

Department of Economics  
Mihaylo College of Business and Economics  
800 N. State College Blvd., SGMH-3313  
Fullerton, CA 92831  
657-278-2228

To: Dean Dr. Morteza Rahmatian

From: Dipankar Purkayastha, Economics Chair



Subject: Economics PPR External Report

Date: June 12, 2018

Subject: **Economics Chair's Response to MCBE Dean's Response**

Thank you for taking the time to read our PPR reports and my earlier memo. I would like to respond to your comments in general first. I will conclude by addressing some specific points you have raised.

**General Points:**

1. The economics department has so far largely served as a “service” department in the College. Our majors are relatively few and our MA program is small. This is unfortunate because studies show that students with economics degrees generally do very well in the job market. Econ students apply their strong analytical skills, their writing skills, their knowledge of other interdisciplinary areas and their knowledge of the global economy in their subsequent working careers. Skills acquired in economics are also widely applicable to other subjects such as law, psychology and business. Econ majors have one of the highest earning profiles.

Our college and the mission of the university will be served better if the economics department succeeds. We would like to significantly boost our econ enrollments and make our MA program more attractive. As the internal and external reports pointed out, we are an *aspirational* department with a great potential for growth. In recent years, we made successful recruitment efforts



and I believe our teaching and research quality have also improved. We are very excited for the future. Our goal is to become one of the best economics departments in the CSU system. This is the right time to make an investment in the department.

2. Our MA program should be judged by its quality. Our MA students have gone to prestigious universities to pursue PhDs, and some now occupy senior management and academic/consulting positions. Other Masters-granting departments in MCBE do not generally send their students to PhD programs – so the MA in economics program is not comparable to other Master's Programs in the College.

We would like to strengthen our MA program and attract more analytically-oriented students. The candidate pool of MA econ students and the candidate pool of, say, the MBA students are quite different. The MBA students may not be interested in graduate assistantships as most of them work. Our competitors offer generous graduate assistantships. Given the competition, we need to offer more graduate assistantships to attract the best candidates. Our MA program also offers opportunities for advanced education to our many first-generation learners. We have many success stories of students who come from modest backgrounds and who perform well in the program and in their post-degree professional lives.

3. It seems to me that there is a general sense in your office that all six departments need to be treated “equally,” at least outside of salary determinations. While equitable distribution is commendable, one must also take affirmative actions and make strong commitments to support a department that has a good potential to grow. Economics is one such department. No department should be treated as “service” department. The College becomes stronger if all departments flourish together because there is complementarity across the departments. Imposing equality, where the underlying playing field is not level, does not help. As we have pointed out, the economics department is by far the least expensive department in the College. While all students pay the same fees, costs (including faculty salaries) per FTES are much higher in other departments. I would like to think that equal post-salary dollar allocations would lead to inefficient outcomes.



4. The external reviewers suggested that we need to reward faculty more for their academic leadership roles. Given the low salaries in the econ department (including the widespread salary inversion problem) and given the fact that only senior faculty can serve in certain capacities, if some senior faculty members are rewarded more for their service, I believe it will lead to a more efficient outcome. Our new proposed higher service incentives will be based on a performance matrix and a workload matrix. In any case, we are asking for a modest increase in our budget – about 30 units of faculty assigned time per year, an increase in GA budget to stimulate the MA program and a modest increase in our OE&E budget mainly to hold workshops.

**Specific points:**

You have correctly pointed out that our reported budget number is unusually low for the year 2016-17. That number (and all other budget numbers) came from your office. We did notice the low figure and treated it as an outlier, not including it in our calculation. Our calculation still shows that economics department \$/FTES is about \$1800 below the college average. We were not privy to the data of the other departments in the College. Please do recheck this calculation using your own data. We are confident that you will find that we are the least expensive department (\$/FTES) in MCBE.

We generally agree with your comments on the non-budget items. Here are my responses to the items that require budgetary approvals from your office:

#6. GA Budget: As discussed above, good, academically-oriented econ grad students must have an incentive to enroll. Especially our first-generation students also need some financial support in order to be able to continue their studies and to graduate on time. Our GA budget, therefore, needs to increase. We are open to the idea that some of the Econ GAs could be employed in other College-level tasks.

