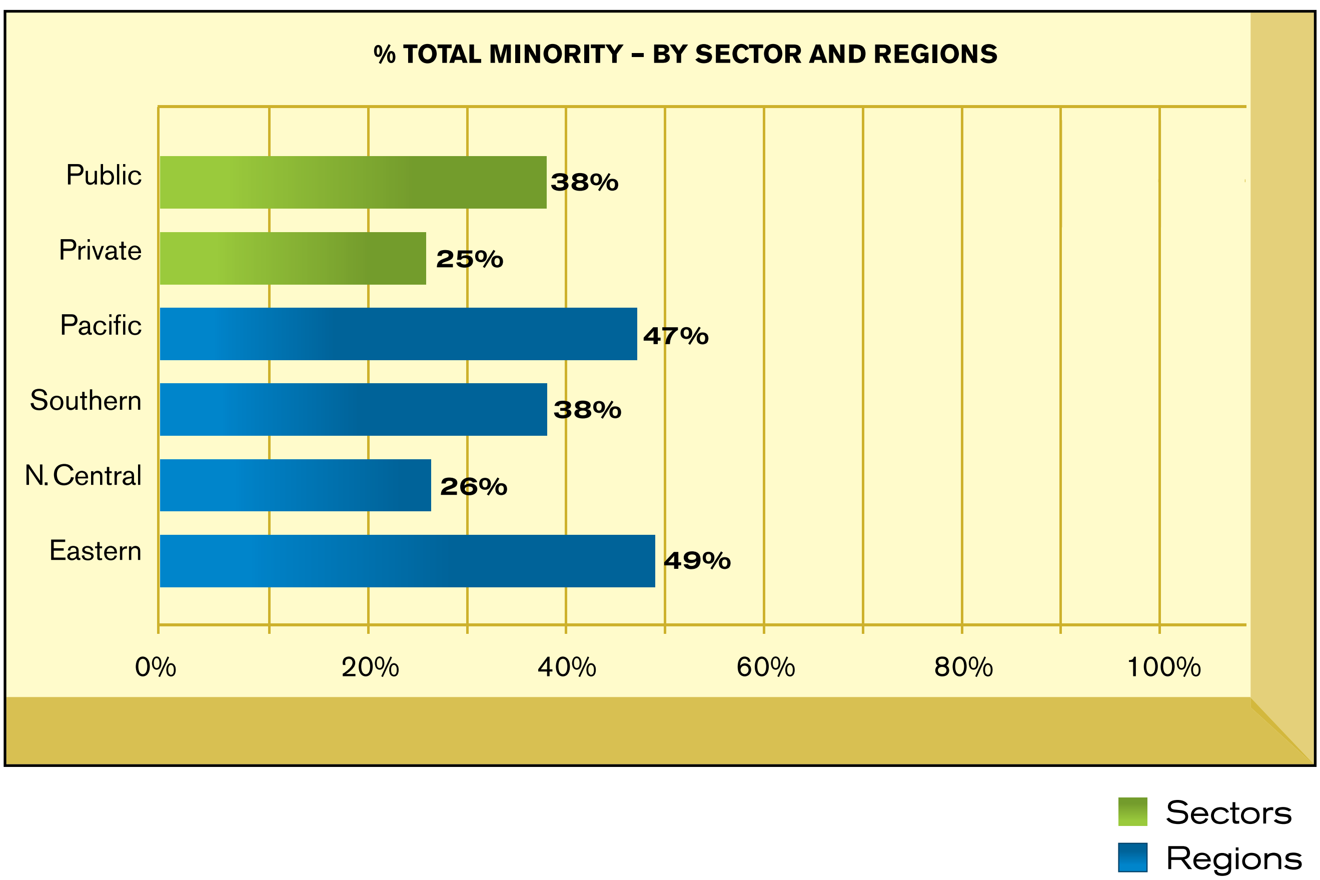




Sectors
Regions

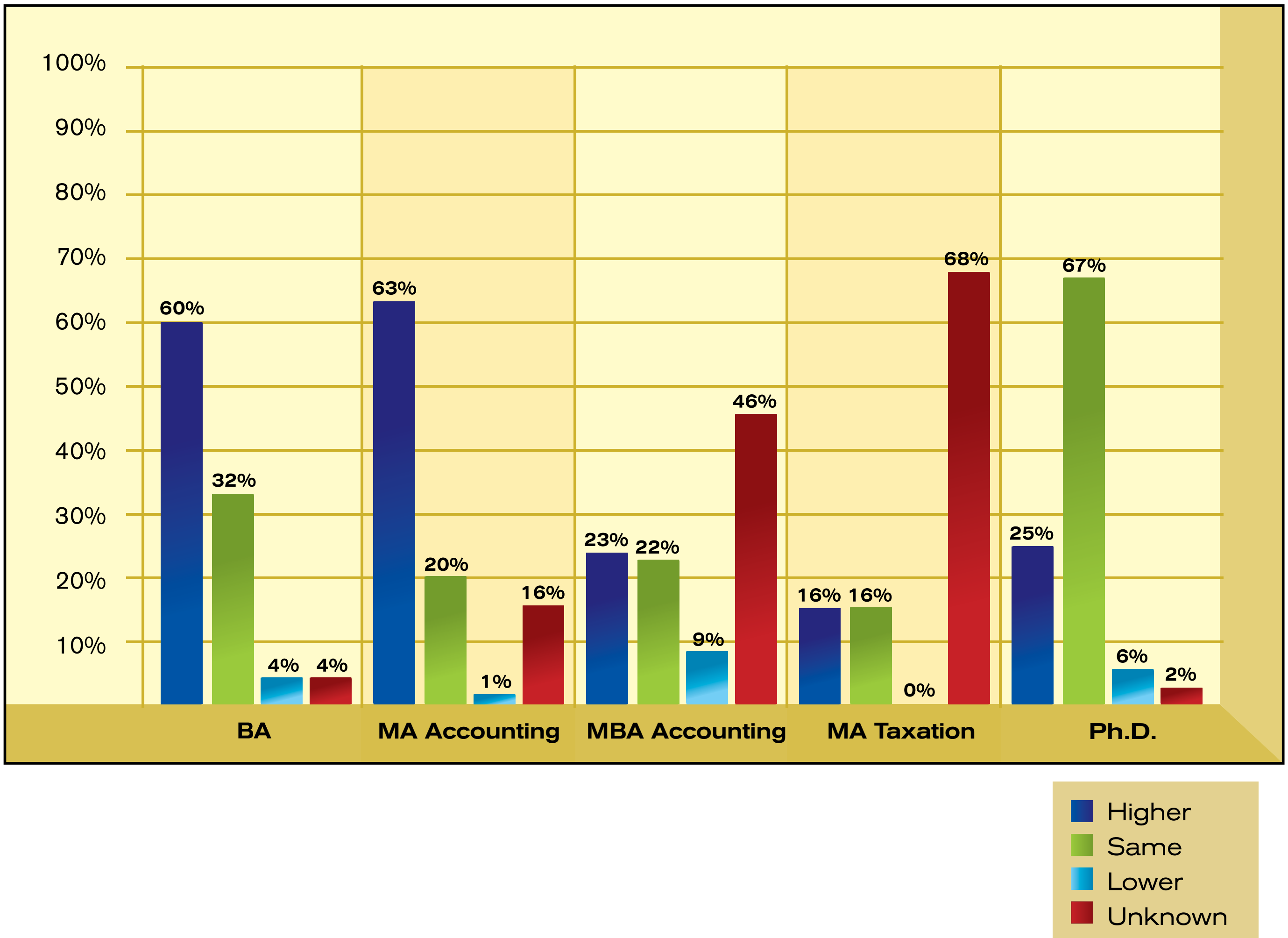
Ph.D. Enrollment by Gender and Ethnicity – 2006-07





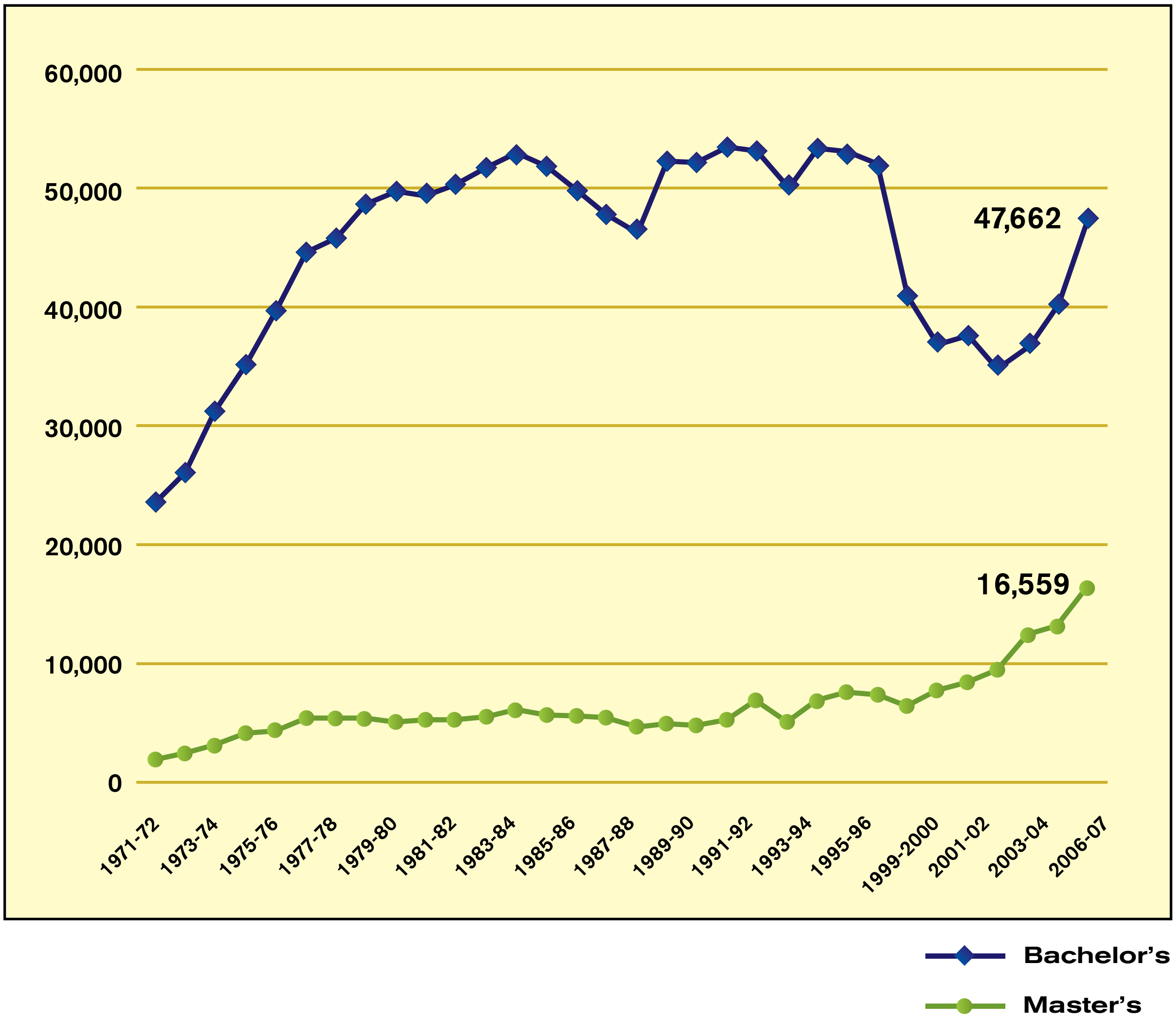
Future Enrollment Predictions in Accounting Programs – 2006-07

SURVEY QUESTION:	For each of the following accounting programs listed, please indicate whether you expect enrollment at your institution two years from now to be higher, lower or the same as current enrollment.



TRENDS in Supply
Accounting Graduates

Accounting Degrees Awarded
Historical – 2006-07



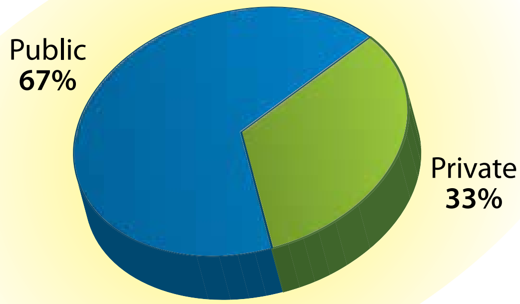
- **Since the previous survey in 2003-04, the number of BA graduates increased by 18% and MA graduates increased by 24%.**

Accounting Degrees Awarded by All Schools
1971-72 through 2006-07

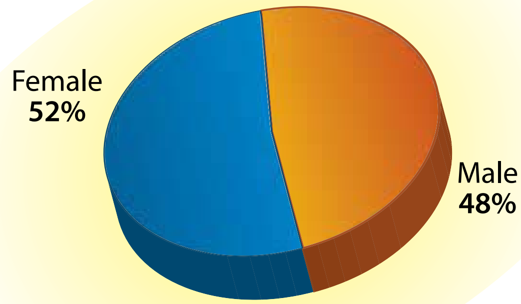
	Bachelor's		Master's		Total	
Year	Number of Graduates	Rate of Growth	Number of Graduates	Rate of Growth	Number of Graduates	Rate of Growth
1971–72	23,800	–0–	2,200	–0–	26,000	–0–
1972–73	26,300	+ 11%	2,700	+ 23%	29,000	+ 12%
1973–74	31,400	+ 19%	3,400	+ 26%	34,800	+ 20%
1974–75	35,400	+ 13%	4,300	+ 26%	39,700	+ 14%
1975–76	39,900	+ 13%	4,700	+ 9%	44,600	+ 12%
1976–77	44,760	+ 12%	5,620	+ 20%	50,380	+ 13%
1977–78	46,000	+ 3%	5,670	+ 1%	51,670	+ 3%
1978–79	48,800	+ 6%	5,640	– 1%	54,440	+ 5%
1979–80	49,870	+ 2%	5,280	– 6%	55,150	+ 1%
1980–81	49,320	– 1%	5,520	+ 5%	54,840	– 1%
1981–82	50,300	+ 2%	5,570	+ 1%	55,870	+ 2%
1982–83	51,950	+ 3%	5,810	+ 4%	57,760	+ 3%
1983–84	53,020	+ 2%	6,330	+ 9%	59,350	+ 3%
1984–85	51,980	– 2%	5,910	– 7%	57,890	– 2%
1985–86	50,000	– 4%	5,750	– 3%	55,750	– 4%
1986–87	48,030	– 4%	5,580	– 3%	53,610	– 4%
1987–88	46,340	– 4%	4,910	– 12%	51,250	– 4%
1988–89	52,500	+ 13%	5,230	+ 7%	57,730	+ 13%
1989–90	52,320	–0–	5,040	– 4%	57,360	– 1%
1990–91	53,600	+ 1%	5,540	+ 10%	59,140	+ 3%
1991–92	53,320	–0–	7,070	+ 28%	60,390	+ 2%
1992–93	50,060	– 6%	5,330	– 25%	55,390	– 8%
1993–94	53,450	+ 7%	7,170	+ 35%	60,620	+ 9%
1994–95	53,360	–0–	7,860	+ 10%	61,220	+ 1%
1995–96	52,030	– 2%	7,630	– 3%	59,660	– 3%
1998–99	41,170	– 21%	6,725	– 12%	47,895	– 20%
1999–00	37,115	– 10%	7,980	+ 19%	45,095	– 6%
2000–01	37,855	+ 2%	8,700	+ 9%	46,555	+ 3%
2001–02	34,995	– 8%	9,700	+ 11%	44,695	– 4%
2002–03	37,010	+ 6%	12,655	+ 30%	49,665	+ 11%
2003–04	40,420	+ 9%	13,340	+ 5%	53,760	+ 8%
2006–07	47,662	+ 18%	16,559	+ 24%	64,221	+ 19%

