

Staffing pains in the tax and accounting industry

Examining the shifting
talent landscape and how
firms are adapting



Companies nationwide have voiced concerns about their ability to attract and retain qualified employees in recent years. Trendy terms like “The Great Resignation” and “The Great Reshuffle” get used frequently, but few sectors have felt their impact like the tax and accounting industry.

Bloomberg Tax cited Bureau of Labor Statistics (BLS) findings that the total number of accountants and auditors in the U.S. dropped 17% from 2019 (1.964 million) to 2021 (1.63 million).

About 64% of firms were seeking to hire additional staff in 2021, according to **polling from CPA Trendlines**. Of those respondents, 60% were turning down new work due to staffing constraints.



A **2022 survey by the American Institute of CPAs (AICPA) Private Companies Practice Section (PCPS)** revealed that finding qualified staff was the number one issue for firms with 11+ professionals. Retaining qualified staff was also the number two issue for firms with 21+ professionals.

Robert Half Talent Solutions conducted a 2022 employment study where 87% of finance and accounting managers said it's challenging to find skilled professionals. The same study indicated that 43% of finance and accounting employees are actively searching for a new role or plan to by the end of the year. Industry leaders are seeing these staffing trends take their toll on firms.

So how did we get here and what can be done? This whitepaper will examine the fundamental reasons behind the current accountant shortage and highlight how firms are responding.

The role of technology is expanding in the tax and accounting industry. Firms are now doing more work with less labor by automating tasks. Digital workflows have also fully enabled remote and hybrid flexibility, which creates advantages in both talent recruiting and retention. Learn how your firm can leverage modern technology to increase efficiency without adding staff.

What's causing staffing shortages in the accounting industry?

In the simplest terms, more tax professionals are exiting the accounting industry than entering it at the moment. There isn't a singular explanation for this trend, but we can pinpoint several contributing factors.

The retirement of baby boomers

The baby boomer generation that once dominated the workforce is now in the process of leaving it. In a

[2015 study](#), AICPA estimated that 75% of its members would be eligible to retire by 2020.

Although some tax professionals will continue to work well past retirement age, many others are choosing to hang up their hats. For many firms, this means the leaders of yesteryear are gone before the leaders of tomorrow are hired.

"We've had countless firm owners tell us they're **exhausted and stressed to the limit** from overwork and understaffing. When you're teetering on the edge of burnout, how do you find the time and energy to create a firm where everyone wants to work and no one wants to leave?"

- Darren Root, CPA.CITP, CGMA, Chief Strategist at Right Networks and Rootworks, [Intuit](#), October 2021

"**Boomer partners are retiring in droves** and try as we may, we just can't seem to attract enough talented young people to the accounting world — and convince them to stay once we do."

- Randy Crabtree, Co-Founder and Partner, Tri-Merit Specialty Tax Professionals, [Accounting Today](#), November 2022

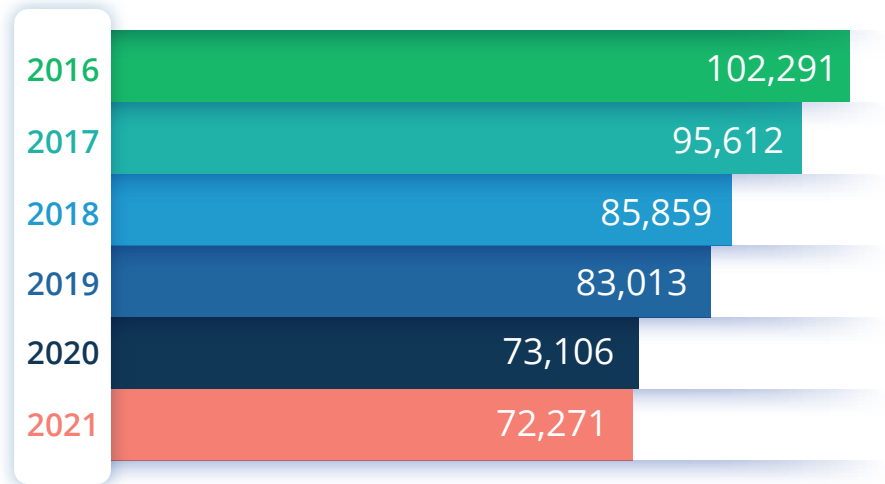
Fewer CPA exam candidates

The number of new CPA examination candidates per year is trending downward. According to the [AICPA 2021 Trends report](#), only 32,186 candidates took the exam in 2021 compared to 48,004 only five years prior. In fact, 2021 had the lowest number of candidates pass the 4th section of the exam since 2007.

