

UNIVERSITY OF CALIFORNIA, ACADEMIC SENATE

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SANTA BARBARA • SANTA CRUZ

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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*

February 13, 2014

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

Re: Assembly Approval of New Degree Title: Master of Finance (MF) at UC San Diego

Dear Aimée,

At its February 12, 2014 meeting, the Assembly of the Academic Senate accepted the recommendation of the Coordinating Committee on Graduate Affairs (CCGA) to allow the UC San Diego campus to establish a new Master of Finance (MF) degree program within the Rady School of Management at UCSD.

Because this is a new degree title, Assembly approval is required under [Senate Bylaw 116.C](#), which directs the Assembly to “consider for approval proposals for the establishment of new graduate degrees received from the Coordinating Committee on Graduate Affairs and requiring approval by the President.”

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

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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

February 7, 2014

WILLIAM JACOB
ACADEMIC COUNCIL CHAIR

Dear Bill:

At its February 5, 2014 meeting, the Coordinating Committee on Graduate Affairs (CCGA) voted to approve UC San Diego's proposal to establish a new Master of Finance (MF) degree program within UCSD's Rady School of Management. This is a self-supporting program (SSP), and follows the structure of the already established Master of Financial Engineering (MFE) programs at UC Berkeley and Los Angeles. However, this program distinguishes itself by preparing students for careers in quantitative finance using empirical data with a focus on risk management. As proposed, this is a 52 unit program with a capstone project. Given the unique nature of this program, the Rady School would like to use a different degree title – the Master of Finance (MF) over the MFE. Per Senate bylaws, the Assembly is required to approve new degree titles on a campus.

While the program received praise from external reviewers for its distinctiveness, some criticisms emerged. These included the integration of both overlapping MBA and MF courses and students from both programs; course sequencing; the grading of the capstone projects, and the ultimate job placement of its graduates. In addition, as an SSGPDP program, CCGA members also had reservations regarding the program's accessibility to disadvantaged students, as well as the accounting arrangements for MF students who enroll in elective courses within state-supported programs. It should be noted that the program will be reserving ten percent of the student fees for financial aid to students in need, as well as offering some merit-based scholarships. While most of these issues have been addressed, CCGA does have continuing concerns (1) about the arrangements for compensation of other departments if MF students enroll in a course outside the SSGPDP itself; and (2) about the provisions for supervising and evaluating such a large number of capstone projects. CCGA therefore recommends that the program and local reviewers monitor these aspects carefully.

Given its status as a new graduate degree title on the San Diego campus, CCGA submits its approval of the UCSD Master of Finance for formal approval of the new MF degree title on the San Diego campus by the Assembly. For your information, I have also enclosed CCGA's final report. If you have any questions, please let me know.

Respectfully submitted,

A handwritten signature in cursive script that reads "Donald J. Mastronarde".

Donald Mastronarde, Ph.D.

Chair, CCGA

Copy: Martha Winnacker, Academic Senate Executive Director
CCGA

Enclosure: 1

Report for the UC San Diego (UCSD) Proposal for a Graduate Study leading to Master of Finance Degree

Youngho Seo, Lead Reviewer
February 6, 2014

In its meeting of February 5, 2014, CCGA voted to approve the Proposal for a Graduate Study leading to Master of Finance Degree from UC, San Diego (UCSD).

In brief, this proposal is to establish a new Master of Finance (MF) degree program within the UCSD's Rady School of Management. The proposed program will be self-supporting, following the structure of two other UC Master of Financial Engineering (MFE) programs (UCB and UCLA), but with distinguishing emphasis on quantitative finance using empirical data and risk analysis and management. The different title, Master of Finance, is intended to make this distinction over the MFE title.

Emphasizing quantitative finance using empirical data, the admissions will be mostly restricted to applicants who have quantitative undergraduate disciplines such as mathematics, economics, physics, computer science, statistics, and engineering unless an applicant without a quantitative undergraduate degree has more than five years of experience in a quantitative field.