Accounting Graduates Snapshot (MA & BA combined) – 2006-07

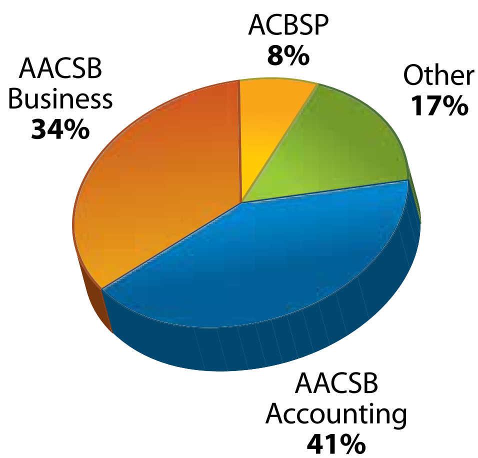
SECTOR



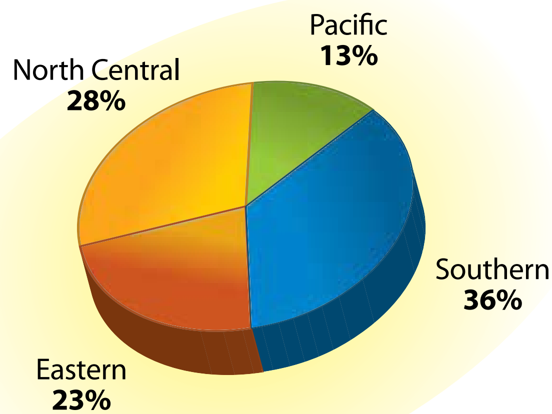
GENDER



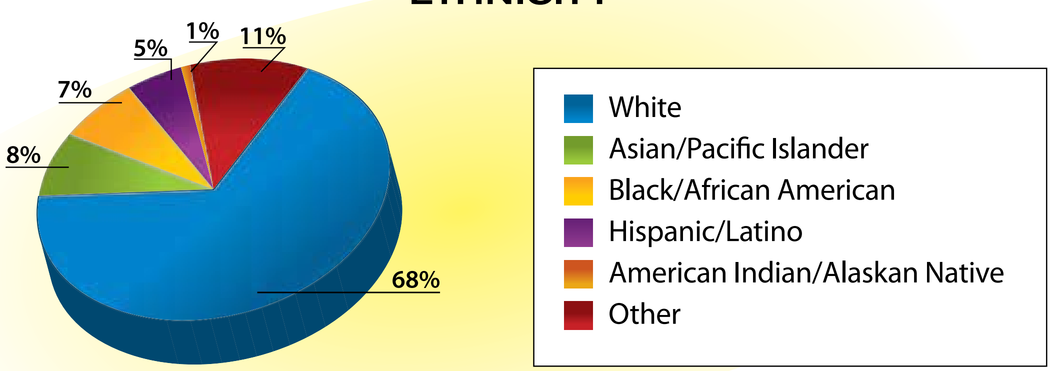
ACCREDITATION



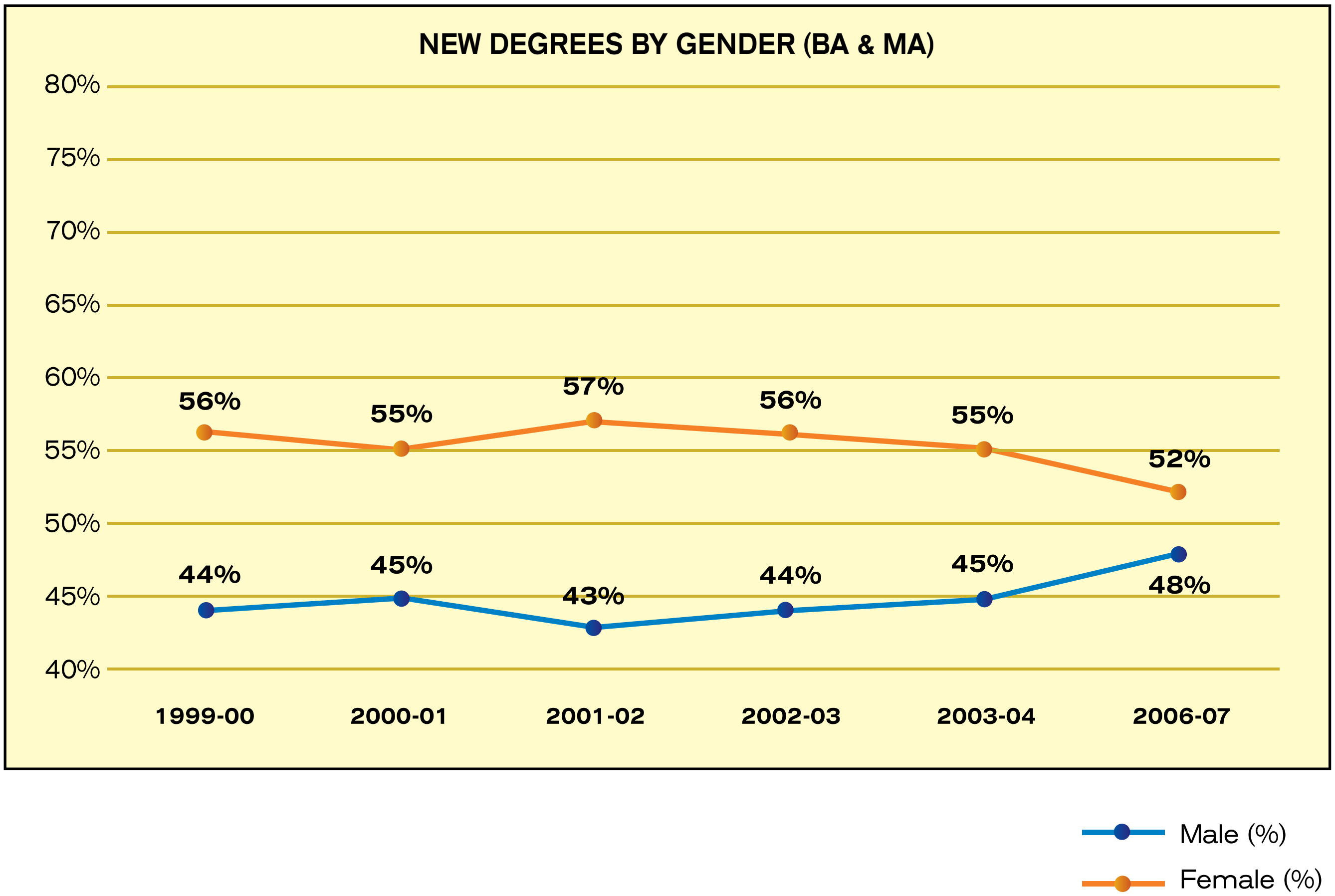
REGION



ETHNICITY

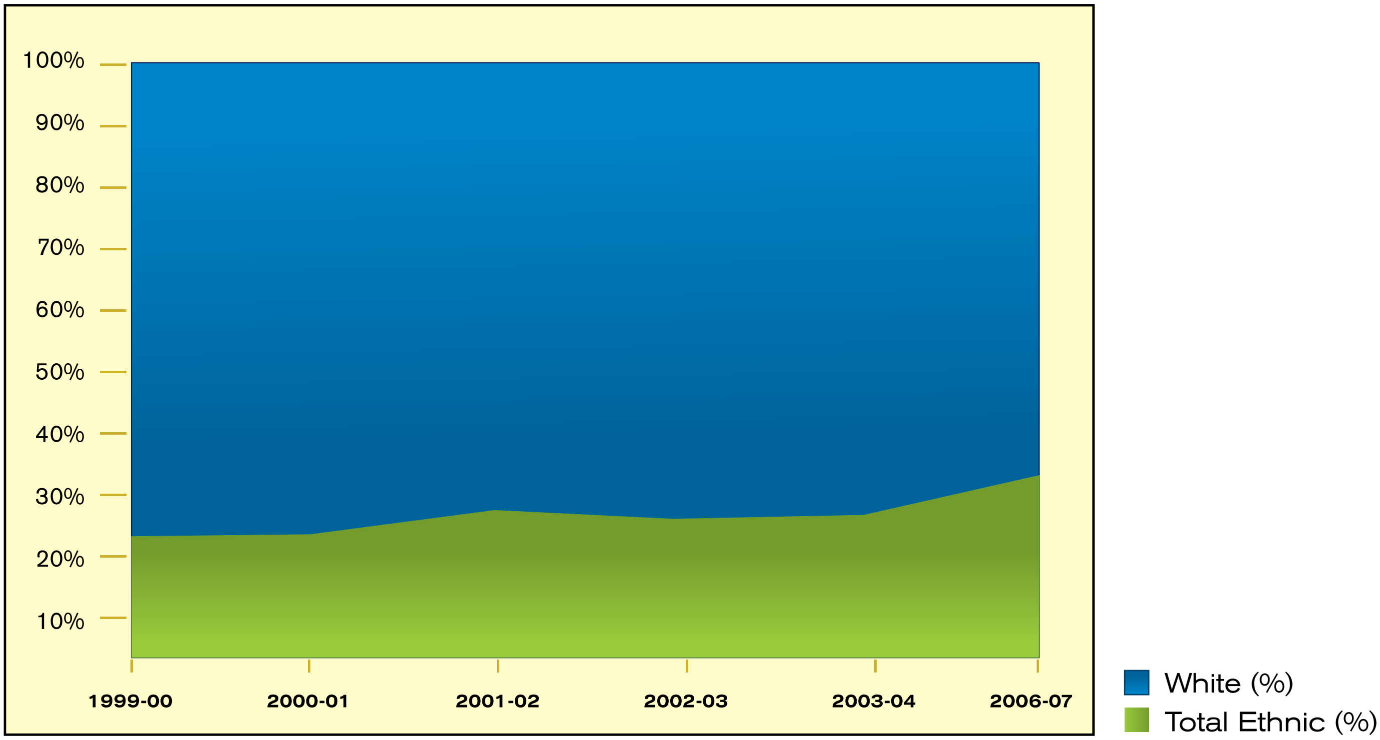


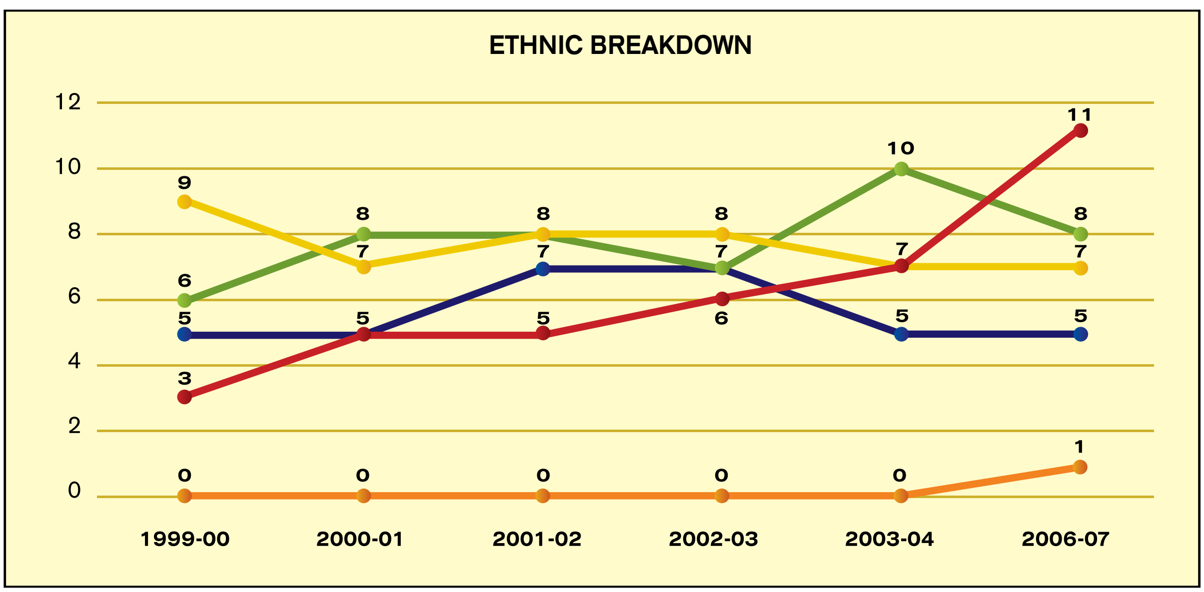
Graduates by Gender – 2006-07



- Since 2001-02, the percentage of male graduates has been increasing slightly, while the share of female graduates has gradually decreased.

Bachelor's and Master's Graduates by Ethnicity – 2006-07





- **Ethnicity of Bachelor's and Master's graduates is generally very similar to the 2003-04 survey except for Asian/Pacific Islanders, which have declined slightly.**

New Accounting Graduates from AACSB Accounting and AACSB & ACBSP Accredited Business Administration Programs

	AACSB Accounting Programs & AACSB & ACBSP Business Admin. Programs	Bachelor's	Master's	TOTAL
1999-00	461	28,070	7,260	35,330
2000-01	479	28,175	7,235	35,410
2001-02	494	27,880	9,170	37,050
2002-03	504	30,590	11,905	42,495
2003-04	501	33,120	12,635	45,755
2006-07	597	38,555	14,912	53,467

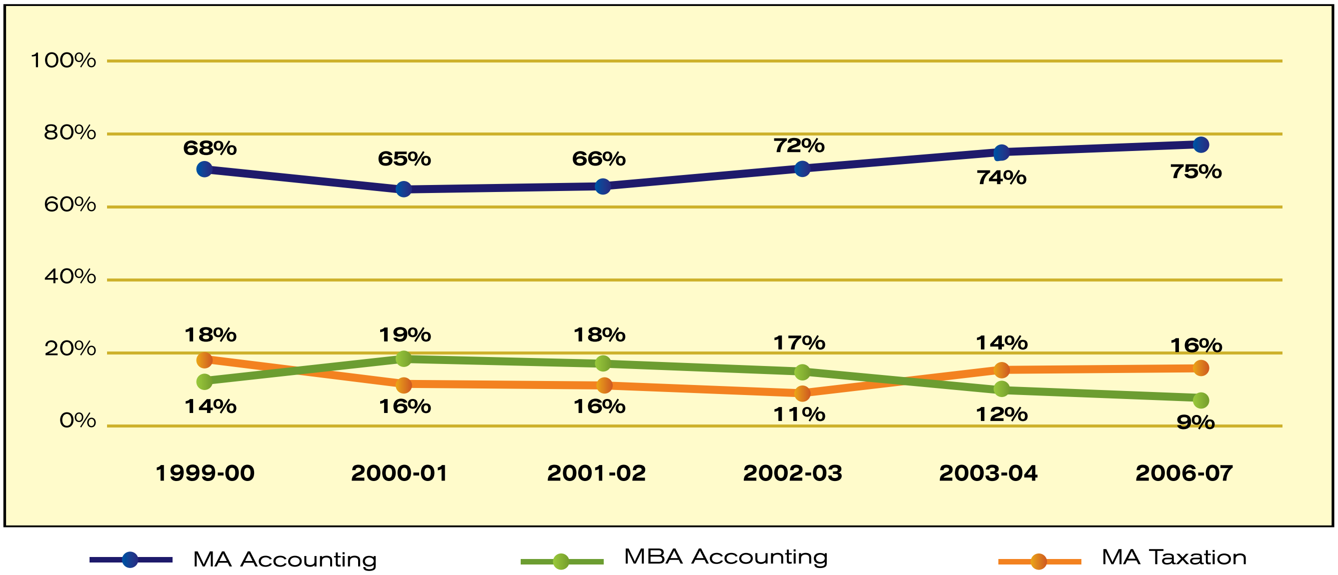
- Accounting graduates from accounting and business accredited programs continue to rise, 16% for Bachelor's over the 2003-04 survey, and 18% at the Master's level.

New Accounting Graduates from Other Business Administration Programs

	Number of Other Business Administration Programs	Bachelor's	Master's	TOTAL
1999-00	395	9,045	720	9,765
2000-01	378	9,680	1,465	11,145
2001-02	355	7,115	530	7,645
2002-03	337	6,420	750	7,170
2003-04	330	7,300	705	8,005
2006-07	322	9,107	1,647	10,754

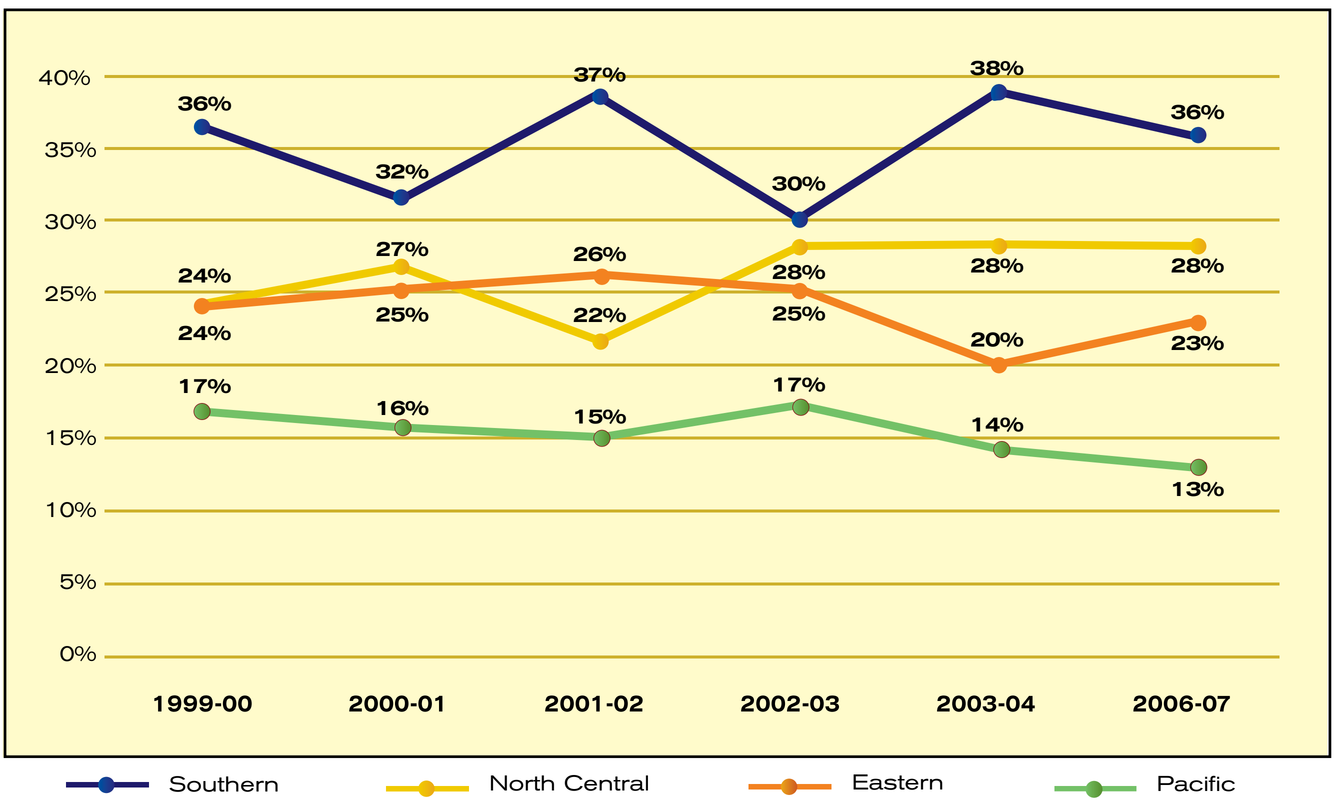
- Total graduates are up 34% in non-accounting and business accredited programs since the last survey in 2003-04.

Master's Degrees by Program Type – 2006-07



• Master's degrees in Accounting make up nearly three-quarters of accounting specific Master's degrees, significantly higher than Master's in Taxation and MBAs in Accounting, which represent roughly one-quarter combined.

