



COMMITTEE ON ACADEMIC PLANNING AND REVIEW

January 30, 2013
12-13 CAPR 11

TO: The Executive Committee
FROM: The Committee on Academic Planning and Review (CAPR)
SUBJECT: 12-13 CAPR 11: Request to add Self-Support Master of Science Accountancy Pilot Program
ACTION REQUESTED: For approval by the Academic Senate; effective Fall 2013

BACKGROUND:

At CAPR's November 15, 2012 meeting, Dr. Nancy Mangold presented the Department of Accounting and Finance's request to add Master of Science in Accountancy Program to the CSUEB Academic Plan as self-support. When the Accounting MBA program was revised, the Accounting option was reduced to three courses and doesn't currently support requirements for sitting for the licensing exam. The proposed program is designed to meet the licensing requirements for class time. There are currently no programs in the East Bay to help students prepare for their career in Accounting and many students are interested in this new program. The classes will be offered on-campus beginning in Fall 2013. In response to CAPR's questions regarding why this program is being offered as self-support and not stateside, Dr. Mangold answered that in 2009 the program was ready to be offered as stateside, but Dean Swartz mandated that it should be offered as self-support. The programs will be AACSB accredited and faculty members teaching classes have to be academically qualified. The Accountancy program will be offered as a new Pilot Program, allowing it to be implemented and offered for up to five years without going through the Chancellor's Office review. Before becoming a permanent program, the Accountancy program would need to receive a rigorous external review. CAPR recommends that this program be included in the program review process along with existing programs.

ACTION REQUESTED:

CAPR asks that the Academic Senate consider the addition of the Master of Science in Accountancy program to the CSUEB Academic Plan and voted as follows to approve the Department of Accounting's proposal:

Yes:8

No: 1

Abs: 1

Academic Master Plan and Resource Implication Form

Department of Accounting and Finance

Request to add Master of Science in Accountancy Program to the CSUEB Academic Plan

1. Department and/or Degree Program:

Department: Department of Accounting and Finance
College of Business and Economics
Degree Program: Master of Science in Accountancy

2. Action Requested

CSUEB approval to offer the new Master of Science in Accountancy degree program as a pilot program in self-support.

3. Requested Catalog Date

Fall 2013

4. A brief summary of the purpose and characteristics of the proposed degree program

Purpose:

The California legislature passed SB 819 in 2009. This law mandates that all CPA candidates will have to meet the Uniform Accountancy Act's 150-hour educational requirement prior to licensure. The new licensing requirements will go into effect January 1, 2014. This new California licensure mandate will create a huge demand for current students and working accounting professionals to pursue a graduate program to satisfy the 150-hour education requirement. The proposed M.S. in Accountancy (MSA) program is designed to help students meet the education requirements for both the CPA exam and the California CPA licensure requirement.

According to the U.S. and California Workforce forecast for the next ten years, there is an above average growth and large demand for accountants and auditors in the U.S. and California, and also in the East Bay Area. The proposed MSA at CSU East Bay is designed to meet this growing demand for accountants in the East Bay Area. The program will help students in the East Bay Area to meet the education requirements for the CPA exam and the CPA licensure to enable them to pursue a career in accounting.

In addition, in recent years the SEC has been considering whether to mandate International Financial Reporting Standards (IFRS) for U.S. listed companies that have been using U.S. generally accepted accounting principles (U.S. GAAP) for financial reporting for the past 70 years. The SEC plans to make a decision in 2012. Many foreign companies listed in the U.S. have adopted IFRS for financial reporting. University accounting programs are now expected to include IFRS in our curriculum. Also starting in 2009, the SEC mandated U.S. listed companies to file financial reports in interactive data format using eXtensible Business Reporting Language (XBRL). In addition, the Financial Accounting Standards Board (FASB) will release a large number of significantly revised accounting standards in 2012. These

developments in recent years have significantly impacted the accounting curriculum and created a huge demand for accountants and the need for current accounting professionals to return to school to update their knowledge in all areas of accounting. The purpose of the MSA program is also to help students acquire up-to-date knowledge in accounting to stay current in their profession in order to succeed in a wide range of professional accounting careers in today's competitive, global and regulated environment.

