FSA STRATEGIC PLANNING COMMITTEE

A. Tom Nelson, Chair, University of Utah
Leonard Eugene Berry, Georgia State University
Bernard J. Milano, KPMG Peat Marwick
Loren A. Nikolai, University of Missouri-Columbia
G. Fred Streuling, Brigham Young University of Utah
Doyle Z. Williams, University of Arkansas
The Federation of Schools of Accountancy
Report of the Strategic Planning Committee
October, 1993

INTRODUCTION

The first FSA Strategic Planning Committee was appointed in December 1991 and charged with the task of developing a strategic plan to carry the organization into the next century. The initial committee was A. Tom Nelson (president), Fred Streuling (past president), Doyle Z. Williams (past president), Eugene Berry (president elect) and Bernie Milano (past director). Since the timetable involved a two year period, the initial committee members were reappointed in December 1992. At that time the committee was expanded to include the current president-elect, Loren Nikolai.

The committee decided to start with materials the AICPA had developed in the strategic planning area. The Institute had recently issued the second edition of its strategic plan. That document contained important helpful global and accounting-specific assumptions (see Appendix A). To form assumptions regarding accounting education, the committee considered the work of the Bedford Committee, the (then) Big Eight "White Paper", the Accounting Education Change Commission (AECC) and other educational organizations.

The committee also thought it would be more efficient if it took advantage of the AICPA's experience and expertise. The AICPA was kind enough to host our first committee meeting at their New York offices. Frank Katusak, Director of Planning; Rick Elam, Vice-President of Education; and Bea Sanders, Director, Relations with Educators, served as resources to the committee at that meeting. Frank Katusak shared his expertise in the planning area in helping us outline the steps we should go through as well as providing us with additional background regarding the AICPA document. Two members of the FSA Strategic Planning Committee served as members of the AICPA Strategic Planning Committee and one member of the FSA committee had had previous experience on a college strategic planning committee. This also provided additional insight for the committee.

The steps the committee followed were:

1. Reviewed different assumptions about the future including:
   a. AICPA Strategic Plan
   b. AECC pronouncements
   c. Bedford Report and other AAA work in the area

2. Developed specific assumptions about accounting education in the future.

3. Reviewed and evaluated the Mission and Objectives of the FSA.
4. Related assumptions about the future of the Mission and Objectives of FSA to identify threats and opportunities.

5. Developed an "inventory" of possible actions by the FSA to capitalize on the opportunities and minimize the damage from threats.

6. Refined the "inventory" into Strategic Thrusts and related strategies tying each to the Mission and Objectives of the FSA.

7. Discussed important short-term steps that need to be taken to implement the plan.

8. Drafted the committee report.

The committee's activities were temporarily delayed by a matter referred to the committee by the FSA Board of Directors in December, 1992. With the large growth in membership the FSA had experienced in the last couple of years, there was growing concern about the efficiency of the FSA's existing administrative office. The arrangement with DePaul University had been made many years earlier when the Director of the School of Accounting at DePaul University was serving as president of the FSA. It worked well and the arrangement continued until the present. The Board's concern was not with how the arrangement had worked in the past (in fact, the Board was highly complimentary and appreciative to all concerned) but whether this sort of arrangement was best for the future. Thus, the matter was referred to the Strategic Planning Committee.

BACKGROUND

The FSA was first organized in 1977 by a small group of schools interested in strengthening professional education through organizing schools of accountancy and by taking related steps to strengthen graduate accounting education.

In 1990 a special "Past Presidents Consortium" was held and all past presidents were asked to meet with the then current FSA Board of Directors and take a look at the mission of the organization and a possible name change, which would more closely reflect that mission.
While "name change" formed the ostensible subject of the conference, key issues [discussed at the conference] were the fundamental philosophy of the organization, what it’s goals and objectives should be, and ultimately what scope and nature the organization should take. These considerations would, in turn, determine the name of the organization, which must accurately reflect its nature. Thus, the meeting was of the greatest significance.*

As a result of that consortium major by-law revisions were proposed which significantly changed the direction of the FSA. The most significant changes were:

1. A subscript was added to the name: "The Organization of Accredited Graduate Programs in Accounting".

2. Membership rules were revised so that schools with AACSB Accounting Accredited masters programs were eligible for membership (with no separate membership criteria or application).

