Econ 4523: Economics of Education

University of Oklahoma
Fall 2019

Instructor: Tyler Ransom
Office: CCD1 Room 322
Email: ransom@ou.edu
Office Hours: M 9:30am-10:30am, Th 12pm-1pm, and by appointment

Class Location: CCD1 Room 174
Class Times: Tue/Thu 10:30 AM - 11:45 AM

Final Exam Location: CCD1 Room 174
Final Exam Time: Tuesday, December 10, 8:00am - 10:00am

Teaching Assistant: Tejas Ghirnikar
Office: CCD1 Room 226
Email: taghirnikar@ou.edu
Office Hours: Tue 12pm-1pm

Prerequisites
- Econ 1123 (Principles of Microeconomics) is required
- Econ 2843 (Elements of Statistics) is required
- Econ 3113 (Intermediate Microeconomics) is preferred
- Econ 4223 (Econometric Analysis) is preferred

Course Delivery: Traditional

Course Description
Education is a foundation to the economic success of societies. This course will focus on policy analysis of the market for education in the United States, including production and consumption of education services. We will discuss and critically evaluate scientific studies related to key questions in the policy debate; for example: Does education cause individuals to have a higher quality of life? How do teachers, family members, and classmates separately impact a student’s educational success? Is higher education over- or under-produced? The concept of causality is essential to policy evaluation.
Thus, part of the course will be focused on providing tools for understanding how to distinguish between correlation and causation in the world of education policy.

**Course Goals**

The goal of the course will be to familiarize students with educational policy in the United States, and to think through the economics of the major policy issues. What students learn in this course will allow them to better understand how education policy works and will allow them to better understand key issues on both sides of any education debate.

**Student Learning Outcomes**

By the end of the course, students should be able to do the following:

1. Explain the broad impacts of education on both individuals and society as a whole
2. Demonstrate understanding of education markets and how policy intervention can improve individual and societal outcomes
3. Distinguish good empirical research from bad
4. Think critically about the potential effects of various education policies

For further detail on course content, see the course schedule at the end of this document. This is a 3-credit-hour course, which means we will have about 3 hours per week of class. You should expect to spend, on average, another 4-6 hours per week outside of class on reading, preparation, homework, and review.

**Textbook and other materials**

Readings and other discussion materials for the course will be assigned from the following sources:

1. The textbook for this course will be *Economics of Education*, by Michael Lovenheim and Sarah E. Turner (abbreviated L&T below)
2. We will conduct in- and out-of-class discussions using Packback Questions. You will be required to purchase a $25 subscription to that service.
4. Video content will be viewable on YouTube.
5. In a few cases, we will read academic journal articles on selected topics. These will be posted on the course website.

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1From OU’s “How to Graduate a Sooner” webpage: “On average, you should expect to spend 2-3 hours outside of class studying for each credit hour you are taking.” [http://www.ou.edu/graduatesooner/resources/graduate_a_sooner.html](http://www.ou.edu/graduatesooner/resources/graduate_a_sooner.html)
Course website

Class announcements and homework will be posted on the course website on Canvas: https://canvas.ou.edu. It is your responsibility to check the site regularly—at least every day class is held. All important announcements will be posted there.

Teaching Philosophy

The format of the course will be primarily through lecture. We will discuss how economic principles interact with education policies, and the trade-offs that policymakers face.

Students will have further opportunities to engage with the course material through problem sets and out-of-class discussions, which are meant to encourage deeper thinking.

Expectations

I expect you to attend class, contribute to the discussion, and to attempt all questions on each of the problem sets.

Classroom etiquette

I value your presence in my class, and I want your classmates to feel the same way. You are welcome to eat/drink during class as long as food/drink is permitted in the classroom and you do not disrupt or distract others by doing so. Note that smoking is prohibited on all OU property. Please silence your cell phones or other electronic devices during class, and do not use them in the classroom. If you need to respond to a text/social media message, or make a phone call, please leave the classroom before doing so. If you choose to take notes on a laptop or tablet, please sit in the back of the class. Such devices have been proven to have a negative impact on your own academic performance, as well as that of your classmates.²

Contacting me

I will always be available during my office hours. You may also stop by my office anytime my door is open. If you would like to meet with me outside of class but are unable to make it during my office hours, please sign up to meet with me at https://tyleransom.youcanbook.me.

