To: Randy Smith, Vice Provost for Academic Programs
From Bernadette A. Minton, Chair, Department of Finance, Fisher College of Business
RE: Proposed changes to the PhD curriculum in Finance
Date: March 23, 2023

We are proposing changes to the curriculum in our doctoral program that are aimed at enhancing the student experience and students' job prospects. Specifically, we are proposing a change in the courses offered in the first two years of the program. The result of the change will be an increase of three credit hours due to the addition of two 1.5-credit-hour courses added in the second year of the program. The overall credit hours required for graduation will not change. Students will have three less credit hours of electives.

Further, we are proposing that these changes be effective autumn 2023. Any students who are upcoming second-year students will have to take these new proposed second-year courses. Other students who are post second year in the program will be able to audit the new proposed courses.

The table below summarizes the current courses taken by doctoral students during their first two years in the program:

First-year: Autumn Semester		**First-year Spring Semester**	
Session 1	**Session 2**	**Session 1**	**Session 2**
Micro Theory 1A (3CRH)	Micro Theory 1B (3CRH)	Micro Theory 2A (3CRH)	Micro Theory 2B (3CRH)
AP Theory (1.5 CRH)	Empirical AP (1.5 CRH)	CF Theory (1.5 CRH)	Empirical CF (1.5 CRH)
Econometrics (4CRH)		Econometrics (4CRH)	
Second-year: Autumn Semester		**Second-year Spring Semester**	
Session 1	**Session 2**	**Session 1**	**Session 2**
Elective Option	Elective Option	Elective Option	Elective Option
Advanced AP (1.5 CRH)		Advanced CF Theory (1.5 CRH)	
Research in Finance (1.5CRH)		Research in Finance (1.5CRH)	

We are proposing the following changes:

1. First-year autumn semester: Create a semester long 3-credit-hour Asset Pricing (AP) course which combines the current 7-week 1.5-credit-hour AP Theory and AP Empirical courses.
2. First year spring semester: Create a semester long 3-credit-hour Corporate Finance (CF) course which combines the current 7-week CF Theory and CF Empirical courses.
3. Second-year autumn semester: Rename Advanced AP to Advanced AP 1 and create a 7-week 1.5-credit-hour Advance AP 2 course for the second session of autumn semester.
4. Second-year spring semester: Rename Advanced CF to Advanced CF 1 and create a 7-week 1.5-credit-hour Advanced CF 2 course for the second session of spring semester.

The table below summarizes the proposed finance courses for the first and second years with the changes highlighted in yellow.

First-year: Autumn Semester		First-year Spring Semester	
Session 1	**Session 2**	**Session 1**	**Session 2**
Micro Theory 1A (3CRH)	Micro Theory 1B (3CRH)	Micro Theory 2A (3CRH)	Micro Theory 2B (3CRH)
Asset Pricing (AP) – 3 CRH		Corporate Finance (CF) – 3 CRH	
Econometrics (4CRH)		Econometrics (4CRH)	
Second-year: Autumn Semester		**Second-year Spring Semester**	
Session 1	**Session 2**	**Session 1**	**Session 2**
Elective Option	Elective Option	Elective Option	Elective Option
Adv AP 1 (1.5 CRH)	Adv AP 2 (1.5 CRH)	Adv CF1 (1.5 CRH)	Adv CF 2 (1.5 CRH)
Research in Finance (1.5CRH)		Research in Finance (1.5CRH)	

Reasons for the changes:
From surveying competing Ph.D. programs and discussions with faculty members at other schools, potential hires, and candidates for the Ph.D. program, we came to the realization that the common standard for Ph.D. programs in finance is two semesters on corporate finance, two semesters on asset pricing, and then some electives. We simply do not meet this standard. As a result of not meeting this standard, the training of our students has substantial holes.

Over the last ten years, the field of corporate finance has evolved so that much frontier work uses so-called “structural models”. These models are not currently discussed in the Ph.D. program and cannot be with the courses we have. The new half semester course in corporate finance will be devoted to these models and taught by a newly hired faculty member who specializes in these models.

In the field of asset pricing, much current empirical work focuses on so-called “factor models”. Some of our faculty are leading scholars in the development of such models. Yet, the current curriculum is too packed to make it possible for students to receive a thorough treatment of such models. The new half-semester course in asset pricing will permit treatment of that topic.

Obviously, with these changes the program still has holes that we need to address and these holes may change over time as the field evolves. In particular, we do not address currently issues related to credit, foreign exchange, and interest rate risks. To make it possible to address these issues, we may have to rotate topics in these new courses. We are hoping that these changes will improve our curriculum so that it is more comparable to the curriculum in competing schools.