ACAP
Agenda Item 4a
10/20/10

COLLEGE of CHARLESTON
FOUNDED 1770

P. George Benson, President

June 10, 2010

Dr. T. Michael Raley, Associate Director
Academic Affairs and Licensing Division
South Carolina Commission on Higher Education
1333 Main Street, Suite 200
Columbia, SC 29201

Dear Dr. Raley,

Please find enclosed for your review a program planning summary for the Bachelor of Science degree in Finance being housed within the School of Business. The recent financial crisis highlights the need for employers and state agencies to have qualified candidates from South Carolina universities who are able to understand financial management concepts and techniques. At the moment, students within the lowcountry and at the College are underserved with respect to a Finance major. The Finance major would further support the missions of both the College of Charleston and the School of Business.

Please let me know if you have any questions.

Sincerely,

P. George Benson

/PGB

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COLLEGE of CHARLESTON

Program Planning Summary
Finance Major, B.S.
School of Business

P. George Benson, President

June 10, 2010

Date

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Designation of New Program: Bachelor of Science in Finance
Years in Program: Four year program
CIP Code: 52.0304
STEM Program Designation: Students will not qualify for supplemental Palmetto Fellows Scholarship and LIFE Scholarships.

Academic Unit: Department of Economics and Finance
Proposed date of implementation: Fall 2011
Number of Credit Hours in Program: 45

Justification for Need:
The recent financial crisis highlights the need for employers and state agencies to have qualified candidates from South Carolina universities who are able to understand financial management concepts and techniques. For instance, UBS, Automated Trading Desk, Wells Fargo, and Gildan have approached the School of Business and have expressed their concern regarding the absence of a finance major at the College of Charleston. Many of the students with majors in the School of Business have a finance minor or concentration to put the College of Charleston on par with AACSB peer, competitor, and aspirant schools. At the moment, students within the lowcountry and at the College of Charleston are underserved with respect to a finance major.

The current minor requires students to take 5 finance courses. Two are required (Introduction to Finance and Advanced Valuation Capstone). The remaining 3 elective courses are chosen at the student's discretion and could include real estate or economics courses. Consequently, the curriculum is incomplete if the student wants a rigorous curriculum in finance and it provides no assurance of expertise. In contrast, the proposed finance major has 8 classes in the major (5 required and 3 electives). Similar to the other AACSB schools, the required finance classes include Introduction to Finance, Financial Institutions and Markets, Financial Modeling and Information Systems, Investment Analysis, and Advanced Valuation Capstone. Hence, the finance major curriculum is comprehensive and insures that our students are familiar with key areas. The 3 additional finance electives give our students the flexibility to specialize in a focus area of their choice such as mathematics, accounting, economics, real estate, corporate finance, commercial banking, or investments. The proposal highlights the interdisciplinary aspects of the finance major by encouraging students to pursue mathematics electives.

The finance major would also further support the missions of both the College of Charleston and the School of Business. The Department of Economics and Finance will seek AACSB accreditation as the major is approved.

Anticipated Program Demand and Productivity:
Demand for a finance-related degree has grown significantly. As of spring 2010, the number of students with finance minors and concentrations is similar to the number of individuals within the accounting and economics majors. We anticipate that some of the students who currently minor in finance will change to the finance major. However, we also expect a net increase in enrollment from the addition of the finance major because the Department of Economics and Finance will position itself more attractively against its competing and peer institutions.

We are beginning to offer large section classes (110 students) of Introduction to Finance in order to allow our existing faculty to teach other classes. As such, the resources within the Department of Economics and Finance should not be impacted substantially.

Assessment of Extent to Which the Proposed Program Duplicates Existing Programs in the State:
The College of Charleston is the largest AACSB accredited institution in South Carolina *not* to offer a finance major. The University of South Carolina, Clemson University, and Winthrop University each

have a finance major. As such, College of Charleston students are at a disadvantage with respect to pursuing careers or graduate degrees in the finance field. More significantly, no institution in South Carolina's lowcountry offers a finance major, suggesting that the region is underserved in this respect. By adding the finance major, the College of Charleston has an opportunity to complement other institutions' offerings and better serve the local, regional, and greater South Carolina communities.

