

University Senate

Proposed: October 21, 2016

Adopted: October 21, 2016
by voice vote with no abstentions

**RESOLUTION TO ESTABLISH A PROGRAM LEADING TO
A MASTER OF SCIENCE IN ACCOUNTING
AND FUNDAMENTAL ANALYSIS
(GRADUATE SCHOOL OF BUSINESS)**

WHEREAS, accounting experts skilled at carrying out financial statement-driven fundamental analysis are sought by industry consulting firms and nongovernmental organizations, as well as by a wide range of employers in financial services including investment management, equity research, investment banking and private equity and venture capital, and

WHEREAS, individuals so trained are qualified for Ph.D.-level education and academic careers, and

WHEREAS, the new degree will attract those who wish to pursue a more focused course of study than that provided by the M.B.A. program, as well as those needing background to be admitted to top-notch Ph.D. programs, and those needing additional credit hours for C.P.A. certification, and

WHEREAS, the new degree will train candidates to conduct state-of-the-art analytical research but will not include a broad-based managerial component, and

WHEREAS, the proposed program will not replace any existing programs, and

WHEREAS, the proposed program does not rely to a significant extent on courses offered by units of the University outside the Business School, and will avail itself of capacity within existing Ph.D. courses and not require new courses to be developed, and

WHEREAS, Columbia will be the only top school in the Northeast offering such a program,

THEREFORE, BE IT RESOLVED that the Senate establish the Master of Science in Accounting and Fundamental Analysis.

BE IT FURTHER RESOLVED that the Education Committee shall review the program in five years.

Proponent:
Committee on Education

PURPOSE AND NEED

1) Purpose

Columbia Business School proposes a Master of Science (MS) in Accounting and Fundamental Analysis degree in order to fill the need for accounting experts skilled at carrying out financial statement driven fundamental analysis. Students with such training are sought by a wide range of employers in financial services including investment management, equity research, investment banking and private equity/venture capital, and they are uniquely qualified for PhD-level education and academic careers.

The program will consist of 14 to 16 months of study at Columbia Business School. Students will complete a minimum of 10 full graduate-level courses plus a research seminar in which they will conduct an original research project, often tied to an industry focused research question. (33 credits) The classroom curriculum will include five courses in fundamental analysis, including two PhD research seminars in accounting. In addition, all students will take two courses in statistics, two courses in economics, plus at least one elective in an allied discipline.

This new degree will fill a gap in the current degree offerings of the Business School, providing an educational opportunity for individuals who wish to pursue a deeper more focused course of study than provided by the MBA program. We expect that this degree will primarily attract three streams of potential applicants:

- Candidates desiring a specialized alternative to the traditional MBA program
- Candidates interested in eventually pursuing a PhD, who do not yet have sufficient background to be admitted into a top-notch program
- Candidates who need additional credit hours to meet the requirements for the Certified Public Accountant (CPA) certification.

B) How does the new program relate to ongoing programs? Will it replace any existing program(s)?

This new degree will fill a gap in the current degree offerings of the Business School, providing an educational opportunity for individuals who wish to pursue a deeper more focused course of study than provided by the MBA program. The program will be distinct from the MBA because it will focus on training candidates to conduct state-of-the-art analytical research, but will not include a broad based managerial component.

The program will also be distinguished from the PhD program by serving those students who, in most cases, plan to deploy their technical expertise toward careers in consulting or industry, rather than careers in university teaching.

The proposed program will not replace any existing programs

The position of this program in the intellectual life of the school may be explained as follows: Doctoral study trains students not only to solve sophisticated problems but also to select the important problems to be solved. The MBA program trains students to create organizations and to manage them. Our MS program is designed for students who are attracted to the art and challenge

of problem solving without wishing to be put in a position of having to create original research. It will be important for the MS students to complete PhD courses as, in doing so, they will be exposed to the level of thoroughness, technique, and sophistication that will be expected of them in a formal research capacity.

C) Does the proposed program completely or partially duplicate (an) existing program(s) in any other unit of the University?

