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**REGENTS' AND PRESIDENTS' RETREAT
TAYLOR HEALTH SCIENCES CENTER
DIXIE STATE COLLEGE, ST. GEORGE, UTAH
MARCH 24, 2011**

AGENDA

1:00 p.m. - 5:00 p.m.	PLANNING RETREAT (Room 158)
	<ol style="list-style-type: none"> 1. Opening Remarks and Purpose of the Retreat - Chair Jordan 2. Campus Updates regarding Higher Ed 2020 and Retention - Presidents 3. Discussion
6:30 p.m.	DINNER AT ENTRADA (By Invitation)

**STATE BOARD OF REGENTS MEETING
TAYLOR HEALTH SCIENCES CENTER
DIXIE STATE COLLEGE, ST. GEORGE, UTAH
MARCH 25, 2011**

AGENDA

7:30 a.m. - 9:00 a.m.	BREAKFAST MEETING - STATE BOARD OF REGENTS, DIXIE STATE COLLEGE BOARD OF TRUSTEES, COMMISSIONER SEDERBURG AND PRESIDENT NADAULD (Room 369)
9:15 a.m. - 12:00 noon	COMMITTEE OF THE WHOLE (Room 158)
	<ol style="list-style-type: none"> 1. Welcome and Review of Agenda - Chair Jordan <ul style="list-style-type: none"> o Administration of Oath of Office to Regent Mark Stoddard o Presentation to Kristen Cox 2. Commissioner's Report Tab A 3. Review of 2011 Legislative Session Tab B 4. Proposed Tuition Increases Tab C 5. Approval of Joint College and Career Readiness Statement Tab D 6. Race/Ethnicity Data from USHE Institutions Tab E
12:00 noon - 1:00 p.m.	LUNCH (Room)

1:15 p.m. - 2:45 p.m.

MEETINGS OF BOARD COMMITTEES

FINANCE/FACILITIES COMMITTEE

Regent Nolan E. Karras, Chair

(Room 369)

ACTION:

1. Dixie State College - Campus Master Plan [Tab F](#)
2. Southern Utah University - Property Purchase [Tab G](#)
3. University of Utah - Peer Institutions List [Tab H](#)
4. UESP - Line of Credit Renewal [Tab I](#)

CONSENT:

5. Ratification of Executive Committee Action [Tab J](#)
 - o University of Utah - Dee Glenn Smith Bonding Approval
6. University of Utah - Sale of Donated Property [Tab K](#)
7. Utah State University - Modification of Regional Campus Distance Education (RCDE) Non-state Funded Project [Tab L](#)

INFORMATION:

8. Legislative Update - Capital Development (including Improvements) [Tab M](#)
9. Legislative Update - Budget Summary [Tab N](#)
10. USHE - Money Management Reports [Tab O](#)
11. USHE - Spring Enrollment [Tab P](#)
12. USHE - Energy Conservation Measures (ECMs) in USHE Institutions [Tab Q](#)
13. UHEAA - Update [Tab R](#)

PROGRAM/PLANNING COMMITTEE

Regent John H. Zenger, Chair

(Room 156)

ACTION:

New Academic Programs

1. University of Utah - Minor in Modern Dance [Tab S](#)
2. Utah State University - Master of Science Degree in Financial Economics [Tab T](#)
3. Utah Valley University - Bachelor of Arts/Bachelor of Science/Minor in Marketing [Tab U](#)
4. Utah Valley University - Bachelor of Science Degree in Personal Finance Planning [Tab V](#)
5. Utah Valley University - Bachelor of Science Degree in Environmental Science & Management [Tab W](#)
6. New Emphases [Tab X](#)
 - A. University of Utah - School of Music Emphases
 - B. Utah Valley University
 - i. Emphasis in Computer Forensics and Security
 - ii. Emphasis in Integrated Technology
7. Proposed Revisions to Policy R609, *Regents' Scholarship* [Tab Y](#)
8. Proposed Revisions to Policy R604, *New Century Scholarship* [Tab Z](#)
9. Approval of 2011-2012 Award Levels, New Century and Regents' Scholarship [Tab AA](#)
10. Proposed Revisions to Policy R470, *General Education, Common Course Numbering, Lower-Division Pre-Major Requirements, Transfer of Credits, and Credit my Examination* [Tab BB](#)

INFORMATION/DISCUSSION:

11. Third-year Reports **Tab CC**

- A. Southern Utah University
 - i. Bachelor of Arts Degrees in Art History and Studio Arts
 - ii. Master of Public Administration Degree
 - iii. Master of Science Degree in Sports Conditioning and Performance
- B. Dixie State College - Bachelor of Science Degree in Biology
- C. Utah Valley University
 - i. Associate of Applied Science Degree in Mechatronics Technology
 - ii. Bachelor of Arts/Bachelor of Science Degrees in Economics
 - iii. Bachelor of Science Degree in Biotechnology

3:00 p.m. - 3:45 p.m.

