

California State University, Sacramento
Department of Economics

Economics 152: Economics of Education
Professor David Lang

Course Description:

This course will provide an introduction to the various aspects of the economics of education. It applies the tools of economic analysis to educational policy and problem solving. Topics include cost-benefit analysis of education, the signaling vs. human capital debate, race and gender issues in education, education production functions, and financing education at the elementary, secondary, and post-secondary levels. Emphasis placed on individual and social choice in education. *3 units. Prerequisite: ECON 001B or ECON 104*

Learning Objectives:

The main objective of the course is for students to be able to discuss the role of education in the field of economics. Students will learn to apply the tools of economic analysis to educational policy and problem solving. Students will be able to analyze the costs and benefits of education from the perspective of the individual as well as the economy as a whole. By the completion of the course, students will feel comfortable discussing the major topics and debates in the current economics of education literature.

Required Texts:

The only “text” for this course is the online course reader. There may also be additional readings handed out in class.

Contact Information:

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Office Hours: MWF 9:00-9:50 AM, and by appointment

Grading:

Attendance: Attendance is a requirement in this course. It is important that you understand that not attending is very likely to lower your grade and, more crucially, your understanding of the material. There will be a daily sign-in sheet.¹ You will be allowed to miss up to 4 class meetings (out of the 45 total) without it counting against your grade. This will be discussed in more detail below.

It is your responsibility to get any material that you missed and yours alone.

¹ Important sidenote: Last semester I had a problem in one of my classes of students “signing each other in” if someone was not in attendance. Please understand that I view this as an act of academic dishonesty. As such, if I catch this occurring – and if it happens, I will catch it – both these students will receive a zero for participation in the course and it will be reported to the Vice President for Academic Affairs.

Participation: I believe that participation is an essential component to the learning process. As such, participation is a significant factor in your grade. There are many ways to participate. Readings will be assigned for each class. This reading must be done in advance of the appropriate class. In class, we will have discussions concerning these readings. You are expected to be an active participant in these discussions by voicing your opinion. I understand that some students are not as comfortable as others speaking in class. However, you will be graded on both the level and thoughtfulness of your participation.

Obviously, good participation in class begins with good attendance. If you are not in class, it will absolutely hurt your participation grade. More specifically, every absence beyond the 4th will result in a 2.5 percentage point reduction in your earned participation grade. So, for example, if you earn an 85% for your participation grade and miss 10 days, your adjusted participation grade will be 70%.

Group Presentations: Throughout the semester, groups of students will be assigned to lead class discussion on the selected readings. If you are a discussion leader, it is your responsibility to have a more thorough understanding of the topic than the rest of the class. It is your group's job to insure that the discussion is moving along nicely by summarizing the arguments in the readings, asking insightful questions, and provoking thoughtful responses from your classmates.

"Short" Essays: There will be 4 short written assignments – each ranging from 2-3 pages in length. These essays will be based on the topics that we discuss in class and the readings.

"Big" Essay: There will also be a longer 10-12 page research paper due at the end of the course. You will receive some direction on the assignment later in the course, but, for the most part, this essay will be an opportunity to write on a topic of your choosing.

Extra Credit: Occasionally, I may provide in-class or out-of-class opportunities for extra credit. These will be the only situations where extra credit may occur.

Begging for an extra credit assignment, while always amusing, will never be rewarded.

Grade Distribution: Your overall grade in the class will be based on the following:

Participation:	30%
Group Presentations:	15%
"Short" Essays:	30%
"Big" Essay:	<u>25%</u>
	100%

Your overall grade for the course will be determined based on the following scale:

Percent	Grade
93 – 100%	A
90 – 92.9%	A-
87 – 89.9%	B+
83 – 86.9%	B
80 – 82.9%	B-
77 – 79.9%	C+
73 – 76.9%	C
70 – 72.9%	C-
67 – 69.9%	D+
63 – 66.9%	D
60 – 62.9%	D-
0 – 59.9%	F

A Special Note on Plagiarism:

As a courtesy to you, I have attached the University's policies concerning plagiarism. Please take a few minutes to read it over. It comes directly from the CSUS University Policy Manual which can be found online at <http://www.csus.edu/admbus/umanual>.

“Plagiarism is a form of cheating. At CSUS 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.”

