



# COVID-19 Connecticut CPA Benchmarking Survey

Survey 1 – Summer 2020

Conducted by:



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The Horton Team



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## Overview and Methodology

This report is the first in a series of benchmarking collaboratives conducted by Avenue M Group (Avenue M) on behalf of 18 state CPA societies (listed below) from across the United States. Starting at the end of April through early May 2020, the societies invited their CPA members to participate in a brief sentiment survey in order to analyze the impact of COVID-19 on practice operations. The following report is an analysis of results from the first of up to three studies.



### Quantitative Research Overview

The Connecticut survey launched on May 5, 2020 and closed on May 19, 2020. An invitation to participate in the survey was sent to 3,435 individual email addresses. A total of 599 surveys were collected with an overall response rate of 17%. The survey had a margin of error of +/-4% at the 95% confidence level. The industry standard for member research studies is to achieve a margin of error of +/-5% at the 95% confidence level. CTCPA is well within that goal; thus, the results are considered representative of CTCPA's audience overall. In other words, if the survey were conducted over and over, 95 times out of 100, one would obtain results within +/-4% of the results garnered in this survey.

### About the Connecticut Society of CPAs

The Connecticut Society of CPAs is Connecticut's leading professional CPA organization, with almost 6,000 members. Founded in 1908, the organization is governed by a seven-person volunteer Board of Directors and a 30-person volunteer Advisory Council.

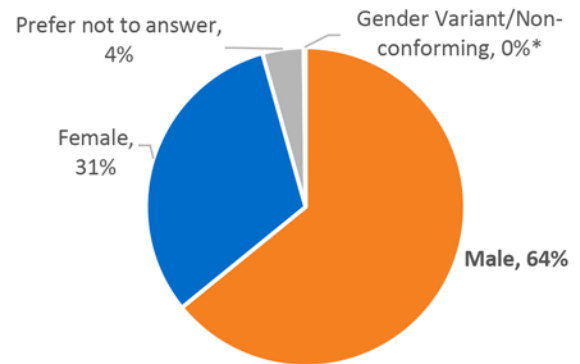
Our members are trusted business advisors who help individuals, businesses, and other organizations plan and reach their goals. Led by our Vision 2025 strategic plan, we seek to engage, empower, and advance our members, our profession, and our business community. Our mission includes promoting a culture of life-long learning, providing member engagement through online and in-person networking and collaborative events, helping our members leverage the latest technology, and cultivating relationships with policy makers, governmental officials, and fellow professionals.

## Demographic Overview

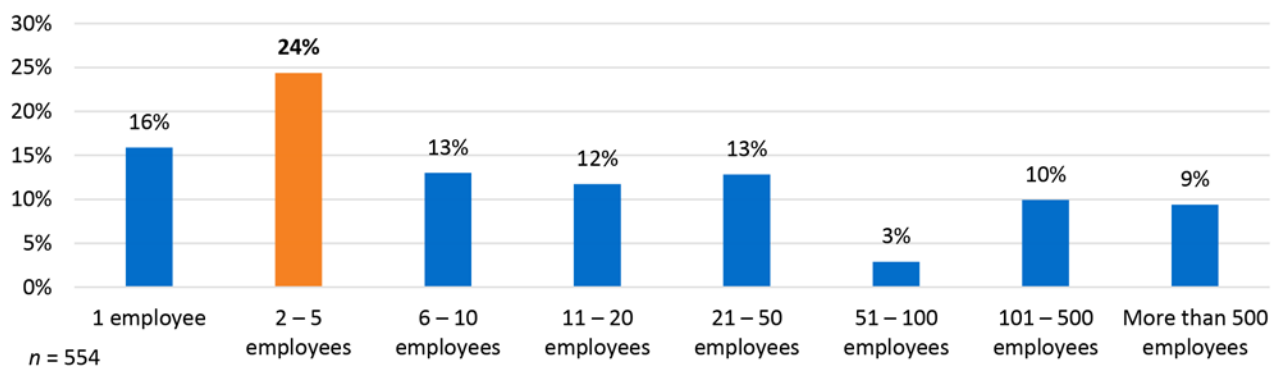
The tables and charts below show an overall view of CTCPA respondents that provides context needed to better understand the findings and results that emerged from this study.

