

ECON 3893: Economics of Education

Fall 2020

Professor Lesley J. Turner
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Class Meetings: Tuesdays and Thursdays, 12:15 – 2:00pm, 103 Buttrick or via Zoom.

Office hours: Wednesday 2:00 – 3:30pm and Friday 4:15 – 5:15pm (or by appointment), via Zoom at: <https://vanderbilt.zoom.us/j/4329389145>.

To reserve a slot during regularly scheduled office hours, please use <https://lesley-turner.youcanbook.me/>.
Note: office hours on Wednesday 10/14 will be dedicated to a review session for the midterm (no individual sign-ups required).

Teaching assistant: Tucker Smith, tucker.w.smith@vanderbilt.edu. Office hours will be held on Tuesdays 2:00 – 4:00pm, via Zoom at: <https://vanderbilt.zoom.us/j/7719032006>.

Course description: This course will focus on the role that government plays in providing and financing education, beginning with an examination of how and why people make decisions to invest in education. Subsequently, we will consider the effects of education on long-term social and economic outcomes, the behavior of institutions that produce education, and how best to design and implement public policies affecting the level and distribution of educational resources. Students will use microeconomic models and interpret experts' empirical findings to analyze current issues in education policy including school choice, vouchers, and charter schools, accountability and teacher tenure, access and affordability in higher education, and student loans.

Course goals: By the end of this course, students should demonstrate their understanding of (1) key economic models of education investment and production and (2) key empirical methods, data, and evidence in the economics of education. Additionally, students will gain experience applying these models, other economic frameworks, and empirical evidence to answer questions concerning the effects of education policies and programs. Finally, this course involves considerable reading, writing, and in-class discussions/presentations with the goal of enhancing students' oral and written communication skills around topics in the economics of education.

Class format: Class sessions will either be fully online (designated by an "O") or hybrid in-person and/or online (designated by "H"). The format of each class is indicated in the schedule and on Brightspace. Students are required to attend all online class sessions. In weeks in which class sessions are designated as hybrid, students should select and attend only one of the two class sessions and watch all asynchronous lectures in advance of their class session. A link for hybrid class sign-ups will be available on Brightspace and attendance is capped at 13 students per session. Students have the option to attend hybrid class sessions in person or via Zoom. Asynchronous lectures will be posted to Brightspace 5 to 7 days in advance of the first hybrid class session.

COVID-19: This semester will be a new and challenging experience for all of us. Despite these challenges, my hope is that we will still be able to have a productive and engaging semester. The course is structured to allow for a substantial amount of interaction, discussion, and group work while still adhering to Vanderbilt's policies and requirements. I will be checking in with you regularly throughout the semester and may adjust the format and content of the course as circumstances require. Additionally, please reach out if you find that you are struggling with the structure or content of the course and especially if your circumstances change in ways that would affect your ability to participate in the course and/or complete course requirements.

Evaluation:

1) Midterm (22% of course grade) and final exams (33% of course grade)

The format of exams may include computation, short answer, and essay questions. The midterm will be administered during the regular class session on **October 15**. The final exam will be cumulative and administered during the scheduled final exam time (**December 10, 7-9pm**).

2) Two policy memos (17% of course grade)

Policy memos will require students to apply economic concepts and interpret data for the purpose of providing proposals relating to specific policy scenarios. Memos should not exceed 3 pages (12-point font, 1" margins). Students are encouraged to consult sources outside of the required reading list for background information and evidence. Memo topics will be assigned two weeks in advance of the posted due date. The first policy memo is due on **October 13** and the second policy memo is due on **December 1**. Memos must be submitted via Brightspace and uploaded as PDF files. Please ensure you know how to create and upload a PDF file before the first due date. Memos will be graded on a 3-point scale: 1-satisfactory, 2-good, 3-excellent. Failure to turn in a policy memo more than 24 hours after due date/time will result in a 0.

3) In-class exercises (17% of course grade)

Three classes will be devoted to small-group work (3-4 students) on course topics. All students are expected to actively contribute to in-class exercises and resulting products. In-class exercises will be graded on a 3-point scale: 1-satisfactory, 2-good, 3-excellent. Students who are absent will receive a 0. At the instructor's discretion, individual members of the group may receive higher or lower grades than the group average, to reflect individual contributions or lack thereof. The three group exercises are scheduled for the weeks of **September 8, September 22, and October 27**.

4) Participation (11% of course grade)

Students are expected to regularly attend and participate in class discussions. Each student will be responsible for "leading" a class discussion by submitting 3-4 discussion questions at least two days in advance of the class meeting on the designated discussion board on Brightspace. Students who are not discussion leaders for a given week are required to participate in the discussion by providing at least 2 responses, comments, or follow-up questions at least 12 hours before the class session they will be attending. Discussion topics are noted in the schedule at a glance. Three or 4 students will be assigned to each discussion topic. Discussion leaders will be notified of their assignments by 9/3. I will lead the first discussion.

