

# Trends and Challenges in Governmental Accounting Education

Accounting programs at colleges and universities have undergone changes during this decade, primarily as a result of many states mandating that candidates for the Uniform Certified Public Accountant (CPA) Examination first complete 150 credit-hours of college coursework. A survey was conducted to identify how program changes, the 150 credit-hour requirement, restructuring of the exam and other factors have impacted the governmental accounting course. The survey also examined current trends in governmental accounting education.

This survey is a follow-up to similar surveys reported on in 1992 and 1999.<sup>1</sup> A questionnaire containing 27 questions was distributed to accounting faculty that teach or have an interest in the area of governmental and nonprofit accounting. The questionnaire consisted of four sections: general information; doctoral programs; information regarding governmental accounting courses; and comments. This article reports on the information obtained in sections one, three and four. The Schiffel/Smith article, beginning on page 26, reports on the doctoral programs information.

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Surveys were e-mailed to 438 accounting faculty designated as governmental in the latest Accounting Faculty Directory<sup>2</sup> and to members of the Government/Nonprofit Section of the American Accounting Association (also included in the Accounting Faculty Directory list). A total of 86 responses were received, and the results of the survey are summarized in this article.

## General Information

As shown in *Figure 1*, almost 83 percent of the responding faculty had 11 or more years of teaching experience, while 70 percent held the rank of either associate or full professor. In 1999, 73 percent of those responding had 10 or more years of teaching experience, while 75 percent held the rank of either associate or full professor. Although there has been an increase in the percentage of faculty with 11 or more years of teaching experience, there are fewer faculty at the associate and full professor level. Faculty retirements may have resulted in a decrease in the percentage of faculty holding the rank of either associate or full professor. In 1992, 43 percent of the respondents had 10 years or less of teaching experience; in 1999, 27 percent had 10 years or less of teaching experience, and, in this study, 17.5 percent of responding faculty had 10 years or less of experience. This steady decline suggests that fewer, less experienced faculty are teaching governmental accounting. The complete results of the general information section are summarized in *Figure 1*.

Fifty-seven percent of the respondents were from institutions that have both bachelor's and master's programs, 26 percent were from institutions that offered degrees through the doctoral level, and 14 percent were from institutions that offered only a bachelor's degree. These results are similar to the results of the 1999 study.

*Figure 2* summarizes the results of questions on how time is allocated among teaching, research and service, and what percentage of time is allocated to governmental topics. Eighty percent of the respondents devote up to 60 percent of their time to teaching, and 20 percent devote more than 60 percent of their time to teaching. Eighty-three percent devote 0-40 percent of their time to research; 17 percent devote greater than 40 percent of their time to research. As would be expected, the majority of time is spent on teaching.

**Figure 1:**

### *Experience and Rank of Responding Faculty*

Years of Teaching Experience	Responding Faculty	Faculty	Rank
0-5 years	3.5%	Adjunct Professor	2%
6-10 years	14%	Instructor	2%
11-20 years	29%	Assistant Professor	20%
20 or more years	53.5%	Associate Professor	30%
		Full Professor	40%
		Other	6%

For time spent on governmental topics, 57 percent devote up to 20 percent on teaching governmental topics, and 67 percent devote up to 20 percent to research on governmental topics. Only 8 percent of the respondents devote more than 60 percent of their time to teaching governmental topics, while 13 percent devote more than 60 percent of their time to governmental research. Since most faculty teach different accounting courses and topics other than governmental, and since this question was not asked in the 1999 survey, it is difficult to draw any conclusions from the data.

Eighty percent of the respondents hold either a Ph.D. or DBA degree; 80 percent are Certified Public Accountants, and 12 percent are Certified Government Financial Managers. Respondents are members of a wide variety of professional organizations. Eighty-seven percent are members of the American Accounting Association (AAA), 67 percent belong to the Government/Non-profit Section of the AAA, and 27 percent are members of the Association of Government Accountants, the Government Finance Officers Association or the Institute of Management Accountants.

## Information on Governmental Accounting Courses

In a recent article, Henry<sup>3</sup> provided an overview of past studies on governmental accounting education. After reviewing these studies, he concluded that only marginal progress has been made in broadening the coverage of

**Figure 2:***Percent of Time Spent on Teaching and Research*

	0-10 %	11-20 %	21-40%	41-60%	>60percent
Teaching	2%	3%	25%	50%	20%
Research	13%	26%	44%	13%	4%

*Percent of Time Spent on Governmental Topics*

	0-10 %	11-20 %	21-40%	41-60%	>60percent
Teaching	26%	31%	25%	10%	8%
Research	48%	19%	12%	9%	13%

governmental accounting at most institutions. His review also revealed that scarce financial resources and the lack of qualified and/or interested faculty hamper efforts to increase coverage of governmental accounting in business school programs.