Employment Status	Percent
<b>Partner/Shareholder/Owner</b>	<b>37%</b>
Sole Practitioner	24%
Retired but still practice	7%
Director/Manager	10%
Staff Member	8%
President/CEO/COO/CFO	6%
Retired and no longer work	2%
Consultant	2%
Government Employee	2%
Unemployed	1%*
Internal Auditor	1%
Department Chair/Professor/Teacher	0%*
Other <sup>1</sup>	1%

Sector	Percent
<b>Public accounting</b>	<b>77%</b>
Business & Industry/Corporate Finance	12%
Not-for-profit organization	4%
Consulting/Advisory	3%
Education/Academia	2%
Other	3%



Years a CPA	Percent
Fewer than 3 years	2%
3 – 6 years	3%
7 – 10 years	4%
11 – 20 years	12%
21 – 30 years	24%
<b>31 – 40 years</b>	<b>40%</b>
41 – 50 years	13%
More than 50 years	1%



- Around two-fifths of respondents are partners, shareholders, or owners.
- Nearly two-thirds of respondents identify as male.
- Over three-quarters of respondents work in public accounting.
- Two in five respondents have been a CPA for 31 to 40 years.
- Around one-quarter of respondents work in an environment with 2 to 5 employees.

## Executive Summary

Avenue M Group launched a sentiment survey in May 2020 on behalf of CTCPA to capture the concerns and challenges facing CPAs during the early months of the pandemic. The responses came from partners, shareholders, sole practitioners, C-Suite executives, staff members, controllers, corporate accounting and finance professionals, and government employees.

The impact of COVID-19 on businesses in the United States is evolving, and organizations are rapidly assessing how to respond. Many businesses were initially forced to close, and Americans were restricted to working from home or within highly restricted environments. The overwhelming sentiment shared by 97% of respondents was that COVID-19 has been disruptive to their organization, with 17% reporting a reduction in staff.



**97%**

of CTCPA members shared that the COVID-19 pandemic has been disruptive to their firm, organization, or company.

Although stimulus measures were implemented by the government in April and early May, opinions are mixed as to when we will begin to see a recovery. Twenty-seven percent of CPAs expect the financial impact to last six months or less, while 18% stated it could be as long as 13 to 24 months.

The top two challenges facing most CPAs include ensuring the continued health and safety of employees and losing clients and revenue due to business closures. Keeping a work/life balance is likely to continue as many adjust to the new environment.

**Although some CTCPA members are seeing a spike in demand for assistance, the disruption to operations is likely to be significant and long-lasting.**

Optimism regarding the length of the disruption among accounting professionals who work at a company with more than 500 employees is tempered, with 17% anticipating it may take more than two years before their work returns to pre-COVID-19 levels.

Although the vast majority of CPAs have felt a financial impact and reduction in business, the pandemic appears to be impacting the community in a few different ways. Over half (53%) of CTCPA members report that business has moderately or greatly decreased. However, for 10% of those who work in public accounting, business has moderately or greatly increased.

# Immediate Challenges



**38%**

**of respondents reduced their staff at the physical office and 20% moved to an entirely remote workforce.**



**3 in 5**

**CTCPA members report concern over losing revenue due to business closures.**



**38%**

**of respondents cited the ability to maintain a work/life balance as a challenge.**

## Employees

Employees' health and safety are a top concern for half of CTCPA members. In response, and as a result of the pandemic, numerous changes were made to the work environment. Thirty-eight percent reduced their staff at the physical office and 20% moved to an entirely remote workforce. Seventeen percent reported staff reductions, 15% stated that some staff were furloughed, and decreased compensation for salaried employees occurred for 8% of those responding to the study.

