PROGRAM MODIFICATION PROPOSAL

Name of Institution
University of South Carolina Columbia

Name of Program (include concentrations, options, and tracks)

Masters in Economics (MAEcon), new concentration in Financial Economics

Program Designation

- ☐ Associate's Degree
- x Master's Degree
- ☐ Bachelor's Degree: 4 Year
- ☐ Specialist
- ☐ Bachelor's Degree: 5 Year
- ☐ Doctoral Degree: Research/Scholarship (e.g., Ph.D. and DMA)
- ☐ Doctoral Degree: Professional Practice (e.g., Ed.D., D.N.P., J.D., Pharm.D., and M.D.)

Does the program qualify for supplemental Palmetto Fellows and LIFE Scholarship awards?

- ☐ Yes
- ☒ No

Proposed Date of Implementation Fall 2015 CIP Code 450601

Delivery Site(s) Columbia Campus

Delivery Mode

- X Traditional/face-to-face*
  *select if less than 50% online
- ☐ Distance Education
  - ☐ 100% online
  - ☐ Blended (more than 50% online)
  - ☐ Other distance education

Program Contact Information (name, title, telephone number, and email address)

John McDermott
Chair, Economics Department
Moore School of Business
803. 777. 4939
dynamo@moore.sc.edu

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Institutional Approvals and Dates of Approval

Background Information

Provide a detailed description of the proposed modification, including its nature and purpose and centrality to institutional mission. (1500 characters)

The modification is the addition of a track in Financial Economics to the existing Masters in Economics program. In addition to taking a common core, those opting for this track would take their remaining courses in Finance.

The purpose is to provide an option to specialize in financial economics, which is not currently available at USC. This is central of the mission of the Moore School and the University of South Carolina because at present we do not have Masters level instruction covering Finance and Financial Economics In other words, this will fill a gap in our curriculum. We have such instruction at the undergraduate, MBA, and PhD levels, but not in an academic Masters program.

List the objectives of the modified program. (1500 characters)

The objectives are to produce Masters-qualified students who have a solid foundation in economic theory and econometrics with particular expertise in the field of financial economics. Students will understand the importance of finance and the role of financial institutions in the economic system. They will become proficient in using financial valuation models, financial risk management tools (e.g., options, swaps), and portfolio analysis. We expect these students to find jobs in the financial industry, or government, or go to a Ph.D. program in Finance or Economics.

The students will have a solid foundation in Economics and a specialization in Finance. There is a large demand for jobs that take advantage of these skills and salaries are quite high.

Assessment of Need

Provide an assessment of the need for the program modification for the institution, the state, the region, and beyond, if applicable. (1500 characters)

We believe there is a great need for this program. Over the years we have received many requests for a program like this. We have had to turn away students who were exceptionally well qualified because we could not offer a concentration in Financial Economics. Financial institutions (banks, investment banks, investment companies, insurance companies) are constantly in the market for graduates with expertise in financial economics. Our proximity to Charlotte, a banking center, makes a program like this especially attractive. Currently, all of the major banks in Charlotte (Bank of America, Wells Fargo, BB&T, 5th Third, Suntrust) recruit at the Moore School.

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If done successfully, we believe there is a sizeable demand not only in South Carolina, but in the region as well. We have already had inquiries about doing the program in Charlotte, perhaps focused to bank employees in a weekend or evening environment. This has the potential to raise significant revenues for the university.

Will the proposed modification impact any existing programs and services at the institution?

X Yes

No

If yes, explain. (1000 characters)

The only impact will be favorable. We hope to see a sizeable increase in enrollment in the current MAEcon program without impacting enrollment in other programs. Currently, students who are interested in a masters degree with a concentration in finance go to schools in other states. In the region, Georgia State, Florida State, and University of Florida offer programs. Nationally, there are over 75 programs (see list below)

Right now, the MAEcon program is too small. We could easily add 15 to 20 students per year without using any additional resources. The reason is that these students will take existing courses in Economics and Finance.

The Economics courses are being taught already for the MAEcon program. The Finance courses are being taught for MBA students. This new concentration would add revenue to the university without changing costs.

