

A SURVEY OF GOVERNMENTAL ACCOUNTING EDUCATION STUDIES

Byron K. Henry*

ABSTRACT. This paper provides an overview of several studies on governmental accounting education. These studies have focused on the lack of attention devoted to the coverage of governmental and nonprofit accounting (GNP) topics in business school programs at U. S. colleges and universities. Despite numerous calls for action from a wide array of stakeholders, the research has found only marginal progress in broadening the coverage of governmental accounting at most institutions.

INTRODUCTION

“The importance of governmental accounting could not be overstressed as a means of insuring the safe and efficient use of funds provided by and for the benefit of the general public” (Nelson, 1951, p. 179). Nelson (1951) suggested that colleges and universities should provide suitable curricula and encourage accounting graduates to enter public service. Nonetheless, Nelson’s quote, like the writings and comments of other accounting scholars, failed to compel business schools to provide more governmental accounting topics in the curriculum. Fox (1977) later commented on the marked disparity between the growing complexities of governmental accounting and the coverage of such topics in contemporary business school programs. He reported that the governmental accounting field had been “dreadfully” neglected in most academic programs despite the increased demands placed on government accountants (Fox, 1977). These demands have become even more pronounced with the growing number of reporting

* *Byron K. Henry, Ph.D., CPA, is an Assistant Professor, Department of Accounting, Howard University. His research interests are governmental and nonprofit accounting.*

standards for nonprofit and governmental entities promulgated by the Financial Accounting Standards Board (FASB) and the Governmental Accounting Standards Board (GASB), respectively. Crain (1981) reported that CPA firms identified *fund accounting*¹ as an area where the content level offered in collegiate business programs was less than desired. More recently, Novin, Meeting, and Schlemmer (1997) reported that government accountants cited the lack of governmental accounting knowledge as a major weakness for entry-level accountants, and further inferred that the weakness points to the failure of accounting departments to effectively incorporate governmental and nonprofit accounting (GNP) topics into the curriculum. This paper summarizes the results of prior studies on program curricula and course content to update and raise the awareness of various stakeholders to efforts made in the past to enhance the delivery of curricula tailored toward students interested in accounting careers in the governmental and nonprofit sector. The paper chronicles several studies that have documented only modest progress in broadening the coverage of GNP topics. This review of past efforts may better direct future plans for action by the GNP community to more effectively integrate GNP coverage into the accounting curriculum.

DEMAND FOR IMPROVED CURRICULUM

The demand for an improved curriculum has surfaced from several groups. The financial and investment communities have long questioned the credibility of disclosures associated with governmental and nonprofit entities (Henry, 1999). Numerous fiscal crises, including New York City in 1975, raised public awareness regarding the need to improve the financial disclosure practices of these entities. A lack of understanding of governmental accounting and auditing issues by many accounting professionals has further exasperated not only the perception but also the reality of this condition. As previously noted, CPA firms identified *fund accounting* as an area where the content level offered in collegiate business programs was less than desired (Crain, 1981). Moreover, the General Accounting Office (GAO) reported that many governmental audits performed by independent CPA firms did not comply with professional standards (GAO, 1986). In response to a growing incidence of substandard governmental audits, the GAO suggested that the profession improve its educational efforts, including the expansion of

college curricula to provide greater exposure to governmental accounting and auditing (GAO, 1986).

The profession has recognized the growing significance of governmental and nonprofit accounting through several policy decisions. The American Institute of Certified Public Accountants (AICPA) issued a policy statement in 1972 that converted the coverage of governmental and nonprofit accounting topics on the CPA examination from optional to mandatory (Crain, 1981). Moreover, in 1994, when the AICPA revised the format of the CPA examination, the percentage of the examination devoted to governmental and not-for-profit accounting topics was increased to 30 percent of the Accounting & Reporting (ARE) section.²

