

## CALIFORNIA STATE UNIVERSITY, EAST BAY

Designation Code: 2006-07 **CAPR 2**

Date Submitted: December 8, 2006

**TO:** The Academic Senate

**FROM:** Committee on Academic Planning & Review (CAPR)

**SUBJECT:** Five-Year Program Review for the BA, MA degree programs in Economics

**PURPOSE:** For Approval by the Academic Senate

**ACTION REQUESTED:** Acceptance of the Five-Year Program Review of the Economics Programs and approval of the continuation of the programs without modification.

CAPR requests the record to reflect that the self study and all documents required of the program were submitted on schedule. Delay in filing this report was solely due to the work overload of CAPR 2005-2006, not the Department of Economics.

### BACKGROUND

**INFORMATION:** The Department of Economics offers the following degree programs: B.A. Economics, M.A. Economics, and Options in the Bachelor's and Master's degrees in Business Administration (Bachelor of Science in Business Administration, Option in Business Economics and Master in Business Administration, Option in Business Economics) and a minor in Economics (at the undergraduate level). On 2 March 2006 Nan Maxwell, Chair of Economics, met with CAPR to discuss the materials sent to the committee. CAPR discussed additional parts of the Economics review at its meeting on March 9, 2006.

All faculty in the Department are tenured and at the rank of Professor. Unfortunately, there are no middle or junior level faculty. All doctorates, except two, among the faculty were awarded in 1983 or earlier. The two more junior faculty completed doctoral work in the late eighties (all over 15 years ago). While the faculty are excellent and active professionals, the University **MUST** consider the graying factor of the faculty and begin the process of replacement before there are no faculty remaining to mentor newcomers.

Student enrollment in major courses is growing. Service courses may decline because of some curricular changes out of the control of the Department of Economics, especially in the College of Business.

The economics curricula were revised as a result of the self study in 2001 focusing on the application of economics and the increase of quality of requirements at graduation. Alliances with programs in accounting and statistics have also led to increased quantity and quality of student work in the capstone course.

There is an active study program for students in Economics including seminars, workshops, colloquia, research projects, support for a variety of activities, advising, and community events. Other programs would do well to foster the kind of retention building activities apparent in economics.

The degree programs in Economics do not require more than the minimum requirements for graduation at the University. The number of units required for both the BA and MA degrees in Economics are aligned with similar degrees throughout the state of California.

### CAPR RECOMMENDATION:

CAPR recommends the continuation of the Economics Bachelor of Arts and Masters of Arts degree programs without modification. The next CAPR review will be in 2011-12.

## **Additional Background:**

- Overview description of the program: The Economics Department houses two different degree programs (a Bachelor of Arts in Economics and a Master of Arts in Economics), Options in the Bachelor's and Master's degrees in Business Administration (Bachelor of Science in Business Administration, Option in Business Economics and Master in Business Administration, Option in Business Economics) and a minor in Economics (at the undergraduate level). The minor and Options in the business programs provide students with a general exposure to economics but do not contain the depth or breadth of the Economics degree programs.

The Economics Department supports a **BA in Economics** with four different options. Students in all options are required to pass a comprehensive exam on both macroeconomic and microeconomic principles (effective Fall 2006). Although some core courses are required in all options, each option was specifically designed to meet the needs of a targeted population of students and employers.

The *Option in Accounting* is designed for students who want to pursue a course of study emphasizing accounting. The study of accounting involves the definition, acquisition, analysis, reporting and use of information (financial and nonfinancial, internal and external) required to effectively operate, manage and assess an organization. As strategic advisers and decision makers, accountants must be good communicators who possess business knowledge and the capacity to make inferences from relationships between business circumstances and economic and industrial trends. Accounting skills, coupled with a rich knowledge of economics, are exceptionally marketable. This option meets all coursework requirements for the CPA exam.

