

UNIVERSITY OF CALIFORNIA, ACADEMIC SENATE

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*Chair of the Assembly of the Academic Senate
Faculty Representative to the Regents
University of California
1111 Franklin Street, 12th Floor
Oakland, California 94607-5200*

June 26, 2014

**AIMÉE DORR
PROVOST AND EXECUTIVE VICE PRESIDENT
UNIVERSITY OF CALIFORNIA**

Re: Approval of New Degree: Master of Applied Economics at UC Los Angeles

Dear Aimée,

At its June 25, 2014 meeting, the Academic Council accepted the recommendation of the Coordinating Committee on Graduate Affairs (CCGA) to allow the UC Los Angeles campus to establish a new Master of Applied Economics degree program within its Department of Economics. Because this is a new degree title on the campus, CCGA is required by Senate Bylaw 180.B.5 to refer its recommendation to Assembly (or Council, per Bylaw 125.B.7, if it cannot be placed on an Assembly agenda within 60 days) for final Senate approval before transmittal to you.

I am enclosing CCGA's report on its review of the new degree, and respectfully request that your office complete the process of obtaining the President's approval.

Sincerely,

A handwritten signature in cursive script that reads "Bill Jacob".

Bill Jacob

Encl. (1)

Cc: Academic Council
Martha Winnacker, Executive Director, Academic Senate



COORDINATING COMMITTEE ON GRADUATE AFFAIRS (CCGA)

Donald Mastronarde, Chair

djmastronarde@berkeley.edu

ACADEMIC SENATE

University of California

1111 Franklin Street, 12th Floor

Oakland, California 94607-5200

June 11, 2014

WILLIAM JACOB, ACADEMIC COUNCIL CHAIR

Dear Bill:

At its meeting of June 4, 2014, CCGA voted unanimously (with the abstention of the UCLA member) to approve a new self-supporting Master of Applied Economics degree to be offered by the Department of Economics at UCLA.

The program aims to provide a “rigorous curriculum for training professionals in understanding key economic concepts and communicating economic reasoning.” The target audience is mainly international students, from China in particular. It is anticipated that graduates will find positions in the financial industry, central banks, government and academia, possibly in their home countries.

The economics courses are to be taught by ladder faculty of the Department of Economics, qualified professionals, and visiting professors. The program includes two communications courses that are to be developed with and taught by faculty of the Department of Communication Studies. The program will be a 9-month program that requires 48 units of coursework (obtained by taking 16 to 18 courses); it will be self-contained, in the sense that M.Appl.Econ. students will not take any courses offered in the state-supported Ph.D. program in Economics and the graduate students in the state-supported program will not take any of the M.Appl.Econ. courses.

CCGA received expert advice from two UC reviewers and four external reviewers. All reviewers judge that the UCLA faculty in Economics is distinguished, with an excellent research record, and that this program will be able to attract many high-quality applicants, even with the national trend that is creating many similar programs, since there are few programs on the West Coast and few at universities of the same rank as UCLA. Another area of strength in the program is the collaboration of the faculty in the Department of Communication Studies, who will teach two courses aimed at developing excellent communication skills in the graduates.

Reviewers and CCGA had questions or concerns about a few issues, including cohort-formation and space for informal gatherings of the students, the predicted cost of overload teaching, the possible effects of frequent overload teaching on the research productivity of the faculty, and the maintenance of quality if the enrollment grows beyond the 50 per year anticipated in the first four years. The proposers responded well to most of these concerns: space for a lounge is being sought; the average cost of faculty overload teaching conforms to campus policies and is justified by the salary levels of most of those who will teach; and growth to 75 students per year in the fifth year will be accompanied by additional TA resources, but not additional faculty (proposers report that similar UCLA programs are succeeding in maintaining quality at that level of enrollment). CCGA has general doubts about the long-term impact on faculty

research productivity (and hence departmental stature) of extensive overload teaching in self-supporting programs, and hopes that the Department and future UCLA reviewers will pay attention to this issue.

