

Date: March 9, 2020

To: Cathy Sandeen, Chancellor

From: John Stalvey, Interim Provost 

Cc: Karen Markel, Dean, College of Business and Public Policy  
Lance Howe, Associate Professor and Committee Chair, Economics  
Alex James, Associate Professor, Economics  
Paul Johnson, Professor, Economics  
James Murphy, Professor, Economics  
Susan Kalina, Vice Provost for Academic Affairs  
Claudia Lampman, Vice Provost for Student Success

Re: **AY20 Expedited Program Review Findings – Economics BA**

I have reviewed the dean's findings, the program's response to the dean's findings, and the completed Expedited Program Review Template for the Economics BA.

### **Recommendations**

My recommendation is to accept the decision and recommendations of the dean with the additional commentary that the program focus assignment of fulltime faculty resources to meet the sufficiency requirements for specialized accreditation, establish a course rotation to optimize fulltime faculty, reduce the number of sections taught per year, and focus on courses required for accredited business programs. An interim progress report on all recommendations is due to the dean by March 1, 2021. The dean will submit a review along with the program's interim progress report to the provost by April 1, 2021. Unless otherwise noted at that time, the next Program Review will be included in the regular ongoing program review schedule.

### **Decision**

Recommend Continuation

## **AY20 Expedited Program Review – Optional Program Response to the Dean’s Findings Form**

Date: February 28, 2020

To: John Stalvey, Interim Provost

From: Lance Howe, Associate Professor and Chair of Program Review Committee

Cc: Karen Markel, Dean College of Business and Public Policy  
Professor James Murphy, Professor Paul Johnson, Associate Professor Alexander James

Re: AY20 Expedited Program Review: Optional Program Response to Dean’s Recommendation

### **Program/s in this review:**

BA and BBA in Economics

### **Program response to dean’s findings:**

We appreciate the Dean’s findings to recommend both the BA and BBA in Economics for continuation. By continuation, we understand this to mean that existing positions in the department will be supported, open positions will be filled, and if faculty leave, positions will be replaced. The department is in critical need of faculty resources to continue to offer these programs. If continuation means something less than this, then we strongly urge the President, Regents, Chancellor and Provost to consider enhanced funding. Further, as we discuss below, enhanced funding could allow us to offer a Master of Economics program, creating synergies with the Master of Public Policy program, and providing unique graduate study opportunities for economics majors (e.g. a 5 year BA Econ / MS Econ degree).

In addition to the highlights mentioned by Dean Markel, we want to highlight other important program information. In terms of centrality of program mission, in addition to Dean Markel’s commendations we wish to highlight how we also contribute to UAA’s mission in terms of research and service:

- Economics faculty excel in research. Our department is ranked in the top 10% of institutions worldwide for research in Experimental Economics and in the top 25% of all Economics programs in international business schools. Creating a program of distinction was one of the goals Elmer Rasmuson had in mind when he endowed the Economics Department at UAA with the Rasmuson Chair of Economics.
- Economics faculty provide critical public service to CBPP, UAA, and to the State of Alaska. Multiple examples of high impact service are provided in our report.

We highlight 16 Facts about Program Demand in our Program Review document, comparing Economics to other CBPP and UAA programs. Here are a couple of key metrics that also underscore the fiscal contributions of the Economics program:

- Economics SCH/FTEF efficiency was the 5<sup>th</sup> highest across the entire UAA system, instructional costs per SCH are lower than other CBPP programs, and instructional profit (revenue – cost) is higher than the UAA average (see Facts #7, #11, and #12 in the Economics Program Review).
- Economics faculty are responsible for millions of dollars in grant funded research that brings significant F&A to UAA, provides opportunities for student research, and supports innovative faculty research (see Fact #14 in Economics Program Review).
- Economics faculty have been responsible for facilitating 3 separate international partnerships; the Economics department is well-positioned to support UAA’s effort to increase the number of international students (see Centrality of Program Mission #1d.).

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The Economics Department (including the economists at ISER) is currently in the midst of a large-scale exodus of faculty which will create challenges for continuing to offer these programs without a meaningful commitment to replace the departed faculty. Between the Economics Department and ISER, there have already been 4 faculty resignations, with 2 additional faculty members contemplating outside offers. In addition, some of the remaining faculty member have received overtures from other universities and may not be at UAA in the next academic year. These departures represent over half of the teaching capacity of the department. Without a significant investment in faculty, the department will face challenges in its ability to continue these programs.

We recently submitted a memo to President Johnsen expressing concern about these faculty departures and making an appeal for resources. Following is an edited and condensed version of the memo sent to President Johnsen on 2/27/20. The full memo is available upon request; it is not included here due to the five-page limit for responses.

### ***Summary***

Our goal is to sustain the Economics Department as an internationally-ranked teaching and research program with an emphasis on Alaska-relevant public policy issues. UAA is currently in the midst of a large number of faculty departures in the Department of Economics and ISER. This threatens the ability of the UA system to deliver economics training to students and to engage in research that is relevant to Alaska’s economy. Our objective is to reverse this trend while a solid foundation still exists by leveraging UAA support for Economics and ISER to recruit a strong core of young faculty that will sustain excellence in economics for the foreseeable future.

