October 25, 2011

TO: RAMI ZWICK
   SCHOOL OF BUSINESS ADMINISTRATION

FM: KENNETH BARISH, CHAIR
   GRADUATE COUNCIL

Re: PROPOSAL FOR A MASTER OF ARTS IN FINANCE

At its meeting of October 20, 2011, the Graduate Council approved the proposal to establish a Master of Arts in Finance degree program.

From here, the proposal will have to be approved at the next meeting of the Divisional Senate scheduled for November 29, 2011 before onward submission to system-wide CCGA.

Cc: Interim Dean Yunzeng Wang
Proposal for a Master of Arts in Finance

ACADEMIC SENATE APPROVALS:

**Approvals Dates**
- Approved by Committee on Library: May 24, 2011
- Approved by Planning and Budget: May 17, 2011
- Approved by Graduate Council: October 20, 2011
- Divisional Approval
PROPOSAL FOR A MASTER OF ARTS IN FINANCE

Department of Finance and Management Science

A. Gary Anderson Graduate School of Management

School of Business Administration

University of California Riverside

April 2011

Status:

Approved by School of Business Administration Executive Committee: January 25, 2011

Approved by School of Business Administration Faculty: February 4, 2011

Submitted to Graduate Division February 28, 2011

Revised per comments from Graduate Division April 12, 2011
GRADUATE DEGREE PROGRAM PROPOSAL

Lead Proposers:

- The faculty of the School of Business Administration and the A. Gary Anderson Graduate School of Management
- The faculty of the Department of Finance and Management Science
  - Peter Chung
  - Bajis Dodin
  - Mohsen El Hafsi
  - Sarkis Khoury
  - Yunzeng Wang
  - Long Gao
  - Thomas Kim
  - Yun Liu
  - David Mayers (emeritus)
  - Richard Smith, Chair

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1 The School of Business Administration is in the process of reorganizing as a single department. While the new structure will significantly affect personnel processes within the School, discipline-based functional areas will be retained and will continue to play important roles in curriculum-related matters. Thus, the restructuring will not affect implementation or administration of the MA in Finance degree program.
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PROPOSAL FOR A MASTER OF ARTS IN FINANCE

EXECUTIVE SUMMARY

The proposed Master of Arts degree in Finance at the A. Gary School of Management will bring greater visibility to UCR and the School, contribute positively to the reputation of the School nationally and internationally, serve the growing needs of the region for well educated finance professionals, and provide significant positive free cash flows to the School and UCR from inception. The program is consistent with the UCR and SoBA strategic plans and will give us an important edge over our competition as we move to take advantage of the fact that our geographical area is underserved in this sphere, and will elevate our national and international visibility as we move to do our part to meet the vast untapped demand for trained finance professionals. While the program is structured as state-sponsored, it is designed to leverage the existing capacity of the School and will be cash-flow-positive from the first term it is offered.

This proposal describes the rationale for the degree program, outlines how the program advances our strategic plan, and provides background on the market for the degree. It proposal includes information comparing the proposed program to those offered by other schools nationally and internationally, and includes details of the curriculum of the one-year degree program. The program requires no material front-end investment because all the courses in the curriculum are already offered by routinely by SoBA.

Rationales for the Program

• The program will enable finance executives to gain the specialized finance expertise required for professional advancement.

• The regional market for finance professionals is underserved by institutions of higher education. The program will enable UCR to address the regional market need for professional education in finance.

• The MA in Finance will be an immediate source of net revenue for the School and UCR.

• The programs will enable us to maintain and build critical mass of faculty in finance and related fields.

• The program is expected to become a source of well-qualified Ph.D. students and to advance the research mission of the School.

• The program will position the school to achieve AACSB accreditation in finance, which accreditation will benefit all programs of the school.

• The program is congruent with the UCR and SoBA strategic plans

• Graduates of the program can be of immediate value in helping the School to place its graduates in attractive professional employment and finance alums can quickly become important prospects for campus development efforts.

• The particular strengths of UCR will enable the program to help bring greater socioeconomic diversity to the profession
Strategic Fit
The MA in Finance can help to advance the strategic plans of both UCR and the SoBA.

*UCR 2010: The Path to Preeminence* places significant emphasis on increased focus on “professional and graduate education that will benefit a region that is in dire need of practitioners in a variety of professional fields.”

- UCR’s most successful graduate programs are those that integrate graduate education with academic research and creative activity, and that to achieve the profile of an AAU institution, UCR must increase its proportion of graduate and professional students.
- The plan points to the potential for professional programs to provide revenue enhancements to the campus.

The SoBA strategic plan identifies “empirical finance” as one of five spires of excellence.

- The term, empirical finance, implies that students will have hands on opportunities to work with data, to learn advanced empirical methods relevant to finance, and that there will be significant complementarities between teaching and research in finance.

Market and Competition
Southern California is greatly underserved in graduate finance education.

- UCLA, Claremont McKenna, and Pepperdine University are the only other schools in Southern California that currently offer advanced degrees in finance.
- Schools on the East Coast are in the forefront of development and introduction of specialized graduate degrees in finance.
- It is only a matter of time before our local competitors will introduce such programs.

The MA in Finance will provide a comprehensive overview of the entire field of finance, with an emphasis on empirical methods and applications.

- Berkeley, and UCLA, the two UC campuses that offer advanced degrees in finance, both offer degrees in financial engineering.
- More theoretically oriented programs often call their offerings a Master in Financial Economics, while programs more focused on computational applications offer a Master’s in Computational Finance.

Curriculum
The degree can be completed in one year of full-time coursework. All required courses are currently offered by AGSM.

**Quarter 1**
- MGT 201 Quantitative Analysis
- MGT 202 Financial Management
- MGT 211 Financial Accounting

**Quarter 2**
- MGT 231 Corporate Finance
- MGT 232 Derivatives and Asset Pricing
- Elective

Quarter 3
- MGT 227 Fixed Income Securities and Markets
- MGT 244 Corporate Risk Management
- MGT 252 Investments and Portfolio Management
- Elective

Financial Projections
The MA in Finance program will be state-sponsored but will generate positive free cash flow beginning in the first term it is offered.

- The program will draw entirely upon existing courses that are routinely offered by the SoBA.
- There is sufficient excess capacity in the classes that are currently offered to be able to absorb the start-up enrollment without adding sections.
- During the start-up, administrative staff of the existing programs can be leveraged to handle the administrative needs of the program.
- Initial marketing and recruitment efforts will focus on web traffic and the necessary web pages can be prepared at low cost.

Impact on Existing Programs
The MA in Finance will positively impact the existing SoBA programs:

- Because the degree will initially use the capacity of existing courses, there will be no reduction in the capacity of the existing faculty to serve existing graduate and undergraduate programs.
- As the program grows, it will be necessary to add faculty in finance, as well, possibly, as accounting and management science. The program will provide sufficient sustainable free cash flow to support the lines.
- Faculty will help build critical mass in the School, advance the school’s research mission, and support the finance component of the Ph.D. in Management.
- While the program may be attractive to some students who otherwise would apply to the school’s MBA program, it will also generate its own stream of applicants, some of which will be better suited to the MBA.
- Students admitted to the MA in Finance program will be strong quantitatively and contribute positively to the MBA classroom experience and learning.
- Students of the MA in Finance program are often interested in the Ph.D.
• Proposal for a Master of Arts in Finance

1.0 Proposal

In view of the vast untapped demand for trained finance professionals as subsequently discussed in the proposal, the Department of Finance and Management Science of the A. Gary Anderson Graduate School of Management proposes to offer a Master of Arts degree in Finance (MA in Finance). The new degree program will consist of a full-time one-academic-year program (or its equivalent on a part-time basis). The program will be state-sponsored and have a professional degree fee similar to the current MBA Program. However, because the program is designed to initially leverage existing capacity of the School, it will be cash-flow positive from the first term it is offered.

The School of Business Administration currently offers a Bachelor of Science in Business Administration. A student may choose a concentration in a specialized area of which one field of concentration is finance. However, coursework culminating in a baccalaureate degree with a concentration in finance is not usually sufficient for advanced finance professionals. A student may also earn an MBA with a concentration in Finance in the Anderson School of Management; however an MBA is a generalist degree by design, and is perceived as such by employing firms.

2.0 Context

Deregulation of financial services in the last three decades, accompanied by seminal conceptual synthesis in financial economics that unleashed unprecedented financial innovation, has led to rapid growth of the financial sector both in the US and elsewhere. Despite the recent financial crisis, there are strong indications that financial sector will continue to remain a critical part of the US economy. Shifts in regulatory regimes are often accompanied by and sometimes precipitate new rounds of financial innovation. The newly enacted regulations in the US and BASEL III in the international arena, and ongoing debate of issues surrounding the financial crisis underscore the importance of advanced professional education in finance.

In brief, globalization, rapid advances in computational technology, unprecedented financial innovation, and shifting regulatory regimes, all contribute to job opportunities for additional finance professionals with education beyond the baccalaureate degree.

3.0 Rationale for the Program

There are at least eight compelling reasons why the School of Business Administration, the Anderson School, and the Department of Finance and Management Science should launch this new degree program:

1. Finance executives require increasingly high levels of specialized expertise for professional advancement: A master’s degree or a doctorate is a prerequisite in several specialized fields such as medicine and law for example. As a result of an exponential increase in the knowledge and skills needed for successful discharge of professional
responsibilities in the field of finance, industry has come to expect potential entrants to the finance profession to have a command of finance as a structured body of knowledge with its own paradigms that can only be acquired by pursuing an advanced degree in the field.

2. **The regional market is underserved:** The MA in Finance program will meet an untapped demand for graduate finance education in the region served by UCR. While the region is not known to have a large financial services sector, it nonetheless does have a significant population of finance professionals who are involved in banking, insurance, investments, financial planning, real estate, and other fields, who could benefit from a specialized masters degree in finance. AGSM is the only graduate school of management affiliated with a major research university in Riverside and San Bernardino Counties.

3. **The MA in Finance will be an immediate source of net revenue:** The program will enhance SoBA and UCR revenues net of all expenses, help build the resource base, diversify existing sources of revenue, and reduce dependence on state funding. In the short-run, revenue generated by the program will help address the current budget challenges of the School. Longer-term, the program’s professional degree fees will provide a means for expanding faculty, support faculty research, and provide funds to support the School’s Ph.D. program. In addition, program revenues will contribute to improvement of the educational experience of students in all of the degree offerings of the School.

4. **Building the Faculty:** Currently, SoBA has only five ladder faculty in finance. While the small faculty, supplemented with about 50% lecturer-taught courses, is marginally sufficient to meet current needs, the quality of the educational experience is compromised by large class sizes in undergraduate courses and by lean menus of course offerings in both graduate and undergraduate courses. Moreover, the research productivity of the finance faculty in the department is adversely affected by heavy administrative burdens and lack of efficient scale. The program will help us to address these problems by hiring additional faculty members. Doing so will also enable the School of Business Administration to develop critical mass of faculty in key strategic areas of finance.

5. **Improved prospects for AACSB accreditation in finance:** The program will increase the prospects for earning finance accreditation from The Association to Advance Collegiate Schools of Business (AACSB International). AACSB accreditation is the most prestigious accreditation for finance and business programs. The AACSB is the most widely accepted and highly regarded accrediting body for business-related degree programs. AACSB accreditation mandates that our department must maintain international standards of excellence specifically designed for undergraduate finance programs. Many universities find these finance standards to be difficult to meet. While more than 550 universities have business programs that are accredited by the AACSB, fewer than 170 have separately accredited finance programs. Currently there are only five AACSB-accredited finance programs in California, none of which is on a UC campus. UC Berkeley Haas School has indicated that it will seek finance accreditation in the future. Our department is committed to continuous improvement in curriculum, faculty, and student quality these accreditation standards require.
6. **Congruence with the UCR and SoBA strategic plans:** The program fits the overall strategic plans of UCR and the School of Business Administration to increase its presence and reputation regionally, nationally, and internationally. As described more fully under the heading of “Strategic Fit”, the graduate degree in finance is a part of the portfolio of offerings of many major business schools, and such graduate master's degree finance programs are routinely ranked in such publications as *US News*, *Businessweek*, and the *Financial Times*. The program will fund acquisition of databases important to finance, provide stipends and other support for Ph.D. students, engage professional students in empirical finance research, connect the campus more firmly with the professional finance community, and strengthen our ability to place our students in significant professional positions.

7. **Alumni and Development:** Graduates of the Master of Arts in Finance program have the potential to become influential and supportive alumni soon after they complete their degree. Based on the experience of similar programs at other schools, including the experience of some of our own faculty, recent graduates tend to become important contributors and resources for the programs within months of completion of their graduate degrees. The Master of Arts in Finance program will facilitate development of stronger relationships with the corporate and professional communities, especially, but not exclusively in the financial sector. It is anticipated that most students in the program will be recruited for important positions after graduation.

8. **Diversity in the Profession:** The Program will meet an untapped demand for under-represented minority graduates. Many firms that recruit our graduates have inclusiveness initiatives with a goal of attracting individuals with diverse backgrounds and experiences. UCR has one of the most diverse campuses in the country and is in a unique position to meet the demands of these firms.

### 4.0 STRATEGIC FIT

The proposed MA in Finance degree program advances the objectives of UCR as reflected in its recently developed strategic plan, *UCR 2020: The Path to Preeminence*. This strategic plan places significant emphasis on increased focus on “professional and graduate education that will benefit a region that is in dire need of practitioners in a variety of professional fields.” The plan notes that UCR’s most successful graduate programs are those that integrate graduate education with academic research and creative activity, and that to achieve the profile of an AAU institution, UCR must increase its proportion of graduate and professional students. The plan points to the potential for professional programs to provide revenue enhancements to the campus.

The strategic plan calls for relative growth of graduate education, including professional education; serving the region by preparing students well for professional employment; reducing dependence on public funds through development of self-supporting (and even surplus generating) graduate programs; connecting professional education to academic research; connecting more closely to the region; and developing the profile of an AAU university.
The MA in Finance is aligned with all of these objectives. We are in an environment where specialized post-graduate education is increasingly demanded. No longer is specialization just for academic Ph.D.s. As the recent financial crisis, and other famous financial failures (the Orange County bankruptcy, Long-Term Capital Management, and others) demonstrate, people with important decision rights related to finance need strong educational backgrounds to help them and their organizations to be successful. Appropriate education for finance professionals is similar to that of finance Ph.D.s. In fact, many of the technological advances in finance have come not from the universities, but from the private sector. Finance professionals working in the Riverside/San Bernardino area need to be dynamic and innovative because the economy of the region is destined to be the most rapidly growing portion of the California economy in the foreseeable future, and that growth is closely tied with the development and increasing professionalism of the financial sector.

Although the MA in Finance is nominally state-sponsored, it will be self-sufficient and cash-flow positive from its first term, and will become an important source of net revenues for the School and campus. Those revenues will help to support our Ph.D. program, fund the acquisition of databases where we have lost library support, and contribute to the overall revenue needs of the campus.

The proposed MA in Finance program is also consistent with the strategic goals of the School of Business Administration. The SoBA strategic plan identifies “empirical finance” as one of five spires of excellence. The term, empirical finance, implies that students will have hands on opportunities to work with data, to learn advanced empirical methods relevant to finance, and that there will be significant complementarities between teaching and research in finance.

The MA in Finance program will address an unmet need for graduate finance education in Southern California in general and specifically Inland Southern California and is therefore consistent with the School of Business Administration’s mission to service the educational needs of businesses in the region. The program will contribute to our developing a reputation for leadership in U.S. higher education, to recruiting outstanding faculty, and to the diversification of our sources of revenue, which will help the School of Business Administration maintain financial stability and independence and reduce dependence on state funding. The program also fits well with the School of Business Administration’s strategies for building reputation by hiring high quality faculty who demonstrate excellence in both research and teaching.