The following is a set of links to specialty masters programs in finance. To be included on this list, a program must (1) be a U. S. university, (2) offer a masters designated as master of science, master of arts, master of finance, master of science in finance, but not master of business administration, (3) not be in financial engineering, quantitative finance, financial mathematics, mathematical finance, computational finance, etc.; this list may not be inclusive of all possible variations of finance that are excluded (see www.global-derivatives.com for a list of those programs; their list also includes most of these as well), and (4) be a traditional in-class program, i.e., no online programs. (Source: http://www.bus.lsu.edu/academics/finance/faculty/dchance/miscprof/msprograms.htm.)

American University
Auburn University
Baruch College
Bentley College
Boston College
Brandeis University
Case Western Reserve University
Claremont McKenna
Clark University
Creighton University
DePaul University
Drexel University
Florida International
Florida State University
George Washington University
Georgia State University
Golden Gate University
Hofstra University

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Illinois Institute of Technology
Indiana University
Lewis University
Louisiana State University
Loyola University in Maryland
Loyola University of Chicago
Massachusetts Institute of Technology
Michigan State University
New Jersey City University
New School
Northeastern University
Ohio State University
Pacific Lutheran University
Penn State Great Valley
Pepperdine University
Portland State University
Princeton University
Purdue University
Rochester Institute of Technology
Rutgers University
St. Joseph's University
Southern Methodist University
Southern New Hampshire University
Suffolk University
Syracuse University
Texas A&M University
Tulane University
University of Alabama
University of Arizona
University of Baltimore
University of Buffalo
University of California at San Diego
University of Cincinnati
University of Colorado at Denver
University of Denver
University of Florida
University of Houston
University of Illinois at Chicago
University of Illinois at Urbana-Champaign
University of Maryland
University of Massachusetts at Boston
University of Miami
University of Michigan-Dearborn
University of North Texas
University of Rochester
University of Santa Clara
University of South Florida
University of Southern California
University of Tampa
University of Texas at Austin
University of Texas at Dallas
University of Texas at San Antonio
University of Tulsa
University of Utah
Vanderbilt University
Villanova University
Virginia Commonwealth University
Washington University in St. Louis
Webster University
West Virginia University

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List of Similar Programs in South Carolina

Program Name	Institution	Similarities	Differences
To our knowledge, no programs currently exist in the State of South Carolina. Clemson has a MA program in economics, but does not offer a concentration in financial economics		Students take microeconomics, macroeconomics, and econometrics in our proposed program and in Clemson's masters program in economics	Clemson program does not offer extensive course work in financial economics.

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Description of the Program

Projected New Enrollment						
Year	Fall		Spring		Summer	
	Headcount	Credit Hours	Headcount	Credit Hours	Headcount	Credit Hours
2015	5	60	5 (cont.)		5 (cont.)	
2016	10	120	10 (cont.)		10 (cont.)	
2017	15	180	15 (cont.)		15 (cont.)	
2018	15	180	15 (cont.)		15 (cont.)	
2019	15	180	15 (cont.)		15 (cont.)	

Curriculum

The following courses are required for the Concentration in Financial Economics:

STAT 700 Applied Statistics I
ECON 711 Applied Microeconomics
ECON 712 Applied Macroeconomics
ECON 594 Introduction to Econometrics

FINA 760 Financial Policies or DMSB 715
FINA 762 Investment Management
FINA 737 Derivative Securities

Three courses can be selected from any of the courses (subject to the advisor's approval) listed below.

FINA 746 Risk Management
FINA 756 Financial Statement Analysis
FINA 761 Advanced Financial Management
FINA 765 Management of Financial Institutions
FINA 767 Real Estate Finance
FINA 770 Fixed Income Securities
FINA 773 Project Finance
FINA 867 Ph.D. Course in Banking

Curriculum Changes

Note: Complete this table only if there are changes to the curriculum.

Courses Eliminated from Program	Courses Added to Program
None	None: the new track will take advantage of excess
	capacity in existing programs.