We would like to note that we recognize that the university faces severe budget challenges and the timing of this proposal is not ideal. Our request is simply to replace the faculty who have already departed and to move the two remaining young ISER economists into the Economics Department. Using these faculty departures to resolve a budget gap is not strategic. In fact, it is counter-productive because it ultimately triggers the departure of most/all of the top faculty and destroys a program of distinction. Eventually the budget crisis will subside, and UAA needs to be positioned to rebuild. Maintaining strong programs during these difficult times will create a foundation upon which the rebuild can begin.

During his recent visit to UAA, Vernon Smith (2002 Nobel laureate) commented that what UAA has accomplished in Economics is incredibly rare and difficult to replicate. Many institutions have tried to build programs of excellence but failed. It took nearly 20 years to build the Economics program (including the young ISER economists). If UAA loses its core group of economists, it will likely take decades to recover, if ever. This will affect not only the academic programs, but also the applied research and public outreach that Economics and ISER provide.

### ***Background on the Economics Department***

When Elmer Rasmuson donated the funds to endow a chair in Economics about 20 years ago, his intent was clear. He envisioned the gift as a seed that would transform the UAA Department of Economics into a world-class program that would bring distinction and leadership to UAA in the study of economics and its relevance to Alaska’s future. The goals were to advance teaching of economics in Alaska, to advance economic research on topics of importance to Alaska, and to advance public policy in Alaska through service to the state. Elmer Rasmuson set lofty goals that the Economics Department has far surpassed. He would be proud of the tremendous impact his gift has had.

UAA was fortunate to have Vernon Smith as the first Rasmuson Chair of Economics (2003-2006). Under his leadership and guidance, the Department of Economics began the transformation from a program that was locally recognized for outstanding teaching to a program that is internationally recognized for excellence in research, teaching and public service. The Department is now a highly desirable destination for young faculty; in fact, the most recent faculty search set a UA system-wide record for the number of applications for a faculty position. More importantly, the department successfully hired the top candidate from this deep pool of applicants. Recruitment of faculty in ISER followed a similar

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pattern of success, and by 2014, UAA had a team of outstanding young economists in Economics and ISER that was poised to be the foundation for excellence in economics for many years to come.

As a result of these efforts, the Economics Department is now ranked in the top 25% of all Economics Programs worldwide located in business schools, and the department’s Experimental Economics research program is ranked in the top 10% of all such programs globally. One faculty member is ranked in the top 10% of all economists worldwide, and another is in the top 6% in terms of research productivity over the past 10 years (Source: Research Papers in Economics, also known as RePEc). Four economists have received Chancellor’s Awards for Excellence. The UAA economists are consistently publishing in the top economic journals on a wide range of Alaska-relevant topics. They have generated millions of dollars in research grants and private support for their activities. The faculty are fully committed to excellence in both research and teaching, and are actively engaged with public outreach and community partnerships.

Economics students are actively engaged in undergraduate research using the latest cutting-edge methods and techniques. Our students have co-authored peer-reviewed publications with faculty, which is a rare accomplishment for undergraduates in any program. Our students are now receiving scholarships to attend some of the world’s most prestigious programs, such as Harvard, Cornell, Oxford, Cambridge and the London School of Economics (among many others). Economics students have worked as research assistants in Western Alaska and Kamchatka Russia, and have traveled to Norway and China as part of initiatives to create international partnerships and recruit foreign students. They are accepting positions of leadership within the state, and are working in high-demand jobs in the private sector.

### ***Background on the current situation***

UAA currently faces a large-scale exodus of economics faculty in both Economics and ISER. These departures are an existential threat to the UA system’s ability to offer even a basic economics program or conduct policy research and outreach. UAF has already eliminated both its undergraduate and graduate programs in economics, leaving UAA as the only undergraduate economics program in the UA system. Moreover, Alaska is now the only state in the US without any graduate training in economics.

In the Economics Department, we have already lost two faculty members. One was recruited by another university and the other retired. In addition, a third economist is working remotely this year. This economist’s spouse accepted a faculty position in New England. Although this person may return to UAA in the Fall, but it is only a matter of time before the individual finds a faculty position in New England.

ISER has already lost three of their four outstanding young economists. One is moving to UC Davis, and another has accepted a position at UNLV. The third young ISER economist declined an offer from Cambridge, but as part of a retention offer, he will be moving into the Economics Department. However, he is still on the job market and is expecting to receive an offer from a leading research university in the next few days. The fourth young ISER economist received offers from 3 top universities, and he is being heavily recruited by the top regional economist in the world. He will be making a decision any day now.

The remaining economists are waiting to see what happens before making any decisions about their future. They all would like to stay at UAA and continue building an outstanding program. However, if all the young ISER economists leave, and if UAA does not make any commitments to invest in the program by replacing all of the departed faculty, then it is likely that many of the remaining faculty will also leave. Some of the remaining faculty have recently received overtures from other universities, and it is still possible that 1-3 more people will resign by the end of this academic year.