CPA pipeline in year-over-year decline

Unique CPA candidates by year | 2016–2021

Source: AICPA Exams Team



Meanwhile, [exam pass rates](#) have stayed roughly consistent over the past several years. This suggests the roadblock isn't necessarily the exam. Maybe the roadblock is the profession.

The 150 credit hours needed to qualify for the CPA exam also create a daunting obstacle. Students that don't already have substantial credits under their belt before entering college must complete an additional year of study.

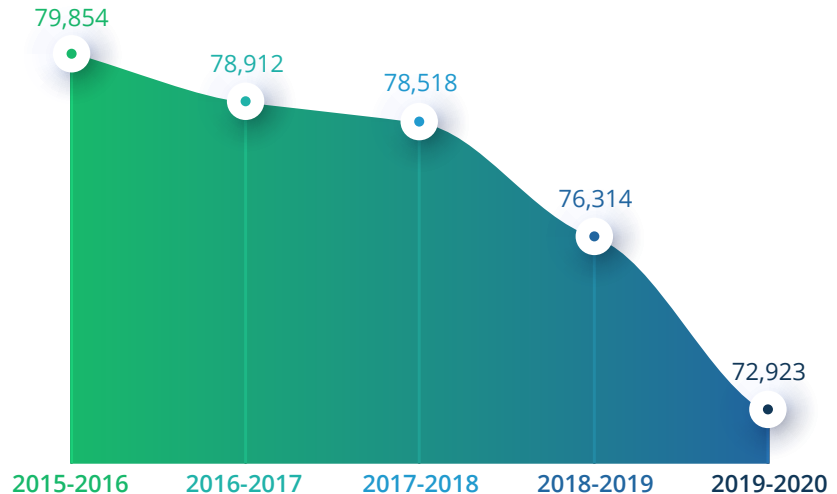
Fewer accounting graduates

The rate of students graduating with degrees in accounting is also trending downward, albeit by slimmer margins than the decreasing numbers of CPA exam candidates.

5-year downtrend for accounting graduates

BS and MS accounting degree completions 2015–2020

Source: *Integrated Postsecondary Education Data System (IPEDS)*. Built from statistics on page 15 of 2021 Trends Report.



The [AICPA 2021 Trends report](#) indicates that 2020 had the lowest number of students graduating with a bachelor’s or master’s degree in accounting since 2010. That number has steadily declined each year since its 2016 peak.

“Accounting students typically earned the highest salaries coming out of the business programs. All other programs have been increasing their salaries. **There is no longer that salary premium.**”

- Steve Rock, Associate Professor of Accounting, Chair of the Professional Effectiveness Division at Leeds School of Business, University of Colorado, [Denver Post, September 2022](#)

Lack of interest among Generation Z

Some authorities argue that the accounting industry is doing an insufficient job recruiting college students into the field, but that’s just one reason among many being shared. Colorado-based accounting professor Steve Rock believes students are performing their own cost-benefit analysis when considering business majors and CPA salaries fall short.

Job stability may also not be the draw that it used to be for students coming out of business programs. Although good accounting serves a vital role in protecting capital markets, that societal importance may not be immediately clear to Gen Z.

The tax industry also has an unfortunate reputation among younger demographics as a tech laggard. Insufficient automation and digital tools are discouraging for individuals who stay up to date with technology. Students aren't interested in pursuing a degree only to spend the bulk of their early years entering and verifying data.

Staff burnout

The stress, exhaustion, and long hours associated with tax season have prompted some tax professionals to exit the industry altogether.

A [2016 AICPA PCPS/CPA.com National MAP Survey](#) found that:

- For staff with 0-1 years' experience, 2.1 leave voluntarily for every 1 employee fired.
- For staff with 2-5 years' experience, 5.2 leave voluntarily for every 1 employee fired.
- For staff with 6-10 years' experience, 5.5 leave voluntarily for every 1 employee fired.

