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It’s often said the one constant in life is change. This is certainly true at universities. While they change very little and very slowly, they do change.

The most recent change in the UNI Finance Department is that I was appointed as head of the department starting this fall. After doing a nationwide search, a search committee recommended four names to the dean of the college, Farzad Moussavi. For a variety of different reasons, none of the candidates were deemed appropriate for the department. As a result, Dean Moussavi asked me to head the Finance Department as well as the Economics Department. Interim head, Art Cox will devote full time to teaching and directing the Real Estate program. I might add, Art does an outstanding job at both of these tasks and now that he can devote his full attention to them, our students will be much better off.

While I am still learning the details of the department, my first impression is there are a lot of good things going on. We hope to build on the many accomplishments and take the department to even higher levels. As an alum of our program, you recognize how important it is to make certain the department gets stronger over time.

As I said, the Real Estate program is doing well. On page 8, Art gives us a brief summary of activities. Between scholarships and available internships, our students have a number of opportunities to enhance their education—and finances! Jeff Stokes also teaches in the program and is popular with students, despite having rigorous courses and grading standards.

What a great combination!

Mir Zaman continues to work every year with students interested in pursuing the CFA certification. This desirable but demanding designation is not easily attained but because of Mir’s efforts, our CFA exam pass rate for the past three years has exceeded 65%.

A change at the university level that has not been pleasing is an enrollment decline. In the past three years, UNI has dropped about 1,000 students. This has also affected our department. Our most recent hire, Adam Smedema, has agreed to serve as our point person on our recruiting efforts. Adam has been representing the department to the Professional Readiness Program students and does an excellent job. He is enthusiastic about the major and connects well with students. I know we will be counting on his help more heavily as time goes on.

The FMA club will be advised from now on by Brett Olsen. Brett already is exploring options for trips for our majors. I love these opportunities for students to go to large population centers and visit a variety of financial firms. That is an invaluable experience and creates excitement about what lies ahead for them. Brett is also planning a number of other activities for the club as we seek to get our students more connected to the department.

We are a professional program in a professional school and we have a responsibility to help students find employment opportunities after graduation. It is becoming more common for firms to hire people to fill permanent career positions out of their internship programs. Frank Thompson has agreed to head our internship placement program. It is our goal to provide an internship experience to every student who wants one. Frank has approached this job with zeal and has already made many contacts. He is also going to be working to develop a placement plan for the department to help students in their job search.

I have seen for several years the Time Value of Money workshop Dick Followill offers to students early in their careers and been quite impressed with it. Dick spends 10 hours with the students in intensive study to ensure they understand this concept that is basic to almost everything we do in finance. On completion of the workshop, students are given an exam and if successful, their names are on a permanent plaque we have in the hallway. I think this is making a difference in student learning as they work their way through the major. I’m delighted with the outcome and Dick and I are working on ways to expand the “boot camp,” as he calls it.
2012-2013 Scholarship Recipients

**Finance Scholarships**

- **US Bank**
  - Graham Johnson, W. Des Moines
  - Cheryl Stewart, Malaysia
- **Rockwell Collins**
  - Mitchell Holmes, Monticello
  - Erin Schon, Cedar Rapids
- **QuadCapital CFA**
  - Kavern Lim, Cedar Falls

**Real Estate Scholarships**

- **Gale and Pat Bonsall**
  - Heather Pierce, Guttenberg
- **Steve and Lynn Graves**
  - Kavern Lim, Cedar Falls
- **Iowa Appraisal Institute**
  - Eric Caldwell, Hiawatha
- **Nelsen Appraisal Assoc.**
  - Gabe Tovar, Johnston
- **Iowa Real Estate Commission**
  - Nathan Buchheit, Cedar Falls
  - Alex Fortsch, Cedar Falls
  - Amy Peiffer, Cascade
  - Molly Skovronski, Cedar Falls
  - Keegan Wilkening, Garwin
- **Iowa Realty**
  - Amy Peiffer, Cascade
- **IREM Chapter 63**
  - Mitchell Holmes, Monticello
- **BOMA**
  - Stephen Reiter, Cascade

