

## **Response to the Report on the 2016 Programmatic Review of the Department of Economics — November 16, 2016**

The faculty, staff, and students of the Department of Economics would like to thank the members of the review committee for their sincere effort to understand the department, and their insightful, fair, and thoughtful report. We concur with their assessments and plan to work on their recommendations. We are heartened by their recognition of our progress since the last review (page 3), “substantial initiatives have been undertaken to move the Department into a new phase...the Department is moving in healthy directions.” They also note (page 8), “Given its existing resources, the Department is overachieving ... additional investments are likely to generate high returns.” We aim to continue to strive to realize the full potential of the Department.

In the section ‘The Future’ (page 13), the committee notes the strides made by the department in faculty hiring based on support received by the University. We are truly grateful for the support we received from the administration at a critical juncture. With this support, we have been following a bold strategic plan developed in 2011. However, the committee also noted that the plan is only partially fulfilled and that the department size remains small. With 22 FTE tenure-track faculty, we are 11 below the average of our peers, which is 33 tenure-track faculty, and we are 5 below the smallest department in this comparison group. While the report agreed that we should continue to maintain and improve our three core fields; microeconomics, econometrics, and international macroeconomics, they encouraged us to strengthen the field of empirical micro as a priority. The report noted that the department has a significant advantage in this field thanks to the presence of Pat Bajari and a strong group of econometricians. We agree wholeheartedly and are committed to pursuing this strategy.

This strategy is also consistent with the next item on ‘The Future’ section, strengthen ties to the Seattle Area. The report lauded us on having embarked on this already and the strength in empirical micro will reinforce existing good linkages between the Department and firms in the Seattle area with a strong economics research (e.g., Microsoft, Amazon, and Zillow). We also appreciate the cautionary note in the report as we pursue this effort from which both faculty and students have much to gain.

A constant highlight in each External Program Review has been the strength and quality of our undergraduate program. The committee thought their conversations about the program was among the real bright spots of their visit, and they ventured, “...we suspect the Department is a standout among its peers in this regard.” They were very impressed by the talented and dedicated group of faculty and staff that has played a key role in maintaining such a high quality program under significant challenges. As noted in the Self Study, with a steady increase in demand for economics degrees, Economics became a competitive major in 2010 in order to be able to maintain a high quality education. Soon after, there was a rapid increase in the number of international students seeking degrees in economics.

These changes created challenges for staff members in their administrative and advising roles. While acknowledging the stellar contributions of the existing staff, the committee suggested the need for additional staffing (page 9), “We were also impressed by the list of additional advising (activities) that would be possible with additional staff.” Comparable Departments like Political Science, English, and Math, with similar or even a significantly less number of majors have 3 FTE advising staff, whereas economics currently has 1.75 FTEs. Given the high number of international students in economics, requiring additional administrative support, the accomplishments of the economics advising staff is especially laudable. We plan to reorganize our staff organization toward a structure that would more closely match the structures of other advising offices in the College of Arts & Sciences.

As part of the set of initiatives in response to the changes in the demand for majors, we introduced an exam called RTW for Reading, comprehension, analytical Thinking, and Writing skills. The committee appreciated our initiative to require “a serious writing requirement for entry” to the major since communication skills are so important to later success in careers relevant for our students. Indeed, the committee encouraged us to increase the weight on this entrance exam, “The Department should consider giving this test an even greater weight to move towards more holistic admissions decisions that could address issues of diversity as well as reverse the trend toward less interactive teaching.” However, administering such an exam requires great care and sensitivity, which raises the question of costs. In each of the last two years, the Department had spent more than \$10,000 to offer the exam once each term, which is really the minimum requirement. So it is important for the department to secure permanent funding for this exam.

While much work remains to be done, we are encouraged that the committee viewed positively our ideas about addressing the challenge of improving diversity in the undergraduate program. They noted, “The share of women in the major is relatively high. The share of under-represented minorities is lower, but it has been growing, and a number of initiatives are under way that the committee is optimistic will increase it further.” We are happy to report that starting this Autumn (2016), we began offering one section of ECON 200 specifically for EOP (Educational Opportunity Program) students. We join a number of departments around the University in this effort to reach out to this population and disseminate information about their respective majors. We are grateful to our colleagues in the Office of Minority Affairs & Diversity for their help.

We are happy to report that the provost has already addressed, at least temporarily, an item that featured prominently in the report. This is the shortfall in TA funding and the resulting crisis we faced in meeting the requirements for introductory economics courses that are critical to so many majors beyond economics. However, we really need a more permanent solution to be able to plan well, both for undergraduate offerings and for recruiting the highest quality PhD students to the graduate program. We plan to work with the university to secure a significant increase in our permanent allocation. Our yearly shortfall, due to the contract mandated TA salary increases that were not matched by an increase in permanent allocations to the Department, has

shown an alarming trend in recent years: 15% in 2014-15, 23% in 2015-16, and 29% in 2016-17. Based on the expected TA salary increases from the College, the shortfalls would be 36% and 40% in the next two years.<sup>1</sup>

In the context of declining state support, our effort to build a fee-based master program was assessed to be well thought out by the committee. They noted, “The UW is a first-rate public university and Seattle and the UW have a good presence in Asia, one regional focus of recruitment. A professional Master degree would provide the tools and knowledge of economics to facilitate the acquisition of jobs in the local, national, and global economy.” We are encouraged by this assessment and will continue to work towards developing this program. In this context, our Visiting Committee came for much deserved praise in the report. We have also relied heavily on this group to strengthen ties to the community. They have been a critical part of maintaining instructional quality and scholarly efforts in the department, and we will continue to focus attention on maintaining and developing involvement by this group of friends of economics.

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<sup>1</sup> The estimated 36% shortfall for 2017-18 is well over \$400,000.