

Academic Executive Committee of the Senate

August 3, 2017

Committee Members:

We appreciate the Executive Committee's deliberation and feedback on our proposal for provisional status for this institute. We look forward to returning to the Executive Committee with a more detailed response on August 14. We have, however, considered the feedback and prepared brief reactions to help guide our work throughout late July and early August. This memo summarizes actions already taken in response to your feedback, and work that is in progress.

The committee members and Dean Berg expressed concerns about the accelerated timing. We apologize but hope the committee recognizes the need for early discussions about projects like this to remain confidential. We appreciate your timely discussion of and feedback on provisional status for the Institute.

Committee members expressed concern about the language used to contrast classes taught by the School of Business with those taught by the Economics Department. Before addressing that particular concern, we want to make clear that the Institute will not offer courses and we are not asking for the approval of a major or new courses.

The Institute will foster interdisciplinary research collaborations across the University in an attempt to increase the impact of economics research across interested departments and colleges on campus. The new major offered by the School of Business, Quantitative Analysis of Markets and Organizations (QAMO), is part of a collaboration with the Economics Department and was approved by the Senate last year. At the time of approval, it was noted that the Economics Department teaches game theory and econometrics. There is no argument on this point. In fact, under the agreement between the School of Business and the Economics Department, the first of three econometrics courses in the QAMO major is taught by the Economics Department. As is appropriate in the creation of a new degree, there are differences between the QAMO major and the Economics degree, designed to attract and serve students with different interests. For example, the QAMO major requires additional upper level courses in econometrics created specifically for the new major. This depth will provide students with technical skills that are now demanded by many employers. The QAMO major also requires that students take two semesters of calculus early in their college career. Again, this allows students who choose QAMO to focus more intensively on quantitative analyses. We recognize that the brief discussion we had on this topic was not precise and we apologize for that.

We have been asked that the supporting material consistently reference the major by its official name, Quantitative Analysis of Markets and Organizations. We agree with the value of consistency and will use this terminology on future documents to be sent to the Senate, and on communications associated with the Institute.

There was a call for drawing a clear distinction between the Institute and the Economics Department, perhaps by emphasizing differences in focus. We appreciate this input and have responded. To emphasize the distinction, we will change the name of the Institute to the Marriner S. Eccles Institute for Economics and Quantitative Analysis. It may also be helpful to recap the mission of the Institute, which is not to support a subfield of economics (such as health economics or environmental economics or

trade), but rather to deepen the quantitative capabilities of faculty and students. While the Institute is broad with regard to topics, it does favor a particular methodology, specifically the analysis of equilibria in mathematical models, and the use of statistical tools to connect models to data. We hope the addition of “Quantitative Analysis” to the name will better reflect the distinctiveness of the Marriner S. Eccles Institute.

We very much appreciate the Committee’s guidance on governance. We plan two major changes to the governance structure. First, we are eliminating the outside advisory board. We hope this also addresses some of the concerns regarding potential influence of donors. Second, we plan to incorporate a faculty committee to oversee the faculty director. We look forward to working with the Executive Committee as we finalize these details. We would like to emphasize the provisional status of this institute. Provisional status will allow us time to work through governance issues as they pertain to Institute operations.

We are currently working on ways to connect with scholars throughout the University whose research aligns with the Institute’s mission. We expect to have more detailed plans for involving faculty within and beyond the School of Business at the August Meeting. We note that our intent is to involve such faculty in core programming of the Institute. As such we are seeking partnerships to support conferences, workshops, working groups and opportunities to support research collaborations.

We appreciated the encouraging and productive discussion of the sources of external support for the Institute. We believe that the answers from Dean Randall made clear our commitment to academic independence. Dean Randall and SVP Watkins will work together on strategies that ensure independence of scholarship and exit plans if, to quote the Executive Committee, “there be undue interference by the funders in matters like academic freedom, hiring, RPT, etc.” The contract will be evaluated on an annual basis, it may be cancelled by either party upon annual review.

On the point of language, we apologize for imprecision and/or any unintended implications. As Dean Berg accurately noted, the Economics department has several scholars working on topics related to the mission of the Institute. We expect the new Institute to attract visitors and support conferences that these scholars can benefit from. As stated in the proposal, the Institute will support research that fits its mission as conducted by faculty and students from many academic units on our campus. As such we expect several faculty in the Economics Department to be active in a variety of ways with the Institute. For example, we envision said faculty to be involved in organizing conferences, colloquia and participating in research projects. We emphasize here that we do indeed plan to involve faculty across the University. We expect the Institute to support research and fund events with faculty from many colleges. Our guiding focus is to find relationships that can generate high quality research and/or opportunities for University of Utah students. Some opportunities will likely involve faculty in the Economics Department but others will be with faculty in other areas like Political Science, Psychology, Education, Health, Biology, and Law. We expect to provide early details of a few such possibilities at the August meeting.

Thank you for the timely summary of the Executive Committee discussion. We appreciate the opportunity to update you on our efforts since the July 10 meeting, to clarify a few points, and to let you know of the dialogues that are in progress.

