

External Advisory Report on the Department of Economics
University of Notre Dame
April 30, 2013

External Advisory Committee

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Executive Summary

What has happened to Economics at Notre Dame since the current department was created in 2003 is a minor miracle (technical term used advisedly). The trajectory of growth and improvement exceeds even the most optimistic forecasts from the early 2000s. The complete rebuild of an Economics Department, essentially from scratch, in one decade is virtually unprecedented in the profession—and doing this with a plan so coherent with the University’s mission makes the accomplishment all the more spectacular. It is a credit to the faculty in the department, and particularly the chair, that this change was accomplished so rapidly and visibly within the profession. This renaissance clearly could not have been accomplished without the dedication and support of the central University administration and the College of Arts and Letters.

We are impressed overall with the Department’s plan for the next seven years; it is ambitious but not unachievable. In particular, moving from a department of 23 faculty to one of 38 with hiring at all levels will require recruiting efforts at the same level, or higher, than the ones that have been used during the last 10 years. As with any economics recruitment effort, but in particular large-scale recruiting that supports the University’s mission, targets of opportunity will figure prominently in these efforts and most likely in the successes. For this reason, we think that it is imperative that most searches over the next seven years remain “open” rather than limited to specific sub-disciplines of economics. It is equally important to recognize that “recruitment” is a multifaceted activity: current faculty presenting their research in many other venues and invited faculty from other institutions presenting their research at Notre Dame are both vital components of any effective academic recruitment effort. This advertising effort makes the graduate program and the seminar series as central to the recruitment effort as the selection of candidates in the actual search.

The undergraduate program is growing, vigorous, well-designed, and well-received. We expect that it will continue to grow, especially as the Department adds faculty. We applaud the creation of an integrated, modern economics major with content and breadth comparable to other elite undergraduate economics majors. The undergraduates that we interviewed were extremely positive about their

interactions with the faculty. We note, however, that the current faculty and staff are straining to provide the level of teaching, counseling, and advanced writing commensurate with the current size of the major. We recommend expansion of the Special Professional Faculty for both teaching and counseling, reconsideration of the types of projects that can be counted as senior theses, creation of additional opportunities for collegial interaction among the majors, investigation of a potential major or minor in financial economics, and continued commitment to the new International Economics major.

The nascent Ph.D. program, re-instituted in 2006, has an excellent start. Current students are well-trained, have had extensive opportunities to develop their research ideas under the supervision of multiple faculty members, have traveled extensively to present their papers, and have been well-placed especially considering the absence of a track record for the new Ph.D. program. We agree with the current policies of expanding slowly, taking some admissions risks that are addressed swiftly if the student proves too weak to continue, tailoring the field courses to meet student demand rather than trying to offer a full suite, and providing four years of hands-on research seminars in the three core areas. Our major recommendation is to expand the budget for visiting speakers and mini-courses so that it is in line with the level of those activities in other elite universities. These programs provide graduate students with exposure to other economists at leading universities and provide the visitors with an excellent view of the new Department and its students. This recommendation is coincident with the one we make in the faculty section.

With respect to the Department's interaction with other units on campus, we found that there is a strong interest in collaborations within the Kellogg Institute and the International Economics major. We expect these activities to flourish because of new leadership in the Kellogg Institute and a sense of shared purpose in the International Economics major. The relations with the Mendoza College of Business are more difficult. That College faces a challenge, like the Economics major, in accommodating increasing numbers of students. We recommend expanding the Economics Departments offerings in advanced finance, financial econometrics, and related courses in order to offer an additional path to such careers that would reduce some of the stress on the Mendoza undergraduate program.

Finally, in the area of succession planning, we recommend that immediate steps be taken to identify a new department chair from within the ranks of the current faculty. This person might serve as vice-chair during the upcoming academic year in preparation for succeeding the current chair, who is moving to phased retirement in the 2014-2015 academic year. In addition, we recommend a major increase in the level of professional and administrative support services provided to the chair and, more generally, to support various Departmental activities.

The Faculty

Faculty Size & Distribution

The goal of increasing the size of the faculty from 23 to 38 in the next five to seven years (i.e., within the next review cycle for Economics) is appropriate, albeit ambitious. The distribution of the expansion (two-thirds tenured, one-third Assistant Professor) also is appropriate.

