

September 2011

## **DRAFT: Master of Accounting University of Washington Tacoma**

### **Introduction**

The University of Washington Tacoma (UWT) proposes to offer a Master of Accounting degree beginning Fall 2012. This self-supporting, 45-quarter credit program would be administered by the Milgard School of Business, which offers a B.A. Business Accounting option. The proposed master's program would serve students seeking to enter or advance professional careers in accounting or obtain academic credit necessary to qualify for the Certified Public Accountant (CPA) examination.<sup>1</sup> Enrollment would start at 38 FTE (25 headcount) students in 2012, increasing to 53 FTE (35 headcount) students in 2016. At that time, 33 students per year would graduate, ready for a range of accounting careers.

### **Relationship to Institutional Role and Mission and the Strategic Master Plan for Higher Education in Washington**

The proposed program would support the university's mission of offering a curriculum that balances core knowledge and skills with responsiveness to student and community need. Since good accounting information helps investors, lenders, and regulators make sound economic decisions, the proposed program would also support the *Strategic Master Plan for Higher Education's* economic prosperity goal.

### **Program Need**

The HECB's *Regional Needs Analysis Report* (April, 2011) ranks accountants and auditors eighth among the top 50 Pierce Region growth occupations requiring a postsecondary credential.<sup>2</sup> Employer demand is corroborated in the program proposal by testimonials from several regional employers and strong national data. The U.S. Bureau of Labor Statistics' *Occupational Outlook Handbook* (2010-11 Edition) indicates employer demand for accountants and auditors is expected to grow by 22 percent between 2008 and 2018, which is much faster than the average for all occupations.

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<sup>1</sup> Since July 1, 2000, candidates in Washington must complete five years of full-time higher education (225 quarter or 150 semester credit hours) prior to taking the CPA exam.

<sup>2</sup> Higher Education Coordinating Board. *Regional Needs Analysis Report* (2011). Page 68.

Local students would benefit from the proposed program because they would no longer have to leave Tacoma to obtain an accounting master's degree while earning the credits to qualify for the CPA exam. In a Winter 2011 survey administered to 73 UWT undergraduate accounting seniors, more than 60 percent of the 62 respondents expressed a desire to pursue a UWT graduate accounting program. Program planners estimate that initially 20 UWT baccalaureate accounting graduates per year will enroll in the proposed program, increasing to 25 per year by 2016.

The accounting profession has increased in complexity to the point where most states (including Washington) require students to complete at least five years of college-level coursework prior to taking the CPA exam, thereby creating community demand for master's-level programs. The proposed program would respond to this community demand. In addition, the local community would benefit from student internship work.

Although several institutions offer master's-level accounting programs in Western Washington, none are located in Pierce County. Thus, the program would not duplicate existing programs.

## **Diversity**

The Milgard School intends to emphasize diversity in its advertising, using a number of media outlets to help recruit underrepresented students. These outlets include Insight into Diversity, Black Collegian, Diverse Issues in Higher Education, Hispanic Outlook, Latinos in Higher Ed, Women in Higher Education, and Workplace Diversity.

In addition, the School, which has a diverse faculty, intends to actively involve faculty in recruitment and mentoring of underrepresented students. Furthermore, the School would develop an assessment process that includes elements such as exit surveys to elicit feedback on the proposed program's effectiveness in fostering diversity.

## **Program Description**

The proposed 45-quarter credit professional program aims for its students to develop critical thinking, teamwork, and communication skills, as well as the ability to research complex accounting-related issues and apply findings. It would build on students' undergraduate education, enhancing their understanding of accounting and its role in improving economic decisions.

Students holding non-accounting undergraduate degrees would be accepted conditionally, with the requirement they complete prerequisites in intermediate accounting, cost accounting, auditing, and individual income taxation. Students who already hold an undergraduate accounting degree could complete the proposed program in one academic year. Part-time students and candidates from other disciplines would take longer.

After admission, students would complete 10 four-credit courses and a five-credit internship or independent study. The curriculum would include graduate courses in financial, management, international, and governmental/non-profit accounting. It would also include business taxation, tax research, financial statement analysis, advanced auditing, and business law and ethics.

In addition, students would complete either a workplace internship or independent study research project, with either choice requiring students to apply advanced accounting knowledge to a specific area and demonstrate mastery. In addition to covering traditional core accounting areas, the proposed program would respond to current trends in the field by covering international and forensic accounting, as well as corporate social reporting.

About two-thirds of courses would be taught by tenured/tenure-track faculty, with the remainder taught by affiliate faculty lecturers who would hold either a J.D. or Ph.D. They would be selected on the basis of their expertise and professional experience in areas such as business law and taxation.

