

Economics Department Advisory Group
Fall 2016 Meeting
28 October 2016

Executive Summary

Welcome

The Advisory Group convened at 10 am in the South Parlor of the Carolina Inn. Patrick Conway, Chair of the Economics Department, welcomed the group of Economics alumni/ae, Economics faculty and Economics undergraduates. Also in attendance were Rob Parker, Executive Director and Senior Associate Dean for Development in the College of Arts and Sciences, as well as Ronda Manuel and Ishna Hall of the Arts and Sciences Foundation.

We began with short introductions by those in attendance. The “favorite Gardner Hall memory” differed a great deal among the alums, but one favorite was from an Advisory Board member who remembers very fondly the career coaching and encouragement she received from one of our faculty members at the time. We in Economics hope we’re still creating such positive memories.

An Update on the College of Arts and Sciences

Rob brought the Dean’s greetings to the Advisory Group. (Dean Guskiewicz was unable to join the group; he was in Berlin, Germany, for an academic conference on his research specialty of concussions as a health hazard.) Rob reported that:

- The College welcomed more than 60 new faculty members to campus this fall.
- We also welcomed more than 4,200 first-year undergraduate students, a slight increase over last year. For the eleventh consecutive year, we had a record number of applicants—nearly 36,000. Thirteen percent of our first-year class are Carolina Covenant scholars, while seventeen percent are first-generation college students.
- Earlier this month, a brand-new ranking from the Wall Street Journal and the London-based Times Higher Education placed Carolina as third among public universities (behind University of Michigan and UCLA) in terms of student learning and success after graduation. Carolina was thirtieth among all universities in the US – public and private. This new ranking used metrics such as resources, engagement, graduate rates, teaching excellence and student and faculty diversity.

The Dean has just inaugurated a strategic planning process for the College. He began with the mission statement of the College: he took the previous six-sentence statement and distilled it to seven words. **Think. Communicate. Collaborate. Create. ...For meaningful lives.**

He has now asked the department chairs (including Patrick) to begin their own strategic planning process within each department.

This fall, the College kicked off a yearlong initiative to showcase the work our faculty is doing in the arts, humanities and qualitative social sciences. It is called **Carolina’s Human Heart: Living**

the Arts and Humanities. Rob urged the group to take a look at the Carolina's Human Heart website: celebratehumanities.unc.edu.

The North Carolina state budget for university education was reduced once again this year. The College was assessed a 1.8% budget cut. This represents a \$2.16 million reduction to an already lean budget. The Dean's office reluctantly made some cuts in departments' instructional budgets to offset the reduction. The good news is that the College just experienced its most successful fundraising year ever, raising \$68.5 million. The University also celebrated its highest fundraising year with raising \$495 million last year. Private gifts help us during these lean budget times. About 27 percent of our faculty receive at least some private support in funding their salaries.

Rob also shared the following development updates:

- Carolina is in the 2nd year of a comprehensive campaign. We are still in the quiet phase but plan to have a public launch next year.
- The estimated goal for the campaign is approximately \$3.5 billion.
- The College will have a goal of nearly \$650M.

Following this discussion, Rob then fielded questions from the alumni/ae in attendance.

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 began with three important examples:

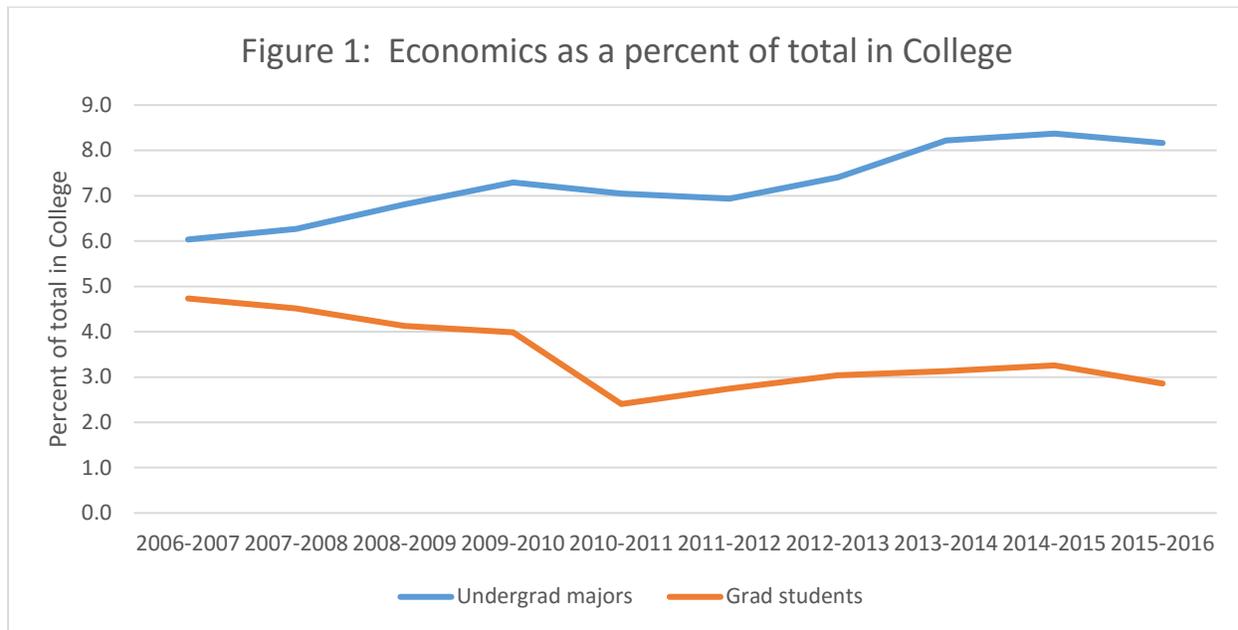
- A commitment of almost \$188,000 from the Nasdaq Educational Foundation will fund an important innovation to our undergraduate curriculum.
- Since our last meeting, an Advisory Board member made a commitment of \$200,000 to improving experiential education for undergraduates.
- Within the last few weeks, the Department has received a planned gift commitment from a donor for \$500,000 that will transform the student and faculty experience in Economics.

Many smaller gifts have also come in during the last six months; together, they make a huge contribution through the Department's Unrestricted Fund. These gifts are crucial for the Department Chair when he is competing with our peer institutions for a top graduate student, or when one of our star faculty members brings him an offer from another institution. These funds are also extremely helpful for our undergraduate students working on honors theses or wanting to pursue summer research opportunities.

The Dynamic of the Department

Patrick spoke about the current accomplishments and challenges of the Economics Department. Figure 1 below illustrates the evolution of Economics within the College in terms of undergraduate and graduate students between 2006 and the present. The blue line indicates the percent of all

juniors and seniors in the College of Arts and Sciences who report Economics as their major. As is evident there, Economics is the major of choice of an increasing share of College students. Given that there are over 40 possible majors in the College, to have almost 10 percent choose Economics is quite gratifying.



Among graduate students (the orange line), a shrinking share of graduate students in the College are in Economics. This is not due to falling demand: every year we have over 300 applications for less than 20 graduate-student slots. It is rather an indication of shrinking funding for graduate stipends. Graduate students in Economics are supported with teaching assistantships (TAs) funded from the state budget; as the state budget tightened, the share of these teaching assistantships fell relative to graduate-student funding through research grants. This is a worrisome trend, since these graduate student TAs are vital to educational success in our large-enrollment undergraduate classes.

Figures 2 and 3 illustrate the Department's ability to create more with less. Figure 2 indicates the number of undergraduate majors per faculty member both for the Economics Department (blue) and for the College of Arts and Sciences as a whole (orange). As is evident there, the average Economics faculty member is educating over twice as many undergraduates than is an average faculty member in the departments and curricula of the College. The average Economics faculty member also teaches many more students of all description (here summarized as credit-hours) in its courses – majors and non-majors alike.