While the SoBA strategic plan defines empirical finance as one of its five spires of excellence, we have been frustrated in developing this spire because as state funds to the campus declined, the library discontinued several databases important to empirical research and teaching in finance. The school has struggled to maintain access to some of these databases, but currently we fall well short of our needs. This has adversely impacted our research output and our ability to bring empirical finance to the classroom to the extent we aspire to do. Launch of the MA in Finance will enable us to address this problem. Databases acquired though funds generated by

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2 In the event that a process is approved for converting or reconstituting state-sponsored programs to self-supporting, and the full-time MBA program is converted to self-supporting, it is anticipated that the MA in Finance will converted concurrently.
the program will be available campus-wide and are likely to be useful to faculty and to Ph.D. students in several disciplines.

The program will also generate resources that can support the hiring of additional faculty members, eventually enabling the School of Business Administration to build a critical mass of faculty in key strategic areas.

5.0 MARKET FOR THE PROGRAM

Over the last three decades, not only has the financial sector come to occupy a larger part of the US and global economy, the extent of sophistication in the expanding range of services that financial sector firms make available to their clients has also increased. As a result, the number of professionals employed by the financial sector firms to design and market new financial products has expanded. At the same time, the consumers of these new financial offerings need their own set of financial professionals, and it is now routine for non-financial firms to hire risk professionals in the CFO’s office to advise the Chief Financial Officer of the firm to make intelligent choices. Financial Accounting Standards Board (FASB) has recently mandated new rules for expensing Employee Stock Options, and for periodic analysis of impairment of intangible assets. The Sarbanes-Oxley Act has added its own regime of compliance requirements. All these developments have greatly expanded the need for trained finance professionals in the corporate sector as a whole. These trends are likely to be strengthened by new national and international financial regulations that have recently been passed (the Dodd-Franks Act) or are under active consideration (BASEL III). As the financial sector adapts to these changes, the demand for trained finance professionals will grow even further. By moving rapidly we can help UCR graduates to reap the benefits of this expanding demand.

The enduring strength of nationwide demand for an advanced master’s degree in finance and an underserved market here in Southern California offer an opportunity to gain an advantage over other Universities in the area. The last two decades have seen rapid growth both in the range of advanced finance degrees available and in the number of schools that have moved to make these programs available.

To meet the expanding need for advanced skills in risk management and derivatives pricing, Master in Financial Engineering (MFE) was among the first new degree in finance that Universities have begun to offer. Berkeley, and UCLA, the two UC campuses that offer advanced degrees in finance, both offer an MFE. More theoretical programs call their offering a Master in Financial Economics, while programs more focused on computational applications offer a Master’s in Computational Finance (MCF). Master of Quantitative Finance (MQF), Master of Science in Financial Services (MSFS) are some of the other degrees. It should be noted that these University offerings are distinct from, but complementary to, professional accreditation programs such as CFA and CFP.

It is remarkable that apart from UCLA, Claremont McKenna and Pepperdine University are the only other schools in Southern California that currently offer advanced degrees in finance. Southern California is greatly underserved. In contrast, Texas has programs offered by as many as six schools. Schools on the East Coast are in the forefront of development and introduction
of specialized graduate degrees in finance. It is only a matter of time before our local competitors will introduce such programs.

The strength of UCR Faculty is in empirical finance, and we propose to position our degree offering accordingly. The Master of Arts in Finance that the SoBA will offer is designed to provide overview of the entire field of finance, with an emphasis on empirical methods and applications, and with elective offerings that draw upon the strengths of our faculty.

While we seek to serve the financial sector firms in our geographical area by making available to them a pool of trained finance professionals, we shall not restrict ourselves to admitting only those from Southern California. Expanding the potential market to the pool of students beyond California to the national arena, and beyond US borders to the international arena will ensure that we are able to recruit students who are well-qualified to stand the rigors of the proposed program. As non-residents pay a higher tuition, admitting students from outside California will also have a positive impact on the revenue.

6.0 FINANCIAL INFORMATION

The MA in Finance program will be will generate positive free cash flow beginning in its first term. We can say this with complete confidence for the following reasons:

- The program will draw entirely upon existing courses that are routinely offered by the Anderson Graduate School of Management of the School.
- There is sufficient excess capacity in the classes that are currently offered to absorb the start-up enrollment without adding sections.
- During the start-up, administrative staff of the existing programs can be leveraged to handle the administrative needs of the program.
- Initial marketing and recruitment efforts will focus on web traffic and the necessary web pages can be prepared at low cost. During the start-up phase, efforts such as program marketing and recruitment will focus on the internet and be negligible in terms of expense (e.g., with no special recruiting activities, no print marketing materials).
- Addition of course sections, development of other specialized courses, addition of support staff, and expansion of marketing and recruitment efforts all will be tied to attained enrollment in the program, and will occur out of accumulated surplus of positive cash flows.

Based on experience the experience of other specialized masters programs in finance, the MA in Finance program is expected to grow steadily without significant marketing expenditures. In the Pro Forma financial model shown in Exhibit II, we have projected steady growth at a rate of about 10 students per year. While student FTE growth is always subject to uncertainty, the program is structured to be cash flow positive even if the growth targets are not achieved as quickly as projected. Moreover, there is significant potential that these projections will be exceeded due to the high demand for specialized masters degrees in finance and the near absence of significant local competition.
As presented in detail in the Pro Forma model, the Master of Arts in Finance degree program can be launched at a modest expenditure of $35,000 or less in development, recruitment and administrative costs. While we have projected $35,000, the actual start-up costs will probably be less. We do not plan to add staff to support launch of the program. Hence, the start-up expense projections are mainly allocations of expenses the School would incur in any event, just to maintain and grow its current programs. Existing staff at the SoBA are expected to have the capacity to contribute modestly to administrative and recruitment effort for the new degree at the initial launching stage.

The finance faculty already offers a comprehensive range of required and elective courses in finance, accounting, and statistics to MBA students. As discussed in Exhibit III (Courses), the curriculum of the new degree will be fashioned out of the existing menu of course offerings. As a result, staffing costs in the first year of operation are expected to be negligible. We plan to add special MA in Finance sections to these courses only as we are justified in doing so by demand and constraints on capacity of the MBA program.

Because we initially can leverage the existing capacity of the MBA program, both for staff support and for instruction, the MA in Finance program is expected to be cash flow positive even in its first term. As the program grows and begins to generate its own revenue stream, it is envisaged that it will have its own small administrative staff. As shown in the financial projections, we anticipate the addition of one FTE staff person, probably as part-time temporary staff, at around the point when the program reaches 10 FTE students. These staff members would be involved in student recruitment, application oversight, and administrative oversight of the program. At around 30 student FTE, we anticipate expanding the staff to include one full-time recruiter and one program administrator.

The Pro Forma model shows that if the program is launched with 10 students in the first year of operation, the University can expect a gross surplus in excess of $300,000, and a net surplus in excess of $250,000. Because we anticipate launching the MA in Finance as a state-sponsored program, the pro forma statements are prepared based on assumptions consistent with those state-sponsorship. Specifically, we allocate one-third of professional fees to financial aid (a percentage that would be appropriate for the program in any case), and show an allocation of educational and non-resident fees back to the campus. Allowing for UCR overhead, the SoBA is expected to retain a surplus in excess of $150,000 at the end of the first year. Assuming reasonable growth both in the size of the program and in the student fee, the program is expected to contribute a net surplus in excess of over $650,000 per year to SoBA beginning in about the fifth year.

The MA in Finance program will be subject to continuous review by the faculty of the School of Business Administration relative to projections. Reasons for deviations between projected and actual enrollments will be examined and revisions to the program and to financial projections will be made as appropriate.

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3 We may have to offer an additional section of MGT 202 in the Fall, the cost of funding which with a lecturer is minimal.
7.0 APPLICATION AND ADMISSION TO THE MA IN FINANCE PROGRAM

The MA in Finance will be offered as a one year program (48 units) for graduates of a baccalaureate degree in a field that provides sufficient quantitative background to enable successful completion of the program. Appropriate undergraduate majors include business, engineering, mathematics, statistics, and physics, among others. Students admitted to the program will have an academic profile somewhat different from those likely to be admitted to other master’s level programs in the Anderson Graduate School of Management. In particular, the MA in Finance places substantially greater emphasis on quantitative background as reflected in undergraduate degree, courses taken, and scores on quantitative portions of admissions tests. In comparison to the MBA, the MA in Finance places less emphasis on work experience. However, over time we expect that the cohort will include individuals with significant relevant work experience.

All applicants to this program must have completed a Bachelor’s degree or its approved equivalent from an accredited institution and to have attained undergraduate record that satisfies the standards established by the Graduate Division and University Graduate Council. Applications are accepted for fall term. All applicants must submit scores from the Graduate Management Admissions Test (GMAT) or Graduate Record Exam, General Test (GRE). Applicants whose first language is not English are required to submit acceptable scores from the Test of English as a Foreign Language (TOEFL) or the International English Language Testing System (IELTS) unless they have a degree from an institution where English is the exclusive language of instruction. Additionally each applicant must submit three letters of recommendation, at least two of which must be academic references. All other application requirements are specified in the graduate application or in the General UCR catalog.

8.0 ADMINISTRATION

The program will be directed by the Faculty of the School of Business Administration through its Executive Committee and a Graduate Programs Committee, which have oversight responsibility for all Graduate Programs offered by AGSM. The School of Business Administration anticipates no need for additional full-time or part-time administrative support for this program during the launch or in the initial years.

7.0 IMPACT ON EXISTING SOBA PROGRAMS

We expect that the MA in Finance program will positively impact the existing programs of the AGSM:

\[\text{Refer to the financial projections in Section 6.0 and Exhibit 1.}\]
• Because we plan to offer the degree initially using the capacity of existing courses, there will be no reduction in the capacity of the existing faculty to serve the teaching missions of the existing graduate and undergraduate degree programs.

• As the program grows, it will be necessary to add a small number of faculty in finance, as well as, possibly, in accounting and management science. The program will provide sufficient sustainable free cash flow to support the addition of lines.

• Faculty hired in response to growth of the program will help build critical mass in the school, help to advance the school’s research mission, and help to support the eventual launch of the finance component of the Ph.D. in Management.

• While the program may be attractive to some students who otherwise would apply to the school’s MBA program, it will also generate its own stream of applicants, some of which will be better suited to the MBA. Based on experience of other schools, the net effect is substantially positive for recruitment to the MBA program.

• Students admitted to the MA in Finance program will be quite strong quantitatively and will contribute positively to the classroom experience and learning of MBA students.

• Students of the MA in Finance program also are frequently interested in pursuit of the Ph.D. so that the program will provide a means of attracting and screening Ph.D. candidates.

The experience of other universities that offer similar specialized degrees in finance shows that additional degree offerings in finance tend to complement and ultimately augment the MBA programs of the school, bringing dividends of additional prestige to the school, as well as benefits of networking with the firms in the financial services industry. While the MA in Finance degree program will share resources with the MBA program, it will attract its own pool of applicants. Because we can achieve sustainability at a very low level of students, and because MBA staff will also be involved in MA in Finance admissions, we can control the admission of students to the appropriate programs. Overall, the MA in Finance program is expected to have a positive impact on the web traffic from students who are interested in the UCR MBA.

There is ample evidence in the experience of other schools that those who apply for Master’s degrees in finance tend to have stronger quantitative background than MBA applicants. Therefore, not just the market but the selection criteria for admission to the MBA and MA programs will differ. However, our marketing efforts for attracting students to the MA program will result in a boost to the profile of the school as a whole. Students in the two programs will attend several courses together, and the presence of students with stronger quantitative background will tend to elevate the experience of both sets of students.

The effort to place graduates of the MA program, coordinated with the placement effort for MBAs will help us to better place students into the cohorts that best suit them.

8.0 CURRICULUM
As presented in Exhibit III, in the first quarter of Master of Arts in Finance degree program, students will be expected to take core courses in quantitative methods, finance, and financial accounting. This grounding is sufficient to expose students, in the second quarter, to two main sub-fields of finance: corporate finance and asset pricing. In the final quarter, the students are expected to build on what they learned in the second quarter by taking more advanced courses in the two areas, such as Corporate Risk Management, and Fixed Income Securities. The students are expected to choose an elective both in their second and third quarter of study from an extensive range of electives, such as International Finance, Entrepreneurial Finance, Decision-making Under Uncertainty, and Financial Strategy and Corporate Control in Finance, in addition to relevant courses such as Financial Statement Analysis, Advanced Financial Accounting, Applied Business Forecasting, etc. from other disciplines in Business.

Students should be able to complete the coursework for this program in one academic year. Admission is intended to be primarily in the fall quarter in order to match graduation timing with the normal recruiting cycle. However, the current offerings of AGSM do enable us to consider students for admission beginning in other terms or on a part time basis. Required courses and sufficient elective courses will be offered every year.

The program requirements will position students well to pursue professional certification as Chartered Financial Analysts (CFA), Certified Financial Planners (CFP), or members of the Global Association of Risk Professionals (GARP).

**Plan I (Thesis)** will not be an option for the MA in Finance program. Given this would be typically a one-year program it is unlikely that a Plan I (Thesis) option will be feasible for students.

**Plan II (Comprehensive Examination)** requires that at least 18 units be in graduate level courses taken at a UC campus. None of these may be in courses numbered 297 or 299. Every candidate must take a comprehensive examination, the content of which is determined by the department or program. In most cases, units from courses numbered 291 cannot be used. Candidates for the degree are required to complete all of the general requirements specified by Graduate Studies. The program is intended to conform to Plan II.

### 9.0 DEMAND AND COMPETITION

The demand for candidates with a master’s degree in finance has been growing since the 1980s, and, as the financial sector emerges from the crisis and starts responding to new regulation, the trend is expected to continue. The *Financial Times* of London ranks various degree offerings in finance every year, and the fact that 2010 rankings list nearly 200 schools all over the world is testimony to the continued strength in the demand for a master’s degree in finance. It is to be noted that the US has been slow to confront the trend toward specialized masters degrees - of the nearly 200 programs listed, only 31 are offered by schools in the US. Among the US programs listed are those offered by UCLA, University of California at Berkeley (among the UCs), Boston College, Boston University, Carnegie-Mellon, Case Western University,

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Indiana University, Vanderbilt University, and Washington University at Saint Louis, to name a few. UCR will have the distinction of joining Berkeley and UCLA among the UC campuses offering an advanced degree in finance. Most of the programs listed in the *Financial Times* are on the East Coast, which clearly suggests an open and uncrowded competitive field for UCR in our geographical area.

To put the development of these programs in finance in historical context, the decade of 1970s witnessed great theoretical advances in the field of financial economics. At the same time, advances in computational technology brought about financial disintermediation, which combined with deregulation in the 1980s, contributed to the emergence of the modern financial sector, and the prominent role it has come to play in the US economy. As firms in this rapidly expanding financial sector demanded people who were exposed to the paradigms that gave rise to financial innovation, Universities both in the US and abroad started offering specialized degrees in finance to meet this need.

