

Public Policy 631– Economics of Education

Brian A. Jacob
bajacob@umich.edu
Weill Hall 5318
(734) 615-6994

Course Meeting Time and Location:
Office Hours: By appointment

Overview

This course examines a number of popular approaches to education reform, using an economic lens to understand the impetus and potential impact of each. The two primary goals of the course are (1) to familiarize students with the arguments and evidence relating to major reform strategies and (2) to provide students with the analytic framework and skills necessary to evaluate education (or other public) policies in general. Several themes will be emphasized throughout the course, including the role of evidence in evaluating policy options, input-based versus efficiency-based approaches to school reform, partial versus general equilibrium perspectives of reform, and the role of incentives, prices and markets. Substantive topics include (among others) the following: school choice, test-based accountability (i.e., high-stakes testing, including No Child Left Behind), teacher effectiveness and teacher labor markets.

Prerequisites

There are no official prerequisites for this course, but knowledge of introductory economics and statistics will be quite helpful. We will review some key concepts at the beginning of the course, and students will be exposed to some basics of regression analysis and statistical analysis as part of the course. For those students who are interested, a good refresher on program evaluation and empirical analysis can be found in: Rossi, Peter H., Freeman, Howard E., and Lipsey, Mark W. *Evaluation: A Systematic Approach*. Sixth Edition. Thousand Oaks, CA: Sage Publications, 1999. Chapter 7 (pp: 235-278).

Course Requirements and Grading

Class Participation (10%) – Students are expected to attend class regularly and to have read the assigned material prior to class. Because this is a discussion-based course, the quality of the class will depend on whether students are prepared to talk about the readings each week. Each student will be required to lead the discussion for at least one class during the semester. A sign-up sheet will be distributed at the beginning of the semester.

Policy Memo (20%) – Students will write a short (3 page) policy memo in the first part of the course. The memo will require students to succinctly summarize the research evidence for and against a particular educational intervention (based on the readings done in class, but not on any additional research) and to make recommendations to a policymaker. Students will be provided an opportunity to rewrite the memo based on feedback of the professor if they are not satisfied with their grade on the original memo. Rewrites are optional. If a student rewrites a memo, his or her final grade will be an average of the grade on the original memo and the rewrite.

In-Class Midterm Exam (20%) – The exam will cover all of the material presented in class up to the date of the exam. The exam will consist of questions that require short answers, based on knowledge of the readings and/or interpretation of data/case scenarios presented on the exam.

Final Paper (50%) – Students are expected to write an extended policy memo (roughly 15 pages) summarizing the arguments for and against a particular educational policy, program or intervention, and then providing policy recommendations. This assignment is similar to the short policy memo described above, but will require students to do research and reading beyond what is covered in class. Students are free to choose the topic of the paper, subject to approval by the professor. Students will be required to submit a paper outline (which will include a brief description of the topic, key issues to be explored, and a preliminary bibliography of references to be used) and first draft, both of which will be graded. Students will be expected to revise their papers based on feedback provided by the professor, and the final version of the paper will be due at the end of the semester. See below for more details.

Course Materials

There is one required text, which is available for purchase at the University bookstores:

Levy, Frank and Richard J. Murnane (2004). *The New Division of Labor: How Computers are Creating the Next Job Market*. Russell Sage Foundation, New York.

The remainder of the materials consists of book chapters and journal articles, all of which will be available through CTOOLS.

PP631 – Final Paper Assignment Policy Analysis Paper

Students are expected to write a policy analysis paper on an educational policy topic of their choosing. This paper will be similar to the first policy memo in that it will take a policy topic and present background information, outline the theory/concept behind the policy, summarize the existing evidence with regard to the policy with a critical eye (that is, evaluating the quality of available evidence and making judgments about which is credible and which is not), laying out policy options and providing specific recommendations.

In terms of the intended audience, imagine that President Obama has asked Arne Duncan, the newly named Secretary of Education, what he should do about education in America over the next four years. (Yes, a very broad mandate!) Duncan, in turn, has asked a variety of key staff members to prepare memos on various topics. Duncan will presumably read your memo and then, depending on how informative and persuasive he finds it, will incorporate it into a memo he is presenting to Obama.