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Faculty

Provide a brief explanation of any additional institutional changes in faculty and/or administrative assignment that may result from implementing the proposed program modification. (1000 characters)

As noted above, we do not expect to require any new faculty to implement this change in the MAEcon program.

We are adding a track in Financial Economics that will take advantage of existing excess capacity in elective courses in the MBA program. The existing core classes in the MAEcon program have excess capacity as well.

We think 15 new students in the steady state is reasonable. If we get more, and have to add faculty, it will only be because of success in raising our bottom line.

Resources

Identify any new library/learning resources, new instructional equipment, and new facilities or modifications to existing facilities needed to support the modified program. (2000 characters)

We do not anticipate any such resource needs. We already have subscriptions to most, if not all, of the journals that are needed. Some modest additions may occur over time if we find that students or faculty need publications that are not currently available. The journals that we already subscribe to that might be used include Journal of Finance, Journal of Financial Economics, Review of Financial Studies, Journal of Quantitative and Financial Analysis, Financial Management, Financial Analysts Journal, and Journal of Portfolio Management.

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Financial Support

Estimated New Costs by Year						
Category	**1st**	**2nd**	**3rd**	**4th**	**5th**	**Total**
Program Administration						
Faculty and Staff Salaries	$20,000	$20,000	$20,000	$20,000	$20,000	$100,000
Graduate Assistants						
Equipment						
Facilities						
Supplies and Materials						
Library Resources						
Other*	$5,000	$5,000	$5,000	$5,000	$5,000	$25,000
Total	$25,000	$25,000	$25,000	$25,000	$25,000	$125,000
Sources of Financing						
Category	**1st**	**2nd**	**3rd**	**4th**	**5th**	**Total**
Tuition Funding	3 students - $48,000	7 students - $112,000	10 students - $160,000	15 students - $240,000	15 students - $240,000	$800,000
Program-Specific Fees						
State Funding (i.e., Special State Appropriation)*						
Reallocation of Existing Funds*						
Federal Funding*						
Other Funding*						
Total	$48,000	$112,000	$160,000	$240,000	$240,000	$800,000
Net Total (i.e., Estimated New Costs Minus Sources of Financing)	$23,000	$87,000	$135,000	$215,000	$215,000	$675,000

*Provide an explanation for these costs and sources of financing in the budget justification.

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Budget Justification

Provide a brief explanation for the other new costs and any special sources of financing (state funding, reallocation of existing funds, federal funding, or other funding) identified in the Financial Support table. (1000 characters)

Note: Institutions need to complete this budget justification *only* if any other new costs, state funding, reallocation of existing funds, federal funding, or other funding are included in the Financial Support table.

Costs: A faculty member will need to be assigned to recruit, advice, and help place the students in the program. In addition, some marketing brochures and travel expenses will be incurred in recruiting and placing students.

Revenue: We assume that all of the students will pay in-state tuition of $16,000. The number of students in the first five years is assumed to be 3, 7, 10, 15, and 15.

Evaluation and Assessment

Will any the proposed modification impact the way the program is evaluated and assessed?

Yes

X No

If yes, explain. (1000 characters)

We do not expect the assessment policy or procedure to change. Currently, because there are no common courses in the second year of the MAEcon program, we assess only on the first-year core courses. With the newconcentration, this will still be true: we plan on assessing only on the first-year core, since all students in the program will take that set of courses.

Will the proposed modification affect or result in program-specific accreditation?

☐ Yes

X No

If yes, explain; if the modification will result in the program seeking program-specific accreditation, provide the institution's plans to seek accreditation, including the expected timeline for accreditation. (500 characters)

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Will the proposed modification affect or lead to licensure or certification?

☐ Yes

X No

If yes, explain how the program will prepare students for licensure or certification. (500 characters)

Teacher or School Professional Preparation Programs

Is the proposed modified program a teacher or school professional preparation program?

☐ Yes

X No

If yes, complete the following components.

Area of Certification

Attach a document addressing the South Carolina Department of Education Requirements and SPA or Other National Specialized and/or Professional Association Standards.

_____
Harris Pastides

_____
Date