Since these by-law changes, the organization has significantly grown, increasing from 30 full members to its present 62 full members. In addition, affiliated schools increased from 9 to the present 35, and supporting associates from 16 to the present 30.

These significant changes in the FSA prompted the leadership to appoint a strategic planning committee to assure that growth be managed to achieve the organization’s mission.

PLANNING ASSUMPTIONS

We live in a dramatically changing environment which makes it important that we give careful consideration to changes and trends as we make plans for the future. Below is a series of planning assumptions developed by the FSA Strategic Planning Committee related to our environment. These "education specific" assumptions were developed after careful review of the broader planning assumptions made by the AICPA (see Appendix A), the AECC, the Bedford Committee and other organizations. It is important to view all of these planning assumptions as fluid. The environment is changing even as this report is being drafted. This suggests that the FSA must continually monitor the environment to identify emerging trends that may suggest modification of the strategic plan.

*P, 5, FSA Newsletter, Fall 1990
Industry and public accounting will continue to make significant changes in the way they develop, produce, and sell products and services and the way in which they manage their organizations. There will be a continued movement from the functional organization to a more integrated, networking organization, powered by information technology. (See the award winning article, "The Third Wave Breaks on the Shores of Accounting," by Robert Elliott, Accounting Horizons, June 1992, for a speculative discussion on these trends.)

There will be significant changes in internal accounting systems to accommodate these changes in the production and delivery of product and services and to better manage the emerging organizational structures. Information technology is and will continue to be a major force.

Public accounting will continue to automate the attest process as more streams of information become available that will require attestation and lend themselves to automation. There will be a movement away from the rigid processes now being used and a movement to more judgment.

Changes in accounting curricula will be needed to accommodate the changes taking place in the environment. The Bedford Report’s challenge to treat the accounting discipline as an information development and distribution function for economic decision making will become more critical.

There will be a trend towards more broadly educated accountants similar to MBA-type education. There will not be a need for specialization at the masters level. Two exceptions will be the need for tax and systems specializations.

Special programs (e.g., institutes and centers) will develop at universities to meet special education needs, e.g., valuation and financial planning. These will be professional education programs where the graduate receives a certificate. Much of this "professional" education will continue to be provided internally by large public accounting firms.

The importance of the bachelor’s degree as a terminal degree will decline. Undergraduate accounting programs will become broader, providing the core preparation for the masters degree.

The demand by public accounting for undergraduates will decrease, while the demand for high quality graduates from professional five-year schools will increase. The use of para-professionals by large accounting firms will continue to increase. The latter will be supplied by two-year colleges and regional four-year colleges.

The demand for high quality graduates will occur at the same time the supply of the best students coming into accounting educational programs is declining.
Educational institutions will continue to have difficulty in producing high quality accounting graduates because the best and brightest students will continue to choose another discipline.

Public accounting will need broadly educated graduates who can move up the skill ladder quickly after being employed. Universities may have to provide an educational experience that will simulate work experience that would now be received by undergraduates after being employed by a firm.

Public accounting will recruit from those accounting programs that provide a quality "differentiated" product. "That is; firms will recruit from five-year programs that have improved their curricula to meet the employer's needs. This means that employers will be more selective on which campuses they recruit. This is already occurring in some markets where large public accounting employers are now visiting only selected programs in the area.

There will be continued budget constraints at colleges and universities, which will impede the development of high quality accounting programs.

Customers, i.e., students, parents, etc., will accelerate their demand for better service (i.e., get their money's worth) from educational institutions. Thus, the pressure for better teaching and curriculum development will continue.

There is a lack of interest in participation in professional activities by public accountants, industry, and educators. Volunteerism is down. Membership growth and participation in state societies has slackened.

The increased demand for better teaching combined with the continued demand for good research will likely decrease the participation in professional activities by academicians.

The number of new accounting faculty with professional certifications and practical experience in accounting will continue to decrease. However, accreditation standards may provide a floor to slow or halt this decrease.

