PPA 220B – APPLIED ECONOMIC ANALYSIS II

GRADUATE PROGRAM IN PUBLIC POLICY AND ADMINISTRATION
CALIFORNIA STATE UNIVERSITY, SACRAMENTO
SPRING 2013

Professor: Rob Wassmer, Ph.D.

E-Mail: rwassme@csus.edu

Home-Page: http://www.csus.edu/indiv/w/wassmerr/

Class Location: Thursday, 6:00 p.m. - 8:50 p.m., 1051 Folsom Hall

Office: Room 1051, Folsom Hall (on Folsom Blvd near Home Depot)

Office Phone: (916) 278-6304

Office Hours: Monday and Thursday, 4:00 – 5:30 p.m.; and by appointment if necessary

Prerequisite: Grade of B- or higher in PPA 220A.

Required Texts:


There will also be supplemental readings that groups will chose for their own topics from the Web after consulting with me early in the semester.

WebCT:

This course requires that you have access to the World Wide Web and SacCT. If you do not have an account at home or work that allows this, you can get one through Sacramento State. On SacCT I will post an outline of material covered in each meeting. These will be available by the Tuesday afternoon before the class meets. Your grades will also be accessible through SacCT.

Course Objectives:

At the end of PPA 220B, a student that attends all meetings will:
(1) Understand the basic process of how to conduct a benefit/cost assessment and have a working knowledge of some of the specific techniques necessary to do it.

(2) Learn to apply the concepts of benefit/cost assessment to a particular California public policy (for example Climate Change) and to appreciate this policy tool’s relevance to gaining a better understanding of how to structure a policy intervention.

(3) Be able to apply a specific public policy “tool” (Munger’s Triangle, Government Failure, Comparative Institutional Analysis, Microeconomic Based Market Analysis, Market Failure Approach, etc.) to a California relevant public policy concern in order to gain a better understanding of how “best” to deal with it.

(4) Gain a greater comfort in your ability to make a public presentation and engage in a public discussion on a public policy topic.

(5) Further explore how the framing of a policy problem in terms of “what is fair” or “what is efficient” results in different “best” solutions.

(6) Compose a white paper on a policy problem that lays out its background, a formal analytic way of thinking about solutions to it, and evaluates the solutions put forward to deal with it.

This course exposes you to the basic study and application of public economics and benefit/cost analysis to public policy applications specific to California. You will learn and apply theoretical concepts; however, keep in mind that the goal in doing so is in your ability to better understand, analyze, and critique existing and proposed public policies.

Method:

This class will have two distinct halves. The first half will be coverage of benefit/cost analysis and other tools for decision making for public policy formulation and evaluation. I will be responsible for this in the form of lectures, classroom discussions, and homework assignments. The details on this are in meetings one (Jan. 31) through six (March 7) below. For each of these classes you will need to bring your own laptop with Excel installed (this includes our first meeting). If you do not have this, please make an arrangement to share with another student.

For the second half of the course, I am turning it over to you to practice what Mintrom described in his book’s Chapter 6 as “Presenting Policy Advice.” Each group of six students will be responsible for 1.5 class meetings of coverage on one of six policy topics that the class and I selected: (1) Climate Change, (2) CA Taxes, (3) CA Realignment, (4) Public Transit, (5) Marijuana Legalization, and (5) K-12 Education Policy.

The students assigned each topic are:
Climate Change (Mack, Philips, and Maurer) – February 14
CA Taxes (Sanders, Palmer, Calbonero) – February 21
CA Realignment (Lynch, Yan, and Townsend) – February 28
Public Transit (White Preciado, and Garvin) – March 7
Marijuana Legalization (Dominguez, Blattel, and West) – March 14
K-12 Education Policy (Johnson, Gojnic, and Carhart) – March 21;

The dates after each topic is when your entire group needs to plan to be at class meeting an hour early so we can decide upon the approach and readings that will be assigned to the class. If we cannot finish this discussion in an hour, we will continue it at the end of class.

