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UNIVERSITY OF ILLINOIS AT URBANA-CHAMPAIGN
PROPOSAL TO THE UIUC SENATE COMMITTEE ON EDUCATIONAL POLICY

TITLE OF THE PROPOSAL:

Proposal by the Department of Accountancy, College of Business, for the creation of a Taxation Major in the Department's Master of Science program.

SPONSOR:

Prof. Clifton Brown, Department of Accountancy, 274 Wohlers Hall, 333-2849

DESCRIPTION:

The Department of Accountancy offers two programs at the masters level: a Master of Accounting Science (MAS: major is accountancy; program code is 10KS0071MAS) and a Master of Science (MS: major is accountancy). The MS degree contains two programs, both involving specialization: a specialization in taxation (on-campus program code 10KS0193MS; Chicago program code 10KS0193MS2) and a specialization in international accounting and auditing (program code 10KS3928MS).

The Department has offered the MS in Accountancy with a specialization in taxation both on campus and in Chicago. Recently, the Department added a concentration in taxation option within its MAS program. Consequently, all students in the on-campus, five-year accountancy program (known as the BS/MS in Accountancy) will culminate their studies in the MAS program.¹ The MAS with a concentration in taxation replaces the MS in Accountancy with a specialization in taxation (10KS0193MS) for on-campus students.²

Since May of 2005, the Department has offered its MS in Accountancy with a specialization in taxation program in downtown Chicago. The Department's proposal is to replace the MS in Accountancy with specialization in taxation (10KS0193MS2) with a MS in Taxation (i.e., a new major within the existing MS degree).³ The tuition and fees of the new major will be the same as that assessed for the MS in Accountancy with a specialization in taxation program in downtown Chicago.

Students in the Chicago program are required to have at least two years of professional tax or tax-related experience prior to entering the program (some students have ten years or more). Similar to other executive business programs, students attend classes on Fridays and Saturdays while continuing their full-time employment. Initially, the Department intended that the Chicago program curriculum be patterned after the program on campus where students typically took a combination of required tax courses along with select accountancy and other tax-related courses.

¹ Prior to fall 2007, students chose between the MAS program (general accountancy major) and the MS in Accountancy with specialization in taxation (10KS0193MS).

² Beginning fall 2007, the Department no longer admits students to the on-campus MS in Accountancy with specialization in taxation program (10KS0193MS) and this program is no longer active.

³ Upon approval of the proposed taxation major, the Department will no longer admit students to the Chicago MS in Accountancy with specialization in taxation program (10KS0193MS2) and the existing program would not be active. If approval occurs prior to April 2008, the Department will transfer students currently enrolled in the Chicago program into the new MS in Taxation program. If approved subsequent to April 2008, the current students would graduate from the existing program and new students will be admitted to the new major.

Through its early experiences, however, the Department quickly determined that the students in the Chicago marketplace, along with their employers, expected both the curriculum and the degree to be a taxation major rather than an accountancy major with a taxation specialization. As a consequence, the courses in the Chicago taxation program curriculum have evolved to meet the demands of the program's market.

The Chicago students' needs and expectations differ considerably from those of the students on campus. The Chicago students are already experienced tax professionals and are looking for advanced skills that will allow them to further their careers and better serve their clients and employers. The Department, through evolution of the program's courses towards more advanced taxation knowledge, has repositioned the Chicago program curriculum to meet the needs of its students and their sponsoring employers. In contrast, the on-campus students have little or no taxation experience and are preparing to enter the tax profession. As a result, the tax courses offered on campus are designed to introduce students to specific areas of taxation, but not make them experts in those areas.

As currently offered, the Chicago program has the following courses, each course awarding four graduate hours, totaling 32 graduate hours for the program-as-a-whole (all students take all courses in a lock-step fashion):

ECON 512	Economics of Taxation
ACCY 551	Corporate Income Taxation
ACCY 552	Partnership Income Taxation
ACCY 553	Selected Topics in Taxation – Multi-jurisdictional taxation
ACCY 553	Selected Topics in Taxation – Advanced tax topics
ACCY 553	Selected Topics in Taxation – Taxation of closely-held business entities
ACCY 560	Information in Value Creation
ACCY 593	Special Research Problems – Advanced topics in accounting for income taxes

The Chicago program also presents a series of workshops and lyceums throughout the year that are designed to augment the curriculum and further enhance the students' technical and professional skills.