MISSION AND OBJECTIVES:

MISSION STATEMENT

The Federation of Schools of Accountancy (FSA) is dedicated to enhancing, through collegiate education, the capabilities and performance of those entering the accounting profession. Its mission is to encourage, promote, assist, and support the development of high quality accredited programs of education for the accounting profession that lead to a Master's degree.
OBJECTIVES

To achieve its mission the FSA will:

1. Be a leading voice of accredited accounting programs on accreditation issues.

2. Encourage and assist in developing high-quality programs of education for the accounting profession that lead to a Master's degree.

3. Develop and promote appropriate standards for programs of education for the accounting profession that extend through the Master's level.

4. Promote the concept of accounting accreditation, and monitor and influence the establishment of accreditation standards.

5. Devise and implement programs to attract high quality students to accounting education programs that extend through the Master's level.

6. Assist in the implementation of the Schools of Accountancy concept as an organizational model for providing accounting educational programs that extend through the Master's level.

7. Assist and cooperate with other organizations in achieving the mission of the FSA and provide a forum for the exchange of views and the sharing of information with others interested in programs of education for the accounting profession that extend through the Master's level.

8. Encourage and support research related to the mission of the FSA.

STRATEGIC THRUSTS AND STRATEGIES

The committee developed eight major thrusts (strategic thrusts) that the FSA should follow in order to achieve its mission. Under each of these thrusts the committee developed a number of strategies that should be pursued in order to achieve the desired goals. Strategic thrusts represent major strategic areas of effort, the accomplishment of which will decisively affect and influence the direction of the FSA over the next 5 to 7 years. Strategies provide overall direction to the FSA on "where it should be going and how to get there" within the boundaries established by the strategic thrusts.

1. Encourage and assist schools in meeting the 150-hour educational requirement by developing, implementing, and improving quality accounting masters programs.
a. Assist member schools in dealing with curricular matters.
b. Establish a "directors of graduate programs" seminar.
c. Assist member schools in assessing the effectiveness of five-year accounting programs.
d. Assist member schools with faculty development.
e. Provide model curricula recommendations for five-year accounting programs.
f. Assist member schools in assessment activities for continuous quality improvement.
g. Assist member schools in achieving greater ethnic and cultural diversity among their faculty.
h. Promote the masters degree as the preferred method to meet the 150-hour educational requirement.

2. Proactively influence the accounting accreditation process.
   a. Facilitate information exchange among member schools on the development and implementation of accounting accreditation standards, including program adjustments made to address any new accreditation standards.
   b. Establish a mechanism for timely response to exposure drafts (from AACSB, AECC, AICPA, AAA and other organizations) on issues related to accounting education and accreditation.
   c. Identify accreditation standards which will assist schools in developing high quality programs.
   d. Provide leadership in forging a consensus on professional accounting accreditation standards among major accounting interest groups.
   e. Develop a cooperative relationship with the AACSB in the development, implementation, and monitoring of professional accounting accreditation standards.
   f. Facilitate information exchange regarding accreditation issues.

3. Promote the importance of accounting accreditation as evidence of the commitment to quality and continuous improvement.
   a. Encourage schools with quality programs to seek accounting accreditation.
b. Develop targeted mentor relationships between member schools and potential schools which are in confirmed AACSB candidate status, as well as those who should be candidates.

c. Encourage accounting programs at accredited business schools to seek accounting accreditation.

d. Encourage the AACSB to open a one-time "window" of opportunity during which accounting programs may apply for accreditation without waiting for their respective business schools to come up for reaccreditation.

e. Encourage employers to place increased emphasis on accounting accreditation in their recruiting efforts.

f. Encourage the AICPA to promote the importance of accounting accreditation.

g. Encourage states to adopt the AICPA/NASBA model rules that recognize accounting accreditation.

4. Maintain a viable FSA organization.

a. Increase the financial resources of the FSA so as to permit the organization to effectively achieve its mission.

b. Improve the administrative functions of the FSA to match the growth of the organization.

c. Achieve 100% membership of the schools with accounting accreditation.

d. Increase membership across all membership classes.

e. Review and revise the dues structure.

f. Review the purpose and focus of FSA publications to assure that all are timely/focused publications that add value to the reader and therefore to being a member of the FSA.

g. Promote the role of the FSA.

h. Consider new classes of membership for schools in AACSB "candidate" status and liberal arts institutions.