**Purple & Old Gold**

**2012-2013 Purple & Old Gold Recipients**

- **Finance**
  - Jacob Pabst
- **Real Estate**
  - Steve Drost

**Purple & Old Gold History**

Named after the university colors, the traditional awards were first presented at commencement ceremonies on May 29, 1939. The awards for meritorious scholarship are the highest university honor awarded by academic departments to undergraduate students. Each student receives a certificate and a bronze medallion.

**REMEMBER...**

The university is currently undertaking a large fund-raising campaign called “Focus on Students: UNI Scholarship Initiative.” If you are contacted by the UNI Foundation or anyone else from the University about contributions, please consider being generous to our students. Also, you can designate that your gift be directed to the Finance Department or any of the Department’s scholarship funds. Thanks!

—Fred Abraham

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I traveled to Chicago earlier this month and had the pleasure of getting into a cab driven by a fairly young gentleman. I asked him where he was from (because he had an accent) and he laughed and asked me to guess. I had no idea. I told him I was from Iowa and had been fairly sheltered growing up so he was going to have to tell me or I’d embarrass myself. He was from Romania. He went on to share his dreams and how hard he was working. He didn’t want to be rich; he just wanted to be comfortable. He went on to tell me stories of what it was like to grow up in Romania and I can tell you I don’t envy him.

I share this short story with you because our conversation provided me with some reflection of my own journey. When I was younger, my dad would tell me that I “didn’t know how good I had it or how lucky I was.”

He was right. I was lucky that by chance I was born in the United States for a number of reasons. One of these reasons is that this country has an amazing public university school system. I am lucky that I grew up in Iowa and found my way to UNI.

I have also been lucky that people have looked out for me and ‘pulled me up’ via presenting various opportunities to me, and that I in turn made the affirmative choice to take advantage of them. Many of these opportunities have occurred post-college, but when I look back on the last ten years, many of the most impressionable ones occurred during my tenure at UNI.

I can’t say that the specific lessons and classes offered at UNI were especially different than that of other schools, because I haven’t attended other schools. However, I can say that the professors that taught me and the opportunities I was presented with at UNI taught me a different way of thinking which has served me well.

For example, I can’t say that I have ever applied any type of regression analysis that I learned in Advanced Finance in my first (or any) job. Not once. However, during the case presentations we had to give, I had to learn how to put on a fake “I’m not nervous or scared of Zaman” face during our presentations. I cringed as he would poke holes (almost excitedly) in my arguments and I had to learn to steady my nervous voice and to make up answers to questions I am sure he just made up along the way that probably didn’t even even make sense at the time, but what did I know? That was the point. I didn’t know and even though I didn’t know, I had to learn to be comfortable in uncomfortable situations. In this case, I was provided a very ‘safe’ environment where I could fail and stutter in front of my classmates and learn what that felt like prior to getting in front of a ‘real’ committee in my ‘real’ job. He was one of my favorite teachers and I am so thankful he took the approach he did.

I was also lucky enough to have participated in the CFA Review Course. This was a non-credit course, offered four hours every Saturday. Every college senior’s dream. Studying for this exam and the coursework taught me how to succinctly rationalize through a problem, ensuring I could sift through the unnecessary fluff to dissect only what I needed and then make the best conclusion I could with the information provided.

During my junior year, I was lucky enough to participate in UNI’s Study Abroad Program. I chose New Zealand. I learned that the world was bigger than I realized. I arrived and I was lost. I had to learn how to live in another country by myself. I felt stuck. I couldn’t just hop on a plane on a whim to go home to see mom and dad. I should mention that I left to study abroad a few months after 9-11. We all felt our nation come together after that tragic event, but the entire world (or at least what I felt in New Zealand) felt more unified also. The opposite was also true. One afternoon, I found myself on a corner at one of the busiest intersections in Auckland with two other people, both with connections to UNI. One was a woman that I had met earlier that day - she was a high school classmate of a friend who attended UNI and I was showing her where to go to obtain a work visa. The other was someone I had met a year before at a house party hosted by the same person who connected me to the woman I was walking with. That made the world very small for me.

