



# LOYOLA UNIVERSITY MARYLAND

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*Office of the President*

*Sent via EMAIL*

July 23, 2020

James D. Fielder, Jr., Ph.D.  
Secretary of Higher Education  
Maryland Higher Education Commission  
6 N. Liberty Street, 10<sup>th</sup> Floor  
Baltimore, MD 21201

RE: Loyola University Maryland Response to Morgan State University's Objection – Bachelor of Science in Finance

Dear Secretary Fielder:

Thank you for the opportunity to respond to the objection letter submitted by Morgan State University (MSU) regarding Loyola University Maryland's proposed Bachelor of Science in Finance. Loyola received notification of MSU's objection on July 17, 2020. Pursuant to MHEC's instructions, we have reviewed the objection and offer this response in due course.

Loyola University Maryland recently submitted proposals for all six of its existing areas of concentration in the Loyola Business BBA program to become discrete majors. This endeavor was part of a much larger university-wide effort to maintain currency, relevance, and vitality of undergraduate education at Loyola. These efforts began with the university's 2016 strategic planning initiative that included an emphasis on student agency in academic studies. The Business BBA program featured in the faculty discussions about Reimagining the Undergraduate Curriculum because of the large proportion and breadth of course requirements for the BBA concentrations, which impede business students from pursuing greater depth in their fields or more breadth outside of the business school. The faculty deliberations about curricular renewal culminated in hard-won approvals through shared governance for changes to Loyola's Core Curriculum and some majors in early 2020. These six undergraduate business major proposals are part of a whole—they represent the re-design of the undergraduate experience in the Sellinger School of Business.

The objection from Morgan State University, in following the parameters for objection laid out in COMAR 13B.02.03.27, centers on "unreasonable program duplication which would cause demonstrable harm to another institution," primarily focused on a claim that the implementation of the existing Loyola program as a stand-alone major would harm MSU's program enrollment. We respectfully assert that the proposed major would not cause harm to MSU's program enrollment, and we provide data below to support our assertion. In addition, MSU's letter claims vast similarity between the proposed program and theirs—an analysis provides clarity around the distinctions between them.

## **1) Mission and student population**

The evidence below demonstrates that Loyola and Morgan State University are attracting from different student populations, and in part, that is due to the differences in the institutions: Morgan State University is Maryland's preeminent urban public research university with an undergraduate population of more than 6,400 students; Loyola University Maryland is a Jesuit, Catholic private master's university with a highly residential undergraduate population of fewer than 3,900 undergraduate students. Loyola recruitment plans for each academic year target fewer than 1,100 new first-time full-time students for the entire university, and its students primarily come from outside Maryland. Loyola attracts undergraduate students from 40 states and 43 countries.

Morgan State University's letter mentioned other universities in Maryland that offer finance programs as an indication that Maryland is already well-served by the existing majors. However, all of those institutions listed—University of Maryland College Park, University of Maryland Global Campus, University of Maryland Eastern Shore, and Salisbury University—are public institutions. Loyola's proposal broadens the options to include a private institution with AACSB business accreditation. Loyola University Maryland is the only Jesuit, Catholic university in the state, and it is one of only 27 in the nation. Currently, Maryland high school students who seek a major in finance at a private university with an AACSB-accredited business school must attend an out-of-state school.

In fact, Loyola's largest competition for business school majors, according to the most recent cross-application data available from the National Student Clearinghouse, is from private Catholic out-of-state institutions with AACSB business accreditation: Saint Joseph's University (Pennsylvania), Fordham University (New York), Fairfield University (Connecticut), Providence College (Rhode Island), and Villanova University (Pennsylvania). Morgan State University is ranked 234<sup>th</sup> (with one student) in the list of institutions from Loyola's cross-application data. We believe the data clearly demonstrate that we are not attracting students from a similar enrollment pool. Further, we think the data indicate that the lack of a private AACSB-accredited finance major in Maryland could mean that the state is losing Maryland high school graduates to out-of-state schools. It is worth noting that all five of Loyola's out-of-state competitor institutions listed above offer a bachelor's degree in finance.

Please note that no other institution objected to the proposed finance program from Loyola.

## **2) Academic program and objectives**

Both Morgan State University's and Loyola University Maryland's business schools hold accreditation from AACSB, International. To fulfill the standards of AACSB accreditation, the programs would be expected to share broad similarities in course work and objectives.