I will promise to reply to emails within 48 hours of your sending it. If you ever need to email me or any other professor at OU, please follow the basic rules contained at the following link: http://www.jamestierney.com/teaching/how-to-email-a-professor/.

Learning Activities and Assessment

The primary assessments that will be used in this course are:

- Problem Sets (about every week)
- In-class quizzes (about every other week)

²See, for example, this NYT column.
• In-class discussion

• Out-of-class discussion on Packback (1-2 times per week)

• Exams (two midterms, one final)

Final Grade

Your grade will be determined according to the following categories:

• Participation (20%)
  
  - Participation will mainly be scored through attendance, Packback discussion engagement, periodic in-class quizzes, and out-of-class surveys. If you don’t come to class, your grade will suffer.
  
  - Every week, you must ask 1 Question and post 2 Responses by Sunday at 11:59 pm. Note: On Packback you can’t post early or late, you must post within the designated posting interval.

• Problem Sets (20%)
  
  - 8 problem sets throughout the course; lowest grade will be dropped.
  
  - Assignments will be turned in by file upload to Canvas (PDF format) and due by the beginning of the class period, typically each Tuesday.\(^3\) **No late submissions will be accepted.** To turn in your homework, please scan your papers and convert to PDF.

• Exams (60%)
  
  - 2 midterm exams (15% apiece), comprehensive final exam (30%)
  
  - Scoring higher on the final than on the component midterm(s) will result in the final grade replacing that of the midterm(s).

**Graduate students only:** You will complete a research project related to one of the topics in the course. This can be a literature review or an empirical study. The project will be worth 20% of the grade and is due on the last day of class. Due to this additional assignment, exams will be worth 40% of the final grade (12.5% for each midterm, 15% for the final), instead of 60%.

**Exam regrading** Exams are graded carefully and original grades are rarely changed. If you believe that a grading mistake was made on your work, you can submit a written request for a regrade to me within one week of its return. This request must contain a detailed explanation of the grading errors. Your entire exam will be regraded and the score may go up or down as a result.

**N.B.** I do not release end-of-course grades before they are posted by the Registrar. Federal regulations prohibit me from revealing any grade to you by email. Grades will be updated on the course website on Canvas throughout the semester.

\(^3\)Canvas supports taking a picture and uploading as a PDF, which is the preferred way to turn in assignments. For those who do not have a mobile phone with these capabilities, you may scan your assignment and convert to PDF at the library or similar location.
Grading scale

All exams will be out of 138 points. At the end of the course, I will compute a final percentage grade based on component percentages of each grade category using the weights given above. I will then convert this final percentage grade into letter grades according to the following scale (where $g$ indicates your final percentage grade):

\[
\begin{array}{ccc}
90\% \leq g & \leq 100\% & A \\
80\% \leq g & < 90\% & B \\
70\% \leq g & < 80\% & C \\
60\% \leq g & < 70\% & D \\
0\% \leq g & < 60\% & F \\
\end{array}
\]

I reserve the right to scale upwards everyone's final percentage grades by a common factor (e.g. 1.1), but the course will not be graded on a curve, and no one's final percentage grade will be lowered.

Course Policies

Make-up Policy

All work should be turned in on the day it is due. Late work will only be accepted for university-excused absences, illnesses, or other unforeseen emergencies.

Absences

Absences from class will only be excused for university-approved reasons, illnesses, or other unforeseen emergencies.

University Policies

Religious Observance

It is the policy of the University to excuse the absences of students that result from religious observances and to reschedule examinations and additional required classwork that may fall on religious holidays, without penalty.

Reasonable Accommodation Policy

If a student requires an accommodation based on disability, the student should meet with me in my office during the first week of the semester. Student responsibility primarily rests with informing faculty at the beginning of the semester and in providing authorized documentation through designated administrative channels. The Disability Resource Center is located in the University Community Center at 730 College Avenue (405-325-3852).
Academic Integrity

I do not tolerate academic misconduct, and neither does the University of Oklahoma:

"Academic misconduct is cheating. More precisely, it is any action that a student knows (or should know) will lead to the improper evaluation of academic work. If the professor does not detect it, academic misconduct defeats the purpose of academic work because you are pretending to know more or write better than you actually do.