Most of the institutions employing faculty members who were included in the survey offer a governmental accounting course at some level. Fifty-eight percent of the respondents indicated that a governmental course is offered at their institution at the undergraduate level only, while 35 percent stated that a course is offered at both the undergraduate and graduate level. This is an increase from 1999, when 46 percent offered a course at the undergraduate level and 34 percent offered a course at both the undergraduate and graduate level. Five percent stated that a course is not offered at any level, a decrease from 1999 when 12 percent did not offer a governmental accounting course at any level. The increase in the percentage of institutions offering a course at the undergraduate level and the decrease in the percentage of institutions not offering a course at any level are positive developments.

Of those institutions that offer a governmental accounting course, two-thirds of those responding stated that the course is elective, and one-third stated that it is required. This is a slight improvement over 1999, when 71 percent of the respondents indicated that the governmental course was elective. The results indicate that there has been a modest increase in offerings of governmental accounting courses since the last survey, and that the course is required at a higher percentage of schools. Reasons cited for not offering a governmental course included lack of perceived demand/interest, AACSB restrictions on offerings and the need for additional faculty to teach more courses.

For institutions not offering a governmental course, two-thirds of the respondents cover the material in chapters in an advanced accounting course. Others use chapters in other courses or cover the material in a second advanced accounting course.

The survey included questions about the status of the governmental accounting course in the curriculum. Eighty-six percent of the respondents indicated that the governmental course has experienced no change in the last five years. This is almost identical to the last survey, when 87 percent of the respondents indicated no change in the status of the course.

Only 8 percent of respondents indicated that the governmental accounting course has changed from elective to required; a few stated that the course had changed from required to elective and one stated that it had been eliminated.

Most states have mandated that candidates for a license to practice as a Certified Public Accountant (CPA) have 150 credit-hours of college coursework to meet the educational requirement. Regarding the 150 credit-hour requirement, 13 percent of those responding stated that it resulted in a governmental course being added; while 85 percent stated that it has had no impact (1 percent stated that it resulted in a course being deleted). This is about the same as the last survey, when 84 percent indicated that it had no effect and 13 percent stated that it has resulted in or would result in a governmental course being added. The results show that, for a majority of respondents, the 150 credit-hour requirement has had no impact on the governmental accounting course.

**Figure 3:***Most Important Topic in Governmental Accounting  
(Some respondents cited multiple topics)*

GASB No. 34	61%
Performance Measures	12%
Infrastructure Reporting	11%
Internal Controls	9%
Other Post-Employment Benefits	2%
Other	5%

**Topics in Governmental Accounting Courses**

Sixty-one percent of responses identified (the implementation of) GASB Statement No. 34<sup>4</sup> as the most important topic in current governmental accounting courses. GASB Statement No. 34 was followed by performance measures (12 percent), infrastructure reporting (11 percent) and internal controls (9 percent).

GASB Statement No. 34 is the topic with the highest percentage of coverage in undergraduate governmental accounting courses, while internal controls has the highest percentage of coverage in graduate courses. The results for coverage of topics in governmental accounting courses are summarized in *Figure 4*.

GASB Statement No. 34 was also cited by 78 percent of the respondents as the most significant development in governmental accounting during the past five years. For the area of focus during the next five years, 83 percent of the respondents cited performance measures. Although GASB has not issued a standard regarding state and local governments reporting on performance measures, GASB has issued a series of staff research papers and recommended guidance for effective reporting of performance results, and they have encouraged governments to experiment with reporting performance results. As shown in *Figure 5*, performance measures were followed by GASB Statement No. 34 (57 percent), internal controls (46 percent), and infrastructure reporting (27 percent).

**Figure 4:***Topics Covered in Governmental Accounting Courses*

	Undergraduate	Graduate
GASB No. 34	94%	38%
Performance Measures	82%	45%
Internal Controls	79%	52%
Infrastructure	90%	44%
Yellow Book	87%	45%

## Governmental Accounting Textbooks

Survey results indicated that the most popular textbook for the undergraduate governmental accounting course is Wilson & Kattelus (35 percent), followed by Granof (20 percent), Copley & Engstrom (17 percent), Freeman, Shoulders & Allison (14 percent) and Razek, Ives & Hosch (6 percent). Eight percent of the respondents used another text or chapters in another text. For graduate courses, 23 percent did not use a text; for those respondents using a text, 25 percent used Wilson & Kattelus; 25 percent used Granof; 25 percent used Copley & Engstrom, and the remaining 25 percent used other texts.

For the group that did not use a text, materials used were about evenly split between pronouncements, journal or newspaper articles and comprehensive annual financial reports/financial statements. Narrative comments in the 1999 survey seemed to indicate some dissatisfaction with government accounting textbooks that were on the market; however, no such comments were noted in this survey.

