

Research and Market Analysis Group Action Plan: Response to the External Review Committee Report

This document is a response to the core recommendations posed by the External Review Committee in its report of September 2003. It also discusses additional measures the Department is undertaking as a result of both the review and other internal evaluation efforts.

I. Core Recommendations from the External Review Committee

1. Establishing a Resident Scholar (One-Year) Program

In recruiting these visitors, we will also want to explore whether there is any interest in a two-year visit or a permanent senior hire.

- We have developed a job description as a starting point for recruiting visitors.
- We will seek to fill up to three visitor slots (one macro/international, one finance/banking/payments and one Group priority—e.g. monetary policy).

2. Attracting and Retaining Monetary Researchers

The goal is to fulfill our strategic objective of creating a recognized center for monetary policy analysis, with special emphasis on our proximity to financial markets.

- Our first priority is to hire monetary researchers.
- We will develop an occasional monetary seminar, inviting our Friday visitors and other researchers from the area (Princeton to Yale).
- We have assembled a team to design a concrete proposal for developing small stochastic general equilibrium models for economic and policy analysis.

3. Strengthening our Friday Visitor Program

Goals: Marketing the Research Group to opinion leaders in the profession; creating a strong network with local economists for recruiting, retention and

staff development; providing occasional opportunities for lively, in-house seminar/policy discussion among visitors and staff.

- We plan to continue to strengthen our visitor program by actively recruiting area scholars and providing them with more information as well as flexibility in scheduling their visits.
- We plan to hold an occasional macro/international seminar/luncheon program, with some of our main visitors as the target audience along with other local academics. We will also explore the possibility of a more modest program for finance/banking visitors.

4. Clarifying the Career Path for Researchers

We have developed a statement that sets forth a career path for researchers.

II. Creating Synergies between Research and Client Work

In addition to creating a strong research environment, we would like to differentiate ourselves in a meaningful way from other research institutions. What is it about the New York Fed/Federal Reserve experience that is unique and that keeps people here?

1. To help us answer this question, we have formed a panel of senior RMAG members who will talk with the individual economists about their research agenda to identify policy issues and explore how their research might be of interest to other areas in the Bank.
2. We will conduct a series of interviews:
 - a. With strong researchers within the Federal Reserve System
 - b. With people who have left the Federal Reserve Bank of New York in the last few years
 - c. With economists in Research and staff elsewhere in the Bank
 - d. With people who rejected our offers of employment

In order to:

- a. Identify the most important characteristics for a professionally satisfying career, such as the research environment, professional recognition, autonomy, and flexibility;

- b. Address issues of work/life balance in New York, such as the high cost of housing, long commutes, and tuition expenses; and
 - c. Make recommendations on changes we would like to see.
3. The Research Director and the department heads will use the strategic planning and annual objective-setting processes to discuss priorities and emerging policy issues with our major clients elsewhere in the Bank and, where desirable, supplement these discussions with additional sessions to make certain our clients' needs are being met.
4. We will explore the possibility of rotations in other key areas of the Bank as a way for economists to gain a better understanding of the Bank's broader business needs and to generate research ideas. We intend to facilitate a flow of people on voluntary, well-organized, and productive rotations.

III. Strengthening our Environment and Internal Management

1. Measuring Research Output

We adopted the recommendations made by the external reviewers, namely, to maintain the journal point system as one input into measuring output, but to modify this system so that it more accurately reflects the status of finance journals in that field.

2. Managing Seminars

We will designate a Research Seminar Coordinator who will work with each of the individual seminar organizers to attain the following goals:

- To look for seminars that may be of interest to several departments in Research and designate them as "joint."
- To establish a set of ground rules that reduce the overall number of seminars, avoid two seminars on one day and last-minute scheduling changes, and monitor instances of overscheduling and poorly attended seminars to identify problems and solutions.
- To report back to the economists from time to time about how seminar management is proceeding.

3. Travel Budget

- Research economists now have a combined travel budget for domestic and foreign travel.
- The Research Director will work with the department heads to ensure a common philosophy and approach in administration.

4. Flexibility in Hours/Leave Policy/Sabbatical

A leave/sabbatical policy is currently under active consideration