

**PPA 220B – APPLIED ECONOMIC ANALYSIS II**

**GRADUATE PROGRAM IN PUBLIC POLICY AND ADMINISTRATION  
CALIFORNIA STATE UNIVERSITY, SACRAMENTO  
SPRING 2016**

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Class Location: Thursday, 6:00 p.m. - 8:50 p.m., 1050 Folsom Hall

Office: Room 3037, Tahoe Hall

Office Phone: (916) 278-6304

Office Hours: Monday or Tuesday (to be determined) and Thursday, 4:00 – 5:30 p.m.;  
and by appointment if necessary

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

Required Texts (\$57 Kindle, \$42 Used, \$144 New):

(1) *Basic Cost Benefit Analysis for Assessing Local Public Projects*, 2013, Barry P. Keating and Maryann O. Keating, Business Expert Press, purchase at [Amazon](http://Amazon) (\$20 Kindle, \$30 used, \$60 new) or your own choice of an internet text supplier;

(2) *Retaking Rationality*, 2008, Richard L. Resvesz and Michael A. Livermore, Oxford University Press, purchase at [Amazon](http://Amazon) (\$12 Kindle, \$4 used, \$60 new) or your own choice of an internet text supplier;

(3) *Nudge*, 2009, Richard H. Thaler and Cass R. Sunstein, Penguin Books, purchase at [Amazon](http://Amazon) (\$14 Kindle, \$4 used, \$14 new) or your own choice of an internet text supplier;

(4) *Predictably Irrational*, 2010, Dan Ariely, Perennial Press, purchase at [Amazon](http://Amazon) (\$11 Kindle, \$4 used, \$10 new) or your own choice of an internet text supplier.

I list other supplemental readings, videos, and podcasts in the schedule below. I reserve the right to send you some further background material (short in length) by the Friday before the class meets. **I strongly suggest that you download all of the podcasts now onto your smartphone or laptop and listen to them at your leisure (in car, exercising, cleaning house, etc.). Also, get a head start on the all the readings for your particular policy topic.**

Background Texts from 220A (you should already own these):

(1) *Contemporary Policy Analysis*, 2012, Michael Mintrom, Oxford University Press, available for purchase at [Amazon.Com](https://www.amazon.com) ;

(2) *Analyzing Policy: Choices, Conflicts, and Practices*, 2000, Michael Munger. Norton, available for purchase at [Amazon.Com](https://www.amazon.com) ;

(4) *The Economics Anti-Textbook*, 2010, Rod Hill and Tony Myatt, Fernwood Publishing, available for purchase at [Amazon.Com](https://www.amazon.com) .

SacCT:

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 and homework due in each meeting. These will be available by the Friday evening before the class meets. Your grades will also be accessible through SacCT. Beginning in mid-January I will communicate with you only through SacCT so make sure you regularly check the email associated with it.

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 (BCA) 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 (BCA) to a particular California public policy (for example High Speed Rail) 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" (Government Failure, Comparative Institutional Analysis, Microeconomic Based Market Analysis, Market Failure Approach, BCA, 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) Explore further how the framing of a policy problem in terms of "what is fair" or "what is efficient" results in the choice of 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.

Method:

This class is designed to help you better understand, practice, and apply the economic concepts you learned in PPA 220A and to expose you to a few new ones (BCA and Behavioral Economics). **For each of the BCA classes (February 18, 25, and March 3) you will need to bring your own laptop with Excel installed. If you do not have this, please arrange to share with another student.**

For our last three meetings (April 28, May 5 and 12) I am turning it over to you to practice what Mintrom described in Chapter 6 as “Presenting Policy Advice.” Each group of three to four students will be responsible for a half of a class meeting of coverage on one of six policy topics [methods] that the class selected: (1) \$15 minimum wage for Sacramento City [Analysis of Markets]; (2) CA State Gun Control [Analysis of Market Failure]; (3) Local Economic Redevelopment through Tax Increment Financing [Analysis of Government Failure]; (4) Raising K-12 Public Education Outcomes [Comparative Institutional Analysis]; (5) High Speed Rail [Benefit-Cost Analysis]; and (6) Increasing Political Participation/Voting [Behavioral Economics].

