Ph.D. Program: Update and Change to Program

Doctor of Philosophy: Economics, New Major Concentration: Economics and Finance

Doctor of Philosophy: Business, New Major Concentration: Economics and Finance

Introduction

Currently Rice University’s Economics department and the Jones School of Business collaborate and work together on a collaborative area of study for a select group of their Ph.D. students. To recognize this collaboration, both departments desire the creation and notation of a major concentration. This major concentration, “Economics and Finance”, will be an available option for students admitted into the Economics Ph.D. program and for students admitted into the finance area of the Business Ph.D. program. This proposal and update to the two respective Ph.D. programs has been approved by the faculties of the Economics Department and the Jones Graduate School of Business, and endorsed by Rice University’s Graduate Council.

Rationale

Finance is a subfield of Economics, and Jones School Finance Ph.D. students at Rice are currently required to complete the core requirements for an Economics Ph.D. First year Economics Ph.D. students at Rice are also now required to complete a course in Financial Economics. Offering an Economics and Finance major concentration, as part of the Economics or Business Ph.D. degree programs will further increase the synergies between the Economics and Finance groups at Rice. It will be valuable for students in Economics who decide to seek Finance careers and for students in Finance who decide to seek Economics careers.

Administration

Ph.D. students intending to complete the “Economics and Finance” major concentration as part of their Economics or Business Ph.D. programs should declare their intent to meet these additional requirements. The standing Ph.D. committees of the Economics Department and the Jones Graduate School of Business will supervise the monitoring of completion of the “Economics and Finance” major concentration requirements.

Degree Requirements

The following are the degree requirements for the:

- Ph.D. in Economics, with the major concentration: Economics and Finance, and
- Ph.D. in Business, with the major concentration: Economics and Finance.

1. Achieve a 3.0 GPA in required first-year courses, including Microeconomics, Macroeconomics, Econometrics, Real Analysis, Computational Economics, and Financial Economics.

2. Successfully pass comprehensive exams in Economic Theory and Econometrics administered by the Economics faculty at the end of the first year.

3. Achieve a 3.0 GPA in required second-year courses, including Corporate Finance, Empirical Methods in Finance, and Topics in Financial Economics.

4. Successfully pass a comprehensive exam on Corporate Finance and Empirical Methods administered by the Finance Faculty at the end of the Fall semester of the second year.

5. Write and present a paper in the third year of the program. The paper and its presentation must be approved by two faculty advisors, one of whom must be in the Economics department and one of whom must be a member of the Finance group in the Business school.

6. Write and defend a dissertation. The dissertation committee must include at least one member from the Economics department and at least one member from the Finance group in the Business School.

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Justification (& Answers to Questions Outlined) per Major Concentration Guidelines

Per Graduate Major Concentration Guidelines Document section 4 (a)

Justification for the Major Concentration program, What is the target audience for the Major Concentration?
The target audience is Economics Ph.D. students and Finance Ph.D. students.

What is the need or demand for the Major Concentration?
Finance is a subfield of Economics, and Jones School Finance Ph.D. students at Rice are currently required to complete the core requirements for an Economics Ph.D. First year Economics Ph.D. students at Rice are also now required to complete a course in Financial Economics. Offering an Economics and Finance Major Concentration, as part of the Economics or Business Ph.D. degree programs will further increase the synergies between the Economics and Finance groups at Rice. It will be valuable for students in Economics who decide to seek Finance careers and for students in Finance who decide to seek Economics careers. It will also make both of our Ph.D. programs more attractive to prospective Ph.D. students and help recruiting best talent.

How does the Major Concentration requirements and curriculum differ from the other graduate degrees offered by the academic unit?
The Major Concentration will require the students to meet the requirements of both the Economics departments and the Finance department.

Is there any potential for the Major Concentration to attract students to the detriment of existing graduate degrees?
No. The existing student will also be eligible for the Major Concentration. Furthermore, an important part of the graduate school experience is the interactions with other graduate students, including students from incoming cohorts. As such, attracting best students to Economics and Finance departments will also benefit the current students.

How will it complement their graduate degree?
Finance is a subfield of Economics, and Jones School Finance Ph.D. students at Rice are currently required to complete the core requirements for an Economics Ph.D. First year Economics Ph.D. students at Rice are also now required to complete a course in Financial Economics. Offering an Economics and Finance Major Concentration, as part of the Economics or Business Ph.D. degree programs will further increase the synergies between the Economics and Finance groups at Rice. It will be valuable for students in Economics who decide to seek Finance careers and for students in Finance who decide to seek Economics careers.

How is the major concentration distinct or related to previously approved major concentrations?
Not applicable.

