

THE UNIVERSITY OF CHICAGO  
THE IRVING B. HARRIS GRADUATE SCHOOL  
OF PUBLIC POLICY STUDIES

FALL 2016  
PUBLIC POLICY 357:  
**ECONOMICS OF EDUCATION POLICY**

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**Course Description:** This course explores the central themes in K-12 education with some consideration of higher education issues at the end of the course. We will begin with an overview of government provision of public schooling and major policy initiatives, followed by a review of econometrics and data issues. Specific topics in K-12 education include the effects of class-size, peer effects, teachers, accountability, and charter schools. Topics in higher education include the decision to invest in human capital, returns to schooling, and the theory of signaling. Students will leave the course with a strong understanding of econometric analysis of education topics and the elements of good research design.

**Prerequisites:** Tools of economic theory and econometric analysis will be used extensively. Prerequisites: PP32300 and PP32400, and PP31000 and PP31100 or equivalent coursework in statistics and economic theory. Important economic and econometrics topics will be reviewed during the course.

**Course Materials:** All readings are required unless otherwise noted. I selected 2-3 academic papers for each topic with some overview reading for context. There are few required readings in order to ensure all students read the papers closely and engage in discussion. The final assignment will allow you to delve deeper into a specific topic or issue that interests you. Some of the readings are technical, and we will cover important technical aspects as a class, so skip over anything that is too dense rather than getting bogged down in the details. All readings will be linked to on the Chalk site for the course.

**Requirements and Grading:**

1. Participation in class discussion (10% of grade): Students should be prepared to offer comments, questions, or observations about each of the readings due for that class period. Each of you will be expected to contribute.
2. Reading questions (15% of grade): Starting in week 2, prior to the beginning of each week (Sunday by 5pm), you will submit two questions about the readings and/or policy topics to be discussed in the week ahead. Those questions will help guide the lecture and discussion and also signal your engagement in the readings.

3. Short policy reactions or paper reviews (45% of grade, three reactions at 15% each): You will react to policy prompts three times throughout the quarter (i.e., how should schools evaluate teachers?). Policy reactions will summarize findings and research methodologies from the reading for a lay audience, make a policy recommendation, and raise unanswered questions. If you are interested in careers in research or pursuing PhDs, these assignments can take the form of paper critiques, focusing on issues related to methodology or data. Policy reactions and paper reviews will be 2-3 pages double spaced. More specific guidelines will be distributed in class.
4. Final issue essay (30% of grade): The purpose of the issue essay is to give students an opportunity to broaden their reading on an issue that is central to the content of this course and of public importance (most typically a public policy issue although it could be an issue of methodology or design), to develop skills in identifying and using literature relevant to a current issue, and to develop and demonstrate the ability to make a succinct summary and a thoughtful critique of an issue within the economics of education. For the purposes of this essay, an "issue" is defined as a question of importance in the context of the economics of education and to which informed and reasonable people could give different answers.

This paper is not a regular research paper or literature review. Rather, your essay is more an argumentative essay wherein you use evidence to support your position. For example, you could propose a case for a principal accountability system, the elements in that accountability system, and the rationale for why principals should be evaluated in that way. Although you are being asked to build and take a position on the issue, you should not forget to give some credence and outline to the opposing position. If there appears to be no "credible" opposing position, then your topic is not truly an issue about which reasonable people could disagree.

By Week 5 of the course (October 24), please send me 1-2 paragraphs describing the topic you hope to cover in your paper and why you are interested in that topic. There are many topics that we did not cover in class, and any topic we did cover could be investigated much more deeply. The paper should be 10-15 pages double spaced. The paper will be due the day the university schedules exams for this class.

Note. If you are a PhD student or working on a masters thesis, please see me about how to modify this final assignment so that it can help you in your research line. It may make more sense for you to write the front matter of a paper or do a critical literature review on a topic relevant to your work.

## List of Topics and Readings (subject to adjustments):

### Week 1: The Role of Government in Schooling and Major Federal Policy Initiatives

Short overviews of federal policy:

- No Child Left Behind: <http://www.edweek.org/ew/section/multimedia/no-child-left-behind-overview-definition-summary.html>
- Race to the Top Overview: <http://educationnext.org/results-president-obama-race-to-the-top-reform/>
- Every Student Succeeds Act: <http://www.ed.gov/essa?src=rn>

Milton Friedman. (1955). The role of government in education.

### Week 2: Applied Econometrics Primer, Outcomes, and Data

Thomas D. Cook. (2001). Why education rejects randomized experiments. *Education Next*. <http://educationnext.org/sciencephobia/>

Russell Whitehurst's testimony on research in education. (2011). <https://www.brookings.edu/testimonies/the-federal-role-in-education-research-providing-relevant-information-to-students-parents-and-educators/>

Katherine Michelmore and Susan Dynarski. (2016). The gap within the gap: Using longitudinal data to understand income differences in student achievement. NBER working paper. <http://www.nber.org/papers/w22474>

### Week 3: Education Production

Diane Whitmore Schanzenbach. (2006-07). What have researchers learned from Project STAR? *Brookings Papers on Education Policy*. [https://www.jstor.org/stable/20067282?seq=1#page\\_scan\\_tab\\_contents](https://www.jstor.org/stable/20067282?seq=1#page_scan_tab_contents)

Bruce Sacerdote. (2001). Peer effects with random assignment: Results for Dartmouth roommates. *Quarterly Journal of Economics*. <http://www.uh.edu/~adkugler/Sacerdote.pdf>

3c. Lisa Barrow, Lisa Markman, and Cecilia Elena Rouse. (2009). Technology's Edge: The Educational Benefits of Computer-Aided Instruction. *American Economic Journal: Economic Policy*. <https://www.aeaweb.org/articles?id=10.1257/pol.1.1.52>

