A Strategic Assessment of the Ph.D. program in Economics  
September 11, 2009

Mission

The mission of the Ph.D. program in Economics at The University of Iowa is to develop our students to become leaders of the next generation of scholars, researchers, teachers and practitioners of economics in the nation and the world. This is consistent with the University’s mission to “prepare the next generation of scientists, scholars, and faculty members” to carry forward the task of producing “new knowledge, innovations, and creative works that improve our lives and our society” as set forth in the University’s strategic plan for 2005-2010, The Iowa Promise. In the process of developing our Ph.D. students, both as Teaching Assistants and as Instructors, to be excellent teachers, the Ph.D. program in Economics also contributes to the University’s stated mission to “[enrich] the lives of undergraduates and [help] them to become well-informed individuals, lifelong learners, engaged citizens, and productive employees and employers”.

Admission Processes and Criteria

The reputation of the program has ensured a sizable applicant pool, although we are concerned that this appears to be declining recently. As a quantitative science, Economics draws heavily on tools from mathematics and statistics. Therefore aptitude and training in mathematics, in addition to appropriate coursework in economics, are important selection criteria. We are highly selective, offering admission to roughly 15 percent of our applicants.

The top five or so highest-quality applicants every year are extremely well-trained in these areas and are ideally suited for our program, but our success in attracting them has been mixed, largely because these applicants are being courted by some of the very best schools. Nevertheless, our yield from the offers we make is relatively high and has been increasing recently, and we have been enrolling students with high undergraduate GPAs (GPA> 3.5) and GRE Quantitative scores (GRE-Q>750). Because GRE Verbal scores are not a strong predictor of success in graduate-level economics, and because many of our students are non-native English speakers, we pay less attention to those scores. Nevertheless, our average combined GRE scores are above the national average for economics programs. We admit a highly diverse class that includes international students from around the world as well as American students, and our entering classes are typically between 30 and 40 percent female. We have had less success in attracting under-represented minority American students.

It is important to note here that, although administratively a part of the Tippie College of Business at the University of Iowa, the Ph.D. program in Economics should be considered a social science program when making these and other comparisons. Indeed, Iowa’s Department of Economics is one of the very few of the top fifty departments that is not located in a college of arts and sciences. Comparisons with other Iowa and national doctoral programs in business are likely to be misleading.

Every applicant who is offered admission is guaranteed financial support for five years, subject to satisfactory academic progress. Support beyond five years is conditional on the availability of resources. This support is usually in the form of teaching assistantships, though we do support some students through NSF grants, fellowships from The Graduate College, and funds from the College of Business. Although our support offers are similar to those made by comparable departments, we rely more heavily on Teaching Assistantships and less on Fellowships than peer institutions.
Program Outcomes

In recent years, approximately one third of entrants into the Ph.D. program have ultimately completed their doctoral degrees. Another third have left after completing a master’s degree. Those who do complete their Ph.D.s generally do so in a timely manner. The vast majority of our students take either five or six years to get their degree; the median time to completion is 5.3 years. Except for two special medical cases, only two students have taken seven or more years to complete. These figures compare favorably to other social science departments at The University of Iowa and are comparable to other Ph.D. programs in Economics around the country. Our students have excelled among graduate students at Iowa, as evidenced by a Hancher-Finkbine Medallion, a Graduate Deans’ Distinguished Dissertation Award and two Outstanding Teaching Assistant Awards in the last five years. Our students have received Ballard Seashore Dissertation Fellowships, Graduate College Summer Fellowships and Presidential Fellowships.

Unlike some other social sciences, there has always been a demand for economics Ph.D.s outside of academia, including positions in government and the private sector. Recent Ph.D. graduates of the Department of Economics have excelled outside academia; for example, the current Director of Research at the Central Bank of Sri Lanka, a current Director at Credit Suisse in London, and a current Counselor to the U.S. Executive Director of the Inter American Development Bank. In the academic world, the Department has had what is, at the risk of sounding immodest, spectacular recent success. In the last three years, our three top placements have been at Princeton University (ranked tied 1st by U.S. News and World Report) in 2007, New York University (ranked 12th) in 2008 and The University of Virginia (ranked tied 28th) in 2009. In 2009, which is commonly agreed to have been an extraordinarily difficult year for new Ph.D.s seeking positions, every one of Iowa’s Economics Ph.D.s was hired: four at research universities, one at the World Bank, and one turned down an offer from a liberal arts college to take a private sector consulting job.