The student assignments by name are after each topic. I did my best to match this to the preferences you provided. Until February 17, you may switch your topic with another student if both of you agree upon the change. Just let me know.

**(1) \$15 Minimum Wage for Sac City (present April 28)**

Jillian Burgos, Erin Stumpf, Hanna Stelmakhovych

**(2) CA State Gun Control (present April 28)**

Lindsay Buckley, Stephen Myers, Julia Dolloff

**(3) CA High Speed Rail (present May 5)**

Brian Martin-Rojas, Anam Khan, Marly Young,

**(4) CA Local Economic Redevelopment/Tax Increment Financing (present May 5)**

Brittany Petitt, Natasha Karl, Asael Sala

**(5) Raising K-12 Public Education Outcomes (present May 12)**

Imran Majid, Eric Costa, Jamie Gonsalves

**(6) Increasing Political Participation/Voting (present May 12)**

Ryan Harris, Ryan McElhinney, Katrina Beedy

If enrolled in this class, and your name not listed above, please contact me by email for placement. The dates after each topic are when your entire group will present in class.

The intent of the presentation is a policy briefing to a real and/or hypothetical group of policymakers. We will discuss presentation and white paper strategy in the March 10 class devoted entirely to it. The three to four people in your group will make separate presentations of 20 minutes each on the topic and/or the form of analysis covered under. I will provide further details on this in the early weeks of class.

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 office hours, sending an e-mail question to me at [rwassme@csus.edu](mailto:rwassme@csus.edu), or phoning me at (916) 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 PPA/ULD Program, and/or your career plans. To insure an adequate participation grade, please plan to stop by to visit me at least once during my office hours. This is especially important this semester so I can offer personal advice on HW issues and/or your required presentation.

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

#### Twitter:

We will use Twitter to stimulate thought 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 one tweet (but no more than three) on BCA and one tweet on Behavioral Economics, and respond to at least one tweet on BCA and one tweet Behavioral Economics, from others (but no more than three), (2) post at least two tweets (but no more than four) on the specific policy area you are covering and respond to at least two other policy-area Tweets (but no more than four). Remember, I evaluate these in terms of both quality and quantity (not too little *high* quality responses, and not too many *low* quality responses). **Before class begins, please subscribe to my Twitter feed “@rwassme” and send me an email as to what your Twitter user name is so I can subscribe to yours. All post should begin with identifying hashtag “#MPPA”.**

#### Grading:

The grade you receive in this course comes from five different components. The first component counts 50 percent and is the average of grades assigned in 13 weekly

homework (HW) assignments (you will not have a HW assignment due on the night you present in class). **I commit to having all HW assignments posted on SacCT by at least the Friday evening before they are due.** Note that the person completing them can only turn in a HW assignment on the night it is due in paper form. There are no excused absences or submitting HW early or late. If you miss a class and HW turn in, you will receive a zero averaged into your completed HW grades. I will drop your two lowest HW grades as consolation to those who must miss class due to a reasonable excused absence. If you turn in all 13, I still drop your lowest two HW grades and your overall HW grade is the average of your best 11 HW grades.

The second component of your course grade counts 15 percent and is based on feedback I receive from the panel that will listen to your presentation. The third component of your grade counts 20 percent and is my evaluation of your policy white paper. The fourth component of your overall grade counts 15 percent and is based upon the grade I assign for your classroom and Twitter participation. You must complete all of the first four components of grading in order to receive a passing grade in this class. Thus:

$$\text{Course Grade} = 0.50 * (\text{average of 11 highest HW assignments}) + 0.15 * (\text{panel feedback on your PowerPoint presentation}) + 0.20 * (\text{my evaluation of your white paper}) + 0.15 * (\text{my evaluation of your classroom and Twitter participation})$$

I will later provide you with rubrics that we will develop together to assess your PowerPoint presentation and white paper.