The *Option in General Economics* is designed for students who want to pursue a course of study with intellectual rigor, practical quantitative skills, and excellent employment prospects. It provides the student with a logical way of approaching various problems and issues, provides students with techniques for analyzing contemporary economics problems, and develops the ability to exercise sound judgment in evaluating public policy issues. This broad background encourages students to become interested, understanding observers of the events of today's and tomorrow's world. It also prepares them for a broad variety of careers including those in law, journalism, banking and insurance, government, teaching, and research.

The *Option in Social Science Economics* is designed for students who want to study economics from a liberal arts or social science perspective. Originally called Political Economy, economics is one of the oldest social sciences. The social and political impact of economists such as Adam Smith, David Ricardo, Karl Marx, Friedrich Hayek, and Milton Friedman are unequalled. The Social Science Economics Option combines this rich tradition with the excellent employment opportunities that an economics degree accords by providing a rigorous study of economics in a reduced math format that allows students to take many electives in other social sciences.

The *Option in Statistical Economics* is designed for students who want to pursue a course of study emphasizing the applied, quantitative analysis of business and economics. By emphasizing the applied statistical and data-driven aspects of economics, this option provides students with skills for employment in jobs that require statistical or data analysis. Because more advanced study of Economics relies on a student's ability to use math and statistics, this option provides students with an excellent background for continuing the study of economics beyond the Bachelor's degree level.

The Economics Department offers seven Options leading to a **MA in Economics**. Each option requires 45 units, the same required coursework (except the Option in Economics for Teachers), two comprehensive exams (except the Option in Economics for Teachers), and a terminal exercise.

Students with an Option in *Economic Development and Comparative Systems* study the major theoretical arguments offered for and against the various types of politico economic systems such as anarcho-capitalism, classical liberalism, social democracy, market socialism, and centrally planned socialism. Students also study the nature of the systems that exist in the world's most prominent countries, including the U.S., Russia, Japan, and China.

Students with an *Option in General Economics* pursue a course of study offering intellectual rigor, practical quantitative skills, and excellent employment prospects. The general MA program has a curriculum that combines a strong foundation in theory with a program emphasis on applied research to provide students with a broad set of analytic skills.

Students with an *Option in International Economics* study the history and theory of international trade and finance. Topics covered include classical and modern theories of international trade, the nature and effects of protection, multinational enterprises, economic integration, foreign exchange markets and exchange rate determination, Euro currency markets and international monetary systems.

Students with an *Option in Labor Economics* study the valuation and allocation of human resources, including wage determination, human capital, and labor supply. Labor theories are applied to a broad range of issues such as unemployment, earnings differentials, union strength, human resource management, income distribution, and government policy.

Students with an *Option in Monetary Economic Theory* gain a comprehensive background in monetary theory and policy, and U.S. and international financial institutions.

Students with an *Option in Public Sector Economics* examine the economic basis for government intervention in the economy. The traditional role of the government as fixer of "market failures" is presented and critically analyzed. The institutions and incentive structures in the public sector are examined to explore the idea of "government failure." Topics of study include public goods, tax policy, distribution of wealth, property rights, and political equilibria.

The *Option in Economics for Teachers* is designed for K-12 teachers. Students gain graduate-level subject matter knowledge in economics, which is helpful for teaching high school economics and related courses. Individuals must hold a clear (non-emergency) teaching credential to be admitted to this option. The Option differs from other options in the MA in Economics programs in that it allows more flexibility in choosing elective courses, it may be completed without a background in calculus, and the terminal exercise involves developing a project relevant to teaching economics.

Both the bachelor's and master's level curricula have changed in the last five years. The goal in making changes was to increase students' ability to use their economics knowledge. At the undergraduate level, requirements were reduced to bring the program closer in line to unit requirements by other CSU's, increased students' scheduling flexibility, and maintained high standards for learning.

At the bachelor's level, starting in Fall 2005, the Department imposed a writing requirement in all upper division courses. To achieve this objective, all upper division courses are capped at 45 students. Second, students entering the BA program in Fall 2006 or later, irrespective of option, will be required to pass an exit exam grounded in microeconomic and macroeconomic principles.