5. Assist member schools in attracting high quality students (including students from non-traditional sources).

a. Develop programs focusing on attracting the brightest students.
b. Evaluate the student lyceum (including the possibility of having a "junior class" lyceum so schools (and other students) can share in benefits more fully.

c. Encourage the formulation of appropriate articulation agreements.

d. Monitor the environment of accounting education to identify factors that influence the supply of and demand for highly qualified students.

e. Assist-member-schools in achieving greater ethnic and cultural diversity among their students.

6. Cooperate with other organizations to achieve common goals

a. Explore opportunities for joint efforts with organizations where the FSA shares common interests.

b. Exchange information and views on the FSA mission with other professional organizations.

c. Coordinate the nominating process so the same individuals are not used simultaneously in several organizations resulting in a hardship on individuals and their employers.

7. Provide information regarding the school of accountancy model.

a. Develop and issue guidelines for forming/organizing a School of Accountancy.

b. Provide information exchange among member schools on current developments in the use of the School of Accountancy model.

8. Support research regarding the future educational needs of the profession.

a. Develop programs for encouraging research and disseminating research results on the effectiveness of teaching activities.

b. Commission timely research studies through FSA committees that will facilitate the accomplishment of the FSA mission.

ADMINISTRATIVE OFFICES

The Strategic Planning Committee was given the special assignment of examining and evaluating the administration of the FSA. This included both the location of the administrative offices and the use of a part-time administrative consultant. It should be noted that this was not done because the arrangement with DePaul University was unsatisfactory. On the contrary, both the committee and the Board
commended John Ahern, the Director at DePaul; Tim Lockyer, an administrative assistant at DePaul and the FSA Administrative Consultant; and the entire faculty at DePaul for the great service they have rendered to the FSA. Indeed, it is hard to conceive how the FSA may have fared without the devotion and sacrifice of the DePaul University Administrators.

As noted earlier, our committee has tried to develop an administrative approach that will maximize the FSA's achievements in the future. The committee has focused on the question, "What sort of an administrative organization will be most consistent with the new mission and focus of the FSA?"

The committee considered a number of possibilities. First, continue the arrangement with DePaul. Second, move from member school to member school on a rotating basis (say, for example, coinciding with the term of treasurer). Third, move to a State Society or other supporting associates' offices (similar to the arrangement the AECC has had in Torrance, California). Fourth, contracting with a commercial organization that specializes in providing administrative services to associations. Finally, contract with AACSB since the FSA is "The Organization of Accredited Graduate Programs in Accounting." The AACSB is currently the only organization that accredits accounting programs and it has similar contractual arrangements with Executive MBA and Beta Gamma Sigma.

Committee members were assigned to explore all of these possibilities and we carefully considered the advantages and disadvantages of each. After careful consideration, and some exploratory talks with officials at the AACSB, the committee recommended to the FSA Board of Directors that they proceed with formal negotiations to move the offices to the AACSB offices in Saint Louis effective July 1, 1993, or as soon as practical thereafter. In its February 1993 meeting, the FSA Board approved this recommendation and formal talks started soon thereafter. An agreement was approved by the FSA Board at its August 1993 meeting.

RECOMMENDATIONS

The committee makes the following recommendations:

1. The FSA should continue to function because it is a viable organization with a unique and important mission. First, it is an organization of institutions (accounting units at accredited schools) rather than individuals (like the AAA, for example). Second, its membership is limited to schools that have accredited graduate accounting programs. Other organizations have a much broader constituency and therefore cannot gain the necessary focus and consensus necessary to address the mission of the FSA.
2. Strategic planning should be a process not an event. The Strategic Planning Committee should be a standing committee with terms of some members extending beyond one year to assure continuity. Members should have varied backgrounds but all should have had extensive FSA experience (preferably at the Board level). A cycle for revision of the strategic plan should be established (possibly every 3 to 5 years). In the interim years, the committee should continually review and monitor FSA activities to be sure the FSA is "on target".

3. The President-elect should develop an "operating plan" by July 1st prior to taking office as president and present the plan to the Board of Directors for ratification at its August meeting. The plan should include names of committees and list other activities that are planned; all committees and activities should be tied to the strategic plan.

