

## MAXWELL SCHOOL

### ECN 720: Topics in the Economics of Education and Public Policy

Fall 2020

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Class Times: Tuesdays 3:30-6:15pm  
Class Location: Maxwell 108  
Office Hours: TBA

The primary objective of this course is to provide an introduction to the economics of education, broadly defined to include early childhood education, K-12, higher education and after school/summer school. We will consider the causes and the consequences of educational spending, performance and outcomes, including the education policies designed to reform American schools and school systems, as well as the social policies that shape educational opportunity, schooling and, ultimately, outcomes. While it is impossible in one semester to provide an in-depth analysis of such a broad topic, we aim to cover many of the major issues in the area with greater attention to recent contributions and the current academic debates. Specific topics will be determined at the beginning of the semester to reflect the interests of enrolled students.

A second focus is on understanding how empirical research draws together data, institutions, theory and methods to provide persuasive answers to relevant economic questions. As a result, we will focus on empirical applications, exploring the theoretical tools of microeconomics and methodological tools of econometrics used in the study of education and public policy.

Throughout the semester we will read and critique empirical studies and assess the strengths and weaknesses of the research designs, data, analytic techniques, and findings. Thus, students will gain experience in reviewing existing research and identifying opportunities for new research.

#### CHOOSING TOPICS AND SETTING PRIORITIES

Readings for the course will be drawn from the reading list and additional readings developed in consultation with enrolled students. The exact selection of readings will depend in part on how quickly we move through the material and the interests and background of those in the class. The readings are primarily journal articles and book chapters from:

Michael Lovenheim and Sarah E. Turner, *Economics of Education* Worth Publishers 2017  
You will need to rent this book from Macmillan Publishing.

[Click here to purchase or rent Economics of Education by Lovenheim](https://store.macmillanlearning.com/us/product/Economics-of-Education---Rental-Only/p/0716777045?_ga=2.244722502.2128581935.1541644050-1580780681.1515363170)

(Full link: [https://store.macmillanlearning.com/us/product/Economics-of-Education---Rental-Only/p/0716777045?\\_ga=2.244722502.2128581935.1541644050-1580780681.1515363170](https://store.macmillanlearning.com/us/product/Economics-of-Education---Rental-Only/p/0716777045?_ga=2.244722502.2128581935.1541644050-1580780681.1515363170))

The breadth of the education sector and the wide range of public policies that have or may affect educational outcomes means that no single course can fully cover all aspects. As a result, we will have to choose and prioritize. To do so, I have listed below a set of topics with a set of readings. We will have a discussion about which topics to emphasize (and which to discuss briefly), other

potential topics we might add, and which of the papers listed we will choose to read together.

Other readings should be readily available online or through SU library online.

## **COURSE REQUIREMENTS:**

The course will follow a seminar format with some interactive lecture, exercises, and discussion in which students will play a leading role, and may include guest speakers, where possible.

There will be four principal requirements for successful completion of this course:

### **1. Class Participation (10 percent):**

This is a small seminar class, so everyone is expected to have read the assigned articles before class and show up ready to contribute. Class participation is important, so **DO SPEAK UP**. There are no stupid questions. If you don't understand, someone is likely to also have the same question.

### **2. Class Presentations (40 percent):**

Each student will present **two articles to the class**, chosen in consultation with the professor. Students will work with Professor Schwartz to choose (1) a recent article published in a major economics journal and (2) a recent not-yet-published working paper or conference paper. Your presentation should include the key question the paper poses, the theoretical underpinnings, identifying strategy, setting, data and sample and results. You should situate the paper in existing literature, identifying both a **SEMINAL** paper on which it builds and a more recent, related paper. Describe the specific contribution of the paper its strengths and weaknesses.

In addition to a **PowerPoint presentation**, you must prepare and distribute a handout summarizing the main features of the paper and your talk. Your grade will be based on the quality of your handouts and the clarity of your presentation and PowerPoints. For the second of these (the not yet published paper) you must also prepare a referee report which will be separately graded see below.

Dates to be arranged.

### **3. Referee Report (20 percent)**

You must prepare a referee report for a recent not-yet-published working paper or conference paper in the economics of education and public policy. You will choose the paper in consultation with Professor Schwartz. This can be – but does not have to be – the same working paper you present to the class. More details about the specifics will be given in class.

#### **4. Research Paper (40 percent)**

The paper is intended to be an opportunity to develop possible dissertation work. It can be a careful synthesis and review of material in the literature or it can include original research. The term paper must also go beyond simply reviewing material discussed directly in class.

