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**TOPIC:** University of Maryland Eastern Shore: Bachelor of Science in Finance

**COMMITTEE:** Education Policy and Student Life

**DATE OF COMMITTEE MEETING:** June 5, 2013

**SUMMARY:** The Maryland Department of Labor, Licensing and Regulation's occupational projections between 2010 and 2020 indicate that the required number of finance professionals projected is 28,270. UMES is uniquely positioned to contribute to that number from their targeted student body. In the last six academic years, which represent the entire life of the finance concentration, 35 students have graduated with the finance concentration. It is anticipated that in five years the number of graduates will grow to 20 students per year. There are currently 26 students enrolled at all levels, with 10 seniors.

The degree in Finance will expand the educational opportunities of minority students in the State of Maryland. The University's mission to provide opportunity to students of color and first generation students results in admission of many students with significantly lower SAT scores and high school GPAs than other Association to Advance Collegiate Schools of Business (AACSB) accredited business programs in the State. The branding associated with the finance major combined with AACSB accreditation will provide positive entry credentials for the program's graduates. Graduates are expected to provide leadership in minority business development that will benefit the State in the near and long terms. The Bachelor of Science in Finance was included under the USM Strategic Plan 2020 under Theme 1: College Completion and Theme 3: Academic Transformation.

**ALTERNATIVE(S):** The Regents may not approve the program or may request additional information.

**FISCAL IMPACT:** No additional funding is necessary. The program will be supported through tuition.

**CHANCELLOR'S RECOMMENDATION:** That the Committee on Education Policy and Student Life recommend that the Board of Regents approve the proposal from the University of Maryland Eastern Shore to offer the Bachelor of Science in Finance.

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COMMITTEE RECOMMENDATION: Approval

DATE: June 5, 2013

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BOARD ACTION:

DATE:

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SUBMITTED BY: Joann Boughman

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# FINANCE MAJOR

## **A. Centrality to institutional mission statement and planning priorities:**

UMES Mission: The “University of Maryland Eastern Shore (UMES), the State’s Historically Black 1890 Land-Grant institution, emphasizes baccalaureate and graduate programs in the liberal arts ... In keeping with its land-grant mandate, the University’s purpose and uniqueness are grounded in distinctive learning, discovery, and engagement opportunities in agriculture, marine and environmental sciences, technology, engineering and aviation sciences, health professions, and hospitality management. Degrees are offered at the bachelors, masters and doctoral levels.” (<http://www.umes.edu/About/Default.aspx?id=238>)

A baccalaureate degree in Business Administration with a major in Finance is consistent with Association to Advance Collegiate Schools of Business (AACSB) accreditation, which was awarded to UMES on April 28, 2011. As a career field emphasis it enjoys specific synergies with University of Maryland Eastern Shore academic and physical assets. UMES’ mandate as a land grant university is to provide economic development and workforce development support for Maryland’s businesses and citizenry. To that end, it is a natural progression that UMES should provide support for Maryland’s economic role in the tri-state Delmarva region. Moreover, the University’s mission as a Historically Black University is to provide opportunities for students of color and for first generation college students. A major in finance that is formally accredited by the AACSB stands to serve as a regional role model for producing high-quality leaders of color for professional services and industries. This program has been part of the strategic planning of the University for more than five years.

## **B. Adequacy of curriculum design and delivery to related learning outcomes:**

### **1. Courses and General Requirements for Degree**

All students majoring in finance will take 41 credit hours in the General Education Core, 9 credit hours in the Liberal Arts area, 40 credits in the Business Core and 30 credits in the Finance Major at the 300 and 400 levels. These requirements are consistent with degree requirements in other majors in the Department of Business, Management and Accounting. A total of 120 earned credit hours are required for the Bachelor of Science degree in Finance.