Figure 2: Majors per faculty member

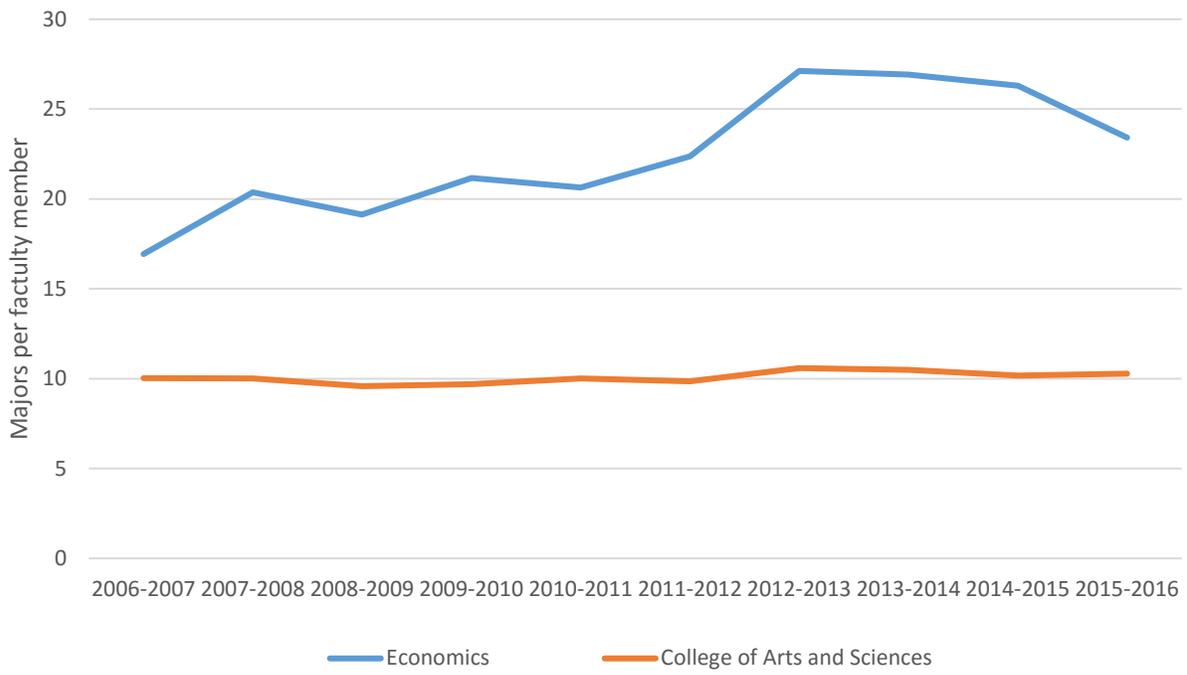
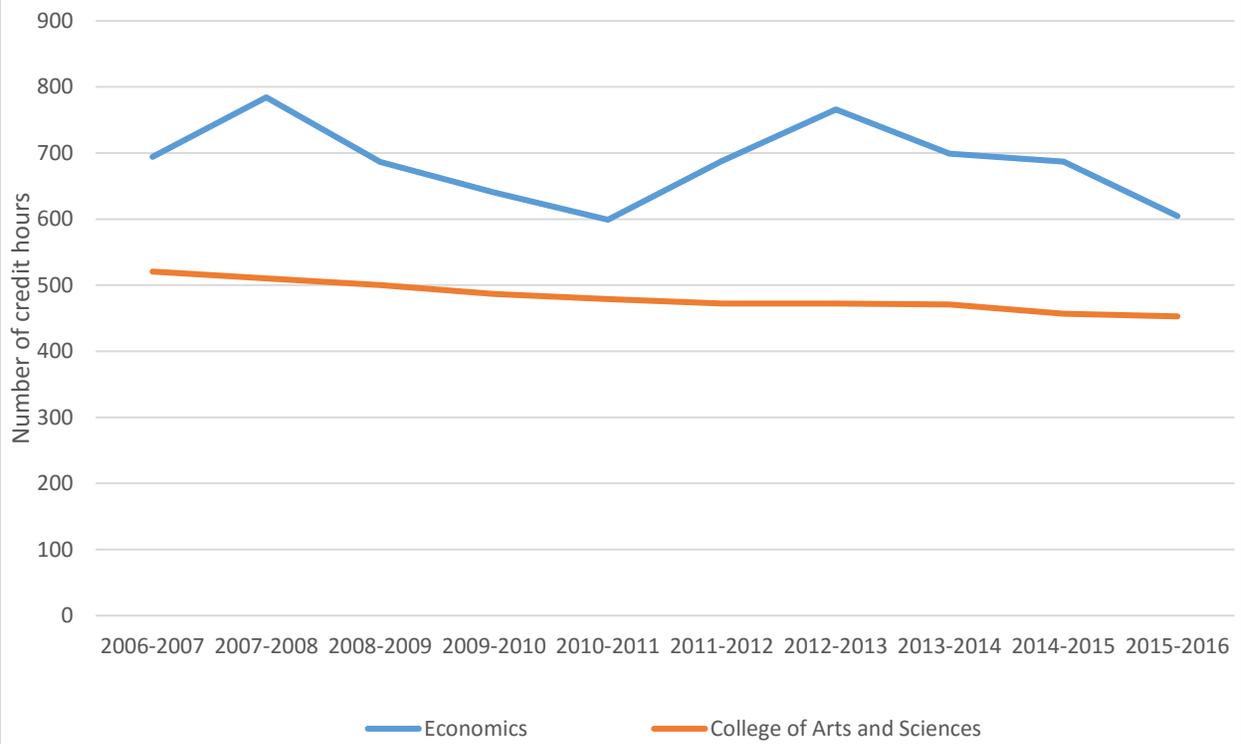


Figure 3: Credit Hours Taught per Faculty Member



The downturn in the Economics graphs in recent years does not indicate a fall in demand; it reflects rather recent increases in the number of faculty members in Economics. These increases have been welcome, and the Department appreciates the Dean's support. Nevertheless, it's evident that we have farther to go.