As we noted in our executive summary, the recruitment efforts that produced the current faculty of 23 were spectacularly successful. The combination of senior hires from “targets of opportunity” and junior hires from top-flight Ph.D. programs has resulted in a surprisingly balanced, but still primarily applied, department with high research productivity, commendable devotion to undergraduate education, and excellent results in the new Ph.D. program. The primary basis for our agreement with the Department’s expansion goals is the competence that they have already shown in executing a large-scale recruitment effort that clearly enhanced both the University’s mission and Notre Dame’s standing within the economics profession.

The senior recruitment (Associate, Full and Endowed-chair Professors) will require paying continued attention to targets of opportunity and focusing on specific individuals or couples who contribute to the Department’s core expertise and to the University’s unique mission. This strategy was very successful in building the Department from its bare-bones state in 2003 to its present level. This success is also the primary reason why we believe that the searches associated with the continued expansion also should be “open,” and not focused on a particular set of economic sub-disciplines. The preponderance of the faculty resulting from such an open expansion will be applied (microeconomics, macroeconomics and econometrics) with some individuals who are primarily theorists among them.

Such a department would be ideally positioned to focus on current important themes for the University and profession, like economic development and the environment, without being locked into a small set of specific specialties. When new and important themes emerge in economics or in the University’s research priorities, this medium-sized, primarily applied, Department would be able to move with the profession and the institution. That is the way elite universities would configure a department this size—although at any point in time such a department might appear overly specialized, over time that appearance of specialization would change without major personnel reconfigurations. The current migration to economic development is the result of just such a shift in research emphasis, resulting from an enormously influential article by Nobel Laureate Robert Lucas.

Some of the current Assistant Professors will be tenured, and we are not considering them as part of the expansion; but as they are tenured, it is appropriate to adjust the ranks targeted for hiring. The end result would be a department of

about 38 that is roughly one-third assistant professors and two-thirds tenured faculty.

Sustaining Recruitment and Faculty Growth

The combination of recruiting 15 new faculty members at all ranks and doing the non-steady-state promotion and tenure evaluations that are an inherent part of a growing department is a very labor-intensive process. Because most of this effort must come from the existing faculty (and the new members as they join), it is important to recognize that some important measures must be taken to ensure that the undergraduate teaching and general research missions are not compromised.

We acknowledge the extraordinary efforts that the current faculty members have made to provide the needed recruitment effort while continuing to maintain their regular teaching loads. We also acknowledge the collegiality that they have displayed in taking on extra work when it was not reasonable to expect the department chair, in particular, to handle all the work. Nevertheless, the risk of a permanent reduction of research and teaching productivity resulting from the prolonged overload of recruiting efforts is real and must be addressed as part of this expansion.

The most effective way in which the faculty workload associated with the departmental expansion can be managed is to hire additional Special Professional Faculty (SPF) and administrative staff. As we discuss directly in the undergraduate section, the Department needs to expand the number of its SPFs to help meet its teaching and advising obligations for its sizeable undergraduate program, a program that is likely to continue to grow. But it is also the case that the Department needs to use some combination of its SPFs and non-faculty administrative staff to support its (1) ongoing faculty search and recruitment; (2) evaluation of its assistant and associate professors for tenure and promotion, respectively; (3) management of its graduate program, including the recruitment, progress and placement of graduate students; and (4) other administrative tasks, including the management of space, scheduling, budget, and regular personnel activities. As we discuss below in the section on departmental leadership, expanding the Department's current administrative infrastructure also will be needed to make the job of the Department's chair manageable. We note that the Department's Self-Study has proposed additional SPFs and administrative staff to address these various needs. We support these requests and illustrate below the levels of staffing found in economics departments of the size envisioned for Notre Dame's Department at other elite universities. If anything, it is our sense that the staff requests in the Self-Study are too modest.

We recognize that the recommendations for additional SPFs and administrative staff do not appear to be budget neutral. But, in fact, they are. If the goal of the budgetary process is to produce constant-quality research and teaching over a long horizon, then it is simply bad economics to fail to count the lost future productivity and

potential faculty retention problems stemming from the work overload as a current cost. Taking the hit via a lost decade of research productivity and higher rates of faculty attrition is counterproductive. It is far better to recognize immediately the recruitment workload during an expansion effort of this magnitude by hiring the extra labor in the form of SPFs thus avoiding the long-term productivity loss from the tenured faculty. Notre Dame's tenured faculty's future research productivity is an asset whose depreciation should be managed not squandered.

