

# 2008 CPA Examination Summit

June 13, 2008



## Insights Into Increasing the Number of African-American CPAs: Part 2

*Co-sponsored by:*

*Howard University School of Business*

*Center for Accounting Education*

*and*

*National Association of Black Accountants, Inc.*



*"Lifting As We Climb"*



**HOWARD**  
UNIVERSITY  
CENTER FOR  
ACCOUNTING  
EDUCATION



## CPA Examination Summit – Insights Into Increasing the Number of African-American CPAs: Part 2

The Howard University School of Business Center for Accounting Education (CAE) and the National Association of Black Accountants, Inc. (NABA) co-sponsored the second one-day CPA Examination Summit (Summit) during the 2008 NABA Annual National Convention in Atlanta. The first Summit was held during NABA's 2007 convention in Philadelphia. The purpose of the Summit was two-fold:

- ▲ To measure progress from the previous year's exploration of why an increasing number of African Americans are not sitting for nor passing the CPA Examination; and
- ▲ To develop strategies for increasing the number of African Americans taking the exam.

The session was facilitated by Frank Ross, director, CAE, and Leslie Traub, president and CEO of Cook Ross, Inc.

Although there is clearly a deficit of African Americans with CPAs, the results from the Summit were encouraging:

- ▲ The largest of the public accounting firms, as well as several other firms, had all revised their incentive programs for employees passing the exam, and had begun to increase the emphasis on the need for their staff to pass the exam as early in their careers as possible;
- ▲ Universities generally were more aware of the need to encourage their accounting students to become CPAs, and the need to increase the number of CPAs on their faculty; and
- ▲ A sampling of state societies, as well as the American Institute of CPAs (AICPA) — through its Minority Initiatives Committee (MIC) — and NABA demonstrated that they were more active in their outreach to African Americans to present the profession positively to high school students while making them aware of the importance of the CPA designation.

After hearing of the progress of the stakeholder groups (organizations that will benefit from the increase in the number of African-American CPAs) and discussing a variety of solutions to increase the number of African Americans taking and passing the CPA Examination, it became clear that there is a need for more focused interventions and a greater electronic presence aimed at the potential CPA candidate from all stakeholder groups.

There was unanimous agreement that collectively supporting a focused staffing effort among the stakeholder groups would yield better results, especially if one organization, such as NABA, would take the lead in coordinating the profession's effort in this area. To this end, Ernst & Young pledged \$50,000 and Deloitte pledged \$100,000 over the next three years, towards supporting these efforts. It is hoped that once such an effort is formalized and a program developed and articulated, more firms and organizations will match the amounts pledged by these two organizations.

A key theme in all of the recommendations was greater leverage of electronic media and resources — to promote the CPA to the general public, to provide support and guidance for those in pursuit of their certificates, and as a vehicle for supporting CPAs and increasing retention of CPAs in public accounting.

### Statement of the Problem

The Summit began with the re-statement of the problem as summarized during the 2007 Summit:

In an article entitled "Are We Failing the Exam?" published in the Summer 2006 *Pennsylvania CPA Journal*, J. Andrew Weidman, CPA, states the problem facing the profession as a whole very clearly.

*"Although there are more college students studying accounting, many graduates are not pursuing their CPA certificates. It isn't as if accounting students aren't willing to*

*put in the extra effort it takes to attain the CPA designation. In 2004, the number of accounting students receiving master's degrees jumped 5.4 percent. Career goals and time constraints, however, are cited as reasons keeping graduates from seeking CPA certificates. Numerous articles have been written on this subject, and I have spoken to many colleagues regarding this issue. I have come to the conclusion that there are three reasons why recent graduates are not taking the exam:*

- ▲ *Not enough time, specifically time to prepare for the exam*
- ▲ *Accounting graduates do not believe certification is important; that it is aligned with their career goals*
- ▲ *The change to the computerized exam*

*No matter what some CPA executives might believe, time is a critical issue when it comes to the dismal exam turnout.”*

According to a 2004 study issued by the AICPA, the number of African-American CPAs represents only 3% of all CPAs. This percentage has remained constant for several years, while the percentage of CPAs in other minority groups appears to have increased annually. The percentage of Asian/Pacific Islanders (12%) and Hispanics or Latinos (8%) has increased, while the percentage of African Americans (3%) has remained steady. The number of African Americans graduating with degrees in accounting and finance is increasing, but the number of African-American CPAs is not. Although 7% of the AICPA membership is minority, only 1% is African American. Although there is concern about the challenges in quantifying CPAs, especially by race, the trend itself is alarming. AICPA's *Trends in the Supply of Accounting Graduates and the Demand for Public Accounting Recruits* does not show any significant changes to this trend.

The key participant concerns identified during the 2007 CPA Examination Summit included the following:

- ▲ Generational challenges
- ▲ Dearth of African American CPA role models
- ▲ Lack of motivation or desire to become a CPA
- ▲ Exam mechanics/management
- ▲ Preparation at the college/university level
- ▲ Lack of valuing the CPA credential
- ▲ Lack of reliable data about the problem.

