

**Economics 551
Economics of Education**

CONTACT INFORMATION

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COURSE GOALS

1.) Apply theoretical and empirical methods of economics to education policy.
Economics is a powerful framework for thinking about education policy. Economics focuses us on the incentives created by a policy and helps us to predict its intended and unintended consequences.

2.) Distinguish good empirical research from bad.
There are thousands of empirical studies and popular press pieces discussing education policy. This course helps you separate the wheat from the chaff by teaching you to read closely and critically. We will discuss the key challenges in education research and learn the best-practice methods that overcome them.

3.) Get firsthand experience doing policy-relevant research.
As an experiential education course, you will apply economic tools to the real world by writing a research paper that evaluates an education policy of interest.

Prerequisites

Econ 400, 410 and Econ 470 or 570 (or concurrent enrollment).

READINGS

All readings can be downloaded on-line or from Sakai. Many of the readings are taken from academic journals, and while challenging, were chosen to be accessible to undergraduate economics majors. Please do not despair if you are not able to understand every aspect of the paper. The reaction papers, described below, are intended to help focus your reading of these articles. I will provide guidance on which readings merit more focused attention and which readings should be read more lightly as background material.

We will draw material from the following texts:

- Wooldridge, J. (2015) *Introductory Econometrics: A Modern Approach*, Cengage Learning.
- Hanushek and Welch, eds. (2006) *Handbook of Economics of Education*, Vols. 1-2. (Available at www.sciencedirect.com)
- Ladd, H. F. and E. B. Fiske, eds. (2007) *Handbook of Research in Education Finance and Policy*, Lawrence Erlbaum Associates.

COURSE COMPONENTS

Grading

Reaction Papers	12%
Midterm	20%
Final	20%
Term Paper	40%
Oral Presentation on Paper	8%

Reaction Papers

You will be asked to respond to a standard set of questions for articles denoted by * on the reading list. These will be due before the beginning of class and will be turned in online through the course website, should be typed and no more than 1.5 pages. There are 5 assignments and the lowest 2 scores will be dropped. The responses should be numbered following the guidelines below.

Please respond concisely to each of the following questions (1 to 2 sentences):

1. What is the primary question/issue/hypothesis that the author wanted to address? (*state in the form of a question*)
2. Why is the question interesting or important?
3. What data does the author use (if empirical paper)?
4. Give an intuitive description of the author's test or model.
5. What are the author's main findings or conclusions?

Please give 2 critiques of the paper which may fall into one of the following categories:

6. Critiques of paper
 - a. Are you convinced by the author's results/arguments? Why or why not?
 - b. Do you believe they found a causal relationship? Why or why not?
 - c. Did the results obtained justify the interpretation and conclusions?
 - d. Were appropriate controls used or did the approach adequately test the hypothesis?
 - e. Do you think the results could be biased in some way? Explain.

The above questions are intended to help guide your reading of some of the more challenging articles in the syllabus. They will also help you develop an understanding of the key elements of research papers in economics, provide models for your own economic writing and help you to synthesize the literature for your term paper.

Exams

There will be a midterm on **October 9** and a final on **December 8** that will assess your understanding of the material. It will be in-class and be short-answer format. Please reserve this date now. There is no make-up midterm examination.

Term Paper

Students will work in pairs to write a course paper (15-18 pages, double-spaced, 12-point font) that analyzes a topic in the economics of education. This project develops student's ability to assess and apply skills learned in this class. The feedback and final grade will be based on the rubrics posted on the website. We will devote time in class to address questions and develop ideas. The final paper will be due on the last day of class, **December 4**.

There will be several intermediate deadlines that will evolve with the class. Key dates:

August 28: discuss potential research question

September 4: bring initial data set to class with proposed research question in mind

November 6: Initial drafts due for peer review

Please make use of office hours; I am here to help.

The best way to find a topic is to start reading about current issues in education policy. Links to some useful websites can be found on the course webpage. The first lecture will also introduce some current areas of debate.

Paper Presentation

You will present your term paper to the class on **November 29** or **December 4th**. The goal is to teach your classmates about your chosen policy area of interest using sound economic principles and to receive feedback on your research from your classmates and the instructor. More details on expectations for the presentations will be provided at a later date.

Class Participation

While you will not be given an explicit class participation grade, I *strongly* encourage class participation, and it can make a difference in borderline cases. Students are expected to attend class and read the assigned material prior to class. The quality of the class will greatly improve with student preparation.

You will also be given opportunities to present your research progress informally throughout the semester and opportunities to critique each others' work.

POLICIES AND EXPECTATIONS

Submitting Assignments

Assignments should be submitted through Sakai. The system will accept assignments until the beginning of class (2pm) on the due date.

Late Work Policy

Due dates and times of assignments are firm. No late work will be accepted.

Computers and Cell Phones

Students may not use laptops, tablets, phones, or similar devices during the lecture. The impetus behind this rule is: First, your contemporaries have shown that they will engage, during class, in non-course activities on these devices. Second, such activity disrupts your classmates and disruptive behavior violates section II.C.1.k of the Honor Code. Third, it interferes with your learning (see <http://www.newyorker.com/tech/elements/the-case-for-banning-laptops-in-the-classroom>). Numerous studies show that “disconnected” students perform significantly better than their “connected” peers.

