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| SLO1: Students will demonstrate an understanding of the major economic problems facing society and the policy alternatives which may be utilized to contend with these problems. | Students in ECON 200, 201, 317 and 318 will be given problems to assess their ability to apply basic economic theory to novel situations.  
**Measure 1.1** ECON 200: Principles of Microeconomics Question: Suppose a t-shirt shop on Market Street is selling shirts for $15, yet it can't keep enough shirts on the shelf to satisfy all the customers who come in. 1. Draw a graph illustrating this situation, then 2. Explain the graph, and finally, 3. Describe how (if at all) you would expect price to adjust as a result.  
**Performance Target:** 60% of enrolled students provide a satisfactory answer  
Dimension Unsatisfactory Satisfactory Understanding Basic Microeconomics Student does not show competence with underlying principles  
Student shows competence with underlying principles  
**Measure 1.2** ECON 201: Principle of Macroeconomics Question: Suppose it is the year 2050 and the US economy appears to be heading into recession, including rising unemployment. You have been asked for your advice as to what macroeconomic policies should be implemented to improve the economy. Choose a policy, identify the tools used to implement the policy, and explain how the policy would work.  
**Performance Target:** 60% of enrolled students provide a satisfactory answer  
Dimension Unsatisfactory Satisfactory Understanding Basic Macroeconomics Student does not show competence with underlying principles  
Student shows competence with underlying principles  
**Measure 1.3** ECON 317: Intermediate Microeconomics Question Suppose you have the budget line and indifference curve for Carl, for pizza slices and glasses of beer. Now suppose the price of beer (Pb) falls in half.  
(a) Draw the new budget line and a new indifference curve (label it IC2), and show the new optimal consumption point (label it F).  
(b) Decompose the total effect (T) of the price change into the substitution (S) and income (I) effects. Clearly label these effects below the graph (T, S, I, respectively), in terms of the quantity of beer, and show arrows indicating the directions of change for each effect.  
(c) Explain the intuition behind the “substitution” and “income” effects, in the context of the situation shown in the graph above. (Make sure your discussion clearly indicates that you understand what these effects mean, and why they move in the directions they do in the context of the example above.)  
(d) Is beer a “normal” or “inferior” good for Carl? How do you know?  
**Performance Target:** 75% of enrolled students provide a satisfactory answer  
Dimension Unsatisfactory Satisfactory Understanding Intermediate Microeconomics Student does not show competence with underlying principles  
Student shows competence with underlying principles  
**Measure 1.4** ECON 318: Intermediate Macroeconomics Question: Suppose it is the year 2050 and the US economy appears to be heading into recession, including rising unemployment. You have been asked for your advice as to what macroeconomic policies should be implemented to improve the economy. Choose a policy, identify the tools used to implement the policy, and using the appropriate models explain how the policy would work and its effects on wages, interest rates, price level, and GDP.  
**Performance Target:** 75% of enrolled students provide a satisfactory answer  
Dimension Unsatisfactory Satisfactory Understanding Intermediate Macroeconomics Student does not show competence with underlying principles  
Student shows competence with underlying principles  
**Measure 1.5** ETS Business Test Results: 15 questions on the ETS Test covering economics topics.  
**Performance Target:** Last year the average score on these items put the School of Business in the 56th percentile. We therefore use a similar number for our target: 60th percentile |
### Economics BS/Minor – School of Business (continues)

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<td>SLO2: Students will demonstrate the ability to draw insights about economic behavior from the application of mathematical tools.</td>
<td>Students in ECON 317, 318 and 419 will be given problems requiring the application of mathematical tools to economics. <strong>Measure 2.1</strong> Graphical Analysis - Intermediate Microeconomics Question: Suppose you have the budget line and indifference curve for Carl, for pizza slices and glasses of beer. Now suppose the price of beer (Pb) falls in half. (a) Draw the new budget line and a new indifference curve (label it IC2), and show the new optimal consumption point (label it F). (b) Decompose the total effect (T) of the price change into the substitution (S) and income (I) effects. Clearly label these effects below the graph (T, S, I, respectively), in terms of the quantity of beer, and show arrows indicating the directions of change for each effect. (c) Explain the intuition behind the “substitution” and “income” effects, in the context of the situation shown in the graph above. (Make sure your discussion clearly indicates that you understand what these effects mean, and why they move in the directions they do in the context of the example above.) (d) Is beer a “normal” or “inferior” good for Carl? How do you know? <strong>Performance Target:</strong> 75% of enrolled students will provide a satisfactory answer. Dimension: Unsatisfactory Satisfactory Graphical Analysis Student does not show competence with graphical analysis. <strong>Measure 2.2</strong> Graphical Analysis - Intermediate Macroeconomics Question: Suppose it is the year 2050 and the US economy appears to be heading into recession, including rising