### ***Potential impact of departures on AACSB accreditation***

CBPP is currently in the midst of AACSB accreditation, and the site visit will be next week (March 2-3). Our understanding is that preliminary indications suggest that the collective research within CBPP does not meet the minimum thresholds set by AACSB. Moreover, these metrics include the work of research-active faculty who are currently entertaining offers but have not yet resigned. A credible commitment to retain

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existing faculty and replacing the departed faculty is likely to factor into the review team’s recommendations.

### ***Reasons for faculty departures***

The primary cause of the large number of faculty departures is not the university’s budget situation. In the Economics Department, the retirement of one faculty member is a part of the natural cycle that all departments face. The individual who resigned did so because another university made an attractive offer with which UAA could not compete even under better budget circumstances. In addition, that university created a faculty position for his spouse which resolved their dual-career challenges.

The story with the four young ISER economists is more complex. The budget cuts highlighted a number of problems that have persisted for years. Unfortunately, when oil prices were high and the university’s budget was more flexible, these issues were not addressed even though they were already identified and discussed. The crux of these problems is three-fold: (1) the compensation structure for ISER faculty, (2) the physical separation of the ISER faculty from the rest of the Economics Department and CBPP, and (3) the perceived reluctance to address these issues and make the necessary changes to create a vibrant academic environment and ensure ISER’s long-term success. These issues are discussed in more detail in the memo to Pres. Johnsen.

### ***Likely outcome with no action***

If the actions proposed below are not taken, the UAA Economics Department can still exist and offer undergraduate training in economics (either by teaching lower-division service courses for other programs or possibly with a reduced Bachelor degree program). Most of the remaining faculty would leave, probably within a year. The Department will still be able to find people who are willing to accept a position at UAA, but the types of people interested will be quite different than what we have now and are trying to preserve. The large-scale departure of faculty, combined with budget uncertainty and leadership turnover, will send a negative signal to potential applicants and their faculty advisors. As a result, the Department will most likely revert to a community-college model with faculty who have minimal research programs and are unlikely to be effective with public outreach and community engagement. This could affect AACSB accreditation. The community campuses already follow this model by offering economics courses taught by underqualified instructors with no or minimal graduate training in economics. The faculty in such a program are unlikely to have the training to prepare students for graduate school or have professional networks that are essential for placing students in top graduate programs. Students will no longer be learning on the frontiers of applied economics and will not have the same set of skills needed to be successful in the job market. They may still graduate with an economics degree, but it will be a vastly lower quality education with fewer opportunities after graduation. ISER will not have the same caliber of faculty that it had, and its important role in the public sphere will be greatly diminished.

### ***Action items (condensed version)***

#### **Immediately (within the next few days)**

1. The two remaining young ISER economists need to be offered fully-funded 9-month positions in the Department of Economics with a 2 courses per semester teaching load. Their offices should be located in Rasmuson Hall with the rest of the Economics Department. Their research and service obligations should include the type of applied research and public outreach activities that they have been doing through ISER so that this important mission is sustained.

2. We need a commitment that should any faculty member depart in the future, those positions will be filled. To date, each faculty departure has been treated as a positive development that alleviates budget pressures. That approach decimates the better programs with excellent faculty who get outside offers. It fails to strategically maintain programs of distinction even in tight budget environments. For us to be able

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to retain some of the remaining faculty, and to attract new young scholars, we need a credible commitment for ongoing support of the Economics program.

### Fall 2020

1. Initiate a search to fill the two vacant positions in Economics. The American Economic Association coordinates a centralized job market that begins with position announcements in October-November, and recruitment should be aligned with this. These need to be standard, fully-funded 9-month, tenure-track positions located in the Department of Economics. The workload should be two courses per semester, with expectations that at least half of their research program will be of relevance to Alaska and that they are actively engaged in public outreach. This needs to be a cluster hire of two people so that we can recruit based on the idea that UAA is invested in rebuilding the Economics program. If either of the remaining two young ISER economists resigns, then those positions also need to be replaced with fully-funded 9-month tenure-track positions in the Economics Department.

### Long run

1. The Department of Economics, in partnership with the Development office, will begin an initiative to leverage the success of the Rasmuson Chair and raise private funds to create endowed chairs in Economics. Given the caliber of faculty in Econ/ISER—and the caliber of faculty we can attract with strategic investments—we are well positioned to hold endowed chairs whose work focuses on the oil and gas industry, the fishing industry, the impacts of climate change in the Arctic, etc.

2. Develop a Masters in Applied Economics program to replace the old UAF program. There will be synergies in course offerings with the new Master’s in Public Policy program and the revamped Master’s in Public Administration program.

3. Rename CBPP to the College of Business, Economics and Public Policy. This is a low-cost way of highlighting the importance of Economics at UAA and sending a signal of the university’s commitment to it. Moreover, by raising the profile of Economics it will increase the program’s visibility on and off campus and attract more students.