No additional concerns were noted by participants in the 2008 Summit.

### **Intent of the Summit**

The focus of the 2008 Summit was to specifically explore strategies for increasing the number of African Americans sitting for and passing the CPA Examination. Given the impact of the problem and the value of including all stakeholder groups in creating solutions, approximately 70 participants from public accounting, industry, academia, CPA Exam preparation companies, state societies and professional associations were invited to the Summit to share their perspectives (see Appendix A). The goal was to build on the problems identified in 2007 and focus on the solutions for each of the key stakeholder groups.

### **Proceedings**

Representatives of each of the key stakeholder groups presented a summary of their accomplishments related to African Americans and the CPA Exam. Summit participants offered recommendations for each stakeholder group to consider in pursuing additional programs, services and activities. After stakeholder group presentations, Summit participants focused on key barriers to African Americans passing the exam, and made recommendations. All of the concerns and solutions were specifically for African Americans, although these solutions could impact the broader population.

### **Stakeholder Group Reports**

Representatives of the following stakeholder groups discussed their activities:

- ▲ AICPA
- ▲ NABA
- ▲ State Societies (Michigan and New Jersey)
- ▲ Public Accounting Firms
- ▲ Academia (Colleges and Universities)





## American Institute of Certified Public Accountants (AICPA)

In reporting on AICPA MIC activities, Geneva Gee Fulbright, CPA (president and COO, Fulbright & Fulbright) began with a reflection on the 1969 Council resolution to address the issue of the lack of minorities in the profession and the creation of the MIC. She reported that following the 2007 CPA Summit, AICPA has:

- ▲ Evaluated all AICPA-supported programs to create measurable goals.
- ▲ Made a three-year commitment to support the Howard University School of Business Center for Accounting Education program by continuing to provide data on the program's success and total reach.
- ▲ Renewed support of and commitment to the Ph.D. Project.
- ▲ Outsourced tracking and scholarship administration and continued to review historical data.
- ▲ Drafted a Memorandum of Understanding (MOU) among all MIC strategic alliance partners — including ALPFA, ASCEND, NABA, National Council of Philippine Canadian Accountants — which is awaiting execution. The MOU sets forth terms of financial support, expectations of participation, and anticipated activities, and will be used to provide consistency among the terms and relationships AICPA has with all of its strategic alliance partners.
- ▲ Issued the 2008 Trends (Supply & Demand) Report that provides data on the supply of accounting graduates and the demand for public accounting recruits.
- ▲ Continued to support high school programs with a focus on minority students for outreach through various state societies. This includes support for the Michigan Society's turn-key High School Leaders Conference.
- ▲ Hosted a leadership workshop for 97 college seniors/graduate students and a few juniors in May 2008. Students promised to make presentations at their schools and discuss with advisors and fellow associates.
- ▲ Encouraged the *Journal of Accountancy* to be more inclusive, and reviewed some of the

columns to ensure that a minority voice and perspective are represented.

- ▲ Approved a project to create an eBook, with hard copies available, of success stories highlighting diverse CPAs.

### *Stakeholder Recommendation:*

- ▲ Offer scholarships to support a 5<sup>th</sup> year of study as well as CPA prep classes in order to help increase CPA exam pass rates.

## National Association of Black Accountants, Inc. (NABA)

NABA Executive Director Gregory Johnson, CPA, reported that the goals of NABA's CPA Bound Initiative are to highlight and promote members taking the CPA Exam, their pass rates and to encourage other members to sit for CPA Exam. Mr. Johnson said that since the 2007 Summit, NABA has begun or is planning the following initiatives:

- ▲ The CPA Bound Ambassador Program, which is a component of the CPA Bound initiative, will solicit more African-American CPAs (ambassadors) to speak to African-American students about the requirements of and opportunities associated with being a CPA. The program will also track the number of prospective CPAs that NABA is influencing and increase the recognition of members who become CPAs.
- ▲ Highlighting new CPAs (CPA profiles) on NABA's Web site and featuring new CPAs at NABA events and in NABA publications.
- ▲ Forming alliances with organizations such as the National Association of State Boards of Accountancy and AICPA to gather and publish better data about minority CPA candidates and the numbers passing the CPA exam.
- ▲ Appointing a staff person dedicated to managing CPA Bound.

### *Stakeholder Recommendations:*

- ▲ Form a separate section for NABA members who are CPAs in order to better leverage the certificate and retain members.
- ▲ Interact more at the university level and expand the Student Case Study Competition.

## Center for Accounting Education (CAE) Howard University School of Business

CAE Director Frank Ross reported that the following initiatives are being planned:

- ▲ An interactive Web site with contact information of major firms, state boards of accountancy and state societies, etc.
- ▲ Extend invitations to INROADS (nonprofit organization dedicated to developing and placing talented minority youth in business and preparing them for corporate and community leadership) and other related groups to become stakeholders in future CPA programs.
- ▲ A CPA Exam Boot Camp for African Americans, which can be taken nationally by NABA through its national chapter network

### *Stakeholder Recommendation:*

Leverage the reach of people who have participated in the CAE-hosted “We’re About Success!” and ALDI programs as mentors for current participants.