Other actions taken include:

- Reduced hours
- Rotating teams in office every other day
- Hiring on pause
- Finding appropriate seasonal staff for next tax season

## Financial

Three in five CTCPA members report concern over losing revenue due to business closures. As such, it is not surprising that nearly three in ten (29%) of respondents shared that they are reevaluating their budget and business plan to ensure long-term stability. Other financial concerns expressed include:

- Reduction in partner salaries
- Layoffs announced
- Collecting receivables due to liquidity concerns with clients
- Increased compensation for residential employees

## Personal

The ability to maintain work/life balance was cited as a challenge for 38% of respondents. This sentiment was less prevalent for independent employees (24%) and more prevalent for survey respondents who work at larger companies. Other concerns expressed include:

- Paid family leave
- Ensuring safety of clients
- Helping staff/team remotely manage their own stresses



## Most Pressing Concerns

Depending on the business sector, the most pressing concerns and challenges that have arisen due to COVID-19 vary for CTCPA members. Those who work for a not-for-profit are more concerned with reevaluating their budget and business plans to ensure long-term stability (71%) than accounting professionals in other sectors. Compared to other sectors, those in public accounting are more concerned with helping clients/employers meet government deadlines (45%) and collecting tax info from clients (37%).

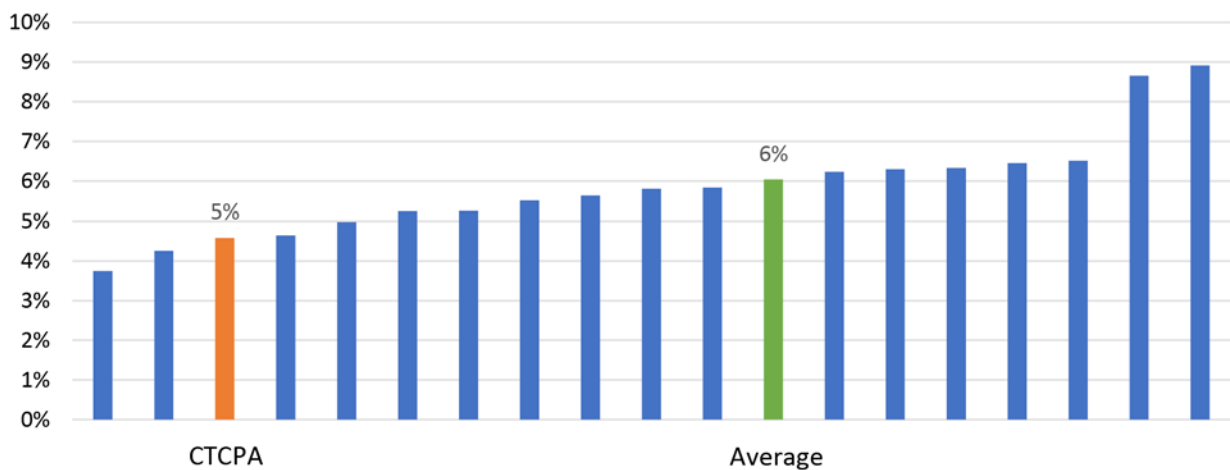
What are your most pressing concerns?	Public accounting	Business & Industry/ Corporate Finance	Not-for-profit organization	Consulting/ Advisory	Education/ Academia
Ensuring the continued health and safety of our employees	57%	64%	62%	29%	50%
Losing clients/revenue due to business closures	68%	36%	33%	41%	30%*
Keeping a work/life balance	39%	49%	33%	6%*	30%*
Helping clients/employer meet government deadlines	45%	12%	24%	24%*	20%*
Reevaluating our budget and business plan to ensure long-term stability	25%	42%	71%	18%*	50%
Handling stress related to a personal situation and/or family needs	29%	29%	48%	12%*	50%
Collecting tax information from clients	37%	2%*	0%*	12%*	0%*
Servicing clients or customers when there are travel restrictions	28%	14%	14%*	29%	0%*
Staying employed/keeping my job	13%	37%	14%*	18%*	30%*
Laying off or furloughing staff due to a drop in business	17%	29%	29%	6%*	40%*
Conducting audits when agencies, organizations and institutions remain closed	22%	3%*	10%*	6%*	10%*

# Business Disruption and Decreases

Five percent of CTCPA members are experiencing complete disruption to their work due to COVID-19. This is lower than the benchmark average (6%), which accounts for all 18 CPA societies. Individuals working in the not-for-profit sector (50%) and in education/academia (55%) are more likely than their counterparts in other sectors, specifically those in public accounting (29%), to indicate COVID-19 has been extremely or completely disruptive to their workplace.