Summary of Discussion and Next Steps

Working title: *Mariner S. Eccles Institute for Economics*

The intent of this document is to summarize the discussion of the Executive Committee of the Academic Senate regarding the pending Eccles Institute for Economics. This discussion was held on July 10, 2017. Discussion of the pending Provisional Institute was open, honest and encompassed diverse viewpoints. Following factual presentations, the following points and suggestions for revision were raised:

General Agreement:

1. Honoring Mr. Eccles legacy by using his name in an Institute title was seen as appropriate.
2. The pending provisional Institute represents an exciting opportunity for the University of Utah.
3. Funds will provide support to hire faculty, fund ongoing research, and develop additional classes for the Quantitative Analysis of Markets and Organizations (QAMO) major.
4. The institute will not make its own faculty appointments or staff classes; the Eccles School of Business will hire faculty into their departments following to the usual policies and practices of the university.
5. It was noted that all business of the EC must be reported to the Senate. As a result, in order to be sure that presentation reflects the most current status of the Institute, the Deans and faculty of the School of Business and the College of Social and Behavioral Sciences will work together to revise the proposal and present their revisions to the Executive Committee of the Senate at the next Executive Committee meeting scheduled for August 14th. Following this presentation, next steps for presentation to the full Senate on August 28th will be discussed. Meetings are held 3-5 PM. Maddy Orritt will schedule a time for these presentations during the meetings.
6. Executive Committee members and Dean Berg, College of Social and Behavioral Sciences, were deeply concerned by the rushed nature of this process that precluded adequate time to thoughtfully consider the proposal in the detail necessary for informed comments and discussion.
7. In parallel with the requested revision, formal approval procedures will continue (Dean of the Graduate School, Board of Trustees and Regents).

Overlap:

1. As stated, the pending provisional Institute states that it will fill a current need in the School of Business, focusing on quantitative and theoretical/empirical business economics.
2. Dean Berg presented a written letter to the Executive Committee expressing concern about the assertion in the institute proposal that it would correct a deficiency in economics training at the University of Utah. Dean Berg noted that the Department of Economics already offers classes in many of the subject areas identified in the new institute proposal, such as econometrics and game theory.
3. Dean Berg also suggested that the proposal should be revised to reflect the existing major (QAMO) rather than use the language of a 'business economics' major (ref: Dean Berg's letter to the EC)

4. Points of distinction between the proposed center and the existing Department of Economics need to be more accurately articulated. It was suggested that it would be helpful to differentiate the institute from the department in a meaningful way, such as by identifying areas of focus and specialty for each.
5. At least one member of the Executive Committee expressed skepticism about the feasibility/realism of the claim that Institute names could be changed when final approval was sought in 3 years' time.

Provisional Status:

1. Provisional status is being sought for three years, allowing a transition period to discover best options for the Institute's administration and oversight. It would be helpful to make this clearer in the proposal.

Governance Structure:

1. Discussion was held about the need to clearly delineate and define the role of the Advisory Board versus the role of the Director. The explicit role of faculty members concerning governance and decision making should be added/clarified in the proposal. The need for clarification is related to concerns about the funding mechanisms, and will help alleviate concerns about financial donors being able to exert undue pressure on the institute director (and Dean) about Institute operating decisions.
 - a. A suggestion was made to provide a governance structure in which there is:
 - i. An internal oversight body consisting of University personnel (primarily tenureline and full-time career-line faculty members, from the college and possibly other colleges with which there is useful collaboration). Major financial decisions, and other important decisions regarding projects to be undertaken under auspices of the Institute should be directly overseen by the faculty
 - ii. A distinct external advisory body whose members include persons external to the University (major financial donors along with others providing useful visionary guidance). The external advisory body should not have direct involvement in such decision-making.
2. It was noted that a project is now underway to review and likely revise University policy regarding governance structure of institutes. It's likely the revised policy will call for such a faculty-populated direct oversight body, as part of an overall structure which adequately insulates financial donors from direct involvement in operational decision-making.
3. Given the shared major and the common interests of the units, a suggestion was made to include a member from the Department of Economics in the College of Social and Behavioral Sciences.

Funding:

1. Broad discussion of the funding mechanism(s) included concerns about the Koch Foundation and the role the foundation will play in Institute administration and governance. Concerns were based on the experiences of other Universities. Data on prior Koch funding at other institutions,

pro and con, was introduced. Based on this discussion the role of the advisory board needs clarification.

2. The Koch foundation will have no oversight regarding faculty hiring or research topics, and will not have a representative on the advisory board for the institute. Should there be undue interference (as determined by the advisory board) in the administration of the center by funders the advisory board can recommend not accepting funding.
3. Major risks of declining funding are to faculty salary lines. Dean Randall thinks salary lines can be protected via usual budgetary means should funding be reduced or cease. Suggestions to make this process more explicit were discussed.
4. An exit strategy needs to be explained in more detail, should there be undue interference by the funders in matters like academic freedom, hiring, RPT, etc.

Language:

1. Suggestions were made regarding changing the title of the institute to reflect a more inclusive and accurate portrayal of the Institute's purpose and mission.
2. The term "Economics" and what this means to students and faculty was discussed. Dean Berg expressed concern, and illustrated the potential confusion that would follow from having two distinct units within the same institution bearing the name "Economics", and presented data on how this term is clarified in the titles of departments at other institutions.
3. To avoid confusion, suggestions were made to be more inclusive and clear about the definition of "Economics" given that many schools use this term and feel that teaching "Economics" is part of their educational offerings. In particular it was noted that there is a Department of Economics located in our College of Social and Behavioral Sciences.
4. Softening the wording and describing procedures to reflect greater collaboration with the College of Social and Behavioral Sciences was recommended.
5. The term Game Theory was thought to be too broad due to its wide use across the University. The assertion that Game Theory is not taught or utilized by researchers in the Department of Economics appears to be overstated, as it was pointed out that at least one researcher in the Dept. of Economics utilizes game theory to examine environmental economic issues.
6. Terms used to describe the economics research focus of the provisional institute, such as "mainstream" should be avoided since they marginalize existing departments/programs.

Respectfully Submitted to the members of the Senate Executive Committee, Deans Berg and Randall, SVP Watkins, and AVP Wildermuth

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