**10.0 ADVISORY BOARD**

Several firms in the financial sector in our geographical area have expressed keen interest in working together with the school. We can harness this interest by inviting senior executives of prominent financial sector firms in the area to serve on the advisory board for the program. The resulting coordination will lead to a closer relationship with future employers of graduates of the program. These senior executives serving on the advisory board will be available for events such as formal talks, and occasional classroom visit for a case discussion or select topic on real-world experience. These events will enrich the experience of students in all programs offered at the school.
## Master of Arts in Finance Program - Pro Forma

### Initial Assumptions/Basis
- **FTE Students**:
  - **Year 0**: 10
  - **Year 1**: 20
  - **Year 2**: 30
  - **Year 3**: 40
  - **Year 4**: 50
  - Modest launch assumption with reasonable growth
- **Educational fee per year**:
  - **Year 0**: $9312
  - **Year 1**: $10057
  - **Year 2**: $10660
  - **Year 3**: $11087
  - **Year 4**: $11530
  - Based on Winter 2011 rates
- **Non-resident fee per year**:
  - **Year 0**: $12246
  - **Year 1**: $13226
  - **Year 2**: $14019
  - **Year 3**: $14580
  - **Year 4**: $15163
  - Based on Winter 2011 rates
- **Professional fee per year**:
  - **Year 0**: $19770
  - **Year 1**: $21352
  - **Year 2**: $22633
  - **Year 3**: $23538
  - **Year 4**: $24480
  - Based on Winter 2011 rates
- **Fee growth rate**: 8% 6% 4% 4%
- **Percent of students in-state**: 30% 6% 4% 4%
- **Ladder faculty percent of courses**: 50% 50% 50% 50% 50%
- **Ladder faculty cost per course**:
  - **Year 0**: $40,000
  - **Year 1**: $40,400
  - **Year 2**: $41,208
  - **Year 3**: $42,444
  - **Year 4**: $44,142
  - Based on Winter 2011 rates
- **Student worker cost per FTE student**:
  - **Year 0**: $240
  - **Year 1**: $242
  - **Year 2**: $247
  - **Year 3**: $255
  - **Year 4**: $265
  - Based on Winter 2011 rates
- **Salary inflation**: 1% 2% 3% 4%
- **Incremental courses required**: 0 5 10 10 10
- **Gross revenue per FTE student**:
  - **Year 0**: $37,654
  - **Year 1**: $40,005
  - **Year 2**: $41,705
  - **Year 3**: $41,915
  - **Year 4**: $42,075
  - Using/partially using capacity in MBA classes until 30 FTE
- **Course Staffing**
  - **Faculty salaries and benefits**:
    - **Year 0**: $0
    - **Year 1**: $101,606
    - **Year 2**: $207,276
    - **Year 3**: $213,495
    - **Year 4**: $222,034
  - **Student workers**:
    - **Year 0**: $2,400
    - **Year 1**: $4,848
    - **Year 2**: $7,417
    - **Year 3**: $10,187
    - **Year 4**: $13,243
  - **Total course staffing cost**:
    - **Year 0**: $2,400
    - **Year 1**: $106,454
    - **Year 2**: $214,694
    - **Year 3**: $223,681
    - **Year 4**: $235,277

### Revenue
- **Gross tuition and fee revenue**:
  - **Year 0**: $376,542
  - **Year 1**: $800,105
  - **Year 2**: $1,251,138
  - **Year 3**: $1,676,592
  - **Year 4**: $2,103,753
  - One-third of professional fees
- **Financial aid**:
  - **Year 0**: $65,900
  - **Year 1**: $142,344
  - **Year 2**: $226,327
  - **Year 3**: $313,840
  - **Year 4**: $407,992
- **Net tuition and fee revenue**:
  - **Year 0**: $310,642
  - **Year 1**: $657,761
  - **Year 2**: $1,024,811
  - **Year 3**: $1,362,752
  - **Year 4**: $1,695,761

### Program Administration
- **Program administration**:
  - **Start-up**: $20,000
  - **Continuing**: $20,000
  - **Website development**:
    - **Start-up**: $5,000
    - **Continuing**: $5,000
  - **Student recruiting**:
    - **Start-up**: $5,000
    - **Continuing**: $5,000
  - **Total administrative personnel costs**:
    - **Year 0**: $30,000
    - **Year 1**: $30,000
    - **Year 2**: $55,550
    - **Year 3**: $108,171
    - **Year 4**: $50,194
    - **Year 5**: $93,802

### Operating expenses
- **Start-up**: $5,000
- **Continuing**: $10,000
- **Total administration and operating costs**:
  - **Year 0**: $35,000
  - **Year 1**: $40,000
  - **Year 2**: $75,750
  - **Year 3**: $138,771
  - **Year 4**: $131,394
  - **Year 5**: $145,802

### Net surplus
- **Year 0**: $268,242
- **Year 1**: $475,557
- **Year 2**: $671,347
- **Year 3**: $1,007,676
- **Year 4**: $1,314,682

### UCR Overhead
- **Year 0**: $113,658
- **Year 1**: $242,333
- **Year 2**: $380,271
- **Year 3**: $513,336
- **Year 4**: $649,172
EXHIBIT II CURRICULUM AND COURSES

Masters of Finance
Proposed Curriculum

Quarter 1
- MGT 201 Quantitative Analysis
- MGT 202 Financial Management
- MGT 211 Financial Accounting

Quarter 2
- MGT 231 Corporate Finance
- MGT 232 Derivatives and Asset Pricing
- Elective

Quarter 3
- MGT 227 Fixed Income Securities and Markets
- MGT 244 Corporate Risk Management
- MGT 252 Investments and Portfolio Management
- Elective

Partial List of Elective Options
- MGT 221 Decision Making Under Uncertainty
- MGT 237 International Financial Management
- MGT 239 Simulation for Business
- MGT 245 Financial Statement Analysis
- MGT 267 Applied Business Forecasting
- MGT 268 Entrepreneurial Finance and Venture Capital
- MGT 276 Financial Strategy and Corporate Control
- MGT 277 Advanced Financial Accounting
Course Descriptions:

1. Required Courses:

MGT 201. Quantitative Analysis (4) Lecture, 3 hours; discussion, 1 hour. Prerequisite(s): MGT 403 or equivalent; familiarity with Microsoft's Excel spreadsheet software. Addresses the process of generating decision-making information from data and solving management problems using common computer tools. Covers problem identification and formulation, model selection and use, and interpretation of the results of statistical analysis. Topics include estimation, hypothesis testing, analysis of variance, simple and multiple regression, time series, and forecasting. May not be taken for degree credit by students in statistics undergraduate or graduate programs.

MGT 202. Financial Management (4) Lecture, 3 hours; extra reading, 1.5 hours; outside projects, 1.5 hours. Prerequisite(s): MGT 201, MGT 211, or equivalents. Provides a foundation in theories of finance. Topics include time value of money, security valuation, financial institutions, theories of risk measurements, managing a firm’s investment decisions, capital structure, and sources of financing for a firm.

MGT 211. Financial Accounting (4) Lecture, 3 hours; outside research, 3 hours. Prerequisite(s): graduate standing or consent of instructor. Covers financial accounting concepts and the analytical tools needed to understand and interpret financial statements. Examines the uses of financial accounting information.

MGT 227. Fixed-Income Securities and Markets (4) Lecture, 3 hours; extra reading, 1.5 hours; outside projects, 1.5 hours. Prerequisite(s): MGT 201. Covers analytical techniques related to fixed-income securities. Includes basic analytical tools in fixed-income markets. Topics include relative pricing of fixed income securities, yield-curve estimation, securities with embedded options, and trading strategies. Utilizes interest rate swaps, mortgage-backed securities, and credit derivatives.

MGT 231. Corporate Finance (4) Lecture, 3 hours; extra reading, 1.5 hours; outside problem sets, 1.5 hours. Prerequisite(s): MGT 202. An intensive analysis of the effects of corporate financial policy decisions on firm value. Examines the interrelation of firm value, financing policy, investment decisions, and other considerations. Provides an understanding of the theoretical issues involved in the choice of these policies.

MGT 232. Derivatives and Asset Pricing (4) Seminar, 3 hours; outside research, 3 hours. Prerequisite(s): MGT 202. Explores the pricing of derivatives-based securities. Covers various topics in derivatives markets. Introduces pricing techniques for forwards, futures, options, swaps, and other derivatives. Utilizes empirical data and financial modeling.

MGT 244. Corporate Risk Management (4) Lecture, 3 hours; written case analyses and reports, 3 hours. Prerequisite(s): MGT 202. Provides an overview of derivative financial instruments. Focuses on the use of derivatives to manage risk in a corporate setting. Utilizes the case-method to develop strategies and policies for managing the risk exposure of an enterprise, as well as to assess the relations between risk management and value creation.

MGT 252. Investments and Portfolio Management (4) Seminar, 3 hours; outside research, 3 hours. Prerequisite(s): MGT 202. Discusses standard asset pricing models, portfolio theory, and empirical uses of securities data. Addresses pricing in the capital markets and empirical issues in testing asset pricing models. Other topics include risk-adjusted portfolio performance, term structure, bond pricing, and bond portfolio management.

2. Example Elective Courses:

MGT 221. Decision Making Under Uncertainty (4) Lecture, 3 hours; outside projects and extra reading, 3 hours. Prerequisite(s): MGT 207 or consent of instructor. Introduces basic tools for using data to make informed
managerial decisions under uncertainty. Addresses modeling, performance evaluation, and optimization of systems with uncertain parameters. Topics include Markov chains, Markov decision processes, and probabilistic linear and dynamic programming. Applications are drawn from operations, finance, marketing, and other management fields.

**MGT 237. International Financial Management (4)** Lecture, 3 hours; extra reading, 1 hour; outside projects, 2 hours. Prerequisite(s): MGT 202. Focuses on the nature, risks, and management of foreign exchange exposure in a corporate setting. Covers trade and international investment theories. Topics include the international financial systems, balance of payments, foreign exchange markets, measurement of foreign exchange risk, hedging, international asset pricing, and trade financing.

**MGT 239. Simulation for Business (4)** Lecture, 3 hours; outside projects and extra reading, 3 hours. Prerequisite(s): MGT 201, MGT 205. Introduces computer simulation as a tool for analyzing complex decision problems. Analyzes and discusses the theory and practice of modeling through simulation. Topics include modeling uncertainty and collecting input data, basic simulation principles, Monte Carlo simulation techniques, model verification and validation, and analysis of simulation output. Examines applications in manufacturing, finance, health services, and public policy.

**MGT 245. Financial Statement Analysis (4)** Lecture, 3 hours; outside research, 3 hours. Prerequisite(s): MGT 211 or consent of instructor. Explains the role of financial statement analysis in an efficient capital market. Data from financial statements of major corporations is analyzed to develop skills necessary to interpret financial accounting information. Designed for future professionals who will be intensive users of financial accounting reports (e.g., security analysts, credit analysts).

**MGT 267. Applied Business Forecasting (4)** Seminar, 3 hours; outside project, 3 hours. Prerequisite(s): MGT 201 or equivalent. Provides experience in developing forecasting models and applying them to problems in marketing, production, inventory management, business economics, and other fields. Discusses issues in data acquisition, data analysis, modeling of relations between variables, trend analysis, and seasonal forecasting. Uses case studies and applications from a variety of management areas.

**MGT 268. Entrepreneurial Finance and Venture Capital (4)** Seminar, 3 hours; extra reading, 1 hour; case studies, 2 hours. Prerequisite(s): MGT 202. Covers financing of nonpublic and early-stage venture. Includes financial modeling, cash needs assessment, valuation, deal structure, financing alternatives, and harvesting.

**MGT 274. Special Topics in Finance (4)** Seminar, 3 hours; outside research, 3 hours. Prerequisite(s): MGT 202. Explores the latest developments in theoretical and empirical finance. Topics include asset pricing, performance evaluation, derivative securities, market microstructure, corporate finance, and corporate control and governance.

**MGT 276. Financial Strategy and Corporate Control (4)** Seminar, 3 hours; outside research, 3 hours. Prerequisite(s): MGT 202. Covers the nexus among finance, strategy, governance, and corporate control. Examines the theory and empirical evidence for models of corporate financial policy and the market for corporate control. Emphasizes critical evaluation of the evidence for different models of corporate financial policy.

**MGT 277. Advanced Financial Accounting (4)** Seminar, 3 hours; outside research, 3 hours. Prerequisite(s): BUS 165C or equivalent (may be taken concurrently). Covers advanced financial accounting and reporting practices. Emphasizes topics such as consolidated financial statements, branch accounting, foreign transactions, segment reporting, partnership accounting, and accounting for nonprofit organizations.
ACADEMIC DEGREE PROGRAM PROPOSALS: INFORMATION REQUIRED BY CPEC

1. Name of Program:
   Master of Arts in Finance

2. Campus:
   University of California Riverside

3. Degree/Certificate:
   Master's Degree

4. CIP Classification: (to be completed by the Office of the President)
   Not Applicable.

5. Date to be started:
   September 1, 2012 or sooner, if feasible

6. If modification of existing program, identify that program & explain changes.
   Not Applicable.

7. Purpose (academic or professional training) and distinctive features (how does this program differ from others, if any, in California?)

Program Differentiation

There is a large and increasing demand and professional need for specialized masters programs in finance. Whereas many such programs have been established and are operating successfully in the eastern United States, California and the west have been slow to develop specialized masters degrees in finance. To date, only UCLA and UC Berkeley offer specialized finance masters degrees. They both offer degrees in financial engineering. UCR will be unique in the UC system in offering a MA in Finance. The specific positioning of this degree is for students who desire a more specialized graduate education than is provided by an MBA, with substantially more depth in finance; but who are not well suited for or do not seek the very technical kind of graduate finance education that is represented by financial engineering degrees (such degrees place heavy emphasis on applied mathematics and are most closely aligned with degrees in physics or time series statistical processes. The UCR MA in Finance is positioned between these two extremes. The program is designed develop sophisticated financial expertise including modeling, valuation, financial decision making, and financial planning. There are few other schools in California that offer degrees that are similar in focus. In Southern California, the only specialized finance degrees we know of are at UCLA, Claremont, and Pepperdine.

8. Type(s) of students to be served:

The MA in Finance will be offered as a one year program (48 units) for graduates of a baccalaureate degree in a field that provides sufficient quantitative background to enable successful completion of the program. Appropriate undergraduate majors include business, engineering, mathematics, statistics, and physics, among others. Students admitted to the
program will have an academic profile somewhat different from those likely to be admitted to other master's level programs in the Anderson Graduate School of Management. In particular, the MA in Finance places substantially greater emphasis on quantitative background as reflected in undergraduate degree, courses taken, and scores on quantitative portions of admissions tests. Compared to the MBA, the MA in Finance places less emphasis on work experience, though over time we expect that the cohort will include individuals with significant relevant work experience.

9. If program is not in current campus academic plan give reasons for Proposing program now:

There are at least eight compelling reasons why the School of Business Administration, the Anderson School, and the Department of Finance and Management Science should launch this new degree program at this time:

- Finance executives require increasingly high levels of specialized expertise for professional advancement.
- The regional market is underserved.
- The MA in Finance will be an immediate source of net revenue.
- The program will enable us to build critical mass in the faculty.
- The program will increase the prospects for earning finance accreditation from The Association to Advance Collegiate Schools of Business (AACSB International).
- The program is congruence with the UCR and SoBA strategic plans.
- Graduates of the Master of Arts in Finance program have the potential to become influential and supportive alumni soon after they complete their degree.
- The Program will meet an untapped demand for under-represented minority graduates.

10. If program requires approval of licensure board, what is the status of such approval?

Not Applicable

11. Please list special features of the program:

- Specialized graduate level finance education
- Significant complementarities with existing programs of SoBA
- Will provide an important funding source for databases that are essential to finance research.

12. List all ~ courses required:

All courses are currently offered by the SoBA

Quarter 1

- MGT 201 Quantitative Analysis
- MGT 202 Financial Management
- MGT 211 Financial Accounting

**Quarter 2**
- MGT 231 Corporate Finance
- MGT 232 Derivatives and Asset Pricing
- Elective

**Quarter 3**
- MGT 227 Fixed Income Securities and Markets
- MGT 244 Corporate Risk Management
- MGT 252 Investments and Portfolio Management
- Elective

**15. List any related program offered by the proposing institution and explain relationship.**

We anticipate that the program will help us to attract good candidates to the School's Ph.D. program in management.