This proposal originally came to CCGA with the title M.A. in Applied Economics. In accordance with a practice that CCGA has had for a couple of years, CCGA decided that Master of Applied Economics is more suitable to this more professionally oriented degree; it is in many ways similar to Master of Finance degrees that have recently been approved on more than one campus, and we found that there was no national norm establishing M.A. as the expected title for Applied Economics and that universities of good stature like Georgetown and Michigan used Master of Applied Economics.

Since any Master of X title is at present considered to be a “new” degree title requiring additional approvals, CCGA’s approval is not the final Senate action. Please present this proposal to the Academic Council (in lieu of Assembly, which is not meeting within 60 days) for final Senate approval. I note that UCLA Divisional Chair Jan Reif generously cooperated in scheduling approval of the new title by her Division at its meeting of June 5, 2014.

Attached to this letter is the full final report of Lead Reviewer John Bolander (UCLA). The full proposal and the expert reviews obtained by CCGA are available upon request.

Sincerely,



Donald Mastrorarde, Ph.D.
Chair, CCGA

cc: Martha Winnacker, Academic Senate Executive Director
Todd Giedt, Academic Senate Associate Director
CCGA Members
Hilary Baxter, Assistant Director, Institutional Research and Academic Planning
Michael LaBriola, Academic Council Analyst
Kathleen McGarry, Chair of the UCLA Department of Economics

Enclosure (1)

Date: June 10, 2014

From: John Bolander, Lead Reviewer

Re: Proposed degree program at UCLA – Master of Applied Economics

Description of proposed degree program

The Department of Economics at UCLA proposes to establish a Master of Applied Economics degree program. The program would be a 9-month, self-contained program that requires 48 units of coursework (obtained by taking 16 to 18 courses). The program is designed to be self-supporting with revenues coming entirely from the collection of student tuition, fees, and health insurance costs.

The program aims to provide a “rigorous curriculum for training professionals in understanding key economic concepts and communicating economic reasoning.” The target audience is mainly international students, from China in particular. It is anticipated that graduates will find positions in the financial industry, central banks, government and academia, possibly in their home countries.

The economics courses are to be taught by ladder faculty of the Department of Economics, qualified professionals, and visiting professors. The program includes two communications courses that are to be developed with and taught by faculty of the Department of Communication Studies.

Relationship to other UCLA programs

The proposal expresses a commitment to ensuring the program does not negatively impact the state-supported programs at UCLA. The Economics faculty would teach within the program only on an overload basis. This decision was made to ensure faculty meet their normal undergraduate and PhD teaching obligations.

The current master’s program offered by the Department of Economics exists as a terminal degree program for students that have been admitted to the PhD program, but have chosen to leave that program or have not passed the qualifying exam. The proposed program will not impact that current master’s program, since there are no direct admissions to that program.

The proposed program is to be self-contained and tightly structured. It would not be appropriate for program students to take courses offered outside of the curriculum. Furthermore, students outside of the program, including Economics PhD students, would not be allowed to take courses offered by the program.

All of the courses offered within the program are designed to be different from those offered for the PhD degree. The program is not meant to be a feeder to PhD programs at UCLA or elsewhere, although some graduates will likely pursue a PhD degree.

Net proceeds would be used to benefit Economics students and faculty in several ways, including: 1) enhanced support offers for prospective PhD students; 2) purchase and renovation of computing infrastructure, including augmentation of cluster computing resources maintained by the campus; 3) seed grants for student and faculty research projects; and 4) support for distinguished visiting scholars.

Relationship to programs at other UC institutions

The Economics Department at UC Santa Barbara offers a 9-month program leading to a Master of Arts (MA) in Economics degree. The UCSB program has similar objectives: students are trained to have a “strong background in economic theory and applied econometrics, and knowledge of one or more elective fields.” In a recent application cycle, over 70% of the applicants were from China. The proposed program at UCLA would compete for a similar pool of applicants. It is reasonable to assume there would be some associated impact on the UCSB program.