The policy analysis paper is **not** an assignment that can be successfully completed in a short period. Papers should present a policy analysis of the issue under study based on a *careful* review of the relevant empirical literature, with data and research evidence that documents the pros and cons of the positions. You will be graded on the *quality* of the evidence you present in your paper, and the clarity and persuasiveness of the writing, not on any position taken. The paper will involve additional reading and analysis on your part. It should demonstrate mastery of the relevant literature and present alternatives to current programs and policies. The paper should **not** be an advocacy document. That is, students should not simply summarize the existing literature in an area, or argue why a particular proposition is a good or bad idea from a theoretical, political or moral perspective.

Students are welcome to write on a topic that was not covered in class, including higher education issues as well as education programs/policies/issues in other countries.

Potential Topics

- Career and technical education
- Preschool
- Adult education/job-training
- Policies to increase the supply of teachers, particularly those in shortage areas
- Teacher promotion and compensation (e.g., teacher tenure, merit pay)
- School Finance Reform
- Charter Schools (in Michigan perhaps)
- Student incentive policies – no pass/no play, driving licenses, financial incentives
- School schedules/calendars and student achievement
- The gender gap in achievement and/or attainment
- The racial gap in achievement and/or attainment
- Teacher education
- School accountability (including NCLB)

Timeline

All assignments should be delivered in hard copy to me by 12 noon of the given date. (There will be a box next to my office door for assignments.)

Wednesday, February 18th - A brief abstract/outline of your paper topic (2 pages including some initial proposed references) must be submitted no later than Wednesday, February 18th. This will not be graded. The goal of this first assignment is for you to identify your topic early in the term, get my suggestions on shaping your topic and suggestions for a more complete list of references so that you can do the necessary background research by mid March.

Monday, March 30th – An initial draft of the paper must be submitted no later than Monday, March 30th. This should be a complete draft, which includes all relevant sections (introduction, background, recommendations, etc.), including a bibliography and footnotes. This draft will be graded, and will comprise 30% of the final paper grade. I will prepare critical, but constructive, comments and suggestions that I will expect you to address in the final version of your paper.

Friday, April 24th – The final draft of your policy analysis paper must be submitted no later than Friday, April 24th. This draft will be graded and will comprise 70% of the final paper grade.

Support

I will be available to speak with you about your papers during office hours (by appointment) throughout the semester. In addition, all students are encouraged to meet with the Ford School writing instructor, David Morse. He is an excellent resource and is available to talk with students about various aspects of the writing process and to read and comment on rough drafts. He can be contacted at:

David Morse
Weil Hall #4219
734-615-1779
morsedl@umich.edu

****** TENTATIVE **** Course Outline**

Class	Date	Topic	Assignments Due
Introduction			
1	Mon., Jan. 11	Introduction	
2	Wed., Jan. 13	The state of American education - Is it broken?	
	Mon., Jan. 18	NO CLASS – HOLIDAY	
3	Wed., Jan. 20	Education and the changing economy	
4	Mon., Jan. 25	A primer on causal inference	
The Education “Production Function”			
5	Wed., Jan. 27	School finance reform	
6	Mon., Feb. 1	Class size reduction	Policy Memo Assigned
7	Wed., Feb. 3	High school reform: career academies	
8	Mon., Feb. 8	High school reform: Guest Lecture: Doug Ross, Founder of University Preparatory Academy	Policy Memo Due
9	Wed., Feb. 10	Lessons for American education from other countries	
10	Mon., Feb. 15	The role of technology in education	Policy Memo Rewrite Due (optional)
11	Wed., Feb. 17	Teacher labor markets: An introduction	Final paper abstract & outline due
	Mon., Feb. 22	Teacher labor supply & demand	
	Wed., Feb. 24	A case study of school segregation and teacher sorting	
Teacher Labor Markets			
12	Mon., Mar. 1	MID-WINTER BREAK	
13	Wed., Mar. 3	MID-WINTER BREAK	
14	Mon., Mar. 8	Teacher certification	
15	Wed., Mar. 10	Teacher certification: Guest Lecture: Eva Colen, Teach for America	
16	Mon., Mar. 15	Merit pay	
17	Wed., Mar. 17	IN-CLASS EXAM	IN-CLASS EXAM
Structural Approaches to School Reform			
18	Mon., Mar. 22	An Overview of School Accountability	
19	Wed., Mar. 24	Guest Lecture by Paul Bielawski and Joe Martineau from the Michigan Dept. of Ed	
20	Mon., Mar. 29	Studies of NCLB and other school accountability policies	Final Paper – 1st Draft Due
21	Wed., Mar. 31	Charter Schools: Guest Lecture, Tim DiLaura, Principal, National Heritage Academies Charter School	
22	Mon., Apr. 5	An Overview of School Choice	
23	Wed., Apr. 7 (WILL BE RESCHEDULED)	Paying Students to Learn: Financial Incentives and Educational Outcomes	
24	Mon., Apr. 12	The history and impact of school desegregation	
25	Wed., Apr. 14	The rationale for government intervention in education	
26	Mon., Apr. 19	LAST DAY OF CLASS – Wrap-up Discussion	
	Fri., Apr. 23		FINAL PAPERS – 2nd Draft Due by 4 PM

