

BOARD OF HIGHER EDUCATION

REQUEST FOR COMMITTEE AND BOARD ACTION

COMMITTEE: Academic Affairs

NO: AAC 18-02

COMMITTEE DATE: October 24, 2017

BOARD DATE: October 31, 2017

APPLICATION OF THE SALEM STATE UNIVERSITY TO AWARD THE MASTER OF SCIENCE IN ACCOUNTING

MOVED: The Board of Higher Education hereby approves the application of the **Salem State University** to award the **Master of Science in Accounting**.

Upon graduating the first class for this program, the University shall submit to the Board a status report addressing its success in reaching program goals as stated in the application and in the areas of enrollment, curriculum, faculty resources, and program effectiveness.

Authority: Massachusetts General Laws Chapter 15A, Section 9(b)

Contact: Winifred M. Hagan, Ed.D., Associate Commissioner for Academic Affairs and Student Success

BOARD OF HIGHER EDUCATION

October 2017

Master's of Science in Accounting

INTENT AND MISSION

The Salem State University (SSU) proposed Master of Science in Accounting (MSA) program is reported to be consistent with the University's mission to contribute responsibly and creatively to a global society, and serve as a resource to advance the region's cultural, social and economic development. It is expected that the program will prepare professional accountants to work in the north shore of Massachusetts, other parts of New England and to provide opportunities to make an impact in the global community.

The objective of the proposed MSA program is to prepare students for management positions in accounting and to increase their knowledge of accounting, auditing, and tax. The proposed MSA program is expected to provide accessibility to a diverse body of students with the opportunity to master their accounting, managerial, critical thinking and interpersonal skills with a value-added affordable high quality education. Completion of the proposed 30-credit program is expected to help students meet the 150-hour education requirement for eligibility as a certified public accountant.

The proposed program obtained all necessary governance approvals on campus and was approved by the Board of Trustees of Salem State University on February 8, 2017. The required letter of intent was circulated on March 31, 2017. No comments were received.

NEED AND DEMAND

National and State Labor Market Outlook

The American Institute of Certified Public Accountants (AICPA) conducts an annual survey to assess the trend in the supply of accounting graduates (both undergraduate and graduate) and the demand for them in the public accounting area. The most recent published results from the 2015 survey indicated that the number of graduates and the demand for new hires in public accounting reached record levels in 2013-2014 and the trend is expected to continue. The 2015 survey results also showed that accounting master's program in both public and private universities experienced growth in enrollment with increases in enrollments during 2013-2014 academic year.

SSU reports that the outlook for graduates of the proposed MSA program is strong for such common entry-level job titles as tax associates, auditors, budget analysts and financial analysts. SSU also reports that according to the U.S. Department of Labor statistics, there were 39,030 accountants and auditors in Massachusetts in 2014 and this number is expected to increase to 40,700 by 2024 with the projected annual job openings at 1,210.

Student Demand

SSU surveyed current and alumni students in the Accounting and Finance programs during the fall 2015 and the spring 2016 semesters. The results indicate that 83% of current students are planning to pursue a master's program in accounting. In addition, 18 out of the 48 alumni who responded to the survey indicated that they plan to pursue an MSA.

OVERVIEW OF PROPOSED PROGRAM

Program Overview

The proposed MSA is designed to provide a strong core to advance accounting, auditing, and tax that serve the purposes of offering an education that is consistent with the requirements of the American Society of Certified Public Accountants (AICPA) for the CPA examination; and to meet the 150-hour education requirement as prescribed by the Massachusetts Board of Public Accountancy in Massachusetts. In addition the program is expected to meet standards that are congruent with criteria for *Level 1* status by the Board of Public Accountancy and offer a flexible program in the evening for working adults.