Is a student required to complete a Major Concentration to complete the graduate degree program or is the completion of a Major Concentration optional?
The completion of the Major Concentration is optional.
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Per Graduate Major Concentration Guidelines Document section 4 (b)

Provide a description of the requirements for the Major Concentration. Please list any required courses, electives, other requirements to complete the Major Concentration.

The following are the degree requirements for the:

− Ph.D. in Economics, with the Major Concentration: Economics and Finance, and
− Ph.D. in Business, with the Major Concentration: Economics and Finance.

i. Achieve a 3.0 GPA in required first-year courses, including Microeconomics, Macroeconomics, Econometrics, Real Analysis, Computational Economics, and Financial Economics.

ii. Successfully pass comprehensive exams in Economic Theory and Econometrics administered by the Economics faculty at the end of the first year.

iii. Successfully pass Corporate Finance and Empirical Methods in Finance.

iv. Successfully pass 6 credit hours from the following courses: BUSI 524, BUSI 525, BUSI 526, BUSI 527 and ECON 575.

v. Successfully pass a comprehensive exam on Corporate Finance and Empirical Methods administered by the Finance Faculty at the end of the Fall semester of the second year.

vi. Write and present a paper in the third year of the program. The paper and its presentation must be approved by two faculty advisors, one of whom must be in the Economics department and one of whom must be member of the Finance group in the Business school.

vii. Write and defend a dissertation. The dissertation committee must include at least one member from the Economics department and at least one member from the Finance group in the Business School.

Please provide assurance that the courses proposed for the satisfaction of the Major Concentration are offered regularly enough to allow for timely completion of the Major Concentration requirements.

The courses proposed for the satisfaction of the Major Concentration are core courses for the Ph.D. programs in Economics and Business, respectively. Core courses are offered every year and will continue to be offered on a regular basis to allow for timely completion of the Major Concentration requirements.

Per Graduate Major Concentration Guidelines Document section 4 (c)

Multiple concentrations. Will students in the graduate program be permitted to declare and pursue more than one Major Concentration?

No.

If so, please provide a justification. Please describe how the additional Major Concentration is identified and earned. How will it provide benefit to a student?

Not applicable.

Is there a potential for it to be detrimental to a student?

Not applicable.

Could the set of requirements for one Major Concentration automatically fulfill the requirement for other Major Concentrations within the graduate program?

Not applicable.
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Per Graduate Major Concentration Guidelines Document section 4 (d)
Provide a list of participating faculty. Identify faculty who will have primary roles in administering the Major Concentration and advising student participants.

Primary responsibility for administering the Major Concentration and advising student participants will rest on the Director of Graduate Studies in the Economics Department and the Finance Area Ph.D. Coordinator in the Jones School.

Per Graduate Major Concentration Guidelines Document section 4 (e)
Procedures and qualifications for approval to pursue the Major Concentration (i.e. document the departmental/program procedures that will be put in place to certify eligibility and completion of the Major Concentration requirements, etc.)

All Ph.D. students admitted to either the Doctoral Program in Economics in the School of Social Sciences or to the Finance Group in the Doctoral Program in Business in the Jones School are eligible to pursue the Major Concentration. The offices of the Director of Graduate Studies in the Economics Department and Finance Area Ph.D. Coordinator in the Jones School will be responsible for certifying eligibility and for monitoring progress in the program and completion of the Major Concentration requirements.

Per Graduate Major Concentration Guidelines Document section 4 (f)
List the procedures and qualifications to comply with SACSCOC accreditation requirements, as well as best practices in curriculum design, the proposal must include:

1) Description of the Major Concentration’s student learning outcomes that are clear standards for observable, measurable student-centered outcomes in terms of knowledge, skills, and behaviors;

Students completing the Major Concentration will:

- Learn mathematical, statistical, econometric and computational tools to carry out independent research in economics and finance.
- Write an independent and original dissertation that is of sufficient quality to merit publication in a top economics or finance journal.
- Conduct a focused review of the literature and develop a research design to carry out independent research.
- Learn to defend their research design and modeling choices by presenting their paper in a seminar environment.
- Communicate their research effectively by writing clearly, concisely and cogently.
- Read critically and assess research manuscripts related to their field of study and in other fields.

2) a curriculum map that relates the components of the proposed Major Concentration curriculum to the specified student learning outcomes; and

The required courses including Microeconomics, Macroeconomics, Econometrics, Real Analysis, Computational Economics, and Financial Economics, Corporate Finance and Empirical Methods in Finance, BUSI 524, BUSI 525, BUSI 526, BUSI 527 and ECON 575 will teach the students mathematical, statistical, econometric and computational tools to carry out independent research in economics and finance and prepare them to write an independent and original dissertation that is of sufficient quality to merit publication in a top economics or finance journal.

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(3) an assessment plan for measuring the success and effectiveness of the Major Concentration curriculum and students’ achieving the learning outcomes after implementation.

