UNIVERSITY OF PITTSBURGH
SCHOOL OF EDUCATION
DEPARTMENT OF ADMINISTRATIVE AND POLICY STUDIES

ADMPS 2398: ECONOMICS OF EDUCATION
Spring 2013 (2134)

INSTRUCTOR: M. Najeeb Shafiq
Associate Professor of Economics and Education

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CLASS TIME: Tuesdays 4:30-7:10 PM

CLASS LOCATION: 341 Cathedral of Learning (CL)

OFFICE HOURS: Wednesdays 1:30-3:30 PM. To make an appointment please leave an email message.

GRADUATE ASST.: Deng Pan (dep56@pitt.edu)

OVERVIEW
Economics can be a tool for understanding and predicting various educational phenomena. This course provides an overview of how microeconomic theories and models can be used to examine a wide variety of issues in K-12 and higher education in the United States and other countries. The course covers topics in six sections (I) Introduction, (II) The Private and Social Returns to Education, (III) Education Production Functions, (IV) Education Markets, Choice, and Incentives, (V) Teacher Labor Markets, and (VI) Education and Economic Growth. For each topic, we will explore relevant theories, methodologies, findings, prospective research topics, and policy implications. The course will be useful for students interested in educational administration, educational planning and policy, and those with interest in pursuing further studies in the economics of education. By the end of the course, students should be able to incorporate basic microeconomic theories and models for educational policy analysis.

Prerequisites
A background in economics is useful but not required. A background in statistics will help immensely because many of the most important papers in educational economics include application of regression techniques to data in order to test hypotheses generated from theory. If regression analysis is something you would rather avoid, you should not take this course.
REQUIRED READINGS AND PARTICIPANT RESPONSIBILITIES

Required text:
- This is an excellent volume which has gathered articles from authors who are considered to be experts on their subjects. Each chapter is concise (<10 pages) and provides the key theories and findings on a topic. The book will serve as the main text in this course and is also an appropriate reference source for your professional library. The volume should be available for purchase at the Pitt Bookstore.

Recommended texts:
- This is a good book on microeconomics for review among those who have studied the subject and for reference among those that have not. Virtually any microeconomics text book will have chapters on the subjects that are assigned. It is not necessary for you to purchase this book or any other expensive microeconomics text if you can borrow one from a friend. Other options include *Economics: Principles and Policy* by William Baumol and Alan Blinder; *Economics* (David Colander), *Economics* (Michael Parkin), *Economics* (Joseph Stiglitz and Carl Walsh), and *Economics* (Paul Samuelson and William Nordhaus). Used and older editions of these textbooks can be purchased online and are quite inexpensive.

- A highly accessible and practical book on the intuition behind quantitative data analysis.

- A more basic introduction to Stata than Baum (2006).

Baum, Christopher (2006). *An Introduction to Modern Econometrics Using Stata*. College Station, TX: Stata Press.
- The leading undergraduate textbook on econometrics with Stata.

- A reader-friendly guide on the intuition behind applied regression.

- The four volumes provide a more comprehensive and technical overview of topics in the economics of education than Brewer and McEwan (2010). A must for those aspiring to become professional education economists.

- A non-mathematical introduction to quantitative methods in education.

- An excellent guide on doing cutting-edge research in the economics of education.

The majority of required class readings will be made available through CourseWeb at [http://courseweb.pitt.edu](http://courseweb.pitt.edu). Other readings will be distributed in class. Optional readings will be made available upon request.

You are strongly encouraged to log into the CourseWeb (Blackboard) web site each day prior to class to check for additional information and materials for class.

**GRADING**

<table>
<thead>
<tr>
<th>Item</th>
<th>Points</th>
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<td>Response Forms (to Discussion Questions)</td>
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<td>Class attendance and participation</td>
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<td>Take-home assignment 1</td>
<td>15</td>
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<td>Take-home assignment 2</td>
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<tr>
<td>Research paper abstract and presentation</td>
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<tr>
<td>Final research paper</td>
<td>30</td>
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<td>Total</td>
<td>100</td>
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Response Forms: Each class, it is imperative that members of the class read the assigned readings in a timely (i.e., by the time class meets) and thorough fashion. Members of the class will be asked to fill out a Response Form prior to attending class. Completion of the Response Form is a student’s ticket to attend class. This course requirement is aimed at ensuring lively and insightful discussion during meetings of the class. Each Response Form should be 1 double-spaced page in length. Each Form will be graded check plus or check minus.

Class attendance participation: Class participation is very important. Those who come to class regularly, punctually, and prepared (and willing) to discuss the readings will get maximum credit for class participation. Please contact the instructor if you are unable to attend class.

Take home assignments: The assignments will be take-home. You are free to consult your notes and articles but may not consult with your colleagues. Take-home assignments must be submitted via email to the instructor or GA. Points may be deducted for late assignments.