The MS in Accounting program will reside in the Accounting and Finance department, and will be part of both the Bertolon School of Business and the School of Graduate Studies at Salem State University. The graduate program coordinator for the MS in Accounting will be recommended by the Chair of Accounting and Finance and approved by the deans of both schools and appointed by the Dean of the School of Graduate Studies. The coordinator will report directly to the Dean of the School of Graduate Studies and with a dotted line to the Chair of Accounting and Finance and the Dean of Bertolon School of Business. Faculty selection or appointments and evaluations will be the responsibility of the Chair in accordance with the terms of the contract of the Salem State Chapter of the MSCA. Program review and assessment of learning objectives will lie with the graduate curriculum committee within the Accounting and Finance Department with the program coordinator serving as an advisory role and providing input. Any changes to the program will have to be approved by the departmental graduate curriculum committee, the Chair, the Graduate

Education Council (University wide graduate curriculum committee), and the Provost.

Duplication

SSU finds that there are eleven institutions in Massachusetts that offer an MSA program.

Public Universities in Massachusetts with MS in Accounting	Bridgewater State	Westfield State	UMass Amherst	UMass Boston	UMass Lowell
Number of graduates in AY 2014-2015	18	8	53	39	33
Private Universities in Massachusetts with MS in Accounting	Merrimack College	Bentley University	Northeastern University	Western New England University	
Average number of newly matriculated students per year	15-25	160	70	20-30	

ACADEMIC AND RELATED MATTERS

Admission

SSU reports that it predominantly serves Massachusetts students from low- to middle-income families with diverse backgrounds. Accessibility is a central component of the SSU mission and a key motivation for the proposed MSA program. When developing the admission criteria and program structure, SSA strove to balance academic rigor with promoting success of the students, and accessibility.

SSU plans that applicants will be evaluated for the three different tracks within the MSA program based on prior degrees and courses in accounting and business. For all tracks, students applying for the MSA will be required to have an undergraduate GPA of at least 2.7 and a comparable GPA in Accounting, or at least a 2.7 GPA in the SSU undergraduate accounting certificate, and a GMAT score of at least 400 or a GRE score of at least 290. Furthermore, as a general rule, students will be required to attain a total

score of at least 1,000 points when their GPA and GMAT or GRE score are substituted into the following formula: $(\text{GPA} * 200) + \text{GMAT or GRE}$.

Materials required for the MSA admissions process include an online graduate admissions application form, an application fee determined by SSU¹, official transcripts from all undergraduate/graduate institutions, three letters of reference, and an official copy of GMAT or GRE scores taken within the past five years. Exceptions to the GMAT or GRE requirement may be waived for applicants who have been awarded a master's degree or higher from an accredited institution in a specialized business related field, economics, law or related field, or in a discipline involving a significant quantitative component; applicants who have passed at least one section of the CPA examination, or level one of the CFA examination, the CMA, CFP examination, or the CFM certification; applicants with an undergraduate GPA of at least 3.0 at an AACSB-accredited school, or 3.5 at a non-AACSB-accredited school or 3.5 in the SSU undergraduate accounting certificate accompanied by a recommendation from a faculty member.

SSU includes specific waiver options for the GMAT or GRE exams for students because of feedback that these graduate entrance exams are costly and present a barrier. SSA developed the proposed program to meet the educational requirements to sit for the CPA exam as outlined by the Massachusetts Board of Public Accountancy and to help students master competencies beyond an undergraduate degree in accounting. The additional coursework required of students without an undergraduate degree in accounting in the US stems from the Level 1 status required by the Massachusetts Board of Public Accountancy. Otherwise SSU will not meet the Level 1 Status and students who completed the program will not automatically be allowed to sit for the CPA exam.

Additional admission requirements include, a statement of purpose and resume and for applicants with a primary language other than English or a first degree earned outside of the United States, a test of English as a Foreign Language (TOEFL) (scores of 550 computer/213 written or above; 79-80 TOEFL iBT) or International English Language Testing System (IELTS) scores (6/6.5 with no score below 6 in any band). The TOEFL/IELTS requirement may be waived if a student has at least two years of experience in an American college or university.

¹ All graduate programs at SSU share an online application that includes a \$50.00 fee, which is reviewed periodically to ensure it is adequate to cover the costs of processing applications. Waivers are available for qualified applicants.