―continued on page 9
Almost a decade ago, outcome assessments for our core course in financial management presented strong, but not totally unexpected, evidence that our students were not exiting their first finance course with an adequate grasp of the time-value of money.

The finding that our students could not demonstrate a high degree of competence in the time-value of money after their first exposure to the subject was not surprising. Anyone teaching finance at the university level for any time has likely accumulated a vast amount of anecdotal evidence of this problem; however, we were dismayed by the astonishingly poor results of our exit examinations. Our students could solve the most straightforward problems, but when any level of complexity was introduced to the problems, their results plummeted.

As Finance Department head at the time, I knew that we had to take some measure to address the problem. I have always believed that students can become highly proficient in this subject if they are provided a coherent mathematical framework, competent instruction in problem solving methods, and numerous problems to solve until they achieve that “aha moment,” as one of my students put it, where time value becomes easy, and even the most complex problems are no longer daunting.

I decided that the solution to our problem was to implement a series of seminars designed to immerse our students in the mathematics of interest and the time-value of money.

We made this proposition to our majors: We will offer to you a series of late afternoon, two-hour lectures and work sessions designed to immerse you in the mathematics of interest. You will receive no academic credit, and nothing on your transcript will show that you participated. But the seminars are free of cost, and all materials will be provided to you (I wrote a 30-page pamphlet and numerous Excel templates to distribute to the students). At the end of the sessions you are invited to prove you have achieved mastery of the subject by passing a very difficult exam. The Finance Department will recognize your achievement by prominently displaying your name on a plaque in our display case and on our website.

When I sent the initial email telling our majors about the planned seminars, I wasn’t sure what their response would be. Would they give up their afternoons to attend nearly two-hour lectures solely on time value? Would they take a “mastery” exam they knew would be extremely difficult (passing meant they had to tackle five complex questions, making only one or zero rule-breaking mistakes) just to get their name on a plaque?

What happened that first semester was gratifying to say the least. When the sign-up sheet for the seminars grew past 70 students, we had to scramble to find a larger room to accommodate them. We also began to hear from students who wanted to attend the seminars, but could not do so because of conflicts, and we faced the very real possibility of having to turn some students away for lack of seating.

An email from a graduating senior contained a particularly convincing plea for offering a second session. He wrote to tell me that he thought that the “...TVM seminar is a great idea, but like some of the other students I have a conflict with my class schedule and will not be able to attend. This is something I would really like to attend because I can openly admit that I do not have a solid understanding of the TVM concepts. This is scary to me because I am set to graduate in May and I cannot consistently solve the basic TVM problems in my classes without help from notes/textbooks.” In response to requests like this, we offered a second seminar series at a different time. An additional 52 students signed up to attend.

Eight years have passed since those first sessions were offered in the spring of 2006, and demand has now leveled off to about 60 to 70 students per semester, but virtually all of our majors participate at some point in their academic careers.

Thus far, 500 students have attempted the mastery exam, and 243 have completed it making only one or zero rule-breaking mistakes. A pass rate of less than 50% might be discouraging if the bar were not set so high. Most students who do not achieve a near perfect exam come pretty close. Perhaps because the exam, like the lectures, is voluntary I have not had a student do poorly on it, and I firmly believe that students who fall short of earning the department’s recognition still greatly benefit from their efforts.

A bit of anecdotal evidence provided by our students supports
my belief. Shortly after the seminars began, students from UNI and two other Iowa universities attended an all-day interview at AEGON to compete for highly desirable, semester-long real estate internships.