**COMMITTEE OF THE WHOLE
AND REGULAR MEETING OF THE BOARD
(Room 158)**

- 1. Report of 2010 Majors' Meetings **Tab DD**
- 2. General Consent Calendar **Tab EE**
- 3. Reports of Board Committees
- 4. Resolutions
- 5. Report of the Chair

Next Meeting: May 20, 2011 at Weber State University

4:00 p.m. to 4:30 p.m.

**EXECUTIVE SESSION MEETING OF THE BOARD OF REGENTS
(Room 369)**

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*Projected times for the various meetings are estimates only. The Board Chair retains the right to take action at any time. In compliance with the Americans with Disabilities Act, individuals needing special accommodations (including auxiliary communicative aids and services) during this meeting should notify ADA Coordinator, 60 South 400 West, Salt Lake City, UT 84180 (801-321-7124), at least three working days prior to the meeting. TDD # 801-321-7130P.*

March 16, 2011

MEMORANDUM

TO: State Board of Regents

FROM: William A. Sederburg

SUBJECT: Utah State University – Master of Science Degree in Financial Economics

Issue

Officials at Utah State University (USU) request approval to offer a Master of Science Degree in Financial Economics, beginning Fall Semester 2011. The USU Institutional Board of Trustees approved this program on January 7, 2011. The Regents' Program Review Committee approved the proposed degree on February 16, 2011 and recommended it be moved to the full board for approval.

Background

The proposed Master of Science in Financial Economics (MSFE) is a reflection of the USU Department of Economics and Finance's commitment to create a graduate program of distinction at the intersection of economics and finance. The proposed master's degree is specifically designed to capitalize on student demand for a terminal master's degree focused on finance, the expertise and focus of the department, and the mission, vision and strategy of the Jon M. Huntsman School of Business.

The proposed degree will be housed in the Department of Economics and Finance in the Jon M. Huntsman School of Business. As measured by graduates, the Department of Economics and Finance has the largest undergraduate program offered at Utah State University. The focus of the undergraduate program in the Economics and Finance Department is to prepare students for careers in financial institutions. The proposed MS degree is to complement this program. This proposal would bring the Economics and Finance graduate program into alignment with the expertise of its faculty, the interests of students, and Utah State University's goal to increase graduate enrollment.

Policy Issues

Other Utah System of Higher Education Institutions have reviewed this proposal, given input, and are supportive of Utah State University offering this degree.

Commissioner's Recommendation

The Commissioner recommends the Regents approve the Request to Offer a Master of Science in Financial Economics, effective Fall Semester, 2011.

  
William A. Sederburg, Commissioner

WAS/GW  
Attachment

**Academic, Career and Technical Education and Student Success Committee  
Action Item**

**Master of Science in Financial Economics  
Utah State University**

**Prepared for  
William A. Sederburg  
By  
Gary Wixom**

**March 16, 2011**

## **Section I: The Request**

The Department of Economics and Finance in the Jon M. Huntsman School of Business at Utah State University requests approval to offer a Master of Science in Financial Economics effective fall semester 2011.

## **Section II: Program Description**

### **Program Description**

The Master of Science in Financial Economics (MSFE) is designed as a terminal, professional degree in financial economics. The curriculum includes courses in the key areas of finance and the supporting areas of economics and quantitative methods. It is intended to prepare students for a wide range of careers both within and outside the financial industry, including risk management, asset management, macroeconomic and financial forecasting, trading, and financial and economic research.

### **Purpose**

The proposal indicates that the Jon M. Huntsman School of Business will offer a Master of Science in Financial Economics (MSFE) and that this degree program be housed in the Department of Economics and Finance.