Faculty and other resources

The program would not involve new faculty FTE. The proposers anticipate the program courses would be taught by about 10 to 12 ladder faculty from the Economics Department (on an overload basis), two faculty from Communications Studies, and the remainder being industry professionals and visiting professors. A Faculty Director would oversee the program.

From the Department of Economics, a large fraction (roughly half) of the faculty members have indicated an interest in teaching within the proposed degree program. The research accomplishments of these faculty members are impressive and span the range of economics subjects covered within the program. Nearly every outside letter (i.e., letters from the chairs of four economics departments within UC – requested by the proposers – and letters solicited by the lead reviewer) cites the high quality and reputation of the UCLA faculty as one indicator of the strong potential for program success.

Additional staff would be hired to help manage daily operations of the program. The proposal states that existing space sufficiently accommodates staff and instructional needs of the program. Students are expected to possess computing devices capable of meeting their coursework requirements, such that computing resources of the campus should not be significantly impacted.

Chronology of review process

Prior to sending the proposal for review, the lead reviewer requested minor (yet significant) revisions to the proposal. The request letter was sent on Jan. 7, 2014 and is attached as Appendix I. The requested revisions pertained to improving readability of the opening sections and correction/adjustment of some items within the proposal. In addition, the proposers were asked to explain why the degree title, “Master of Arts in Applied Economics”, was chosen rather than “Master of Applied Economics”. CCGA deems the latter title as more appropriate for this type of professional degree program.

On Jan. 8, 2014, it was determined that the lead proposer is the current Chair of the Department of Economics, Kathleen McGarry. The former Chair, Roger Farmer, was the lead proposer at the time the proposal was submitted to Graduate Council in January, 2012.

Three internal (UC) reviewers were invited, of which two accepted the invitation and ultimately provided reviews. Nine external reviewers were invited, of which four accepted the invitation and ultimately provided reviews. All reviewers are accomplished instructors and researchers of economics, and have relevant administrative experience.

The proposers addressed almost all of the lead reviewer’s requests within a revised version of the proposal, which was received on Feb. 7, 2014. However, the issue of degree title was not adequately addressed in the proposers’ response. The title “Master of Arts in Applied Economics” was retained in the revised version. This revised version was given to the internal (UC) and external reviewers soon thereafter.

On March 21, 2014, lead proposer McGarry was informed via email that most of the reviews had been completed and comments from CCGA were forthcoming. The same communication announced that CCGA expects the degree title "Master of Applied Economics" as a condition for approving the proposal. CCGA found that there was no established norm for Applied Economics degrees in the US and that universities of a stature comparable to UCLA used Master of Applied Economics, while M.A. in Applied Economics was sometimes found at institutions of much lesser rank, and M.S. at other universities. CCGA also felt that this program was extremely similar in profile and purpose to the Master of Finance programs that it had recently approved elsewhere.

By April 1, 2014, all internal and external reviewers had provided their reviews of the proposal.

The proposal and reviewer letters were discussed at the April 9, 2014, meeting of the CCGA. The discussions produced a list of concerns and suggestions for improving the proposal. In addition, CCGA repeated its request for a change in the degree title to "Master of Applied Economics". Those concerns and suggestions, and the request for change in degree title, were communicated to the proposers via a letter from the CCGA Chair dated April 17, 2014.

On May 22, 2014, the CCGA Chair received a revised proposal from lead proposer McGarry. The revised proposal was given to the lead reviewer for further review.

The revised proposal was discussed at the June 4, 2014, meeting of the CCGA. The CCGA members agreed that the revised proposal adequately addressed most of the concerns raised by previous review. The requested degree title "Master of Applied Economics" was also used throughout the revised proposal. By unanimous vote of eligible members in attendance (including two members connected by phone), CCGA decided to approve the proposal. Approval was contingent on approval of the new degree title by the UCLA Divisional Senate; such approval took place on June 5, 2014.