Comprehensive exams in Economic Theory and Econometrics administered by the Economics faculty at the end of the first year and the Corporate Finance and Empirical Methods in Finance administered by the Finance Faculty at the end of the Fall semester of the second year will assess whether the students were able to learn mathematical, statistical, econometric and computational tools to carry out independent research in economics and finance.

Writing and presenting a paper in the third year of the program will assess whether the students can:
- Write an independent and original dissertation that is of sufficient quality to merit publication in a top economics or finance journal.
- Conduct a focused review of the literature and develop a research design to carry out independent research.
- Learn to defend their research design and modeling choices by presenting their paper in a seminar environment.
- Communicate their research effectively by writing clearly, concisely and cogently.
- Read critically and assess research manuscripts related to their field of study and in other fields.

The Office of Institutional Effectiveness is charged with assisting proposers with the development of these elements. In addition, the proposal must include a letter from the Office of Institutional Effectiveness indicating whether SACSCOC notification and/or approval is required and, if so, the schedule for notification.

Per Graduate Major Concentration Guidelines Document section 4 (g)
Supporting letters from chair(s) of participating departments/programs and the appropriate dean(s) verifying that:
- a. The proposed Major Concentration has been reviewed and received faculty approval through appropriate governance procedures;
- b. Resources to support the Major Concentration, as presented in the proposal, are available without impacting other courses and programs for at least five years.

See attached.

Per Graduate Major Concentration Guidelines Document section 4 (h)
The complete and specific language describing the official name of the Major Concentration and the exact requirements for students to complete it – as they would appear in the General Announcements if the proposal were approved. The Major Concentration must be in place and in the General Announcements for the year in which the student matriculates, or graduates, or any year in between.

Upon approval, the Office of the Registrar will work with the Economics Department and the Jones School on the updating of their General Announcements text for 2016-17.

Per Graduate Major Concentration Guidelines Document section 4 (i)
Specification of a CIP code for the proposed Major Concentration with justification. The Offices of the Registrar, Institutional Research and Institutional Effectiveness can assist and will ultimately determine the appropriate CIP code to be assigned.

The assigned CIP code will be 45.0699 – Economics, Other.
March 15, 2016

Letter of Support for the Major Concentration in Economics and Finance Ph.D.

I am writing to enthusiastically endorse the new Major Concentration in Economics and Finance Ph.D. The economics department and the finance group in the Jones Business School have been working on a proposal to offer a joint program to their Ph.D. students. The proposal has been approved unanimously by the economics and business school faculty.

The major concentration in economics and finance that will be available and benefit students both in the economics and the business school Ph.D. programs and I wholeheartedly support it.

If I can be of further assistance, please do not hesitate to contact me.

Best,

Antonio M. Merlo
George A. Peterkin Professor and
Department Chair of Economics;
Director of RISE

Email amerlo@rice.edu, Office 713-348-3699, Cell 832-931-7477, Rice University Department of Economics MS-22, 266 Baker Hall, P. O. Box 1892, Houston, TX 77251-1892, economics.rice.edu
MEMORANDUM

To: Faculty Senate

From: Lyn Ragsdale, Dean of Social Sciences

Re: Support of New Concentration in Economics and Finance in the Ph.D. in Economics

I wholeheartedly support the modifications to the Ph.D. program in Economics and the Ph.D. program in Finance which will permit students to fashion a concentration in "Economics and Finance." The collaboration between the Economics Department and the Jones School on this curriculum will strengthen both Ph.D. programs. It will make it more likely that we will attract the very best students to the programs. Most importantly, it will provide us the ability to train our students in the most meaningful ways possible and increase their viability on the job market. It is important that Economics Ph.D. students understand the theoretical and empirical approaches used in Finance in businesses schools in order to provide a richer understanding of the subject matter and leading research questions. It will also allow them to perfect applied skills that they might not otherwise acquire.

I encourage the Senate to approve this new concentration. If you have any questions, please let me know.
February 3, 2016

Dear Faculty Senate,

I write in strong support of the proposed PhD program concentration in Economics and Finance. Implementing the proposal would not have any material effect on the size, cost or pedagogy of our current PhD program in finance, however, it would take advantage of synergies and collaboration between our Economics and Finance faculty to offer a richer program which will benefit some of our students — namely, Economics PhD students interested in finance as a field of study and in participating in the finance job market, and Finance PhD students interested in another subfield of economics and in participating in the economics job market. These benefits should help us in recruiting students and in providing them with a more customized education and better placement opportunities.

The proposal was approved by the Jones School PhD Committee and unanimously approved by the Jones School faculty. I wholeheartedly support it.

I would be happy to respond to any questions.

Sincerely,

[Signature]