### ***Total Number of Credits and Their Distribution***

	<u>Category</u>	<u>Distribution</u>
I.	General Education	41.0
II.	Supporting Liberal Arts Requirements	9.0
III.	Foundation Knowledge for Business	40.0
IV.	Finance Major Requirements	<u>30.0</u>
	<b>Total Credit Hours</b>	<b>120.0</b>

### **III. Foundation Knowledge**

#### **For Business**

#### **40 Credit Hours**

ACCT 201	Introductory Financial Accounting	3 hrs.	MKTG 308	Principles of Marketing	3 hrs.
ACCT 202	Introductory Corporate & Managerial Accounting	3 hrs.			
BUAD 213	Business Software Applications	3 hrs.			
BUAD 252	Calculus with Business & Management Applications	3 hrs.			
BUAD 300	Business Ethics	3 hrs.			
BUAD 353	Business Statistics I	3 hrs.			
BUAD 354	Business Statistics II	3 hrs.			
BUAD 302	Management & Organizational Behavior	3 hrs.			
BUAD 412	Business Law I	3 hrs.			
BUAD 495	Strategic Management	3 hrs.			
BUED 101	Sophomore Professional Development	.5 hrs.			
BUED 102	Junior Professional Development	.5 hrs.			
BUED 333	Business Communications	3 hrs.			
FINA 340	Financial Management	3 hrs.			

#### **IV. Finance Major Requirements**

#### **30 Credit Hours**

BUAD 410 Production Management	3.0
BUAD 411 Operations Research & Decision Theory	3.0
BUAD 420 International Business	3.0
FINA 341 Investment and Security Analysis	3.0
FINA 440 Advanced Financial Management	3.0

#### ***Any four of the following courses:***

FINA 441 Insurance and Business Risks	3.0
FINA 442 Principles of Real Estate	3.0
FINA 443 Futures and Options	3.0
FINA 444 Entrepreneurial and Small Firm Finance	3.0
FINA 445 Financial Institutions	3.0
FINA 446 Personal Finance	3.0
FINA 490 Senior Seminar in Finance	3.0
FINA 491 Research Methods in Finance/Honors	3.0
FINA 498 Independent Study in Finance	3.0

12 hrs.

#### **II. Departmental Supporting Liberal Arts Requirements** **9 Credit Hours**

ECON 201 Principles of Economics I	3.0
ECON 202 Principles of Economics II	3.0
PSYC 303 Adolescent Psychology or PSYC 305 Development Psychology or PSYC 307 Educational Psychology	3.0

#### **FINANCE COURSE DESCRIPTIONS**

**FINA340HYBRID/H Financial Management/Honors: 3 credits.** The course is designed to provide a basic understanding of principles and practices in the area of business finance as an integral part of the business enterprise. It deals with sources and allocation of funds, channels and procedures of financing in the capital market, internal and external financing and inter-firm relations, corporate finance and international capital markets, and public regulations by government and non-government agencies. Prerequisites: ACCT 202, ECON 201, and ECON 202.

**FINA341/H Investment and Security Analysis/Honors: 3 credits.** The course involves financial analysis of investment alternatives available to individual and institutional investors. Security analysis is employed in the allocation and evaluation of specific investments and in dealing with the problems of changing economic and financial conditions. Prerequisite: FINA 340.

**FINA 440HYBRID/H Advanced Financial Management/Honors: 3 credits.** The course is designed to develop analytical and decision-making abilities of students in relation to varied problems that normally confront financial management. Problem areas include financial planning and control of current operations and long-term capital commitments, income management, evaluation of income-producing property, and expansion through merger and consolidation. Prerequisite: FINA 340.

**FINA 441 Insurance and Business Risks: 3 credits.** The course deals with the study of risks and the methods of meeting them through the insurance mechanism. Basic principles and types of coverage for social business relations, and principles and types of coverage for social business risks are studied. Special emphasis is placed on business risks, coverage, and problems of risk management. Prerequisite: FINA 340

**FINA 442 HYBRID Principles of Real Estate: 3 credits.** The course is designed to study the principles, techniques and legal implications of acquiring and selling real estate. Areas covered include the factors influencing real values of residential, commercial and industrial properties, and relevant laws governing contracts, agency, brokerage, listings, agreements, deeds, titles, mortgage instruments, liens, landlord and tenant relationships, settlements, appraisal, real estate financing, real estate licensing laws, and ethics. Prerequisites: ACCT 202, ECON 201, ECON 202 or consent of instructor