The proposed program will not completely or partially duplicate any existing programs in any other part of the University.

D) Does the proposed program rely to a significant extent on courses that are offered by other units of the University?
The proposed program does not rely to a significant extent on courses that are offered by other units of the University other than the Business School.

2) Need

A) Why is the proposed program needed locally, statewide or nationally?

There is a need for more analytically trained Accounting analysts sought by industry consulting firms and non-governmental organizations (NGOs). In a competitive job market landscape, the deep technical skills and expertise gained through the coursework component of a PhD program become increasingly valuable. For academically distinguished students who wish to hone these skills, the opportunity to enroll in a Master of Science degree will position them well for careers in industry, consulting, and the public sector or perhaps within the academy. Students with this degree would be extremely attractive to hedge funds and investment management firm, who seek quantitatively trained professionals well trained in the state of art in academic research.

While the MBA degree trains students broadly, the MS degree can provide students with a more specialized focus that allows more sophisticated solutions to business and societal management problems.

The MS in Accounting degree program is offered by a very small subset of leading business schools. Most programs are CPA focused, providing students who may not necessarily have an accounting background the necessary coursework as well as credits. Only six schools ranked by Business Week in the top 25 MBA programs offer an MS in accounting: the University of Michigan, University of Texas at Austin, University of Notre Dame, Indiana University, University of Southern California, and Brigham Young University.

The Accounting department at Columbia is well placed to offer an MS in Accounting and Fundamental Analysis that differs significantly from these other programs. First, it will build on the school and the department's strengths in accounting driven financial statement analysis. Columbia Business School has a long tradition of excellence in fundamental analysis going back 75 years to the publication of Graham and Dodd's seminal work on Security Analysis. The accounting department's notable strength in research and teaching is in accounting based fundamental analysis, which is also reflected in success of the Center for Excellence in Accounting and Security Analysis (CEASA) at the school. Second, it will not be CPA focused. Third, the program will allow the department to take advantage of capacity within existing PhD courses and not require that new courses be developed

for the MS program. Fourth, none of our strongest competitor schools in the Seven Dean's cohort offer such a program (Wharton, Harvard, Stanford, Kellogg, MIT and University of Chicago-Booth). Finally, we believe that Columbia's reputation and New York City location will help attract an impressive pool of interested candidates. While NYU once offered a CPA focused MS degree in Accounting it was discontinued several years ago. This will ensure that we will be the only such offering from top schools in the Northeast.

The only MS program that is similar in some aspects to our proposed program is the PhD track of the MS in Accounting program offered by BYU. This program essentially prepares candidates for a PhD in accounting and places 3-4 students in top PhD programs every year. We feel that there is a tremendous need for other such programs and that our offering will dominate because of the greater rigor as well as the reputation of our accounting department and Columbia Business School.

B) Have students at the University or elsewhere requested this program? How many?

While we have not polled students regarding the creation of this program, we intend to begin the program with a very small enrollment in order to gauge demand and build the program over time. Doing so will allow us to assess the market demand very concretely.

C) If the program is career or professionally oriented, have persons in the profession or career requested establishment of the program? Have the employment needs of professionals in the field been taken into account when designing the program?

While we have not consulted extensively with our competitor schools or industry contacts about the need for this program, we believe that the program will fill a critical need for accounting experts skilled at carrying out financial statement driven fundamental analysis

D) What other institutions in the metropolitan area and in the Northeast offer similar programs? Have you consulted with them on the potential effect on their programs of our entry into the field?

New York:

Baruch College's Zicklin School of Business offers a Master of Science in Accountancy is intended to meet the NY state CPA requirement. This program should not compete directly with the proposed program because of its single focus.

New England:

Boston College Carroll School of Management also offers a Master of Science in Accounting, also intended to meet the CPA requirements in most states. This program should not compete directly with the proposed program because of its single focus.

Peer Schools:

Our strongest competitor schools (Wharton, Harvard, Stanford, Kellogg, and University of Chicago-Booth, and MIT) do not currently offer competing Masters of Science in Accounting programs.