**Economics 344 Prof. Stephen Schmidt**

**Economics of Education Fall 2012**

**Time T/Th 10:55-12:40 Lippman 014**

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and by appointment

**Course Objectives:**

This course is a seminar in the economics of education. Students will use economic concepts to analyze and discuss current policy issues relating to education in the United States. Students will become familiar with the institutions used to make education policy in the United States and the goals those institutions might pursue. They will also learn the tools economists use to assess the effectiveness of education policies and how those tools have been used to address a series of recent policy questions. They will also read one or more cases, and present policy recommendations on education issues. The course is intended to prepare students to carry out independent research in education policy, or other areas of applied microeconomics, in senior thesis work and after graduation as a career.

**Prerequisites:**

Students taking this course should have taken Economics 241, Microeconomic Analysis, and Economics 243, Introduction to Econometrics. If you have not completed both of these courses, speak with the instructor about whether you should be enrolled in Economics 344. Concurrent enrollment is not advisable but may be possible in some cases.

**Course Requirements:**

The most important part of this course, as with any seminar, is the reading and the class discussion. Class discussion questions will be handed out, and students will be asked to answer them during class. Your participation in class discussion will count twenty percent of your grade in the course. The class will also require a seminar paper, on a topic of your choice, and based on library research beyond the papers found on the reading list. (Seniors: I will not allow you to write the seminar paper on the same subject as your thesis unless your advisor permits it, in which case I will allow it. I will permit you to write it on a topic which is related to your thesis, as long as the topic is not the same, again with your advisor’s permission. The topics must be different enough that overlap in the bibliography will not be significant.) A topic proposal for this project will be due in the third week of class and an initial bibliography will be due in the fifth week. A complete draft of the paper will be due early in eighth week. Students will make 15-minute class presentations based on their papers, and the final draft of the paper will be due in finals week. There will be no examinations in Economics 334. There will be other short writing assignments and statistical assignments as the term progresses. The rough draft will count fifteen percent of your grade, the oral presentation twenty percent, and the final draft twenty-five percent. Performance on short writing assignments and statistical assignments will count for the remaining twenty percent of the grade.

**Web Resources**

The course has a Nexus page which will hold assignments, links to electronic versions of required readings, and other materials related to the course. You should make sure that you are enrolled in the course in Nexus and can access materials available there.

**Grading Policy**

All assignments must be handed in at the start of class on the due date unless you have arranged an extension with me in advance of the due date. Late papers will be penalized 10% per day late. Participation in class discussion is mandatory, and I will call people randomly to ensure that everyone in the class is given an equal chance to participate. On any day you are not in class, you are not participating in discussion, and will receive a 0 for that day’s discussion unless you have conferred with me about your absence in advance and have an acceptable reason for being absent.

**Honor Code**

All students are expected to abide by the requirements of the Union College Honor Code at all times during this course. It is your responsibility to ensure that submitted work is your own and does not involve any form of academic misconduct, and you will be asked to attest that that is so during the term. I will answer any questions about what constitutes permitted conduct or misconduct in this course at any time during the course. Ignorance is not an excuse for breaching academic integrity. You are expected to ask me for any clarification you need regarding, but not limited to, collaboration, citations, and plagiarism.

**Readings**

Readings for this course will be selected from various economics journals dealing with the economics of education. A list is attached at the end of this document, although there may be additions as the term goes along. There is no textbook for the course. Students are expected to locate their own readings as part of their research work in addition to the ones listed here.

**And a Small Note of Caution**

There are two professors named S. Schmidt at Union College, and to make it worse, both of us are economics professors. I am Stephen J. Schmidt; my namesake is Shelton S. Schmidt. Some paperwork will list us by our middle initials – I am Schmidt, S.J., and he is Schmidt, S.S. It should not be too confusing, but if you have to do paperwork with the registrar or some other arm of the college, please make sure they know which of the two S. Schmidts is the one you are dealing with.