#8. Outreach: We need more than the OE&E budget to do this. The Outreach Coordinator would need to travel to local colleges and to high schools. The coordinator must also communicate with potential employers. I suggest we do this for three years as a pilot program. We will certainly create a matrix detailing the coordinator's accountability.

#11. Undergrad Advising: The MCBE advising unit may not always be appropriate for the econ majors. Students seem to have a misperception that econ majors end up getting "lower salaries." We will need someone with specialized knowledge in



economics to advise the students within the college and in other non-MCBE departments (such as mathematics, statistics, computer science and psychology). Strong undergraduate advising will also improve our graduation rates and move us closer toward our 2025 goal. In a recent survey of our graduating students, students expressed that more and better advising would have helped them graduate faster and asked for advising specifically for economics students.

#12. Workshops: These are one-time workshops. A higher OE&E budget will be appreciated.

#19. Faculty Salary: You have said about faculty salary and teaching load: “We are very much in line with all CSUs...the compensations and the teaching load is by far ahead of all CSUs.” I find this somewhat surprising – because there seems to be anecdotal evidence to the contrary. It will be good to see a comprehensive survey of MA-degree granting institutions and compare our salaries (adjusted for cost of living) and teaching loads.

As I mentioned before, in order to be one of the best econ departments in the CSU, we must do better than the “others.” We have had a very difficult time hiring good teachers and scholars. There is a serious housing affordability problem in Orange County and surrounding areas. Some economics faculty members have left the department because they were offered higher salaries elsewhere with much lower teaching loads. We find it very hard to hire faculty members who meet the department’s higher teaching and research standards. I understand that this is a difficult topic – but we must do better than the other CSUs to be one of the best.

#21. Teaching Load of New Faculty: Promised teaching load is a critical issue in hiring decisions. Pushing the new hires into a 3+3 teaching load for lack of enough publication points after only two years is counter-productive given the long publication lag (especially in economics). It has the unintended effect of faculty sending their work to lower level journals. Of course, all faculty should be treated the same after the first five years as far as Assigned Time is concerned.

#24. Outreach Coordinator: The outreach coordinator needs to work with employers, schools and colleges. The undergrad advisor has a different task. See #8 and #11 above. Our graduating students have asked for more help with the selection of courses to gear them towards their desired careers, for internships, and for more specialized career advice, and mentioned that this would have enabled them to graduate faster.



#25. Graduate Advising: Graduate Advising is a lot of work – it is a lot more work in the economics department compared to other departments. I think the graduate advisor deserves 3+3 unit assigned time.

#27. DPC and DPRC committees: These committees have critical tasks. The econ department policy is to carefully look at all student comments, make sure the courses are rigorous, check out writing assignments, read and evaluate all research papers, verify the quality of service, etc. We do not simply go by SOQs or by the number of publications/journal ranks only. Giving each DPC/DPRC member 0.5 Assigned Time per year seems like a fair and a reasonable reward for this important job.

#28. Recruitment: Note that we get around 200 to 400 applications for each position advertised. Recruitment committee must read all the application materials, often travel coast to coast and interview for two or three full days. This is not comparable to hiring in administrative positions and some other teaching positions. HR rules specify who can or cannot serve on the recruitment committee. It has been a challenge in the past to comply with HR rules and finding willing faculty who are knowledgeable in the area we were hiring. Faculty on the recruitment committee must be willing and excited to serve. Forcing faculty serve on this critical committee seems counterproductive. Note that recruitment does not happen every year (for example, we are not recruiting during this academic year). The cost of recruitment-related assigned time is unlikely to be very high over a long period of time.

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I do want to point out that our budget request is almost entirely based on the recommendation of the external review committee. The external committee members were from high-achieving universities and they carefully considered our general budget situation and our protocols as they made their recommendations. While new faculty assigned time will depend on the number of new faculty hires, we have asked for approximately 30 units of extra assigned time per year: Outreach Coordinator (3), undergraduate and graduate advisors (6), DPC/DPRC (9), Recruitment Committee (9), and the Vice Chair (3). As mentioned before, we will not recruit every year. We believe that 30 units or less is a reasonable down payment from the Dean's Office to make sure that the economics department emerges as one of the best in the CSU system.

I am looking forward to discussing this further with you and the provost.

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