**16. Summarize employment prospects for graduates of the proposed program.**

The program will educate individuals for employment in all parts of the financial sector and for financial positions in non-financial firms. The experience of our faculty with other programs is that opportunities for professional employment are excellent and that it is possible to develop a virtuous cycle where recent graduates who are placed become ambassadors for the program, helping to place subsequent graduates.

**17. Give estimated enrollment for the first 5 years and state basis for estimate.**

We project 10 students in the first year, increasing by 10 per year to reach 50 in five years.

**18. Give estimates of the additional cost of the program by year in each of the following categories: FTE Faculty, Library Acquisitions, Computing, Other Facilities, Equipment. Provide brief explanation of any of the costs where necessary.**

Exhibit I contains our financial projections. Cost to launch the program is negligible. The program will generate positive free cash flow beginning in its first year. Other than slight additions to FTE Faculty, which would only arise if the program is as successful as we project, there should not be any additional costs in any of the categories above.

**19. How and by what agencies will the program be evaluated.**

The program will be evaluated by the AACSB at UCR's next accreditation review.
EXHIBIT IV: BRIEF BIOGRAPHY OF THE FINANCE FACULTY

1. Richard Smith: Professor Richard Smith has spent a lifetime devoted to the study of finance, having lectured on international venture finance and entrepreneurship in the context of economic growth, and researched such topics as the impact of the SEC's Fair Value Standard on illiquid assets held by mutual funds. He co-authored *Entrepreneurial Finance* (Wiley, 2004, 2ed.), which many consider the definitive text on the subject, its importance attested by the fact that it has been translated into Chinese and Japanese. He has also published over 35 journal articles and other research papers on an array of finance and economics topics. He is often consulted for his broad knowledge of the field.

2. Peter Chung: Professor Peter Chung received his Ph.D. in finance from Ohio State University, an M.B.A. in finance from California State University, Los Angeles, and a B.S. in international trade as well as in foreign service from Sogang University in Korea. His research interests include continuous-time modeling, contingent claim valuation, corporate finance and investments, market microstructure, international finance, and emerging capital markets and investments. Professor Chung has been published in numerous journals such as the *Journal of Finance*, the *Journal of Banking and Finance*, and the *Journal of Financial and Quantitative Analysis*, to name a few.

3. Sarkis Khoury: Professor Khoury received his Ph.D. in international finance from the University of Pennsylvania, his M.B.A. from the Boston University School of Management, and his B.S. from the University of Massachusetts. His research interests include: valuation of financial and real assets, entrepreneurship, foreign exchange markets and risks, international finance/finance/investments, project feasibility analysis, international banking, international mergers and acquisitions, policy issues relating to banking regulations, various commercial banking and monetary policy issues, problems in multinational financial management, and systemic and country risk.

4. Thomas Kim: Thomas Kim earned his Ph.D. in finance at the Owen Graduate School of Business at Vanderbilt University. He earned his M.B.A. in finance from the University of Texas at Austin, and his B.A. in economics from Seoul National University. His research interests include financial markets, investments, financial institutions, corporate finance, and derivatives. He has industry experience as a fixed income securities dealer for Kookmin Bank in Seoul, Korea.

5. Yun Liu: Professor Liu received her Ph.D. in finance at the Robert H. Smith School of Business, University of Maryland, College Park. She earned her M.A. in economics from Simon Fraser University, and her B.Econ. in money and banking from Peking University. Her primary research interests are corporate finance focusing on governance, compensation, mergers and acquisitions, and networks. She has been awarded the Business Dean's Fellowship at the University of Maryland; the Graduate Fellowship at Simon Fraser University; and noted for Excellent Academic Performance, given an Advanced Student Award, and awarded the Sumitomo Bank Scholarship and the Motorola Scholarship at Peking University. For her
teaching, she was the 2006 Winner of the Krowe Award for Teaching Excellence, and the 2006 Winner of the Joseph Wikler Award for Teaching Excellence.

6. Michael Moore: Michael Moore earned his Ph.D. and M.S. from Pennsylvania State University and a B.A. from the University of Washington. He is a certified public accountant. After receiving his Ph.D., Michael joined the faculty of The University of Texas at Austin where he remained for eight years. He was recruited from Texas by the University of Southern California where he served on the faculty for 16 years, seven years as a professor and nine years as the Kenneth Leventhal Professor. He was also director of the Masters of Business Taxation Program. He left USC to serve as chairman of the department of accounting at Colorado State University from 1995 to 1997. In 1997 he left academia for public accounting practice where he was a partner with Hull, Ruhl & Moore for 10 years. During his academic career he has taught accounting and taxation at the undergraduate and graduate levels and has been involved with curriculum design and implementation. He has published extensively in taxation and accounting and has research interests on international topics. Professor Moore is co-author of U.S. Tax Aspects of Doing Business Abroad, now in its sixth edition. His published work has appeared in the Journal of Accountancy, the Journal of the American Taxation Association, The Accounting Review, the Journal of Accounting Research, and the International Tax Journal, among others. He has twice been the recipient of the American Taxation Association's Award for Best Tax Manuscript. He has served on numerous advisory boards and editorial review boards, including the International Tax Journal, and on a number of committees of the American Institute of Certified Public Accountants, the American Taxation Association, and other academic organizations. He is past president of the American Taxation Association. In addition to his experience in public accounting practice, he has been involved in litigation support services in tax and accounting matters and professional standards of practice. He is currently on the board of directors of two nonprofit organizations and has additional duties as treasurer and financial officer.

7. Woody Liao: Woody Liao received his Ph.D. in accounting from the University of Florida in 1974 and his MBA from Illinois State University in 1970. He is a CPA and CMA. Before joining UCR in 1991, he taught at the University of Houston from 1978 to 1990 and was the director of the Ph.D. program in accountancy & taxation from 1985 to 1990. He also taught at VPI & State University from 1974-1978. His areas of expertise and research interests are: management planning and control systems; corporate governance, executive compensation, and earnings management; and risk management and performance evaluation. He has published papers in leading accounting journals such as The Accounting Review; Contemporary Accounting Research; ABACUS; Management Accounting; Accounting Horizons; Behavioral Research in Accounting; International Journal of Accounting; Journal of Business, Finance, and Accounting; Accounting and Business Research; Journal of Accounting Literature; and Decision Sciences. He teaches courses in managerial accounting, financial accounting, intermediate accounting, and advanced management accounting. He has served as visiting professor and speaker at University of Hawaii, Naval Postgraduate School, National Chung Hsing University in Taiwan, and Chinese University and Hong Kong Polytechnic University in Hong Kong. He was named a "Prolific Author in Accounting" in 2002.
8. Birendra Mishra: Birendra (Barry) K. Mishra received his Ph.D. in accounting from the University of Texas at Austin in December 1996. Prior to that, Professor Mishra earned his B.S. in mining engineering from NIT Rourkela and his M.S. in petroleum engineering from the University of Texas at Austin. Professor Mishra's research interests include the areas of accounting disclosure, management and control, operational risk, and information systems security and open source software. He uses a variety of methodologies including game theory, agency theory, and econometric models. He has published articles in major journals including the *Journal of Accounting Research, The Accounting Review, Management Science, Marketing Science, Information Systems Research*, and *IEEE Transactions*. Professor Mishra teaches courses in managerial, financial and accounting information systems. Recently he has been awarded the AICPA grant to study internal control risk using strategic framework.

9. Ted Mock: Prior to joining SoBA, Ted Mock served as a professor of accounting at the University of Southern California and professor of auditing research at Maastricht University in the Netherlands. From 1982 to 2006 he served as the Arthur Andersen Alumni Professor at USC. In 1983 he helped found the USC Audit Judgment Symposium (now the International Symposium on Audit Research). Professor Mock has visited many universities worldwide including the University of Otago in New Zealand as a Fulbright Scholar; the Norwegian School of Economics and Business, Bergen, Norway; Maastricht University as a Fulbright Scholar; Nanyang Technological University as Shaw Foundation Professor; The Australian National University; and The University of Melbourne. Professor Mock's research interests lie primarily in the areas of audit judgment, assurance services, and evidential reasoning. During 1977 to 1978, he was the first audit research fellow at KPMG in New York City. His AICPA research monograph with J. Turner on internal control evaluation was awarded the American Accounting Association Wildman Award and he was a co-author of the American Institute of Certified Public Accounts (AICPA) monograph on collaborative audit research that received the 1998 Joint AICPA/AAA Collaboration Award. In 2003 he received the American Accounting Association's Auditing Section Outstanding Auditing Educator award, and in 2006 the AAA Accounting and Behavior and Organization Section's Notable [Lifetime] Contribution Award.

10. Waymond Rodgers: Waymond Rodgers received a Ph.D. in accounting from the University of Southern California, and a cognitive psychology postdoctorate from the University of Michigan. He is a certified public accountant in California and Michigan. Professor Rodgers's accounting, banking, and management expertise derives from his employment as an auditor at PricewaterhouseCoopers and Ernst & Young. He was also a commercial loan officer for Union Bank and his portfolio includes Fortune 500 companies. His primary research areas are auditing, commercial lending decisions, decision modeling, ethics, trust issues, intellectual capital, and knowledge management. Professor Rodgers has published in the *Communications of the ACM, European Accounting Review, Journal of Business Ethics, Journal of Applied Social Psychology, Journal of Economic Psychology, Journal of the Association of Information Systems*, and *Management Science*, among others. He is also the recipient of major research grants from the Brazilian Research Foundation, Canada Research Foundation, Citibank, Ford Foundation, National Institute of Health, National Science Foundation, Department of Defense, and the Navy Personnel Research and Development Center.
11. Erik Rolland: Prior to entering academia, Erik Rolland was a corporate international IT consultant. Since graduating with his Ph.D. in decision sciences & information systems from the Fisher College of Business at the Ohio State University in 1991, he has been part of the faculty at SoBA, the Fisher School of Business at the Ohio State University, and the Antai School of Management & Economics at the Shanghai Jiaotong University. Professor Rolland was the inaugural director of the University of California’s Heckmann International Center of Entrepreneurial Management in Palm Desert, California, and has served as both department chair and associate dean for UCR's business school. His papers have appeared in such journals as Operations Research, The European Journal of Operational Research, Decision Sciences and many others. Professor Rolland was awarded an AICPA grant to study internal control risk using strategic frameworks.

12. Bajis Dodin: Bajis Dodin joined UC Riverside's School of Business Administration in 1984 and has been a member of the faculty ever since. His teaching and research focus on operations management (OM) and project management (PM). He uses operations research (OR) methods in solving practical as well as theoretical problems in the areas of scheduling and PM and their applications. His publications have appeared in leading journals in the fields of OR and OM, including: Operations Research, Management Science, IIE Transactions, European Journal of Operational Research, and Accounting Review, among others. His tenure at SoBA includes a number of administrative and faculty governance assignments, including: chairman of the business administration program for 11 years, associate dean for academic affairs (1996 to 2000), associate dean for the undergraduate business program (2000 to 2003), and chairman of the business school faculty. He has also served as director of the UC Education Abroad Program Center in Cairo from 2003 to 2006.

13. Mohsen Elhafsi: Mohsen Elhafsi received both Ph.D. and M.S. in 1995 from the industrial and systems engineering department at the University of Florida and was FKF Honor Graduate. He received a "Qualified Engineer" degree from the Ecole Nationale d'Ingenieurs de Tunis, Tunisia, in 1988. In 1996, he joined SoBA as a visiting assistant professor and became a tenure-track faculty member in 1997. In 2002, he was promoted to associate professor. He was awarded the prestigious Fulbright Fellowship for the 2006 to 2007 academic year to spend his sabbatical year in France at the Ecole Centrale de Lille, one of France's elite engineering schools. There he worked with host researchers at the Industrial and Logistics Laboratory on supply chain management issues ranging from coordination to performance measures and assessment. In 2007, he was awarded a $10,000 COR Research Fellowship (a fellowship program administered by the Academic Senate Committee on Research) for his proposal to work on supply chain issues related to contract manufacturing. His areas of research include operations and supply chain management, manufacturing and service operations, and production and inventory systems. He is the author of numerous articles that have been published in peer-reviewed journals such as: Management Science, IIE Transactions, European Journal of Operational Research, Production and Operations Management, and Global Optimization.

14. Long Gao: Long Gao earned his Ph.D. in business administration and operations research from Penn State University, and his M.E. and B.E. in engineering physics from Tsinghua University in Beijing, China. His research interests include supply chain management, stochastic
modeling of manufacturing and service systems, Markov decision processes, and simulation. He has published in journals such as Management Science, and Production and Operations Management.

15. David Mayers: David Mayers is a professor emeritus of finance at the University of California, Riverside's School of Business Administration. He received his Ph.D. in business administration from the University of Rochester, his M.B.A. from the University of California, Berkeley, and his B.S. in engineering from the U.S. Naval Academy, Annapolis. His research interests include corporate finance and investments, asset pricing, portfolio performance evaluation, corporate financial policy, and insurance. He has been published in numerous journals, including the Journal of Financial Economics, the Journal of Business, and Economic Inquiry, to name a few.

16. Yunzeng Wang: Yunzeng Wang holds a Ph.D. in operations management from the Wharton School, University of Pennsylvania. Previously, Professor Wang served as a faculty member at the Weatherhead School of Management, Case Western Reserve University, and at the School of Management, University of Texas at Dallas, where he took leadership roles to develop successful graduate programs in supply chain management. Professor Wang's research interests focus on supply chain management. An internationally known scholar in the field, Professor Wang is frequently invited as an expert speaker by top-tier research universities and by professional organizations. He publishes widely and serves on editorial boards for several major academic journals. He has also consulted for major firms to improve the performance of their global supply chains. He is the 1998 recipient of the prestigious George Dantzig Prize from the Institute for Operations Research and Management Sciences (INFORMS), for the theoretical contributions of his research and its relevance to management practice.
Proposal for a Master of Arts in Finance

**ACADEMIC SENATE APPROVALS:**

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PROPOSAL FOR A MASTER OF ARTS IN FINANCE

Department of Finance and Management Science

A. Gary Anderson Graduate School of Management

School of Business Administration

University of California Riverside

April 2011

Status:

Approved by School of Business Administration Executive Committee: January 25, 2011

Approved by School of Business Administration Faculty: February 4, 2011

Submitted to Graduate Division February 28, 2011

Revised per comments from Graduate Division April 12, 2011
GRADUATE DEGREE PROGRAM PROPOSAL

Lead Proposers:

- The faculty of the School of Business Administration and the A. Gary Anderson Graduate School of Management
- The faculty of the Department of Finance and Management Science
  - Peter Chung
  - Bajis Dodin
  - Mohsen El Hafsi
  - Sarkis Khoury
  - Yunzeng Wang
  - Long Gao
  - Thomas Kim
  - Yun Liu
  - David Mayers (emeritus)
  - Richard Smith, Chair

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1 The School of Business Administration is in the process of reorganizing as a single department. While the new structure will significantly affect personnel processes within the School, discipline-based functional areas will be retained and will continue to play important roles in curriculum-related matters. Thus, the restructuring will not affect implementation or administration of the MA in Finance degree program.
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PROPOSAL FOR A MASTER OF ARTS IN FINANCE

EXECUTIVE SUMMARY

The proposed Master of Arts degree in Finance at the A. Gary School of Management will bring greater visibility to UCR and the School, contribute positively to the reputation of the School nationally and internationally, serve the growing needs of the region for well educated finance professionals, and provide significant positive free cash flows to the School and UCR from inception. The program is consistent with the UCR and SoBA strategic plans and will give us an important edge over our competition as we move to take advantage of the fact that our geographical area is underserved in this sphere, and will elevate our national and international visibility as we move to do our part to meet the vast untapped demand for trained finance professionals. While the program is structured as state-sponsored, it is designed to leverage the existing capacity of the School and will be cash-flow-positive from the first term it is offered.