Morgan State University's letter objected to Loyola's proposal with three specific reasons, to which we respond as follows.

1. Morgan's Department of Accounting and Finance is engaged in efforts aimed at attracting more high-quality students to accounting and finance majors in an attempt to build enrollment in both programs.

The proposed Loyola program would put a damper on these efforts with respect to the finance program.

Loyola's Finance Department Response: The B.S. Finance at Loyola seeks to achieve two main goals -- Continue our current focus on Corporate Finance / Investments and achieve Certified Financial Analyst (CFA) recognition, something that requires Loyola to add rigor and additional classes to cover the required material for such recognition. As detailed in our proposal, we already have the structure in place to continue our focus on Corporate Finance / Investments. The pursuit of CFA recognition aligns with feedback that the finance department has received from Loyola's Board of Trustees, Sellinger Business School's Board of Sponsors, and the finance department's Advisory Board. As one of our elective classes for sophomores, we already offer a "Junior Analyst Class," which speaks to our commitment toward our goals. MSU clearly has strengths in international finance and in preparation for careers as CPAs -- our program changes do nothing to tread on these areas, and as such we fail to see how the additional rigor in the proposed program, in an area where we have already excelled over the years, would harm Morgan.

2. Loyola proposes to change the name of the program without changing the courses to be offered in a significant way.

Loyola's Finance Department Response: The proposed major changes the existing offering in ways that are more substantive than MSU's interpretation. The advanced courses of the proposed major increases required courses by one and finance electives by two courses. Of the required courses, two are newly required: FI 322 Investments is a redesigned course, as is FI 441 Advanced Finance (Capstone) which replaces the BBA capstone course.

We would like to note that in the MSU objection document, it seems the requirements for the proposed Loyola B.S. Finance program were misunderstood by MSU. They mistakenly listed three courses as the requirements, FI340 International Finance, FI440 Financial Analysis and Valuation, and FI441 Advanced Financial Management (capstone). If that is the basis for the MSU comments that allude to a "lack of rigor" or "the courses that have not been altered," then their concerns would be understandable. However, the correct understanding and reading of the proposed B.S. Finance should put those concerns to rest.

We would also like to note that Loyola is seeking to name its program a B.S. Finance because it conveys the rigor of the program in a way that is understood all over the world. The B.S. Finance would replace the current finance concentration of our Business BBA; we would not offer both programs if the B.S. is recommended for implementation. It is not Loyola's intention to replicate the B.S. Finance program at MSU, and we elaborate on this further in point 3. The comparison tables attached to this letter demonstrate that less than 50% of the MSU and Loyola B.S. Finance advanced courses match.

3. Loyola can accomplish its objectives without duplicating Morgan's program.

Loyola's Finance Department Response: MSU has both a General Finance Track and a B.S. Finance -- Loyola seeks to discontinue the BBA Finance and replace it with a more rigorous B.S. Finance. While MSU has put efforts in place to attract more high-quality students and to grow enrollment in its finance major, Loyola instead seeks to offer a more rigorous, tailored experience than its existing BBA and to offer it to fewer students. We have thus over the years reduced the size of the Finance department faculty,

are looking to discontinue the BBA Finance concentration and focus the B.S. Finance on our core strength, which is Corporate Finance & Investments.

Loyola has no interest in duplicating the finance program / curriculum at MSU. The only way that we can achieve our stated Loyola objectives is by NOT duplicating Morgan's program. We have no interest in requiring, as MSU does for example, classes on Financial Planning, Global Financial Markets & Institutions, or Portfolio Management. Ours is a program unique from MSU's program, and we only seek to title it with B.S. Finance as that appropriately signifies additional rigor in the areas of Finance (in this case, in areas that we already specialize in at Loyola).

### 3) Neutral enrollment – no net growth

Loyola's proposal does not project growth. The current number of enrolled students in the existing BBA program is expected to redistribute among the discrete majors. Loyola students are not permitted to declare a major until their second semester, so the projection table in the proposal shows the three years of building up to full implementation of the major and stable enrollment in subsequent years.