Date: February 21, 2020

To: John Stalvey, Interim Provost

From: Karen Markel, Dean, College of Business and Public Policy

Cc: Dr. Lance Howe, Associate Professor and Committee Chair  
Dr. Alex James, Associate Professor  
Dr. Paul Johnson, Professor  
Dr. James Murphy, Professor

Re: AY20 Expedited Program Review Findings

**Program/s in this review:**

BA in Economic

**Specialized accrediting agency (if applicable):**

AACSB

**Campuses where the program is delivered:**

UAA

**Members of the program review committee:**

- Lance Howe, Assoc. Professor & Committee Chair, UAA
- Alex James, Associate Professor, UAA
- Paul Johnson, Professor, UAA
- James Murphy, Professor, UAA

**1. Centrality of Program Mission and Supporting Role**

The BA program in economics is the only program of this type in the state. This program provides economics education. This program utilizes courses required for the BBA Economic program so no new resources are needed to deliver this curriculum. Faculty in this area provide opportunities for student research and support for graduate school. They also work closely with ISER to provide applied economics research. This is a flexible major that is pursued by students across UAA. This program is also tied to activities with the Vernon Smith Experimental Science Lab and an active seminar series funded through IFREE. Both the BBA Economics degree and the BA Economics benefit from active engagement and support through both sponsored research and

philanthropy. Faculty in this area also have been actively engaged to promote interest in the study of economics through new coursework and partnerships with ANSEP and Middle college.

## **2. Program Demand (including service to other programs), Efficiency, and Productivity**

The program is efficient with its flexible pathway toward degree completion. The program courses are highly productive and efficient with lower division courses having the highest efficiency. The research faculty in this area also produce high quality publications that bring international recognition to UAA. Coordination with ISER research projects also supports applied research for Alaska

## **3. Program Quality, Improvement and Student Success**

As noted in the AY19 Program review by Interim Provost Stalvey, the program received a commendation and “continuation” finding. The provost noted in that review that “the program is serving its students and meetings its mission and goals. No immediate changes need other than regular, ongoing program improvements.”

## **4. Program Duplication / Distinctiveness**

This is the only BA Economics program in the UA System and serves a unique group of students often who pursue graduate education and or applied research programs.

## **5. Commendations and Recommendations**

The program is highly efficient, especially at the lower division course level. Efficiency could be improved through streamlining the schedule and course caps for upper division electives to better utilize full-time faculty.

## **6. Decision**

**Continuation:** Program is successfully serving its students and meeting its mission and goals. No immediate changes necessary, other than regular, ongoing program improvements.

**Submission date: 2/10/2020**

**Program/s in this review: Economics BA**

**Specialized accrediting agency (if applicable): AACSB**

**Campuses where the program is delivered: Anchorage main campus (with lower division courses offered by KPC, Kodiak, Mat-Su, Prince William Sound College, and the Eagle River campus).**

**Members of the program review committee:**

- Lance Howe, Assoc. Prof. & Committee Chair, UAA
- Alex James, Associate Professor, UAA
- Paul Johnson, Professor, UAA
- James Murphy, Professor, UAA

### **1. Centrality of Program Mission and Supporting Role (700 words or less)**

The Economics Department supports UAA's mission of discovery and dissemination of knowledge through teaching, research, and community engagement.

Economics faculty excel in teaching. Faculty have co-published academic research with students, conducted student workshops, facilitated peer tutoring, and created student research opportunities. SCHRS per FTE are among the highest at UAA, Instructional Costs lower than UAA averages, and Instructional Revenue higher than the UAA average. Econ students have been accepted into some of the best graduate programs in the world.

Economics faculty also excel in research. Economics faculty are ranked in the top 10% of institutions worldwide for research in Experimental Economics and in the top 25% of all Economics programs in international business schools. Economics faculty have also raised millions of dollars in external funding through research grants, contracts, and Foundation gifts over the last several years.

Economics faculty engage with the community. We provide service to CBPP, UAA, and to the State of Alaska. ISER Economics faculty provided critical service during the fiscal crisis by preparing special reports, testifying to legislative committees, and speaking to Anchorage community and business groups.

#### **1A. Economics is relevant**

The **BA in Economics** provides students with critical thinking, analytic, and quantitative skills and is a highly relevant students inside and outside CPBB. The major gives students a solid economics core while giving them the flexibility to take courses inside or outside of CBPP. Many BA graduates go on to outstanding graduate programs in a variety of fields. The BA in Economics is structured similarly to programs at top Universities. It requires a core set of courses in Principles and Intermediate theory then students can mix upper division Econ electives with upper division electives outside CBPP.

**1B. The BA in Economics supports the Economics BBA and vice-versa**

The BA and BBA programs require the same set of core Econ courses and students choose from the same set of Upper Division electives. The BA allows students to specialize in a range of sub-fields by taking more courses in economics or in another discipline; it appeals to many double majors and minors outside CBPP. Given the existence of the BBA in Economics, the additional cost of offering the BA degree is zero in terms of Econ faculty resources.

BA students have different interests, goals and objectives than BBA students. They graduate with fewer classes and a shorter time to degree relative to BBA students.

**1C. Economics has strong community partnerships**

Economists partner with academic, government, and private firms throughout the State. Economics faculty have served the North Pacific Fisheries Management Council and Research Board, the Alaska State Legislature, Alaska EPSCoR, the US Census Bureau, Alaska Salmon and Seafood Market businesses, Alaska Native Corporations, Pick-Click-and-Give program, and Editorial Boards at leading Economic Resource journals. Econ students also have internship opportunities in State, Federal and Private companies throughout the world.