This is how a student described his interview: “after a few minutes of just chatting [the interviewer] asked me to solve a time value of money problem. He gave me a present value of a loan, the time frame, and the interest rate, and asked me to compute the payment and remaining balance after a certain point in time. I was extremely confident I could do this until I realized he only used the HP calculator … [In the time the interviewer left] to find a Texas Instrument calculator for me to use, I had begun working the problem out by hand … After I got the correct answer [the interviewer] shook my hand and said, ‘congratulations, you are the first person to get the correct answer.’ I was his second to last interview of the morning.”

“At lunch … I was talking with the others who interviewed in the morning… They had absolutely no clue as to the correct way to solve the problem, and [one student said she] did not even try.”

“I do not know who got the internships, but I do know that all of the students from UNI that took the time value of money class correctly answered the interview question, and we all have internships this fall.”

While the three University of Northern Iowa students who received AEGON internships that semester did not pass the mastery exam, they obviously did improve their time-value skills in time for the interviews. Their story (with my enthusiastic encouragement) spread throughout the body of Finance and Real Estate majors, and served to promote the newly established seminars.

For us there were several key elements to establishing a successful program. Of vital importance is collegial and administrative support. Both my colleagues and dean were very receptive to the idea of establishing the seminars, and helped to shape their implementation. The department’s two advisory boards, Finance and Real Estate, also provided advice and support.

No one wants to host a party and have no one show up, so promotion is crucial. We employed fliers and classroom announcements, but most of the effort to promote the seminars took the form of blanket emails to our majors both before and at the beginning of the semester. The emails stressed what most students already knew—that they were deficient in their time value skills, putting them at a disadvantage in their upper level courses and in their future careers. And the email solicitations were spiced up by a retelling of the AEGON interviews experience and a quote by a Real Estate Advisory Board executive who flatly stated, “Whenever we hire someone and find out he or she doesn't understand time-value of money, we know we have made a mistake.”

But once the seminars were successfully started we knew it was even more important to present to our students a learning experience that they found to be valuable. We realized that if the seminars and provided materials were not designed and delivered in an efficient and effective manner, word of mouth among our majors would surely end our project at its very beginnings. Fortunately, our students delivered a positive verdict, and the Mathematics of Interest Seminars have been held each semester for the past eight years.

The true reward is knowledge, but recognition is appreciated. Our students have a good midwestern work ethic, and they are competitive. We appealed to these traits by recognizing our students who truly excelled on the mastery exam, giving them another line item to place on their resumes.

Establishing an extracurricular instructional program in time value for our Finance and Real Estate majors has not only provided tangible results for our students, it has been for me the most rewarding experience of my teaching career.

–Dick Followill

“I learned about TVM and it’s ruining my life. I tried to calculate my 3 year old son’s discount rate by seeing how many candies he wanted after dinner to be equivalent to one candy before dinner. I calculated my own discount rate after I watched the football game on TIVO without commercials but didn’t know the result until then.”
Arguably, interest in Iowa farmland by buyers and sellers has never been greater. Record farmland prices of over $20,000 per acre and several years of double digit increases have become commonplace in Iowa. For example, since the year 2000, high-grade farmland in Iowa has increased on average approximately 12.5 percent per year.

Whenever prices increase to such an extent, concerns over the possibility of a speculative bubble exist. Applied to farmland, a bubble happens when farmland prices increase well above the farmland’s fundamental price or intrinsic value. Market participants may even know that farmland prices are above fundamentals and “speculate” that they will go higher, hence the term speculative bubble. The end result of this sort of speculation is higher farmland prices as market participants anticipate higher capital gains offsetting the likelihood that the bubble will burst. With these ideas in mind, two studies have been undertaken recently to measure the extent to which current Iowa farmland prices are consistent with a speculative bubble.