To be clear, the projected enrollment for the proposed finance major replicates the established enrollments in Loyola's existing finance concentration, which the major would replace if recommended for implementation. On average, 108 students per class year graduate with a concentration in finance, so it follows that three class years of majors will equate to 324 enrolled finance majors once the program has been fully implemented. The concentration has been offered continuously at Loyola since 1990. We project no new net enrollments, and this is made clear in the revenue projections table of the proposal, in which we estimate no new revenue.

Loyola's proposed program remains central to its mission to inspire students to learn, lead, and serve in a diverse and changing world. The critical and compelling need is established by the long-running enrollments in the existing area of concentration. Loyola's current finance concentration of the BBA degree program has produced 539 graduates in the last five years. This demonstrates existing demand and the potential success for the proposed major. Even with a projected average of 108 degree completers per year, Loyola's proposed program will not be able to close the gap between the 7,280 projected annual job openings in Maryland and the 539 bachelor's degree completers in all the finance programs in MHEC's Program Inventory. The Loyola program enrollment numbers could not possibly impede MSU's growth.

#### Graduated Concentration Trends from 2015-2019

Concentration	2015	2016	2017	2018	2019	Total	Average
Finance	90	69	121	122	137	539	108

(Source: Loyola University Maryland Office of Institutional Research)

### Enrollment Projections – Proposed B.S. in Finance

	Enrollment Projections*				
	Year 1 majors	Year 2 majors	Year 3 majors	Year 4 majors	Year 5 majors
Proposed major	Class Year 2024	Class Years 2024 + 2025	Class Years 2024 + 2025 + 2026	Fully implemented	Fully implemented
Finance	108	216	324	324	324

\*Enrollment projections for the major are based on the average graduation numbers of the existing concentration.

As stated earlier, the study of finance has existed at Loyola for decades. However, the proposal to create a discrete major for the program results from university-wide discussions about student success, continuous improvement, and curricular renewal. Loyola’s faculty asked large programs to engage in a reduction of course requirements in concert with minor reductions to the core curriculum so that students could benefit from greater flexibility in the degree programs and have more autonomy in exploring academic areas of interest. Students desired the academic flexibility, faculty sought to provide them that flexibility, and the campus engaged in deep, serial conversations at the university, school, department, and program levels. In the case of the finance major, though, the university and the academic department came to a compromise and allowed for a smaller reduction in required courses for the proposed B.S. in Finance since the goal is to seek Chartered Financial Analyst (CFA) recognition, a mark of rigor that necessitated more required course work in the proposed major.

Deliberation about the curricular renewal and design of the proposed major was robust. The finance department and faculty discussed the curricular changes and the proposal from March-October 2019. Program stakeholders and constituents, including the board of sponsors, the finance board of advisors, students, and alumni, provided input along the way through a transparent and collaborative process. The Undergraduate Curriculum Committee endorsed the program proposal, and the Academic Senate and the Board of Trustees each approved the program proposal. The table below depicts the many conversations held about business foundational courses and the advanced courses of the discipline.

### Input Processes – Sellinger Business Programs

Body/Action		Foundational Courses	Advanced Courses
		Date	Date
Sellinger Leadership Team timeline discussion		12/5/18	12/5/18
Departmental Work			March-October 2019
Curriculum Committee		8/12/19, 8/23/19, 9/11/19, 10/14/19	9/11/19 and 10/24/19
Sellinger School Faculty	Retreat	5/2/19	
	Retreat	8/29/19	8/29/19

Body/Action		Foundational Courses	Advanced Courses
		Date	Date
	Assembly Meeting	9/9/19	9/9/19
	Open Forum		10/2/19
	Open Forum		10/11/19
	Assembly Meeting	10/21/19	10/21/19
Sellinger Board of Sponsors Review		5/2/19; 9/26/19	5/2/19; 9/26/19
Finance Board of Advisors Review			1/24/19; 5/8/19; 10/3/19
Graduate Alumni Board Review		9/13/19	
Student Advisory Board		9/30/19	
Academic Senate		11/19/19 and 12/10/19	11/19/19 and 12/10/19
Board of Trustees		2/12/2020	2/12/2020

#### 4) Major versus concentration

Morgan State University acknowledges the existence and success of the finance concentration at Loyola, but it questions why we need a major. While we do not expect to grow our enrollments, we must maintain program vitality and sustainability to continue to attract students to Loyola. Employers recognize the value of the major over the concentration credential. Advising becomes clearer and more understandable for students in the major. As we stated in our proposal, a finance major is typical of AACSB-accredited schools in the United States. AACSB collects information about business school characteristics across the globe. A review of the most recent five years' data shows that 79% of AACSB Accredited US Schools with undergraduate programs (n = 509) offer undergraduate degree programs in finance, the third most offered undergraduate business program. If the MHEC review process allows another institution to prevent a university from renewing and refreshing its existing programs, then the process hampers progress and innovation and stands in the way of improving academic offerings and responding to market trends, to students, and to the disciplines themselves.

