

Final Presentation Schedule
ECON 145, Section 1 (Van Gaasbeck)
Fall 2006

Monday, December 11th, Noon-1:30pm
Capital Room, University Union (3rd floor)

1. Franco Palmer Explaining Student Performance
 2. Mohammed Drissi Determinants of the U.S. Property-Crime Rate
 3. Edwin Ng Unemployment and Indian Casinos
 4. Tatyana Yakshina Effective Resource Allocation: The Elucidation of Student Performance
 5. Amy Huey Real Estate Market
 6. Danny Byrne The Great Depression: A Monetarist View
 7. Tony Uribe A Look at NBA Player Salaries
 8. Rick Garcia Deregulation of California's Electricity Market
 9. Kay Saechao Effectiveness of Allocation in Education Spending
-

Wednesday, December 13th, Noon-1:30pm
Capital Room, University Union (3rd floor)

1. Khae Saechao NBA Draft Picks
 2. Sojeva Chuong Location Choices of New U.S. Immigrants
 3. Phuong Huynh Urban Spatial Development: Changing the Quality of Living
 4. Mike Gonzales Who Pays the Lottery Tax?
 5. Samantha Newton Minimum Wage
 6. Carol Hand Demand Side Management and Energy Savings in the United States
 7. Matt Cundith Gridiron Gamble
 8. Asatur Babloyan Pollution and Health Effects
-

Explaining Student Performance

Franco Palmer

During the last 40 years spending on education has increased dramatically. In this study of 60 elementary schools, I seek to identify the most significant determinants of student achievement, focusing on the importance of enrollment. The smaller a schools enrollment, the more individualized education could enhance testing outcomes - API scores. In central California's 4th largest school district, what are the most significant factors that help determine a schools API score? Factors in education can either be controlled by individual schools (enrollment, student-to-teacher ratios, expenditures) or uncontrolled (students demographic characteristics). Spending more per pupil confirms the theory of diminishing marginal returns to education. In conclusion, my analysis finds that we are limited to finding the balance of spending on educational inputs that yield the highest possible outcomes.

JEL codes: I20, I21

Determinants of the U.S. Property Crime Rate

Mohammed Drissi

This research paper uses a combination of models in which individuals are engage in both legitimate market activity and criminal behavior in order to determine the role of specific factors in the deterrence of property crime. This paper focuses on unemployment, arrests, income inequality and police force to explain property crime rates across the U.S. states in 2005. The results on this study showed that unemployment is not statistically significant, while both the arrests rate and number of police have a positive and statistically relationship to property crime rate. These results also indicate that states that have high crime rate tend to hire more police officers and have higher arrest rate. Cross section data was used in this study; however, the results showed that there were some discrepancies between crime rates, number of police, and arrest rate.

JEL codes: K42, D31, Z13

Unemployment and Indian Casinos

Edwin Ng

In this paper, I examine the effects of the introduction of casinos and how it affects the unemployment rate of a community. The introduction of a casino would potentially create more jobs and attract more people to that county. Previous work by Garrett (2004) finds that the casinos lead to higher employment in Mississippi counties. I investigate the affects of unemployment rates in three counties that have Indian casinos: Yolo, Colusa, and Amador. I use the ARMA specification to model unemployment rates in these three counties before the introduction of a casino. Using out-of-sample forecasts, I compare the actual and predicted unemployment rates to determine whether casinos had a positive or negative effect. This study finds that Indian casinos decrease the unemployment rate by creating more jobs and stimulating other business growth.

JEL Code: L83

Effective Resource Allocation: The Elucidation of Student Performance

Tatyana Yakshina

What effect does resource allocation have on student performance? Expenditure is important, but according to the education production function, it is only to the point of diminishing marginal returns. This study focuses on the importance of resource allocation, particularly into the area of technological capabilities. Whereas earlier work addressed the issues of class sizes, teacher-student ratios, and student demographics, the issue of computer access was virtually overlooked. It is my variable of interest and I am particularly interested in discovering whether it has a statistically significant effect on student performance.