This proposal describes the rationale for the degree program, outlines how the program advances our strategic plan, and provides background on the market for the degree. It proposal includes information comparing the proposed program to those offered by other schools nationally and internationally, and includes details of the curriculum of the one-year degree program. The program requires no material front-end investment because all the courses in the curriculum are already offered by routinely by SoBA.

Rationales for the Program

• The program will enable finance executives to gain the specialized finance expertise required for professional advancement.

• The regional market for finance professionals is underserved by institutions of higher education. The program will enable UCR to address the regional market need for professional education in finance.

• The MA in Finance will be an immediate source of net revenue for the School and UCR.

• The programs will enable us to maintain and build critical mass of faculty in finance and related fields.

• The program is expected to become a source of well-qualified Ph.D. students and to advance the research mission of the School.

• The program will position the school to achieve AACSB accreditation in finance, which accreditation will benefit all programs of the school.

• The program is congruent with the UCR and SoBA strategic plans

• Graduates of the program can be of immediate value in helping the School to place its graduates in attractive professional employment and finance alums can quickly become important prospects for campus development efforts.

• The particular strengths of UCR will enable the program to help bring greater socioeconomic diversity to the profession
Strategic Fit
The MA in Finance can help to advance the strategic plans of both UCR and the SoBA.

*UCR 2010: The Path to Preeminence* places significant emphasis on increased focus on “professional and graduate education that will benefit a region that is in dire need of practitioners in a variety of professional fields.”

- UCR’s most successful graduate programs are those that integrate graduate education with academic research and creative activity, and that to achieve the profile of an AAU institution, UCR must increase its proportion of graduate and professional students.
- The plan points to the potential for professional programs to provide revenue enhancements to the campus.

The SoBA strategic plan identifies “empirical finance” as one of five spires of excellence.

- The term, empirical finance, implies that students will have hands on opportunities to work with data, to learn advanced empirical methods relevant to finance, and that there will be significant complementarities between teaching and research in finance.

Market and Competition
Southern California is greatly underserved in graduate finance education.

- UCLA, Claremont McKenna, and Pepperdine University are the only other schools in Southern California that currently offer advanced degrees in finance.
- Schools on the East Coast are in the forefront of development and introduction of specialized graduate degrees in finance.
- It is only a matter of time before our local competitors will introduce such programs.

The MA in Finance will provide a comprehensive overview of the entire field of finance, with an emphasis on empirical methods and applications.

- Berkeley, and UCLA, the two UC campuses that offer advanced degrees in finance, both offer degrees in financial engineering.
- More theoretically oriented programs often call their offerings a Master in Financial Economics, while programs more focused on computational applications offer a Master’s in Computational Finance.

Curriculum
The degree can be completed in one year of full-time coursework. All required courses are currently offered by AGSM.

**Quarter 1**
- MGT 201 Quantitative Analysis
- MGT 202 Financial Management
- MGT 211 Financial Accounting

**Quarter 2**
Financial Projections

The MA in Finance program will be state-sponsored but will generate positive free cash flow beginning in the first term it is offered.

- The program will draw entirely upon existing courses that are routinely offered by the SoBA.
- There is sufficient excess capacity in the classes that are currently offered to be able to absorb the start-up enrollment without adding sections.
- During the start-up, administrative staff of the existing programs can be leveraged to handle the administrative needs of the program.
- Initial marketing and recruitment efforts will focus on web traffic and the necessary web pages can be prepared at low cost.

Impact on Existing Programs

The MA in Finance will positively impact the existing SoBA programs:

- Because the degree will initially use the capacity of existing courses, there will be no reduction in the capacity of the existing faculty to serve existing graduate and undergraduate programs.
- As the program grows, it will be necessary to add faculty in finance, as well, possibly, as accounting and management science. The program will provide sufficient sustainable free cash flow to support the lines.
- Faculty will help build critical mass in the School, advance the school’s research mission, and support the finance component of the Ph.D. in Management.
- While the program may be attractive to some students who otherwise would apply to the school’s MBA program, it will also generate its own stream of applicants, some of which will be better suited to the MBA.
- Students admitted to the MA in Finance program will be strong quantitatively and contribute positively to the MBA classroom experience and learning.
- Students of the MA in Finance program are often interested in the Ph.D.
• PROPOSAL FOR A MASTER OF ARTS IN FINANCE

1.0 PROPOSAL

In view of the vast untapped demand for trained finance professionals as subsequently discussed in the proposal, the Department of Finance and Management Science of the A. Gary Anderson Graduate School of Management proposes to offer a Master of Arts degree in Finance (MA in Finance). The new degree program will consist of a full-time one-academic-year program (or its equivalent on a part-time basis). The program will be state-sponsored and have a professional degree fee similar to the current MBA Program. However, because the program is designed to initially leverage existing capacity of the School, it will be cash-flow positive from the first term it is offered.

The School of Business Administration currently offers a Bachelor of Science in Business Administration. A student may choose a concentration in a specialized area of which one field of concentration is finance. However, coursework culminating in a baccalaureate degree with a concentration in finance is not usually sufficient for advanced finance professionals. A student may also earn an MBA with a concentration in Finance in the Anderson School of Management; however an MBA is a generalist degree by design, and is perceived as such by employing firms.

2.0 CONTEXT

Deregulation of financial services in the last three decades, accompanied by seminal conceptual synthesis in financial economics that unleashed unprecedented financial innovation, has led to rapid growth of the financial sector both in the US and elsewhere. Despite the recent financial crisis, there are strong indications that financial sector will continue to remain a critical part of the US economy. Shifts in regulatory regimes are often accompanied by and sometimes precipitate new rounds of financial innovation. The newly enacted regulations in the US and BASEL III in the international arena, and ongoing debate of issues surrounding the financial crisis underscore the importance of advanced professional education in finance.

In brief, globalization, rapid advances in computational technology, unprecedented financial innovation, and shifting regulatory regimes, all contribute to job opportunities for additional finance professionals with education beyond the baccalaureate degree.

3.0 RATIONALE FOR THE PROGRAM

There are at least eight compelling reasons why the School of Business Administration, the Anderson School, and the Department of Finance and Management Science should launch this new degree program:

1. Finance executives require increasingly high levels of specialized expertise for professional advancement: A master’s degree or a doctorate is a prerequisite in several specialized fields such as medicine and law for example. As a result of an exponential increase in the knowledge and skills needed for successful discharge of professional
responsibilities in the field of finance, industry has come to expect potential entrants to the finance profession to have a command of finance as a structured body of knowledge with its own paradigms that can only be acquired by pursuing an advanced degree in the field.

2. **The regional market is underserved:** The MA in Finance program will meet an untapped demand for graduate finance education in the region served by UCR. While the region is not known to have a large financial services sector, it nonetheless does have a significant population of finance professionals who are involved in banking, insurance, investments, financial planning, real estate, and other fields, who could benefit from a specialized masters degree in finance. AGSM is the only graduate school of management affiliated with a major research university in Riverside and San Bernardino Counties.

3. **The MA in Finance will be an immediate source of net revenue:** The program will enhance SoBA and UCR revenues net of all expenses, help build the resource base, diversify existing sources of revenue, and reduce dependence on state funding. In the short-run, revenue generated by the program will help address the current budget challenges of the School. Longer-term, the program’s professional degree fees will provide a means for expanding faculty, support faculty research, and provide funds to support the School’s Ph.D. program. In addition, program revenues will contribute to improvement of the educational experience of students in all of the degree offerings of the School.

4. **Building the Faculty:** Currently, SoBA has only five ladder faculty in finance. While the small faculty, supplemented with about 50% lecturer-taught courses, is marginally sufficient to meet current needs, the quality of the educational experience is compromised by large class sizes in undergraduate courses and by lean menus of course offerings in both graduate and undergraduate courses. Moreover, the research productivity of the finance faculty in the department is adversely affected by heavy administrative burdens and lack of efficient scale. The program will help us to address these problems by hiring additional faculty members. Doing so will also enable the School of Business Administration to develop critical mass of faculty in key strategic areas of finance.

5. **Improved prospects for AACSB accreditation in finance:** The program will increase the prospects for earning finance accreditation from The Association to Advance Collegiate Schools of Business (AACSB International). AACSB accreditation is the most prestigious accreditation for finance and business programs. The AACSB is the most widely accepted and highly regarded accrediting body for business-related degree programs. AACSB accreditation mandates that our department must maintain international standards of excellence specifically designed for undergraduate finance programs. Many universities find these finance standards to be difficult to meet. While more than 550 universities have business programs that are accredited by the AACSB, fewer than 170 have separately accredited finance programs. Currently there are only five AACSB-accredited finance programs in California, none of which is on a UC campus. UC Berkeley Haas School has indicated that it will seek finance accreditation in the future. Our department is committed to continuous improvement in curriculum, faculty, and student quality these accreditation standards require.
6. **Congruence with the UCR and SoBA strategic plans:** The program fits the overall strategic plans of UCR and the School of Business Administration to increase its presence and reputation regionally, nationally, and internationally. As described more fully under the heading of “Strategic Fit”, the graduate degree in finance is a part of the portfolio of offerings of many major business schools, and such graduate master’s degree finance programs are routinely ranked in such publications as *US News, Businessweek*, and the *Financial Times*. The program will fund acquisition of databases important to finance, provide stipends and other support for Ph.D. students, engage professional students in empirical finance research, connect the campus more firmly with the professional finance community, and strengthen our ability to place our students in significant professional positions.

7. **Alumni and Development:** Graduates of the Master of Arts in Finance program have the potential to become influential and supportive alumni soon after they complete their degree. Based on the experience of similar programs at other schools, including the experience of some of our own faculty, recent graduates tend to become important contributors and resources for the programs within months of completion of their graduate degrees. The Master of Arts in Finance program will facilitate development of stronger relationships with the corporate and professional communities, especially, but not exclusively in the financial sector. It is anticipated that most students in the program will be recruited for important positions after graduation.

8. **Diversity in the Profession:** The Program will meet an untapped demand for under-represented minority graduates. Many firms that recruit our graduates have inclusiveness initiatives with a goal of attracting individuals with diverse backgrounds and experiences. UCR has one of the most diverse campuses in the country and is in a unique position to meet the demands of these firms.

### 4.0 STRATEGIC FIT

The proposed MA in Finance degree program advances the objectives of UCR as reflected in its recently developed strategic plan, *UCR 2020: The Path to Preeminence*. This strategic plan places significant emphasis on increased focus on “professional and graduate education that will benefit a region that is in dire need of practitioners in a variety of professional fields.” The plan notes that UCR’s most successful graduate programs are those that integrate graduate education with academic research and creative activity, and that to achieve the profile of an AAU institution, UCR must increase its proportion of graduate and professional students. The plan points to the potential for professional programs to provide revenue enhancements to the campus.

The strategic plan calls for relative growth of graduate education, including professional education; serving the region by preparing students well for professional employment; reducing dependence on public funds through development of self-supporting (and even surplus generating) graduate programs; connecting professional education to academic research; connecting more closely to the region; and developing the profile of an AAU university.
The MA in Finance is aligned with all of these objectives. We are in an environment where specialized post-graduate education is increasingly demanded. No longer is specialization just for academic Ph.D.s. As the recent financial crisis, and other famous financial failures (the Orange County bankruptcy, Long-Term Capital Management, and others) demonstrate, people with important decision rights related to finance need strong educational backgrounds to help them and their organizations to be successful. Appropriate education for finance professionals is similar to that of finance Ph.D.s. In fact, many of the technological advances in finance have come not from the universities, but from the private sector. Finance professionals working in the Riverside/San Bernardino area need to be dynamic and innovative because the economy of the region is destined to be the most rapidly growing portion of the California economy in the foreseeable future, and that growth is closely tied with the development and increasing professionalism of the financial sector.

Although the MA in Finance is nominally state-sponsored, it will be self-sufficient and cash-flow positive from its first term, and will become an important source of net revenues for the School and campus. Those revenues will help to support our Ph.D. program, fund the acquisition of databases where we have lost library support, and contribute to the overall revenue needs of the campus.

The proposed MA in Finance program is also consistent with the strategic goals of the School of Business Administration. The SoBA strategic plan identifies “empirical finance” as one of five spires of excellence. The term, empirical finance, implies that students will have hands on opportunities to work with data, to learn advanced empirical methods relevant to finance, and that there will be significant complementarities between teaching and research in finance.

The MA in Finance program will address an unmet need for graduate finance education in Southern California in general and specifically Inland Southern California and is therefore consistent with the School of Business Administration’s mission to service the educational needs of businesses in the region. The program will contribute to our developing a reputation for leadership in U.S. higher education, to recruiting outstanding faculty, and to the diversification of our sources of revenue, which will help the School of Business Administration maintain financial stability and independence and reduce dependence on state funding. The program also fits well with the School of Business Administration’s strategies for building reputation by hiring high quality faculty who demonstrate excellence in both research and teaching.

While the SoBA strategic plan defines empirical finance as one of its five spires of excellence, we have been frustrated in developing this spire because as state funds to the campus declined, the library discontinued several databases important to empirical research and teaching in finance. The school has struggled to maintain access to some of these databases, but currently we fall well short of our needs. This has adversely impacted our research output and our ability to bring empirical finance to the classroom to the extent we aspire to do. Launch of the MA in Finance will enable us to address this problem. Databases acquired though funds generated by

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2 In the event that a process is approved for converting or reconstituting state-sponsored programs to self-supporting, and the full-time MBA program is converted to self-supporting, it is anticipated that the MA in Finance will converted concurrently.
the program will be available campus-wide and are likely to be useful to faculty and to Ph.D. students in several disciplines.

The program will also generate resources that can support the hiring of additional faculty members, eventually enabling the School of Business Administration to build a critical mass of faculty in key strategic areas.

5.0 MARKET FOR THE PROGRAM

Over the last three decades, not only has the financial sector come to occupy a larger part of the US and global economy, the extent of sophistication in the expanding range of services that financial sector firms make available to their clients has also increased. As a result, the number of professionals employed by the financial sector firms to design and market new financial products has expanded. At the same time, the consumers of these new financial offerings need their own set of financial professionals, and it is now routine for non-financial firms to hire risk professionals in the CFO’s office to advise the Chief Financial Officer of the firm to make intelligent choices. Financial Accounting Standards Board (FASB) has recently mandated new rules for expensing Employee Stock Options, and for periodic analysis of impairment of intangible assets. The Sarbanes-Oxley Act has added its own regime of compliance requirements. All these developments have greatly expanded the need for trained finance professionals in the corporate sector as a whole. These trends are likely to be strengthened by new national and international financial regulations that have recently been passed (the Dodd-Franks Act) or are under active consideration (BASEL III). As the financial sector adapts to these changes, the demand for trained finance professionals will grow even further. By moving rapidly we can help UCR graduates to reap the benefits of this expanding demand.

The enduring strength of nationwide demand for an advanced master’s degree in finance and an underserved market here in Southern California offer an opportunity to gain an advantage over other Universities in the area. The last two decades have seen rapid growth both in the range of advanced finance degrees available and in the number of schools that have moved to make these programs available.