But the recruitment and retention of faculty in economics also requires additional support and arrangements that are present in departments at elite universities that are currently lacking in Notre Dame's Department. We give attention to the support for two important activities within the department: (1) visits by economists from other universities to present seminars and give mini-courses and (2) presentations and seminars by current faculty members and graduate students at other universities, workshops and conferences.

The current paucity of research seminars and mini-courses in the Economics Department that are given by visitors from other universities and research centers jeopardizes its future development. An economics department at an elite research university would have five to ten research seminars per week with outside speakers at many of them. In addition, it would have a program for extended visits (one week or longer) often associated with a mini-course (a sequence of lectures on a related topic over several days).

The visits by outside speakers serve to introduce the younger faculty and graduate students to other researchers working in their areas. More importantly, these seminars introduce the faculty at Notre Dame to the invited persons. It is hard to overestimate the role of this advertising in raising the visibility of a department and its graduate students. There are not many new or completely overhauled economics departments in the U.S. (ND being a notable exception), but there are many in Europe and Asia, especially China. One strategy they use to raise their visibility is to invite prominent economists from around the world to visit for seminars and mini-courses.

We believe that the Notre Dame Administration should provide the Economics Department with a regular budget for a seminar series that features invited speakers. We were surprised to learn the Department did not have such a budget and suggest that something on the order of \$60,000/year for both is appropriate. We recognize that this is not a budget-neutral recommendation, and that it is \$20,000 more than the department itself asked for. But here is why we make it. At elite universities these seminars are naming opportunities, and we believe that they also should be here. Once a seminar is endowed, the name is associated with that seminar's weekly activity. Similarly, names are associated with feature lectures that provide an occasion for the speaker to stay several days. The seminar and guest lecture series should become part of the capital campaign. Once the gifts are secured, they would replace the central budget allocation. In this way, our

recommendation becomes budget neutral because the collection of activities centered around visitors and the seminar series substitutes for another named activity in the capital campaign, such as an endowed professorship. A fixed-term gift (say \$500,000 to be spent over ten years) also could replace the direct seminar funding.

Research Productivity and Sub-discipline Coverage

Most external review committees are asked to comment on the research productivity of the current faculty, including the breadth and depth of the research within the discipline. Our committee considers the discussion of these topics within the Department's Self-Study to be both comprehensive and accurate. The Department chose appropriate criteria (volume of publication in top-40 journals and overall citation rates) and used appropriate comparison departments (University of Rochester, The Johns Hopkins University, Boston University, Boston College, and Vanderbilt University). We agree with the self-study's conclusion, which we quote here:

... the external hiring at Notre Dame since the last external review thirteen years ago has produced a group of tenured faculty that are producing quality papers at a rate that is better than departments ranked in the thirties and comparable to departments ranked near twenty-five in the USNWR rankings. As the department grows and we continue to make hires that produce at comparable rates to existing faculty, we will have a department that has quality output that rivals departments in the top twenty-five. (p. 31)

The Economics Undergraduate Program

The Department's Self-Study provided an excellent discussion of its undergraduate program and we will not try to summarize it here. In addition, we learned a great deal from the meetings we held with the Directors of Undergraduate Studies, the faculty on the Undergraduate Studies Committee and a group of undergraduate students who are majoring or minoring in Economics. Below, we highlight several observations about the undergraduate program in economics at Notre Dame and offer some recommendations for its future.

First, it is clear from our meeting with the undergraduates that they have a very favorable view of their experiences as economics majors or minors at Notre Dame. We were impressed with them and the sense of purpose with which they approach their study of economics. The students felt that they have received a rigorous training in economic theory and econometrics and that most of the upper-level electives provided them with excellent opportunities to apply this training to address a variety of substantive questions. Every student in the group noted her/his satisfaction with the quality of instruction and accessibility of the faculty in the Department. Finally, several of them expressed appreciation for the rigor and foundational nature of the courses they took in the major.

Second, the students expressed concerns about the difficulty of getting into some of the courses they wanted to take and in the limited social interactions and sense of camaraderie within the program. They noted that the limited number of elective courses with writing components made it difficult to get into courses covering topics they preferred. They also found fewer opportunities to socialize and get to know the other students in the Economics major compared to other majors (*e.g.*, business majors). Finally, several of the students expressed their desire for more counseling and access to information when developing their curriculum.