The new CPA licensure requirement will be effective starting January 1, 2014. Our department proposes to offer the MSA program as a pilot program because the abbreviated approval process will enable us to offer the MSA program in Fall 2013. We plan to conduct a full program evaluation within five years to satisfy the requirement to convert this pilot program to regular program status.

Characteristics:

- a. The proposed MSA pilot program will be offered through DCIE as a self-support program.
- b. The proposed MSA program is a cohort based program. Each cohort will have 25 students.
- c. The proposed MSA program is a one-year (four-quarters) program. Students will start the program in the Fall Quarter in the first year and finish the program in the Summer Quarter during the second year.
- d. The proposed MSA program will admit students who have undergraduate majors in accounting and students who do not have undergraduate majors in accounting (business or nonbusiness).
- e. The proposed MSA program will provide students with the accounting education units needed to meet the accounting education qualification for the CPA exam.
- f. The proposed MSA program will also provide students the additional 45 accounting and ethics education units needed to satisfy California's 150 hour education requirement for CPA licensure.

5. How the program fits into the campus mission and strategic plan

The MSA program is consistent with the University's mission that "CSU East Bay welcomes and supports a diverse student body with academically rich, culturally relevant, learning experiences that prepare students to apply their education to meaningful lifework, and to be socially responsible contributors to society. Through its educational programs and activities the University strives to meet the educational needs and to contribute to the vitality of the East Bay, the state, the nation, and global communities." The mission of the MSA program is to provide students with a high quality accounting program that prepares students to have required education qualifications for entry into the accounting profession. Through our program, students will be able to make ethical choices and contribute to the vitality of the East Bay, the state and global communities. The MSA program prepares the workforce of the 21st century.

6. Whether the program is offered through

state support or

special sessions

7. How does the request relate/compare to other CSU/UC/private universities?

Based on an examination of the graduate programs at 22 other CSU campuses, we determined that 10 CSU campuses offer an MSA program, 2 CSU campuses offer an MBA program with an accounting emphasis, and the remaining 10 CSU campuses do not offer an MSA program or MBA program with accounting emphasis. Of the 10 CSU campuses that offer an MSA programs, two CSU campuses, San Francisco State University and San Jose State University, are located in the greater San Francisco Bay Area. In addition, two CSU campuses, CSU Sacramento and Cal Poly SLO, offer an MSA program through self-support. One CSU campus, CSU Sacramento, offers the MSA program as an online program. The proposed MSA program at CSU East Bay will be the only CSU program to meet the needs for advanced study in accounting in the East Bay Area.

An examination of all the neighboring institutions in the San Francisco Bay Area, both public and private, has shown that only two universities in the San Francisco Bay Area, University of California, Davis (public) and Golden Gate University (private), offer an MSA program. One university, Santa Clara University (private), offers a Certificate of Advanced Accounting Proficiency Program in two formats, one an academic year (nine-month long) program and the second a summer intensive (14 week) program. In addition, the University of California, Davis was scheduled to offer a Master of Professional Accountancy (MPAc) program starting in September 2012. Santa Clara University began to offer its academic year Certificate of Advanced Accounting Proficiency (CAAP) program in September 2011 and its summer intensive Certificate of Advanced Accounting Proficiency program in June 2012. Santa Clara University plans for three cohorts a year for its CAAP program. Six universities in the San Francisco Bay Area (University of California, Berkeley, Stanford University, Mills College, John F. Kennedy University, St. Mary's College in California and University of San Francisco) do not offer an MSA program. These six universities only offer MBA programs.

8. Anticipated student demand:

year 1 one cohort of 25 students ;

year 3 one cohort of 25 students ;

year 5 one cohort of 25 students ;

year 10 two cohorts of 50 students.

9. Estimated workforce demands and employment opportunities for graduates

The Bureau of Labor Statistics' Occupational Outlook Handbook, 2010-2011 Edition, provides the projected employment data for accountants and auditors for 2018 and the change between

2008 and 2018. According to the Bureau of Labor Statistics' projection, in 2018 there will be the need for 1,570,000 accountants and auditors. This represents an increased need for 279,400 accountants and auditors from 2008 to 2018, a 22 percent increase. This projection data indicates that there is a large demand for accountants and auditors in the future in the U.S. Accountants and auditors are expected to experience much faster than average employment growth from 2008-18. Job opportunities should be favorable; accountants and auditors who have professional certification, especially CPAs, should have the best job prospects.