As measured by the number of graduates, The Department of Economics and Finance (E&F) currently provides the largest undergraduate program offered by Utah State University. The focus of this undergraduate program is to prepare students for careers in financial institutions. Major initiatives of E&F's undergraduate program include focusing the curriculum on finance and the supporting areas of economics, an emphasis on analytical rigor, and preparing students for the series of Chartered Financial Analysis (CFA) exams. The purpose of this proposal is to develop a master's program that is complimentary to and as robust as this undergraduate program. This proposal will bring E&F's graduate program into alignment with the expertise of its faculty, the interests of students, and Utah State University's goal to increase graduate enrollment.

Based on discussions with industry specialists, internal research, and the popularity of similar programs, it is expected that enrollment in the department's graduate program will increase from the current three to four students per year to 20 to 30 students per year.

### **Institutional Readiness**

In the spring of 2008, the Department of Economics at Utah State University was restructured. The Department of Economics and Finance was formed as a separate unit in the Huntsman School of Business by combining the finance faculty and elements of the economics faculty, and the Department of Applied Economics was formed as a separate unit in the College of Agriculture. The specific purpose of this administrative realignment was as follows:

- USU expects the more focused academic units to achieve a greater alignment with the missions of the colleges in which they reside – becoming more of an intellectual force in their respective colleges. *The respective deans will have the opportunity to shape the future of each department and to mold them to reflect the priorities of the colleges.*



- Because of their greater relevancy to the other majors in their college, USU also expects the more focused academic units to contribute more substantially to the growth and development of students in other majors located in their college.
- *USU expects the more focused academic units to be engaged more in the strategic future of their respective colleges.*
- *USU expects the more focused academic units to gain greater national visibility for their expertise in more defined areas of academic inquiry.*
- Finally, because the respective deans will have a vested interest in the success of the department in their college, USU expects the more focused academic units to acquire greater financial support from their respective colleges because their efforts and actions will be perceived as more central to the future of their respective colleges.

The current proposal is consistent with the goals of the administrative realignment as outlined above

Since inception, the Department of Economics and Finance has hired seven additional faculty members and will welcome to campus this coming academic year the inaugural Jon M. Huntsman Visiting Presidential Professors in Economics and Finance. A significant portion of the funding for these new faculty members has come from external sources. These new faculty members are primarily experts in finance and/or financial economics. Therefore, the department has built a group of highly trained and skilled professors in the area that constitutes its strategic focus, which is on the topics that constitute the intersection of the disciplines of finance and economics (i.e., financial economics). All faculty members are and will continue to be involved in teaching undergraduate courses. A more robust graduate program, however, will help faculty members stay current in their fields. Further, a more focused and professionally oriented master's program will provide an opportunity for the department's undergraduate students to continue within the department with their graduate studies.

#### **Faculty, Staff and Library Resources**

The department currently offers one graduate degree, a MS (MA) in Economics. As noted in Appendix A, the proposed curriculum for the MSFE requires nine academic courses and, initially, the MSFE curriculum will share four of the courses that are part of the current MS (MA) Economics curriculum. Of this latter set of four courses, E&F provides two of the courses and the Department of Applied Economics (APEC) offers the other two: microeconomic theory I and mathematical economics I. Therefore, this proposal requires five additional courses. The department currently has faculty who are prepared to teach these five additional courses. As a result of focusing its undergraduate program, differential tuition, and internal reallocation, the department has the resources to initiate this degree.

The department currently has 19 tenure track positions (one position is open and a faculty search is in progress) and three non-tenure track faculty. Further, the department has four part-time faculty members who teach for the department on an ongoing basis. Three of these individuals have terminal degrees (i.e., J.D. and/or Ph.D.) and the other has substantial professional

experience at one of the country's premier financial institutions and teaches at the University of Utah. All faculty members who will teach in the MSFE program are actively involved in related research and regularly attend professional conferences.

As the department currently offers a robust undergraduate program in economics and finance and a master's degree in economics, sufficient staff, and library resource are currently available.

### **Admission Requirements**

The admission requirements will be consistent with the existing admission requirements for the current master's program. Admission to the current program requires a minimum grade point average (GPA) of 3.0 (4.0 = A) for the last 60 semester credits earned prior to applying for the program. Educational requirements include previous bachelors (BA or BS) level (or above) courses in intermediate microeconomic theory, econometrics/statistics, mathematical economics/calculus and corporate finance. A student whose prior academic performance warrants admission, although some prerequisite courses have not been taken, may be admitted provisionally. These students will be required to make up deficiencies by enrolling in appropriate courses prior to beginning the MSFE program. The Huntsman School of Business currently offers applicable preparatory courses during the summer semester as part of its MBA program.