At the master's level, curriculum changes were more subtle with a focus on building the research and econometrics skills in students. Professor Eric Suess was moved into the Econometrics course and helped build a bridge between that course, the Advanced Statistical Data course (SAS), and the MA capstone course (Research Methods). The result has been improved research projects emerging from students in their capstone course, which requires students to show evidence of applying theory and econometrics in research and communicating economic research effectively, in writing and orally, using appropriate technology.

The courses for Economics majors are timed to provide undergraduate and graduate students with a structured offering of required courses and a variety of electives. In undergraduate program we offer History of Economic Thought (Macroeconomic Theory starting Fall 2006) every fall, Microeconomic Theory I and Econometrics every winter, and Microeconomic Theory II (Mathematical Economics starting Spring 2007) every spring.

At the bachelor's level, the Department offers three elective courses every quarter (except summer), with most electives offered every other year and some electives offered yearly. One elective is offered every summer, as are courses required of both Business Administration and Economics majors.

A similar scheduling strategy is used at the graduate level to ensure students' ability to complete their program in a year. All graduate courses are offered one night a week, although elective courses (discussed below) are available during the day. master's level Macroeconomic Theory course is offered every fall, Microeconomic Theory I and Econometrics are offered in winter, and Microeconomic Theory II and Research Methods are offered every spring. The comprehensive exam in macroeconomics is offered after every fall and winter quarter and the comprehensive exam in microeconomics is offered after every spring and summer quarter. At the master's level, the Department offers one seminar (graduate only) course every quarter and two to three elective classes every quarter except summer. Elective classes are co-offered with undergraduate elective courses such that the graduate student attends the same lecture as undergraduates but also completes a graduate-level component.

### Five-Year Program Review/Self-Study (AY2001-2011)

Summary of specific areas of the previous Self-Study

#### Department of Economics Five-Year Objectives, 2001

Change Outlined in 2001 Plan	Outcome
<i>Curriculum</i>	
• Add an Option in Accounting for BA	Done, effective Fall 2004
• Streamline elective courses	Removed hard-to-staff electives from offering
• Discontinue options not attracting students	Changes too new to discern this
<i>Students</i>	
• Develop publicity for programs	<ul style="list-style-type: none"> <li>Developed web site (<a href="http://www.cbe.csueastbay.edu/econ/">http://www.cbe.csueastbay.edu/econ/</a>)</li> <li>Developed brochure for undergraduate students</li> <li>Developed advising handbooks</li> </ul>
• Distribute undergraduate publicity materials to community colleges	Regularly (at least once a quarter) visit community colleges as part of University effort to recruit students
• Highlight new MA option to teachers	<ul style="list-style-type: none"> <li>Developed brochure for MA, Option for teachers</li> <li>Distributed brochures to teacher training programs</li> </ul>
• Develop Economics Website	Done
• Develop and implement Exit Surveys and Outcome Assessment Plan	Done (see Mission, goals, and Assessment plan report)
• Increase majors with changes in curriculum	Programs have seen enrollment growth
<i>Faculty</i>	
• One-year lecturer positions replace part timers	No approval
<i>Resources</i>	
• Publicity costs	Received modest funding
• Department staff	No approval (despite prodding)
• Faculty time (release)	No new release time received

**No new faculty requested since 1990.**

The Department's Outcome Assessment plan was summarized in the self study but a large full plan was also attached in a separate document. The summary provides an abbreviated overview and a summary of the Departmental efforts to "close the loop" in assessment outcomes, largely guided by alumni and employer surveys. The Department of Economics uses information from outcome assessment efforts to engage in continuous quality improvement of its programs.

### **Plan for the coming years:**

#### *Undergraduate Program*

- Revised curriculum to increase rigor (critique: program needs more rigor)
- Moved History of Thought from a required to elective course (critique: course viewed as least value for money)
- Moved to a day only program (critique: courses not availability)
- Redesigned econometrics to make more application oriented (critique: lack of real world applications)
- Developed a writing requirement (critique: communication poor)
- Developed listserv to communicate with students (critique: inadequate advising)

#### *Graduate Program*

- Redesigned web pages to contain more information and developed listserv for communication (critique: inadequate advising)
- Reassigned instructors to increase course rigor (critique: lack of rigor in program)
- Redesigned capstone course to increase writing, oral presentations and use of technology (critique: lack of student proficiency in these areas)
- Developed remediation plans and individualized instruction for students failing comprehensive exams (critique: lack of proficiency in economic knowledge)

### **Analysis of University data:**

#### *Positive Trends*

- Both the Bachelor's and Master's degree programs have shown a fairly steady increase in enrollment over the past five years.
- FTES has remained fairly steady over the five-year period.