Research paper abstract and presentation: Students will submit a 150 word abstract on the second-last class, and will present the essential points of their papers to their colleagues in a 10-minute presentation on the last day of class.

Final paper: The purpose of the final paper is for students to develop a research topic that can eventually evolve into a conference paper, masters thesis, or doctoral dissertation. Students have two options for a final paper:

- **Option A**: A critical literature review
o Using the economic theories covered in this class, write what researchers have to say about an educational phenomenon in a particular region. In your review, explain the general theory and describe the general findings, strengths, and weaknesses of the studies. At least 8 peer-reviewed articles should be reviewed. The format should be similar to the articles in our main textbook (Brewer and McEwan, 2010). Lengthwise, your paper should be 10 double-spaced pages.

o The section titles and double-spaced page lengths are as follows:
  - Section I: Introduction (1 page)
  - Section II: Conceptual Framework/ Theory (1 page)
  - Section III: Background(s) of Region(s) and Education System(s) (1 page)
  - Section IV: Critical Literature Review of Existing Research (6 pages that cite at least 8 articles)
  - Section V: Conclusion and Research Gaps (1 page)

• Option B: An empirical analysis

o Based on the economic theories and methods covered in this class, write an empirical paper. The analysis can be original or a replication of an existing study. Lengthwise, the paper should be 10 double-spaced pages, excluding graphs and tables.

o The section titles and double-spaced page lengths are as follows:
  - Section I: Introduction (1 page)
  - Section II: Background of Region and Education System (1 page)
  - Section III: Conceptual Framework/ Theory (1 page)
  - Section IV: Data description: Who collected it? Can broader inferences be made from the sample? (1 page)
  - Section V: Empirical model with description of all variables (1 page)
  - Section VI: Descriptive statistics—explanation (1 page)
  - Section VII: Regression results—explanation (3 pages)
  - Section VIII: Conclusion and future research (1 page)
  - Section IX: Graphs and Tables (at least 2 graphs and 2 tables)

Our readings should provide some starting points on your possible research topic. You should also look into the major journals in the economics of education. At present, there are two specialized journals in the economics of education. The older and more established one is the *Economics of Education Review*, which is edited in the U.S., but with many international articles as well as domestic ones. The newer one is *Education Economics*, which is edited in the U.K. but with many U.S. and international articles. Regular articles on the economics of education are also found in *Educational Evaluation and Policy Analysis; Education Finance and Policy; Journal of Education Finance; Journal of Human Capital; Journal of Human Resources; Research in Higher Education.*

*Grading:* A: 92.5-100; A-: 87.5-92; B+: 82.5-87; B: 77.5-82; B-: 72.5-77. If the standard of an assignment or final paper does not meet minimum standards, you may be asked to submit a revised version. The highest grade for a revised assignment is B.
The letter grades should be interpreted as follows:

A       Outstanding achievement.  B-   Fair achievement.
A-      Excellent achievement.  C+   Not wholly satisfactory achievement.
B+      Very good achievement.  C    Marginal achievement.
B       Good achievement        C-   Unsatisfactory achievement.
F       Fail

FOR STUDENTS WITH DISABILITIES

If you have a disability for which you are or may be requesting an accommodation, you are encouraged to contact both your instructor and the Office of Disability Resources and Services, 216 William Pitt Union, (412) 648-7890; (412) 383-7355 (TTY) as early as possible in the term. DRS will verify your disability and determine reasonable accommodations for this course.

DEPARTMENTAL GRIEVANCE PROCEDURES

The purpose of grievance procedures is to ensure the rights and responsibilities of faculty and students in their relationships with each other. When a student in ADMPS believes that a faculty member has not met his or her obligations (as an instructor or in another capacity) as described in the Academic Integrity Guidelines, the student should follow the procedure described in the Guidelines by (1) first trying to resolve the matter with the faculty member directly; (2) then, if needed, attempting to resolve the matter through conversations with the chair/associate chair of the department; (3) if needed, next talking to the associate dean of the school; and (4) if needed, filing a written statement of charges with the school-level academic integrity officer. [Dr. Jere Gallagher is the Associate Dean and Integrity Officer.]

ACADEMIC INTEGRITY

Students in this course will be expected to comply with the University of Pittsburgh's Policy on Academic Integrity. Any student suspected of violating this obligation for any reason during the semester will be required to participate in the procedural process, initiated at the instructor level, as outlined in the University Guidelines on Academic Integrity. This may include, but is not limited to, the confiscation of the examination of any individual suspected of violating University Policy. Furthermore, no student may bring any unauthorized materials to an exam, including dictionaries and programmable calculators.

DISABILITY SERVICES

If you have a disability that requires special testing accommodations or other classroom modifications, you need to notify both the instructor and Disability Resources and Services no later than the second week of the term. You may be asked to provide documentation of your disability to determine the appropriateness of accommodations. To
notify Disability Resources and Services, call (412) 648-7890 (Voice or TTD) to schedule an appointment. The Disability Resources and Services office is located in 140 William Pitt Union on the Oakland campus.

