

Dartmouth College
Rockefeller Center for Public Policy
Spring 2009

Public Policy 81.8 –Economics of Education Policy

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Office Hours:
Monday: 3-4pm
Thursday: 1-2pm
or by Appointment

Course Description: This course will use economic theory, empirical analysis and policy literature to examine current issues in U.S. education. Some of the topics we will cover include an analysis of how people choose their investments in education (human capital theory); how to empirically distinguish the return to education from the return to natural ability; how education policy affects a country's economic growth; how education and earnings are related in a single person's lifetime, and how and why this relationship has changed in the last few decades; the role of early childhood education; the various approaches to primary and secondary school reform (e.g., charter schools, vouchers, teacher evaluation etc.); and the problem of increasing access to higher education. We will also discuss related topics which are wider in scope such as how has the recent IT revolution affected the education system, and what role does education play in the increase in U.S. wage inequality over the last few decades. This course will mostly focus on articles from academic journals and newspapers like the Wall Street Journal or the New York Times. Knowledge of basic statistics (Econ 10/Govt 10 etc.) will be very useful, but at the beginning of term, we will review the important statistical/econometric issues you will need to understand to read the articles.

Readings: Required readings and the articles in the optional reading list are available on-line (from the library's course reserves website), and the books are also on reserve in the library.

Requirements: There will be **two quizzes** (held during x-hours) and a **final paper**. I will also hand out **problem sets** which will serve as practice for the exams. As long as you make a honest effort on these problem sets, you will get full credit. There will also be credit for class/online participation (more details on the last couple of pages)

Please note that the quizzes will be held on Wednesday, April 22, 2009 and Wednesday, May 13, 2009. In general, exams may not be postponed except in the case of a **documented** emergency.

Grading: Your total grade will be determined as follows:-

Problem Sets	10%
Class/Online Participation	10%
Quizzes	50%
<u>Final paper</u>	<u>30%</u>
Total	100%

Special Needs: If you have a learning, physical or psychiatric disability which may warrant disability-related classroom accommodations, please speak with me during the first week of classes. The Academic Skills Center in 301 Collis Center will be asked to verify that you are registered for these services.

Lecture Schedule and Readings:

The schedule below indicates the topic covered in each session. While we will cover the topics in the order shown, I may not be able to cover everything planned. You should look over each day's reading beforehand so that you can come up with two good questions for that day's session. Please note that we will have **4 X-hours** in addition to our regularly scheduled classes.

Date		Topic	Reading
3/31	Tuesday	Introduction: Defining the Education Problem	R1-3
4/2	Thursday	Intro contd.; Human Capital Theory: The Basic Economic Perspective on Education	R4
4/7	Tuesday	Human Capital Theory contd.; Early Childhood Education: How Important?	R5-6
4/8	Wednesday	<i>X-Hour: Statistics/Econometrics Review (Optional)</i>	
4/9	Thursday	When Did Earnings Become So Dependent on Education?	R7-8
4/14	Tuesday	Do Our Regression Estimates Overestimate the Impact of Education on Earnings? The Case of Ability Bias	R9-10
4/16	Thursday	Ability Bias Contd.; If the Return to Education is Real, is it a Signal?	R11-12
4/21	Tuesday	Signal contd.	R11-12 contd.
4/22	Wednesday	<i>X-Hour: Quiz 1</i>	
4/23	Thursday	Why has the Rate of Return to Education Increased?	R13-15
4/28	Tuesday	Rate of Return Contd.; What Skills are Now Rewarded in the Workplace?	R16-17
4/30	Thursday	Do Smaller Classes Raise Achievement?	R18-20
5/5	Tuesday	Smaller Classes Contd.	R18-20 contd.
5/7	Thursday	School Vouchers and Parental Choice	R21-22
5/12	Tuesday	School Accountability: Standards and Testing	R23-26
5/13	Wednesday	<i>X-Hour: Quiz 2</i>	
5/14	Thursday	Teacher Quality and Teacher Training	R27-29
5/19	Tuesday	Can Technology Complement What Teachers Do? <i>First Draft of Paper due in class</i>	R30-31

