MEMORANDUM

TO: Kitty Lagareta, Chairperson, Board of Regents

VIA: David McClain, President

FROM: Rose Tseng, Chancellor

SUBJECT: AUTHORIZATION TO ESTABLISH BBA/MAJOR IN ACCOUNTING AT UH HILO, EFFECTIVE FALL 2008

SPECIFIC ACTION REQUESTED:

The University of Hawai‘i at Hilo requests that the Board of Regents authorize the establishment of a new major, the BBA/Major in Accounting, for the existing Bachelor of Business Administration degree, effective Fall 2008.

ADDITIONAL COST:

The UH Hilo College of Business and Economics currently provides principles of accounting courses and upper division accounting electives through its tenure track accounting faculty members. Coverage of certain specialized courses has been through part-time professionally qualified lecturers.

The proposed Major anticipates additional initial costs associated with the hiring of one accounting professor, accounting recruiting and retention activities, and professional development activities for the instructional accounting staff.

Funding to support the additional professor in accounting is included in the University’s 2007-2009 biennium budget request, as part of UH Hilo’s Workforce Development initiative. Should the funding for the position not materialize, the University of Hawai‘i at Hilo is able to fund the position through retirement or other faculty attrition. Funding to support the new recruiting, retention, and professional development activities will be through tuition revenues.

RECOMMENDED EFFECTIVE DATE:

Fall 2008
Kitty Lagareta  
April 20, 2007  
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**PURPOSE:**

To meet a high demand workforce need in Hawai‘i in the field of accounting.

**BACKGROUND INFORMATION:**

BOR Policy Section 5-1a(1)&(2) and Executive Policy E5.201 provide for the process to establish new programs at the University of Hawai‘i. The proposed BBA/Major in Accounting at UH Hilo will culminate in a Board conferred degree/major and falls under the policies and procedures identified above.

The U.S. Bureau of Labor Statistics 2004-2014 occupational projections has identified accounting to be a high demand field for the nation and for Hawai‘i. Demand for accountants and auditors in the State is projected to be an annual 190, through the year 2014. This number includes self-employed professionals and replacements related to attrition. Other workplace needs are represented by an additional 70 positions per year, for the related fields of budget analyst, cost estimator, financial analyst, and loan officer. It is estimated that the University of Hawai‘i currently graduates approximately 110 to 130 new accounting majors each year.

Entry level salaries suggest the need for workforce expansion in the field of accounting. Projections by the National Association of Colleges and Employers put the entry level national average for accountants at $44,564 in 2006, representing an 8.5 percent increase from 2004. Figures for Honolulu vary by source from $44,287 to $48,580. Salaries for accountants on the outer islands, such as the Big Island, are not significantly lower.

The University of Hawai‘i System Second Decade Project has identified priority investment needs for the State of Hawai‘i:

1. Increase the educational capital of the state,
2. Expand workforce development with special attention to areas of critical need,
3. Assist in expanding and diversifying the economy, and
4. Address underserved regions and populations of the state, particularly Native Hawaiians.

The BBA/Major in Accounting will help meet these needs in the following ways:

1. Increase the educational capital of the state by graduating more students who are interested in an accounting major. At the 2006 “Accounting Students Career Night” at UH Hilo, representatives from public accounting and non-profit accounting spoke to UH Hilo students about the need for more accounting majors.
2. Expand workforce development by training more students with financial skills, who can support the financial management and tax/audit needs of new and existing businesses. Local accounting firms are reporting a critical need for graduates with accounting skills, and new start-up firms in Hawai'i will need to hire accounting graduates to prepare their financial statements and tax reports.

3. Assist in expanding and diversifying the economy by providing a vital support function within the business economy. As more businesses are formed in Hawai'i, they will need to employ graduates with financial management skills; and they will need to hire accounting firms to audit them and assist in preparing tax returns.

4. Address underserved regions and populations of the state, particularly Native Hawaiians. Because the University of Hawai'i at Hilo has a large Native Hawaiian student population, it is in a superior position to recruit Native Hawaiian students in the Accounting Major.

The UH Hilo College of Business received Authorization to Plan the BBA/Major in Accounting from the UH Hilo Chancellor on February 27, 2007, following presentation and support from the Council of Chief Academic Officers on February 14, 2007.

The College of Business and Economics Faculty Senate approved the BBA/Major in Accounting proposal on March 9, 2007; the college Dean ratified the proposal on March 16, 2007.

**ACTION RECOMMENDED:**

The Board of Regents approve the establishment of the BBA/Major in Accounting at the University of Hawai'i at Hilo, effective Fall 2008.

Attachment

University of Hawai'i at Hilo Proposal for the BBA/Major in Accounting

c: Executive Administrator and Secretary of the Board Pang

(Note: Presley Pang's copy is forwarded with President's approval. Copies of memos sent directly to the BOR Office without all signatures are immediately returned to the requestor.)