**1D. Economics faculty facilitate international partnerships:** Economics Faculty facilitated 2x2 MBA Agreement with Nankai University in China, a 2x2 Undergraduate Agreement with Jilin University of Finance and Economics in Changchun China, and a student exchange agreement with UiT Tromsø Norway. The department is also a founding member of a thematic network in economics at the University of the Arctic.

**1E. Economics students are employed in a wide range of fields**

Economics students work in many businesses, government, and non-profit agencies throughout Anchorage, Alaska, and the world. Examples of job placements include: Rutgers University, Resources for the Future, US Census Bureau, The Federal Reserve Bank of Richmond, Bering Straits Regional Housing Authority, Central Bering Seas Fisherman's Association, BP, State of Alaska, Barclays Investment Bank, The Aleut Foundation, Northrim Bank, GCI, Alaska Airlines, and others.

**1E. The Vernon Smith Experimental Science Laboratory (VSESL)**

The Economics program also offers student research opportunities through VSESL. Students recruit subjects, assist in programming, conduct experiments, pay subjects, and help troubleshoot software. Thousands of student subjects have participated in laboratory experiments and faculty have paid out tens of thousands of dollars in subject incentive payments. Econ students have traveled to Kamchatka Russia and several Western Alaska communities to conduct field experiments. Students have also assisted in Choice experiments along the Kenai River and with shoppers at local Farmers Markets.

**2. Program Demand (including service to other programs), Efficiency, and Productivity (7 year trend; 1400 words or less)**

**Fact #1. There is an increasing awards trend in Economics:** In spite of declining enrollment patterns at UAA, BA baccalaureate degrees have remained steady or slightly increased over the review period (88% increase over 2013, average of 13.3 over the period). Economics minors have also increased significantly over the period (a 42.2% increase from 2013) and this is due partly to our restructuring of the minor following Strategic Pathways recommendations. **Overall, all Economics majors and minors have increased 74% from 2013-2019.**

**Fact #2. Economics BA students realize rapid degree completion:** As shown in Table 2., students in the BA program finish degrees earlier than the average UAA student. **Average credits per BA Econ degree (102) are significantly lower than the average for UAA (121)** and for other CBPP majors (126) over the review period. Average credits per BA Econ degree have remained relatively constant or have slightly decreased over time.

**Fact #3. Economics has had a better enrollment trend than the rest of CBPP and UAA:** And, while enrollments have declined in all courses at CBPP (18%) and UAA (17%) during the review period, the decline in BA Econ program enrollment has been less over the review period, about 14%. The overall decline in Economics (BA and BBA) was 12.5%.

**Fact #4. Economics course pass rates are consistent with the rest of CBPP and UAA:** While there are slight variations our course pass rate is similar to the rest of the University. As in other departments, course pass rates are lower for online lower division courses than for in-person lower division courses.

**Fact #5. Economics is balanced in serving students in and out of the major:** Economics contributes proportionally more out of major SCH relative to other CBPP courses (31% > 17%). At the same time, Economics has a proportionally higher share of In Major SCH compared to the rest of UAA (70% > 50%). Relative to other UAA programs we have a higher share of “in major courses” and relative to other Business courses we have a higher out of major service dimension.

**Fact #6. Economics SCH production remains stronger than other UAA programs:** Economics SCH production has declined since 2013. However, the decline in Economics SCH production has been less relative to the overall decline at UAA (15% < 21%).

**Fact #7. The Economics SCH/FTEF efficiency was the 5'th highest across the entire UAA system:** This efficiency measure for Economics (735) is almost double the UAA average (420) and it is also significantly greater than the CBPP average (629).

Based on the period average, **Economics has the 5'th highest SCH/FTEF ranking across all UAA programs.**

**If the Business Statistics (BA 273) courses we teach were included efficiency numbers would be higher.** Because of the course prefix (BA) these courses are not allocated to Economics even though Economics faculty (Dr. Angie Zheng) has taught approximately 250 students in BA273 annually.

**Fact #8. Economics has fewer faculty teaching more SCHRS relative to other UAA programs:**

Economics Enrollment/FTEF average over the review period is almost double the UAA average (246>157) and is significantly greater than the CBPP average (246>210). Clearly Economics faculty are highly efficient in overall SCHR production.

**Fact #9. Economics has fewer faculty reaching more students relative to the UAA average:** The Economics FTES/FTEF (student to faculty) ratio over the review period is almost double the UAA average (25>14). The Economics Enrollment/FTEF average is also greater than the CBPP average (25>21).

**Fact #10. The average Economics course is larger than the CBPP and UAA average:** Economics average class size over the review period is significantly larger than average class size for UAA (25>14) and relatively larger than for CBPP (25>21).

**Fact #11. Economics Instructional Cost is lower than the CBPP and UAA average:** Instructional cost per SCH is significantly lower than the CBPP average (\$134<\$180) and slightly less than the UAA average during the period (\$134<\$132). These instructional cost numbers come from Course Tuition by Faculty Pay dashboard that was built by UAA IR for the Statewide program reviews.

