Introduction:

The economics of education is about understanding how and why people make decisions to invest in education, the effect of education on long-term social and economic outcomes, the behavior of those institutions that “produce” education, and how best to design and implement public policies affecting the level and distribution of education resources. The basic tools of economics provide a framework to evaluate education policies including K-12 school finance, student financial aid, and college admissions. The course begins by considering individual decisions to invest in schooling and then turns to the examination of the collegiate and K-12 markets. Throughout the course, there is an emphasis on examining empirical tests of the economic theory and measuring the effects of policy initiatives on educational outcomes.

Requirements, Assignments, and Grading:

Problem Sets: There will be no more than six problem sets over the course of the semester. No late assignments will be accepted. Students are encouraged to work together in solving problems, but the final analysis should be independent. Problem sets will be marked for completeness.

Participation Exercises: There will be approximately 8 short exercises at the beginning of class and discussion section. There is no ‘makeup’ option.

Exams: There will be two midterms and a final. Each in-class exam will focus primarily on the material covered in the most recent part of the course, but may also draw on earlier topics. The format of exams will include multiple choice, computation, and essay questions.

The TA for the course (Mr. Phipps) will hold weekly discussion sessions to expand on lecture material and review problem sets. These sessions are required, not optional.

Grades will be computed as follows:

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<thead>
<tr>
<th>Component</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Problem sets</td>
<td>10 %</td>
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<tr>
<td>Participation exercises</td>
<td>10 %</td>
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<tr>
<td>Midterms</td>
<td>40 %</td>
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<tr>
<td>Final</td>
<td>40 %</td>
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Students are encouraged to come to office hours with questions about readings, course assignments, and research related to the economics of education.
Honor System:

It is my assumption and expectation that students in this class will be truthful in their dealings with me and will not plagiarize homework or writing assignments or otherwise cheat on exams. In the unlikely event that you observe a violation of the University's honor code, I assume you will contact an Honor Advisor.

Discussion and collaboration on problem sets is encouraged in this class. However, the final analysis is expected to reflect independent thinking and replication of another student's answers is unacceptable.

It should go without saying that participation in social media and text messaging are inappropriate behaviors in class.

Readings:

There are two types of readings for this course. The first is a new textbook on the economics of education, creatively titled Economics of Education (co-authored with Michael Lovenheim from Cornell). Feedback on this textbook is welcome. Access options include an ebook and rental.

The textbook will be used in conjunction with original research papers and short policy articles. Some of the research articles assigned for this course contain technical material that is beyond the scope of this course, and students will not be expected to master techniques beyond those discussed in lecture. Students should do the reading with the aim of understanding the research question, the test employed, and the resulting policy implications.

I reserve the right to substitute, add, and delete articles through the course of the term. Please note that if you are concerned by the volume of readings, this course is not for you. All readings are available on the course Collab website, unless a web link is provided below.
Economics 3040: Outline and Readings

I. Introduction – Why Study the Economics of Education?

Introduction to Education Economics

Economics of Education (EoE) Textbook Chapter 1 & Chapter 2

Education and Economic Growth


II. Investing in Education

The Human Capital Model

EoE Textbook Chapter 4


The Signaling Model

EoE Textbook Chapter 5


Econometric Methods Overview

EoE Textbook Chapter 3


Empirical Estimates of the Return to Education

EoE Textbook Chapter 6


III. Primary and Secondary Education: Behavior, Market Structure, and Policy Questions

Educational Production Functions: Does Money Matter?

EoE Textbook Chapter 7


School Finance

EoE Textbook Chapter 8


Do Measured Inputs Matter?: Class Size

EoE Textbook Chapter 9


Market-Based Interventions: Charter Schools, School Choice and Incentive Pay

EoE Textbook Chapters 10


Accountability

EoE Textbook Chapter 11


**Teacher Labor Markets and Compensating Teachers**

EoE Textbook Chapter 12


**III. Higher Education: Economics and Public Policy**

**Market Dimensions of Higher Education**

EoE Textbook Chapter 13


**Student Aid Policy & Collegiate Outcomes**

EoE Textbook Chapter 14


Student Aid Policy: Federal Grants


Student Aid Policy: State Merit Aid


Student Loans


College Choice, College Admission and College Life