Either the GRE or the GMAT is required. Scores must be at or above the 40<sup>th</sup> percentile for the verbal portion of the examinations and above the 60<sup>th</sup> percentile for the quantitative portion. A TOEFL score will be required of all students whose native tongue is not English.

### **Student Advisement**

Historically, E&F budgets to support a faculty member designated as a Graduate Program Director. The compensation typically has been the equivalent of a "summer month." This individual, along with the department head and a staff assistant, coordinates the process of admitting students into the program, advising students of program requirements,<sup>1</sup> and insuring that Graduate School rules and procedures are met. The MSFE will require a modest increment to the budget for graduate student advisement, which will be covered by department resources.

### **Credit Hour Requirements**

The MSFE will require 27 credit hours of academic course work and three credit hours of research credits (i.e., Plan B) for a total of 30 credit hours. Appendix A provides the curriculum for the proposed degree.

### **External Review and Accreditation**

Prominent economists and finance professionals within academia, the Federal Reserve System, and the private financial sector were contacted regarding this proposal; support for this proposal was unanimous. The following are brief biographies of selected individuals contacted:

#### *Lars Hansen.*

Dr. Hansen is a world famous economist and is currently the H. J. Livingston Distinguished Service Professor in Economics, at the University of Chicago. He was the past president of the

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<sup>1</sup> As noted below, the current and proposed Master's programs have "lock-step" curricula; hence, little advising is necessary regarding curriculum issues.

Econometric Society and chairman of the Economics Department at Chicago. He is also the winner of numerous prestigious prizes, including the Erwin Plein Nemmers Prize in Economics in 2006 and the Frisch Medal in 1984. He is the author of path breaking research articles in quantitative methods and financial economics, including the recent book "Handbook of Financial Econometrics."

Dr. Hansen noted the importance of including a set of rigorous and quantitative based economics courses in the MSFE curriculum

*Mark Jensen.*

Dr. Jensen is a Financial Economist and Associate Policy Advisor at the Federal Reserve Bank of Atlanta, as well as a Fellow of the Center on Financial Innovation and Financial Stability at the Federal Reserve Bank of Atlanta. He is also the President of the Society for Nonlinear Dynamics and Econometrics.

Dr. Jensen also commented on the relevance of a finance oriented degree that included a set of economics courses.

*James Schallheim.*

Dr. Schallheim is the Jake Garn Professor of Finance at the University of Utah. He is also the director of the MS Finance program at the University of Utah. Dr. Schallheim commented on the success of the University of Utah's graduate programs in finance and the role of the CFA credential in their master's program.

*Bonnie Newman.*

Ms. Newman holds a CFA certificate and is employed at Wells Capital Management. She stressed the value of the CFA certificate in the marketplace and presented stark differences in salaries for financial professionals with and without the CFA designation. She suggested that a master's program with a focus on finance orient and prepare students to take the CFA exam.

*Rulon Pope.*

Dr. Pope is a Professor of Economics at BYU and the former head of that distinguished department. He was asked to speak at a departmental faculty meeting because of a rather unique aspect of BYU's economics department – a distinguished program that attracts first-rate talent but does not have a Ph.D. program. Dr. Pope spoke on the need of and methods for keeping faculty at the "cutting edge" of their fields in the absence of a Ph.D. program.

Further, a faculty committee of individuals with considerable interest and expertise developed the current proposal. For example, Mr. Paul Fjeldsted, a current faculty and committee member, was the Managing Director of Citigroup Global Markets Inc. where he was responsible for structuring and trading credit derivatives on the emerging markets of Central and South America.

Programs within the Huntsman School of Business are accredited by the Association to Advance Collegiate Schools of Business (AACSB). This accreditation is renewed every five years. The next HSB review will be in 2011/12. It is anticipated that the MSFE program will not materially affect that review.

### Projected Enrollment

| Year    | Student Headcount | No. of Faculty <sup>2</sup> | Student-to-Faculty Ratio | Accreditation Req'd Ratio |
|---------|-------------------|-----------------------------|--------------------------|---------------------------|
| 2011/12 | 15                | 2                           | 8                        | N/A                       |
| 2012/13 | 20                | 2                           | 10                       | N/A                       |
| 2013/14 | 25                | 2                           | 13                       | N/A                       |
| 2014/15 | 25                | 2                           | 13                       | N/A                       |
| 2015/16 | 25                | 2                           | 13                       | N/A                       |

### Expansion of Existing Programs

Students in Current MS-Economics Program:

| Academic Year | No. of Graduates |
|---------------|------------------|
| 2005/06       | 4                |
| 2006/07       | 5                |
| 2007/08       | 8                |
| 2008/09       | 3                |
| 2009/10       | 3                |

## Section III: Need

### Program Need

The proposed Master of Science in Financial Economics is a reflection of the department's commitment to create a graduate program of distinction at the intersection of economics and finance. The proposed master's degree is specifically designed to capitalize on student demand for a terminal master's degree focused on finance, the expertise of the faculty of E&F, and the mission, vision and strategy of the Department of Economics and Finance.