4. The officers and board members should continue negotiations with the AACSDB to complete the plan to move the administrative offices to Saint Louis and contract with the AACSDB for administrative services. The move should be phased in over three to six months and should be carefully monitored to assure a smooth transition.

5. The Board should establish requirements for FSA officers and adopt these as rules for use by the nominating committee. These rules should be designed to: (a) assure that persons assume leadership positions who's record of service evidences an understanding of the mission and objectives of the organization, and (b) encourage participation of individuals from participating (member and affiliate) organizations, and (c) assure that the member institution provides the support in terms of time and resources so that the individual can serve the FSA without impediments.

6. After completing the strategic analysis that formed this plan, it became readily apparent that there is a significant gap between the mission and objectives of the organization and those implied by the name, Federation of Schools of Accountancy. The mission and objectives relate to the broad goal of strengthening and improving professional accounting education programs that lead to granting of a masters degree. The name implies that the only way to achieve these goals is within a school of accountancy. The committee feels that it is important that the name be changed to more clearly describe the organization. This is essential in order to attract quality programs that support our mission but do not (or cannot) choose the school of accountancy model. The committee did not consider possible names but believes this should be a high priority for the Board of Directors (and ultimately the member schools) to consider.
APPENDIX A

PLANNING ASSUMPTIONS (as of October 1993)

These planning assumptions are reproduced by permission of the American Institute of Certified Public Accountants, 1211 Avenue of the Americas, New York, New York. The AICPA monitors the environment on a regular basis to identify emerging issues and trends of potential significance to the Institute and the profession. Identification of such issues and trends would then suggest changes in the planning assumptions and strategies for the future. In effect, the following view of the future is evergreen. Based on the Committee's monitoring efforts over the past year, the following summary is currently under revision and will be released when reviewed by the Committee and presented to the Institute's Board of Directors.
REVIS ED GLOBAL PLANNING ASSUMPTIONS

ECONOMIC

1. Per capita income will not change significantly in the years ahead.

2. Global competition from low-cost, high quality operations will continue.

3. Institutions will make major investments to improve productivity including new workplace technology and worker training.

4. In general, there will be more self-employed workers and fewer salaried workers in the years ahead.

5. Training will become a very large service industry.

6. Business activities will continue to relocate from cities and suburbs to exurban and rural areas.

7. The global move toward market-driven economies will continue to increase the need for a wider range of consumer products and services resulting in greater investment opportunities.

8. There will be decreased defense spending over time.

9. It is likely that future business cycles will continue to be more moderate with recessions less severe and expansions less dramatic.

10. In the future, the polarization of wealth will intensify.

11. The underground economy will continue to grow.

12. Competition for capital in global markets and the rate of global capital investment will both continue to increase.

13. The tax burden in the U.S. will continue to grow.

14. The cost of the federal debt will take an increasingly larger share of government revenues.

15. The financial problems of the insurance industry will continue to create long-term financial difficulties throughout the world.

16. The number of small businesses will increase.
17. As Canada, the United States and Mexico enter into trade agreements among themselves and with other nations of the Americas, North and South America will become a major trading bloc.

18. There will be a smaller number of individuals employed.

19. Priorities for state governments' resources will continue to shift (e.g., more resources devoted to healthcare and prison systems and fewer to education).

DEMOGRAPHIC

20. Between now and the year 2000, the entry-level pool of 16 to 24 year olds will remain about the same size.

21. Millions of maturing "Baby Boomers" will exceed available opportunities for mid-career promotion.

22. America's population will continue to age.

23. By the year 2000, women will constitute more than 1/2 of all U.S. workers.

24. The number of two income households will continue to increase.

25. The number of American households with school-aged children (i.e., children under eighteen years old) will continue to decrease.

26. The number of minorities in the entry-level recruit group will continue to increase.

27. As our population ages, the cost for eldercare (care for aging elderly relatives) will surpass the cost for childcare.