It's well documented that millennial workers value flexible workplaces and a healthy work-life balance more than previous generations. Turnover rates indicate that the arduous grind of tax season may be incompatible with these preferences.

"It's perceived as a stable profession when times are tough; we saw that after the financial crisis. When the economy improves, people quickly forget and go for the 'cooler' degrees like technology, social sciences, and communications. The challenge is **how to make accounting sexy beyond its stability."**

- *Brandi Britton, Executive Director for Accounting and Finance, Robert Half International, CFO, November 2022*

How tax firms are adapting

Circumstances may be difficult, but that doesn't necessarily spell doom and gloom for the industry. Innovative solutions have emerged that give firms more opportunities than ever to streamline their workflow and minimize staffing needs. Modern technology, remote work, and outsourcing have all proven to be effective avenues for firm and revenue growth without adding staff.

Implementing tax technology

1040 tax preparation no longer has to consume the labor and billable hours that it did in the past. By incorporating the right tech stack, firms can supplement staff with advanced automation. Optical Character Recognition (OCR), Artificial Intelligence (AI), and digital standardization measures combine to eliminate manual tasks and bottlenecks throughout the tax workflow.

Advanced OCR and automation

Scan-and-populate technology uses OCR to read and extract data from tax documents, eliminating manual entry that would otherwise go through staff. 1040SCAN, SurePrep's industry-leading scan-and-populate software, helps firms reduce or eliminate data entry with unmatched document automation coverage.



Did you know? 1040SCAN automates data entry for 4–7 times as many documents as the competition. Unlike other software, 1040SCAN recognizes Grantor Letters and State K-1s. It also exports minor fields, such as margin interest, investment fees, and foreign income.

Before choosing a scan-and-populate solution, it's important to assess its automation capability and determine how it could impact your firm's realization. Software integration with your existing tech stack must be considered too.

Artificial Intelligence and Machine Learning

Tax automation's potential is no longer limited to OCR. Recent advancements in cloud computing have brought Artificial Intelligence (AI) from theory to practical application in the accounting space.

While OCR recognizes documents based on fixed templates, Machine Learning (ML) doesn't have such rigid boundaries. ML recognizes more fluid, granular elements of tax preparation like patterns and fields, opening the door to many applications.



Did you know? SurePrep's AI engine automatically verifies OCR data on 65% of standard documents. That means about two thirds of verification workload is eliminated before any staff is involved in the tax process.

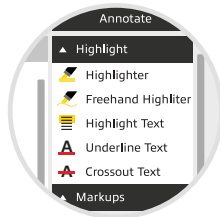
SurePrep's Innovation Team is also developing a project that automates workpaper preparation. Do It Like Last Year (DILLY) references prior-year binders and replicates the preparers' actions, saving your staff from bookmarking, referencing, indexing, and inputting the same information year after year.

Standardization

Firms that experience high turnover and rely on seasonal help must set time aside for training and onboarding every year. Leveraging technology to enforce a consistent, standardized process can get them up to speed much faster.

SurePrep Academy (SPA) is SurePrep's on-demand e-learning platform that gives all users access to the same standardized training plan. Every team member learns from the same interactive content regardless of when they join your firm. This ensures that your entire staff remains on the same page and avoids miscommunications in the 1040 process.

SPbinder, SurePrep's tax workpaper software, also drives standardization by automatically bookmarking and organizing documents into an index. The standardized workpaper index follows the flow of a 1040 tax return and accepts workpapers in PDF, Excel, Word, and email formats. Your staff has all the necessary tools for clear and detailed documentation in the preparation stage.



Did you know? SPbinder equips preparers with tick marks, annotations, notes, and hyper-linked cross-references that work on all supported file types. Reviewers can follow workpaper progress with up to four sign-off levels.

The use of purpose-built tools and ongoing staff training are key drivers of standardization. Firms need to mandate this two-pronged approach to ensure standardized processes are properly implemented and remain intact.

What's your potential ROI?

Get an estimate of how much time and money your firm can save with SurePrep solutions. Our ROI calculator is powered by anonymized usage data to help you generate custom projections.