In contrast, the graduate concentration in taxation (within the MAS) program requires three taxation courses (ACCY 451 Advanced Income Tax Problems, ACCY 553 Selected Topics in Taxation – Partnership taxation, and ACCY 556 Tax Research), along with two accountancy courses (ACCY 511 Risk Measurement and Reporting, I and ACCY 512 Risk Measurement and Reporting, II) and three graduate electives (generally including ACCY 510 Financial Reporting Standards and ACCY 515 Auditing and Assurance Standards).

JUSTIFICATION:

The need for a new taxation major in the Chicago program is driven by three primary factors.

- First, as working tax professionals, current and prospective students of the program both require and expect that the content and credential of a graduate level taxation education is a taxation major. There are two highly valued graduate level degrees for tax professionals – an MST and a law degree. Both signify advanced knowledge in taxation and provide credibility with tax professionals, employers and clients. Currently, the diploma from the Chicago program is an MS in Accountancy with no indication of the taxation credential obtained. Even if the diploma did reflect the full name of the program (MS in Accountancy with a

specialization in taxation), it would imply a more general introduction to taxation rather than the highly-specialized expertise students now obtain from the Chicago program. Consequently, the Chicago program does not currently provide students with the credential they need.

- Secondly, the curriculum of the Chicago program is already that of an MST. All 32 of its hours consist of taxation or taxation-related courses, compared with the specialization that requires only 37.5% of its total hours (12 out of 32) be in taxation or taxation-related courses. As a result, current students of the program are receiving a graduate education consistent with a major in taxation but without the corresponding credential of an MST.
- Finally, the taxation major will provide a more distinct identity for the Chicago program, which will enable it to enhance its effectiveness. Since the program is in a start-up phase (currently in its third year), its identity in the marketplace is critical for both growth and long-term success. To date, the specialization degree given by the Chicago program has caused considerable confusion for potential students and their employers, who by-and-large reimburse the students for their tuition costs. It has also prevented some students from enrolling in the program because the degree was viewed to be of lesser value than one with a taxation major. An MS in Taxation will level the playing field with other institutions offering advanced degrees in taxation in the Chicago area⁴ by eliminating the confusion and enabling the Chicago program to compete on the basis of the quality of its program.

In summary, an MS with an major in taxation is the degree desired by tax professionals who seek a graduate education in taxation; it is reflective of the underlying curriculum of the Chicago program; and, it will eliminate the confusion in the marketplace thereby enabling UIUC to compete effectively with the other educational institutions offering graduate taxation programs in the Chicagoland area.

BUDGETARY AND STAFF IMPLICATIONS:

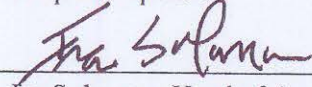

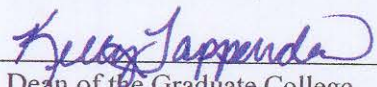
The Chicago program is already in operation and currently offers the curriculum of an MST. Through prior University and Board of Trustee approval, the Chicago program has a self-sufficient budget (i.e., the Department formulates program tuition and fees to cover all program operating costs). The tuition and fees of the new major will be the same as that assessed for the current MS in Accountancy with a specialization in taxation program in Chicago (10KS0193MS2). This proposal will result in only minor budgetary implications, all of which will be covered by program revenues. Staff and operational requirements will not change and the only budgetary implications will be the minor costs for modifications to program letterhead, websites, and promotional materials, together with a modest Chicagoland marketing campaign to promote the program's realigned identity as an MST program.