As part of the term paper, a two-page paper proposal is due by Tuesday, October 23. As a guide, successful term papers will typically be between 15 to 20 pages in length, double spaced, with normal margins and fonts. Check with me first if you want to do something outside of these guidelines.

I have listed a set of additional, supplementary readings that you may find helpful as you think about your presentations, and we will choose two from among these (or alternates proposed by class members) to read together each week.

**ALL ASSIGNMENTS MUST BE SUBMITTED IN TWO WAYS:**

- 1) Via email to [amyschwartz@syr.edu](mailto:amyschwartz@syr.edu) with the class number in the subject line. If you are submitting a paper or other document, please send in a single a WORD document – so that I can add comments, etc. – or PDF if needed. In any event, make sure that the filename of your paper has YOUR OWN NAME IN IT.

(Do not send me an assignment named “econofed.doc” but use “yournameeconofed.doc” i.e., schwartzeconofed.)

- 2) Printed copy

**PLEASE MAKE SURE TO INCLUDE YOUR NAME AND YOUR EMAIL ADDRESS ON BOTH ELECTRONIC AND HARD COPIES.**

#### **SYRACUSE UNIVERSITY BLACKBOARD**

This course will be managed through the University Blackboard system. To the extent possible, I will place the course syllabus, readings (other than those in the text listed above), assignments, course announcements, etc. on the Blackboard site. The Blackboard login page is at:

<https://blackboard.syr.edu/>. To login, enter your SU NetID and password. If you are having problems, contact the university ITS Help Desk located at 116 Hinds Hall (315-443-2677).

#### **ACADEMIC HONESTY**

Unless explicitly assigned to work in groups, all students are expected to work independently. All assignments should be the student’s own work prepared for this course – unauthorized collaboration, plagiarism, turning in assignments prepared for other courses, and other forms of academic dishonesty are expressly prohibited. Syracuse University Office of Academic Integrity provides resources on academic integrity and a description of university procedures in cases of academic dishonesty. The information is available at: <http://academicintegrity.syr.edu/student-resources/>.

Note on sources: While you are certainly encouraged to use the Internet, most of the references for your paper should be in academic journals or books. The full text of many journals is now available online through the Syracuse University library. Others are available in the library (or you may need to order some publications from interlibrary loan, which can be done online). Please be wary of Internet-based sources. Many present unverified, inaccurate or intentionally partisan information and are therefore not appropriate for an academic paper (except, perhaps, to document the arguments that proponents or opponents of a policy use). Please also be scrupulous about citing other people's work. If an idea comes from another source, cite it. If you use the exact words of another writer, including one on the Internet, you must put quotes around the passage and cite it.

It is the student's responsibility to understand the definition of academic honesty, but if you are ever in doubt, please ask me before you do something that could put your academic career in jeopardy!

## COURSE TOPICS

(\*articles are required, other readings are TBD)

### **Introduction: The Economics of Education and The Education Policy Debate**

\* Lovenheim and Turner (2017) Chapters 1 and 2.

#### **Readings**

Chapman, C., Laird, J., Ifill, N., and Kewal Ramani, A. (2011). Trends in High School Dropout and Completion Rates in the United States: 1972–2009 (NCES 2012-006).

<http://nces.ed.gov/pubs2012/2012006.pdf>

Coleman, James S., Campbell, Ernest Q., Hobson, Carol F., McPartland, James M., Mood, Alexander M., Weinfeld, Frederic D., York, Robert L. (1966) **Equality of Educational Opportunity**. Washington, DC: National Center for Educational Statistics.

<http://files.eric.ed.gov/fulltext/ED012275.pdf>

Heckman, James and Paul A. LaFontaine. 2010. “The American High School Graduation Rate: Trends and Levels.” *The Review of Economics and Statistics*, 92(2): 244–262.

National Center for Education Statistics. 2019. The Nations Report Card: Trends in Academic Progress 2018

<http://nces.ed.gov/nationsreportcard/subject/publications/main2012/pdf/2013456.pdf>

### **Topic 1. Education research and program evaluation: Why is it so hard to know what works? Empirical Tools of Education Economics**

An introduction to empirical methods and research design in the economics of education: correlation versus causality, linear regression, selection and omitted variables bias, treatment effects, randomized experiments, observational designs, natural and quasi-experiments, internal and external validity.