**Fact #12. Economics Instructional “profit” (instructional revenue – instructional cost) is significantly greater than the UAA average:** Economics program revenue per SCH exceeds Instructional Costs by an average of \$74 per SCH over the review period. This is an average of about \$218 in net revenue per student per class. Our average is significantly greater than the Revenue-Cost average for all of UAA (\$74>\$63) and about equal to the average to the rest of CBPP (\$74>\$73).

**Fact #13. Economics faculty total cost as given by the “INST Cost” in the UAA Program review data are incorrect.** These data suggest that average Instructor Cost (Inst Cost/FTEF) is equal to \$210,957 for an Economics faculty over the review period. Economics faculty make significantly less than other CBPP faculty (e.g. Accounting, Finance, Marketing, and MIS faculty) yet this average is significantly greater than for other CBPP departments (\$175,225). As further evidence of this problem, salary data from 2016 indicate that average CBPP Economics Faculty salaries – including a 28% benefit rate – were \$152,834. **The average (Cost/FTEF) reported in the IR Program Review data for 2016 is \$222,755, about \$70,000 TOO HIGH. Clearly there are major anomalies here.**

In addition to these data anomalies, one should note that over the review period 5 tenure track Economics faculty had joint appointments at ISER. These Faculty all have heavier research workloads and teach between 1-2 courses per year, yet, their entire faculty cost is included in “Inst Cost.” Also, the Economics Department has one endowed Chair, this faculty member has a heavier research workload than the average faculty and part of this faculty position is funded through an endowed Chair.

**Fact #14. Economists bring in a significant amount of revenue from grants, contracts, and gifts to the University.** IR dashboard data indicates that Restricted Fund Revenue for Econ faculty 2015-2019 was \$1,016,367. This number only reflects contracts and grant funding used to buy out faculty time and doesn't reflect the total amount of grants, contracts, and gifts to UAA. We estimate that Economics faculty have been PI's or Co-PI's, on grants and contracts of around \$13,000,000 since 2013. Of this amount, about \$9,000,000 has come to UAA. A large share of grants paid the Federally negotiated F&A rate (about 50% in 2019) while other awards paid a lower rate associated with contracts or gifts. F&A funds go primarily to support administration, facilities and infrastructure and, unlike UAF and other peer institutions, UAA researchers rarely receive any share of F&A.

To put this amount of external funding in perspective, total Tuition Revenue from Economics courses over the 2013 to 2019 period was approximately \$8.3 million dollars (using rough estimates for 2013 and 2014). Economics faculty brought an equivalent amount in research funding, about \$9,000,000, to UAA over the same period.

**Fact #15. The endowed Rasmuson Chair of Economics provides significant benefits to UAA students, faculty and community stakeholders.** Since 2013, the Economics department has hosted 6 distinguished Economists as long-term visiting Rasmuson Chairs, including full Professors from Purdue University and the University of Wyoming. Dr. James Murphy is the current Rasmuson Chair of Economics. The Rasmuson Chair has funded visiting Chairs along with related workshops and special visiting speakers that enrich students and faculty alike.

Nobel laureate Vernon Smith was the first Rasmuson Chair of Economics. We have been extremely fortunate to host Vernon almost every year since 2003 for visits to UAA. Vernon will again visit UAA in 2020 and meet with students and faculty for special events.

Through the Rasmuson Chair, the Department has received several hundred thousand dollars in gifts providing opportunities for students, faculty and community stakeholders. Benefits include bringing around 50 academics economists from other Universities for regular research seminars, workshops, and project collaboration; conducting multiple undergraduate and high school workshops; conducting workshops that benefit community stakeholders, including workshops in Charitable Giving, Fisheries, and the Economics of Contests; and funding to develop open source instructional software that benefits students all across Alaska and the rest of the United States.

**Fact #16. A majority of Economics undergraduates enroll in a graduate program and job growth for economics majors is promising.** According to program review data roughly 64% of Economics graduates receive a post UAA award. Economics as a profession has higher than average predicted job growth and Economics majors have the analytical and quantitative skills that are in greater demand by industries across the board.

### 3. Program Quality, Improvement and Student Success (1500 words or less)

The BA and BBA in Economics are a part of the College of Business and Public Policies AACSB accredited programs. In a letter dated September 26, 2019 addressing our AY18 Cyclical Program Review AY19 Second Interim Report we received a commendation and a “Continuation” finding by Dr. Stalvey. The Provost noted that “The program is serving its students and meeting its mission and goals. No immediate changes needed other than regular, ongoing program improvements.”

For our AACSB specialized accreditation we have shown how we met BA and BBA learning goals as outlined in our assessment plans. Much of this information has been assembled for our AACSB accreditation visit which will be in March 2020.

Based on AACSB recommendations, we revised our BA Assessment plan which was ultimately approved by all committees in 2017. Economics faculty contribute regularly to CBPP assessment activities and each year submit Assurance of Learning reports, we also participate in continuing review and implementation. We collect data in several upper division economics courses and in our Principles of Micro and Macro courses; these efforts are tied to BA and CBPP BBA learning goals.

Assessment activities include both formal observation and formal and informal discussion of results among economics faculty. Economics faculty continue to implement changes that are responsive to themes identified in assessment activities.

