

Economics Department Advisory Group  
Spring 2017 Meeting  
7 April 2017

## Executive Summary

### Welcome

The Advisory Group convened at 10 am in the University Room of Hyde Hall on the UNC campus. Patrick Conway, Chair of the Economics Department, welcomed the group of Economics alumni, Economics faculty and Economics students. Also in attendance were: Kevin Guskiewicz, Dean of the College of Arts and Sciences; Jonathan Hartlyn, Senior Associate Dean for Social Sciences and Global Programs; Rob Parker, Executive Director and Senior Associate Dean for Development in the College of Arts and Sciences; Ronda Manuel, Associate Director of Development for the Arts and Sciences Foundation; and Ishna Hall, Director of Development for the Arts and Sciences Foundation.

We began with short introductions by those in attendance. Some of our alumni attended the 9 am Economics 101 class that morning taught by Professor Rita Balaban, and they gave their impressions of the class. Two themes seemed to dominate: (a) that the use of educational technology had changed a great deal from the time when they had been students on campus, and (b) that the students were working hard. As one participant said, “no one was doing the crossword puzzle!”.

### The Dean’s greetings.

Dean Guskiewicz brought greetings from the College of Arts and Sciences to the group. He recalled that the last time he visited the group (last April) he was in his first 100 days; now he’s been Dean for 15 months. He reminded the group that he had told them he would be student-centered, strategic and bold as Dean, and he has followed through on that promise.

One of the Dean’s initiatives has been a strategic plan for the College of Arts and Sciences, and he shared the new mission statement with the group: **Think, Communicate, Collaborate, Create ... for Meaningful Lives**. He also laid out his priorities, as well as the strengths, weaknesses, opportunities, and threats (SWOT) for the College. (A tabular statement of these is appended to this summary.)

He has now asked each Department within the College to begin its own strategic planning process, and the faculty in Economics has made a strong start to this. Conway provided the Departmental mission statement and SWOT table (also appended). Dean Guskiewicz and Conway answered questions from members of the Advisory Group about this process.

## **The State of the Economics Department.**

Conway then introduced Jonathan Hartlyn. Dean Guskiewicz told the group that after eight years, Hartlyn has chosen to step down from his position as Senior Associate Dean to return to full-time research and teaching as a faculty member in the Political Science Department. Guskiewicz thanked Hartlyn for his years of service to the College, and Conway applauded Hartlyn's support for the Economics Department during that time.

Hartlyn spoke about the role of the Economics Department within the College. Economics is among the largest, and remains one of the fastest-growing, of the majors at the University, though over-all departmental credit hours have remained fairly steady over the past decade. Econ 101 is also one of the largest introductory courses in the University; about 40 percent of all undergraduates entering in a given year will enroll in Econ 101 during their time on campus. The Minor in Entrepreneurship, housed in the Department of Economics, has also grown very rapidly in the last decade.

The College has acknowledged this growth by authorizing a large number of faculty hires in the past eight years: seventeen tenured or tenure-track faculty, four fixed-term faculty, and four entrepreneurs in residence. This was a great commitment during a time of tight budgets. Nevertheless, Conway in response to a question clarified that the number of tenured or tenure-track faculty is only two larger than it was eight years ago, as demographic transition (retirement) and other factors has necessitated rapid replacement.

## **New Co-chairs of the Economics Department Advisory Group.**

Conway was pleased to be able to announce that two of our Advisory Group participants had agreed to take on the additional role of Co-chairs of the Advisory Group. Kayce King of Winston-Salem and Matt Guest of Maplewood, New Jersey are long-time members of the Advisory Group and generous contributors of their time and financial support to the initiatives of the Economics Department. They were very helpful in setting the agenda for this meeting, and Conway looks forward to working closely with them, and with all the Advisory Group members, as we plan for future events.

## **Development Update**

Ronda Manuel, Associate Director of Development for the Arts and Sciences Foundation, spoke briefly about the role of fundraising for the Economics Department and the University. She described the upcoming University Campaign, and the College's expected share of the total. She then provided charts describing fundraising totals for the Economics Department.

She highlighted contributions to the Discretionary Fund of the Economics Department. These are unrestricted gifts that assist the Department Chair in his efforts to recruit new faculty or to retain our current faculty. The Chair also uses these funds to support graduate or undergraduate students in their research initiatives.

Manuel closed by encouraging advisory members to consider giving back to the department at a level that is comfortable to them during the campaign.

### **Expanding the Graduate-Student Experience**

In this session we were joined by Professor Jonathan Hill, Director of Graduate Studies, and by graduate students Ning Fu and Zac Mozenter.