"At OU, acts of plagiarism can receive institutional penalties ranging from a letter of reprimand to required coursework to expulsion. All academic misconduct offenses also receive grade penalties determined by the instructor. Grade penalties are not restricted to the value of the assignment and may be up to an F in the course. Juniors and seniors who plagiarize any significant portion of a paper should expect at least a suspension for a spring or fall semester. Under the right circumstances even freshmen and sophomores may also receive suspensions or even be expelled for plagiarism."

—http://integrity.ou.edu/files/nine_things_you_should_know.pdf

For further information on what constitutes academic misconduct, as well as how such misconduct is punished, please consult the Student Guide to Academic Dishonesty, found at the following link:
https://integrity.ou.edu/students.html

I will not hesitate to fail students who do not fully comply with the University’s academic misconduct policy. If you find yourself contemplating cheating, plagiarism, or other forms of academic misconduct, please come see me first. Help is available if you are struggling. I want everyone in the class to try their best and to do their own work. Please be advised that I reserve the right to utilize anti-plagiarism resources such as TurnItIn when grading assignments.

Title IX Resources and Reporting Requirement

For any concerns regarding gender-based discrimination, sexual harassment, sexual assault, dating/domestic violence, or stalking, the University offers a variety of resources. To learn more or to report an incident, please contact the Sexual Misconduct Office at (405) 325-2215 (8 to 5, M-F) or smo@ou.edu. Incidents can also be reported confidentially to OU Advocates at (405) 615-0013 (phones are answered 24 hours a day, 7 days a week). Also, please be advised that a professor/GA/TA is required to report instances of sexual harassment, sexual assault, or discrimination to the Sexual Misconduct Office. Inquiries regarding non-discrimination policies may be directed to: Bobby J. Mason, University Equal Opportunity Officer and Title IX Coordinator at (405) 325-3546 or bjm@ou.edu. For more information, visit http://www.ou.edu/eoo.html.

Adjustments for Pregnancy/Childbirth Related Issues

Should you need modifications or adjustments to your course requirements because of documented pregnancy-related or childbirth-related issues, please contact your professor or the Disability Resource Center at (405) 325-3852 as soon as possible. Also, see http://www.ou.edu/eoo/faqs/pregnancy-faqs.html for answers to commonly asked questions.
# Class Schedule, Page 1