Both student learning and program assessment would use multiple measures. Student learning would be assessed through homework, exams, class participation, and projects, as well as a final internship/independent study report. Program assessment would employ student course evaluations, annual online program evaluation surveys, group discussion with students, faculty peer evaluations, alumni focus groups, employer focus groups consisting of managers of program graduates, and graduate performance on the CPA exam.

The Milgard School is currently accredited jointly with the UW Seattle's Foster School of Business and the UW Bothell's business program by the Association to Advance Collegiate Schools of Business (AACSB). However, the AACSB would like the three programs to seek separate accreditation when the next accreditation review occurs (in five years).

The AACSB website lists the UW as being accredited in both business and accounting. Currently, the Milgard School plans to seek separate AACSB business accreditation but not separate accounting accreditation. It has made this decision based on a cost-benefit analysis. According to program planners, many (and probably most) business schools have only business accreditation.

## **Program Costs**

The proposed program would enroll 38 FTE students the first year, increasing to 53 FTE students the fifth year. During the first five years, it would require 1.5 FTE instructional faculty, including 1.05 FTE tenured/tenure-track faculty (of whom 0.15 FTE are to be hired) and 0.45 FTE lecturers (of whom 0.15 FTE are to be hired). It would also require 1.15 FTE administrative faculty and staff (including a 0.15 FTE faculty director). It would not require any new infrastructure.

During start-up, some faculty would be paid on an "overload" basis. The program will be hiring an additional full time accounting faculty member to increase overall capacity and free up existing faculty to teach in the program without resorting to overload.

At full enrollment, the direct cost of instruction would be \$251,720, or \$4,749 per average annual FTE student. This is at the low end of the graduate business cost range reported in the HECB's *2005-06 Education Cost Study* (July 2007). The proposed program would be self supporting, funded through tuition and fees. A student entering in Fall 2012 would pay either \$19,800 (Washington residents) or \$24,750 (nonresidents) to complete the program in three quarters. This is comparable to what students would pay for UW Seattle's master's-level accounting program.

## **External Review**

Two external reviewers evaluated the proposal: Dr. Gerald J. Lobo, Professor and Chair, Department of Accounting and Taxation, C.T. Bauer College of Business, University of Houston; and Dr. Pradyot K. Sen, Professor, Department of Accounting, College of Business, University of Cincinnati. Both reviewers recommended approval of the proposed program, and both noted the quality of the program's design.

Neither suggested any improvements. Dr. Lobo called the proposed program "...comprehensive, complete, integrative and innovative." Dr. Sen said the program "...has the potential to become not only a premier regional program; it has the potential to become a program of national reputation."

## **Staff Analysis**

The proposed program would expand access to higher education in the South Puget Sound Region in a way that supports the *Strategic Master Plan for Higher Education* and UWT's mission.

The proposed program would respond to employer, student, and community demand at a reasonable cost without duplicating other programs. It would provide an attractive way for students in Pierce County to obtain a graduate accounting degree while earning the fifth year of academic credit necessary to qualify for the CPA exam.

Both external reviewers noted the quality of the proposed program's design. In addition to covering core areas, the curriculum would respond to current trends in the field. Student and program assessment would both employ multiple measures.

The Milgard School does not intend to seek separate AACSB accounting accreditation when its joint accreditation with other UW programs expires. While this is not ideal, it is important to note that lack of AACSB accounting accreditation will not affect students' ability to sit for the CPA exam or obtain licensure.

## **Staff Recommendation**

After careful review of the proposal and supporting materials, staff recommends approval of the Master of Accounting at the University of Washington Tacoma. The HECB's Education Committee discussed the proposal during its September 6, 2011 meeting and recommended approval by the full Board.

**RESOLUTION NO. 11-21**

**WHEREAS**, The University of Washington Tacoma proposes to offer a Master of Accounting; and

**WHEREAS**, The program would support the Strategic Master Plan for Higher Education, as well as the university's mission; and

**WHEREAS**, The program would use multiple diversity-enhancing strategies; and

**WHEREAS**, The program would respond to student, employer, and community demand at a reasonable cost without duplicating existing programs; and

**WHEREAS**, The program has support from external reviewers; and

**WHEREAS**, The program represents a logical extension of University of Washington Tacoma's existing undergraduate accounting program;

**THEREFORE, BE IT RESOLVED**, That the Higher Education Coordinating Board approves the Master of Accounting at the University of Washington Tacoma effective September 29, 2011.

Adopted:

September 29, 2011

Attest:

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Earl Hale, Vice Chair

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Bill Grinstein, Member