### **State Societies**

Peggy Dzierzawski, CPA, president and CEO, Michigan Association of CPAs, and Ralph Thomas, CPA, executive director, New Jersey Society of CPAs, reported on behalf of state societies. Ms. Dzierzawski reported that Michigan has invested in creating programs to introduce the concepts and lifestyle of accounting to high school students with a focus on minority students. She shared a short video touting Michigan’s high school connection, which can be viewed at <http://www.michcpa.org/content/19205.aspx>.

Ms. Dzierzawski and Mr. Thomas reported that the state societies also:

- ▲ Sponsor ACAP-type programs
- ▲ Hold alumni panels
- ▲ Develop Web log with successful CPAs
- ▲ Develop affinity-type programs with CPA preparation courses such as Becker and Kaplan

### *Stakeholder Recommendations:*

- ▲ Create a relationship with INROADS and organizations such as the Jackie Robinson Foundation to help prepare college students associated with the state societies to successfully acculturate to life in large public accounting firms.
- ▲ Collect better data:
  - ▲ Research the number of students in accounting who transfer from community college to four-year institutions; provide accounting scholarships to minorities in two-year colleges to ultimately increase the number of minorities graduating in accounting.
  - ▲ Determine the number of minority CPAs on a state level so that an effort can be made to increase the involvement of both minorities and minority-owned firms in the various state societies
- ▲ Create a 5<sup>th</sup>-year scholarship program by setting aside \$15 of every exam fee, which is currently done in Ohio.
- ▲ Encourage partners in minority-owned firms to become more active within their state societies in order to increase minority role models at the local level.

### **Public Accounting Firms**

Leslie Traub, president and CEO, Cook Ross, Inc., reported that the Big 4 public accounting firms, as well as several regional and local firms, have revised their policies and employee incentives for taking the CPA Exam. She said that it has been difficult to quantify the impact of these changes because the exam is taken over the course of a year and it is difficult to track the number of people from each firm taking each part.

The following table provides an overview of the CPA exam policies among six of the largest firms.





## Programs Across Firms

Firm	Tiered Bonus of Prep Courses	Cover Cost for Promotion to:	Require CPA
1	\$500-\$1K	Yes	Manager
2	\$3K-\$5K	Yes	Senior
3	\$3K-5K	Yes	Manager
4	Yes	Yes	Manager
5	\$3K-5K	Yes	Manager
6	\$2K-\$5K	Yes	Senior

Ms. Traub said that other changes at public accounting firms are:

- ▲ There is an implicit expectation that all four parts of the exam are completed at the latest within 24 months of starting at the firms, and a push for completion within the first year of employment.
- ▲ Two firms have established that employees must have their CPAs before being promoted to senior. This is a change from previous requirements for the CPA to be promoted to manager.
- ▲ One firm suggested that there might be a rating impact on managers who had a number of associates who did not pass the exam over a certain period but, for the most part, there is no accountability for managers to have their employees take and pass the exam.
- ▲ One firm offers incentives to experienced hires in addition to recent college graduates.
- ▲ Another firm offers time off to take the exam.

For African Americans in particular, Ms. Traub noted that:

- ▲ There is mandatory CPA coaching in one division of one firm.
- ▲ Another firm is intending to support African Americans to attend the CAE-sponsored or other CPA boot camps.
- ▲ One-on-one coaching/mentoring and encouragement is increasing, although it is sporadic. This is generally coordinated through various network groups.

Ms. Traub noted other observations with respect to public accounting firms:

- ▲ Firms are aware that there is a competing commitment between staffing of their

engagements and managing the schedules of associates so that they are able to adequately prepare for and take the exams.

- ▲ There is a belief that African-American candidates may have more family and community commitments and therefore more difficulty in making time to study.
- ▲ There has been an expressed concern that if African Americans say they will take the exam, there will be a negative impact on their performance evaluations if they don't pass it.
- ▲ Challenges with integration and acculturation may cause African American associates to focus more on their work product and less on studying for the CPA exam.
- ▲ There is an assertion that African Americans get less developmental feedback in the firms, which may contribute to the high turnover rates in the first and second years before they have taken or completed the exam.

## Academic Institutions (Colleges and Universities)

A small sample of majority schools and HBCUs were contacted to share their current best practices with positive exam messaging and support. Universities' best practices include the following:

- ▲ Ensure that students entering the accounting field have high SATs and GPAs, with leadership experience and responsibilities.
- ▲ Maintain small class size.
- ▲ Convey a strong and consistent message about the importance of the exam.
- ▲ Teach critical thinking skills to help students respond to a variety of situations, including taking the exam.
- ▲ Offer a 5-year program, in which most students pass the CPA exam in the summer between graduate school and beginning their jobs.