### Labor Market Demand

The curriculum for the proposed program resembles the master's degree in finance offered at the Bendheim Center for Finance, Princeton University, which reports the following:<sup>3</sup>

The distinctive feature of Princeton's Master in Finance program is its strong emphasis on financial economics in addition to financial engineering and computational methods.

Graduates of the USU program have a solid understanding of the fundamental quantitative tools from economic theory, probability, statistics, optimization and

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<sup>2</sup>This is the full-time equivalent number of faculty that will be involved in teaching in the MSFE program. However, approximately seven faculty members will participate in teaching in the program. For example, a faculty member may only teach one course in the MSFE and teach several undergraduate finance and/or economics courses.

<sup>3</sup> see [www.princeton.edu/bcf/graduate](http://www.princeton.edu/bcf/graduate)

computer science, all of which are becoming increasingly vital in the financial industry. While there has been much debate in recent months about the role of quantitative finance in the financial crisis, the financial industry has increasingly placed strong emphasis on quantitative tools and analysis as it seeks to rebuild itself and strengthen risk management practices.

The Master in Finance program is intended to prepare students for a wide range of careers both inside and outside the financial industry, including financial engineering and risk management, quantitative asset management, macroeconomic and financial forecasting, quantitative trading, and applied research.

Regarding finance professionals, the Bureau of Labor Statistics (BLS) reports the following:<sup>4</sup>

A bachelor's degree in finance, accounting, or a related field is the minimum academic preparation, *but employers increasingly select graduates with a master's degree in business administration, economics, finance, or risk management* (emphasis added).

Financial managers play an increasingly important role in mergers and consolidations and in global expansion and related financing.

Financial managers may broaden their skills and exhibit their competency by attaining professional certification... For example, the CFA Institute confers the Chartered Financial Analyst designation...<sup>5</sup>

Employment growth for financial managers is expected to be about as fast as the average for all occupations. However, applicants will likely face strong competition for jobs. *Those with a master's degree and a certification will have the best opportunities* (emphasis added).

Employment of financial analysts...is expected to grow much faster than the average for all occupations.

For those aspiring to financial analyst jobs, a strong academic background is absolutely essential. Good grades in courses such as finance, accounting, and economics are very important to employers... certification is helpful in maintaining employment

The BLS reports the following median annual earnings for finance professionals by industry (2006 data):

| <u>Industry</u>    | <u>Median Annual Earnings</u> |
|--------------------|-------------------------------|
| Securities Markets | \$131,730                     |

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<sup>4</sup> Occupational Outlook Handbook, 2008-09 Edition, [www.bls.gov/oco/ocos010.htm](http://www.bls.gov/oco/ocos010.htm)

<sup>5</sup> The MSFE curriculum is designed to help students achieve the CFA designation.

|                                     |           |
|-------------------------------------|-----------|
| Companies (Corporate Finance)       | \$105,410 |
| Nondepository Credit Intermediation | \$86,340  |
| Local Government                    | \$72,790  |
| Depository Credit Intermediation    | \$77,580  |

It also should be noted that the economic developments of the past two years informed the development of this proposal. There appears to be broad acceptance that part of the problem that led to the financial crisis was a deficiency in analytical rigor and ethical behavior within the financial industry. Analytical rigor and a focus on ethics, which are pillars of both the Huntsman School of Business and the CFA institute, will be integrated into the curriculum that constitutes the proposed master's degree. This is part of the concentrated effort to "brand" Huntsman graduates as ethical leaders with demonstrated analytical skills.

### **Student Demand**

Recently, the association of MBA students in the Huntsman School of Business surveyed USU MBA students to determine the business fields in which they are most interested. By a large margin, finance was the most popular choice. However, students currently do not have the opportunity to obtain a graduate degree in finance in the Huntsman School. Further, conversations with key professionals in academia, business, and government and the successful experience of other universities in offering a similar degree, including the University of Utah which enrolls approximately 60 students per year, indicate that the MSFE will be a popular program among students. Indeed, the MSFE will offer a skill set and training that will allow students to pursue the Chartered Financial Analyst (CFA) credential and enter a high-demand, well-paid labor market.