**FINA 443 Futures and Options: 3 credits.** The focus of this course is the understanding of options and futures. Theoretical issues as well as practical matters will be discussed. Emphasis will be on the valuation of derivatives and applications to the management of financial risk. Techniques for managing both individual and corporate investment risk will be examined. Speculation strategies will also be discussed. Prerequisite: FINA 341

**FINA 444 Entrepreneurial and Small Firm Finance: 3 credits.** The focus of this course is the assessment of the financial needs and sources of funds for new firms based on forecasting cash flows. Topics for discussion will include the value of the endeavor to the entrepreneur, strategic issues such as the tradeoffs between alternative financing choices, and issues of financial flexibility and control. While the primary focus will be new ventures, discussion of the financing of existing small firms will be included. Prerequisite: FINA 340

**FINA 445 Financial Institutions: 3 credits.** The focus of this course is the role of institutions in the flow of funds in the economy. The banking sector, from the Federal Reserve to local retail banks, will be thoroughly examined. The development and regulatory issues of financial markets will be discussed. The course will include the theoretical underpinnings of financial markets as well as practical issues relating to money. Prerequisites: ECON 201 and 202

**FINA 446 Personal Finance: 3 credits.** The focus of this course is the management of an individual's money. Topics will include saving, investing, cash management, and credit. Discussion will focus on decision making and the acquisition of relevant information. Prerequisite: Junior Standing.

**FINA 490 Senior Seminar in Finance: 3 credits.** This course provides the opportunity for advanced study of topics in finance; offerings to be announced prior to registration. Will satisfy elective requirement in Finance Concentration program. Prerequisite: Senior standing.

**FINA 491/H Research Methods in Finance/Honors: 3 credits.** The focus of this course is the planning and execution of a research project, including the collection, analysis and interpretation of data on a topic in Finance. A completed research report is required. Prerequisite: Senior standing.

**FINA 498 Independent Study in Finance: 3 credits.** The hours for this course are by arrangement with designated or individual faculty. Under the guidance of the faculty member, students conduct an intensive investigation of a topic within the field of finance. A written proposal is required for approval. Projects typically include library research, interviews with operating and/or staff managers, and other requirements appropriate to the topic. One of the products of this project is a report. Prerequisites: BUAD 302 and consent of instructor.

## 2. Educational Objectives and Intended Student Learning Outcomes:

Graduates with a major in finance will be able to:

- Demonstrate in depth knowledge of the fundamental principles, concepts, terminologies and methodologies of financial management, investments, securities, markets and associated disciplines.
- Synthesize creative ideas as well as managerial, strategic and statistical reasoning skills in solving finance problems.
- Systematically analyze quantitative and qualitative information for financial decision-making.
- Demonstrate an understanding of the code of conduct for finance professionals.
- Begin and sustain a lifelong career in finance and its related disciplines.

Assessment Methods based on established departmental standards will include the following:

- Assessing written and oral student presentations, written assignments and research projects.
- Tracking relative performance in national and regional finance simulations.
- Tracking analytical performance in the capstone courses of Strategic Management and Advanced Financial Management.
- Evaluating student performance in exams, quizzes and assignments in required major courses.
- Assessing comprehensive final exam in Advanced Financial Management.
- Tracking performance in regional and national competitions.
- Tracking practical outcomes such portfolio returns in the student Investments Club.

## 3. Meeting General Education Requirements

### I. General Education Requirements 41 Credit Hours

#### *Curriculum Area I* 15 Credits Hours Required

##### *(Arts and Humanities)*

One course in Arts, Music or Literature	3 hrs.
One course in History	3 hrs.
Two Foreign Language or Approved International Liberal Arts courses	6 hrs.
ENGL 203 Fundamentals of Contemporary Speech	3 hrs.

#### *Curriculum Area II* 6 Credit Hours Required

##### *(Social and Behavioral Sciences)*

PSYC 200 Introduction to Psychology	3 hrs.
SOCI 101 Introduction to Sociology	3 hrs.

#### *Curriculum Area III*

Two courses in Science	6 hrs.
One course in Science Lab	1 hr.

#### *Curriculum Area IV (Mathematics)* 3 Credits Hours Required

MATH 109 College Algebra	3 hrs.
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#### *Curriculum Area V (English Comp.)* 9 Credits Hours Required

ENGL 101 Basic Composition I	3 hrs.
ENGL 102 Basic Composition II	3 hrs.
ENGL 305/W Technical Writing	3 hrs.