Sanctions for plagiarism comes in 2 possible forms – Academic Sanctions and Administrative Sanctions. If I find that you have committed an act of plagiarism, you will fail this course and I will report my findings to the Vice President for Academic Affairs. The Judicial Officer will then decide whether to allow you to continue at CSUS.

My strong advice for you is to not get involved in this!

Readings:

I. Introduction; Human Capital and the Role of Government in Education

- National Committee on Excellence in Education, A Nation at Risk, (Washington, DC: 1983), pp. 5-36.
- National Center for Education Statistics, U.S. Department of Education, The Digest of Education Statistics, 2003, Chapter 1, (2004).
- United States Department of Education, "Executive Summary of the No Child Left Behind Act of 2001," <http://www.ed.gov>, (2001).
- Schwazenegger, Governor Arnold, "State of the State of California Address," (2005).
- Picus, Lawrence O., "Background on California School Finance," published by the American Education Finance Association on <http://nces.ed.gov/edfin/pdf/StFinance/Californ.pdf>.
- Becker, Gary, Human Capital (Chicago: University of Chicago Press, 1993), Chapter 2.
- Becker, Gary, Human Capital (Chicago: University of Chicago Press, 1993), Chapter 2.
- Ehrenberg, Ronald, and Smith, Robert, "Investments in Human Capital: Education and Training," Modern Labor Economics, 6th Edition, (1997), Chapter 9.
- Psacharopoulos, George, "Economics of Education: A Research Agenda," Economics of Education Review, Volume 15, (1996), pp. 339-344.

II. Benefit-Cost Analysis of Education; Rates of Return

- Carnoy, Martin, "Rates of Return to Education," The International Encyclopedia of Education, (Oxford, UK: Pergamon, 1994), pp. 4913-4918.
- Hanushek, Eric, "Measuring Investment in Education," Journal of Economic Perspectives, Volume 10, (1996), pp. 9-30.
- Fox, Marc, "Is it a Good Investment to Attend an Elite Private College?" Economics of Education Review, Volume 12, (1993), pp. 137-151.
- Kane, Thomas J. and Rouse, Cecilia Elena, "Labor Market Returns to Two- and Four-Year College," American Economic Review, Volume 85, (1995), pp. 600-614.
- Ram, Rati, "Public Educational Expenditures in the United States: An Analytical Comparison with Other Industrialized Countries," Economics of Education Review, Volume 14, (1995), pp. 53-61.
- Wolfe, Barbara and Zuvekas, Samuel, "Nonmarket Outcomes of Schooling," Institute for Research on Poverty, Discussion Paper no. 1065-95, (1995).

III. Signaling and Screening Models; The "Great Debate"

- Groot, W. and Hartog, J, "Screening Models and Education," The International Encyclopedia of Education, (Oxford, UK: Pergamon, 1994), pp. 5350-5355.
- Weiss, Andrew, "Human Capital vs. Signaling Theories of Wages," Journal of Economic Perspectives, Volume 9, pp. 133-154.
- Strober, Myra, "Human Capital Theory: Implications for HR Managers," Industrial Relations, (Spring, 1990), PP. 214-239.

IV. Education and Economic Growth

- Psacharopoulos, George, "The Contribution of Education to Economic Growth: International Comparisons," International Comparisons of Productivity and Causes of the Slowdown, edited by John Kendrick, (Cambridge, MA: Ballinger, 1984), pp. 335-355.
- Lin, T.-C., "Education, Technical Progress, and Economic Growth: The Case of Taiwan," Economics of Education Review, Volume 22, (2003), pp. 213-220.
- Self, Sharmistha, and Grabowski, Richard, "Does Education at All Levels Cause Growth? India, a Case Study," Economics of Education Review, Volume 23, (2004), pp. 47-55.
- Petrakis, P.E., and Stamatakis, D., "Growth and Education Levels: A Comparative Analysis," Economics of Education Review, Volume 21, (2002), pp. 513-521.