#### Conclusion

Loyola University Maryland is committed to academic excellence and the education of the whole person through a Jesuit, Catholic liberal arts-based education. The faculty, physical facilities, infrastructure, instructional equipment, library resources, and financial resources already exist in support of the concentration and will remain adequate for the future support of the program. More importantly, we stand in great respect for the work our faculty have done to renew this program, in concert with larger mission-based curricular renewal of Loyola's core curriculum. The program will serve Loyola students well without harm to other Maryland institutions—this is established by the fact that the programs have co-existed for decades.

Loyola University Maryland's Evergreen campus is geographically proximate to Morgan State University's campus, so I reached out to Dr. David Wilson, president of Morgan State University, prior to submitting the proposal. I wished to inform Dr. Wilson of Loyola's plans to submit the proposals, after the proposals were approved by Loyola's Board of Trustees in February 2020. As a result of the call, Loyola hopes to continue conversations with Morgan State University. The amount of time for conversations prior to submission to MHEC was curtailed by the necessary campus responses to the COVID-19 State of Emergency. The proposals have been submitted at this time with the hope to receive your recommendation for implementation in time for inclusion in the 2020-21 catalogue.

We invite additional conversation with MSU so that we might find ways to strengthen each institution through mutually beneficial collaboration as the landscape of higher education continues to change and continues to demand innovation from our institutions. We contend, though, that Loyola's student body size, including constraints placed on its size by neighborhood covenants, the face-to-face modality of the program, and the projections for no growth counter Morgan State's claims that the proposed major could do harm to its Bachelor of Science in Finance program or to its state funding.

Secretary, if you determine that Morgan State University's objection is justified under §B(5) of regulation 13B.02.03.27, and pursue negotiation, we invite a collaborative approach with both institutions present, via virtual means if necessary, in order to resolve the objection. Otherwise, we ask you, Secretary, for your recommendation to implement the Loyola University Maryland B.S. in Finance. We truly wish to serve Loyola's students well by maintaining robust academic programs that are relevant to the changing higher education landscape. We propose this change to our offerings as part of a much larger institutional review of our undergraduate curriculum, the vitality of our academic programs, and our fiscal sustainability as an institution. Based on the evidence, we do not believe the program will cause harm to the Morgan State University finance program.

Sincerely,



Rev. Brian F. Linnane, S.J.  
President

encl.

cc: Dr. Amanda M. Thomas, Provost and Vice President for Academic Affairs, LUM  
Dr. Kathleen A. Getz, Dean, Sellinger School of Business and Management, LUM  
Dr. Jennifer Frank, Executive Vice President, MICUA  
Dr. Emily A.A. Dow, Assistant Secretary for Academic Affairs, MHEC

## Comparison of Advanced Courses of MSU's BS Finance and LUM's proposed BS Finance

Morgan State University	
Course Number	Course Title
FIN 344	Security Analysis
FIN 446	International Finance
FIN 341	Introduction to Financial Planning
FIN 345	Global Financial Markets and Institutions
FIN 422	Portfolio Management
FIN 443	Advanced Financial Management
FIN XXX	Finance Elective
FIN XXX	Finance Elective

Loyola University Maryland (BS Finance)	
Course Number	Course Title
FI 322	Investments
FI 340	International Finance
FIN 441	Advanced Corporate Finance (Capstone)
FI 440	Financial Analysis & Valuation
FI 350	Financial Modeling
FIN XXX	Finance Elective
FIN XXX	Finance Elective
FIN XXX*	Finance Elective
FIN XXX*	Finance Elective

Mapping
equivalent
equivalent
no overlap
no overlap
no overlap
theory may be related but not direct substitutes
no overlap
no overlap

\* Students may take all four Finance electives, or they may select from a specific list of 7 upper level classes - 4 Economics, 3 Accounting in lieu of two Finance electives)