

Creative Teaching Award
Application Cover Sheet 2017-18
 Center for Teaching Excellence, Duquesne University

Please type this information, except for signatures.

Turn in one original signed copy. Also, submit it electronically as page one of your dossier.

Name(s) of Applicant(s): K. Bryan Menk

School/Department: A.J. Palumbo School of Business Administration / Accounting

By checking here, you affirm that faculty applicants have taught at Duquesne one year or more

List the courses or learning initiatives where the innovation occurred

Course Number & Title (or name of initiative if not a course)	# of Students	Semester/Year	Instructor/Facilitator
Accounting 412 W Introduction to Income Tax Accounting	73	Fall / 2017	K. Bryan Menk

Where pertinent, give credit to other contributors and list their roles
 (e.g., library, ed tech, media personnel, graduate assistants, statisticians)

Title of Project: Teaching Taxation through Age-Based Scenarios

Abstract (150 words)

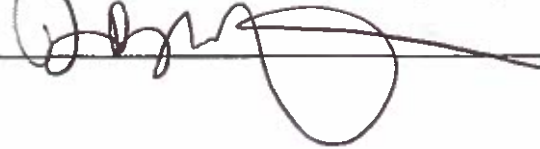
Taxation is a difficult topic to teach and learn. To better engage students and increase learning, I developed a new method of teaching taxation that allows students to be introduced to topics based on when these items would be relevant in a person's life instead of the order the topics appear on a tax return. This change to the method creates an opportunity for students to prepare numerous tax returns based on increasingly more complex concepts and tax rules. This course is required for all accounting and legal studies majors. The innovation is designed to have the students become comfortable with tax forms through the preparation of multiple returns, develop a strong tax knowledge base, and see the significance of taxation in daily life. The impact on students' learning and perception is successfully evidenced through data provided by pre and post-tests, tax returns, survey data, and external evaluators of presentations.

Applicant Signature(s)  Date 1/15/18

Department Chair's Name KATHLEEN S. HARTZEL

Department Chair's Signature  Date 1/16/18

Dean's Name DEAN B. MCFARLANE

Dean's Signature  Date 1/16/18

1. The Innovation

An introductory course in taxation typically covers material in a very structured manner that presents topics based on where they appear on a tax return. The first item discussed is the filing status, followed by a long discussion on the different potential types of income. The course will then discuss special circumstances related to tax return preparation. Because instruction in the entire tax preparation process is not completed until the end of the course, this traditional method does not allow for students to practice preparing tax returns throughout the semester.

The innovation discussed in this packet employs Age-Based Scenarios to introduce topics to the students in a manner that encourages understanding of the complete process as early as the second week. This method of teaching taxation uses real life experiences to support the course topics. Because all other accounting courses focus on business entity operations, this use of Age-Based Scenarios as the primary educational tool is the first occurrence in the Duquesne University Accounting program that relates the course materials directly to the students' lives outside of class. This method introduces the material in an order based on the normal (potential) events that may occur at certain times in an individual's life. Other courses in business focus on the creation, running, and termination of business activities. This course is unique in that the skills are applicable to each student's real life from the very day that they enter the class.

I completely redesigned the course and created numerous scenarios requiring students to prepare and evaluate tax returns appropriate for individuals at different points in their lives. The course begins with the discussion of all items related to the preparation of a 22-year-old's tax return. The return is very simple and similar to a real return for someone of that age. The students submit this return for a grade on the fourth day of class. Then, we create a scenario that would be appropriate for a 27 year old. After covering the significant topics through readings and class discussion, the students prepare a 27-year-old's return. This same process occurs for typical returns at ages 35, 45, 55, and 68.

By the end of the semester, the students will all have prepared six separate returns with each one becoming more complex and difficult (Appendix E). Because the students will have become familiar with the returns and the preparation tools, they are able to prepare confidently and correctly the final exceptionally difficult return. Additionally, because the students are using the tax laws to create the returns, they develop a more thorough understanding of the topics and the application of the rules in practice. Their comprehension extends beyond the theoretical to application and usage.

2. Purpose & Innovativeness

Taxation impacts all people, but it is a topic rarely discussed except for general complaints often based on non-factual information. According to anecdotal evidence, the vast majority of tax payers do not understand their own tax returns nor seriously want to understand. Even among Accounting professionals and educators, taxation is often a secondary consideration (or necessary evil). However, taxation is a vital part of business and individual budgets and planning. In fact, the Regulatory Section of the Certified Public Accountant's Uniform Examination is largely devoted to the topic⁵. Despite the importance to individuals and society, the understanding and ability to work with taxation is still not a primary concern for most businesses or people. For example, Duquesne University did not have a full time professor who focused on taxation either as a teaching or research topic from the mid-1990's until 2012. As a result of this lack of focus, taxation is not a primary career goal for most accountants and is historically seen as an extremely difficult course not applicable to future careers.