5/21	Thursday	Higher Education: Basic Issues and Structure	R32-33
5/26	Tuesday	Higher Education Policy	R34-35
5/27	Wednesday	<i>X-Hour: Final Wrap-up</i>	
5/28	Thursday	Student Presentations	
6/2	Tuesday	Student Presentations	

Please note that your final paper is due June 4th by 4pm (there will be a box outside my door where you can leave these)

Readings

- R1.** Autor, David, Frank Levy, and Richard J. Murnane. "The Consequences of Increasing the Nation's Supply of College Graduates." Policy Brief Written for the Gates Foundation. December, 2003.
- R2.** Wessel, David. "Moving up: Challenges to the American Dream; Escalator Ride: As Rich-poor Gap Widens in the U.S., Class Mobility Stalls; Those in Bottom Rung Enjoy Better Odds in Europe; How Parents Confer an Edge; Immigrants See Fast Advance." *The Wall Street Journal* (May 13, 2005): A1.
- R3.** Jorgenson, Dale W., Mun S. Ho, and Kevin J. Stiroh. "Will the U.S. Productivity Resurgence Continue?" *Current Issues in Economics and Finance* 10, no. 13 (2004). ([PDF](#))[#]
- R4.** Borjas, George. *Labor Economics*. Boston, MA: McGraw-Hill, 2005, chapter 7. ISBN: 9780072871777.
- R5.** Knudsen, Eric I., James J. Heckman, Judy L. Cameron, and Jack P. Shonkoff. "Economic, Neurobiological, and Behavioral Perspectives on Building America's Future Workforce." *Proceedings of the National Academy of Sciences* 103, no. 27 (2006): 10155-10162.
- R6.** Feinstein, Leon. "Inequality in the Early Cognitive Development of British Children in the 1970 Cohort." *Economica* 70, no. 277 (2003): 73-97.
- R7.** Freeman, Richard B. *The Overeducated American*. New York, NY: Academic Press, 1976, chapters 1-3. ISBN: 9780122672507.
- R8.** Krueger, Alan B. "Inequality, Too Much of a Good Thing." Paper to the Princeton University Industrial Relations Section. Princeton, NJ: Princeton University Press, April 16, 2002, pp. 38-39.
- R9.** Card, David. "[Using Geographic Variation in College Proximity to Estimate the Return to Schooling](#)." In L.N. Christofides, E.K. Grant, and R. Swidinsky, editors, *Aspects of Labor Market Behaviour: Essays in Honour of John Vanderkamp*. Toronto: University of Toronto Press, 1995.
- R10.** Duflo, Esther. "Schooling and Labor Market Consequences of School Construction in Indonesia: Evidence from an Unusual Policy Experiment." *American Economic Review* 91, no. 4 (2001): 795-800.
- R11.** Tyler, John H., Richard J. Murnane, and John B. Willett. "Estimating the Labor Market Signaling Value of a GED." *The Quarterly Journal of Economics* 115, no. 2 (2000): 431-468.
- R12.** Murnane, Richard J., John Willett, and Frank Levy. "The Growing Importance of Cognitive Skills in Wage Determination." *Review of Economics and Statistics* 77, no. 2 (1995): 251-266.
- R13.** Levy, Frank, and Richard J. Murnane. "Computers, Offshoring, and Skills." Working Paper. September 18, 2005.
- R14.** Levy, Frank, and Peter Temin. "[Inequality and Institutions in 20th Century America](#)." National Bureau of Economic Research Working Paper No. 13106, May 2007.