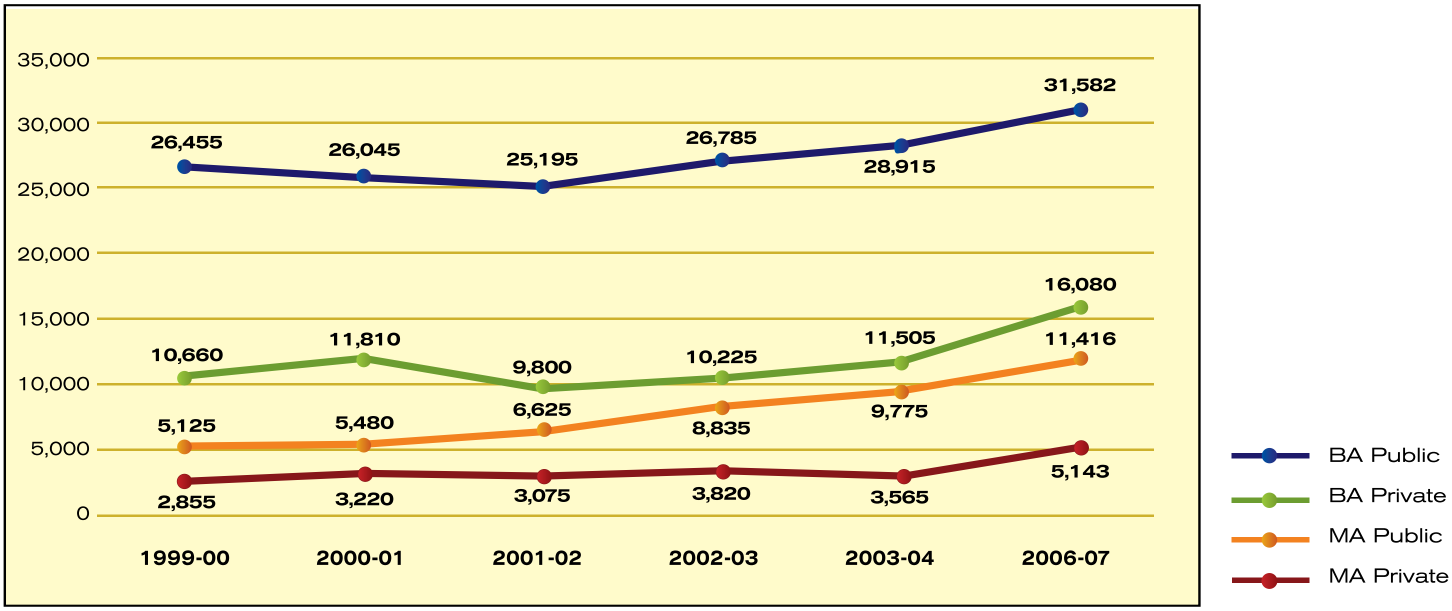
Accounting Degrees by Geographic Region – 2006-07



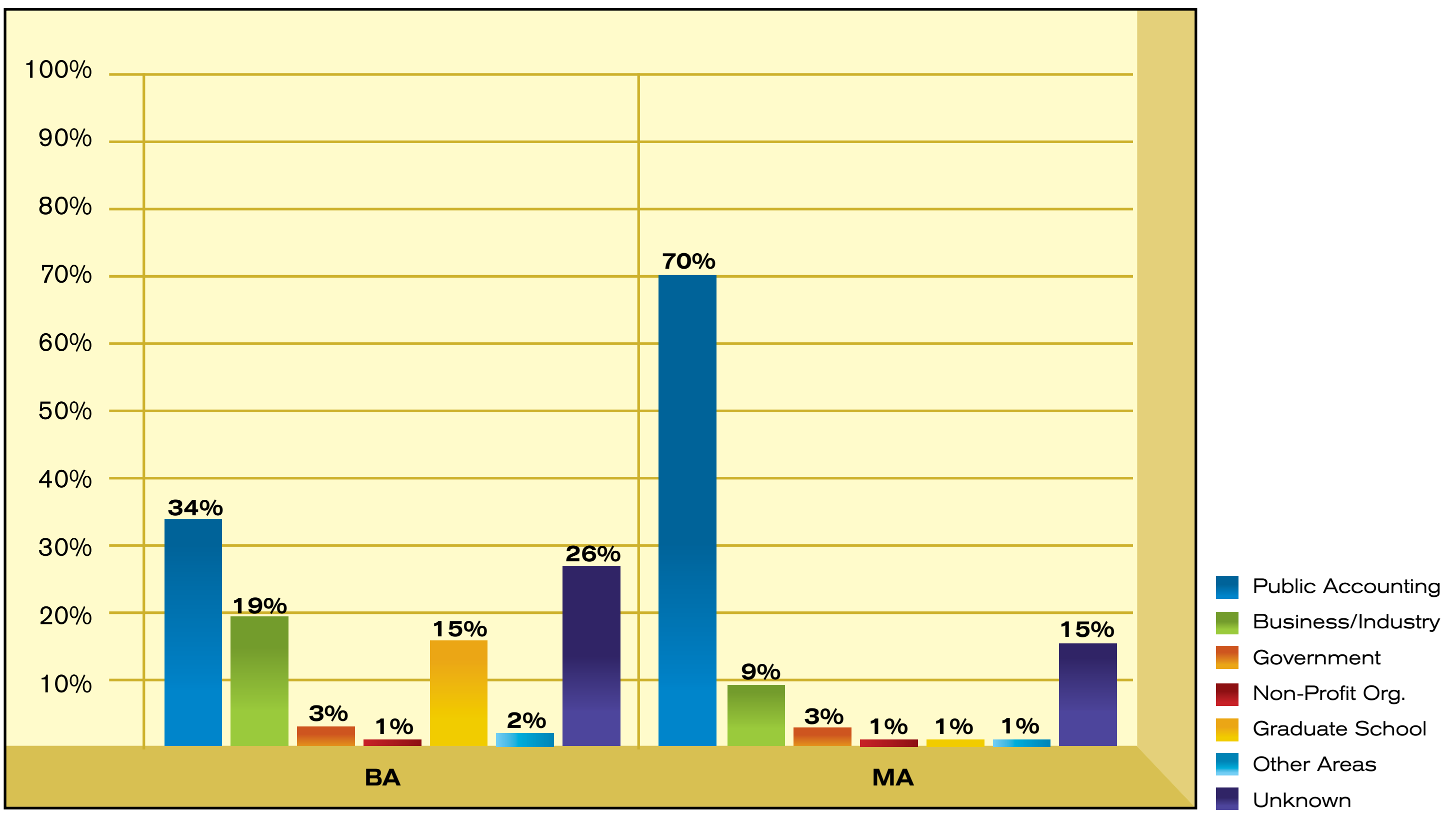
• Southern schools have historically produced the largest share of accounting graduates. They produced a significantly higher share than all other regions again this year.

• Pacific schools generate the smallest share of Accounting degrees.

Accounting Graduates by Sector – 2006-07



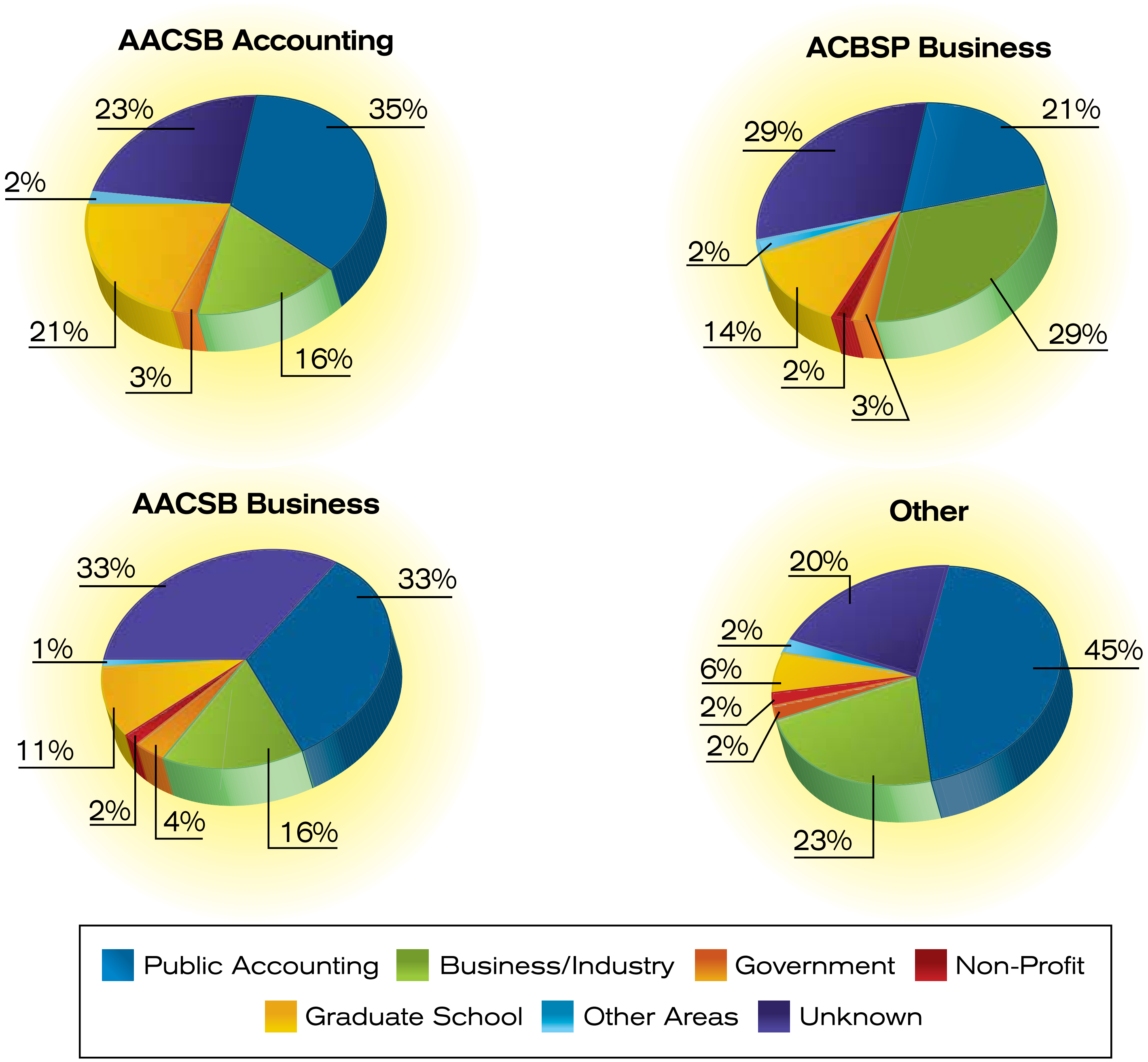
Placement of Graduates by Degree Level* – 2006-07



* Based on placement data provided by responding schools, but with varying degrees of certainty regarding accuracy.

- **Graduates from both Bachelor's and Master's accounting programs are most likely to begin work in Public Accounting. The distribution of Bachelor's graduates across industries is more evenly spread however, with roughly two-thirds working in other industries. Less than one-third of Master's graduates begin work in industries other than Public Accounting.**

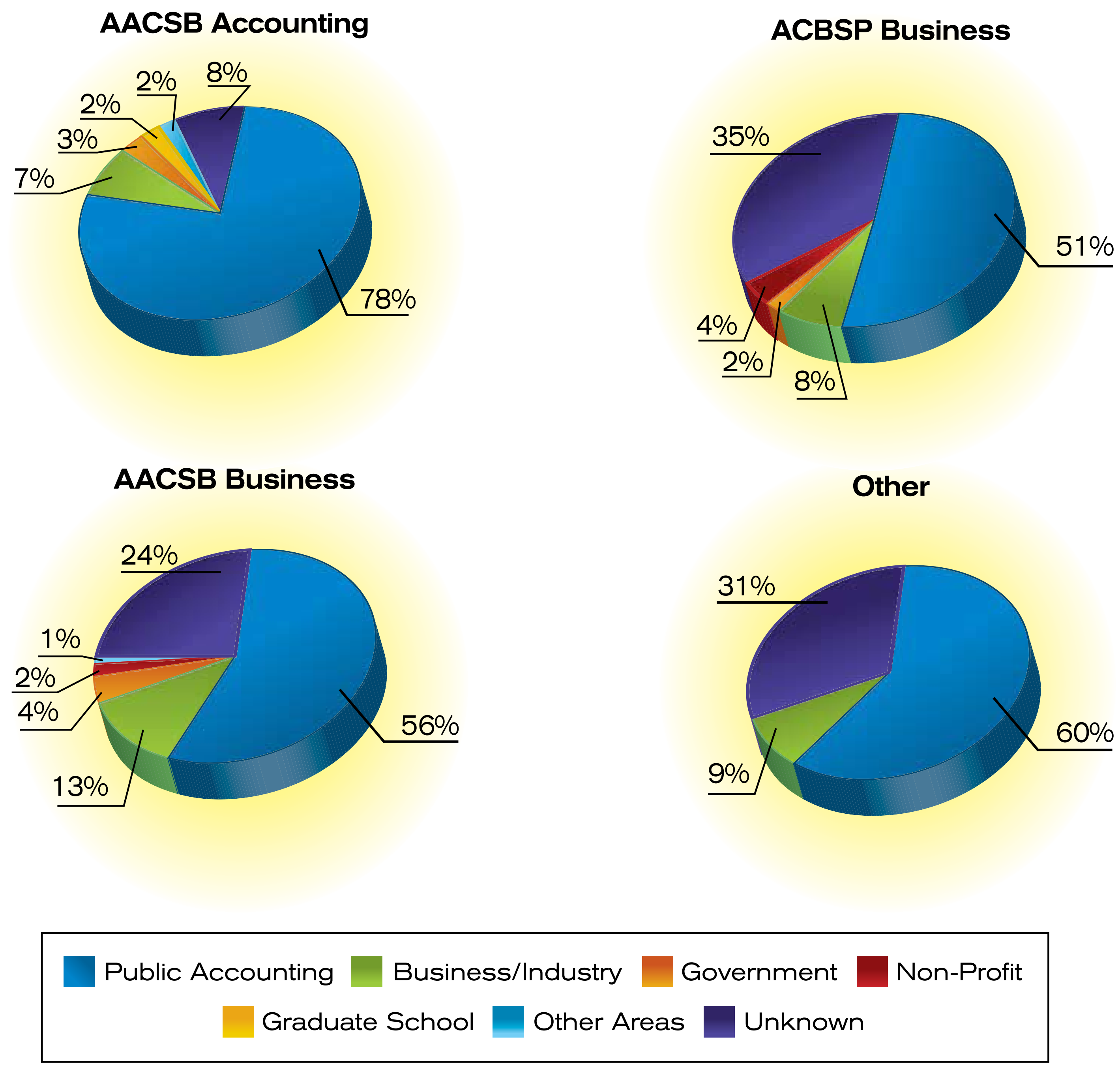
Placement of Bachelor's Graduates by Accreditation* – 2006-07



* Based on placement data provided by responding schools, but with varying degrees of certainty regarding accuracy.

- **Bachelor's graduates with AACSB Accounting, AACSB Business and Other Regional Accreditation are most likely to begin work in Public Accounting, while ACBSP Business accredited graduates are more likely to begin work in Business/Industry.**

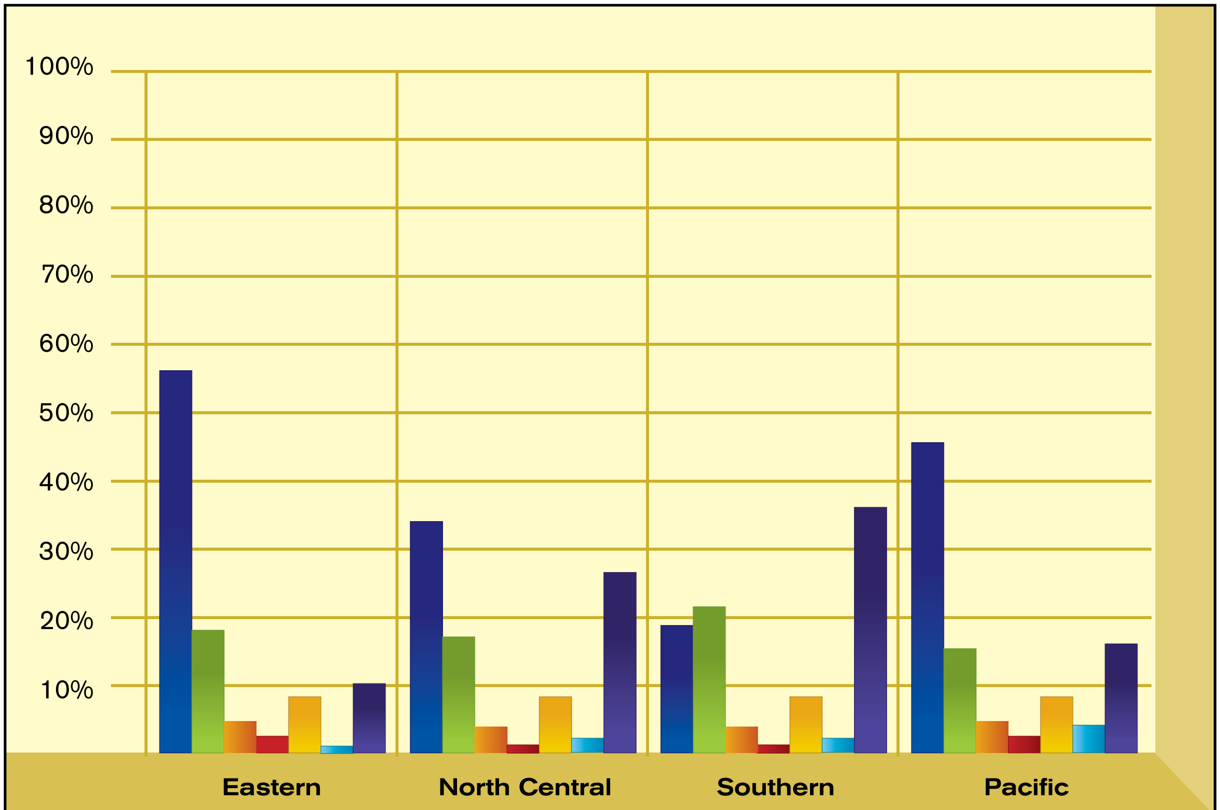
Placement of Master's Graduates by Accreditation* – 2006-07



* Based on placement data provided by responding schools, but with varying degrees of certainty regarding accuracy.

- **Master's graduates of all accreditation types are most likely to begin work in Public Accounting.**

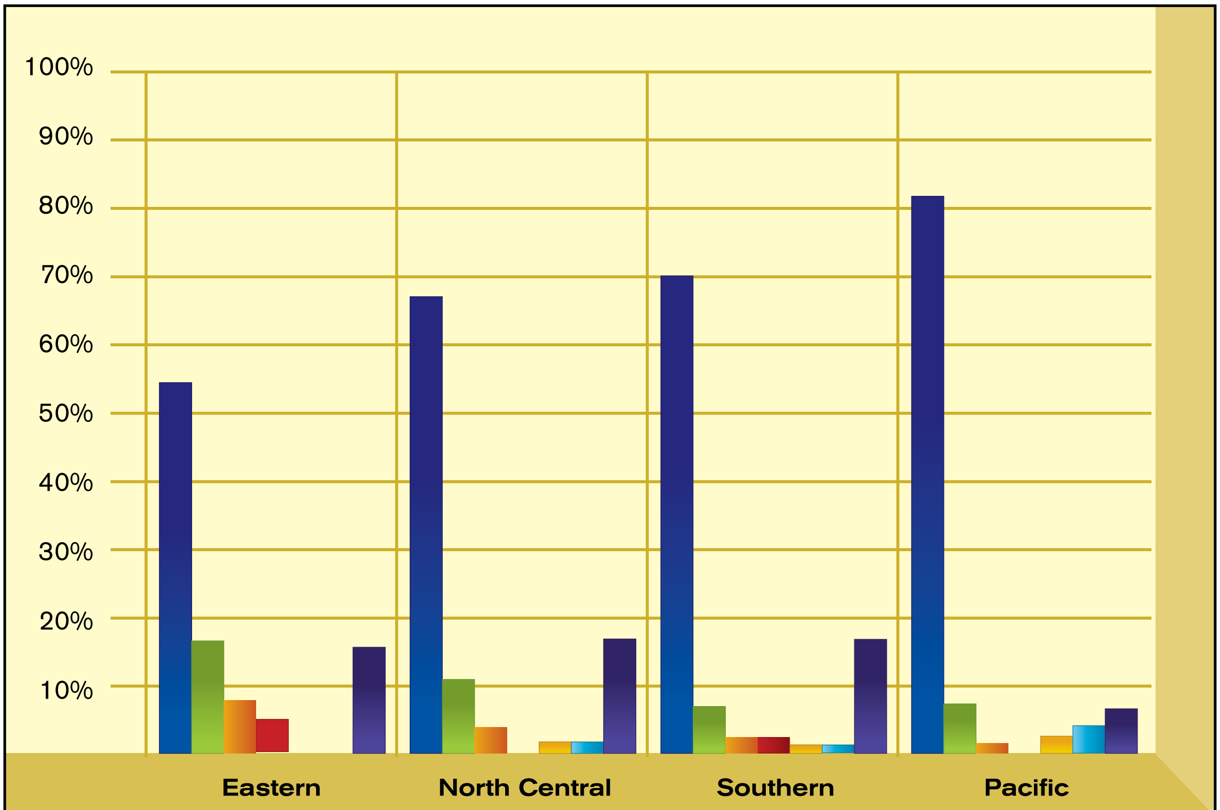
Placement of Bachelor's Graduates by Region* – 2006-07



	Eastern	North Central	Southern	Pacific
Public Accounting	56%	32%	19%	45%
Business/Industry	19%	18%	21%	16%
Government	4%	3%	3%	4%
Non-Profit	2%	1%	1%	2%
Graduate School	8%	17%	18%	12%
Other Areas	1%	2%	2%	5%
Unknown	10%	27%	36%	16%

* Based on placement data provided by responding schools, but with varying degrees of certainty regarding accuracy.