This new approach of teaching taxation attempts to satisfy a number of diverse issues. First, it allows the students to prepare tax returns multiple times throughout the semester, which increases their understanding, comfort, and confidence in working with the returns. It is hoped that they might even prepare their own actual tax returns as a result. Secondly, this process allows the students to build a strong base of tax knowledge prior to discussing topics that are difficult to understand and apply. Prior methods cover topics in an order that does not allow the student to have developed the skills to

understand or appreciate the importance of the concepts being discussed. Most Individual Income Taxation textbooks^{1,3,4} cover complex topics early in the semester, before the students even have an understanding of the basic rules of taxation. For example, Pearson's Federal Taxation 2018 Individuals, 31st Edition, introduces the taxation of Unearned Income by a Minor (Interest, Dividends, Partnership interests held by children that are potentially taxed at the parents' tax rate) in Chapter 2 and the taxation of Social Security Benefits in Chapter 3. The Age-Based Scenarios allows the students to systematically develop skills related to the understanding of the basic laws prior to applying these topics. The students will only encounter Unearned Income by a Minor in the age 55 return and will not determine the taxable portion of Social Security Benefits until the age 68 return. This allows the students to encounter the materials in a manner that effectively encourages understanding and discourages a desire to give up on the course due to being overwhelmed by difficult materials early in the course. A third purpose of the innovation is to introduce a student to the importance of the topic to their life as well as the lives of those around them. By using the Age-Based Scenarios, the students are aware of events that are relevant to the people in their lives. They see the impact of various life circumstances on their tax returns, such as a 27 year old of getting benefits from an employer and investing in the stock market; the impact on their parents' returns (ages 45 and 55) of being married and having children; the impact on their grandparents' returns of retirement plans, partnership income, and Social Security Benefits. Recognition of the impact of taxation on everyone at different age groups will prepare the students to be more aware of taxation throughout their lives and may encourage them to be interested in taxation as a career.

To the best of my knowledge, no other programs currently employ this teaching method. I developed the Age Based Scenario approach as a means to better engage the students and allow them to understand the material more completely. I have presented this material at the premier accounting and taxation educators' conferences (American Accounting Association Annual Meeting, Fall 2015;

American Taxation Association Mid-Year Meeting, Spring 2016), and I am currently preparing a draft of chapters to create a new textbook at the request of a major textbook publisher. The response to the presentation of this method has been universally positive with the only concern being that the current textbooks do not present the material in this manner.

3. Context and Scope

The scope of the innovation is the entire course (Appendix B). Students enrolled in the Accounting 412 W – Introduction to Individual Income Taxation are accounting majors (either juniors or seniors) and legal studies majors (seniors only). This course is a major required course and is not normally eligible as an elective course. As the only taxation instructor, I have taught all students in this course since the fall of 2012. The focus of this submission is on the learning and perceptions of the 73 students in fall 2017. While the students may have had some prior exposure to taxation through a professional work experience or through a family background or other type of informal training, for each student, this course was the first exposure to a formalized tax education program.

4. Learning Goals

- a. Students will prepare tax returns multiple times throughout the semester to increase their comfort and confidence with tax concepts and practical application.
- b. Students will develop a strong foundation of tax knowledge and skills that will allow them, later in the semester, to understand and apply complex conceptual ideas and difficult tax processes.
- c. Students will be able to see the importance of taxation in their lives as well as the lives of those around them, thus preparing them to be more aware of taxation throughout their lives and perhaps encourage them to be interested in taxation as a career.

5. Teaching / Learning Methods

The implementation of this method is unique in the field of accounting as all other courses deal with businesses or some entity other than the student as an individual. It is also unique in the field of

teaching taxation (to the best of my knowledge). The course was designed to use the innovation to encourage the students to apply the conceptual ideas from the very beginning of the course. During the first discussion of the class, the students are asked to describe the elements in their lives that create a taxable situation. Because the students have been assigned certain pages to read before this discussion, they have a base of knowledge that allows them to be prepared to evaluate their own life position. In essence, the first tax scenario is developed to mirror the position that is typically true for the majority of the students. Each aspect of taxation is introduced and discussed in class with additional readings assigned. After the discussion is complete, the students are required to prepare a tax return based on the Age 22 scenario that they created in class. Another aspect that makes this method effective is the use of individualized assignments. On the first day of the course, students use a system the professor devised to create a unique ten digit code which will be used to create all numbers and scenarios throughout the course of the semester. These individualized assignments allow students to work and learn together without being able to copy answers from another student². This teaching method is then repeated throughout the semester for five more increasingly difficult tax returns (See Appendix B).

6. Innovation's Contribution to Student Learning

Data supporting the innovation's contribution to student learning was taken from each semester in which the method was employed. Students were asked to complete a pre and post-survey (7 point Likert – ranging from Strongly Agree to Strongly Disagree) which asked questions about their knowledge, their confidence, and their perception of taxation (penalties, risks, fears, and general knowledge).

a. Students will prepare tax returns multiple times throughout the semester to increase their comfort and confidence with tax concepts and practical application.