Program Enrollment

Program Enrollment Projection				
	# of Students	# of Students	# of Students	# of Students
	Year 1	Year 2	Year 3	Year 4
New Full Time	10	20	30	30
Continuing Full Time (for one semester as program will take a total of 4 semesters on a 3-3-2-2 plan)		10	20	30
New Part Time				
Continuing Part Time				
Total number of students	10	30	50	60

Curriculum (Attachment A)

The proposed MSA program is expected to require a minimum of 30 credits for students with a bachelor's degree in Accounting from a regionally accredited institution in the United States. The 30-credit program consists of 6 graduate level accounting courses (18 credits) in advanced managerial accounting, advance accounting systems, corporate financial reporting, tax factors in business, advanced auditing and financial accounting theory. The financial accounting theory course will serve as the capstone course of the program requiring several case analyses and a research paper.

Two additional courses (6 credits) will be required as accounting electives chosen from international financial reporting, advanced forensic accounting, financial statement analysis and accounting for governmental and not-for-profit entities. Two additional courses (6 credits) will also be required and chosen from an array of MBA courses. SSU plans that students with a bachelor's degree in business, but not in accounting, will be required to complete at least 15 additional credits in accounting. Applicants with a non-business bachelor's degree or a non-US bachelor's degree may need to complete 54 or more additional accounting and business credits². SSU further expects that in addition, the bachelors degree must include, or be supplemented by, 24 semester hours (36-quarter hours) of business courses other than accounting courses. These business

² There is no maximum cap for the number of additional credits a student may need in addition to a bachelor degree. This determination is planned to be made based upon individual transcripts. The rationale is reported to be due to the advanced coursework expected in the proposed program, which require previous knowledge. In addition, the proposed program is expected to obtain Level 1 status from the Board of Public Accountancy and this distinction requires the completion of foundational courses to be eligible to sit for the CPA exam.

courses shall include coverage in the areas of business law, information systems, finance, and coverage in at least one of the areas of economics, business organizations, professional ethics, and/or business communication.

There are no Internships or field experiences planned for this program.

RESOURCES AND BUDGET

Fiscal (Attachment B)

It is recognized that faculty teaching in the proposed program will be of various ranks but the budget is calculated based on the highest rank of full professor @ \$1700 per credit and 40% added for fringe benefits or at \$2380 per credit with an assumed 1.75% annual increase in salary.

Staff expenses include one graduate program assistant, estimated at \$13.50 per hour times 160 hours per semester for 2 semesters. An assumption is made for an annual increase in salary for 1.75%. One Alternate Professional Responsibility (APR) course release per semester is estimated at \$5100 per course has been estimated. The same annual increase in salary for 1.75% is assumed.

General Administrative Costs are calculated using information obtained from the SSU Provost and the Deans, and 60% of the projected revenue has been calculated to cover general overhead costs.

Instructional materials and facilities are shared with the department with no additional costs expected.

SSU projected revenues for the proposed program based upon current tuition with an assumed 2% annual increase in tuition and fees.

It is planned that instructional materials and facilities are shared with the department and no additional costs are expected for the program.

A start-up cost of \$30,000 and \$20,000 per year have been estimated specially for the program for recruitment of students consistent with the program enrollment projection table. One-time costs of \$1,000 per course for developing five new courses as stipend for faculty have been included (\$5,000 in total).

Faculty and Administration (Attachment C)

It is planned that all the faculty in the proposed MSA program hold appropriate degrees and credentials in accounting and relevant disciplines and conduct research in accounting and related business areas. The Bertolon School of Business (BSB) follows the Association to Advance Collegiate Schools of Business guidelines for setting high faculty standards.

Facilities, Library and Information Technologies

The SSU library subscribes to major academic and professional journals in business, including specialty journals in accounting and tax. The accounting and finance department subscribes to the FASB Accounting Standards Codification® and the Checkpoint database by Thomson Reuters. The FASB Accounting Standards

Codification® is an advanced application that allows users to access the authoritative content, perform research, and submit feedback. Checkpoint is the industry-leader for online information for tax, accounting and finance professionals.

The business school is located in a building with 10 smart classrooms, 2 conference rooms, a designated accounting lab with paid tutors, an open lab for students, and study rooms. A dedicated technology assistant helps business faculty with any technology issues that arise, keeps the "smart" classrooms in working order, and helps with general programmatic technology and data needs.