- Ning is a fourth-year student writing a Ph.D. thesis on the role of family structure in cognitive and non-cognitive development of children. She is close to completion – a rare situation for a fourth-year student – and has accepted a job with Mathematica Policy Institute in Washington, DC.
- Zac is a third-year student doing research on the economics of higher education. His research design has included surveys of student achievement in large-enrollment introductory courses on the Chapel Hill campus: half from Professor Balaban's Economics 101 courses, and the other half from Professor Kelly Hogan's Biology 101 courses.

Professor Hill began with a summary of recent innovations to the graduate curriculum. One was the addition of an econometric theory course to our offerings. With this new course, we have one of the most complete econometric sequences in the country, offering both theory and practical application to our students. We've also introduced a new mentoring class for our third-year students. These are students who've completed their required coursework, and this course will assist them in moving forward quickly with their doctoral research agenda.

He also mentioned two innovations that should help in attracting the best new students to our doctoral program. First, we've introduced a "welcome visitation day" for the students we've accepted into our program. At that time the students have collected acceptances from a number of universities and are choosing among them; the visitation day gives these prospective students a chance to meet our faculty and to learn more about the resources we provide. The generosity of our donors allows us to defray partially the costs of the visit, and as such makes the visitation day a very effective recruiting tool. Second, we've supplemented our standard graduate stipend, set by the state and much lower than offered by peer institutions, with a "top up" that brings the combined stipend closer to that of our peers. That also is only possible through the generosity of our donors.

Ning and Zac spoke about their research experience in Economics. Ning credited her ability to complete her degree in four years to the support she received from the Gallman fellowship – a fellowship received by one grad student in Economics each year that excuses the student from teaching obligations for a semester. She was also able to travel to conferences to present her work through the support of our graduate travel grants. Zac's decision to survey UNC undergraduates in his research nearly derailed his project, since the cost of collecting and organizing those surveys was larger than he could afford. Luckily, private contributions had made it possible for the Economics Department to defray some of the cost of that survey. As his research analysis leads to results, he too will benefit from the research travel funds.

The alumni in attendance had questions for the students and for Professor Hill; we had a useful discussion of the research supports that the Economics Department can offer its graduate students.

### **Learning by Doing in the Undergraduate Experience: Evidence from the QFE Credential**

The Quantitative Financial Economics (QFE) credential is an experiment that we in Economics are conducting in offering in-depth undergraduate education in a specific field. The field in this instance is financial economics, and the instructor is Professor Michael Aguilar. The experiment is to create a three-course sequence that combines theoretical analysis, empirical methods, and a practicum course that builds learning-by-doing into the curriculum. We received funding from the Nasdaq Foundation to conduct a three-year pilot of this sequence, with students who complete the sequence receiving the QFE Credential. (The idea for the sequence actually emerged from discussions in earlier Advisory Group meetings.)

In this session we were joined by Professor Rita Balaban, Director of Undergraduate Studies in Economics; Gonzalo Asis, graduate teaching assistant for the QFE Credential this year; as well as Divya Shah and Nicholas McHenry, two undergraduates completing this credential this year. Asis spoke about the structure of the three-course sequence. The first course (Economics 425) is an introductory course to financial economics. It has the traditional lecture-like set-up, although Professor Aguilar is very good at bringing in real-world events to motivate the theory learned in class. The second course (Economics 525) is an advanced seminar course; it provides greater depth in explanation of the phenomena (portfolio selection, asset pricing, foreign exchange trading) studied. The students write a detailed research paper as part of the course's requirements. The third course (Economics 493) is the true innovation: it is a practicum course in which students work through real-world assignments to apply what they've learned in class and to learn at the granular level how various economic tools work to deliver desired outcomes. It is taken simultaneously with and is highly integrated with Economics 525. Just as the research paper is the capstone activity of Economics 525, the "codebook" is the summary product of Economics 493. With the codebook, the students demonstrate they know how analysis is done; with the research paper, the students present what the analysis tells us about real-world phenomena.

The comments by Divya Shah and Nicholas McHenry were the highlight of this segment. When asked to compare this sequence to other advanced classes on campus (whether in Economics or elsewhere) they were both emphatic: they have learned much more through this sequence than they have done in any other courses. The critical difference has been in the attention to real-world applications through the practicum class – they are not only learning abstract generalities, but also the critical details that provide scaffolding to their understanding of those generalities. The two came at the course from two different perspectives – Shah from an economics/policy interest, and McHenry from a Computer Science/computation interest – and both found great value in the course. Even more telling – each said that he had learned to appreciate the other's perspective through the exercises and discussions of this course.

We then had questions from the alumni present and discussion of the implications of this educational experiment. In response to the question, "How do you [as the Economics Department]

measure success in this course?”, Conway noted that the Department will partner with the Nasdaq Educational Foundation and outside economists to assess the quality of the written work in the sequence. Professor Aguilar will do his usual assessment of the students in the course, giving them grades for their work; the Department’s assessment will ask economists to compare the learning inherent in this written work to the level of learning inherent in other advanced Economics courses at Carolina. Our expectation *ex ante* was that this sequence will lead to significantly more learning among the students in the course when compared to students in other 500-level courses. The reports from Shah and McHenry suggest to us that this expectation is being borne out. Our analysis of the written work will be a formal check on our success after the first of three years.