#### *Curriculum Area VI (Emerging Issues)* 1 Credit Hour Required

BUED 100 First Year Experience/Business	1 hr.
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### C. Critical or compelling regional need as identified in State Plan:

The degree in Finance will expand the educational opportunities of minority students in the State of Maryland. Our mission to provide opportunity to students of color and first generation students results in admission of many students with significantly lower SAT scores and high school GPAs than other AACSB accredited business programs in the State. The branding associated with the finance major combined with AACSB accreditation will provide positive entry credentials for our graduates. Our graduates are expected to provide leadership in minority business development that will benefit the State in the near and long terms. The Bachelor of Science in Finance was included under the USM Strategic Plan 2020 under Theme I: College Completion, and Theme 3: Academic Transformation.

### D. Evidence of market demand:

The Maryland DLLR produces occupational projections between 2010 and 2020. The required number of finance professionals projected is 28,270. We believe that UMES is uniquely positioned to contribute to that number from our targeted student body. In the last six academic years, which represent the entire life of the finance concentration,

we have graduated 35 students in the finance concentration. We believe that our numbers will grow to 20 graduates in the major in five years. We currently have 26 students enrolled at all levels, with 10 seniors.

**E. Reasonableness of program duplication:**

UMES is located 11 miles from Salisbury University (SU), another school in the USM. UMES serves a very different population than does SU, regardless of the geographic location of the two schools. SU does not specify exact SAT scores in their admission information, but indicates that successful applicants generally have above average high school grade point averages and above average SAT scores. CollegeNet.com reports that the most recent data from SU showed average SAT (math and verbal) scores to be 1129, with an average high school GPA of 3.6. For UMES, the equivalent SAT average was 818 with a high school GPA of 2.78. It is extremely unlikely that UMES is attracting students who would otherwise enroll at SU for any business major.

**F. Relevance to Historically Black Institutions:**

More than 85% of the students in the DBMA are students of color, and 96% of students with a concentration in Finance identify themselves as people of color. The mission of UMES and the DBMA to provide opportunities for minorities and first generation college students allows many individuals who might not otherwise have a chance to earn a degree in Finance at an AACSB accredited university to do so.

**G. Distance learning:** not applicable.

**H. Adequacy of faculty resources:**

There are five full-time faculty qualified to teach finance courses.

**Dr. Rexford Abaidoo** received his Ph.D. in Economics from Jackson State University and is an Assistant Professor in the Department of Business, Management and Accounting. He has authored several journal articles and given conference presentations. His teaching responsibilities include Financial Management.

**Dr. Mohammad Ali** is an Assistant Professor who received his M.S. and Ph.D. in Food and Resource Economics from the University of Florida, Gainesville, Florida, U.S.A. He has his B.A. and M.A. in Economics and MBA with a concentration in Quantitative Business Analysis (QBA) from the University of Dhaka, Dhaka, Bangladesh. His research interest relates to business and/or economics of production, marketing and trade, global environment and competition etc. His teaching responsibilities include Financial Institutions and Markets.

**Dr. Kate M. Brown** is Chair of the Department of Business, Management and Accounting and an Associate Professor. She received her Ph.D. in finance and an MBA with a concentration in Accounting from University of Connecticut. She has authored and co-authored several scholarly journal articles in national and international journals. She has taught Principles of Real Estate, Advanced Financial Management, Financial Management, Mergers and Acquisitions, and Entrepreneurial Finance.

**Dr. Diane Li** received her Ph.D. in Finance at Old Dominion University. Dr. Li is an Associate Professor in the Department of Business, Management and Accounting, UMES. Dr. Li is active in research and has attended several learned conferences where she presented scholarly papers. Dr. Li teaches Financial Management, Investments and Securities, Insurance and Business Risks, Personal Finance and Financial Statement Analysis.

**Dr. Isaac Marcelin** received his Ph.D. in Finance from Southern Illinois University, and is an Assistant Professor in the Department of Business, Management and Accounting. He has a research program involving international banking and finance and has presented papers on earnings management at international conferences. Dr. Marcelin teaches Investments, Options and Futures, Project Finance, Advanced Corporate Finance, and Real Estate.