V. Race and Gender Issues

- Carnoy, Martin, "Race, Gender, and the Role of Education in Earnings Inequality: An Introduction," Economics of Education Review, Volume 15, (1996), pp. 207-212.
- Ferber, Marianne, "Gender Differences in Earnings," The International Encyclopedia of Education, (Oxford, UK: Pergamon, 1994), pp. 2440-2446.
- Blau, Francine and Ferber, Marianne, "Differences in Occupations and Earnings: The Role of Discrimination," in The Economics of Women, Men, and Work, (Englewood Cliffs, NJ: Prentice Hall, 1992), Chapter 5.
- Blau, Francine D., and Kahn, Lawrence M., "Gender Differences in Pay," Journal of Economic Perspectives, Volume 14, (2000), pp. 75-99.
- Grogger, Jeff, "Does School Quality Explain the Recent Black/White Wage Trend?" Journal of Labor Economics, Volume 14, (1996), pp. 231-253.

VI. Productivity

- Carnoy, Martin, "Education and Productivity," The International Encyclopedia of Education, (Oxford, UK: Pergamon, 1994), pp. 1690-1695.
- Levin, Henry M., "Raising Educational Productivity," Unpublished Manuscript, 1994.
- Hanushek, Eric, "The Economics of Schooling: Production and Efficiency in Public Schools," Journal of Economic Literature, Volume 24, (1986) pp. 1141-1177.
- Heyneman, Stephen P., "International Education Quality," Economics of Education Review, Volume 23, (2004), pp. 441-452.

VII. Teacher Markets and Policy

- Rumberger, Russell, "The Impact of Salary Differentials on Teacher Shortages and Turnover: The Case of Mathematics and Science Teachers," Economics of Education Review, Vol. 6, No. 4, (1987), pp. 389-399.
- Corcoran, Sean P., Evans, William N., and Schwab, Robert M., "Changing Labor-Market Opportunities for Women and the Quality of Teachers, 1957-2000," American Economic Review Papers and Proceedings, Volume 94, (2004), pp. 230-235.
- Ballou, Dale, and Podgursky, Michael, "Teacher Recruitment and Retention in Public and Private Schools," Journal of Policy Analysis and Management, Volume 17, (1998), pp. 393-417.
- Hanushek, Eric A., Kain, John F., and Rivkin, Steven G, "Do Higher Salaries Buy Better Teachers?" NBER Working Paper 7082, (1999).

VIII. Taxation for Education; Financing Elementary and Secondary Schools

- Hanushek, Eric A., "The Impact of Differential Expenditures on School Performance," Educational Researcher, (May, 1989), pp. 45-62.
- Hedges, Larry, and Laine, Richard, and Greenwald, Rob, "Does Money Matter? A Meta-Analysis of Studies of the Effects of Differential School Inputs on Student Outcomes," Educational Researcher, (April, 1994), pp. 5-14.
- Levin, Henry M., "School Finance," The International Encyclopedia of Education, (Oxford, UK: Pergamon, 1994), pp. 5233-5241.
- Hoxby, Caroline, "Are Efficiency and Equity in School Finance Substitutes or Complements?" Journal of Economic Perspectives, Volume 10, (1996), pp. 51-72.
- Card, David and Krueger, Alan B., "School Resources and Student Outcomes: An Overview of the Literature and New Evidence from North and South Carolina," Journal of Economic Perspectives, Volume 10, (1996), pp. 31-50.

IX. Vouchers and Choice

- Chubb, John and Moe, Terry, "Choice is a Panacea," The Brookings Review, (Summer, 1990), pp. 4-12.
- Hoxby, Caroline, "What Do America's 'Traditional' Forms of School Choice Teach Us about School Choice Reforms?" FRBNY Economic Policy Review, Volume 4, (1998), pp. 47-59.
- Rouse, Cecilia, "Schools and Student Achievement: More Evidence from the Milwaukee Parental Choice Program," FRBNY Economic Policy Review, Volume 4, (1998), pp. 61-76.

X. Financing Higher Education

- McPherson, Michael and Schapiro, Morton, "Does Student Aid Affect College Enrollment? New Evidence on a Persistent Controversy," American Economic Review, Volume 81, (1991) pp. 309-318.
- Edlin, Aaron, "Is College Financial Aid Equitable and Efficient?" Journal of Economic Perspectives, Volume 7, (1993), pp. 143-158.
- Heller, Donald E., "Student Price Response in Higher Education: An Update to Leslie and Brinkman," Journal of Higher Education, Volume 68, (1997), pp. 624-659.