Program Characteristics

The strengths, weaknesses and future opportunities of the Ph.D. program in the Department of Economics can only be understood in the context of the drastic reduction in the size of the faculty that has occurred in the last four years. As a result of faculty losses that were not replaced, the Department has fallen from twenty tenured and tenure-track faculty in 2005-06 to its current size of 12 tenured and tenure-track faculty. At this size, Iowa’s Department of Economics is not merely the smallest department among its peers, but is strikingly smaller. For example, the next smallest department in the Big 10, which is at Purdue University, has 21 tenured and tenure-track faculty, and several Big 10 departments have 30 or more faculty members.

The understaffing of the Department of Economics is causing serious difficulties for the Ph.D. program. While we are able to cover the core first-year courses in Microeconomics, Macroeconomics and Mathematical Analysis, we can only do so by having the same set of instructors repeat those courses year after year. We currently lack the faculty capacity to teach the required second-year Econometrics course and the optional Applied Econometrics course, a deficiency that we are trying to remedy by hiring this year. In the meantime, these courses are being taught by a recently retired faculty member and a junior faculty member who doesn’t specialize in that area respectively. Our ability to offer applied field courses to second- and third-year students has been restricted to a course or two per semester.

The small size of the faculty dictates that we have a small Ph.D. program; over the past five years, the program has averaged only 10 incoming students per year, markedly less than that of similar programs which regularly take in 20 students or more. The opportunity to increase the size of the program is severely limited by the lack of faculty. There are barely sufficient professors to supervise dissertations and to serve on Ph.D. thesis committees at the current program size; over the last 5 years, we have averaged 1.75 Ph.D.s awarded per tenure/tenure-track faculty member, more than several other social science departments (e.g.,
Geography 1.27, Anthropology 0.82, Political Science 0.75, based on current faculty size). We are not in a position to accommodate additional doctoral students. Moreover, the knowledge that the department is in such a tenuous position is making it difficult to attract good students, as faculty at other institutions, knowing our situation, are increasingly hesitant to recommend to strong candidates that they apply to Iowa. The Department of Economics would have sufficient numbers of Teaching Assistant positions to support additional Ph.D. students. Due to the small size of the program, the Department is forced to rely heavily on law students, M.A. students in Accounting and Urban and Regional Planning, and others to staff its undergraduate teaching needs.

Based on its recent performance, the Ph.D. program in Economics is still highly regarded. In the most recent U.S. News and World Report rankings, the program was ranked tied for 34th nationally, and 14th among public institutions. The fact that Iowa’s program ranks only 9th among the eleven Big Ten schools is a testament to the quality of graduate economics education in the Big 10; Iowa would be the 4th ranked program in the Pac 10, and the 2nd ranked program in the Big 12. However, the U.S. News and World Report Rankings are based on surveys of department heads; the decline in Iowa’s faculty is now well-known in the economics profession, and future rankings are likely to reflect that negatively.

Our ability to do so well with our Ph.D. students stems from our pedagogical approach. We provide them a rigorous and widely applicable set of analytical tools in the first and second year, and get them into their own research very quickly. By the end of the summer of their second year, students are required to have completed an original research paper which is judged by a panel of faculty and that can become the basis for their dissertation. The qualifying exams that they take at the end of their first year helps us gauge their ability to understand and work with core economic concepts; the research paper that they have to write at the end of their second year then demonstrates their ability to do original work. Given this process, only about a third to a half of students we admit get beyond the second year. However, almost all students who pass the second-year paper requirement end up earning their degree. This gives rise to an overall completion rate that is comparable to Economics Ph.D. programs across the U.S., but with a very successful placement record for those who graduate.

Conclusions

The Department of Economics at The University of Iowa has long had a well-earned reputation for a high-quality Ph.D. program. In recent years, the program has improved to the point where its graduates have consistently been able to compete successfully for prestigious positions in government and industry and for placements in the very best Economics departments in the country and around the world. Drastic reductions in the size of the Economics faculty have put the Department’s ability to maintain a viable doctoral program of any kind, much less one of this caliber which reflects so well on the University of Iowa, in jeopardy.