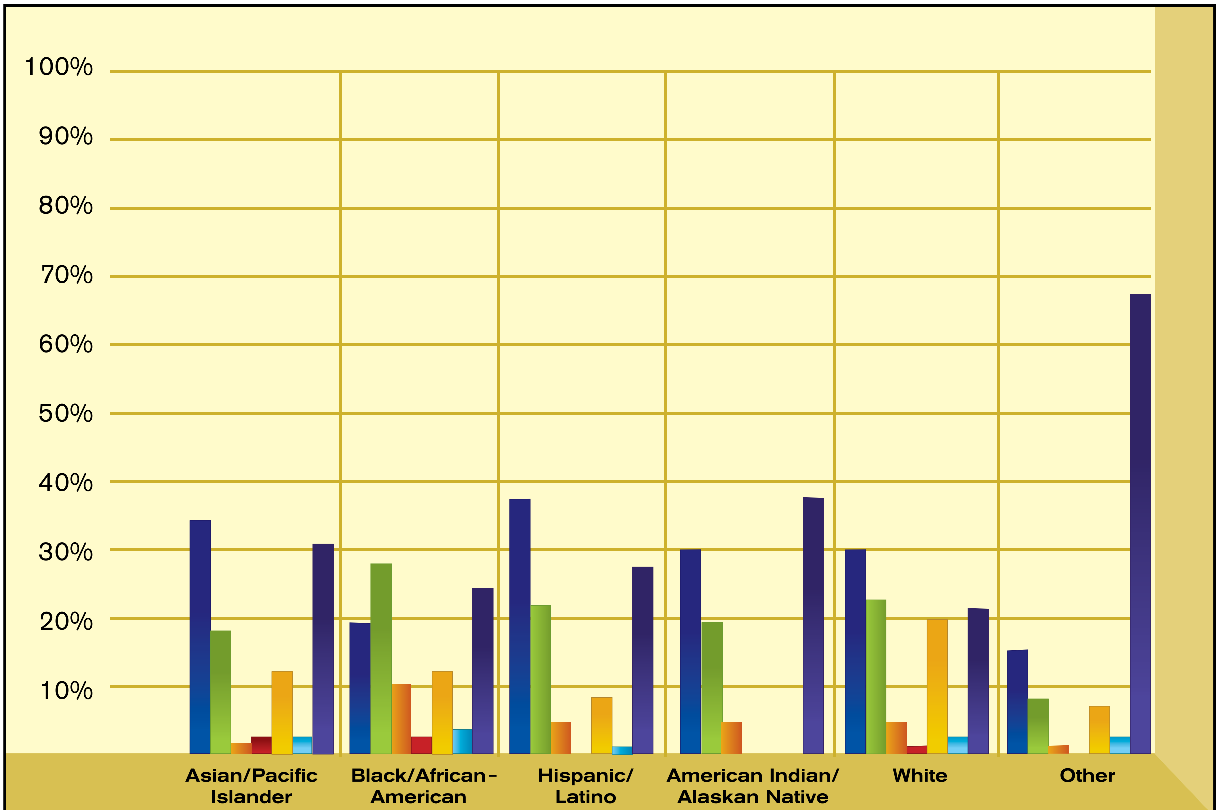
Placement of Master's Graduates by Region* – 2006-07



	Eastern	North Central	Southern	Pacific
Public Accounting	53%	67%	70%	81%
Business/Industry	17%	11%	7%	7%
Government	8%	3%	2%	1%
Non-Profit	6%	0%	2%	0%
Graduate School	0%	1%	1%	2%
Other Areas	0%	1%	1%	3%
Unknown	16%	17%	17%	6%

* Based on placement data provided by responding schools, but with varying degrees of certainty regarding accuracy.

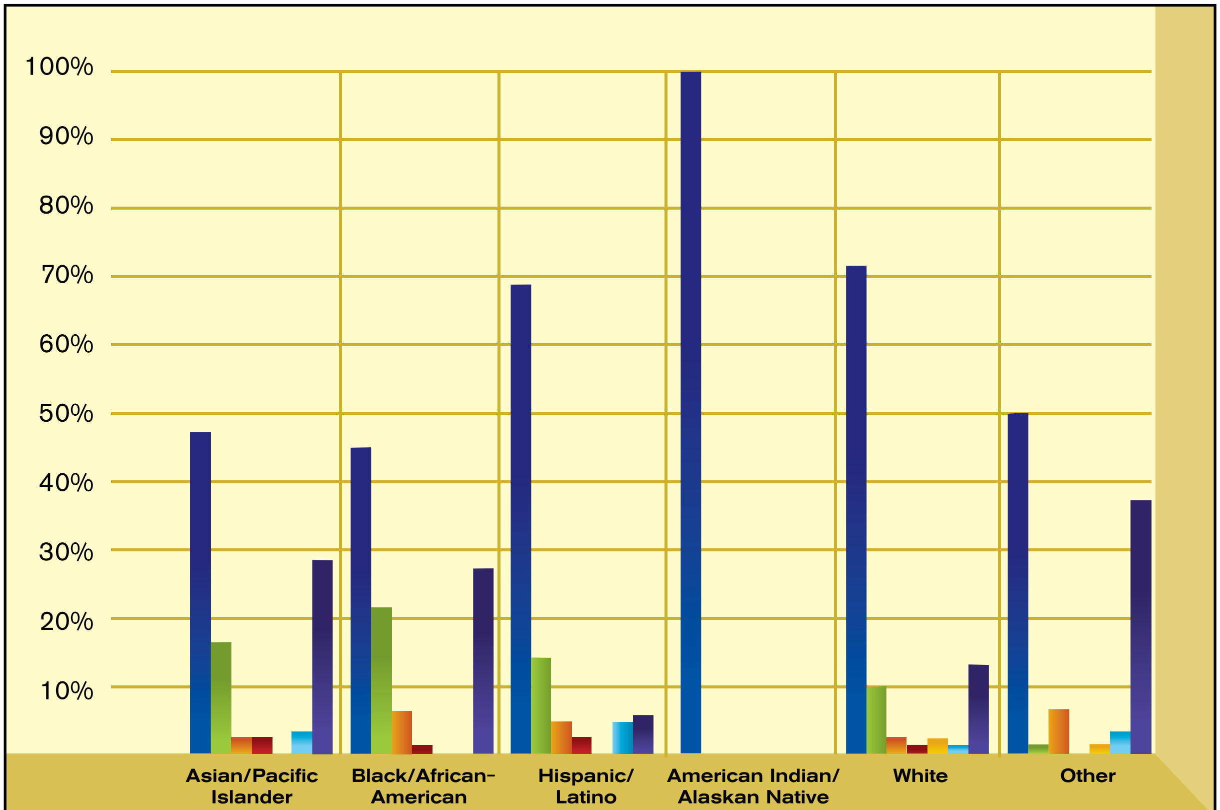
Placement of Bachelor's Graduates by Ethnicity* – 2006-07



	Asian/Pacific Islander	Black/African-American	Hispanic/Latino	American Indian/Alaskan Native	White	Other
Public Accounting	33%	19%	37%	30%	30%	15%
Business/Industry	19%	29%	22%	19%	23%	8%
Government	1%	10%	4%	13%	3%	1%
Non-Profit	2%	2%	0%	0%	1%	0%
Graduate School	12%	12%	8%	0%	20%	7%
Other Areas	2%	3%	1%	0%	2%	2%
Unknown	31%	25%	28%	38%	21%	67%

* Based on placement data provided by responding schools, but with varying degrees of certainty regarding accuracy.

Placement of Master's Graduates by Ethnicity* – 2006-07



	Asian/Pacific Islander	Black/African-American	Hispanic/Latino	American Indian/Alaskan Native	White	Other
Public Accounting	47%	44%	69%	100%	71%	50%
Business/Industry	17%	21%	13%	0%	10%	1%
Government	2%	6%	5%	0%	2%	7%
Non-Profit	2%	1%	2%	0%	1%	0%
Graduate School	0%	0%	0%	0%	2%	1%
Other Areas	3%	0%	5%	0%	1%	3%
Unknown	29%	28%	6%	0%	13%	38%

* Based on placement data provided by responding schools, but with varying degrees of certainty regarding accuracy.

2008 TRENDS in Demand

Survey Methodology Overview – Demand

Survey Fielding

- Sampling
- A census of public accounting firms with 10 or more AICPA members was invited to participate
- A random sample of public accounting firms with fewer than 10 members was invited to participate
- Advance notifications were sent to public accounting firms October 1, 2007
- Survey invitations were e-mailed October 8, 2007
- The AICPA followed up extensively with non-respondents to maximize the response rate
- The field closed December 10, 2007

Response Information

- Surveys were predominantly completed online
- A paper-copy response option was also made available
- The overall response rate was 15%, but almost 60% of the largest firm group surveyed responded, including all of the eight largest firms, generating substantial numerical coverage of demand and hiring

Analysis & Reporting

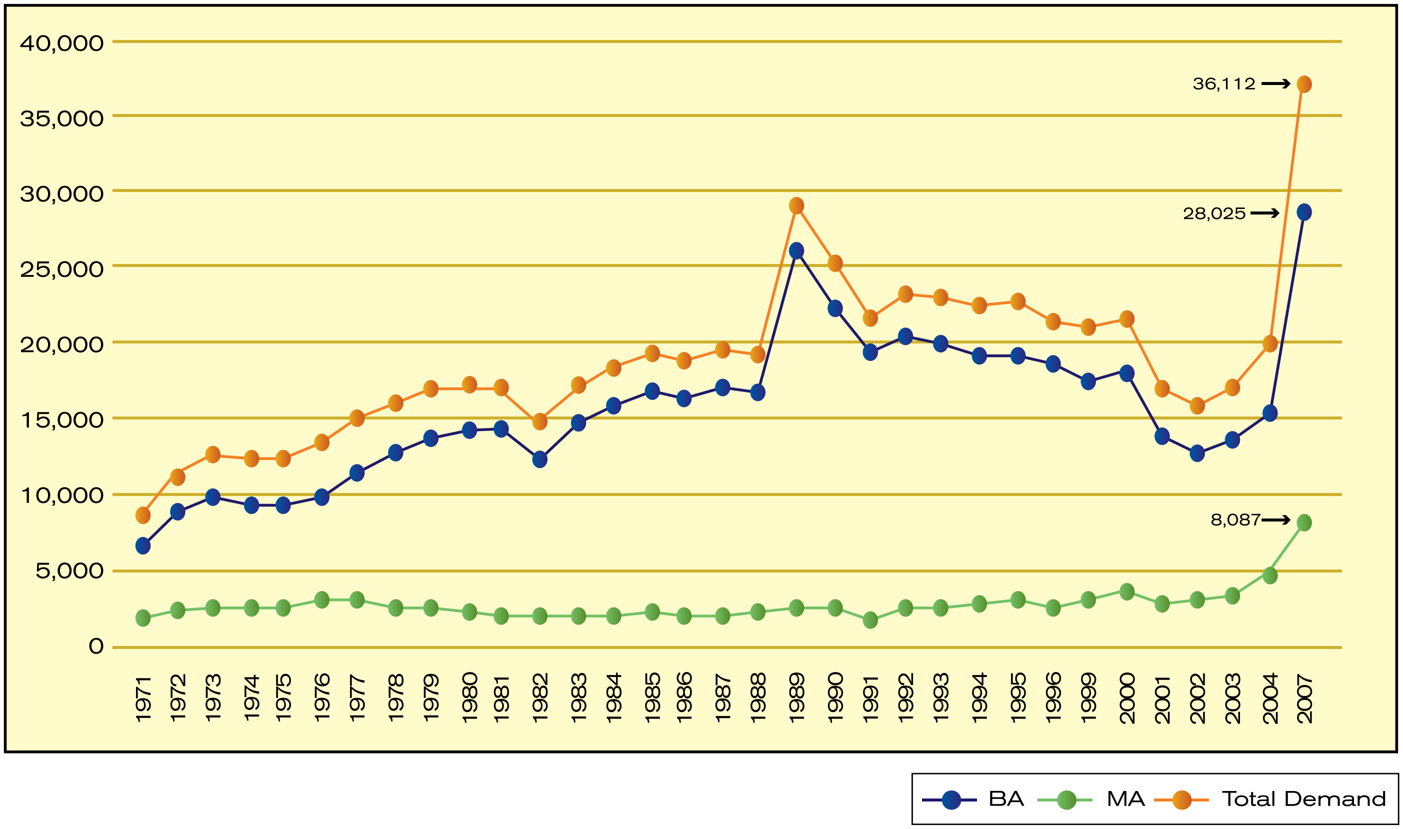
- Survey results have been weighted to be reflective of the entire public accounting population
- Results were weighted by the size of firms as determined by the number of AICPA members employed
- The margin of error at the 90% confidence level is 3.3%
- A regression equation was developed to forecast hiring
- The number of AICPA members employed at public accounting firms was used to forecast hiring
- The R square is .890

Demand Survey Response Rate

	Total Number of Firms	No. of Firms Surveyed	No. of Firms Responding	Response Rate
All Firms	43,741	4,228	639	15%
Firm Size Based on Number of AICPA Members Employed				
Fewer than 10	42,242	2,729	381	14%
10 to 49	1,386	1,386	208	15%
50 to 200	89	89	36	40%
Over 200	24	24	14	58%