The substantial growth experienced by nonprofit organizations in terms of their social and economic impact on communities further demonstrate a need to expose accounting students to governmental and nonprofit accounting. Holder (1978) commented that national trends in employment and resource allocations tended to support the need for graduate-level public sector accounting courses on a broad scale. According to the Nonprofit Almanac (ACCESS, 1998), earnings paid to workers in the nonprofit sector grew 338 percent between 1977-1994 compared to 228 percent and 198 percent for business and government, respectively. This sustained growth, coupled with downsizing trends in business, has compelled accounting graduates to consider other employment options, including positions with governmental and nonprofit organizations. Past perceptions that accountants often chose second careers with the government for more reasonable work schedules and fringe benefits may soon fade, as the quality and quantity of job seekers of government accounting positions increase due to the increasing competitiveness of the job market in public accounting (Smith & Ahadiat, 1995).

Other groups have been vocal regarding the need to improve the coverage of GNP topics in accounting programs. A series of American Accounting Association (AAA) committee reports in the 1970s documented the need for governmental and nonprofit accounting courses (Crain, 1981), and more recently, the Accounting Education Change Commission (1990) called for the accounting curricula to prepare students for careers in all types of organizations, including governmental and nonprofit entities.³

ACADEMIC RESPONSE

Academic attention to the coverage of these topics in business school programs has been minimal. Research endeavors in governmental accounting education have generally been limited to narrative commentaries (Nelson, 1951; Fox, 1977; Crain, 1981) and survey studies describing GNP course content and offerings and expectations for program changes (Holder, 1978; Engstrom, 1979; Engstrom & Green, 1981; Van Daniker & Miller, 1992; Dittenhofer & Sennetti, 1994; Miller & Van Daniker, 1999). Some of these studies examined course outlines, syllabi or other descriptive narratives to identify course materials and instructional methods. A brief overview of noted studies in this area is provided in Table 1.

Assessing the Condition

An early effort to assess existing conditions and to propose actions to address shortcomings in the educational coverage of governmental accounting was Fox (1977). He noted that prior to the 1950s, the accounting faculty was a dominant force in most schools of business and commerce. As a result, many programs required students to complete as many as 48 semester hours of accounting to satisfy degree requirements, and there was ample room in the curriculum for a wide array of general and specialized topics (Fox, 1977). However, by the 1950s, as the concept of a broader, liberal arts education for business students spread throughout colleges and universities, the number of hours allotted in program curricula for accounting was reduced. Members of the public accounting and management accounting communities were vocal regarding early proposals to change the curriculum. The academic community heard about the educational needs of public accounting through the AICPA and the needs of management accountants through the Institute of Management Accountants (IMA). Fox (1977) noted that the governmental accounting community failed to provide similar guidance to business school programs.

Holder (1978) sought to answer questions regarding the status and potential future of graduate-level public sector accounting education in the United States. He found that only 11 of 81 or 13.6 percent of respondents from AACSB-accredited graduate business programs offered such a course. Engstrom (1979) assessed the status of

TABLE 1
Overview of Governmental Accounting Education Studies

Authors	Sample Group	No. Sample	No. of Responses	Response Rate (%)	Question (s) Addressed
Holder (1978)	AACSB Graduate Program Directors, Chairs and Faculty	123	81	65.8	Status of Graduate-level Public Sector Accounting Course Offerings; Plans for Future Course Developments; Factors Limiting such Development; Course Content
Engstrom (1979)	Directors of AACSB Accounting Programs	198	122	61.6	Status of Course Offerings; Factors limiting course offerings; Plans for Future; Supply/ demand for faculty
Engstrom and Green (1981)	Directors of AACSB Accounting Programs	215	137	63.7	Status of Course Offerings; Factors limiting course offerings; Plans for Future; Supply/ demand for faculty; Course Content
Crain (1981)	NA	NA	NA	NA	Overview of prior studies; Review major events in history of curriculum development in accounting.
Van Daniker and Miller (1992)	Members of GNP Section of American Accounting Association	597	185	30.9 %	Course offerings, Type of school, Rank of faculty, Years of teaching, Recent developments over past 3-5 years, Major topics covered, Textbook used, Areas of future emphasis
Dittenhofer and Sennetti (1994)	Directors of Accounting Programs at Major Colleges	492	258	52.4	Type of school, faculty experience, course offerings
Miller and Van Daniker (1999)	Members of GNP Section of American Accounting Association	492	198	40.2	Course offerings, Type of school, Rank of faculty, Years of teaching, Recent developments over past 3-5 years, Major topics covered, Textbook used, Areas of future emphasis, methods of instruction