Two exciting faculty developments this year:

- Peter Hansen has joined us as Latané Distinguished Professor of Economics. His picture, and his impressive bio, is featured on our website. He's recently been named (for the third year running) one of Thomson-Reuters' "Most Influential Scientific Minds".
- We have authorization to hire two more junior professors this year. The Dean only authorized 15 throughout the College; we appreciate this recognition of our need for tenure-track faculty.

Patrick then introduced Srihita Bongu, a senior Economics major and co-president of our Carolina Economics Club. She spoke about a new initiative that she and her fellow Economics majors have introduced this year: Women in Economics. This is a discussion group formed by and moderated by our female undergraduates; in their first meeting they invited our female faculty members to speak informally on Economics as a Career. She invited our women Advisory Board members to participate as well.

This then led to a discussion among Board members about the gender make-up of our undergraduate courses. As Patrick explained, the undergraduate population in Chapel Hill is 60 percent female. Our Economics 101 courses (the introductory course) are roughly 50 percent female. The Economics 410 course (intermediate microeconomics) is roughly 40 percent female. Among those who graduate with a major in Economics at Carolina, about one-third are female. (This gender imbalance is not specific to Carolina; it is observed on campuses across the US. David Robinson of our Advisory Group shared a recent [Journal of Economic Perspectives](#) article on the topic: it reported that in 2014 nationwide, only 28 percent of undergraduate Economics majors were women.) We had an extended discussion of the possible causes of this imbalance. Patrick as Department Chair has been very supportive of the Women in Economics initiative on our campus, and will be searching for ways to deepen female interest in the major. Your thoughts and suggestions will be welcome.

Small Group Discussion: Providing Specialties for our Undergraduate Majors.

The Economics Department has recently embarked on a pilot project to improve the learning outcomes for its courses in financial economics. This Nasdaq Initiative (named for the Nasdaq Educational Foundation that provided the funding for the three-year pilot) is a revision of our course offering in financial economics and financial markets to include more use of empirical reasoning through statistics and econometrics and to incorporate more real-world exercises to help students better grasp the underlying economic theory. Most notably, we have in effect created a "lab" course (we call it a practicum) in which students in advanced financial economics will have weekly assignments that task the students to apply what they've learned in real-world market transactions. Hedging, speculating, swaps, carry trades – these have fundamental economic rationales, but they are more easily understood when the students have had the opportunity to

complete such a transaction. No, the students are not trading on markets with real currency – this initiative establishes the next best thing by setting up simulated trading in the practicum.

The students have appreciated this innovation, and there is currently great excess demand for that sequence of courses. The Department's next challenge will be to translate what we've learned in this pilot into other specialties within Economics. The Department recently surveyed the undergraduate majors to learn in which specialties they'd like to see a similar program: there are large groups interested in similar initiatives in econometrics, macroeconomics, economic development, international economics, labor economics, health economics, public finance, environmental economics – in fact, in most every field of economics offered at the undergraduate level.

The Advisory Board members then joined small groups to talk about the value of such an innovation in their own fields. This discussion continued over lunch. There was no formal reporting-out of results, but informal reports indicated that the Board members found this an important new direction for the Department to pursue.

Speed-coaching with undergraduates in Economics.

This was an invigorating hour-long session in which Board members and faculty members made up two-person coaching teams. Undergraduate Economics majors then consulted with each set of coaches for seven minutes on the student's questions about preparing for a career in Economics. The students came prepared with their resumés and questions about the future; the coaching teams gave their advice on best ways to achieve the future that the student had in mind. After seven minutes, the students rotated to meet a new set of coaches.

Coaches and students alike found it a very useful activity. The students reported back that they learned much more about possible careers, and about their own preferences over careers, from the conversations they had. The coaches reported that they were very impressed with the students: "I don't think that I could be an undergraduate these days..." was one overheard remark.

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 undergraduate Economics curriculum. The Advisory Board reiterated its willingness to assist in these new initiative.

The meeting adjourned at 2:30 pm.