*It is of note that Wake Forest offers a full tuition scholarship to students from HBCU's who qualify academically for their 5<sup>th</sup> year.*

Other best practices include the following:

- ▲ Offering a 5<sup>th</sup>-year internship during busy season in public accounting.

- ▲ Offering an exam-preparation course after graduation; some are co-instructed by university professors.
- ▲ Inviting public accounting partners to campus for events and recruitment in order to reinforce the importance of the exam.

HBCUs have offered other best practices, as follows:

- ▲ Building the academic curriculum so that the last 18 months of study focus on content covered in the exams.
- ▲ Inviting African-American partners from public accounting to campus, and hosting events to reinforce the importance of the exam.

#### *Stakeholder recommendations:*

- ▲ Regularly host campus sessions to bring together professionals and students.
- ▲ Recruit students in the early years (1<sup>st</sup> & 2<sup>nd</sup>) into the profession so they are adequately prepared.
- ▲ Encourage firm partners to teach at HBCUs on a rotational basis.
- ▲ Identify ways to cover the cost of the 5<sup>th</sup> year through increased scholarship funds.
- ▲ Ensure that African-American CPAs are interacting with majority schools, especially since majority schools provide more African-American professionals to public accounting than do HBCUs.

### **Topical Group Dialogue and Recommendations**

Summit participants were divided into groups to discuss lack of motivation and desire to become a CPA, inadequate preparation of students at the college/university level, and generational challenges. The topic of insufficient African-American role models was woven into those discussions. The intention was to create solutions to the perceived barriers to increasing the number of African-American CPAs.

#### **Topic: Lack of motivation and desire to become a CPA**

This issue has been described as possibly generational in nature. It is also perceived as

cultural, in that there are few African-American CPA role models in communities in which many African Americans are raised, therefore possibly limiting the potential appeal of the profession. Possible solutions to increasing the perceived value of the exam mostly center on marketing and promotion.

#### *Recommendations:*

- ▲ Promote the earning potential of the profession by establishing the value proposition of the CPA:
  - ▲ Make success stories more visible.
  - ▲ Publish the earning potential of partners in the accounting firms.
  - ▲ Be authentic about both the hard work and the gains of the profession.

*There is a sense that publicizing public accounting as a profession in which one can have work-life balance is a disservice to the profession, and affects how the profession is viewed. The industry must be presented more truthfully so associates are better prepared for the reality of what they will encounter upon beginning their careers in public accounting.*
- ▲ Sponsor career days within the firms so associates can see how CPAs are living their lives in the profession.
- ▲ Increase the representation of CPAs in the ACAP program, with a youthful and certified face.
- ▲ Reinforce strong messaging of the CPA throughout the academic year.
- ▲ Recognize professionals who have CPAs.

#### **Topic: Inadequate preparation of students at the college and university level**

Participants recognized the importance of having faculty with both CPAs and current experience in accounting. They also recognized the difficulty of attracting CPAs to the teaching profession given that the academic salary structure is not competitive with the rest of the market. In addition to the qualifications of faculty, this group discussed the importance of adequate exam preparation while still in school, and the need to encourage students to take a 5<sup>th</sup> year.





### Recommendations:

- ▲ Invite firms to invest in supplementing the salaries of faculty members with CPAs.
- ▲ Encourage faculty to take advantage of internship opportunities and symposia.
- ▲ Invite professionals from public accounting, government, and industry to serve as visiting professors. Don't limit the visiting professors to partners; include all qualified professionals.
- ▲ Incentivize professionals to take whatever required education courses they need so they can teach at the college/university level.
- ▲ Encourage and support faculty memberships in state societies and AICPA.
- ▲ Place a greater focus on student preparation for the exam, particularly at the intermediate and advanced course levels of accounting.
- ▲ Build alliances to support 5<sup>th</sup>-year education, leveraging in particular parents and mentors.

*Note: The Texas state society arranges programs with community colleges to provide enough academic credits for graduates to sit for the exam. Even though students can't transfer these credits to a four-year school, the Board of Accountancy will accept them. Those with bachelor's degrees can go to community colleges to get the credits needed to meet the 150-hour requirement. Most states should investigate the possibility of following this practice.*

### Topic: Generational challenges

This dialogue began with the assertion that there is a lot to learn about the generational differences with the Generation Y and Millennials. There are many assumptions made about their motivation, yet not a lot of clarity by those in decision-making roles in the firms, societies, and universities. One thing is clear, however – the messaging that appeals to those who typically create it (older generations) is not appealing to the target generation.

### Recommendations:

- ▲ Change the medium and the messaging. Find new ways to create communication such as pod casts, real talk sessions, and social networking sites. Create the messaging to appeal to a more social generation who wants a career to be enjoyable and fun.
- ▲ Engage this generation in the solution to the CPA question. Look for opportunities for a

captive audience. The NABA convention is a great way to engage them in the solution to the problem. Promote 'real talk' dialogue via town hall meetings to get them involved in sharing their perspectives and solutions.

