

Contact: Rachel Boon

REQUEST FOR NEW PROGRAM AT THE UNIVERSITY OF IOWA:
MASTER OF SCIENCE IN FINANCE

Action Requested: Consider approval of the request by the University of Iowa to establish a Master of Science in Finance (MSF) in the Graduate College and Tippie College of Business (TCOB).

Executive Summary: The proposed MSF program builds on the Board and University missions by creating a unique curriculum that rigorously educates students in complex financial technologies and their applications. There is a strong occupational outlook in Iowa and nationally, and the MSF program differentiates from other graduate finance programs in Iowa with its emphasis on quantitative finance and experiential learning platform that connects with industry to equip students with much needed financial practice. The proposed program addresses the Board of Regents Strategic Plan objective 1.1; "The Regent institutions provide clear pathways for students to enter, move through and complete their education and career goals."

Background:

- ◇ **Description of proposed program.** The MSF program is designed to train students in the quantitative theory and practice of finance and prepare them for functional roles and long term career success in the financial industry. The program places strong emphasis on quantitative theory and state of the art scientific methods in finance combined with an experiential learning platform that connects with industry to provide students with ample opportunities for much needed financial practice. The driving force behind this blended learning approach is that academia and the financial industry are complements, whose collaboration leads to a more vibrant and sustainable curriculum of learning to propel forward and provide solutions to extant and future challenges of industry and of society at large.
- ◇ **Academic objectives.** The proposed MSF program has five key objectives.
 - Teach and train students in quantitative finance to develop greater depth, technical competency and accountability that matches the complexity of global financial markets.
 - Enhance graduates' ability to undertake sound financial practice and advice.
 - Develop students' ability to solve structured and unstructured business problems through blended learning with experiential learning platform that connects with industry to facilitate much needed interaction with industry thought leaders.
 - Engage and foster participation by students in the knowledge creation and dissemination process to promote dexterity in practical application of complex financial instruments.
 - Ensure that upon graduation student possess marketable skills demanded by industry including working knowledge of modern financial instruments.
- ◇ **Need for proposed program.** The proposed MSF program will permit the Finance Department to leverage TCOB resources and assets in place to more comprehensively contribute to the growth of the state's economy. For example, the department's existing relation with the financial services sector, in particular the insurance industry, a major contributor to Iowa's GDP, uniquely situates the MSF program to add value to this all important economic base industry. Finance is one of the largest undergraduate degree

programs at the University of Iowa. Upon graduation, undergraduate students are leaving to pursue this type of degree elsewhere.

