

Advanced Policy Economics: Economics of Education

Spring 2013
Tuesday 9-12

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Office Hours: Monday 12-2 pm, SRH 3.240 (or by appointment)

Course Description

An economic approach views education as a public good with future benefits. This creates a role for government to mitigate market failures and promote education through public investments or production. This course focuses on applying economic analysis to questions of the role of government in education and the efficiency and equity of education policies. Students will learn economic models of educational policy analysis and evaluation and apply economics to evaluate school financing, accountability systems, market-based school reforms, and institutions of school governance.

Prerequisites

Applied Microeconomics for Policy Analysis (PA 393K) or Microeconomics for Global Policy Studies (PA 393G). Students should also have a basic understanding of econometric modeling, OLS regression and assumptions of OLS models, and net present value and discounting.

Course Requirements & Grading

Problems Sets (3 x 20 points each)
Policy Memos (3 x 20 points each)
In-class Project (20 points)
Class participation (20 points)

Credit/no credit grading is not permitted for this course. Any one registered credit/no credit will receive no credit.

Academic Integrity

Students are encouraged to work together on all course assignments. However, you must turn in original work that is your own. You will not receive credit for problem sets that are identical to another student's work. If you use outside sources, you must cite them. Do not plagiarize from other students or outside sources! **Late assignments will not be accepted.**

Students are expected to respect the University's standards regarding academic dishonesty. A discussion of academic integrity, including definitions of plagiarism and unauthorized collaboration, as well as helpful information on citations, note taking, and paraphrasing, can be found at the Office of the Dean of Students web page. (http://deanofstudents.utexas.edu/sjs/acint_student.php) and the Office of Graduate Studies (<http://www.utexas.edu/ogs/ethics/transcripts/academic.html>).

The University has established disciplinary procedures and penalty guidelines for academic dishonesty, especially Sec. 11.304 in Appendix C of the Institutional Rules on Student Services and Activities section in UT's General Information Catalog. For further information, please visit the Student Judicial Services website at: www.utexas.edu/depts/dos/sjs/

Student Disability Services

The University of Austin provides upon request appropriate academic accommodations for qualified students with disabilities. For more information, contact the Office of the Dean of Students at 471-6259, 471-6441 TTY.

Topics & Due Dates

January 15	Introduction to economic policy analysis in education
January 22	Economic benefits of education
January 29	Economic models of educational investment
February 5	Demand-side policies Problem Set #1 due
February 12	Education production function
February 19	Supply-side policies Problem Set #2 due
February 26	Incentives and accountability systems
March 5	Measuring outcomes and productivity Problem Set #3 due
March 12	Spring break
March 19	Defining and measuring equity
March 26	Financing education
April 2	Education markets Memo #1 due
April 9	School choice and vouchers
April 16	Governance of the public education Memo #2 due
April 23	In-class project #1
April 30	In-class project #2
May 6	Memo #3 due

Reading Assignments

Economic Benefits of Education (January 22)

Brewer, D. J. et al. (2008). The role of economics in education policy research. In *Handbook of Research in Education Finance and Policy*. New York: Routledge.

Cohn, E. & Geske, T. (1990). The benefits of education. In *The Economics of Education*. 3rd Edition. Oxford: Pergamon Press.

Macro and Micro Models of Educational Investment (January 29)

Becker (1975). Investment in human capital: Rates of return. *Human Capital*. New York: National Bureau of Economic Research.

Cohn, E. & Geske, T. (1990). Education and economic growth. In *The Economics of Education*. 3rd Edition. Oxford: Pergamon Press.

Angrist, J. & D. Acemoglu (2000). How large are human capital externalities? Evidence from compulsory attendance laws. NBER Macro Annual 15.

Demand for Education (February 5)

Glick, P. (2008). What policies will reduce gender schooling gaps in developing countries: Evidence and interpretation. *World Development*, 36(9), 1623-1646.

Schultz, T.P. (2004). School subsidies for the poor: Evaluating the Mexican Progresa poverty program. *Journal of Development Economics*, 74, 199-250.