In terms of “closing the loop” some of the changes economics faculty have made over the review period that address BA learning goals include:

- adding writing assignments to Intermediate Microeconomics and Principles of Macroeconomics - addressing learning goal 5.2 (using economic data as evidence to support or rebut an argument as part of a written paper about an economic issue);
- changes in the timing of material presented in Intermediate Micro to help students better understand the mathematics of optimization - addressing learning goal 2 (use economic concepts and analytical skills to address economic problems);
- a new unit was added to the Economy of Alaska course (Econ 300) on the remote open resource-based economy that introduces the limits that world commodity and financial markets and national labor markets impose -- making a small economy like Alaska a price-taker - addressing learning goal 1 (improving the economic way of thinking);
- adding content and assignments in Econ 300 that include a more analytical application of the economic base model for quantifying effects of hypothetical economic changes such as analyzing the difference between a new mine opening in rural Alaska vs. the same mine opening in suburban Fairbanks - addressing learning goal 2 (Use economic concepts and analytical skills to address economic problems);
- updating topics of discussion based on State and Federal government issues in Public Finance - addressing learning goal 2 (understanding the role of institutions, especially markets and government, in shaping economic outcomes);
- requiring students to work in groups to design experiments in Experimental Economics (ECON 333) – addressing learning goal 5 (obtain and analyze relevant economic data to test hypotheses against evidence).

In addition, Economics faculty have integrated technology more effectively in Principles of Macroeconomics, Microeconomics, Business Statistics and upper division courses. Technology includes better integration of lecture capture (Panopto), providing new web-based audio/video material for online classes, and use of RPNOW in online classes.

In addition, faculty use the mobile online economic experiment application Kiviq ([www.kiviq.us](http://www.kiviq.us)) developed by former UAA faculty Dr. Kyle Hampton. Kyle donated this tool to the economics department when he left for Chapman University and we continue to use it regularly in courses and work with a programmer to keep it updated.

Economics faculty have tried hard to be innovative in terms of distance courses. Professor Larry Ross, who taught the most distance students over the review period, worked with Instructional Designers and Distance Education in Fall 2018 and did Quality Matters self-reviews for all 3 of his courses. His courses met a majority of QM measures and he made adjustments to his courses in light of feedback. Anecdotally, Economics majors tell us (the most recent a student accepted into the London School of Economics for a Masters program) that relative to other online courses they find Economics courses to be the most rigorous and valuable they have taken, by far. We regularly offer lower division and upper division courses allowing our students to balance busy lives while making good progress on their degrees.

Economics faculty and the Economics Club have coordinated to provide regular weekly tutoring to Principles and Upper Division economics students. The Economics department pays for pizza and one or two student assistants, and the Economics club recruits additional volunteers to help provide weekly tutoring to Economics students.

In order to increase exposure of first year students to Economics we introduced a new 100 level GER Economics course "Political Economy" (Econ 100) over the review period. This course has been successful in presenting core economic concepts to Freshman. Ideally students who become Economics majors gain mastery of core economic concepts earlier in their curriculum.

As for student success, UAA Economics faculty Dr. Alex James and Dr. Jim Murphy have published 3 peer reviewed journal articles with Economics students over the last 5 years. Students have also gone on to outstanding jobs, internships, and to prestigious graduate programs.

Some of our students have worked as interns for the Alaska Department of Revenue, Alaska Division of Oil and Gas, Institute of Social and Economic Research, Northern Economics, Anchorage Economic Development Corporation (AEDC), McDowell Group, Target, Army Corps of Engineers, Federal Reserve Bank of Richmond, US Senate Offices (Stevens, Murkowski, Begich, and Sullivan), Representative Young's office, multiple Alaska House and Senate legislative offices, First Alaskan's Legislative Internship program, and more.

We asked a few of our students to write letters explaining their story. Several students submitted letters which we included in our original submission as an appendix. Below are brief summaries of their accomplishments, we are happy to provide their letters upon request.