- ▲ Use younger professionals to be spokespersons for certification. The older professionals do not necessarily make good role models. Role models need to be able to reach and relate to the target audience.
- ▲ Use surveys to get information from them about them. Find out what motivates them, and include questions on how to support them technically and non-technically in being successful.
- ▲ Host a special NABA conference to engage this generation about the perceived pros and cons of the exam, and the profession overall.
- ▲ Create learning events for NABA members who don't have their CPA. Put them in a mystery event with door prizes, food and cocktails and find out why they aren't CPAs, while inspiring them to become CPAs.
- ▲ Celebrate certification by involving the parents and communities of those who are successful to positively reinforce certification. If we want the best in the profession to become CPAs, then we need to inform the parents, churches and others in the community.

### Summary

The 2007 CPA Examination Summit resulted in changes within the societies and associations, universities, exam preparation, and in public accounting. All stakeholder groups must continue the strides that are already in motion, however, members of the stakeholder groups recognize that they can't facilitate the cross-organizational dialogue, action and accountability required to make a significant difference alone.

A project management approach will be required to both create an accountability structure and holistically address the marketing and public relations issues, as well as the need for additional research, data collection, and academic resources. Hopefully, the next Summit report will reflect a year of committed and coordinated action to increase the number of African-American CPAs.

## About the Center for Accounting Education

In existence for more than three decades, the Howard University School of Business Center for Accounting Education (CAE) has flourished over the past four and one-half years under the guidance of its director, Frank Ross and coordinator, Pat Kellibrew. Together, they have been able to guide CAE to the forefront of respectability within the accounting profession. In the face of new pressures on the accounting profession and the low percentages of young African-American professionals passing the CPA Exam, CAE has redoubled its efforts to address these very important issues.

In addition to his role as director of CAE, Frank is also a visiting professor of accounting. Thanks to the financial contributions of its generous stakeholders and with input from its Advisory Board, CAE has launched new programs, seminars, surveys and workshops. Every initiative sponsored by CAE, ranging from surveys to the leadership program series, has been designed to increase the number of minority CPAs, to help ensure their success and thereby to increase the retention rate of minorities. Initiatives developed by CAE include the following:

### The Leadership Skills Development Series

- ▲ We're About Success!
  - 2005 – Inaugural Program, Chantilly, VA
  - 2006 – 2nd Annual Program, Chantilly, VA
  - 2007 – 3<sup>rd</sup> Annual Program, Dulles, VA
  - 2008 – 4<sup>th</sup> Annual Program, Chantilly, VA
- ▲ College Programs
  - 2005 – Howard University
  - 2006 – LIU & Howard University
  - 2007 – LIU & Howard University
  - 2008 – Greater Philadelphia, LIU & HU
- ▲ Program for African-American Managers – Washington, DC, May 2006
- ▲ Aspiring Leaders Development Institute, NABA Convention
  - June 2007
  - June 2008

### CPA Examination

- ▲ Hands-on CPA Exam focus
- ▲ CPA Examination Summit, NABA Convention
  - June 2007
  - June 2008

### Surveys

- ▲ The Experiences of the African-American Accountant, published 9/05
- ▲ The NABA Membership Survey, published 9/06
- ▲ Upcoming
  - Study on Retention of Blacks
  - Barriers to African American Success on the CPA Examination

### Stakeholders Meetings

Held annually to bring together leaders in the accounting profession to discuss how the profession can increase the retention rate of minorities.

### To contact CAE:

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**Center  
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Accounting  
Education**





## About NABA

The National Association of Black Accountants, Inc. (NABA), a 501(c)(3) nonprofit organization, is one of the premier professional associations in the nation. NABA has the unique opportunity of representing the interests of more than 100,000 people of color in furthering their educational, professional, and career aspirations in the related business fields of accounting, consulting, finance, and information technology.

The motto of NABA, *Lifting As We Climb*, is exemplified best in its mission, which addresses the professional needs of members while developing and inspiring future leaders who will shape tomorrow's accounting and finance professions. In addition, NABA's Center for Advancement of Minority Accountants (CAMA) has established a series of career development programs that serve the membership at the national, regional and local levels. CAMA has also been instrumental in encouraging the next generation of young professionals to consider other opportunities in business.

Established in 1969 by nine African-American accountants in New York City, NABA has effectively addressed systematic problems and challenges faced by African-American accounting professionals for 40 years.

Since the founding of NABA's first chapter in 1970, membership has grown to more than 185 professional and student chapters across the country. NABA's membership includes individuals with diverse careers, such as: entry and mid-level accountants, auditors and financial professionals, senior level managers and executives, firm partners, entrepreneurs, as well as accounting, finance, and business students. Approximately 51% of NABA's members are employed in corporate America, of whom 40% have advanced degrees and 45% hold professional certifications.

