

## Assessment Action Plan Form

**Degree Program:** Undergraduate Business Economics

**Reviewer(s):** McKinley Blackburn, Chair, Department of Economics

**Learning Goal 2:** Our graduates will understand core macroeconomic theories and concepts.

**Date:**

**Assessment Activity/Course:** Exam Questions, ECON 322, Fall 2018

**Current Success Criteria:** With respect to macroeconomic theory, seventy percent of students are expected to achieve an acceptable pass rate (75%) for all of the questions related to the following core macroeconomic concepts: (a) Determination of full-employment output and growth; (b) Money creation and inflation; (c) Employment and output fluctuations over the business cycle; and (d) Fundamentals of macroeconomic policy.

### Questions

What do the assessment results mean for the program?

*It appears that the current expectations for this goal are not being met, as each of the questions asked are being answered correctly by less than 75 percent of the students. (Note: there is an error in the last question, so that a correct response was not clear, which may explain poor performance on the question.)*

As a result of this assessment, what actions will be taken to improve the curriculum, delivery, or other components of this program?

*Some of the poor performance on the evaluation questions relates to the IS-LM model, and in particular its importance to policy evaluation. We will insure that instructors for the course know to put more emphasis on these components of 322.*

What could make the assessment of this learning goal more effective?

*With the last question not being informative, we need to restructure the assessment mechanism, perhaps including more questions in the future.*

General Comments:

**\* Please attach responses.**

## Results Summary, LG2, ECON 322 (DeBacker, Hauk)

	Question #1: Fiscal/Monetary Policy	Question #2: IS/LM Model	Question #3: Solow Growth Model	Question #4: Money and Inflation	Overall
Number correct	64	88	91	68	311
Number of students taking the exam	137	137	137	137	548
Percent correct	<b>46.72%</b>	<b>64.23%</b>	<b>66.42%</b>	<b>49.64%</b>	<b>56.75%</b>

## Exam Questions, LG2, ECON 322 (DeBacker, Hauk)

- 1) Fiscal/Monetary Policy: Assume a standard IS-LM Model. If the marginal propensity to consume is 0.75, and the government increases spending by \$100 million, what is the likely short-run impact on GDP?
- A. GDP will not change
  - B. GDP will increase by less than \$100 million
  - C. GDP will increase by between \$100 million and \$400 million
  - D. GDP will increase by \$400 million or more

*Answer: C*

- 2) IS/LM Model: Which of the following statements is NOT true about points along the IS curve?
- A. Savings = Investment
  - B. Supply of real money balances = Demand for real money balances
  - C. Planned expenditure = Actual expenditure
  - D.  $Y = C + I + G$

*Answer: B*

- 3) Solow Growth Model: Which of the following is NOT a part of the Solow growth model:
- A. A per capita production function
  - B. A savings/investment function
  - C. Depreciation
  - D. The Fisher equation

*Answer is (D)*

- 4) Money and Inflation: Consider the quantity theory of money describe by the equation  $MV=PY$ . If the growth rate in the money supply is 5%, the velocity of money is constant, and the growth rate in real GDP is 3%, then what is the rate of inflation?
- i) 5%
  - ii) 3%
  - iii) 8%
  - iv) We need more information.

*Answer is (B)*