JEL Codes: I21, I22

Real Estate Market

Amy Huey

This paper studies the relationship between the supply of credit and the housing market. I will research the importance of interest rates, mortgage rates, consumer credit, and CPI changes on homeownership rates. While previous research has focused on how homeownership rates were affected by interest rates and quality of housing, I will focus on the importance of the supply of credit. With the recent increase in the supply of credit, we expect that more people will seek investment in real estate. This study finds that mortgage rates have a direct impact on homeownership rates, while the supply of credit has very little affect.

JEL Codes: E51, R21, R31

The Great Depression: A Monetarist View

Danny Byrne

Earlier research, by Friedman-Schwartz (1963), suggests the Great Depression can be explained by a contracting money supply, due to poorly regulated banks and inefficient monetary policy. This paper investigates the relationship between industrial production, the monetary base, the currency-to-deposit ratio, and the interest rate from 1921 to 1960. My results indicate that much of the economic distress from 1929 to 1933 could have been alleviated by earlier expansion of the monetary base and more efficient banking regulation.

JEL Codes: E52, E65, G18

A Look at NBA Player Salaries

Tony Uribe

This research paper examines the issue of race in the National Basketball Association. Prior studies find mixed evidence of racial discrimination in 1986-87 season. Here, we measure the players' marginal product and salaries in the NBA. The results show that there was no discrimination between black and white players during the 2005-06 season in a full sample of the league. When broken down into quartiles, the results show a premium for blacks in the highest quartile and a discount in the lowest quartile. Previous studies done in the late 1980's estimated that a white player earned about 20% more than their black counterparts. Some researchers have argued that salary differentials are due to customer preference, while others have argued that the disparities are due to discrimination from NBA teams. Using regression analysis, we examine the issue at hand by stating player's wages as a function of productive characteristics along with race.

JEL Codes: J31, J44

Deregulation of California's Electricity Market

Rick Garcia

This paper addresses whether deregulation of California's electric industry has increased consumer and producer welfare. Large firms in California's electric industry have struggled to succeed, since deregulation, in 1997. Deregulation has stimulated competition but has spurred other regulations, such as retail price caps designed to counter the effects it has had on the market. Alexander, Ritschel and Smestad (2002) suggests that the restructuring of California's electricity market has only superficially benefited consumers in the short run. Since deregulation of the market has only taken place over the past decade in California, it is difficult to evaluate the potential benefits of various restructuring methods. Until now, previous research suggests that the method of restructuring the market so far has not proven to be efficient for the market. One reason is that the electric industry is known to be a natural monopoly. This research tests the effects of deregulation in the electricity market on sales, using cross section data on states from 2001. While deregulated states have a higher price on average, the regression results indicate no difference in sales, once prices, energy generation, operating expenses, hydroelectricity output, and gross state product are controlled for.

JEL Codes: L12, Q41, Q48

Effectiveness of Allocation in Education Spending

Kay Saechao

The purpose of this research is to determine the effectiveness of school spending in the quality of education and student performance. Much tax and grant money is dedicated to education spending, but the funding may not be allocated efficiently. Using cross-section data on schools in 2001 and 2004 (three years after the implication of the No Child Left Behind Act), I compare allocation of spending, focusing on teacher salaries, and books and supplies. Previous research by Hanushek (1986) and Dee (2005) suggest that increasing school expenditures does not increase academic performance; it is in the allocation of expenditures that matters. Controlling for student demographic characteristics, I find that after the proposed NCLB Act, schools have both increased expenditures, while dedicating shares of spending inefficiently, compared with 2001 allocations. Furthermore, I find that the return to the share of expenditures on teacher salary has decreased following the NCLB Act.

JEL Codes: I20, I21, I22

NBA Draft Picks

Khae Saechao

In the professional basketball world, we often hear the announcers say, “you can’t teach height.” This is true; player’s skills can be learned and improve through athletic trainings but despite the advances in the sports medicine, there is still no solution to increasing the athletes’ height. Berri et al (2005) found that height and playing positions are statistically significant with player’s salaries. Since player’s marginal productivity is highly correlated with earnings, therefore it should also be consistent with the NBA draft picks. The players who have the highest marginal contribution should be drafted earlier. To examine the importance of height and playing positions, other measuring variables of player’s productivity need to be controlled for. In my regression analysis, height is significant at 90% and playing position is significant at the 95 % confidence interval.