TRENDS in Demand
CPA Firm Hiring

New Accounting Graduates Hired by CPA Firms – 2006-07

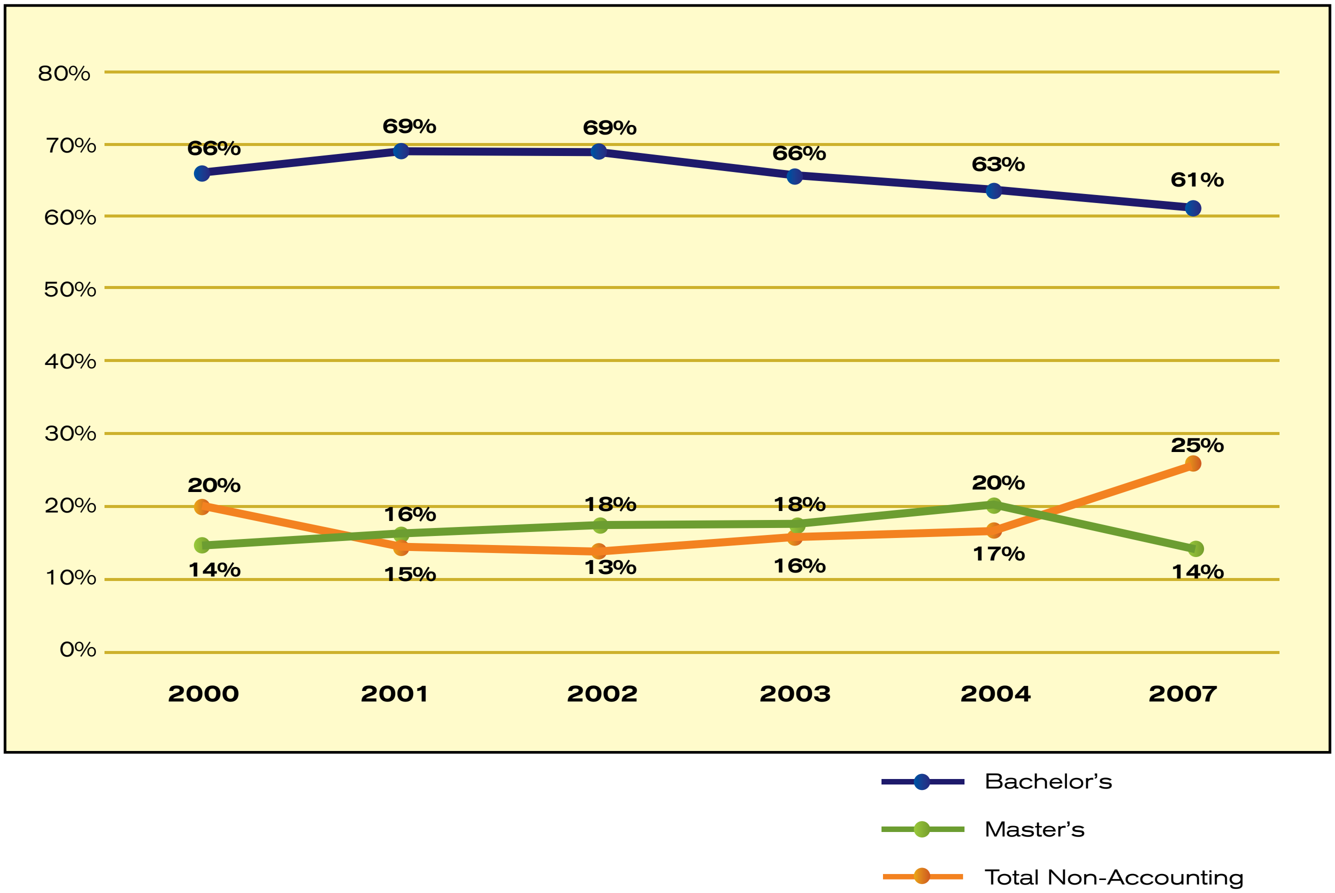


- **Accounting graduates demand increased 83% from 2003-04 to 2006-07.**

New Accounting Graduates Hired by CPA Firms

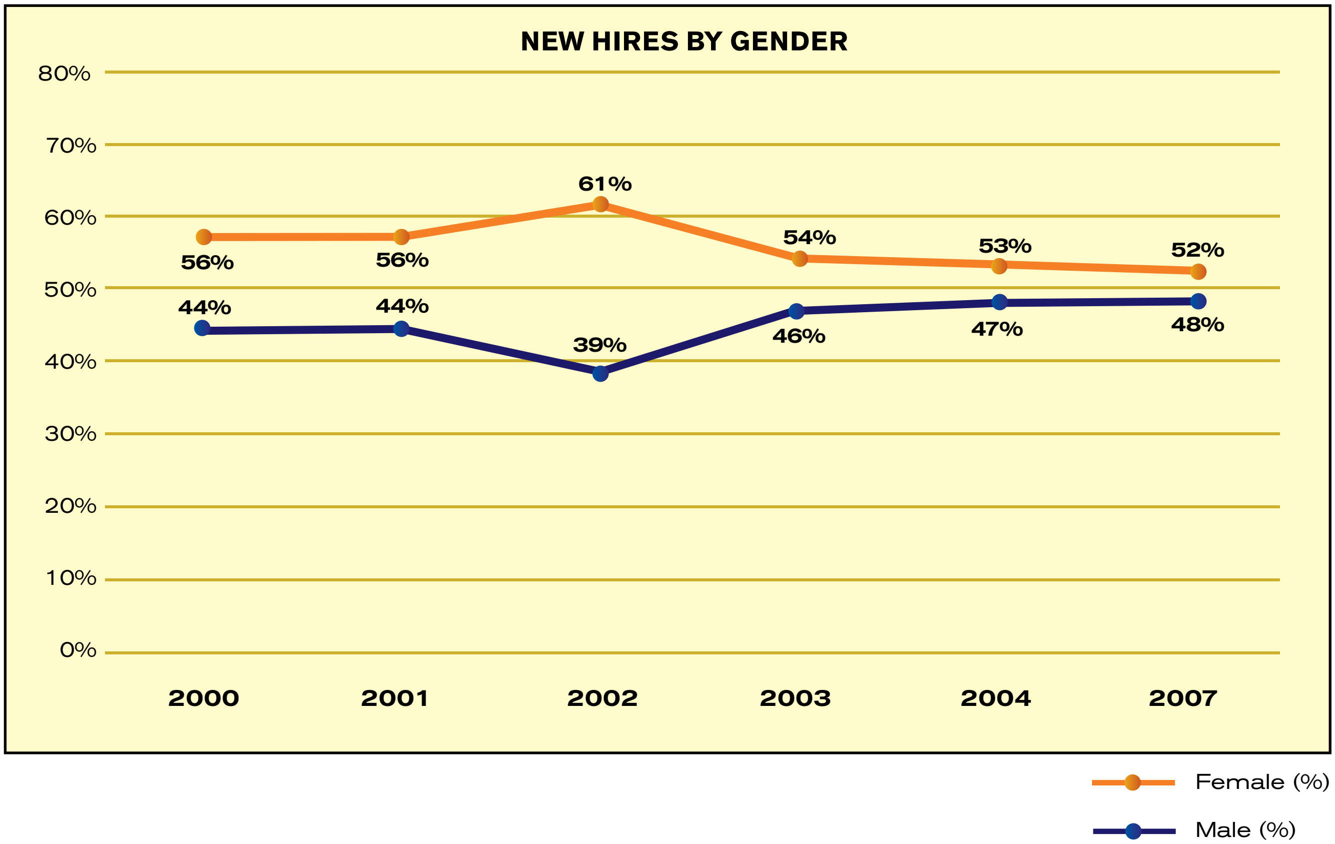
Year	Bachelor's	Master's	Total Demand
1971	6,800	2,000	8,800
1972	8,900	2,400	11,300
1973	10,000	2,600	12,600
1974	9,500	2,600	12,100
1975	9,200	2,800	12,000
1976	10,010	3,350	13,360
1977	11,660	3,310	14,970
1978	12,770	2,890	15,660
1979	13,500	2,900	16,400
1980	14,100	2,460	16,560
1981	14,200	2,210	16,410
1982	11,970	2,210	14,180
1983	14,490	2,180	16,670
1984	15,640	2,180	17,820
1985	16,510	2,250	18,760
1986	16,110	2,030	18,140
1987	16,720	2,050	18,770
1988	16,740	2,220	18,960
1989	25,240	2,600	27,840
1990	21,340	2,500	23,840
1991	18,840	1,760	20,600
1992	19,870	2,650	22,520
1993	19,320	2,670	21,990
1994	18,500	2,970	21,470
1995	18,560	3,375	21,935
1996	17,820	2,650	20,470
1999	16,960	3,250	20,210
2000	17,265	3,686	20,951
2001	13,335	3,035	16,370
2002	12,630	3,295	15,295
2003	13,270	3,555	16,825
2004	14,985	4,720	19,705
2007	28,025	8,087	36,112

New Accounting Graduates Hired by CPA Firms Percentage by Degree – 2006-07



- Bachelor's graduates continue to be hired by CPA firms in significantly higher percentages than Master's and non-accounting degrees. In 2007, non-accounting graduates were hired at substantially higher rates; thus while Master's graduates hired were up in overall numbers, their percentage of new hires decreased.

New Accounting Graduates Hired by CPA Firms Demographics – 2006-07

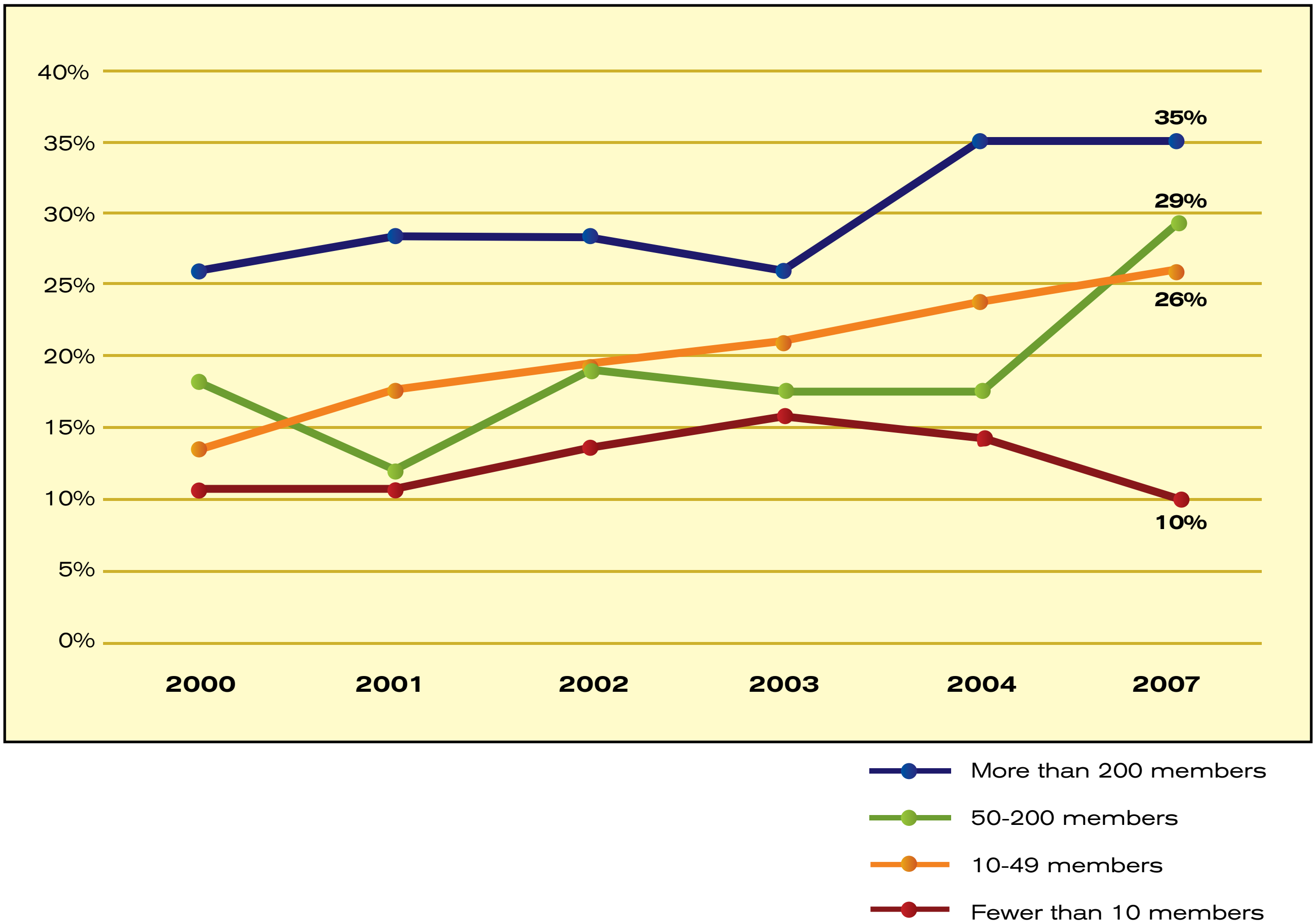


New Accounting Graduates Hired by CPA Firms Ethnicity – 2006-07

	Asian/Pacific Islander	Black/African-American	Hispanic/ Latino	American Indian/ Alaskan Native	Total Ethnic/ Racial	White	Other/ Unknown
2000	10%	3%	7%	0%	20%	79%	1%
2001	8%	3%	6%	0%	17%	82%	1%
2002	8%	3%	6%	0%	17%	82%	1%
2003	9%	5%	4%	0%	18%	81%	1%
2004	12%	3%	8%	0%	23%	76%	1%
2007	13%	8%	4%	1%	26%	72%	2%

- **Overall minority presence in the new hire pool is up only about 1% per year since the 2003-04 survey.**

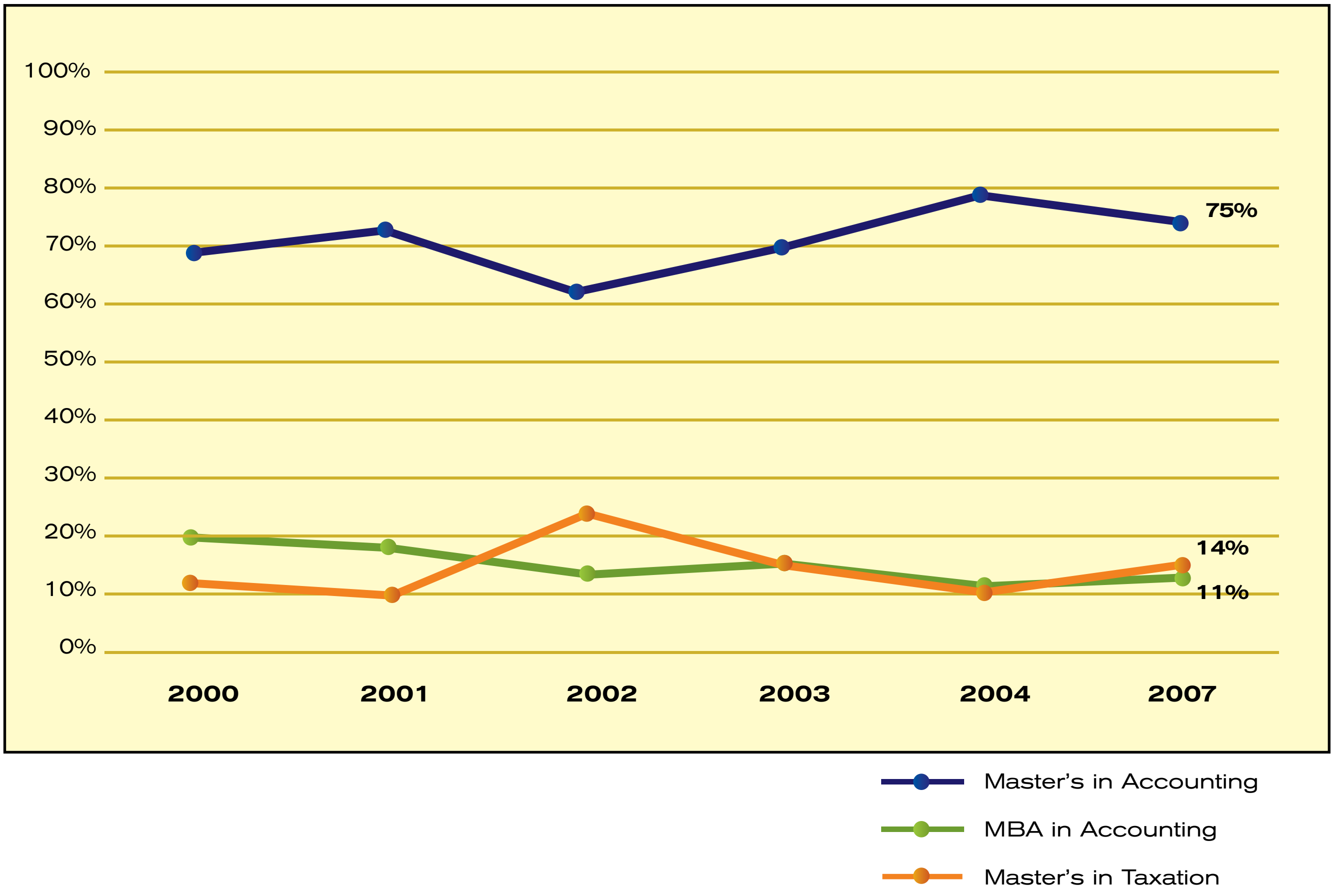
New Accounting Master's Graduates as a Percentage of all New Accounting Graduates Hired by Firm Size – 2006-07



- The share of Master's Accounting graduates increased at firms with 50-200 members by 12%.

- Master's graduates at the smallest firms decreased by 6%, and represent a significantly smaller share than other firm sizes.

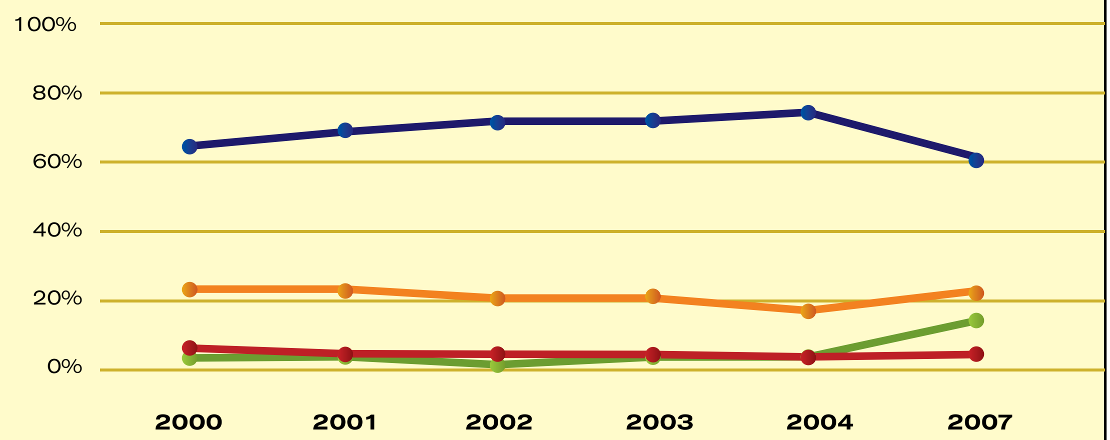
New Accounting Master's Graduates Hired by CPA Firms – Percentage by Type of Degree



- **Master's in Accounting degrees represent three-fourths of new CPA firm Master's hires, significantly higher than Master's in Taxation and MBAs in Accounting.**

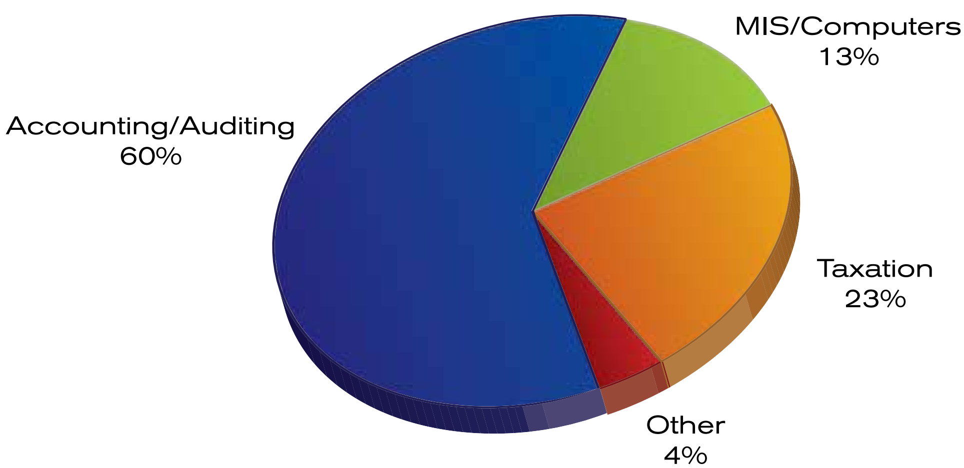
New Accounting Graduates Hired by CPA Firms by Area of Assignment – 2006-07

ALL CPA FIRMS – HISTORICAL TREND



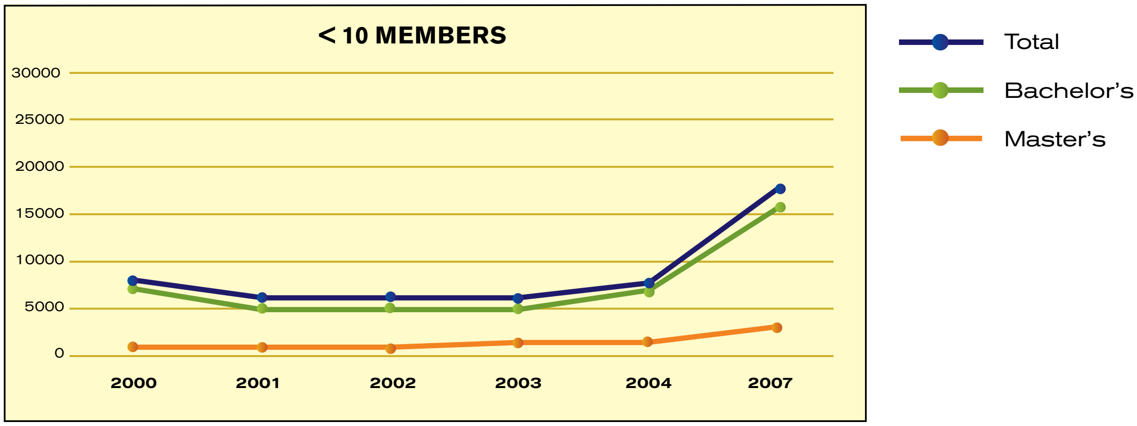
	2000	2001	2002	2003	2004	2007
Accounting/Auditing	65%	69%	72%	72%	77%	60%
MIS/Computers	2%	2%	1%	2%	2%	13%
Taxation	25%	24%	22%	21%	17%	23%
Other	8%	5%	5%	5%	4%	4 %