**Topics**

Note: This syllabus is subject to some revision as we go along, depending on our pace through the material and the interests of students as developed in their seminar papers.

1. Human capital and the demand for education  
   Hanushek (1995), Rothstein (1995), Kane and Rouse (1995), Cornwall, Mustard, and Sridhar (2006), Carneiro, Heckman, and Vytlacil (2011), Rothstein and Rouse (2011)
2. Education finance and funding sources   
   Silvia and Sonstelie (1995), Murray, Evans, and Schwab (1998), Reschovsky and Imazeki (2003), Bradbury, Meyer, and Case (2001), Figlio, Husted, and Kenny (2004), Barrow and Rouse (2004), Black (1999), Figlio and Lucas (August 2004), Card and Payne (2002), Sims (2011)

1. Accountability, competition, vouchers, charter schools  
   Hanushek and Raymond (2004), Ladd (2002) , Hoxby and Rockoff (2004), Buddin and Zimmer (2005), Dee and Fu (2004), Imazeki and Reschovsky (2004), Bifulco and Ladd (2007), Chiang (2009), Reback (2008), Figlio and Kenney (2007), Jackson (2012), Chetty, Friedman, and Rockoff (2012), Harris and Sass (2011), Dee and Jacob (2011), Cellini (2010)
2. Effective production and teachers  
   Hoxby (2004), Rockoff (2004), Dee and Keys (2004), Figlio (2002), Figlio and Lucas (2004), Goldhaber and Hansen (2009), Goldhaber and Anthony (2007), Jacob and Lofgren (2009), Kane, Rockoff, and Staiger (2008), Boyd, Lankford, Loeb, and Wyckoff (2005), Goldhaber, Gross, and Player (2010), Harris and Sass (2009), Rockoff, Jacob, Kane, and Staiger (2011)
3. Equity issues  
   Weiher and Tedin (2002), Dee (2004), Cook and Evans (2000), Bifulco and Ladd (2007), Hastings, Kane, and Staiger (2006), Cullen (2003), Krieg (2011)
4. Student presentations of seminar papers (last two weeks)

**Reading List**

Bui, Sa A., Steven G. Craig, and Scott A. Imberman. “Is Gifted Education a Bright Idea? Assessing the Impact of Gifted and Talented Programs on Students.” American Economic Journal: Economic Policy 2014, 6(3): 30–62

Barrow, Lisa, and Cecelia Rouse. “Using market valuation to assess public school spending”, *Journal of Public Economics*, August 2004, p. 1747-1769.

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

Black, Sandra. “Do Better Schools Matter? Parental Valuation of Elementary Education.” *Quarterly Journal of Economics*, May 1999, p. 577-599.

Boyd, Donald, Hamilton Lankford, Susanna Loeb, and Jim Wyckoff. “Explaining the Short Careers of High-Achieving Teachers in Schools with Low-Performing Students.” *American Economic Review*, May 2005, p. 166-171.

Bradbury, Katherine, Christopher Mayer, and Karl Case. “Property tax limits, local fiscal behavior, and property values: evidence from MA under Prop 2½”, *Journal of Public Economics*, May 2001, p. 287-311.

Buddin, Richard, and Ron Zimmer. “Student achievement in charter schools, a complex picture”, *Journal of Policy Analysis and Management*, Spring 2005, p.351-371.

Card, David, and Abigail Payne. “School Finance Reform, the Distribution of School Spending, and the Distribution of Student Test Scores.” *Journal of Public Economics*, January 2002, p. 49-82.

Carneiro, Pedro, Heckman, James J, and Vytlacil, Edward J. “Estimating Marginal Returns to Education.” *American Economic Review*, October 2011, v. 101, iss. 6, pp. 2754-81

Cellini, Stephanie Riegg. “Financial Aid and For-Profit Colleges: Does Aid Encourage Entry?” *Journal of Policy Analysis and Management*, v. 29, no. 3 (Summer 2010), pp. 526-52

Chetty, Raj, Friedman, John N., and Rockoff, Jonah E.. “The Long-Term Impacts of Teachers: Teacher Value-Added and Student Outcomes in Adulthood.” National Bureau of Economic Research, Inc, NBER Working Papers: 17699

Chiang, Hanley. “How Accountability Pressure on Failing Schools Affects Student Achievement.” *Journal of Public Economics*, October 2009, p. 1045-57.