Third, in our meetings with the Department's two Professional Specialists, we were impressed by their commitment to the undergraduate students in the Economics program. But it is clear that they simply do not have adequate staffing and resources to provide some of the counseling and guidance that the growing number of majors in economics is seeking. As the Chair of the Department indicated, while he reduced their teaching loads by one course per semester to free up their time for counseling students in the major, it was simply not enough time to deal with the Department's growing number of majors and minors nor to help organize more activities for these students or for those in the Department's Economics Club.

The above findings lead us to several conclusions and/or recommendations for the Department's undergraduate program over the next few years:

The Department is in immediate need of a significant expansion of the resources it has to support its undergraduate major and minor. As noted, the undergraduates we met indicated a real desire for more counseling and help

aligning their curriculum in economics with their career goals. Moreover, they want more elective offerings from a faculty that is currently too small and that has had to devote itself to teaching most of the core undergraduate courses in the major, *i.e.*, Econ 30010, 30020, 30330 and 30331. It is the Review Committee's sense that the most obvious way to deal with these shortfalls, both in the short and longer run, is to increase the number of SPFs and to do so as quickly as possible. In their Self-Study, the Department requested two SPFs (p. 57). We think this request is too modest and strongly recommend that the Department be given funding for at least 4 SPFs over this period. This level of support is needed to deal with both the counseling and advising that students are seeking, as well as needed teaching help in some of the lower-level courses and, possibly, in some more specialized, upper-level courses (*e.g.*, some courses in finance). We would note that having 5-6 SPFs is consistent with the staffing in economics departments at other elite universities. For comparison, we describe the resources available at the home institutions of two of the Committee member: Duke and Cornell Universities.

The Department of Economics at Duke University has a faculty of 37 full-time tenure-track faculty members, along with another 25 faculty in other schools and programs at the University who have courtesy appointments in the Department. Duke Economics currently has around 720 majors and minors in its undergraduate program. To help support this undergraduate program, Duke Economics has as a staff of 6 full-time professors of the practice that provide teaching and advising support to that Department's undergraduate program.

Cornell has an Economics Department with 50 tenure-track faculty (and a Ph.D. program faculty that includes an additional 46 economists from around the campus) that teach 720 majors, all the economics classes for 800 ILR undergraduates, distribution electives for the 4,500 Arts & Science undergraduates, and most of the staffing for introductory microeconomics and macroeconomics, which are taken by students in all colleges (about 2,300 students/semester in total). Cornell's Department has three full-time senior lecturers (teaching-only positions) and at least two visiting faculty members. One of the senior lecturers trains and coordinates all TA assignments (about 45 per semester).

We also would recommend that the Department be given resources to increase its staffing and fund various activities for its undergraduate program. Some of the concerns expressed by the students we met could be addressed by having a larger professional staff that could help support the faculty and SPFs in the teaching of undergraduate courses. Moreover, providing an expanded budget would allow the Department to fund activities such as outside speakers that would enhance the undergraduate experience of economics majors at Notre Dame and help build the community and sense of camaraderie that the students we met indicated is lacking. Again, we would note that the requested staffing in the Department's Self-Study (p. 57) is probably too modest. While we are not sure what the appropriate level is, we would note that the undergraduate program at Duke has a support staff of three full-time people whose sole responsibility is supporting that Department's

undergraduate program. In Duke's case, the Department's instructional arm, the Economics Center for Teaching (EcoTeach) provides student services and offers assistance with the many aspects of pursuing a degree in Economics at Duke¹ and has helped foster a sense of identity that the undergraduates in Economics at Notre Dame that we met are seeking.

The Department should work with the College to expand the number and types of undergraduate experiences that qualify as Honors Theses. The Department's Self-Study identified the need to expand the number of undergraduates writing honors theses to move closer to the College's target of 30% of majors writing theses. We explored this issue in our meetings with undergraduate majors and minors and with the Department's Undergraduate Studies Committee. Our sense is that meeting the 30% goal will continue to be a challenge for the Department, given its current faculty and SPF staffing levels. But it is our sense that the parties involved may be defining what constitute honors theses too narrowly. For example, many of the students that we met had produced a major writing project; however, only one of them had produced an honors thesis. More generally, as documented in the Self-Study and based on our undergraduate meetings, we were impressed with the number of students that were producing empirical studies, many of which were being submitted for the competition for the Bernoulli prizes that the Department holds each year. However, it is our understanding that most of these studies are not designated as honors theses. Thus, we would encourage the Department to work with the College to determine whether the guidelines for an honors thesis might be expanded to include some of the empirical projects the students are already conducting, including ones that are outgrowths of existing faculty research projects and ones that the recently established LEO program is likely to spawn.