### **Similar Programs and Collaboration with and Impact on other USHE Institutions**

The University of Utah offers an MS in Finance, which is similar to the current proposal. The University of Utah is the only USHE institution that offers a graduate degree in finance. Both the University of Utah's MS in Finance and the proposed MS in Financial Economics qualify and prepare students to take the CFA exam. The MSFE curriculum is essentially equal parts finance and economics, and more focused on quantitative methods (i.e., mathematical economics, computational methods and econometrics are all required courses).

Dr. James Schallheim, the Jake Garn Professor of Finance at the University of Utah and director of the MS Finance program, spoke to the E&F faculty at its 2009 fall retreat. He spoke in detail about the curriculum at the University of Utah and was very helpful in answering questions about offering a similar degree in the Huntsman School. Further, Dr. Schallheim also substantiated the belief that there is strong demand among students for this type of degree and the importance of linking the degree curriculum to the CFA exam.

### **Benefits to Utah State University and USHE**

The MSFE is a reflection of the Department of Economics and Finance's commitment to create a graduate program of distinction at the intersection of economics and finance. The degree is specifically designed to capitalize on student demand for a terminal master's degree focused on finance, the expertise and focus of the department, and the mission, vision and strategy of the Jon M. Huntsman School of Business.

The department has built a group of highly trained and skilled professors in the area that constitutes its strategic focus, which is on the topics that constitute the intersection of the disciplines of finance and economics (i.e., financial economics). All faculty members are and will continue to be involved in teaching undergraduate courses. A more robust graduate program, however, will help faculty members stay current in their fields. Further, a more focused and professionally oriented master's program will provide an opportunity for this department's undergraduate students as well as undergraduate students at other USHE schools to pursue graduate studies in financial economics.

### **Consistency with Institutional Mission**

Regarding Utah State University, the Utah State Board of Regents has stated the following:<sup>6</sup>

USU serves as the state's land-grant institution under state and federal legislation and is a primary center of university research and of graduate, professional, and undergraduate education in numerous authorized fields of study.

USU goals and objectives for graduate education include:<sup>7</sup>

Professional Development. Provide excellent professional development opportunities at the master's and doctoral levels, enabling USU students to be highly successful in the marketplace.

Utah State University is currently authorized to offer a Master of Science in Economics through the Department of Economics and Finance. The current proposal is a response to a change in the marketplace, which demands more focused economic/finance master's degrees. Further, as noted above, this proposal is consistent with the vision of the Huntsman School of Business and the Department of Economics and Finance.

## **Section IV: Program and Student Assessment**

### **Program Assessment and Student Performance Standards.**

The proposed master's program is primarily a terminal professional degree in financial economics. The most internationally recognized and credible credential for financial professionals is the Chartered Financial Analyst (i.e., CFA), which is earned by passing a series of analytically rigorous exams. The curriculum of the proposed MSFE is designed to help students pass the first CFA exam (i.e., level I exam) at the end of their second semester in the program.<sup>8</sup> An important metric in measuring the success of the program will be the proportion of enrolled students taking the exam and the pass rate.

## **Section V: Finances**

### **Budget**

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<sup>6</sup> [www.utahsbr.edu/col03a.html](http://www.utahsbr.edu/col03a.html)

<sup>7</sup> [http://usu.edu/aaa/pdf/accrreditation/2007 Strategic Plan.pdf](http://usu.edu/aaa/pdf/accrreditation/2007%20Strategic%20Plan.pdf)

<sup>8</sup> The CFA level I exam is offered in June.

The current request is essentially an incremental change to a small, existing master's program. Initially it will require only five additional courses, which as noted above is equivalent to a single faculty member devoted to teaching in the program. *Beyond the resource equivalent of a faculty member, this proposal will not have a material effect on the department's total costs of providing a graduate program. However, it is likely that the proposed change will dramatically decrease costs per student* and generate significant revenue for the department through differential tuition, which is applied to graduate programs within the Huntsman School of Business. The department currently has the faculty resources to teach these five additional courses.