### Week 4: Student and School Accountability

David Figlio and Susanna Loeb. (2011). School accountability. *Handbook of Economics* chapter. [https://cepa.stanford.edu/sites/default/files/Accountability\\_Handbook.pdf](https://cepa.stanford.edu/sites/default/files/Accountability_Handbook.pdf)

Brian A. Jacob. (2005). Accountability, incentives and behavior: the impact of high-stakes testing in the Chicago Public Schools. *Journal of Public Economics*.  
<http://www.sciencedirect.com/science/article/pii/S0047272704001549>

Thomas J. Kane and Douglas O. Staiger. (2002). The promise and pitfalls of using imprecise school accountability measures. *Journal of Economics Perspectives*.  
<http://www.ingentaconnect.com/content/aea/jep/2002/00000016/00000004/art00005>

### Week 5: Teacher Quality

538 article on teacher value-added measures:

<http://fivethirtyeight.com/features/the-science-of-grading-teachers-gets-high-marks/>

Thomas S. Dee and James Wyckoff. (2015). Incentives, selection, and teacher performance: Evidence from IMPACT. *Journal of Policy Analysis and Management*.  
<http://onlinelibrary.wiley.com/doi/10.1002/pam.21818/full>

Raj Chetty, John N. Friedman, and Jonah E. Rockoff. (2014). Measuring the impacts of teachers II: Teacher value-added and student outcomes in adulthood. *American Economic Review*.  
<http://www.ingentaconnect.com/content/aea/aer/2014/00000104/00000009/art00002>

Andrew D. Ho and Thomas J. Kane. (2013). The reliability of classroom observations by school personnel. Gates Foundation research report.  
<http://files.eric.ed.gov/fulltext/ED540957.pdf>

### Week 6: School Choice

Overview of access to charter schools from the Hamilton Project at Brookings. (2016).  
[http://www.hamiltonproject.org/papers/who\\_has\\_access\\_to\\_charter\\_schools](http://www.hamiltonproject.org/papers/who_has_access_to_charter_schools)

Joshua D. Angrist, Parag A. Pathak, and Christopher R. Walters. (2013). Explaining charter school effectiveness. *American Economic Journal: Applied Economics*.  
<http://www.ingentaconnect.com/content/aea/aejae/2013/00000005/00000004/art00001>

Derek Neal. (1997). The Effects of Catholic Secondary Schooling on Educational Achievement. *Journal of Labor Economics*.  
[https://www.jstor.org/stable/2535316?seq=1#page\\_scan\\_tab\\_contents](https://www.jstor.org/stable/2535316?seq=1#page_scan_tab_contents)

Will Dobbie and Roland G. Fryer. Are High-Quality Schools Enough to Increase Achievement Among the Poor? Evidence from the Harlem Children's Zone. *American Economic Journal: Applied Economics*.

<http://www.ingentaconnect.com/content/aea/aejae/2011/00000003/00000003/art00006>

#### Week 7: Teacher Labor Markets

Steven Glazerman, Daniel Mayer, and Paul Decker. (2005). Alternative routes to teaching: The impacts of Teach for America on student achievement and other outcomes. *Journal of Policy Analysis and Management*.

<http://onlinelibrary.wiley.com/doi/10.1002/pam.20157/abstract>

Sean P. Corcoran, William N. Evans, and Robert M. Schwab. (2004). Changing labor-market opportunities for women and the quality of teachers, 1957-2000. *American Economic Review*.

<https://www.aeaweb.org/articles?id=10.1257/0002828041301920>

Donald Boyd, Hamilton Lankford, Susanna Loeb, and James Wyckoff. (2005). Explaining the short careers of high-achieving teachers in schools with low-performing students. *American Economic Review, Papers and Proceedings*.

[http://www.jstor.org/stable/4132810?seq=1#page\\_scan\\_tab\\_contents](http://www.jstor.org/stable/4132810?seq=1#page_scan_tab_contents)

#### Week 8: School Funding

Julien Lafortune, Jesse Rothstein, Diane Whitmore Schanzenbach. (2016). School finance reform and the distribution of student achievement. NBER working paper.

<http://www.nber.org/papers/w22011>

Eric A. Hanushek. (2006). School resources. Chapter in the *Handbook of Economics of Education*.

<http://www.sciencedirect.com/science/article/pii/S1574069206020149>

Quentin Brummet. (2014). The effect of school closings on student achievement. *Journal of Public Economics*.

<http://www.sciencedirect.com/science/article/pii/S0047272714001509>

#### Week 9: Investment in Human Capital

Lisa Barrow and Ofer Malamud. (2015). Is College a Worthwhile Investment? *Annual Review of Economics*. <http://www.annualreviews.org/doi/abs/10.1146/annurev-economics-080614-115510>

Orley Ashenfelter and Alan Krueger. (1997). Estimates of the economic return to schooling from a new sample of twins. *American Economic Review*.

<https://www.jstor.org/stable/2117766>

Optional important theory paper: Gary Becker. (1962). Investment in human capital: A theoretical analysis. *Journal of Political Economy*.

[https://www.jstor.org/stable/1829103?seq=1#page\\_scan\\_tab\\_contents](https://www.jstor.org/stable/1829103?seq=1#page_scan_tab_contents)

### Week 10: Access to College

Christopher Avery and Sarah Turner. (2012). Student loans: do college students borrow too much—or not enough? *Journal of Economic Perspectives*

Caroline Hoxby and Sarah Turner. (2013). Expanding college opportunities for high-achieving, low-income students. Stanford working paper.

[http://siepr.stanford.edu/sites/default/files/publications/12-014paper\\_6.pdf](http://siepr.stanford.edu/sites/default/files/publications/12-014paper_6.pdf)