The Department should consider expanding its undergraduate offerings and options for majoring/minoring in financial economics. One of the clear messages that came out of our discussions with the undergraduate majors we met was the desire for more analytical and quantitative courses in financial economics. Students indicated that upper division courses of this sort are not offered by the Economics Department and are not consistently offered in the finance concentration within MCOB. The chair of the Finance Department in MCOB confirmed the latter point in our meeting with him. Furthermore, the chair of Finance indicated that MCOB is discussing restricting, rather than expanding, access to its undergraduate majors and that Finance would welcome an increase in the Economics Department's offerings in finance, especially upper-level courses on asset pricing, forecasting in financial markets, equity valuation, and international finance.

It is our sense that having the Department of Economics expand its offerings in financial economics is a good idea and could produce a win-win outcome for all parties involved. It will help meet the unmet demands of a group of students seeking grounding in the economic fundamentals of finance, relieve some of the pressures

¹ See <http://econ.duke.edu/ecoteach> for more about this Center.

on the Finance Department, which is grappling with how to meet the continuing demand for its undergraduate courses, and capitalize on the interests of some of the Economics Department's existing faculty and potential hires over the next several years. We are not familiar enough with the structure of Notre Dame's academic programs to make specific recommendations, but it is our sense that developing either a "concentration in financial economics" within the Economics Department's existing major or expanding on its recently established minor in financial economics should be explored. Such a concentration or designation would provide an appropriate of a course of study for students seeking more analytical careers in finance and investment banking. We would note that many of Notre Dame's peer institutions have concentrations or minors in financial economics and the closely related area of mathematical economics that are offered within economics departments. For example, such programs exist at Johns Hopkins, Northwestern, Duke, Cornell, and UCLA. We strongly encourage the Department to work with the Dean of the College of Arts & Letters and the leadership within MCOB to explore these options.

The Economics Graduate Program

The Ph.D. program, which was re-instituted in 2006, is small, with a current stock of 25 students. Our review of the prepared materials and our meeting with a group of students spanning several cohorts revealed a successful program, which is surprising given its youth and small size. Despite the lingering reputation of the previous incarnation of the Department, the present faculty has managed to do well in attracting and training its first cohorts of students. Moreover, the graduate students are very satisfied with the program. We make the following recommendations for the graduate program.

The Committee agrees that the Department should not lower its admissions standards in order to grow the Ph.D. program more rapidly. The Committee feels that it is not feasible to ramp up too quickly without sacrificing quality, which would hurt the reputation of the Department in the long-run. Fortunately, the Department is not pressured to increase the size of the graduate program in order to provide additional teaching assistants for undergraduate classes. The Department has responded to the challenges of small applicant pools in three ways. First, it has admitted very small classes of students rather than reducing its threshold for admittance. Second, it has been decisive in not allowing the students who are performing poorly to continue in the program. Third, the faculty has devoted considerable resources to the remaining students—involving them in research early and nurturing them in multiple ways, such as through research seminars and job market preparation. The outcome is evident in the unusually large number of second-year papers the graduate students are able to publish. We were particularly struck by how many graduate students had presented their work at multiple conferences. Most importantly, the placements of the first few cohorts are particularly impressive for such a young Ph.D. program.

With respect to the target size of the Ph.D. program, the Review Committee feels that it is premature to set a target at this time. Growing a quality doctoral program in economics involves balancing the capacity for doctoral instruction and research with the commitment to undergraduate education. Since Notre Dame does not rely on large numbers of doctoral students to serve as teaching assistants in its undergraduate courses, the steady-state size of the doctoral program can be smaller than in comparable elite programs that do use many TAs, with greater emphasis given to research activities. In order to foster the research and teaching experience of the graduate students, the Department must pay careful attention to the level of its internal and external research funding as well as to the capacity of the undergraduate program to absorb courses taught by graduate students, a valuable experience for those students, while most courses continue to be taught by regular faculty and SPFs.

