

# News Release

FOR IMMEDIATE RELEASE

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**CPA EXECUTIVES ARE OPTIMISTIC ABOUT BUSINESS GROWTH,  
AICPA SURVEY REVEALS**  
*Increased Spending on the Horizon*

**NEW YORK (March 27, 2007)** – Reversing a trend of declining optimism over the past three years, CPAs serving as chief executive officers, chief financial officers and in other executive financial positions have a favorable view of the economy, according to the first quarter 2007 Business and Industry Economic Outlook Survey. The study, conducted by the American Institute of Certified Public Accountants (AICPA), shows that 68 percent of these executives expect their businesses to expand over the next 12 months.

The expectation of revenue and profit growth spanned most industry segments, and a majority of the companies surveyed have plans for both increased hiring and spending. Headcount increases are anticipated by 55 percent of the companies surveyed, while workforce reductions are planned by only 13 percent. Half the CPAs surveyed said their companies plan to increase spending on employee training and development over the coming 12 months. IT budget increases of greater than 5 percent are expected by more than one-third of the respondents and other capital spending increases are anticipated by 55 percent.

“What’s particularly refreshing is that companies have a healthier outlook on the growth of their business within the next twelve months and anticipate increasing spending in staff development and training, IT and capital investments,” said John Morrow, AICPA Vice President for members in Business, Industry and Government. “Most respondents expect increases in

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revenues, profits and the number of employees. The key concerns revealed by the survey are employee benefits costs and the anticipation that these expenditures will continue to rise. On a positive note, businesses remain concerned about employee development and staff retention and plan to increase spending in these areas.”

Staff-related issues, including costs, retention and availability of professionals with management and specialized skills, account for four of the top five challenges faced by organizations. Healthcare costs continue to be a major concern, with 34 percent of companies expecting increases in the 4 to 8 percent range. Forty-two percent are expecting increases in excess of 8 percent in the upcoming year.

“A unique aspect of our survey is that members not only indicate what their opinion about the economy as a whole is, but also what the plans and expectations are for their own businesses,” said Ken Witt, AICPA Technical Manager for members in Business, Industry and Government. “We think that it is a very strong data point that, in spite of the barrage of mixed signals that come across in the media, more than two-thirds of the 2,001 members responding to our survey are optimistic about the prospects for their companies in 2007.”

## **Methodology**

The survey, conducted in January, represents the views of 2,001 AICPA members across a wide spectrum of industries. Of that number, 256 serve as CEO or COOs, 1,074 are CFOs and 389 are controllers. Respondents from U.S. privately owned entities comprised 63 percent of the total, 17 percent come from publicly held companies and the balance are from foreign-owned entities, government and education and not-for-profit organizations. Businesses of all sizes, from those with one employee and less than \$10 million in revenue to those with over 1,000 employees and over \$1 billion in revenue, were represented.

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The complete survey results are available at the AICPA Financial Management Center:

<http://fmcenter.aicpa.org/>

The American Institute of Certified Public Accountants ([www.aicpa.org](http://www.aicpa.org)) is the national, professional association of CPAs, with approximately 330,000 members, including CPAs in business and industry, public practice, government, and education. It sets ethical standards for the profession and U.S. auditing standards for audits of private companies; federal, state and local governments; and non-profit organizations. It also develops and grades the Uniform CPA Examination.

Headquartered in New York, the AICPA also maintains offices in Washington, D.C.; Durham, N.C.; and Lewisville, TX.

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