To meet the expanding need for advanced skills in risk management and derivatives pricing, Master in Financial Engineering (MFE) was among the first new degree in finance that Universities have begun to offer. Berkeley, and UCLA, the two UC campuses that offer advanced degrees in finance, both offer an MFE. More theoretical programs call their offering a Master in Financial Economics, while programs more focused on computational applications offer a Master’s in Computational Finance (MCF). Master of Quantitative Finance (MQF), Master of Science in Financial Services (MSFS) are some of the other degrees. It should be noted that these University offerings are distinct from, but complementary to, professional accreditation programs such as CFA and CFP.

It is remarkable that apart from UCLA, Claremont McKenna and Pepperdine University are the only other schools in Southern California that currently offer advanced degrees in finance. Southern California is greatly underserved. In contrast, Texas has programs offered by as many as six schools. Schools on the East Coast are in the forefront of development and introduction
of specialized graduate degrees in finance. It is only a matter of time before our local competitors will introduce such programs.

The strength of UCR Faculty is in empirical finance, and we propose to position our degree offering accordingly. The Master of Arts in Finance that the SoBA will offer is designed to provide overview of the entire field of finance, with an emphasis on empirical methods and applications, and with elective offerings that draw upon the strengths of our faculty.

While we seek to serve the financial sector firms in our geographical area by making available to them a pool of trained finance professionals, we shall not restrict ourselves to admitting only those from Southern California. Expanding the potential market to the pool of students beyond California to the national arena, and beyond US borders to the international arena will ensure that we are able to recruit students who are well-qualified to stand the rigors of the proposed program. As non-residents pay a higher tuition, admitting students from outside California will also have a positive impact on the revenue.

6.0 FINANCIAL INFORMATION

The MA in Finance program will be will generate positive free cash flow beginning in its first term. We can say this with complete confidence for the following reasons:

- The program will draw entirely upon existing courses that are routinely offered by the Anderson Graduate School of Management of the School.
- There is sufficient excess capacity in the classes that are currently offered to absorb the start-up enrollment without adding sections.
- During the start-up, administrative staff of the existing programs can be leveraged to handle the administrative needs of the program.
- Initial marketing and recruitment efforts will focus on web traffic and the necessary web pages can be prepared at low cost. During the start-up phase, efforts such as program marketing and recruitment will focus on the internet and be negligible in terms of expense (e.g., with no special recruiting activities, no print marketing materials).
- Addition of course sections, development of other specialized courses, addition of support staff, and expansion of marketing and recruitment efforts all will be tied to attained enrollment in the program, and will occur out of accumulated surplus of positive cash flows.

Based on experience the experience of other specialized masters programs in finance, the MA in Finance program is expected to grow steadily without significant marketing expenditures. In the Pro Forma financial model shown in Exhibit II, we have projected steady growth at a rate of about 10 students per year. While student FTE growth is always subject to uncertainty, the program is structured to be cash flow positive even if the growth targets are not achieved as quickly as projected. Moreover, there is significant potential that these projections will be exceeded due to the high demand for specialized masters degrees in finance and the near absence of significant local competition.
As presented in detail in the Pro Forma model, the Master of Arts in Finance degree program can be launched at a modest expenditure of $35,000 or less in development, recruitment and administrative costs. While we have projected $35,000, the actual start-up costs will probably be less. We do not plan to add staff to support launch of the program. Hence, the start-up expense projections are mainly allocations of expenses the School would incur in any event, just to maintain and grow its current programs. Existing staff at the SoBA are expected to have the capacity to contribute modestly to administrative and recruitment effort for the new degree at the initial launching stage.

The finance faculty already offers a comprehensive range of required and elective courses in finance, accounting, and statistics to MBA students. As discussed in Exhibit III (Courses), the curriculum of the new degree will be fashioned out of the existing menu of course offerings. As a result, staffing costs in the first year of operation are expected to be negligible. We plan to add special MA in Finance sections to these courses only as we are justified in doing so by demand and constraints on capacity of the MBA program.

Because we initially can leverage the existing capacity of the MBA program, both for staff support and for instruction, the MA in Finance program is expected to be cash flow positive even in its first term. As the program grows and begins to generate its own revenue stream, it is envisaged that it will have its own small administrative staff. As shown in the financial projections, we anticipate the addition of one FTE staff person, probably as part-time temporary staff, at around the point when the program reaches 10 FTE students. These staff members would be involved in student recruitment, application oversight, and administrative oversight of the program. At around 30 student FTE, we anticipate expanding the staff to include one full-time recruiter and one program administrator.

The Pro Forma model shows that if the program is launched with 10 students in the first year of operation, the University can expect a gross surplus in excess of $300,000, and a net surplus in excess of $250,000. Because we anticipate launching the MA in Finance as a state-sponsored program, the pro forma statements are prepared based on assumptions consistent with those state-sponsorship. Specifically, we allocate one-third of professional fees to financial aid (a percentage that would be appropriate for the program in any case), and show an allocation of educational and non-resident fees back to the campus. Allowing for UCR overhead, the SoBA is expected to retain a surplus in excess of $150,000 at the end of the first year. Assuming reasonable growth both in the size of the program and in the student fee, the program is expected to contribute a net surplus in excess of over $650,000 per year to SoBA beginning in about the fifth year.

The MA in Finance program will be subject to continuous review by the faculty of the School of Business Administration relative to projections. Reasons for deviations between projected and actual enrollments will be examined and revisions to the program and to financial projections will be made as appropriate.

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3 We may have to offer an additional section of MGT 202 in the Fall, the cost of funding which with a lecturer is minimal.
7.0 APPLICATION AND ADMISSION TO THE MA IN FINANCE PROGRAM

The MA in Finance will be offered as a one year program (48 units) for graduates of a baccalaureate degree in a field that provides sufficient quantitative background to enable successful completion of the program. Appropriate undergraduate majors include business, engineering, mathematics, statistics, and physics, among others. Students admitted to the program will have an academic profile somewhat different from those likely to be admitted to other master’s level programs in the Anderson Graduate School of Management. In particular, the MA in Finance places substantially greater emphasis on quantitative background as reflected in undergraduate degree, courses taken, and scores on quantitative portions of admissions tests. In comparison to the MBA, the MA in Finance places less emphasis on work experience. However, over time we expect that the cohort will include individuals with significant relevant work experience.

All applicants to this program must have completed a Bachelor’s degree or its approved equivalent from an accredited institution and to have attained undergraduate record that satisfies the standards established by the Graduate Division and University Graduate Council. Applications are accepted for fall term. All applicants must submit scores from the Graduate Management Admissions Test (GMAT) or Graduate Record Exam, General Test (GRE). Applicants whose first language is not English are required to submit acceptable scores from the Test of English as a Foreign Language (TOEFL) or the International English Language Testing System (IELTS) unless they have a degree from an institution where English is the exclusive language of instruction. Additionally each applicant must submit three letters of recommendation, at least two of which must be academic references. All other application requirements are specified in the graduate application or in the General UCR catalog.

8.0 ADMINISTRATION

The program will be directed by the Faculty of the School of Business Administration through its Executive Committee and a Graduate Programs Committee, which have oversight responsibility for all Graduate Programs offered by AGSM. The School of Business Administration anticipates no need for additional full-time or part-time administrative support for this program during the launch or in the initial years. ⁴

7.0 IMPACT ON EXISTING SOBA PROGRAMS

We expect that the MA in Finance program will positively impact the existing programs of the AGSM:

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⁴ Refer to the financial projections in Section 6.0 and Exhibit 1.
• Because we plan to offer the degree initially using the capacity of existing courses, there will be no reduction in the capacity of the existing faculty to serve the teaching missions of the existing graduate and undergraduate degree programs.

• As the program grows, it will be necessary to add a small number of faculty in finance, as well as, possibly, in accounting and management science. The program will provide sufficient sustainable free cash flow to support the addition of lines.

• Faculty hired in response to growth of the program will help build critical mass in the school, help to advance the school’s research mission, and help to support the eventual launch of the finance component of the Ph.D. in Management.

• While the program may be attractive to some students who otherwise would apply to the school’s MBA program, it will also generate its own stream of applicants, some of which will be better suited to the MBA. Based on experience of other schools, the net effect is substantially positive for recruitment to the MBA program.

• Students admitted to the MA in Finance program will be quite strong quantitatively and will contribute positively to the classroom experience and learning of MBA students.

• Students of the MA in Finance program also are frequently interested in pursuit of the Ph.D. so that the program will provide a means of attracting and screening Ph.D. candidates.

The experience of other universities that offer similar specialized degrees in finance shows that additional degree offerings in finance tend to complement and ultimately augment the MBA programs of the school, bringing dividends of additional prestige to the school, as well as benefits of networking with the firms in the financial services industry. While the MA in Finance degree program will share resources with the MBA program, it will attract its own pool of applicants. Because we can achieve sustainability at a very low level of students, and because MBA staff will also be involved in MA in Finance admissions, we can control the admission of students to the appropriate programs. Overall, the MA in Finance program is expected to have a positive impact on the web traffic from students who are interested in the UCR MBA.

There is ample evidence in the experience of other schools that those who apply for Master’s degrees in finance tend to have stronger quantitative background than MBA applicants. Therefore, not just the market but the selection criteria for admission to the MBA and MA programs will differ. However, our marketing efforts for attracting students to the MA program will result in a boost to the profile of the school as a whole. Students in the two programs will attend several courses together, and the presence of students with stronger quantitative background will tend to elevate the experience of both sets of students.

The effort to place graduates of the MA program, coordinated with the placement effort for MBAs will help us to better place students into the cohorts that best suit them.

8.0 CURRICULUM
As presented in Exhibit III, in the first quarter of Master of Arts in Finance degree program, students will be expected to take core courses in quantitative methods, finance, and financial accounting. This grounding is sufficient to expose students, in the second quarter, to two main sub-fields of finance: corporate finance and asset pricing. In the final quarter, the students are expected to build on what they learned in the second quarter by taking more advanced courses in the two areas, such as Corporate Risk Management, and Fixed Income Securities. The students are expected to choose an elective both in their second and third quarter of study from an extensive range of electives, such as International Finance, Entrepreneurial Finance, Decision-making Under Uncertainty, and Financial Strategy and Corporate Control in Finance, in addition to relevant courses such as Financial Statement Analysis, Advanced Financial Accounting, Applied Business Forecasting, etc. from other disciplines in Business.

Students should be able to complete the coursework for this program in one academic year. Admission is intended to be primarily in the fall quarter in order to match graduation timing with the normal recruiting cycle. However, the current offerings of AGSM do enable us to consider students for admission beginning in other terms or on a part time basis. Required courses and sufficient elective courses will be offered every year.

The program requirements will position students well to pursue professional certification as Chartered Financial Analysts (CFA), Certified Financial Planners (CFP), or members of the Global Association of Risk Professionals (GARP).

**Plan I (Thesis)** will not be an option for the MA in Finance program. Given this would be typically a one-year program it is unlikely that a Plan I (Thesis) option will be feasible for students.

**Plan II (Comprehensive Examination)** requires that at least 18 units be in graduate level courses taken at a UC campus. None of these may be in courses numbered 297 or 299. Every candidate must take a comprehensive examination, the content of which is determined by the department or program. In most cases, units from courses numbered 291 cannot be used. Candidates for the degree are required to complete all of the general requirements specified by Graduate Studies. The program is intended to conform to Plan II.

### 9.0 DEMAND AND COMPETITION

The demand for candidates with a master’s degree in finance has been growing since the 1980s, and, as the financial sector emerges from the crisis and starts responding to new regulation, the trend is expected to continue. The *Financial Times* of London ranks various degree offerings in finance every year, and the fact that 2010 rankings\(^5\) list nearly 200 schools all over the world is testimony to the continued strength in the demand for a master’s degree in finance. It is to be noted that the US has been slow to confront the trend toward specialized masters degrees - of the nearly 200 programs listed, only 31 are offered by schools in the US. Among the US programs listed are those offered by UCLA, University of California at Berkeley (among the UCs), Boston College, Boston University, Carnegie-Mellon, Case Western University,....

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Indiana University, Vanderbilt University, and Washington University at Saint Louis, to name a few. UCR will have the distinction of joining Berkeley and UCLA among the UC campuses offering an advanced degree in finance. Most of the programs listed in the Financial Times are on the East Coast, which clearly suggests an open and uncrowded competitive field for UCR in our geographical area.

To put the development of these programs in finance in historical context, the decade of 1970s witnessed great theoretical advances in the field of financial economics. At the same time, advances in computational technology brought about financial disintermediation, which combined with deregulation in the 1980s, contributed to the emergence of the modern financial sector, and the prominent role it has come to play in the US economy. As firms in this rapidly expanding financial sector demanded people who were exposed to the paradigms that gave rise to financial innovation, Universities both in the US and abroad started offering specialized degrees in finance to meet this need.

10.0 ADVISORY BOARD
Several firms in the financial sector in our geographical area have expressed keen interest in working together with the school. We can harness this interest by inviting senior executives of prominent financial sector firms in the area to serve on the advisory board for the program. The resulting coordination will lead to a closer relationship with future employers of graduates of the program. These senior executives serving on the advisory board will be available for events such as formal talks, and occasional classroom visit for a case discussion or select topic on real-world experience. These events will enrich the experience of students in all programs offered at the school.
EXHIBIT I Financial Projections

Master of Arts in Finance Program - Pro Forma

<table>
<thead>
<tr>
<th></th>
<th>Year 0</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
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<td>Educational fee per year</td>
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<td>Non-resident fee per year</td>
<td>12246</td>
<td>13826</td>
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<td>Professional fee per year</td>
<td>19770</td>
<td>21352</td>
<td>22633</td>
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<td>Fee growth rate</td>
<td>8%</td>
<td>6%</td>
<td>4%</td>
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<td>Percent of students in-state</td>
<td>30%</td>
<td>35%</td>
<td>40%</td>
<td>50%</td>
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<td>Ladder faculty percent of courses</td>
<td>50%</td>
<td>50%</td>
<td>50%</td>
<td>50%</td>
<td>50%</td>
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<tr>
<td>Ladder faculty cost per course</td>
<td>$40,000</td>
<td>$40,400</td>
<td>$41,211</td>
<td>$42,444</td>
<td>$44,142</td>
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<td>Lecturer cost per course</td>
<td>$7,000</td>
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<td>$7,211</td>
<td>$7,428</td>
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<td>Student worker cost per FTE student</td>
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<td>$242</td>
<td>$247</td>
<td>$255</td>
<td>$265</td>
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<td>Salary inflation</td>
<td>1%</td>
<td>2%</td>
<td>3%</td>
<td>4%</td>
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<td>Incremental courses required</td>
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<td>5</td>
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<td>10</td>
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<td>Gross revenue per FTE student</td>
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<td>$40,005</td>
<td>$41,705</td>
<td>$41,915</td>
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<td>Direct teaching cost per FTE student</td>
<td>$240</td>
<td>$6,176</td>
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<td>Revenue</td>
<td></td>
<td></td>
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<tr>
<td>Gross tuition and fee revenue</td>
<td>$376,542</td>
<td>$800,105</td>
<td>$1,251,138</td>
<td>$1,676,592</td>
<td>$2,103,753</td>
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<tr>
<td>Financial aid</td>
<td>$65,900</td>
<td>$142,344</td>
<td>$226,327</td>
<td>$313,840</td>
<td>$407,992</td>
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<tr>
<td>Net tuition and fee revenue</td>
<td>$310,642</td>
<td>$657,761</td>
<td>$1,024,811</td>
<td>$1,362,752</td>
<td>$1,695,761</td>
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<td>Course Staffing</td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>Faculty salaries and benefits</td>
<td>$0</td>
<td>$101,606</td>
<td>$207,276</td>
<td>$213,495</td>
<td>$222,034</td>
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<tr>
<td>Student workers</td>
<td>$2,400</td>
<td>$4,848</td>
<td>$7,417</td>
<td>$10,187</td>
<td>$13,243</td>
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<tr>
<td>Total course staffing cost</td>
<td>$2,400</td>
<td>$106,454</td>
<td>$214,694</td>
<td>$223,681</td>
<td>$235,277</td>
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<td>Gross surplus</td>
<td>$808,242</td>
<td>$551,307</td>
<td>$810,118</td>
<td>$1,139,070</td>
<td>$1,460,484</td>
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<td>Program Administration</td>
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<td></td>
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<tr>
<td>Program administration</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Start-up</td>
<td>$20,000</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Continuing</td>
<td>$20,000</td>
<td>$20,200</td>
<td>$41,208</td>
<td>$42,444</td>
<td>$44,142</td>
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<tr>
<td>Website development</td>
<td>$5,000</td>
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<tr>
<td>Start-up</td>
<td>$5,000</td>
<td>$5,050</td>
<td>$5,151</td>
<td>$5,306</td>
<td>$5,518</td>
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<td>Student recruiting</td>
<td>$5,000</td>
<td>$5,000</td>
<td>$61,812</td>
<td>$42,444</td>
<td>$44,142</td>
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<tr>
<td>Total administrative personnel costs</td>
<td>$30,000</td>
<td>$30,000</td>
<td>$108,171</td>
<td>$90,194</td>
<td>$93,802</td>
<td></td>
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<tr>
<td>Operating expenses</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Start-up</td>
<td>$5,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Continuing</td>
<td>$10,000</td>
<td>$20,200</td>
<td>$30,600</td>
<td>$41,200</td>
<td>$52,000</td>
<td></td>
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<tr>
<td>Total administration and operating costs</td>
<td>$35,000</td>
<td>$40,000</td>
<td>$75,750</td>
<td>$131,394</td>
<td>$145,802</td>
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<tr>
<td>Net surplus</td>
<td>($35,000)</td>
<td>$268,242</td>
<td>$475,557</td>
<td>$671,347</td>
<td>$1,007,676</td>
<td>$1,314,682</td>
</tr>
</tbody>
</table>