Conway then asked the faculty and alumni present: “In what other economics fields of study could we implement the lessons learned from the QFE credential?” Balaban suggested sports economics – a similar mix of theory and data-intensive analysis. Other suggestions included health economics and public finance. Conway asked the group to think about potential funding sources for such innovations; we will need a “Nasdaq Foundation” for health or public finance to support this type of work.

### **Session summary**

We closed with a plenary discussion among alumni, faculty and students. The comments from all were very positive, both about the sessions we’d had and about the direction of the graduate and undergraduate Economics curriculum. The Advisory Group reiterated its willingness to assist in these new initiatives.

The meeting adjourned at 2:20 pm.

<b>SWOT – Economics</b>	
<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>• <b>High quality faculty, innovating</b> both in cutting-edge research and in instruction.</li> <li>• A <b>commitment to expanding interdisciplinary work</b>, both in research and in the undergraduate Entrepreneurship Minor.</li> <li>• A demonstrated <b>ability to offer innovative education to large enrollments</b> in Economics at the graduate and undergraduate levels.</li> </ul>	<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>• <b>Uneven faculty participation</b> in achieving our goals.</li> <li>• <b>Small faculty size</b> makes effective instruction difficult, given the large variance in capabilities of students in large-enrollment classes.</li> <li>• <b>The graduate-student cohort is very near a tipping point:</b> admitting and retaining fewer students will lead to much less variety in potential fields offered.</li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>• Given our strengths, <b>College investment in a larger faculty</b> will pay large dividends in innovative research and instruction at both graduate and undergraduate levels.</li> <li>• The department can <b>rely more on grant funding and private contributions</b> to support innovation in research and instruction. Grant funding is rising, and the creation of Economics Advisory Group and E Minor Working Group provides a strong channel for contributions.</li> <li>• <b>Increased graduate-student stipends and instructional budget allocations</b> will both increase graduate program success and improve the research environment.</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>• <b>The current small number of faculty and staff</b> jeopardize achievement of goals on research and instruction.</li> <li>• <b>Low faculty and staff compensation</b> relative to comparators make it difficult to compete for best-qualified individuals.</li> <li>• <b>Graduate stipends are low</b> relative to comparator schools and tied to teaching activity; we are less competitive in bringing in students and draw them away from research/learning to teaching while here.</li> <li>• <b>Deficient buildings (Gardner and Phillips Annex)</b> and infrastructure lessen faculty and staff productivity.</li> </ul>

## Mission

Create a better future through empowering sophisticated and collaborative use of economic thinking.

## Vision

Developing and disseminating the tools of Economics for students and citizens of North Carolina and the world.

## Values

Cutting-edge research.  
Compelling teaching.  
An entrepreneurial approach to challenges.

## Priorities

1. Refining our innovative 21<sup>st</sup> Century graduate and undergraduate curricula.
2. Enhancing the national and international reach of our faculty's high-impact research.
3. Engaging with our alumni, with private, government and non-governmental agencies, and with the general economic community to assist in our research and instructional innovation.

# SWOT analysis – The UNC College of Arts & Sciences

(Based on 1,048 faculty/staff survey responses, BCG alumni survey, College Strategic Planning Advisory Committee feedback; Think Tank)

## Strengths

- World renowned teaching and research **faculty** who attract excellent students
- Many aspects of a small liberal arts college **experience**, with the resources of a world class research university
- Low tuition and successful employment leading to high **return** on investment

## Weaknesses

- Faculty, staff, and graduate students receive below peer average **compensation** and inconsistent raises
- Communication, information exchange, and organizational **inefficiencies**
- Lack of integrated academic **advising** and career mentoring

## Opportunities

- Develop a more contemporary, innovative, and interdisciplinary global **curriculum** and new models of delivery
- Differentiate among other universities on our commitment to **service** as the most “public” university
- Expand high impact **research** that engages with rapidly developing and changing world issues

## Threats

- Inadequate and decreasing **funding**
- The increasing demand for **value** from a liberal arts degree
- Students **expect** more experiential, customized, and global learning opportunities



# Strategy Statements

## Mission

Think. Communicate.  
Collaborate. Create.  
...For meaningful lives.

## Vision

Reimagining the arts & sciences  
for the public good

## Values

Student Focus  
Scholarly Excellence  
Strategically Bold

## Proposed Priorities

1. Develop a contemporary, innovative, inclusive, and global **curriculum**
2. Expand high-impact and interdisciplinary **research**
3. Tell the **story** of the College of Arts & Sciences

