

Form 1

COVER SHEET
NEW DEGREE PROGRAM PLANNING NOTIFICATION OF INTENT
(PLANNING NOI)

Program Information

Program Name: Milgard School of Business

Institution Name: University of Washington Tacoma

Degree Granting Unit: Milgard School of Business
(e.g. College of Arts & Sciences)

Degree: Master of Accounting Level: Master Type: N/A
(e.g. B.S. Chemistry) (e.g. Bachelor) (e.g. Science)

Major: Accounting CIP Code: 52.03 Accounting
(e.g. Chemistry)

Minor: N/A
(if required for major)

Concentration(s): N/A
(if applicable)

Proposed Start Date: Autumn 2012I

Projected Enrollment (FTE) in Year One: 25 At Full Enrollment by Year: 2016 ; 40
(#FTE) (# FTE)

Proposed New Funding: \$495,000 - \$525,000

Funding Source: State FTE Self Support Other

Mode of Delivery / Locations

Campus Delivery Tacoma Campus
(enter locations)

Off-site _____
(enter location(s))

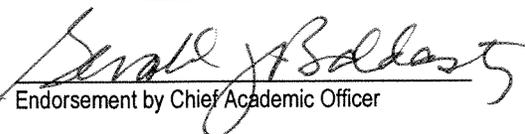
Distance Learning _____
(enter formats)

Substantive Statement of Need

Attached

Contact Information (Academic Department Representative)

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Endorsement by Chief Academic Officer

2/23/2011
Date

Master of Accounting: *Planning Notification of Intent*

OVERVIEW AND RATIONALE

The University of Washington Tacoma's (UWT) Milgard School of Business proposes to plan a new professional degree, a self-funded Master of Accounting (MAcc) program. Contingent upon receiving the necessary internal and external approvals, we would like to launch this program in Autumn 2012. It offers a curriculum that delivers core knowledge in the areas of financial accounting, managerial accounting, international accounting, taxation and business law within one year. The curriculum will equip students with in-depth accounting knowledge and skills to succeed in their professional careers. Thus, the proposed program will enhance the core values of UWT by providing access to a high quality master's-level program for people who choose to learn and live in the South Puget Sound region and further their accounting education. Developing a graduate program in Accounting will also be a critical component of achieving the School's mission to offer high quality undergraduate and graduate education that integrates innovative teaching and relevant scholarship.

The program is consistent with the campus' recent strategic priorities on sustainable growth and diversity. Specifically, the proposed program will provide the students with the necessary credit hours to sit for the Certified Public Accountant (CPA) exam in Washington. Currently, CPA candidates are required to have 150 semester (225 quarter) credit hours, equivalent to five years of full-time higher education, from an accredited institution. Typically, completing the undergraduate accounting program alone does not meet the five-year requirement. The proposed program will have the added benefit of making our current undergraduate program more attractive for those who are interested in qualifying as CPAs thus potentially boosting undergraduate enrollment in the Milgard School. A preliminary analysis suggests significant demand for a quality MAcc program from both the workforce and students in the South Puget Sound area and beyond. The Milgard School will make special efforts, through outreach and a pool of funds for scholarships, to recruit under-represented minority students into the program.

The program will help UWT become a more comprehensive institution that responds to the needs of the region. While it will take substantial effort for the School to launch this program, it offers the potential for significant returns. These include providing enhanced service to our students and the local community, enhancing the visibility of UWT and the Milgard School of Business, and generating much-needed financial resources for faculty recruiting and retention, financial aid to students, and staff development. This is a necessity in the tough budgetary climate at the state level. In the long run, similar to our MBA program, the MAcc program will help grow our alumni ranks in the local executive community. The program also has the potential of creating greater synergy in the use of existing academic and administrative resources and enhancing demand for the School's undergraduate accounting program.

PROGRAM DESCRIPTION

The Master of Accounting (MAcc) program is a professional program that will educate our students in the integrated base of knowledge and skills needed in today's complex business environment. It is designed to be completed in one academic year by students who have already satisfied the undergraduate accounting degree requirements. Candidates from other disciplines will take longer depending on their undergraduate academic background. Upon completion of the MAcc program, graduates will have completed the 150-hours of education required by the state boards of accountancy in Washington and other states in order to sit for the CPA examination.

