

AICPA Distinguished Achievement in Accounting Education Award Acceptance Speech

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I greatly appreciate the selection committee and AICPA honoring me with this prestigious award, especially given the immense respect I have for past recipients and other deserving academics yet to be selected. I am also extremely grateful for the letters of support I received from former students and colleagues at Boston College.

Warren Buffet once said at Boston College that “what counts most in life is being loved by the people you want to love you.” A professional analogue is what counts most professionally is being respected by the people you want to respect you. Given this criterion, this award counts most!

Jay Rothberg asked me to spend a few minutes discussing the state of accounting education. To this end, I will begin with an observation: Four year olds bubble over with intellectual curiosity: In a fervent quest to understand their world, they wear out their family with “why” and “why not” questions. By contrast, far too many students and faculty fixate on one question: “Will it be on the exam?” And accounting students go one step further: “will it be on the CPA exam?”

This is not necessarily problematic: To the extent exams test the full breadth of knowledge and thinking skills needed by the next generation to compete in a global economy, rewards tied to exam performance can motivate effective learning and the widespread assessment movement can enhance education. Many dedicated and talented individuals from colleges, accounting firms, the AICPA, companies, and government are doing their best to move us towards this end, given cost constraints.

But unfortunately these cost constraints, whether absolute or set by priorities, are binding and they are forcing us to seek efficiencies that are greatly compromising effectiveness. The

biggest culprit is an over reliance on computer scoring or on hand scoring multiple-choice or true-false questions.

These testing alternatives have their place but the central message of the remainder of my talk is that an over reliance on them, no matter how justified by cost constraints, will have dire consequences for the next generation of CPAs and more generally for the next generation of Americans. Their challenge is to create highly valued human capital. They have no choice: They are about to inherit at least \$50 trillion of U.S. government debt, which means the collective quality of their lives will depend on their capacity to create at least \$50 trillion of assets.

There is widespread agreement that to meet this challenge we must significantly improve our education system. I agree, but most of our efforts towards this end have a fatal flaw.

To understand what I mean here, let's look at the value drivers of human capital. These are directly related to our ability to think critically about issues. Thinking covers a broad continuum and progress along this continuum can be gauged by the types of questions we can pose and answer.

At the bottom of this hierarchy is the capacity to answer questions with universally agreed upon unique answers. The most basic questions in this category test our command of facts. However, anyone who has taken the CPA exam knows that some questions with universally agreed upon answers can be quite challenging. A good example is the simulations on the CPA exam. While these questions are far more demanding than the multiple choice questions, experts would generally agree on the answers, at least in substance if not in form.

Because they have unique answers, such questions can be tested objectively and can be graded electronically. Still, this is a situation where technology is a two edged sword: Increasingly, this type of human capital is becoming commoditized: The knowledge and skills needed to answer questions with unique answers are being taught effectively through electronic media to learners around the world at no cost or low cost and related tasks are being performed by technology. Within five years, motivated learners across the world will

have mobile access to free courses offered by professors from MIT, Berkeley, and other leading universities. There are three billion people in China and India alone, many of whom are willing to work for considerably less than American students and they are highly motivated to study diligently to advance themselves.

Thus, to the extent we restrict education to mastering questions for which there are unique answers, the next generation will increasingly run the risk that jobs will be outsourced to technology or developing countries. Our students must become proficient at answering these basic questions because they are foundational for higher-level thinking: We must be very good at the standardized testing game, but we can't win at it and we shouldn't try to do so.

Our dilemma is that constraints and priorities are increasingly pressuring us to teach to tests that focus exclusively on questions that have unique answers to the point where we are crowding out the time and resources needed to learn higher level thinking skills than can give our students a competitive advantage.

Further up the thinking hierarchy, where we can compete effectively, is the capacity to answer questions where experts can reasonably disagree on the answers and where arguments are grounded in logic, theory, and facts. These questions tend to arise in contexts like the ones many of you regularly encounter where there is considerable complexity or uncertainty. Navigating these complexities and uncertainties is generally orders of magnitude more challenging than navigating most of the questions in college texts or most of the situations in the CPA exam simulations.

At least for now, teaching students how to address these open-ended questions can't be done effectively through electronic media and more generally can't be commoditized or easily outsourced to developing countries or technology.

This suggests, the next generation can gain competitive advantage by becoming proficient in this area. In fact, historically Americans have been remarkably competitive at higher levels of thinking, largely because of our commitment to freedom of thought, meritocracy, individualism, diversity, and risk taking. These are arguably the most valuable assets on our

collective balance sheet and they are worth much more than \$50 trillion if we heed the advice given by Elaine Rodeck of the AICPA at a recent AAA forum, “we are all in this together.”

In closing, I want to thank the AICPA for this opportunity to share my thoughts on this important issue and for this amazing award.