Data from farmland sales occurring over the last few years were used to develop a model of farmland prices as a function of the price of corn in Iowa. The resulting model captures the idea that Iowa farmland prices can be characterized as having two components, namely, a fundamental component and a speculative component. Most importantly, the size of the speculative component increases, and increases at a faster rate, as corn prices go up. For example, when corn is priced about $3 to $4 there is a negligible speculative component to observed farmland prices. However, when corn is at $7, the proportion of farmland prices made up of a speculative component is about 20 percent. Up to one-third of observed farmland prices are composed of a speculative component when corn prices are closer to $8 per bushel.

Is Iowa farmland currently exhibiting the characteristics of a bubble? In the second study, the pattern of the percentage returns (cash flow and capital gain) provided by farmland are examined. If Iowa farmland returns are representative of a speculative bubble, the pattern of returns will have certain characteristics. These characteristics include the probability of an increase in returns following a previous increase, and the likelihood of a run of positive returns continuing as the length of the run increases. We find that the pattern characteristics of returns depends on the quality of the land. Segregating the land into CSR ratings of high, medium, and low quality, only the returns from low quality land exhibit the traits of rational speculative bubbles in multiple tests.

–Jeff Stokes

Our goal is to continue to build the Finance Department and take it to a higher level. We have a strong foundation of great professors. Our recent hires are excellent teachers who also understand the importance and necessity of research. The faculty who have been here a little longer are dedicated to these same things so we are well positioned for a bright future. We are all working to maintain the sound reputation of your home department. And, we certainly welcome the opportunity to hear from you. Please send me any suggestions and ideas you might have. I love to hear from alums!

–Fred Abraham
Cooperative education, sometimes referred to as an internship or co-op assignment, may be defined as a relationship between college faculty and outside employers who collaborate to provide meaningful work related experiences for students. In 1990, when I left the University of Cincinnati’s Lindner School of Business to assume the headship of the newly formed Finance Department, our department began the process of developing a co-op program for our majors. Given my past work in this area, I felt that a strong co-op program would be needed to strengthen the ability of Finance majors to find permanent employment at the time of graduation.

Shortly after our school achieved AACSB accreditation for the first time in 1993, the UNI Finance Department had created enough links to the business community to allow those students interested in completing a co-op education to do so before graduation. Most of those students found permanent jobs at the time of graduation, according to information we were getting from UNI’s Career Planning and Placement Department. These findings, particularly in light of the employment challenges currently being faced by all business graduates across the country, would appear to reinforce the importance of co-op education in the UNI Finance Department.

The initial history of this type of education goes back to the 19th Century and a school created by the Scottish cotton industrialist, Robert Owen. The school was based on the spirit of co-operation and fair play amongst those in business. This concept was further refined in the US in 1903, when Herman Schneider, a University of Cincinnati engineering faculty member, proposed a program for having students complete apprentice work with various firms. A key element of this education and work-related activity was that students were considered employees during the length of their co-op assignment, receiving fair wages and being held accountable for their work. Now, some 110 years later, we have expanded cooperative education to include majors from across colleges with significant emphasis at AACSB accredited business schools.

Why is a co-op so important to Finance majors? First, a co-op requires that a student go through a rigorous interview process to get one of these assignments. Consequently, students who have co-op experience will have gained the knowledge and skill to present themselves to a prospective employer in a favorable light. Second, once having gained a co-op assignment, the student will be required to learn from those around them the skills necessary to add value to the organization where they are working. A co-op student must learn how to be of service to the organization on the basis of mutual respect. Third, having completed a co-op assignment, most students return to the university with a better sense of purpose. They have seen the direct connection between what is learned in the classroom and what is then practiced in business. Last but not least, often times an employer having worked with one of our co-op students will provide a permanent job at the time of graduation. The employer has been able to gain valuable information about a student’s work habits from the co-op assignment.

After 23 years, the UNI Finance Department is very much committed to growing and improving the co-op program, based on developing lasting relationships with employers. I would enjoy hearing from you about how your co-op education impacted your current work in Finance. Better yet, if you know of a co-op opportunity that our students might be able to fill, please feel free to contact me. Thanks.