Graduates of the MAcc program will be well-versed in advanced technical accounting knowledge, and strong analytical and communication skills. The proposed program curriculum consists of 45 credits: including advanced courses in ethics, financial accounting and theory, managerial accounting, international accounting, financial statement analysis, business taxation, research and communications, and business law. Additionally there is a practicum requirement that is satisfied with either a workplace internship or independent study. Either choice will require students to apply their advanced knowledge to a specific area of accounting and demonstrate their mastery of these topics. There are ten four-credit courses planned plus the five-credit internship/independent study, as shown in this preliminary list:

- Tax Research & Communications (4 credits)
- Financial Accounting Theory (4 credits)
- Taxation of Business Entities (4 credits)
- Financial Statement Analysis (4 credits)
- Governmental & Non-Profit Accounting (4 credits)
- Advanced Topics in Financial Accounting II (4 credits)
- Advanced Managerial Accounting (4 credits)
- Advanced International Accounting (4 credits)
- Advanced Business Law & Ethics (4 credits)
- Advanced Auditing & Forensic Accounting (4 credits)
- Internship/Independent Study (5 credits)

As proposed, the MAcc program consists of some advanced courses that build upwards from where the undergraduate course laid the foundation and other courses that cover areas not included in the undergraduate program. All of them are consistent with the curriculum found in similar graduate courses at other universities.

The coursework will focus on students' understanding of the primary regulatory authorities necessary to solve the issue at hand. A representative pedagogy would be as follows: understand the transaction, interpret according to regulatory or judicial authorities, structure solution according to research findings and ethical framework, and communicate results succinctly to the clients. The planned curriculum is designed specifically to enable students to develop the technical knowledge and research and communication skills necessary to accomplish these tasks.

As proposed the program is focused enough to give students the necessary advanced knowledge and research skills that will make them life-long learners. At the same time the curriculum is comprehensive enough that it will prepare students for a variety of careers, such as professional accountants in public practice, industry, financial institutions, government, and nonprofit organizations.

RELATED UW MASTERS DEGREES AND PROGRAMS AT OTHER UNIVERSITIES

The Foster School of Business at UW Seattle offers a Master of Professional Accounting (MPAcc) Program that has an Auditing & Assurance track and a Taxation track. This is a 48 credit program which includes 14 credits of internship. The other relevant program in the Puget Sound is an MPAcc program offered by Seattle University. Outside the Puget Sound area, Central Washington University, Gonzaga University, and Washington State University at Pullman and in Vancouver, and Western Washington University also offer graduate programs in accounting. However, there is no such program available in Tacoma and the South Sound.

NEED FOR THE DEGREE

The supply of professionally trained and qualified accountants is consistently below the demand at the regional, state and national level. The requirement for a fifth year of higher education in order to take the CPA examination contributes to a sustained demand for a Master of Accounting program from students and employers.

Workforce Demand

Below are excerpts from the conclusion of a joint study conducted in 2009 by several agencies in Washington State including the Higher Education Coordinating Board that identifies accounting among the high demand areas where the supply of qualified employees does not meet the demand.

There is a significant mismatch between supply and demand of workers prepared for specific high demand occupations. Washington does not produce enough graduates to meet demand for workers in a number of fields, most notably science technology, manufacturing and production, some health occupations, early childhood education, construction, aircraft mechanics and technicians, and accounting and bookkeeping

Continued growth and development of the higher education system in Washington is critical to the continuing economic prosperity of the state and its residents. The preparation of workers with the skills and abilities employers demand relies on a strong public education system that can provide increasing numbers of students with learning opportunities of the appropriate depth and breadth to effectively compete in the labor force.¹

Those seeking a professional career in accounting aspire to get licensed as certified public accountants (CPAs). To earn a CPA license in Washington and most other states, an

¹ "A Skilled and Educated Workforce: An assessment of the number and type of higher education and training credentials required to meet employer demand." A joint report: Higher Education Coordinating Board/State Board for Community and Technical Colleges/Workforce Training and Education Coordinating Board, March 2009.

individual must have five years of college education, pass the uniform CPA exam, and obtain the required work experience. Since the introduction of the “five year” requirement, the demand for masters programs in accounting has been on a growth trajectory nationally. According to a study by the American Institute of Certified Public Accountants (AICPA), 26% of employees hired by public accounting firms have master’s degrees. In addition there are those that start their employment upon getting their bachelor’s degrees with a clear expectation that they will qualify as CPAs within 2-3 years of starting at the firm.