Direct Evidence: To assess the ability of the students to apply complex and difficult tax concepts, the students' performance on the Age 68 tax return was measured for correctness as a quantitative result. The average score for the final tax return was 92.9%. This is significant increase from the early

returns which had an average score of 83.3%. Please note that points may be deducted for items that are not related to the proper calculation of the tax liability (incomplete or incorrect taxpayer information, misapplication of the individualized code, etc.). This final tax return was evaluated by a manager at KPMG (one of the four biggest accounting firms in the world) as one that he would charge approximately \$5,000 to prepare for a client. This return is exceptionally complex and comprehensive.

Indirect Evidence: The students have self-reported certain items based on their perception of ability to prepare returns and their level of tax knowledge. When asked at the beginning of the semester, if they were able to prepare a tax return only 31% of the students selected Strongly Agree, Agree, or Somewhat Agree. At the end of the semester 97% agreed with the statement. Similarly, when asked about their tax knowledge initially only 23.29% agreed with the statement that they were knowledgeable about taxes. 96% agreed at the end of the semester. (Appendix C1)

b. Students will develop a strong base tax knowledge and skills that will allow them to later in the semester understand and apply complex conceptual ideas and difficult tax processes.

Direct Evidence: To measure the ability of the students to apply complex conceptual ideas, the student results on the final exam were measured based on questions that employed multiple aspects of taxation and were evaluated as being more comprehensive questions. The questions included the topics of Foreign Earned Income Exclusions, Self-Employment Taxes, Wash Sales, Rental Income, and the Taxable Portion of Social Security Benefits. The average score on these quantitative questions was 71.4%. Additionally, the students completed an in-class assignment on both the first day of class, before any work was discussed or assigned, and then again on the final day of class. When the class initially completed the assignment, the average score was 4.31% correct. The score from the final day of class was 91.52% correct, which reflects an improvement of 87.21%. The questions that were most commonly missed on the post-test were related to the historical development of taxation rather than application or conceptual ideas. The highest scores were related to quantitative responses (Appendix

C2). Another direct measure of the ability to apply complex conceptual ideas to practice was the use of research memos that included a presentation of the final memo (each group had a unique topic). The groups presented to accounting professionals from 7 (seven) accounting firms or practices, including KPMG, Ernst Young, PricewaterhouseCoopers, Grant Thornton, PNC Bank, Schneider Downs, and BDO. The evaluators ranged from second year staff to senior managers. They graded the students on all aspects of the presentation but primarily focused on the technical aspects of the topic. The scores on the presentations ranged from 82.8% to 98.5% with an average of 90.8%.

Indirect Evidence: On the self-reported survey, the students were asked if they were confident in their tax knowledge. When first asked, only 11% agreed with the statement. At the end of the semester, 90% felt confident (Strongly Agree, Agree, or Somewhat Agree). (Appendix C1)

c. Students will be able to see importance of taxation to their lives as well as the lives of those around them, thus preparing them to be more aware of taxation throughout their lives and may encourage them to be interested in taxation as a career.

Direct Evidence: To evaluate students' ability to perceive the importance of taxation to their lives, they were asked questions on the pre and post-tests that reflected their awareness of their own personal situation. These questions included the students' filing status, the forms that they would be required to use in their own lives, and the tax rates that apply to individuals. On these questions, 99% of the students answered correctly on the post test, an improvement of 87%. The results of these questions clearly indicate that the students are aware of the impact taxes have on their lives.

Indirect Evidence: When completing the survey, the students replied to questions that asked about the impact taxes had on their personal life. The students initially reported that 33% agreed that they understood tax forms required as a component of new employment. At the end of the semester, 81% felt that they understood the forms. This increase shows a clear improvement in the students' perception of their ability to read and properly interpret tax requirements.

When asked about the importance that taxes had in their lives, the students (90%) felt that taxes were significant after taking the class. When asked initially, a very high percentage (87%) either Strongly Agreed, Agreed, or Somewhat Agreed. This recognition could mean that the accounting students were always aware that taxes played a very significant role in nearly every decision they make or it could be that the students recognized the importance of taxation because of their enrollment in a class devoted to taxation.

7. Conclusion

With the introduction of this method to the Individual Income Taxation course, the students are required to complete multiple tax returns that represent different Age-Based Scenarios. These scenarios allow and encourage students to apply concepts and ideas in practical situations, which increases their retention and understanding. The Age-Based Scenarios are designed to introduce topics to the students in an order that is appropriate for the students to understand and apply the concepts. Prior methods did not use multiple tax returns as a teaching method. The innovation discussed in this submission is unique across the field of teaching taxation and represents a significant change from the commonly accepted method. The impact on the students' learning has been assessed through the use of multiple tools including tax returns, test questions, pre and post-tests, pre and post-surveys, and the presentation of unique complex tax topics to practitioners from numerous firms in the Pittsburgh area. This innovation has been presented at both the premier accounting and taxation educators' conferences and is in the process of being written as a textbook. Hopefully, this method will be one that is adopted and used extensively in tax education in the coming years.