Course Description and Goals:

Over the past twenty years economics has made a number of contributions to understanding the role of education in the wider economy and the effectiveness of various education policies. This course provides a broad overview of the different issues in education that economists study. Through readings and discussion we will study the various aspects of the intersection of economics and education with a focus on US education policy. The goal for this course is to provide you with a broad understanding of the issues that arise at the intersection of education and economic policy, to be able to make judgments about the effectiveness of various education policies based on current research, and to be able to make cogent and effective arguments about what you feel are appropriate policy recommendations.

Class meetings: Class will meet on Tuesdays and Thursdays from 10:20am to 11:40am in Berkey 209.

Office Hours: Thursdays 1:00pm – 3:00pm or by appointment in 25E MAH.

Requirements and grading:

Your grade in this course will be calculated as follows:

- Policy Analysis Presentation – 15%
- Research Brief – 15%
- Midterm – 20%
- Final Exam – 40%
- Participation – 10%

Descriptions of the course requirements are as follows:

1. Readings – Readings will primarily be a mix of selections from *International Encyclopedia of Education* (referred to as “Encyclopedia” below) from the *Handbook of the Economics of Education* (referred to as “Handbook” below). These selections are
available electronically through the MSU libraries. The *Encyclopedia* can be found at http://www.sciencedirect.com.proxy2.cl.msu.edu/science/referenceworks/9780080448947. You may also purchase a hardcopy book that includes the readings from the *Encyclopedia*. This book is called *Economics of Education* edited by Dominic J. Brewer and Patrick J. McEwan and is available from Amazon and other booksellers. The *Handbook* can be found at http://catalog.lib.msu.edu/record=b6664136~S39a. To download or print the documents you need to create a free ebrary account by clicking on the link for the appropriate volume. Some additional articles from various sources will also be used. Links to these are provided on this syllabus and on D2L. **For some links to work you need to be on campus. If you are not, you can search the MSU library electronic journals to gain access.** These sources include, but are not limited to, selections from the *Journal of Economic Perspectives*, *Education Next*, and policy briefs from *Education Finance and Policy*. Articles from other sources can be accessed through D2L. These are all written for undergraduate students and policy makers and thus do not contain advanced statistics or mathematics.

An additional reference that may be useful, but is not required for the course are *Introductory Econometrics* by Jeff Wooldridge, or an equivalent undergraduate econometrics textbook.

(2) **Exams** – About halfway through the course we will have a midterm exam that will test you on the readings and class discussions. There will also be a cumulative final exam at the end of the semester. The exams will primarily consist of short essays and may also include some graphing and interpretations of statistical analyses. A calculator will not be necessary for the exams but students are permitted to use a 4-function or scientific calculator without any graphing or note-taking abilities.

(3) **Research Brief** – About two-thirds of the way through the course students will be required to write a 2 to 3 page double-spaced, 12 pt font research brief. Each student will write a brief that summarizes the current research on a topic (chosen by me) using original sources. Late briefs will have the grade reduced by ½ point on a 4 point scale (e.g. 4 to 3.5, 3.5 to 3, etc.) immediately following the due date and time with another ½ point reduction for every additional 24 hours the paper is late.

(4) **Policy Analysis Presentation** – Towards the end of the course students will make 15 minute presentations that summarize a policy related to the economics of education. The student will provide background information on the policy, examples of implementation in real life, summarize any research conducted on the policy and closely related policies, and provide an assessment using evidence from economic theory and existing research on what, if any, impact we would expect from the policy. Students will choose from a list of policies provided by me and will work in randomly assigned groups.

(5) **Participation** – Students are expected to attend class regularly and participate in class discussions. I will not be taking attendance but your grade will be based on how often you ask questions, participate in back-and-forth discussions, and showing understanding of the reading material during class.
Note that if you have a question or concern regarding your grade on any assignment you need to bring it up within one week after it is returned. After that I will not entertain any requests for grade changes.

Academic Honesty: Students are expected to abide by the academic honesty requirements set forth here https://www.msu.edu/~ombud/academic-integrity/index.html. Any academic dishonesty will not be tolerated and is subject to referral to the appropriate review process. All written assignments for this course will be evaluated for possible plagiarism using Turnitin. The university’s policy for use of Turnitin is copied here:

Consistent with MSU’s efforts to enhance student learning, foster honesty, and maintain integrity in our academic processes, instructors may use a tool called Turnitin to compare a student’s work with multiple sources. The tool compares each student’s work with an extensive database of prior publications and papers, providing links to possible matches and a ‘similarity score’. The tool does not determine whether plagiarism has occurred or not. Instead, the instructor must make a complete assessment and judge the originality of the student’s work. All submissions to this course may be checked using this tool.

Students should submit papers to Turnitin Dropboxes without identifying information included in the paper (e.g. name or student number), the system will automatically show this info to faculty in your course when viewing the submission, but the information will not be retained by Turnitin.