NABA is dedicated to uniting accountants and other business professionals, as well as accounting and business students, who are committed to professional and academic excellence. NABA

provides effective programs, activities and advocacy to achieve its goals, which include::

- ▲ Promoting and developing the professional skills of its members.
- ▲ Encouraging and assisting African-American students in entering the accounting profession
- ▲ Providing opportunities for members to fulfill their civic responsibilities.
- ▲ Promoting public confidence in its members and the services they provide.
- ▲ Encouraging cordial relations among members and cooperative relationships with other professionals.
- ▲ Representing the interests of current and prospective African-American accounting and business professionals.
- ▲ Ensuring long-term financial stability and providing adequate resources to implement chapter, regional, and national programs.

### To contact NABA:

National Association of Black Accountants, Inc.  
7249-A Hanover Parkway  
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Walter J. Smith, CPA, National President  
Gregory Johnson, CPA, Executive Director

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[www.nabainc.org](http://www.nabainc.org)



*“Lifting As We Climb”*

## APPENDIX A

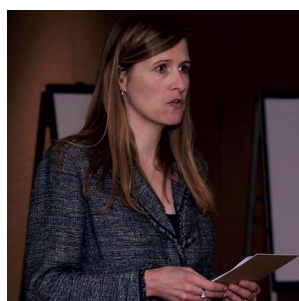
### 2008 CPA Examination Summit List of Invitees

Name	Title	Organization
Marvin Allmond	Owner and CPA	Almond & Company
Angela Avant	Partner, Diversity	KPMG, LLP
Adell Battle	Technical Manager	AICPA
Ralph Bazilio	President/COO	TCBA
Wayne Berson	Assurance Partner	BDO Seidman
Allen Boston	Americas Director (retired)	Ernst & Young
Tya Boyden	Director of Development	Howard University
Chris Brassell	Director of Diversity	PricewaterhouseCoopers
Don Christian	Partner	PricewaterhouseCoopers
William Coleman	Managing Partner	Coleman and Williams
Quiester Craig	Dean, School of Business	NC A&T University
Elizabeth DeBragga	Coordinator, Diversity	AICPA
Sam Duah	Professor of Accounting	Bowie State University
Angela Dunlap	Partner	Grant Thornton
Ranelle Dunnam	Diversity Manager	Robert Half International, Inc.
Peggy Dzierzawski	President & CEO	Michigan Society of CPAs
Shirley Friar	Chair, Accounting Department	Clark Atlanta University
Genevia Gee Fulbright	President & COO	Fulbright & Fulbright, CPA, PA
Tony Fuller	Director of Diversity	Grant Thornton
Glenda Glover	Dean, College of Business	Jackson State University
Ralph Grant	Partner	Grant & Smith, CPA
Stephanie Gray	Recruiting Manager	Reznick Group
Kim Griffin-Hunter	Partner	Deloitte, LLP
Bennie Hadnott	CPA, MBA	Watson Rice
Barron Harvey	Dean, School of Business	Howard University
Dan Hobson	Director of Diversity	Depository Trust & Clearing
John Honor	Executive Director, HR	KPMG, LLP
Brenda Hubbard	Leadership Director	Florida Institute of CPAs
Kristen Jaconi	Senior Policy Advisor	US Department of the Treasury
Norman Jenkins	Director	Marriott International
Gregory Johnson	Executive Director	NABA
Clyde Jones	VP, Chief Diversity Officer	ADP
Pat Kellibrew	Coordinator, CAE	Howard University
Mark Kiel	Vice Chancellor	NC A&T University
Tony King	Chairman	NABA Division of Firms
Odysseus Lanier	Partner	MJLM

*Continued on page 12*



Walter Smith, Gwendolyn D. Skillern, George Willie, and Kim Griffin-Hunter.