28. The income level for one-wage-earner households with children will continue to decline relative to other households.

29. The population of the U.S. will continue to shift to the South and West.

30. The countries of Latin and Central America and Asia will experience the fastest rates of population growth.

31. During the 1990s, the number of teenagers will continue to increase.

32. By the year 2000, 85 percent of all new entrants to the workplace will be women, minorities and immigrants.
33. Women will continue to constitute the majority of all college students in the U.S. at all levels except the doctorate level.

TECHNOLOGY

34. The time frame between technological innovation and commercialization will shorten.

35. New workplace technologies will foster changes in management systems, organizational structures, and decision-making processes.

36. Alternative energy sources and energy conservation will be increasingly important.

37. New technologies will spawn new industries and create new skills and new jobs but will eliminate many existing jobs and skills.

38. Information and communications technologies will increasingly enable both customers and suppliers to utilize new delivery channels (e.g., electronic educational delivery channels) that bypass traditional sources.

39. Increasing access to, and mobilization of, information and knowledge will alter decision-making, planning and problem-solving.

40. Technology will continue to reshape individuals' career possibilities - both in the number of career opportunities and in upward mobility.

SOCIO-ECONOMIC

41. There will be increased levels of political activism and popular support for such regulatory measures as environmental, worker and consumer protection.

42. Businesses will increasingly undertake efforts to become more "family friendly" by bringing the "home" into the office (e.g., child care centers, exercise centers, etc.).

43. Workers will increasingly adopt "flex-place" arrangements by bringing the office into the home (e.g., telecommunications, fax and other technologies) and will desire the flexibility of part-time, parental leave and time off for parenting and other family needs.

44. Public sector revenues will continue to be constrained and will result in increased pressure on operating budgets at all levels of government.
45. Social and economic disruptions will continue to lead to a rising tide of special interest groups.

46. The lines between the three primary institutional structures—government, for-profit, not-for-profit—will increasingly blur as these entities come together to form strategic alliances, coalitions and joint ventures.

47. The investment community, public interest groups and other "outsiders" will have increasing influence on the governance of companies.

48. The trend towards the use of independent contractors and part-time employees will continue.

49. The problems of, and costs associated with, a decaying infrastructure will increase.

50. Litigation will continue to plague the economy.

51. New ways of looking at disabilities and handicaps will continue to broaden the number of Americans defined as disabled or handicapped.

52. As the economy increasingly becomes technology based, the costs of training workers and maintaining workers' competencies will continue to increase.

53. A growing number of people will be in continuous transition and will increasingly desire to control their lives by embracing values which address the quality of their lives (e.g., concerns about accommodating family needs, children, damage to the environment, religion, health care, privacy, security, integrity, individual empowerment/autonomy, community, the need for less materialism, etc.).

54. A new generation of values will continue to emerge in the years ahead which will increase the number and range of intergenerational differences in the values held by Americans.

55. As the value of membership in professional organizations comes under increased questioning, more and more professionals will question affiliation with such organizations and associations.

56. In the years ahead, the average length of employment with a particular employer will shorten.

57. Healthcare and other benefits will continue to increase in cost but coverage will decrease.
58. The diversity of the workforce (both ethnic and gender) will increase the need for training in diversity issues.

59. The predominance of a service-based economy, influenced by technology, will continue.
REVISED ACCOUNTING-SPECIFIC PLANNING ASSUMPTIONS

Globalization - Greater international trading, increased development of economic blocs, the rise of market-driven economies, increased competition for capital in cross-border activities, emerging trade agreements between nations of the Americas, and greater international investments.

- A growing number of entities will be involved with international operations.
- Globalization of capital markets will create a greater need for harmonization of accounting and auditing standards.
- Accountants in the U.S. and their counterparts in other countries will increasingly demand reciprocity.

Technology - Changes in developments in computers, information technology, communications, and the various impacts of such changes in organizations, personnel needs, and the like.