The Department should explore ways to deal with its inability to offer a full range of field courses on a regular basis. The only weakness we identified is one that plagues any small department: the Department finds it impossible to staff a full

set of field courses² and must therefore rotate its offerings. The question is then how it should deal with the sparseness of field courses in a small program. While it is difficult to argue with the department's success so far, we had several ideas for other ways to deal with this one weakness. These are:

1. Replace some of the field courses with directed reading groups of faculty and students. Faculty would receive fractional credit for these courses.
2. Follow the early UCSD strategy of being a "boutique department." UCSD dealt with its small size and strength in only a few key areas (econometrics and theory) by requiring two years of core courses for everyone, followed by only a few field courses. Because of its reputation, only students interested in areas related to theory or econometrics applied to the program. The result was a strong group of graduate students with similar interests and no pressure to offer many field courses like a full-service department. Once it grew, the department was able to branch out and become a full-service department. Notre Dame could easily follow this model since it has built up excellent groups in a few key areas.
3. Follow the science lab model in which students are admitted to work with particular faculty member or groups of students are admitted in order to concentrate fields in only a few areas.

The list above is a collection of ideas rather than recommendations. The Department has already shown itself to be innovative in the way it deals with its small size.

We recommend regular funding of two to three weekly seminar series per year in which outside speakers visit campus (including visitors who stay longer and offer short mini-courses). (This recommendation was also noted in the faculty section.) We believe that regular seminars would not only add to the overall intellectual life of the Department but also would help the graduate program in several ways. First, current graduate students could meet with seminar visitors and attend their seminars, which would provide important exposure to others in the profession. Second, visitors would see the tremendous progress that the Department has made and would be more likely to recommend Notre Dame to their undergraduates applying to Ph.D. programs.

It is important to make sure that graduate fellowships and stipends are competitive with peer institutions in order to increase the yield from its applicant pool. Currently, baseline stipends at Notre Dame are \$18,450. The high-end competition is an NSF fellowship for \$30,000 per year. Most elite universities offer \$23,000 to \$28,000. The Department has been successful winning additional funding for graduate students, such as several fellowships from the Graduate School and the Kellogg Institute, as well as research assistant funding. Overall, the

² In the discipline of economics a "field" or "concentration" course is a sub-discipline course like Labor Economics, Public Finance, International Economics, Development Economics, Industrial Organization, Advanced Theory, Advanced Econometrics, Health Economics, *etc.* Large economics Ph.D. programs offer two-semester sequences in eight to ten sub-discipline areas every year.

Department should try to make sure that the combination of funds from different sources will make the packages they offer competitive with other institutions.

Resources for funding graduate student travel should be consolidated. We were particularly impressed with the number of external presentations the graduate students made before they entered the job market. Administrative frustrations like requiring applications to multiple entities within the university to secure funding for this travel should be addressed by consolidating the resources into a general Departmental pool that constitutes the base (allocated by the Chair or DGS). Only incremental funding for presentations that are mission-central to another unit would then be funded by special application. This recommendation is intended to be budget neutral.

Relationships with other Units and Interdisciplinary Research

Relative to the typical economics department, the Notre Dame Economics Department has been quite proactive in reaching out to other units to pursue interdisciplinary research. Members of the faculty are affiliated at various levels with numerous research centers and several are pursuing research that is truly interdisciplinary. Nevertheless, the faculty has expressed some frustration that the degrees of interaction have been weaker than anticipated in some cases and have complained that some joint decisions on graduate fellowships and hires have not gone as well as they had hoped. We see a number of hopeful signs for future interactions, including the following:

- There has been recent turnover in the leadership of various schools or research centers and there is optimism that future collaborations may be more productive than they have been in the past.
- We were impressed with the new International Economics major that integrates an economics education with an education in the language and culture from a region or country, including Arabic-speaking countries, German, Russian, Romance languages, *etc.* This program represents the ideal pairing of economics with the humanities to prepare students for a global job market.

We recommend that the Department take advantage of two potential opportunities for better collaboration with the business school.

1. The physical proximity of the proposed new social sciences building to the MCOB has the potential to lead to closer ties between the two units. When the new building is completed, the Economics Department should use its physical proximity to interact more with the faculty of the MCOB.
2. As discussed in the section on the undergraduate program, adding options for studying financial economics in the Economics Department will help relieve some of the pressure on the business school.