Recommended:

Herz, B. & G. Sperling (2004). What works in girls' education? Evidence and policies from the developing world. New York: Council on Foreign Relations.

Education Production Function (February 12)

Rice, J.K. & Schwartz, A.E. (2008) Toward and understanding of productivity in education. In *Handbook of Research in Education Finance and Policy*. New York: Routledge.

Speakman, R. & Welch, F. (2006). Using wages to infer school quality. In *Handbook of the Economics of Education, Volume 2*. E. Hanushek & F. Welch, eds. Amsterdam: Elsevier Press.

Supply of Education (February 19)

Betts, J.R. (1995). Does school quality matter? Evidence from the NLSY. *Review of Economics and Statistics*, 77(2), 231-250.

Hanushek, E. (2006). School Resources. In *Handbook of the Economics of Education, Volume 2*. E. Hanushek & F. Welch, eds. Amsterdam: Elsevier Press.

Incentives and Accountability Systems (February 26)

Figlio, D. & Loeb, S. (2011). Accountability. In *Handbook of the Economics of Education, Volume 3*. Hanushek & Welch, eds. Amsterdam, Elsevier Press.

Neal, D. (2011). The design of teacher performance pay. NBER Working Paper 16710. New York: National Bureau of Economic Research.

Measuring Educational Outcomes and Productivity (March 5)

Reynolds, A.J. et al. (2002). Age 21 cost-benefit analysis of the Title I Chicago Child-Parent Centers. *Educational Evaluation and Policy Analysis*, 24, 267-303.

Harris, D., Sass, T., & Semykina, A. (2010). Value-added models and the measurement of teacher productivity. CALDER Working Paper 54. Washington, DC: American Institutes for Research.

Bartik, T., Gormley, W., & Adelstein, S. (2012). Earnings benefits of Tulsa's universal pre-k program for different income groups. *Economics of Education Review*, 31, 1141-1163.

Defining and Measuring Equity (March 19)

Kubow, Patricia K. & Fossum, Paul R. (2007). Comparative Education: Exploring Issues in International Context. Pearson Prentice Hall: Upper Saddle River, NJ., Chapter 4.

Clotfelter, C., Ladd, H., & Vigdor, J. (2012). The aftermath of accelerating algebra: Evidence from a district policy experiment. CALDER Working Paper #69.

Fuchs, T. & Wößmann, L. (2007). What accounts for international differences in student performance? A re-examination using PISA data. *Empirical Economics*, 32, 433-464.

Financing Education in the US (March 26)

Odden, Allan R. & Picus, Lawrence O. (1992). School finance: A policy perspective. New York: McGraw-Hill, Inc. Chapters, 3, 5, 7-8.

Education Markets (April 2)

Chubb, John E. & Moe, Terry (1990) Politics, Market, and America's Schools. Washington, DC: Brookings Institute. Chapters 1-3.

Friedman, Milton (1962). The role of government in education. <http://www.edchoice.org/The-Friedmans/The-Friedmans-on-School-Choice/The-Role-of-Government-in-Education.aspx>

School Choice and Vouchers (April 9)

Lara, B., Mizala, A, & Repetto, A. (2011). The effectiveness of private voucher education: Evidence from structural school switches. *Educational Evaluation and Policy Analysis*, 33, 119-137.

Cullen, B.J., Jacob, B., & Levitt, S. (2006). The effects of school choice on participants: Evidence from randomized lotteries. *Econometrica*, 74(5), 1191-1230.

Hsieh, C. & Uriquiola, M. (2006). The effects of generalized school choice on achievement and stratification: Evidence from Chile's voucher program. *Economics of Education Review*, 90, 1477-1503.

Governance of Public Education (April 16)

Parry, Taryn R. (1997). Achieving balance in decentralization: A case study of education decentralization in Chile. *World Development*, 25, 211-225.

Wößmann, Ludger (2007). International evidence on school competition, autonomy, and accountability: A review. *Peabody Journal of Education*, 82, 473-497.

Lincove, Jane (2006) Efficiency, equity, and girls' education. *Public Administration and Development*, 26, 339-357.