<table>
<thead>
<tr>
<th>Class</th>
<th>Date</th>
<th>Topics to Cover</th>
<th>Materials to Discuss</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>Tue Aug 20</td>
<td>Course overview; Introduction</td>
<td>L&amp;T Ch. 1, Ch. 2 (skip deep dives), YouTube videos (links on Canvas)</td>
</tr>
<tr>
<td>2</td>
<td>Thu Aug 22</td>
<td>Education policy &amp; markets in the US</td>
<td>L&amp;T 3.1, YouTube videos (links on Canvas)</td>
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<tr>
<td>3</td>
<td>Tue Aug 27</td>
<td>Stats review; Causal inference: Intro</td>
<td>L&amp;T 3.2, YouTube videos (links on Canvas)</td>
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<tr>
<td>4</td>
<td>Thu Aug 29</td>
<td>Causal inference: Experiments</td>
<td>L&amp;T 3.3 (skip toolbox), YouTube videos (links on Canvas)</td>
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<tr>
<td>5</td>
<td>Tue Sep 3</td>
<td>Causal inference: Regression</td>
<td>L&amp;T 3.3, YouTube videos (links on Canvas)</td>
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<tr>
<td>6</td>
<td>Thu Sep 5</td>
<td>Causal inference: Difference-in-differences</td>
<td>L&amp;T 3.3, YouTube videos (links on Canvas)</td>
</tr>
<tr>
<td>7</td>
<td>Tue Sep 10</td>
<td>Causal inference: Instrumental Variables, RD</td>
<td>L&amp;T 3.3, YouTube videos (links on Canvas)</td>
</tr>
<tr>
<td>8</td>
<td>Thu Sep 12</td>
<td>Human capital model I</td>
<td>L&amp;T Ch. 4.1-4.4 (including toolbox)</td>
</tr>
<tr>
<td>9</td>
<td>Tue Sep 17</td>
<td>Human capital model II</td>
<td>L&amp;T Ch. 4.5-4.8 (including toolbox)</td>
</tr>
<tr>
<td>10</td>
<td>Thu Sep 19</td>
<td>Signaling model I</td>
<td>L&amp;T Ch. 5.1-5.4 (skip deep dives)</td>
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<tr>
<td>11</td>
<td>Tue Sep 24</td>
<td>Signaling model II / Review for midterm</td>
<td>L&amp;T Ch. 5.5-5.7 (skip deep dives); YouTube video (link on Canvas)</td>
</tr>
<tr>
<td>12</td>
<td>Thu Sep 26</td>
<td>Midterm 1 (in-class)</td>
<td>L&amp;T Ch. 6 (skip deep dives)</td>
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<tr>
<td>13</td>
<td>Tue Oct 1</td>
<td>Returns to education</td>
<td>L&amp;T Ch. 7</td>
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<tr>
<td>14</td>
<td>Thu Oct 3</td>
<td>No class</td>
<td>L&amp;T Ch. 8</td>
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<tr>
<td>15</td>
<td>Tue Oct 8</td>
<td>The education production function</td>
<td>L&amp;T Ch. 9.1</td>
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<tr>
<td>16</td>
<td>Tue Oct 15</td>
<td>Education spending and outcomes</td>
<td>L&amp;T Ch. 9.1</td>
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<tr>
<td>Class</td>
<td>Date</td>
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<td>Materials to Discuss</td>
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<tr>
<td>17</td>
<td>Thu Oct 17</td>
<td>Teacher quality; class size</td>
<td>(L&amp;T) Ch. 9.2-9.4; <a href="http://educationnext.org/great-teaching/#">http://educationnext.org/great-teaching/#</a></td>
</tr>
<tr>
<td>18</td>
<td>Tue Oct 22</td>
<td>School choice</td>
<td>(L&amp;T) Ch. 10</td>
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<tr>
<td>19</td>
<td>Thu Oct 24</td>
<td>School accountability programs</td>
<td>(L&amp;T) Ch. 11</td>
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<td>20</td>
<td>Tue Oct 28</td>
<td>Teacher labor markets</td>
<td>(L&amp;T) Ch. 12.1-12.3; Teacher Center YouTube video; Gladwell podcast</td>
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<tr>
<td>21</td>
<td>Thu Oct 31</td>
<td>Review for midterm</td>
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<tr>
<td>22</td>
<td>Tue Nov  5</td>
<td>Midterm 2 (in-class)</td>
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<tr>
<td>24</td>
<td>Thu Nov 12</td>
<td>Universities as firms</td>
<td>(L&amp;T) Ch. 13</td>
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<tr>
<td>25</td>
<td>Thu Nov 14</td>
<td>Financial aid structure</td>
<td>(L&amp;T) Ch. 14.1-14.2; Gladwell podcasts</td>
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<tr>
<td>26</td>
<td>Tue Nov 19</td>
<td>Student debt</td>
<td>(L&amp;T) Ch. 14.3-14.5; student debt/ROI</td>
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<tr>
<td>27</td>
<td>Tue Nov 21</td>
<td>College quality, college applications</td>
<td>(L&amp;T) Ch. 15.1-15.3 (except affirmative action section); Chetty NBER paper</td>
</tr>
<tr>
<td>28</td>
<td>Thu Nov 26</td>
<td>College major choice, advanced degrees</td>
<td>(L&amp;T) Ch. 15.4-15.6</td>
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<tr>
<td></td>
<td>Thu Nov 28</td>
<td>No class (Thanksgiving holiday)</td>
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</tr>
<tr>
<td>29</td>
<td>Tue Dec  3</td>
<td>Affirmative action in higher education</td>
<td>(L&amp;T) Ch. 15.3; supplementary readings (available on Canvas)</td>
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<tr>
<td>30</td>
<td>Thu Dec  5</td>
<td>Review for final</td>
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<tr>
<td></td>
<td>Tue Dec 10</td>
<td>Final exam</td>
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