The State of California Employment Development Department published the California labor market information on its website. The information indicates that the projected employment opportunities for accountants and auditors in California will be 167,100 in 2018 from 140,200 in 2008, a growth of 26,900 (19.2%). Annual average openings for accountants and auditors in California are 5,070. The projected employment for accountants and auditors for the East Bay Area is 10,850 in 2018, up from 9,400 in 2008, a growth of 1,450 (15.4%), and additional openings due to net replacements are estimated at 1,590. CSU East Bay is the only university in the East Bay poised to meet this large demand.

The latest survey on "2009 Trends in the Supply of Accounting Graduates and the Demand for Public Accounting Recruits" was conducted by the American Institute of Certified Public Accountants (AICPA). The findings in the AICPA survey point out several important developments in the supply and demand for master's degrees in accounting:

- a. Accounting enrollments continued on an upward trend, advancing 4.7% in 2007-08 to almost 213,000 students across all degree programs.
- b. Combined graduates from all Bachelor's and Master's degree programs in accounting in 2007-08 continued on an upward trend and reached record levels.
- c. Master's degrees granted in 2007-08 rose to 17,491, an increase of 5.6% and continued on an upward trend.
- d. Capacity constraints in accounting programs continued to be a concern, one likely to be exacerbated by current economic conditions. At AACSB accounting accredited programs, 16% report having to turn away an average of 56 qualified candidates annually.
- e. The distribution of Master's degrees awarded continues to heavily favor the Master's of Accounting degree, which represents 85% of all Master's degrees in accounting-related disciplines.
- f. Placement of new graduates continues to be dominated by public practice firms: 35% of Bachelor's degree recipients and 74% of Master's degree graduates select public accounting as their first position after completing their degrees. Business and Industry is a second choice, with 20% of Bachelor's and 11% of Master's degree holders choosing this route.
- g. Master's degree hires continue to be composed of 75% Master's of Accounting degrees, while Master's of Taxation and MBA in Accounting make up the rest in equal proportions.

The AICPA survey findings indicate that there is a large and increasing demand for the Master of Science in Accounting degree. A recent article by Linda J. Zucca and Donald W. McFall Jr. in the Journal of Accountancy (April, 2008) reported the comments by the AICPA President and CEO Barry Melancon that the current demand for highly qualified accounting students will

exceed supply in the foreseeable future because approximately 73% of current AICPA members will reach or approach retirement age in the next 15 years.

10. Other relevant societal needs

The recently enacted 150 hour education required for California CPA licensure will take effect on January 1, 2014. Many employers that recruit accounting students at our university are now requiring students to have a plan to meet the 150 hour education requirements before the employers will consider them. These employers are encouraging our department to help students meet the 150 hour requirement for California CPA licensure. The proposed MSA program will help students meet the 150 hour education requirement and help address the needs of our prospective employers.

The Department of Accounting and Finance conducted a survey in May 2011 to survey the CSUEB accounting students on their interest on attending an MSA program at CSUEB. The survey results indicated that 219 CSUEB accounting students were interested in attending our proposed MSA program. Of the 219 interested students, 166 students were interested in starting the program in 2012 as follows: 30 students were interested in starting the MSA program in the Winter Quarter 2012, 31 students were interested in starting the program in the Spring Quarter 2012, 14 students were interested in starting the program in the Summer Quarter 2012, and 91 students were interested in starting the program in the Fall Quarter 2012. We are assuming this demand will continue into 2013.

Our department survey indicated that there was an overwhelming demand among CSUEB accounting students for the MSA program due to the 150 hour education requirement for California CPA licensure. Based on our own students' demand, we will be able to fill one cohort of 25 students in Fall 2013.

11. An assessment of the required/anticipated resources needed and a campus commitment to allocating those resources (or possible changes to current resources, including library collections). If no new resources are requested, provide justification/explanation.