The current MS program is small and, therefore, expensive on a per student basis. Three students entered the program in both 2008 and 2009. Of these six students, five received graduate assistantships of \$9,000 per year. Further, the department does not have a designated source of funding for graduate assistantships but rather has provided these assistantships on an *ad hoc* basis that is not sustainable.

As outlined above, it is anticipated that there will be much stronger demand by students for the MSFE, and that students will enroll in the program without the added incentive of a graduate assistantship. Further, differential tuition will be used to achieve program excellence. For example, differential tuition has already helped the department hire two finance faculty members in the past year that it could not have hired with only the funds allocated from central administration. In addition, differential tuition has been used to secure the Wharton Database, and is being used to fund access to the Bloomberg database. For additional financial information, please see the data below.



**Utah State University**  
Economics & Finance Graduate Program

| Financial Analysis Form for All R401 Documents |            |            |            |            |            |
|------------------------------------------------|------------|------------|------------|------------|------------|
|                                                | 2010/11    | 2011/12    | 2012/13    | Year 4     | Year 5     |
| <b>Students</b>                                |            |            |            |            |            |
| Projected FTE Enrollment <sup>1</sup>          | 4          | 15         | 20         | 25         | 25         |
| Cost Per FTE                                   | \$ 56,000  | \$ 24,000  | \$ 18,000  | \$ 14,400  | \$ 14,400  |
| Student/Faculty Ratio                          | 4          | 8          | 10         | 13         | 13         |
| Projected Headcount                            | 4          | 15         | 20         | 25         | 25         |
| <b>Projected Tuition</b>                       |            |            |            |            |            |
| Gross Tuition <sup>2</sup>                     | \$ 36,635  | \$ 142,876 | \$ 198,121 | \$ 257,558 | \$ 267,860 |
| Differential Tuition to Program                | \$ 15,920  | \$ 62,088  | \$ 86,095  | \$ 111,924 | \$ 116,401 |
| <b>5 Year Budget Projection</b>                |            |            |            |            |            |
|                                                | Year 1     | Year 2     | Year 3     | Year 4     | Year 5     |
| <b>Expense</b>                                 |            |            |            |            |            |
| Salaries & Wages                               | \$ 132,000 | \$ 252,000 | \$ 252,000 | \$ 252,000 | \$ 252,000 |
| Benefits                                       | 57,000     | 108,000    | 108,000    | 108,000    | 108,000    |
| Total Personnel                                | 189,000    | 360,000    | 360,000    | 360,000    | 360,000    |
| Plan B Committee                               |            | 30,000     | 30,000     | 30,000     | 30,000     |
| Assistantships                                 | 36,000     | 0          | 0          | 0          | 0          |
| Current Expense                                |            |            |            |            |            |
| Travel                                         |            |            |            |            |            |
| Capital                                        |            |            |            |            |            |
| Library Expense                                |            |            |            |            |            |
| Total Expense                                  | 225,000    | 390,000    | 390,000    | 390,000    | 390,000    |
| <b>Revenue</b>                                 |            |            |            |            |            |
| Legislative Appropriation                      |            |            |            |            |            |
| Grants & Contracts                             | 36,000     |            |            |            |            |
| Existing Resources <sup>3</sup>                | 173,080    | 327,912    | 303,905    | 278,076    | 273,599    |
| Tuition to Program                             | 15,920     | 62,088     | 86,095     | 111,924    | 116,401    |
| Course Fees                                    |            |            |            |            |            |
| Total Revenue                                  | \$ 225,000 | \$ 390,000 | \$ 390,000 | \$ 390,000 | \$ 390,000 |
| <b>Difference</b>                              |            |            |            |            |            |
| Revenue-Expense                                | \$ 0       | \$ 0       | \$ 0       | \$ 0       | \$ 0       |
| <b>Comments</b>                                |            |            |            |            |            |

<sup>1</sup> Numbers represent total number of students in the program.

<sup>2</sup> Gross tuition generated by the program

<sup>3</sup> The department has been offering an MS in economics for decades, and therefore, part of the department's budget is meant to provide the resources for this program. In addition, the department currently allocates external funds in support of the MS program.

### **Budget Comments**

The budget above is based on the following parameters and assumptions:

E&F's current graduate program requires the equivalent of one faculty member at an annual salary of \$120,000.

The proposed program will require the equivalent of two faculty members to teach graduate courses. Hence, the MSFE requires the equivalent of one additional faculty member devoted to teaching graduate courses. However, the department has applied external resources in hiring the additional faculty resources necessary to teach the additional five courses.