\* Lovenheim and Turner – Chapter 3 “Empirical Tools of Education Economics”

#### **Additional reading**

Thomas D. Cook. 2002. “Randomized Experiments in Educational Policy Research: A Critical Examination of the Reasons the Educational Evaluation Community Has Offered for Not Doing Them.” *Educational Evaluation and Policy Analysis* 24, 175-199.

Kraft (2020) “Interpreting Effect Sizes of Education Interventions” *Educational Researcher*, Vol. 49 No. 4, pp. 241–253

Diane Whitmore Schanzenbach. 2012. “Limitations of Experiments in Education Research.” *Education Finance and Policy* 7(2): 175-199.

Grover J. Whitehurst. 2012. "The Value of Experiments in Education." *Education Finance and Policy* 7(2): 107-123.

## **Topic 2. The Impact of Educational Attainment and Success**

\*Lovenheim and Turner Chapter 4, 5 and 6

Barbara Wolfe and Samuel Zuvekas. 1997. "Nonmarket Outcomes of Schooling." *International Journal of Educational Research* 27(6): 491-502.

Peter Muennig. 2007. "Consequences in Health Status and Costs." In *The Price We Pay: Economic and Social Consequences of Inadequate Education*, Ch.6.

Enrico Moretti. 2007. "Crime and the Costs of Criminal Justice." In *The Price We Pay: Economic and Social Consequences of Inadequate Education*, ch.7.

## **Topic 3. How do school inputs effect student outcomes? How do non-school inputs matter? The Education Production Function**

Concepts of the production function in economics—inputs, outputs, input substitution, diminishing marginal returns. Efficient allocation of scarce resources in the production of education. Class size, School Size, Neighborhood Effects

\*Lovenheim and Turner Chapter 7

Chetty, Raj and Nathaniel Hendren (2015) "The Impacts of Neighborhoods on Intergenerational Mobility: Childhood Exposure Effects and County-Level Estimates"

Chetty, Raj, Nathaniel Hendren, Lawrence F. Katz (2015) "The Effects of Exposure to Better Neighborhoods on Children: New Evidence from the Moving to Opportunity Experiment." *American Economic Review* VOL. 106, NO. 4, APRIL 2016 (pp. 855-902) <http://www.nber.org/papers/w21156>

Eric A. Hanushek (1986), 'The Economics of Schooling: Production and Efficiency in Public Schools', *Journal of Economic Literature*, XXIV, September, 1141-77

Eric Hanushek. 2002. "The Failure of Input-based Schooling Policies." *The Economic Journal* 113 (February): F64–F98.

Christopher Jepsen and Steven Rivkin (2009) "Class Size Reduction and Student Achievement: The Potential Tradeoff between Teacher Quality and Class Size" *J. Human Resources* January 1, 2009 44:223-250;

Diane Whitmore Schanzenbach. 2007. "What Have Researchers Learned From Project STAR?" *Brookings Papers on Education Policy, 2006/2007*, Washington DC: Brookings Press: 205-228.

Schwartz, A., Stiefel, L., Wiswall. Does Small High School Reform Lift Urban Districts? Evidence from NYC-*Educational Researcher*

#### **Topic 4. School Finance – Effects on Education Outcomes**

Lovenheim and Turner Chapters 8 and 9

Lafortune, J., Rothstein, J., & Schanzenbach, D. W. (2018). School finance reform and the distribution of student achievement. *American Economic Journal: Applied Economics*, 10(2), 1-26.

Jackson, C. K., Johnson, R. C., & Persico, C. (2016). The effects of school spending on educational and economic outcomes: Evidence from school finance reforms. *The Quarterly Journal of Economics*, 131(1), 157-218.

#### **Topic 5. School Choice and Choice Schools**

The economic rationale for school choice. Framework for evaluating school choice policies. Evidence on the effectiveness of school vouchers and charter schools in raising school quality and student performance. Do private schools perform better than public schools? Does school choice promote segregation? Other effects of market-based school choice policies.

(\*) Lovenheim and Turner – Chapter 10 “School Choice: A Market-Based Approach to Education Reform.”

Peterson, Paul, William G. Howell, Patrick J. Wolf, David E. Campbell (2002). “School Vouchers and Academic Performance: Results from Three Randomized Field Experiments,” *Journal of Policy and Management*, 21 (2): 191-217.

Joshua D., Sarah R. Cohodes, Susan M. Dynarski, Parag A. Pathak, Christopher R. Walters (2016). “Stand and Deliver: Effects of Boston’s Charter High Schools on College Preparation, Entry, and Choice,” *Journal of Labor Economics*, 34(2), pt. 1:275-318.