#### *Negative Trends*

- SFR increased dramatically during the period. It stands above 50 in undergraduate courses (in both upper and lower division courses) and above 24 in graduate level courses. These increases make it more difficult to achieve the Department goals of building written and oral communication skills in students.
- FTEF of teaching faculty fell by about one-third over the period and percent of FTES taught by lecturers increased. It is not surprising that students, in their surveys, complain about full-time faculty not being in the classroom.

### **Comparisons with similar programs:**

The undergraduate program falls into the general pattern of those offered by the CSU and the UC, although the minor contains more requirements (e.g., money and banking, mathematical economics, workshop) and is slightly larger than other programs. Changes made in programs in the last year bring in more in line with other schools.

In comparing the Master's degree program to neighboring schools the CSUEB program contains more flexibility (less theory and econometrics) than does SFSU, but more requirements (econometrics and comprehensive exam requirements) than does SJSU.

## Outside Reviewer's Comments & the Department's Response:

The outside reviewer for the Department of Economics was Tom Means, Ph.D., Director, Center for Economic Education, San Jose State University who visited the campus for two days, November 10-11<sup>th</sup>, 2005. Dr. Means was very concerned about the lack of junior faculty. He made the following recommendations:

1. *Reduce SFR's to an acceptable level.*

My main concern here is for upper division and graduate courses. One way to achieve this goal would be to move more faculty members onto campus

2. *Restore department office and secretary.*

Most faculty members believe centralizing staff did not work and want a return to a department office.

3. *Consider the possibility of offering a B.S. degree and a nighttime B.A. program.*

I would look at the more mathematical or rigorous degree options to see if they would qualify for a B.S. degree. A nighttime B.A. offering would require some careful planning but might attract more commuter students who work fulltime during the day. Expand Sports Economics as appropriate.

4. *Re-evaluate assigned time for outside programs and start to move faculty back on campus.*

The department is too small to have five programs/centers where some members do not even teach on campus. Additionally, some movement back to campus would reduce SFR's that are too high.

5. *Continue to focus teaching and degree options on applied areas.*

In replying to the outside reviewer, the Department of Economics made the following points:

1. There is appreciation for the reviewer's recognition of growth of the programs, the appreciation of the students, and the outstanding quality of the faculty.

2. The faculty agrees whole-heartedly with 1 and 2 above but sees these as Dean level decisions rather than faculty level decisions.

3. The faculty does not see the resources currently for more degrees and more scheduling.

4. Past precedent suggests that reducing release time would merely increase faculty workload, or eliminate programs.

5. The faculty is continuing to move in the direction of applied areas of economics.

## CAPR Analysis of the Program's Five-Year Review

The program is steady and growing gradually. University-provided data do not show the Department's biggest weakness—an aging faculty. While the experience of cumulative faculty is instrumental in building new programs and undertaking a wide-variety of professional activities, it is not balanced by “new blood”. The “youngest” faculty was hired in 1991 and is a Full Professor. By next review Economics will have lost one FERP and one more faculty to retirement, with little possibility of replacement.

Other resources, particularly secretarial are not adequate. At its 2006 March 9<sup>th</sup> meeting CAPR considered the need for department secretaries, control of course scheduling to maintain program integrity (cancellation led to delayed graduation), structure to define it as a separate entity (physical entity needed), greater course coverage by full time faculty, quality of lecturers.

**CAPR Recommendation for Continuation of the Program:** CAPR recommends the continuation of the BA and MA degree programs in Economics without modification.

Date of the Program's next Academic Review: The next CAPR review will be in 2011-12.