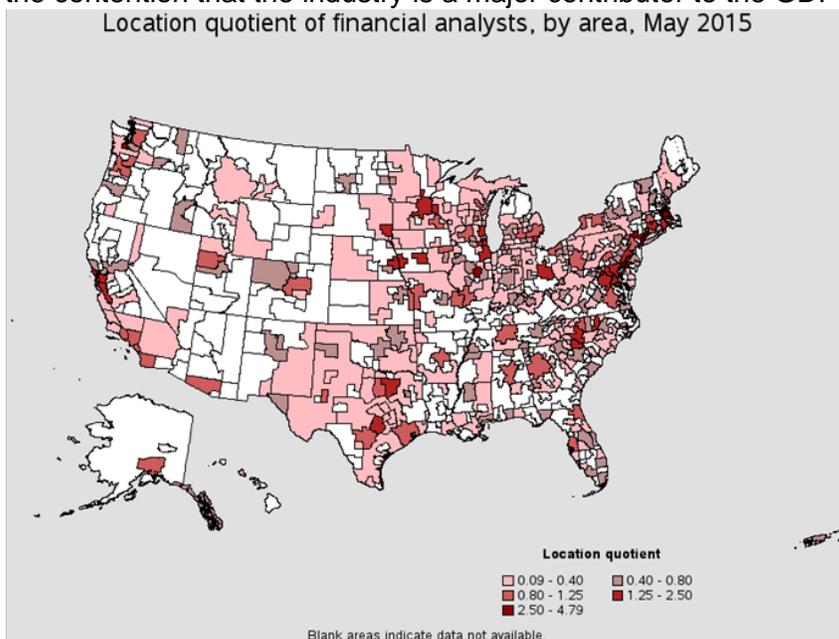
- ◇ Link to institutional strategic plan. The MSF program would enhance the University's ability to realize its educational and societal missions – to educate students for success and personal fulfillment in a diverse world – as articulated in *Renewing the Iowa Promise*. The TCOB contributes to the mission through engagement and collaboration with stakeholders to transform students and business professionals through rigorous innovative instruction. The proposed MSF program builds on this mission by creating a unique curriculum that rigorously educates students in complex financial technologies and their applications. This strategy will augment the ability of students to provide solutions to real problems of today and tomorrow and effectively compete in the global marketplace.
- ◇ Relationship to existing programs at the institution. The MSF program will be one of two business programs with a focus in finance. The existing TCOB MBA program has a concentration in finance as one of the options. The MBA program is designed to provide students with a broader overview of business across functional areas to prepare them for future middle to high-level management positions and supervisory roles. The MSF program is quite distinct from the MBA concentration in finance, although they may run some joint courses. The program is a three-semester, full-time program targeted at students with minimal or no professional work experience, seeking in-depth education only in finance, so they can truly master the complexity of the field of finance. As such, the two programs will draw from different populations. In addition to TCOB graduating seniors, the program will draw students with quantitative backgrounds from other programs across the University of Iowa, the nation and internationally.
- ◇ Relationship to existing programs at other colleges and universities. Within the state, Iowa State University currently offers a Master of Science in Finance program. However, the TCOB MSF program differentiates from the Iowa State University program by, among other things, its emphasis on quantitative finance and experiential learning platform that connects with industry to equip students with much needed financial practice.
- ◇ Unique features. The TCOB Finance department ranks among the leading finance programs in the world in terms of both teaching and research. It has faculty with great experience in theory and applied finance and has excellent reputation for training graduate students who go on to obtain challenging jobs in both academia and the financial industry. Additionally, finance is one of the largest undergraduate majors at the University of Iowa and anecdotal evidence suggests that these students are seeking additional training in finance consistent with the increasing complexity of global finance. The department's existing relation with the financial services sector uniquely situates the MSF to add value to the banking and insurance sectors of the state economy.
- ◇ Resources to establish a high-quality program. Full-time experienced finance faculty will teach all of the finance courses with demonstrated teaching effectiveness. Each assigned faculty member will develop the specialty content of his or her course. With growth of the program, faculty will be hired as needed.
- ◇ Student demand. In recent decades, there has been an explosion of complex financial instruments that has created a knowledge gap with devastating consequences on financial practice, of which the recent global financial crisis is a stark reminder. This challenge has caused the financial industry to demand more subject matter depth in the training of financial

analysts even for entry-level positions, beyond that offered by a traditional MBA program. The TCOB MSF program seeks to meet this urgent demand by educating students in quantitative finance and providing them with an experiential learning platform to learn how to use the complex financial instruments so graduates can “hit the ground running” upon graduation. The program aims to accelerate their membership in the revenue generating units of the companies that hire them.

- ◆ Workforce need/demand. The MSF program responds to the shift in demand by providing rigorous training in specialized finance that would enhance the ability of the graduates to interpret and apply complex financial technology to create value for businesses and society. Recent numbers compiled by the Iowa Economic Development Authority show that the state of Iowa has 1.5% of the nation’s finance & insurance firms that generate nearly 3% of the gross domestic product (GDP).

Long term occupational projections from Projections Central www.projectionscentral.com indicate the need for Financial Analysts in Iowa will grow 15% and the national need increasing 11.7%. The Bureau of Labor Statistics Occupational Outlook Handbook has a prediction for the number of Financial Analysts to grow at an annual rate of 12% (faster than average for all professions) for the period 2014-2024; see <https://www.bls.gov/ooh/business-and-financial/financial-analysts.htm>. The occupational description also notes that a master’s degree is often required for advanced positions. The location quotient map shows the high rates for Financial Analyst positions in the Cedar Rapids, Des Moines and Omaha-Council Bluffs areas. Indeed, the average location quotient suggests that the financial services trade sector is a net exporter, employing about 710-1850 people as of May 2015, which support the contention that the industry is a major contributor to the GDP of the state of Iowa.