The MSA program is planned as a self-support program. No new resources are requested from the State. A copy of the DCIE program budget is included in Appendix 1.

- a. No additional space for facilities will be needed to support the proposed program.
- b. CSUEB has the technology and equipment needed for the MSA program. The College of Business and Economics will help provide additional software if needed for the MSA courses.
- c. The library's current collection in accounting is adequate for the new program. A letter from the library is included in Appendix 2. If additional library materials are needed for the MSA program, they will be provided from the self-support funding. A line item for instructional materials is provided in the budget.
- d. Current accounting faculty will teach the courses in the MSA program either on-load or off-load.
- e. The Department of Accounting and Finance hired three new accounting faculty in the past 5 years. The Department of Accounting and Finance is approved for a new accounting position to start in Fall 2013 and a new tax position to start in Fall 2013.

The Department is currently recruiting for these two positions. The new accounting faculty will be able to help teach some courses in the MSA program. The new tax faculty will be able to teach the business law and tax courses in the MSA program.

Department Chair signature (indicating approval by the department faculty)

Micah Frankel - Original signature on file Date 3-5-2012
Dr. Micah Frankel, Chair, Department of Accounting and Finance

Dean's signature (indicating approval by the college curriculum committee and acknowledgement of resource implications)

Jagdish Agrawal - Original signature on file Date 4-6-2012
Dr. Jagdish Agrawal, Associate Dean, CBE

Appendix 1 DCIE M.S. in Accountancy Program Budget

CALIFORNIA STATE UNIVERSITY EAST BAY
Self-Support MS Accountancy Program
Face to Face program

	Total MS Program Cost year 1	Summer Prerequisite courses	Total Costs
TUITION			
Students (ending)	25	12	
Credit Hours Hours/Student	45	16	
Total Credit Hours Taken	1,125	192	
Cost per Credit Hour	\$555	\$400	
Gross Tuition	\$ 624,375	\$ 76,800	\$ 701,175
TEACHING COSTS			
Number of Courses	16.25	4.00	
Students (ending)	25	12	
Students per Section	25	12	
Average Faculty Cost per Section **	\$ 10,000	\$ 10,000	
Teaching Costs (base)	\$ 162,500	\$ 40,000	
Medicare Ben @1.45%	\$ 2,356	\$ 580	
Total Teaching Costs	\$ 164,856	\$ 40,580	\$ 205,436
OPERATIONAL COSTS			
Supplies/Services/Parking	\$ 1,000		
Travel (inclusive of student travel to conference)	\$ 5,000		
Instructional Materials	\$ 7,500	\$ 2,625	
Graduation Celebration	\$ 10,000		
Honoraria/Guest speakers	\$ 2,500		
Hospitality	\$ 7,500		
Marketing	\$ 40,000		
Total Operational Costs	\$ 73,500	\$ 2,625	\$ 76,125
OVERHEAD			
Program Coordinattion			
Compensation (equivalent to 3 courses)	\$ 36,800		
**Benefits (summer)	\$ 3,680	\$ -	
3 course Faculty buyout	\$ 36,800		
**Benefits (AY)	\$ 16,192		
Administrative Assistance			
Student Assistants	\$ 7,500		
CSUEB Other Services			
SDRC, Health Services- per Student	\$ 100	\$ 2,500	\$ 300
HIRE Center Assessment	\$ 5,000		
DCIE IDC Salary and Fringes	\$ 86,250	\$ 11,250	
Chancellor's office OH (2.5% of gross)	\$ 15,609	\$ 1,920	
CSUEB OH (12% of gross)	\$ 74,925	\$ 9,216	
Total Overhead Costs	\$ 285,256	\$ 22,686	\$ 307,942
Total Prgm Cost	\$ 523,613	\$ 65,891	\$ 589,504
NET CASH FLOW			
	\$ 100,762	\$ 10,909	\$ 111,671

Appendix 2
CSUEB Library Resource Letter

TO: Dr. Nancy Mangold
Department of Accounting and Finance

FROM: Doug Highsmith,
Chair, Library Faculty, and
Accounting & Finance Liaison Librarian
University Libraries

SUBJECT: Library Support & Resources for Proposed Masters in Accounting Program

DATE: January 26, 2012

Per your request, we have assembled some information for you regarding the University Libraries' current resources and services related to accounting, and our commitment to supporting the information and research needs of students and faculty in the proposed masters program in Accounting.