We recommend that while encouraging interdisciplinary activities, the Administration not exert pressure in situations in which interdisciplinary activities negatively affect the stature of researchers in the economics profession. Like many universities, Notre Dame seeks to foster interdisciplinary research. There are some clear interdisciplinary links with the research interests of faculty members in economics, such as in the areas of human development and the environment. We support this emphasis in the cases where it leads to better research. We caution, though, that junior faculty members need to focus on publishing in the top economics journals, which can be difficult for interdisciplinary projects. Thus, they should not feel any pressure to form interdisciplinary links if it does not directly help them establish a reputation in the economics profession.

Leading the Department in the Coming Years

In our initial meeting with the Provost and Dean of the College of Arts & Letters, we learned that Professor Richard Jensen will step down as Chair in the next year and will begin a phased retirement after that. As a result, the Department will need to find a new Chair very soon. The Provost and Dean asked us to provide any advice/thoughts we might have on facilitating this leadership transition. We talked about this matter amongst ourselves and with some of the Department's senior faculty members, including Professor Jensen, during our visit. Below are our thoughts on this matter.

Before addressing the matter of the leadership going forward, we feel it important to acknowledge the tremendous job that Rich Jensen has done as Chair for Economics over the past 13 years. We will not recount the history of what transpired with respect to Economics at Notre Dame over this period. Suffice it to say that it was a challenge that few Chairs face. As noted at the outset of this report, the current Department of Economics represents an accomplishment that few observers, including members of this Review Committee, could or would have predicted even 5-6 years ago, let alone at the outset of Rich's term as a Chair at Notre Dame. A lion's share of the credit to what has happened goes to Rich for his leadership and his perseverance.

We now turn to a series of observations and suggestions about ensuring the leadership of the Department of Economics at Notre Dame over the coming years. We do not offer any assessments of the suitability of potential internal candidates for the position of Chair. We do not have sufficient information to do so. Rather, our comments focus on ways of structuring the position and the Department's administrative structure so as to facilitate the job of the next Chair and her/his successors.

It is important to move forward now with identifying the next Chair of the Department and having this person work with Professor Jensen on the transition. We know this is stating the obvious, but it is important to emphasize that this transition will be a major one for the Department and, for reasons we note below, there is no reason to link the identification of a new Chair with the coming year's faculty recruitment.

We strongly advise that the College of Arts & Letters not conduct an outside search for the next Chair. We were asked by the Provost and Dean of Arts & Letters about the advisability of trying to conduct an external search for the next Chair of economics and/or attempt to explore the option of becoming the Chair with some of the senior faculty recruiting targets. Recruiting an outside Chair would send the wrong signal (dissatisfaction with the current program) to the economics profession. Tapping a current faculty member who is prepared to serve a term as Chair with the same vigor that has characterized the rebuilding years is a better

option because it provides continuity of effort and allows recruitment to focus on building the faculty at all ranks.

We recommend moving to a “rotating” departmental chair model for the Notre Dame Economics Department. While as we noted above, the continuity of Rich Jensen’s service as Chair was clearly beneficial, given the process of transition from the old to building the new Department, we do not recommend that the College and University view this as a viable model for the future. The norm in most top economics programs is for senior faculty to rotate through the chair’s position for one, or at most two terms, and typically no more than 6 years. The Committee could not think of any examples of top 20-25 departments of economics that had chairs serving for as long as 10 years. The rotating chair model has a number of beneficial features that we think will benefit the Economics Department in the near and longer term. First, it fosters a sense of shared leadership and collegiality that the current Department now clearly has. Second, in conjunction with an administrative structure that we outline below, it allows faculty to serve as a departmental chair in an informed way but does not require that they abandon their research careers. This latter feature of a rotating chair model is important, we think, because without research career continuity the pool of existing faculty or those recruited over the next few years who are willing to take on the position of Chair is likely to be inadequate in number and in terms of people best able to maintain the support of their colleagues.

