



THE STATE EDUCATION DEPARTMENT / THE UNIVERSITY OF THE STATE OF NEW YORK / ALBANY,
NY 12234

To: The Honorable the Members of the Board of Regents

From: John D'Agati

Subject: Renewal of Permission to Operate in New York State:
Carnegie Mellon University

Date: August 29, 2011

Authorizations:

SUMMARY

Issue for Decision (Consent Agenda)

Should the Board of Regents renew permission for Carnegie Mellon University (Pittsburgh, PA) to offer its Master of Science (M.S.) degree program in Computational Finance in New York?

Reason(s) for Consideration

Required by State statute.

Proposed Handling

The question will come before the full Board at its September 2011 meeting for final action.

Background Information

The Department first registered Carnegie Mellon University's M.S. in Computational Finance program in 1995 following Board of Regents action to grant the institution its original permission to operate in New York. This permission was last renewed in 2006 for a period ending September 30, 2011. This is the University's only program registered by the Department.

The program continues to be conducted primarily by broadcast of classes (taught at the University's Tepper School of Business in Pittsburgh) to students at 55 Broad Street in Manhattan. It integrates instruction in probability, statistical analysis, numerical

methods, computation and simulation methods, stochastic processes, economics, and their application in quantitative financial markets. Students are taught to create relevant software, and proprietary University software enables students to experience trading in markets ranging from stocks and bonds to options and currency swaps. The University describes the program as a niche degree centered on the needs of the quantitative desks at the big investment banks and mutual funds, hedge funds, proprietary trading firms, rating agencies, and insurance companies. According to the University, Carnegie Mellon was the first to offer a degree of this kind; it represents a joint venture between four University colleges that provide finance, math, statistics, and programming content. All courses, however, are formulated within the context of the financial services industry.

The 25-course program totals 150 units, or 50 semester hours. The full-time program consists of a 17-month schedule that begins in the fall, continues to the spring semester and summer internship, and concludes the following fall semester. Each semester consists of two “mini semesters” of seven weeks each. The part-time (half load) program requires 32 months to complete.

Twenty well-qualified full-time faculty (19 in Pittsburgh and 1 in Manhattan) instruct program students. In addition, the New York facility is run by a program director who serves as the academic advisor for all New York students and handles the program’s day-to-day operations along with support staff. The New York location includes three well-equipped classrooms, offices and conference rooms, and other facilities for students. New York students access the same library and placement services that are available to Pittsburgh students.

Admission to the program requires a bachelor’s degree in a technical discipline, such as computer science, engineering, mathematics, or business. Applicants typically intend to work in, or already work in, the financial industry. There are 68 students enrolled at the New York facility, while the University as a whole has 11,618 students. Since it last received permission to operate, the institution has conferred the following number of degrees on graduates from the New York facility:

Year	Number of Graduates from NYC Facility
2006	35
2007	48
2008	39
2009	47
2010	50

The University reports that employers value students' strong quantitative and programming skills. Ninety-two percent of the class of 2011 (graduating December 2010) were employed within three months of graduation. This is consistent with prior years, as this rate has ranged from 83 percent to 96 percent since the class of 2008.

Recommendation

It is recommended that the Board of Regents renew the authorization of Carnegie Mellon University to offer in Manhattan its M.S. in Computational Finance program for a period ending September 30, 2016.

Regents with a conflict of interest or the appearance of a conflict of interest on this application are asked to recuse themselves from participating in the deliberation and decision.