Increasing enrollment over three years (25, 40, 60 and on) and placement of graduates are the prime concerns by the Lead Reviewer and UC and external reviewers as well as other relatively minor concerns. The proposers have responded to the critiques adequately with supporting survey data for the placement forecast. In addition, the Rady School's Career Connections office will provide the same degree of service to MF students in finding employment opportunities.

Relationship to the other UCSD programs:

The proposed MF program will be housed in the Rady School of Management, which offers both MBA and PhD in Management. The MF program will be an additional degree offering within the Rady School, and all new courses specific to the MF program are within the Rady School. It is expected that through eight 4-unit electives that are open for both MF and MBA students, MBA and MF students will interact in the same classes, and the PhD students will also play a role of teaching assistant in MF and MBA courses. Minimal, but not absent, involvement of other programs at UCSD, for example Computer Science and Engineering, Mathematics, and Physics, is also expected for student teaching and capstone project.

Comparison to other existing programs outside of UCSD:

Instead of following potentially similar UC programs at UCB and UCLA (both MFE programs), UCSD would like to make a different master's level finance program by preparing students for quantitative finance using empirical data with a particular focus on risk management training. The UCSD MF program, if successful, then could be a unique program in this regard with their outstanding faculty members in Finance.

Degree requirements:

It will be a 52-unit course program which includes a 4-unit capstone project. Summer internship will be encouraged as well.

Faculty and Other Resources:

In addition to the existing finance faculty in the Rady School, an adjunct faculty member with industry experience will be recruited for the first year, and a ladder-rank faculty will be added starting the second year after opening the MF program. If the existing ladder-rank faculty taught for the program, faculty fees budgeted in the MF program will be used to off-set the effort.

Financial support for the students:

Ten percent of the fees will be reserved for financial aid to the students in need (e.g., unemployment and with employers who will not pay for the student tuition). Limited merit-based fellowship funding may be available as well. Loans will be available. However, since the full-time student status is expected during the 12-month term,

there will not be work-study funds awarded. Teaching assistantship will not be available since TAs are reserved for the PhD students.

Letters of support:

Letters of endorsement for the proposed program were collected from Dean of Division of Physical Sciences, Interim Dean of Jacobs School of Engineering, Chair of Computer Science and Engineering, and other senior faculty members in the quantitative sciences departments such as Mathematics and Computer Science and Engineering at UCSD.

No external letters of support were sought. UC and outside-UC reviewers were recruited and critiques and responses to the critiques were included in the proposal.

Internal and external reviews

The proposers of the program pursued collecting a sufficient number of both internal and external reviews before sending the proposal to CCGA. CCGA in its December 2013 meeting determined that before making an expedited review, based on the reviews already conducted by the proposers, it was appropriate to recruit an additional external reviewer.

Professor Peter Christoffersen at University of Toronto was contacted for this additional review on December 13, 2013. He returned his comment on the proposal on January 3, 2014.

Reviewers that were recruited by the proposers at UCSD were Professor Brad M. Barber at UC, Davis, Professor Walter Torous at UCLA, Professor Eric Ghysels at University of North Carolina – Chapel Hill, and Torben Andersen at Northwestern University.

Reviews from these (5) reviewers were focused on the following three points. The responses from the proposers follow each point.

1) Integration between regular MBA-style and MF courses for topics that overlap two programs
For this issue, the reviewers generally considered integration of courses, while maintaining the unique focus to the MF program is a “challenge”. Recognizing this could be a “challenge”, the proposers believe that combining the core courses (16 units) and the Capstone project (4 units) specifically for MF and eight electives (32 units) with MBA students will provide enough breadth and individual career interests, without losing the depth of learning in the MF program.