JEL Codes: L83, J44

Location Choices of New U.S. Immigrants

Sojeva Chuong

The purpose of the paper is to examine which factors contribute to the location choices of new U.S. immigrants. I focus my research to the resettlement patterns of new legal permanent residents in the 51 states during the year 2000. Using regression analysis I show that the density of foreign-born population already settled in a particular state makes it more attractive to new immigrants. Previous research has focused on the effects of immigrants on the economy, labor market and society as a whole. Other variables in my research include the real and lagged unemployment rate in each state. This paper attempts to shed more light into the issue of immigration throughout the United States. This study finds that the ratio of foreign-born and the real wage had a positive effect of the number of legal permanent residents locating to a certain state while unemployment and state gross product had a small effect.

JEL Codes: J61, J11

Urban Spatial Development: Changing the Quality of Living

Phuong Huynh

The progression of urban spatial living has revolutionized today’s quality of living; however, the progression may not translate to increased quality of life. I use a cross section data from year 2000 of 58 California counties to examine the effects of personal income, population density, bachelor’s degree, unemployment rate, total parole and felon, and hate crimes on median value of housing. While other research focuses on personal income and population, I investigated additional factors that affect the value of homes. Evidence found in this study shows a positive relationship with personal income and bachelor’s degree on the median value of homes.

JEL Codes: R11, R21, R22

Who Pays the Lottery Tax?

Mike Gonzales

The primary focus of this paper is to determine if people of lower socioeconomic status are the primary revenue source for lottery funds. The results of a survey conducted by Clotfelter and Cook (1990) showed that the majority of lottery players come from low income households, are less educated, and are more likely to be unemployed. This paper uses cross section data from the 58 counties in California measuring income, education, and unemployment. The results were inconclusive because explanatory variables within a given county may vary greatly, and may not show up when the data is pooled at the county level. Also, consumers behavior in the lottery market resembles that of seek seekers. Further analysis of this topic should include entertainment value into the model.

JEL codes: L83, H2, H71

Minimum Wage

Samantha Newton

Since the first federal minimum wage was implemented in 1938, researchers have debated its effects on employment, with mixed results. Economic theory suggests that such a price floor would lead to a surplus of workers, generating higher rates for unemployment. Brown (1998) explains that teens make up the majority of minimum wage workers in the United States; this is the same group that suffers the highest rates of unemployment. This paper uses regression analysis to see if an increase in the federal minimum wage increases unemployment among teens and/or minorities, as the economic labor model suggests. Using teenage unemployment rates from 1977 to 2005 and the nominal federal minimum wage, regression results prove our hypothesis correct.

JEL Codes: J21, J31, J64

Demand Side Management and Energy Savings in the United States

Carol Hand

This paper examines the relationship between investment in demand side management (DSM) and energy savings in the United States. While new generation will be needed to meet increase in demand, energy efficiency and conservation will play an important role in maintaining the stability of electricity systems and reducing the risk of black outs. Previous studies have shown increased investment in DSM results in increased energy savings. This paper uses cross-section data of 48 states in 2003 to examine the effectiveness of investment in DSM to increase energy savings. We estimate energy savings as a function of DSM investment, price, income, weather, and state regulatory status. The findings show no statistically significant relationship between DSM investment and energy savings, and a positive significant relationship between DSM investment and sales per customer. This is explained by states with high energy consumption investing in DSM programs. While the benefits associated with DSM investment may take several years to translate into energy savings, policy makers should note the lack of a contemporaneous relationship found in this research.

JEL Codes: Q40, Q41

Gridiron Gamble

Matt Cundith

This paper attempts to test the efficiency of the NFL gambling market. To do this, a probit model is constructed to test the significance of numerous variables that are disaggregated to reflect the individual teams. This study advances the research by incorporating variables that have received little or no attention in previous literature as well as updating the findings of Gray and Gray (1997) that basic or naïve strategies are no longer profitable. This research confirms the findings of Gray and Gray (1997) with respect to the most basic strategies but does find an apparent inefficiency in the week following an underperforming favorite. The probit model is unable to capture any additional information from disaggregated variables that wasn't already present in the spread, consistent with the efficient market hypothesis.

JEL Codes: G14, L83