[LEARN MORE](#)



Remote work

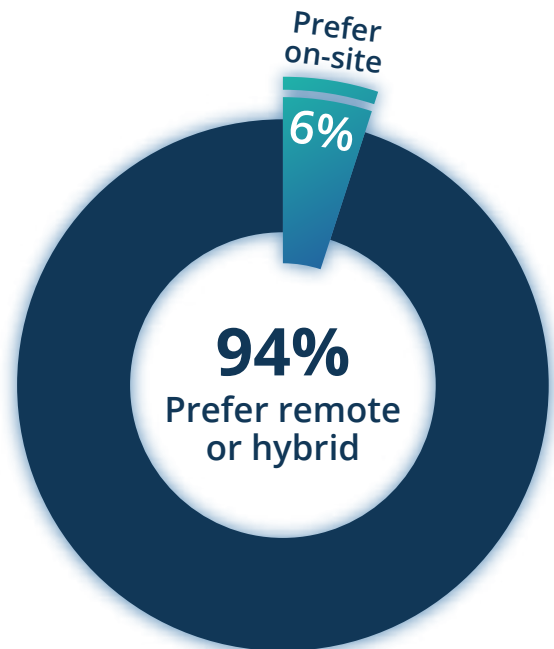
Of 8,090 remote-capable employees surveyed by Gallup in June 2022, only 6% preferred to return to the office. The other 94% preferred hybrid or remote work, and 60% of remote-working respondents indicated that they were “extremely likely” to seek employment elsewhere if their employer terminated remote arrangements.

Even employers in the tax industry expressed satisfaction with remote work during the pandemic. When PricewaterhouseCoopers (PwC) surveyed employers in January 2021, 83% considered their remote work experience successful while only 6% said it was unsuccessful.

The bottom line? It appears that remote work is here to stay. Businesses that embrace it now will be better equipped to remain competitive in the future hiring market. Offering hybrid flexibility to your current tax professionals can help dissuade them from seeking remote positions elsewhere.

And with remote infrastructure in place, why settle for hiring local candidates? Expanding your hiring search to include remote tax professionals from all over the country gives your firm access to a larger, more qualified pool of applicants.

SurePrep solutions enable hybrid and fully remote work by facilitating a 100% digital end-to-end workflow. For many firms, this SurePrep-supported workflow has produced a competitive edge in talent recruitment and retention.



U.S. employees surveyed

Source: Gallup Survey, 2022

Outsourcing

Instead of onboarding seasonal talent or trying to replace a preparer that left, some tax practices find it easier and more cost-effective to flex work out to a third party. Outsourced tax services rely on trained experts that prepare returns using the same software as your firm.

An effective outsourcing service provides a smooth, collaborative experience that makes the outsource preparers feel like an extension of your own staff. Once preparation is complete, your firm is still responsible for handling the final review and sign-off.



Did you know? SurePrep's 1040SCANverify is a combination of software and service. Firms can eliminate up to 80% of the preparation work for about 20% of what a full-preparation service would cost. [Learn more about why 1040SCANverify is SurePrep's most popular and fastest-growing solution.](#)

Most vendors only offer a full-preparation service, but select providers also offer an intermediary option where only the OCR data verification is outsourced. Your team is still responsible for workpaper preparation, but validation of extracted data is handled by third-party experts.



Success Stories: How firms have used SurePrep to solve staffing pains

Hoffman, Stewart & Schmidt, P.C.

Tax Software:

CCH Access Tax

Employees: 70

SurePrep Solutions:

TaxCaddy, 1040SCAN PRO, 1040SCANverify, SPbinder, API

Association Membership:

AGN International

"[1040SCANverify] is like the ability to add a person for us. That **we don't have to train**. The quality and having the ability to offload [verification] was really important."

- Leah DiGregorio, Partner, Hoffman, Stewart & Schmidt, P.C.

Hoffman, Stewart & Schmidt, P.C. used CCH ProSystem fx Scan and AutoFlow for eight years before upgrading to 1040SCAN. The firm felt that CCH's scan-and-populate product was no longer improving to keep up with the modern capabilities of tax technology. The firm needed more robust support for their compressed staff and found it in 1040SCAN's automation and outsourcing.