Grade appeals: Any student wishing to appeal a grade on an assignment or exam must do so within two working days of receiving the graded exam or assignment. The decision to re-grade is at the discretion

of the instructor and may also be evaluated by another instructor from the department if appropriate. Please note that requesting a re-grade could result in a grade that is lower than the original grade.

Textbook: Michael Lovenheim and Sarah Turner. *Economics of Education*. Macmillan Learning, 2018.

An electronic copy of this textbook is available to purchase or to rent via Amazon or directly from Macmillan. at <http://www.macmillanlearning.com/Catalog/product/economicsofeducation-rentalonly-firstedition-lovenheim>.

Other course materials: The textbook will be used in conjunction with original research and policy papers which can be accessed on Brightspace and are listed in the course reading list. Some of the research articles may 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 quality of evidence provided, and the resulting policy implications. Additional required readings that are not currently listed on the syllabus will be posted on the course website approximately 1 week before they will be covered in class.

Current Events: The education policy landscape is changing rapidly. I highly recommend staying informed of current developments through the news, as it is likely such topics will be discussed in class. Some options include subscribing to receive updates from the Washington Post's *Grade Point* blog (<https://www.washingtonpost.com/news/grade-point>) and visiting websites such as *Education Week* (<https://www.edweek.org>) and *Inside Higher Ed* (<https://www.insidehighered.com>) regularly.

Course Website: Relevant documents, announcements, and asynchronous lectures will be posted on the course website. Please regularly check the course website (at least weekly).

Accommodation: Students requiring reasonable accommodation should contact Disability Services to make appropriate arrangements. Please refer to <https://www.vanderbilt.edu/student-access/> for details.

Academic Integrity: Vanderbilt University's Honor Code governs all work in this course. The code requires that "students pursue all academic endeavors with integrity. They conduct themselves honorably, professionally, and respectfully in all realms of their studies in order to promote and secure an atmosphere of dignity and trust. The keystone of the honor system is self-regulation, which requires cooperation and support from each member of the University community." Violations of the honor code will result in a grade of 0 on that exam or assignment and a referral to the Honor System Office. See https://www.vanderbilt.edu/student_handbook/the-honor-system/ for more information.

Expectations of Students: Because this course involves a considerable amount of reading and subsequent in-class discussion, it is essential that students read the assigned readings in advance to be able to fully engage with the course and complete course requirements. In weeks that are designated as hybrid, students are expected sign up for one of the two class sessions and watch all asynchronous lectures in advance of the session they will attend.

Course Schedule at a Glance

(Note that this is tentative; topics and class formats are subject to change)

Class #	Date	Format	Topic	Assignments
Part 1: Introduction to the economics of education				
1	8/25	O	Course introduction	
2	8/27	O	Empirical tools	
Part 2: The foundations of educational production and investment				
3	9/1 or 9/3	H	Models of educational investment	Discussion #1
4	9/8	O	Group exercise #1: writing a policy memo	Group assignment #1
5	9/10	O		
Part 3: Primary and secondary education				
6	9/15 or 9/17	H	Does money matter?	Discussion #2
7	9/22	O	Group exercise #2: conducting a cost-benefit analysis	Group assignment #2
8	9/24	O		
9	9/29 or 10/1	H	Accountability in K-12 education	Discussion #3
10	10/6 or 10/8	H	School choice, charter schools, vouchers	Discussion #4
11	10/13	O	COVID19 and K-12 education	
12	10/15	O	Midterm	
Part 4: Higher education				
13	10/20 or 10/22	H	The transition from high school to college	Discussion #5
14	10/27	O	Group exercise #3: Congressional hearing	Group assignment #3
15	10/29	O		
16	11/3 or 11/5	H	Free College	Discussion #6
17	11/10 or 11/12	H	Student loans and alternatives	Discussion #7
18	11/17 or 11/19	H	The future of higher education	Discussion #8
19	12/1	O	COVID19 and higher education	Policy memo #2
20	12/3	O	Review session	

Reading list

(Note that this is tentative; reading assignments are subject to change)

Part 1: Introduction to the Economics of Education

Empirical tools

Textbook chapter 3.

Part 2: The foundations of educational production and investment

*Why do people invest in education? *Discussion topic**

Textbook chapters 4 & 5, chapter 6 (introduction & 6.1 only).

Writing a policy memo

Textbook chapters 2 & 7.

Part 3: Primary and Secondary Education

*Does money matter for educational outcomes? *Discussion topic**

Textbook chapters 8 & 9.

Krueger and Whitmore (2001). "The Effect of Attending a Small Class in the Early Grades on College-Test Taking and Middle School Test Results: Evidence from Project STAR." *The Economic Journal* 111: 1-28. [You can skip Sections 2 and 5]

Cost-benefit analysis

Textbook chapter 6 (6.2, 6.3, & 6.4 only)

Cellini and Kee (2010). "Cost-Effectiveness and Cost-Benefit Analysis," *Handbook of Practical Program Evaluation*, Chapter 21.