For a rotating chair model to work, the Department’s administrative structure, especially as it relates to academic personnel matters, and the current teaching arrangements for the Chair and other leadership positions need to be revamped in order to reduce the burdens of the Chair position. As noted in the previous point, without a significant change in the administrative structure of the Department, it will be hard to ensure an adequate supply of faculty who are willing to serve as Chair and other senior leadership positions within the Department. Based on our experiences and observations about the administrative structures used in economics departments at other elite universities and on our conversations with various faculty members about this matter, we would make the following suggestions for features of a restructuring of the Chair’s position and the Department’s administrative structure:

- ***The teaching load of faculty who take on administrative positions, e.g., the director of graduate studies (DGS) or chairing the senior or junior faculty recruiting committees, should be reduced.*** We do not think it appropriate to make a specific recommendation for exactly how much this adjustment should be as this is a matter of negotiation between a Chair and the Dean of the College. It is common at top economics programs to provide some teaching release for people serving in positions like DGS, chairs of the recruiting committee, etc. We also would note that at some elite universities, “compensation” for taking on these tasks may come in the form of temporary pay (e.g., some summer support) or research funds, etc.

- ***The staff in support of the Chair's position needs to be expanded, especially for the next 5-7 years.*** Given the Department's proposal to continue to increase the size of its faculty by 15 positions and the verbal indication that the administration agrees that its faculty needs to continue to grow, the next Chair will continue to have a heavy load with respect what we would label as "academic personnel" matters. Moreover, given its junior hiring, the next Chair will be dealing with a relatively large number of promotion and tenure cases. And these responsibilities are on top of the normal administrative obligations any chair has within a university. As documented in the Self-Study, the Department currently has an administrative staff of only two people and our discussions indicated that neither of them is in a position to handle much, if any, if these academic personnel matters.

Thus, we would strongly recommend that funding be provided for the Department to hire a high level Assistant to the Chair position to help the Chair with these matters, including the preparation of drafts of required academic personnel reports and documents. Again, we would note that it is the Review Committee's direct experience, supported by second-hand knowledge of how other top departments are structured, that having a full-time professional usually with doctoral-level experience. available to assist the chair in such tasks is an effective way to address this burden. We note that it is possible to meet some of these needs by funding an additional SPF position and arranging that this SPF also be available to do some undergraduate teaching within the Department, especially after the Department reaches a steady-state with respect to its hiring, promotion and tenure activities.

- ***More generally, the Committee has the strong sense that the Department's administrative staffing and infrastructure seems inadequate and needs to be upgraded.*** This is not a criticism of the quality of the current administrative staff. It is a statement about workloads. We see these administrative workloads as an important issue, especially during this period of rapid growth in the faculty, its undergraduate majors and its Ph.D. program. As we noted above in our discussion of the undergraduate program, a comparison with economics departments in elite universities suggests that Notre Dame's Economics Department is understaffed. We again illustrate with the permanent support staffs in the economics departments at Duke and Cornell.

Duke's Economics Department has the following full-time staff: (a) a Department Manager to oversee the staff and help with budgeting, *etc.*; 2.5 IT personnel who focus on research and academic level computing, over and above that provided by Duke's central computing; (c) 3 administrative assistants, one of which is assigned exclusively to the chair, and the others who handle various billing, procurement and personnel matters; and (d) a communications specialist who handles the Departmental website and its internal and external content. We note

that these positions are in addition to the staff that supports the undergraduate and graduate programs within the Economics Department at Duke. At Cornell, the Economics Department has 10 full-time administrative support staff, including a full-time department manager, full-time IT specialist and full-time graduate program assistant. The positions at Cornell are also in addition to the full-time instructional non-tenure track faculty.

Our point in making these comparisons is not to advocate for a particular size or structure of the administrative support staff within the Economics Department at Notre Dame. Rather, it is to demonstrate why we think the Department's current administrative staffing and structure is too lean. Without making adjustments in this structure, we find it much harder to have a rotating chair model work, let alone have Notre Dame compete effectively with its peer departments.

- ***To help reduce the burdens on the next Chair, the Department may wish to add a Vice-Chair position to its leadership structure.*** It is our understanding that some departments at Notre Dame have a Vice-Chair in addition to a Chair, where the Vice-Chair takes on some of the administrative responsibilities that would otherwise be solely those of the Chair. Economics may want to consider adding a vice chair to its departmental leadership structure. But we urge that this not be viewed as a substitute for developing the administrative and support staff positions noted above. Many of the administrative tasks noted above are ones can be handled effectively by SPFs and non-faculty administrative staff. And, as we have argued above, such an arrangement is likely to be cost-effective when one takes account of the opportunity costs of taking productive faculty members away from their teaching and research to fulfill administrative tasks that can be done by others.