Where relevant, I base grades on the following table:

<u>Percent Correct</u>	<u>Letter Grade</u>	<u>Number Grade</u>
100-97	A+	4.3
96-93	A	4.0
92-89	A-	3.7
88-85	B+	3.3
84-81	B	3.0
80-77	B-	2.7
76-73	C+	2.3
72-69	C	2.0
68-65	C-	1.7
64-60	D	1.0
<60	F	0.0

## 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](#). 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 Sacramento State includes but is not limited to: 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.*

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## Schedule:

This class meets 14 times throughout the semester. The readings for each meeting are below. **My understanding is that you covered much of the 220A background material last semester and I offer them as a suggestion of what to review (if you feel necessary) before beginning the new material.**

### Meeting 1: Analysis of Markets (Jan 28)

#### *220A Background Review*

Munger Chapter 3 – A Benchmark for Performance: The Market  
Hill & Myatt Chapter 3 – How Markets Work (In an Imaginary World)  
Hill & Myatt Chapter 8 – Marginal Prod Theory of Income Distribution  
Hill & Myatt Chapter 9 – Govt., Taxation, and Redistribution of Income

#### *New Material*

Mintrom Chapter 9 – Analysis of Markets  
EconTalk Podcast “Munger on Shortages, Prices, and Competition”

[http://www.econtalk.org/archives/2009/10/munger\\_on\\_short.html](http://www.econtalk.org/archives/2009/10/munger_on_short.html)

**Meeting 2: \$15 Minimum Wage for Sac City and Analysis of Market Failure (Feb 4)**

*New Material*

Pro “Raise the Wage Sacramento” <http://www.raisethewagesac.org>  
Con “Keep Sacramento Working” <http://www.keepsacramentoworking.com>  
Wassmer’s PowerPoint Briefing on Sac Minimum Wage (posted at SacCT)  
Marketplace Podcast “A Higher Minimum Wage”  
<http://www.marketplace.org/2014/02/19/economy/mid-day-update/podcast-higher-minimum-wage>  
*New York Times* “What a \$15 Minimum Wage Would Mean for your City”  
<http://www.nytimes.com/2015/08/13/upshot/what-a-15-minimum-wage-would-mean-for-your-city.html>

*220A Background Review*

Munger Chapter 4 – Evaluation and Market Failure: Criteria for Intervention  
Hill & Myatt Chapter 7 – Externalities and the Ubiquity of Market Failure

*New Material*

Mintrom Chapter 10 – Analysis of Market Failure  
Associate Press Video “Obama and Romney Debate Role of Government”  
[https://www.youtube.com/watch?v=VjD6ctsp9\\_A](https://www.youtube.com/watch?v=VjD6ctsp9_A)

**Meeting 3: Analysis of Market Failure and Greater CA State Gun Control (Feb 11)**

*New Material*

*New York Times* “Gun Control Explained”  
<http://www.nytimes.com/interactive/2015/10/07/us/gun-control-explained.html>  
Freakonomics Podcast “How to Think About Guns”  
<http://freakonomics.com/2013/02/14/how-to-think-about-guns-a-new-freakonomics-radio-podcast>  
On the Media Podcast “Telling Wrong Stories in Gun Debate”  
<http://www.onthemedial.org/story/282181-why-we-might-be-telling-wrong-stories-gun-debate>  
“Myth behind Defensive Gun Ownership”  
<http://www.onthemedial.org/story/myth-behind-defensive-gun-ownership>  
“On San Bernardino”  
<http://www.onthemedial.org/story/san-bernardino-otm>  
ProPublica Podcast “Gun Violence in America”  
<http://www.propublica.org/podcast/item/podcast-gun-violence-in-america>

**Meeting 4: Benefit Cost Analysis (Feb 18)**

*New Material*

Mintrom Chapter 13 – Cost-Benefit Analysis

Revesz & Livermore Part 1”Decisions Made by Those Who Show Up”  
Keeting & Keeting Chapter 1 – Intro to Cost-Benefit Analysis  
Keeting & Keeting Chapter 2 – Cost-Benefit Analysis and Individual Preferences  
Keeting & Keeting Chapter 3 - Time Preference and Discount Rate

**Meeting 5: Benefit Cost Analysis (Feb 25)**

*New Material*

Munger Chapter 9 (pp. 281-6, 307-15) – Discounting I  
Munger Chapter 10 – Discounting II  
Keeting & Keeting Chapter 4 – Measuring Costs and Benefits  
Keeting & Keeting Chapter 5 – Shadow Pricing  
Keeting & Keeting Chapter 6 – Potential Pitfalls  
Revesz & Livermore Part 2 - Eight Fallacies of Cost-Benefit Analysis