In the 1.5 student-led class meetings for each topic, the three students covering each topic, each has the choice of picking one of these ways of discussing it in a classroom PowerPoint presentation and whitepaper write up (but no duplications): (A) a historical look at the institutions, politics, demographics, etc. that led to this overall policy concern in California, (B) the Munger Triangle approach on how to think about the reasons for and type of government intervention on your topic, (C) the Mintrom approach to thinking about potential governmental failure when intervention in your policy topic occurs, (D) the Mintrom approach of comparative institutional analysis on how to intervene in your policy area, or (E) a cost-benefit approach to thinking about government intervention in this policy area.

These 1.5 unit class meetings are equivalent to 240 minutes of class time divided between 160 minutes on the first night and 80 minutes on the second. The first meeting will consist of three, 40 minute PowerPoint based presentations (no more than 15 slides per presentation) that involve 30 minutes of presentation and 10 minutes of discussion that each student in a policy area group will lead. Prior to these presentations, the group as a whole will have assigned three homework question for members of the class not involved with the topic. After presentations, we will break up into groups to discuss the assigned hw questions. Members of the group will lead these discussions. On the second half meeting of a topic, the group will be responsible for inviting in two to four outside speakers that can talk on the topic for 80 minutes in a manner that they decide. By necessity, this often rolls over to the next meeting (see schedule).

If there are concepts or ideas covered in a Thursday night session that you did not understand, it is important to your overall success that you get these misunderstandings resolved before the next time we meet. You can do this by talking to your fellow classmates (I encourage you to form study groups or electronic study networks), visiting me in my Monday or Thursday office hours, sending an e-mail question to me at rwassme@csus.edu (please do not send by SacCT because I check less often), or phoning me at 278-6304. My promise to you is that if I am not in my office, I will respond to your Monday through Friday e-mail or phone call within 24 hours (but most likely within 2 hours).
Questions, comments, and discussion about material assigned for a Thursday night class are always encouraged during that class. In office hours I am pleased to discuss a suggestion on pedagogy, economics, and public policy in general, the MPPA Program, and/or your career plans. To insure an adequate participation grade, please plan on stopping by to visit me at least once during my office hours. This is especially essential this semester so I can offer personal advice on your PowerPoint presentation.

Students will need to come well prepared to class in the form of completing all reading assignments, looking over my notes and posted student PowerPoint slides, and being prepared to participate in the class discussion. I will not hesitate to call on students who do not voluntarily participate.

Twitter:

We will again use Twitter to stimulate discussion on the topics covered in class and to relate to contemporary events that arise throughout the semester. I evaluate your participation as part of the overall participation grade I assign you. Some guidelines to follow: (1) Post at least three tweets (but no more than 10) on the specific policy area you are covering, (2) respond to other’s Tweets as you see fit, but remember in doing so I evaluate these in terms of quality and quantity (not too little high quality responses, and not too many low quality responses).

Grading:

The grade you receive in this course comes from five different components. The first component counts 40 percent and is the average of grades assigned in 13 weekly homework assignments. The first homework assignment is not due until our second meeting. All hw assignments will be posted on SacCT by the Friday evening before they are due. The second component counts 15 percent and is my evaluation of your PowerPoint presentation. The third component of your grade counts 15 percent and is the students’ evaluation of your PowerPoint presentation. The fourth counts 20 percent and is my evaluation of your policy white paper. The fifth component of your overall grade counts 10 percent and is based upon the grade I assign for your class participation. You must complete all of the first four components of grading in order to receive a passing grade in this class. Thus:

\[
\text{Course Grade} = 0.40(\text{average of 13 hw assignments}) + 0.15(\text{my evaluation of your PowerPoint Presentation}) + 0.15(\text{students’ average evaluation of your PowerPoint Presentation}) + 0.20(\text{my evaluation of your white paper}) + 0.10(\text{my evaluation of your classroom and Twitter participation})
\]

See the appendix to this syllabus for the rubrics I and students will use for grading your homework, your presentations, and your white paper.