Academic Integrity

You are expected to be honest and honorable in your fulfillment of course conduct, course assignments, and course exams. Adherence to the honor code is required (<http://www.catalog.unc.edu/policies-procedures/honor-code/>)

The Writing Center

The Writing Center is located in the Student and Academic Services Building and offers personalized writing consultations as well as a variety of other resources. This could be a wonderful resource to help with your writing assignments in this course (and any assignments in your other courses). You do not need a complete draft of your assignment to visit; they can help you at any stage! You can chat with someone in the writing center or set up an appointment on their website (<http://writingcenter.unc.edu/>).

Preliminary Course Outline (Subject to Change)

Introduction

Brewer, D. J., et al “The Role of Economics in Education Policy Research,” in *Handbook of Research in Education Finance and Policy*. (download from Sakai)

Theory and Overview of Educational Production

Rice, J. K and A. E. Schwartz “Toward an Understanding of Productivity in Education,” in *Handbook of Research in Education Finance and Policy*, chp 8. (download from Sakai)

Review of Econometric Methods

Thinking about causation:

Twenge, J. M., Joiner, T. E., Rogers, M. L., & Martin, G. N. (in press). Increases in depressive symptoms, suicide-related outcomes, and suicide rates among U.S. adolescents after 2010 and links to increased new media screen time. [*Clinical Psychological Science*](#).

Topics: statistics, interpretation of regression coefficients, standard errors, multivariate regression and multivariate analysis.

Your econometrics textbook is a great resource, along with notes from Econ 400, 470 and/or 570. I will also provide some (brief) lecture notes for review. Other resources will be provided on the course website.

Do Resources Matter?

Hanushek, E. A. (2016) “What Matters for Student Achievement: Updating Coleman on the Influence of Families and Schools”, *Education Next*
<http://hanushek.stanford.edu/sites/default/files/publications/Hanushek%202016%20EdNext%2016%282%29.pdf>

Background reading:

Hanushek, E. A. (2006) “School Resources,” *Handbook of Economics of Education*, Vol 2.
(www.sciencedirect.com)

Teacher Effectiveness

*Goldhaber, D. and D. Brewer (1997) “Why Don’t Schools and Teachers Seem to Matter? Assessing the Impact of Unobservables in Educational Productivity.” *Journal of Human Resources*, 32(3): 505-523.
([JSTOR](#))

Method: multivariate regression

Class Size and Experimental Evidence

*Krueger, Alan (1999). "Experimental Estimates of Education Production Functions." *Quarterly Journal of Economics* 114(2): 497-532. ([JSTOR](#))

NC Policy Watch: <http://www.ncpolicywatch.com/2016/11/14/new-rules-lower-class-sizes-force-stark-choices-threatening-tas-specialty-education-positions/>

Teacher Unions

*Hoxby, C.M. (1996) "How Teachers' Unions Affect Education Production," *The Quarterly Journal of Economics*, 111(3): 671-718. ([JSTOR](#))

Method: Panel models/fixed effects and instrumental variables strategies

Peers

Fryer, R. G. (2006) "Acting White," *Education Next*, 1 (Winter): 53-59.
(<http://educationnext.org/actingwhite/>)

*Lavy, V. M. D. Paserman, and A. Schlosser (2011) "Inside the Black Box of Ability Peer Effects: Evidence from Variation in the Proportion of Low Achievers in the Classroom", *The Economic Journal*, 122(March):208-237. ([JSTOR](#))

Achievement Gaps

*Fryer, R. G. and S. Levitt (2004) "Understanding the black-white test score gap in the first two years of school," *The Review of Economics and Statistics*, 86(2): 447-464.
(http://scholar.harvard.edu/files/fryer/files/rest_vol86_2.pdf)

Figlio, D. and K. Karbownik, School Policies and the Success of Advantaged and Disadvantaged Students, *Education Next*, <https://www.educationnext.org/school-policies-success-advantaged-disadvantaged-students/>

Noncognitive Skills

Garcia, E. (2014) "The Need to Address Noncognitive Skills in the Education Policy Agenda", *Economic Policy Institute*. <https://www.epi.org/publication/the-need-to-address-noncognitive-skills-in-the-education-policy-agenda/>

West, M. (2016) "Should Non-Cognitive Skills Be Included in School Accountability Systems?" *Education Next* <https://www.educationnext.org/should-non-cognitive-skills-be-included-in-school-accountability-systems/>

Early Childhood

Heckman, J. (2011) "The Economics of Inequality: The Value of Early Childhood Education", *American Educator* <http://files.eric.ed.gov/fulltext/EJ920516.pdf>

*Currie and Thomas (1995) "Does Head Start Make a Difference?" *The American Economic Review*, 85(3):341-364. ([JSTOR](#))

Evaluating Teacher Effectiveness

Jackson, K., J. Rockoff and D. Staiger (2014) "Teacher Effects and Teacher-Related Policies" *Annual Review of Economics* 6: 801-825.

(https://www0.gsb.columbia.edu/faculty/jrockoff/papers/Jackson_Rockoff_Staiger_2014.pdf)

Kane, T. J. , E. S. Taylor, J. H. Tyler and A. L. Wooten "Evaluating Teacher Effectiveness", *Education Next* <https://www.educationnext.org/evaluating-teacher-effectiveness/>

Aucejo, E. A., P. Coate, J. Fruehwirth, S. Kelly and Z. Mozenter (2018) "Teacher Effectiveness and Classroom Composition", working paper.