As you know, current information is increasingly available primarily on-line, and providing information resources and research support in the twenty-first century is much more a matter of providing timely access to relevant information than of ownership of physical items.

Recognizing the importance on online access, the University Libraries collect a variety of electronic and streaming resources. In addition to online databases and journal subscriptions, the Libraries are actively building e-book, e-reference, and streaming media collections. Notable among databases and electronic services recently added by the University Libraries are *Morningstar Investment & Research Center*, *Business & Company Resource Center* [for which the Libraries were able to re-activate its subscription], and *Standard and Poor's NetAdvantage*. The latter provides students and researchers 24/7 access to information once only available via a number of separate print standing order titles.

It is not always possible to provide a completely accurate and up-to-date report of all the on-line resources that are of value in supporting a program such as the proposed master in Accounting, especially as many of the online resources we provide access to are cross-disciplinary in coverage. Please look at the data provided below in that context.

Current Library Resources in Accounting

The numbers below have been gathered by a review of our online catalog and/or provided by library faculty and staff in Collections Development, Acquisitions, and Technical Services:

I. Financial Support

The figures below are the amount allocated during the current year [2011/12] for the purchase of accounting-related monographs, plus the amounts actually spent during the preceding 5 years:

2006/2007 - **\$1,064.75**
2007/2008 - **\$831.57**
2008/2009 - **\$188.35**
2009/2010 - **\$533.59**
2010/2011 - **\$518.66**
2011/2012 - **\$826.50** [allocated]

In addition, the Library currently supports fifteen on-going periodical subscriptions in Accounting. However, this figure does not reflect accounting-related resources and information available via subscription databases (see below under “Holdings”) nor otherwise include journals available in full-text (in whole or in part) online.

II. Holdings

IIA. Primary Subscription Databases Supporting Accounting & Taxation Research:

- 1) LEXIS/NEXIS Academic Universe
- 2) RIA Checkpoint
- 3) Standard & Poor’s NetAdvantage
- 4) Business Source Premiere
- 5) ABI/Inform
- 6) Factiva
- 7) Mergent Online
- 8) Business & Company Resource Center
- 9) Morningstar Investment & Research Center
- 10) Emerald Journals
- 11) Science Direct
- 12) Wiley InterScience

IIB. Other Holdings Data

- a) Number of items in all collections with LC call numbers HG5601-5689 (accounting):
3100
- b) Number of government publications related to accounting: **403**
- c) Number of e-books in accounting: **179**
- d) Number of (hard-copy) periodical titles in accounting: **62**
- e) Number of accounting periodicals available full-text in subscription databases (per our Periodical Locator): **176**

III. Services & Other Support

The University Libraries are committed to providing timely access for both students and faculty in the Department of Accounting & Finance to materials not directly available in or through the University Libraries via the LINK+ service, as well traditional interlibrary loan. We provide a rapid interlibrary loan service, and can generally provide users with requested articles in two to three days.

The Libraries also support the teaching and research of tenure track and part-time faculty and lecturers in Department. The business subject-specialist librarians (Highsmith [full-time] & Yu [part-time lecturer]) provide direct instruction through invited lectures in the department's courses, as well as direct research support for students and faculty upon request. The liaison librarian (Highsmith) also collects materials to support learning, teaching and research needs of the departments' students and faculty including physical, print, and online resources.

IV. Possible Additional Library Resources Needed to Support the Proposed Program

The faculty of the University Libraries believes that new programs and new courses nearly always require strengthening of resources in some areas of the collection. But neither the Accounting liaison (Highsmith) nor the Collection Development Coordinator (Brunetti) are able at this time to identify specific sources or to estimate the probable impact on the Libraries' collection development budget of this proposed program.

Cc: Linda Dobb, University Librarian
Korey Brunetti, Collection Development Coordinator