Rouse, Cecilia Elena and Lisa Barrow. 2009. “School Vouchers and Student Achievement: Recent Evidence and Remaining Questions.” *Annual Review of Economics*, Vol. 1, pp. 17-42.

Bifulco, Robert and Helen F. Ladd. 2007. “School Choice, Racial Segregation, and Test-Score Gaps: Evidence from North Carolina's Charter School Program.” *Journal of Policy Analysis and Management*, Vol. 26, pp. 31-56.

Sass, Tim (2006). “Charter Schools and Student Achievement in Florida,” *Education Finance and Policy*, 1 (1): 91-122

Bifulco, Robert and Helen F. Ladd (2006). “The Impacts of Charter Schools on Student Achievement: Evidence from North Carolina,” *Education Finance and Policy*, 1 (1): 50-90.

## **Topic 6: Teachers and Teacher Labor Markets**

Measuring teacher quality and teaching effectiveness, and which measurable attributes of teachers contribute most to student outcomes. Teacher compensation, factors that influence the demand for and supply of teachers, teachers unions, and the analysis of merit pay policies.

(\*) Lovenheim and Turner – Chapter 9 “Does Money Matter?” from p. 210 to the end

(\*) Lovenheim and Turner – Chapter 12 “Teacher Labor Markets.”

Boyd, Donald, Hamilton Lankford, Susanna Loeb & James Wyckoff (2005). "The Draw of Home: How Teachers' Preferences for Proximity Disadvantage Urban Schools," *Journal of Policy Analysis and Management*, 24 (1): 113-132.

Corcoran, Sean P., William N. Evans and Robert M. Schwab (2004). "Women, the Labor Market, and the Declining Relative Quality of Teachers," *Journal of Policy Analysis and Management*, 23 (3): 449-470.

Charles T. Clotfelter, Helen F. Ladd, and Jacob Vigdor. 2005. “Who Teachers Whom? Race and the Distribution of Novice Teachers.” *Economics of Education Review*, 24, 377-392.

Hanushek, Eric A. and Steven G. Rivkin (2004). How to Improve the Supply of High Quality Teachers,” in Diane Ravitch, ed., *Brookings Papers on Education Policy*, 2004: Brookings Institution, Washington DC: 7-25

Hoxby, Caroline M. (1996). "How Teacher's Unions Affect Education Production," *The Quarterly Journal of Economics*, 111 (3): 671-718.

Kane, Thomas J., Jonah E. Rockoff, Douglas O. Staiger (2008). “What does certification tell us about teacher effectiveness? Evidence from New York City,” *Economics of Education Review*, 27: 615-631.

Lovenheim, Michael and Alexander Willén “The Long-run Effect of Teacher Collective Bargaining” (With), *American Economic Journal: Economic Policy*, August 2019, vol. 11, no. 3: 292-324. Also published as CESifo Working Paper No. 5977 and NBER Working Paper No. 25042.

Murnane, Richard J., and Jennifer L. Steele. 2007. “What Is the Problem? The Challenge of Providing Effective Teachers for All Children,” *The Future of Children*, Vol. 17, 15-43.

Rivkin, Steven G., Erik A. Hanushek and John F. Kain (2005). “Teachers, Schools and Academic Achievement,” *Econometrica*, 73 (2): 417-458.

## **Topic 7. School Accountability**

The use of test outcomes to evaluate school performance and to promote the efficient use of school resources. Difficulties in the measurement of school quality, and the unintended consequences of test-based accountability.

(\* Lovenheim and Turner – Chapter 11 “Test-Based Accountability Programs.”

Dee, Thomas S. and Brian Jacob. 2011. “The Impact of No Child Left Behind on Student Achievement.” *Journal of Policy Analysis and Management*, 30(3), 418–446.

Other recommended readings:

Deming, David J., Sarah Cohodes, Jennifer Jennings, Christopher Jencks (2016). “School Accountability, Postsecondary Attainment and Earnings,” *Review of Economics and Statistics*.

Figlio, David N. and Cecilia Elena Rouse. 2006. “Do Accountability and Voucher Threats Improve Low-Performing Schools?” *Journal of Public Economics*, 90(1-2): 239-255.

Hanushek, Eric A. and Margaret E. Raymond. 2005. “Does School Accountability Lead to Improved Student Performance?” *Journal of Policy Analysis and Management*, 24(2): 297-327.