Location quotient of financial analysts, by area, May 2015



- ◆ Cost. The total incremental new cost during the planning period is approximately \$167,000. This total expenditure is dominated by marketing and advertising and additional compensation for the program Faculty Director. During the first four years of operation, FY2019 to FY2022, incremental costs for faculty teaching on overload basis will be incurred, in addition to marketing and advertising expenses of \$124,000 per fiscal year. The total incremental costs for the first four years are summarized below.

	TOTAL COSTS	TOTAL NEW COSTS
Year 1	\$166,998	\$166,998
Year 2	\$450,038	\$283,040
Year 3	\$597,151	\$147,113
Year 4	\$609,113	\$11,962
Year 5	\$621,377	\$12,264

◇ Projected enrollment.

Graduate	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7
Majors	15	35	55	75	100	115	130
Non-Majors	n/a						

- ◇ Anticipated sources of students. Students who recently completed their undergraduate degrees in various quantitative areas across the university and the nation, any new and continuing students seeking specialized training in global finance.
- ◇ Articulation agreement. None are planned.
- ◇ Off-campus delivery. There are no plans to offer this program away from the SUI campus.
- ◇ Accreditation. There are no separate accrediting associations for Finance programs at present. If the MSF program is approved it would be included in the AACSB re-accreditation review cycle of 2023-24 because program inclusions and exclusions are approved well in advance (normally two years) of the onsite visit of the accreditation peer review team.
- ◇ Opportunities for internships. Yes. Experiential learning gained through internships is a key feature of the program.
- ◇ Marketing plan. During the planning period FY 2017-18, Faculty Program Director will be hired. The faculty Director works in collaboration with the DEO, faculty and other relevant units in the college for administrative and program development. The Faculty Director leads and manages the overall program including budgeting, marketing and recruitment activities.
- ◇ Evaluation plan. One of the key objectives of the TCOB MSF program is to enhance the employment opportunities of graduates in key finance positions by teaching marketable skills consistent with the innovations in global financial markets. In this context, a plan will be developed to track and report career success of graduates. The plan will also assess alumni network, continuous engagement with the program, and demand for life-long learning.

The MSF program will leverage the existing assurance of learning program of the college to establish MSF Quality Leadership Circle, in collaboration with alumni and industry, to provide regular review of the curriculum and course work of the program. The MSF program will be included in the review cycle after the 4th year of operation. The anticipated enrollment in the program after the 4th year is approximately 50 students per year.

- ◇ Date of implementation. Creation of the proposed program will become effective upon approval by the Board of Regents and will be included in the University's General Catalog. The anticipated implementation date is August 2017.

LETTERS OF SUPPORT

IOWA STATE UNIVERSITY
OF SCIENCE AND TECHNOLOGY

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Robert H. Cox Dean's Suite
2200 Gerding Business Buildi
Ames, Iowa 50011-1350
515 294-2422
FAX 515 294-6060
www.business.iastate.edu

January 15, 2017

Dr. Sarah F. Gardial
Dean, The University of Iowa Tippie College of Business
C120 Pappajohn Business Building
Iowa City, Iowa 52242-1994

Dear Dean Gardial:

Happy New Year! Thanks for reaching out to us regarding your proposed Master of Finance program. The Iowa State University College of Business is supportive of your efforts in this regard. Neither the Department of Finance nor the College's Graduate Programs Office voiced any concerns with your proposed program. We wish you well in your endeavor.

Sincerely,



David Spalding
Raisbeck Endowed Dean

*cc: Kent Anstreicher
Erik Lie*



Office of the Dean

RECEIVED

JAN 06 2017

OFFICE OF THE DEAN

January 4, 2017

Dean Sarah Fisher Gardial
Henry B. Tippie College of Business
University of Iowa
108 John Pappajohn Business Building, Suite C120
Iowa City, IA 52242-1994

RECEIVED

JAN 06 2017

OFFICE OF THE DEAN

Dear Dean Gardial,

I received your request for support of the University of Iowa Master of Finance program. The College of Business Administration at the University of Northern Iowa has NO objection to the development of this proposed program. I wish you the best with this new endeavor.

Sincerely,

Leslie K. Wilson
Dean