The incremental salary cost for the graduate advisor and staff support is \$12,000

Benefits have been calculated at 43 percent

The Plan B Committee expense will be summer months paid to members of a standing committee that will be established to supervise plan B papers.

### **Funding Sources**

The department has resources available to reallocate to this degree. After ten years, the program should have enough students that differential tuition will be sufficient to make the program self sustaining.

### **Reallocation**

The proposal will utilize some reallocation of resources within the department.

### **Impact on Existing Budgets**

There has been concern that the current proposal will impact the Economics Ph.D. program offered by the Department of Applied Economics (APEC). This concern is based on the fact that E&F currently offers four of the courses that constitute part of the curriculum for the economics Ph.D.. These courses are Macro Theory I, Macro Theory II, Econometrics I, and Econometrics II. To help alleviate this concern, E&F has agreed to continue to offer and staff these four courses for the three academic years beginning with 2010/11. Over the next three years, therefore, the current proposal will not have an effect on APEC's Ph. D. program. Regarding long-term concerns, the Office of the Provost, APEC and E&F have entered into an agreement that has satisfied APEC's concerns regarding the economics Ph.D. program. Among other terms, the two departments have agreed that after the 2012/2013 academic year, multiple listing will end for the eight courses that currently constitute the curricula of the MS (MA) in Economics degree and the first-year of the Ph.D. in Economics degree. Of course this does not prevent either department from including in its graduate curricula economics courses offered by the other department.

Given sufficient student interest, E&F will continue to accept students into its MS(MA) economics program. In the event that the department stops admitting students into this program, current MS(MA) students will not be affected as it is a one-year program.

## **Appendix A: Program Curriculum**

### **A. Program Courses (\* indicates a new course)**

*Core Courses (There are no electives) (all courses are three credits):*

ECN 7230, Macroeconomic Theory I

ECN 7130, Microeconomic Theory I

ECN 7310, Econometrics I

ECN 7350, Mathematical Economics I

ECN 7320 Computational Methods\*

Investments\*

Derivatives\*

Fixed Income/International Finance\*

Corporate Finance\*

Thesis credits (Plan B)

Total Number of Credit Hours: 30

### **B. Courses to be Added in the Next Five Years**

Other than the new courses noted in Section A above, it is not anticipated that any new courses will be developed in the next five years.

## Appendix B: Program Schedule for MSFE

| <u>Fall Semester – Economics Core (15 credits)</u> | <u>Credits</u> |
|----------------------------------------------------|----------------|
| Mathematical Economics I                           | 3              |
| Macroeconomic Theory I                             | 3              |
| Microeconomic Theory I                             | 3              |
| Econometrics I                                     | 3              |
| <br>                                               |                |
| <u>Spring Semester – Finance Core</u>              |                |
| Investments                                        | 3              |
| Derivatives                                        | 3              |
| Fixed Income                                       | 3              |
| Corporate Finance                                  | 3              |
| Quantitative/Computational Methods                 | 3              |
| <br>                                               |                |
| <u>Summer Semester</u>                             |                |
| Thesis Credits (Plan B Paper)                      | 3              |

### Appendix C: Teaching Faculty for Program

| <u>Name</u>                      | <u>Degree/Institution</u>                                                           | <u>Specialty</u>                                       |
|----------------------------------|-------------------------------------------------------------------------------------|--------------------------------------------------------|
| Frank Caliendo                   | PhD Economics, Utah State University, 2003                                          | Macroeconomics and Mathematical Methods                |
| James Feigenbaum<br>(Hired 2009) | PhD Economics, University of Iowa, 2003<br>PhD Physics, University of Chicago, 1998 | Macroeconomics, Econophysics, and Mathematical Methods |
| Ben Blau<br>(Hired 2009)         | PhD Finance, University of Mississippi, 2008                                        | Investments and Financial Markets                      |
| Paul Fjeldsted<br>(Hired 2009)   | MBA, Harvard Business School, 1990                                                  | Fixed-income markets and Financial Institutions        |
| Scott Findley<br>(Hired 2010)    | PhD Economics, Colorado State, 2007                                                 | Macroeconomics and Public Finance                      |
| Tyler Brough<br>(Hired 2010)     | PhD Finance, University of Arizona, 2010                                            | Financial Markets<br>Quantitative Methods              |
| Nick Guo<br>(Hired 2010)         | PhD Economics, University of Minnesota, 2010                                        | Financial Economics<br>Macroeconomics                  |