Where relevant, grades based on the following table:
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<tr>
<th>Percent Correct</th>
<th>Letter Grade</th>
<th>Number Grade</th>
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<tr>
<td>100-97</td>
<td>A+</td>
<td>4.3</td>
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<tr>
<td>96-93</td>
<td>A</td>
<td>4.0</td>
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<tr>
<td>92-89</td>
<td>A-</td>
<td>3.7</td>
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<td>88-85</td>
<td>B+</td>
<td>3.3</td>
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<tr>
<td>84-81</td>
<td>B</td>
<td>3.0</td>
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<tr>
<td>80-77</td>
<td>B-</td>
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<tr>
<td>76-73</td>
<td>C+</td>
<td>2.3</td>
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<td>72-69</td>
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<td>68-65</td>
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<td>&lt;60</td>
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**Academic Honesty**

When you do any writing for this class, or any class at Sacramento State, it is important that you are aware of what plagiarism is, and how its practice can become grounds for dismissal from the university. Details are available at the University Policy Manual found at [http://www.csus.edu/facs/about%20us/plagiarism.html](http://www.csus.edu/facs/about%20us/plagiarism.html). The following is also helpful:

> Plagiarism is a form of cheating. At Sacramento State plagiarism is the use of distinctive ideas or works belonging to another person without providing adequate acknowledgement of that person's contribution. Regardless of the means of appropriation, incorporation of another's work into one's own requires adequate identification and acknowledgement. Plagiarism is doubly unethical because it deprives the author of rightful credit and gives credit to someone who has not earned it. Acknowledgement is not necessary when the material used is common knowledge. Plagiarism at CSUS includes but is not limited to:

1. The act of incorporating into one's own work the ideas, words, sentences, paragraphs, or parts thereof, or the specific substance of another's work without giving appropriate credit thereby representing the product as entirely one's own. Examples include not only word-for-word copying, but also the "mosaic" (i.e., interspersing a few of one's own words while, in essence, copying another's work), the paraphrase (i.e., rewriting another's work while still using the other's fundamental idea or theory); fabrication (i.e., inventing or counterfeiting sources), ghost-writing (i.e., submitting another's work as one's own) and failure to include quotation marks on material that is otherwise acknowledged; and
2. Representing as one's own another's artistic or scholarly works such as musical compositions, computer programs, photographs, paintings, drawing, sculptures, or similar works.

Schedule:

This class will meet a total of 15 times throughout the semester. The readings for each meeting are below. **Note that readings for the student led portion of the course are not yet included and will be posted at SacCT well in advance of when needed.**

**Meeting 1 (Jan 31)**

*YouTube: How to Do a Cost-Benefit Analysis*
*Is There a Role for Benefit-Cost Analysis?*
*Stunning Triumph of Benefit-Cost Analysis*
FugWil (Chapter 1) - A History of Application
FugWil (Chapter 2) - The Decision Maker, the Analyst, and Cost-Benefit Analysis
FugWil (Chapter 3) - Policy Advocates and Adversaries
FugWil (Chapter 4) - Economics and Cost-Benefit Analysis
Ammons (Chapter 26) - Role of Analysis in a Political Environment
Ammons (Chapter 3) - Demand Analysis

**Meeting 2 (Feb. 7)**

*YouTube: Excel Cost Benefit Example*
*Strengthening Benefit-Cost for Early Child Intervention*
FugWil (Chapter 5) - Economic Valuation of Individual Preferences
FugWil (Chapter 6) - Who is Society?
FugWil (Chapter 7) - With and Without Analysis
FugWil (Chapter 8) - Aggregate Benefits and Costs
Ammons (Chapter 10) – Basic Investment Calculations

**Meeting 3 (Feb. 14)**

*5 pm discussion Climate Change (Mack, Philips, and Maurer)*

*YouTube: Present and Future Value Calculations*
*Benefit – Cost Analysis of Delta Water Conveyance Tunnels*
FugWil (Chapter 9) - Present Value of Benefits and Costs Over Time
FugWil (Chapter 10) - Decision Criteria
FugWil (Chapter 11) - Discount Rate
FugWil (Chapter 12) - Inflation
Ammons (Chapter 12) - Adjusting for Inflation
Ammons (Chapter 13) - Time Value of Money
Meeting 4 (Feb. 21)