Adequacy of proposed program

Adequacy of the proposed program is assessed with respect to CCGA's review criteria.

Quality and academic rigor of the program

Ladder faculty of the Department of Economics would teach a large fraction of the economics courses within the program. The proposed budget (in Appendix E of the proposal) indicates the ratio of such ladder faculty to other instructors as being about 3:1. This reasonably high ratio is evidence of the faculty's commitment to delivering a high quality program. Reviewers rank the proposal high in terms of quality and academic rigor.

Several reviewers refer to the offering of communications courses as an attractive, innovative aspect of the proposal. These courses address needs for improving the communication skills of students, which should positively affect their interview skills and the advancement of graduates within the workforce. The requirement of a final project, in the form of a research paper, is also seen as a positive aspect of the proposal.

Adequacy of the size and expertise of the faculty

The expertise of the Economics faculty is more than adequate. As noted above, many of the outside letters speak strongly of the expertise and stature of the Economics faculty at UCLA. One reviewer comments that the relatively small size of the faculty might be an issue, given their full engagement with two large undergraduate programs and the PhD program. That reviewer believes the quality of the program could be maintained, although reliance on a greater number of outside faculty might be necessary.

The Department of Communication Studies is to offer two courses on communication skills. The letter from the Chair of Communication Studies (Appendix K of proposal) reports unanimous faculty support for the proposal. It promises high quality collaboration through the involvement of several of the department's best lecturers with respect to public speaking skills, group dynamics, graphical presentations and document production.

Adequacy of the facilities and budgets

The proposers state that no new facilities are needed to run the program.

The program budget (Appendix E of the proposal) indicates startup costs of about \$460K are recovered and overall profit expected within three years of program operation. The Dean of Social Sciences has

agreed to waive indirect costs normally paid to the School and campus for the first three years. Academic Planning and Budget at UCLA has reviewed the budget analysis and finds the program to be “reasonable and self-supporting”. The budget includes coverage of campus-based fees so that students have the same access privileges to campus facilities as ordinary students.

Applicant pool and placement prospects for program graduates

A number of existing professional degree programs in applied economics seek international student applicants, particularly those students from China. Those programs have been successful in admitting from large applicant pools, although at least one reviewer mentions the rise in demand for such degree programs may be slowing as the supply of such programs increases. However, more than one reviewer notes there is a paucity of such degree programs on the West Coast and, given the internationally recognized high stature of UCLA, an abundant supply of highly qualified applicants is expected. The external reviewers are in agreement on this point. The provision for marketing expenses within the budget is sensible.

The external reviewers are also in general agreement regarding strong job prospects for graduates of the program. The planned involvement of UCLA’s career center is seen as an additional asset.

The proposal describes several outreach plans for promoting diversity within the program, to be done in consultation with the Graduate Division Office of Diversity, Inclusion and Admissions. Furthermore, some of the profits of the proposed program would be directed toward increasing the diversity of students within the department’s PhD program.

Responses of the proposers to potential concerns

The reviewer letters and CCGA discussions identified several concerns with the program defined by earlier versions of the proposal. In addition, CCGA requested that the degree title conform to current CCGA guidelines. These concerns are listed hereafter, along with descriptions of how the proposers have responded to the stated concerns within the current (approved) version of the proposal. Descriptions of the proposer responses are given in italic type.

1. The \$50K per course budgeted toward faculty salaries appears to be too high.

The proposers replied that the budgeted amount of \$50K per course is appropriate considering the campus rules governing overload teaching and the salaries of the Economics faculty who voiced interests in teaching within the program. Of those faculty, about 75% have salaries that justify the amount of \$50K per course, whereas the remaining 25% have salaries that correspond to an average amount of \$44.5K per course.

2. The proposal needs to clarify which elements of indirect cost are being waived during the first three years, and which charges payable to UCOP or the campus (or Graduate Division) are not being waived. In addition, the proposal should explain how the imposition of these costs from year 4 onward affects the budget projection for years 4 and beyond.