- R15.** Freeman, Richard B. "Are Your Wages Set in Beijing?" *Journal of Economic Perspectives* 9, no. 3 (1995): 15-32.
- R16.** Bransford, John, Ann Brown, and Rodney Cocking, eds. "How Experts Differ from Novices." Chapter 2 in *How People Learn: Brain, Mind, Experience and School*. Washington, DC: National Academy Press, 2000. ISBN: 9780309070362.
- R17.** Murray, Nick. "Planning for the Five Great Goals of Life." Chapter 8 in *The Excellent Investment Advisor*. Mattituck, NY: The Nick Murray Company, Inc., 1996. ISBN: 9780965516105.
- R18.** Hanushek, Eric A. "Assessing the Effects of School Resources on Student Performance: An Update." *Educational Evaluation and Policy Analysis* 19, no. 2 (1997): 141-164.
- R19.** Murnane, Richard J., and Frank Levy. "Evidence from Fifteen Schools in Austin Texas." Chapter 4 in *Does Money Matter?* Edited by Gary Burtless. Washington, DC: Brookings Institution Press, 1996. ISBN: 9780815712756.
- R20.** Krueger, Alan B. "Experimental Estimates of Education Production Functions." *Quarterly Journal of Economics* 114, no. 2 (1999): 497-532.
- R21.** Greene, Jay P., Paul E. Peterson, and Jiangtao Du. "Effectiveness of School Choice: The Milwaukee Experiment." *Education and Urban Society* 31, no. 2 (1999): 190-213
- R22.** Cullen, Julie Berry, Brian A. Jacob, and Steven Levitt. "The Effect of School Choice on Participants: Evidence from Randomized Lotteries." *Econometrica* 74, no. 5 (2006): 1191-1230.
- R23.** Rose, Lowell C., and Alec M. Gallup. "[The 38th Annual Phi Delta Kappa/Gallup Poll of the Public's Attitudes toward the Public Schools](#)." Phi Delta Kappa International Inc., 2006, Summary Tables.
- R24.** Clotfelter, Charles T., and Helen F. Ladd. "Recognizing and Rewarding Success in Public Schools." Chapter 2 in *Holding Schools Accountable*. Edited by Helen Ladd. Washington, DC: Brookings Institution Press, 1996. ISBN: 9780815751038.
- R25.** Jacob, Brian A. "Accountability, Incentives and Behavior: The Impact of High-stakes Testing in the Chicago Public Schools." *Journal of Public Economics* 89, no. 5-6 (2005): 761-796.
- R26.** Murnane, Richard J., and Frank Levy. "The Fourth Principle: Measure Progress Regularly." Chapter 7 in *Teaching the New Basic Skills: Principles for Educating Children to Thrive in a Changing Economy*. New York, NY: Free Press, 1996. ISBN: 9780684827391
- R27.** Loeb, Susanna, and Marianne E. Page. "Examining the Link between Teacher Wages and Student Outcomes: The Importance of Alternative Labor Market Opportunities and Non-pecuniary Variation." *Review of Economics and Statistics* 82, no. 3 (2000): 393-408.
- R28.** Kane, Thomas J., Jonah E. Rockoff, and Douglas O. Staiger. "[What Does Certification Tell Us about Teacher Effectiveness? Evidence from New York City](#)." National Bureau of Economic Research Working Paper No. 12155, April 2006
- R29.** Murnane, Richard J., and Frank Levy. "The Third Principle: Train the Frontline Workers." Chapter 6 in *Teaching the New Basic Skills: Principles for Educating Children to Thrive in a Changing Economy*. New York, NY: Free Press, 1996. ISBN: 9780684827391.