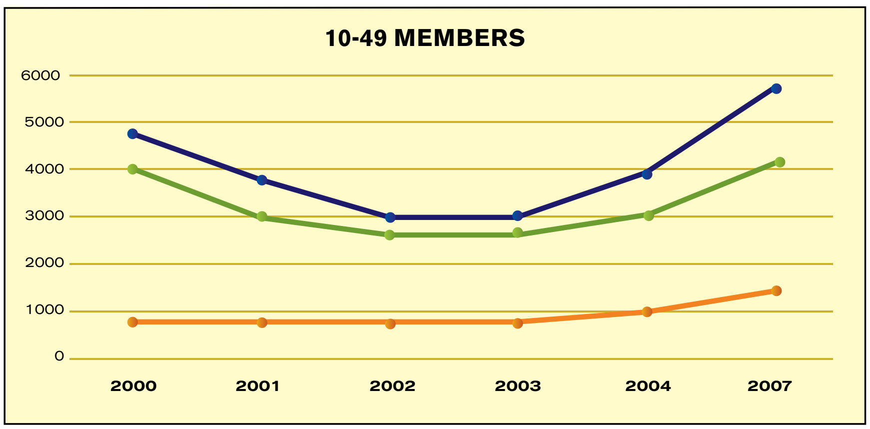
ALL CPA FIRMS – 2007

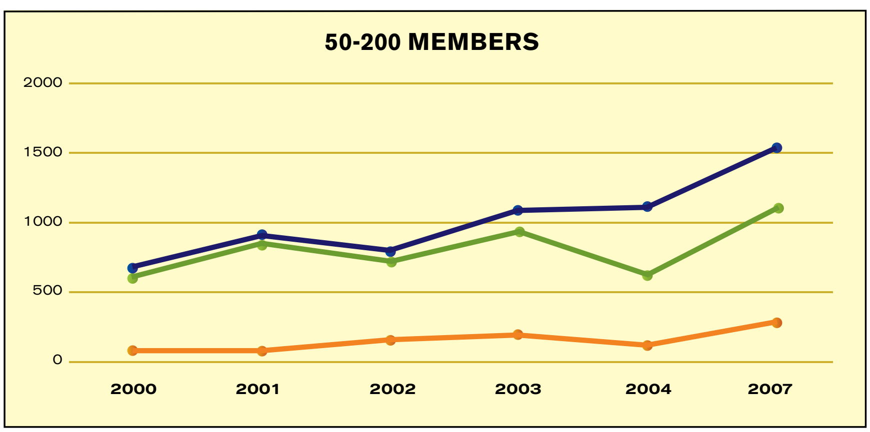


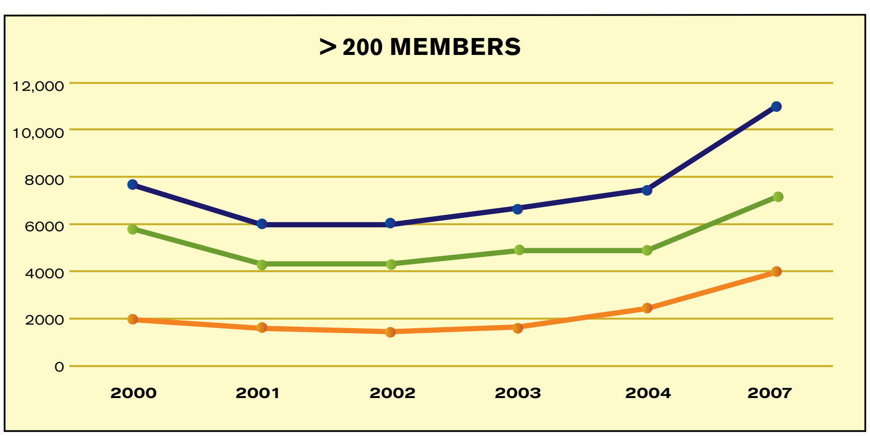
- **Accounting/Auditing remains the most common area of assignment for new graduates at CPA firms, while MIS/Computers has grown significantly since the last survey in 2003-04.**

New Accounting Graduates Hired by CPA Firms by Firm Size – 2000-2007

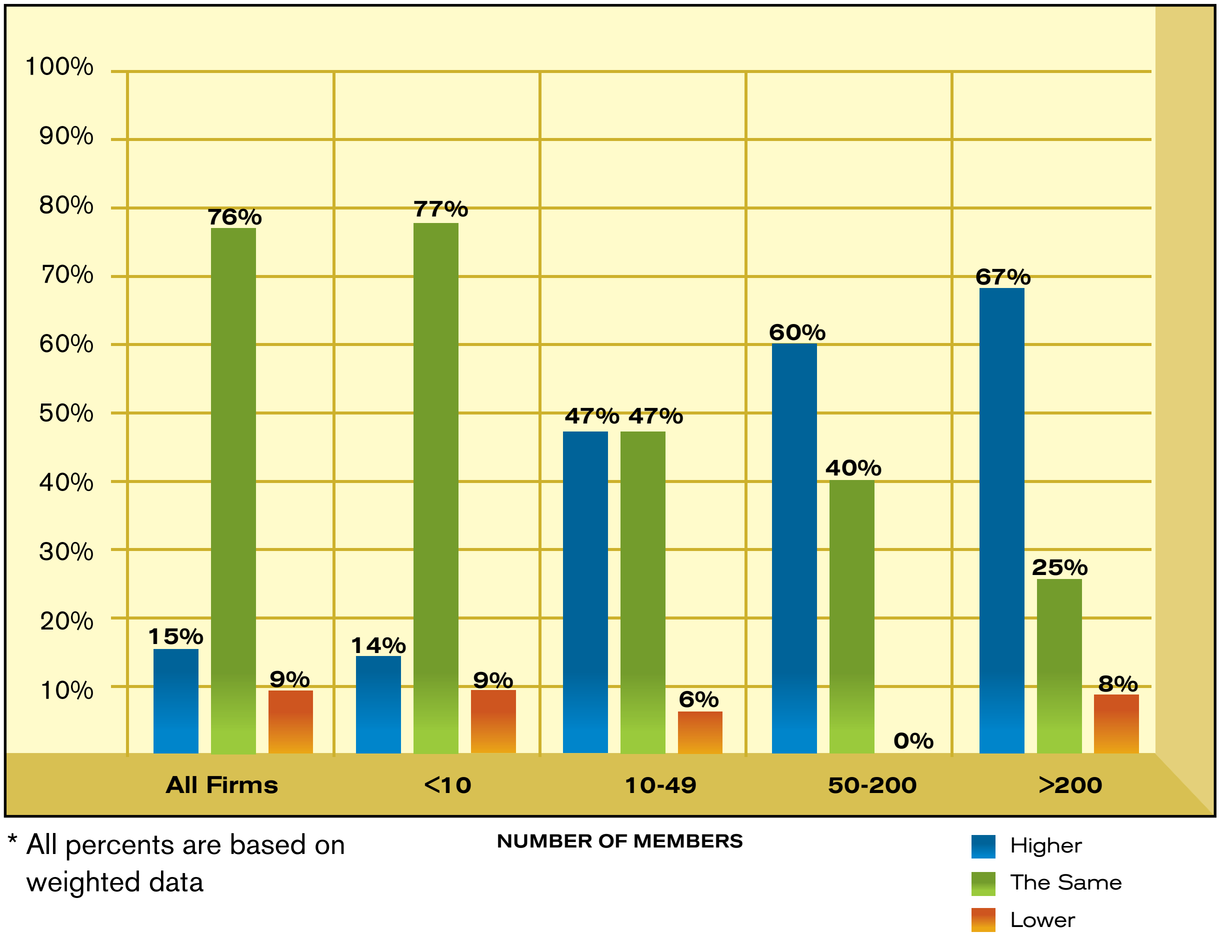








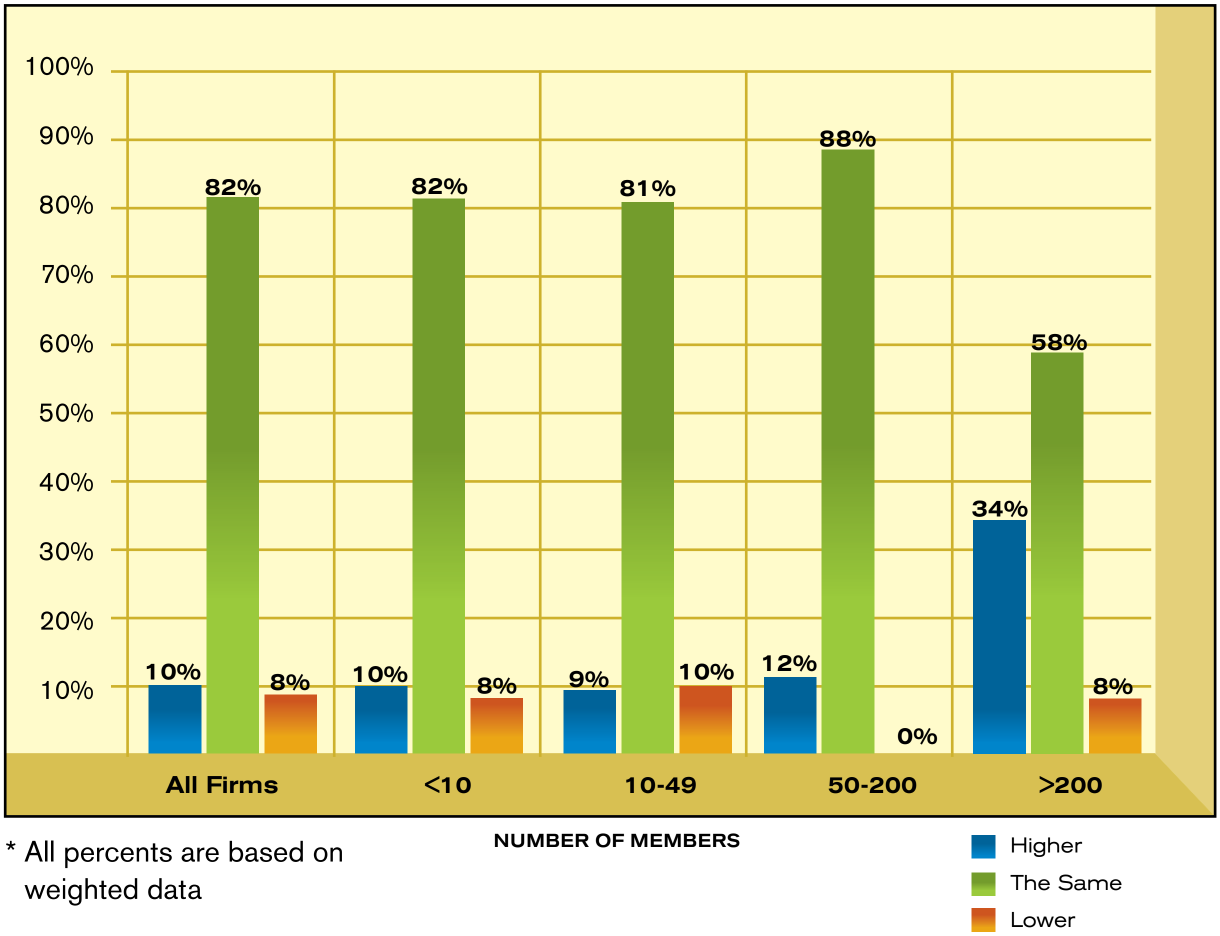
Demand Forecast – New Accountng Graduates to be Hired in 2008-09*



* All percents are based on weighted data

- **Firms clearly expect for the most part to hire the same or greater numbers than in the past year.**

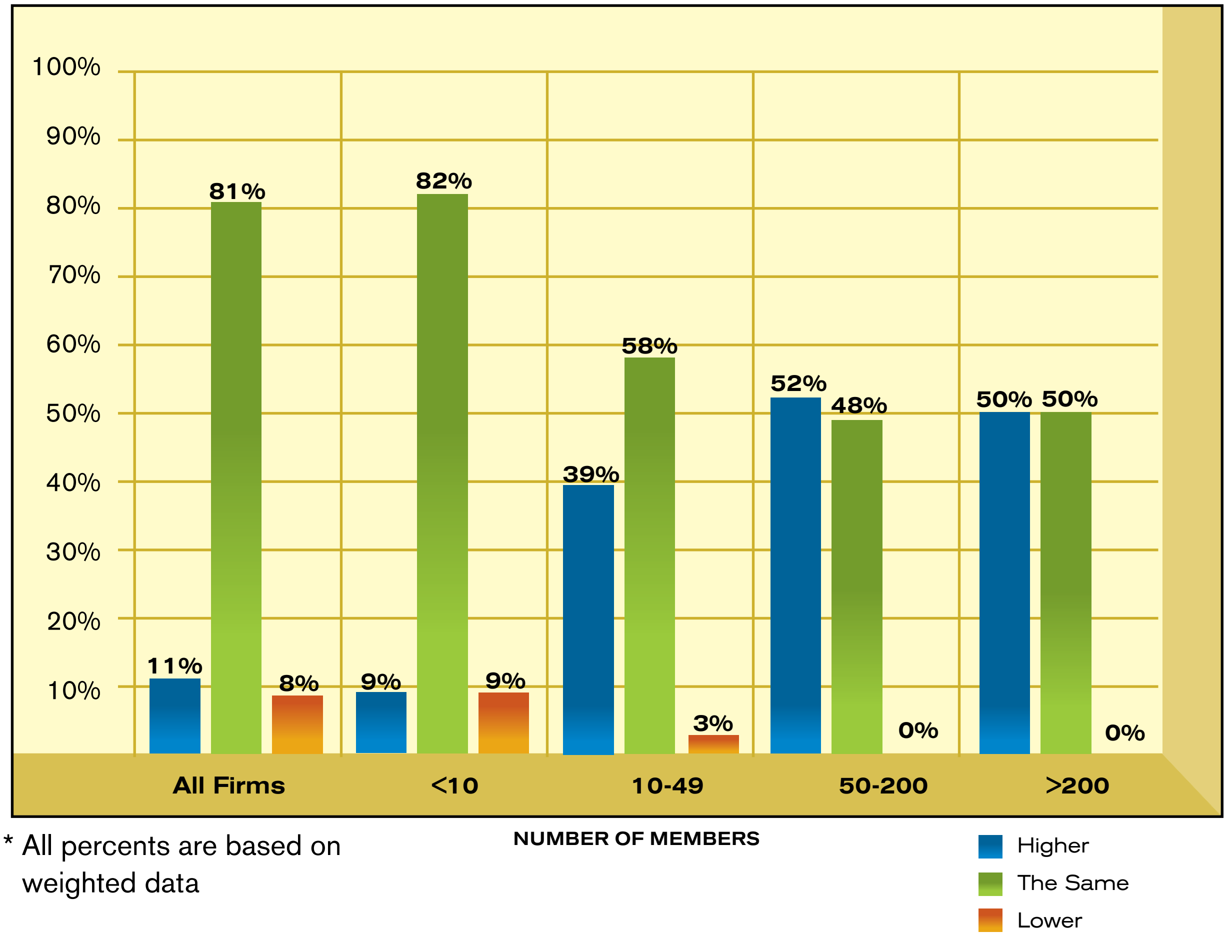
Demand Forecast – New Non-Accounting Graduates to be Hired in 2008-09*



* All percents are based on weighted data

- **Firms generally expect to hire the same or greater numbers than in the past year.**

Demand Forecast – Expected Number of CPAs on Staff in 2008-09*

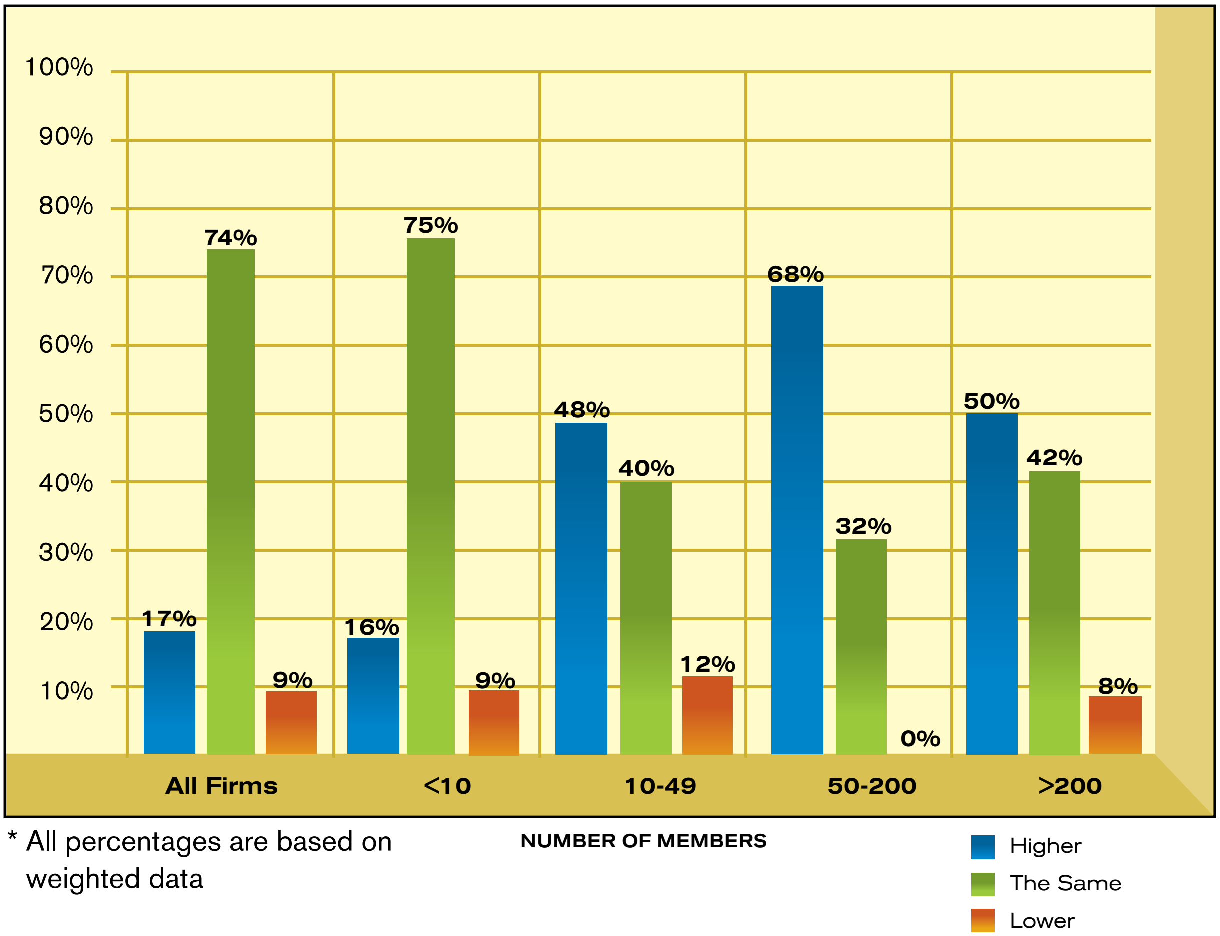


* All percents are based on weighted data

- **Firms expect for the most part to have the same or greater numbers of CPAs on staff than in the past year.**

Demand Forecast – Experienced Recruits to be Hired in 2008-09*

SURVEY QUESTION:	Is the number of experienced recruits hired by your firm likely to be higher, lower or the same as the previous year?