COURSE SCHEDULE AND READINGS

(* = required)

I. Introduction

Class 1 - Introduction

* Heckman, James J. and Paul A. LaFontaine (2007). "The American High School Graduation Rate: Trends and Levels." NBER Working Paper #13670.

Class 2 - Assessing the State of American Education

* Hanushek, Eric (1998). "[Conclusions and Controversies about the Effectiveness of School Resources](#)." *Economic Policy Review* (March), pp. 11-27.

* Krueger, Alan (1998). "[Reassessing the View That American Schools Are Broken](#)." *Economic Policy Review* (March), pp. 29-43.

* *Digest of Education Statistics, 2007*. National Center for Education Statistics, Office of Research and Improvement, U.S. Department of Education. (Some tables that may be particularly interesting to consider: 8, 22, 23, 26, 32, 33, 53, 106, 112, 115, 125, 126, 132, 133, 153-156, 162, 165, 166, 171, 389, 395, 413, 417)

Class 3 - The Increasing Importance of Education and Cognitive Skills

* Levy, Frank and Richard J. Murnane (2004). *The New Division of Labor: How Computers are Creating the Next Job Market*. Russell Sage Foundation, New York.

Class 4 – A Primer on Causal Inference

* Orr, Larry (1999). *Social Experiments*. Sage Publications, Thousand Oaks, CA. (Chapter 1, pp 1-30).

* Traub, James (2002). "[Does It Work?](#)" *New York Times Education Life* (November 10), p. 24.

* Cook, Thomas (2001). "[Sciencephobia](#)." *Education Next* (Fall), pp. 63-68.

* Glewwe, Paul, Michael Kremer, Sylvie Moulin, and Eric Zitzewitz (2004). "[Retrospective vs. Prospective Analyses of School Inputs: The Case of Flip Charts in Kenya](#)." *Journal of Development Economics* 74, pp. 251-78. (Skim this paper. Do not worry about technical terms, equations or statistical concepts that you do not understand. We will go through some of the key points in this paper to illustrate the concepts discussed during lecture, so you should simply be familiar with the

background of the study and the main findings.)

II. The Education Production Function

Class 5 – Does Money Matter? And the School Finance Reform

* Coleman, James et. al. (1966). *The Coleman Report, Executive Summary: Equality of Educational Opportunity Summary Report*. Washington, D.C.: U.S. Department of Health, Education and Welfare, Office of Education. (Pages 1-34 – just skim this to get the flavor of the article).

* William N. Evans, Sheila E. Murray, and Robert M. Schwab (1999). “The Impact of Court-Mandated School Finance Reform.” In Helen F. Ladd, Rosemary Chalk, and Janet S. Hansen, editors, *Equity and Adequacy in Education Finance: Issues and Perspectives*. National Academy Press, Washington, D.C., 1999.