- R30.** Rouse, Cecilia Elena, and Alan B. Krueger. "Putting Computerized Instruction to the Test: A Randomized Evaluation of a 'Scientifically Based' Reading Program." *Economics of Education Review* 23, no. 4 (2004): 323-338.
- R31.** Burstein, Jill, Martin Chodorow, and Claudia Leacock. "Criterion Online Essay Evaluation: An Application for Automated Evaluation of Student Essays." Proceedings of the 15th Annual Conference on Innovative Applications of Artificial Intelligence, 2003.
- R32.** Dynarsky, Susan. "Building the Stock of College-educated Labor." National Bureau of Economic Research Working Paper No. 11604, September 2005, pp. 1-10.
- R33.** Winston, Gordon. "Subsidies, Hierarchy and Peers: The Awkward Economics of Higher Education." *Journal of Economic Perspectives* 13, no. 1 (1999): 13-36.
- R34.** Bettinger, Eric P., and Bridget Terry Long. "Addressing the Needs of Under-prepared Students in Higher Education: Does College Remediation Work?" National Bureau of Economic Research Working Paper No. 11325, May 2005.
- R35.** Angrist, Joshua, Daniel Lang, and Philip Oreopoulos. "Lead Them to Water and Pay Them to Drink: An Experiment with Services and Incentives for College Achievement." National Bureau of Economic Research Working Paper No. 12790, December 2006.

More on Participation:

A. Class Participation

There are two main components to class participation:

- 1) Preparing two questions on each day's readings to post on the course wiki (see B3 below), and
- 2) A brief presentation of your paper during the last week of classes.

In addition, since a class on education is the perfect place to improve your education, I would like to lessen the chalk-and-talk part of the course and have as much discussion as possible. To this end, we will decide on the first day, whether it is a good idea to have just one student take notes for the entire class each day, so that the others can concentrate on the discussion. If we decide to do this, then each student will be asked to take the notes on only one day (these will be posted on the wiki, and I will briefly check over them) and will be exempt from submitting questions on that particular day.

B. Online Participation

We will use wikis, discussion boards and surveys to extend our in-class discussions to online interactions. This will hopefully increase your understanding of the material, and also, by interacting with the rest of your class (sometimes that's difficult to organize in person), you will understand that many people have the same questions/concerns/interests as you do, and bringing these to my notice will help all of us get more out of the class.

- 1) I will ask you to fill out a survey each Sunday, regarding what you found most interesting and what confused you most about the preceding week's lectures. These are anonymous, so you can write frankly, but Blackboard will note whether you have participated or not. This will help me figure out how to pitch my lectures, whether we need to go over a particular section again or not, and so on. I will collect the most common/most interesting questions and post them on a discussion board forum. You will be required to try and answer at least one of these posted questions by the following Sunday.

Requirement: (a) fill out survey each week and (b) answer at least one question each week.

- 2) I will set up a wiki which will serve as a reference/study guide for the readings. You will post two questions on each day's reading before that day's class, and you will answer two of your own questions each week, after we've discussed that reading.

Requirement: (a) 2 questions on each day's readings and (b) answer two of your own questions each week.

More on the paper:

Since this is a public policy class, the main objective of the paper will be to present a policy prescription which you think addresses an important problem in the context of the U.S. education system. The focus of the paper will be on explaining the problem, say the fact that earnings mobility among minorities has been slowing down faster than among other groups, showing why this is a problem, and suggesting a coherent policy that would fix the problem (if it needs to be fixed). The important thing to remember is that each part of the problem needs to be supported either by theory and/or empirical evidence that you learn in class or from outside sources. You may also “borrow” policy prescriptions from other policy analysts (just be careful not to plagiarize!).

The choice of issue is of course very important for the quality of the paper, so I would encourage you to choose as specific a topic as possible. For example, rather than discuss the state of inner city schools, you might write a paper addressing the problem that worse teachers self-select themselves into inner city schools, or that inner city schools lack career counsellors. Remember that the “fact” that you decide to analyze should be established by empirical evidence: e.g., you should cite economic research showing that teachers at inner city schools are actually observationally worse than other teachers.

Since the choice of topic is so important, I will ask each of you to meet with me for a few minutes at least two weeks before the first draft is due. At this meeting you should be able to give me a brief summary of your chosen problem and your proposed resolution, along with a few references to back up your claims. The earlier you meet with me, the more time you have to revise your ideas, if you choose to.

You will hand in a first draft to me on 5/19. I will not grade this, but will try to help guide you with comments/suggestions.

The papers are subject to a **very strict 2500 word limit**, not including the bibliography and any tables or graphs you might choose to include.