A new library provides access to over 300,000 electronic books and 57,000 journals. The library has 1,000 study seats and 150 public access computer workstations. SSU has a librarian dedicated to the business and economics departments who has office-space within the BSB office suite and who helps faculty and students with their research needs. We also have a representative from Career Services come to the BSB offices several times a week to make it easier for our students to get their help and advice.

There are no affiliations and partnerships planned for the proposed program.

PROGRAM EFFECTIVENESS

Goal	Measurable Objective	Strategy for Achievement	Timetable										
Board of Public Accountancy- LEVEL 1 STATUS	Achieve and maintain Level 1 status	Initial application submission for Board review Continuous curriculum review	Begin September, 2016 Ongoing										
Program growth	<table border="1" style="display: inline-table; border-collapse: collapse;"> <thead> <tr> <th><u># of students</u></th> <th><u>Year</u></th> </tr> </thead> <tbody> <tr> <td>10</td> <td>1</td> </tr> <tr> <td>20</td> <td>2</td> </tr> <tr> <td>30</td> <td>3</td> </tr> <tr> <td>30</td> <td>4</td> </tr> </tbody> </table>	<u># of students</u>	<u>Year</u>	10	1	20	2	30	3	30	4	Marketing Department Recruitment with School of Graduate Studies and Enrollment Management (specifically, Graduate Admissions)	Start 2017 and ongoing
<u># of students</u>	<u>Year</u>												
10	1												
20	2												
30	3												
30	4												
Student success	<ol style="list-style-type: none"> 1) Completion and retention rate 2) Career Advancement (majority of the students in the program already will have jobs) 	Advising, Program coordination Meet the Firms Event, Career Services	Ongoing Ongoing										

<p>Continuous improvement</p>	<p>1) Program Objective: The objective of the Master of Science in Accountancy program is to prepare accounting students for management positions in accounting. The program will build on the knowledge and tools from the students' undergraduate education, allowing them to achieve a greater degree of sophistication in accounting, auditing, and tax. This will provide them with the knowledge and skills necessary to have successful careers in public and private accounting.</p> <p>2) Learning Goals:</p> <p>1.0 Goal: Technical Competency: Graduates will be able to apply accounting, auditing, and tax concepts to business problems and use appropriate technology.</p> <p>2.0 Goal: Effective decision-making: Graduates will be able to recognize, analyze, and evaluate accounting, audit, and tax problems and generate integrated recommendations and action plans.</p> <p>3.0 Goal: Communication: Graduates will be able to communicate effectively orally and in writing.</p> <p>4.0 Goal: Leadership: Graduates will be able to influence individuals and teams to achieve common goals.</p>	<p>1) Alumni surveys, External Advisory Council, Benchmarking with other competitive programs, Reviewing CPA examination content</p> <p>2) Assessment of learning objectives using a matrix and implementing changes needed and re-measure</p>	<p>Ongoing and Program review every five years</p> <p>Ongoing assessment of each objective on a two-year rotating basis</p>
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EXTERNAL REVIEW AND INSTITUTIONAL RESPONSE

The proposed program was reviewed by James P. Angelini, Ph.D., CPA, Associate Professor of Accounting at Suffolk University in and Dennis M. Hanno, Ph.D., President and Professor of Management at Wheaton College.

The reviewers found that the proposed graduate program has a clearly articulated overall goal that is specifically focused on preparing students for professional careers in accounting and that it has been developed to meet the professional certification requirements to become a Certified Public Accountant outlined by the Massachusetts

Board of Public Accountancy. The proposed program was found to focus on the mastery of a specific body of knowledge and the sequential development of professional skills that are expected of competent practitioners. The reviewers thought the structure of the program, the requirements for admission and the prerequisites ensure that MSA courses build upon the knowledge obtained at the undergraduate level. The reviewers indicated that five new MSA courses have no counterpart at the undergraduate level. One reviewer underscored how the relatively recent requirement for CPA licensing in Massachusetts, that requires at least 150 hours of post-secondary education, will continue to drive demand for the proposed program. In addition the reviewers found SSU has committed significant resources to the proposed program, including additional library content in the form of journals and accounting and tax databases needed by graduate students. It was also noted that the department has a well-qualified faculty in place to adequately staff the expected enrollments through the first four years.