With 1040SCAN PRO and 1040SCANverify, the firm was able to eliminate a much higher volume of data entry and verification. That freedom enabled them to elevate their junior staff to manage greater responsibilities in their workflow.

"When I evaluated [SurePrep] and saw the differences compared to what we had, I felt like it would be a disservice not to implement it, knowing the constraints of busy season and the need to elevate people to their highest and best use. We saw that **efficiency and a return on our investment in the first year.**"

- Leah DiGregorio, Partner, Hoffman, Stewart & Schmidt, P.C.

Osborne & Osborne CPAs, LLC

Tax Software: UltraTax

Employees: 6

SurePrep Solutions: 1040SCAN PRO, SPbinder

Association Membership: Rootworks

Osborne & Osborne CPAs, LLC is located in a small Minnesota town where accounting talent is scarce. Still, the firm has managed to stay productive and profitable within staffing limitations through the use of SurePrep solutions.

Tom Osborne, CPA estimates that 1040SCAN PRO

automates data entry and workpaper sorting for 90% of the documents in their workflow. He noted that by the time a return reaches their preparer, at least one-third of the process is already over.

Tom is a firm believer in maintaining reasonable work hours, even during peak season. When the firm's staffing situation grew tighter in 2020-21, the team managed to preserve a healthy schedule without sacrificing business.

"I'm trying to **keep my people from working those 16-hour days** because you get a lot of diminished return. At some point it's not helping you gain anything."

- Tom Osborne, CPA, Osborne & Osborne CPAs, LLC

"Going forward, we're going to be using [1040SCANverify] and [1040SCAN PRO] and figuring out what the happy medium is. We're basically **trying to parlay it into a virtual staff person.**"

- Tom Osborne, CPA, Osborne & Osborne CPAs, LLC

WISE Financial Advisors

Tax Software: Lacerte

Employees: 4

SurePrep Solutions: TaxCaddy, 1040SCAN PRO, 1040SCAN ORGANIZE, SPbinder

WISE Financial Advisors supplemented their limited staff by eliminating data entry with 1040SCAN and leveraging its seamless integration with TaxCaddy, SurePrep's taxpayer collaboration platform.

"Experienced tax professionals are expensive. And all of a sudden, I don't need that. **I have a much simpler way.**"

- *Michael Weinberg, President and Founder, WISE Financial Advisors*

As WISE President and Founder, Michael Weinberg mandated that all 1040 clients use TaxCaddy and its automated document gathering feature, Smart Links. Here's what their paperless, 100% digital process looked like:

- Smart Links connected to WISE taxpayers' financial institutions and retrieved relevant tax documents in native PDF format the day they became available.
- The increased ratio of digital documents allowed 1040SCAN to auto-verify OCR data on the native PDFs, leaving the firm with less verification work.

WISE uses the automation advantages of SurePrep solutions to improve workflow and hiring practices. Overall, it saves the firm both time and money during the public accounting staff shortage.

"Because of my experience with TaxCaddy last year and the use of native PDFs and how good your OCR was, **I am able to hire people with no tax experience.** They don't need to know tax."

- *Michael Weinberg, President and Founder, WISE Financial Advisors*

Beasley, Mitchell & Co.

Tax Software: UltraTax

Employees: About 70

SurePrep Solutions: 1040SCAN PRO, SPbinder

Association Membership: CPAmerica, Inc.

Since implementing 1040SCAN PRO and SPbinder in 2016, Beasley, Mitchell & Co. experienced such efficiency gains that it decreased their need to hire new staff. Partner Brad Beasley noted that

SurePrep's technology made the firm a more attractive destination for tax professionals on the job market.

SPbinder has dramatically reduced the time Brad spends reviewing returns, which allows him to focus on partner duties. Brad estimated that the firm can now process twice as many returns at a lower cost compared to their old paper-based process.

"SPbinder allows junior staff to quickly prepare workpapers and even do a first level review."

- Brad Beasley, Partner, Beasley, Mitchell & Co.

"As partners, we're probably reviewing 40% less of the 1040s because we can push the review level down to a supervisor or manager. And where I would usually spend 15, 20, 30 minutes looking at a return, now I'm spending 5 to 10."