Murnane, Richard, John P. Papay, John B. Willett (2010). “The Consequences of High School Exit Exams for Low Performing Urban Students: Evidence from Massachusetts,” *Educational Evaluation and Policy Analysis*

Rothstein, Jesse (2009). “Student Sorting and Bias in Value –Added: Selection on Observables and Unobservables,” *Education Finance and Policy*: 537-571 pages 537-553 only.

Stiefel, Leanna, Amy Ellen Schwartz and Colin Chellman (2006). “So Many Children Left Behind: Segregation and the Impact of No Child Left Behind on the Racial Test Score Gap,” *Educational Policy*

## **Topic 8. Higher Education**

Applications of economics to the study of higher education. Differences in college access by race, ethnicity, gender, and socioeconomic status. The roles of primary and secondary schools, expectations and information, price, and financial aid in college access and success.

\* Lovenheim and Turner – Chapter 13 “Market Dimensions of Higher Education in the United States” (especially sections 13.1 and 13.3).

\* Lovenheim and Turner – Chapter 14 “Paying for College: Student Financial Aid Policies and Collegiate Enrollment.”

\*Lovenheim and Turner – Chapter 15 “The Economics of College Life: Admissions, Peer Effects, and Graduation.”

Bettinger, Eric P., Bridget Terry Long, Philip Oreopoulos, Lisa Sanbonmatsu. 2012. “The Role of Application Assistance and Information in College Decisions: Results from the H&R Block FAFSA Experiment.” *The Quarterly Journal of Economics*, 127(3), 1205–1242.

Long, Bridget Terry. 2007. “The Contributions of Economics to the Study of College Access and Success.” *Teachers College Record*. Vol. 109 No. 10, pp. 2367-2443.

Dynarski, Susan, and Scott-Clayton, Judith. 2013. "Financial Aid Policy: Lessons from Research." *The Future of Children*, 23(1), 67–91.

Goldin, Claudia, Lawrence F. Katz, and Ilyana Kuziemko. 2006. "The Homecoming of American College Women: The Reversal of the College Gender Gap." *Journal of Economic Perspectives*. Vol. 20, No. 4, pp. 133-156.

**Alternative Topics:**

**Topic A1: Peer Effects in Education**

**Topic A2: Inequality in Education**

## Schedule of Classes and Deadlines

Class 1	August 25	Organizational Meeting
Class 2	September 1	
Class 3	September 8	
Class 4	September 15	
Class 5	September 22	ON LINE CLASS
Class 6	September 29	
Class 7	October 6	
Class 8	October 13	
Class 9	October 20	
Class 10	October 29	
Class 11	November 3	Election – The Political Economy of Education?
Class 12	November 10	
Class 13	November 17	
Class 14	November 24	Research Paper due December 1

## Guidelines for a Good Critique/Review

Note: not all questions will be applicable to every report or paper, but you should consider each of these broad areas. Write a synthesis and critique, not answers to 12 questions!

### Overview

1. Try to summarize the paper in sentence. What are its driving research questions, methods, and main contribution/finding(s)? Try not to simply re-state the abstract.
2. What makes this research question an interesting or important one, from a policy perspective?
3. Is there an underlying economic theory of behavior or markets that motivates this study? Expand on what it (they) is (are).

### Data

4. What data do the author use? What is the unit of observation (e.g. students, schools, districts, states, countries?) How is it structured? That is, does it consist of cross-sectional observations? Pooled cross-sections? A panel? Is it appropriate for the research question?
5. Did the author(s) impose any important criteria for inclusion in the sample?
6. Is the data non-experimental in nature, or the product of a randomized experiment?

### Methods

7. If the paper uses regression analysis, what is the outcome (dependent variable) of interest? What is the key explanatory variable? Typically, there is one explanatory variable of primary interest, and the others serve as controls.
8. What is the identification strategy used? What evidence do they provide that it is appropriate? How do they address threats to the causal interpretation?

### Findings and Policy Implications

9. What are the paper's main finding(s)?
10. How do the findings relate to economic concepts?
11. Is there anything you find unconvincing about the paper? Can you think of an alternative explanation for the key empirical finding?
12. Are there any policy implications from the paper? Now that you know this, what should we do or think about differently?

### Suggestions for Improvement/Directions for Future Work

13. What could the authors do to address some of your concerns or questions?
14. How might the authors improve the paper to make it more convincing?
15. What might be next steps in the research agenda – either to fill in gaps/address holes or to extend or deepen?
16. What are the key barriers to doing these and how might you overcome them?

### A note on difficulty

Some of the discussion papers and other required readings are technical and in places may be a bit “over your head.” This is OK. I do not expect you to fully understand them. Do your best, and bring your questions.