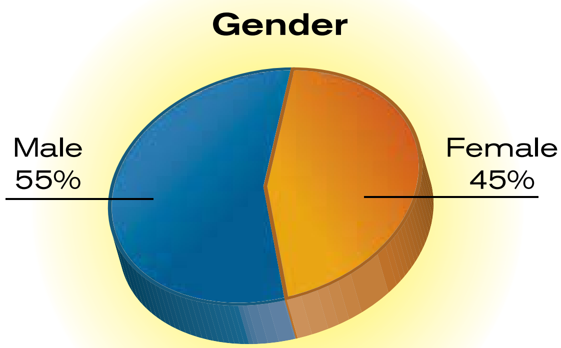


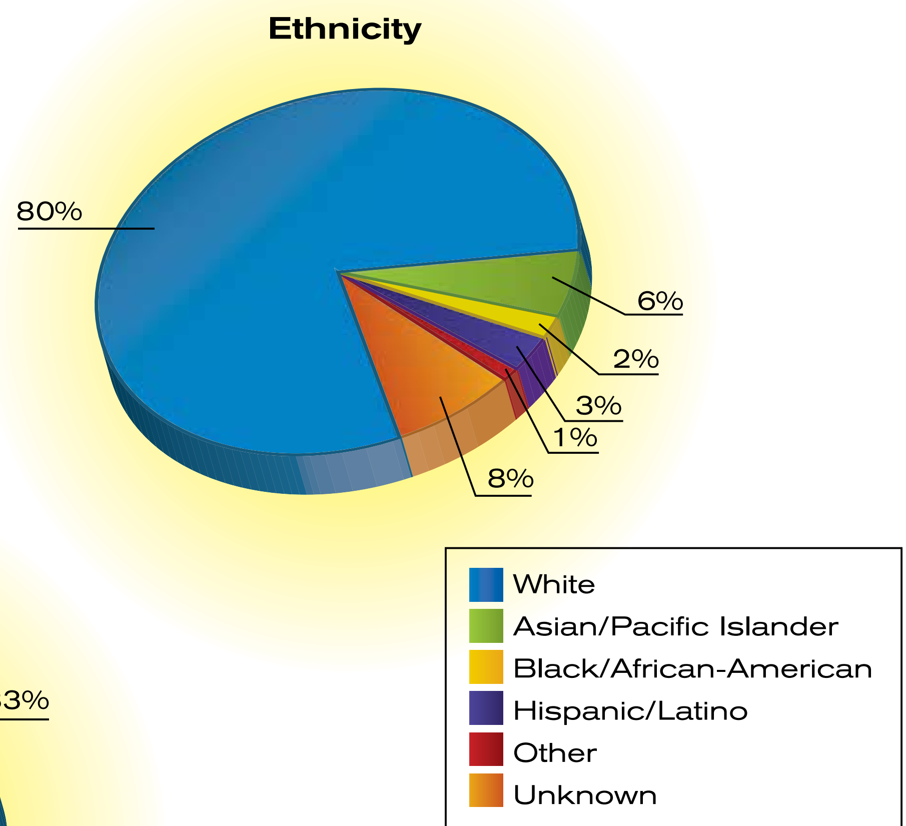
* All percentages are based on weighted data

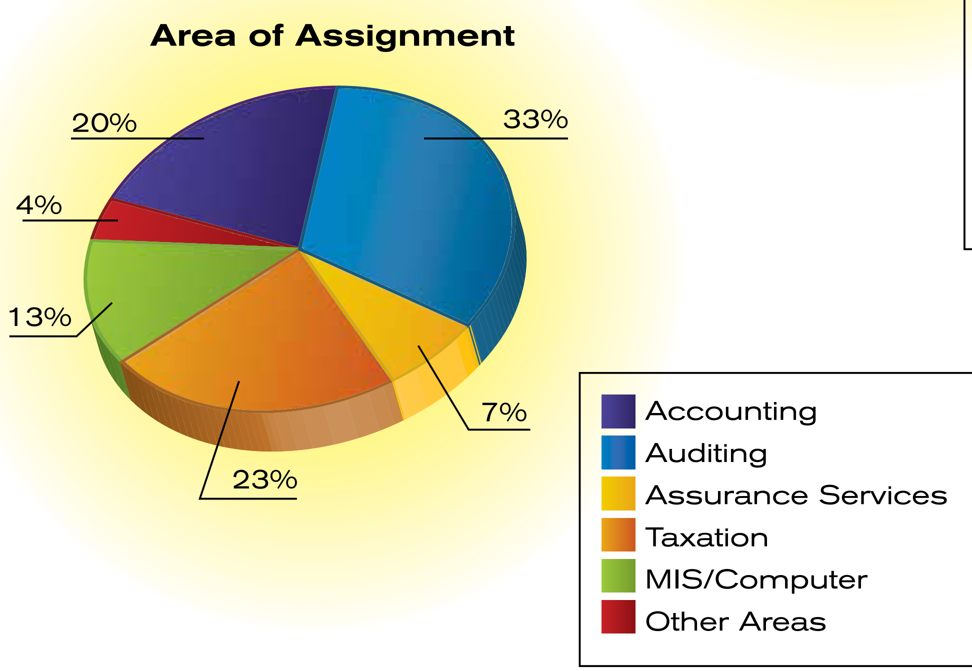
- **Hiring will continue to stay the same or increase; the larger firms in particular foresee increased hiring of experienced recruits.**

Firm Demographics

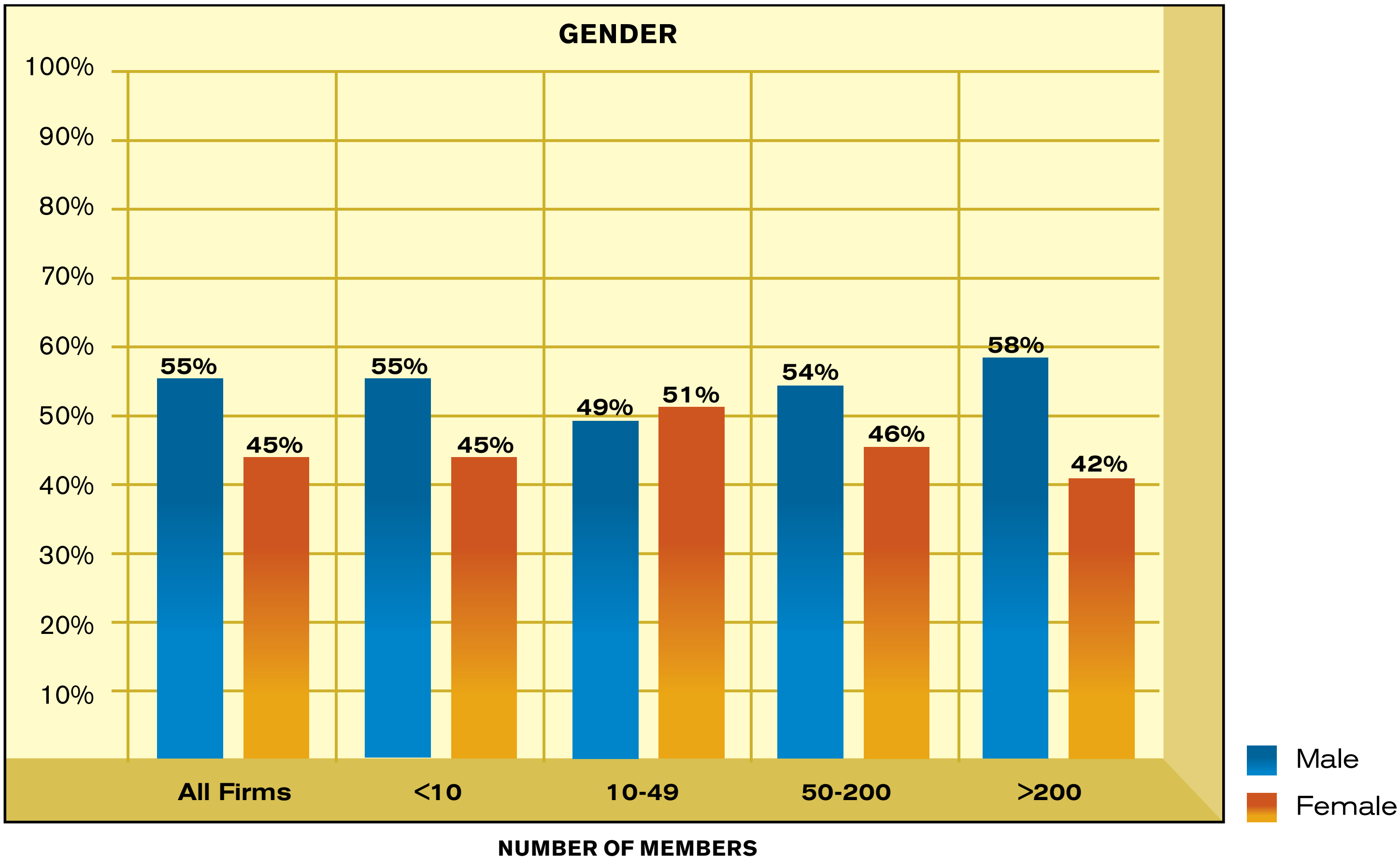
Demographics – All Accounting Employees at CPA Firms – 2006-07 Snapshot







Professional Staff Demographics by Firm Size – 2006-07



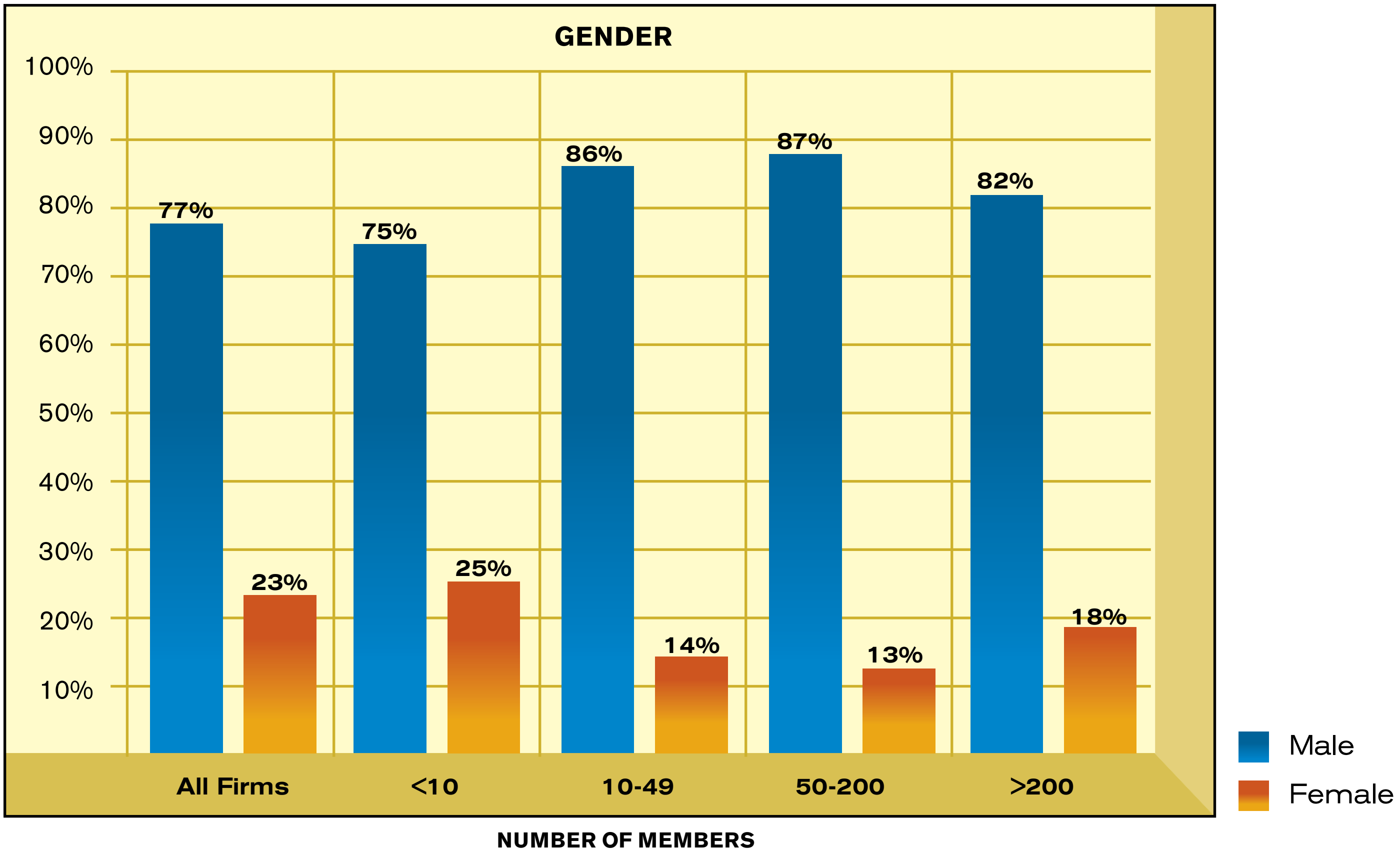
• Females are only in the majority at firms with 10-49 employees.

Ethnicity

	All Firms	<10	10-49	50-200	>200
White	80%	91%	87%	91%	59%
Black/African-American	2%	2%	3%	2%	3%
Hispanic/Latino	3%	2%	2%	1%	3%
Asian/Pacific Islander	6%	4%	7%	4%	10%
American Indian/Alaska Native	0%	0%	0%	0%	0%
Other	1%	1%	1%	0%	0%
Unknown	8%	0%	0%	2%	25%

• The largest firms are the most diverse.

Partners – Demographics by Firm Size – 2006-07

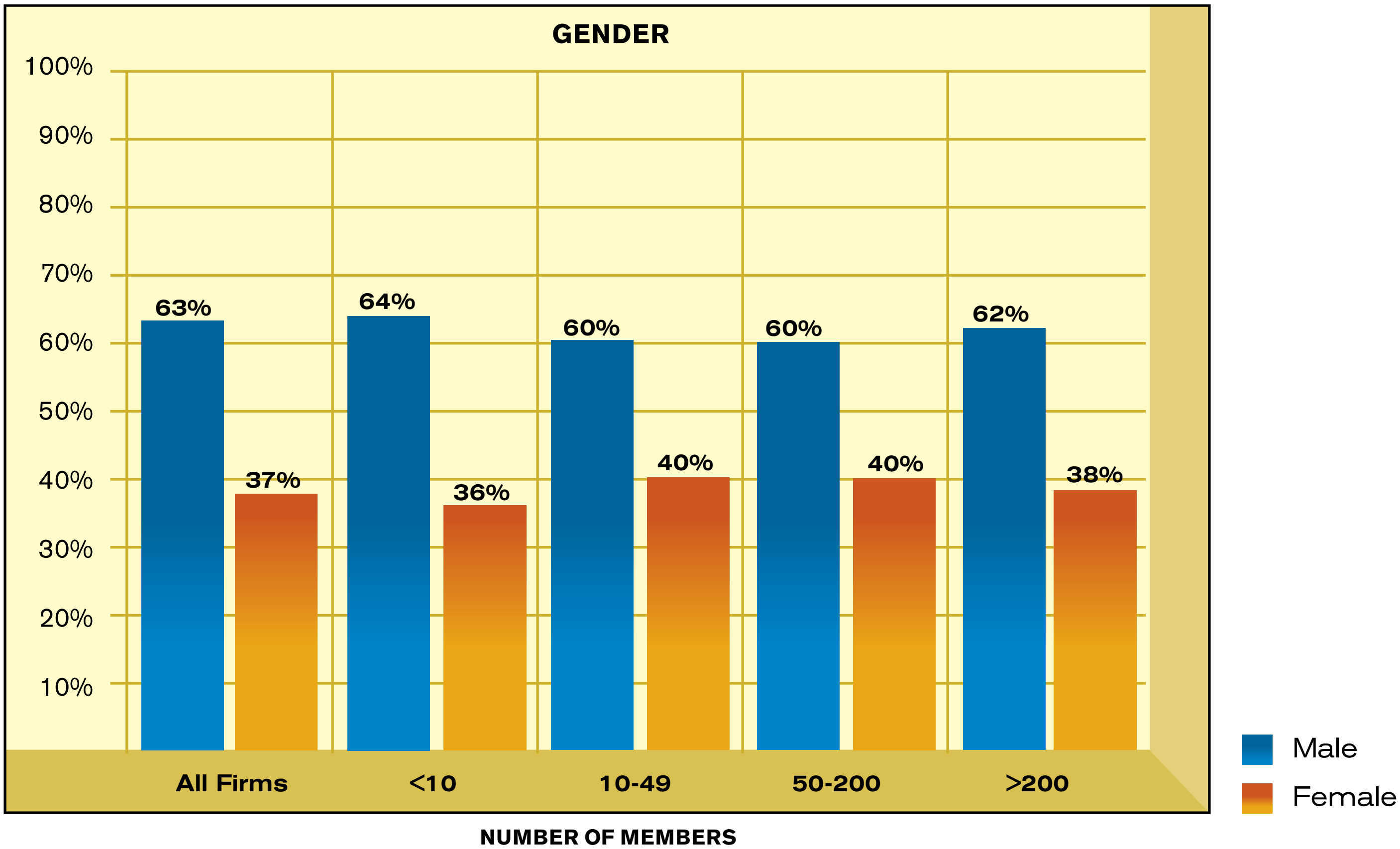


Ethnicity

	All Firms	<10	10-49	50-200	>200
White	91%	91%	95%	96%	80%
Black/African-American	1%	2%	1%	0%	1%
Hispanic/Latino	2%	3%	0%	0%	1%
Asian/Pacific Islander	2%	2%	2%	0%	2%
American Indian/Alaska Native	0%	0%	0%	0%	0%
Other	1%	1%	0%	0%	1%
Unknown	3%	1%	2%	4%	15%

- Female partnership continues to increase very gradually while minority partnership collectively has not advanced.