**Figure 5:***Focus in Governmental Accounting During the Next Five Years (Some respondents cited multiple topics)*

Topic	Percent
Performance Measures	83%
GASB No. 34	57%
Internal Controls	46%
Infrastructure Reporting	27%
Development of International Standards	14%
Other	10%

## General Narrative Comments

Narrative comments and concerns about teaching governmental accounting were included by some of the respondents. One cited the testing of governmental topics on the CPA exam as the only reason that students sign up for the governmental accounting course. Another expressed concern that coverage of governmental material is being reduced because the CPA exam can now be taken one part at a time, and that governmental accounting is a small part of the total exam. This respondent also feels that some faculty members assert that governmental accounting and auditing do not belong in a business school but should be taught in public administration programs.

One respondent expressed the opinion that "the need for governmental accounting courses is underestimated by many accounting departments." Another is concerned that it is not a required course at many institutions or is "short-cuttred" through advanced accounting courses. The same respondent said that, although government is the largest "business" in the world, accountability in government is given only "lip service." Others stated that there is not enough time to cover all of the required topics, there are not enough research materials for theory issues, and there are not enough cases to make the course interesting.

## Challenges in Governmental Accounting Education

Based on the information provided in this and previous surveys and from other research, it seems that governmental accounting does not generate a great deal of interest from undergraduate accounting students. Differences in terminology, basis of accounting, journal entries and presentation of the financial statements, versus private sector accounting, seem to dampen student interest. Few students seem to express an interest in a career in governmental accounting at any level. The challenge for governmental accounting education is to find ways to increase student interest, which should result in increased coverage of governmental accounting in accounting programs, and to increase faculty interest in governmental accounting research.

Last year, a series of articles discussed ways to increase student interest in governmental accounting. Lowensohn and Reck<sup>5</sup> examined how instructors can emphasize relevance to increase the level of student interest in governmental accounting. They concluded that the limited attention that governmental accounting receives contributes to low student interest and makes resources for teaching governmental accounting more difficult to obtain. Lowensohn and Reck suggested that instructors increase student interest by demonstrating that subject content is relevant, adopting flexible or active learning approaches and promoting student-teacher interaction.

Murphy<sup>6</sup> described how active learning techniques enable students to grasp quickly the language and systems that are unique to governmental accounting; such as, modified accrual, encumbrances, fund accounting and budgeting systems. Chaney<sup>7</sup> suggested that financial analysis cases be used to ensure that students understand the GASB government financial reporting model and to help students develop analytical and communication skills.

Kattelus, Cheng and Engstrom<sup>8</sup> illustrated how governmental and nonprofit educators in business schools and public administration educators in other colleges within a university can use alternative instructional approaches and diverse resources to integrate context and techniques within their programs. The authors of this article believe that students in both disciplines develop stronger competencies for success in the public sector when business and public administration programs are integrated.

## Summary

Results of the survey show both positive and negative developments in governmental accounting during this decade. The increase in the percentage of institutions offering a course at the undergraduate level and the decrease in the percentage of institutions not offering a course at any level are positive developments. However, the decline in the percentage of less experienced faculty teaching governmental accounting is cause for concern. This may be due to the shortage of doctoral graduates versus the number of tenure-track job openings in accounting at colleges and universities. To obtain the necessary expertise in teaching governmental accounting, perhaps business schools should place more emphasis on using adjunct faculty. GASB Statement No. 34 has been the most important topic in governmental accounting courses during the past five years. Performance measures are expected to be the focus during the next five years.

Other developments in the field of accounting in general during the past five years may have helped to keep governmental accounting from receiving more emphasis in accounting programs and business schools. There has been an increase in demand for accounting graduates in public accounting in the past few years, partly as a result of increased hiring due to the Sarbanes-Oxley Act of 2002. The head of recruitment at one of the "Big 4" accounting firms recently stated "hiring across the board at the firm is running nearly 30 percent above the levels of last year."<sup>9</sup> This increase in demand has encouraged accounting students and graduates to focus on the opportunities in public accounting, while few seem to show an interest in careers in the public sector.

Another development in this decade has been the emergence of forensic accounting as a disciplinary area. This has resulted in some business schools adding a course or concentration in this area, which may be helping to push governmental accounting to the back burner. One recent article identified forensic accounting as a particularly hot field.<sup>10</sup> In some areas, firms are emerging that specialize in forensic accounting services.

As suggested by one of the respondents, the reduction in coverage of governmental accounting topics on the computerized CPA exam (from 7.5 percent of the old paper exam to 4-6 percent of the current exam) has probably not helped the level of emphasis on and interest in governmental accounting. Even before this reduction, many accounting programs focused on providing just enough coverage of material to allow students to pass the exam, such as one chapter on the general fund and one chapter on the special purpose funds and financial statements. Also, with most states not specifying courses that must be completed to meet the 150 credit-hour requirement, the governmental accounting course can be avoided.

Finally, as one respondent commented, stories of wasteful spending at the federal, state and local levels may have a negative effect on student interest in governmental accounting. If there is going to be an increase in the level of student interest and in faculty research, faculty teaching governmental accounting and professional organizations are going to have to work together to help spur the interest. █

## End Notes

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