



## Tax Preparer

April 2018

Prepared by the Los Angeles/Orange County Center of Excellence for Labor Market Research

### Program Recommendation

This report was compiled by the Los Angeles/Orange County Center of Excellence (COE) to provide regional labor market data for the program recommendation of tax preparation. This report intends to determine whether there is demand in the local labor market that is not being met by the supply from programs of study.

Based on the data, the COE has determined there may be a current unmet need for the tax preparer program in the Los Angeles County region; however, projected labor market data shows a decrease in the number of jobs. Reasons include:

- There are projected to be 500 jobs annually for tax preparers in the region; however, this occupation is forecasted to decrease by 2% over the next five years
- About 34% of the current tax preparer workforce holds some postsecondary education, signaling that these jobs are relevant for community college level students
- Employer posted job requirements indicate a preference for CPA certification in addition to a high school diploma
- 63% of students who completed a Tax Studies program (0502.10) are earning a living wage, with the median wage reported as \$35,790

### Occupation Codes and Descriptions

Currently, there is one occupation in the standard occupational classification (SOC) system related to the study of tax preparation. The occupation title and description, as well as reported job titles are included in Exhibit 1.

**Exhibit 1 – Occupations, description, and sample job titles**

SOC Code	Title	Description	Sample of Reported Job Titles
13-2082	Tax Preparers	Prepare tax returns for individuals or small businesses.	Certified Income Tax Preparer (CTP), Corporate Tax Preparer, Enrolled Agent, Income Tax Preparer, Master Tax Advisor, Tax Advisor, Tax Associate, Tax Consultant, Tax Preparer, Tax Specialist

Source: O\*NET Online

## Current and Future Employment

In Los Angeles County, the number of tax preparers is expected to decrease by 2% over the next five years. Around 500 job opportunities will be available annually for this occupation through 2022 due to replacement need (e.g., retirements). Exhibit 2 contains detailed employment projections data for tax preparers.

**Exhibit 2 – Five-year projections for tax preparers in Los Angeles County, 2017-2022**

SOC	Occupation	2017 Jobs	2022 Jobs	2017 – 2022 Change	2017 – 2022 % Change	Annual Openings
13-2082	Tax Preparers	4,706	4,605	(101)	(2%)	503

Source: Economic Modeling Specialists International (EMSI)

## Earnings

In Los Angeles, the entry-level average wage for tax preparers is \$12.06 per hour, which is below the MIT Living Wage<sup>1</sup> estimate of \$13.54 per hour for a single adult. The average annual earnings for tax preparers in the region is \$52,000 per year, assuming full-time employment.

Exhibit 3 contains hourly wages and annual average earnings for tax preparers. Entry-level hourly earnings is represented by the 10<sup>th</sup> percentile of wages, median hourly earnings is represented by the 50<sup>th</sup> percentile of wages, and experienced hourly earnings is represented by the 90<sup>th</sup> percentile of wages, demonstrating various levels of employment.

**Exhibit 3 – Earnings for tax preparers in Los Angeles County, 2017-2022**

SOC	Occupation	Entry-Level Hourly Earnings	Median Hourly Earnings	Experienced Hourly Earnings	Average Annual Earnings
13-2082	Tax Preparers	\$12.06	\$21.36	\$45.87	\$52,000

Source: Economic Modeling Specialists International (EMSI)

## Employer Job Postings

In this research brief, real-time labor market information is used to provide a more nuanced view of the current job market, as it captures job advertisements for occupations relevant to the field of study.

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<sup>1</sup> MIT Living Wage Calculator. <http://livingwage.mit.edu/>

Employer job postings are consulted to understand who is employing tax preparers and what they are looking for in potential candidates. To identify job postings related tax preparers, the SOC code for tax preparers (13-2082) was used.

In 2017, there were 369 employer postings in Los Angeles County for occupations related to tax preparation.

*Top Titles*

The top job titles for employers posting ads for tax preparers are listed in exhibit 4. Tax professional was mentioned in 57% of all relevant job postings (211 postings).

**Exhibit 4 –Top job titles (n=369)**

<b>Title</b>	<b>Job Postings, Full Year 2017</b>
Tax Professional	211
Tax Preparer	107
Tax Advisor	23
Preparador/Bilingual Tax Preparer	23
Bookkeeper	7
Senior Tax Associate	6

Source: Labor Insight/Jobs (Burning Glass)

*Top Employers*

Exhibit 5 lists the major employers hiring professionals in the field of tax preparation. Top employers postings job ads included H&R Block and Jackson Hewitt Tax Service. The top worksite cities in the region for these occupations were Los Angeles, Long Beach, and Glendale.