undergraduate public-sector accounting education based on the quantity and content of GNP course offerings at American colleges and universities. Engstrom found that while over half of the responding institutions offered an elective GNP course, an equal number of institutions covered GNP topics in other accounting courses. Only three respondents reported that exposure to GNP subject matter was mandatory. He reported that exposure to public sector accounting was usually optional, and students would often obtain GNP accounting information through CPA review programs. Nonetheless, while few programs recognized the need to require exposure to GNP topics, most recognized the need to provide general access to the information (Engstrom, 1979). A follow-up study, conducted by Engstrom and Green (1981), reported similar results.

Crain (1981) reviewed several governmental accounting education studies, including Holder (1978), Engstrom (1979) and Engstrom and Green (1981), with the intent of encouraging improvements to accounting curricula. Crain (1981) reported that few programs required the course and seldom offered more than one course.

Dittenhofer and Sennetti (1994) surveyed business programs at major U.S. colleges and universities to ascertain the status of governmental accounting courses. They examined the type of colleges and universities that offered GNP courses. The researchers found that most respondents (70%) offered a separate GNP course, but few (17%) required the course for graduation. Dittenhofer and Sennetti (1994) found that public, non-AACSB-accredited, and non research-funded colleges were more likely to offer separate GNP courses, while their counterparts tended to cover GNP topics in other accounting courses. The study reported that the status was "encouraging, but problematic" because the coverage of GNP topics, although available, was seldom emphasized by most major accounting programs.

Van Daniker and Miller (1992) assessed trends in the education of government accountants. The researchers asked respondents to identify recent significant developments in governmental accounting education, in addition to changes made or needed to improve instruction both now and in the future. Fifteen percent of the respondents indicated that governmental accounting courses were not offered at their respective institutions. A follow-up was conducted to further investigate the results of the original study. Miller and Van Daniker (1999) reported that 46

percent of respondents indicated that a GNP course was offered only at the undergraduate level, while thirty-four percent reported that a separate course was offered at both the graduate and undergraduate levels. Of schools that offered a GNP course, 71 percent indicated that the course was offered only as an elective (Miller & Van Daniker, 1999). In contrast to the earlier study, Miller and Van Daniker (1999) reported that 12 percent of the respondents indicated that a course in government accounting was not offered. Of those respondents that reported no GNP course offerings, 53 percent stated that governmental accounting topics were covered in other accounting courses.

In general, these studies have found most business programs willing to expose students to governmental accounting. However, the results further suggest that these programs have not emphasized the coverage of such topics despite significant changes in the governmental financial reporting and management practices. A summary of the types of course offerings appear in Table 2.

TABLE 2
GNP Course Offerings across U.S. Business School Programs

Authors	Course required	Course not required, but optional	Course not offered, but topics covered in other courses	Course not offered; topics not covered
Engstrom* (1979)	2.5%	63.9%	68.0%	NA
Engstrom and Green (1981)	5.8%	69.0%	64.2%	NA
Van Daniker and Miller (1992)	NA	NA	NA	15%
Dittenhofer and Sennetti (1994)	17%	53%	25%	5%
Miller and Van Daniker (1999)	9%	71%	8%	12%

Notes: NA – Not applicable; question not addressed by study or results not reported.

* Engstrom (1979) and Engstrom and Green (1981) allowed respondents to choose multiple answers. Consequently, the sum of percentages does not total 100.