Kristen Jaconi



Frank Ross

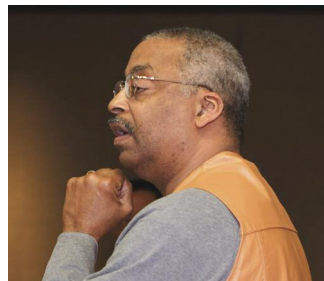


## APPENDIX A (Continued from Page 11)

Name	Title	Organization
Jerry Love	President and CEO	Texas Society of CPAs
Joe Maiorano	Director, Workplace Solutions	KPMG, LLP
Dale Martin	Interim Chair, Accounting	Wake Forest University
Dorri McWhorter	Executive	Crowe Chizek
Bernie Milano	President	KPMG Foundation
Dennis Muse	Partner	Reznick Group
Brenda Owusu	Owner and CPA	Owusu Company
Gioia Pisano	Diversity & Recruiting	Ernst & Young
Richard Pitre	Professor of Accounting	Tennessee State University
Nancy Radke	Director, Training & Dev	Robert Half International
Kimberly Reed	Managing Partner	Reed Consulting Group
Denny Reigle	Director, Academic/Career Dev	AICPA
Ruthie Reynolds	Chair, Accounting Dept	Howard University
Ida Robinson-Backmon	Chair, Accounting Dept	NC A&T
Lisa Roe	Executive	Crowe Chizek
Anthony Ross	Internal Audit Manager	Texas Society of CPAs
Greta Russell	Controller	Ohio State University
Sharon Simmons	Assistant Professor	University of Virgin Islands
Gwendolyn D. Skillern	Immediate Past President	NABA
Gilbert Smith	President and CFO	Gateway Communications
Kecia Smith	Inspection Training Leader	PCAOB
Walter Smith	National President & CEO	NABA
Ostine Swann	Senior Diversity Manager	AICPA
Arleen Thomas	Senior Vice President	AICPA
Ralph Thomas	Executive Director	New Jersey Society of CPAs
Todd Tinnell	Nat'l Director, College Recruiting	RSM McGladrey
Albert Trexler	CEO, Executive Director	Pennsylvania Society of CPAs
Ray Vicks	Partner	PricewaterhouseCoopers
Ronald Walker	President & CEO	Walker & Company
Tom Williams	Partner	Williams, Adley & Co.
Joan Williamson	Ph.D., MBA, CPA	Delaware State University
George Willie	Managing Partner	Bert Smith & Company
<b>Facilitators</b>		
Frank Ross	Director, CAE	Howard University
Leslie Traub	President and CEO	Cook Ross, Inc



Bennie Hadnott



Anthony Ross



Summit participants engage in topical dialogue, including Dr. Ruthie Reynolds and Peggy Dzierzawski

## APPENDIX B

### Recommendations from the 2007 CPA Summit

#### Generational Issues

- ▲ Communicate to young African Americans that one's education is not complete, nor is one truly a "professional," until he or she is appropriately credentialed, and that the CPA is the most important credential to the accountant.
- ▲ Increase the visibility and viability of the profession with the younger generations.
- ▲ Hire a PR firm to target media outlets such as magazines popular with African Americans, public service announcements on relevant TV programs, and conduct Internet marketing campaigns.
- ▲ Widen the high school and college marketing of the accounting industry to drive home the message that the CPA is the same as being board-certified for a physician, or passing the bar exam for a lawyer.
- ▲ Target high school counselors to provide greater visibility for the profession and the license in schools. This means addressing the relevant forums for counselors and investing in targeted marketing.
- ▲ Increase understanding of the profession at the middle and high school levels through continued outreach by the various professional groups, public accountants and those in industry. This can be done through short, relevant multi-media approaches that demonstrate an understanding of the values of this age group, and make the CPA synonymous with the profession.

#### Dearth of African-American CPA Role Models

- ▲ The AICPA and state societies should increase African-American board membership to at least 10% in leadership roles.
- ▲ The AICPA and state societies should attract African-American professionals for leadership positions. Universities — including Historically Black Colleges and Universities (HBCUs) — should develop enhanced relationships or

partnerships with each other to reinforce the importance of the exam during academic preparation.

- ▲ NABA, the AICPA and state societies should personally invite prominent African-American CPAs to participate in industry-wide promotional activities.

#### Lack of Motivation or the Need to Become a CPA

Firms should:

- ▲ Provide a bonus/increase in pay upon the successful completion of the exam.
- ▲ Encourage minorities to take the exam through existing minority structures such as affinity groups and networks.
- ▲ Create incentive programs to encourage candidates to sit for and pass the exam within 18 months after receiving their degree.
- ▲ Learn more about internalized oppression, and what can be done to enhance imprinting positive images of African-American professionals.
- ▲ Proactively track employee progress toward passing the exam.
- ▲ Incorporate passing the exam into the annual review process and aggressively monitor candidates' progress.
- ▲ Give candidates work-study time to prepare for the exam, and time off to sit for the exam.
- ▲ Provide recognition for new CPAs.

#### Exam Mechanics

AICPA should:

- ▲ Consider enacting uniform standards across all states allowing students to take the exam with 120 hours and a bachelor's degree, and then becoming licensed upon completion of the 150 hours and the passing of the four parts of the exam.

#### Preparation at the College/University Level

Colleges and universities should:

- ▲ Focus faculty recruitment on increasing the number of CPA faculty members.
- ▲ Encourage and offer incentives to existing faculty without CPAs to take the exam.
- ▲ Provide incentives for professors whose students pass the exam after graduation.





- ▲ Increase visibility of CPA programmatic activities through student organizations and other professional organizations.
- ▲ Provide information to the parents of students to increase their knowledge of the accounting profession and the importance of the CPA.
- ▲ Incorporate CPA examination coaching courses into the curriculum as electives and encourage students to take the exam prior to graduating or immediately after.
- ▲ Set as an objective of the schools accounting program, the preparation of their graduates to take and pass the CPA exam.
- ▲ Measure the trends among candidates who graduate and successfully pass the exam, and learn from their approaches. Pass this knowledge on to current students.