2) Enrollment up to 60 per year for the program
It was also pointed out that enrollment of 60 (year 3 and after) per year could be too many if most of the students are domestic. A reviewer suggested that the program take a stand on whether the program will be open to a larger mix of Asian (primarily Chinese) students over domestic students. In addition, another reviewer pointed out that job demand might not be sufficiently strong to accommodate 60 students per year if all of them are domestic. Proposers actually expect that there will be a good mix of both international and domestic students based on survey data that they collected. For that reason, they do not believe that international student flooding will not be a concern. For the job demand issue, actually a reviewer pointed out that it will not be a big concern assuming that there will be a good mix of both domestic and international job markets that students will seek after the degree. The Rady School at UCSD will provide the career services assistance that is open for both MBA and MF students.

3) Integration of students between MBA and MF programs
Since the backgrounds of MBA and MF students are expected to be very different, there could be an issue for the classes that are taken by both students in the same classroom setting. The proposers are well aware of this potential issue. They believe that both MBA and MF students will benefit from each other in the same classroom settings, and the UCSD faculty have extensive experience in teaching students with diverse backgrounds.

Professor Christoffersen also re-emphasized the course sequencing issue originally raised by Professor Andersen, and a request to provide the response to this issue was sent to the proposers on January 3, 2014. The proposers responded on January 6, 2014 with the following:

“...Professor Andersen suggests to push back the Financial Econometrics and Empirical Methods class from the fall to the Winter or Spring quarter and replace it with a foundational tool/methods class. We plan to follow this suggestion by teaching either the computational finance or the forecasting class in the fall and moving the Financial Econometrics class to the winter quarter instead.

Professor Andersen also thought that moving the Financial Accounting course to the fall might work better in part because this course could be useful for the Mergers, Acquisitions, and Corporate Restructurings class and the New Venture Finance class. It turns out that neither of these classes require or presume detailed knowledge of financial accounting methods, so we prefer to keep the Financial Accounting course in the Winter quarter, as currently scheduled. Please note that the Financial Accounting course still is taught before classes that really require this class, such as Financial Statement Analysis which is scheduled for the Spring quarter.”

In addition to the response from the proposers, the first revised proposal that reflects this course sequencing change was received on the same day (January 6, 2014).

At its meeting of January 8, 2014, CCGA raised the following additional concerns regarding the first revised proposal (dated January 6, 2014).

- 1) Regarding the existing programs (comparable), the proposal did not mention the new UC Riverside Master of Finance program.
- 2) Emphasis on the distinctiveness of the UCSD's program should be more articulated. CCGA saw that the reviewers actually did much better job of articulating the distinctiveness than the proposers.
- 3) Regarding sharing classes with MBA students, CCGA would like to see explicit statement that the proposers understand need for strict accounting separate for the self-supporting MF program.
- 4) Similar to 3), by allowing students to enroll in a course outside of the program for elective, there could be an issue of separate accounting. Need for strict accounting with explicit acknowledgment that the program needs to make some financial arrangement with the other departments that offer electives to the MF students.
- 5) Importantly, how are capstone projects (for up to 60 students) evaluated/graded? There is one instructor hired to organize all of internship activities, but evaluation of the outcomes of capstone projects highly likely should involve more than one instructor.

The responses from the proposers were received to address these issues along with the second revised proposal on January 13, 2014. CCGA polled a vote to approve the second revised proposal (dated January 13, 2014) prior to its February 5, 2014 meeting; however, it was determined that additional clarification and revision particularly on the administration of Capstone projects were required from the proposers, and the proposal was back to a revision status. The proposers sent the third revised proposal (dated January 30, 2014) with an improved clarification and administration plan on the administration of Capstone projects. At its February 5, 2014 meeting, CCGA discussed this third revised proposal, and agreed that the proposal merits the approval from CCGA.

There are also other minor comments about the proposal by the reviewers. For all the concerns raised by the reviewers, the proposers have provided reasonable explanations and sufficient rationale to remain optimistic for the forecast of the proposed program.