## Connecticut respondents had less complete disruption of work than the national average.

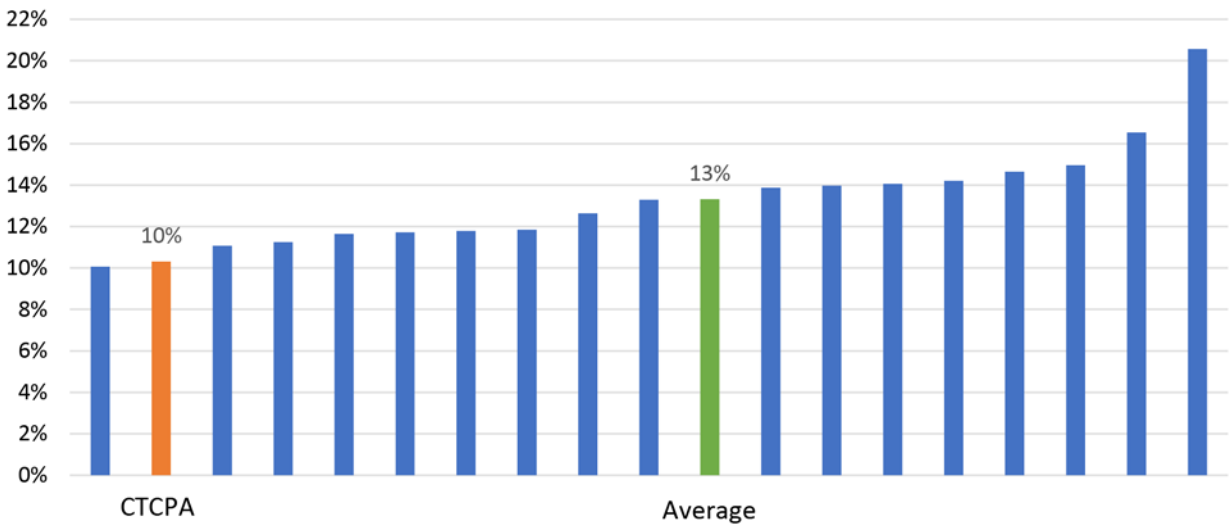
(Percent who indicated COVID-19 had completely disrupted firm, organization, or company.)



CTCPA members are less likely (10%) than the aggregate group average (13%) to indicate that COVID-19 has greatly decreased their business operations. Those who work in the not-for-profit (33%) and business and industry/corporate finance (26%) sectors are statistically significantly more likely than their counterparts working in any other sector to indicate that business had greatly decreased due to COVID-19. Ten percent of those who work in public accounting indicated business had moderately or greatly increased due to COVID-19.

## Connecticut respondents had less of a decrease in business operations than the national average.

(Percent who indicated COVID-19 had greatly decreased business operations.)



## About Our Sponsors



### The Horton Team

The Horton Team is a nationally recognized wealth management and fiduciary financial advisory practice based in Hartford, CT. Focused on individuals and families, we work primarily with business owners – high-net-worth individuals and families – before and after the sale of their business.

We begin by getting to know our clients. We explore the following seven priorities together:

- Health: Managing healthcare expenses, now and in the future
- Home: Upsizing, downsizing, remodeling or buying a vacation home
- Family: Taking care of your family and other people in your life
- Leisure: Spending your free time in meaningful ways
- Giving: Volunteering, mentoring others and giving to charities
- Work: Working in retirement, selling or starting a business
- Finance: Bringing it all together and defining your financial goals

We work closely with other trusted professionals – accountants and attorneys – to help our clients pursue their goals, drawing on the investment insights of Merrill and access to the banking convenience of Bank of America as we do so.



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or by LinkedIn



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For more than 25 years, Pace has been the exclusive Connecticut and New York Territorial Administrator for the CNA Accountants Professional Liability Program. CNA has been insuring accounting firms since 1962, and their consistent track record and continuity of service has proven their value to the accounting profession. CNA insures more than 25,000 accounting firms across the country and is best equipped to continually enhance coverage with emerging exposures.

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Contact us today to explore your options:

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