- **DA (letter submitted)** – DA (BA, 2012) was a double major in Economics and English. He assisted us in the Vernon Smith Economic Science Lab and has worked in the UAA research compliance office for the last several years.
- **DB (letter submitted)** – DB (BA, 2015) graduated as an Economics major after already having completed a Math degree. Upon graduation, DB applied for PhD programs in Economics - with strong UAA Econ faculty support – and received a full fellowship offer to Purdue University where he is in his final year of a PhD in Economics (Math Econ emphasis).
- **MJ (letter submitted)** – MJ (BA, 2015) was an Econ grad who enrolled in the WAMI program. MJ is now in his third year of medical school at the University of Washington.
- **SL (letter submitted)** – SL (BBA, 2017) completed a Masters degree at the London School of Economics. Prior to her Masters she worked for AEDC and she currently works as a Research Analyst for the International Trade Administration.
- **TP (letter submitted)** – TP (BA, 2016) completed his MBA at UAA while competing as a student athlete for the men’s basketball team at UAA. TP currently works at California Polytechnic State University in college sports marketing.
- **KR (letter submitted)** – KR (BA, 2009) was an Econ grad and UAA’s first Marshall scholar. She received degrees from Cambridge (MPhil) and London School of Economics (MSc). She went on to complete a PhD in Urban Planning at UCLA. She is now a faculty member at Rutgers.
- **RR (letter submitted)** – RR (BBA, 2016) completed his MBA at UAA. He served in the Armed forces then began his degree at UAA in 2010. RR has worked as a research analyst for ISER, AjiC and worked in Economic Development for the Bristol Bay Economic Development Corporation.
- **JR (letter submitted)** – JR (BA, 2017) currently works as the Assistant Director of the Speech and Debate program at Cornell University. She is also pursuing a Master degree in Industrial and Labor Relations at Cornell.
- **MR (letter submitted)** – MR (BA, 2017) was an Economics graduate who completed a Masters in International Relations at George Washington University after graduating from UAA. She currently works as a development economist in Cambodia for an international consulting firm.
- **AS (letter submitted)** – AS (BA, 2018) completed her BA while working as a legislative intern and then moved to a full-time position as a legislative aid when a position opened up.
- **AS2 (letter submitted)** – AS2 (BA 2016) was a double Econ and Languages major. He went on to complete his Masters degree in Environmental Science and Management at UC Santa Barbara in 2019. He is currently a Research Assistant at Resources for the Future in Washington DC.
- **CT (letter submitted)** – CT (BA 2013) was a finalist for the Marshall Scholarship, after UAA she graduated from University of Cambridge, Kings College, with a MPhil (Economics) and has worked as an Analyst at Barclays Investment bank and currently works as an Associate at Bridgepoint Capital. CT has recently applied for Econ PhD programs.

**4. Program Duplication / Distinctiveness (300 words or less)**

The BA and BBA Economics majors at UAA are the only baccalaureate programs in Economics offered in the State of Alaska. Regrettably the program at UAF was discontinued about two years ago.

As described earlier, the UAA BA and BBA degrees are complementary. We were careful to design the core curriculum and electives such that all courses are possible options for both BA and BBA students. BBA students are required to take more Upper Division business courses and BA students have more flexibility in electives. By eliminating either the BA or BBA, while keeping the other, program instructional costs would not decline. Further, as already stated, program Instructional Costs, are significantly lower than the UAA average but Instructional Revenue is significantly higher. Cutting the BA or BBA would needlessly reduce program revenues.

The Economics department has talked extensively with UAF faculty, the UAF Dean, and the UAA Dean about the possibility of moving the Masters in Economics program to UAA. The UAF Masters in Resource Economics program is in suspension and UAF faculty are not optimistic about its' future given the elimination of the UAF bachelor's degree in Economics and lack of Economic faculty resources.

Our faculty drafted a pre-prospectus that was given to our Dean and to the UAF Dean. Support is strong for a UAA Masters in Economics given the strong group of economics faculty and the potential for collaboration with the MPP and MPA programs. However, the fiscal climate and reduced resources have kept us from moving forward with this request. With more fiscal certainty, and renewed investment in our program, we could move forward on a Masters in Economics program.

## **5. Summary Analysis (500 words or less)**

As indicated in the student letters, Economics at UAA is a hidden gem, providing the quality and unique instructor attention available only at some of the top programs in the country. Economics faculty engage in cutting edge research, much of it Alaska relevant, and students benefit directly and indirectly from faculty research. Much of the research economists do is in high demand, as is reflected in the significant amount of grant funding Economists have brought to UAA. The service economists do is also incredibly valuable, as also reflected by the significant donations from a variety of Foundations and unique service opportunities afforded to economists. UAA economists are experts in fiscal policy, education policy, fisheries, and resource economics and provide critical service to the State of Alaska in areas of expertise.

The Economics degree program, by all 13 requested metrics, is outstanding. Graduates in the BA program increased or remained constant over the period, and overall across the BA, BBA, and the Economics minor, our numbers of graduates have been increasing. The Economics Enrollment/FTEF average over the review period is almost double the UAA average and is significantly greater than the CBPP average. Economics has fewer faculty reaching more students relative to the UAA average,

and relatively large class sizes. Economics Instructional Costs are significantly lower than the CBPP and UAA average and, just as important, Instructional Revenues are higher than average. In total, Revenue exceeds Instructional Costs by an average of \$74 per Student Credit Hour, also significantly larger than the UAA average. Other sources of revenue exceeded \$9 million.

Moving forward, our biggest challenge is the fiscal uncertainty, which, to a large extent, is out of our control. Faculty in our department love Alaska, UAA, and our department, however, they also have excellent outside options, families to support, and careers to build. Without continued investment in our program we will continue to lose good Economics faculty. Unfortunately, an outstanding program will collapse. Good people attract good people and by helping us keep and attract good people you will be building our program.

With renewed investment we can continue to build our undergraduate program and develop a world class Masters in Economics program that attracts the best students from all around the world. We will also continue to develop our marketing efforts to recruit more students from Anchorage area high schools as well as students from other US States.

Perhaps it's best to close with quote from a student letter (echoed in other letters) – one from a student who has taken courses at Georgetown and Oxford. “My economics professors at UAA are some of the best that I have had across all of the universities I have attended or taken courses at... the faculty’s genuine interest in their students, as exhibited by their willingness to spend their own personal time helping those students, is something that is very rare to come across and I have struggled to find in other institutions.”