Incompletes: Incompletes are only provided in extraordinary circumstances and at the instructor’s discretion. The MSU Registrar’s office provides the following rules for the application of incomplete grades: “The I-Incomplete may be given only when: the student (a) has completed at least 6/7 of the term of instruction, but is unable to complete the class work and/or take the final examination because of illness or other compelling reason; and (b) has done satisfactory work in the course; and (c) in the instructor’s judgment can complete the required work without repeating the course”

Accommodations: University policy requires that reasonable accommodations be made for students with disabilities, and absences due to religious holidays and athletic competitions. Students who are absent for religious holidays or athletic competitions will not have their attendance grade affected by those absences, nor will they count to your two permitted absences, provided that you inform me in advance. Further, reasonable accommodations will be made for students who are absent for exams due to religious holidays or athletic competitions provided you inform me at least one week prior to the exam. Students who are ill will be permitted to make up the exam only if they provide documentation of their illness from a health professional or health care institution. Note that the documentation must attest that the student was too ill to take the exam. A note that simply states the student visited a clinic is insufficient. Whether accommodations for other reasons for missing exams will be provided are to be decided by the instructor on a case-by-case basis. Failure to provide reasonable documentation of your excuse or provision of an insufficient excuse could result in receiving a reduced grade or zero on the
missed exam. Students with disabilities that require extra time for an exam or other accommodations must provide me with a Verified Individualized Services and Accommodations (VISA) document at least one week prior to the first exam at which point I will work with you to make alternative arrangements.

**Course Outline:**

This outline is preliminary and may change if the class goes too fast or too slow.

Week 1 – Jan 7, 9

**Introduction, Externalities and Public Goods**

*Encyclopedia:*

- “Theoretical Concepts in the Economics of Education” by Brewer, Hentschke & Eide
- “Empirical Research Methods in the Economics of Education” by McEwan
- “Data in the Economics of Education” by Perez and Socias
- “The External Benefits of Education” by McMahon


Week 2 – Jan 14, 16

**Human Capital, Signaling and the Returns to Education**

*Encyclopedia:*

- “Human Capital” by Eide & Showalter
- “Signaling in the Labor Market” by Page
- “Returns to Education in Developed Countries” by Gunderson & Oreopoulos


Week 3 – Jan 21, 23

**Education Production Functions – Theory and Observable Inputs**

*Encyclopedia:* “The Economics of Class Size” by Schanzenbach

*Handbook (Volume 2):* “School Resources” by Hanushek


http://www.jstor.org/stable/2138553

Week 4 – Jan 28, 30  
**Education Production Functions – Teacher Quality**  
*Handbook (Volume 2): “Teacher Quality”* by Hanushek and Rivkin  

http://www.mitpressjournals.org/doi/pdf/10.1162/edfp.2007.2.4.395

http://www.jstor.org/stable/20799157

Week 5 – Feb 4, 6  
**Peer Effects and Tracking**  
*Encyclopedia: “Neighborhoods and Peers in the Production of Schooling”* by Vigdor and Ludwig  

*Handbook (Volume 3):*  
“Peer Effects in Education: How Might They Work, How Big Are They and How Much Do We Know So Far?” by Sacerdote  
“The Economics of Tracking in Education” by Betts (pp. 341 – 356 and 371 – 380 only)

“Domino Effect” by Carrell and Hoekstra in *Education Next*,  
http://educationnext.org/domino-effect-2/

Week 6 – Feb 11, 13  
**Accountability and No Child Left Behind**  
*Handbook (Volume 3): “School Accountability”* by Figlio and Loeb  

http://www.jstor.org/stable/3216916

http://www.jstor.org/stable/20799158

Week 7 – Feb 18, 20  
**Catch up and midterm review – Tuesday, February 18**  

Midterm – Thursday, February 20, in class.
Week 8 – Feb 25, 27

School Choice  
*Encyclopedia*

“Tiebout Sorting and Competition” by Nechyba  
“Competition and Student Performance” by Payne  
“The Economics of Charter Schools” by Buddin and Zimmer

Handbook (Volume 3) “Housing Valuations of School Performance” by Black and Machin


Spring Break – Mar 4, 6 (No Classes)

Week 9 – Mar 11 (No Class Mar 13)

Incentivizing Students and Teachers  
*Encyclopedia*

“Teacher Incentives” by Santibanez  
“Economic Approaches to Teacher Recruitment and Retention” by Loeb and Myung

“Student Incentives” by Imberman, forthcoming in *The Encyclopedia of Education Economics and Finance* (download via D2L)


Week 10 – Mar 18, 20

The State of Higher Education Finance

http://www.jstor.org/stable/2647135

*Research brief must be uploaded to D2L dropbox by 5:00pm on Friday, Mar 21.*

Week 11 – Mar 25, 27

**Postsecondary Financial and Merit Aid**

http://futureofchildren.org/futureofchildren/publications/docs/23_01_04.pdf

http://www.jstor.org/stable/41348811


Week 12 – Apr 1, 3

**Professor Quality**


**College Mismatch**

“Economist Describes a Missing Pool of Low-Income College Applicants” 
*Chronicle of Higher Education*, Jan 5, 2009 


Week 13 – Apr 8, 10

**Community and For-Profit Colleges**
http://www.jstor.org/stable/41348810

http://www.jstor.org/stable/23391695


Week 14 – Apr 15, 17

Presentations.

Week 15 – Apr 22, 24

Presentations and final exam review if time allows.

Final exam – Tuesday April 29, 7:45AM – 9:45AM.