–Frank Thompson

As a graduate of the UNI finance program, you are well acquainted with the high quality education we provide. We have three to four emphases in the major that allow the program to be tailored to individual student needs and interests. Importantly, this allows our graduates to be well suited to a variety of jobs in the finance area. Professor Frank Thompson is planning on putting together a booklet containing resumes for all of our graduating seniors. It is our hope to eventually have this available on-line. If your firm is looking for bright, well prepared finance graduates, let me know and I will forward some resumes to you. Thanks, we appreciate any help you can give our students!

–Fred Abraham
Real estate careers and the job market

Exciting things are happening in real estate as the job market improves and student engagement increases.

More than 50 internship and permanent employment openings in real estate students are listed on the University of Northern Iowa’s job search website. With about 30 real estate majors set to graduate this academic year, it is safe to say there are more jobs than students to fill them. Most of our real estate grads chose to remain in Iowa, but opportunities exist across the country. Furthermore, the employment opportunities are in a wide variety of disciplines within real estate, including residential and commercial appraisal, residential and commercial brokerage, property management, mortgage underwriting and mortgage servicing, among others.

Industry relationships

We can credit much of the real estate program’s success to close ties to the real estate industry that have been cultivated over the years with private firms and professional associations.

The UNI Center for Real Estate Education has relationships with The International Council of Shopping Centers, The Society of Industrial and Office Realtors, NAIOP, The Commercial Real Estate Development Association, the Appraisal Foundation, the Appraisal Institute, and the CCIM Institute, and we are developing a new relationship with the Institute of Real Estate Management.

These relationships will facilitate graduates becoming licensed professionals and being recognized for the quality education they received from our program. A streamlined certification or designation process will enhance graduates’ career prospects, making them highly sought after by potential employers.

Events and activities

The real estate students and faculty have been very busy lately.

The UNI team won the 2013 NAIOP University Challenge in Minneapolis; a number of students accompanied Jeff Stokes and me to an Appraisal Institute seminar and the Iowa Commercial Real Estate Expo; 60 golfers enjoyed the 18th annual Rho Epsilon Golf Outing; at the end of October, 10 students visited several potential employers in Kansas City, Mo.; and Rho Epsilon has hosted numerous employers at its meetings, having to hold more than one meeting some weeks to accommodate the demand by employers.

A real estate alumni and friends social get-together is being planned for February 18, prior to the UNI and Drake basketball game in Des Moines. We hope for an outcome similar to the football game between the Panthers and the Cyclones at the beginning of the football season!

For additional information about any of these events or the real estate major at UNI, contact Art Cox at 319-273-6986 or arthur.cox@uni.edu.

Real Estate students win regional 2013 NAIOP University Challenge

UNIBusiness students brought home first place from the 2013 NAIOP University Real Estate Challenge sponsored by the Minnesota chapter. The students that took part in the NAIOP University Real Estate Challenge were Gabe Tovar, Eric Bohnenkamp, Tyler Siegworth, Keegan Wilkening, Eric Caldwell and Shay Trask.
“Engagement” is another one of those modern day terms that at times seems to be over-used. In the business world management strives to have engaged employees. The University of Northern Iowa Finance Advisory Board has also spent considerable time discussing engagement. This Board is made up of members from industries such as Insurance, Banking, Investment Advisory, and others. It is a volunteer board with the primary purpose as stated in the bylaws to “advise, strengthen, promote, and support the students, faculty, curriculum, programs, funding, and relations of the Department of Finance at the College of Business Administration, University of Northern Iowa.” The competition for students is as intense or more intense than it has ever been and the University is under pressure to maintain its census while maintaining the integrity of its programs. If the College of Business and the Finance Department are to thrive in the near future we need to recognize and acknowledge the new education paradigm (there’s another over-used term!) that continues to evolve and has yet to be fully defined. Talk about a challenge! Our focus on the Advisory Board has been and will continue to be the Finance Department. We need a faculty that is fully engaged not only in their careers but in the students themselves and their future. We need students fully engaged in their education during their UNI years with an eye for their future after UNI. We also need you, the alumni to get re-invested and re-engaged in UNI and the current students. The Advisory Board will work to provide ideas to all of these groups in a way that is mutually beneficial to all. You will be hearing more about ways you can reconnect! 