Additional information, including Exhibit D-1, has been inserted into the proposal to indicate which elements of the indirect cost are being waived for the first three years. It is obvious that revenues associated with the planned increase in number of students (from 50 to 75 in year 5) will more than compensate for the imposition of those indirect costs.

3. The proposers indicated that a minimum enrollment of about 50 students is necessary to achieve financial viability of the program, but plans for program growth (if any) were not stated in clear terms. CCGA requested information on anticipated program growth and how such growth might affect educational quality. As a related matter, CCGA asked whether there are any plans to cap class size to maintain educational quality.

The revised proposal clarifies plans for program growth. In particular, the revised proposal refers to growth of the program from 50 students (for the first four years) to 75 students in year 5. Additional TA support has been included in the budget for year 5, and presumably thereafter, to accommodate the needs of the larger-size classes; the number of faculty-taught courses is not increased. Beyond the increased allocation for TA support, the revised proposal does not explicitly consider the potential impacts of increased class size on educational quality. Rather, the proposers argue that similar self-supporting programs on the UCLA campus have comparable numbers of students in their core courses.

3) The related topics of financial viability and program success need further discussion within the proposal. In particular, the proposal should indicate how much profit is needed to significantly impact the PhD program and other stated objectives in the proposal.

The revised proposal includes budget calculations for year 5, which show the program will generate about \$1M in net proceeds per year after increasing the number of students to 75. At that level of income, it is reasonable to assume that the stated objectives in the proposal can be met.

4. The proposed teaching on an overload basis allows the faculty to maintain their current teaching responsibilities to the undergraduate and PhD programs. However, the proposal is mute on how overload teaching might affect research productivity of the faculty, which is fundamental to UC quality and the stature of the department. The relatively large, current teaching loads of the faculty heighten this concern. Reasonable assurances should be given that overload teaching for the proposed program would not have large negative impacts on faculty research.

The proposers argue that overload teaching of the courses, especially the elective courses, will help faculty to focus on new research topics of practical significance. CCGA has reservations about that reasoning. In moving forward, the involved parties should acknowledge that teaching on an overload basis can have significant negative impacts on research productivity. The potential merits and negative aspects of overload teaching should be carefully weighed in SSGPDP proposals.

5. The proposal states that existing space would adequately accommodate staff and instructional needs of the program. However, some reviewers were not certain whether enough allowance was being made for a dedicated space for the graduate students in this program to congregate (or for other mechanisms fostering a sense of community and cohort-formation).

The proposers have formed a space committee that, together with UCLA facilities, is looking into how currently available space can be used more efficiently. The proposers are considering the use of lounge space within the departmental facilities as one potential area where the program students may gather and work in groups. Requests have been made to the Dean for additional space.

6. CCGA expects the degree title to be “Master of Applied Economics”.

The requested degree title “Master of Applied Economics” is used throughout the revised proposal.

Recommendation of CCGA

CCGA decided to approve the proposal. This decision is based on the unanimous vote of eligible members in attendance (including two members connected by phone) at the CCGA meeting on June 4, 2014.

Documents supporting this final report (posted to the CCGA web resource, SharePoint)

1. UCLA MA Applied Economics_Complete Proposal_102913.pdf

The original proposal submitted by proposers.

2. Econ_UCOP_Draft_2-7-14.pdf

The first revised version of the proposal. Relatively minor revisions were made in response to requests made by the lead reviewer.

3. UCLA-AppliedEconReportDraft.pdf

The first review report, prepared by the lead reviewer and presented to CCGA for discussion at its April 9, 2014, meeting. This document includes the reviewer letters. A similar document was provided to the proposers, but with the information identifying the reviewers redacted.

4. MAE Proposal - May-14.pdf

The final version of the proposal.

5. Response to CCGA - May-14.pdf

Descriptions of how the CCGA and reviewer concerns have been addressed within the revised proposal.