- Brad Beasley, Partner, Beasley, Mitchell & Co.

Outlook for 2023 and beyond

Long-term success is impossible without adaptation. While the tax industry is undergoing a period of compression and uncertainty, it's also responding with innovative solutions.

The Big 4 embraces flexible work

Major accounting institutions, once seen as inflexible, started looking at remote and hybrid work differently after the impact of COVID-19 in 2020. Once various lockdowns were lifted, employee expectations had shifted and a new normal emerged. How would The Big 4 react?

- **May 2021** – [The Guardian](#) reported that EY, formerly known as Ernst & Young, was instituting a hybrid working model for its 17,000 UK employees.
- **May 2021** – [Consultancy.uk](#) reported that KPMG announced a hybrid working model for its 16,000 UK employees. KPMG's "four-day fortnight" would allow employees to spread four in-office days across two-week periods.
- **June 2021** – [The Independent](#) reported that Deloitte informed its 20,000 UK employees that they could work from home indefinitely.
- **September 2021** – [Reuters](#) reported that PwC would allow its 40,000 U.S. client services employees to work virtually and live anywhere indefinitely.

Although these initial workplace models have experienced varying levels of success for the Big 4, flexible work appears likely to endure and evolve in the tax and accounting industry.



The AICPA reviews exam, credits, and skills

Heightened efforts to attract incoming professionals are underway as well. The AICPA and the National Association of State Boards of Accountancy (NASBA) are working to implement changes to the exam and school credit model to encourage more participation and put a greater emphasis on technology.

“A skill set that includes **a deep understanding of new and emerging technologies** is essential for CPAs entering the profession. We heard from accounting faculty that they want insight into how to begin transitioning their programs to teach these skills and better prepare students for the coming Core + Disciplines CPA Exam structure.”

- Sue Coffey, CPA, CGMA, CEO of Public Accounting of AICPA,
AICPA, June 2021

The [CPA Evolution Model Curriculum](#) is the result of the joint AICPA/NASBA [CPA Evolution](#) initiative. Developed by a specialized task force of accounting professionals, the new curriculum was designed to address knowledge gaps in traditional accounting programs. Educators can leverage content focused on data analytics, digital acumen, and more.

The state-by-state shift in accounting requirements

States are beginning to address the accountant shortage in government as well. Accountants and auditors in Iowa no longer need a four-year degree to work for the Office of Auditor of State. They can instead apply with an associate's degree in accounting as of October 2022.

"The auditing and the accounting industries in the United States have experienced a 17% drop in the workforce over the last three years. We are searching for bodies, **we need people in our office to do the work.**"

- Rob Sand, Iowa Auditor of State,
[KCRG, October 2022](#)

Indiana has also recently softened their CPA Exam requirements, making it possible for students to take the Exam at 120 credit hours while they're still completing the required 150 credit hours for CPA licensure. The official rule change was signed into law on November 2, 2022.

"Taking sections of the Exam just after studying the material intensely during their college coursework **will be a huge help for students.** Further, it will be easier to make studying for the Exam a part of their schedule before they start working full time."

- Diane L. Sturek, CPA, Macc, INCPAS Board Chair and Senior Lecturer in Accounting at Kelley School of Business Indianapolis, Indiana University,
[CPA Practice Advisor, November 2022](#)

Modern firms empowered with many options

As for what your firm can do, opportunities to supplement staffing shortages and position your firm for future success are already out there.

Time-saving automation, remote-capable infrastructures, and cost-effective outsourcing options are available to implement as soon as next tax season.

It's time to defend your firm against staffing pains now and into the future.



[CONTACT SALES](#)

About SurePrep

SurePrep was founded in 2002 and is the leader in 1040 tax automation. We deliver seamless integration with your existing tax software to streamline the entire 1040 process for both taxpayer and tax professional. Over 23,000 tax professionals use SurePrep solutions, ranging from Big 4 firms to sole practitioners. Firms use SurePrep solutions to reduce administrative costs, enable remote work, automate workpaper preparation, maximize review efficiency, and improve client service. SurePrep was acquired by Thomson Reuters in January 2023.

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