The Department of Economics and Finance proposes to add a finance major as an alternative to the existing finance concentration or minor. We intend to retain the concentration and minor to complement existing programs both within and outside of the School of Business. The major will help us achieve our goals of brand recognition among finance-related firms, enhance recruitment efforts for freshmen and transfer students, and comparability to our peer institutions. Although we cannot measure the number of students who did not attend the College of Charleston due to the absence of a finance major, our enrollment in the finance concentration and minor is equivalent to the number of economics and accounting majors. Many of our undergraduates are interested in pursuing graduate study in finance related areas and this new major will better prepare them.

Relationship of the Proposed Program to Existing Programs at the Proposed Institution:
The finance major will complement programs within the School of Business and other majors outside the School of Business that have finance cognates including the major in actuarial mathematics (FINC 303 and FINC 385), and discovery informatics (FINC 303, FINC 315 and FINC 385). The students in the finance major will be encouraged to have a language minor in order to prepare themselves for graduate programs in international business.

The finance major is not expected to have an impact on programs within the School of Business because the concentration and minor will be retained. We will enable the finance major students to take six hours of elective classes within the mathematics department. As such, the enrollment in the mathematics courses may increase marginally. The common bond among the School of Business majors is the inclusion of Introduction to Financial Management as a required business core in every major, International Finance in the international business major, and Intermediate Finance in the accounting major. In addition, the graduate accounting program has a finance course.

There are no competing finance programs at the College of Charleston. If the degree is approved, the Department of Economics and Finance will work closely with the Freshman Studies program to create an introductory survey course for freshmen and work closely with the Admissions Office to recruit high school and transfer students.

The 36 core courses and 9 elective courses for the finance major are fewer in terms of credit hours than the 48 credit hours required by the Business Administration Major requirements. The students will retain 21 hours of general electives, giving them flexibility to explore a number of liberal arts areas and still graduate within four years and 122 credits.

Relationship of the Proposed Program to Other Institutions via Inter-Institutional Cooperation:
The College of Charleston and the Department of Economics and Finance would like to collaborate with other institutions and programs such as South Carolina State University, The Citadel, and Charleston Southern University who have not engaged in similar initiatives. Collaboration with these institutions could enable their students to use finance courses from the College of Charleston for their general elective or business elective requirement. We also want to encourage finance majors to consider taking a language minor in order to be prepared for prestigious graduate programs such as the University of South Carolina's International Business MBA. The finance major will give them a strong foundation for this type of program.

Total New Costs Associated with Implementing the Proposed Program:
There are currently 6 tenure track faculty members that teach finance courses along with 3 adjunct instructors who teach each semester. We are interviewing candidates to fill an assistant professor position recently vacated. That tenure track position is for the 2011-2012 academic year.

Initially, the Department of Economics and Finance is amply staffed to offer a full curriculum of finance courses with no net new faculty or staff. If the program grows as we suspect it will, we will be requesting another tenure track position for the academic year 2013-2014. Over the past five years, the finance courses have had student enrollments of 35 and higher in each class. In addition, Introduction to Finance has had significant enrollment (approximately 20) during the Maymester, Summer I, Summer II, and second May evening terms. The additional faculty member will be needed to help accommodate the growth in student enrollment in the School of Business (minors and concentrations) and the new courses that are developed specifically for the finance major. If the major grows as anticipated, there will be additional enrollment from students who would not have attended the College of Charleston without the finance major should provide additional revenue.

There are no new administrative costs anticipated with the addition of the finance major. Moreover, in a preliminary assessment of the budgetary impact of the new finance major on placement activities, library resources, faculty and staff, and facilities, we find little to no impact. With regard to placement activities, students seeking finance positions are already utilizing Career Services. Enabling them to obtain a finance major would make them more competitive and easier to place in such positions, and would require no additional resources. The current library holdings supporting the School of Business already offer an impressive array of resources for which we have identified no critical omissions. No additional physical plant, equipment, or other facilities are required to accommodate the new major.