Assessment Action Plan Form

Degree Program: Undergraduate Business Economics

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

Learning Goal 3: Our graduates will be able to solve basic equations to find equilibrium outcomes, and use graphs to understand and interpret economic relationships.

Date:

Assessment Activity/Course: Exam Questions, ECON 321, Fall 2017 and Spring 2018
Exam Questions, ECON 322, Fall 2018

Current Success Criteria: With respect to quantitative proficiency, seventy percent of students are expected to achieve an acceptable pass rate (75%) for all of the questions related to (a) Solving basic equations to find equilibrium outcomes; and (b) Using graphs to understand and interpret economic relationships.

Questions

What do the assessment results mean for the program? *I think, in total, students are meeting this learning goal, with particularly good performance in solving for equilibria in microeconomics.*
As a result of this assessment, what actions will be taken to improve the curriculum, delivery, or other components of this program? *The question with the worst performance is the first questions administered to the 322 students. This is a complicated model to solve, so instructors in this class may want to spend more time insuring that students are able to work with this kind of algebraic model.*
What could make the assessment of this learning goal more effective? *I think the set of questions is appropriate for this goal.*
General Comments:

*** Please attach responses**.

Results Summary, LG3, ECON 321 (Miao)

Question Number	Learning Goal	Percent Correct	Percent of Students Scoring >=75% for All Questions Related to Learning Goal	Term
1, 2, 3, 4, 9	3) Our graduates will be able to solve basic equations to find equilibrium outcomes and use graphs to understand and interpret economic relationships.	77.3	77.3	Fall 2017
1, 2, 3, 4, 9	3) Our graduates will be able to solve basic equations to find equilibrium outcomes and use graphs to understand and interpret economic relationships.	76.2	77.1	Spring 2018

Results Summary, LG3, ECON 322 (Hess)

	Question #5: Aggregate Demand	Question #6: AS-AD	Overall
Number correct	80	112	192
Number of students taking the exam	137	129	266
Percent correct	**58.39%**	**86.82%**	**72.18%**

Exam Questions, LG3, ECON 321 (Miao)

1. Suppose the price of good x is \$5 and the price of good y is \$7. Also, suppose $MU_x = y$ and $MU_y = x$. Which of the following baskets could be an interior optimum?
   A) $x = 5, y = 7$
   B) $x = 4, y = 6$
   C) $x = 7, y = 5$
   D) $x = 6, y = 4$

2. Suppose the price of A is \$20, the price of B is \$10, and that the consumer is currently spending all available income. At the consumer's current consumption basket the marginal utility of A is 8 and the marginal utility of B is 2.
   A) The consumer is currently maximizing utility.
   B) The consumer could increase utility by consuming more of good A and less of good B.
   C) The consumer could increase utility by consuming more of good B and less of good A.
   D) Nothing can be said about the consumer's utility because we do not know the consumer's income or utility function.

3. For a particular perfectly competitive firm $STC = 100 + 20q + q^2$ and $SMC = 20 + 2q$, where q is output. If the market price is equal to 40, at what level of output should the firm operate to maximize profit in the short run?
   A) 10
   B) 20
   C) 30
   D) 40

4. A monopolist faces an inverse demand curve $P = 300 - 6Q$ and has a constant marginal cost of 20. The monopolist's profit-maximizing output is
   A) 46.67
   B) 23.33
   C) 20
   D) 35

9. Suppose that the supply of apples can be represented by the following equation: $Q^s = 2P + 500$. Further suppose that the demand for apples can be represented by the following equation: $Q^d = 900 - 3P$. Which of the following is the equilibrium price in the market for apples?

A) 10
B) 50
C) 80
D) 100

Exam Questions, LG3, ECON 322 (Hess)

5) Suppose an economy has the following structure

$$C = C_a + 0.85(Y - T) \quad C_a = 220 - 10r \quad T = 200 + .2Y$$
$$I_p = 1680 - 30r \quad G = 1800 \quad NX = 490 - 0.08Y$$
$$M^s/P = 2050 \quad M^D/P = 0.25Y - 35r$$

Where r is the interest rate (already in percentage form).

What is the equilibrium output (Y^*) and interest rate (r)?

A. $Y^* = 10,824;\ r = 6.501\%$
B. $Y^* = 9,279;\ r = 7.708\%$
C. $Y^* = 8,732;\ r = 9.376\%$
D. $Y^* = 12.730;\ r = 4.203\%$

Correct answer is **B**

6) Look at the Figure: Aggregate Supply and Demand in the US. The economy is initially at point A. Then a(n) _____ shock moves the economy to _____ and the real wage _____. In response, workers ask for _____ pay causing a _____ shift in _____ and the economy moves to _____.

A. positive supply; D; increases; less; right; aggregate demand; B
B. adverse supply; B; decreases; less; left; aggregate demand; C
C. positive demand; B; decreases; more; left; aggregate supply; C
D. adverse demand; D; increases; more; right; aggregate demand B

Correct answer is **C**

Figure: Aggregate Supply and Aggregate Demand in the US