Initial Assumptions/Basis:
- Modest launch assumption with reasonable growth
- Based on Winter 2011 rates
- Based on Winter 2011 rates
- Based on Winter 2011 rates
- Based on recent increases and return to more normal rates
- Assumed high initial pct., but long-term market more local
- Due to increasing expected inflation
- Using partially using capacity in MBA classes until 30 FTE
- One-third of professional fees
- $24 per student/course times 10 courses
- Beginning at $1000 per student

Educational and Non-resident Fees
EXHIBIT II CURRICULUM AND COURSES

Masters of Finance
Proposed Curriculum

Quarter 1
- MGT 201 Quantitative Analysis
- MGT 202 Financial Management
- MGT 211 Financial Accounting

Quarter 2
- MGT 231 Corporate Finance
- MGT 232 Derivatives and Asset Pricing
- Elective

Quarter 3
- MGT 227 Fixed Income Securities and Markets
- MGT 244 Corporate Risk Management
- MGT 252 Investments and Portfolio Management
- Elective

Partial List of Elective Options
- MGT 221 Decision Making Under Uncertainty
- MGT 237 International Financial Management
- MGT 239 Simulation for Business
- MGT 245 Financial Statement Analysis
- MGT 267 Applied Business Forecasting
- MGT 268 Entrepreneurial Finance and Venture Capital
- MGT 276 Financial Strategy and Corporate Control
- MGT 277 Advanced Financial Accounting
Course Descriptions:

1. Required Courses:

MGT 201. Quantitative Analysis (4) Lecture, 3 hours; discussion, 1 hour. Prerequisite(s): MGT 403 or equivalent; familiarity with Microsoft's Excel spreadsheet software. Addresses the process of generating decision-making information from data and solving management problems using common computer tools. Covers problem identification and formulation, model selection and use, and interpretation of the results of statistical analysis. Topics include estimation, hypothesis testing, analysis of variance, simple and multiple regression, time series, and forecasting. May not be taken for degree credit by students in statistics undergraduate or graduate programs.

MGT 202. Financial Management (4) Lecture, 3 hours; extra reading, 1.5 hours; outside projects, 1.5 hours. Prerequisite(s): MGT 201, MGT 211, or equivalents. Provides a foundation in theories of finance. Topics include time value of money, security valuation, financial institutions, theories of risk measurements, managing a firm's investment decisions, capital structure, and sources of financing for a firm.

MGT 211. Financial Accounting (4) Lecture, 3 hours; outside research, 3 hours. Prerequisite(s): graduate standing or consent of instructor. Covers financial accounting concepts and the analytical tools needed to understand and interpret financial statements. Examines the uses of financial accounting Information.

MGT 227. Fixed-Income Securities and Markets (4) Lecture, 3 hours; extra reading, 1.5 hours; outside projects, 1.5 hours. Prerequisite(s): MGT 201. Covers analytical techniques related to fixed-income securities. Includes basic analytical tools in fixed-income markets. Topics include relative pricing of fixed income securities, yield-curve estimation, securities with embedded options, and trading strategies. Utilizes interest rate swaps, mortgage-backed securities, and credit derivatives.

MGT 231. Corporate Finance (4) Lecture, 3 hours; extra reading, 1.5 hours; outside problem sets, 1.5 hours. Prerequisite(s): MGT 202. An intensive analysis of the effects of corporate financial policy decisions on firm value. Examines the interrelation of firm value, financing policy, investment decisions, and other considerations. Provides an understanding of the theoretical issues involved in the choice of these policies.

MGT 232. Derivatives and Asset Pricing (4) Seminar, 3 hours; outside research, 3 hours. Prerequisite(s): MGT 202. Explores the pricing of derivatives-based securities. Covers various topics in derivatives markets. Introduces pricing techniques for forwards, futures, options, swaps, and other derivatives. Utilizes empirical data and financial modeling.

MGT 244. Corporate Risk Management (4) Lecture, 3 hours; written case analyses and reports, 3 hours. Prerequisite(s): MGT 202. Provides an overview of derivative financial instruments. Focuses on the use of derivatives to manage risk in a corporate setting. Utilizes the case-method to develop strategies and policies for managing the risk exposure of an enterprise, as well as to assess the relations between risk management and value creation.

MGT 252. Investments and Portfolio Management (4) Seminar, 3 hours; outside research, 3 hours. Prerequisite(s): MGT 202. Discusses standard asset pricing models, portfolio theory, and empirical uses of securities data. Addresses pricing in the capital markets and empirical issues in testing asset pricing models. Other topics include risk-adjusted portfolio performance, term structure, bond pricing, and bond portfolio management.

2. Example Elective Courses:

MGT 221. Decision Making Under Uncertainty (4) Lecture, 3 hours; outside projects and extra reading, 3 hours. Prerequisite(s): MGT 207 or consent of instructor. Introduces basic tools for using data to make informed
managerial decisions under uncertainty. Addresses modeling, performance evaluation, and optimization of systems with uncertain parameters. Topics include Markov chains, Markov decision processes, and probabilistic linear and dynamic programming. Applications are drawn from operations, finance, marketing, and other management fields.

**MGT 237. International Financial Management (4)** Lecture, 3 hours; extra reading, 1 hour; outside projects, 2 hours. Prerequisite(s): MGT 202. Focuses on the nature, risks, and management of foreign exchange exposure in a corporate setting. Covers trade and international investment theories. Topics include the international financial systems, balance of payments, foreign exchange markets, measurement of foreign exchange risk, hedging, international asset pricing, and trade financing.

**MGT 239. Simulation for Business (4)** Lecture, 3 hours; outside projects and extra reading, 3 hours. Prerequisite(s): MGT 201, MGT 205. Introduces computer simulation as a tool for analyzing complex decision problems. Analyzes and discusses the theory and practice of modeling through simulation. Topics include modeling uncertainty and collecting input data, basic simulation principles, Monte Carlo simulation techniques, model verification and validation, and analysis of simulation output. Examines applications in manufacturing, finance, health services, and public policy.

**MGT 245. Financial Statement Analysis (4)** Lecture, 3 hours; outside research, 3 hours. Prerequisite(s): MGT 211 or consent of instructor. Explains the role of financial statement analysis in an efficient capital market. Data from financial statements of major corporations is analyzed to develop skills necessary to interpret financial accounting information. Designed for future professionals who will be intensive users of financial accounting reports (e.g., security analysts, credit analysts).

**MGT 267. Applied Business Forecasting (4)** Seminar, 3 hours; outside project, 3 hours. Prerequisite(s): MGT 201 or equivalent. Provides experience in developing forecasting models and applying them to problems in marketing, production, inventory management, business economics, and other fields. Discusses issues in data acquisition, data analysis, modeling of relations between variables, trend analysis, and seasonal forecasting. Uses case studies and applications from a variety of management areas.

**MGT 268. Entrepreneurial Finance and Venture Capital (4)** Seminar, 3 hours; extra reading, 1 hour; case studies, 2 hours. Prerequisite(s): MGT 202. Covers financing of nonpublic and early-stage venture. Includes financial modeling, cash needs assessment, valuation, deal structure, financing alternatives, and harvesting.

**MGT 274. Special Topics in Finance (4)** Seminar, 3 hours; outside research, 3 hours. Prerequisite(s): MGT 202. Explores the latest developments in theoretical and empirical finance. Topics include asset pricing, performance evaluation, derivative securities, market microstructure, corporate finance, and corporate control and governance.

**MGT 276. Financial Strategy and Corporate Control (4)** Seminar, 3 hours; outside research, 3 hours. Prerequisite(s): MGT 202. Covers the nexus among finance, strategy, governance, and corporate control. Examines the theory and empirical evidence for models of corporate financial policy and the market for corporate control. Emphasizes critical evaluation of the evidence for different models of corporate financial policy.

**MGT 277. Advanced Financial Accounting (4)** Seminar, 3 hours; outside research, 3 hours. Prerequisite(s): BUS 165C or equivalent (may be taken concurrently). Covers advanced financial accounting and reporting practices. Emphasizes topics such as consolidated financial statements, branch accounting, foreign transactions, segment reporting, partnership accounting, and accounting for nonprofit organizations.
Exhibit III

ACADEMIC DEGREE PROGRAM PROPOSALS: INFORMATION REQUIRED BY CPEC

1. Name of Program:
   Master of Arts in Finance

2. Campus:
   University of California Riverside

3. Degree/Certificate:
   Master's Degree

4. CIP Classification: (to be completed by the Office of the President)

5. Date to be started:
   September 1, 2012 or sooner, if feasible

6. If modification of existing program, identify that program & explain changes.
   Not Applicable.

7. Purpose (academic or professional training) and distinctive features (how does this program differ from others, if any, in California?)

   **Program Differentiation**

   There is a large and increasing demand and professional need for specialized masters programs in finance. Whereas many such programs have been established and are operating successfully in the eastern United States, California and the west have been slow to develop specialized masters degrees in finance. To date, only UCLA and UC Berkeley offer specialized finance masters degrees. They both offer degrees in financial engineering. UCR will be unique in the UC system in offering a MA in Finance. The specific positioning of this degree is for students who desire a more specialized graduate education than is provided by an MBA, with substantially more depth in finance; but who are not well suited for or do not seek the very technical kind of graduate finance education that is represented by financial engineering degrees (such degrees place heavy emphasis on applied mathematics and are most closely aligned with degrees in physics or time series statistical processes. The UCR MA in Finance is positioned between these two extremes. The program is designed develop sophisticated financial expertise including modeling, valuation, financial decision making, and financial planning. There are few other schools in California that offer degrees that are similar in focus. In Southern California, the only specialized finance degrees we know of are at UCLA, Claremont, and Pepperdine.

8. Type(s) of students to be served:

   The MA in Finance will be offered as a one year program (48 units) for graduates of a baccalaureate degree in a field that provides sufficient quantitative background to enable successful completion of the program. Appropriate undergraduate majors include business, engineering, mathematics, statistics, and physics, among others. Students admitted to the
program will have an academic profile somewhat different from those likely to be admitted to other master's level programs in the Anderson Graduate School of Management. In particular, the MA in Finance places substantially greater emphasis on quantitative background as reflected in undergraduate degree, courses taken, and scores on quantitative portions of admissions tests. Compared to the MBA, the MA in Finance places less emphasis on work experience, though over time we expect that the cohort will include individuals with significant relevant work experience.

9. If program is not in current campus academic plan give reasons for Proposing program now:

There are at least eight compelling reasons why the School of Business Administration, the Anderson School, and the Department of Finance and Management Science should launch this new degree program at this time:

- Finance executives require increasingly high levels of specialized expertise for professional advancement.
- The regional market is underserved.
- The MA in Finance will be an immediate source of net revenue.
- The program will enable us to build critical mass in the faculty.
- The program will increase the prospects for earning finance accreditation from The Association to Advance Collegiate Schools of Business (AACSB International).
- The program is congruence with the UCR and SoBA strategic plans.
- Graduates of the Master of Arts in Finance program have the potential to become influential and supportive alumni soon after they complete their degree.
- The Program will meet an untapped demand for under-represented minority graduates.

10. If program requires approval of licensure board, what is the status of such approval?

Not Applicable

11. Please list special features of the program:

- Specialized graduate level finance education
- Significant complementarities with existing programs of SoBA
- Will provide an important funding source for databases that are essential to finance research.

12. List all ~ courses required:

All courses are currently offered by the SoBA

Quarter 1

- MGT 201 Quantitative Analysis
- MGT 202 Financial Management
15. **List any related program offered by the proposing institution and explain relationship.**

We anticipate that the program will help us to attract good candidates to the School’s Ph.D. program in management.

16. **Summarize employment prospects for graduates of the proposed program.**

The program will educate individuals for employment in all parts of the financial sector and for financial positions in non-financial firms. The experience of our faculty with other programs is that opportunities for professional employment are excellent and that it is possible to develop a virtuous cycle where recent graduates who are placed become ambassadors for the program, helping to place subsequent graduates.

17. **Give estimated enrollment for the first 5 years and state basis for estimate.**

We project 10 students in the first year, increasing by 10 per year to reach 50 in five years.

18. **Give estimates of the additional cost of the program by year in each of the following categories: FTE Faculty, Library Acquisitions, Computing, Other Facilities, Equipment. Provide brief explanation of any of the costs where necessary.**

Exhibit I contains our financial projections. Cost to launch the program is negligible. The program will generate positive free cash flow beginning in its first year. Other than slight additions to FTE Faculty, which would only arise if the program is as successful as we project, there should not be any additional costs in any of the categories above.

19. **How and by what agencies will the program be evaluated.**

The program will be evaluated by the AACSB at UCR's next accreditation review.
EXHIBIT IV: BRIEF BIOGRAPHY OF THE FINANCE FACULTY

1. Richard Smith: Professor Richard Smith has spent a lifetime devoted to the study of finance, having lectured on international venture finance and entrepreneurship in the context of economic growth, and researched such topics as the impact of the SEC's Fair Value Standard on illiquid assets held by mutual funds. He co-authored *Entrepreneurial Finance* (Wiley, 2004, 2ed.), which many consider the definitive text on the subject, its importance attested by the fact that it has been translated into Chinese and Japanese. He has also published over 35 journal articles and other research papers on an array of finance and economics topics. He is often consulted for his broad knowledge of the field.

2. Peter Chung: Professor Peter Chung received his Ph.D. in finance from Ohio State University, an M.B.A. in finance from California State University, Los Angeles, and a B.S. in international trade as well as in foreign service from Sogang University in Korea. His research interests include continuous-time modeling, contingent claim valuation, corporate finance and investments, market microstructure, international finance, and emerging capital markets and investments. Professor Chung has been published in numerous journals such as the *Journal of Finance*, the *Journal of Banking and Finance*, and the *Journal of Financial and Quantitative Analysis*, to name a few.