### **Lack of Valuing the CPA Credential**

NABA should:

- ▲ Endorse special recognition for all CPAs in NABA.
- ▲ Track the progress of all scholarship winners toward becoming CPAs and encourage them in their effort.
- ▲ Incorporate the cost of the CPA preparation and exam into NABA scholarships.
- ▲ Recognize all new CPAs at NABA national conventions and at chapter dinners.
- ▲ Support the creation of the Founder's Circle, to recognize NABA members who are CPAs.
- ▲ Establish a CPA track at NABA's regional conferences and national convention.
- ▲ Keep members up-to-date on state requirements.
- ▲ Help to develop and maintain strong test-taking skills for its membership.
- ▲ Develop a formal CPA mentorship program to target individuals preparing for the exams, and also those who are candidates for the exam and perhaps haven't registered.

### **Lack of Reliable Data About the Problem**

- ▲ The AICPA and state societies should develop and publish demographic surveys of CPAs to collect more reliable data and establish a baseline.
- ▲ The AICPA and/or state societies or some

other appropriate organization should endorse partnerships between business school administrators and professors to track which graduates sit for and pass the CPA Exam. This information is critical for tracking and ranking success rates among business schools in the profession, which would be helpful both for incoming students as well as recruiters.

### **Key Improvements: "Low-Hanging Fruit"**

The 'low-hanging fruit' identified by the Summit participants are:

- ▲ The AICPA should take the lead in gathering and publishing current data around this problem, however, NABA, state societies, etc., should also do a better job of gathering and publishing this type of information.
- ▲ Partner with high schools to emphasize the importance of the accounting profession and the CPA exam in particular.
  - ▲ Address this topic at the college level as well during career fairs and in conjunction with career management offices.
- ▲ Leverage scholarships to create awareness about the importance of the credential.
  - ▲ Get a commitment from scholarship recipients that stipulates that they will endeavor to become a Certified Public Accountant.
  - ▲ Monitor the progress of each recipient.
  - ▲ Require that recipients then recruit two additional applicants.
- ▲ Identify public relations opportunities, perhaps through magazines such as Black Enterprise, DiversityInc and other college publications.
  - ▲ As participants, make sure that we respond to survey or interview inquiries from these media venues, giving the profession greater exposure.
  - ▲ NABA should highlight CPAs through this media.
  - ▲ All participants should promote the value of the CPA as a career path to younger generations, both in person and through media.
  - ▲ Leverage opportunities to bridge relationships with organizations that can give the profession broader exposure in

addition to foundation money for PR campaigns, surveys, etc. (such as the DiversityInc Foundation).

- ▲ Use ACAP and similar modules to keep students engaged in the industry. Look to other organizations such as ACAP and Inroads to continue exposing young people to the industry.
- ▲ Create a task force of participants to bring more funding into the industry specifically targeted to address this issue.
- ▲ Accounting firms should be more aggressive in supporting their new hires' efforts to take and pass the CPA Examination by:
  - ▲ Tracking employee progress.
  - ▲ Incorporating passing the CPA Exam into the annual review process and aggressively monitoring candidates' progress.
  - ▲ Giving candidates work study time to prepare and time off to sit for the exam
  - ▲ Providing recognition for new CPAs.
  - ▲ Paying fees for CPA candidates to take the exam.
  - ▲ Providing bonus or pay increase if an employee becomes a CPA 18 months after joining the firm.

### Next Steps

The Summit concluded by asking participants for their ideas on how to proceed. There was initial agreement that the Summit's discussions represent the beginning of a long-term planning process that will involve and impact institutions, accounting firms, associations, societies and academia. In order to move the process forward, there will need to be ownership of the issue, which will likely require hiring someone who "lives and breathes" the solutions. The next task would be to hire a professional public relations firm to begin a campaign to raise awareness of the issues within the industry. In addition to having someone directly accountable for moving these ideas into action, universities should consider funding research to validate the underlying assumptions before any organization is asked to back these solutions financially, including getting more input from the

target audience: young African American accounting professionals themselves.

NABA recently rolled out its CPA Bound Program. This program's objective is to increase the number of African American CPAs. The following is a sampling of possible actions that NABA will roll out under this program:

- ▲ Execution of a media blitz in publications, on the Internet and through the use of ambassadors
- ▲ Recognition of NABA members who pass the exam in publications and public venues
- ▲ Promotion of the benefits of the CPA to high school and college students and to entry-level professions
- ▲ Partner with organizations to gather data, solicit funding and promote the CPA across a broad spectrum of audiences

Finally, all participants in attendance should go back to their respective boards and companies and address the issues and be willing participants in future follow-up meetings. Following NABA's example, they should identify those initiatives they can implement immediately within their organization's structure.

### Summary

In conclusion, the issue of the number of African Americans who sit for and pass the CPA exam is an emotional one, and is supported with primarily anecdotal evidence. There is much at stake in the outcome, and focused efforts are required to begin to make a difference. Clearly a reliable baseline needs to be established to measure progress, and a smaller, focused subgroup of the participants must continue to gather and hone this information, identify resources and establish accountability for moving forward on the items identified herein. NABA provides a powerful structure for continuing the conversation, although there must be active engagement from public accounting firms, academia, the exam preparation industry and state societies. Collectively and individually, these stakeholders need to examine what actions must be taken to begin closing the gap.





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