**Meeting 6: Benefit Cost Analysis and CA High Speed Rail (March 3)**

*New Material*

Keeting & Keeting Chapter 7 – Introducing CBA to the Non-Specialist  
Keeting & Keeting Chapter 8 – Cost-Benefit Analysis of Proposed New Regs  
Keeting & Keeting Chapter 10 – CBA for 40 acre Industrial Park  
*Atlantic Magazine* (15 different postings, first at) – “CA High-Speed Rail Debate”  
<http://www.theatlantic.com/business/archive/2014/07/the-california-high-speed-rail-debate-kicking-things-off/374135>  
EconTalk Podcast “Bent Flyvbjerg on Megaprojects”  
[http://www.econtalk.org/archives/2015/05/bent\\_flyvbjerg.html](http://www.econtalk.org/archives/2015/05/bent_flyvbjerg.html)  
CA Common Sense Podcast “CA High-Speed Rail: Train to Nowhere?”  
<http://cacs.org/podcast-episode-1-debunking-californias-high-speed-rail>

*Examples of BCA done for CA High-Speed Rail*

Reason Institute (2013)  
[http://reason.org/files/california\\_high\\_speed\\_rail\\_report.pdf](http://reason.org/files/california_high_speed_rail_report.pdf)  
Parson Brinckerhoff (2012)  
[http://www.hsr.ca.gov/docs/about/business\\_plans/BPlan\\_2012BCP.pdf](http://www.hsr.ca.gov/docs/about/business_plans/BPlan_2012BCP.pdf)  
California High-Speed Rail Authority (2014)  
[http://www.hsr.ca.gov/docs/about/business\\_plans/BPlan\\_2014\\_Sec\\_7\\_CaHSR\\_Benefit\\_Cost\\_Analysis.pdf](http://www.hsr.ca.gov/docs/about/business_plans/BPlan_2014_Sec_7_CaHSR_Benefit_Cost_Analysis.pdf)  
C. Nash at University of Leeds (2010)  
[https://gspp.berkeley.edu/assets/uploads/page/HSR10\\_Nash.pdf](https://gspp.berkeley.edu/assets/uploads/page/HSR10_Nash.pdf)  
GAO (2013)  
<http://www.gao.gov/assets/660/653401.pdf>  
UCLA Institute of Transportation Studies (2014)  
<http://www.lewis.ucla.edu/wp-content/uploads/sites/2/2014/03/Cost-Effectiveness-of-Reductions-in-Greenhouse-Gas-Emissions-from-California-High-Speed-Rail-and-Urban-Transportation-Projects.pdf>

**Meeting 7: Presenting Policy Advice (March 10)**

*New Material*

Mintram Chapter 5 – Managing Policy Projects  
Mintram Chapter 6 – Presenting Policy Advice  
Mintram Chapter 7 – Doing Ethical Policy Analysis

**Meeting 8: Analysis of Government Failure (March 17)**

*220A Background Review*

Munger Chapter 6 – Democratic Decisions and Government Failure

*New Material*

Mintram Chapter 11 – Analysis of Government Failure  
EconTalk Podcast “Winston on Market Failure and Government Failure”  
[http://www.econtalk.org/archives/2009/12/winston\\_on\\_mark.html](http://www.econtalk.org/archives/2009/12/winston_on_mark.html)  
Learn Liberty Video “Public Choice: Why Politicians Don’t Cut Spending”  
<https://www.youtube.com/watch?v=6uR4lqa7IK4>  
Learn Liberty Video “House of Cards: Is Frank Underwood in Our Government?”  
<https://www.youtube.com/watch?v=yDJFe63aaIk>  
Learn Liberty Video “Giving Away Money: Economist’s Guide to Political Life”  
[http://www.econtalk.org/archives/2006/06/giving\\_away\\_mon.html](http://www.econtalk.org/archives/2006/06/giving_away_mon.html)