Several public accounting firms have offices in Tacoma and the South Puget Sound region. Among the largest of these firms are Moss Adams LLP and McGladrey & Pullen LLP. Our students also seek employment at public accounting firms in Seattle and Bellevue. Other employers of accounting graduates are large and small businesses, federal, state, and local government agencies, and nonprofit organizations. To the extent that these employers are looking for CPAs, an ongoing concern raised by them is that UWT undergraduate accounting majors do not meet the five years of college education required for the CPA. These organizations are supportive of a Master of Accounting program at UWT. Below is a testimonial to this effect from Ms. Lisa Wilson, the lead partner at McGladrey & Pullen’s Tacoma office. We will provide additional letters of support with the full proposal.

I am an Audit Partner with McGladrey & Pullen and have been involved in our recruiting process for college graduates for over 20 years. The accounting profession has changed greatly over the past two decades and what we expect a college recruit to be able to do on this job, starting day one, has changed dramatically. Accounting students are required to complete their fifth year of education in order to qualify to sit for the CPA exam. We have seen that students that have committed to getting their Master of Accountancy are more successful in their career. Those that receive a Master of Accountancy bring a broader depth of accounting knowledge and based on what I know of UW Tacoma’s Milgard School of Business I have no doubt that they will produce top tier students in their Master of Accountancy program.

I am pleased to offer my support for the proposed program because it fulfills the promise of what the University of Washington Tacoma can do in our community and specifically for the accounting field. The students that graduate from this program will be an asset to our field and will certainly have the potential to outshine other students during the hiring process and in their careers. This clearly will be a benefit to McGladrey and to other employers.

Student Need

There is a strong unmet student demand that will be the basis for a healthy applicant pool for the proposed program. As indicated by the discussion in the Workforce Demand section above, there is a shortage of professional accountants at many levels. Accounting graduates are in high demand, which in turn, creates high demand for accounting degrees and professional accounting qualifications such as the CPA. Given the fifth year requirement to

sit for the CPA examination, there is a need for additional capacity in graduate accounting programs in Puget Sound and in Washington State. The universities in Washington State currently have a combined capacity of less than 300 in their graduate accounting programs. This is modest relative to the demand for professionally licensed accountants in the state. According to an AICPA study, 74% of master's students get jobs in public accounting. Since UWT does not currently have a master's program in accounting, a significant majority of our students lack the required credit hours to take the CPA exam and to get jobs at public accounting firms. This handicaps their potential for upward mobility in an accounting career since a lot of the higher level jobs in accounting require a CPA as well as public accounting experience. A survey of undergraduate seniors majoring in accounting in the Milgard School indicated that approximately two-thirds would like to pursue a Master of Accounting Program if we offered it. Given that we currently graduate approximately 90 accounting majors each year that will certainly give us healthy enrollments in this program. The lack of sufficient capacity in academic accounting programs is reiterated by the findings of the AICPA (2009) study which noted that this problem was more pronounced in the Western United States:

Capacity constraints in accounting programs continue to be a concern, one likely to be exacerbated by current economic conditions.... The shortage of classroom spaces is most pronounced in the Pacific region.²

PRELIMINARY BUDGET

These budget projections are based on a one-year program of 11 courses (average 4 credits/course; 45 credits to degree) over three quarters, initially 25 students per annual cohort. All indications point to strong demand for the program, one that will be self-supporting primarily through tuition revenue. Our projected tuition (to degree) is \$19,800 (\$440/cr) for resident students and \$24,750 (\$550/cr) for non-resident students. This is comparable to similar programs at peer institutions in the region. Our total annual revenue with an initial cohort of 25 students would range from \$495,000 to \$525,000. This would grow in subsequent years as the enrollment in the program grew. At enrollment levels of 30 - 40 students the revenue would grow to approximately \$600,000 - \$800,000.

Major program expenses include instructional and administrative costs. We anticipate the instructional costs will be approximately \$175,000 and the administrative costs will be approximately \$60,000. Other cost items will include UWT/UWEO overheads and a pool of funds for student scholarships. Surplus revenues generated by the program will be invested in faculty and staff development in the Milgard School of Business. A more detailed budget will be provided with the full proposal.

² "2009 Trends in the Supply of Accounting Graduates and the Demand for Public Accounting Recruits." American Institute of Certified Public Accountants, May 20, 2010.