Class 6 - Class Size

*Mostellar, Frederick (1995). “The Tennessee Study of Class Size in the Early School Grades.” *The Future of Children*, 5(2): Summer/Fall, 1995

* Borhnstedt, George W. and Stecher, Brian M. (August 2002). *What Have We Learned about Class Size Reduction in California*. Capstone Report by CSR Research Consortium

Class 7 – Whole School Reform: Career Academies

* Herlihy, Corinne M. and Quint, Janet. “Emerging Evidence on Improving High School Student Achievement and Graduation Rates: The Effects of Four Popular Improvement Programs,”
http://www.betterhighschools.org/docs/NHSC_EmergingEvidenceBrief_111606Final.pdf

* Kemple, James J. and Cynthia Willner 2008. *Career Academies: Long-Term Impacts on Labor Market Outcomes, Educational Attainment and Transitions to Adulthood*. New York: MDRC.
<http://www.mdrc.org/publications/482/overview.html> (and then download the full text)

Class 8 - Guest Lecture: Doug Ross, Founder of University Preparatory Academy, Detroit Charter School

* Means, B., Mitchell, K., Shear, L., House, A., Gorges, T., Joshi, A., Smerdon, B., and Shkolnik, J. (2008). “Contrasting Paths to Small School Reform: Results of a 5-year Evaluation of the Bill & Melinda Gates Foundation’s National High Schools Initiative.” *Teachers College Record*, 110(9). September 2008. p. 1996.

Class 9 – Lessons from Other Countries

* Stevenson, Harold W. and Stigler, James W. (1992). *The Learning Gap*. New York, NY: Simon & Schuster. (Chapters 7-8: pp. 130-173)

* Baker, David P. (2003). “Should America Be More Like Them? Cross-National High School Achievement and U.S. Policy.” In *Brookings Papers on Education Policy: 2003*.

Class 10 - Technology in Education

*Cuban, Larry (2001). *Oversold and Underused: Computers in the Classroom*. Cambridge, MA: Harvard University Press. (Chapters 3 & 5: pp. 68-98, 131-175)

* Christensen, Clayton and Michael B. Horn (2008). “Transforming Learning: Technology innovations in the schools.” *Education Next*, Summer 2008. (pp: 13-19)

* Chubb, John and Terry Moe (2009). *Liberating Learning: Technology, Politics and the Future of American Education*. (Chapters 1 and 4)

III. The Teacher Labor Market

Class 11 – An Introduction to Teacher Labor Markets

* Murnane, Richard and Jennifer Steele (2007). “What is the Problem? The Challenges of Providing Effective Teachers for All Children.” *The Future of Children*, 17(2). (Special Issue: Excellence in the Classroom. Policies to Improve the Teacher Workforce.)

* A Forum on Accountability Gains. *Education Next*. Summer 2002.

Jacob, B. (2007). “The Challenges of Staffing Urban Schools with Effective Teachers.” *The Future of Children*, 17(2). (Special Issue: Excellence in the Classroom. Policies to Improve the Teacher Workforce.)

Class 12 – Teacher Supply and Demand

* Lankford, Hamilton, Loeb, Susanna and James Wyckoff (2002). “Teacher Sorting and the Plight of Urban Schools.” *Educational Evaluation and Policy Analysis* 24 (2002): 37-62.

* Eric A. Hanushek and Steven G. Rivkin (2007). “Pay, Working Conditions and Teacher Quality.” *The Future of Children*, 17(2). (Special Issue: Excellence in the Classroom. Policies to Improve the Teacher Workforce.)

* Jessica Levin and Meredith Quinn, *Missed Opportunities: How We Keep High-Quality Teachers out of Urban Schools* (New York: The New Teacher Project, 2003).

Class 13 – A case study of school segregation and teacher sorting

* Jackson, Kirabo (2008). “Student Demographics, Teacher Sorting and Teacher Quality: Evidence from the End of School Desegregation.” Working paper, Cornell University.

Class 14 – Teacher Certification

* Donald Boyd, Daniel Goldhaber, Hamilton Lankford and James Wyckoff (2007). “The Effect of Certification and Preparation on Teacher Quality.” *The Future of Children*, 17(2). (Special Issue: Excellence in the Classroom. Policies to Improve the Teacher Workforce.)