One reviewer found that the curriculum does not currently provide elective courses in taxation in order to pass the Regulation section of the CPA examination. It was recommended that at least two tax electives be developed- one covering partnerships and S-corporations and one covering C-corporations- in order to provide students with the opportunity to study advanced tax concepts in sufficient depth to pass the CPA examination and to meet the learning objectives.

SSU responded that while the program is not designed to specialize in taxation an elective tax course will be one of the first additions to the program in the future.

STAFF ANALYSIS AND RECOMMENDATION

Staff thoroughly reviewed all documentation submitted by Salem State University and the external reviewers. Staff recommendation is for approval of the proposed **Master of Science in Accounting** program.

ATTACHMENT A: CURRICULUM

Major Required (Core) Courses (Total # of core courses required = 6)		
Course Number	Course Title	Credit Hours
ACC 800	Accounting Analysis for Dec. Mkg. (Advanced Managerial Accounting)	3
ACC 805	Tax Factors in Business	3
ACC 830	Advanced Accounting Systems	3
ACC 850	Corporate Financial Reporting (Intermediate III)	3
ACC 870*	Advanced Auditing	3
ACC 890*	Financial Accounting Theory	3
	Sub Total # Core Credits Required	18
Elective Course Choices (Total courses required = 2) (attach list of choices if needed)		
ACC 820*	Accounting for Governmental and Non-Profit Entities	3
ACC 840*	Advanced Forensic Accounting	3
ACC 860	International Financial Reporting	3
FIN 868*	Financial Statement Analysis	3
	Sub Total # Elective Credits Required	6
Elective Course Choices (Total courses required = 2) (attach list of choices if needed)		
ODS 800	Operations Management	3
BUS 840	Managing in the Global Environment	3
FIN 800	Finance Decision Making and Value Creation	3
MGT 800	Managing Human Performance	3
MKT 805	Marketing Management and Strategy	3
	Sub Total # Elective Credits Required	6
Curriculum Summary		
Total number of courses required for the degree		10
Total credit hours required for degree		30
Prerequisite, Concentration or Other Requirements:		
<i>Answer:</i> Please see Appendix C.		

ATTACHMENT B: BUDGET

MS in Accounting Program Budget						
One Time/ Start Up Costs	Cost Categories	Annual Expenses [Academic Year = Fall, Spring and Summer semesters]				
		AY 2018-2019	AY 2019-2020	AY 2020-2021	AY 2021-2022	AY 2022-2023
	# of Courses (excludes MBA core courses and current MBA elective courses)	5	6	7	7	7
\$ 6,000	Full Time Faculty (Salary & Fringe at 40%) @ \$2380 per SCHI or \$9520 per course @ 1.75% annual increase (4 SCHI per graduate course in load credit) (For program development)	\$ 47,600	\$ 58,120	\$ 68,993	\$ 70,200	\$ 71,429
	Staff: Graduate Program Assistant (13.5 per hour x 160 hours per semester x 2) @ 1.75% annual increase	4,320	4,396	4,473	4,551	4,630
	Graduate Coordinator (one core release per semester)	10,200	10,379	10,560	10,745	10,933
	General Administrative Costs (60% of gross revenue)	69,768	160,118	254,053	277,644	283,197
	Instructional Materials, Library Acquisitions (shared with Department)					
	Facilities/Space/Equipment (shared with the School of Business)					
	Field & Clinical Resources - NA					
30,000	Marketing	20,000	20,000	20,000	20,000	20,000
5,000	Other (One Time - 5 courses @ 1,000 for new course development)					
41,000	Total Expenses	151,893	253,017	358,086	383,147	390,196
One Time/ Start Up Support		Annual Revenue [Academic Year = Fall, Spring and Summer semesters]				
	Revenue Sources	AY 2018-2019	AY 2019-2020	AY 2020-2021	AY 2021-2022	AY 2022-2023
	Student Projection # (New)	10	20	30	30	30
	Continuing Students for 2 courses next AY #		10	20	30	30
	Number of courses in program x # of students (counting for new and continuing students) *	80	180	280	300	300
	Grants					
	Tuition @ 140 per credit; 1 course = 3 credits @ 2% annual increase	\$ 33,600	\$ 77,112	\$ 122,351	\$ 133,712	\$ 136,386
	Fees @ 344.5 per credit; 1 course = 3 credits @ 2% annual increase	82,680	189,751	301,071	329,028	335,608
	Departmental					
	Reallocated Funds					
	Other (specify)					
One Time/ Start Up Costs	Total Projected Revenue	116,280	266,863	423,422	462,740	471,995
\$ 41,000	Total Expenses from above	151,893	253,017	358,086	383,147	390,196
	Net Contributions to Bertolon School of Business	\$ (35,613)	\$ 13,845	\$ 65,336	\$ 79,593	\$ 81,799
	Start-up costs	\$ (41,000)				
	Total Net Contributions	\$ (76,613)	\$ 13,845	\$ 65,336	\$ 79,593	\$ 81,799
	Cumulative over 5 years	\$ 163,960				
	Estimated payback period	2 years				
	* Assumed program completion in 15 months or 4 semesters (3+3+2+2); 8 courses for new students in the first year and 2 courses left for continuing students in the second year.					