Course Content and Instructional Methods

Several studies gathered course-specific information, such as course outlines and syllabi, to ascertain what topics were covered and what instructional methods were in use. Holder (1978) reported that the responding institutions devoted significant time to external financial reporting issues for state and local governments in the graduate-level public sector accounting courses. He noted that most courses devoted some time to management planning and control issues. Holder (1978) reported that auditing public sector entities and accounting and financial reporting for specific nonprofit entities, such as hospitals, colleges and universities and the federal government, were not covered in the majority of such courses.

Engstrom (1979) reported that undergraduate public-sector accounting courses spent the majority of class time, approximately 55 percent, on state and local government topics. The remaining time was spent on a wide array of topics including budgeting, federal government, other not-for-profit organizations and cost determination. Engstrom (1979) noted that required course materials often included AICPA Audit Guides, CPA firm recommendations on governmental accounting issues, AAA committee reports and other National Council on Governmental Accounting (NCGA) and GAO publications. In a follow-up study, Engstrom and Green (1981) noted few differences in course content and delivery from the earlier study, with state and local government topics once again consuming the majority of class time.

Van Daniker and Miller (1992) found that the Measurement Focus and Basis of Accounting (MFBA), the Financial Reporting Entity and the Single Audit Act were major topics covered in governmental accounting courses. When asked to identify changes in the course over the next 3 to 5 years, respondents anticipated more discussion of current developments in governmental accounting and auditing. In a follow-up study, Miller and Van Daniker (1999) found that MFBA, the Financial Reporting Entity and the Single Audit Act remained the major topics covered in the course. Moreover, respondents noted that more class time was spent discussing current developments through review of newspaper and magazine articles and other assigned readings and often included the use of the Internet. The study also reported a rising trend in the coverage of auditing topics and the internationalization of GNP accounting.

These studies report that the focus of governmental accounting courses has remained state and local government reporting practices. However, the research indicates that instruction has evolved from a standard textbook approach to more discussion of and interaction with the governmental accounting developments.

Factors Limiting the Integration of Governmental Accounting Topics

Several studies identified a number of factors limiting the broadening of program curricula to enhance the coverage of governmental accounting. The most often-cited limitation to expanding the coverage of such topics has been budget constraints (Holder, 1978; Engstrom, 1979; Engstrom & Green, 1981; Crain, 1981; Van Daniker & Miller, 1992; Miller & Van Danker, 1999). A second impediment was the lack of interested or qualified faculty. This impediment was likely fueled by a perceived lack of demand among doctoral students for faculty with GNP research and teaching skills and interest. Nonetheless, Engstrom (1979) surveyed program administrators and doctoral students to ascertain the supply and demand for governmental accounting faculty. He reported an excess demand over supply based on the program administrators' anticipated plans to hire GNP faculty and the number of enrolled doctoral students with an expressed GNP teaching and /or research interest.

Several studies identified a lack of student interest as an impediment to additional course offerings (Crain, 1981). In the Van Daniker and Miller (1992) study, 21 percent of the respondents cited the lack of student interest as a reason for not offering the governmental accounting course. Given an increased emphasis of governmental accounting on the CPA examination⁴ and the growing significance of government in all aspects of society, Van Daniker and Miller (1992) found this result "disturbing". The researchers reasoned that few students in GNP accounting courses have any practical experience prior to enrolling in the course. Consequently, faculty members must be well versed in governmental accounting and auditing in order to raise student awareness and spark interest in the governmental practice area. An encouraging finding surfaced in the Miller and Van Daniker (1999) follow-up study. They noted that only one respondent cited the lack of student interest as the reason for not offering the course. Miller and Van

Daniker (1999) attributed the increase in student interest to the 1994 changes in the AICPA uniform certification examination and the development of the Certified Government Financial Manager (CGFM) designation by the Association of Government Accountants (AGA). The examination used in the CFGM program includes coverage of such areas as financial system design, implementation and operation, budgeting, financial and performance auditing and financial report design and preparation. Crain (1981) suggested that efforts to increase student interest, such as on-campus recruiting by governmental organizations and increased internship opportunities with GNP organizations, might be the most effective method of improving the curriculum coverage of governmental accounting. His rationale for directing efforts toward increasing student interest was such efforts could be made in the presence of other limitations, such as budget constraints and limited faculty interest and/or experience.