**STATEMENT ON CLASSROOM RECORDING**

To ensure the free and open discussion of ideas, students may not record classroom lectures, discussion and/or activities without the advance written permission of the instructor, and any such recording properly approved in advance can be used solely for the student’s own private use.
Preliminary Syllabus

SECTION I: INTRODUCTION

Topic 1: Introduction
8 January 2013
Review of syllabus

Student introductions

Topic 2—Overview of Economics and the Economics of Education
15 January 2013
Questions to be answered in Response Form: (1) How do economists think about the behavior of individuals? (2) Do we need different economic tools for studying developing and industrialized societies? (3) What is human capital?


SECTION II: THE PRIVATE AND SOCIAL RETURNS TO EDUCATION

Topic 3: Private Returns to Education and Signaling and Screening Theories
22 January 2013
Questions to be answered in Response Form: (1) What are the main factors that determine the private rate of return to education? (2) Is the rate of return to education high or low? (3) Is human capital theory or signaling theory more realistic and supported by facts?


Topic 4: Private Returns to Education by Race, Gender, and World Region
29 January 2013

Questions to be answered in Response Form: (1) How do earnings differ between men and women with the same education and why? (2) How do earnings differ across racial groups with the same education and why? (3) Why are estimates of the private returns in developing countries less reliable?


**Topic 5: Non-Pecuniary and Social Returns to Education**

5 February 2013

*Questions to be answered in Response Form:* (1) Aside from earnings, what are some other private benefits from education? (2) How might these non-pecuniary benefits be measured? (3) What are the “external” benefits of education?


SECTION III: THE PRODUCTION OF EDUCATION

Topic 6: The Effect of Money and Class Size in the Production of Education
12 February 2013

Questions to be answered in Response Form: (1) How is the production of education similar to the production of other goods (e.g. cookies)? (2) Does more money lead to better educational outcomes? (3) Can more money lead to better educational outcomes?


17 February 2013 (Sunday)
*Take-Home Assignment 1 due by email*

**Topic 7: Family Effects in the Production of Education**

19 February 2013

*Questions to be answered in Response Form:*
1. According to existing research, what family socioeconomic and demographic characteristics matter in the production of education? 
2. Compared to school-level characteristics, how important are family level characteristics? 
3. Across world regions, what are similarities and differences in terms of the family characteristics that matter?


Topic 8: Student Race, Peers, and Gender Effects in the Production of Education

27 February 2013

Questions to be answered in Response Form: (1) Of the explanations presented, in your view, what is the most compelling explanation for racial achievement gap in the U.S.? (2) How and why do outcomes differ between boys and girls with otherwise similar observable characteristics? (3) How have racial and gender gaps changed over time?


Topic 9: Teacher Background Effects in the Production of Education
5 March 2013

Questions to be answered in Response Form: (1) According to the available research, what teacher characteristics are associated with better student achievement? (2) Can teacher effectiveness be improved? (3) What can value-added models tell us about teaching effectiveness?


12 March 2013
* Spring Break - No Class

SECTION IV: EDUCATION MARKETS, CHOICES, AND INCENTIVES

Topic 10: Choice and Competition Effects in the Production of Education
19 March 2013
Questions to be answered in Response Form: (1) According to critics of traditional public schools, why are choice and competition essential for improving educational outcomes? (2) Do charter school students generally outperform students in traditional public schools? (3) Do charter schools affect traditional public schools?


**Topic 11: Accountability and Incentive Measures in the Production of Education**

26 March 2013

*Questions to be answered in Response Form:* (1) What are the goals of accountability and incentives measures? (2) What are some examples of accountability and incentive measures? (3) Are such measures successful in improving student outcomes?


* Read either Option 1 (Hanushek & Raymond, 2004) or Option 2 (Shafiq, 2011)


**SECTION V: TEACHER MARKETS**

**Topic 12: Teacher Markets**

2 April 2013

*Questions to be answered in Response Form:* (1) Do salaries and incentives help retain teachers? (2) What are similarities and differences between teacher markets in industrializing and developing countries? (3) Do teacher unions help or harm in attracting and retaining teachers?


* Take-Home Assignment 2 distributed

* 150 word abstract of research paper due in class

SECTION VI: ECONOMY-WIDE IMPLICATIONS

Topic 13: Education and Economic Growth
9 April 2013

Questions to be answered in Response Form: (1) Theoretically, how should education contribute to economic growth? (2) According to the evidence, does education matter more growth in industrialized or developing countries? (3) How can education contribute more to economic growth?


* Student presentations

16 April 2013
* Take-Home Assignment 2 due by email

23 April 2013
* Final papers due by email