5 pm discussion CA Taxes (Sanders, Palmer, Calbonero)

Example of Cost-Benefit Calculation Applied to Bike Use
FugWil (Chapter 13) - Time Horizon
FugWil (Chapter 14) - Uncertainty and Risk
FugWil (Chapter 15) - Principles of Cost-Benefit Analysis
FugWil (Chapter 16) - Identifying Benefits and Costs
Ammons (Chapter 14) - Identifying Full Costs of Program

Meeting 5 (Feb. 28)

5 pm discussion CA Realignment (Lynch, Yan, and Townsend)

Valuing Benefits of Social Programs
Pricing the Priceless
FugWil (Chapter 17) - Market Valuation
FugWil (Chapter 18) - Contingent Valuation
FugWil (Chapter 19) - Travel Cost Method
FugWil (Chapter 20) - Hedonic Pricing Method
Ammons (Chapter 15) - Calculating Go-Away Costs for Privatization

Meeting 6 (March 7)

5 pm discussion Public Transit (White, Preciado, and Garvin)

The New Challenge to Benefit-Cost Analysis
California High-Speed Rail Benefit-Cost Analysis (BCA)
FugWil (Chapter 21) - Valuation of Human Life
FugWil (Chapter 22) - Cost-Effectiveness Analysis
FugWil (Chapter 23) - Principles for Identifying and Valuing Benefits and Costs
Ammons (Chapter 16) - Cost-Effectiveness Analysis
Ammons (Chapter 17) - Life-Cycle Costing
Ammons (Chapter 18) - Lease or Buy?

Examples of Benefit-Cost Analysis
Examples of Health Cost-Effectiveness Studies

Meeting 7 (March 14)

5 pm discussion Marijuana Legalization (Dominguez, Blattel, and West)

Climate Change Student PowerPoint Presentations
3 @ 40 minutes each = 120 minutes
Climate Change Student HW Discussion
40 minutes

**Meeting 8 (March 21)**

5 pm discussion K-12 Education Policy (Johnson, Gojnic, and Carhart)

Climate Change Outside Speakers
80 minutes

CA Taxes Student PowerPoint Presentations
2 @ 40 minutes each = 80 minutes

**Meeting 9 (April 4)**

CA Taxes Student PowerPoint Presentation
1 @ 40 minutes

CA Taxes Student HW Discussion
80 minutes

CA Realignment Student PowerPoint Presentation
1 @ 40 minutes

**Meeting 10 (April 11)**

CA Taxes Outside Speakers
80 minutes
CA Realignment Student PowerPoint Presentation
2 @ 40 minutes = 80 minutes

**Meeting 11 (April 18)**

CA Realignment Student PowerPoint Presentation
1 @ 40 minutes

CA Realignment Student HW Discussion
40 minutes

CA Realignment Outside Speakers
80 minutes

**Meeting 12 (April 25)**

CA Transit Student PowerPoint Presentation
3 @ 40 minutes = 120 minutes

CA Transit Student HW Discussion
40 minutes

Meeting 13 (May 2)

CA Transit Outside Speakers
80 minutes

Marijuana Legalization Student PowerPoint Presentations
2 @ 40 minutes each = 80 minutes

Meeting 14 (May 9)

Marijuana Legalization Student PowerPoint Presentation
1 @ 40 minutes

Marijuana Legalization Student HW Discussion
40 minutes

Marijuana Legalization Outside Speakers
80 minutes

Meeting 15 (May 16)

K-12 Education Policy Student PowerPoint Presentation
3 @ 40 minutes = 120 minutes

CA Education Policy Student HW Discussion
40 minutes

Final (May 23)