*Accountability in K-12 education *Discussion topic**

Textbook chapter 11 & chapter 12 (introduction, 12.1, 12.2, 12.4, Deep Dive on TFA)

NCEE study snapshot (2013) "How Effective Are Secondary Math Teachers from Teach for America and the Teaching Fellows Programs?" U.S. Department of Education, Institute for Education Sciences.

*School choice, charter schools, and vouchers *Discussion topic**

Textbook chapter 10 (skip toolboxes)

[Chalkbeat \(2017\) "A school choice quandary: parents care more about who attends a school than about its quality, in NYC study."](#)

Abdulkadiroglu, Pathak, and Walters (2018). "Free to Choose: Can School Choice Reduce Student Achievement?" *American Economic Journal: Applied Economics*.

Part 3: Higher Education

The transition from high school to college ***Discussion topic***

Textbook chapter 14 (introduction & 14.1 only), chapter 15 (introduction, 15.1, & 15.2 only)

Hoxby, C.M. and S. Turner (2013) “Informing Students about Their College Options: A Proposal for Broadening the Expanding College Opportunities Project.” Hamilton Project Policy Brief.

Reauthorizing the Higher Education Act: Financial Aid Simplification and Transparency.
Testimony before the U.S. Senate Committee on Health, Education, Labor, and Pensions by Laura Keane, uAspire.

Congressional hearing

Textbook chapter 13 (skip 13.2).

Reauthorizing the Higher Education Act: Financial Aid Simplification and Transparency.
Testimony before the U.S. Senate Committee on Health, Education, Labor, and Pensions by Drs. Susan Dynarski and Matthew Chingos.

Deming, D., C. Goldin, and L.F. Katz (2012) “The For-Profit Postsecondary School Sector: Nimble Critters or Agile Predators?” *Journal of Economic Perspectives* 26(1): 139-64.

[Cellini, S.R. \(2018\) “Gainfully employed? New evidence on the earnings, employment, and debt of for-profit certificate students” Brookings Institution Brown Center.](#)

Free college ***Discussion topic***

Textbook chapter 14 (skip 14.4)

Turner, L. J. “Rethinking Institutional Aid: Implications for Affordability, Access, and the Effectiveness of Federal Student Aid,” (2014). In *Reinventing Student Aid for the 21st Century*.

Bartik, T. J. and M. Lawchowska (2014) “The Kalamazoo Promise Program,” *Education Next* 14(2): 72-8.

[Soliz, A. \(2015\) “Will free college lead to more degrees?” Brookings Institution Brown Center.](#)

[Carruthers, C. \(2019\) “5 things to know about the Tennessee Promise Scholarship.” Brookings Institution Brown Center.](#)

Student loans and alternatives ***Discussion topic***

Textbook chapter 14 (section 14.4)

Brown, M. and Sydnee Caldwell (2013) “Young Student Loan Borrowers Retreat from Housing and Auto Markets.” Federal Reserve Bank of New York. Available at:

[https://libertystreeteconomics.newyorkfed.org/2013/04/young-student-loan-borrowers-retreat-from-housing-and-auto-markets.html.](https://libertystreeteconomics.newyorkfed.org/2013/04/young-student-loan-borrowers-retreat-from-housing-and-auto-markets.html)

[Dynarski, S. \(2016\) “The dividing line between haves and have-nots in home ownership: Education, not student debt.” Brookings Institution.](#)

[Marx, B. & L.J. Turner \(2018\) “The Benefits of Borrowing.” Education Next 19\(1\).](#)

[Scott-Clayton, J.S. \(2018\) “The looming student loan crisis is worse than we thought,” Brookings Institution.](#)

Palacios, M., T. DeSorrento, and A.P. Kelly (2014) “Investing in Value, Sharing Risk: Financing Higher Education Through Income Share Agreements.”

[Holt, A. \(2016\) "What Students Don't Like About Income-Share Agreements and One Potential Way to Improve Them," New America Foundation.](#)

Purdue University Research Foundation "It's Not a Loan and You're Not Alone: Back a Boiler ISA Fund."

Harnish, T. L. (2014) "The "Pay It Forward" College Financing Concept: A Pathway to the Privatization of Public Higher Education." AASCU Policy Brief.

The future of higher education policy ***Discussion topic***

Schanzenbach, D. W., Bauer, L., and Breitwieser, A. (2017) "Eight Economic Facts on Higher Education" Hamilton Project Policy Brief.

Chetty, R. et al. (2017) "Mobility Report Cards: The Role of Colleges in Intergenerational Mobility." The Equality of Opportunity Project.

Chou, T. and A. Looney (2017) "A Risk Sharing Proposal for Student Loans." Hamilton Project Policy Brief.