3. Sarkis Khoury: Professor Khoury received his Ph.D. in international finance from the University of Pennsylvania, his M.B.A. from the Boston University School of Management, and his B.S. from the University of Massachusetts. His research interests include: valuation of financial and real assets, entrepreneurship, foreign exchange markets and risks, international finance/finance/investments, project feasibility analysis, international banking, international mergers and acquisitions, policy issues relating to banking regulations, various commercial banking and monetary policy issues, problems in multinational financial management, and systemic and country risk.

4. Thomas Kim: Thomas Kim earned his Ph.D. in finance at the Owen Graduate School of Business at Vanderbilt University. He earned his M.B.A. in finance from the University of Texas at Austin, and his B.A. in economics from Seoul National University. His research interests include financial markets, investments, financial institutions, corporate finance, and derivatives. He has industry experience as a fixed income securities dealer for Kookmin Bank in Seoul, Korea.

5. Yun Liu: Professor Liu received her Ph.D. in finance at the Robert H. Smith School of Business, University of Maryland, College Park. She earned her M.A. in economics from Simon Fraser University, and her B.Econ. in money and banking from Peking University. Her primary research interests are corporate finance focusing on governance, compensation, mergers and acquisitions, and networks. She has been awarded the Business Dean's Fellowship at the University of Maryland; the Graduate Fellowship at Simon Fraser University; and noted for Excellent Academic Performance, given an Advanced Student Award, and awarded the Sumitomo Bank Scholarship and the Motorola Scholarship at Peking University. For her
teaching, she was the 2006 Winner of the Krowe Award for Teaching Excellence, and the 2006 Winner of the Joseph Wikler Award for Teaching Excellence.

6. Michael Moore: Michael Moore earned his Ph.D. and M.S. from Pennsylvania State University and a B.A. from the University of Washington. He is a certified public accountant. After receiving his Ph.D., Michael joined the faculty of The University of Texas at Austin where he remained for eight years. He was recruited from Texas by the University of Southern California where he served on the faculty for 16 years, seven years as a professor and nine years as the Kenneth Leventhal Professor. He was also director of the Masters of Business Taxation Program. He left USC to serve as chairman of the department of accounting at Colorado State University from 1995 to 1997. In 1997 he left academia for public accounting practice where he was a partner with Hull, Ruhl & Moore for 10 years. During his academic career he has taught accounting and taxation at the undergraduate and graduate levels and has been involved with curriculum design and implementation. He has published extensively in taxation and accounting and has research interests on international topics. Professor Moore is co-author of U.S. Tax Aspects of Doing Business Abroad, now in its sixth edition. His published work has appeared in the Journal of Accountancy, the Journal of the American Taxation Association, The Accounting Review, the Journal of Accounting Research, and the International Tax Journal, among others. He has twice been the recipient of the American Taxation Association's Award for Best Tax Manuscript. He has served on numerous advisory boards and editorial review boards, including the International Tax Journal, and on a number of committees of the American Institute of Certified Public Accountants, the American Taxation Association, and other academic organizations. He is past president of the American Taxation Association. In addition to his experience in public accounting practice, he has been involved in litigation support services in tax and accounting matters and professional standards of practice. He is currently on the board of directors of two nonprofit organizations and has additional duties as treasurer and financial officer.

7. Woody Liao: Woody Liao received his Ph.D. in accounting from the University of Florida in 1974 and his MBA from Illinois State University in 1970. He is a CPA and CMA. Before joining UCR in 1991, he taught at the University of Houston from 1978 to 1990 and was the director of the Ph.D. program in accountancy & taxation from 1985 to 1990. He also taught at VPI & State University from 1974-1978. His areas of expertise and research interests are: management planning and control systems; corporate governance, executive compensation, and earnings management; and risk management and performance evaluation. He has published papers in leading accounting journals such as The Accounting Review; Contemporary Accounting Research; ABACUS; Management Accounting; Accounting Horizons; Behavioral Research in Accounting; International Journal of Accounting; Journal of Business, Finance, and Accounting; Accounting and Business Research; Journal of Accounting Literature; and Decision Sciences. He teaches courses in managerial accounting, financial accounting, intermediate accounting, and advanced management accounting. He has served as visiting professor and speaker at University of Hawaii, Naval Postgraduate School, National Chung Hsing University in Taiwan, and Chinese University and Hong Kong Polytechnic University in Hong Kong. He was named a "Prolific Author in Accounting" in 2002.
8. Birendra Mishra: Birendra (Barry) K. Mishra received his Ph.D. in accounting from the University of Texas at Austin in December 1996. Prior to that, Professor Mishra earned his B.S. in mining engineering from NIT Rourkela and his M.S. in petroleum engineering from the University of Texas at Austin. Professor Mishra's research interests include the areas of accounting disclosure, management and control, operational risk, and information systems security and open source software. He uses a variety of methodologies including game theory, agency theory, and econometric models. He has published articles in major journals including the Journal of Accounting Research, The Accounting Review, Management Science, Marketing Science, Information Systems Research, and IEEE Transactions. Professor Mishra teaches courses in managerial, financial and accounting information systems. Recently he has been awarded the AICPA grant to study internal control risk using strategic framework.

9. Ted Mock: Prior to joining SoBA, Ted Mock served as a professor of accounting at the University of Southern California and professor of auditing research at Maastricht University in the Netherlands. From 1982 to 2006 he served as the Arthur Andersen Alumni Professor at USC. In 1983 he helped found the USC Audit Judgment Symposium (now the International Symposium on Audit Research). Professor Mock has visited many universities worldwide including the University of Otago in New Zealand as a Fulbright Scholar; the Norwegian School of Economics and Business, Bergen, Norway; Maastricht University as a Fulbright Scholar; Nanyang Technological University as Shaw Foundation Professor; The Australian National University; and The University of Melbourne. Professor Mock's research interests lie primarily in the areas of audit judgment, assurance services, and evidential reasoning. During 1977 to 1978, he was the first audit research fellow at KPMG in New York City. His AICPA research monograph with J. Turner on internal control evaluation was awarded the American Accounting Association Wildman Award and he was a co-author of the American Institute of Certified Public Accounts (AICPA) monograph on collaborative audit research that received the 1998 Joint AICPA/AAA Collaboration Award. In 2003 he received the American Accounting Association's Auditing Section Outstanding Auditing Educator award, and in 2006 the AAA Accounting and Behavior and Organization Section's Notable [Lifetime] Contribution Award.

10. Waymond Rodgers: Waymond Rodgers received a Ph.D. in accounting from the University of Southern California, and a cognitive psychology postdoctorate from the University of Michigan. He is a certified public accountant in California and Michigan. Professor Rodgers's accounting, banking, and management expertise derives from his employment as an auditor at PricewaterhouseCoopers and Ernst & Young. He was also a commercial loan officer for Union Bank and his portfolio includes Fortune 500 companies. His primary research areas are auditing, commercial lending decisions, decision modeling, ethics, trust issues, intellectual capital, and knowledge management. Professor Rodgers has published in the Communications of the ACM, European Accounting Review, Journal of Business Ethics, Journal of Applied Social Psychology, Journal of Economic Psychology, Journal of the Association of Information Systems, and Management Science, among others. He is also the recipient of major research grants from the Brazilian Research Foundation, Canada Research Foundation, Citibank, Ford Foundation, National Institute of Health, National Science Foundation, Department of Defense, and the Navy Personnel Research and Development Center.
11. Erik Rolland: Prior to entering academia, Erik Rolland was a corporate international IT consultant. Since graduating with his Ph.D. in decision sciences & information systems from the Fisher College of Business at the Ohio State University in 1991, he has been part of the faculty at SoBA, the Fisher School of Business at the Ohio State University, and the Antai School of Management & Economics at the Shanghai Jiaotong University. Professor Rolland was the inaugural director of the University of California’s Heckmann International Center of Entrepreneurial Management in Palm Desert, California, and has served as both department chair and associate dean for UCR's business school. His papers have appeared in such journals as Operations Research, The European Journal of Operational Research, Decision Sciences and many others. Professor Rolland was awarded an AICPA grant to study internal control risk using strategic frameworks.

12. Bajis Dodin: Bajis Dodin joined UC Riverside's School of Business Administration in 1984 and has been a member of the faculty ever since. His teaching and research focus on operations management (OM) and project management (PM). He uses operations research (OR) methods in solving practical as well as theoretical problems in the areas of scheduling and PM and their applications. His publications have appeared in leading journals in the fields of OR and OM, including: Operations Research, Management Science, IIE Transactions, European Journal of Operational Research, and Accounting Review, among others. His tenure at SoBA includes a number of administrative and faculty governance assignments, including: chairman of the business administration program for 11 years, associate dean for academic affairs (1996 to 2000), associate dean for the undergraduate business program (2000 to 2003), and chairman of the business school faculty. He has also served as director of the UC Education Abroad Program Center in Cairo from 2003 to 2006.

13. Mohsen Elhafsi: Mohsen Elhafsi received both Ph.D. and M.S. in 1995 from the industrial and systems engineering department at the University of Florida and was FKF Honor Graduate. He received a "Qualified Engineer" degree from the Ecole Nationale d’IEnigenieurs de Tunis, Tunisia, in 1988. In 1996, he joined SoBA as a visiting assistant professor and became a tenure-track faculty member in 1997. In 2002, he was promoted to associate professor. He was awarded the prestigious Fulbright Fellowship for the 2006 to 2007 academic year to spend his sabbatical year in France at the Ecole Centrale de Lille, one of France’s elite engineering schools. There he worked with host researchers at the Industrial and Logistics Laboratory on supply chain management issues ranging from coordination to performance measures and assessment. In 2007, he was awarded a $10,000 COR Research Fellowship (a fellowship program administered by the Academic Senate Committee on Research) for his proposal to work on supply chain issues related to contract manufacturing. His areas of research include operations and supply chain management, manufacturing and service operations, and production and inventory systems. He is the author of numerous articles that have been published in peer-reviewed journals such as: Management Science, IIE Transactions, European Journal of Operational Research, Production and Operations Management, and Global Optimization.

14. Long Gao: Long Gao earned his Ph.D. in business administration and operations research from Penn State University, and his M.E. and B.E. in engineering physics from Tsinghua University in Beijing, China. His research interests include supply chain management, stochastic
modeling of manufacturing and service systems, Markov decision processes, and simulation. He has published in journals such as Management Science, and Production and Operations Management.

15. David Mayers: David Mayers is a professor emeritus of finance at the University of California, Riverside's School of Business Administration. He received his Ph.D. in business administration from the University of Rochester, his M.B.A. from the University of California, Berkeley, and his B.S. in engineering from the U.S. Naval Academy, Annapolis. His research interests include corporate finance and investments, asset pricing, portfolio performance evaluation, corporate financial policy, and insurance. He has been published in numerous journals, including the Journal of Financial Economics, the Journal of Business, and Economic Inquiry, to name a few.

16. Yunzeng Wang: Yunzeng Wang holds a Ph.D. in operations management from the Wharton School, University of Pennsylvania. Previously, Professor Wang served as a faculty member at the Weatherhead School of Management, Case Western Reserve University, and at the School of Management, University of Texas at Dallas, where he took leadership roles to develop successful graduate programs in supply chain management. Professor Wang's research interests focus on supply chain management. An internationally known scholar in the field, Professor Wang is frequently invited as an expert speaker by top-tier research universities and by professional organizations. He publishes widely and serves on editorial boards for several major academic journals. He has also consulted for major firms to improve the performance of their global supply chains. He is the 1998 recipient of the prestigious George Dantzig Prize from the Institute for Operations Research and Management Sciences (INFORMS), for the theoretical contributions of his research and its relevance to management practice.
May 24, 2011

TO: MARY GAUVAIN, CHAIR
RIVERSIDE DIVISION

FR: J. C. LAURSEN, CHAIR
COMMITTEE ON LIBRARY AND SCHOLARLY COMMUNICATION

RE: MA PROPOSAL IN FINANCE

The Committee on Library and Scholarly Communication support this proposal.
May 25, 2011

TO: MORRIS MADURO, CHAIR
    GRADUATE COUNCIL

FM: MARY W. GAUVAINE, CHAIR
    RIVERSIDE DIVISION

RE: SOBA PROPOSAL FOR AN MA IN FINANCE

The above proposal has been reviewed by the committee on Planning and Budget and Library. The committees approved the creation of this Master’s Degree in the School of Business Administration.

I am enclosing the committee responses for your information.

Enclosure
May 17, 2011

TO: MARY GAUVAIN, CHAIR
RIVERSIDE DIVISION

FM: Y. PETER CHUNG, CHAIR
PLANNING AND BUDGET

RE: Proposal for an MA in Finance – School of Business Administration (SoBA)

Planning and Budget met and reviewed the proposal to establish an MA in Finance in the School of Business Administration.

Planning and Budget voted unanimously (7 yes 2 absent and 0 no) to approve the proposal.
### Master of Arts in Finance Program - Pro Forma

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<th>FTE Students</th>
<th>Educational fee per year</th>
<th>Non-resident fee per year</th>
<th>Professional fee per year</th>
<th>Fee growth rate</th>
<th>Percent of students in-state</th>
<th>Ladder faculty percent of courses</th>
<th>Lecturer cost per course</th>
<th>Student worker cost per FTE student</th>
<th>Salary inflation</th>
<th>Incremental courses required</th>
<th>Gross revenue per FTE student</th>
<th>Direct teaching cost per FTE student</th>
<th>Revenue</th>
<th>Program Administration</th>
<th>Course Staffing</th>
<th>Operating expenses</th>
<th>Net surplus</th>
<th>UCR Overhead</th>
<th>Surplus Retained by AGSM</th>
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**Initial Assumptions/Basis**
- Modest launch assumption with reasonable growth
- Based on Winter 2011 rates
- Based on Winter 2011 rates
- Based on Winter 2011 rates
- Based on recent increases and return to more normal rates
- Assumed high initial pct. Intl., but long-term market more local
- $24 per student/course times 10 courses
- Due to increasing expected inflation
- Using/partially using capacity in MBA classes until 30 FTE
- One-third of professional fees

**Revenue**
- Gross tuition and fee revenue: $376,542, $800,105, $1,251,138, $1,676,592, $2,103,753

**Course Staffing**
- Faculty salaries and benefits: $0, $118,675, $242,097, $249,360, $259,334
- Student workers: $2,400, $4,848, $7,417, $10,187, $13,243

**Total course staffing cost**: $2,400, $123,523, $249,514, $259,547, $272,577

**Gross surplus**: $308,242, $534,238, $775,297, $1,103,205, $1,423,184

**Program Administration**
- Program administration: $20,000, $20,200, $41,208, $42,444, $44,142
- Website development: $5,000, $5,050, $5,151, $5,306, $5,518
- Student recruiting: $5,000, $5,000, $80,300, $61,812, $42,444, $44,142

**Total administrative personnel costs**: $30,000, $30,000, $55,550, $108,171, $90,194, $93,802

**Operating expenses**
- Start-up: $5,000
- Total administration and operating costs: $35,000, $40,000, $75,750, $138,771, $131,394, $145,802

**Net surplus**: ($35,000), $268,242, $458,488, $636,526, $971,831, $1,277,382


**Surplus Retained by AGSM**: ($35,000), $154,584, $216,155, $256,255, $458,475, $628,211
The Committee on Library and Scholarly Communication support this proposal.
May 17, 2011

TO: MARY GAUVAIN, CHAIR
   RIVERSIDE DIVISION

FM: Y. PETER CHUNG, CHAIR
    PLANNING AND BUDGET

RE: Proposal for an MA in Finance – School of Business Administration (SoBA)

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