GUIDELINES FOR UNDERGRADUATE EDUCATION:

N/A

⁴ The program's major competitor is DePaul University whose Kellstadt Graduate School of Business offers an MST degree in downtown Chicago. Similar to the UIUC MAS degree, DePaul also offers a more general MS in Accountancy degree, which allows for specialization (15 hours) in a variety of areas, one of which is taxation. In addition, Northern Illinois University offers an MST degree in suburban Chicago (Hoffman Estates).

CLEARANCES:

	<u>Date</u>
Clifton Brown	<u>9/30/07</u>
_____ Proposal Sponsor	
 Ira Solomon, Head of Accountancy	<u>10/1/07</u>
_____ Mark Roszkowski, Chair, College of Business Educational Policy Committee	<u>10/1/07</u>
 Greg Oldham, Acting Dean, College of Business	<u>10-1-07</u>
_____ Dean of the Graduate College	
 Chair, Senate Educational Policy Committee	<u>1/28/08</u>

Chair, Senate Educational Policy Committee	

STATEMENT FOR PROGRAMS OF STUDY CATALOG:

Graduate Degree Programs

The Department of Accountancy offers graduate programs leading to the degrees of Master of Accounting Science (M.A.S.), Master of Science in Accountancy (M.S.A.), Master of Science in Taxation (M.S.T.), and Doctor of Philosophy in Accountancy (Ph.D.). The master's degree requirements can be completed in one year. The Ph.D. degree takes approximately four to five years of full-time study and research. The M.A.S., M.S.A. and Ph.D. degrees are offered on the Urbana-Champaign campus. The M.S.T. is offered only at the Illini Center in Chicago.

Admission

All applicants for the M.A.S. and Ph.D. programs, domestic or international, are required to take the Graduate Management Admission Test (GMAT). This test should be taken early enough to ensure that the results will be available to the department before action on admission. The admission requirements of the Graduate College also apply, including prior academic performance and references. In addition, all international applicants must take the Internet-Based Test of English as a Foreign Language (TOEFL iBT) or the International English Language Testing System (IELTS) test. While the GMAT is not required for admission to the M.S.A. program, the department strongly recommends students take this test. The M.S.T. offered in Chicago does not require the GMAT for applicants who meet the two-year minimum work experience requirement. Applications for admission to the doctoral program, supported by

three letters of recommendation, must be approved by the department admissions committee, which may require an oral or a written examination.

Master's Programs

The M.A.S. program is a one-year program for students with an undergraduate background in accounting. Students applying for admission should have acquired a background in business and accounting equivalent to a Bachelor of Science in Accountancy. The background courses in business that must be completed before admission to the program include mathematics (calculus and linear algebra), computer science, intermediate microeconomics, statistics (two courses), and functional areas of business, such as marketing, corporate finance, and organizational behavior.

The M.S.T. program is a one-year program for students with at least two years of experience. The program, offered only at the Illini Center in Chicago, begins in May and meets weekly on Friday afternoons and all day Saturday. Students applying for admission should have acquired a background in business and an accounting undergraduate major from an accredited college or university.

The M.S.A. program is a one-year program designed to meet the professional accounting career-development needs of individuals engaged in international business. The M.S.A. provides international students with their first experience with an U.S.-based accounting education. The program accepts those with little prior study or experience in accounting whom wish to prepare for a career in accounting. The program begins in June with Summer Session II.

Candidates in the three master's programs are required to complete at least 32 graduate hours of coursework. At least 20 graduate hours must be 500-level courses.

Master of Accounting Science (M.A.S.)

As currently listed

Master of Science in Accountancy (M.S.A.)

As currently listed

Master of Science in Taxation (M.S.T.)

The M.S.T. is an executive-style program offered only at the Illini Center in Chicago. Graduation requires 32 graduate hours of study that consists of eight required courses: ECON 512, ACCY 551, ACCY 552, three different courses in ACCY 553 (selected topics in taxation), ACCY 560, and ACCY 593 (special research problems – advanced topics in accounting for income taxes).

Doctor of Philosophy Program

Doctor of Philosophy in Accountancy (Ph.D.)

As currently listed

EFFECTIVE DATE: Fall semester 2008