**Exhibit 5 – Top employers (n=257)**

<b>Employer</b>	<b>Job Postings, Full Year 2017</b>
H&R Block	229
Jackson Hewitt Tax Service	8
Gaytan & Leevan, LLP	2
Hangen Group, Inc.	2
Hedman Partners	2

Source: Labor Insight/Jobs (Burning Glass)

*Certifications and Job Skills*

Certified Public Accountant (CPA) is the most sought after certification for this occupation, and was included on 95% of the postings that specified a certification. Other certifications that were largely present on postings were Tax Certification (14% of postings) and Tax Preparation Certificate (6%).

**Exhibit 6 –Job certifications (n=140)**

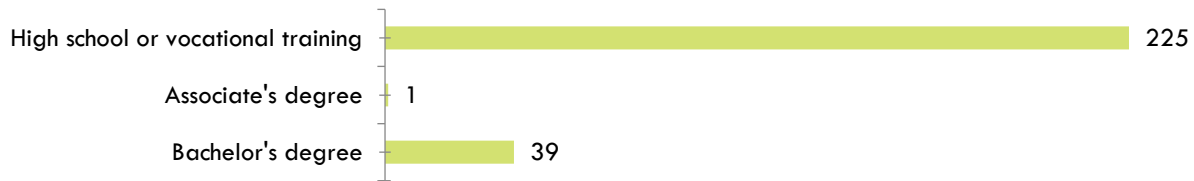
Certification	Job Postings, Full Year 2017
Certified Public Accountant (CPA)	134
Taxation Certificate (ex. Graduate Tax Certificate)	19
Tax Preparation Certificate	8

Source: Labor Insight/Jobs (Burning Glass)

*Advertised Education Levels*

Exhibit 8 displays the education level requested by employers in online job ads. The majority of employers were looking for a candidate with high school or vocational training.

**Exhibit 8 – Advertised education requirements for tax preparers (n=265)**



Source: Labor Insight/Jobs (Burning Glass)

**Education and Training**

Exhibit 9 shows the typical entry-level education requirement for the occupations of interest, along with the typical on-the-job training, and percentage of workers in the field who hold a community college award or have completed some postsecondary courses. About 34% of the tax preparation workforce has completed some community college education as their highest level of education.

**Exhibit 9 – Education and training requirements**

SOC	Occupation	Typical entry-level education	Typical on-the-job training	% of Community College Award Holders or Some Postsecondary Coursework
13-2082	Tax Preparers	HS diploma or equivalent	Moderate-term on-the-job training	34%

Source: Economic Modeling Specialists International, Bureau of Labor Statistics Employment Projections (Educational Attainment)

In Los Angeles County, two community colleges have conferred awards in programs that train students for tax preparation. Between 2014 and 2017, there was an average of 20 community college awards conferred annually across one program: Tax Studies (0502.10). It is important to note that an award is

not equivalent to a single person in search of a job opening, since a student may earn more than one award (e.g. an associate degree and a certificate).

**Exhibit 10 – CCC Student Awards (by TOP and College)**

TOP Code	Program	College	2014-2015 Awards	2015-2016 Awards	2016-2017 Awards	3-Year Award Average
0502.10	Tax Studies	Glendale	3	3	-	2
		LA Pierce	13	13	27	18
<b>TOTAL</b>			<b>16</b>	<b>16</b>	<b>27</b>	<b>20</b>

Source: California Community Colleges Chancellor’s Office MIS Data Mart

**Student Outcomes**

The CTE LaunchBoard provides student outcome data on the effectiveness of CTE programs. The following student outcome information was collected from exiters of the Tax Studies Taxonomy of Program (TOP) code (0502.10) in Los Angeles County for the 2015-16 academic year.

- The median annual wage after program completion is \$35,790
- 63% of students are earning a living wage
- 67% of students are employed within six months after completing a program

Source: CTE LaunchBoard

**Sources**

O\*Net Online, Labor Insight/Jobs (Burning Glass), Economic Modeling Specialists International (EMSI), MIT Living Wage Calculator, Bureau of Labor Statistics (BLS) Education Attainment, California Community Colleges Chancellor’s Office Management Information Systems (MIS) Data Mart, CTE LaunchBoard, Statewide CTE Outcomes Survey, Employment Development Department Unemployment Insurance Dataset

**Notes**

Data included in this analysis represents the labor market demand for positions most closely related to tax preparation. Standard occupational classification (SOC) codes were chosen based on the national education level required for employment (associate degree and postsecondary certificate) as well as the proportion of current workers who hold a community college award or have had some community college training. This selection process narrows the labor market analysis to the most relevant employment opportunities for students with community college education and/or training.

Traditional labor market information was used to show current and projected employment based on data trends, as well as annual average awards granted by regional community colleges. Real-time

labor market information captures job post advertisements for occupations relevant to the field of study and should not be used to establish current job openings, because the numbers may include duplicate job postings or postings intended to gather a pool of applicants. Real-time labor market information can signal demand and show what employers are looking for in potential employees, but is not a perfect measure of the quantity of open positions.