**I. Library resources:**

The University assures that institutional library resources meet the new program needs.

**J. Physical facilities, infrastructure and instructional equipment:**

The University assures that institutional facilities and equipment meet the new program needs.

**K. Adequacy of financial resources:**

Current departmental resources are adequate for the proposal for the Finance major. Faculty resources are sufficient for the students currently enrolled in the Finance concentration, which forms the foundation for the major. The University has committed to providing all necessary funding for all of the programs in the DBMA to maintain AACSB accreditation, which would include the new degree.

**L. Resources and Expenditures:** See Tables 1 and 2.

**M. Program Evaluation:**

Based on established department standards, we have established an ongoing program for:

- Assessing samples of student performance in computer labs, on computer based problems and projects.
- Assessing samples of the use of technology in student presentations.
- Assessing samples of group and individual case analyses.
- Assessing performance in business simulations.
- Assessing student web page designs.
- Assessing samples of student performance in mock interviews.
- Assessing samples of student internet research projects.
- Assessing use of BlackBoard based course materials.
- Assessing written and oral student presentations, written assignments and research projects.
- Tracking analytical performance in the capstone courses of Strategic Management and Advance Financial Management.
- Evaluating student performance in exams, quizzes and assignments in required major courses.
- Assessing comprehensive final exams in Advanced Financial Management.

**N. Minority Student Achievement Goals:**

More than 85% of the students in the DBMA are students of color, and 96% of students with a concentration in Finance identify themselves as people of color. It should also be noted that the faculty contributing to the Finance program comprise one white American, one African, one Chinese, one Haitian, and one Bangladeshi. The faculty of the DBMA as a whole are exceptionally diverse in terms of ethnicity.

**O. Low Productivity programs:** not applicable

TABLE 1: RESOURCES

Resources Categories	(Year 1)	(Year 2)	(Year 3)	(Year 4)	(Year 5)
1.Reallocated Funds <sup>1</sup>	0	0	0	0	0
2. Tuition/Fee Revenue <sup>2</sup> (c+g below)	165,160	206,450	247,740	289,030	289,030
a. #F.T Students	20	25	30	35	35
b. Annual Tuition/Fee Rate	8,258	8,258	8,258	8,258	8,258
c. Annual Full Time Revenue (a x b)	165,160	206,450	247,740	289,030	289,030
d. # Part Time Students	0	0	0	0	0
e. Credit Hour Rate					
f. Annual Credit Hours					
g. Total Part Time Revenue (d x e x f)	NA	NA	NA	NA	NA
3. Grants, Contracts, & Other External Sources <sup>3</sup>	0	0	0	0	0
4. Other Sources	0	0	0	0	0
TOTAL (Add 1 - 4)	165,160	206,450	247,740	289,030	289,030



TABLE 2: EXPENDITURES					
Expenditure Categories	(Year 1)	(Year 2)	(Year 3)	(Year 4)	(Year 5)
1. Total Faculty Expenses (b + c below)	241,200	241,200	241,200	241,200	241,200
a. # FTE	2	2	2	2	2
b. Total Salary	180,000	180,000	180,000	180,000	180,000
c. Total Benefits	61,200	61,200	61,200	61,200	61,200
2. Total Administrative Staff Expenses (b + c below)	17,353	17,353	17,353	17,353	17,353
a. # FTE	.35	.35	.35	.35	.35
b. Total Salary	12,950	12,950	12,950	12,950	12,950
c. Total Benefits	4,403	4,403	4,403	4,403	4,403
3. Total Support Staff Expenses (b + c below)	0	0	0	0	0
a. # FTE					
b. Total Salary					
c. Total Benefits					
4. Equipment	5,000	5,000	5,000	5,000	5,000
5. Library	2,000	2,000	2,000	2,000	2,000
6. New or Renovated Space	NA	NA	NA	NA	NA
7. Other Expenses	0	0	0	0	0
TOTAL (Add 1 - 7)	265,553	265,553	265,553	265,553	265,553

**NOTE: Faculty expenses are for existing faculty, therefore, these expenditures are already encumbered. No additional faculty will be hired for this program.**