unemployment. You have been asked for your advice as to what macroeconomic policies should be implemented to improve the economy. Choose a policy, identify the tools used to implement the policy, and using the appropriate models explain how the policy would work and its effects on wages, interest rates, price level, and GDP. <strong>Performance Target:</strong> 75% of enrolled students will provide a satisfactory answer. Dimension: Unsatisfactory Satisfactory Graphical Analysis Student does not show competence with graphical analysis. <strong>Measure 2.3</strong> Statistical Analysis - Introduction to Econometrics Question: An extension of the Solow growth model is to include human capital in addition to physical capital. This would suggest that investment in human capital (education) will increase the wealth of a nation (increase the per capita income). To test this hypothesis, suppose you collect data for 104 countries in 2014 and perform the following regression: Per Capita Income = 0.046 – 5.869<em>gp + 0.738</em>Sk + 0.055*educ (0.079) (2.238) (0.294) (0.101) R2 = 0.775, n = 104 Where per capita income is the income per person, Sk is the average investment share in GDP and Educ is the average educational attainment in years. Numbers in parentheses are for heteroskedasticity-robust standard errors. a) Interpret the results and indicate whether or not the coefficients are significantly different from zero. Do the coefficients have the expected sign? Also be sure to explain how to interpret the R2. b) Suppose you would like to explore the effect of a country's stage of development on GDP per worker. Therefore you introduce a binary variable DC which takes on the value of 1 if the country is developed and 0 if it is not. Likewise, you introduce another dummy variable called NDC which takes on the value of 1 if the country is not developed, and 0 if it is developed. Explain whether the following regression makes sense or not, and if so, what do the coefficients in front of DC and NDC represent? If not, explain why it cannot be estimated and how the model should be modified. Per Capita Income = β0 – β1gp + β2Sk + β3educ + β4 DC + β5NDC c) According to the original regression in part (a), you would like to test whether the effect of Sk on per capital income is twice that of the effect of education on per capita income. Write down the hypothesis test and carefully explain how this test could be carried out (don't forget to specify the test statistic, test distribution, critical value, etc). <strong>Performance Target:</strong> 75% of enrolled students will provide a satisfactory answer. Dimension: Unsatisfactory Satisfactory Statistical Analysis Student does not show competence with statistical analysis.</td>
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| SLO3: Students will demonstrate the ability to access existing knowledge by retrieving, assembling, and organizing information on particular topics and issues in economics. | Students in ECON 303, 325 and 419 will complete assignments requiring both demonstration of knowledge of economics and technical analysis skills. **Measure 3.1** Demonstration of Knowledge of Economics a) Proper usage of economic terminologyb) Application of economic concepts & theory to your topicc) Literature review appropriate in scope and related to your topic **Performance Target:** 80% of enrolled students will earn a score of satisfactory  
**Dimension** Unsatisfactory  
Satisfactory  
Demonstration of Knowledge  
Student does not use proper terminology, does not apply concepts appropriately, and does not generate an adequate literature review  
Student uses proper terminology, applies concepts appropriately, and generates an adequate literature review  
**Measure 3.2** Technical Skillsa) Identifiable question to be answered with testable hypothesisb) Econometric analysis of datac) Ability to interpret econometric results and draw reasoned conclusions  
**Performance Target:** 80% of enrolled students will earn a score of satisfactory  
**Dimension** Unsatisfactory  
Satisfactory  
Demonstration of Knowledge  
Student does not generate a testable hypothesis, does not generate appropriate analysis and is unable to interpret the results of that analysis  
Student generates a testable hypothesis, generates appropriate analysis and is able to interpret the results of that analysis |
| SLO4: Students will demonstrate the ability to clearly communicate the analysis of an economic issue. | Students will write a research paper and present their results in ECON 303 and ECON 325. **Measure 4.1:** Research Paper. Papers will be graded on the following criteria: a) Format and paper organization b) Correct spelling and grammarc) Citations to relevant academic literature with properly formatted bibliography  
**Performance Target:** 75% of enrolled students will earn a score of satisfactory  
**Dimension** Unsatisfactory  
Satisfactory  
Proper Communication Style  
Student is unable to correctly format and organize a research paper, cannot correctly use English spelling and grammar, and does not cite academic literature correctly  
Student correctly formats and organizes a research paper, correctly uses English spelling and grammar, and cites academic literature correctly  
**Measure 4.2:** Oral Presentation. Oral presentations will be graded on the following criteria:a) Content of presentationb) Presentation stylec) Knowledge of topicd) Staying within time limit  
**Performance Target:** 75% of enrolled students will earn a score of satisfactory  
**Dimension** Unsatisfactory  
Satisfactory  
Oral Presentation  
Student's presentation is excessively long or short, is awkward, and displays little topical knowledge  
Student's presentation is of appropriate length, is polished, and displays a depth of topical knowledge |