Lastly, I met the most wonderful friends at UNI that have followed me through my adult life. They are driven and funny and well grounded, and have a great work ethic. Even out of college I meet people that have graduated from UNI and it’s an easy relationship to form; I think it’s because we share so many of the same values and beliefs. I still try to maintain as many of these relationships as possible, in addition to relationships with the UNI faculty.

I am certain my cab driver friend will go on to do amazing things. He was nice and driven and isn't afraid to work hard and I hope that he continues to take advantage of opportunities that present themselves to him. I hope that someday he calls me, because I gave him my contact information as I left his cab to catch my flight back home, and while I may not specifically be able to give him a pull up or give him an opportunity to advance his education or career, maybe I know someone who can. And I owe that to him and to others, because that’s what UNI, and others, have done for me.
We all know a huge part of the responsibility of faculty at UNI is the dissemination of knowledge: teaching. However, university faculty, perhaps more so than small college or community college faculty, have a responsibility for also creating knowledge. It falls on us to expand understanding of the world and the human condition through the research we do. Further, the research process keeps our minds active, juices flowing and enhances our teaching. Here is an alphabetical list of our faculty and the current research they are involved in. Quite impressive!

Art Cox and Jeff Stokes developed a model of farmland prices as a function of the price of corn in Iowa. The resulting model captures the idea that Iowa farmland prices can be characterized as having two components, namely, a fundamental component and a speculative component. Most importantly, the size of the speculative component increases and increases at a faster rate as corn prices go up. Up to one-third of observed farmland prices are composed of a speculative component when corn prices are closer to $8 per bushel.

Dick Followill and Art Cox published a paper on a methodology to directly, rather than iteratively, apportion aggregate development impact fees so that all users receive an internal rate of return equal to the municipality’s cost of capital. The model provides for proportionate share assessment of impact fees whether infrastructure investment occurs before, during, or after development, and is flexible in addressing changes in demand and in the municipality’s cost of capital.

Brett Olsen is investigating the returns produced by firm CEOs and the relationship between the returns and the personal characteristics of the CEO. These characteristics include the age of the CEO, tenure at the firm, educational attainment, functional background, and whether the CEO also holds the board chair position.

Adam Smedema is looking at the impact of managements’ personal conservatism on the conservatism of the firm’s financial statements. He measures managements’ political conservatism by their contributions to Republican candidates for political office and finds firms with managers who contribute to Republican candidates have, on average, more conservative financial reporting. They use fewer discretionary accruals and are less likely to restate earnings.

Jeff Stokes and Brett Olsen are examining the pattern of Iowa farmland prices to determine if the conditions for a rational speculative bubble exists. For this type of bubble, investors will buy an asset as prices continue to rise, counting on even higher prices to compensate for the likelihood that the bubble will burst.

Frank Thompson is working on a paper that analyzes the impact US dollar/Chinese Yuan exchange rates have on Chinese Investors in US Government Bonds. This study investigates the dual impact interest rate and exchange rate risks have on bond pricing and overall investment return to bondholders. The results of this investigation show that exchange rate risk may magnify gains and losses to Chinese investors in US government bonds to a much greater extent than with interest rate movements.

Mir Zaman and Frank Thompson are working on a paper that looks at the contagion effect on property and casualty insurance companies subsequent to catastrophic events like Hurricane Katrina and the BP Oil Spill.

Best Paper Winner

A paper written by Art Cox and Dick Followill, “The Equitable Financing of Growth: A Proportionate Share Methodology for Calculating Individual Development Impact Fees” was recognized as the best paper for 2012 by the The Engineering Economist. The journal publishes articles, case studies, surveys, book and software reviews, and readers’ comments that represent current research, practice, and teaching involving issues of capital investment. Congratulations to Art and Dick on the recognition!

