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To: Phyllis Wise, Provost  
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From: Suzanne T. Ortega, Vice Provost and Dean  
The Graduate School

Re: Department of Economics 10-Year Review

*Summary and Recommended Action*

At its meeting of November 3, 2005, the Graduate School Council met with members of the team that reviewed the Department of Economics Bachelor of Arts (B.A.), Bachelor of Science (B.S.), Master of Arts (M.A.), and Doctor of Philosophy (Ph.D.) degree programs, and with the Department Chair and Associate Chair, as well as the Divisional Dean for Social Sciences in the College of Arts and Sciences. The Council recommended that the continuing status of the degree programs be reaffirmed, with the next review scheduled in the 2015-16 academic year.

The Council commends the department for making significant improvements in the graduate program since the last review in 2000. The undergraduate program also appears to be thriving and is described by the review committee as “one of the department’s signal successes.” The relationship between the department and the College of Arts and Sciences, as well as departmental morale, have also improved. However, challenges remain, particularly in the area noted by the 1990 and 2000 reviews—the unusually large percentage of tenured faculty who are no longer active researchers and the surprisingly small portfolio of external grants awarded to the department’s faculty.

To address the issue of non-productive senior faculty, the Council concurs with the review committee’s recommendation for a “collaborative, proactive, strategy by the department and the university to accelerate the departure of unproductive faculty” and a “long-term hiring plan that combines predictable recruitment at the assistant and tenured associate professor level.” The Council also noted the need to manage growth in the undergraduate program. The Council agreed with the committee’s assessment that this is a program with considerable promise, but also some risks that need to be carefully addressed.

I concur with the Council’s recommendations and comments.

## *Background*

The Department of Economics has had a long tradition of excellence in economics research and instruction at the University of Washington. During that time, several different fields of excellence emerged that were associated with key faculty leaders. For example, the 1970's saw the path-breaking work of Nobel Laureate Douglass North on the role of institutions in U.S. economic development. During this period, the department also emerged in the forefront of economic analysis of environmental quality and natural resources. The next decade brought establishment of national recognition in the application of time series econometrics to macroeconomic phenomena, and during the following decade, the department gained a high national profile in the field of international finance and macroeconomics, as well as family and labor economics.

Challenges, particularly the decline in research-active tenured faculty, appeared by the time of the 1990 review and figured prominently in the 2000 review. Moreover, it appeared that the department's relationship with the College of Arts and Sciences was strained and that faculty morale was quite low. For this reason, the Graduate School Council recommended that steps be taken to curtail enrollment in the graduate program and approved the program for a five-year continuation period.

During the period since the 2000 review, under the excellent leadership of department Chair, Neil Bruce, the department has significantly shored up its graduate program by communicating more clearly its expectations, and has continued to graduate outstanding Ph.D. students as well as improving the mentoring of master's students. During this same period, the undergraduate program has grown exponentially, and most students report high levels of satisfaction with their experiences in the program. However, challenges with the research productivity of many tenured faculty remain and currently keep the department from progressing still further.

## *Review Process*

The review committee was composed of five members, three internal and two from the discipline of economics at peer institutions. The committee Chair was Professor Stewart E. Tolnay, Chair of the Department of Sociology. Other local members were Professor Avraham Kamara, Department of Finance and Business Economics, and Associate Professor Tracy McKenzie, Department of History. The following individuals served as external committee members: Professor Janet Currie, Department of Economics at UCLA, and Professor Alan Deardorff, Department of Economics at the University of Michigan. The review site visit was conducted on May 23-24, 2005, at which time the review committee met with Department faculty, students, and staff and key University administrative faculty. Prior to the review site visit, the internal committee members held discussions with the current Chair of the department.

## *Review Findings*

The review committee found a department that had made many positive changes since the last review. Within the graduate program, for example, the department improved communications about priorities for assistantship funding, continued with superior efforts to support and mentor the work of teaching assistants (begun many years ago by the late Senior Lecturer, Paul Heyne), improved student morale, involved graduate students in departmental governance, and improved mentoring for MA students. The department also enjoys a relationship with a very strong Visiting Committee.

On the undergraduate side, the number of majors has doubled in the last five years, approaching 900. Serving this large number of undergraduate majors has been accomplished by the department with no loss of quality in its teaching mission, though it does face some hard choices with respect to offerings at the upper-division level.

Although some particularly difficult situations remain, the review found that faculty morale had improved a great deal over the last five years. Moreover, in general, relations among the faculty are more harmonious than they previously were, and the department has been engaged effectively in building bridges with other units and groups on campus. In addition, the relationship between the department and the College of Arts and Sciences has been on the path of gradual improvement.

By far, the greatest challenge the department faces is the large number of tenured faculty with very low research productivity, coupled with the fact that a number of the most advanced research producers will retire in the next five to ten years. While, for the moment, some modest benefits may be gained by asking the non-research productive faculty to do more teaching, once they are replaced by those who are more productive in research, the teaching arrangements in the department will need to be recalibrated once again in a manner that is fair and effective.

In order for the University to consider investing the resources in this department that are necessary to restore a first-class faculty, the department will need to update its strategic plan in relation to a long-term plan for hiring new faculty at both junior and senior levels.

#### *Council Recommendations*

The Council concurs in the review committee's recommendation to update the departmental strategic plan and tie it to the recently developed hiring plan. The goal of this effort would be to increase research funding as well as research output. Thus, the Council also recommends that the department, with the College of Arts and Sciences, assess the retirement plans, particularly with the least productive faculty, in order to jointly determine how many faculty lines are needed and how they will be filled. With respect to mentoring junior faculty, the Council suggested that junior faculty periodically participate in a discussion of the tenure process with the senior faculty in order to have their questions addressed. The Council, while offering a cautionary note about managing the growth in the undergraduate program, encouraged the continued implementation of improvements in the degree programs that began over the last five years.

The Graduate School Council recommended program continuation, with the next full review in ten years.

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