* Murnane et. al. (1991). *Who Will Teach? Policies that Matter*. Cambridge, MA: Harvard University Press. (Chapter 7, Licensing, pp: 87-114)

Class 15 – Teach for America: **Guest Lecture by Eva Colen, Teach for America**

* Steven Glazerman, Daniel Mayer, and Paul Decker (2006) “Alternative Routes to Teaching: The Impacts of Teach for America on Student Achievement and Other Outcomes.” *Journal of Policy Analysis and Management*. 25(1): 75-96.

* Forum: Teachers for America. *Education Next*. Spring 2008. 8(2).

Class 16 – Merit Pay

* Richard Murnane and David Cohen (1986) “Merit Pay and the Evaluation Problem: Why Most Merit Pay Plans Fail and a Few Survive,” *Harvard Educational Review* 56 (February): 1-17.

* Podgursky, M. and Springer, M.G. (2007). "Teacher Performance Pay: A Review." *Journal of Policy Analysis and Management*, 26(4).

Class 17 – In-Class Exam

IV. Structural Approaches to School Reform

Class 18 - Overview of School Accountability

* Ravitch, Diane (1995). “A Historical Perspective.” In *National Standards in American Education: A Citizen’s Guide*. Washington, D.C.: Brookings Institution. (Chapter 2, pages 33-58)

* Ladd, Helen F. (1996). *Holding Schools Accountable: Performance-Based Reform in Education*. Washington, D.C.: The Brookings Institution. (Chapter 1 & 2, pages 1-19, 23-63). .

Class 19 – Guest Lecture on School Accountability in Michigan by Paul Bielawski and Joe Martineau from the Michigan Department of Education

* Readings to be assigned by our guest speaker, and then I will post them. Check CTOOLS several weeks before the date of this class.

Class 20 – The Effect of Accountability in Practice

* Jacob, B. (2005). “Accountability, Incentives and Behavior: Evidence from School Reform in Chicago.” *Journal of Public Economics*. 89(5-6): 761-796.

* Klein, Stephen P. et. al. (2000). *What Do Test Scores in Texas Tell Us?* Issue Paper. Santa Monica: RAND Corporation.

Class 21 – Guest Lecture by Tim DiLaura, Principal of South Arbor Academy, a National Heritage Academy charter school in Ypsilanti, MI

* Readings to be assigned by our guest speaker, and then I will post them. Check CTOOLS several weeks before the date of this class.

Class 22 – An Overview of School Choice

* John E. Chubb and Terry M. Moe (1990). *Politics, Markets and America’s Schools*. Chapter 2 (pp 2-68) and Chapter 6 (pp.185-229).

* Hoxby, Caroline (2001). “Rising Tide.” *Education Next* (Winter): 69-74.

Class 23 - Student Accountability and Incentives

* Powell, Arthur G. (1996). “Motivating Students to Learn: An American Dilemma.” In Fuhrman, Susan H. and O’Day, Jennifer A. (eds.) (1996). *Rewards and Reforms: Creating Educational Incentives That Work*. San Francisco: Jossey-Bass Publishers. (Chapter 2, pages 19-59).

* The Coshocton Case: A Policy Brief (2007)

* Jackson, Kirabo (2007). “Cash for Test Scores: The Impact of the Texas Advanced Placement Incentive Program.” *Education Next*, Fall 2008, pp: 71-77.

* Grolnick, W. S. & Ryan, R. M. (1987). “Autonomy in children's learning: An experimental and individual difference investigation.” *Journal of Personality and Social Psychology*, 52, 890-898.

Classes 24 – The history and impact of school desegregation

* Clotfelter, Charles (2004). *After Brown: The Rise and Retreat of School Desegregation*. Chapters 1 & 2.

Boisjoly et al. (2006). “Empathy or Antipathy? The Impact of Diversity.” *American Economic Review* 96(5): 1890-1905.

Class 25 – The Rationale for Government Intervention in Education

* Poterba, James (1996). “Government Intervention in the Markets for Education and Health Care,” in *Individual and Social Responsibility* Victor Fuchs, editor (Cambridge, MA: National Bureau of Economic Research), pp. 277-307.