**Meeting 9: CA Local Economic Redevelopment/Tax Increment Financing and Comparative Institutional Analysis (April 7)**

*New Material*

Wassmer’s PowerPoint Briefing on TIFA in CA (posted at SacCT)  
Peter Detwiler – “Broken Promises: The End of CA Redevelopment”  
(posted at Sac CT)  
Freakonomics Podcast “Why Cities Rock”  
<http://freakonomics.com/2011/02/18/freakonomics-radio-why-cities-rock>  
Planner’s Report – Demise of TIF-Funded Redevelopment in CA  
<http://www.planningreport.com/2014/07/24/demise-tif-funded-redevelopment-california>  
U.S. PIRG – Tax Increment Financing: The Need for Increased Transparency  
<http://www.smartgrowthamerica.org/documents/Tax-Increment-Financing.pdf>

*New Material*

Mintram Chapter 12 – Comparative Institutional Analysis

**Meeting 10: Raising K-12 Public Education Outcomes and Behavioral Economics (April 14)**

*New Material*

PPIC – “K-12 Education in California’s Future”

[http://www.ppic.org/content/pubs/report/R\\_114LH2R.pdf](http://www.ppic.org/content/pubs/report/R_114LH2R.pdf)

EconTalk Podcast “Elizabeth Green on Education and Building a Better Teacher”

[http://www.econtalk.org/archives/2014/09/elizabeth\\_green.html](http://www.econtalk.org/archives/2014/09/elizabeth_green.html)

EconTalk Podcast “Hanushek on Test-based Accountability, Federal Funding, and School Finance”

[http://www.econtalk.org/archives/2009/08/hanushek\\_on\\_tes.html](http://www.econtalk.org/archives/2009/08/hanushek_on_tes.html)

Freakonomics Podcast “Is America’s Education Problem Really Just a Teacher Problem?”

<http://freakonomics.com/2014/11/27/is-americas-education-problem-really-just-a-teacher-problem-a-new-freakonomics-radio-podcast>

Freakonomics Podcast “The Joel Klein Exit Interview”

<http://freakonomics.com/2011/01/06/freakonomics-radio-the-joel-klein-exit-interview>

Thaler and Sunstein Part I – Humans and Econs

Ariely Chapter 4 – Cost of Social Norms

Chapter 7 – Problem of Procrastination and Self Control

Chapter 10 – Effect of Expectations

Chapter 15 – Beer and Free Lunches

**Meeting 11: Behavioral Economics and Increasing Political Participation/Voting (April 21)**

*New Material*

EconTalk Podcast “Richard Thaler on Libertarian Paternalism”

[http://www.econtalk.org/archives/2006/11/richard\\_thaler\\_1.html](http://www.econtalk.org/archives/2006/11/richard_thaler_1.html)

Learn Liberty Video “Why Voters So Uniformed?”

<https://www.youtube.com/watch?v=jwPGzkui8ow>

Learn Liberty Video “Should You Be Forced to Vote”

<https://www.youtube.com/watch?v=qzTtslf43WY>

Learn Liberty Video Freakonomics PodCast “We the Sheeple”

<http://freakonomics.com/2012/10/25/we-the-sheeple-a-new-freakonomics-podcast>

Learn Liberty Video “When Willpower Isn’t Enough”

<http://freakonomics.com/2015/03/13/when-willpower-isnt-enough-a-new-freakonomics-radio-podcast>

**Meeting 12: Student Presentations (April 28)**

**Meeting 13: Student Presentations (May 5)**

**Meeting 14: Student Presentations (May 12)**

**Final Exam Time: White Paper Due (May 19)**

Name: \_\_\_\_\_ Grade: \_\_\_\_\_

**Grading Rubric for Weekly Discussion Questions**

**PPA 220B**

**Spring 2016**

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

<b>Required Content</b>	<b>10</b>	<b>9</b>	<b>8</b>	<b>7</b>	<b>6</b>	<b>0</b>
Include your full name and reproduce the complete discussion question on a separate cover page that does not count against two pages. 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 on a third page 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).	<b><u>30</u></b>	<b><u>27</u></b>	<b><u>24</u></b>	<b><u>21</u></b>	<b><u>18</u></b>	<b><u>0</u></b>

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**Total score (100 possible)**

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