Cook, Michael, and William Evans. “Families or Schools? Explaining the convergence in white and black academic performance”, *Journal of Labor Economics*, October 2000, p. 729-754.

Cornwell, Christopher, David Mustard, and Deepa Sridhar. “The Enrollment Effects of Merit-based Financial Aid: Evidence from Georgia’s HOPE.” *Journal of Labor Economics*, October 2007, p. 761-86.

Cullen, Julie Berry. “The Impact of Fiscal Incentives on Student Disability Rates.” *Journal of Public Economics,* August 2003, p. 1557-89.

Dee, Thomas. “Teachers race and achievement in a randomized experiment”, *Review of Economics and Statistics*, February 2004,

Dee, Thomas, and Helen Fu. “Do charter schools skim students or drain resources?” *Economics of Education Review*, June 2004, p. 259-271.

Dee, Thomas S., and Brian Jacob. “The Impact of No Child Left Behind on Student Achievement.” *Journal of Policy Analysis and Management*, v. 30, no. 3 (Summer 2011),, pp. 418-46

Dee, Thomas, and Benjamin Keys. “Does merit pay reward good teachers?”, *Journal of Policy Analysis and Management*, Summer 2004, p. 471-488.

Figlio, David. “Can public schools buy better-qualified teachers?”, *Industrial and Labor Relations Review*, July 2002, p. 686-699.

Figlio, David, Thomas Husted, and Lawrence Kenny. “Political economy of the inequality in school spending”, *Journal of Urban Economics*, March 2004, p.339-349.

Figlio, David, and Lawrence Kenny. “Individual Teacher Incentives and Student Performance.” *Journal of Public Economics*, June 2007, p. 901-14.

Figlio, David, and Maurice Lucas. “What’s in a Grade? School Report Cards and the Housing Market”, *American Economic Review*, June 2004,

Figlio, David, and Maurice Lucas. “Do high grading standards affect student performance?”, *Journal of Public Economics*, August 2004, p. 1815-1834.

Glenn, William. “School Finance Adequacy Litigation and Student Achievement: A Longitudinal Analysis.” *Journal of Education Finance*, Winter 2009, p.

Goldhaber, Dan, and Emily Anthony. “Can Teacher Quality Be Effectively Assessed? National Board Certification as a Signal of Effective Teaching.” *Review of Economics and Statistics*, February 2007, p. 134-50.

Goldhaber, Dan, Betheny Gross, and Daniel Player. “Teacher Career Paths, Teacher Quality, and Persistence in the Classroom: Are Public Schools Keeping Their Best?” *Journal of Policy Analysis and Management*, v. 30, no. 1 (Winter 2010), pp. 57-87

Goldhaber, Dan, and Michael Hansen. “National Board Certification and Teacher’s Career Paths: Does NBPTS Certification Influence How Long Teachers Remain in the Profession and Where They Teach?” *Education Finance and Policy*, Summer 2009, p.229-262.

Hanushek, Eric. “Why the Federal government should be involved in school accountability”, *Journal of Policy Analysis and Management*, Winter 2005, p. 168-172

Hanushek, Eric, and Margaret Raymond. “The effect of school accountability systems on the level and distribution of student achievement”, *Journal of the European Economic Association*, April/May 2004, p. 406-415.