- Information and communications technologies will continue to have enormous and often unanticipated consequences for society in general and CPAs in particular; the production, operation and delivery of services and products; work structures and styles; access to information; educational tools; and skills and knowledges.
- Organizations will continue to have an increasing need for capital to make the necessary investment in technology and related training. As an alternative to heavy investment, some accounting firms will increasingly specialize and practice within narrow areas depending on their size and the background, training and inclinations of their personnel. Professional networking among firms will accelerate. Non-CPA organizations will associate with one or more accounting firms or vice versa.
- Technology also holds implications for organizational and personnel needs. As the need expands for more experienced personnel (and fewer lower level staff accountants), the structure of firms will continue to change. Finally, changes in the education process will continue to be required to adequately prepare accountants for entry into the profession.
- Technology will have an impact on business and governmental entities and on all areas of CPA firms, but it will likely have its greatest impact on attest engagements.
**Competition** - Changes in competition arising both within the profession and from outside sources.

- Accountants are operating in an increasingly competitive environment that will continue to put pressure on the profitability of accounting firms. The trend towards firms charging for some services on a basis other than time will accelerate.

- The demand for non-traditional services will increase and competition in auditing services will become more intense. Seasonality will continue to be an issue. Specialization will accelerate. The use of separate groups within firms for separate functions will grow.

- CPAs will have increasing opportunities and responsibilities resulting from environmental issues.

- CPAs will be involved with a greater range of services which may increase the challenges facing CPAs regarding independence, objectivity, and conflicts of interests. A smaller number of firms will provide attest services. Auditing service hours traditionally provided by CPA firms will decline.

- Greater pressures will be placed on the integrity and objectivity of CPAs, and we will continue to be challenged in the future, but in the final analysis, the profession will be judged by the quality of its work.

**Complexity** - Constantly changing tax laws, the development of innovative financing techniques, questions about the effectiveness of the audit function, and questions about the utility of periodic historical cost financial statements.

- There will be continued complexity and frequent changes in the tax code. The CPA exam will continue to accommodate the growing complexities of the business world.

- The attest function will continue to cover a much wider range of information.

- CPAs will have greater responsibility for fraud prevention and detection and reporting on internal controls of clients. There will be increasing expectations for CPAs to have greater responsibility for reporting on the compliance of clients with laws and regulations. The gap between the public’s expectations for the profession and the ability of the profession to meet them will, however, continue. Providing standards of professional performance and conduct and enforcing compliance will continue to be one of the Institute’s most important roles.
Governments - at both the state and federal levels - will continue to influence the profession. Challenges to the profession's disciplinary processes will continue. It is unlikely, however, that there will be a shift to government control of the accounting and auditing standard-setting functions. State boards will continue to influence the direction and success of the accounting profession.

Although practice monitoring efforts will continue to be effective in maintaining and improving the quality of practice, concerns about unreasonable legal liability will continue to be a major issue for the profession.

The value of historical financial statements will decline relative to the value of future-oriented financial and non-financial information. The increasing complexity of financial reporting will continue to make professional standards more complex, difficult and costly to apply.

There will be more uniform licensing standards.

**Human Resources - Shifts in the populations of the U.S. as well as changes occurring within the available supply of CPAs.**

The pool of accounting graduates will remain relatively constant. However, the demographics of the pool of accounting candidates will continue to change and the demand may exceed the supply of qualified candidates.

There will be increasing diversity among those employed within the accounting profession in terms of their ethnicity, gender, educational and professional backgrounds, life experiences and values as well as ways of thinking and behaving. These and other factors will make "life-style" considerations increasingly important. It will be increasingly more of a challenge to motivate new entrants into the profession to dedicate themselves to career and employer, as in the past.

The skills required of CPAs as a group will be more diverse. The number of people in long-term career positions with the same employer will decline. More rigorous efforts will be needed by employers to screen and hire employees.

The cost of getting and maintaining the CPA certificate and license will increase.
The Institute - Changes in members and their attitudes as well as the significance of membership in relation to state societies and other organizations.

- The Institute will continue to be confronted with increasingly diverse interests on the part of its various membership constituencies.

- The value of membership in the AICPA and state CPA societies will continue to be questioned by CPAs and there will continue to be an organizational overlap between the Institute and the state CPA societies. The AICPA will continue to have more stringent membership requirements than most state societies.

- The AICPA will experience increased competition from other current and future membership organizations. Other organizations will provide specialty designations for aspects of accounting or accounting practice. Both the AICPA and state societies will increasingly face economic pressures and CPE for both will continue to be a concern. Keeping leadership and member constituencies adequately informed will continue to be a challenge.