Faculty Research Award

Each year, the College of Business Administration recognizes a faculty member for research and publication productivity. The award can be based on the body of work developed over a career, an exceptionally good year, or an outstanding article. This past year, Jeff Stokes received this prestigious honor. Jeff has published almost forty journal articles in his career and half-dozen since coming to UNI in 2009. He is well-deserving of the award and we extend him our heartiest congratulations!
New Finance Emphasis: Personal Wealth Management

At the suggestion of the Finance Advisory Council, we explored and developed a new emphasis in the finance major: Personal Wealth Management. The emphasis is designed to lead to the Certified Financial Planner or CFP designation.

CFP professionals must pass the comprehensive CFP Certification Examination, pass CFP Board's Fitness Standards for Candidates and Registrants, agree to abide by CFP Board's Code of Ethics and Professional Responsibility and Rules of Conduct which put clients' interests first and comply with the Financial Planning Practice Standards which spell out what clients should be able to reasonably expect from the financial planning engagement. These are just some of the reasons why the CFP certification is becoming increasingly recognized.

We have created new courses to add to our curriculum so when our students complete the major, they will only have to take a Financial Plan Development or Capstone course in order to register for the CFP certification examination. While we do not yet offer this capstone course, it is our intent to develop and offer the course in the future with CFP Board approval. The examination assesses the ability to apply financial planning knowledge, in an integrated format, to financial planning situations. Combined with education, experience, and ethics requirements, it assures the public a level of competency appropriate for professional practice.

This new emphasis offers our students the chance to achieve a professional certification soon after graduation. This will better prepare them for their careers in finance and enhance their job opportunities. We are excited about the new program and once it is approved by the Board of Regents this spring, we will start admitting students. I know many of you have this certification and realize its value. If you do not currently have it but may seek it, please contact us and we can discuss the possibility of your participation in the program. Many thanks to Dick Followill for leading us to the emphasis and Deb Giarusso for agreeing to head it up for us.

CFA University Recognition Program

We have received word from the CFA Institute our application to participate in the University Recognition Program with our BA Major in Finance has been approved. In exchange for our participation in this program, UNI will be listed on the CFA Institute website and other venues promoting the University Recognition Program, will be entitled to award five CFA Program Awareness Scholarships to students each fiscal year, and reference the CFA Institute endorsement in promoting our programs.

This is a high honor and reflects the success we have had with our students taking the CFA exam and course of study. Mir Zaman has spearheaded our CFA program for many years and has greatly contributed to our students' success. The CFA is the most respected and recognized investment credential in the world. CFA work and certification will substantially increase our graduates’ post-BA job opportunities. Another reason to be proud of the UNI finance program!

–Fred Abraham

Financial Management Association

So far this semester in the Financial Management Association we have been hosting speakers every other Wednesday night. These speakers are financial professionals across Iowa who speak about their current roles in their respective companies, and different opportunities available to students. This has given students many contacts in the professional world.

Next semester, the club will be helping set up and take down booths at the career fair. Along with this, the club will take part in UNI's Relay for Life. These are just some of the activities we have planned. The school year will conclude with our trip to Chicago. We are currently in the planning stages of the trip, but potential sites to visit include the Chicago Board of Exchange and the Federal Reserve. As the Fall semester ends, we look forward to a strong end to the year.

–Garrett Ashbacher, President
Alumni Information Form

We are anxious to have information about you, your job, and your family for the next issue of the Department of Finance Newsletter. Would you please take a few minutes to fill out this form and return it in the enclosed envelope. We are looking forward to adding an Alumni News section in the next issue.

Last Name
(Maiden Name)
First
Middle

Address

City
State
Zip

UNI Graduation Year:

Present Position
Employer

Tell us a bit about your career since graduating. What role has your UNI finance degree played in your career?

Tell us something about your interests, family, and activities.