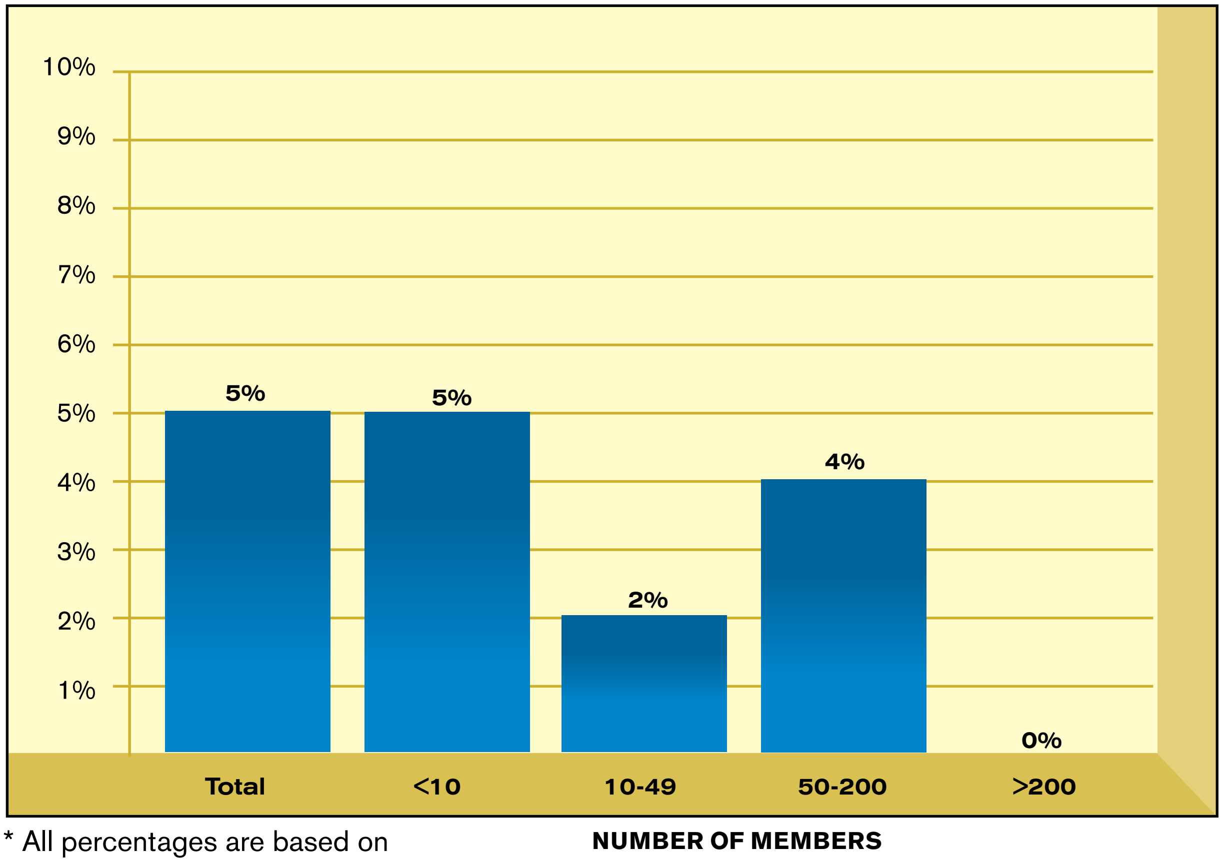
CPAs – Demographics by Firm Size – 2006-07



Ethnicity

	All Firms	<10	10-49	50-200	>200
White	87%	93%	91%	95%	68%
Black/African-American	1%	1%	1%	2%	2%
Hispanic/Latino	2%	2%	1%	0%	2%
Asian/Pacific Islander	4%	3%	6%	2%	8%
American Indian/Alaska Native	0%	0%	0%	0%	0%
Other	1%	1%	0%	0%	0%
Unknown	5%	0%	1%	1%	20%

Minority-Owned CPA Firms by Firm Size* – 2006-07



* All percentages are based on weighted data

CPA Examination

Uniform CPA Examination – 1971-2006*

Year	Total Number of Candidates	Year (cont'd.)	Total Number of Candidates
1971	53,811	**1989**	142,135
1972	57,928	**1990**	143,572
1973	63,165	**1991**	140,042
1974	72,052	**1992**	136,536
1975	80,433	**1993**	140,228
1976	86,464	**1994**	130,803
1977	93,148	**1995**	126,434
1978	104,511	**1996**	133,000
1979	113,629	**1997**	121,443
1980	120,925	**1998**	116,906
1981	128,793	**1999**	126,769
1982	138,677	**2000**	115,493
1983	141,583	**2001**	106,072
1984	137,918	**2002**	108,955
1985	139,454	**2003**	109,872
1986	139,647	**2004***	44,513
1987	137,637	**2005**	61,884
1988	139,474	**2006**	69,259

* 2004 represents the first year the exam was offered as a computer-based test. Prior to April 2004, the Uniform CPA Examination was administered twice a year in May and November in a paper-and-pencil format. Under the new format, Examinations are administered continuously for a two-month window each quarter. Other testing programs have experienced similar initial declines when they moved from paper-and-pencil to computerized examination.

FOOTNOTE: *Although it appears as though the number of exam candidates has decreased sharply since the advent of the computerized format, comparison of these numbers may be misleading. Under the paper-and-pencil format, candidates who took the Examination in both May and November were counted twice. Under the computerized format of the Examination, each candidate is counted only once per year regardless of how many times they attempt a section or in how many windows they test. In light of the way candidates were counted, it is likely that while the number of candidates initially decreased somewhat from the paper-and-pencil format, the decrease is much less pronounced than it might appear, and the numbers are moving toward parity with the pre-2004 numbers.*

Appendix A

Breakdown of Geographic Regions

Eastern	North Central	Southern	Pacific
Connecticut	Colorado	Alabama	Alaska
Delaware	Illinois	Arkansas	Arizona
District of Columbia	Indiana	Florida	California
Maine	Iowa	Georgia	Hawaii
Maryland	Kansas	Kentucky	Idaho
Massachusetts	Michigan	Louisiana	Nevada
New Hampshire	Minnesota	Mississippi	Oregon
New Jersey	Missouri	New Mexico	Utah
New York	Montana	North Carolina	Washington
Pennsylvania	Nebraska	Oklahoma	
Rhode Island	North Dakota	Puerto Rico	
Vermont	Ohio	South Carolina	
	South Dakota	Tennessee	
	West Virginia	Texas	
	Wisconsin	Virginia	
	Wyoming		

Appendix B

Educator Letter and Supply Survey

Dear Educator,

As you know, the pipeline of students matriculating in accounting programs nationwide is of considerable concern to the Institute and the profession (as is true with faculty as well). In order to assist educators and practitioners, each year the AICPA gathers important enrollment, graduation and placement data in a survey of accounting programs.

An electronic questionnaire was recently sent to your academic dean or department chair requesting your school's participation in supplying data for this important publication, *Trends in the Supply of Accounting Graduates and the Demand for Public Accounting Recruits – 2008*. As an On-Campus Champion, your assistance is requested to ensure completion of the survey for your college/university. Responses are critical to generating current and relevant information about accounting education and the resulting impact on the profession.

We ask for your help by responding to the online questionnaire (accessible below) as accurately and completely as possible, and submitting your responses by November 22, 2007.

To access the online questionnaire, please click the link below or copy it into your Web browser:

http://aicpa.tarp.com

We appreciate the cooperation of those who participate in the survey. Please feel free to send us your comments on the information presented. If you have any questions, please contact the Academic & Career Development team @ educat@aicpa.org or by telephone at (919) 402-4015.

Sincerely,

Dennis R. Reigle
Director

AICPA SURVEY ON THE SUPPLY OF ACCOUNTING GRADUATES

Bachelor's Enrollments

1) When can undergraduate students declare accounting as a major?

❒ Immediately ❒ End of Sophomore year

2) Are your enrollments limited by available spaces?

❒ Yes ❒ No

3) If your enrollment is limited, roughly how many qualified candidates do you turn away?

____

4) Please indicate the number of students enrolled as accounting majors during the fall 2006 term by gender and by ethnic/racial groups.

			White	Black or African American	Hispanic or Latino	Asian/ Pacific Islander	American Indian/ Alaska Native	Other
Male		=						
Female		=						
Total		=						

Bachelors: Graduates

5) Please indicate the number of students who graduated with accounting-related bachelor's degrees between 9/2006 and 8/2007 by gender and by ethnic/racial groups.

			White	Black or African American	Hispanic or Latino	Asian/ Pacific Islander	American Indian/ Alaska Native	Other
Male		=						
Female		=						
Total		=						

Masters: Enrollment

Enrollment by Degree

6) Please indicate the number of accounting and taxation students enrolled in each Master's program during the fall 2006 term. *Please write '0' if a particular Master's program is not offered.*

Master's in Accounting - including MA, MS, MAcc, MAIS, MPA and MAS programs	
Master's in Taxation - including MBAs with a concentration in tax	
MBAs with a concentration in accounting	
TOTAL	

AICPA SURVEY ON THE SUPPLY OF ACCOUNTING GRADUATES 2

Masters: Enrollment

Enrollment by Gender/Ethnicity

7) Please indicate the number of master's-level accounting and taxation students enrolled during the fall 2006 term by gender and by ethnic/racial groups. *Note: The combined total for Male and Female below should equal the total in the section, "Enrollment by Degree."*

			White	Black or African American	Hispanic or Latino	Asian/ Pacific Islander	American Indian/ Alaska Native	Other
Male		=						
Female		=						
Total		=						

Masters: Graduates

Graduates by Degree

8) Please indicate the number of graduates awarded master's degrees for each of the following accounting/taxation programs between 9/2006 and 8/2007

Master's in Accounting - including MA, MS, MAcc, MAIS, MPA and MAS programs	
Master's in Taxation - including MBAs with a concentration in tax	
MBAs with a concentration in accounting	
TOTAL	

Masters: Graduates

Graduates by Gender/Ethnicity

9) Please indicate the number of graduates awarded master's degrees in accounting/taxation between 9/2006 and 8/2007 by gender and by ethnic/racial groups. *Note: The combined total for Male and Female below should equal the total in the section, "Graduates by Degree."*

			White	Black or African American	Hispanic or Latino	Asian/ Pacific Islander	American Indian/ Alaska Native	Other
Male		=						
Female		=						
Total		=						

Doctorate: Enrollment

Enrollment by Gender/Ethnicity

10) Please indicate the number of students enrolled in accounting/taxation doctoral programs during the 2006 fall term by gender and by ethnic/racial groups.

			White	Black or African American	Hispanic or Latino	Asian/ Pacific Islander	American Indian/ Alaska Native	Other
Male		=						
Female		=						
Total		=						

Doctorate: Graduates

Graduates by Gender/Ethnicity

11) Please indicate the number of graduates awarded accounting/taxation-related doctoral degrees between 9/2006 and 8/2007 by gender and by ethnic/racial groups.

			White	Black or African American	Hispanic or Latino	Asian/ Pacific Islander	American Indian/ Alaska Native	Other
Male		=						
Female		=						
Total		=						

Bachelors: Placements

12) If you or your office of career services has this data, please indicate the placement of graduates who earned bachelor's degrees in accounting between 9/2006 and 8/2007 for each placement area by gender and by ethnic/racial groups.

	Total		Male	Female		White	Black or African American	Hispanic or Latino	Asian/ Pacific Islander	American Indian/ Alaska Native	Other
Public Accounting		=			=						
Business/ Industry		=			=						
Government		=			=						
Nonprofit Organization		=			=						
Graduate School		=			=						
Other Areas		=			=						
Unknown		=			=						

13) How accurate are your placement statistics?

- ❒ Completely accurate
- ❒ Reasonably accurate
- ❒ Best estimation accurate
- ❒ Information not available

Masters: Placements

14) If you or your office of career services has this data, please indicate the placement of graduates awarded master's degrees in accounting/taxation between 9/2006 and 8/2007 for each placement area by gender and by ethnic/racial groups.

	Total		Male	Female		White	Black or African American	Hispanic or Latino	Asian/ Pacific Islander	American Indian/ Alaska Native	Other
Public Accounting		=			=						
Business/ Industry		=			=						
Government		=			=						
Nonprofit Organization		=			=						
Graduate School		=			=						
Other Areas		=			=						
Unknown		=			=						

15) How accurate are your placement statistics?

- ❒ Completely accurate
- ❒ Reasonably accurate
- ❒ Best estimation accurate
- ❒ Information not available

AICPA SURVEY ON THE SUPPLY OF ACCOUNTING GRADUATES 6

Projections

16) For each of the following accounting programs listed below, please indicate whether you expect enrollment at your institution two years from now to be higher, lower, or the same as current enrollment. (Please choose one option for each program. If your institution does not currently offer that program, choose 'Do not know / No Opinion'.)

Enrollment and/or applications 2 years from now will be:

	Higher than current enrollment	The same as current enrollment	Lower than current enrollment	Do not know/ No Opinion
Bachelor's - majors in accounting	☐	☐	☐	☐
Master's in accounting – including students in MA, MS, MAcc, MAIS, MPA, and MAS programs	☐	☐	☐	☐
MBA students with a concentration in accounting	☐	☐	☐	☐
Master's in taxation - including MBA students with a concentration in tax	☐	☐	☐	☐
PhD. students in accounting/taxation	☐	☐	☐	☐

Final

(Optional) Please provide the following information so we can send the results directly to you, in addition to the Dean or Accounting Department Chair.

First Name: ______________________________ Last Name: ______________________________

Phone: _________________________________

Email Address: ___________________________

Comments/Suggestions

Please provide us with any other ideas, thoughts and/or suggestions regarding this survey (e.g., what should we ask on this survey that you think would be viable and that we are currently not asking? what information is irrelevant that we are currently asking you to provide?)

____

____

____

____

Thank you very much for time and cooperation in completing this questionnaire.

Managing Partner Letter and Demand Survey

Dear Managing Partner or Human Resources Partner:

The pipeline of students necessary to meet the future demands of the profession is of considerable concern (as is true with faculty as well). In order to assist both practitioners and educators, the AICPA is conducting its annual study of accounting program administrators and CPA firms to gauge the supply of accounting graduates and the demand for public accounting recruits. The information gathered with this survey is critical in assessing the profession's future, and functions as a source of information for human resources planning and employment trends. The data gathered will be reported in the publication *Trends in the Supply of Accounting Graduates and the Demand for Public Accounting Recruits – 2008*.

We would greatly appreciate your participation in the study by answering the attached electronic questionnaire as accurately and completely as possible, and submitting your responses by October 26, 2007. The reliability and usefulness of the results depend heavily upon broad-based participation. As in the past, the data gathered is entirely confidential and will be used only in summary form. To ensure anonymity, we are not asking you to sign your name or your firm's name.

We appreciate the cooperation of those who participate in the survey. Please feel free to send us your comments on the information presented. If you have any questions, please contact the Academic and Career Development Team at educat@aicpa.org or by telephone at (919) 402-4015.

Sincerely,

Dennis. R. Reigle
Director

AICPA SURVEY ON THE DEMAND FOR PUBLIC ACCOUNTING RECRUITS

New Graduates: By Degree

Please indicate the number of new graduates with the following degrees who began/will begin employment at your firm on a full-time basis during 2007. (New graduates are defined as those who began/will begin employment at entry-level positions with no or only nominal previous experience with a CPA firm.)

	Number of Graduates
Accounting Degree	
1. Bachelor's in Accounting - including other bachelor's degrees with majors in accounting	
2. Master's in Accounting - including MA, MS, MAIS, MAcc, MPA and MAS Degrees	
3. Master's in Taxation - including MBAs with a concentration in tax	
4. MBAs with a concentration in accounting	
TOTAL	
Non-Accounting Bachelor's Degrees	
5. Bachelor's degrees in non-accounting business majors (for example: computer science, finance, etc.)	
6. Bachelor's degrees in non-business majors	
TOTAL	
Non-Accounting Masters Degrees	
7. Master's or higher degrees in other (non-accounting) business majors	
8. Master's or higher degrees in non-business majors	
9. J.D. in Law	
TOTAL	
GRAND TOTAL	

Page 1 of 6

New Graduates: By Gender/Ethnicity

10. Please indicate the ethnic/racial breakdown by gender of new graduates who began/will begin employment at your firm on a full-time basis during 2007.

			White	Black or African American	Hispanic or Latino	Asian/ Pacific Islander	American Indian/ Alaska Native	Other
Male		=						
Female		=						
Total		=						

Internships

11. Does your firm employ summer and/or winter interns?

❐ Yes
❐ No

If yes, what was the total number of interns employed by your firm during 2007? ☐

12. What percentage of those interns do you anticipate eventually becoming full-time employees?

❐ 0-50 ❐ 50-80 ❐ 80-90 ❐ 90-100

Page 2 of 6

New Graduates: By Area of Assignment

13. Please indicate the number of new graduates who have been assigned primarily to the following areas.

Area	Number of New Graduates
Accounting	
Auditing	
Assurance Services	
Taxation	
IS/Computer	
Management Services	
Other Areas	
TOTAL	

Professional Staff: Employed

14. Please indicate the number of professional staff (including partners) during 2007 by gender and by ethnic/racial groups. (Professional staff is defined as CPAs, prospective CPAs, and others with a similar amount of academic training in a field that is part of the practice of public accounting.)

			White	Black or African American	Hispanic or Latino	Asian/ Pacific Islander	American Indian/ Alaska Native	Other
Male		=						
Female		=						
Total		=						

Page 3 of 6

Professional Staff: Terminated/Resigned

15. Please indicate the number of professional staff (including partners) in your firm who were terminated or resigned during 2006 by gender and by ethnic/racial groups.

			White	Black or African American	Hispanic or Latino	Asian/ Pacific Islander	American Indian/ Alaska Native	Other
Male		=						
Female		=						
Total		=						

Professional Staff: Who Are CPAs?

16. Please indicate the number of CPAs among the professional staff (including partners) employed in your firm as of 2007 by gender and by ethnic/racial groups.

			White	Black or African American	Hispanic or Latino	Asian/ Pacific Islander	American Indian/ Alaska Native	Other
Male		=						
Female		=						
Total		=						

Page 4 of 6

Professional Staff: Who Are Partners

17. Please indicate the number of partners among the professional staff employed in your firm during 2007 by gender and by ethnic/racial groups.

			White	Black or African American	Hispanic or Latino	Asian/ Pacific Islander	American Indian/ Alaska Native	Other
Male	☐	=	☐	☐	☐	☐	☐	☐
Female	☐	=	☐	☐	☐	☐	☐	☐
Total	☐	=	☐	☐	☐	☐	☐	☐

Experienced Recruits

18. Is the total number of experienced recruits employed by your firm during 2007 likely to be higher, lower or the same as the number employed during 2006? (Experienced recruits are defined as professional staff hired at above entry level.)

- ❒ Higher
- ❒ The same
- ❒ Lower

19. Of the total hires - new graduate and experienced recruits likely to be employed in 2007, what percentage represent experienced recruits? ☐ %

Demand Forecast

20. The following questions will help us estimate the practicing profession's need for CPAs.

Comparing 2008 to 2007:

Will the number of new accounting graduates your firm hires be (choose one)
☐ Higher ☐ The same ☐ Lower By what percentage: _______%

Will the number of new non-accounting graduates your firm hires be (choose one)
☐ Higher ☐ The same ☐ Lower By what percentage: _______%

Will the total number of CPAs in your firm be (choose one)
☐ Higher ☐ The same ☐ Lower By what percentage: _______%

Page 5 of 6

Background Information

21. Is your firm/practice minority-owned? (Minority-owned is defined as majority ownership by those of Black or African American, American Indian/Alaska Native, or Asian/Pacific Islander races or of Hispanic or Latino ethnic origin.)
    - ❒ Yes
    - ❒ No

Following completion of all applicable survey questions, please remember to provide the following (optional) information so we can send the results directly to you, in addition to the Managing Partner or Human Resources Partner originally sent this survey.

First Name: ______________________________ Last Name: ______________________________

Phone: _________________________________

Email Address: ___________________________

Comments/Suggestions concerning the survey. Please provide us with any other ideas, thoughts and/or suggestions regarding this survey. What should we ask on this survey that you think would be viable and that we are currently not asking? What information is irrelevant that we are currently asking you to provide?

____

____

____

____

Thank you very much for your time and cooperation in completing this questionnaire.

ISO Certified

1586-331