REQUEST FOR A NEW PROGRAM AT IOWA STATE UNIVERSITY: 
MASTER OF FINANCE PROGRAM

Action Requested: Consider approval of the request by Iowa State University to establish a new Master of Finance Program in the College of Business.

Executive Summary: The proposed program will offer new opportunities for students in the field of advanced data analysis. This proposal was reviewed by the Board Office and the Council of Provosts and is recommended for approval. No concerns were raised when it was presented to the Iowa Coordinating Council for Post-High School Education. The proposed program addresses the Board of Regents Strategic Plan priorities to “provide educational excellence and impact as well as economic development and vitality” and Goal #8 – “Iowa’s public universities and special schools shall be increasingly efficient and productive.”

Background:

Description of program. The proposed program is designed as a full-time residential program which will require 40 credits of graduate coursework. Six additional credits of introductory accounting and finance will be required if the student lacks previous coursework in accounting and finance. The primary learning objectives of the proposed program will be to provide the knowledge and skills in the field of finance that will prepare students to conduct detailed analysis of financial problems and make better-informed managerial decisions. The curriculum includes a foundation in quantitative methods and econometrics that will prepare graduates for careers in advanced financial data analysis, credit analysis, and risk management. The curriculum will also prepare students who wish to pursue professional certifications, such as the Chartered Financial Analyst (CFA) and Financial Risk Manager (FRM) designations. These designations are earned by passing a series of examinations offered through the CFA Institute and the Global Association of Risk Professionals (GARP), respectively.

A more specialized course in financial econometrics, which examines problems and methods that are unique to Finance, will build upon the quantitative methods and econometrics foundation. Further coursework in valuation, investments, advanced corporate finance, and derivatives will be required. Students will choose three electives from Finance offerings. The remaining credits can be selected from Finance, other College of Business programs, or from disciplines outside of the College. Students will be advised to identify a plan of study best suited to their career interests. Student outcomes will be assessed using a variety of methods including graded coursework and feedback from employers who hire students for summer internships and full-time employment.

Relationship to existing programs at ISU. The proposed program will have synergies with existing graduate programs in the College of Business, including the MBA and the Master of Accounting (MAcc) programs not only through existing courses in Finance but also through the newly developed courses. A more robust slate of Finance electives will serve as a recruiting tool for the MBA program to attract MBA students who desire a specialization in Finance. The Finance courses complement the core Accounting curriculum for MAcc students.
The impact on the undergraduate program in Finance is expected to be positive also. The introduction of a Master of Finance Program will not require reduction in the number of course offerings in the undergraduate program. Exceptional undergraduate students will be able to take graduate level courses to meet their undergraduate degree requirements and are likely to benefit from the more rigorous course offerings. ISU undergraduate students interested in furthering their Finance skills will have the opportunity to pursue a graduate program at ISU.

- **Need for proposed program.** Enrollment limitations in existing graduate programs outside of the state and limited number of programs in the state cannot address student demand.

- **Duplication.** The proposed program does not exist at the University of Iowa or at the University of Northern Iowa. Drake University has a Master of Financial Management Program in Finance which is offered on a part-time basis and does not have as strong a quantitative focus as the proposed program. The proposed program will offer a strong quantitative skill set, including math, statistics, modeling, statistical computing, and data analysis. Furthermore, Drake’s program is more purposely structured around the CFA focus while the proposed program will prepare graduates not only for the CFA examination for the FRM examination also, especially that part of the ISU curriculum dealing with advanced derivatives, fixed income securities, and risk modeling techniques.

- **Student demand.** The proposed program expects to recruit prospective majors nationally and internationally from high quality business academic programs. The department will also recruit majors and minors from current ISU students in business and allied disciplines, such as agricultural economics, computer engineering, computer science, economics, industrial engineering, and statistics.

- **Unique features.** The proposed program will build on and complement the unique strengths of the university. The College of Business has the necessary faculty quality to provide an exceptional program that will enhance the College’s educational mission and provide for the educational needs of future business leaders. The low cost and high quality of the proposed program should make it attractive to both in-state and out-of-state students. The proposed budget includes assistantships to attract high quality students with offers of part-time employment. The department’s strategy of offering strong quantitative skills in such areas as credit analysis, money management, and risk management should also distinguish graduates from the broad-based MBA program.

- **Resources.** The Finance Department has excellent research faculty educated at some of the top business schools in the country. The faculty members are engaged in cutting-edge research, regularly publish in quality journals, and have received professional recognition through a variety of research awards. In order to support the new courses that will be required after the first year of the program, one additional faculty member will likely be needed. The College of Business is housed in the Gerdin Business Building which has state-of-the-art research and instructional technology, and adequate space to accommodate the proposed program.

- **Cost.** The University projects that the cost for the proposed program will be $17,230 in Year 1, increasing to $255,345 by Year 7. The costs in Year 1 will include two graduate assistantships. In Year 2 and beyond, the costs will include one additional faculty member and a third graduate assistantship. The financial resources will come from college reallocation.
Projected enrollment. The projected enrollment is 15 students in Year 1, increasing to 30 students by Year 7. The College also anticipates enrollment by an average of 10 non-majors each year.

Workforce Need/Demand. To gauge the demand for this type of program, the department contacted a number of area employers, including Pioneer, John Deere, Principal, Aviva, Aegon, Wells Fargo, and the Federal Home Loan Bank. The responses ranged from positive to enthusiastic, and contained suggestions which were used by the department to enhance the program proposal. According to the U. S. Bureau of Labor Statistics, the growth of jobs for financial analysts is expected to be 23% between 2010 and 2020; for financial managers, it is expected to be 9% during the same period.

Accreditation for proposed program. The College of Business will seek accreditation by the Association to Advance Collegiate Schools of Business (AACSB). This is expected to occur during the next Maintenance of Business Accreditation Review in 2014-2015.

Link to institutional strategic plan. The College of Business strategic plan for 2010-2015 includes its Vision to "provide students with skills and experiences needed to succeed in a complex, technology-driven, global society." The proposed program would further this goal by preparing students with an advanced set of tools and training in financial analysis to address the challenges of today's global financial system. The proposed program would also provide more skilled research support for faculty members through research assistantships awarded to graduate students in the program. The opportunity to interact with and mentor graduate students is valuable in the recruitment and retention of faculty. The Finance department has the quality of faculty and facilities required to sustain a high quality graduate program.

The proposed program will contribute to the educational mission and reputation of the university. The university's 2005-2010 Strategic Plan established the goal of increasing the number and elevating the overall quality of graduate and professional students. The university's 2010-2015 Strategic Plan builds on this goal to "provide exceptional undergraduate, graduate, professional, and outreach programs that prepare students and citizens for leadership and success." The proposed program advances both strategic priorities.

Date of implementation. The proposed program will become effective upon approval by the Board of Regents and will be included in the next General Catalog of the university. New students will be admitted for the entering class of Fall 2013.