Curriculum restraints were seldom cited as a major impediment. Consequently, the decision to limit the integration of governmental accounting courses into the curriculum does not appear directly impacted by accreditation concerns.

IMPLICATIONS AND CONCLUSIONS

Engstrom and Green (1981) suggested that the GNP community take more steps to convince educators that governmental accounting should occupy a prominent position in the curriculum. In addition, other studies have made calls for action to the governmental accounting community. A list of such calls would include:

- Establish a common body of knowledge for government accountants⁵ (Fox, 1977);
- Develop the accounting curricula to recognize that accounting serves governmental and nonprofit organizations (Fox, 1977; Engstrom, 1979);
- Establish research funding programs to encourage GNP research (Crain, 1981);
- Support greater collaboration between Association of Government Accountants (AGA), American Accounting Association (AAA), American Assembly of Collegiate School of Business (AACSB)-

International Association for Management Education, Government Finance Officers Association (GFOA), and other relevant stakeholders (Fox, 1977; Engstrom, 1979; Crain, 1981; Dittenhofer & Sennetti, 1994);

- Encourage faculty and student internship or mentoring programs with GNP organizations (Crain, 1981; Shivaswamy & Hanks, 1985; Miller & VanDaniker, 1999); and
- Encourage government and nonprofit organizations to become more visible on campuses through on-campus recruiting and public forums (Crain, 1981; Shivaswamy & Hanks, 1985).

The underlying objective associated with many of these actions is the increased exposure to GNP work. Shivaswamy and Hanks (1985) surveyed accounting students to ascertain why few students pursued careers in government. They found that most students viewed the non-monetary rewards (e.g. job security, quality of life) favorably, but few viewed government careers to provide high earnings and career advancement opportunities. Many faculty and students do not appreciate the challenges of GNP work because they have not been exposed. Faculty and students must become aware of the increasing demand for accountants in governmental and nonprofit organizations. Del Vecchio and Elfrink (2001) noted that the Bureau of Labor Statistics predicted that the demand for accountants in the public sector would grow 10–20 percent over the next decade. Van Daniker and Miller (1992) suggested that instructors seek internship programs in the public sector to become more familiar with the practical aspects of governmental accounting and auditing. The use of government and nonprofit speakers in academic settings and more on-campus recruiting efforts by such organizations can make career opportunities more visible to students. Novin, Meeting and Schlemmer (1997) reiterated that more interaction with government accountants in the early stages of academic preparation may inspire students to pursue careers in governmental and nonprofit organizations.

Prior research has recognized efforts to broaden the coverage of governmental accounting topics in colleges and universities. However, despite some modest gains in the number of course offerings, many schools continue to demonstrate a lack of commitment to this area of instruction by not requiring student exposure to the material. Although the course content has not changed significantly, methods of instruction

appear to be more interactive. Prior studies have identified several factors that impede the expanded coverage of governmental accounting topics, and the list of factors has remained constant. Scarce financial resources and the lack of qualified and/or interested faculty continue to impede efforts to increase the number of GNP courses offered by business school programs.

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NOTES

1. Fund Accounting is used synonymously with public sector accounting and accounting for governmental and nonprofit organizations (GNP) in this paper.
2. That recent proposed changes to the format and content of the uniform examination are likely to reduce the coverage of GNP topics on future exams does not undermine the importance of these topics to the accounting practice.
3. The Accounting Education Change Commission (1990) broadly defined the accounting profession to include career paths in government and nonprofit accounting. Even though the AECC noted that government and nonprofit accounting represented specialized, not general, accounting education, the AECC statement reiterates the importance of providing access to such information should students choose to follow career paths other than public accounting.
4. Although only two states specifically require 3 hours in GNP accounting for certification, most states include the course among acceptable elective accounting courses.
5. The AGA has informally accomplished this objective through the implementation of its Certified Government Financial Manager program (CGFM). Nonetheless, the program has not received

widespread acceptance across all levels of government or by the nongovernmental nonprofit community.

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