Harris, Douglas N, and Tim R. Sass. “Teacher Training, Teacher Quality and Student Achievement.” *Journal of Public Economics*, v. 95, no. 7-8 (August 2011) p. 798-812

Harris, Douglas N, and Tim R. Sass. “The Effects of NBPTS-Certified Teachers on Student Achievement.” *Journal of Policy Analysis and Management*, v. 28, no. 1 (Winter 2009), p. 55-80

Hastings, Justine, Thomas Kane, and Douglas Staiger. “Gender and Performance: Evidence from School Assignment by Randomized Lottery.” *American Economic Review*, May 2006, p. 232-6.

Hoxby, Caroline. “Productivity in education: the quintessential upstream industry”, *Southern Economic Journal*, October 2004, p. 209-231.

Hoxby, Caroline, and Jonah Rockoff. “Impact of charter schools on student achievement”, manuscript, November 2004.

Imazeki, Jennifer, and Andrew Reschovsky,. “Is NCLB an un (or under) funded Federal mandate? Evidence from Texas”, *National Tax Journal*, Sept 2004, p. 571-588.

Jacob, Brian, and Lars Lefgren. “The Effect of Grade Retention on High School Completion.” *American Economic Journal: Applied Economics*, July 2009, p. 33-58.

Jackson, C. Kirabo. “School Competition and Teacher Labor Markets: Evidence from Charter School Entry in North Carolina.” *Journal of Public Economics*, v. 96, no. 5-6 (June 2012), p. 431-48

Kane, Thomas, and Douglas Staiger. “The Promise and Pitfalls of Using Imprecise School Accountability Measures.” *Journal of Economic Perspectives*, Fall 2002, p. 91-114.

Kane, Thomas, Jonah Rockoff, and Douglas Staiger. “What Does Certification Tell Us About Teacher Effectiveness? Evidence from New York.” *Economics of Education Review*, December 2008, p. 615-31.

Kane, Thomas, and Cecilia Rouse. “Labor-Market Returns to Two- and Four-Year College”, *American Economic Review*, June 1995, p. 600-614.

Krieg, John M. “Which students are left behind? The racial impacts of the No Child Left Behind Act.” *Economics of Education Review* v. 30, no. 4 (August 2011), p. 654–664

Ladd, Helen. “Vouchers: a critical view”, *Journal of Economic Perspectives*, Fall 2002, p. 3-24.

Murray, Sheila, William Evans, and Robert Schwab. “Education Finance Reform and the Distribution of Educational Resources”*, American Economic Review*, Sept 1998, p. 789-812.

Reback, Randall. “Teaching to the Rating: School Accountability and the Distribution of Student Achievement.” *Journal of Public Economics*, June 2008, v. 92, no. 5-6, pp. 1394-1415

Reschovsky, Andrew, and Jennifer Imazeki. “Let no child be left behind: determining the cost of improving student performance”, *Public Finance Review*, May 2003, p. 263-290.

Rockoff, Jonah. “The effect of individual teachers on student achievement: evidence from panel data”, *American Economic Review*, May 2004, p.247-252.

Rockoff, Jonah E., Brian A. Jacob, Thomas J. Kane, and Douglas O Staiger. “Can You Recognize an Effective Teacher When You Recruit One?” *Education Finance and Policy*, v. 6, no. 1 (Winter 2011), p. 43-74

Rothstein, Jesse, and Cecilia Elena Rouse. “Constrained after College: Student Loans and Early-Career Occupational Choices.” *Journal of Public Economics*, v. 95, no. 1-2 (February 2011), p. 149-63

Rothstein, Richard. “Why the Federal government should not be involved in school accountability”, *Journal of Policy Analysis and Management*, Winter 2005, p. 172-178.

Silva, Fabio, and Jon Sonstelie. “Did Serrano cause a decline in school spending?” *National Tax Journal*, June 1995, p. 199-215.

Sims, David. “Lifting All Boats? Finance Litigation, Education Resources, and Student Needs in the Post-Rose Era.” *Education Finance and Policy*, v. 6, no. 4 (Fall 2011), p. 455-85

Weiher, Gergory, and Kent Tedin. “Does choice lead to racially distinctive schools?” *Journal of Policy Analysis and Management*, Winter 2002, p. 79-92.