ATTACHMENT C: FACULTY

Name of faculty member (Name, Degree and Field, Title)	Check if Tenured	Courses Taught Put (C) to indicate core course. Put (OL) next to any course currently taught online.	Number of sections	Division of College of Employment	Full- or Part-time in Program	Full- or part-time in other department or program (Please specify)	Sites where individual will teach program courses
Bahnan, Nisreen PhD Chairperson, Professor	<input checked="" type="checkbox"/>	• MKT 805	(1)	Bertolon School of Business, Salem State University	Part-time	Full-time, Marketing and Decision Science	• Main
Bandyopadhyay, Jayanti PhD, CGMA, CPA (non-practicing), Professor	<input checked="" type="checkbox"/>	• ACC 860	(1)	Same as above	Part-time	Full-time, Accounting and Finance	• Main
Blaber, Zlatinka PhD, CPA, Assistant Professor	<input type="checkbox"/>	• ACC 830 (C,OL)	(1)	Same as above	Part-time	Full-time, Accounting and Finance	• Main
Chen, Lisa PhD, M.Acc, MS Associate Professor	<input type="checkbox"/>	• ACC 830 (C)	(1)	Same as above	Part-time	Full-time, Accounting and Finance	• Main
Chene, Douglas PhD, CGMA, CPA, MS, CFE Associate Professor	<input type="checkbox"/>	• ACC 805 (C) • ACC 890 (C) • ACC 820	(1) (1) (1)	Same as above	Part-time	Full-time, Accounting and Finance	• Main
Gu, Jian PhD Professor	<input checked="" type="checkbox"/>	• BUS 840	(1)	Same as above	Part-time	Full-time, Management	• Main
Guo, Hongtao PhD Associate Professor	<input type="checkbox"/>	• ACC 850 (C)	(1)	Same as above	Part-time	Full-time, Accounting and Finance	• Main
Kudrimoti, Sanjay PhD Assistant Professor	<input checked="" type="checkbox"/>	• FIN 800	(1)	Same as above	Part-time	Full-time, Accounting and Finance	• Main
Lam, Miranda PhD, CFA Chairperson, Professor	<input checked="" type="checkbox"/>	• FIN 868	(1)	Same as above	Part-time	Full-time, Accounting and Finance	• Main
Landau, Jacqueline PhD Associate Professor	<input checked="" type="checkbox"/>	• MGT 800	(1)	Same as above	Part-time	Full-time, Management	• Main

Manago, Saverio PhD Associate Professor	<input checked="" type="checkbox"/>	<ul style="list-style-type: none"> • ODS 800 	(1)	Same as above	Part-time	Full-time, Marketing and Decision Science	<ul style="list-style-type: none"> • Main
Tschakert, Norbert PhD, CMA, CIA, CITP, CFE, CFF, CPA Gassett- Schiller '83 Endowed Chair	<input checked="" type="checkbox"/>	<ul style="list-style-type: none"> • ACC 870 (C) • ACC 840 	(1) (1)	Same as above	Part-time	Full-time, Accounting and Finance	<ul style="list-style-type: none"> • Main