CA Education Policy Outside Speakers
80 minutes

White Paper Due after above attendance
Required Content | 10 | 9 | 8 | 7 | 6 | 0
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Include your full name and reproduce the complete discussion question on a separate cover page. Document is double spaced, no more than two typed pages long, with one inch margins, and 11 font. |  |  |  |  |  |  
Begins with an appropriate introductory paragraph that describes topic and layout of write-up. |  |  |  |  |  |  
Finishes with an appropriate concluding paragraph that summarizes answer to discussion question asked. |  |  |  |  |  |  
Paragraphs and transitions between them flow smoothly. |  |  |  |  |  |  
Appropriate writing style and language use for a college educated reader not familiar with the topic. |  |  |  |  |  |  
No grammar or spelling errors. |  |  |  |  |  |  
Answer appropriately draws upon at least one piece of outside material relevant to the discussion question and cites this material using APA style (see Hacker style manual from PPA 200). |  |  |  |  |  |  
Answer appropriately addresses discussion question by drawing upon assigned reading related to it (Three times other value) | 30 | 27 | 24 | 21 | 18 | 0

Total score (100 possible)
**Grading Rubric for Student PowerPoint Presentations**

**PPA 220B**

**Spring 2013**

Excellent = 10, Good = 9, Acceptable = 8, Needs Improvement = 7, Poor = 6, Absent = 0

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<tr>
<th>Required Content</th>
<th>10</th>
<th>9</th>
<th>8</th>
<th>7</th>
<th>6</th>
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<tr>
<td>Clarity/organization in presenting material through PowerPoint</td>
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<td>Ability to engage the audience in discussion</td>
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<td>Handling of questions</td>
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<td>Ability to stay within the allotted time frame and cover material effectively</td>
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<td>(15 minutes for PowerPoint, 10 minutes for discussion)</td>
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<td>Command of the material/knowledge of the subject</td>
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**Total score (100 possible)**
White Paper Assignment

PPA 220B – Fall 2013 – Professor Rob Wassmer
Due May 23, 2013 in Class (must attend K-12 Outside Presentations)
One Grade Deduction for Every Day Late
Bring a Paper Copy and Submit an Electronic Copy to rwassme@csus.edu

Overview

You are to write no more than an eight-page, typed, and double-spaced White Paper (11 Times New Roman Font) on your chosen policy topic in a manner described below.

Within one of these policy topics, you will cover one chosen area that is not be duplicated by someone else in your group: (A) a historical look at the institutions, politics, demographics, etc. that led to this overall policy concern in California that is supported with empirical evidence in the form of data presented in figures that would make Tufte proud, (B) the Munger Triangle approach on how to think about government intervention on your topic, (C) the Mintrom approach to thinking about potential governmental failure when intervention in your policy topic occurs, (D) the Mintrom approach of comparative institutional analysis on how to intervene in your policy area, (E) a cost-benefit approach to thinking about government intervention in this policy area.

I will use the rubric contained on the next page to score your assignment and assign it a grade. Pay careful attention to what this rubric is asking for and the further instructions offered below.

Instructions

You should structure your White Paper as an essay with an appropriate cover page, introductory section that describes what is in the essay, section headings that cover the requested material, and a concluding section. You will need a reference list at the end and citations must be in APA style (http://library.osu.edu/sites/guides/apagd.php). Tables and figures should be included in an appendix to the essay and they do not count toward your eight-page limit. I will not read beyond eight pages. (Your cover page and reference list is not part of this eight-page limit.) Other than these constraints, including the mandatory components described below, the remaining form of the write up is up to you.
Name: ____________________________________

Grading Rubric for Final Policy White Paper
PPA 220B, Spring 2013

Excellent = 10, Good = 9, Acceptable = 8, Needs Improvement = 7, Poor = 6, Absent = 0

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<td>Development and organization: appropriate introduction and conclusion, organization clearly described in introduction and done as stated, appropriate headings for sections</td>
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<td>Writing mechanics: grammar, spelling, word choice, and sentence structure</td>
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<td>Presentation: appropriate and attractive format</td>
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<td>Citations: accurate citations and listing of references using APA style</td>
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<td>Tufte style figures/diagrams/charts: minimum of three</td>
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<td>Command of the material/knowledge of the subject (Five times other values): how well do you do at covering the approach assigned to your section (that is representing what others have written about it and in reaching your own conclusions)</td>
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Your Total Score (100 Possible)

GRADE


